



ISSUE 156

BOARD PERSPECTIVES

THE BOARD'S ROLE IN THE TRANSFORMATION OF WORK

The pandemic has had a lasting effect on people and the workplace. Seven in 10 business leaders expect the market will be embracing a hybrid work model 10 years out, up from 22% pre-pandemic. What is the board's role in this transition?

The pandemic has transformed how, where, when and even why we work. It accelerated workplace redesign as offices closed, entire industries were upended and employees had to do their jobs remotely if the nature of their work permitted them to do so. It raised the bar for reinvigorating strategic conversations on vision, mission, purpose and values.

As COVID-19 shifts to an endemic state, don't bet on a return to pre-pandemic norms. This is a one-way trip toward an uncertain future along a winding road of trial and error. With the Great Attrition, rising wages and artificial intelligence (AI) accelerating the velocity of change, unprecedented accommodations

by employers will be necessary. Workers are empowered with options rarely seen before. Bottom line, the companies and boards that figure out how to best navigate the needs of their employees in performing their jobs will likely be winners in the future.

The research results in the sidebar on the following page suggest that leaders are experiencing the winds of change in a technology-driven world. Their opportunity is to rethink the business by accelerating customer-facing product and workplace redesign and using data analytics to inform design decisions.

1. HOW, WHERE AND WHEN WE WORK:

• Employees working in a company office location:	
– Before the pandemic	78%
– By 2032	30%
• Business leaders expecting their companies will:	
– Embrace a hybrid model in 2032	70%
– Mandate how, when and where employees will work by 2032	57%

2. TALENT ACQUISITION AND RETENTION:

• Retention and turnover are top concerns among executives	83%
• Shortage of qualified workers over next 10 years a concern for executives	86%
• Executives believing employee loyalty will increase over next decade	84%

3. IMPACT OF TECHNOLOGY:

• Executives viewing AI as key to radical transformation of the company over next decade	88%
• Executives believing digital and emerging technologies will add jobs and increase the workforce over next decade	74%
• Executives reporting that the work people will do over next 10 years will be different as emerging technologies drive a fundamental shift in the nature of work	86%

Leaders seek the right balance of in-person and remote work, knowing that tilting the agenda in one direction risks alienating segments of the workforce. Walking this tightrope is a challenge, as our research notes that most executives support having new employees in a more traditional office setting, citing efficiency, collaboration and more effective outcomes as the key advantages to working side-by-side with colleagues.

Boards of directors should view the organisation’s talent strategy in coordination with the business strategy to ensure the two are integrated. For most companies, human resources (HR) leaders have earned a seat at the C-suite table as well as access to the boardroom on the strength of

value contributed during the pandemic when the spotlight shined on human capital.

Going forward, how will the board and senior leaders leverage HR’s perspective, position and activities to derive the greatest value from the organisation’s current and future talent investments supporting its growth and performance objectives? To that end, below are eight questions for directors to consider:

Is the stature of the chief human resources officer (CHRO) role sufficiently elevated and recognised within the organisation to enable performance to expectations? It is difficult to envision a time when the CHRO role has been more

¹ “Executive Outlook on the Future of Work, 2030 and Beyond,” University of Oxford and Protiviti, March 2022: <https://vision.protiviti.com/insight/protiviti-oxford-survey-executives-say-emerging-technologies-will-add-jobs-over-next-decade>.

important to an organisation's continued success than the present. Having the right person for the job and the appropriate human capital management capabilities in place are vital to creating and supporting a robust people and culture strategy that underpins the business strategy. To engender confidence, the CHRO must relate to the CEO and engage in strategic conversations.

Have we assessed whether the available talent pool enables the company to meet short- and long-term business objectives? Leading HR functions conduct quarterly assessments of human assets and compare these evaluations to the skills needed to execute the strategy. They evaluate talent inventories against longer-term objectives and develop strategies to address gaps.

