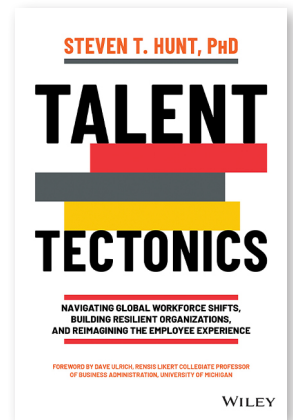


Talent Tectonics

Navigating Global Workforce Shifts, Building Resilient Organizations and Reimagining the Employee Experience

by **Steven T. Hunt**



Contents

Forces Reshaping Work and Workforces

Page 2

The Employee Experience and Workforce Adaptability

Page 2

Work Technology and Organizational Agility

Page 3

Designing Organizations to Provide Positive Employee Experiences

Page 4

Developing Capabilities and the Employee Experience of Learning

Page 5

Where Do We Go from Here?

Page 7

THE SUMMARY IN BRIEF

Prior to the 21st century, where people physically lived heavily influenced the work they did and whom they worked with. Teams are no longer constrained by geography. Innovations in technology have created tools that are far superior to hierarchical org charts for capturing information about the employee roles, skills, and relationships that make a company function, yet relatively few companies have adopted these tools largely because it requires leaders to change how they make decisions.

Talent Tectonics: Navigating Global Workforce Shifts, Building Resilient Organizations and Reimagining the Employee Experience by Steven T.

Hunt will help organizations build workforces for a future that is very different from the past. Readers will learn how the twin “talent tectonic” forces of digitalization and demographics are changing the nature and purpose of work as well as why the psychology of employee experience, one thing about work that is *not* changing, is critical to building adaptable and resilient organizations. By integrating business strategy, psychology, and technology, we can create more nimble companies that attract, develop, engage, and manage people for a new world of work.

IN THIS SUMMARY, YOU WILL LEARN:

- The forces that are reshaping work and workforces.
- Five activities that large companies need technology to do.
- Five aspects of organizational design that impact employee experience.
- Four elements of employee experiences that promote learning and growth.

Forces Reshaping Work and Workforces

The phrase *talent tectonics* describes underlying shifts reshaping work and organizations much like underlying geographic tectonic plates reshape the surface of the earth. Using this analogy of talent tectonics, the shift to remote work in 2020 can be likened to an earthquake. It was a sudden change in the visible nature of work that was made possible because of underlying advancements in technology that had been happening over decades. Remote work was a possibility before 2020, but what was needed was some triggering event to change people's attitudes. Sadly, it took a pandemic to get companies to rethink assumptions about the importance of having employees commute to office buildings every day. Once this triggering event occurred, the change happened extremely quickly and forever altered the landscape of work.

The biggest talent tectonic forces currently affecting work are digitalization and demographics. Digitalization is changing what companies need people to do and demographics are changing the characteristics of the people available to do it. These changes require companies to rethink how employees are managed and how jobs and organizations are designed. Companies must put what employees want on equal footing with what companies need. And societies must challenge long-standing assumptions about the nature of education, work, unemployment, and retirement if they want a population capable of competing in the 21st century global labor market.

Innovations in work technology combined with insights gained from psychology provide countless ways to rethink work and create employee experiences that attract, develop, and engage talent. This includes making work accessible, enjoyable, and meaningful for all people regardless of their current skill level and demographic characteristics.

The Employee Experience and Workforce Adaptability

People are the one constant in any organization. Companies can exist without actual products, services, or profits. But a company without people is just a legal document. An organization is, at its core, an organization of people. People are also the most effective resource that companies have for dealing with change, provided they are the right people, in terms of skills and capabilities, and they work together in

the right way. Working together the right way comes from creating the right employee experiences.

