cipd 100 YEARS OF LEADING HR INTO THE FUTURE

MEGATRENDS

The trends shaping work and working lives

WORK WORKFORCE WORKPLACE

Championing better work and working lives

The CIPD's purpose is to **champion better work and working lives** by improving practices in people and organisation development, for the benefit of individuals, businesses, economies and society. Our research work plays a critical role – providing the content and credibility for us to drive practice, raise standards and offer advice, guidance and practical support to the profession. Our research also informs our advocacy and engagement with policy makers and other opinion formers on behalf of the profession we represent.

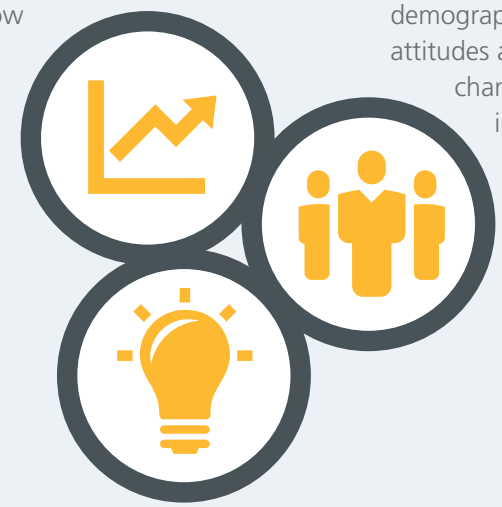
To increase our impact, in service of our purpose, we're focusing our research agenda on three core themes: the future of **work**, the diverse and changing nature of the **workforce**, and the culture and organisation of the **workplace**.

WORK

Our focus on work includes what work is and where, when and how work takes place, as well as trends and changes in skills and job needs, changing career patterns, global mobility, technological developments and new ways of working.

WORKFORCE

Our focus on the workforce includes demographics, generational shifts, attitudes and expectations, the changing skills base and trends in learning and education.



WORKPLACE

Our focus on the workplace includes how organisations are evolving and adapting, understanding of culture, trust and engagement, and how people are best organised, developed, managed, motivated and rewarded to perform at their best.

About us

The CIPD is the professional body for HR and people development. We have over 130,000 members internationally – working in HR, learning and development, people management and consulting across private businesses and organisations in the public and voluntary sectors. We are an independent and not for profit organisation, guided in our work by the evidence and the front-line experience of our members.

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MEGATRENDS

The trends shaping work and working lives

Foreword

The CIPD is committed to championing better work and working lives, for the benefit of individuals, businesses, economies and society. The unprecedented scale and pace of change in the economy and world of work presents an urgent and critical need to ensure the ways we work, our workforce and workplace cultures are fit for today and drive performance and growth for the future. The purpose of this report is to highlight some of the key trends that have been shaping our economies and the world of work in order to prompt a debate among practitioners, academics and policy-makers on the implications of change and what the HR profession can do to adapt to change and help shape the future.

In this report we group our analysis of the trends under three broad themes: the changing nature of **work**; the diverse and changing nature of the **workforce**; and the changing nature of organisations and the **workplace** context and environment. These themes will guide our future research, strategic conversations and policy development.

We will continue to investigate these trends as part of our ongoing programme to understand better the world of work and identify practical solutions to improve work and working lives. This report also marks the start of a greater focus on identifying the trends and drivers that are likely to shape work in the future.

We do this not to predict the future, but to build the capacity to recognise when emerging trends and patterns pose threats and opportunities to organisations, the HR profession and to societies as a whole. Recognition or insight is merely the first step. The next step is to develop the capability to respond. As part of this discipline, we shall in time be building and testing scenarios identifying the potential implications of emerging trends for business models, the nature of work, workforce skills and the shape of organisations and management.

We will develop this work in partnership with the profession. As a start to the conversation, we pose a number of questions in this report about the changing world of work and its implications. We encourage every reader to say what you think and join the discussion.

Chief Executive, CIPD

Introduction

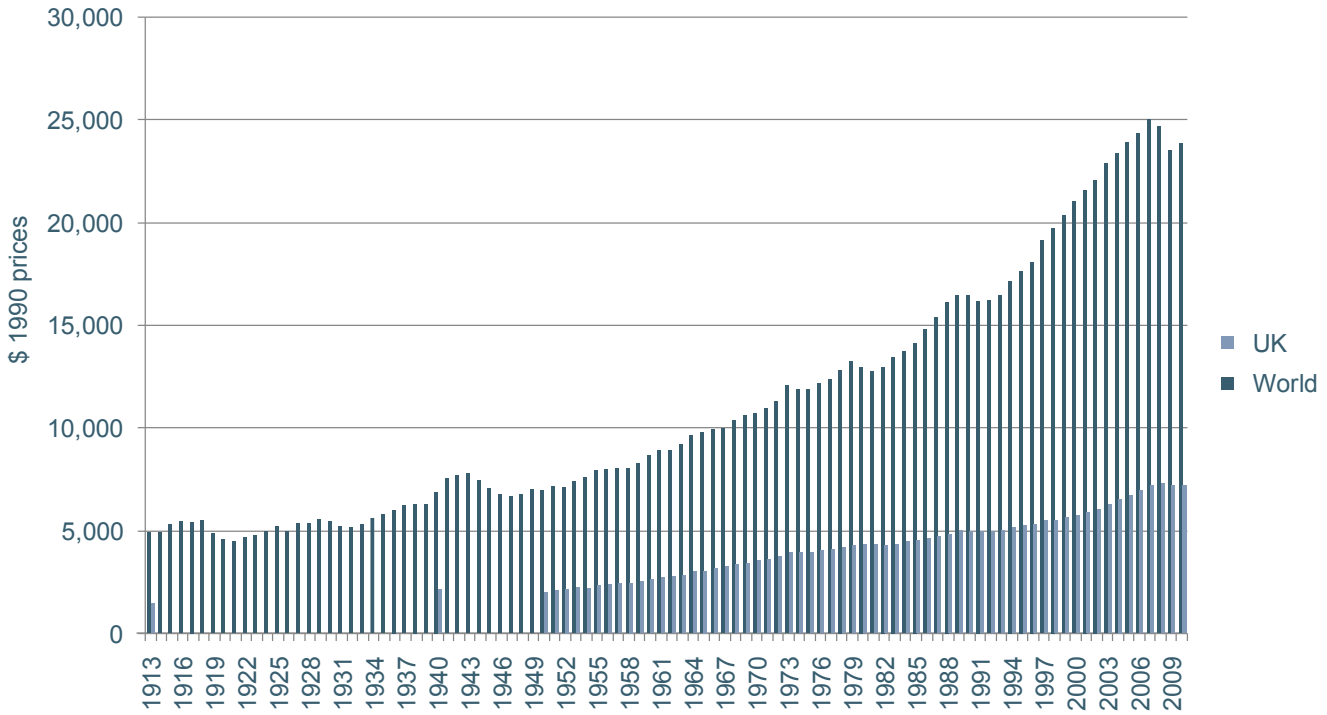
The nature of work and our working lives are affected by the economies and societies in which we live. Achieving better work and working lives therefore requires an understanding of the principal trends shaping economies, societies and organisations and the implications of them.

The overall context is one where, in material terms, we are far better off today than previous generations. In the century since the foundation of the CIPD, average UK and global income per head have both increased almost fivefold (see Figure 1). Growth has been interrupted by wars and recessions but the post-War era has been one of improving living standards, with the last two decades seeing, if anything, an acceleration of growth in output per head.

Of course, GDP is an imperfect indicator of material living standards, let alone individual or societal well-being. But economies where output is growing faster than the size of the population are likely to face very different choices and opportunities from ones where output per head is flat or falling.

The trends shaping economies, societies and the world of work also have a direct impact on the HR profession – in terms of who it includes, what it does and how it does it. For example, a milestone in the development of HR techniques was the publication in 1911, just before the CIPD was founded, of *Principles of Scientific Management* by F.W. Taylor. The management principles espoused by Taylor were developed in response to the demands of mass production of industrial goods, such as the recently invented automobile. However, since then, all advanced economies have undergone a process of de-industrialisation, with declining shares of output and employment in manufacturing. While manufacturing is still important, its nature has changed – with much low-skill, low-value work no longer performed in the advanced economies. Advanced manufacturing is mainly high-skill, knowledge-intensive activity. Economies based on advanced manufacturing and services require different forms of work organisation, combining greater individual autonomy with new forms of collaborative teamworking.

Figure 1: UK and global GDP per head, 1913–2010



Source: Bolt, J. and van Zanden, J.L. (2013) *The First Update of the Maddison Project: Re-estimating growth before 1820.* Maddison Project Working Paper 4.

1 Long-term trends that have shaped the UK labour market

In this publication, we focus on the UK. However, most (but not all) of the trends presented below have been present in most advanced industrialised economies – although the timing and extent of these changes differ.

The focus is primarily on developments over the last 30 years or so, although many of the trends summarised below have been affecting economies, societies and labour markets for much longer periods. This is partly a pragmatic judgement based on availability of relevant data and analysis. At the same time, the end of the 1970s and beginning of the 1980s is a useful starting point for the analysis because it saw major changes in the structure of economies and labour markets in many advanced economies as they adapted to the after-effects of the oil price shocks of the 1970s and recession of the early 1980s. In some countries – including the UK – this was also a period which heralded significant changes in government policies and the institutions shaping the labour market.

The choice of the seven trends featured here reflects an element of judgement in picking out key features from a mass of data. They could have been put together and/or presented differently. They typically work in combination with each other.

