



# Emerging workforce trends for SMEs

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A paper by Michelle Nicol, for BrightHR



# The changing world of HR

## 13 trends you need to be aware of

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**With all the new technology, social media and business information bombarding us from around the globe, it can sometimes feel enough just to keep up with the day-to-day.**

But in a changing world - with changing tech and employees' changing expectations - you will need to be ready.

By understanding what tomorrow's workforce will look like and what motivates them, you can take steps now to make sure you're prepared for the future. And you can ensure that your number one asset, your people, will be happy as you adapt to their changing needs.

We know it's tough, and you have a lot of challenges to deal with. So we've put together a guide to the emerging trends that we think you should know about.

### **Business self analysis**

Before we look at workforce trends and their potential impact, it's important to start with a bit of business self analysis.

What kind of business are you? What's your strategy? What are your aims? Are you looking to drive growth? Or increase levels of satisfaction? What type of employees do you want and need right now, and in the future?

Understanding your business, and your place as either a leader or someone who influences decision making, is a critical part of deciding what direction you'll take and how that impacts on your people strategy.

For example, ambitions to grow into an international brand, or to increase the number of people who work remotely, require very different approaches - particularly around hiring, retaining and training employees.

What's happening in your sector of the market? What are the trends and predictions? How is your business positioned: are you a leader fending off new and innovative competition, or an emerging challenger?

Do you need more employees, or do you need to cut back in order to work more efficiently? Do you need more space to expand, or to reduce your overheads and outgoings? Are you making the right decisions now to be ready for the change that is coming?

These are all important questions to ask about your business to understand how future changes could affect you, and how you can use them to your benefit.

# Trend 1: Open and transparent leadership

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**Gone are the days when company strategy, direction and focus were only discussed among the privileged few in the company boardroom, clouded in confidentiality. Today it's not uncommon to see start-ups share their vision and plans online. And there's a growing trend for larger businesses to be more open about sharing their strategy with employees and wider stakeholders.**

Modern day employees want to believe in what they work for. This is particularly important for the so-called 'millennials' (typically born between 1978 and 1994), who value open and transparent work cultures where they can have an input and contribute to where the business is going. These are the groups that are moving into management roles as older employees head for retirement.

What are you doing to share your company strategy? How do you make sure your future leaders understand and align with your business values? Do they know what your company expects and what they will get in return?

Longer term thinking, ensuring you have a strategy and communicating it well, can help your business with succession planning and developing the next generation of open, transparent and influential leaders.

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**Leadership is a key challenge for almost every company, yet often leadership development and training is something restricted to only a few employees.**

# Trend 2: The changing workforce

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**Workforces are always shifting, with older generations giving way to the new. But there's a real demographic and social shift that will emerge at both ends of the working age scale over the next few years.**

The 'baby boomers' - those born after World War Two and into the early 1960s, and seen as the wealthiest in terms of income - are now approaching retirement.

This group is making way for a new generation to take on leading roles: the millennials.

Outlook, attitude and approach to work is radically different for millennials. They have experienced higher education and rising housing costs, been through the recession, and have typically moved from job to job more often than baby boomers.

How well is your business placed for this group becoming leaders and managers? What are your succession plans and how will you continue to develop their leadership skills?

## **Say hello to Generation Z**

At the other end of the scale, a whole new group is graduating and entering the workforce from 2016 onwards.

Generation Z have grown up in a truly digital age. They have never known life without the internet. Having been through the recession, they are more likely to be entrepreneurial and involved in start-ups than their millennial parents. They are just as likely to be attracted by opportunities for personal development and work-life balance as they are by the salary or reputation offered by potential employers.

Your plans need to take account of these different groups, their motivations and expectations. From how and where you recruit, to what you offer in the way of reward, incentives and development; these could all be key factors in securing and retaining the best talent over the coming years.

## **Life stages**

While you may have well-established processes for the beginning and end of careers in your business, it's also important to bear in mind all the things that happen in between.

