Baker McKenzie.

The Future of Work

Insights from the 2019 Global Employer Forum

In May 2019, we held our fourth Global Employer Forum in New York with a critical mission in mind: to bring together inspiring leaders and thinkers from the business and academic world to share their vision of the future of work.

The idea for the Global Employer Forum originated as part of our strategic focus on thought leadership, and we held the first Forum in San Francisco in 2013. The Forum evolved further in Munich in 2015, becoming even bolder in London (2017) with the development of the FutureWorks model and a deeper dive into the challenges facing 21st century global employers. By the time of the fourth Forum, in New York (May 2019), there was a heightened sense of the strategic importance of a forward-looking approach to people issues for global employers, at a time of unprecedented change and disruption. In order for us to respond to these emerging opportunities and challenges, we must dispense with traditional thinking, step outside our areas of expertise and join together to collectively create the future of work.

At Baker McKenzie, we want to be at the heart of meaningful change, which can only take place if we continue to meet, share, challenge and ultimately inspire each other. This is why we hold the Global Employer Forum. We are proud to provide a platform for this important global dialogue to take place.

Guenther Heckelmann
Global Chair,
Employment and
Compensation,
Baker McKenzie

66 It is not
the strongest of
the species that
survive, nor the
most intelligent,
but the one
most responsive
to change."

Charles Darwin
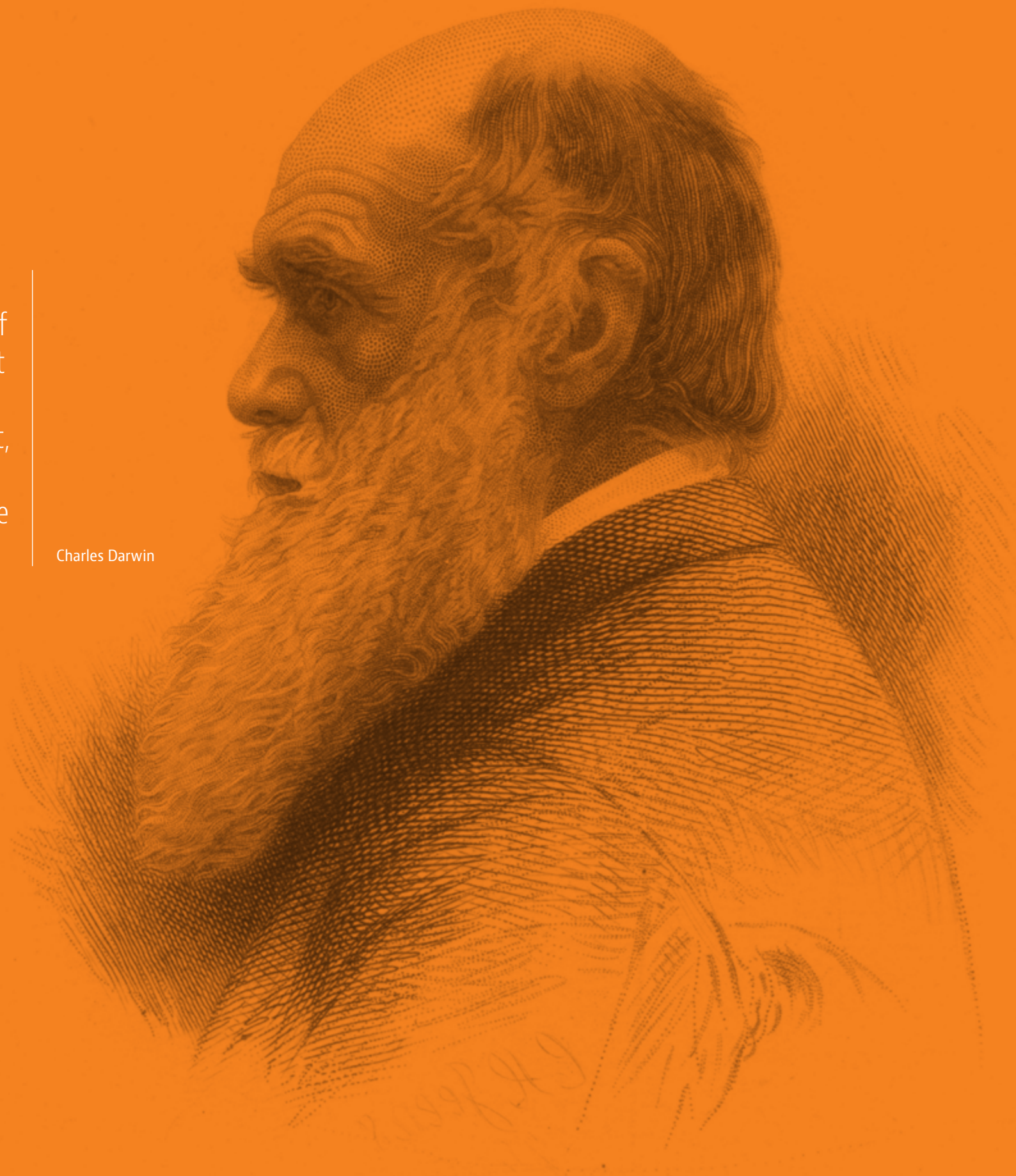
66 Unless we embrace
the future, it will embrace us -
we need to make the future
the way we want it to be.
Are we ready? We see anxiety
about the pace of change -
don't worry if you're not
ready, just get ready!"