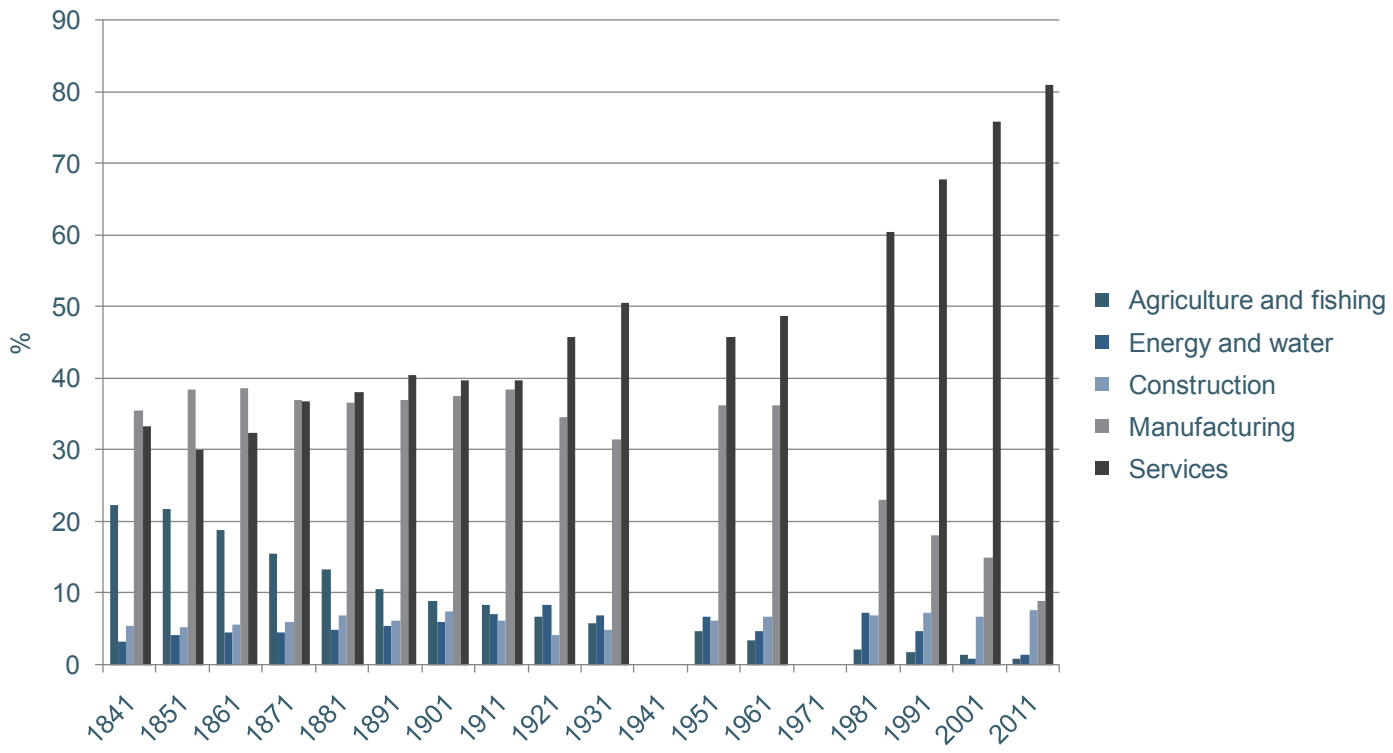
Trends shaping work

De-industrialisation and the rise of knowledge-based services

The UK was the first nation to industrialise and was also the first nation to undergo a process of de-industrialisation, whereby output and employment is increasingly concentrated in services rather than manufacturing.

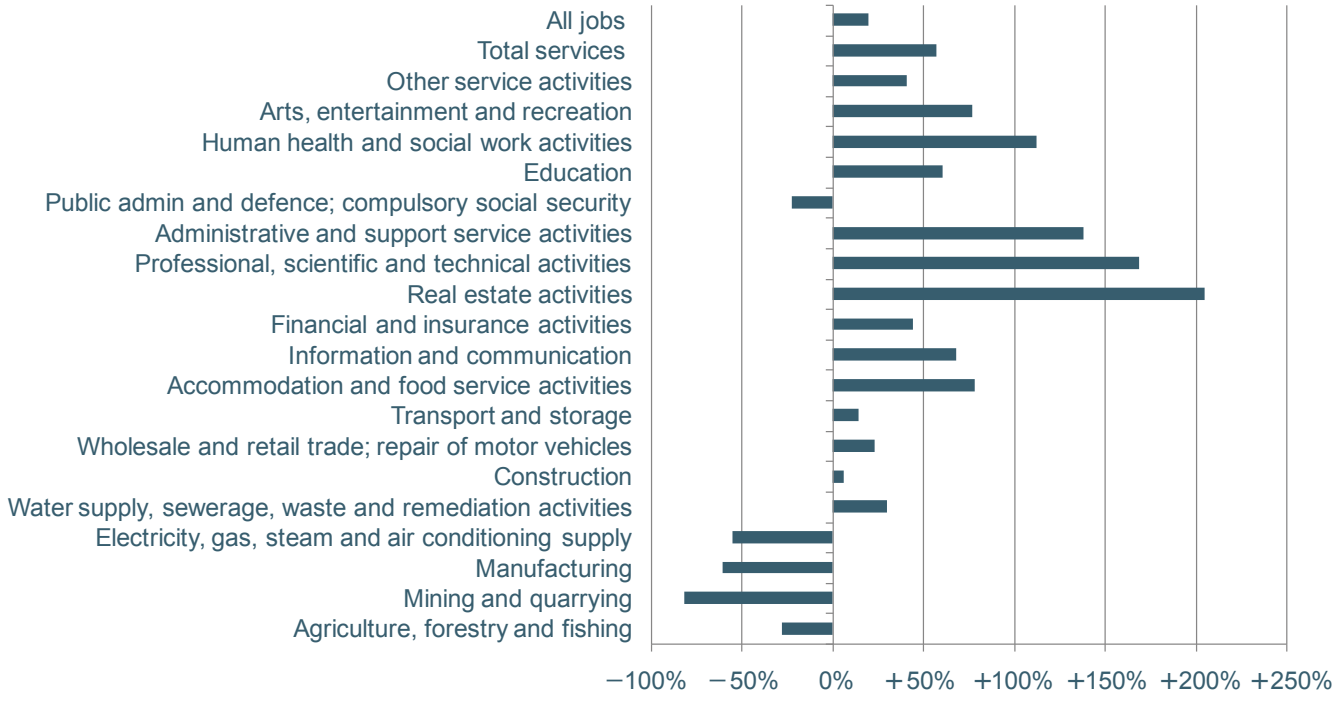
Figure 2 presents an analysis of census data from England and Wales on the composition of employment. During the nineteenth century we saw the completion of the movement of population away from working on the land towards towns and cities – pulled by the demands of an industrialising economy. However, even in the nineteenth century, the services sector was becoming increasingly important as a source of employment. Then, since the mid-twentieth century, we have seen a decline in manufacturing employment, so that by 2011 less than a tenth of people in employment in England and Wales were employed in this sector, compared with over four-fifths in services.

Figure 2: Broad industry composition of employment, 1841–2011



Source: Office for National Statistics

Figure 3: Change in workforce jobs by industry, 1978–2013



Source: Office for National Statistics

This trend is common across all advanced economies. Historically, it has been driven by rising incomes creating greater relative demand for services, combined with low productivity growth in labour-intensive service industries (compared with manufacturing), which tends to shift employment into services.[1] More recently, technological change and removal of trade barriers have led to most labour-intensive manufacturing being located in emerging markets – initially countries such as Japan and Korea, then China, now increasingly in countries such as Vietnam, Thailand, the Philippines, and so on. The manufacturing activity that remains in the UK is increasingly highly skilled and knowledge-intensive.

Figure 3 shows that the greatest increases in employment have been in real estate (employment up by 205% between 1978 and 2013), professional, scientific and technical activities (up by 169%), administrative and support services (up by 139%) and health-related activities (up by 113%). Thus the general trend in the service sector has been for the fastest jobs growth to be in relatively highly skilled knowledge-intensive areas. This has, however, been accompanied by growth in some less skilled areas such as recruitment agencies, personal services and the care sector, which reflect increases in demand for these services – driven by changes in the organisation of markets (such as outsourcing), higher incomes and an ageing population.

These changes pose challenges for businesses and governments in terms of changing skills requirements – both in terms of building a workforce with higher levels of technical competence and one that is adaptable to changing requirements. Knowledge-intensive industries and services require a different approach to work organisation from traditional manufacturing.

- **What are the implications for workforce skills of increasing employment in knowledge-intensive industries?**
- **How will management and leadership practices need to adapt?**

Technological change and globalisation

It is difficult to quantify changes in the use of ICT by organisations or individuals over long periods of time because innovative technology becomes commonplace within a few years and is in turn replaced by other advanced or improved technologies. However, we do know that ICT is now ubiquitous within businesses: in 2011, 94% of businesses had Internet access and 93% had a broadband connection, while 81% had a website.[2]

[1] The so-called 'Baumol paradox'.

[2] Office for National Statistics. (2012) *ICT Activity of UK Businesses, 2011*.

Technological change reduces the costs of transport, communication and exchange and is hence one of the factors behind increased globalisation – greater movement of goods, services, people and money across frontiers. It has also been accompanied by changes in government policies in many parts of the world that have liberalised economies and opened them up to international trade and investment, including the dismantling of the Soviet bloc and the creation of the World Trade Organization in 1995. The total volume of goods and services traded globally is now over five times its 1980 value (see Figure 4).

Technology and globalisation have direct effects on the nature of work. ICT has opened up new channels of communications and transformed business models in some industries, creating new services and new jobs (such as social media consultants). ICT has also facilitated the outsourcing of work overseas as well as enabling more employees in the UK to work remotely.

