

The aim of the survey “The way we work – in 2025 and beyond” is to help HR teams prepare for significant shifts in the workplace. It identifies key trends in six HR areas and predicts what the workplace might look like in the future.

The way we work – in 2025 and beyond



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Introduction and executive summary

How we work and the type of work we do is rapidly changing. By 2025 many white-collar jobs will be – at least partially – lost to robotisation and automation, while demographic shifts will bring extra pressures to the workforce. HR teams are facing challenges from Generation Y's new attitudes to work, fewer fulltime employees and the pressure to deliver quick solutions in an increasingly fast-paced and unpredictable business environment.



Charles Donkor
Partner, People and Organisation
PwC, Switzerland

The aim of our survey “The way we work – in 2025 and beyond” is to help HR teams prepare for these massive shifts in the workplace. It identifies key trends in six areas of HR and predicts what the workplace might look like in the future.

The study covers national and international companies of different sizes based in Switzerland, from a wide range of industries. Over 200 HR professionals took part in the survey. These include global heads of HR from major companies, many other heads of HR and business executives. The survey and interviews with HR executives were conducted in late 2016 and early 2017.

Here are the main findings of PwC's research:



Future of work and digitisation

Digitisation and automation will make 20 to 30% of jobs obsolete over the next 5 to 10 years, but only 16% of companies feel they are ready for that change. Demographic shifts will have a tremendous impact on the composition of the workforce and working practices.



Talent management

Major trends seen in the market are increased flexibility at work, the ability to design your own job, open and ongoing feedback plus diverse career models. 49% of our survey participants think that employees will be working for more than one employer at a time in the future. HR's challenge will be to efficiently manage this diverse career landscape.



Compensation and benefits

Lifestyle incentives such as working from home and flexible working hours will become important, plus a shift from individual to team and company performance bonuses. 50% of our financial sector respondents say bonuses will become less important in their industry.



Mobility

Global mobility will grow in importance, particularly for large firms with more than 100,000 employees. Assignments will move to short-term projects of up to 3 months or a year. There will be more cross-border commuters, living and working in different countries. We're also seeing the rapid emergence of employee mobility between different companies, as organisations start to exchange talent on a temporary basis.



HR organisation

HR will become fully digital – not only in terms of applications and technology, but also in the way big data is used to understand the workforce, equip employees with digital skills and to develop new business models. HR departments will work with other companies as part of a network, for instance for hiring and sharing talent. 81% say HR will follow the trend of becoming a centre of excellence, with transactional work outsourced or processed offshore.



Culture and change

Digitisation is seen as the most important driver for cultural change. Agility and the ability for employees to embrace change are therefore vital. Developing a strong and compelling company culture will become a differentiator and distinctive factor in engaging and retaining employees, particularly for companies sharing employees in their networks.

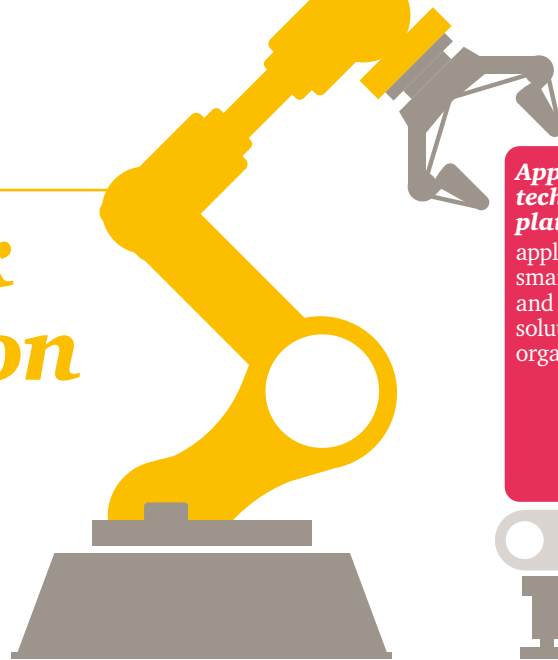
These trends are likely to radically change the way HR teams operate – not just in 2025, but also today.

There is no crystal ball to predict everything that will happen in 2025. But our survey can at least provide a better understanding of the

trends, which we believe will have a major impact on the way we work.

As ever, we welcome your feedback and look forward to continuing the discussion together. Please visit us on Twitter at [#pwcfutureofwork](https://twitter.com/pwcfutureofwork) and add your comments.

Future of work and digitisation



Apps and technology platforms – applications on smart devices and Cloud solutions for organisations

Robotisation and automation – physical machines or virtual applications taking over what were formerly white-collar human-led processes

Deep learning and big data – algorithms which can teach themselves and create predictive insights from a vast amount of in-house and external data

Operating model – company borders become permeable and organisations build platforms to interact with different and independent market players to create value for customers

Digital culture – competencies and behaviours that enable human beings to leverage and use digital environments to the max

Digitisation and shifts in demographics are the two key issues that our participants believe will change the way we work in 5 to 10 years' time. 88 % cite technology breakthroughs and 74 % mention demographic shifts. Most companies feel they're not yet prepared for the changes ahead.

Digitisation

We've already seen the changes automation has brought to blue-collar work. Visit the factories of any manufacturing company and you'll find hardly a living soul there. When this development started to accelerate in the 1970s, robots were denounced as "job killers". By now, we've learned to live with it.

But today we're seeing similar changes for white-collar workers due to the emergence of big data and artificial intelligence. What's new about this technology is that it no longer solely depends on the input of people, but can learn, adapt and generate algorithms on its own, known as deep or machine learning. It's also having a huge impact on how people communicate, collaborate and work. Man/machine interaction will become as common as water cooler conversations between human colleagues today.

Digitisation can be divided into five main pillars (*see above*).

Digital transformation can only be successful if these five pillars are addressed simultaneously and decisively. We see that the development of a digital culture is often neglected. This is a pity, as digital culture is the fuel that is needed to make the digital motor run.

A recent PwC survey of more than 1,300 global CEOs backs up the importance of digital change.¹ 77% of CEOs we canvassed agree that digitisation, the introduction of robots, Industry 4.0 and other technological advances, are by far the biggest megatrends they are facing. Creating value through digital transformation is therefore seen as vital for success.

Artificial intelligence and its companions – a short definition:

Artificial intelligence

Machines that are able to learn and solve problems on their own.

Machine learning

An advanced level of AI – machines can learn without being specifically programmed to do so.

Big data

Vast amount of available data waiting to be processed and analyzed

Deep learning

Multi-layered algorithms that enable machines to imitate human skills

Chatbot

Computer program imitating a human conversational partner

¹ 19th Annual Global CEO Survey, PwC, 2016

² Technology at Work v2.0: The Future is Not What is Used to Be, Oxford University, 2016

“The advanced use of technology is already a requirement, but it will become even more important in the future. As technology rapidly evolves, we need to have people who evolve with it.”

Christian Albrich
Chief Human Resources Director, Actelion

So how many jobs will be lost?

52% of our survey respondents say that 20–30% of current jobs will be replaced by digitisation and automation by 2025. 14% of respondents think that up to 40% of jobs or more will disappear in the future.

These findings are lower, but still in line with a 2016 report by Oxford University, which concludes that about 50% of US jobs are at risk from computerisation.²

Many jobs will not vanish completely, but key tasks will be taken over by computers. This move towards automation can be very worrying in the workplace. But there’s no point fighting it. Business leaders as well as employees need to learn how to interact with their “machine colleagues” to reduce anxiety.

Our survey finds that smaller companies feel they’ll lose fewer jobs than bigger companies. This is understandable, as smaller companies often also have smaller budgets to implement new technologies. They also have a smaller overhead, in nominal terms, which means that there are fewer jobs replaceable. However, the pressure to reduce costs or increase innovation will also force small companies, sooner or later, to embrace digitisation to stay competitive. They therefore need to understand how machines will enhance the productivity of white-collar workers.

HR should play a key role in identifying jobs, which will or might be lost or partially lost due to automation and offshoring. HR also needs to help address concerns about man/machine interactions and to start to develop a culture and mindset in which this interaction can be successful.

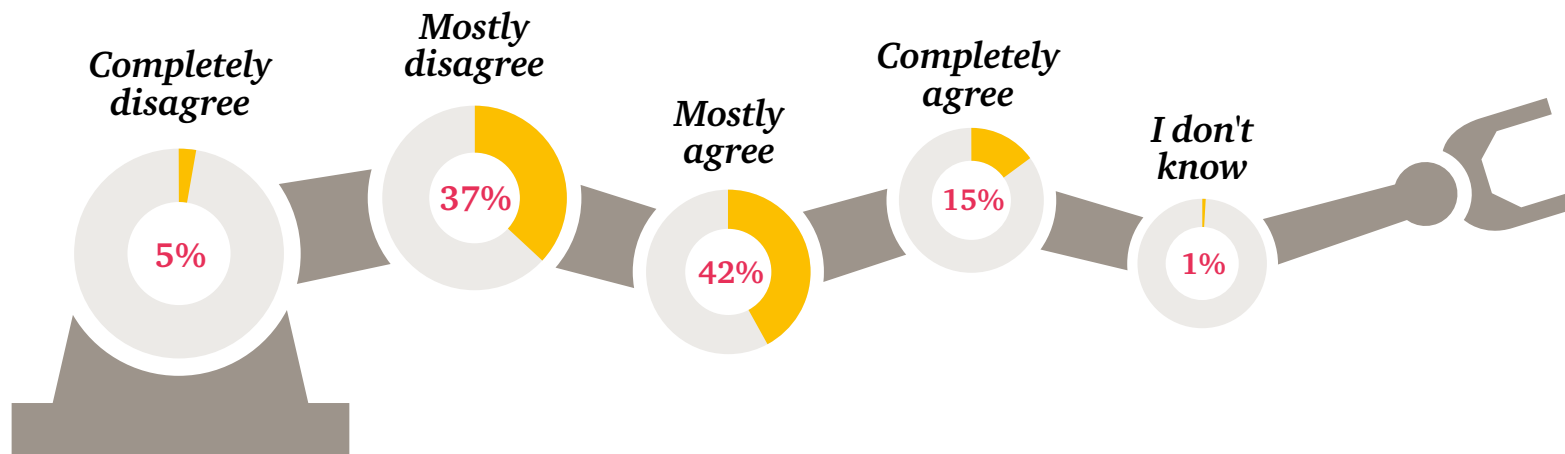
68% say their company understands what digitisation means

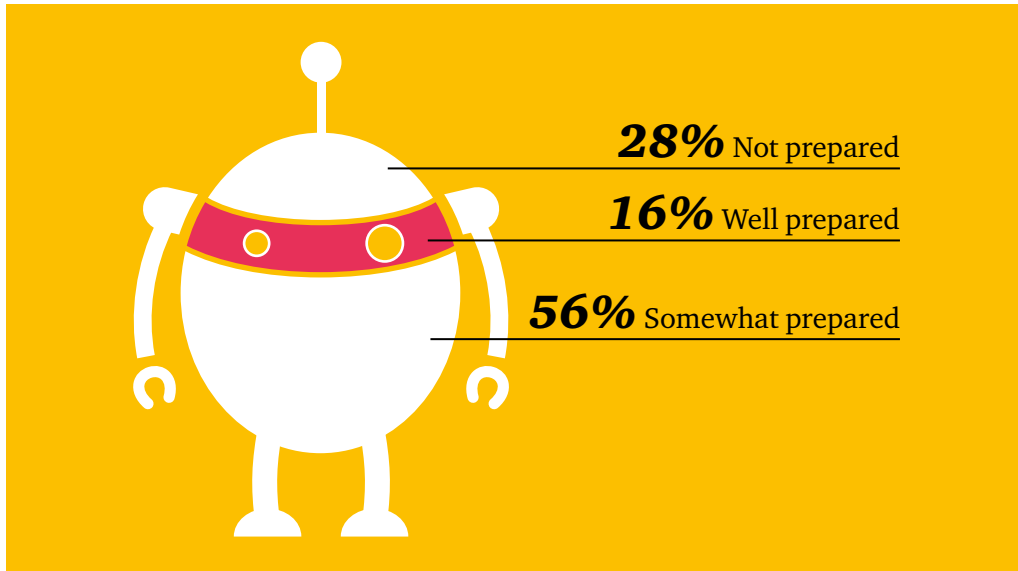
A significant majority of our survey respondents, 68%, say they believe their company understands what digitisation means. 29% say their company does not. Based on conversations with business and HR leaders we believe that the former number is overstated. We still encounter a significant lack of knowledge and misalignment in organisations when it comes to formulating a common understanding of digitisation and what it really means.

It’s interesting to note that even though 68% of our survey say their companies understand digitisation, only 57% of respondents think their company has a clear understanding of the skills employees will need for a digital future (combined answers of completely agree and mostly agree).

