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A Manpower Report:
The Changing
World of Work

February 2006



Manpower®

An insight into work trends of 2016

The situation

Today's world of work is unrecognisable from the workplace of only a few years ago. Employers and employees have embraced revolutionary communications advances, the introduction of flexible working arrangements, greater diversity in the workplace, and significant restructuring of working arrangements through outsourcing and off-shoring.

Today, UK employers still face a number of challenges as they address the changing world of work - increasing business competition, a shortage of people with the right skills and the need to address employees' requirements for a work-life balance.

However, while all businesses need to manage today's changes, they must also prepare for the workplace of the future: how they will need to operate to remain competitive, the demands of a flexible workforce, the impact of technology and the skills they will need to maximise the opportunities ahead.



The report

This report examines how employers and workers anticipate the world of work will change in the next 10 years. It is based on independent research of 2,122 UK businesses conducted by NOP and separate research of 1,085 workers by Manpower. The research was conducted in January and February 2006.

The report reveals significant insights into the opinions of employers and employees on the workplace of the future and in particular very different expectations of the direction of future employment practice. Employers have a number of concerns not shared by their workers with contrasting views around retirement age, productivity, skills development and IT.

The report shows that by 2016:

- 81% of employees don't expect to work beyond the age of 65; but a majority of employers want them to do so (52%)
- A clear majority of employers expect to measure their staff on productivity (68%) and for those staff to develop more skills (72%) but only a minority of employees believe this will be the case (22% and 49% respectively)
- The vast majority of employers think that IT will have a greater impact on work (84%), compared with less than half of workers (43%)
- Home-working will not significantly increase because of lack of demand from employers and employees (25% and 15% respectively)
- Workers want to work flexibly (63%) and employers recognise this as a significant benefit in terms of retention (84%)
- Employers believe more men will stay at home to bring up the family (41%) and women will continue to break through the glass ceiling playing an increasingly important role in management (83%).

“Companies need to identify the skills they need to succeed in the future”

Manpower's position

Manpower recognises that the world of work is changing. Organisations today face a range of people issues: identifying the skills they need to succeed in the future; developing the right recruitment and retention programmes at every level of an organisation; identifying the training needs of a workforce; looking outside a traditional labour pool to consider a truly diverse workforce including older workers and those from overseas; managing downsizing and considering how best to outsource or off-shore their operation.

Changing demographics - an ageing population and a declining birth-rate - mean that the workforce is shrinking and will continue to do so making finding people with the right skills hard. However, for those people with the right skills or those willing to re-skill, the opportunities are many and varied.

It will be the responsibility of employers, employees and governments to address the issues of education, training and skills development to equip people to succeed in the workplace of the future. It is particularly important for both employers and employees to recognise these changes and to be flexible in their approach to the needs of each other.

It is vital that the differences in expectations of employers and employees identified in this research are resolved if we are to move forward into the future world of work successfully, productively and competitively.

Flexibility is key

Flexibility and skills development will be at the heart of the workplace of the future. Employers need people who have the right skills and a workforce that is flexible to compete in the global economy. Workers also want more flexibility – the opportunities to work the hours that best suit them and their other interests or needs – for example, in bringing up a family.

Employers need to look beyond their traditional sources of labour to help meet skills shortages. This includes engaging with older workers, mothers returning to work and to using migrant labour.

The challenge faced by business is ever present and growing. All organisations need to take urgent steps to see that they have in place the processes and systems to take account for this. Key will be to adopt these challenges as opportunities and to ensure that staff are aware of what will be required of them in the future.

