

The Future of Work and Rewards

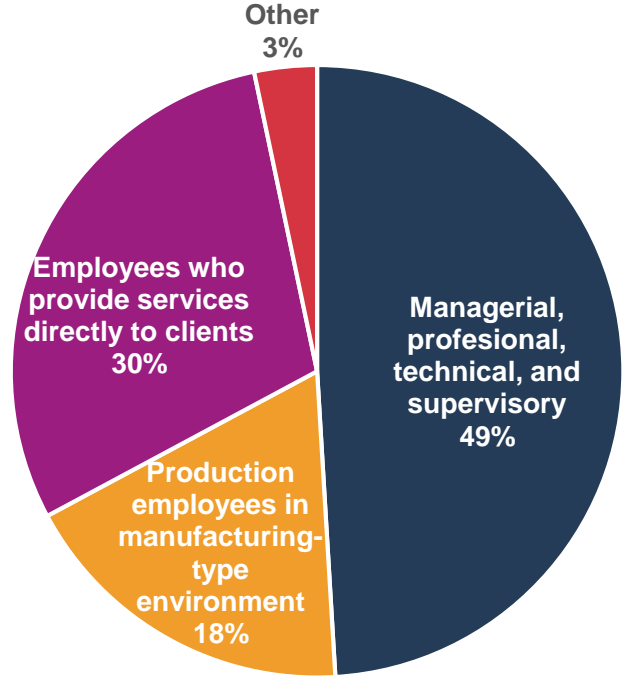
There are numerous reports that globalization, advances in technology, shifts in the composition and skills of the workforce and intense competition among businesses are reshaping how people work and interact at work. However, the way organizations will reward these changes in work, employment relationships, or the changing composition of the workforce is seldom discussed. WorldatWork, in partnership with Dow Scott, Ph.D., of Loyola University Chicago, gathered data to identify how rewards strategies, policies and programs are changing in response to changes in work and in the workforce in the next three to five years.

Executive Summary

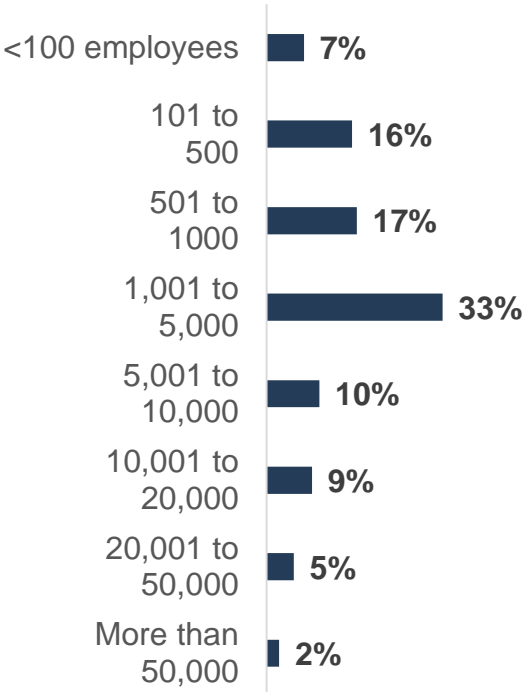
- Changes in technology have the biggest perceived impact on the way work will be done in the next five years, while changes in pay preferences are expected to have a smaller effect.
 - Notably, changes in technology are expected to reduce total labor costs to a much greater extent than any other change.
- Employee development and career opportunities is the aspect of total rewards often expected to increase most in the next three to five years, buoyed by all measured changes.
- Improved ability to measure the quality and quantity of work is expected to reduce total labor costs. It also is expected to increase variable pay.
- The tightening job market, coupled with the much-touted talent gap, is expected to substantially increase all aspects of total rewards — employees who can compete in the future marketplace are expected to be compensated handsomely through increased base and variable pay, as well as more and better benefits, more flexibility and increased development opportunities.

Segment of the Workforce Reported (n=210)

Please choose the largest segment of your workforce.



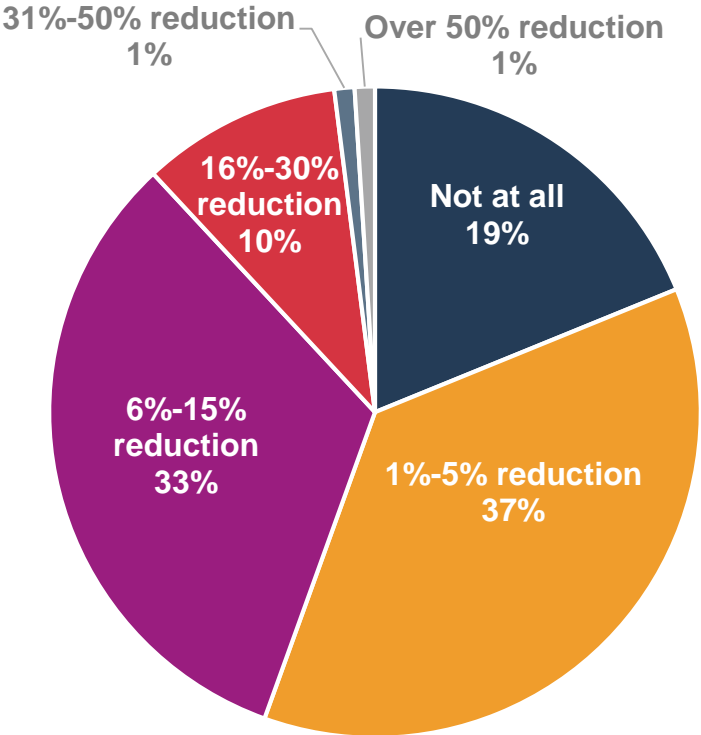
Approximately how many employees are in the employee category or group for which you are responding?



Respondents were asked to keep this segment in mind as they completed the survey.