Are we refining our talent acquisition and retention processes to address current and future market realities? With the intersection of work and home, many employees are less willing to go “above and beyond” as they separate their professional and personal lives.² Bottom line, employee engagement is abysmally low. According to a global poll, only 21% of employees are engaged at work.³ In other words, many employees are “quietly quitting” as they become less willing to embrace the “up the ladder” grind and are less than highly connected — mentally and emotionally — to their work, teams and organisations. With tightening talent markets worldwide, employers must compete for hearts and minds. As work choices are deeply personal, retention is more important now than ever.

Integration of talent and business strategy requires new talent assessments, talent metrics, reskilling approaches and board reporting. It involves the deployment of innovative labour models and sourcing strategies. The widespread pursuit of digital capabilities in all industries has resulted in a scarcity of technological talent that

will likely linger for years. Focusing on cognitive and critical-thinking skills rather than specific fields of study and experience may become more important, meaning that the types of people companies have historically recruited may not be their sole source of talent in the future.⁴

To expand the sources of labour available to their organisations, HR leaders are:

- Implementing upskilling strategies to increase proficiency in all forms of automation, data analytics, and advanced technologies such as AI and quantum computing.
- Giving closer attention to retention to mitigate the risk of upskilled employees being poached by better-paying competitors.
- Using exit data to identify the drivers for invigorating employee loyalty (for example, recognition programs, competitive compensation and benefits, and effective career development and learning environments).
- Instituting a flexible labour model consisting of a blended talent pool of full-time employees, contract and temporary workers, expert external consultants, and managed services and outsourcing providers.
- Investing more thought and effort in framing how contingent workers are part of the organisation's culture.

The value of these tactics was evident inside companies that responded faster and better to pandemic-driven closures and other disruptions.

Are we innovating and improving the employee experience? Hybrid and work-from-anywhere models have blurred work and personal lives. Organisations differentiating their employee experience are addressing the well-being of their people more comprehensively. They offer flexible

² “Burned-Out Employees Are ‘Quiet Quitting’ Their Jobs: What to Know About the Trend,” GMA Team, ABC News, August 15, 2022: <https://abcnews.go.com/GMA/Living/burned-employees-quiet-quitting-jobs-trend/story?id=88399001>.

³ *State of the Global Workplace: 2022 Report*, Gallup Workplace, April 2022: www.gallup.com/workplace/349484/state-of-the-global-workplace-2022-report.aspx.

⁴ “Liberal Arts in the Data Age,” by JM Olejarz, *Harvard Business Review*, July-August 2017: <https://hbr.org/2017/07/liberal-arts-in-the-data-age>.

work arrangements and other benefits as well as company-supported and company-led employee networking groups that promote physical, mental, social and financial well-being.

However, questions remain for directors to consider. For example, how are leaders communicating in a hybrid environment? How is performance recognised and rewarded without disadvantaging those who opt to work remotely? How are the organisation's facilities, training programs and other resources enabling employees to obtain the most value out of in-person interactions in terms of fulfilling their responsibilities and developing new capabilities and skills?

How are we enhancing our culture as the workplace transitions? The traditional emphasis on preserving corporate culture should give way to building and enhancing it. A steward of organisational culture, the CHRO monitors the organisation to ensure managers remain fully aligned with the tone set at the top. In today's environment in which there is ongoing debate around corporate purpose, this alignment remains a priority but is more difficult to sustain in a hybrid environment.

Boards have significant responsibility to ensure that the corporate culture enables the strategy, is aligned with core values and functions as a magnet for talent. Directors should make it a priority to get to know the executive bench of aspiring leaders to gauge their quality and gain insights regarding the company's culture.

How are we modifying our human capital management processes to address emerging workplace realities? Both generational imperatives and diversity, equity and inclusion (DEI) initiatives are linked to talent acquisition and retention. A granular understanding of specific goals and aspirations of the various generational classifications is key to tailoring HR programs. DEI initiatives should be tracked to ensure continued progress.

