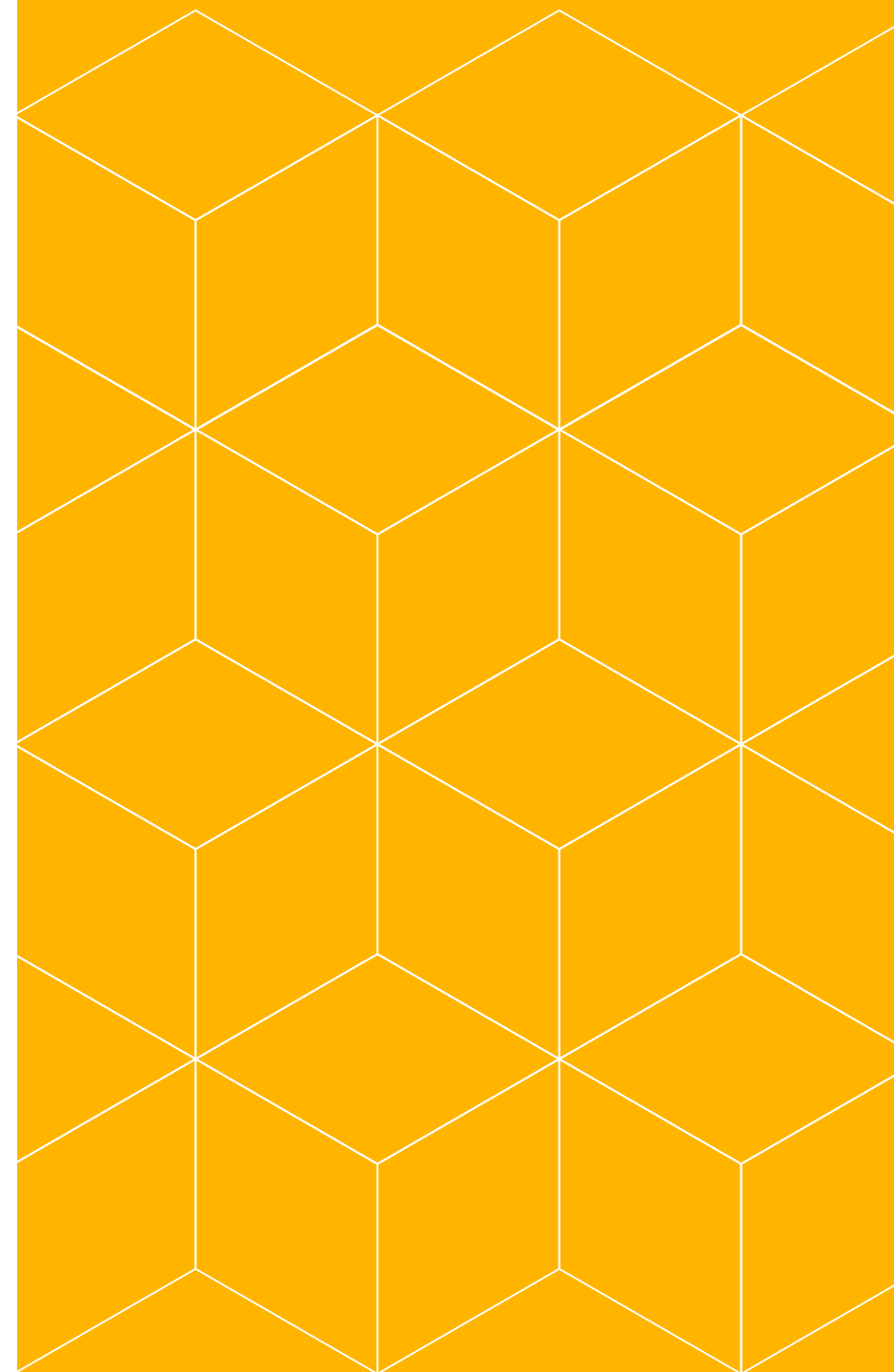
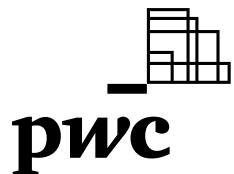


Three ways to build an agile workforce in light of disruption

How to drive more resilient workforce strategies with the help of HR metrics and benchmarking



According to the majority of business leaders, times are unstable — 73% of CEOs globally feel the economy is in decline. Only 42% are still confident about revenue growth prospects in the next 12 months.

The low confidence and high burnout is most likely from so many disruptions impacting business concurrently: macroeconomic volatility, geopolitical forces, inflation, climate change, social inequality, labor, and skills shortages.

It's a lot to take in — and plan against. Though these issues aren't new, the way they're interconnecting and colliding is — and their collision is likely adding more complexity to workforce strategy.

What's an organization to do? Make bold decisions at the risk of miscalculating or hit the pause button on growth and innovation?