Professor Ian Goldin,
Oxford University
Professor of
Globalization &
Development and
Director of the Oxford
Martin Programme
on Technical &
Economic Change

We are in a period of unprecedented transformation, driven by technological development, globalization and significant demographic changes. Our world is hyper-connected, and the pace of change is rapid, bringing social and political transformation and creating profound global shifts in expectations. Global employers must evolve at speed to meet these disruptive forces head-on and to thrive in this future of work.

At the Forum, we heard from experts in business and academia about four main themes:

- **aligning personal and company values by bringing purpose to business**
- **creating a genuinely inclusive culture at work**
- **making the employee experience top of mind**
- **addressing the opportunities and challenges of technological advancement**

In this era of disruption, anything can happen. We all must adapt to the new order while ensuring that we are being purposeful and courageous agents of change.

We are honored to continue this journey with you.

Purposeful Leadership

Purpose-driven organizations put people and planet ahead of short-term profit. Purposeful leaders are shaping the future of work by embedding human principles in the core of their business strategy so that no one is left behind.

Recent economic crises and corporate financial scandals demonstrate that narrow, profit-driven strategies are not sustainable in the long term.

Labor and consumer market pressures are driving change on issues such as corporate culture, engagement, gender pay, climate change and sustainability.

Stakeholders are asking, "What does this company stand for? What's its position on human rights, climate change? Am I comfortable with its supply chain? If I buy its products, do I feel good or am I acting against my values?"

Likewise, CEOs are expected to lead on progressive social issues – not just comply with laws – and articulate what they personally stand for and what their company is about.

To succeed in the current landscape, organizations need to have a net positive impact on society – a goalpost well beyond, for example, achieving net zero carbon emissions. Successful leaders will be courageous enough to initiate positive change not just within their organizations, but in their value chains and outside their industries.

Paul Polman reminded us that, as many of us are individuals fortunate enough to be in the top 2% of global income and wealth, we can all have an impact by **"living a life with purpose"** – fulfilling our moral duty to help the other 98% and encouraging others to do the same.

66 You need to move from CSR to RSC (Responsible Social Corporations). The companies that will be successful are those that participate in transformative change outside of their industry."

Paul Polman, Chair of the International Chamber of Commerce, The B Team and Vice-Chair of the UN Global Compact and Former CEO of Unilever

Modern slavery is unacceptable...

and it is incumbent upon us, as business leaders, to use our leverage both individually and collectively to do everything we can to eradicate this scourge.

Paul Polman, Chair of the International Chamber of Commerce, The B Team and Vice-Chair of the UN Global Compact and Former CEO of Unilever

Baker McKenzie supported the B Team in creating the guide **"Eradicating Modern Slavery: A Guide for CEOs",** which can be accessed **here.**

Boards Place Spotlight on People Strategy

There is a fundamental shift in how many boards are viewing the human resources function. HR is no longer merely focused on compliance (or, more bluntly, **"not getting sued"**) and instead is increasingly viewed as a critical component of the company's success strategy. Similarly, many boards have moved beyond an oversight role to actively providing insight into matters of talent and culture. The changing emphasis gives human resources leaders the opportunity to play a more significant role in the business's overall strategy.

Longer-term investors view progressive human capital management as essential to an organization's performance. The company's culture, engagement, compensation and succession planning are key areas of interest to investors. Investors also consider success measures of the human capital strategy and are requesting metrics such as the cost of the workforce, voluntary and involuntary turnover, number of contingent workers, etc. to understand the full picture.

