

Future of Work Series: Reimagining Workforce and Workplace Mechanics

Where Will Work Be Done?

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Introduction

The COVID-19 pandemic has been an event of unprecedented proportions, with the world experiencing a complete collapse of supply chains, businesses, and industries, as social distancing norms and global lockdowns were implemented around the globe. Healthcare systems collapsed, unemployment increased, and cashflows disappeared – all in the span of a single year.

2021 started on a more optimistic note, with the expected availability of vaccines. While major economies such as the US, the UK, and Europe inoculated large parts of their adult population, the world at large has experienced severe second/third waves of infection.

Organizations all over the world have had to overcome unprecedented challenges to sustain business activity in the last 18 months. American author and crisis management expert Judy Smith once said, “There’s always an opportunity with crisis. Just as it forces individuals to look inside themselves, it forces a company to reexamine its policies and practices.” Given the drastic events of the last 18 months, there is an increasing need for organizations to relook at their workforce and the mechanics of work and the workplace afresh.

This report is the first in a series of three reports on the future of work. The research leverages existing intellectual property and data from a survey of 200 senior HR leaders across various geographies, industries, and organization sizes. In the research, we examine three key questions confronting the workforce and workplace mechanics:

- Where will the work be done? [covered in this report]
- Who will do the work?
- How will the work be done?

As organizations increasingly look at ways to support and grow their businesses in an environment characterized by extreme uncertainty, HR leaders will need to be at the forefront of such work management efforts. This research provides practical advice to HR leaders and organizations on how to navigate the next normal for their organizations.

Disruptions in work and the workplace

Before 2020, rapid technological advances, changing workforce demographics, and evolving customer expectations were already shaping work and the modern workplace, and COVID-19 accelerated this momentum. In the last 18 months, the major changes characterizing the workforce and workplace mechanics are:

- **Remote working has become mainstream:** Although in-office work was the norm before the pandemic for most organizations, remote working became mainstream at the onset of pandemic. While organizations plan to bring back employees to offices in a phased manner, 43% of employees think that there is no going back to the 9-5 office model¹
- **The talent demand-supply gap is worsening:** After recording historically high unemployment figures in 2020, the US had a record number of job openings in July 2021.² Pandemic-related disruptions increased the talent demand-supply gap for both entry-level hourly roles and high-skill niche roles in IT, digital, and healthcare in major economies. The talent for in-demand skills is distributed globally, but current hiring policies and local immigration rules make it unnecessarily complex for organizations to leverage the global talent pool
- **Organizations want to improve Diversity, Equity, and Inclusion (DE&I) in the workforce:** Many events in 2020, especially in North America, forced organizations to think about DE&I in a more holistic way. More than ever before, employees and customers expect organizations to be responsible members of the larger community. Our survey findings reveal that 95% of HR leaders want to improve organizational diversity³
- **Industries are looking beyond the traditional talent model:** The COVID-19 pandemic severely impacted industries such as travel and hospitality. Due to the accompanying economic uncertainty, many organizations and industries have started to deprioritize the hiring of permanent employees and shifted to more scalable and flexible models such as contingent workers, gig workers, and independent contractors. Our survey reveals that 71% of organizations plan to increase use of the contingent workforce over the next 12-18 months³
- **Organizations are adopting a digitalized way of working:** The pandemic exposed the inefficiencies in business models and organizational processes across industries. Changing consumer behavior, the demand for remote work, and the availability of modern digital technologies compelled organizations to rapidly modernize and digitalize the way they work. In fact, 74% of organizations made additional investments in digital initiatives after the pandemic³
- **The employee skilling challenge is emerging:** Increasing adoption of Artificial Intelligence (AI) and digital technologies is automating an increasing number of roles across industries. While the post-pandemic working models require employees to acquire next-generation skills, there is limited training available for roles experiencing a high demand-supply gap. Workers with in-demand skills and in high-growth industries have experienced faster and better recovery compared to others. Thus, reskilling, upskilling existing employees, and supporting workers entering and leaving the organization have become the top challenges for organizations

1 Source: Work, Reimagined: ManpowerGroup Research Reveals What Workers Want Post COVID-19, August 2020

2 Source: US Job Opening and Labor Turnover Survey, July 2021

3 Source: Future of work survey 2021, Everest Group

Workforce design principles for future of work

The pace and impact of the changes highlighted in the previous section make it imperative for leaders to radically reconsider their workforce and workplace mechanics to answer the following questions:

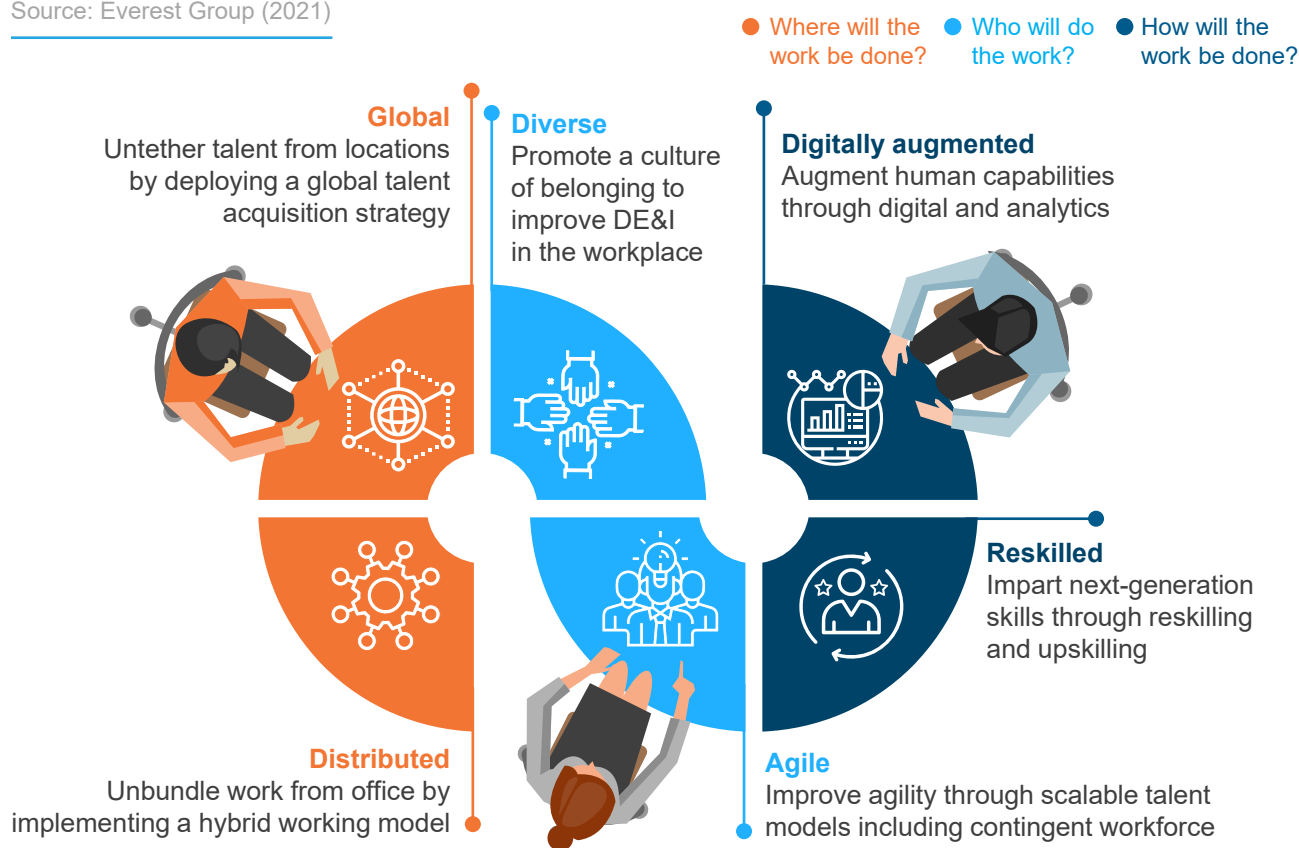
- Where will the work be done?
- Who will do the work?
- How will the work be done?

We will answer the first question in this report. The other two questions are addressed in separate reports. Exhibit 1 depicts six design principles that firms can leverage to create a future-ready workforce.

EXHIBIT 1

Six design principles to create a future-ready workforce

Source: Everest Group (2021)



The next-generation workforce will be distributed, global, diverse, agile, reskilled, and digitally augmented. **In this white paper, we explore the creation of such a distributed and global workforce through a hybrid working model and a global talent acquisition strategy.**

Creating a distributed workforce: implementing the hybrid working model

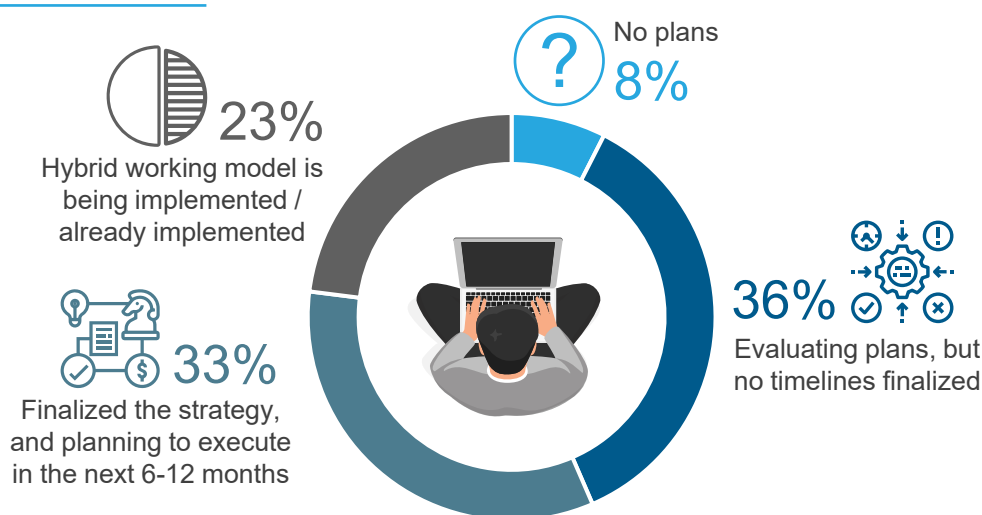
As the pandemic's impact recedes, organizations are planning a return of employees to office in a phased manner. **However, 51% of organizations expect more than 40% of employees to**

continue to work from home over the next 18-24 months.¹ Thus, organizations will need to plan for a future where a certain proportion of employees will work from home, some will work from office, and some who will alternate between these two modes – as envisioned by the hybrid working model. In fact, 92% of organizations are evaluating or planning the move to the hybrid working model,¹ as showcased in Exhibit 2.