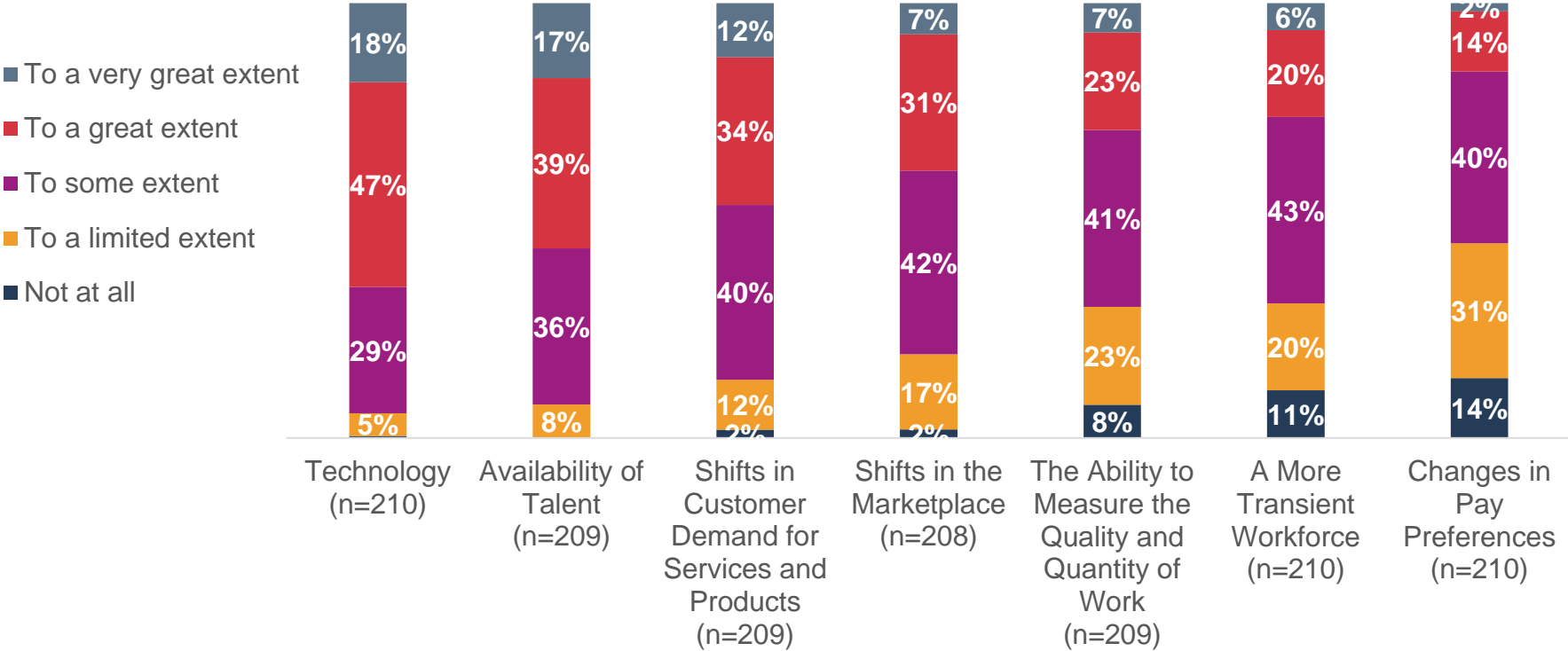
56% of respondents expect technology to reduce the number of employees 5% or less.

Within the next 5 years, what percentage of employees will technology displace while keeping output/service the same? (n=191)



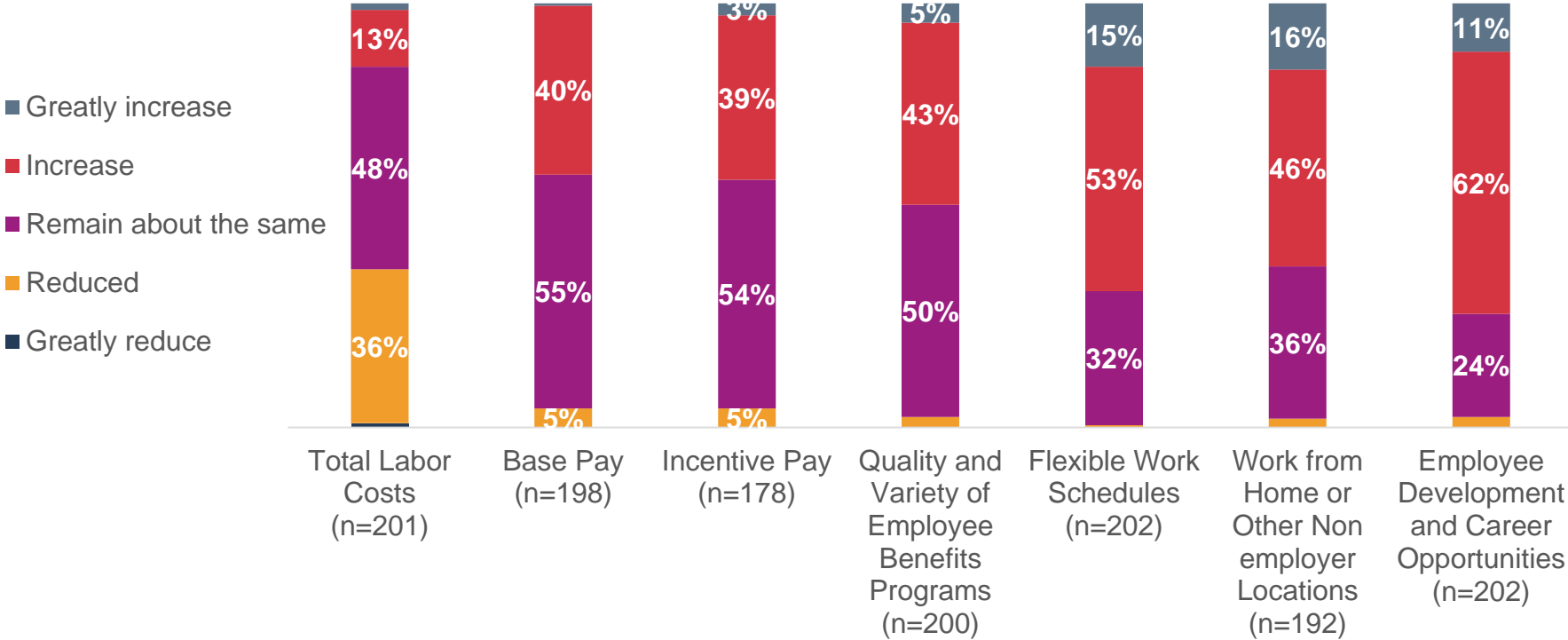
Changes in technology and the availability of talent are expected to have the biggest impact on the way work is done in the next five years.