66 The first issue we talk about is, 'What is the company's human capital management strategy and how does it tie to the business strategy?'"

Cambria Allen-Ratzlaff, Corporate Governance Director, UAW Retiree Medical Benefits Trust

CALL TO ACTION **Creating Purpose in Your Organization**

Take a look at what you can achieve holistically and find solutions over a longer period of time.

Internalize what you care about and link it to the business.

Be transparent and engage your colleagues and customers. Collaboration is key: leaders can't do it alone and don't have all the answers.

Be courageous and humble. Understand that you need to make the change but do not necessarily have all the answers on how to make that change.

Culture of Inclusion

As global employers, we're moving beyond merely focusing on diversity. As Vernā Myers, VP of Inclusion Strategy at Netflix, says, **"Diversity is being invited to the party. Inclusion is being asked to dance."**

It is widely known that companies with more diverse workforces perform better financially.[1] But to truly reap the rich rewards of a diverse workplace and gain a competitive edge, companies must also invest generously and continuously in inclusion strategies. Senior business leaders predict that companies that don't will be left behind, and may even cease to exist entirely, in the not-too-distant future. Effectuating inclusion and diversity goals within a multinational company requires commitment, grit and humility.

❝❝ Good intentions are not enough to move the needle forward and sustain progress."

Kris Clemmons, Director at Starbucks

Employees at every level bear responsibility for advancing diversity and inclusion, since everyone benefits. As Anna Brown, Director of Global Diversity & Inclusion at Baker McKenzie, said, **"Diversity and inclusion must become part of the fabric of the organization. It cannot exist as a silo."**

One of the best places to start is to examine our own unconscious biases. Vernā Myers explains, **"Biases are the stories we make up about people before we know who they actually are."** Unconscious biases, or implicit biases, are thoughts and feelings outside of our conscious awareness that our brain uses as information-processing shortcuts. The problem is when these shortcuts are both inaccurate and influence our behavior.

Through critical self-examination and reflection on our own biases, we can begin to identify where unconscious biases in the workplace may perpetuate inequities and a lack of inclusion. When we can recognize and have an awareness of our biases, we begin to see how certain preferences may be (unintentionally) imbedded in a company's systems and processes, thereby creating structural barriers to equal opportunity. It will take courage to conduct critical reviews of institutional policies and practices that, upon closer look, may not be succeeding in creating a level playing field.

Kris Clemmons, Director at Starbucks, analogized unconscious bias training to safety training: **"It's not one and done. Unconscious bias training should operate as an ongoing process of education and awareness-raising that's never fully complete."**

Some of the hard questions global employers must ask themselves are:

1. Are we exporting a one-size-fits-all policy or practice to places where those principles may not translate culturally?

2. How are we empowering our people to make a meaningful difference within the organization - for example, through investing in employee resource groups?

3. Have we effectively conveyed to our workforce why diversity is important and how it is beneficial for all?

4. Are we creating opportunities for employees to have proximity to people not like themselves?

5. Kristin Major, Senior Vice President and Deputy General Counsel at Hewlett Packard Enterprise, explained, **"While diversity data is important, the most important question really is, 'Do your employees believe they can come to work as their true selves?'"**

Widening the Diversity Net

The classic characteristics that spring to mind when we hear about diversity tend to be related to gender and race. However we all need to think more broadly. Diversity encompasses different religious beliefs, physical and mental abilities, socio-economic backgrounds, political beliefs, education, age, cultures, family commitments and even intellectual abilities. **The broad spectrum of differences amongst us should all be embraced under the umbrella of diversity.**

A recent Boston Consulting Group study found that increasing the diversity of leadership teams leads to more innovation which positively impacts financial performance.

The data set out below[2] demonstrates how diversity is contributing to the creation of revenue streams from innovation.

Companies with **below average** diversity scores

26%

average innovation revenue reported by companies.

Companies with **above average** diversity scores

45%

average innovation revenue reported by companies.

CALL TO ACTION   **Taking the Organization's D&I Pulse**

Think through how you balance promoting D&I norms from the initiating country (for example, US norms for multinationals headquartered in the US) with global operations. Recognize that diversity will have different meanings globally, and consider how that impacts your inclusion strategy.

Examine how your company is collecting and using diversity data. Beyond understanding your compliance obligations, recognize the value in transparency but also the limitations: data alone does not tell the whole story.