Globalisation means that supply chains can be located across the globe. Labour markets are becoming increasingly international. More people are migrating for work as well as non-work-related reasons. The pool of skilled labour that employers potentially can draw from has expanded greatly. For example, Asia now produces a greater number of science and engineering graduates than the US and Europe combined.

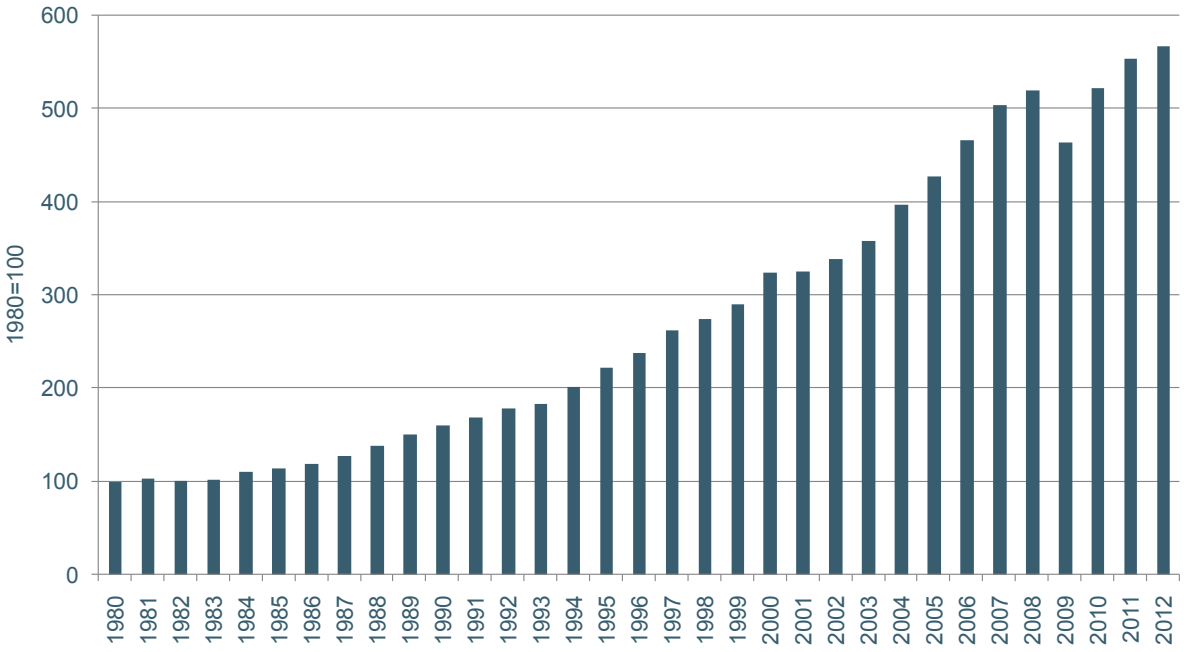
- **How can the workforce best be equipped to seize the opportunities from future waves of technological change (whatever these may be)?**
- **What are the challenges for managers of managing globally (in terms of supply chains, workforce and the market for talent)?**

Trends shaping the workforce

Demographic change – an ageing population and migration

As people live longer, the UK – along with many other countries – has seen a process of population ageing. The mean age of the population has risen and the proportion of the population in older age groups has increased. This has led to an ageing of the workforce. Figure 5 shows that the proportion of those in employment aged over 50

Figure 4: Volume of world trade, 1980–2012



Source: International Monetary Fund

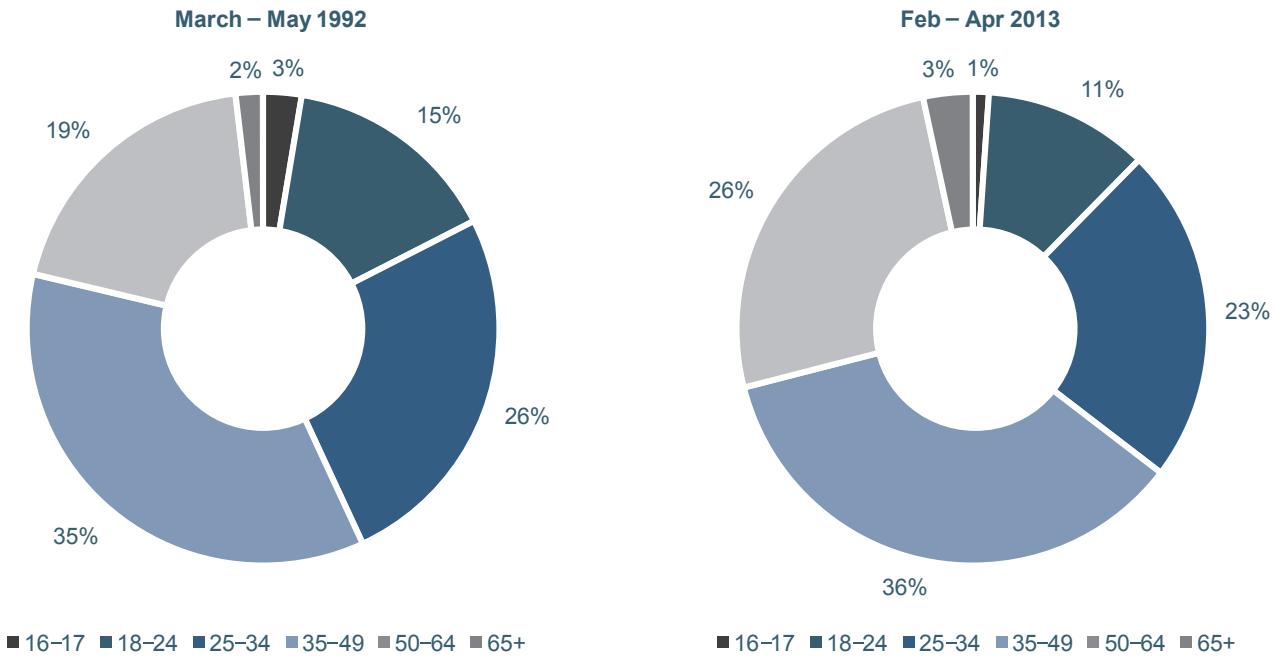
increased from 21% in 1992 to 29% in 2013, whereas the proportion aged 16–24 fell from 18% to 12%. In absolute terms, the workforce in employment increased by just over 4.1 million between 1992 and 2013, with the number of over-50s increasing by 3.2 million but the number of under-25s falling by almost 800,000.

Demography is not the only factor behind this shift in age structure. Increased participation in higher education partly explains why fewer young people are in employment – although unemployment and inactivity among young people not in education have increased worryingly. In contrast, the activity rates of the over-50s have increased over the past 20 years – an apparent reversal of an earlier trend – so that increased numbers of people aged over 50 have translated into an even greater proportionate increase in employment.

Employers thus face a labour market with fewer young people and more older employees. The flow of young people joining the labour market may not be sufficient any longer to be the principal means of meeting demand for higher skills levels among the workforce. This implies a greater focus will be needed on retaining skilled workers and re-training the existing workforce. In addition, the societal need to provide continued welfare support for an ageing population will depend in part on how well employers provide employment opportunities for older workers and those caring for the elderly.

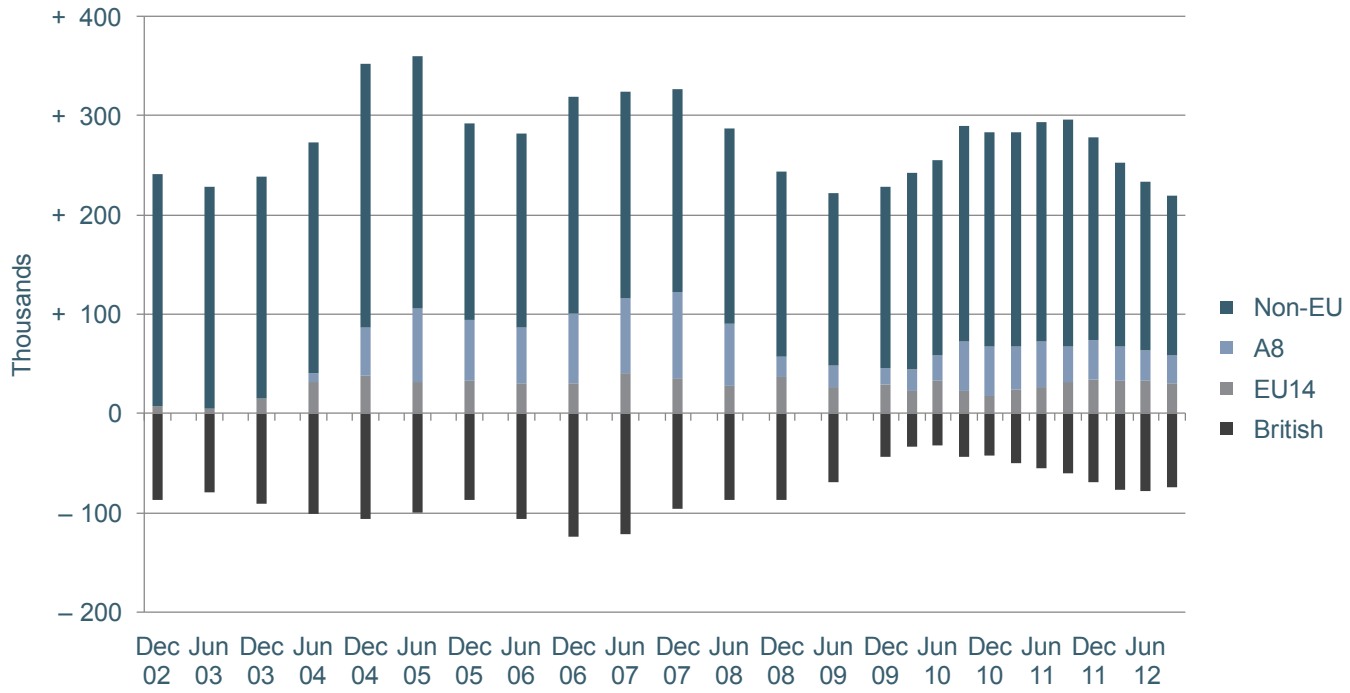
The impact of population ageing has been mitigated by net in-migration, as immigrants are typically younger – and have larger families – than the resident UK population (see Figure 6).

