

3 Global Megatrends Impacting Your Business in 2022

Each year, UKG identifies the most significant trends impacting the workforce and provides industry-leading research and insights to help organizations proactively implement strategic, meaningful change.

As today's business leaders continue to adjust to regulations, innovations, and dramatically altered employee expectations sparked by the pandemic, it's clear that future-facing initiatives, strategic solution investments, and reimaged business operations are required to navigate an increasingly complex workforce.

1 The Growing Influence of the Gray-Collar Worker



In the past, we've primarily been focused on two areas of the workforce: white-collar and blue-collar workers. We drew a line in the sand, essentially implying that if you're not one, you're the other. But the problem here is that there are many, many types of jobs that don't fit into this limited dichotomy — there are varying shades of gray. Gray-collar workers often find themselves at the intersection of technology and service, with hints of both white- and blue-collar aspects. In most cases, these are positions that require some combination of physical and technical skills, which makes them difficult to fully automate.

As a result, experts believe gray-collar roles will be one of the fastest-growing demographics after the pandemic; of the Bureau of Labor Statistics' top 20 fastest-growing occupations, 13 fall under the umbrella of gray-collar.¹

The Way Forward

- Rebrand:** Rebrand these jobs to clearly define gray-collar workers as highly skilled, highly paid, and in demand. Entice younger workers and those from other industries into these fields.
- Rethink:** Rethink degree requirements for certain roles. Researchers have concluded that 6.2 million jobs are currently at risk of degree inflation, including many that fall under the gray-collar umbrella. A resulting talent shortage could leave 85 million roles unfilled and result in \$8.5 trillion of unrealized annual revenue by 2030.
- Reskill:** Due to the rapid acceleration of digitization that was only enhanced during COVID-19, gray-collar industries require ongoing reskilling initiatives. This can be accomplished through apprenticeships, internal gig economies, learning and development opportunities, and intrapreneurship.
- Retain:** Recognition and investment expectations are shifting. The past that showed disregard for this vital segment of the workforce needs to be replaced with retention efforts, investment, respect, and recognition of where these workers took us, how they supported us, and how vital to our future they are. Seek creative opportunities to provide the most-desired benefits, such as flexibility, autonomy, and increased compensation.

2 The New Ethics Of Leadership

As issues like diversity, equity, inclusion, and belonging (DEI&B), climate change, and artificial intelligence (AI) come front and center, leaders no longer can hope to scale shareholder value without scaling shared values. Mission and margin, profit and principle, success and significance are now inextricably linked. We are in the midst of an ethical crisis that is confronting leaders with vexing issues, profound dilemmas, and painful trade-offs. People are exhausted and looking to leaders for answers, guidance, action, and hope.



It's a matter of survival; 52% of the Fortune 500 companies from 2000 are extinct. Companies will be required to demonstrate the values listed below authentically and consistently in order to remain viable in the long term. Others will fail as environmental, social, and corporate governance (ESG) pressures increase alongside unmet employee desires.

The Way Forward

- Transparency:** According to the Great Places to Work Institute, companies with a high trust culture experience increased levels of innovation, stock market returns two to three times higher than the market average, and turnover rates approximately 50% lower than those of industry competitors.⁴
- Employee Voice:** According to a study conducted earlier this year by The Workforce Institute, far too few employers are *actually listening*. Organizations should take time to have some difficult but necessary conversations about the importance of listening to employees across the board and, just as important, understanding whether employees feel listened to.
- Support over Surveillance:** The pandemic pushed many into work-from-home setups, and companies turned to employee data and surveillance tools to keep tabs on their workforces. Organizations should move beyond that to develop outcomes-based cultures that allow leaders to define their end goals and empower individual contributors and their managers to determine how to achieve them.
- Technology:** Take advantage of technology to inform leaders of trending changes in employee concerns, wellness, and engagement.

3 The Rise of Compliance Agility and Agency



Business leaders must rethink their approach to compliance to improve business outcomes and enable employee agency. Compliance laws have been on the rise for decades, and there were over 10,000 more regulatory changes in 2020 than in 2019.⁵ At the same time, more than 75% of HR professionals are concerned about an increasing number of lawsuits due to COVID-19.⁶ When you consider controversial and back-and-forth vaccine mandates and the many compliance implications on global, national, statewide, local, organizational and departmental levels, it's no wonder HR professionals are overwhelmed.

For decades, HR professionals have treated compliance as a fixed force, something that occasionally went through updates but was relatively stable. Today, due to the continuing fluidity of the workforce and increasing rates of innovation, change, and regulation, we need to completely rethink our approach to compliance.

The Way Forward

- Go above and beyond compliance:** Pay attention to the industry trends and public sentiment and understand that the long-term penalties of being viewed as laggards in the field are far worse than any short-term fines. Agile compliance means going beyond simply complying to shaping the trends themselves, delighting both customers and employees in the process.
- Get a Headstart on ESG:** Organizations will eventually be held accountable and required to perform mandatory, audited, and transparent reporting on ESG metrics, including DEI&B, climate change, AI/automation, and mental health.
- Make full use of technology:** Adaptive HR teams think ahead. They have dedicated teams or consultants to help them navigate recent developments and prepare for the future. They use tools such as HR service delivery to store compliance documents electronically in a system that makes it easy to tag, file, and search those documents.
- Give employees agency:** Putting data privacy policies in place is just one step of many. Every organization must embed good working practices throughout their entire structure and ensure people instinctively use them in their everyday work. These concerns need to be top of mind for employees in every department and at every level of the organization, not just those tasked with the responsibility for data protection.



Download the 2022 Megatrends Whitepaper



References

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