People are born adaptable. The competitive advantage of humans as a species is our ability to adapt to changing environments. It is called learning. The question is not how to teach people to adapt but how to create employee experiences that unlock people's innate adaptive ability. Managing for adaptability requires understanding the psychological factors that influence how people respond to change. This starts with dispelling the myth that people fear change. People do not fear change. They fear poorly managed change or change that leads to losing valuable resources or being forced to do things they do not want to do. But change in the right conditions for the right reasons is exhilarating.

Companies can influence how employees experience change. When faced with significant change people can adopt a growth mindset, which recognizes risks associated with change, but views the change primarily based on the opportunities it provides to achieve new things and develop new capabilities. Employees' adoption of a growth mindset is influenced by whether their experience of work meets two basic, innate psychological needs: a sense of achievement and a sense of confidence.

A sense of achievement is about tying work to something that is meaningful to employees. This creates energy and desire to persist in the face of challenges. When work taps into the innate desire to accomplish meaningful goals, employees are committed to finding ways to be successful in the face of change. For work to be meaningful, employees must have ownership over activities that they perceive as making a difference in something they care about. A key part of managing for adaptability is ensuring employees see a connection between their work and something that matters to them beyond simply punching a clock and getting a paycheck.

A sense of confidence comes from employees believing they have the capability to be successful. When employees lose confidence in the face of change, they give up, withdraw, or fall into despair. Another important factor is the people employees work with. Employees are far more confident and committed when they feel a sense of belongingness and support from those around them. An important part of managing for adaptability is creating connections and supportive relationships among employees who are facing similar challenges or have shared goals.

Large companies' lack of agility can make it difficult to attract talent who don't want to work for what they see as a big, slow-moving, impersonal, bureaucratic organization.

Work Technology and Organizational Agility

As digitalization accelerates the pace of change, companies must constantly adapt their practices and strategies in response to shifting markets, technological innovation, and changing regulations. This comes from having both the right culture and the right technology.

Leaders of large companies often want the urgency, creativity, responsiveness, and flexibility associated with small, growth-oriented companies. Small companies tend to have a stronger collective sense of purpose, greater urgency and openness to change, tighter communities where everyone knows everyone else, and cultures that value employees based primarily on the impact they have on company success. Large companies can create many of the employee experiences associated with small companies through fully leveraging the capabilities of work technology.

The five activities that large companies need technology to do to act like agile, small companies are:

1. People Decisions

Decisions about people make or break the success of organizations. The most significant are decisions about which people to put in different roles. These can be broadly divided into external staffing decisions and internal talent decisions. For external decisions, companies need technology that can evaluate the impact of adding or not adding headcount and ensure quality of hires across the organization. Technology can support internal talent decisions related to matching people to opportunities and evaluating the contributions and capabilities of people to guide decisions about who to reward, develop, or move into new positions.

2. Creating Communities

Companies need technology that can help leaders measure how people in the company work together and provide insights into how the formal structure of the organization affects the people relationships that drive company performance. They also need technology that enables

community members to effectively share information and coordinate activities in an efficient manner across large numbers of people.

3. Self-Management

Companies need technology that makes it clear to people in a large group why their individual contributions matter and how they can increase their effectiveness; that keeps people engaged by increasing awareness of the difference they are personally making for the company, its customers, and their colleagues; and that provides them with supportive feedback and constructive resources they can use to improve their level of impact.

4. Security and Compliance

A challenge facing large companies is how to maintain security and compliance without making the experience of work seem overly rule-bound and bureaucratic. What companies need is technology that automates many of the activities associated with security and compliance and reduces the amount of time employees have to spend thinking about it.

5. Saving Time

One of the common complaints of working in a big company is how long it takes to get things done. Companies need technology that facilitates communication and decision-making across groups, makes it easier for people to find resources and gain permissions required for different actions, and automatically performs routine administration functions. This technology reduces time required to get things done and frees up employee's time to focus on value-added activities.