We believe that it’s especially important for the workforce in Switzerland to rapidly develop non-replaceable capabilities, such as social and human interaction, machine interaction, design and creative learning, the ability to switch constantly from one team to another (teaming) and project management skills. It’s up to employees to be willing to develop these skills. However, it’s the responsibility of employers – i.e. HR – to train employees and provide platforms to develop the skills they need for the future.

Survey question: In my company, we have a clear understanding of which digital capabilities will be needed of employees in the future. Please rate on a scale of 1-4:





Survey question: In relation to anticipating the expected changes in the way of working, I think my company is:

But only 16% believe they are well prepared for change

So are companies ready to deal with that change? We find that even though a large number of companies believe they understand digitisation, there is still a sense of hesitancy when it comes to getting ready for it.

Only 16% think that their company is well prepared to deal with the change. 56% say their company is “somewhat prepared” and 28% think their company is not prepared at all. Given the speed of change, these results are worrying. We believe there is a clear lack of urgency to get ready and fully embrace digitisation. It’s part of human nature to think that there’s always time to adapt later

“At Mobilian we’re already being supported by robots. We’re very happy with our progress, even though we’re still in the testing phase.”

Nathalie Bourquenoud
Head of Human Development, Mobilian

and that being the “first mover” doesn’t always pay off. This attitude, however, not only disregards the challenge of the “burning digital platform”, but also misses the enormous opportunities it offers for our firms, employees and country.

Demographic shifts

74% of survey participants say that demographic shifts are a key factor for the future of work. These trends include an aging population, the fact that there are more women joining the labour market and the higher birth rate in Asia and Africa compared to Europe, potentially providing more talent from these areas of the world.

As retirement ages rise, companies will need to prepare the workplace for an increasingly elderly workforce. This includes making manual working practices and environments easier for older workers. In the professional workplace it also means training older workers to effectively interact with virtual machines, and probably train them more intensely than their younger colleagues.

HR departments will also need to help older workers to adapt to the increased speed of change. Change in work practices is becoming faster and faster. But the older we get, the more difficult it can become for us to change. HR departments will need to address this.

Companies should rethink how to design workplaces. Recreation is no longer important just for software designers at Google, Facebook and the like. In other workplaces we need to think of recreation

areas as somewhere not just to be creative, but where older workers can simply rest and recover.

Furthermore, it will become increasingly important for older workers to keep training, even with their retirement well in sight. Today, many workers stop training when they reach 55 years of age, as they see retirement as coming soon. But if they’re to stay fit for work, older workers will need to keep training – and training programmes will need to reflect their different learning needs and styles.

Working models will need to be adapted. Older workers are more expensive for companies to employ. So new approaches are needed to keep workers in the workforce but at an affordable price. At the same time, older workers will also need to adapt and give up some of the benefits they have enjoyed in the past.

The younger generations will have their own impact on the work environment. By 2025, Generation Z, today’s children and teenagers, will be flocking into the workplace. Their expectations at work are even more distinctive than those of today’s Generation Y or millennials. Generation Z are full digital natives and expect multiple access routes to information they need for their work. They feel at ease only communicating through digital tools, and have fewer interpersonal communication skills. They want not just regular, but constant feedback – as this is how they were socialised, especially with the virtual and online environments they grew up.

A friendly millennial environment may be fully digital, but it also needs to be engaging and creative. Millennials will be drawn to organisations that offer stimulating atmosphere that creatively blends work and life. They expect to work in communities of mutual interest and passion – not structured hierarchies. Consequently people management strategies will have to change so that they look less like the pyramid structures we are used to today.³

Finally, given the multitude of generations in the workplace, it's increasingly important for companies to find a way for different generations to work together effectively. Different generations need to understand each other's values and ways of thinking. Companies will need to train different age groups to work together well, providing mutual support.

Companies can make up for a sense of insecurity

Geopolitical and economic insecurity are important trends. 41% of our survey participants say that resource scarcity and climate change are key factors for change. 39% cite shifts in global economic power. This ties in with our recent CEO survey, where 74% of CEOs said that geopolitical uncertainty is one of their major concerns and 50% were worried about climate change.⁴

“As the world gets more digital, we'll need increasingly different skill profiles.”

Jean-Christophe Deslarzes
Head of Human Resources, ABB

It's clear that many stabilising factors are perceived to be disappearing, not just in terms of international politics, but also in terms of personal and societal security. International challenges such as the shift in global economic power, concern about terror attacks, regional conflicts and political change are creating more uncertainty.

20 years ago personal stability came from the family, membership of amateur sports clubs, choirs, orchestras and other group activities. Even a company offered stability as a place where someone stayed from apprenticeship until retirement. But that's all changing. The need for security, however, is still here.

Especially Generations Y and Z are expecting their workplace to be more of a social platform than it is today. We therefore see that companies can and will play much more of a social and caring role in the future. They're not only a platform to “exchange labour for pay”, but should also offer opportunities for social interaction beyond work for their members. All of this will give employees a sense of belonging, feeling safe and being cared for.

The workplace will look very different in 2025

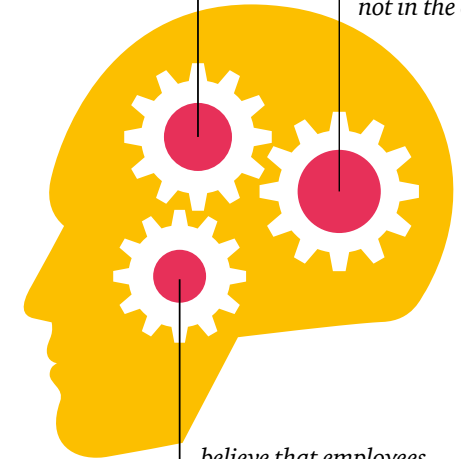
Our survey also sees great changes in how we work by 2025.

believe that career progression and hiring will be heavily influenced by data analytics.

57%

69%

say most of our work will be carried out remotely, and not in the office.



49%

believe that employees will be working for several employers simultaneously. However, this is seen to be more difficult to achieve for some sectors, such as the pharmaceutical industry, due to the need for patent and research protection.

The expectation of remote working is in line with one of our other recent surveys showing that nearly half of HR professionals expect 20% of their workforce to be contractors or temporary workers within a few years.⁵ Platform-enabled companies like Uber, Airbnb and others employ only a small fraction of their whole workforce ecosystem.

³ Millennials at work, PwC, 2011

⁴ 20th Annual Global CEO Survey, PwC, 2017

⁵ The future of work – A journey to 2022, PwC, 2014; The Randstad Sourceright 2015 Talent Trend Report, Randstad, 2015

These may be extreme examples. But it's worthwhile for any company to build scenarios about a future in which a much smaller percentage – or perhaps even a minority – of employees are employed full-time. The future may arrive much faster and be more drastic than we anticipate.

Alternative work arrangements and exchange of talents between companies will make organisations nimbler and more agile. They will become more attractive employers as employees ask for this flexibility. However, it also puts high expectations and demands on HR. How can multiple work arrangements be managed efficiently? Who “owns” a talent and takes care of his or her development or

employability, etc., if this talent is shared between organisations? How can a distinct corporate culture be maintained or created if most talents are only around part-time? Questions like these need to be addressed by HR. But today we're not seeing many HR professionals actively working on compelling answers.

Future skills for HR teams

What are the skills that HR will need in future? According to new research from the Institute for the Future (ITF), PwC and other institutions, there are several main areas of HR capabilities needed in future:⁶

- Predictive data analytics** – being able to use people-related data to make predictions about dynamics in the workforce.
Skills needed: data analytics, predictive modelling, programming, translating analytics into business propositions.
- Digital HR** – using digital tools for interpersonal interactions.
Skills needed: ability to use digital tools and applications for most employee interactions.
- Digital employability** – handling robotisation alongside human workforces, man/machine interaction.
Skills needed: ability to interact effectively with virtual machines, skills to enable co-workers to address digital anxieties.
- Virtualisation** – building trust and a lasting culture when most teams are only working virtually and/or for temporary.
Skills needed: ability to build and nurture strong professional relationships through use of virtual tools.
- Personalised employment** – managing complex and multiple career plans efficiently.
Skills needed: develop personal career plans, act as career coach for employees.
- Change agility** – being able to adapt quickly to new environments and engage employees to do so as well.
Skills needed: strong culture transformation and change management capabilities, strong human interaction skills, effective communication skills online and offline.
- Organisational development** – HR organisations will become more “fluid” and platform-based.
Skills needed: ability to design new governance, organisational models and processes that are agile and adaptive for constant change, be deeply knowledgeable of design principles of platform- and network-based organisations.



⁶ Future Work Skills 2020, Institute for the Future (ITF), 2011

Talent management

The challenges facing talent management, according to our survey, are flexible working, flexible career paths, contingency workers and managing employees working for multiple employers, not for just one company at a time. The question for the future is, therefore, who “owns” a talent? HR teams need to ask whether a talent “owns” themselves, or if they are “owned” by a company or by multiple companies. HR teams will then need to decide who takes the lead in nurturing talent and helping employees to train and develop.

“One of the areas we’re about to explore with data analytics is to track the path of successful talents and leaders at Actelion and then recreate their career paths so that we find similar talents faster.”

Christian Albrich
Head Global Human Resources, Actelion

A more flexible work environment

It’s clear from our survey that employees are expecting a much greater say in the way they work. Increased flexibility at work (25%) and the ability to design your own job (23%) are seen to be the two major trends. In addition, open and ongoing feedback and diverse career models are also seen to be important for the future.

This fits very much into what we found in another PwC survey of millennials at work.⁷ This shows that Generation Y expects an engaging and creative working environment, based on mutual interest and passion, with less of a pyramid structure than the one we work with today.

At the same time, we are seeing an increase in part-time workers and outsourcing (i.e. contracting external service providers or individual consultants). We believe this trend will continue due to the scarcity of talent on the market and because people with creativity and innovation skills will be highly in demand in the future.⁸

All this means that managing talent will become more complex.

Data and predictive analytics will become critical in talent management to keep track of availability, preferences of resources and performance. Data analytics will become particularly valuable when combined with data from other parts of the business, for instance from sales or finance. We also believe that talent analytics will help employees to make better-informed business decisions and elevate the role of HR. This is in line with the trend we’re seeing of HR becoming more strategic while transactional work is tending to be outsourced.

Predictive analytics in talent management does not mean, however, that talent decisions will be made by a machine. Not at all. But it will be a very strong and solid basis on which humans can make decisions on how to attract, retain and develop specific talents.

How to manage flexible career paths

In the future, we will see a strong shift from vertical to horizontal career models or a mix of both. Our survey shows that the most common way today to offer flexible careers is via open internal job market postings or through a central career talent pool.

These measures, however, seem to work mainly for companies with more than 100,000 employees. 13% of our survey participants say that they don’t have any

“It’s extremely important in today’s fast-moving world to see change not as a threat but as an opportunity to be courageous and open to new topics.”

Jean-Christophe Deslarzes
Head of Human Resources, ABB

flexible career paths available in their company. Small companies, in particular, which don’t have employees outside of Switzerland, say that they often don’t propose flexible careers to their employees or manage flexible careers on a case-by-case basis.

We believe that the need for flexibility will become greater in the future. Companies will need to proactively manage talent and be quick to adapt to changing needs. We could even see the end of fixed employment contracts as we know them today, with a shift to fully variable workforce models. We’re already seeing an increase in a contingent workforce and the emergence of “talent exchanges”, talents “owned” by a network of companies for which they work at the same time or consecutively.

Companies therefore need to propose flexible career paths, including horizontal and vertical career models, to attract and retain young talents. The difficulty will be to manage those different career models, ensure equal performance treatment plus ownership and coaching for the personal development of employees.

⁷ Millennials at work: Reshaping the workplace in financial services, PwC, 2012

⁸ 20th Annual CEO Survey, PwC, 2017

“The inflection point will certainly come when companies have more people working form outside than on a fixed contract. This will also lead us to rethink our business model.”

Christian Albrich
Head Global Human Resources, Actelion



“Tracing talent back”

Christian Albrich, HR director of biopharmaceutical company Actelion, talks about challenges, technologies and trends in talent management.

Overall, what do you see as your biggest challenges to attracting and retaining the right talent in the next 5–10 years? Where do you feel most equipped or vulnerable and how are you planning to tackle those challenges?

The biggest challenge is clearly to find people with the right expertise to help develop our business. The heart of our business is drug discovery and development. For that, Actelion in most of our talent sourcing initiatives Actelion relies on people who already have the required expertise. Thus, our focus is on experienced hires.

Since we are operating in the pharmaceutical industry, we look specifically for specialist profiles in the areas of medical or clinical development, regulatory or research, which are difficult to find. On top of the right training and experience,



Christian Albrich
Head Global Human Resources, Actelion

they need to fit into our company culture and demonstrate the relevant level of leadership capabilities. In short, we are looking for the T-shaped professional – one who has the right technical skills, experience in the scientific field and at the same time the breadth, meaning the right organisational awareness and connectedness to the business and its environment.

How do you ensure that the right talent want to work for Actelion and not for your competitors?