EXHIBIT 2

Hybrid model adoption trends

Source: Everest Group (2021)



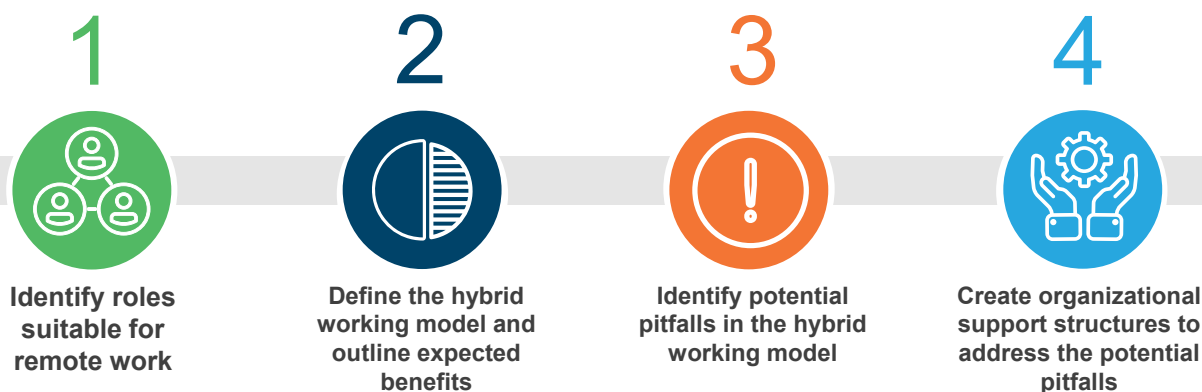
A playbook for planning the transition to the hybrid working model:

While organizations are in agreement about moving to the hybrid working model, the actual planning and transition is fraught with challenges. We recommend that organizations take a four-step approach when planning the transition to the hybrid working model, as depicted in Exhibit 3.

EXHIBIT 3

The four-step transition to the hybrid working model

Source: Everest Group (2021)

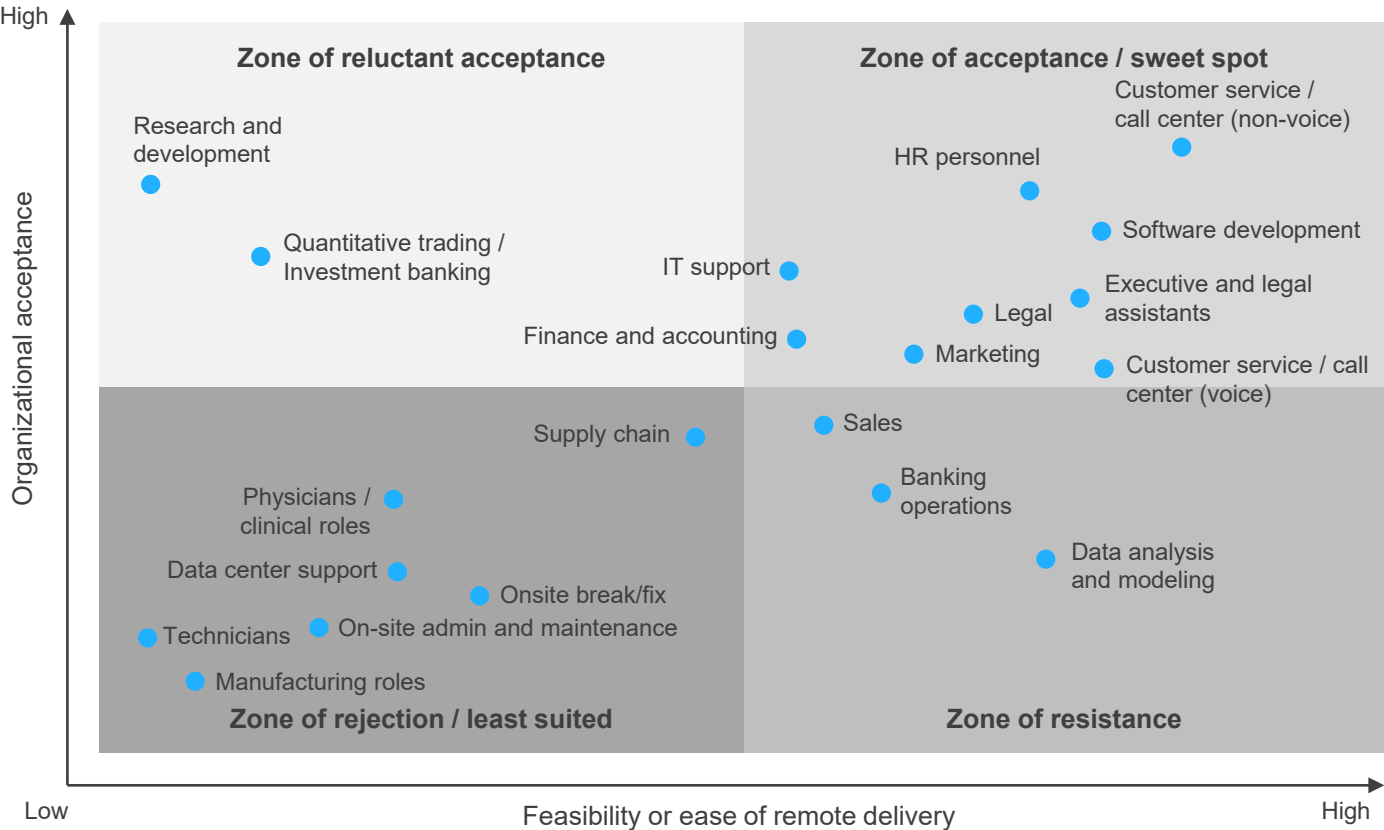


¹ Source: Future of work survey 2021, Everest Group

Here is a closer look at each of these steps.

