SOCIETY TRANSFORMED

Our Management 4.0 campaign is examining the skills and practices that managers and leaders will need in the future; in a workplace and world transformed by automation and AI.

In an age where technology is enabling new business models, disrupting existing business practices, transforming the workplace and shifting the balance of power.

And at a time when society is becoming more diverse, when the workforce is ageing and where the demands and expectations of employees and consumers are changing.

To start the conversation, we are publishing a series of short discussion papers exploring six of the key drivers and forces of change. Together, they lead to one simple conclusion: how we practice management is being transformed.

AS THE WORKFORCE AGES AND BECOMES MORE DIVERSE, WHAT NEW OPPORTUNITIES AND CHALLENGES WILL MANAGERS FACE AND HOW WILL LEADERS ADAPT? HOW IMPORTANT WILL BUSINESS PURPOSE AND SUSTAINABILITY BE IN THE FUTURE?

The ageing population and the new generation of young professionals entering the labour market are changing the workforce. When fused with wider demographic changes and changing attitudes, this will transform the workplace of the future.

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WESTERN EUROPE HAS MADE PROGRESS TOWARDS GENDER EQUALITY OVER THE PAST TWO DECADES, BUT SIGNIFICANT GAPS PERSIST IN WORKFORCE PARTICIPATION, LEADERSHIP POSITIONS AND PAY. MAJOR DISRUPTIONS IN THE LABOR MARKET HAVE BEGUN THAT COULD HAVE PROFOUND IMPLICATIONS FOR GENDER EQUALITY THROUGH 2030.[1]

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The future workforce will be older, increasingly female and more diverse.[2] This presents huge opportunities. McKinsey have calculated that improving gender diversity could add £150 billion a year to the UK economy by 2025.[3] And it is estimated that full representation of Black, Asian and minority ethnic (BAME) individuals across the labour market could be worth £24bn a year to the UK economy.[4]

But we face a challenge when it comes to harnessing the power of diversity. Women, disabled people, BAME men and women, the LGBT community and those from economically disadvantaged groups continue to face barriers in the workplace and are under-represented in senior roles and top management positions. And there is still a lack of awareness and understanding around mental health, with many managers having never received any training on managing mental health at work.[5] There have been some positive steps forward with the introduction of gender pay gap reporting, potentially paving the way for ethnicity pay reporting. But how will managers take action to reduce pay gaps, improve diversity and deliver real inclusion in the workplace?

[1] McKinsey & Company (2018), Women Matter. Women And The Future Of Work: a window of opportunity in Western Europe, p.4
https://www.mckinsey.com/~/media/McKinsey/Featured%20Insights/Gender%20Equality/Women%20and%20the%20future%20of%20work%20A%20window%20of%20opportunity%20in%20Western%20Europe/Women-and-the-future-of-work-A-window-of-opportunity-in-Western-Europe.ashx

[2] https://www2.deloitte.com/insights/us/en/deloitte-review/issue-21/meet-the-us-workforce-of-the-future.html

[3] McKinsey & Company (2016), The Power of Parity: advancing women's equality in the United Kingdom, p.1
https://www.mckinsey.com/~/media/McKinsey/Featured%20Insights/Women%20matter/The%20power%20of%20parity%20Advancing%20womens%20equality%20in%20the%20United%20Kingdom/Power-of-parity-Advancing-womens-equality-in-the-United-Kingdom-Full-report.ashx

[4] BEIS Analysis (2016) cited in McGregor-Smith Review (2017), Race in the Workplace, p.2

[5] https://www.managers.org.uk/about-us/media-centre/cmi-press-releases/managers-not-equipped-to-manage-mental-health

How will technology help managers tackle discrimination and build diverse and inclusive teams? Will technology help change attitudes or will it create new barriers to progression? For example, the #MeToo movement has highlighted society's attitude towards sexual harassment, but what impact will these movements have on leaders and organisations in the future?[6] How will managers work with their organisations to adjust to this shifting of the balance of power?