We are unique in terms of the scale and size of our organisation, as well as our marketing capacity throughout the world. That is why we compete with different companies in different geographical areas. The high level of science as well as our dedication to finding drugs that make a real difference to patients helps a lot in attracting the right talent. Candidates are also sensitive to the relative size of the company, which helps them to have an impact in their role.

And what do you do to ensure that people are willing to stay with the company?

What we have learned over the years, is that our people are motivated to stay because of the content of their work. Of course, compensation and benefits are also important and are competitive on that scale. People are driven mainly by the content of what they do; the scientific environment and the portfolio of drugs they are working on. That is the main reason why we have been able to retain most of our people. Our turnover is relatively low compared to the industry. We try to provide people with an environment that makes sense for them, which is also easier because we are a smaller company. In a smaller developing company, employees get given more responsibility faster. People have many contacts internally or externally, so they see the immediate effect of their work.

Do you have flexible career paths at Actelion and if so how are they managed? How do you support individuals in their career progression?

In terms of career development, we propose a broad set of opportunities – with traditional vertical movements, but also by enriching the existing roles or via expert career paths. As already stated, people with scientific backgrounds are driven by the content of their work. Some of them might not strive to become traditional team leaders. Therefore, we offer development opportunities in deepening expert knowledge of their domain as well as opportunities to develop in project teams.

We have also dramatically increased the number of international assignments across the globe. We really push people to move around and rotate between countries and functions. The main drivers for supporting international careers are business needs as well as the personal interest and development of people. This ensures that we have a pool of people tomorrow who have a portfolio of skills that we can use for either vertical or horizontal career moves. Subsequently, these individuals effectively help our business achieve its strategic goals. Another positive effect is the development of cultural awareness of employees, which is very important if we talk about the future of talent.

What we also do regularly is to rotate people between locations to share knowledge for a specific business project or topic. For example, someone from the USA might be coming for one month to headquarters and in exchange someone from here goes to the USA to learn how a specific topic is handled in that entity. This exchange of employees is managed in a very pragmatic way, since we are a very agile and lean company.

How do you reconcile the flexibility in career paths that you offer with the administrative workload?

We rely a lot on the people themselves to come up with ideas and proposals. We do not have a masterplan behind this and handle it as it comes in an opportunistic way. When it comes to changing country, there is a particular financial impact. However, we are willing to pay this price, because there is this double advantage, as I stated earlier: it helps with the development of our people, while also developing our business.

Actelion has grown very fast over recent years, and is not a small start-up company anymore. This means that the more you grow, the more processes need to be institutionalised. What do you do as an HR organisation to maintain this entrepreneurial spirit?

One of the useful things we have as an innate part of our organisational design is the limited number of hierarchical levels. We try to stay as flat as possible, because we want to make sure that managers are also involved in projects and operations. We believe that this helps to keep the entrepreneurial spirit alive. Another approach that helps us to maintain this culture here is to allow people to make mistakes. We look for people who are initiating projects on their own. Some efforts might not go well all the time, but experimentation is allowed and tolerated.

What do you see as future skills and competencies for talents and leaders to remain successful?

As the entrepreneurial spirit is very important to us, this is something we look at during recruitment interviews. We also look at how hands-on and flexible people are. Furthermore, the passion people have for their job, no matter what their job is, is an important factor in the sourcing of candidates. We believe that passion and entrepreneurship are closely linked.

The skill of being agile in many aspects is also very important. On the one hand, it is the ability to face the unknown and learn from it. On the other hand it is agility relating to the scope of responsibilities or organisational awareness. The advanced use of technology is already a requirement now, but it will become even more important in the future. As technology evolves rapidly, we need to have people who evolve with it.

Looking into the future, do you think that the exchange of talents between companies will be feasible, and how will Actelion manage this?

Yes, I think this is definitely feasible. We have already exchanged talents between some of our Contract Research Organisations (CROs) and Actelion. This was done

intentionally to exchange ways of working and experience. Overall it was very successful experience.

If we look into the future, it will become more common practice, but also a big challenge in terms of administration and data protection.

I also think that the number of contract and freelance workers will increase. There is still a way to go before we inverse proportions between fixed and flexible contracts. Specifically in the life science industry, the life cycle of our product is very long (between 7 and 12 years) and we need a stable workforce that follows the process of the entire life cycle. However, that inflection point will certainly come, and companies will have more people working from the outside than with a fixed contract, which will also lead us to rethink our business model.

Many studies have shown that the availability of key skills remains a challenge for organisations, with fierce competition for talent. What measures have you already and/or do you plan to take to address this at Actelion, particularly in the context of the mass immigration initiative in Switzerland?

We are exposed internationally and therefore need to also to represent that in our workforce. For instance, we need to attract to Switzerland people not only from the EU but also from the USA and China, for example. This is a challenge due to the current restrictions. However, the collaborating with Swiss authorities to manage specific cases works very well and we have always found a good solution. Whatever happens in the future with the mass immigration initiative, I hope this spirit stays as pragmatic and positive since half of our here at headquarters are currently not from Switzerland.

Data and technology provide increasingly important tools for talent management. Which innovative technologies and tools do you already use or plan to implement at Actelion?

Predictive people analytics is something that we started recently. We believe it is necessary to complement process and intuition with analytics. However, in my opinion, HR will

never be fully dependent on analysis of big data only. The human factor will always have to be and should be necessary. One of the areas we are about to explore with data analytics is to track back the path of successful talents and leaders at Actelion and then remodel their path so that we find similar talents faster.



Compensation and benefits

On compensation, our survey is pointing yet again to a more complex picture for HR teams. Lifestyle incentives are becoming more important, meaning HR will need a deeper understanding of employees' lives and needs. Appraisals are also increasingly based on qualitative and not just quantitative results.

"I would like to see 'recognition' being further developed in reward systems. I believe that effective recognition, whether monetary or intangible, engages the workforce and contributes to higher business performance."

Jean-Christophe Deslarzes
Head of Human Resources, ABB

A flexible job with meaning and impact

Lifestyle incentives are clearly becoming a more popular way of incentivising staff in comparison to base salary. However, base salary is still important to our survey respondents. On the one hand, lifestyle incentives allow employees to satisfy their individual preferences, whereas base salary provides a certain stability and security.

89% of participants in our survey say that lifestyle incentives, such as working at home, flexible working hours or extra holidays will become more important over the next 5–10 years. 73% say that base pay is important. These views are shared across all sizes of company, big and small.

Only a few of our survey participants, 22%, see long-term incentives – such as shares and options – as a useful tool for a wider employee base. These are often used for executives rather than for all employees as they're aimed at keeping key personnel within a company and demand administrative resources.

These findings are very much in line with what we have found in other surveys. Our survey of millennials in financial services finds that jobs with meaning and interest are key to retaining talent.⁹ Generation Y want to combine work and personal life and are not willing to work punishing hours anymore. Companies will need to adapt to fit these expectations.

We also believe that pay is as much about fairness and recognition as it is about incentives. The need for open, clear and ethically strong reward strategies, such as equal pay, will become more important as companies move from hierarchy models to more flexible career models. Generation Y is more demanding and more willing to change employer if they feel that the reward strategy is not aligned with job expectations, or simply is unfair.

From our client work we're also seeing that it's important to clearly communicate reward strategies to be effective. A reward strategy needs to be understood by employees in order to work and so a reward strategy can only achieve its goal if it's transparent and clearly communicated. We also believe that fixed contracts will be more and more appreciated – as flexible and freelance work becomes more the norm.

Shift from individual to team performance

It's clear from our survey that teamwork is also becoming more important. 63% of our survey participants say that team performance will increase in importance. 41% say that the importance of individual performance will decrease or stay the same. This is what we are also seeing with our clients. Many companies now encourage team rather than individual performance.

A team's success can be measured by qualitative performance, such as how effectively it works together, how it lives its company values as well as by quantitative performance in terms of market penetration achieved, financial targets hit etc. 72% of our survey participants also believe that qualitative performance measurement will become more important in the future.

We're already seeing many companies moving away from classical performance ratings linked to bonus payments. Some companies such as General Electric or Adobe are focusing on company or team goals rather than individual performance.¹⁰

Appraisal systems in the context of performance management are changing too. Ongoing conversations and check-in meetings are replacing annual appraisals. Frequent forward-looking performance discussions and coaching are also proving to be productive. Feedback now comes from peers and not just from managers¹¹ and is also based more on qualitative rather than quantitative information.

⁹ Millennials at work: Reshaping the workplace in financial services, PwC, 2012

¹⁰ <https://clearreview.com/performance-management-trends-for-2016>

“To maintain focus on the long-term success of the company, Executive Committee members are required to build up a holding of ABB shares that is equivalent to 4 times their annual base salary, and for the CEO it’s 5 times.”

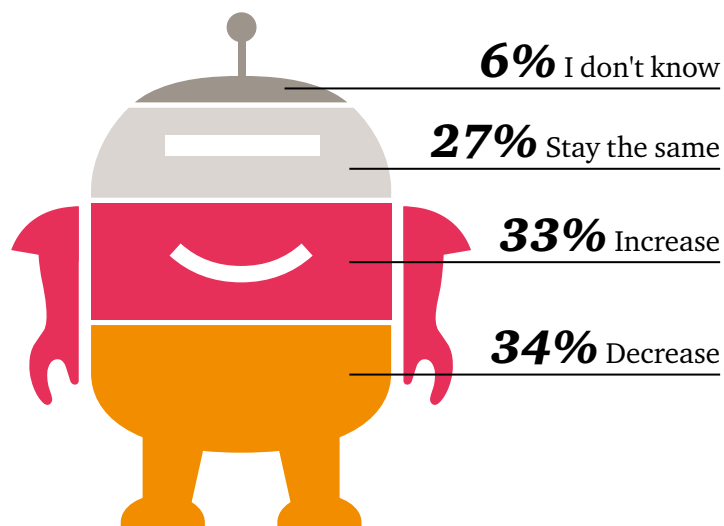
Jean-Christophe Deslarzes
Head of Human Resources, ABB

We welcome this move. Relying on quantitative performance criteria in the past led to unethical behaviour and/or non-compliant sometimes practices, especially in the financial services industry. So recognising the importance of values and qualitative behaviour, which is not just based on financial results, will become critical in the coming years.

Bonuses face an uncertain future

It’s unclear from our survey how bonuses will develop, with a relatively evenly split view from our survey on what will happen over the next 5 to 10 years. 34% say the importance of bonuses will decrease, 33% say the importance of bonuses will increase and 27% think it will stay the same.

Survey question: I think that by 2025 the importance of bonus compared to fixed salary will:



But there’s an interesting insight from the finance industry: 50% of our finance sector replies say that the importance of their bonus will decrease compared to their base salary. This is perhaps to be expected. Bonuses have been one of the most politically charged areas of new regulation since the financial crisis. Policymakers are keen to eliminate incentive arrangements they believe could encourage misselling or excessive risk taking. The financial sector is also facing public criticism over the level of remuneration and type of behaviour it seems to reward,¹² while institutions now have to justify the bonuses they pay.

Bonuses may also be losing out to the growing desire for lifestyle incentives rather than financial incentives.

However, bonuses are still key for CEOs and executive management. CEOs and other executives of SMI and SMIM companies receive 50% to 65% of their income in variable pay, such as cash bonuses or equity-based long-term incentive plans. Small-cap executives receive a smaller amount of variable pay, but it’s still significant at 40 to 50%.¹³

New financial incentives

Half of our survey respondents say that negative interest rates will lead to new financial incentives within the next 2 to 5 years. But there’s no clear view of

what those new incentives will look like. Bigger companies, with 50,000 to 100,000 employees are more uncertain than smaller companies. This may be because smaller companies can be more innovative, flexible and less bound by regulation. We believe, however, that negative interest rates do offer new opportunities, for instance to provide employees with advantageous loans, preferential terms for investments or financial support.¹⁴

The right rewards strategy for employees of the future needs to include the following elements:

- A bespoke remuneration system tailored to corporate strategy and culture, but also adapted to the flexibility and work-life balance wishes of employees.
- Tailor-made benefits offering, acknowledging the new set of expectations and needs for young workers (including flexible working, job sharing, increased focus on lifestyle benefits).
- Link pay to team and business performance and move away from the traditional individual annual performance process linked to bonus.
- Promoting entrepreneurial behaviour by employees by participating in the company’s success.
- A well communicated, clear and ethically strong reward strategy based on the company’s vision and values.

¹¹ <https://clearreview.com/performance-management-trends-for-2016>

¹² Smarter incentives: Turning the regulatory shake-up to your advantage, PwC, 2013

¹³ Executive Compensation & Corporate Governance, PwC, 2016

¹⁴ Smarter incentives: Turning the regulatory shake-up to your advantage, PwC, 2013

“Culture of performance”

Jean-Christophe Deslarzes, HR chief at ABB, on principles, challenges and trends in compensation.