Large companies' lack of agility can make it difficult to attract talent who don't want to work for what they see as a big, slow-moving, impersonal, bureaucratic organization. Technology cannot solve this dilemma completely, but it can help large companies act and feel more like small, agile ones. And it is this agile ability to change that increasingly makes the difference to company success.

Designing Organizations to Provide Positive Employee Experiences

Organizational design has a massive influence on employee experience. Company and employee perspectives can be balanced to create mutually beneficial outcomes. But if they are imbalanced, significant conflict and tension between employees and organizations will inevitably occur. For companies, a major priority in designing organizations involves controlling workforce costs relative to revenue. Organizational designs that overemphasize cost efficiency can create terrible employee experiences.

There are five aspects of organizational design that impact employee experience:

1. Why People Join Organizations

Organizations employ people to achieve business outcomes. People join organizations to improve the quality of their lives. Organizations do this by providing people with roles, resources, and relationships. From a company perspective, designing organizations is about corporate structures; budgets, job designs, and policies. From an employee experience perspective, designing organizations is about building and joining communities that are meaningful and valuable to them. To improve employee experience, wherever possible, it is usually best when the employees responsible for doing the work are allowed to decide how the work should be done.

2. How Job Design Affects the Employee Experience

Job design from an employee experience perspective is less about defining exactly what people do and more about understanding the experiences they get from doing it. This includes thinking about the career opportunities it may provide beyond the current work. When designing jobs to maximize employee experience it is useful to look at them from the perspective of intrinsic and extrinsic motivation.

Questions to consider include:

- What is the purpose of the job?
- Who will they be working with?
- When and where do people in this job have to work?
- How does the job support employee development?
- How will pay be structured?
- What resources will employees be given?
- What additional benefits or perks are included?

- What career advancement opportunities are available?

Job design inevitably involves making compromises between what the company needs, values, or can afford and what employees want or prefer. It is not possible to create a job that everyone will like. A necessary part of job design is identifying what employee experiences matter the most and prioritizing those when designing the position, taking into account the company's business needs and financial constraints.

3. How the Design of Groups, Teams, and Departments Affects the Employee Experience

How an organization is designed in terms of teams, groups, and reporting structures affects employee experience in two ways. It changes what employees pay attention to as a result of leadership-reporting relationships, reward structures, and department membership. It also changes employee relationships by shaping how often people meet and communicate. Both things should be given considerable attention when designing the size, structure, and reporting relationships of an organization.

4. How Management and Leadership Structures Affect the Employee Experience

One of the most important aspects of organizational design is deciding how many teams, groups, or departments will be managed. This includes whether they will be led by a single person at the top of a hierarchical structure, overseen by a collective group of stakeholders, or be self-governed by group members themselves. Hierarchies tend to concentrate decision-making further up the leadership chain and move it away from the frontlines where employees are actually doing the work. This slows the speed of decision-making, frequently hurts the quality of decisions, and undermines employee feelings of empowerment.

5. Managing Restructurings and Downsizings with Experience in Mind

As the pace of change accelerates, organizational restructuring is becoming more common. Restructuring often includes downsizing parts of the workforce. Restructuring decisions and actions, particularly those that involve letting employees go, have a lasting impact on employee attitudes. Companies that downsize tend to perform more poorly in the future compared to those in the same industry that avoided workforce reductions. Given the risks, companies should not downsize unless it is absolutely necessary. Further, downsizing decisions should not be based solely on job titles, salaries, and demographics. They should also consider

Companies must work to ensure the experience employees have at work inspires everyone to do their best.

employee skills, experience, relationships, and capabilities. If it is necessary to reduce the size of the workforce, it is better to do one large reduction than several small ones.

Companies often fail to fully appreciate the impact organizational design has on employee experience or take advantage of the technology available to improve the design and restructuring of organizations. The most important thing is to simply recognize and accept that the way organizational design was done in the past is not how it should be done in the future.