To prepare for more disruption, you may need to embrace additional technology. Let's examine three trends having significant impact on workforce strategy and the tech-enabled approaches that can help your organization transform your workforce into a lever for resilience.

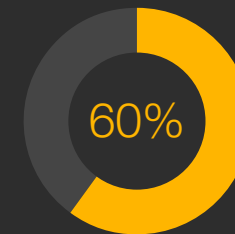


Trend 1: Economic uncertainty

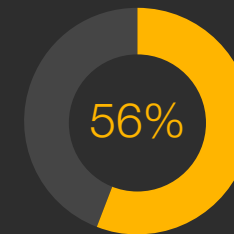
Geopolitical uncertainties, tightened financial conditions, and inflation; these kinds of disruptions can impact workforce strategy specifically because they may trigger the need for cost optimization and containment — possibly at the expense of jobs.

But, instead of arbitrarily revising your workforce program budget, consider thinking carefully about areas like diversity spend, geographic pay differentials, and other unconventional levers that go beyond benefit plans and operation costs. This is about recession-proofing your organization, including your workforce, in light of inflationary times.

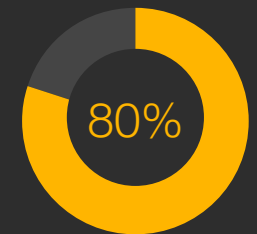
More than half of CEOs — 52% — have already, or plan to reduce operating costs. What many of them are not doing however, is reducing talent:



Don't plan to reduce their workforce



Don't plan to implement hiring freezes



Don't plan to reduce compensation

But with human capital being the largest cost for most organizations, what can you do when the market slows but your workforce strategy can't?

Turn skills into a currency.

Creating stability with skills

With many CEOs expecting high turnover rates and economic volatility to continue, they're looking to embed a skills-based structure into their workforce and hiring practices. A skills-based model emphasizes an employee's skills rather than their previous roles or education.

Nearly 80 companies, including PwC, have joined the Business Roundtable's Multiple Pathways program, which aims to guide organizations through hiring and talent management practices that emphasize the value of skills and to improve equity, diversity and workplace culture.

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Cultivate workforce resilience through upskilling

Boosting skills through initiatives like upskilling can be a powerful engagement and retention tool. Employees who know their skills are limited or specialized tend to feel more empowered. Almost 50% of global employees agree that when their job requires specialized training, they feel more empowered and satisfied in their jobs than workers without specialized skills.

With 74% of employees seeing training as a matter of personal responsibility, an upskilling program can help employees buy into your organization's approach to talent management. If certain shifts do need to happen, your people may be less likely to quit out of fear and more likely to adapt to the changes.

By leading recruitment efforts with a skills-based mindset, you can fill vacancies faster and leverage skills to remain flexible during market fluctuations — and there are existing models for this kind of flexibility.

Retail brands commonly shift employees around during seasonal peaks and valleys by knowing which skills are transferable and the roles that may need to be scaled up or down. Though retail's cycle can be more predictable, talent intelligence tools like HR benchmarking can help scale a 'peak and valley' model across many industries that may need to survive their own unique business and economic cycles.



Using benchmarking metrics to their fullest potential

HR benchmarking can provide a foundation to talent strategy by drawing insights from key skills-based metrics and allowing you to see the overall availability and fluctuation of your workforce. In addition, you can categorize metrics by various groups like race/ethnicity, gender, level, function, department and more.

Skills-based metrics can provide a deeper understanding into the overall availability and fluctuation of your workforce.

- Vacancy Rate
- Recruitment Rate
- Time to Start
- Time to Accept
- Offer Acceptance Rate
- Cost per Hire
- 90-Day Total Turnover Rate
- First Year of Service Turnover Rate
- One to Three Years of Service
- Voluntary Separation Rate
- Turnover Rate
- Voluntary Separation Rate
- G&A Voluntary Separation Rate
- Learning & Development Investment per Employee
- Learning & Development Hours per Employee
- Learning & Development FTE Ratio
- Diversity, Equity & Inclusion Budget per Employee
- Learning & Development Budget per Employee
- Average Number of Citizen-Led Automation Solutions per Employee
- Average Number of Uses per Citizen-Led Automation Solution

With HR benchmarking, not only can you understand your internal talent pool, but you can keep a pulse on the external market place. How much are other peers spending on learning and development? What's their average turnover rate after the first year? What's their learning and development budget per employee? This information can help drive upskilling and employee engagement efforts more effectively — and help avoid job loss.

Organizations can take it a step further by integrating their listening and survey data into the HR benchmarking platform. Listening data helps capture information like employee preferences and learning and development goals, which can help you match the right people to the right jobs at the right time — helping you prepare for the future despite uncertainty.