A compensation system is an important factor in attracting, retaining, and motivating key people. What are the compensation principles at ABB and how do they best fit with corporate culture, long-term vision and the strategy of ABB?

At ABB, the Executive Committee (EC) and Board certainly considers the Group’s compensation system as a very important factor in attracting, motivating and retaining people with the talent necessary to strengthen ABB’s position as a global leader in power and automation. Our compensation system is driven by the principles of being balanced, competitive, market-tested and performance-driven with comprehensive key performance indicators (KPIs). We link compensation to the Group’s Next Level strategy as well as the People strategy through ambitious



Jean-Christophe Deslarzes
Head of Human Resources, ABB

targets, robust performance management and sound balance between company and individual performance. In order to attract suitable talent, annual base salaries are usually set between market median and upper quartile. This is a statement of intent in line with what we consider ourselves to be – an industry leader. Ambitious targets are set in the Group’s annual and long term planning processes, and variable pay aims at upper quartile when these targets are met. All performance metrics support the development of earnings per share (EPS) and cash return on investment (CROI) and cover financial, operation, change and behaviour aspects of the leaders. By “measuring” the entire chain of value delivery, we make operations “tangible” and thus provide the basis for rewarding performance in a fair and objective manner. At the same time, this comprehensive coverage allows us to assess whether the financial results achieved are supported by the right way of doing things. In addition, our compensation mix and levels are tested annually against benchmarks that include ABB peers and appropriate markets in which we operate.

As we strive for our vision of providing power and productivity for a better world, the above principles support our corporate culture, which is best articulated by the following value pairs: safety and integrity, customer focus and quality, innovation and speed, ownership and performance, as well as collaboration and trust.

Overall, what are the biggest challenges you see on the horizon for rewards? Where do you feel most vulnerable and how are you planning to tackle those challenges?

Firstly, as the world gets more digital, increasingly different competency profiles are needed. The 4th industrial revolution i.e. the Internet of Things, Services and People (IoTSP), requires different and additional competencies and experiences and traditional compensation and benefit schemes may become challenged. At the same time, the “millennium generation workforce” will soon have to be attracted, motivated and retained. The questions to answer will thus be how our workplaces will have to evolve, in order

to live up to the new expectations and perspectives of this younger workforce. In turn, our reward system will have to be revisited to make sure we also remain an attractive employer to this population.

Moreover, I see an increasing pressure for more transparency in compensation reporting from external stakeholders. The challenge is that if this is not approached in a responsible way, it may be counterproductive to business. For example, the pressure to release financial targets embedded in our incentive plans might compromise a company’s desire to safeguard its business plans from the competition. One way to tackle this would be to have more active and open dialogue in our stakeholder engagements.

How do you link compensation to performance (“What”) and behaviour (“How”)? What do you see as future trends?

Let me first address an important principle behind our idea of performance. We believe that appropriate behaviour makes an important contribution towards sustainable excellent performance. That’s why we develop and articulate the behaviour that we want our staff to exhibit and then cascade it throughout our organisation, along with the necessary training and development workshops. These behaviors, which we call “Values in Action”, are based on the value pairs that I mentioned earlier: safety and integrity, customer focus and quality, innovation and speed, ownership and performance as well as collaboration and trust.

When it comes to linkages to compensation, our short-term incentive (STI) is the key element of our compensation system, driving both results (the “What”), and Values in Action (the “How”). Our STI comprises a group scorecard (GSC) and an individual “line of sight and individual” (LSI) scorecard. The proportion of GSC and LSI is appropriately weighted for different levels of staff in the organisation. As they have a wider span of control, the senior managers have a higher proportion of the GSC and, conversely, managers further away from top management have a higher proportion of the LSI.

The GSC measures group performance and the KPIs include a top line measure, an earnings measure, a cash measure, and a customer measure. So we can say that the emphasis here is on results, and, specifically, group results. The LSI scorecard on the other hand comprises four groups of measures in respect of the individual or his or her operating unit – financial, operational, strategic initiatives and behaviour measures. So here, there is a mix of results and behaviour, which results in the overall performance. The idea is to reinforce the view that financial outcomes are driven by strong operational performance, aligned with our strategy and executed with the right leadership and behaviour.

Besides the STI, our other compensation elements also support the drive for performance and appropriate behaviour. For example, an important consideration in the granting of annual salary increases and the size of awards of long-term incentives is an assessment of the individual's performance and potential.

Going forward, I would like to see “recognition” being further developed in our rewards system. I believe that effective recognition, whether monetary or intangible, engages the workforce and contributes to higher business performance. I see recognition as a means to create a culture of appreciation of desired behaviour towards organisational objectives through acknowledgment from colleagues, peers and leaders.

While compensation systems are complex to grasp, all stakeholders need to understand them. Proper communication and transparency are key. How do you expect the dialogue with shareholders and other internal and external key stakeholders to develop in future?

Since 2012, ABB has been engaging key external stakeholders like investors, shareholders, proxy advisors and analysts in order to maintain a dialogue regarding our compensation strategy and practices, as well as to glean valuable feedback from them in order to improve our system. While understandably there may be differences of opinion,

the aim is to communicate the business rationale, so that our compensation report is read from a perspective that seeks to understand our business drivers rather than from a desire to check off a list of remuneration features. I expect the extent and intensity of such engagements to increase as relationships are strengthened through previous engagements.

At the same time, effective communication with our internal stakeholders is important too. Here, I am thinking of our employees and their line managers where potentially complex and sensitive subjects, like the evaluation of their job grades, need to be communicated in a simple, structured and transparent manner. Our “touch points” with employees, namely the line managers, HR business partners and service center providers, need to be adequately trained and equipped as well.

Only a strong board can implement an effective compensation system. What is your view on the future role of the board and compensation committee in particular?

I think that a strong board has the experience from other companies and a solid understanding of the perspectives of external stakeholders as well as of the management. I see the role of the compensation committee as pivotal in fostering this understanding. For example, meeting external stakeholders together with management is an excellent way of hearing all perspectives in an open dialogue, and enables compensation committee members to better represent the interest of shareholders and balance them with management's views. The “old” paradigm of a compensation committee being a mere “overseer” will partly give way to one where the compensation committee is more of a “coach” and an “influencer” to management, in addition to the obvious governance role of preparing recommendations for the full board's decision-making.

We are now 2 years on from the introduction of VegüV. How do you assess the impact of these new rules and where do you see the trend going?

In short, the VegüV prohibits severance payments, payments in advance and commissions for certain M&A transactions. ABB is fully compliant in this respect and we see no major issues in its implementation. It supports the fundamental philosophy of paying for performance.

We observe a general rise in long-term equity incentives in SMI companies in the last 10 years. What is the role of equity compensation and ownership at ABB and how do you foresee this in the future? Are you expecting any new creative equity vehicles?

The Board aims to align EC members' interests with those of shareholders. To maintain focus on the long-term success of the company, EC members are required to build up a holding of ABB shares that is equivalent to 4 times their annual base salary, and for the CEO, 5 times. This is a requirement that is higher than market practice and ensures that executives have “skin in the game”. We see equity compensation as a means to earn this equity and currently our long-term incentive plans are settled in shares (with an allowance to part-settle in cash in order to meet tax obligations). Not only senior executives at ABB have an equity-related long term vehicle in their compensation package, but also the top 800 employees. Furthermore, all 135,000 employees have the opportunity to participate in an advantageous stock ownership plan and thus become and remain ABB shareholders.

Thinking about the aging society, low interest rates, pressure on pension funds and other pension-related issues, what kind of solutions do you picture for the future (e.g. flexible retirement age, investment plans such as 1e plans, equity plans, etc.)?

ABB is not alone in facing these challenges and our employees too need to be made aware of this changing landscape. For this reason, among others, we are moving towards a more flexible design for the benefits we provide to our employees. In this way employees can tailor the benefits to their individual needs and the stage of the life cycle they are in.

One of the benefits typically offered by ABB is pension plans, which are mostly defined contribution plans. ABB encourages its employees to enroll in such plans where this is not mandatory, and to save as much as possible by providing a company match to the amount the employee saves. We also offer low-cost investment vehicles in some countries where employees can defer variable compensation elements or make voluntary contributions. In an increasing number of countries, ABB offers flexible retirement, from early retirement to late retirement, typically in the range of 62–70 years of age.

Digitalization has a huge impact on the future business model of ABB. How is that mirrored in your reward strategy?

The younger generations have different needs, expectations and aspirations going beyond salary and bonus. Do you rather see this as a challenge or an opportunity? (please explain)



Mobility

Mobility will become much more complex than today. Mobility will take place not just from headquarters to subsidiaries but also between different countries. There will be a wider range of mobility programmes, from project work to very short-term assignments, very long-term and continuous long-term assignments. We'll also see more mobility between companies sharing talents. All of this will require more efficient management by HR teams.

“We'll certainly put more emphasis on Global Mobility as a way to grow and develop talent...But to develop that, it'll be very important to offer opportunities to young talent to work abroad.”

Karsten Breum
Chief Human Resources Officer, Panalpina

The larger the company, the more important global mobility will be in the future

Our survey shows that global mobility is becoming increasingly important, particularly for larger firms. 73 % of respondents working in companies with more than 100,000 employees think that global mobility will be more important in the future. These assignments can include setting up a new office, placing a key manager on location or simply using global mobility as a tool to increase employer attractiveness or development opportunities. We also predict that there will be a 50 % increase in global mobility by 2020.¹⁵

Mobility will move to short project-based assignments

Our survey shows that global mobility projects are likely to get shorter, with employees working abroad on assignment for up to 3 months or a year. Our survey also predicts an increase in the number of “commuters”, employees living and working in different countries.

This trend certainly fits the constantly changing business landscape and caters for the flexibility of Generation Y. Short-term assignments also make it easier to integrate employees back home and easier to measure return on investment (ROI), as this can be linked to the success of a project.

The challenge will be to make sure teams have the right employee in the right place at the right time, with all the necessary immigration, tax and social security measures in place too. Companies will need to create new policies and programmes to be “mobile-ready” for instance using job “swaps” between two employees in two countries.¹⁶ Otherwise assignments may become time-consuming and a heavy burden for business and HR teams.

We believe it's also important to consider assignments based on business strategy and not just cost, as is often the case. The increase in local skills in many assignment countries has reduced the need to send employees on

long-term assignments. However business strategy is still very important in any global mobility decision.

Data analytics and digital mobility technology will be key

Only 10% of our survey participants say they align business strategy, talent management and workforce planning systematically. This is a number, which we expect to grow.¹⁷

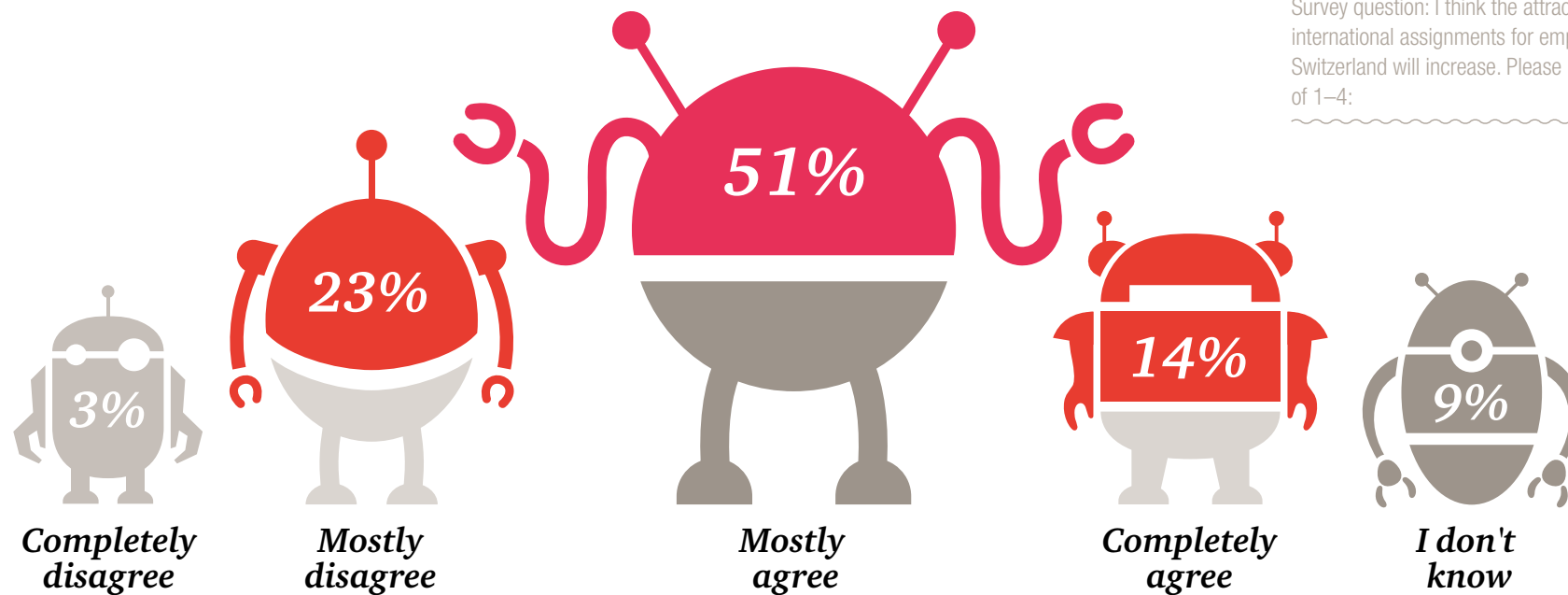
Global mobility programmes are costly, particularly when entire families are relocated, while return on investment (ROI) can be unclear. They can be complex, for instance achieving new quota requirements for women with international leadership experience. This will influence companies' strategic direction and therefore their global mobility decisions. Companies also need to be ready to respond to immediate business needs. All of this requires close monitoring of who's ready to go on assignment.