To what extent will the following reshape the way work is done during the next five years?



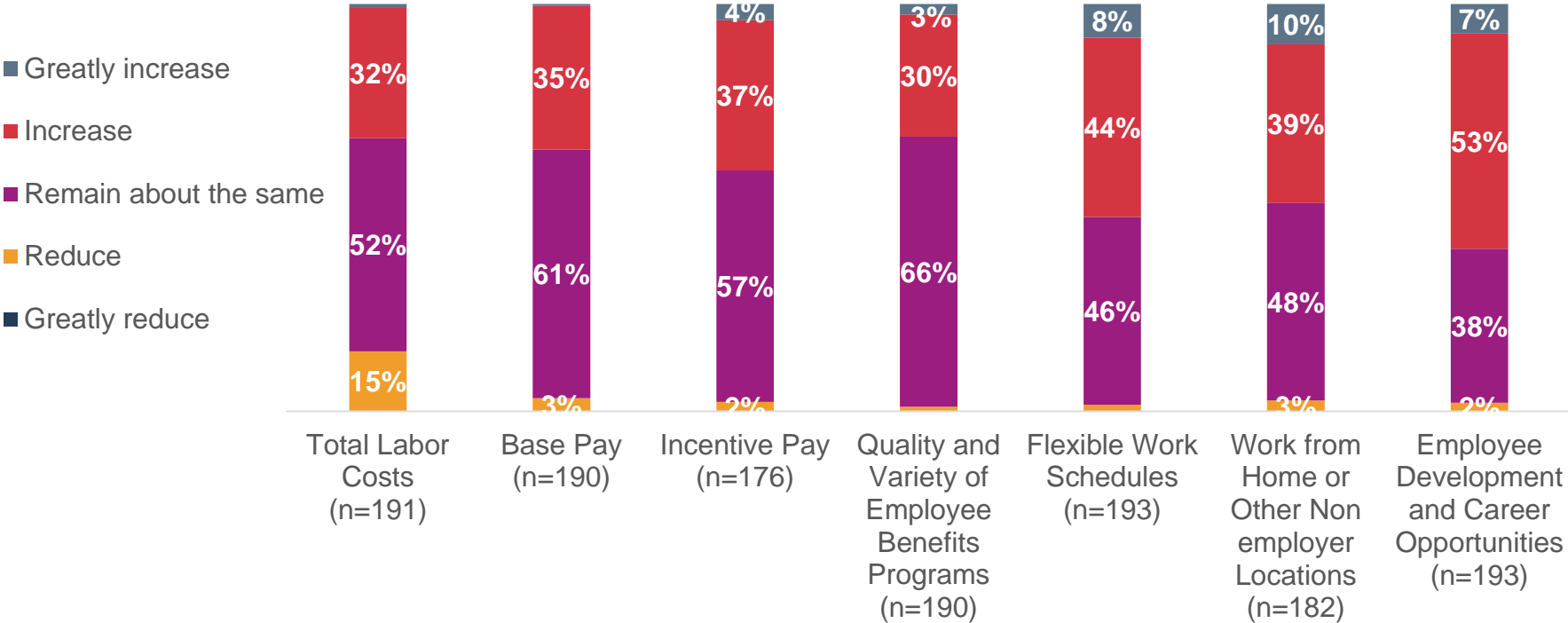
Changes in technology are expected to have a much greater impact on reducing total labor costs than other measured changes. It also is expected to have a strong impact on flexible work locations/schedules and employee development.

How will changes in technology influence total rewards?



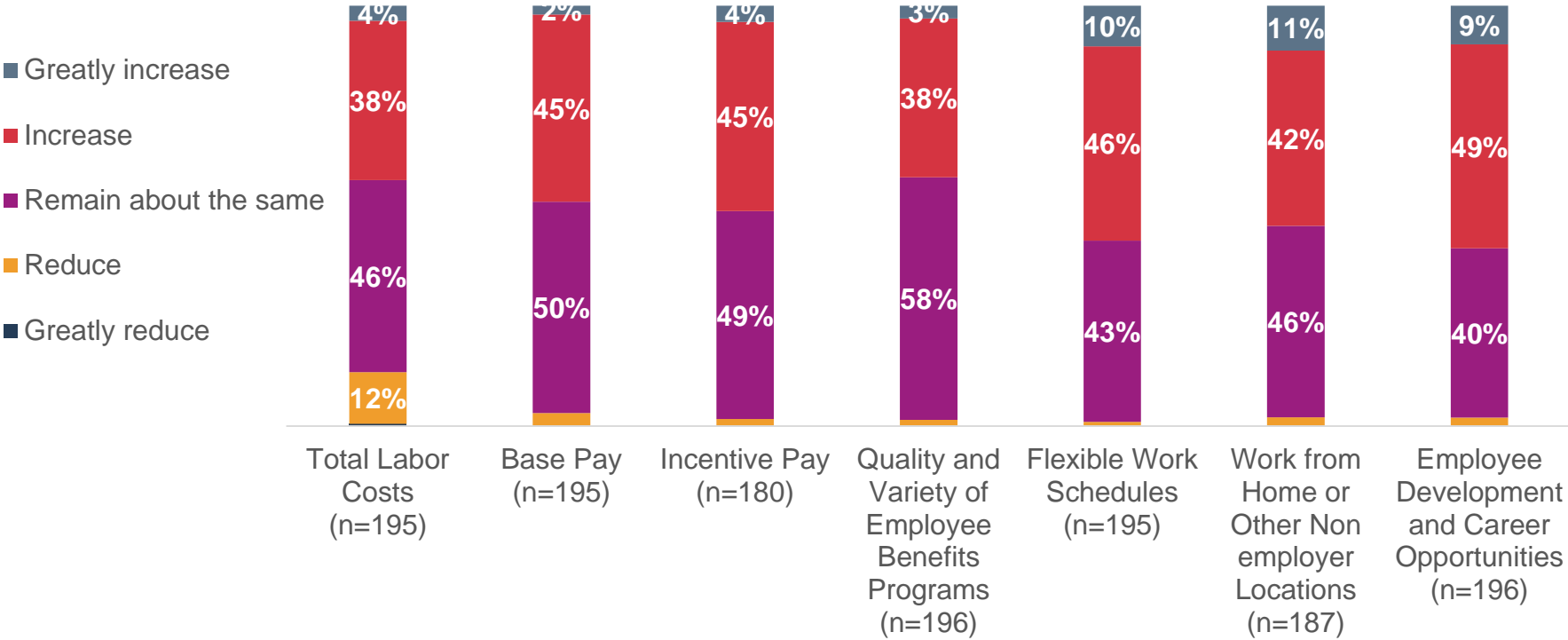
Shifts in customer demand for products and services are expected to drive increases in career opportunities and the quality and variety of benefits.

