Press Release

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**Organisations are not doing enough to prepare for the future of work, finds PwC report**

**13 November 2018 –** While the majority of businesses recognise which capabilities are important for their future success, many are failing to take the actions needed today to build or even introduce them into their organisations. These actions include using data analytics to make workforce decisions and creating a compelling work experience for employees.

This gap will put them at risk in the future when it comes to attracting, developing and retaining the talent they need to succeed.

These are some of the key findings of PwC’s latest Future of Work report, produced in collaboration with Lynda Gratton, Professor of Management Practice at London Business School. The report is based on a survey of 1,246 business and HR leaders from 79 countries. It focuses on 45 capabilities and identifies where organisations are most ‘at risk’ by looking at the number of respondents who say a capability is important to the future of their business but indicate that they’re are not yet taking action.

Carol Stubbings, Joint Global Leader, People and Organisation, PwC UK, says:

“Technology and trends such as rising life expectancy, social and environmental pressures and the gig economy are transforming the world of work. Companies that understand and act on these workforce changes now will be the ones that thrive in the future.”

**The untapped potential of data and analytics**

The survey finds that companies are struggling to use data and advanced analytics to make better decisions about the workforce. The top three ‘at risk’ capabilities all relate to workforce analytics and their use in improving the working environment and people’s behaviours.

Although more than 60% of respondents say using data analytics in workforce decisions is important, only 27% actually use it. In addition, only 38% use data analytics to predict and monitor skills gaps in the workforce, while just 31% use sophisticated workforce planning and predictive analytics and only 28% use data analytics to help limit bias in hiring and to craft incentives tailored to individuals.

Participants in North America report stronger progress than their counterparts in other parts of the world, especially Asia and Western Europe. Almost all industries are finding it difficult to make headway with data and analytics. The exception is health where data is used in skills identification and tackling biases in hiring and reward.

Bhushan Sethi, Joint Global Leader, People and Organisation, PwC US, says:

“Companies are increasingly pursuing data-driven talent decisions, whether it’s to anticipate and remediate skills gaps, eliminate bias in hiring or performance and rewards decisions, or leverage business scenario planning to ultimately determine the workforce mix.

“The survey findings highlight the need for organisations to invest in digital tools to drive people decisions. We see this as a ‘no regrets’ move in preparing for the future. But this requires the baseline data to be accurate, and the challenge today is that jobs don’t reflect what people do. Many companies don’t have accurate data on who does what and where, and few have an inventory of their people’s skills for development purposes. This is where using data and analytics can make a real difference.”

**Creating the right people experience is vital**

Six of the top ten ‘at risk’ capabilities relate to the people experience. One area organisations can do more is around managing workloads. While 76% of respondents believe this is important, only 50% say they are doing something about it – making this the #6 ‘at risk’ capability globally. This is particularly an issue in the Middle East and North America where it tops the list, and Asia where it ranks #3. It is much less of a risk in Western Europe (11th).

Many people work in extremely demanding work cultures. While the corporate response in recent years has been to provide company wellness initiatives, sustainable change will only occur if work itself is redesigned so that it delivers vitality and an environment conducive to maintaining productive energy levels.

Organisations should also focus on easing concerns around the future of work. Carol Stubbings comments:

“With all the talk about artificial intelligence, automation and robots taking jobs, many people are anxious and forming their own narrative around the future of work. Organisations should take the lead and own the story, by creating and communicating a strong narrative that covers what the future of work means for the company and its people, and how they will be more transparent around plans and decisions based on purpose.”

Some of the other ‘at risk’ capabilities that relate to the people experience include:

* **Adaptability and agility:** while 78% of respondents believe that developing adaptability and agility in their workers is important, just 52% say their talent practices are designed to nurture this. This will be increasingly important as workers will need to adapt to and thrive through change.
* **Intrapreneurship:** Only 56% of respondents say they have avenues present for employees to offer innovative ideas and support them in turning these ideas into action. Organisations that fail to create opportunities for their ‘intrapreneurs’ risk losing innovative team members and their ideas.
* **Autonomy:** Providing autonomy over where and when people work is increasingly important in attracting and retaining talent. While 70% of respondents believe this is important, only 45% currently give their employees a high degree of autonomy.