Figure 5: Age structure of UK employment, 1992–2013



Source: Office for National Statistics

Figure 6: Net in-migration to the UK, 2002–2012



Source: Office for National Statistics

In particular, since 2004, there has been considerable in-migration from the Central and Eastern European countries joining the EU (the so-called A8 countries) and these have had a distinct effect on labour markets in some areas of the UK and some sectors (for example, ensuring that certain forms of seasonal agricultural work remain commercially viable). Between 2004 and 2012, the proportion of non-UK-born workers in the lowest skilled jobs doubled from one-tenth to one-fifth.[3] While availability of migrant labour can alleviate potential skill shortages, the increased diversity in the workforce can also demand more sophisticated HR management to ensure effective teamworking and employee engagement.

- **How can employers help to provide more flexible routes to retirement that maintain older workers' attachment to the labour market?**
- **Are there business risks in reliance on migrant workers?**

Increased female labour market participation

One-hundred years ago it was common for women to be required to resign from paid employment when they married. The two world wars, when women were employed in increasing numbers while male workers were in the armed forces, saw more women participating – if not entirely accepted – in a wider range of industries and jobs. Nevertheless, these were important steps in societal change supporting greater equality for women. Since the 1970s we have seen legal moves to support the position of women in the workplace, such as the Sex Discrimination and Equal Pay Acts and a series of legislative steps to ensure and enhance maternity rights and parental leave. Together, these have transformed the employment prospects of women.

[3] CIPD. (2013) *The State of Migration: Employing migrant workers*.

Figure 7 shows how the labour market participation rates of men and women have narrowed since 1971 – from a difference of almost 40 percentage points in 1971 to just over 10 percentage points by early 2013.

As a result, the workforce is now split almost evenly by gender, with women making up nearly 47% of all in employment, compared with 37% in 1971. Employers have a much wider talent pool available to them, with more women joining and staying in the labour force. Nevertheless, declining – but still significant – differences remain between men and women in terms of pay and access to senior positions in both the public and the private sector.

- **What further changes might be necessary to reduce the gender pay gap and gender disparities in access to leadership positions?**
- **Will forthcoming reforms that encourage sharing of leave between parents affect female (and male) participation in the labour market?**

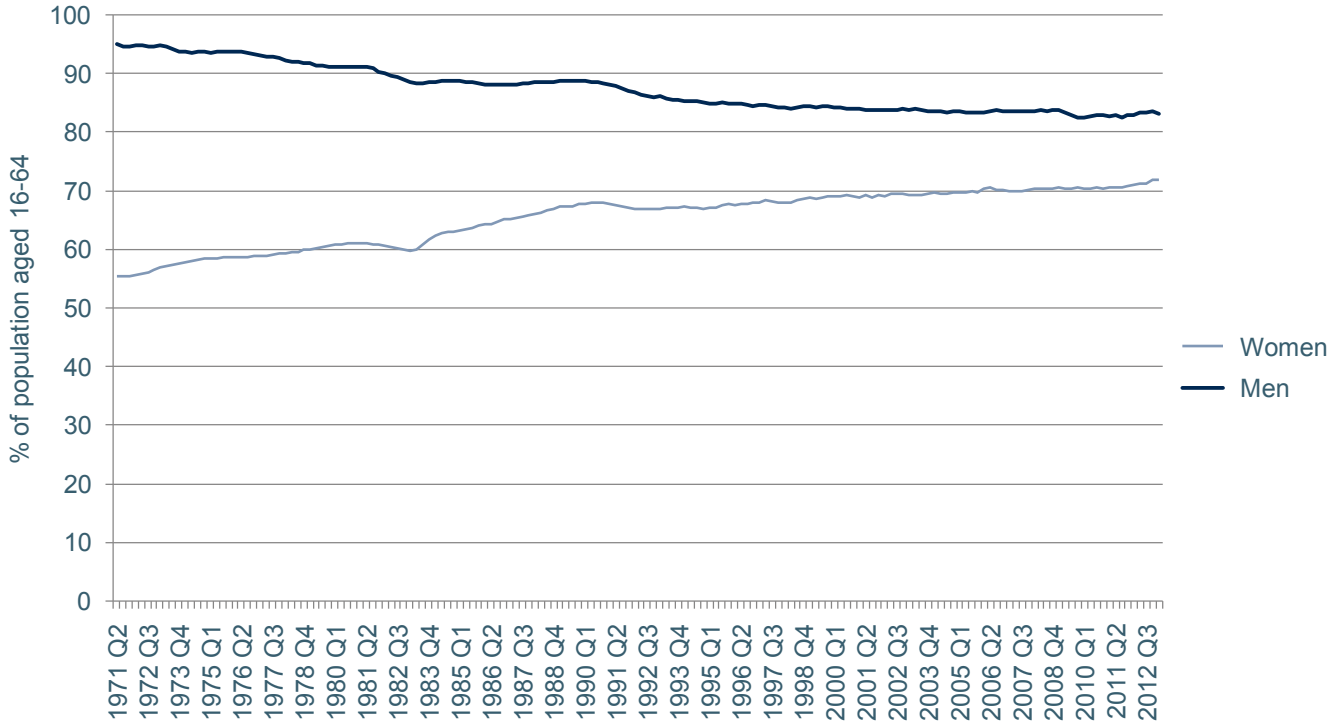
Increased educational participation

Successive generations of UK workers have, on average, spent more time in full-time education. Figure 8 shows that the proportion of young people in full-time education has doubled in the last 20 years. In 2010, the adult population of the UK had, on average, received 13.5 years of schooling – the highest figure for the entire OECD alongside Canada, Switzerland, Australia and Germany.[4]

The replacement of less qualified older generations by better qualified younger ones means that the stock of qualifications held by the population of working age has increased substantially (see Figure 9). The proportion of all 16–64-year-olds holding a degree or higher-level qualification has doubled in the last 20 years – to over 20% – whereas in this time the proportion holding no educational qualification has more than halved.

Rising educational achievement has facilitated the shift in demand towards more highly skilled, knowledge-intensive occupations arising from de-industrialisation, technological change and globalisation. According to the Skills and

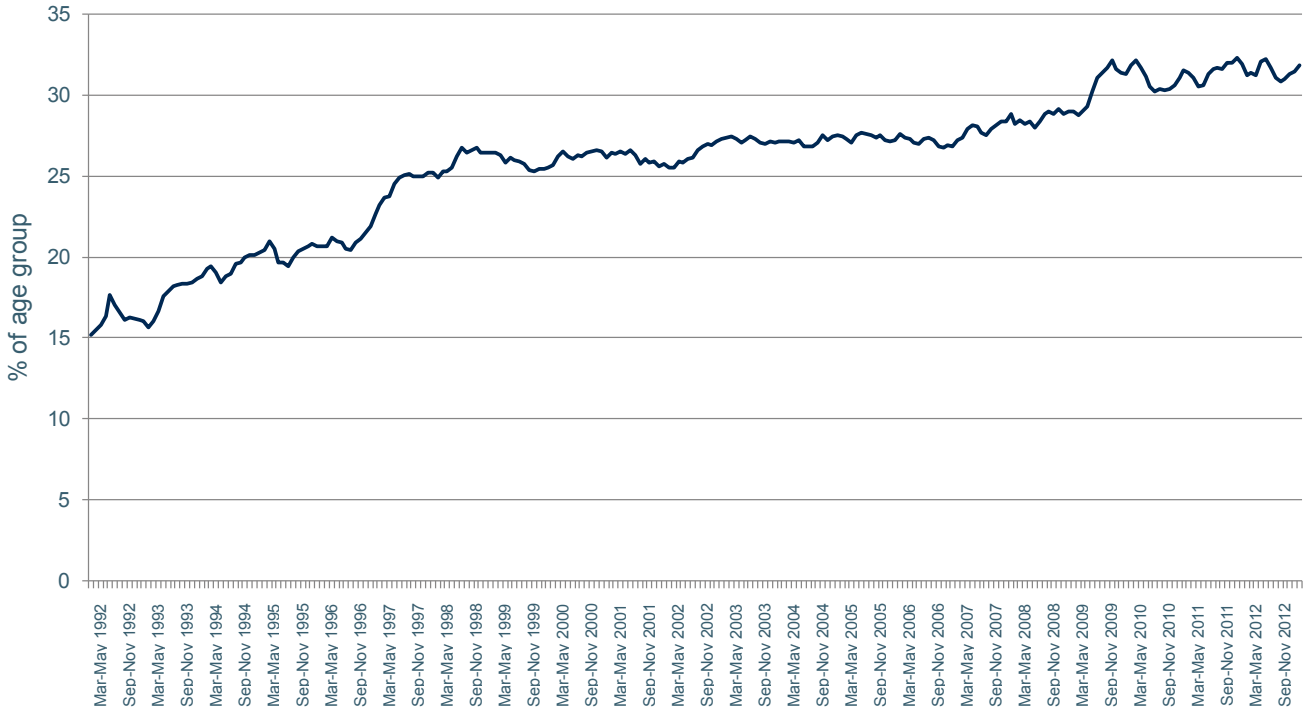
Figure 7: Economic activity rates of men and women, 1971–2013