How will shifts in customer demand for services and products influence total rewards?



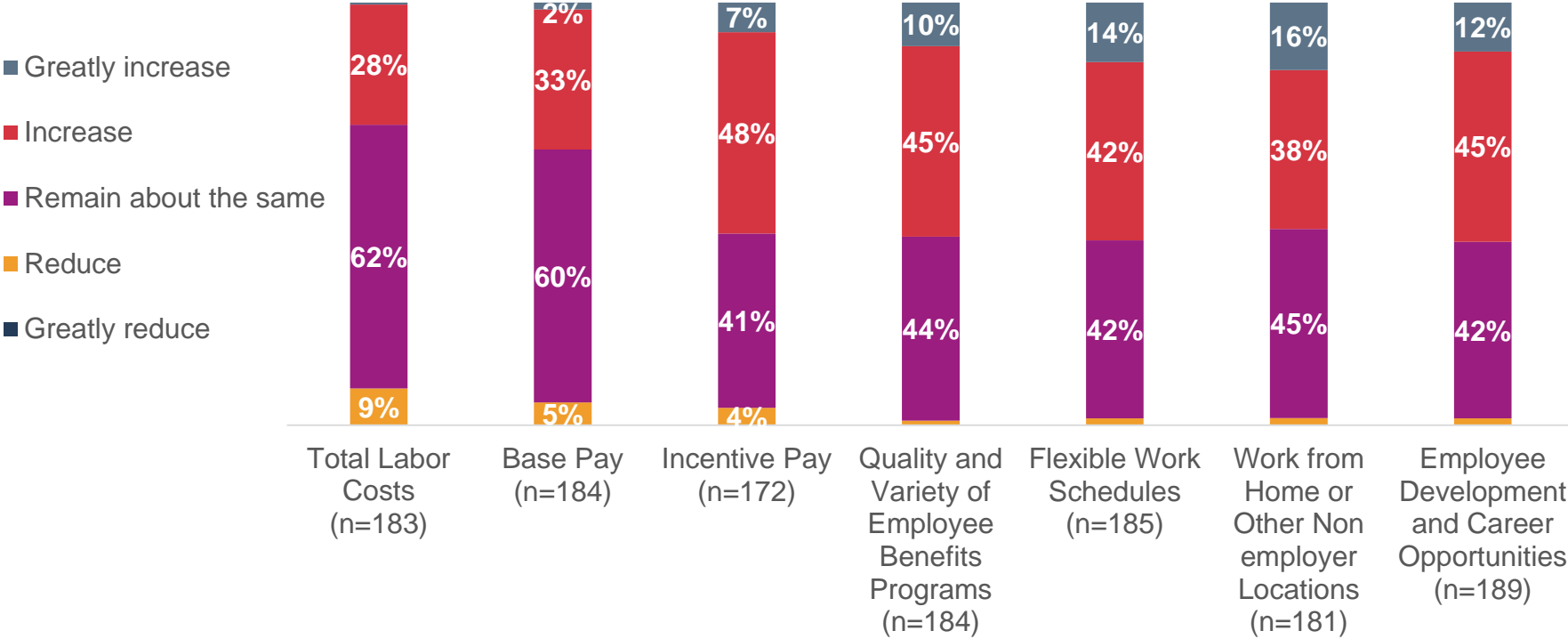
Shifting marketplaces are expected to lead to increases in employee development and flexible schedules.

To what extent will shifts in the marketplace influence total rewards?



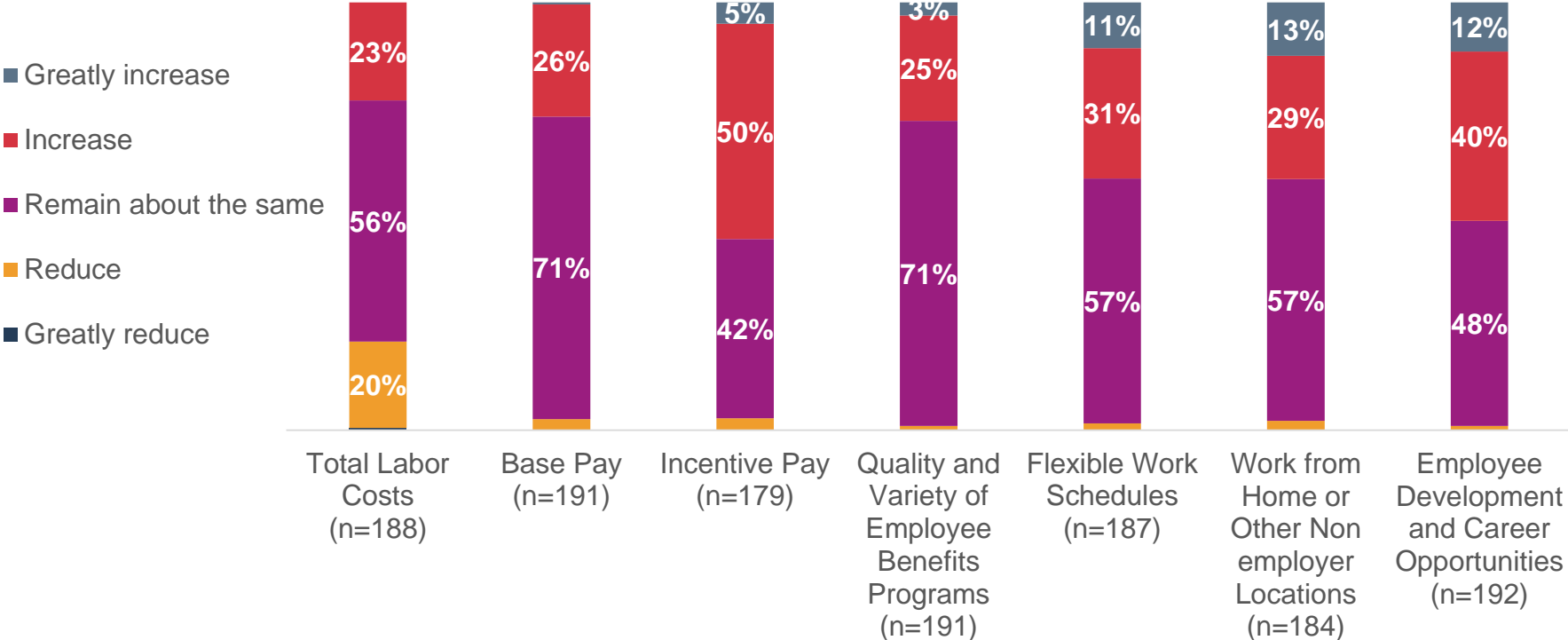
Shifts in pay preferences are expected to have the largest impact on benefits and development opportunities.