However, very few companies appear to be doing this. In a recent mobility report we found that only 9% of international employers canvass their key talent annually to find out which employees are ready for a mobility assignment. Almost 30% of international employers have no process in place to know which employees are ready for a mobility assignment.¹⁸

¹⁵ Talent Mobility: 2020 and beyond, PwC, 2012

¹⁶ Is your organization “mobile ready”, PwC, 2016

¹⁷ Survey of Global Mobility Practices, PwC, 2016; 2016 Global Mobility Trends, BGRS, 2016; Talent Mobility 2020 and beyond, PwC, 2016



Survey question: I think the attractiveness of international assignments for employees coming to Switzerland will increase. Please rate on a scale of 1–4:

Compliance, costs and immigration controls will be the main mobility challenges in the future

Our survey finds that costs related to the high Swiss Franc and immigration controls are two main areas that are seen to be challenges for mobility over the next 5 to 10 years.

Financial services and consulting are mostly concerned about the high Swiss Franc. Switzerland has one of the highest salary levels in the world. In our client conversations we're also hearing the challenge of raising

salaries of new employees arriving in Switzerland to meet minimum local wage levels. These salaries are often charged back to a local region and this can negatively influence the results of local companies.

There is also concern about immigration controls, particularly from the health sector, which relies heavily on international employees. Ensuring immigration compliance processes are mobile-ready can be challenging. One solution, we believe, would be to set up a centralised immigration team within your company to build up specialised knowledge, coupled with strong data management.¹⁹

Nevertheless, 65% of our survey participants say that Switzerland will become an even more attractive assignment location for employees in the future, due to high salaries, political stability and the high quality of life (combined answers of completely agree and mostly agree).

“We predict that there will be a 50% increase in global mobility by 2020”²⁰

“We’ve already seen that long-term assignments are decreasing slightly and instead there’s an increase in short-term assignments. That’s mainly because younger colleagues want an experience rather than long-term assignments.”

Karsten Breum
Chief Human Resources Officer, Panalpina

¹⁹ Is your organization “mobile ready”, PwC, 2016

²⁰ Talent Mobility: 2020 and beyond, PwC, 2012

“There’s a lot more dialogue”

Karsten Breum, HR Director of logistics group Panalpina, and Adrian Englert, Corporate Head of Compensation and Benefits at Panalpina, talk about challenges and trends in global mobility management.

Research by PwC has revealed that organisations see their talent strategy as an increasingly important component in a globally mobile workforce.

What role will the talent strategy play in your global mobility management going forward?

In the future we’ll certainly be placing greater emphasis on global mobility as a vehicle for encouraging and developing talent within our multinational organisation. We operate in more than 70 countries, and naturally need an international way of thinking and an international understanding of our industry and the field in which we do business. To develop this approach it will be very important to give young talent



Karsten Breum
Chief Human Resources Officer, Panalpina

the opportunity to work abroad. So it’s much more about encouraging and developing talent than about filling gaps. I will be arguing for Panalpina to be doing this more in future.

How do you in your industry see development in terms of global secondments?

In the past it was the company that informed the employee that there was a secondment opportunity in a particular country. The total package was good enough for the employee to work there for several years. Now there’s much more of a dialogue, with both parties discussing their goals and expectations throughout the entire secondment. We’re offering employees support tailored more closely to their perspectives and family circumstances. Employees may be seeking a change for different reasons. On the employer side, the question is more often what investment it wants to make to fill a position.

How do employers have to change their current behaviour to make global mobility more successful in the future?

Globally mobile staff are a group of people we now have to look after much more actively. The main thing is to be open and transparent, and manage mutual expectations with the aim of avoiding surprises and disappointments. For these reasons we have to communicate proactively to make sure that things develop in line with our expectations. It’s important for employees to always be kept in the loop so that even after the secondment is over we can benefit from their experiences and continue to harness and develop their talent. That way we keep our people motivated.

What destinations for secondments are set to gain in importance at Panalpina?

Southeast Asia is going to be a powerful driver of growth. This will certainly include markets such as Bangladesh, Myanmar and Cambodia, where there’s a lot of potential for us. I’m also convinced that there’s plenty of potential in Eastern Europe. We’re seeing powerful growth in some of

these countries, particularly those with the political stability to attract investment. Latin America is another interesting market where we also see good development and growth opportunities, and where Panalpina is likely to be even more strongly represented in the future. The circumstances in Russia are fairly difficult at present, and it’s hard to predict how they’re going to develop over the next five or ten years. The same applies to Africa.

While we’re on the subject, what are the main challenges you see for Panalpina and its staff in terms of secondments in Africa?

You’ve got to remember that the situation and dominant corporate culture varies a great deal from one African country to the next. You have to take many different things into consideration. The first is the general preconception about working in Africa. It’s not a part of the world that most people are necessarily familiar with. In certain parts of Africa there are problems with security, and the whole culture of doing business is very different from what people in the West are used to. In this regard you have to make sure that people are properly prepared and aware of the type of problems, challenges and compliance issues they could come up against in a region like Africa. The second point to consider is the unpredictability. In Africa we have to contend with a lot of unforeseeable developments. It’s part of daily business. The future is a tricky question. I think that Africa has rightly been attracting a lot of attention for a long time. But these are growth markets. The question is how quickly Africa can develop its potential.

How would you rate the impact of digitisation on global mobility management, for example in the form of mobile app technologies?

Geolocation and geotagging are certainly things that have proven to be beneficial in the past. In some African countries we’re able to use an app to pinpoint the location of staff on secondment. This means that in the event of instability we’re able to find out in real time where our people

are, and if necessary help them with evacuation. Systematic data analytics can also be used to help make secondments as successful as possible. We're mainly interested in two things: We want our staff to do a good job in their position, and we want them and their families to find their feet in their new surroundings. If one of these two boxes isn't ticked, the secondment is very unlikely to be a success. Apps will definitely play a growing role in this. The technology will help us when it comes to providing information and administrative tasks such as filing tax returns. But there's no doubt that settling in requires hard work, especially on a social level. For this reason human interaction is still very important.

Can you outline the desired profile for an employee on secondment in the future?

I'd certainly welcome greater diversity among the staff we send on secondments abroad. Our talent development should reflect the regions of the world we operate in. So for me it's just as important that young Brazilian, Indian, Chinese and Hungarian talent see Panalpina as an attractive employer and get the opportunity to work abroad. People on secondment still primarily come from developed countries, because that's where the organisation is headquartered. In the future country managers could also come from Brazil, India, China or Hungary. It's about the availability of talent and giving these people equal opportunities to be successful in an international environment.

How are compensation packages for people on secondment set to develop?

I think it will be much more personal than it is now. Traditionally a one-size-fits-all approach was taken to many secondments. Now the package will tend to reflect supply and demand and the specific assignment – within the company's guidelines, of course. There are basically two different scenarios for a secondment. The first is where we send staff on secondment so that they can develop. The second scenario comes into play when we want to bring very specific product know-how or experience to a country. Under the second

scenario the number of potential candidates is generally limited, and we might have to persuade the person to accept a job in a more difficult working environment.

Gender and diversity statistics show that female employees are usually under-represented in the global mobility community. How important is gender diversity management in this context?

In terms of gender diversity, assignments abroad are apparently not very attractive for women. So far the logistics industry hasn't succeeded in attracting and retaining women. This also applies to Panalpina, and it's a situation that's reflected in the global mobile workforce. We're working with universities to change perceptions. But that takes time. Is gender diversity important for me? Yes, for two reasons. If you're unable to attract women to your organisation or retain and develop them, you're missing out on a large part of the talent pool. The other reason it can be important to address gender diversity is that women can bring a different dynamic to leadership teams.

Do you think that your global mobility programme will yield the desired return on capital? What needs to change for the returns to be greater in future?

It would be a disaster if the answer to this question were no. The answer is yes, I think it's a profitable investment. Naturally you have to evaluate the extra costs that international secondments entail each time. You have to be sure that the additional expense is worth it. Either you believe it's going to be very difficult to find someone to replace this person, or you do it to build your pipeline of talent. Usually the second case involves a lot less investment, but it's an investment that will definitely be worthwhile.

How do employers have to change their approach to make global mobility more successful in the future?

It's vital to create a dialogue and offer support throughout the entire secondment process. Usually mobility experts are involved at both ends of the process, recruitment and

debriefing, but there's no ongoing dialogue during the secondment itself. This task is usually given to the local line manager or HR people. We believe it's essential to continue this dialogue to make sure the process adds value. Globally mobile staff are a group of people that you have to "manage" actively, and this also has to involve the organisation at home. We need to manage expectations so they know why they're there and for how long, and know when we're going to initiate the dialogue on their return home. The more effectively you can manage expectations, the more likely you are to avoid disappointments, resignations or conflicts of interest. The main thing is to be open and transparent. It's about listening to your staff, not just moving them around like pieces in a board game. If, for example, their family isn't managing to settle in, we also have to address that issue and respond. Even if they do settle in very well, we have to think about the options too. The more transparent and proactive you are, the more options you have; otherwise you run the risk of being without alternatives because you haven't prepared a successor. So you need clear answers to the questions of why you need a mobile workforce, and what the benefits are from both the organisation's and the employer's point of view. Bringing all these things together requires work.

HR organisation

Digitisation is going to be a huge sea change for HR organisations. But most HR teams vastly underestimate the impact of digitisation on their own work and on the organisation they serve. They also think of digitisation in too narrow terms – thinking digitisation means just apps and new technology, while undervaluing the impact and worth of automation, robotisation and big data to their company. HR teams are also failing to understand the importance of transforming company cultures into digital cultures.

Is the Ulrich Model outdated?

Creating an “agile organisation” is becoming increasingly important. Organisations need to adapt more quickly to new conditions for products, services, systems and processes. HR will need to restructure too in order to help to achieve this change and to become agile itself.

Survey participants are evenly split over whether the Ulrich Model will still be relevant in 2025. David Ulrich created the model in

the 1990s, to separate HR policy-making, administration and business partner roles. 35% of our respondents think it will not be the operating model of the future, 34% think it will be and 30% are not sure. Interestingly, more HR executives think it will be outdated (45%), than their HR team members (28%). This ambiguity towards the prevailing HR operating model may be due to the fact that after almost 30 years, HR organisations are still struggling to reap all the benefits of the Ulrich Model.

Our survey also shows that companies will be increasingly reaching outside to create collaborative networks of companies working together, for instance to hire or share staff. More than half (57%) of our survey respondents say that they will be generating value in the future through multiple business networks, such as strategic cooperation with other companies.

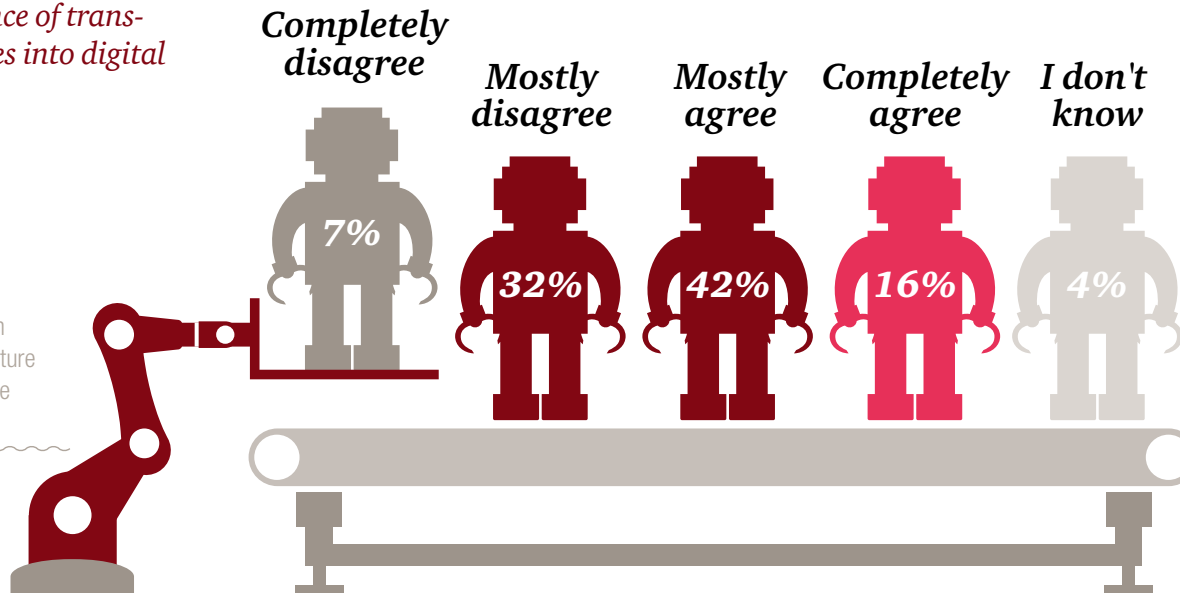
The majority of HR professionals are confident that their organisation is ready to deal with the upcoming changes. 58% say they are agile enough to cope (combined answers of completely agree and mostly agree), with 39% saying they are not (combined answers of completely disagree and mostly disagree). Interestingly, a higher percentage of smaller companies (83%) say they are ready for change. This is perhaps due to flat hierarchies and less complex decision-making.