Births, marriage, parenthood, caring responsibilities and long term health considerations can all have an impact on your employees. In the UK we've seen a number of changes in legislation around parental leave come into force over the past few years such as April 2015's shared parental leave scheme.

There may be more changes to come as the modern world begins to examine the models of family and relationships.

How well prepared are you? What have you learned about systems, processes and communications to improve things and make your life easier in future?

As people move through different life stages, their priorities and focus can change quite dramatically. What does your organisation offer in terms of flexibility, stability, perks, training and rewards to make employees feel valued throughout their working life?

Understanding what employees value at different life stages can be a great path to securing loyalty and continuation in your business.

# Trend 3: An even more diverse workforce

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**Old, young, part-time, on-demand, seasonal and global - your emerging workforce will be more diverse than ever.**

Understanding and communicating current and future equality, as well as diversity legislation and how it applies to your business, will continue to be critical.

While meeting legal requirements is mandatory, fostering an inclusive and accepting culture in your business is a good way to attract, recruit and retain high-quality employees of all backgrounds.

As well as thinking about traditional equality and diversity considerations (such as race and disability), age is another thing that none of us can avoid. So it's important to understand how staff working longer in life than ever before can impact your business.

Forecasting and planning for pension provision as part of your financial reviews will remain a key part of managing an ageing workforce, but there are other things to think about too.

How does longer service impact on plans for career progression? Are there opportunities for new roles and development? What about training and development for both new and well established employees?

As part of your policies, you'll need to think about what facilities and benefits your mix of employees will need. This could be particularly important in terms of digital and new technology skills.



# Understanding and communicating equality and diversity legislation will continue to be a priority for HR.

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## Trans and neutral gender employees

In England, Scotland and Wales the 2010 Equality Act provides protection against discrimination against transsexuals. Yet according to some studies, 40% of trans people are not living permanently in their preferred or acquired gender because they fear discrimination in their employment. [i]

Employment can be a significant area of concern for transgender people who may have already experienced discrimination and harassment, be worried by a lack of awareness of trans issues and anxious about their confidentiality.

With popular television series including Coronation Street, EastEnders and Boy Meets Girl bringing trans characters, storylines and actors into mainstream culture, it's likely that more trans people will feel confident and open about expressing their identities.

Being aware of these concerns not only helps protect your business from legal issues but also helps create an inclusive working environment for transgender people.

You should have firm guidance in place for managers and employees as well as policies covering confidentiality, job applications, confidentiality and employee awareness.

Including transgender issues in any equality awareness and recruitment training should also encourage employees to behave appropriately and avoid discrimination.

Inclusive Employers and the Government Equalities Office (GEO) have produced a [joint guide that provides practical guidance to help employers recruit, retain, and make the most of their transgender talent.](#)

# Trend 4: The on-demand workforce

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**With changing demographics comes changing expectations and demands in the workplace. In our fast-evolving, technological and increasingly globally-connected world, traditional business models involving layers of management, and offices stacked with a full-time, all-the-time workforce may not prove agile enough.**

More and more companies are moving towards part-time and 'on-demand' contract and freelance professionals to fill the gaps as and when they need them, allowing their business to be more responsive to market needs.

Online services such as Amazon's Mechanical Turk provide a marketplace for individuals to offer their services. Kaggle offers options for data modelling and analytics through competition to find the best offers. Though largely technology-based, there are many more of these 'crowdsourced' marketplaces developing.

How could they benefit your business? A good place to start is to look at your skills gaps and to look at all the different options for filling them now and in the future.

Of course these types of on-demand relationships only work if you already have a well-established network of technical experts and professionals who understand your business and can step into place quickly and easily. Finding, testing and developing relationships with the ones that are relevant to your business can help ensure you move with the times.

Whilst it may prove convenient, adopting this kind of approach also comes with its own challenges. How does on-demand working integrate with the larger strategic goals of your business?