Source: Office for National Statistics

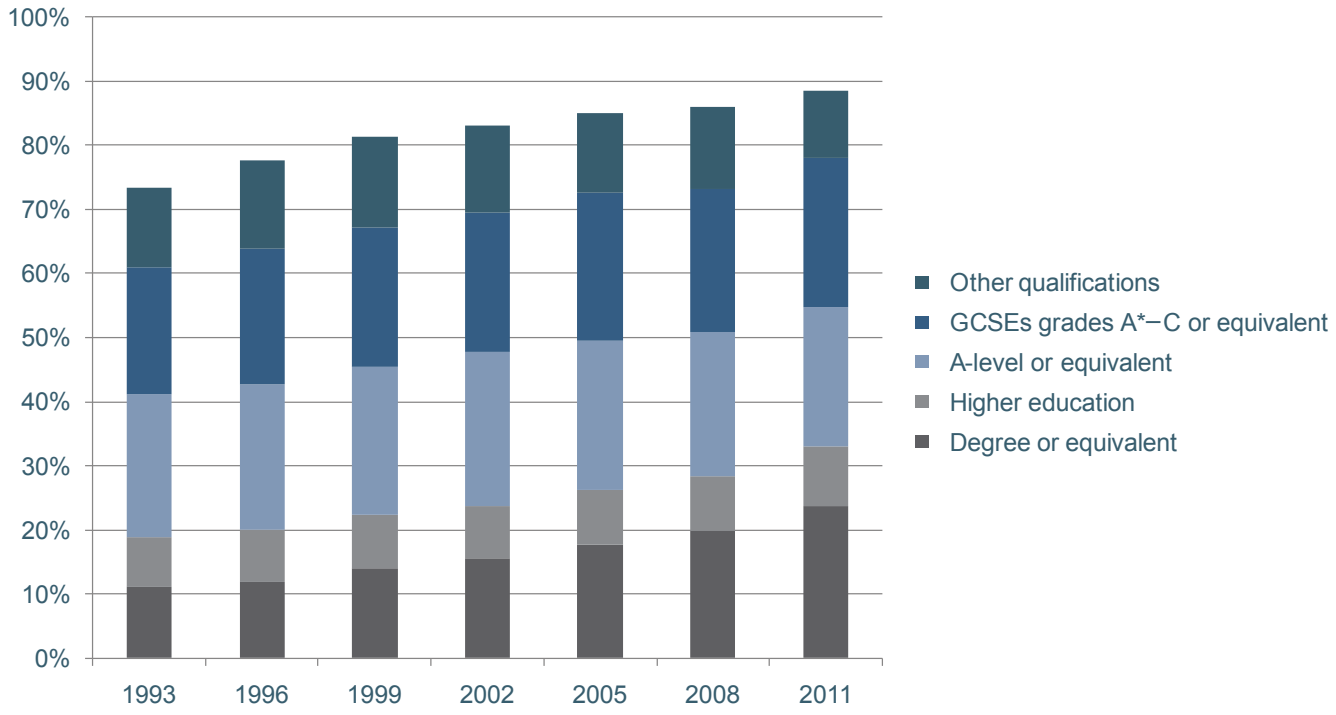
[4] OECD. (2013) *Long-term growth scenarios*, OECD Economics Department Working Paper No. 1000.

Figure 8: Participation of 18–24-year-olds in full-time education, 1992–2013



Source: Office for National Statistics

Figure 9: UK population aged 16–64 by highest education qualification, 1993–2011



Source: Office for National Statistics

Employment Survey, 26% of jobs in 2012 required a degree, compared with just 10% in 1986.[5] However, rising educational attainment is also likely to have been a cause of this shift in the composition of employment – as more highly educated people have sought work that fits their abilities and aspirations. A better educated population is potentially a benefit to UK employers in terms of quality of workforce, but management challenges can arise if employees do not think their work is making sufficient use of their skills. The latest Skills and Employment Survey estimated the proportion of graduates who were 'over-qualified' for their job at 22%.

- **Given that employers continue to report skills shortages in many occupations, is there a mismatch between the qualifications of the workforce and the expectations of employers?**
- **What are the challenges involved in managing employees whose qualifications may outstrip the requirements of the job?**

Trends shaping the workplace

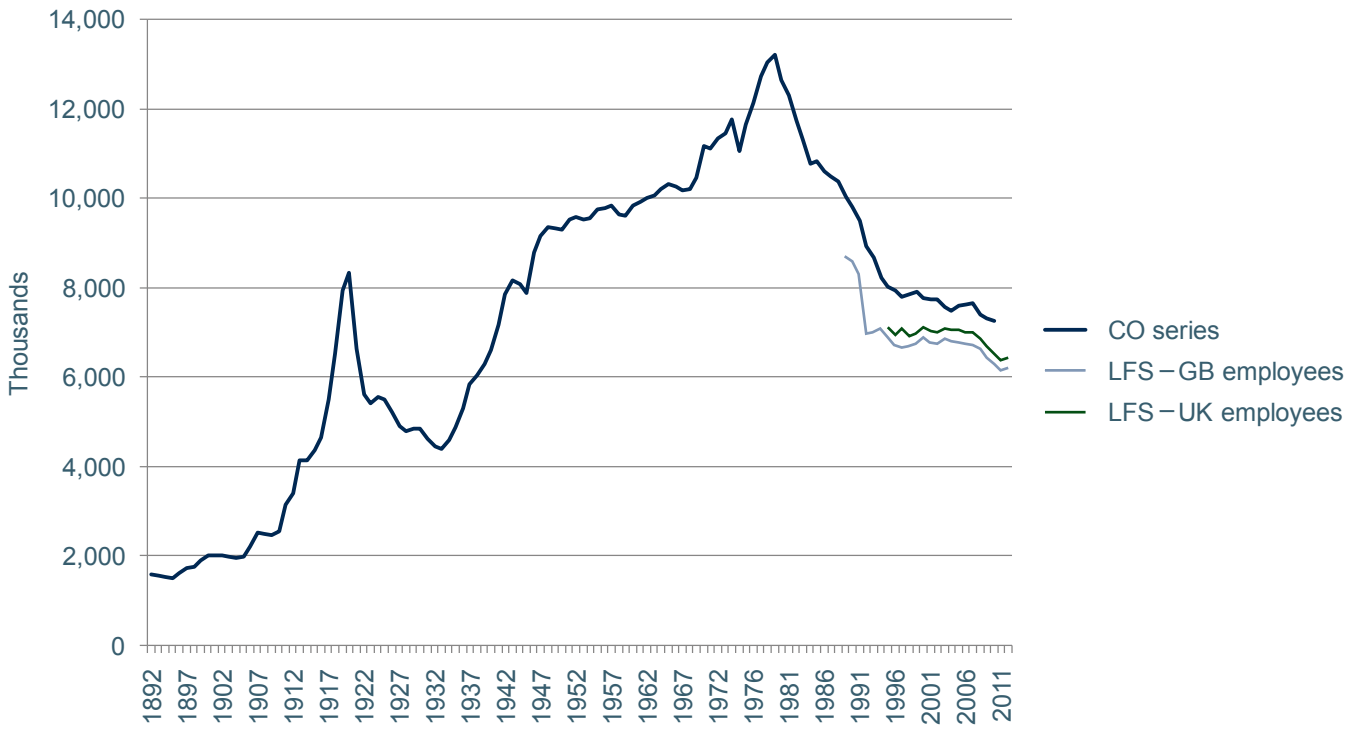
The decline of collective workplace institutions

Within the UK, the last 30 years or so have seen a transformation in the conduct of employment relations. In many industries, collective forms of employment relations – involving negotiations and bargaining between employers and trade unions – have been replaced by individualised employment relations.

Figure 10 shows that trade union membership reached a peak of 13 million at the end of the 1970s. Since then, union membership has halved.

Figure 11 shows that falling individual union membership has been accompanied by declining union presence and collective bargaining between employers and employee representatives over pay and other working conditions.

Figure 10: Trade union membership, 1892–2012

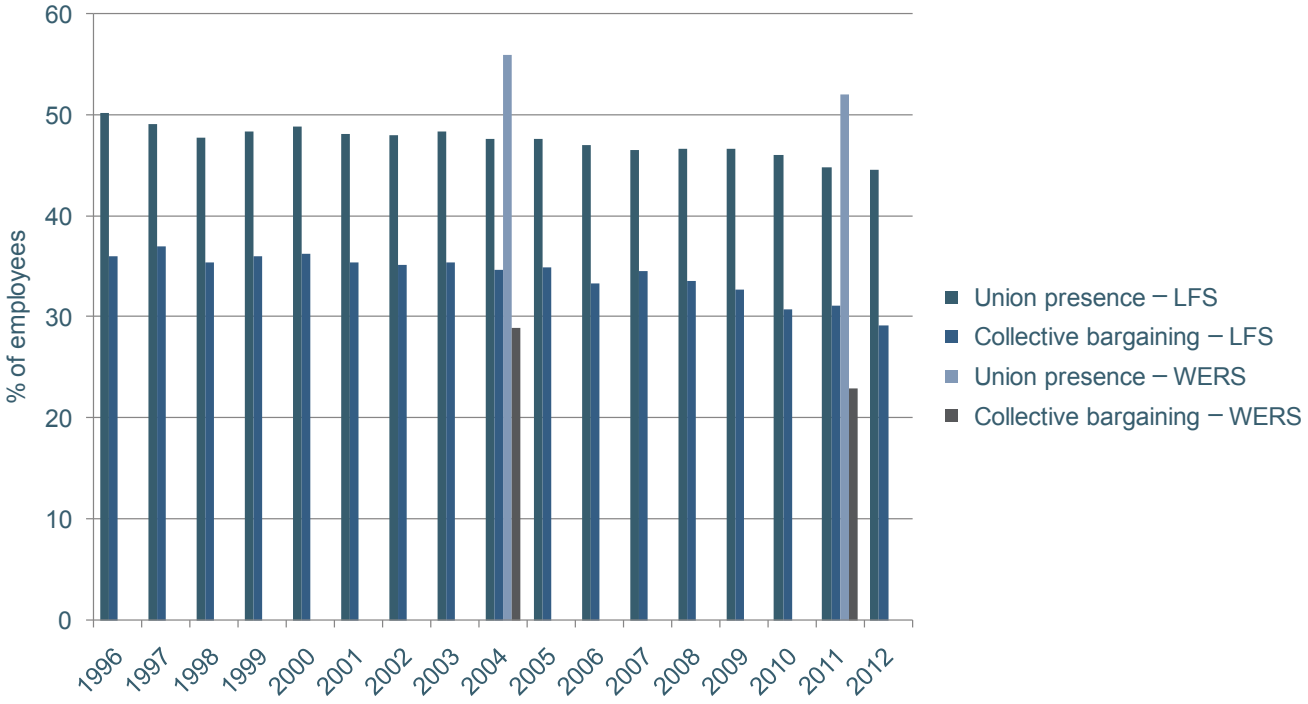


CO series refers to data collected by the Certification Officer. LFS refers to data collected through the Labour Force Survey.

