Responsibility and Trust in a Time of Uncertainty

2019 is shaping up to be an important but uncertain year. For the first time in the last decade, economists and business leaders are caught between a growing economy and an increasing sense of doubt and fear. Unemployment remains low and skills are in great demand, yet the stock market is volatile and issues related to income inequality, trust, and ethics make the news every week.

The Edelman Trust Barometer, a global survey of trust in business and government, shows a continued drop in trust around the world. A year ago, only 43% of respondents said they trusted their governments and only 52% trusted business. Seventy percent of respondents were worried about fake news, and their trust in the media dropped by over 10%.1

As business leaders and managers, we are now expected to take responsibility. In this same research, 64% of respondents believed the CEO should take the lead on change rather than wait for the government to act, and 56% said they had no respect for CEOs who remain silent on social issues.

And even more importantly, 63% of respondents said they would stop buying a product if the company does not behave in a responsible way. The research identified the five most important criteria for responsibility: safeguarding privacy; driving economic prosperity; investing in jobs, caring for the environment, and ensuring consumer safety.

Inside companies, we are witnessing a rapid move to digital environments, and ensuring consumer safety.

In this coming year of automation and AI, I believe helping people reinvent themselves may be the number one key to prosperity in your company and in society as a whole. And if we do experience a recession in 2019, this focus will be even more important, as people are forced into new roles by the downturn. From an HR standpoint, this means building a culture of learning, incenting managers to develop and move people, and giving people opportunities to express their personal goals through their work. New software tools that deliver micro-learning, assess adjacent skills, and identify people for the right role through AI are nowhere to help.

While all this reskilling and change is going on, people are working longer hours and asking employers to provide solutions for wellbeing, productivity, stress reduction, and financial support. While the global economy is growing in many countries, there appears to be a hollowness to the growth, as the majority of workers feel that their incomes are not keeping up with inflation.5

I believe this is both a government and private sector issue, and one that lands on the laps of HR. Will you argue for wage increases in your company when you hear about standard of living issues among your workers? Or will you treat workers as labor costs that need to be managed down to increase profits? You, as an HR leader, have an opportunity to weigh in.

I believe we have to rethink our philosophy of wages in the coming years and focus on investment in people rather than reduction in payroll costs as automation takes over. One of the clear changes that takes place as a company goes digital is that every job becomes a service role. Even those of us with internal positions are now serving others in our job.

This means that employee commitment, engagement, and development is fundamental to growth and success. So we have to pay people fairly and competitively in ways that incent them to grow and stay. When you underpay employees, they do not add the extra commitment you need to their work and their loyalty diminishes. The result is lower productivity, higher turnover, and potentially decreased customer satisfaction— all of which actually increase business costs.

Despite the logic of this argument, Deloitte research shows that only 7% of companies believe their compensation is fully aligned with their business strategies.6 In 2019, I urge you to do a good review of your compensation strategy and make it more agile, real-time, and current. For more on this, read my article “Why Wages Aren’t Keeping Up: It’s Not the Economy, It’s Management.” 7

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This sense of falling behind is also forcing young workers to do gig work and look constantly for new positions: It is forcing employers to be more lavish and generous with benefits and perks; and it is encouraging HR departments to build programs to enhance the employee experience and improve employee engagement. (Sixty-two percent of millennials believe gig work is a good alternative to full-time work, and 18% of Gen Z workers have side hustles to make extra money.)

The workplace itself is also changing rapidly. More than 40% of U.S. workers now work from home or on some type of contingent basis. ADP told me that over the last decade the number of W-2s has been almost flat but the number of 1099s has gone up by over 40%. In fact, the alternative workforce is not alternative anymore. Companies such as WeWork that provide communal work spaces are exploding with growth and almost every coffee shop is filled with people working at their computers.