HR will be more strategic, less transactional

HR is often seen as a passive, service-oriented support function. But given the demands of tomorrow’s workplace and business environment, HR is at a crossroads and will need to change tremendously.

This understanding of change has been clearly embraced by our survey participants, who see change as a chance to enhance the role of HR. 79% say that HR will become a centre of excellence by 2025 while HR transactional tasks will be outsourced.

Survey question: My HR organisation is agile enough to adapt swiftly to future developments. Please rate on a scale of 1-4:



“Change is a permanent feature of our business, and to stand still is to step backwards.”

Hans C. Werner
Group Leader of Human Resources and Member
of the Group Management Board, Swisscom

“In today’s fast-moving times, it’s extremely important to see change not as a threat but as an opportunity, to be brave and to embrace new topics.”

Hans C. Werner
Group Leader of Human Resources and Member
of the Group Management Board, Swisscom

This view was shared throughout all sizes of company and industry, but particularly voiced in finance, chemicals, pharmaceuticals, health care, consulting and the public sector.

The survey also reveals that HR will need to change and be agile to meet new requirements such as coaching, HR analytics and digitisation as well as the ability to lead change. We agree with this and believe that the future role of HR professionals will need a more proactive mindset and focus on business strategy. This will include a wider people remit, incorporating and influencing other aspects of the business beyond HR.

Few companies have teams dedicated to new trends such as digitisation

Even though more than half of our survey participants say that they are ready for change in the workplace, 70% say they do not have any dedicated HR staff or teams for new trends such as digitisation, culture transformation or organisation design. The smaller the company, the fewer dedicated resources there are for these topics.

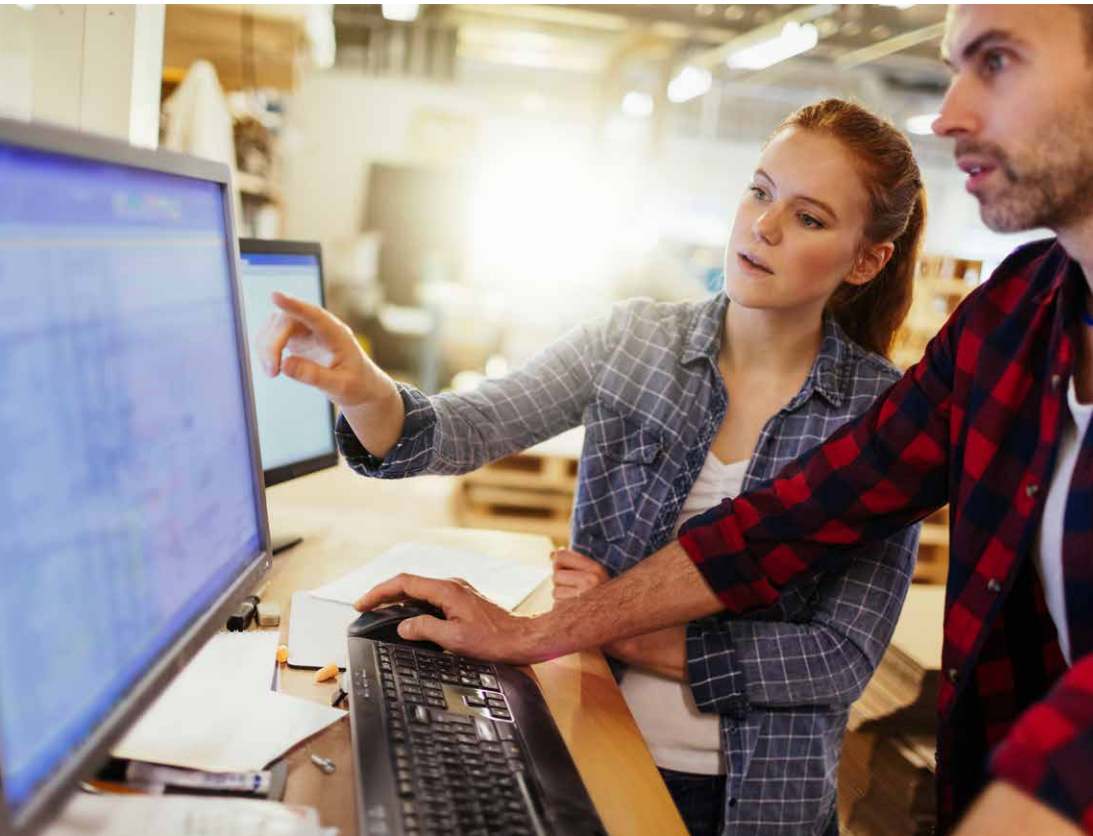
Instead, their dedicated staff members or teams are still tied to topics such as change management or HR compliance. 45% say they have a person or team responsible for change management and 47% say they have a person or team responsible for HR compliance. This is a trend that seems to run through all industries and sizes of company.

We often hear from our clients that HR is still not strategic enough. Key future business requirements, such as fostering innovation, supporting growth, analytics and workforce planning, M&A or instigating culture transformation, are not sufficiently met. Such strategic topics are mostly only occasionally addressed by HR organisations.

We believe that in the future, there will be a function within HR focusing exclusively on selected business priorities, bundling all relevant HR expertise to provide a concerted support to the business.

As such, the future HR organisation could look like this:

- Cloud applications covering all HR processes to create effective employee and manager self-service online.
- Employee applications give the workforce an “Amazon”-like experience during their interactions, including:
 - A very easy-to-use application
 - Recommendations of what employees with similar profiles have done or accessed, for instance training they have completed or looked at
 - Ratings and comments
 - Chatbots – convenient voice-led interaction with machines
- All possible transactional work is outsourced or processed offshore.
- Traditional Centers of Expertise (CoE) like Talent, Performance Management, HR Reporting, Systems, Reward, etc., are complemented by CoEs for Predictive Analytics, Culture Transformation, Employee Community, Lifecycle Management and others.
- Strategic business partners support line management and sit in leadership boards.
- Dedicated teams or professionals are established within HR for some key business priorities, for instance innovation in research, bundling all relevant HR expertise, to offer a one-stop solution.



“Orchestrating change”

Swisscom HR director Hans C. Werner talks about challenges and trends in organisational development and the role of HR.

Swisscom’s 2020 strategy rests on three pillars: building the best infrastructure, offering the best experiences, and realising the best growth opportunities. To what extent can the present or future organisation of Swisscom facilitate the achievement of these three objectives?

Our corporate structure is heavily geared towards our 2020 strategy. With divisions for infrastructure and customer experience and a specific unit for digital business, we’re able to cover various aspects that are essential to delivering our strategy. We’re also constantly reflecting and regularly consulting with management on what we need to be addressing in the retail, SME and business customer segments. But besides our structure, the main pillars of our future development will be our technological backbone and innovatory power.



Hans C. Werner
Group Leader of Human Resources
and Member of the Group Management Board, Swisscom

Swisscom has gone through two fairly substantial reorganisations in the last three years. What role did HR play in developing and implementing these reorganisations?

Key to the success of transformations of this sort is the interplay and involvement of all the relevant stakeholders. So we place the emphasis on getting staff involved early on and keeping the phase of uncertainty as short as possible. HR’s main role at the development stage is acting as a sparring partner for managers and as an “advocate” for staff. When it comes to implementation we see our role as orchestrating organisational changes for employees, making sure communications work as well as possible, mitigating the aspect of change that is often perceived as a threat, and getting the right mindset across. But sure, major organisational changes like this first have to be processed. Nowadays change is an integral part of our business, and if you stand still you take a step back.

What are the core components you consider in change processes?

For us it’s essential that in the midst of internal change we don’t lose our focus on customers, and that if customers notice any change at all, it’s that we’re are up differently in a positive sense – for example the customer has fewer people to deal with following the change. It’s just as important to carefully weigh up how urgently a change is needed. Is it sufficient, for example, to simplify only certain processes, or are major organisational changes necessary? Restructuring always also creates upheaval and uncertainty within the organisation. You have to keep this phase as short as possible. In HR we see our role as providing managers with close and effective support with implementation. You always have to weigh up the optimum time for the organisation to implement changes of this sort. It’s like walking a tightrope: on the one hand the organisation needs a stable framework and backbone. On the other hand you also have to create a platform for growth opportunities to develop, even if this also involves uncertainty. So we’re

constantly having to ask how urgent it is to initiate a change process. It’s essential not to underestimate the importance of having a good feel for when this readiness for change is there and when the right moment is. Depending on the situation, your strategy might be running ahead of the maturity of your organisation, and you won’t be able to go about closing the gaps this creates until later on. Or you might have the wisdom and foresight to proactively address issues that aren’t yet completely ripe for the picking in strategic terms, but which you see as potential problem areas going forward.

What’s Swisscom’s stance on new methods of collaboration, innovative platforms and crowdsourcing?

We’re very open to these things. Having said that, they don’t all work equally well in every area. To assume the substantial operational responsibility involved we need perfectionists and people to drive the process. There are certain safeguards we have to comply with. But especially in the innovation and product development environment, we consciously allow more freedom of discretion. This is the only way of unleashing the power and potential to harness new ideas to make sure we and our offering continue to develop, and of getting customers closely involved in the development process. If we want to improve the customer experience we have to dismantle old processes and pull together across corporate boundaries. Here we’re already having a lot of success with collaboration based on scrums and tribes. At the same time we have select, specially trained teams working on pilots to test new management models such as Holacracy. We’re learning an awful lot in the process: what works for us, what can be transferred to other areas, and how it can be combined with other approaches, many of which already exist. This is an exciting development.

What skills do you believe are essential for employees to keep pace with changes in the employment market?

I think that especially in our fast-moving times, it’s

extremely important to see change as an opportunity rather than a threat, to be fearless, and to be open to new things. It's all about keeping yourself fit for the employment market. As an employee I have to keep evaluating where my journey could take me, what path I'm on, and what new path I intend to take. At Swisscom we place great emphasis on a culture of development so that our staff can systematically gather experience and train on an ongoing basis.

How do you at Swisscom deal with the fact that role profiles are changing, and that the skills you now need will be different in, say, five years' time?

We're a great believer in shared responsibility when it comes to keeping fit for the employment market. It's essential for both parties, the organisation and employees, that people stay permanently on the ball and actively shape their own development. We use a well-founded strategic approach to HR planning that helps us evaluate what skills and knowledge are needed when and where within the organisation. In a forward-looking, proactive environment, leadership teams and employees assume responsibility for themselves at an early stage, and plan scenarios over a longer timeframe. They think about the influence these scenarios will have on job profiles, what changes are necessary, and what action is required to create new areas of work. In more than 90 per cent of these instances, a solution is generally found that enables both the employer and the employee to move forward.

Do you at Swisscom have in-house organisational experts dedicated to business development and organisation design? If so, what is their role in organisational development projects?

Yes, we have experts of this sort. Our entire HR organisation is geared towards transformation and development. Business partners, transformation agents and transformation coaches account for a large part of this. They're brought into ongoing projects as required, acting as advisors. Last year we modified our HR business model. This also involved cutting jobs. In many cases following a reorganisation of this sort you see a

situation where only top management is getting the support of HR business partners. We deliberately opted for a different approach and made sure that middle management would also continue to get support with their issues. Often managers have less experience in change processes and daily HR business, because in most cases they have operational duties in addition to their management role.

How do you make sure HR staff have the right business know-how?

Our HR people regularly visit teams in the business units to experience first-hand how they work and what challenges they face on a daily basis. That's always very exciting for me. The kind of experience you can gain, for example, from accompanying a service technician for a day, is incredibly valuable. Our HR business partners are also part of the management team, and get to experience the business first-hand in this way.

Traditional career models could soon be a thing of the past. People are predicting the rise of project and part-time work on a freelance basis. Even so, roles must have clear responsibilities as well as management structures and processes to support them. How is Swisscom preparing for this?