What processes can you put in place to manage the quality of work? How will you go about recruiting and retaining the right skills and talent? Even dealing with the administrative side of contracts and employment rights can quickly become a real headache unless you have clear plans and processes in place.



# Trend 5: Increasing focus on mental health and wellbeing

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**Work-related mental health problems cost the UK economy up to £26 billion a year - through lost working days, staff turnover and loss of productivity. In addition, mental health problems including stress, anxiety and depression affect 1 in 6 British workers each year. [ii]**

Under UK law, employers have a duty of care to protect the health, safety and welfare of their employees – including work-related mental health. And while you may be well aware of your legal obligations, promoting mental wellbeing and dealing with any issues before they become real challenges makes sound financial and business sense.

As your workforce gets older, you are likely to see more employees dealing with care responsibilities for both younger and older family members. They may also have to deal with long-term illnesses. When you think of all this it's easy to see how added stress and responsibility can build up into a situation where they feel they can't cope, and their mental and physical health will suffer as a result.

If employees feel they can't talk about mental health issues, and managers and colleagues don't know how to identify and respond to them, they can quickly escalate. With the right training, awareness and policies in place, issues can be dealt with relatively simply, preventing the risk of more serious ill health and long term absences.

Training managers to recognise signs of mental distress and to give them the confidence to talk to employees can make a real difference. After training over 1,000 managers to identify signs of psychological ill health in employees, job satisfaction at EDF Energy rose from 36% to 68% and the company saved approximately £228,000. [iii]

Too much stress and high anxiety about performance can often lead to poor motivation and low morale, so promoting a good work life balance is important. On a positive note, encouraging good mental wellbeing at work can help everyone, by promoting more efficient working and increasing employee motivation.

Flexible working hours or making use of technology to allow home or remote working can make a huge difference to wellbeing, especially if your employees are juggling other commitments.

Even simple things make a difference. Reviewing the work environment to minimise the effect of things like noise levels, temperature and light can improve how employees feel about their workplace. And managers can lead by example, by encouraging staff to take lunch breaks and making sure they leave at the end of their shift.

Dealing with employees' health and wellbeing before it becomes a problem makes sense not just for your employees but also for your business.

# Trend 6: Global hiring

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**The power of global communications and technology means that more talent than ever is available to businesses who have the right recruitment strategy in place.**

Over the past few years, we've seen businesses make more use of social networks when recruiting and raising awareness of opportunities. Getting employees involved to spread the word or recommend candidates for different roles is also a trend that we see continuing to grow, as more businesses tune in to the power of social networks.

While casting your net wide in your search for talented employees, it's also important to pay attention to legal and employment issues. Rules and regulations related to payroll, worker's rights and employee laws will differ from country to country, so make sure you're well informed to get the best for your business.

Throughout Europe and Asia birth rates have been falling steadily, limiting the number of available workers to join teams in the UK or in global outposts. Meaning that in the UK, or abroad, you'll continue to face recruiting from