1 https://www.edelman.com/edelman-research/2018/06/2018-edelman-trust-barometer-
2 https://www.24/7wallst.com/aspects/trust/important-questions-
5 https://www.forbes.com/sites/joshbersin/2018/10/31/why-arent-wages-going-up-in-the-
6 https://www.businessinsider.com/2018/05/gigar-working-can-be-bad-for-your-
7 https://www2.deloitte.com/insights/us/en/deloitte-review/issue-21/changing-
8 https://www.dailywage.com/2018/09/14/opinion-columnists/great-recession-

Sources:
I believe this trend will accelerate in 2019. It is easier than ever to find gig work through websites such as UpWork, and many younger workers see side jobs as investment protection in case of a recession. If you ask younger workers why they want online learning and lots of developmental projects at work, their number one answer is "to increase my earnings potential and help me get ahead." I wouldn’t be surprised to see young people learn the fundamentals of linear algebra in high school, so they can start building neural networks before they even enter college. The demand for AI experts is incredibly high; LinkedIn says AI jobs are 12 times more in demand than the average positions. One of my associates tells me new graduates in AI can earn $100,000 right out of college.

The way we manage is changing, too. It’s very clear to me that we have entered a world where responsible capitalism is the theme of the future, and managers themselves have to think about taking care of their people, coaching people in a growth mindset, and acting in the most inclusive ways possible. Yes, many companies are still hard-driving places to work, and this will always be true. But in my experience, when the economy turns down and times get tough, tightening the screws doesn’t always help. Being honest, responsible, and positive with people is always the best solution.

We also are in the third inning of a long game to redesign our companies to be networks, not hierarchies. The hierarchy of a business will never disappear, but now it is more of a coordination mechanism and less about how orders and directives are carried out. The fastest growing companies of today create highly empowered teams; they promote people based on their expertise and relationship they experiment and iterate on products and services; and they use top-down the market, focusing solely on the employee experience itself. (Read my report on HR tech\textsuperscript{15} for more on this.)

Some have called data the new "oil" of the digital economy, and given what’s been happening with privacy, maybe data is as dirty as oil. Regardless, data management and security are much more challenging than originally thought. Companies such as Amazon, Facebook and Google, which have become enormous by leveraging our personal data in advertising, are now under attack because consumers don’t trust how their data is being used. It turns out being a data-powered company is harder than it looks, as credit card and financial services companies know well. All of this is creating a much greater focus on data privacy, governance, and ethics in HR.

AI, the newest buzzword in the industry, is now everywhere. I think we have over-rotated toward technology, believing that new tools would solve the issue of management behavior. Now we are in an era of truly teaching leaders how to coach, develop, and listen to their people. The topics of diversity and inclusion have now reached the CEO, making HR’s job in this area harder than ever. Every company has built-in bias (by nature, the founders bring their own biases to every business), yet CEOs and HR leaders are now being held accountable for transparent diversity metrics, fair pay, transparent pay by level, and ever-more data about how their metrics compare with their peers. This scrutiny will grow in 2019, forcing companies to continually to invest in this area.

**Figure 2**

UN Sustainable Development Goals leadership as a form of alignment, not a form of control. This has transformed the leadership development industry, which loves to talk about digital leadership, has given us all a lot of fun work to do building new tools and models for teams. The age-old world of performance management continues to evolve. Companies now realize that once-a-year reviews are not enough, and many companies have implemented check-ins, continuous feedback, agile and open goals, OKRs, and development planning that take place on a regular basis. To complement this change we have an enormous new market of learning experience platforms, virtual reality learning systems, micro-learning tools, and lots of learning "in the flow of work" so we can develop ourselves at any time of the day.

The latest research by Bersin actually shows that 96% of companies still do annual reviews, despite all the talk about continuous feedback, and the process is still "universally despised" with a net promoter score of -60.\textsuperscript{15} I think we have over-rotated toward technology, believing that new tools would solve the issue of management behavior. Now we are in an era of truly teaching leaders how to coach, develop, and listen to their people. The topics of diversity and inclusion have now reached the CEO, making HR’s job in this area harder than ever. Every company has built-in bias (by nature, the founders bring their own biases to every business), yet CEOs and HR leaders are now being held accountable for transparent diversity metrics, fair pay, transparent pay by level, and ever-more data about how their metrics compare with their peers. This scrutiny will grow in 2019, forcing companies to continually to invest in this area.

\textsuperscript{10} https://www.linkedin.com/pulse/what-work-happy-work-speed-time-learning- experience/
\textsuperscript{12} https://blog Bersin.com/2018/12/guess who’s looking at the hr tech-market?
\textsuperscript{13} https://blog Bersin.com/2018/12/i-was-wanted-i-was-expected-for-more-on-this.
There are some amazing technologies to help address diversity and inclusion challenges, ranging from software that “de-biases” job descriptions to finding discrimination in interviews and promotions to pointing out pay inequity. But it’s still a tough slog. I believe fairness, diversity, and inclusion should stay at the top of the agenda for all HR organizations this year because of its importance to employees and the business itself.