We're permanently monitoring and thinking about the changes taking place in terms of career models and job profiles. Only recently this prompted us to modify our job architecture, and change and streamline our management structure. But these new models of collaboration will undoubtedly require more adaptation as time goes on. The questions that are arising are exciting and challenging: What will job profiles look like in a holacracy? How do you evaluate a job under a holacracy? How much is this work worth in the marketplace? All these questions will be of key importance in the future. We're entering uncharted territory. HR will have to operate flexibly and independently of fixed structures. There will be additional challenges, especially from the point of view of employees, who understandably want answers to

questions concerning key things like their role, compensation, the KPIs and their bonus. But from an employer's point of view, information like this is not so easy to define once you no longer have standardised pay bands and other criteria to go by. Here there are still clear discrepancies between the way career models are traditionally handled and the challenges that await us with future models.

Do you think that in 2020 or 2030 the role of HR will be to actively shape organisational changes within the company?

Let me quote Mr Daimler from the beginning of the last century: "Global demand for motor vehicles will never exceed one million, if only for a lack of chauffeurs." I believe that we're at a similar point now to Gottlieb Daimler back then. We don't really have any idea of what's to come. I believe in a dramatic increase in offerings in connection with digitisation, self-service technologies and data analytics. Data analytics will enable us to foresee developments early on and take proactive measures. In return we will naturally have to make sure we use these data appropriately and avoid breaches of confidentiality between the organisation and its employees.

Culture and change

We believe that the value of culture is underestimated and is therefore not nurtured enough. Every company has a culture, like everyone has a character, good or bad. But organisations are neglecting to improve their company culture. This is unfortunate, because culture has a huge impact on attracting and retaining talent as well as helping employees to feel engaged in the workplace.

“Robots are already providing Mobiliiar with support ... Our goal is to use this technology to offer a range of services. We are very pleased with our progress so far, although our robot is currently still in its test phase.”

Nathalie Bourquenoud
Head of Human Development, Mobiliiar

Corporate culture is the key to tomorrow's success. It's built on a delicate mix of values, behaviour and mindset. It should be checked continually and developed step by step. But any change needs time. You'll need to define your core company values and ensure you have the buy-in from corporate management. Begin any change with a pilot, start with groups of employees who will be positive to change and make sure throughout the process that your culture change programme is aligned to your corporate strategy.

Digitisation and change

Our survey identifies digitisation as the most important driver for change in company culture.

Digitisation originated in the late 1990s with the short-lived but still influential dot-com era and has only gained sustained momentum in the last few years. It's therefore not surprising that a clear understanding of a digital culture is still in its “beta” version. However, at least some core elements of the digital culture can now be identified:

- **Rigorous collaboration beyond silos and company boundaries.**
Using crowd knowledge and know-how to develop products, services and/or accelerate sales.
- **Embracing a “failure culture” as a consequence of risk-taking.**
To be agile and flexible decisions have to be taken quickly. Not all the consequences of decisions can be thoroughly assessed beforehand. It's therefore acceptable to fail from time to time. However, if you fail, you need to fail quickly, learn from it and move on.
- **Organisations are in “constant beta”.**
They're always running pilots and constantly improving newly developed solutions. Products and solutions are quickly disseminated to potential customers to test. Customer feedback is used for continuous improvements.
- **No hierarchies are replacing flat hierarchies.**
This is not only in terms of structure but also in terms of mindset and behaviour. Good ideas don't recognise titles or salary grades. Therefore, all ideas, suggestions and contributions are welcomed regardless of rank. This leaves everyone feeling entitled to challenge everybody and no one feels offended by it.
- **Ambiguity is accepted as a given.**
Nothing is black or white anymore. People accept that the world is in a state of flux. Core foundations and presumptions can change quickly and organisations need to be able to adapt with the same speed.
- **Share and you shall be given.**
Accept the fact that only open businesses that allow the exchange of intellectual property will be successful in future. If you share with the market other players will share with you and everyone will win. This attitude and mindset of openness, transparency and selfish altruism will ensure future success.

This certainly mirrors what our recent CEO Survey tells us. 69% of CEOs say that it's more difficult for business to gain and retain trust in a digitised world and 93% of CEOs say that it's therefore important to have a strong corporate purpose that's reflected in their organisation's values, culture and behaviour.²¹

But how you introduce digitisation is also very important. From our project work we see that successful digital transformation depends very much on a successful change in culture and attitudes. It's not just about technology. Digital transformation will only be successful if employees alter their mindset as well as understand and embrace new technology.

In our survey participants say that change initiatives in their companies are for the most part clearly communicated (70%) and have clear leadership buy-in (68%).

²¹ 20th Annual Global CEO Survey, PwC, 2017

“The future will centre on tasks, roles and projects. The required tasks will be identified and profiles will be generated using this information, regardless of conventional roles. This increases flexibility for employees, while also reducing hierarchical structures. More work will be done as part of teams, based on an order or a project.”

Nathalie Bourquenoud
Head of Human Development, Mobiliiar

In our project work, however, we also see that the cultural change of digitisation is often left too late and introduced with too little thought. People often think that cultural change happens faster than it does in practice. They often expect results after a year, when change usually needs at least 3 years to become fully visible.

Agility

Survey participants list the ability for employees to change, the encouragement of agility in all business processes and the quick adoption of new technologies as being important topics.

We believe that self-organised and agile teams will become the norm. We’re already seeing agile teams starting to move into more traditional work environments and we believe that this is a trend that will continue with the growing use of contractors and freelancers.

However, finding agile staff still seems to be a challenge. According to our recent CEO survey, CEOs list adaptability as one of the most important skills they need in the future but they also say that creative and innovation skills are some of the most difficult to find.²² Here too HR could and should play a role in defining the specific skills and capabilities required to be innovative and creative, identify alternative sources to recruit these talents and help to create an environment in which these talents want to stay and thrive.

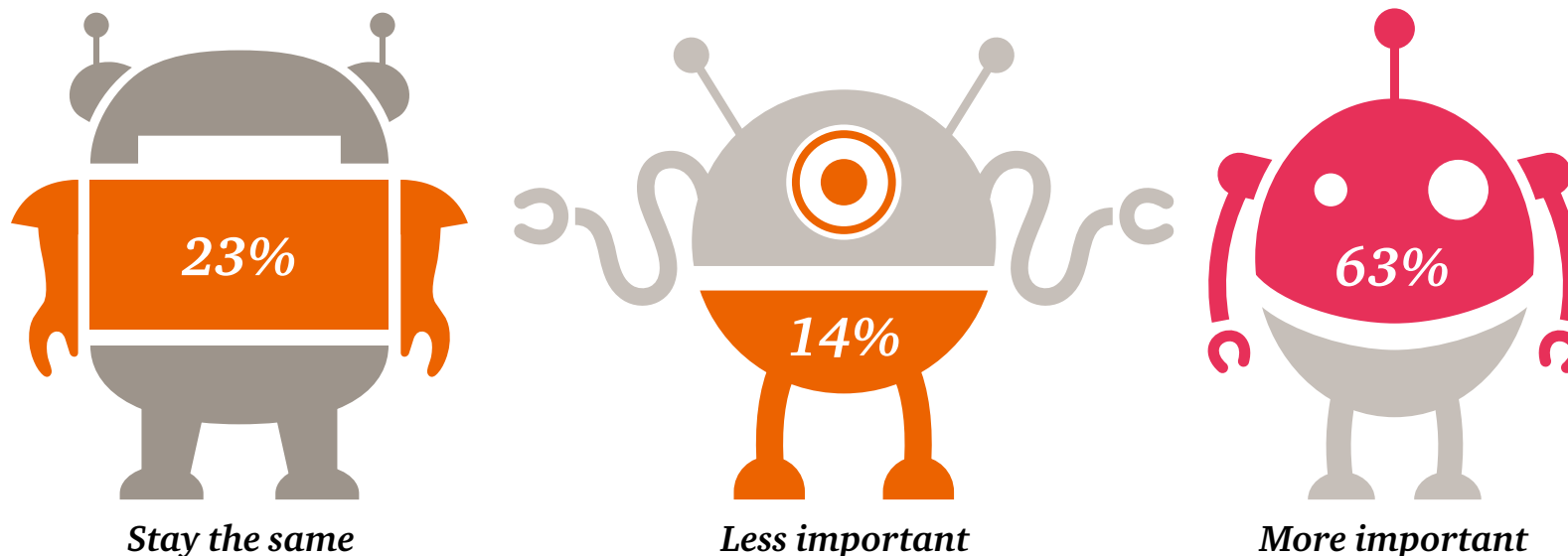
Company culture as a key differentiator

63% of our survey participants say that company culture will grow in importance. This is based on the assumption that by 2025 most companies will be working in networks and sharing employees and resources.

A distinct company culture will therefore be crucial to differentiate a company and make it attractive for talent. If employees are working for different businesses at the same time, then they will have the chance to make direct comparisons and be more likely to switch employers if they don’t like a company’s culture. If a company cannot bind an employee by a full-time contract, then they will need to attract and motivate talent through culture instead.

This is backed by another survey showing that 60% of business leaders feel culture is more important than strategy or an operating model for long-term success.²³ We’re also seeing that Generation Y want to work for socially conscious organisations, rather than putting so much emphasis on their pay packet. They also want to identify with their company culture. This will mean that companies need to create a strong and competitive corporate culture to retain their younger talent, particularly in an increasingly fluid talent market.

Survey question: Assuming that companies will work more/exclusively within business networks in 2025, company culture will become



²² 20th Annual Global CEO Survey, PwC, 2017

²³ The 2013 culture & change management survey, Strategy&, 2013

“HR sees itself as being in the lead”

Nathalie Bourquenoud, Head of Human Development at Mobiliar, on the drivers of cultural change and the role of HR.

How would you describe Mobiliar’s corporate culture?

The culture within Mobiliar is very highly developed in two areas in particular. Firstly, we’re firmly committed to simplicity. We’re uncomplicated, clear and understandable. Secondly, we have a pronounced customer focus – partly thanks to our general agencies, which operate locally, very close to customers, flexibly and autonomously. In the event of a claim the specialists can respond with expertise and agility, which helps in terms of customer focus. The culture at our management offices is somewhat different. Unlike the general agencies, the office in Bern is a large organisation with over 2,000 employees. Here there’s more of a feeling of a 300% solution culture. Everything has to be thought through in detail and be more than perfect



Nathalie Bourquenoud
Head of Human Development, Mobiliar

before it gets implemented. We’re working on combining this perfectionism with greater agility, particularly when it comes to projects. The big challenge is how to maintain the present level of quality while establishing a culture of making mistakes that allows us to try out new things. Because Mobiliar has been successful for so many years, it’s not always easy to break out of established ways. This success is the result of our staff’s commitment and the way they work. But we can’t rest on our laurels. We have to prepare for the issues of the future, including digital transformation. So in terms of culture we have to negotiate a path between the distinctive quality that makes Mobiliar so successful and an emerging need to respond rapidly to new situations with agility and a willingness to change.

What is Mobiliar doing to increase the “psychological pressure” so that there’s a greater willingness to change within the organisation?

To keep on coming up with things that get customers excited you need innovative ways of thinking and innovative solutions. So for us the key is to highlight the requirements and changing habits of our customers to make the urgent need for change clear within Mobiliar. That way we can get our people out of their comfort zone. We’re constantly showing our people how customer behaviour is changing and how personal customer contact will evolve in the future. Customers want to be able to use other channels as well as having personal contact with the general agencies. What we need is a multichannel strategy that enables communication any time via any medium. Customers expect the flow of information to be adapted to the new possibilities – for example they’ll no longer accept a form as the only standard format.

What will be the decisive factors driving cultural change in your industry?

Digital transformation and big data will be key drivers of corporate culture. We have to apply new methods that allow us to analyse data adequately, even if these

capabilities aren’t yet completely mature. Digitisation will also change customers’ insurance needs. Take self-driving cars or properties with state-of-the-art building technology: innovations of this sort are having a major impact on people’s needs and expectations in terms of their insurance. An insurance company has to constantly keep up with new needs as customers develop new ways of behaving and thinking. A particular challenge is striking a balance between good personal contact with customers and the steadily growing desire for things to be handled electronically. We are noticing that customers often prefer to take care of as many steps as possible electronically without a lot of personal contact. But in the event of a claim, many customers seek and value direct personal contact with their advisor. It’s crucial to manage this tightrope walk between electronic approaches and good, old-fashioned personal contact properly. This requires redefining your unique selling proposition.

What will be the most important steps as your organisation prepares for the future?

An important aspect will be building up the necessary pressure. This is done primarily by showing the changes taking place with our customers. We’re doing this partly by communicating and raising the awareness of our staff – familiarising them with the issues by ensuring a transparent flow of information and showing them important strategic goals. Naturally our communications channels are geared to digital; for example we also get messages across via video. But physical changes are also a key factor. It’s hard to change employees’ attitudes if they don’t see any changes in their working environment. For this reason we’re also adapting the physical work environment. We’re building a new world of work by removing as many walls as possible in our office spaces and creating different zones where people can go to concentrate, to share, to get things done, to reflect, and so on. This way the change takes place in people’s physical experience of their working environment as well as in their heads.