To what extent will shifts in pay preferences influence total rewards?



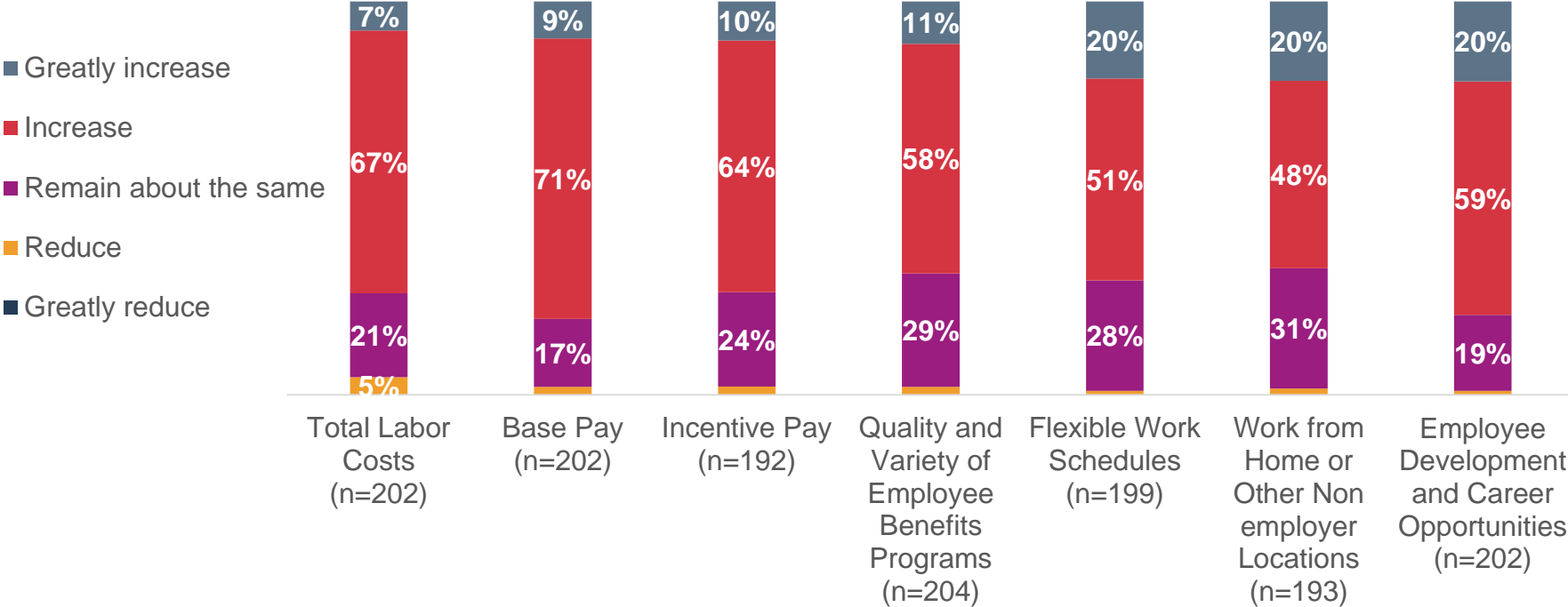
Being able to better measure the quantity and quality of work is expected to lead to increases in incentive pay.

To what extent will shifts in the ability to measure the quality and quantity of work influence total rewards?