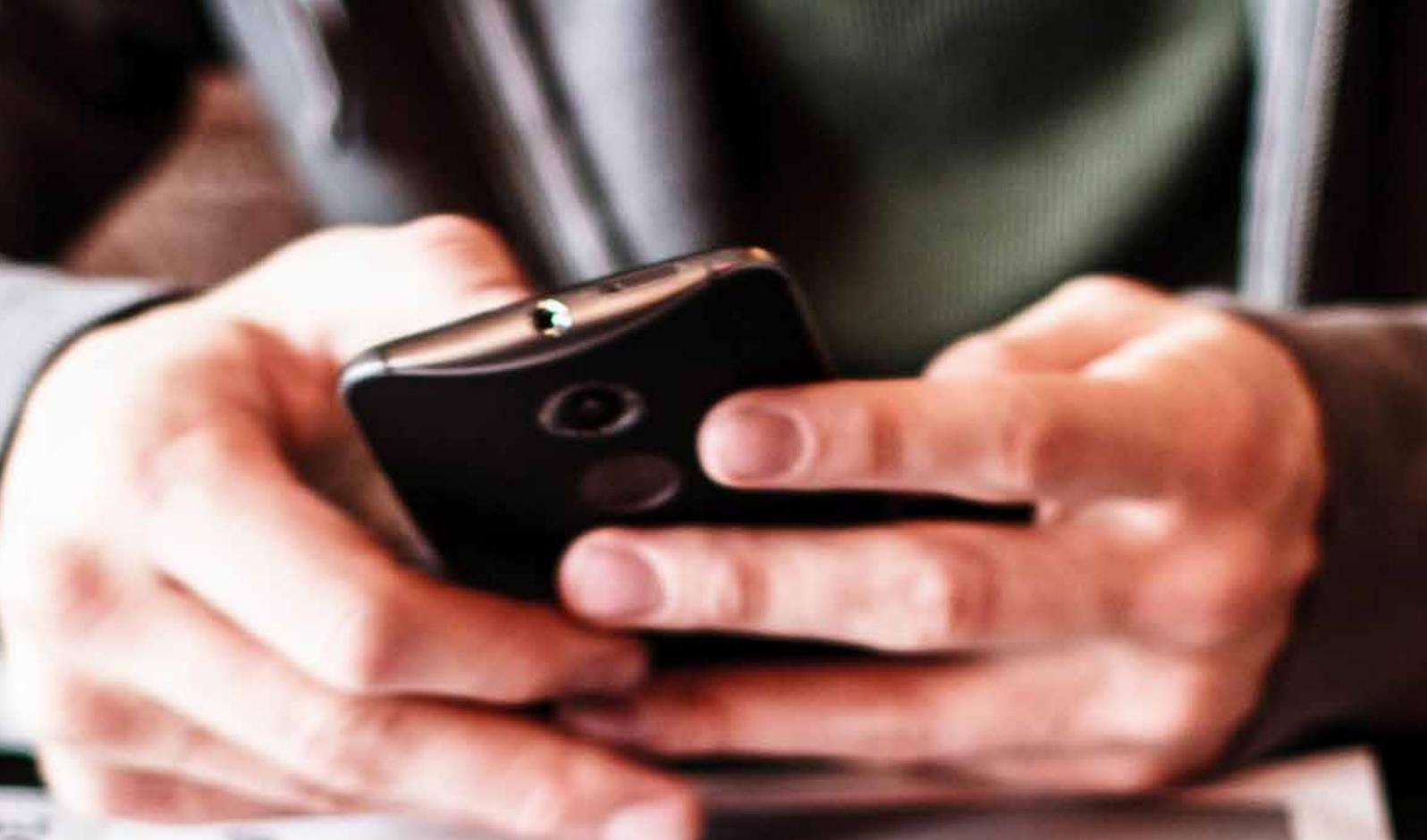
a smaller, aging workforce or attracting talent from a wider global pot.

The long-established movement of workers throughout Europe is likely to change as the UK seeks to remove itself from the European Union (EU). Exactly how this will impact individuals and businesses remains to be seen, but it's likely that the free flow of European workers may slow due to legislation or inclination.

With many employment laws previously set by the EU, businesses may push to reshape rules on working time, record keeping, holiday and agency worker pay in post-Brexit Britain. How these will shape up, when compromised by the cultural and financial reality of continuing to trade with European countries, is another unknown at present. But businesses should be prepared for more changes in future.

If your business employs European nationals or gets funding from the EU, then you are likely to see big changes over the next five years. You'll need some support from HR experts, like [BrightGuru](#) advisors to stay informed about changes as they happen.