1. Identify roles suitable for remote work: Organizations need to assess the hybrid working model's feasibility by analyzing the suitability of remote work for various roles. This varies markedly across job functions and industries. HR leaders should look at each role holistically and try to identify the ones most suited for remote work using the framework as depicted in Exhibit 4.

EXHIBIT 4
The remote work suitability framework
Source: Everest Group (2021)



Parameters for organizational acceptance	Parameters for feasibility or ease of remote delivery
Information and data security	Degree of collaboration needed
Legal, operational, and market risks associated with remote work in the given location	Robustness of organizational processes to support employees working remotely
Job market dynamics of the geography where the talent pool is located	Technology and physical infrastructure availability at employee locations
	Employee willingness and comfort with remote work

The framework divides all organizational roles into four categories of suitability for remote work:

- **Zone of acceptance / sweet spot:** includes roles / work types that do not require physical proximity and can be easily delivered remotely
- **Zone of reluctant acceptance:** consists of roles / work types that are, in general, difficult to deliver remotely due to physical presence requirements or specialized infrastructure needs but organizations may make certain exceptions
- **Zone of rejection / least suited:** includes roles / work types that require physical presence, or those that cannot be delivered remotely due to high-risk, information security, or regulatory reasons
- **Zone of resistance:** comprises roles / work types that can be delivered remotely if organizations consciously change their policies

An organization should move ahead with a hybrid working model only if an optimal number of roles are suitable for remote work, and it is ready to make the necessary investments in roles that need additional support to become suitable in a remote model.

2. Define the hybrid working model and expected benefits: While 9-5-5 – that is, 9 a.m. to 5 p.m. in-office work for five days a week – was the dominant working paradigm before the pandemic, the hybrid working model is expected to change that in the immediate future. Different organizations and employees have different interpretations of hybrid working. Increased flexibility in terms of working days, working hours, and work locations are the most common interpretations.

This makes it necessary for organizations to understand their business context and employee expectations while defining the hybrid working model for their organizations. The **3-2-2 working model, which envisions three days of in-office work, two days of remote or WFH delivery, and two rest days**,¹ is a good starting point.

The hybrid working model offers employees better work-life balance, more flexibility to decide their daily schedule, higher productivity, and time and cost savings associated with the daily office commute. The most common benefits for employers include reduced office overheads, increased access to talent, and improved performance on Environmental, Social, and Governance (ESG) metrics. Each organization needs to contextualize the rationale for moving to hybrid working in terms of the benefits expected.

3. Identify potential pitfalls in the hybrid working model: While the remote working and hybrid working models have definite advantages, they are also accompanied by distinct challenges, as highlighted in Exhibit 5. HR leaders need to consider these challenges carefully when planning their transition strategies.

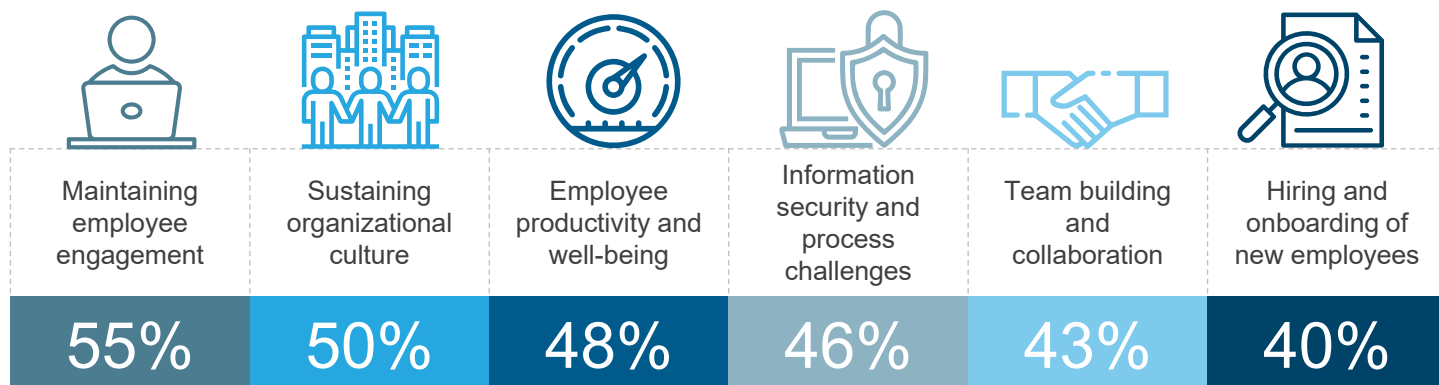
Organizations need to understand their business context and employee expectations while defining the hybrid working model.

¹ Source: *How to (Actually) Save Time When You're Working Remotely* by Lauren C. Howe, Ashley Whillans, and Jochen I. Menges, Harvard Business Review, August 2020

EXHIBIT 5**Challenges of the hybrid working model**

Source: Everest Group (2021)