Developing Capabilities and the Employee Experience of Learning

Human beings are amazingly good at change. Adapting to change involves learning. People are good at learning, but only under the right conditions. Those conditions are when they feel the effort to change will benefit their lives, feel supported by those around them, and believe they will be successful. The challenge organizations face is creating an employee experience that provides these conditions.

There are four elements of employee experiences that play a critical role in promoting learning and growth:

- 1. Context:** Designing jobs that encourage and enable development by giving employees the time, opportunity, and motivation to build new capabilities.
- 2. Capabilities:** Helping employees identify what knowledge, skills, and experiences to develop to achieve their goals and prepare for the next chapter in their careers.
- 3. Content:** Providing employees with access to the development resources they need to build new capabilities.
- 4. Culture:** Creating an organizational environment that supports employee development, with particular focus on the role managers play in supporting employee development efforts.

All four areas must be addressed to create an employee experience that encourages and supports ongoing learning and development.

Creating Engagement and Employee Experiences that Inspire Successful Performance

Employee performance is one of the biggest sources of variability in business operations. Employees are capable of amazing performance with the right motivation, engagement, and support. They can also be incredibly unproductive if they receive poor guidance, recognition, or coaching. Their productivity immediately goes to zero if they quit based on how they're being treated. And they can switch based on a single employee experience.

Fully engaging employees is one of the most difficult challenges faced by large and growing organizations. Companies must work to ensure the experience employees have at work inspires everyone to do their best.

Five topics relevant to creating engaging work environments that foster high levels of employee performance include:

1. The performance management dilemma.

Engaged employees feel a sense of commitment, focus, and energy toward supporting the goals of the company. Engagement is directly influenced by the formal and informal performance management methods used in a company to communicate job expectations to employees, support them in meeting those expectations, and recognize them for their contributions and achievements. At its core, performance requires balancing two types of activities: coaching individuals to better future performance and building teams based on current performance. These two activities conflict in the sense that past behavior does predict future behavior but it does not completely determine future behavior. Balancing the two is the *performance management dilemma*. Solving the performance management dilemma requires linking together three activities in an effective manner: Aligning job goals

and expectations, ongoing coaching and development, and making staffing and investment decisions.

2. Aligning performance expectations.

It is hard to make work engaging if employees do not know what they are supposed to do, why it matters, or whether they are doing it effectively. Clear goals give employees a sense of purpose, clarity, and strategic direction. The problem facing companies is how to provide employees with effective goals in a world of shifting priorities and changing business needs. It is even more challenging to do it in a way that employees feel like they are participating in a conversation and not simply being told what to do.

Organizational agility depends on the ability to rapidly realign employees on shifting business strategies. This is better done by establishing goals through ongoing dialogue where they can be discussed, clarified, and modified frequently. Role clarification and goal management technology help employees and managers to coordinate these conversations, update expectations, identify challenges, and track progress. These solutions also enable employees to see the goals of colleagues and leaders across the company, which promotes alignment and collaboration across the organization.

3. Increasing awareness of performance.

Performance feedback amplifies engagement by providing employees with encouragement, support, and insight to achieve their goals. When feedback is effectively delivered it is simultaneously a form of education and recognition. Knowing how to receive feedback is a critical skill for employees. How they respond will have a significant influence on their long-term career success. People should want feedback because it shows that people care about their work. The problem is that feedback is not always delivered in an effective or supportive manner.

The easiest way to receive feedback is to give employees goals that can be measured using well-defined metrics. The challenge is that many jobs cannot be linked to clear metrics such as sales quotas. In addition, performance is not just about what goals people achieve. *How* they achieve goals is also important. This is about how people interact with others, the things they do beyond formal job expectations, and the quality and efficiency of their work. This sort of qualitative feedback is best delivered through conversations with managers, coworkers, or customers. Experience measurement and self-management technology is making it easier to collect this kind of feedback.