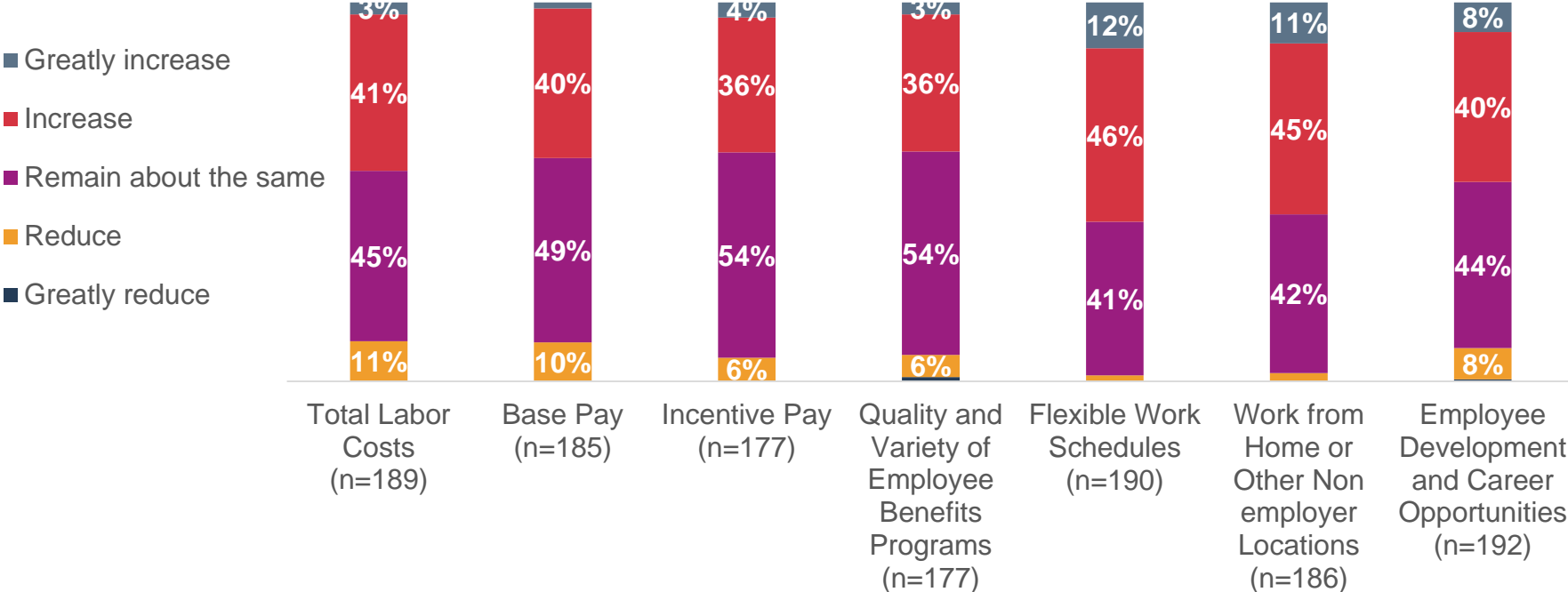
Shifts in the availability of talent (e.g., a tightened labor market, skills gap) are expected to increase all aspects of total rewards, particularly flex options and opportunities for development.

To what extent will shifts in the availability of talent influence total rewards?



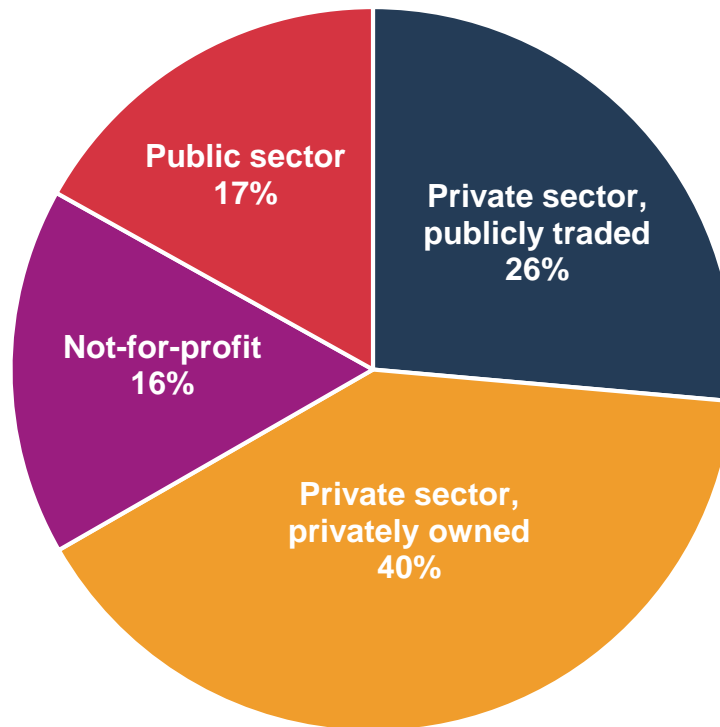
Transient workforces are expected to increase flexible hours and locations, although that may be a circular relationship—as more organizations embrace flexibility, more workers will expect it, forcing more organizations to respond in kind.

To what extent will a more transient workforce influence total rewards?