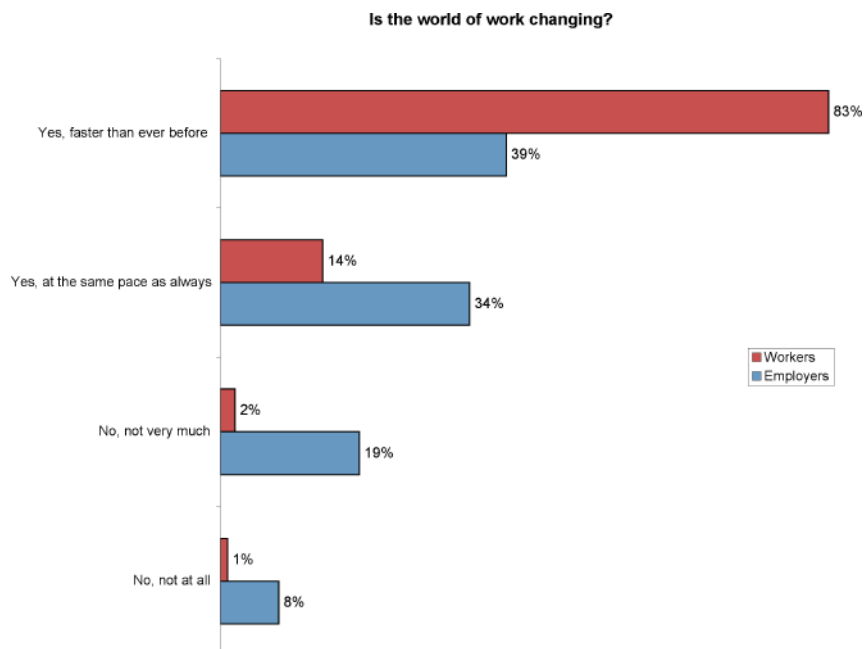
The world of work is changing

The research indicates a high level of agreement between both employers and workers that the world of work is changing. Overall, three quarters of businesses in the UK (73%) feel that the world of work is changing compared with 97% of workers.

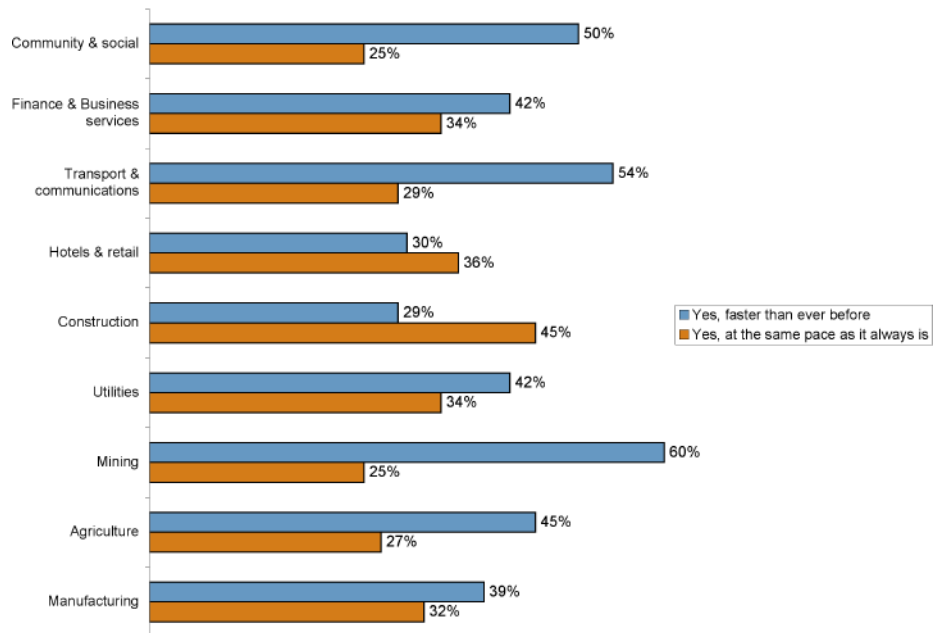
However, the perception of the speed of change differs markedly with 39% of businesses stating the world of work is changing at a faster pace than ever before, compared with 83% of employees.

The research also reveals that changes occurring in the world of work are shared by businesses irrespective of the sector in which they operate: employers in the Transport & Communications and Community & Social sectors are amongst the most convinced that the world of work is changing (83% and 75% respectively) whilst those in the Hotels & Retail sector are the most sceptical about changes that are occurring in the modern workplace, a clear majority believe it is changing (66% overall).

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Is the world of work changing?