Be informed: watch Vernā Myers' TED Talk, **How to overcome our biases? Walk boldly toward them.**

Test your own unconscious bias by taking the Implicit Aptitude Test, or IAT – found **here.**

Defining the Employee Experience

Employee experience is the new phrase that arguably encapsulates the most important pillar of almost any company. At the Forum, Colleen Schuller, VP, Head of Employee Experience at GSK, explained why - people perform their best when they are at their best:

"Focusing on employee experience is essential for unlocking individual and organizational performance. It's about understanding people as individuals — their sense of purpose and what motivates them. Designing a compelling employee experience means supporting people to be themselves, feel good and keep growing."
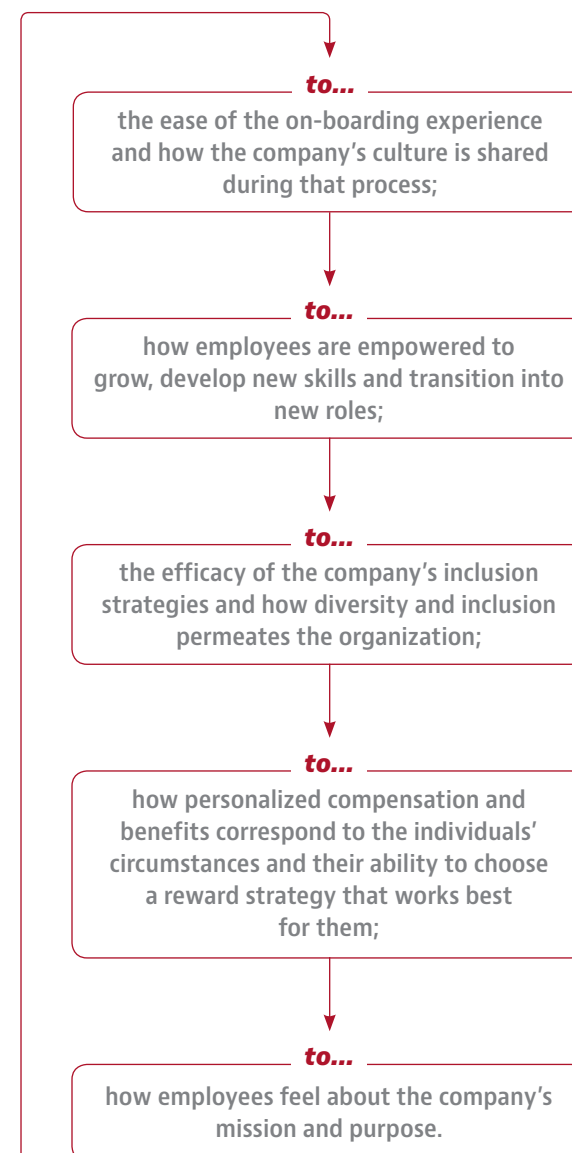
Taking part in this HR revolution means putting your employees before all else. This re-prioritization promises to be a win-win.

66 When you empower your people and make life better for them, you enable them to deliver exceptional performance."

Lisa Sterling, Executive Vice President, Chief People & Culture Officer, Ceridian

Designing an engaging employee experience includes thinking through every stage in an employee's career:

From...

how the company approaches recruiting for top talent and its first touchpoints with future employees;

to...

the ease of the on-boarding experience and how the company's culture is shared during that process;

to...

how employees are empowered to grow, develop new skills and transition into new roles;

to...

the efficacy of the company's inclusion strategies and how diversity and inclusion permeates the organization;

to...

how personalized compensation and benefits correspond to the individuals' circumstances and their ability to choose a reward strategy that works best for them;

to...

how employees feel about the company's mission and purpose.

66 Designing a modern reward strategy means making it interactive for every stage of life and lifestyle choice. It's about personalization and what is best for the individual."

Peter Newhouse, Global Head of Reward, Unilever

Building a borderless, consistent employee experience in a multinational organization requires leveraging technological advancements to streamline communication and processes and stitch the employee experience together across jurisdictions.

For example, communication platforms can make a multinational organization feel smaller, allowing managers to bring teams together and highlight and praise good work. Process management tools can simplify previously burdensome administrative processes and free employees up to focus on more rewarding projects. Survey tools can measure qualitative experiences, giving valuable feedback to HR teams to understand how policies and practices are being perceived in real time. Using sophisticated analytics, companies can operationalize data to change and motivate behavior. Personalized self-service training tools can empower your employee base to invest in the skills they need for their next role and to stay challenged within the organization.