Source: Office for National Statistics

[5] See Felstead, A., Gallie, D., Green, F. and Inanc, H. (2013). *Skills at Work in Britain: First findings from the skills and employment survey, 2012*.

Figure 11: Union presence and collective bargaining coverage, 1996–2012



Source: Office for National Statistics, WERS series

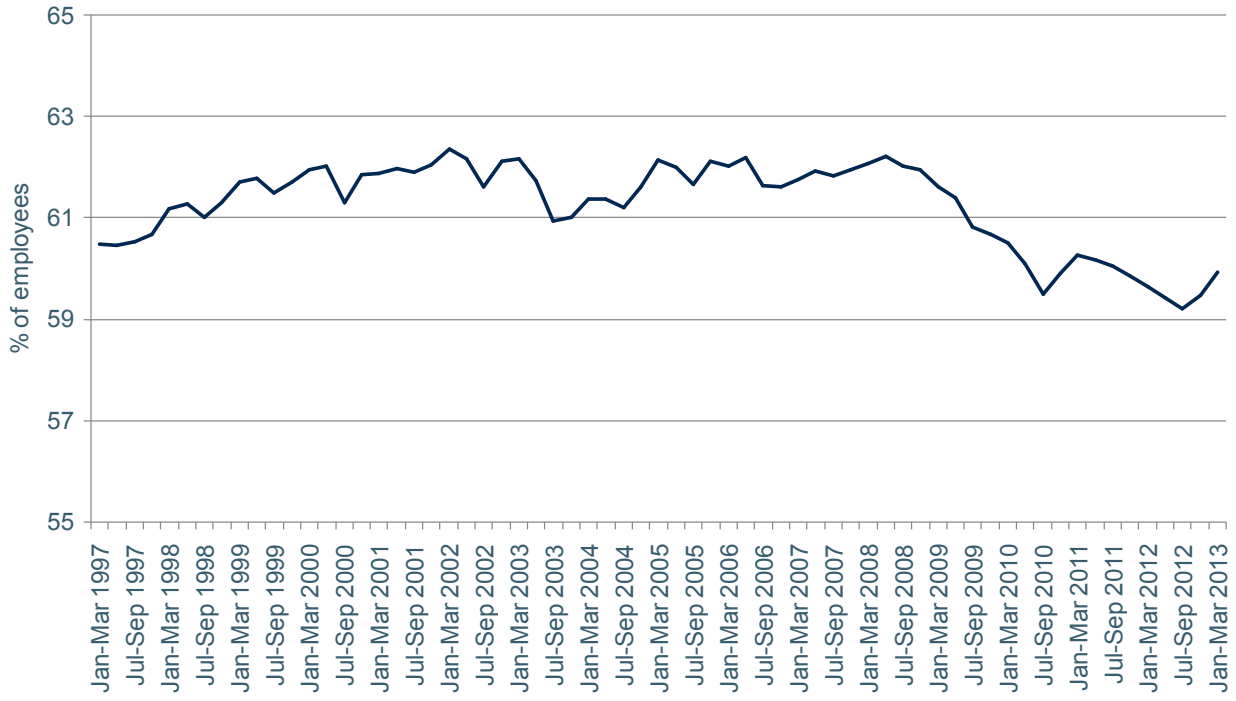
These changes will in part have been facilitated – if not encouraged – by changes in legislation introduced during the 1980s and 1990s that discouraged union membership – such as abolishing the closed shop arrangements that forced employees to join trade unions – and by a series of measures that reduced the ability of unions to take and sustain industrial action. Nevertheless, other broader economic and social factors have also played a part, including de-industrialisation, a shift in the composition of employment towards small and medium-sized enterprises (SMEs) and a decline in the relative size of the public sector. Union density has declined in a number of advanced economies where there have been no radical changes in the legal framework governing trade unions.

The 2011 Workplace Employment Relations Study (WERS) found that just 6% of private sector workplaces with five or more employees engaged in collective bargaining and only 14% had any employees who were members of a trade union (recognised or not).[6] In the majority of private sector workplaces, management engage directly with their employees – individually and/or through some (non-union) representative structure. While this removes constraints on management freedom of action, it also raises concerns about employee voice. Collective industrial action is almost non-existent in the private sector, but measures of individual disquiet – such as applications to employment tribunals – have increased over time.

- **How do employers ensure effective mechanisms for employee voice in the absence of collective workplace institutions?**
- **What are the particular challenges and opportunities that SMEs face in managing employment relations and sustaining employee engagement?**

[6] Van Wanrooy B. et al, (2013) *The 2011 Workplace Employment Relations Study: First findings*.

Figure 12: Full-time permanent employees as a share of the workforce, 1997–2013



Source: Office for National Statistics

Greater diversity in employment relationships and how we work

The employment relationship has become less homogeneous. The full-time, 9-to-5 job with open-ended employee status is less common than it was in the past. This is not to say that such permanent and stable forms of employment have died away, but they are part of a richer and more variegated pattern of employment relationships.

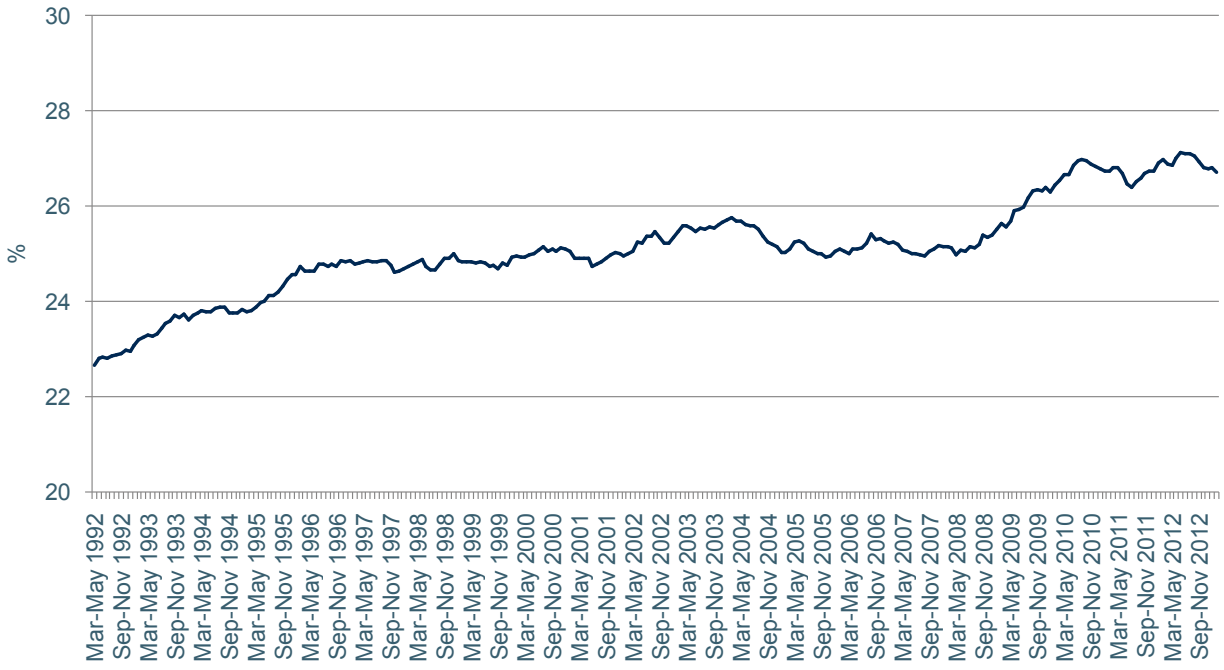
Figure 12 shows the proportion of the workforce that has full-time, permanent employee status – which might be taken as a proxy for the 'standard' employment relationship. We see that the proportion in this category has remained around 60% since 1997, although there are indications of a drop in the proportion since 2008. The two-fifths of the workforce not in this category are mainly part-time or temporary employees or the self-employed.

Part-time employment is the form of work that has increased in relative significance over the last 30 years or so (Figure 13). Although it is more common for women – around two-fifths of women work part-time – it is the increasing share of part-time work among men that has been responsible for the growth in the overall share of part-time work. The recent spike in the proportion working part-time between 2008 and 2010 appears to have been a consequence of the recession and is largely 'involuntary'.[7]

However, even these figures understate the diversity of employment in the UK labour market. For example, we have seen growth in the use of zero-hours contracts in the past decade, albeit from a very low base. The number of homeworkers – those working mainly in their own home or using home as a base – has increased from 2.3 million in 1997 to 3.5 million in 2012. Technology is enabling new forms of work organisation, such as global 'spot markets' for freelance work (for example Mechanical Turk).

