HR AGILITY:
EMBRACING THE FLUID WORKFORCE

Ultimate
SOFTWARE

The workforce is changing.

Businesses around the globe are experiencing the beginnings of a dramatic upheaval. For the first time in history, **five generations coexist in the workplace,** all with unique motivational drivers, needs, and expectations. Freelancers, temps, and other employees who don't work a regular schedule make up a larger percentage of the workforce than ever before.[1] The contemporary employee is demanding more **flexibility and choice in work style** and craves increased autonomy in their role. They emphasize **purpose, collaborative teamwork and organic, lifelong learning** over siloed tasks and confined roles. As the workforce itself evolves, the relationship between managers and employees is becoming more important than ever. Organizations that embrace these changes are poised to excel.

All of this adds up to a new mandate for HR—the need to support their workforce by gaining actionable and rich insights about their people. Businesses that take advantage of every technology available to embrace the needs of the modern, more fluid workforce will be ahead of the curve. Acting early and fast will reduce the risks of higher turnover; decreases in recruiting, engagement, and productivity; and even difficulty maintaining their brand as an employer.

"There is a powerful human tendency to want the future to look much like the recent past. Revisiting our assumptions about the world we live in—and doing nothing—will leave many of us highly vulnerable. Gaining a clear-eyed perspective on how to negotiate the changing landscape will help us prepare to succeed."

–No Ordinary Disruption: The Four Global Forces Breaking All the Trends

It's time to adapt—
for HR to become more nimble.

On both sides of the employee-employer equation, flexibility is the name of the game. Employees want more flexibility at work, be it choice in compensation or benefits, opportunities for career development, or an increased emphasis on work-life balance. Employers must now meet this demand with flexibility of their own—a creative, proactive approach to offer more options and training, updates to people management processes, and leveraging new technologies. As the workforce of the future shifts and more varied notions of jobs and the people who perform them take hold, **HR will find itself leading the charge to adapt.** It's an opportunity to truly improve the work lives of a new wave of employees with unique priorities concerning purpose, teamwork, and identity.

Adapting to these fluid workforce dynamics means becoming more nimble and meeting these challenges head on. It won't be easy, and the process will likely touch every area of HR, payroll, and talent management. The rewards, however, are great: your brand will be associated with the future of work. You will become an employer of choice, able to engage current employees and continue to attract and retain top talent. You'll take full advantage of a wealth of new technologies that can make life better for your people.

Some industries may have unique compliance needs and regulations that make it more difficult to cater to the fluid workforce in the immediate future. However, keeping these principles of nimble HR in mind can still provide a competitive edge in hiring and retention.

This reorientation to a more adaptable, flexible workplace is best encapsulated by the phrase HR Agility. In this whitepaper, we'll analyze the composition, key drivers, and needs of the workforce of the future and offer a path toward the more agile form of HR it requires.

The Fluid Workforce

An October 2016 commissioned study conducted by Forrester Consulting on behalf of Ultimate Software shows a clear indication of the incoming shift in the workplace:

86% of respondents who influence their companies' HR policies agree that the traditional workforce is changing.

Roughly **90%** also agree that the way employees work is becoming more fluid, flexible, and dynamic.

What forces are responsible for these dramatic changes? The first is the raw demographic makeup. The presence of Traditionalists, Baby Boomers, Generation X, Millennials (already the largest portions of the workforce), and the incoming members of Generation Z (or iGen), five unique generations all working side-by-side, has turned much conventional HR wisdom on its head. This unprecedented scenario invites the meshing of many different motivations and work styles, all functioning simultaneously within a given organization.

Meanwhile, other dynamics originate from altered ideals and types of work, as well as significant segments of the population entering the workforce for the first time. By 2020, provisional or non-permanent workers will make up more than 40 percent of the total workforce.[1] Freelancing in particular is poised to explode, with the current 34 percent of the workforce[2] expected to expand to a full 50%—one out of every two workers freelancing in at least some capacity—by the same year.[3] This phenomenon fuels what is commonly identified as the "gig economy," requiring special flexibility in scheduling and virtual/remote work accommodation.

Globally, 870 million women who have not previously participated in the mainstream economy will also gain employment or start their own businesses by the end of the decade. The vast majority coming from developing nations,[1] inviting a new degree of cultural fusion as existing local habits, traditions, products and work styles are synthesized into the global economy.

These potent factors of demographic shifts, large numbers of first-time contributors to the global economy, and a restructuring of the ratio of permanent to nonpermanent workers are all changing the composition of the workforce itself. At the same time, employee attitudes about work are evolving as well. Workers are championing inclusion and a level playing field, and expect to have a seat at the table in discussing compensation, benefits, time off, and performance evaluation. They expect more choice and for their voices to be heard. They want the ability to "be themselves" in the workforce. Many, especially in the younger generations, are making their decisions to enter the job market based on these ideals of flexibility and demand a culture of collaboration.[4]

These are the three main categories encapsulating the fluid workforce:

JOB FLUIDITY	IDENTITY FLUIDITY	ORGANIZATION FLUIDITY
Employees are becoming less tied to (and identified by) a specific job description, but instead desire the ability to flow between initiatives and supervisors to maximize their contributions. The employee-driven need to move seamlessly from one task to another, even potentially spanning job roles, and choose projects naturally based on curiosity, skills, and partnerships.	A newfound emphasis on an employee's ability to self-identify that goes beyond the traditional rubric. Acknowledgement that every team member is a unique human being deserving of care and respect without their individual identity being diminished on the job.	The idea that "how work gets done" is often outside the scope of the formal, traditional hierarchal business structure. Emphasizing collaborative constructs, the assignment of teams and projects being determined less by resume-based criteria or past events in favor of curiosity, skills, competencies, and self-organization.