Thought leaders in the field of employee experience agree: creating the right environment for employees to thrive is essential.

The Modern Employer: This Time It's Personal

We are living in an age where tailor-made, personalized experiences are the new normal and the expectation for customization is now ingrained in the workplace. Modern employers are rising to the challenge, providing an array of flexible working arrangements, personalized compensation and benefit packages, bespoke training and employee experiences.

Lines of communication within organizations are transforming. Grassroots voices are making their way to senior leadership, facilitated by new technologies, and creating organizational change. To compete for talent and stay relevant, employers need to consider whether they are delivering on this employee experience expectation.

66 Digital transformation is empowering collaboration and the rise of remote teams — irrespective of location. This transformation has enabled more flexibility and employees want that. The shift from formal and full-time to dynamic and flexible teams with new ways of working will be key. With more employees working remotely and great minds of the world accessible with little more than a Wi-Fi connection — the office is everything from the corner coffee shop to a basement bedroom to an airplane 30,000 feet above the earth. Tomorrow's office is everywhere."

Sue Bevington, Corporate Vice President - HR, Microsoft

Importance of Trust and Accountability

" If employees don't trust how we look at data and who sees it, then we lose trust. And without trust, we lose everything."

Sue Bevington, Corporate Vice President - HR, Microsoft

The importance of trust permeates every aspect of our lives, both personally and professionally. Paul Polman cautioned global employers to close the "say-do gap" and to provide higher levels of transparency to form the basis of trust and prosperity in the organization. The workforce is increasingly sophisticated and has unprecedented access to information from a variety of sources, allowing employees to constantly validate and review their experiences and the actions of employers.

Fairness is a key driver of employee engagement. Employers that courageously address disparities in pay, structural barriers to equal opportunity, unconscious bias in company processes, and ensure that ethics are a core principle of the organization will come out ahead in the war for talent.

Visit our **Gender Pay hub** for more information on global practices and legislation seeking to address pay parity.

Leaning into Risk

At the Forum, many industry-leading global employers shared how they are taking bold steps to re-write the rules on managing a multinational workforce.

Some leading companies are discarding traditional employee handbooks and formal annual performance reviews. They are trading old-school approaches for more informal and flexible feedback processes, training leaders to be exceptional managers, enabling employees to build a portfolio of skills and empowering them to move and grow within the organization.

Kelly Mandish, Director of Global Employment Law at Netflix, states that **"we hire stunning colleagues and get out of their way."** Forward-thinking employers are choosing people over process and are leaning into risk as a consequence.

" Compliance is yesterday's news - you want to be defining the agenda."

Professor Ian Goldin, Oxford University Professor of Globalization & Development and Director of the Oxford Martin Programme on Technical & Economic Change

Technological Advancement

" Artificial intelligence is often seen as a threat to human jobs, but this pessimistic vision of the future of work is severely misguided. While AI is drastically changing jobs, more importantly, it is enhancing jobs."

Professor Ayanna Howard, Roboticist, Chair for Interactive Computing, Georgia Institute of Technology

Every organization is aware that they need to understand, embrace and leverage frontier technologies. Technology is transforming the world of work and enables meaningful culture change within an organization. New technologies such as AI enhance productivity, create highly sophisticated and personalized training and augment existing jobs by discharging menial tasks, allowing employees to accomplish their goals more efficiently.

Current perceptions of AI

67%

of executives say that AI will help humans and machines work together to be stronger using both artificial and human intelligence[3]

62%

of executives believe they need to retrain or replace more than a quarter of their workforce by 2023[4]

64%

of the workforce believe that AI would offer them new work opportunities[5]

74%

of employees are **ready to learn** new skills or **completely retrain** to remain employable in the future[6]

3. PwC 2018 Saratoga: Rethinking HR for the future of work
4. McKinsey & Company Survey: Rethinking and reskilling workers in the age of automation
5. World Economic Forum: The Future of Jobs & Skills
6. PwC 2018 Saratoga: Rethinking HR for the future of work

There are a number of interpretations and predictions around AI technologies.

Ultimately, the key questions are **"what are we doing with it?"** and **"how do we integrate it?"**

AI presents significant opportunities in the workplace, which sometimes must be balanced against our ethical and social values. For example, at the Forum, we heard about the world of wearables, including smartphones, health monitors and similar devices. These devices collect rich sensor data, allowing employers to track stress and efficiency levels. The AI systems can identify rhythms to indicate when an employee is at their maximum efficiency and can reallocate tasks automatically based on this information. This highly personalized data analysis is both unnerving and fascinating, pushing us to rethink our traditional ways of working and how we can optimize productivity and employee engagement.