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# Trend 7: Even more mobile

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**Smartphones, apps and the increase of mobile computing power - combined with the increasing availability of fast internet connections - have already changed the way that we do business.**

By 2019, the number of smartphone users is forecast to grow to around 2.5 billion globally. [iv]

This technology is already spilling over into business, with multiple apps covering everything from time management to expenses, as well as making it easy to carry out video interviews.

We predict this trend will continue and that dominant and successful apps will be ones that integrate easily with other business services, preventing the need for multiple logins and passwords or switching from one screen or product to another.

Growth areas could be in systems which have traditionally been managed on a company-by-company basis, such as employee performance and feedback, staff directories and collaboration.

Technology will continue to have an impact on business, with key data being available at the tap of a screen. Many employees will never be without their smartphone; it's the first thing they look at in the morning and the last thing they touch at night. With the growth of social networking, it's likely that the lines between work and personal profiles will continue to blur as employees expect to be able to share information and ideas with their networks.

As a business, you'll want to keep an eye on these trends and tools to support innovation, communication and knowledge-sharing within your workplace.

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# Trend 8: Wearable technology for productivity

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**From watches that track sporting performance to smart bands that monitor heart rate and sleep patterns, there's been a real growth and acceptance of wearable technology.**

With devices able to track and monitor information about health and activity, businesses are already seeing the benefits of using them in the workplace. In 2015 British Petroleum gave out 24,500 Fitbits to staff in its North American business as part of an incentive program. [v]

According to technology research company Gartner, in 2014 around 10,000 companies offered their employees fitness trackers to help them adopt a more active lifestyle. [vi]

They predict that by 2016 most companies with more than 500 employees in the US and western Europe will offer fitness trackers in the form of wearable devices - from the likes of Jawbone, Fitbit, Garmin and Microsoft.

In the UK, employers offer a range of wellbeing benefits, including subsidised gym membership and health care plans. Where companies have introduced such schemes there have been positive impacts on diet, exercise and smoking, as well as improvements in blood pressure and fitness levels.

In a review of 55 company wellness programmes, 82% showed a reduction in sickness absence and 33% saw reduced staff turnover. [vii]

Is it time to look at your policies on employee fitness and wellbeing, and shake things up with the attraction of new wearable technology?



# Trend 9: Getting back to the office

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**Once upon a time the talk was all about home and mobile working, and technology has certainly helped create a more flexible approach to the workplace. Anytime, anywhere access to information is no longer the domain of top level executives, with more business functions available online or through apps.**

But conversely there's also a move to attract people back to the office, by rethinking work spaces to make them more attractive and promote collaboration.

Google famously has office slides and ball pools. Amazon is building treehouses at its new Seattle headquarters. Creative industries may have an office dog. Many businesses, particularly start-ups, tap

into a laid back, coffee-shop style culture, offering breakfast or fun activities for staff. And while table football and bean bags aren't appropriate for every office, established companies are also making use of flexible spaces for meetings, presentations or team building tasks.

From the typing pool to the pod-culture of early technology businesses, working environments are always changing. As younger workers are more comfortable with working and socialising online, attracting them to the workplace and fostering real life collaboration and innovation could mean the office of the future will look and feel very different.

# Trend 10: Celebrating the individual

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**Terms such as baby boomers, millennials and Generation Z can be useful in grouping attitudes, approaches, demands and expectations among your workforce. But there's a danger that such terms and groupings become overly simplistic, as not all people in any one group think, feel or behave in the same way.**

A developing trend is treating employees as individuals, serving them with tailored work experiences. This is likely to become more visible in the future. Because of trends in media consumption, it's natural that the expectations of consumers

will stretch to their experiences as employees. So, taking its cue from global marketing, you can expect to see a move towards treating employees more like customers.

As we are able to collect data more easily and quickly, you could benefit from being able to target career options and training opportunities on more of a one-to-one basis. With more use of big data and sophisticated analysis, it will continue to become easier to predict and understand individual preferences and motivators, and to offer tailored rewards and incentives.