How can HR be expected to keep up with this avalanche of change? And what warrants such a dramatic realignment? It's time for some agility training.

The Need for HR Agility

Now that you understand the upheaval in the modern workforce, consider this: **87% of employees worldwide are not engaged in their jobs.** This is a staggering number on its own, but the other side of the coin is that **companies with highly engaged workforces outperform their peers by 147%** in earnings per share.[5]

This is a problem with tangible business impact that will only become more pronounced over time as the workplace continues to evolve. The same Forrester study highlights some of the reasons employers are struggling with engagement and the resultant need for HR agility:

- **39% of respondents** report employee dissatisfaction with career growth opportunities.
- **More than one in three** report low employee satisfaction with job flexibility.
- **A full half** report a struggle to retain employees ("churn").
- **84% agree** that their companies need to adapt their HR practices to the expectations of new generations in the workforce. However, about two-thirds of organizations have not implemented changes in response to workforce trends and have no plans to do so.

The first step is taking ownership of cultivating a positive employee experience for a diverse employee base. This is a function that HR has the power to provide by becoming more nimble, innovating whenever possible and adopting technologies that can simplify the work lives of employees. The debate over whether or not this falls under the jurisdiction of HR is over—the only question is which companies will adapt first.

The ongoing trend emphasizing collaboration and flexibility means that a traditional "command and control" structure on the job is being modified or even replaced altogether. What we are beginning to see is the convergence of three distinct yet intertwined types of fluidity in the workplace: **Employees are increasingly choosing (or choosing to stay with) organizations that embrace more workforce fluidity-friendly environments, ones for which flexibility, collaboration, and innovation are the norm.**

The Path Ahead

Once your business acknowledges the need for HR Agility, you can begin to implement tangible changes at every level of the organization, from executives to HR to managers, to every individual team member. It starts with promoting workplace flexibility at a cultural level. It will be a long and continuous process of adaptation, but those organizations that are up to the challenge will be rewarded with a stronger brand, the ability to attract and retain top talent, and higher employee engagement and morale—metrics which 88% of HR professionals and business leaders believe impact the bottom line.[6]

At the highest level, employers can support the workforce of the future by reworking companywide policies to accommodate workforce fluidity. This can include providing more flexible employment arrangements in terms of team formation, total hours, scheduling and remote work, offering wider or more non-traditional leave arrangements (beyond maternity and paternity) to encourage learning in a different environment or even discipline, a sabbatical-like leave, and encouraging or even mandating employee job changes internally on a lateral level to best develop and challenge their thinking and assumptions. Many employers still ascribe negative connotations to both remote workers and those who undergo frequent job changes, often viewing these team members as liabilities when they should be counted as valuable talent sources in a fluid workforce. Companies can leverage their culture to change these perceptions, enabling more porous borders between teams and even consider creating internal job fairs to put the full scope of employment flexibility on display to all employees.

HR has a new mandate to take advantage of every available technology at their disposal to make work life easier and more productive for the workforce of the future. HR processes can be updated to be more agile, while emerging technologies ease the burden of labor intensive tasks. The fluid workforce champions the ability to take time off as needed, flexible hours and weekly scheduling, and the ability to work from home and on the go. An agile HR team can leverage a cloud-based people management solution to make these actions as seamless as possible, enabling time off and shift requests to be submitted and approved from anywhere, and empowering employees to handle common tasks themselves without contacting payroll or HR. A best-in-class solution will even make it simple for employees to change teams or roles within the organization without excess paperwork or burdensome logistics, and ensure that a variety of self-paced online learning programs are available for employees at every level to access if they choose.

HR can also become more nimble by offering managers tools and supporting technology to adapt their own processes to be more flexible. Forward-thinking performance management can empower employees to set their own personal goals, open the channels of two-way communication between managers and their teams, and both recognize and reward autonomy. New predictive and prescriptive analytics can provide an unprecedented overview of the fluid workforce, help identify top performers, high potential employees, and flight risks—and offer leadership targeted suggested actions to meet their needs. Robust sentiment analysis tools can help managers stay in tune with employees' changing needs and expectations, facilitate a collaborative culture with frequent pulse checks, and ensure a safe, purpose-driven, and exciting workplace.

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Ultimate Software is a leading provider of cloud-based human capital management (HCM) solutions, with millions of people records in the cloud. Ultimate's award-winning UltiPro delivers HR, payroll, talent, and time and labor management solutions that connect people with the information they need to work more effectively. Founded in 1990, the company is headquartered in Weston, Florida. Ultimate has been ranked consistently on FORTUNE's list of the 100 Best Companies to Work For since 2012; ranked #7 on Forbes magazine's list of the 100 Most Innovative Growth Companies; recognized as a "Leader" in Nucleus Research's HCM Technology Value Matrix; and named among the InformationWeek Elite 100, honoring innovation in business technology. Ultimate has more than 5,600 customers worldwide, including Bloomin' Brands, Feeding America, Red Roof Inn, SUBWAY, Texas Roadhouse, and Yamaha Corporation of America. More information on Ultimate's products and services can be found at www.ultimatesoftware.com.

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