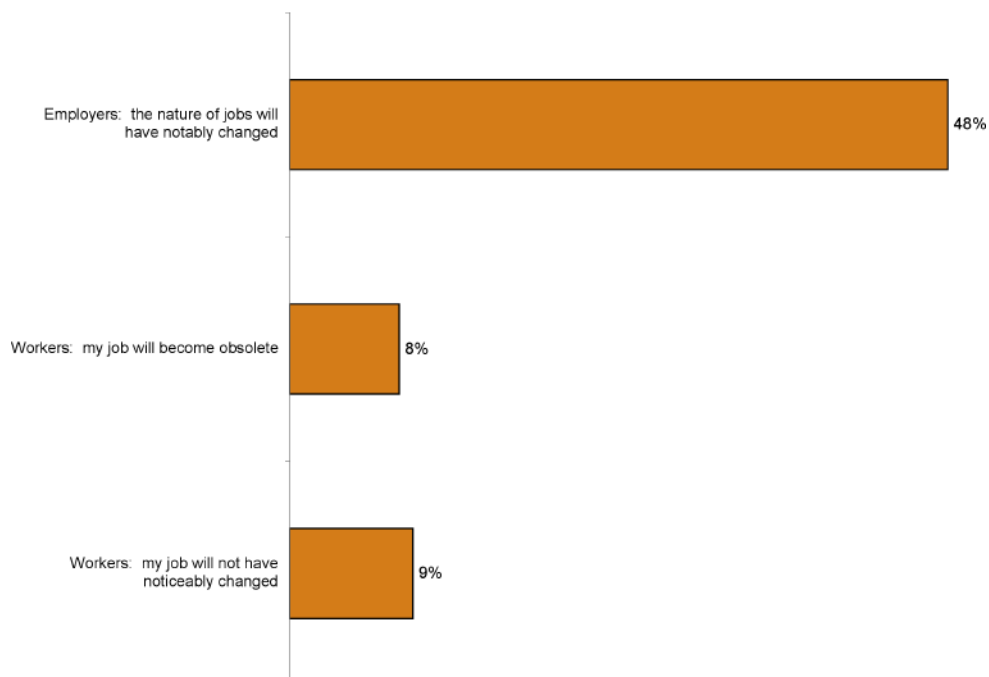


The nature of jobs of the future

The nature of jobs and the ways in which people work will change noticeably over the next decade. Businesses are split equally as to how jobs will be affected – 48% believing that the nature of jobs will

have noticeably changed. Amongst employees, only 9% of workers believe their job will not have noticeably changed. However, whilst jobs are likely to have changed, workers do not believe their jobs will become obsolete.

Nature of jobs of the future



“Businesses need to set clear goals, objectives and direction to make clear to workers that productivity is key”

How organisations and workers see the workplace changing

There is a clear disparity between businesses and employees in their perceptions of how the workplace will have changed in 10 years' time.

The majority of businesses agree that the workplace of the future will be an environment more influenced by technology, where staff will work later in life, where their workers will be increasingly measured on their output/productivity and that workers will have developed more skills. However, in contrast, less than half of employees agree that any of these changes will affect how they do their job in 10 years' time.

Employers see output/productivity as a clear concern for the future. Over two thirds (68%) of businesses agree that in 10 years' time their staff will be