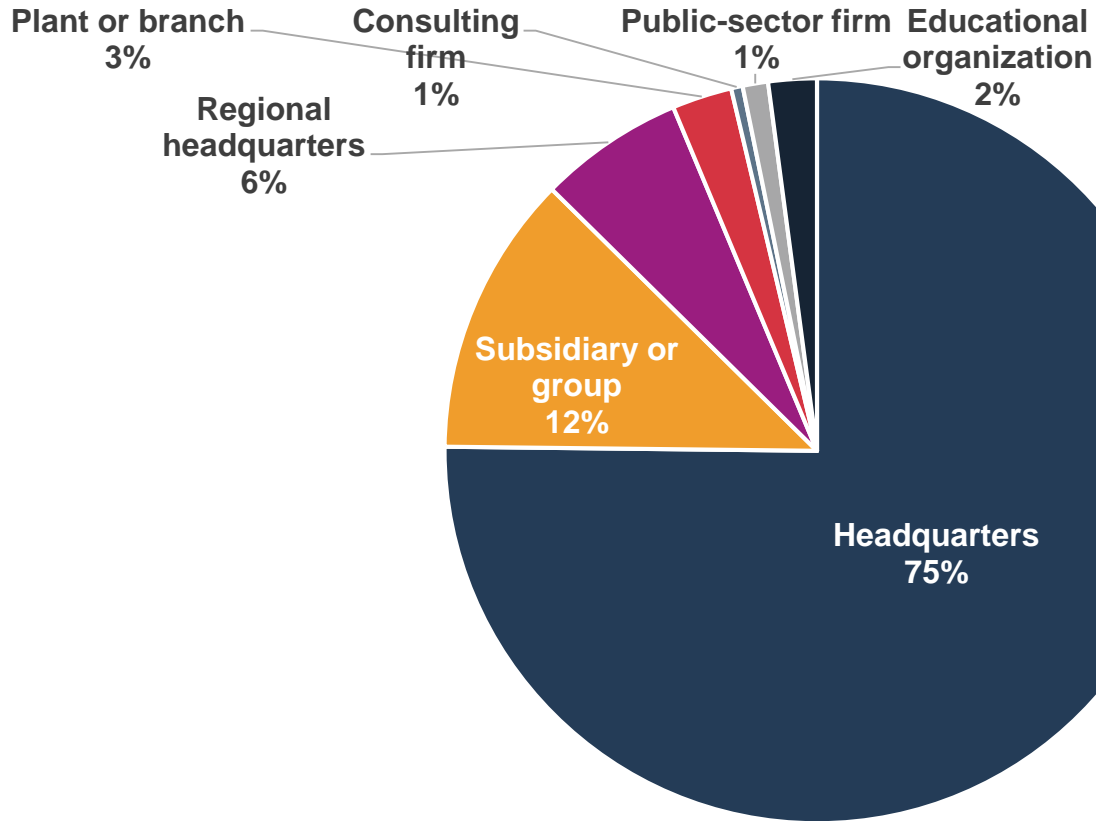


Demographics

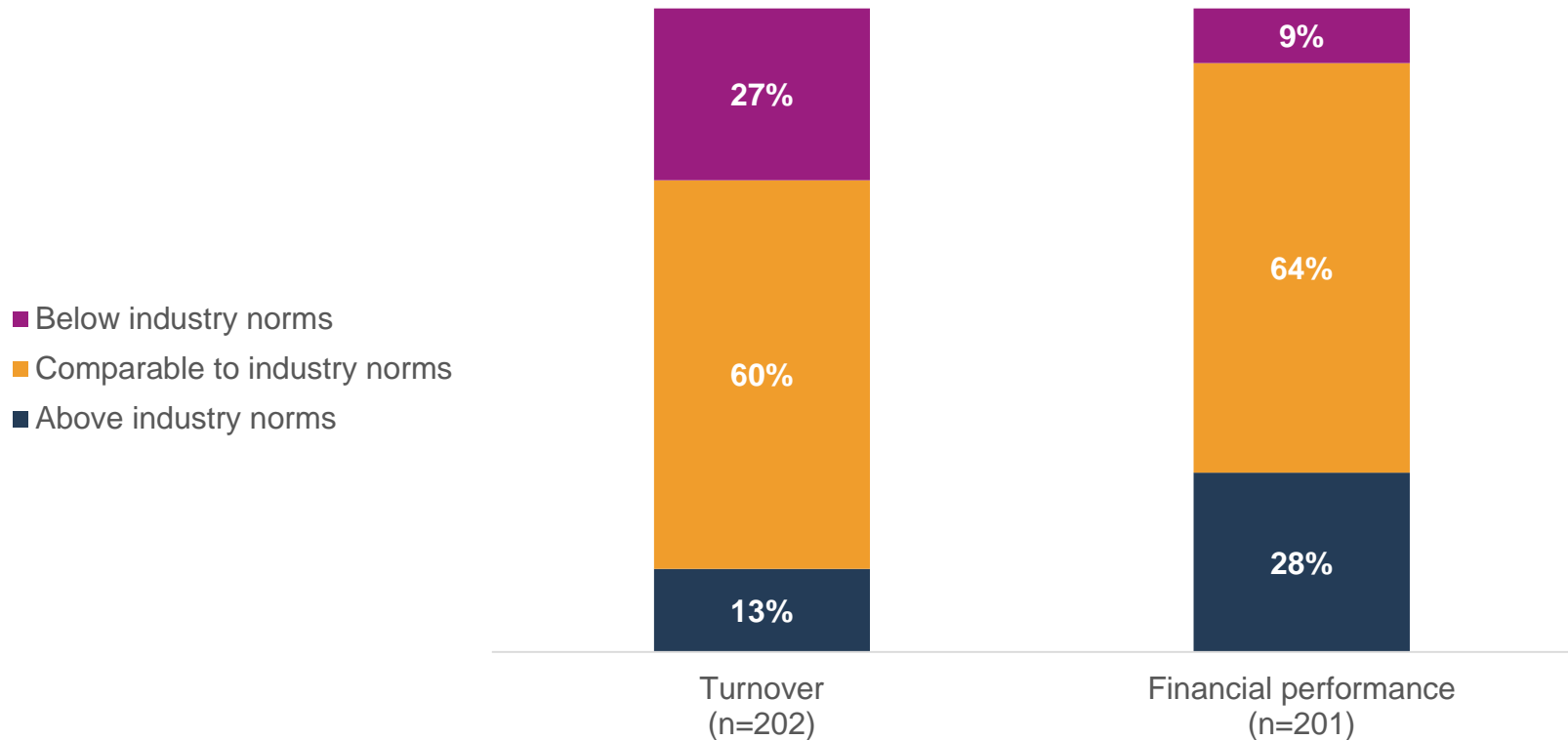
Sector (n=201)



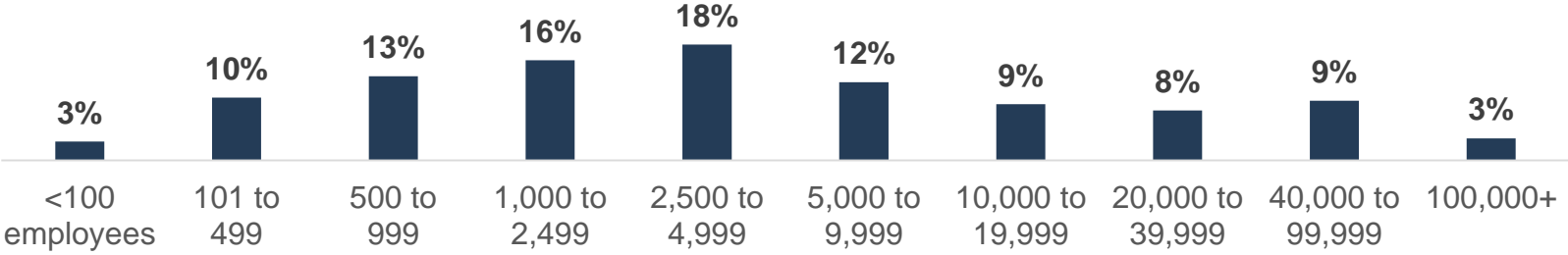
U.S. organizational unit (n=210)