Organizations...

must be mindful of the risks (bias, privacy, potential misuse, etc.) while embracing the opportunities presented. Employee trust and public confidence are essential to fully leverage new technologies.

Continuous Learners: Future-Proofing the Workforce

The concept of "future-proofing" was identified at the Forum as fundamental to the success of both organizations (to drive growth) and employees (to adapt quickly to new technologies).

Frontier technologies are creating a cycle of opportunities and a requirement to retrain and upskill. The World Economic Forum notes that the skills gaps - both among workers and among an organization's senior leadership - may significantly hamper new technology adoption and therefore business growth.[7]

Investment in learning is key. Employees must be empowered to learn, and training platforms need to be reviewed to ensure that employees can find content that is relevant to their roles and that equips them to develop a portfolio of relevant skills. Given predictions that 35% of core skills will change over the next five years,[8] organizations need to encourage a growth mind-set culture, curate necessary training and ensure easy access for all.

At the Forum, we heard how AI can help to retrain and upskill the workforce by providing on-the-job training in real time, using augmented reality (AR) and virtual reality (VR) technology. The prediction is that in a few years we will be working alongside AI collaboratively, and the development of emotional AI will enable us to connect better with it, augmenting our abilities, scaffolding personalized training and increasing our job satisfaction.

“ Only the learners will survive, constantly reskilling and upskilling to match the skills in high demand.”

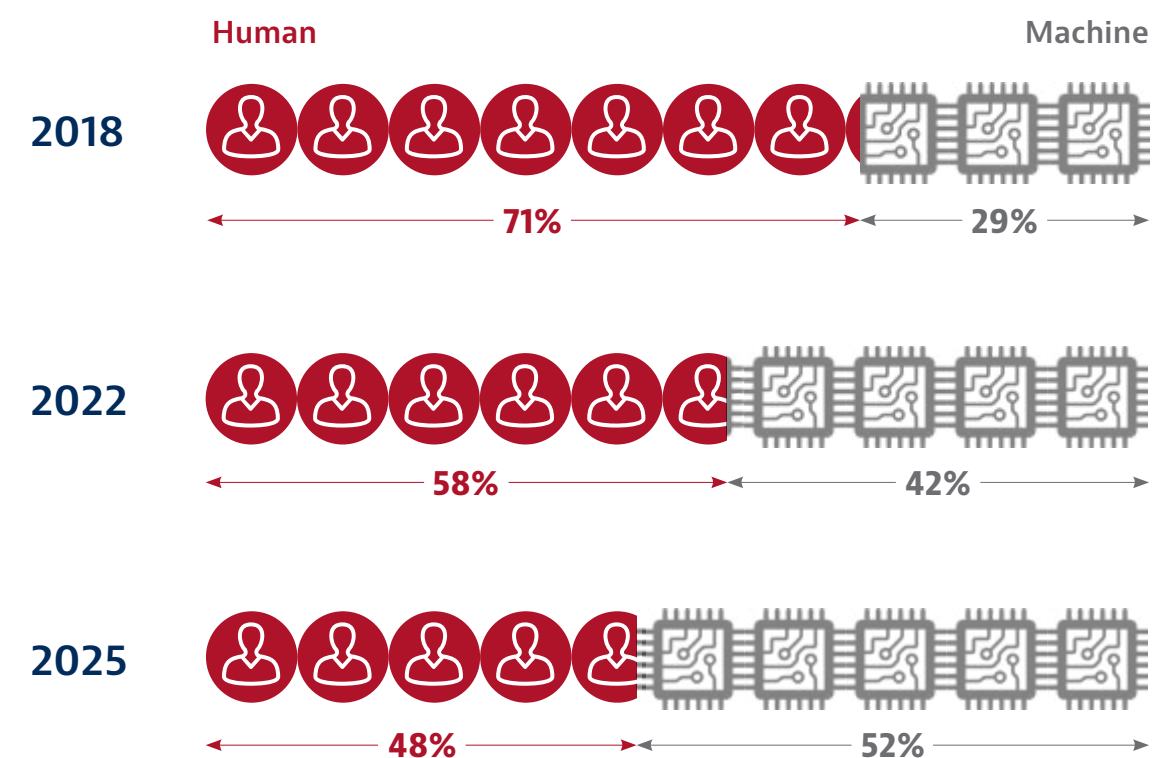Sue Bevington, Corporate Vice President - HR, Microsoft