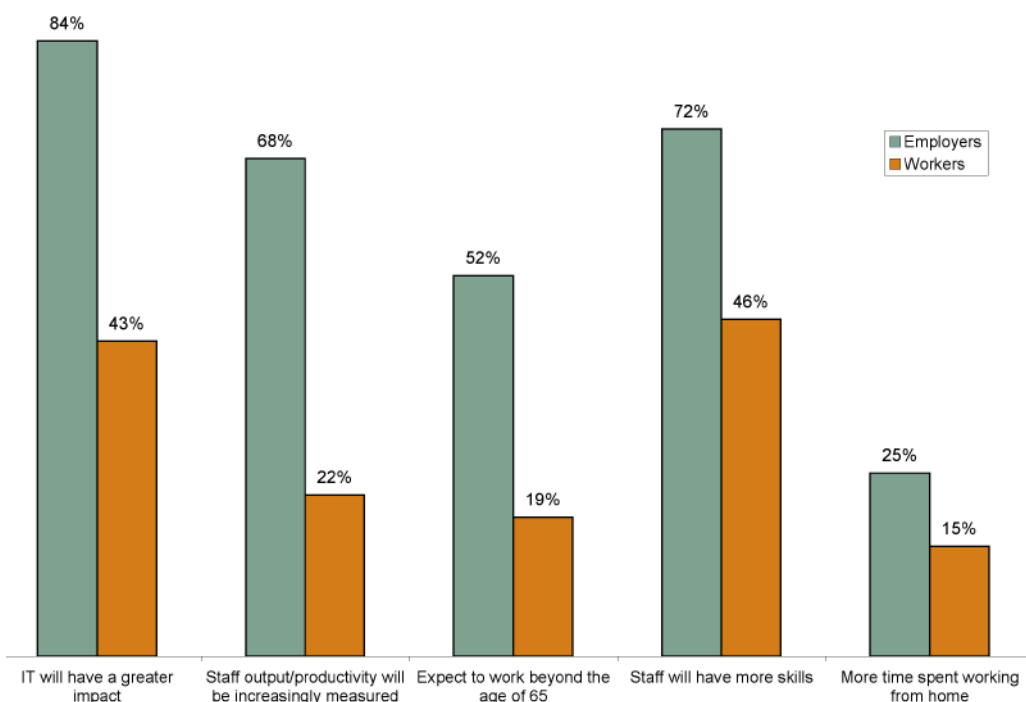
increasingly measured on this. Workers, on the other hand, do not recognise this as so important - less than one quarter (22%) of employees believe this will be the case. Businesses need to set clear goals, objectives and direction to make clear to workers that productivity is key.

The majority of businesses believe that IT will have a greater impact upon how they operate in 10 years' time (84%). However, only half of workers feel IT will impact on how they will work (43%). Employees identify skills development as the most likely change to the way in which they will work in the future (49%); however this sentiment falls significantly short of the view of businesses (72%).

The impact of an ageing population looks set to create problems. There is a notable difference between employers and workers concerning the future age of the workplace: more than half of businesses (52%) agree that they will want staff to work beyond the age of 65 – but just 19% of employees say they will do this.

“staff will have developed more skills”

Agreement about changes in the workplace



“63% of workers want to make use of flexible working”

Engaging staff effectively: flexibility and gender in the workplace

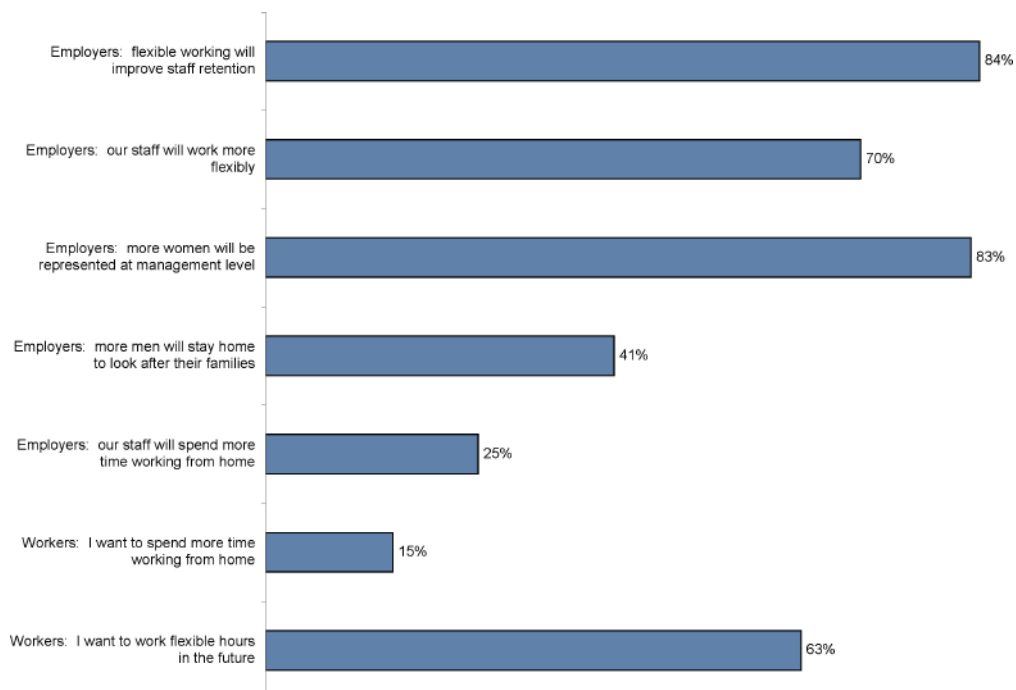
Labour market flexibility will enable businesses to compete effectively in the UK and global marketplace. And in a changing work environment, employers must also recognise that workers want more control of how and when they work. This can cover such areas as variable hours, part-time working, home-working, job-sharing or working compressed working weeks.