Trend 2: The employee experience expectation

Research shows that it pays off to invest in employee experience — or Return on Experience (ROX). Companies with engaged employees experienced almost twice the revenue growth in 2021 as those companies with less engaged employees.

Yet, if the struggle for talent remains fiercely competitive — as over 70% CEOs anticipate — amid deteriorating economic conditions, keeping workers engaged may be a mission-critical priority for maintaining profitability.

But the “rules” of engagement have changed. It’s not only about money, benefits, or stock options. The majority of employees — 88% — feel it’s important that the work they do is meaningful and may be willing to leave to get it.



What does meaningful work entail? For employees to stay motivated and engaged, it takes a combination of different forces:

DEI and a sense of belonging

Company stances on DEI are playing more important roles in talent strategies and it may be critical to your organization to make values and purpose more tangible so employees can feel like they belong. When they do, they're 84% more likely to stay at their company.

Promising future

Many employees want a clear career path and opportunities to upskill. Employees who feel they have a promising future are four times more engaged. 77% are ready to learn new skills or completely retrain.

Recognition and rewards

The first 24 months of employment can predict success, yet only 67% of employees state they're recognized for their accomplishments at work, which further declines at one to two years of tenure. This highlights the importance of providing multiple recognition opportunities along an employee's career journey.

Well-being

The demand for physical safety, mental health support and flexibility is here to stay. But employees also want to feel included and heard — women in particular seek more personalized support in the workplace. They also take into account the organization's record and transparency on protecting worker health and safety.

A company's positive contributions

Many employees are looking for greater purpose in their work and a connection with their personal values. 75% of employees want to work for an organization that makes a positive contribution to society. Employees are also four to five times more engaged when they feel proud to work at the company and believe its values are reflected in its decision making.

Fit for purpose environments

Employees are looking for adaptive work environments. 62% say they prefer some mix of in-person and remote work. Fit for purpose also means that work is powered by the right tools and your HR and people teams make decisions using data — and deliver programs guided by human-centered principles.

Aligning to preference and purpose

With so many factors that can go into meaningfulness and what it can mean to a specific individual — employee listening is key. With the right listening platforms, you don't have to guess. Organizations can foster more meaningfulness and engagement by including employees in the conversation — and speak to their need for personalization.

With listening platforms, you can assess metrics across key groups to better understand what really motivates people while meeting business targets. Using frequent pulse checks or surveys can provide insight into employee preferences that can then be used as a guide for reducing more spend.

For example, many employees might be willing to give up yoga in the office for lower-cost health plans or willing to trade in their company-paid parking passes for more flexibility to work remotely. You won't know where you can make meaningful — and cost effective — changes until you ask.



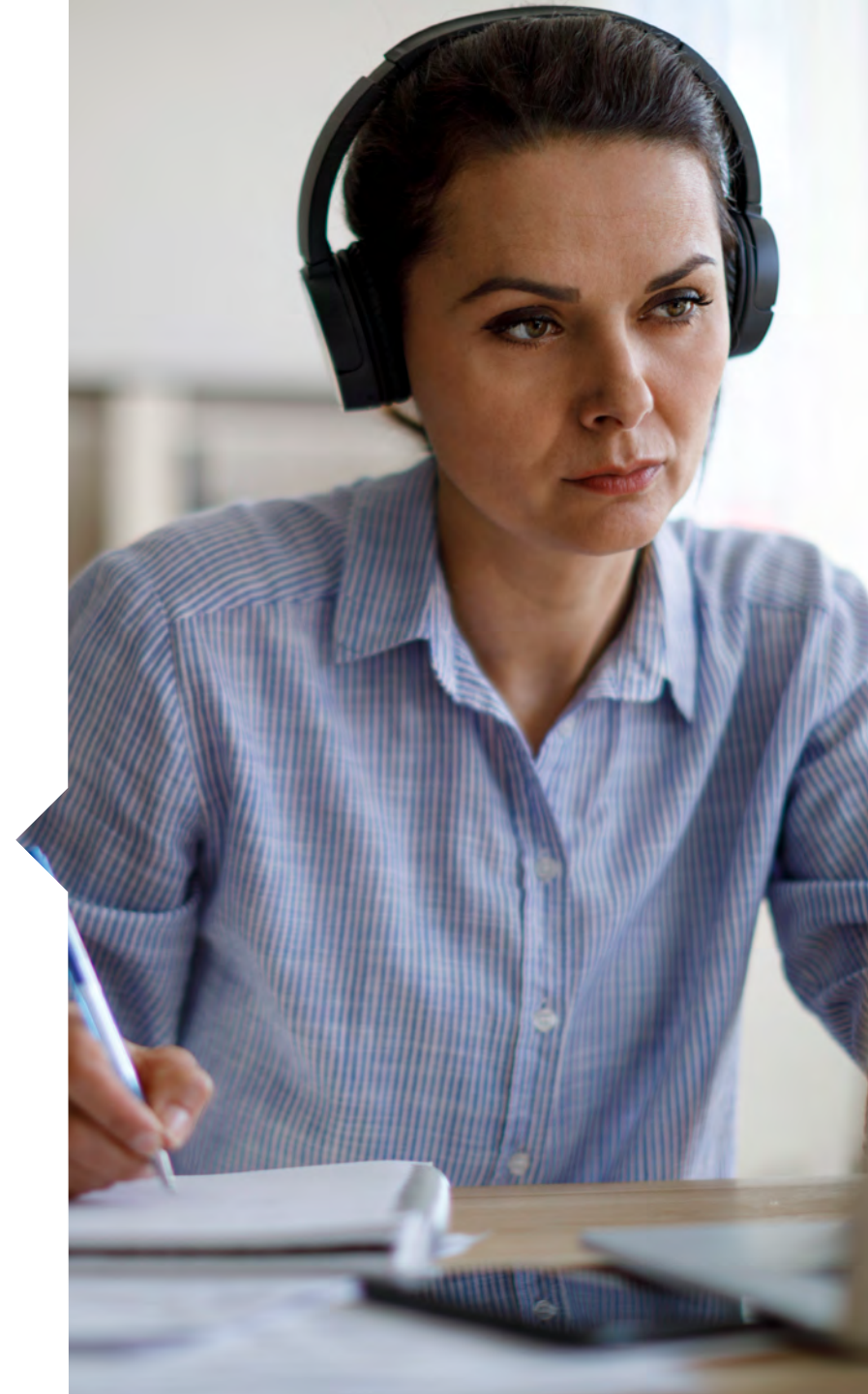
Trend 3: Tech transformation and adoption

