

Trends to Help Navigate a Fluid Workforce

By Monica A. Gould, President, Strategic Consulting Partners

Understanding the risk and scale of change in today's unpredictable business environment is a critical challenge facing executives. How will the demographic drought affect future growth, profitability, and even solvency? Answers begin with understanding a fluid workforce: what drives employees, who's working, and how do generations relate to work and each other?

As management consultants and experts in organizational development, we have a front-row seat to shifting workplace trends in real time. For the past 30 years, we have partnered with corporate, non-profit, federal, and state clients on workplace assessments and developed training programs for more than 100,000 employees from the C-suite to entry level.

No matter the size, industry, or shape of your business, consider these trends as you make decisions and navigate the future of workplace culture.

1. The growth of Gen Z in the labor force has led to increased workplace diversity. The Z Generation, also called Zoomers, is impacting overall workplace demographics as their entrance into the workforce increases, simultaneous to the off-ramp of Baby Boomers. Pew Research Center says 48% of Gen Z is non-white and is considered the most racially and ethnically diverse generation in U.S. history. They prioritize job flexibility and work-life balance. They are mission driven and thrive when given the opportunity to develop their own path to achieving organizational goals. Micromanagement, rigid timekeeping, and routinized task performance are turn-offs to Gen Z. Connecting with them is key to a company's future.

2. Workforce drought will require employers to develop innovative recruitment and retention strategies. Employer competition for candidates and employees is fierce. As workforce demographics change, employers must reevaluate their recruitment, engagement, and retention strategies to ensure they are positioned to attract the workers of the future. In our cultural assessments, those firms who invest in IDEA (Inclusion, Diversity, Equity, and Accessibility/Allyship) trainings and resources are differentiating themselves and becoming more successful in maintaining their workforce.

3. Creating a culture of engagement attracts all candidates. Candidates can afford to be picky in a tight labor market and will seek employers who live out—not just promise—a positive workplace culture. The Association of American Psychology links engagement to employee health and productivity. Engaged employees feel valued, are included, and can actively contribute to the organization's mission. Our organizational assessments measure employee morale, employee satisfaction, and inclusion—all of which have a direct correlation to belonging. When companies build strong, positive, inclusive workplace cultures, they will have higher retention rates than their industry competitors.

4. A workforce driven by mission and purpose. Since 2020, we have observed an attitudinal shift in employee perspectives toward work. Between the impact of the pandemic and the changing demographics and workforce drought, employees are seeking opportunities to participate in meaningful, fulfilling work. A positive workplace culture that nurtures individuals' fulfillment and job satisfaction will attract and retain employees at higher rates. Herzberg's Two-Factor Motivational Theory highlights both hygiene factors (salary, working conditions, policies, relationship) and motivating factors (achievement, meaningful work, responsibility, and advancement) that impact long-term employee satisfaction.

5. Enhancements to workforce collaboration technology. The pandemic forced businesses to develop technical solutions for workplace collaboration. Positive impacts of the pandemic jumpstarted technology platforms. In "IT changing mandate in an age of disruption," the Economist reported that 92% of C-suite executives surveyed say that moderate to considerable improvements to infrastructure are needed in order to better adapt to external change. In a countertrend, employers report that workplace collaboration and morale are negatively impacted by the lack of in-person collaboration. Virtual team collaboration does not preclude one-on-one employee engagement by leaders. When possible, in-person collaboration goes a long way to creating healthy team cultures. We believe technology will evolve to address hybrid and virtual teams more effectively.

6. Work flexibility is the most important job attribute to employees. According to Lightcast, the global leader in workforce demographics' 2022 study on the workforce drought, the pandemic has impacted how employees view work and its impact on their personal lives. Research shows employees rank flexibility critically important in job retention and attraction. This includes the ability for employees to work remotely or in a hybrid fashion. This flexibility is desired by every generation, making this trend a permanent change. In our work with government clients, those who have provided flexible and alternative work schedules and work-from-home opportunities have seen greater employee retention. Conversely, clients who have more rigid policies around work schedules are experiencing higher levels of turnover.

7. Expanding inclusion. Belonging is defined through new organizational strategies. It's not enough to include people. With the growth of leadership and staff training programs around IDEA, leaders are learning that inclusion is the silver bullet to addressing the workforce drought. Employees believe that truly inclusive workplaces provide an environment in which employees "belong," meaning they are physically and psychologically safe to bring their whole selves to work. They trust their employers and co-workers to be respectful, collaborative, and empowering. Ways to expand belonging include developing mentoring programs, revisiting non-hierarchical organization structures, and creating cross-functional team solutions. Across every industry, we have seen increased use of the word belonging when describing inclusion and DEI programs (e.g. DEIB). In corporate cultural assessments, we have found that belonging is a top driver of engagement, well-being, and retention.

As companies continue to study these workplace trends and their economic and cultural impact, we can better prepare to attract and welcome all generations to enter the workforce.

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