Percentage of respondents

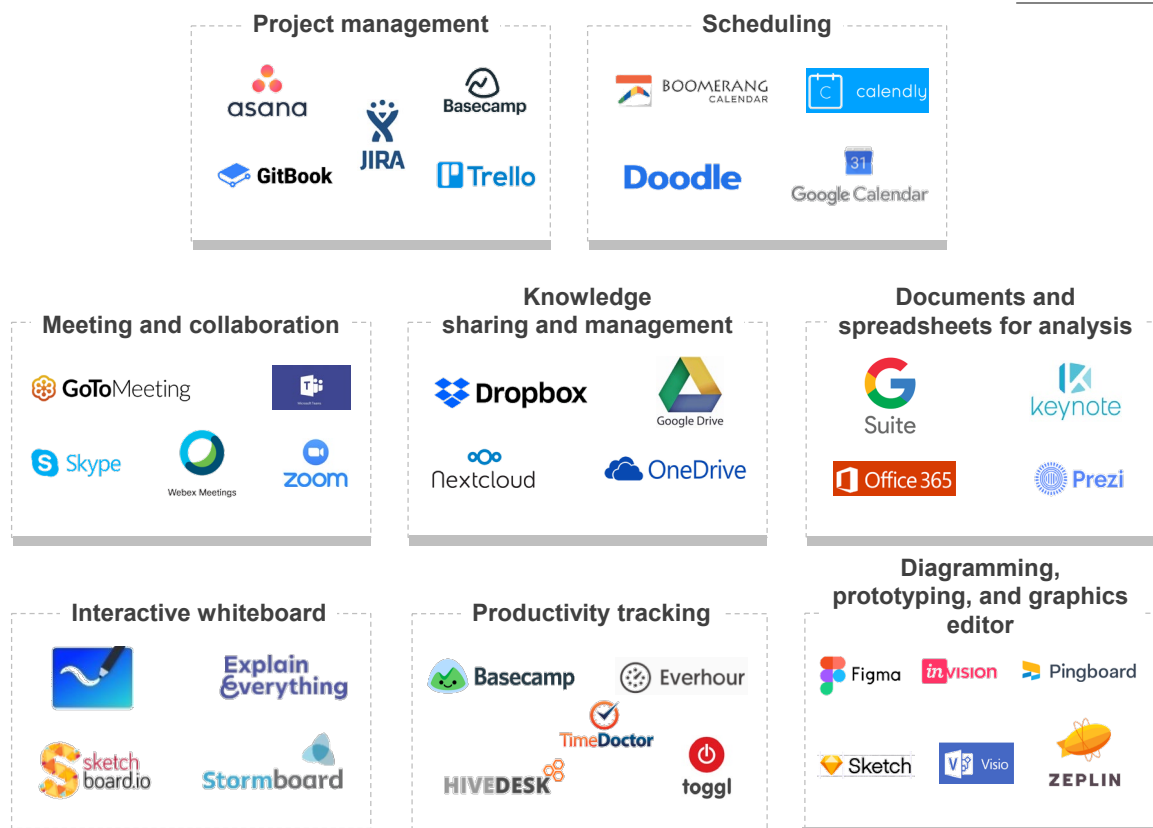


4. Create organizational support structures to address the potential pitfalls: The overnight transition to remote working at the start the pandemic was challenging for both employers and employees. While both are comparatively better prepared to manage the transition to hybrid working today, the model's long-term success will depend on creating organizational support structures, including leadership, technology, HR policies, and physical infrastructure. In particular, creating these support structures would involve:

- Reimagining the management style around goals and accountability:** Leaders and managers need to change their managerial styles to suit the hybrid working model. This means they need to set concrete goals for their teams, ensure adequate communication, and set up regular check-ins, while giving enough freedom to employees to execute their plans. These activities have been envisioned in the tight-loose-tight management philosophy, which requires a tight watch on goals, loose controls (more freedom) on execution, and tight accountability for results
- Investing in digital transformation initiatives, with a focus on information security:** Organizations need to invest in digitalizing their business processes, as remote working is not sustainable without proper investments in communication and collaboration software, such as video conferencing tools and document-sharing portals. At the same time, IT teams need to strengthen information security controls to minimize the risks associated with remote work. Internal Talent Acquisition (TA) teams have struggled to attract and hire qualified candidates in a remote working environment. Organizations need to invest in building a strong employer brand and next-generation talent acquisition and employee onboarding technology and tools to help their TA teams. Such investments will also help in streamlining the onboarding experience for new hires. Exhibit 6 depicts the digital tools and technologies required to manage the needs of a hybrid working environment

EXHIBIT 6**Digital tools for your organization**

Source: Everest Group (2021)

NOT EXHAUSTIVE

- Making employee well-being and engagement the top HR priority:** Remote working employees, especially new hires, may struggle to form meaningful connections with colleagues and relate with the organization's values and goals. Thus, HR leaders should lead the coordinated effort of creating and sustaining the organizational culture by enabling increased communication through frequent leadership connects, informal team gatherings, and periodic feedback from managers. *Zoom fatigue* and employee burnout have been reported as major challenges in the last 18 months. While it is primarily an outcome of the remote working environment, organization culture contributes to this. Organizations have taken various measures – better medical and childcare coverage, additional time off, breaks between virtual meetings, no-meetings Fridays, counseling, and psychological support – to address issues related to employee burnout. HR leaders need to integrate these initiatives with the standard employee policies and benefits rather than as exceptional/one-off measures
- Redefining the role of physical workspaces:** Although some job roles will require employees to work completely in-office, many roles will move to a partial or a fully remote work model within the hybrid working model. Organizations will need to rethink the roles of physical workspaces and revamp their structures and layouts to facilitate team collaboration and informal employee interactions. Implementing open floor plans without private offices can be one of the ways to achieve this objective. Exhibit 7 showcases the possible role/s of physical workspaces in the new reality

EXHIBIT 7
The role of physical workspaces in the hybrid working model
Source: Everest Group (2021)