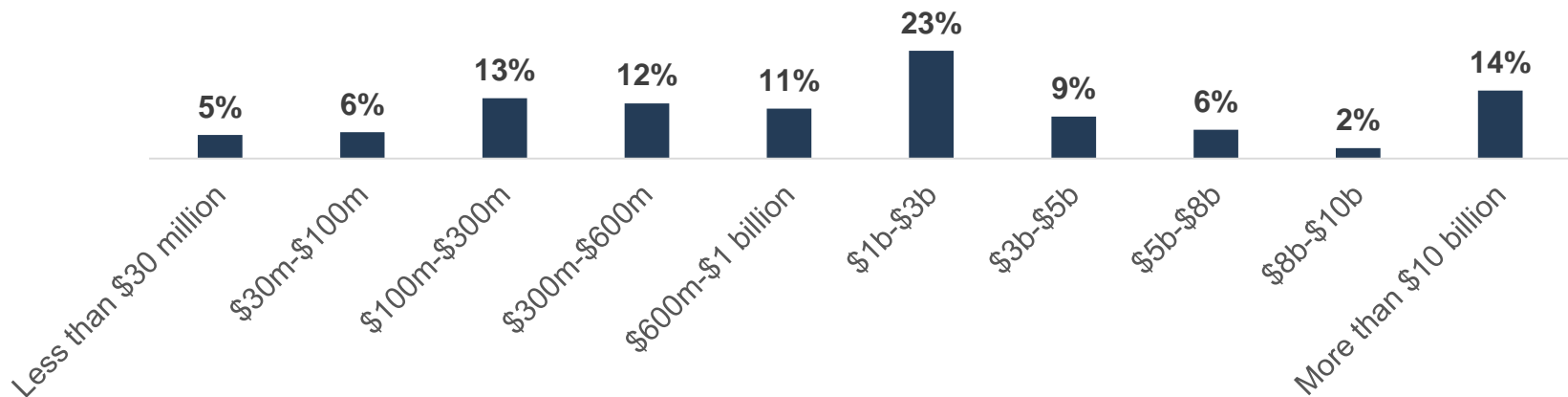
Turnover and financial performance compared to other organizations



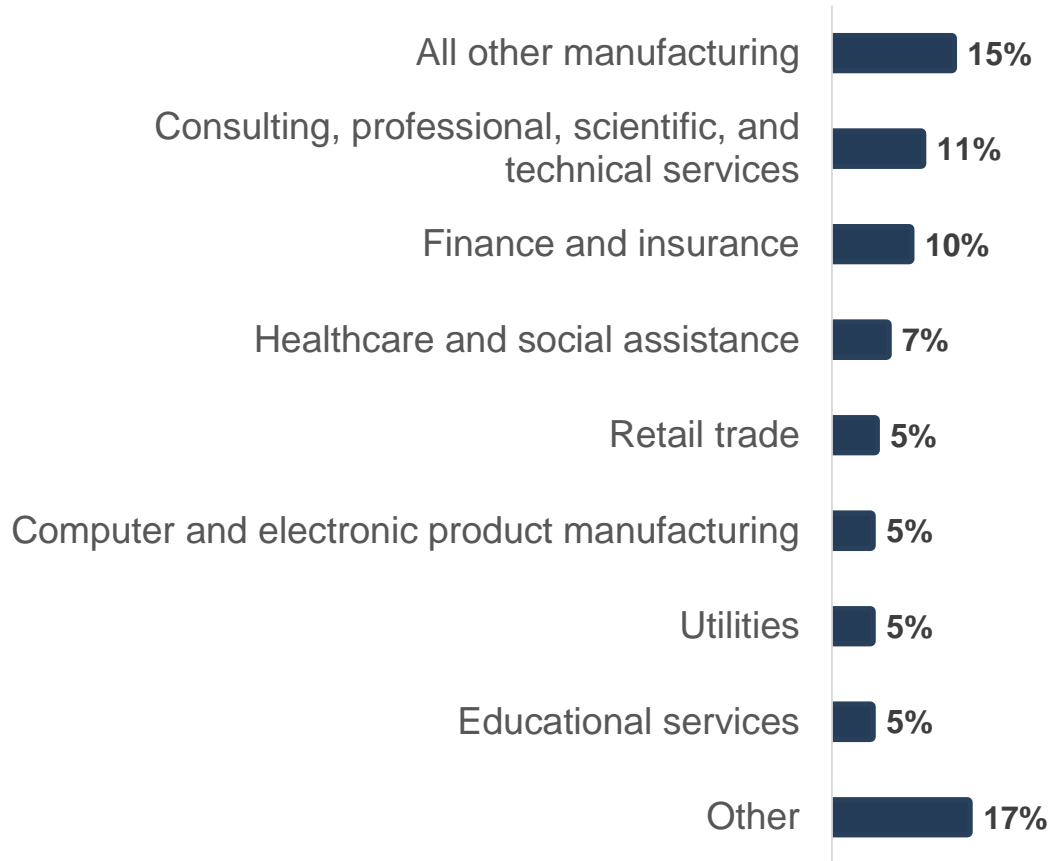
Organization size (n=207)



Total revenue 2016 (n=180)



Industry (n=204)



Only industries with at least 5% of responding organizations are listed here.

Methodology

This report summarizes the results of an October 2017 survey of WorldatWork members that gathered information to understand organizational approaches to rewards strategies, policies and programs in response to changes in work and in the workforce in the next three to five years.

On Oct. 25, 2017, 4,996 survey invitations were sent electronically to WorldatWork members within the United States. The survey closed on Nov. 27, 2017, with 337 responses. The dataset was cleaned, resulting in a final dataset of 210 responses. In order to provide the most accurate data possible, data was cleaned and analyzed using statistical software. Any duplicate records were removed.

The demographics of the survey sample and the respondents are similar to the WorldatWork membership as a whole. The typical WorldatWork member works at the managerial level or higher in the headquarters of a large company in North America. The frequencies or response distributions listed in the report show the number of times or percentage of times a value appears in a dataset. Due to rounding, frequencies of data responses provided in this survey may not total exactly 100%.

The full text of the questionnaire can be found [here](#). A list of participating organizations can be found [here](#).

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