Issues related to harassment and mistreatment of employees also continue to surface. Not only do women suffer from poor treatment, but many companies also inadvertently discriminate against older people, people of different cultures, and many other groups. In the old days, this was accepted practice; today harassment and discrimination are being inspected through the microscopic lens of the internet. I believe companies that learn to harness the talents of a multi-generational, multi-cultural workforce will far outperform those that don’t, especially if the economy turns south.

In my travels over the last year, I came across dozens and dozens of amazing organizations that are addressing all these workforce challenges. Companies such as Salesforce, Genentech, Schneider Electric, Kone, Citibank, Nestle, and Microsoft are reinventing themselves on a regular basis. They are dealing with all these issues at once; they work hard to transform their business itself.

The theme of “doing well by doing good” should be high on every HR organization’s strategy. The new Just 100 list from Forbes16 and the 2018 Companies that Care from Great Places to Work17 provide great models to follow.

In 2019, every HR executive should spend time with leadership mapping the company’s mission statement against the sustainable development goals from the UN to see how well it lines up. This exercise can be both empowering and transformational for your leadership, because it provides a true sense of purpose, which can drive success like almost nothing else.

What About HR Itself?

Almost every week I hear predictions that the HR department is going away or that AI and software will replace the need for HR managers.

I could not disagree more.

In today’s uncertain environment, HR has become one of the most important parts of business. If a business is growing, how does it compete for the best talent that aligns with its culture? If a company is restructuring, how does it move people into the right roles, redesign the organization, and inspire people to reinvent themselves as the business goes through change? When a company downsizes, how does it shift to alternative work or reduce people’s hours without losing its mojo and culture? And when products go digital or a company shifts to a new value chain, how does it train people to operate in a new way, take on more hybrid roles, and learn new skills? It all comes down to HR, the real heroes behind the scenes.

Yes, HR itself has to adapt. We need to upskill our teams and be more agile, we need to integrate the silos of HR, and we need to modernize the service delivery function. These are all going to be topics I’ll talk more about in the coming year.

Final point: Being Responsible

The final point I want to make is about culture, mission, and purpose. We are now in a world where trust and purpose are almost more important than profit. Companies such as Facebook and Volkswagen, which put financial results over trust, find themselves in difficult positions over time. A tarnished brand is hard to repair, especially today as we expect business leaders to set an example. This expectation crosses workforce generations.

Those of us who are baby boomers grew up in sound economic times. We built good careers and learned through experience that profitable companies were good places to work. Millennials, Gen-X, and Gen-Z workers see the world a bit differently. While they have seen good economic growth, they also witnessed the 2008 meltdown and a breakdown of political dialogue. Additionally, they have serious concerns about global warming, income inequality, and trust. While these employees do want great careers, they also want to help make the world better.

On the other side of the workforce spectrum are those people in their 50s and 60s who need or want to work for another 20 years or so. In fact, the over-50 workforce is the single fastest growing segment of the U.S. workforce. These employees are also mission-driven, largely by the nature of age and place in life.

Organizations and HR teams must consider these generational issues in 2019. Are we building an inclusive multi-generational culture? Are we giving older workers the opportunity to mentor younger people? Are we addressing the societal and citizenship concerns of these populations? Are we updating our leadership models to accommodate a much longer lifespan?

My career in HR, which happened by accident, has given me insight into a profession I adore, respect, and admire. HR professionals are among the most passionate and creative people I have ever worked with, and in 2019 I think we will be tested again. Let’s look at this uncertain year as an opportunity to step up our game and reinvent ourselves to be more agile, more responsible, more data-driven, and more business aligned than ever.

I am here to be the pattern-matcher and hopefully guide you as this world continues to change. Later this year, I plan to introduce a new offering, focused on helping HR professionals and their teams continuously reinvent themselves as the world keeps changing. I’m excited to tell you more, so stay tuned for the details.

Here’s to a fantastic 2019! I look forward to talking and collaborating with you in this exciting, and somewhat uncertain, year ahead.