Percentage of respondents



Creating a global workforce: deploying a global talent acquisition strategy

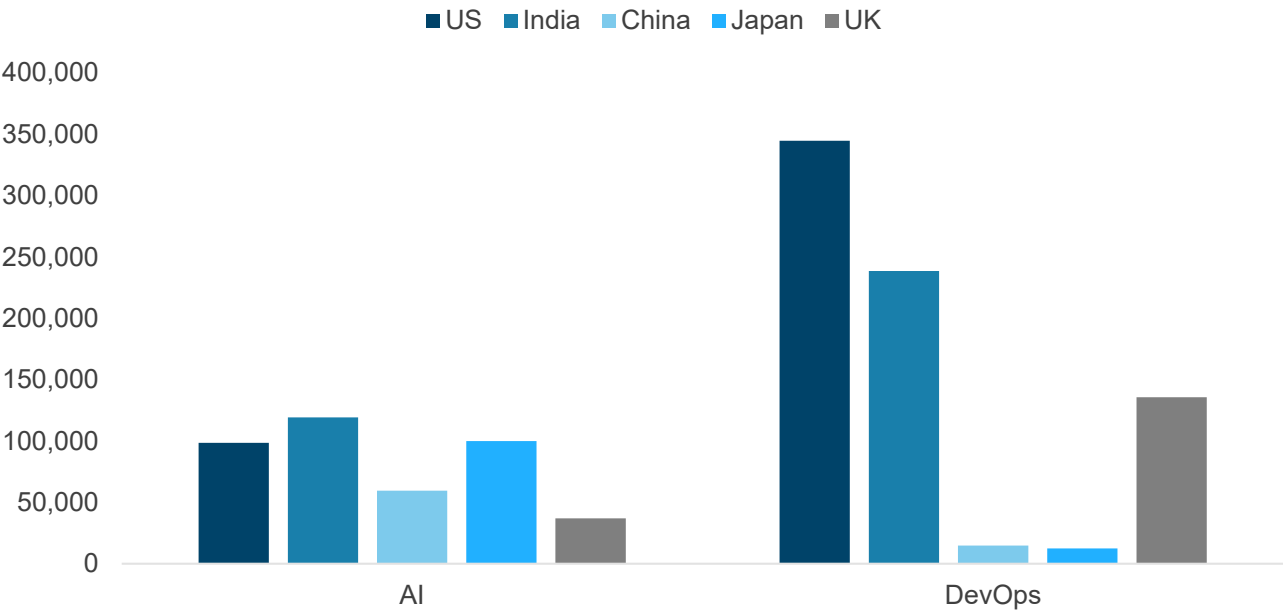
For several years, the approach to talent acquisition has been tied inextricably to locations – for any new job position, there is an associated location where the prospective employee is supposed to relocate after receiving the job offer. At the same time, the talent demand-supply gap for high-skill roles has worsened, as the skills required for such roles change rapidly, the talent capable of filling in these roles is distributed globally, and, often, local immigration rules and organizational hiring policies make it needlessly complex to leverage the global talent pool.

As remote work gains more acceptance, organizations need to reinvent their talent acquisition strategies to dissociate talent from location and access the vast talent pool available globally. In fact, organizations can double the talent pool for qualified candidates with Artificial Intelligence (AI) skills by evaluating candidates from India and Japan, in addition to the US, as illustrated in Exhibit 8.

EXHIBIT 8

Global candidate availability with niche IT skills

Source: Talent Solutions (ManpowerGroup) (2021)

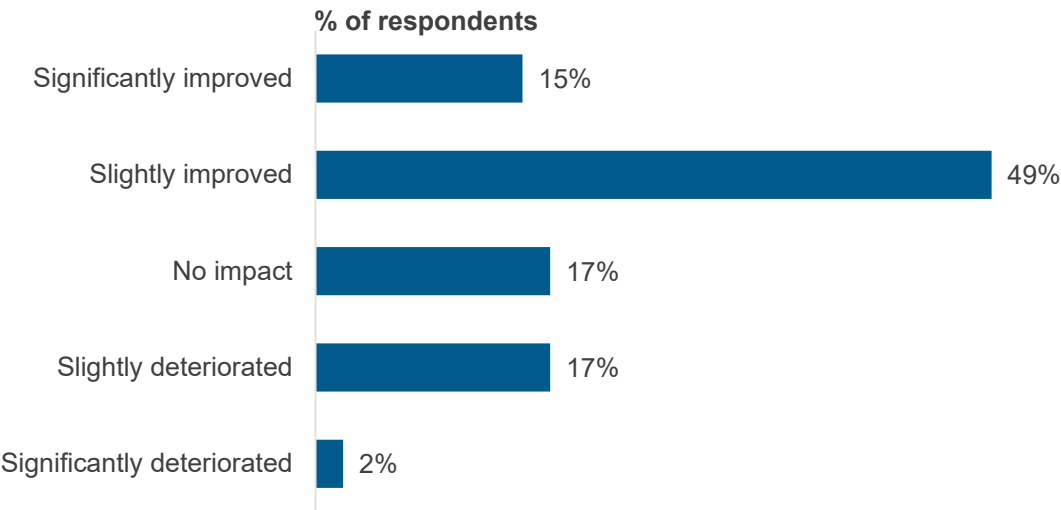


HR leaders are slowly realizing the significance of accessing global talent pools, with 64% acknowledging that remote work has improved their ability to hire the right-fit talent, as depicted in Exhibit 9.