There's a bit of a paradox that happens with digital transformation and employees. More than half of CEOs say skill shortages and tech disruption will impact profitability over the next decade. Yet, tech can also be the way forward — especially when combined with the right human skills.

We've seen this scenario play out recently. As we came out of pandemic lockdowns and the market regained momentum, many companies hired new employees en masse. But as the market slowed, many organizations kept the new tech, while releasing their new people.

While automating is a cost effective way to do more with less during an economic downturn, most sectors should retain top talent with the capacity to learn new technical skills that can evolve the company's capabilities. This potential may be why many CEOs — roughly 75% — are continuing to invest in automation, upskilling, and deploying advanced technology like AI.

But with mass layoffs still in their recent memory, employees may still be feeling threatened. With tech transformation comes a fear of redundancy. While leaders are asking “how can we create more efficiencies?” employees may be asking, “Will this robot replace me?” This fear can cause employees to disengage, slowing down productivity and adoption in an effort to stifle automation takeover.



Quell fear with leadership

Ninety-three percent of employees are more likely to remain loyal to companies that have gained their trust. When it comes to relieving the fear of automation, organizations can use feedback to show their employees that technologies like automation and artificial intelligence (AI), are not necessarily job extinguishers, but tools to help them do their jobs better.

Yet, oftentimes, leaders lack the capabilities necessary to drive digital transformation. Management often find themselves at the driving end of implementation, championing new tech for their employees when in fact, they're just as likely to be as burned out or slow to adopt as their teams. This can lead to less productivity and lower trust and morale.

To help leaders better exemplify the organization's digital transformation strategy, CEOs should invest in developing the right leadership capabilities. This includes having leaders adopt a more agile mindset, build more self-awareness, and drive change outcomes at pace.

Listening platforms can help feed an agile approach with in-the-moment feedback. Employee feedback can help guide technical development, purge unneeded features, and improve personalization. Likewise, leaders can also give feedback, so the organization has a broad range of inputs that can provide the support and guidance needed to efficiently drive transformation and adoption. And for the long-term, CEOs can consider digital upskilling to help build an organization of tech-savvy leaders and employees for more seamless transitions.





Do more with your people data as your organization changes and reorganizes

With over 400 companies, 20 industries and over 1,000 metrics, leaders can align insights to their unique business position and strategy for more holistic action planning. Get apples-to-apples comparisons and slice data in a variety of ways to identify where to invest and evolve as the world of work changes.

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The bottom line

Organizations are likely pressured to do more, quicker — not only in growth and innovation but in dodging volatile forces. Many organizations want to know, “how do we make these disruptions not so disruptive?” Investing in the right workforce experience strategy can help your organization build the flexibility, capabilities and workforce to sustain business continuity throughout every season of change.

The onset of crises and disruptions could be enough to make anyone confused — and in a state of constant survival mode it can be hard to find one’s true purpose. PwC’s Workforce Experience products can help you create improved employee experiences that advance your strategy and reinforce business goals, especially during disruptive times, so you can chart a course to success.

Contact us