The report warns organisations need to be mindful of unintended consequences. Bhushan Sethi explains:

“Organisations must think carefully about the impact of initiatives such as encouraging off-site working. In some cases, this can result in employees feeling they need to be on call 24/7 to prove themselves. There can also be a fine line between autonomy and isolation. Getting this wrong will sap vitality and social resilience. At the same time, too much surveillance can erode autonomy and trust.”

**Missing out on good ideas and flexible talent**

The way people work and their relationships with organisations are becoming more fluid. The numbers of contractors, freelancers and portfolio workers are on the rise, and more and more partnerships between large organisations and smaller start-ups are providing ready access to innovation and talent on demand.

Identifying where and how to engage this flexible talent will become increasingly important for organisations, yet few are prepared for this shift. Only 8% of respondents strongly agree their organisations are able to engage easily with this valuable resource as and when they are needed. In addition, 58% of respondents say they have no capability to use open innovation and crowdsourced ideas and only 9% agree strongly that they can do this.

It’s clear that organisations need to do more to take advantage of the ideas and skills from the wider market – not just from their traditional employee base.

Other key findings from PwC’s Workforce of the Future report include:

* HR leaders are more comfortable about their efforts to prepare the workforce of the future compared to non-HR leaders. In 42 of the 45 capabilities, a higher percentage of business leaders than HR saw their organisation at risk.
* HR’s ability to navigate the technology landscape is a top ‘at risk’ capability for organisations. But HR and other leaders don’t see it the same way: 41% of HR Leaders are confident that their HR departments are up to speed in this area, but only a quarter of business leaders agree.
* The good news is that the capabilities that respondents rate as the most important are the ones where they are taking the most action. There is no overlap between the top ten ‘at risk’ capabilities and the top ten considered extremely high in importance.

**Notes to editors:**

**About the report:** PwC’s 2018 Workforce of the Future report - *Preparing for Tomorrow’s Workforce Today* – is based on a survey of 1,246 business and HR leaders from 79 countries. 59% of the respondents were HR professionals, and 41% were business executives, of which 13% were C-suite level leaders. A copy of the report can be downloaded at: [www.pwc.com/futureworksurvey](http://www.pwc.com/futureworksurvey)

**Top 10 organisational capabilities ranked by risk**

* Q - How important are the following to the future of your organisation? (‘Extremely High Importance’ or ‘High Importance’) and
* Q - To what extent do you agree or disagree with these statements right now? (those that do not agree)

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|  |  | % of companies ‘at risk’ |
| 1 | We use insights from big data and advanced analytics in workforce decision-making | 40.7 |
| 2 | We use data analytics to predict and monitor skills gaps in our workforce. | 34.3 |
| 3 | We use data analytics to de-bias hiring and rewards. | 34.3 |
| 4 | Our HR leaders have a depth of understanding and insight into the technological landscape. | 33.7 |
| 5 | We are able to engage easily with flexible talent as and when they are needed. | 33.5 |
| 6 | The workload is manageable enough at our company that employees are able to make full use of their vacation allowance and relax away from work pressures most evenings and weekends. | 33.3 |
| 7 | We use sophisticated workforce planning and predictive analytics. | 32.9 |
| 8 | We have moved away from an ‘up-or-out’ career model towards multiple career paths that cater to diverse employee needs and aspirations. | 31.6 |
| 9 | Our talent practices and processes (e.g. rotations, secondments, learning and development opportunities, etc.) are designed to nurture employee agility and adaptability. | 31.5 |
| 10 | We have designed workspaces to promote wellbeing, for instance, with spaces for relaxation, recuperation, and to accommodate a variety of working styles. | 31.3 |

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