EXHIBIT 9

Impact of remote working on the ability to hire talent

Source: Everest Group (2021)

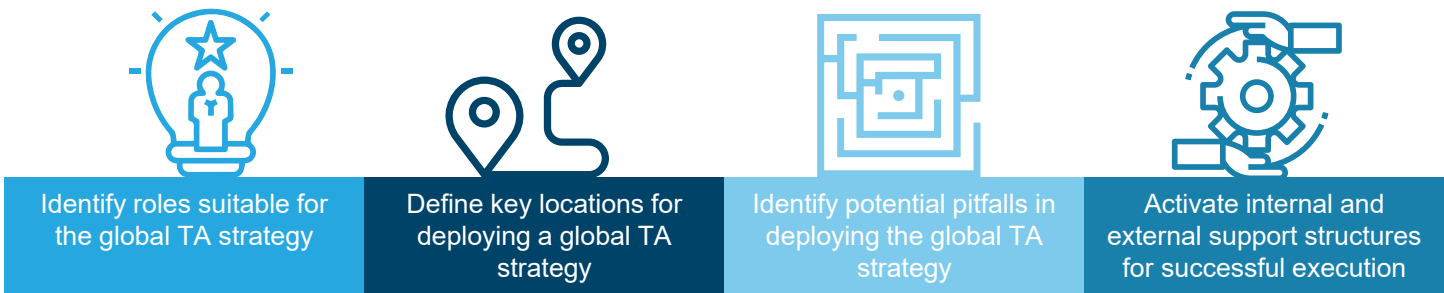


However, deploying a global Talent Acquisition (TA) strategy requires meticulous planning and coordinated organizational effort to make it a success.

A playbook for deploying a global talent acquisition strategy

Organizations can take a four-step approach to deploy a global TA strategy to acquire best-in-class talent from global talent pools, as illustrated in Exhibit 10.

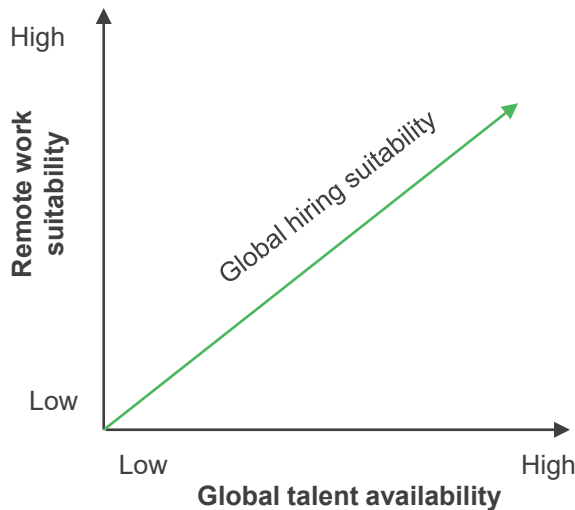
EXHIBIT 10
A four-step plan for global TA
Source: Everest Group (2021)



Here is a closer look:

1. Identify roles suitable for the global TA strategy: HR leaders need to proactively work with business leaders to identify roles with a high demand-supply gap and critical to meet short- and long-term business objectives. They also need to assess the global hiring suitability of job roles, as illustrated in Exhibit 11, dependent on remote work suitability (refer to Exhibit 4 earlier) and the global availability of qualified talent for that role.

EXHIBIT 11
Global hiring suitability of a job role
Source: Everest Group (2021)



The higher the global hiring suitability, the more suited the role is for a global talent acquisition strategy.

2. Define key locations for deploying the global TA strategy: Organizations should leverage comprehensive talent supply data – that is, the availability of specific skills across various geographies, the associated pay scales, and key competitors for hiring the talent – to identify key locations for specific job roles. These locations should also be assessed for operational sustainability by evaluating geopolitical stability, macroeconomic parameters, taxes, operating costs, workforce productivity, access to technology, and infrastructure. This assessment will help identify the most suitable target locations for hiring specific roles.

3. Identify potential pitfalls in deploying global talent acquisition strategy: Implementing a global talent acquisition strategy could be challenging, as only 23% of HR leaders currently envision a future hiring policy that does not have location constraints.¹ Some of the notable challenges that need to be addressed are:

- **Increased legal and compliance overheads:** Employment laws, tax codes, and compliance requirements vary in each country. Hiring employees in multiple geographies can increase legal and compliance risks, as well as associated costs
- **Need to localize HR policies:** Employee salary and benefits vary substantially across geographies and are generally linked to the cost of living and local market standards. Further, each talent market may have a different set of competitors competing for the same talent, and candidates can have different perceptions of organizations' Employee Value Proposition (EVP)
- **Management of cross-cultural teams:** Creating and managing multicultural, global, and distributed teams pose unique challenges for organizations, as cultural dimensions vary widely across geographies.² The challenge can become more pronounced if the same HR team supports business teams across multiple geographies

4. Activate internal and external support structures for successful execution: HR leaders will need to make necessary changes to internal policies and organizational culture, as well as get external help where required, to address the potential pitfalls in global TA. These changes should include:

- **Understanding the local talent market and adjusting hiring policies:** After making the decision to hire a candidate from a particular talent market, HR leaders need to understand local market nuances to tailor the EVP and hiring policies to attract the best talent
- **Building a global, remote, supportive organizational culture:** Organizations need to ensure the necessary support structure within their HR teams, senior executive buy-in, comprehensive employee training, and company-wide sensitization programs to work successfully in global and remote paradigms
- **Engaging external experts to ensure successful execution:** Not all organizations are equipped with the people, processes, and technologies to manage a flexible and scalable global talent acquisition program. Service providers with a global market presence, local market know-how, access to talent data, and the right technology can help organizations leverage the power of global talent pools