By 2022 everyone will need an extra... **101 DAYS** of learning[9]

Rate of automation
Division of labor as a share of hours spent (%)[10]

	Human	Machine
2018	71%	29%
2022	58%	42%
2025	48%	52%

7. World Economic Forum Report on Future of Jobs 2018
8. Ibid

9. Future of Jobs Report 2018, World Economic Forum
10. Ibid

Trade-Offs of the Frictionless Workforce

To further explore the changing world of work, Baker McKenzie commissioned an article in collaboration with WIRED Consulting on the frictionless workforce which can be accessed **here.** The article explores how today's businesses are striking an ever-more flexible pose, from modular workspaces, open-plan offices and hot-desking, to looser organizational designs. Digital innovations have caused a fundamental shift in the nature of work, resulting in both positive and negative effects on the modern workforce. Based on a survey of companies around the world, the article tackles big picture workforce transformation questions and discusses how companies are balancing these risks with the benefits of the flexible age.

See our **Modern Workforce hub** for more information on the critical Modern Workforce issues to be aware of.

A flat organizational structure leads to more innovation

| 3% | 11% | 19% | 38% | 26% | |

14% DISAGREE   **64% AGREE**
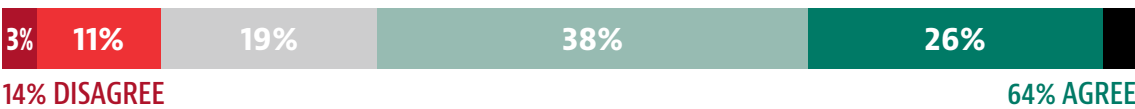
Face-to-face human interaction will remain essential for our business success

| 2% | 4% | 7% | 28% | 57% | |

6% DISAGREE   **85% AGREE**

The frictionless workforce - one using freelancers - increases creativity and innovation e.g. through bringing together diverse views, skills and cultures

| 4% | 21% | 20% | 37% | 15% | |

25% DISAGREE   **53% AGREE**

The frictionless workplace - e.g. hot desking and or renting flexible workspaces - weakens cohesion and corporate culture

| 6% | 21% | 18% | 38% | 13% | |

27% DISAGREE   **51% AGREE**

CALL TO ACTION   **All Aboard for Technology?**

Use technology to invest in employee talent, skills and culture.

Consider where AI fits in your organization: where are the pain points? Think about your "what if" scenarios and consider whether AI can be used to enhance these.

Ensure an understanding of the risks endemic in AI systems such as reinforcing biases and stereotypes. Consider how to address these risks through engaging diverse teams of data scientists and engineers and arranging for anti-bias training where appropriate.

Consider using workplace analytics data to promote employees' awareness of their work habits. This data can help employees understand the prevalence of unhealthy habits, such as communicating outside work hours, and the desirability of disconnecting in order to reduce stress. The objective is to share this data with the individual only thus encouraging them to reflect on whether changes should be made to achieve a more balanced work life.

Key: ■ Strongly Disagree   ■ Slightly Disagree   ■ Neither Agree or Disagree   ■ Slightly Agree   ■ Strongly Agree