The future workforce will be older. ONS projections show that in 50 years' time, we are likely to have an additional 8.6 million people aged 65 years and over.[7] Already, the number of workers aged 50 and over in the UK stands at 10.4 million – an increase of 2.4 million in the last decade. This is equivalent to around a third of the UK workforce, a proportion which will only increase as we live and work for longer.[8]

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> AS THE POPULATION AGES, SO WILL THE UK WORKFORCE. THE PRODUCTIVITY AND ECONOMIC SUCCESS OF THE UK WILL BE INCREASINGLY TIED TO THAT OF OLDER WORKERS.[9]
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In the workplace, an ageing workforce will require a new management response. Managers may need to address negative attitudes within their organisations, consider the health needs and workplace design required by their staff, ensure technology training is available and assess how working practices, including flexible working, can best support their staff.[10] Will managers and leaders rise to the challenge of improving policy and practice, tackling age bias and creating an age-friendly workplace culture?[11]

We know from earlier CMI research that millennials' expectations of work are different to those of previous generations. They want ethical employers, opportunities for progression, a good work-life balance and interesting work.[12] There are also changing expectations, from both employees and consumers, when it comes to climate change and the environmental impact that organisations have. Deloitte found in their 2018 Millennial Survey that there was a strong correlation between environmental concerns and attitudes to business. "Among those with a generally negative opinion of business, almost half (46 percent) are also concerned about climate change or resource scarcity".[13] In the future, how will managers ensure their organisation is making a positive contribution to

the wider environment and making efforts to tackle climate change? Will there be increasing focus on business purpose and pressure on leaders to develop business cultures that makes ethics, corporate social responsibility and sustainability an integral part of the company's business model?

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> WHILE YOUNG WORKERS BELIEVE THAT BUSINESS SHOULD CONSIDER STAKEHOLDERS' INTERESTS AS WELL AS PROFITS, THEIR EXPERIENCE IS OF EMPLOYERS PRIORITIZING THE BOTTOM LINE ABOVE WORKERS, SOCIETY AND THE ENVIRONMENT, LEAVING THEM WITH LITTLE SENSE OF LOYALTY.[14]
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We want to hear your views on the questions posed in this paper.

To get involved, visit us at: **www.managers.org.uk/ managementtransformed**

#managementtransformed

[6] https://www.forbes.com/sites/karenhigginbottom/2018/12/20/metoo-movement-has-put-organizations-on-alert/#56159fad55d6

[7] ONS (2018), Living Longer: how our population is changing and why it matters
https://www.ons.gov.uk/peoplepopulationandcommunity/birthsdeathsandmarriages/ageing/articles/
livinglongerhowourpopulationischangingandwhyitmatters/2018-08-13

[8] https://www.ageing-better.org.uk/sites/default/files/2019-04/The-State-of-Ageing-in-2019.pdf

[9] Government Office for Science (2016), Future Of An Ageing Population, p.6
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/535187/gs-16-10-future-of-an-ageing-
population.pdf

[10] Office for Government Science (2016), Future of an Ageing Population https://assets.publishing.service.gov.uk/government/uploads/
system/uploads/attachment_data/file/535187/gs-16-10-future-of-an-ageing-population.pdf

[11] https://www.ageing-better.org.uk/news/uk-employers-unprepared-ageing-workforce

[12] https://www.managers.org.uk/~/media/Files/PDF/M2020/Management%202020%20-%20Leadership%20to%20unlock%20long-term%20
growth.pdf

[13] Deloitte (2018), 2018 Deloitte Millennial Survey, p.7
https://www2.deloitte.com/content/dam/Deloitte/global/Documents/About-Deloitte/gx-2018-millennial-survey-report.pdf

[14] Deloitte (2018), 2018 Deloitte Millennial Survey, p.1

CMI Chartered Management Institute