1 Source: Future of work survey 2021, Everest Group

2 Hofstede, G. (2011). Dimensionalizing Cultures: The Hofstede Model in Context. *Online Readings in Psychology and Culture, Unit 2*

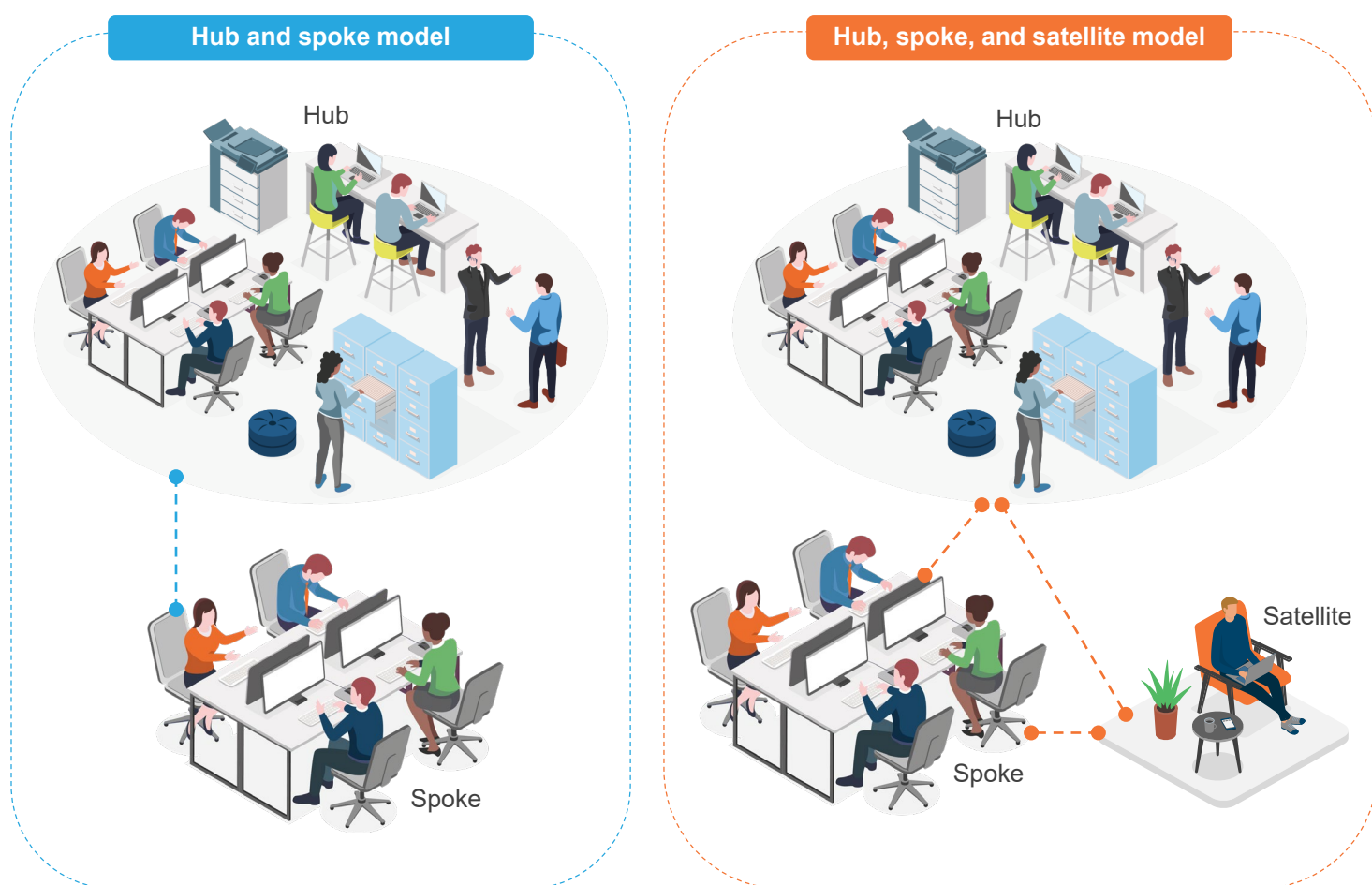
Activating a distributed and global workforce through a futuristic delivery model

In the aftermath of the pandemic, organizations are more willing to increase their location diversity; our findings suggest that 71% of organizations want to improve their geographical footprint.¹ As organizations enable the hybrid working model and undertake global talent acquisition, they need to move from the traditional hub and spoke paradigm to a futuristic **hub, spoke, and satellite (edge) model**, in which the edge, or satellite offices and/or remote employees, complement the hub, the primary site for service delivery, and the spokes, or the locations that assist the hub in terms of its capabilities. This paradigm will allow organizations to rationalize their office footprint, while improving their location diversity, as illustrated in Exhibit 12.

EXHIBIT 12

Impact of the hub and spoke model vs. the hub, spoke, and satellite model

Source: Everest Group (2021)



¹ Source: Future of work survey 2021, Everest Group

Conclusion

The COVID-19 pandemic has given organizations a once-in-a-generation opportunity to re-imagine their workforce and workplace mechanics. One thing is clear: The pre-pandemic paradigm of work delivery is no longer feasible. Organizations need to make a rapid shift to new ways of working, where work is not defined by physical office spaces and office timings, and talent is not restricted by geographical boundaries. This rapid transformation also needs to be accompanied by efforts to make the workforce agile, foster a culture of belonging, and fundamentally transform the way work is done. We explore these shifts in the next two white papers. Organizations that successfully manage this transformation will be able to realize the full potential of their employees and exceed their business goals.

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