Performance evaluations and reward systems should address the evolving hybrid work environment. Inclusiveness for and fairness to all are the goals. The environment framed by these and other workplace realities may require different metrics, such as the return on investment (ROI) on recruitment sources, quality of recruits, promotion speed ratio, 90-day turnover rate, skills at risk, upskilling opportunities, the health of the organisation's culture, well-being indicators, and progress on relevant metrics underlying the company's external sustainability and environmental, social and governance (ESG) narrative.

Is the evolving work environment impacting our leadership development and succession planning? The emergence of collaborative and virtual technologies combined with the rapid evolution of DEI initiatives has increased the focus on nontraditional leadership competencies. Leading with empathy builds trust and loyalty among employees because it acknowledges value in the contributions and points of view of others. Highly effective in fostering employee empowerment, resilience and flexibility during the pandemic, these attributes are invaluable in an environment of disruptive change requiring responsiveness, agility and speed to market. They offer a foundation for training current and future leaders in managing a remote workforce.

As for succession planning, high-performing HR executives are devising and testing knowledge-transfer processes and leadership development plans prior to losing senior leaders. This approach reduces the high costs and stress associated with reassigning roles and responsibilities in a reactive manner following unexpected departures.

Are we managing the talent implications of high-risk "corporate stances" as well as we should? A survey focused on the role of trust in human capital management disclosed that, when considering a job, 60% of employees expect the CEO to speak out publicly about controversial

social and political issues that they care about.⁵ Employees are choosing and leaving companies based on whether their personal values are aligned with the values of the organisation. This reality coupled with contentious political discourse and the power of social media are forcing executive teams to choose sides on issues affecting employees, customers, other stakeholders and the bottom line.

CHROs play an important role in facilitating side-choosing decisions and subsequent actions — including internal communications — by

monitoring workforce sentiment on sensitive issues and assessing the associated risks.

The need to align talent strategy and business strategy is straightforward. But rapid technological advancements and the increasing frequency with which external disruptions and volatility force companies to pivot strategically suggest that the talent and skills needed to sustain the business are likely to change as well. That is why the above questions merit consideration in the boardroom.

How Protiviti Can Help

For employees, it's not just one factor that determines their experience, but rather a web of multiple factors, including pay, flexibility, technology, growth opportunities and the organisation's culture. Protiviti helps organisations develop and implement a unique employee experience that will drive specific business and human outcomes. For example, we help HR:

- Develop innovative ways for employees to interact and engage with their colleagues and customers, enabling them to do their best work.
- Map current talent, skills and experiences to the company's business objectives and determine the best way to close gaps through

contingent workers, upskilling, sourcing talent in the market and other means.

- Determine the skills and experiences that are most critical to retain for organisations contemplating a downsizing.

We also partner with clients and provide pragmatic approaches to align, define, adopt and execute dynamic strategies to establish a cultural foundation that's accepting of the most complex transformation. Our results-driven methodology provides organisations with the framework to excel in an environment that grows market share, improves customer satisfaction, increases leadership skills, retains talent, enhances business productivity and accelerates speed to market.

⁵ "2022 Edelman Trust Barometer": www.edelman.com/trust/2022-trust-barometer.

Protiviti (www.protiviti.com) is a global consulting firm that delivers deep expertise, objective insights, a tailored approach, and unparalleled collaboration to help leaders confidently face the future. Protiviti and its independent and locally owned Member Firms provide clients with consulting and managed solutions in finance, technology, operations, data, digital, legal, governance, risk and internal audit through its network of more than 85 offices in over 25 countries.

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Protiviti partners with the National Association of Corporate Directors (NACD) to publish articles of interest to boardroom executives related to effective or emerging practices on the many aspects of risk oversight. As of January 2013, NACD has been publishing online contributed articles from Protiviti, with the content featured on <https://blog.nacdonline.org/authors/42/>. Twice per year, the six most recent issues of *Board Perspectives* are consolidated into a printed booklet that is co-branded with NACD. Protiviti also posts these articles at [protiviti.com](https://www.protiviti.com).