1. HR Technology will be a challenge as many new tools hit the market.

You’re going to be flooded with new tools and vendors this year. It’s time to partner with IT, set up an architecture group, and look at core systems as an infrastructure foundation, not total solutions. The average HR department will have the option to add many tools this year, so be ready to experiment and carefully select only what you need. The latest research shows that on average, companies have eight HR systems of record, and that number keeps rising.18

2. Data, analytics, and AI are exciting, but ethics, trust, and governance are key.

After many years writing about the slow evolution of analytics in HR, it has now arrived in a big way. Every HR system you buy has an analytics system included, and you will have a vast amount of data from your Microsoft or other core systems as well. Make sure you have a good analytics team in place and connect it to other functional analytics teams across the company as fast as you can.

You also must keep responsibility, trust, and ethics top of mind. AI systems in the workplace can potentially recommend people analytics that are not total solutions. The average HR department will have the option to add many tools this year, so be ready to experiment and carefully select only what you need. The latest research shows that on average, companies have eight HR systems of record, and that number keeps rising.18

3. While a buzz phrase, employee experience is still very important.

“Employee experience” is a top priority in every company, but there are many different definitions for the phrase. To me, employee experience means understanding what your employees need and treating them with the same care and importance you apply to customers.

A company understands its target markets, customer segments, customer buying needs, and the products and offerings they like. A company also understands its customers’ journeys and interactions with its products, and it carefully instruments customer feedback and recommendations. That’s what we have to do with employees to really get to know what they need.

This new focus changes our role in many ways. We have to spend more time with finance and IT; we need to collect and understand more real-time data about our workforce; we need more flexible benefits and work arrangements; and we need to integrate all our talent practices and focus them on employee needs, not the needs of HR.

4. Learning is top priority. Get ready to disrupt what you’re doing.

The fastest growing segment of the HR market today is tools and systems for learning. Why? Because everyone’s job is changing before our eyes and we all want to learn as fast as we can. From an HR and L&D standpoint, this means embracing learning experience platforms, virtual reality, design thinking, and agile learning methodologies. AI tools for learning are arriving, so you can soon buy systems that teach in the flow of work. Don’t be afraid to experiment with the new systems in the market; they are ready for prime time. You can read all about learning in the flow of work here.19

5. Focus on leadership culture and learn to lead in a network.

The leadership development industry is filled with courses, books, and programs – and each has gold nuggets and value. On the other hand, you can’t use them all. The big theme in 2019 is learning to lead in a network, which means leading through influence, collaboration, listening, and deciding when to act. High-performing companies thrive through honesty, transparency, experimentation, and learning from mistakes -- and also getting very close to customers. It saddens me to read about the problems at GE, but maybe the message is just that you cannot do things the old way any more. I think the new icons of business leadership are the responsible companies in the world -- companies that thrive based on their purpose and mission and look at profits as a result not a goal.

6. Arm up your recruiting machine.

Of all the areas where technology and science have the most value, I have to say recruiting is number one. LinkedIn, Indeed, and other amazing AI-based sourcing, assessment, and screening tools are now eliminating bias, opening the aperture to more candidates, and helping job seekers better differentiate employers. Your Glassdoor rating and other brand attributes are transparent in the market, so recruiting and leadership are now directly linked. And this year you have to connect your recruiting function to your learning function. Companies spend three to four times as much per candidate on recruitment than they spend on developing internal candidates, yet as many as a third of new hires don’t work out. I think the talent acquisition and talent development teams have to spend more time together, so you can truly implement a sound program for facilitated internal mobility. There are some amazing technologies to help with this in the market now.

7. Take the wellbeing market seriously.

I used to think employee perks and wellbeing programs were a bit of a fad. They’re not. In today’s always-on world of work, you have to provide workers (full-time and alternative) a wide aperture to more candidates, and helping job seekers better differentiate employers. Your Glassdoor rating and other brand attributes are transparent in the market, so recruiting and leadership are now directly linked. And this year you have to connect your recruiting function to your learning function. Companies spend three to four times as much per candidate on recruitment than they spend on developing internal candidates, yet as many as a third of new hires don’t work out. I think the talent acquisition and talent development teams have to spend more time together, so you can truly implement a sound program for facilitated internal mobility. There are some amazing technologies to help with this in the market now.