Connecting the Dots
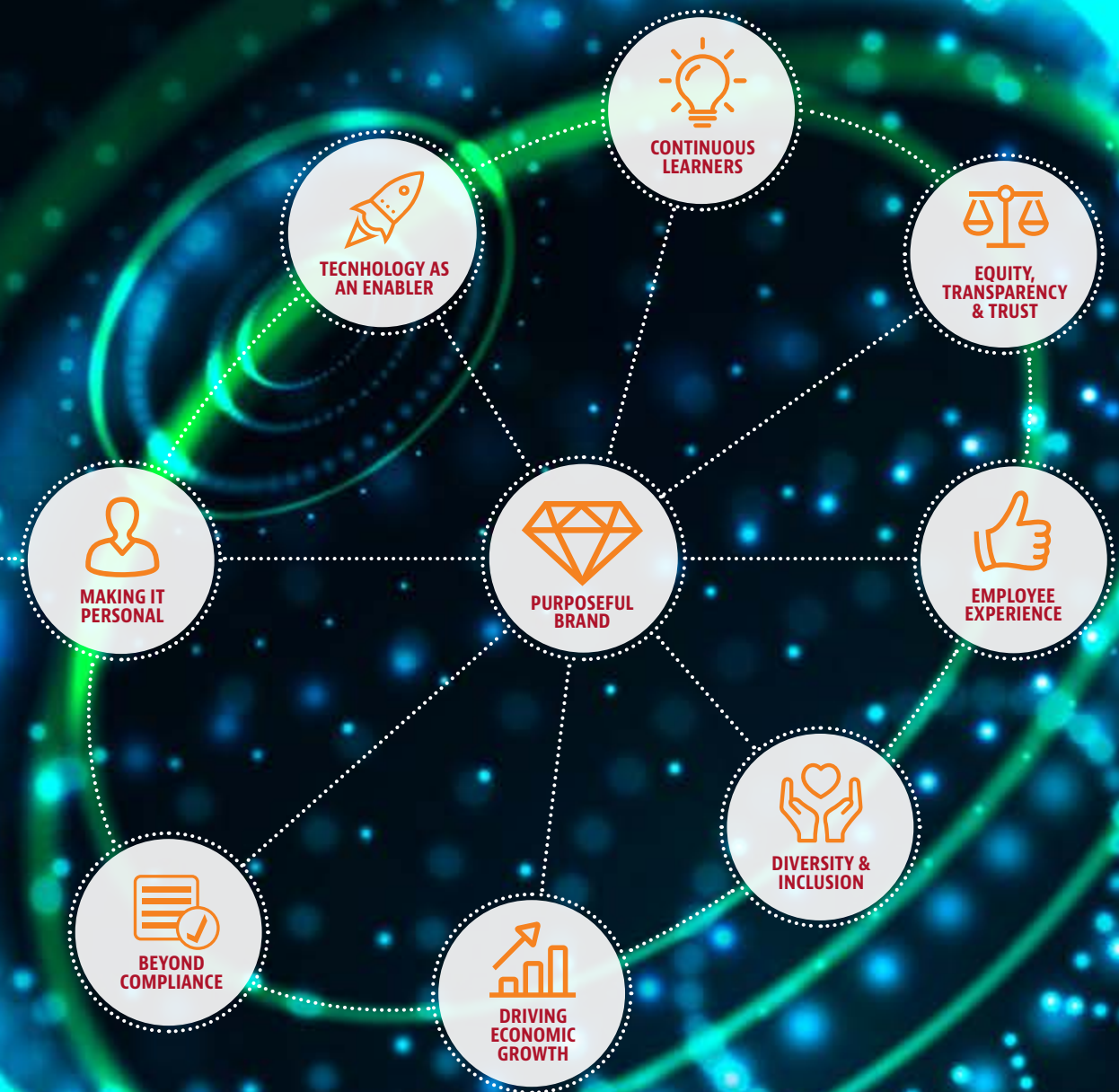
everything connects

and in order to succeed, global employers need to recognize this fundamental truth and embrace a holistic approach to optimize the outcome of their future of work story.

At the Forum, we heard the compelling business case for companies to embrace change in four key areas: purposeful leadership, culture of inclusion, defining the employee experience, and embracing technological change.

As we all lead our organizations through these transformative changes, **we can build a bright future.**

66 Leadership is not just about giving energy… it's unleashing other people's energy."

Paul Polman,
Chair of the International Chamber of Commerce, The B Team and Vice-Chair of the UN Global Compact and Former CEO of Unilever

CONTINUOUS LEARNERS

TECNHOLOGY AS AN ENABLER

EQUITY, TRANSPARENCY & TRUST

MAKING IT PERSONAL

PURPOSEFUL BRAND

EMPLOYEE EXPERIENCE

DIVERSITY & INCLUSION

BEYOND COMPLIANCE

DRIVING ECONOMIC GROWTH

At Baker McKenzie, we understand that business success requires legally sound, strategically savvy labor and employment policies and practices. With 78 offices in 46 countries, Baker McKenzie has an unparalleled global reach to serve the needs of employers.

Our Global Employment & Compensation Practice Group is the global leader among law firms, with over 700 lawyers strategically positioned around the globe. We help employers navigate and understand the ever-changing requirements necessary to comply with local and international laws and customs, prevent unwanted employee issues from arising, and continuously adapt to the realities of worker issues in an intensely competitive global economy.

Visit

www.bakermckenzie.com/employment

for more information on our Global Employment & Compensation Practice and the Global Employer Forum.