4. Managing differences in performance.

All employees provide value to the business, but some generate more value than others. This statement may be true in any large organization but calling it out makes some people feel uncomfortable. It can trigger feelings of evaluations, favoritism, and exclusion and may seem antithetical to the concept of belongingness as a key cultural value. How companies deal with it has major consequences for employee experience and organizational adaptability. Failing to manage differences in performance creates bad experiences for employees.

There are three major aspects companies often overlook when managing differences in performance:

- It involves subjective judgment as much or more than objective measurement.
- It requires comparing employees but does not require ranking them.
- It is about knowing the capabilities of the workforce to guide future decisions.

Keeping these things in mind is key to creating positive employee experiences while dealing with the reality that not everyone performs at the same level.

5. Compensation and performance.

Money is not the only reason why people work, but it is a major reason why most people work. Most employees will worry at some point in their career if they should be getting paid more. The reason people become anxious about pay is not because they are being paid unfairly, but because they do not understand how their pay is determined. It is very easy to demotivate people through inequitable pay. Companies can avoid many of these negative motivational problems by monitoring pay equity and ensuring employees are not grossly under- or over-paid relative to their peers doing similar work.

Financial constraints limit pay levels, but small variations in pay strategies can significantly improve employee experience at little to no extra costs. Keep the following four things in mind to build compensation packages that positively impact employee engagement:

1. Pay is a tool to direct employee attention and motivation, including not quitting the organization.
2. Employees have a strong reaction when they learn they are paid more or less than their peers.

3. The motivational value of pay depends on employees understanding how pay decisions are made, being confident they can influence these decisions, and being comfortable discussing pay decisions they may not agree with.
4. It is rare for companies to lower pay levels, but in some situations, this is the best way to optimize employee experience, for example to avoid laying off an employee to move an employee into lower salaried jobs that better fit their career interests or life preferences.

Compensation is one of the largest operational costs in companies and significantly influences employee engagement and retention. If you want to gauge the effectiveness of your compensation methods, try asking employees the following questions:

- Do you understand how the company makes decisions that affect your compensation?
- Do past pay decisions adequately recognize the contributions you make to the company?
- Are you confident you can influence future pay decisions that will affect your life and career?

To fully engage employees it is critical to ensure they feel valued, appreciated, and recognized for their contributions. This requires creating a culture of transparency on how the company defines people's roles, evaluates their contributions, and makes decisions related to pay and staffing.

Where Do We Go from Here?

About 150 years ago, technology started to fundamentally transform the nature of work, which in turn transformed the nature of organizations and societies. We are in the midst of another such transformation. What is certain is that the nature of work will change over the coming years. What is yet to be determined is what work will look like for the majority of employees.

Technology is neither good nor bad. The future will depend on choices companies make about how to use technology to reshape employee experience and how societies choose to adapt to a much different world of work. Technology has the potential to create a future in which people no longer worry about having to “work for a living” and instead focus on living a fulfilling, purposeful life that includes work. What matters is how we choose to use it. Let us choose wisely.



Dr. Steven Hunt is Vice President of Customer Research at SuccessFactors/SAP Cloud. A recognized expert on strategic human resources (HR), Dr. Hunt has had a pivotal role in developing systems that have improved productivity and engagement of millions of employees working for hundreds of companies around the globe. A well-known speaker, author and thought leader on strategic human resources, Dr. Hunt has written over 100 articles, published two books, and supported strategic HR efforts working with companies across five continents.

Talent Tectonics: Navigating Global Workforce Shifts, Building Resilient Organizations and Reimagining the Employee Experience by Steven T. Hunt. Copyright © 2022 by Steven T. Hunt. Summarized by permission of the Publisher, John Wiley & Sons, Inc. ISBN 978-1119885184. Published by Soundview Executive Book Summaries®. Copyright © 2022 by Soundview, Inc. All rights reserved. Reproduction in whole or in part is prohibited. #4506