8. Make sure your employee listening strategy is in place.

The world of employee surveys, pulse survey tools, and sentiment analysis is now quite mature. SAP (through Qualtrics), LinkedIn (Glimt), and almost every other technology provider now has intelligent, built-in tools for employee surveys and feedback. I would prefer that these tools are embedded into the core HR platforms, but that is still away off. Make sure effective employee listening is on your 2019 agenda.

9. Talk with your IT department about Microsoft and the company’s productivity tools.

This year is going to be a big year for wholesale employee productivity tools. Microsoft Teams and related technologies, Slack, Workplace by Facebook, Google G-Suite, and new tools from Cisco are revolutionizing the day-to-day work experience. You cannot survive without being a part of this transition. In fact, I believe your HR technology group should be partnering with IT in this effort, so everything you do in HR is embedded in the flow of work.

10. Turn your HR function into a multi-disciplinary team.

Let me conclude with a few predictions for HR itself. The functional silos we have built up in HR (recruiting, learning, compensation and benefits, employee communications, and HR tech) are now getting in the way of true end-to-end low levels of engagement, high levels of turnover, and ever-increasing costs of insurance. There are hundreds of new players in this $40 billion market, and IT continue to follow this space closely in the year ahead. Just don’t buy everything for everyone. You should do some design thinking, surveys, and conjoint analysis to figure out what benefits different employees want. Netflix, for example, just gives every employee a $15,000 bank account to select what they prefer. I think that’s a pretty good idea.

18 Sierra-Cedar 2018-2019 HR Systems Survey
solutions. I’m not saying we need experts, centers of expertise, and employee service centers. But if you can’t bring these disciplines together to focus on a restructuring, turnover problem, or other employee-related initiatives, you simply cannot add enough value.

For example, every time a company has a hiring problem, it likely also has problems with internal mobility, job redesign, and possibly a strategy for building alternative work arrangements. And the issues of diversity, culture, and generational change are important, too. The talent acquisition team can’t solve these problems alone. But if you bring a multi-functional team into that workstream, you can think about recruiting in the context of team design, talent access, career mobility, and a diversity and culture strategy. Every problem in HR works this way.

This means HR itself has to turn itself into a network of teams, and you have to spend much more time becoming connected and integrated as a function.

Important articles discussed in this report:

- **Guess Who’s Looking At The HR Tech Market? Microsoft**
  December 20, 2018

- **Corporate Learning in 2019: Three Things To Do**
  December 15, 2018

- **The Alternative Workforce: It Isn’t So Alternative Any More**
  December 10, 2018

- **Learning In The Flow Of Work: Arriving Now**
  November 30, 2018

- **We Wasted Ten Years Talking About Performance Ratings. The Seven Things We’ve Learned.**
  November 15, 2018

- **Why Did SAP Pay $8 Billion To Acquire Qualtrics?**
  November 13, 2018

- **New Research Shows “Heavy Learners” More Confident, Successful, and Happy at Work**
  November 9, 2018

- **Learning In The Flow Of Work: What It’s All About**
  November 4, 2018

- **AI Comes To Recruiting: Will Interviews Go The Way Of The Dinosaur?**
  November 2, 2018

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**About Josh Bersin**

Josh Bersin is an internationally recognized analyst, educator, and thought leader focusing on the global talent market and the challenges impacting business workforces around the world. He studies the world of work, HR and leadership practices, and the broad talent technology market.

He founded Bersin & Associates in 2001 to provide research and advisory services focused on corporate learning. Over the next ten years, he expanded the company’s coverage to encompass HR, talent management, talent acquisition, and leadership. He sold the company to Deloitte in 2012, when it became known as Bersin™ by Deloitte. Bersin left Deloitte in June 2018, but he continues to serve as a senior advisor and contributes to major research initiatives. He also sits on the board of UC Berkeley Executive Education.

Bersin is frequently featured in talent and business publications such as Forbes, Harvard Business Review, HR Executive, FastCompany, The Wall Street Journal, and CLO Magazine. He is a regular keynote speaker at industry events around the world and a popular blogger with more than 700,000 followers on LinkedIn.

His education includes a BS in engineering from Cornell University, an MS in engineering from Stanford University, and an MBA from the Haas School of Business at the University of California, Berkeley.