[7] According to the *Labour Force Survey*, the proportion of employees who said they were working part-time because they could not find a full-time job increased from 2.7% in March–June 2008 to 5.7% by April–June 2012.

Figure 13: Share of employees and self-employed that work part-time, 1992–2013



Source: Office for National Statistics

In addition, more people now work in small firms than in the past. Between 1998 and 2010, the proportion of private sector employees working in firms with one to four employees increased from 11% to 22%, whereas the proportion working in large firms with 250 or more employees fell from 49% to 40%.[8] The less specialised HR management capability present in most small firms, together with a more informal approach to management in general, will mean that employment in many small firms will look and feel different from working in larger firms, even if the broad contours of the employment relationship appear similar.

Diverse forms of employment potentially widen opportunities: both for employers to structure work in the way that best meets their operational requirements and for individuals to find a form of work that best suits their needs. However, they can also increase the complexity of HR management.

- **Are we likely to see the proportion of full-time permanent employees remain relatively stable over the next decade?**
- **What are the challenges for employers in managing a diverse workforce where people are not always employed 9 to 5, they may not be located at a 'company office' and they may not have the same contractual relationship with the organisation?**

[8] Department for Business, Innovation and Skills. (2011) *Job Creation and Job Destruction: 1998-2010*.

2 Future trends

The previous section set out seven 'Megatrends' that have shaped our labour market. There is no guarantee that all of these will continue into the future – or whether, if they do persist, they continue at faster or slower rates than in the past.

Trends can be reversible – though it is often not obvious to many at the time. For example, the CIPD was founded at the peak of a previous wave of globalisation. After the First World War, globalisation went into reverse. Nations became inward-looking, protectionism took hold and trade and investment fell. It took decades for globalisation to resume. ICT means the world is better connected than ever before, but governments seeking greater economic independence and self-sufficiency could take action – unilaterally or together – that would put globalisation on hold or in reverse (again).

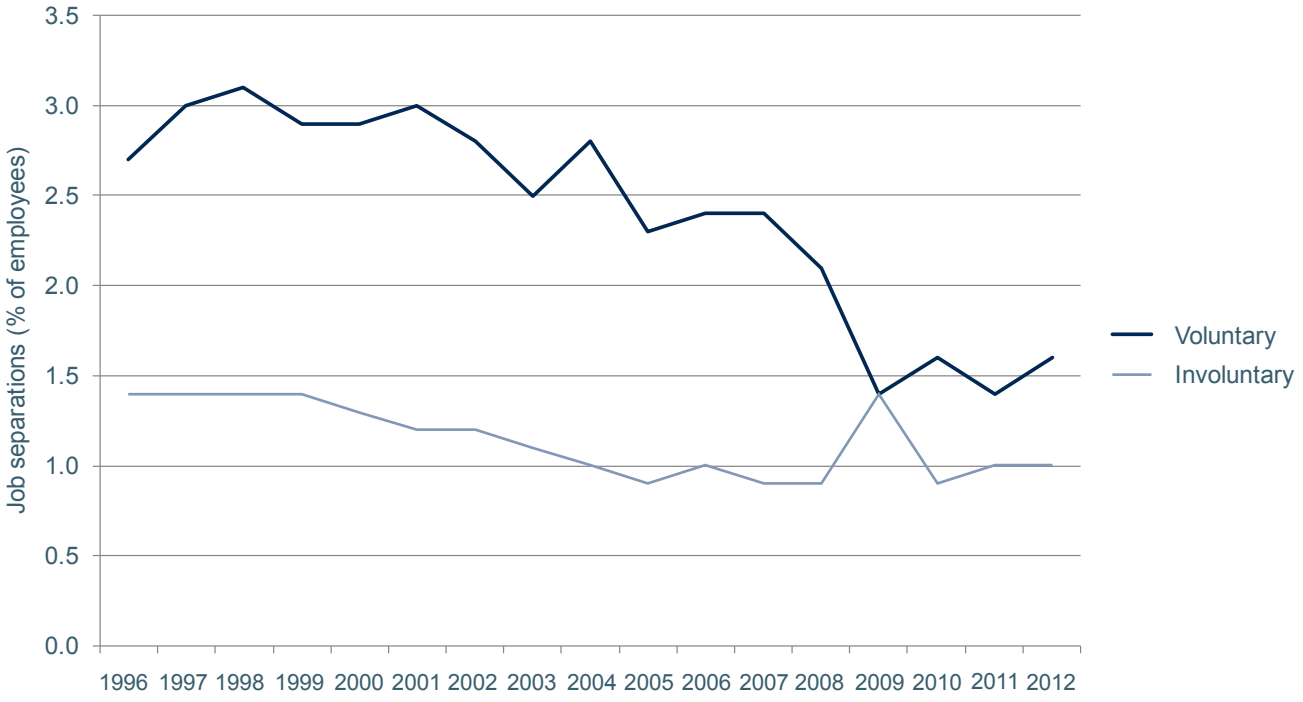
So what does the future hold? Will the long-term trends we already recognise continue to shape tomorrow's labour market? What are the new trends that will redefine the labour market?

We should recognise that new trends – or breaks in existing ones – can be difficult to spot at the time. New forms of work may not even be measured in official statistics. The inherent volatility of economies makes interpretation difficult. However, careful observation of labour market indicators allows us to identify new or emerging patterns in the data and explore whether these could represent a break from the past (a 'new normal') or whether they are simply a consequence of the unsettled times we live in. In this final section, we highlight some interesting features of the labour market that deserve further attention. Over the coming weeks the CIPD will be reporting on these in more detail.

Has job turnover slowed down?

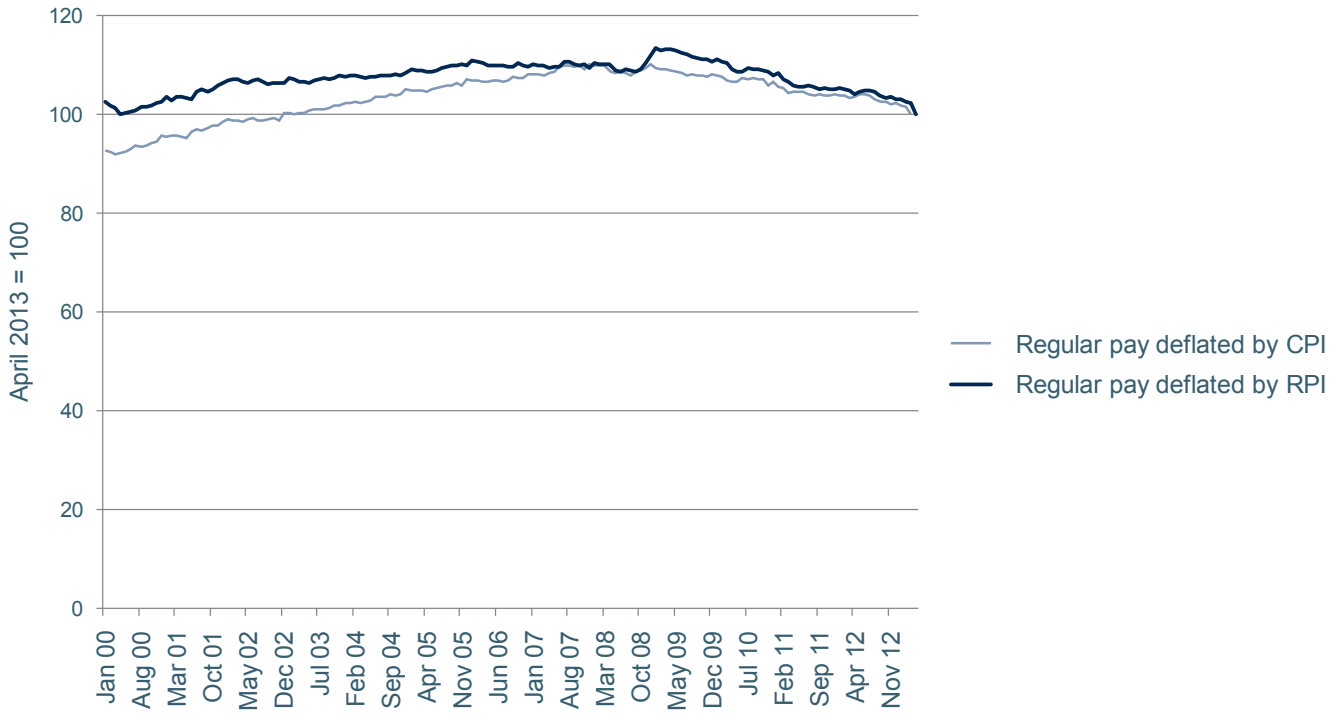
Figure 14 shows that the rate of voluntary job separations (resignations, retirements, and so on) has been falling for over a decade. It is not surprising that voluntary exits have become less common in a tough labour market, but turnover was falling well before the economy went into recession.

Figure 14: Job separations, 1996–2012



Source: Office for National Statistics

Figure 15: Real average regular weekly earnings, 2000–2013



Source: Office for National Statistics

CIPD employee survey data shows that one-fifth of employees say they will be actively looking for a new job within the next 12 months. A degree of churn in the labour market – both between and within organisations – is desirable. The question is whether the current state of the labour market is simply encouraging a lot of employees to 'sit tight' in their jobs until the economy recovers – or whether we have seen a shift to a labour market that is less dynamic (in terms of the number of job transactions). What might the implications be for recruitment, progression, career patterns and employee engagement?

Have we seen the end of the pay rise?

