

THE FUTURE OF THE WORKFORCE

Board Considerations for the Future of Work

As the world transitions from the COVID-19 pandemic to an endemic environment, boards are considering their companies' priorities and workforce issues are making a lot of short lists. After all, for many businesses, the strongest legacy of the pandemic will likely be the establishment of the remote or hybrid work model. Going forward, then, companies will need to demonstrate their flexibility to potential employees.

"Flexibility is the new sign-on bonus," says Marni Rozen, human capital consulting director at RSM US. "Workers have seen the benefits, and they are going to target organizations that will be flexible. The pandemic has uncovered the potential."

Another change? Many older workers have retired, taking their experience with them, and leaving a large hole in the workforce. Some studies estimate that more than 3 million baby boomers retired during the pandemic.

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This exodus was fueled by several factors, including people's desire to enjoy their golden years in light of a virus that has taken the heaviest toll on older people. Older workers are also less likely to be at the forefront of employing the technology that will be needed in the future, and many may have preferred to retire early rather than tackle new skills.

"What you see is an era coming to a close in a very abrupt manner," says Joe Brusuelas, chief economist for RSM. "It's not what we wanted, with the labor force shrinking, even though we knew the demographics. The aging of the boomers meant the rate of growth in the labor force would decelerate, but it has slowed even more, and American firms have not made the adjustment to catch up."

In addition, the pandemic has hit working mothers harder than many other cohorts. In the future, companies will need to demonstrate a commitment to make work life more fulfilling for them.

"It's really important to think about women in the workforce and all the difficulties and changes that this group has been through," says Nelly Montoya, senior financial services analyst and management consulting director for RSM. "Their needs should be built right into the company's organizational structure."

THE WAY FORWARD


The prevalence of remote or hybrid work models is likely to create a permanent shift in how people work. Board members and leaders will need to adjust to the demands of a new workforce and a different way of working. And the first impression that a company makes on a new employee is likely to be crucial.

Companies will have to be more flexible and offer work settings that appeal to employees, especially younger workers. In addition, labor shortages and staffing issues will continue to be a problem for the near future.

The office of the future will not just look different than it did in 2019, but it will have different standards and employ people with different priorities and needs.

"Research has shown that once-in-a-lifetime events fundamentally alter human perception and behavior," says Tu Nguyen, economist and environmental, social, and governance director for RSM Canada. "The pandemic is like World War I, World War II, or the Great Depression in that those events rewired human brains. People who lived through them just think differently. And that affects how people work, and more importantly, how people live their lives." In other words, the world has changed, and it is not changing back.

Within this shift, challenges brought on by multiple COVID-19 variants highlight the unpredictability facing all businesses. But the principles that have guided the most successful companies—that is, innovation, boldness, and teamwork—will continue to be essential moving forward.

"In the same way that accountability is a two-way street between those who work and those who manage, workplace innovation is not always going to fall on the backs of people who earn wages for a living," says Brusuelas. "It also falls upon management and the board. They have to innovate their way out of these problems. It's going to be a challenge, regardless of what industry you're in." 

RSM US is the leading US provider of audit, tax, and consulting services focused on the middle market.