What will be the key competences in the future?

We've talked a lot about whether the competences that will be required in future are only technical, or whether they also encompass values and behaviours. We've come to the conclusion that the most important competence in the future will be a willingness to change. We believe that flexibility, curiosity and openness to change will be key elements in the job profile of the future. We also see great opportunities in interdisciplinary approaches. Another major focus is encouraging staff to take responsibility for themselves and develop entrepreneurship and self-management skills.

How are transformations handled within your organisation?

The HR department sees itself as being in the lead. In our HR strategy we've set down our vision of how Mobiliar can continue to be successfully managed in ten years' time. Actions are developed on the basis of this vision. At workshops with the line we can find out precisely what the personnel requirements are and develop HR strategies for specific areas. This way we assure effective strategic personnel planning.

Assuming that we'll be increasingly working in networks in the future, what do you think the implications are in terms of the importance of corporate culture?

In the future we'll definitely be working more with partners and networks. Mobiliar is very much on this track. Last year, for example, we got involved in the Scout24 online platform, which has gained a strong position in property and cars, two core areas for Mobiliar as well. This type of partnership is a great way of harnessing synergies and driving our own development forward.

The trend for networks means we also have to build new competences. Given that alliances of this sort are often formed on the basis of equal partners, skills such as influencing also become more important. When one partner doesn't have the

right to tell the other one what to do, you have to shift the focus. In situations like this Mobiliar tries to show the added value that comes from cooperation.

Employment relationships will be different in the future. Permanent jobs will tend to be less common and give way to flexible contracts. How do you view this trend?

I'm convinced that we'll no longer have traditional functions in future. Sooner or later the current set-up, with functions and job descriptions, will disappear. In the future everything will revolve around tasks, roles and projects. It'll be about defining what tasks have to be completed. On the basis of this information profiles will be created, independent of classic roles. This will give staff more flexibility but also lead to flatter hierarchies. There will be more work in teams on the basis of a specific job or project.

Looking forward to 2020: how many robots will be working at Mobiliar in comparison with the overall staff?

No one can say for sure precisely how things will be in 2025. We're working on the assumption that in comparison with now we'll have made a quantum leap in terms of intelligently networking people, machines and things – and that the forms way work is organised will also have evolved. This means that as an organisation we already face the challenge of going down innovative paths to make sure that our people are equipped for the digital world of work, and that we make optimum use of the potential of new technologies for the benefit of our customers



Conclusion

It's clear that HR is at a crossroads and change is a permanent feature of the profession. But as Hans C. Werner, Head of Corporate Human Resources at Swisscom says, "...standing still is a step backwards."

We asked our survey participants to envision the future of work in 2025. However, we think the answers we received reflect the world in 2020, rather than beyond. Nevertheless, it's a clear mandate for HR to change – not only in the way it operates but also in the way it supports the business.

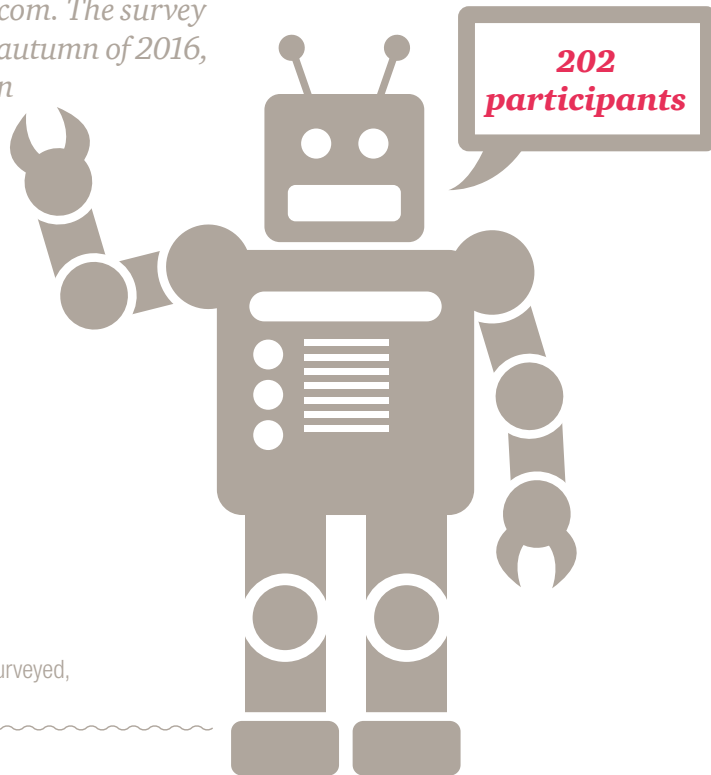
Our recommendations are:

- Companies need to start building a vision of how the new world of work could look. This should be influenced by what's happening internally, what other companies are discussing and what trends are influencing people in business. Based on this, companies need to build a small number of possible scenarios. For instance, what if only a small proportion of your employees will work full-time? What if 50% of your current professional jobs will be automated in 5–10 years? What if you share a large part of "your" talents with other companies? Companies then need to discuss the possible implications and devise a step-by-step roadmap for the future of its work journey.
- There should be greater use of data analytics to track a more complex HR picture, Data analytics should ideally be linked to data from other parts of the business, to feed into strategic decisions for the company and potentially elevate the role of HR. HR needs to build an understanding and vision of what people analytics should look like and how it can start preparing for it today.
- Company culture will become more important, not just because of the demands of Generations Y and Z, but also to differentiate a company from its peers when sharing talent within a collaboration network.
- Digitisation is not just about changing technology, it's also about changing attitudes. So we recommend parallel programmes to introduce a change in culture as well as a change in technology. We also recommend this should be done in good time to allow mindsets to change over years, not months.
- New systems need to be put in place to create and monitor new forms of incentives, such as lifestyle incentives – based not just on quantitative measurement but also qualitative measurement and peer feedback.
- Centres of excellence should be set up to help with the more complex and individual landscape we are seeing in HR, for instance to understand immigration for global mobility assignments or to help coach and train for more flexible careers, or to support employees in further training and learning.
- Get ready for change. Rethink how you allocate your own resources; whether you have enough dedicated staff assigned to digitisation or to flexible working and whether your HR organisation is agile enough to face change.



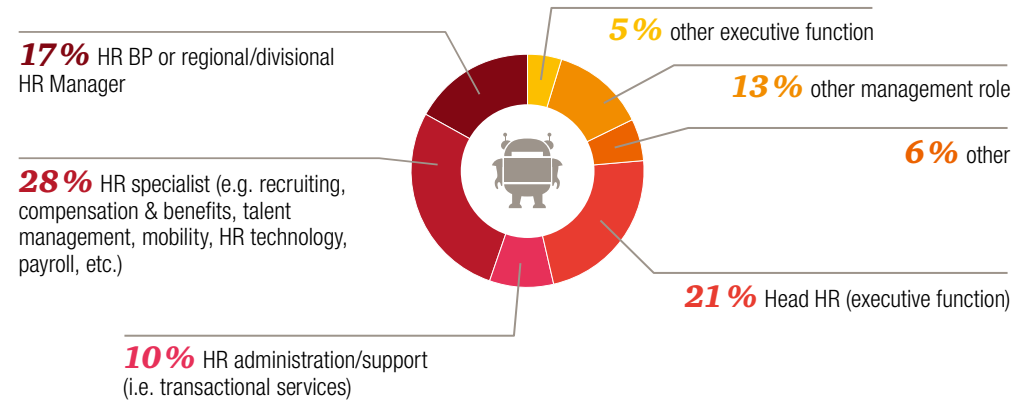
About the study

Our PwC Survey “The way we work – in 2025 and beyond” was carried out in collaboration with “HR Today”. We surveyed over 200 HR professionals from all over Switzerland, including many heads of HR and business leaders. We also conducted in-depth interviews with the global heads of HR from ABB, Actelion, Mobiliar, Panalpina and Swisscom. The survey was conducted in the autumn of 2016, the interviews between autumn 2016 and early 2017.

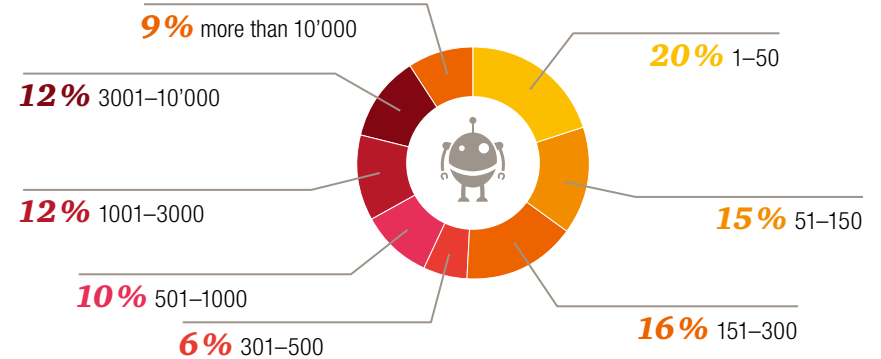


Number of HR professionals surveyed, all based in Switzerland:

Role in HR

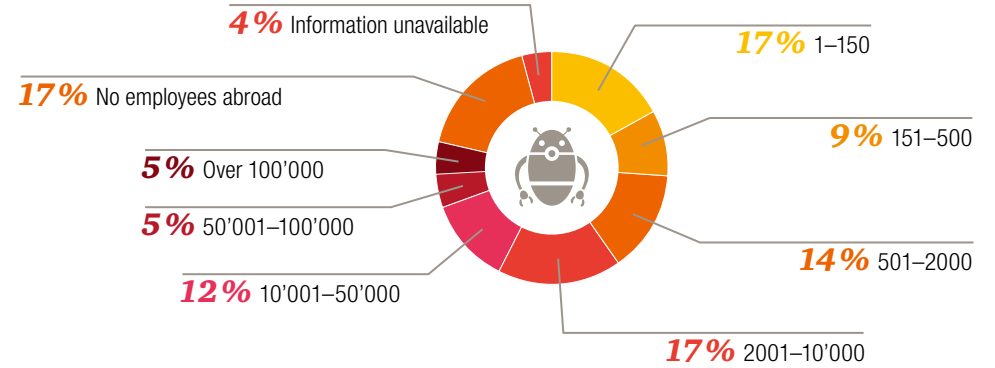


Company's current employee headcount in Switzerland

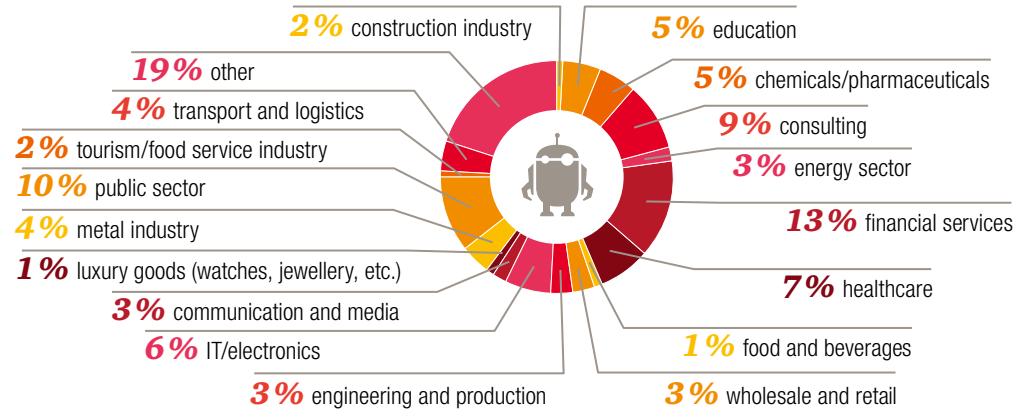




Company's current global employee headcount



Industry



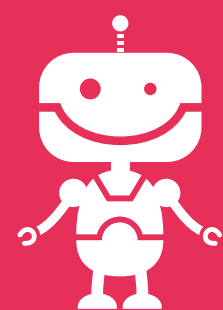
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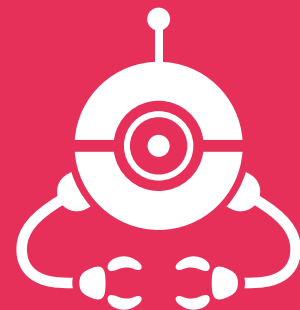
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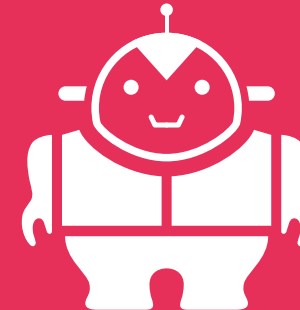
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