# Trend 11: Keeping skills up to date

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**Keeping your employees' skills up to date is a perennial issue for businesses, and in a fast-changing world it's more important than ever.**

While many focus on the necessary technical skills, it's also worth bearing in mind some of the softer social skills that help make employees valuable to your business. Giving and receiving constructive feedback, and developing resilience and dealing with stress, can also be useful tools in your people training tool box.

Training and development doesn't automatically mean hiring expensive external experts. Instead think about how you can tap into the experience and knowledge that already exists within your business. Younger employees may have a greater understanding of social media that they can pass on to those who may be struggling to understand its relevance to the workplace.

For example, some companies encourage employees to come along to lunchtime networking sessions and learn about social media platforms such as Twitter, LinkedIn and Instagram. They encourage all their employees to be active on social media to amplify and spread brand and corporate messages.

Understanding what skills your business needs - now and in the future - will continue to be a key part of business planning. Making sure that investments in technology will improve efficiency and provide value for money can be a challenge, as technology shifts and benefits get lost in the jargon.

As more administrative tasks become automated it's also important that you understand how they continue to fit into your company. Investing in skills and training is one of the easiest ways to prepare people for a changing working world, and to show that you value them and their career development.

More and more companies are offering training through online learning portals such as Lynda.com, skillsoft.com and webanywhere.co.uk. These provide a wide variety of flexible, self-guided training options at low cost to people throughout your business.

It's easy to overlook training and development, especially when times are tough. But can you really afford to spend time hiring and firing if you find you have a skills gap?



# Trend 12: The end of year performance review?

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**With so many changes in technology, strategy and focus in the business world, it should come as no surprise that measuring and evaluating success and performance is under scrutiny too.**

In 2015 some large companies, including Deloitte and Accenture, announced they were shaking up their performance management processes. [viii]

Instead of the annual review they have moved to more frequent project-based feedback. This fits in well with employees who want regular visibility of how their role helps create success in a larger organisation.

Peer-to-peer appraisals are also becoming increasingly popular, as they offer a unique perspective on performance and behaviours that managers may not always be aware of.

Where large companies lead, others may be inspired to follow. Performance measurement and ratings will continue to be topics of debate, so expect to see some new ideas emerging too.

# Trend 13: More analytical HR

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**Technology is making it easier than ever to extract value from big data, and increasingly this means moving into the world of people analytics. Increasing computing power means it's possible to take data from a wide range of sources and analyse it, helping businesses understand fact-based predictions rather than relying on opinions.**

We predict that combining resources and building analytics into every function of a business will be a growing trend. Smart businesses will use data from an increasing range of external sources - including social networks, demographic analysis and hiring patterns - to predict trends and seek out new and emerging talent.

This isn't a traditional area of expertise for most business owners, so finding people with the right mix of skills and knowledge to help you will be a challenge. In larger organisations, sharing resources with teams who already make use of data analysis, such as IT or marketing, can be an efficient solution.

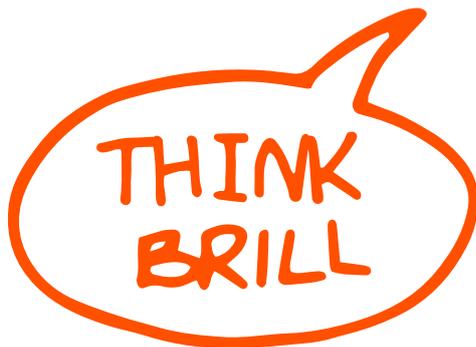
With more and more tools able to provide speedy data analysis, this is one area that could really give forward thinking businesses the competitive edge.

# References and further reading

Unfortunately we don't have a crystal ball to predict exactly what the future holds, but hopefully this guide will help make sure you avoid some unexpected surprises.

If however you find yourself needing a helping hand, BrightHR will always be here. Plus you'll find plenty of HR help and articles at our online knowledge hub BrightBase.

[Browse BrightBase](#)



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