The last four years have seen a prolonged period when earnings have failed to keep pace with prices and have thus fallen in real terms. Such a sustained period of falling real earnings has not been seen for at least a half century. Figure 15 shows regular weekly pay expressed in real terms. Depending on the inflation measure used, real earnings are now back at levels last seen in December 2002 (if deflated by the Consumer Prices Index) or April 2000 (if deflated by the Retail Prices Index).

Arguably this could be a reaction to the downturn and a sign of the UK's labour market flexibility. Wage restraint has led to a more 'equal' sharing of the pain than in previous recessions and the result has been much lower unemployment than expected. But another hypothesis is that it signals a sustained period of slower growth with little scope for firms to give real wage increases. In this scenario, wages would not recover as prosperity returns and most employees would not see increased rewards from work over time (which has been the case for most US workers for some decades). If there has been a shift in the relative rewards flowing to capital and labour, how might this affect reward and engagement strategies?

Are organisations losing the trust of their workers?

Recent years have seen the financial services industry and the NHS beset by scandals. The result has been a general loss of public confidence and trust in organisations in both public and private sectors. This is not a phenomenon unique to the UK: a global survey found that only 43% of those surveyed thought CEOs could be trusted to provide credible and honest information, with only government officials and regulators scoring more lowly.[9]

[9] Edelman Trustbarometer 2013.

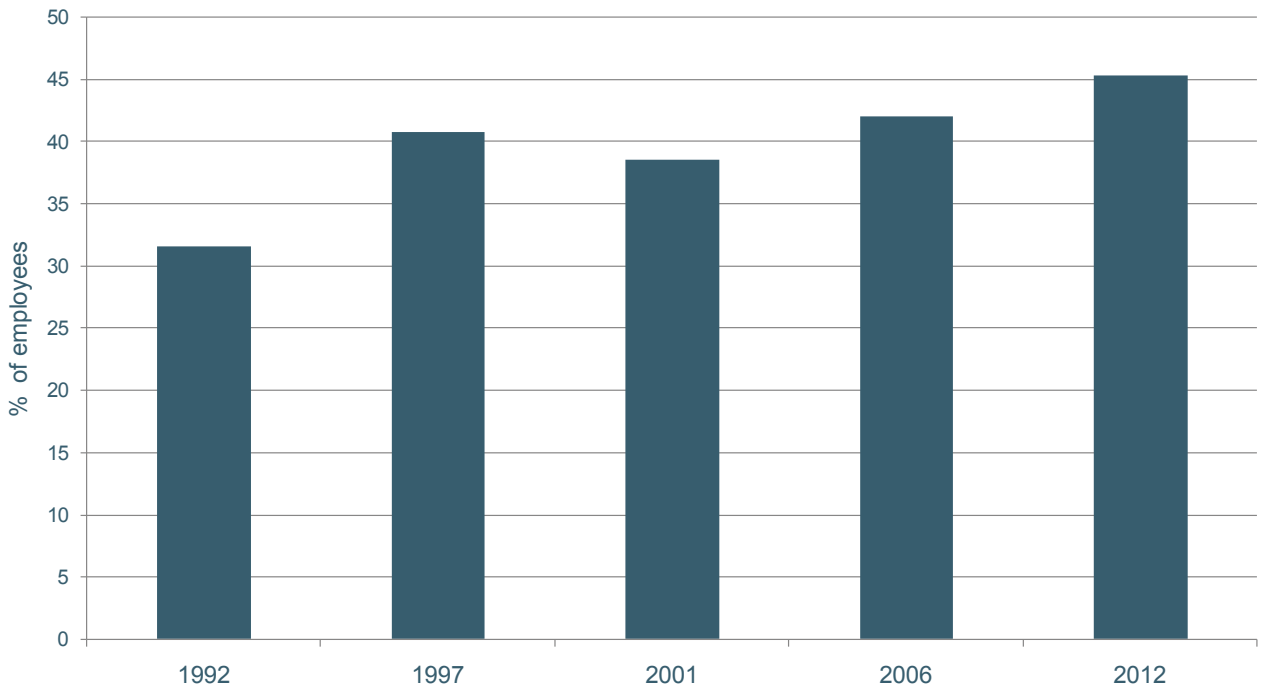
The experience of financial services and healthcare is that it is not just the public who have lost trust in those running these industries. Significant proportions of employees working in these industries do not trust their colleagues or leaders to always do the right thing. A recent CIPD survey of employees in banking found high levels of trust on some dimensions, such as feeling they enjoyed the trust of senior managers themselves, but areas of concern – such as only half of employees believing that the actions of junior managers and colleagues were always in line with their employer's values.[10] The consequences of a lack of trust among the workforce can include a lack of willingness to recommend their organisation to others as a place to work and decreased job satisfaction, which in turn feed through to reputation in the labour market and individual and group performance.[11]

At the heart of these crises of trust is organisational culture – the actions and behaviour that the organisation encourages and discourages, either explicitly or implicitly. It might be that this apparent crisis of trust is largely the result of a number of specific developments affecting particular industries – such as failures in regulation – that have cast a shadow across the workforce as a whole. But it could also be evidence of a more widespread and longstanding problem associated with broader socio-economic developments, such as widening pay disparities within organisations and – in the public sector – the impact of changes to delivery models and reductions in budgets. The question is whether low levels of trust in the workforce are likely to continue. Furthermore, what are the steps that organisations need to take either to maintain or to repair and restore trust?

Are we working harder than ever?

The 2011 WERS revealed an increase in the proportion of employees stating that their job requires them to work very hard, up from 27% in 2004 to 34% in 2011. This was accompanied by a small reduction in perceived job security, unsurprising given the difficult state of the labour market. The recent findings of the 2012 Skills and Employment Survey also suggest that recent years have seen an increase in work intensification, with the numbers of employees saying their jobs required hard work increasing in 2012 relative to earlier in the decade (see Figure 16).

Figure 16: Jobs requiring hard work, 1992–2012



Source: Skills and Employment Surveys

[10] CIPD. (2013) *Employee Outlook: Focus on rebuilding trust in the City*.
[11] Hope-Hailey, V., Searle, R. and Dietz, G. (2012) *Where Has All the Trust Gone?* CIPD.

Interestingly, this study also suggested the need to work at greater speed was being driven by technology rather than simple cost-driven reductions in the number of employees. Hence, it is possible that more intense working could persist beyond an economic recovery.

At the same time, measures of job satisfaction in WERS and in the CIPD's own employee survey have held up. So, if work intensification has increased, what else is happening in the workplace that is averting increased employee dissatisfaction or disengagement?

What does this mean for the HR profession?

Responding to a changing environment requires organisational agility and HR has a central role in equipping organisations for the future. HR will need to be alert to changes in the broader economic and social context and possess the confidence and organisational awareness to identify the implications for their organisations and be prepared to act on them.

Real impact and influence on business decisions will depend on the development of effective approaches to human capital management informed by more rigorous data and analysis. This will improve the rigour (and hence the impact) of the business case for investment in the recruitment, development, management and utilisation of people.

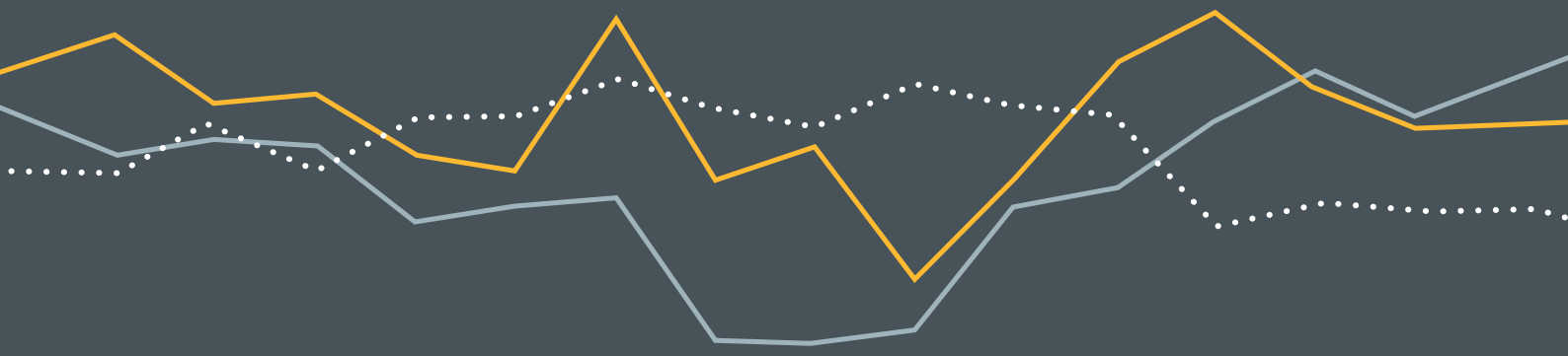
Better data and human capital reporting are also necessary to link people management more effectively to corporate governance and leadership so that critical but often neglected assets such as trust, reputation and culture are managed as organisational priorities.

Continued changes are likely to be necessary to models of leadership and management practice. Working across boundaries – geographical or organisational – is becoming more important. Managers face the challenges of an increasingly diverse workforce, where diversity may be in terms of age, nationality, location, employment contract (or all of these!).

Maintaining and improving employee motivation and engagement will continue to be a key challenge for both line managers and HR. This may become a greater challenge if low growth continues and constrains the ability of employers to offer sustained improvements in rewards.

The positive message for HR is that it can help to shape this future through its impact on employer and employee behaviour. Improvements in people management practices can thus continue to deliver better work and working lives for the benefit of business, economy and society.

- **How can the HR profession best equip itself to face the challenges of an uncertain and changing future?**
- **To what extent are the issues discussed in this report currently on the business agenda? If they are not, how can the HR profession ensure they are addressed?**



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