Adopting flexible working practices is of significant benefit to attracting and managing the workforce. Businesses believe that a flexible approach to work will be a major driver in improving staff retention (84%) and that the majority believe their workers will work more flexibly in 2016 (70%). At the same time, 63% of employees want to make use of flexible working hours in the future. Interestingly, neither employers nor workers expect a marked increase in home working: 25% of employers

believe their staff will spend more time working from home and 15% of workers believe they will do likewise.

Employers recognise that there is a shift in the role men and women will play in the workforce. The future workplace looks set to be one where women play a greater role than today – 83% of businesses believe women will be more represented at management level in 10 years’ time. And at the same time, men will increasingly take on a role in bringing up a family with 41% of employers believing more men will choose to stay at home to do this.

“more men will stay at home to look after the family”



“Flexibility will be at the heart of the workplace of the future”

Conclusions

The workplace of 10 years' time will have changed noticeably. IT will play a greater role; generally the workforce will be older; people will have developed more skills; there will be an increased focus on productivity; flexibility will increasingly be the norm; women will hold more management positions; men will play a larger role in raising children.

Yet at the same time there are a number of discrepancies between the views of employers and workers and the expectations each has. Nowhere is this clearer than when considering at what age people will stop working: older workers have a wealth of experience and whilst more employers expect those over the age of 65 will still be working, very few workers want to do so when they reach that point.

Flexibility will be at the heart of the workplace of the future – a flexible approach to how an employer manages its workforce to meet the challenges of a competitive marketplace and the need to recognise the desires of employees to have more control over how and when they work. A very real deliverable is for employers to address the skills shortage by taking a flexible approach - looking beyond their traditional labour pool or providing flexible working practices that allow mothers to work part-time.

It will be important for workers to understand the challenges businesses will face but also for employers to recognise the needs of employees as well. The challenge for employers and employees is how to anticipate the issues and opportunities the changing world of work presents. It is not enough to ignore these or pay lip service to them – they must be planned for and proactive steps taken to ensure the needs of all parties can be included where possible.

“The challenge for employers and employees is how to anticipate the issues and opportunities the changing world of work presents”

A Manpower Report

About Manpower

Manpower is one of the largest and most innovative companies in the UK's employment services industry; creating and delivering services that enable its clients to win in the changing world of work. The company provides a wide range of services including permanent, temporary and contract recruitment, employee assessment and selection, training, outplacement, outsourcing and consulting.

Manpower was established in the UK in 1956, and today works with organisations in both the public and private sectors, ranging from small and medium-sized enterprises, to multi-national organisations such as BMW, BT, Hertfordshire County Council, IBM, Royal Mail and Xerox.

The focus of Manpower's work is on raising productivity through improved quality, efficiency and cost-reduction, enabling customers to concentrate on their core business. Manpower works across all industries finding people for every level of an organisation.

Manpower Professional is the company's specialist service providing search and selection for senior appointments under its Executive arm, and accountancy and financial recruitment under its Finance arm. It was formed by bringing together Nicholas Andrews (voted Recruiter of the Year by Accountancy Age magazine in 2005), with Manpower's Senior Appointments division.

Manpower UK has a network of over 300 offices and is a subsidiary of Manpower Inc, a worldwide network of 4,400 offices in 72 countries and territories.

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