Workplace Trends: A preview of the findings of the latest SHRM Workplace Forecast

To find out what trends HR professionals think will have the greatest impact on the workplace in the years ahead, the Society for Human Resource Management surveys its members on a wide variety of issues in demographics, culture, economics, employment, globalization, politics, law, science and technology every other year in the SHRM Workplace Forecast Survey. The survey also asks HR professionals what actions their organizations are taking or planning to take in response to these trends. While the findings provide a useful snapshot of the issues HR professionals are currently focused on, because the survey has been fielded several times over the last decade, it also reveals any changes as they develop over time.

A small number of key forces seem to be behind many of the top trends ever since the survey was first fielded in 2002. For example, key issues from previous SHRM Workplace Forecast surveys include:

- The rising cost of health care.
- Demographic changes, especially the aging of the workforce and the retirement of the Baby Boom generation and the greater demand for work/life balance from younger generations of workers.
- Increased global competitiveness and the need for an educated and skilled workforce.
- New technologies and greater dependence on technology to communicate with employees.
- The implications of safety and security threats such as natural disasters, terrorism, cyber attacks, identity theft and intellectual property theft.
These trends continue to be top of mind for HR professionals, according to the most recent survey to be released at the end of 2010. Once again, the rising cost of health care benefits tops the list of trends for the third consecutive time since 2004. This time, this trend is followed closely by the passage of federal health care legislation as a major trend. It is clear that HR professionals are looking carefully at the implications of the legislation in their organizations and considering how it might affect their benefits strategies. Other top trends include increased global competition, the growing complexity of legal compliance, changes in employee rights due to legislation or court rulings, the impending retirement of the Baby Boomers and several global economic trends, such as the growth of emerging markets, the need for cross-cultural savvy and greater economic uncertainty and market volatility. For the first time, the growing U.S. national budget deficit also made it into the list of top 10 overall trends (see Table 1).

HR professionals are responding to these trends by being much more focused on employee performance. Over the course of the recession, employers focused on boosting the productivity of a smaller workforce—rather than hire—in order to save labor costs. Many economists believe that even as the economy improves, employers will continue to try to maintain a lean workforce with the aim of increased profits. This may be why HR professionals list linking employee performance to business goals and boosting productivity as the top actions their organizations are taking in response to current business and workplace trends. Other actions they are taking include responding to threats such as flu viruses, natural or manmade disasters, data and identity theft, and cyber attacks. The impact of federal health care legislation is evident in the high percentage of organizations that say they currently are changing company policies in response to federal regulations or plan to do so in the near future. HR professionals are also leveraging technologies to protect data and perform transactional HR functions while updating policies related to employee use of technology (see Table 2).

### Demographic and Social Trends

The Workplace Forecast organizes the trends HR professionals report on into five broad topic areas: demographic and social trends, economic and employment trends, global issues, politics and law, and science and technology. Below are the demographic and social trends HR professionals believe will have the biggest impact on the workplace in the years ahead, listed in order of importance:

1. Large numbers of Baby Boomers (born 1945–1964) leaving the workforce at around the same time.
2. A global shortage of skilled workers.
3. Increase in chronic health conditions such as diabetes and heart conditions among employees.
4. Growth in the number of employees with caring responsibilities (elder care, child care, both elder care and child care at the same time).
5. Employee backlash against rising benefits costs.
6. Increased employee demand for work/life balance.
7. An increased proportion of older workers in the workforce.
8. Increased concerns about safety and security in the workplace.
9. Growth in the number of employees for whom English is a second language.
10. Rise in the number of employees with untreated physical and mental health conditions.

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**Table 1: Top 10 Trends Influencing the Workplace and the HR Profession, According to HR Professionals**

<table>
<thead>
<tr>
<th>TRENDS</th>
<th>MAJOR STRATEGIC IMPACT</th>
<th>MINOR OPERATIONAL IMPACT</th>
<th>NO IMPACT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Continuing high cost of employee health care coverage in the United States</td>
<td>85%</td>
<td>15%</td>
<td>0%</td>
</tr>
<tr>
<td>Passage of federal health care legislation</td>
<td>82%</td>
<td>18%</td>
<td>0%</td>
</tr>
<tr>
<td>Increased global competition for jobs, markets and talent</td>
<td>72%</td>
<td>22%</td>
<td>6%</td>
</tr>
<tr>
<td>Growing complexity of legal compliance for employers</td>
<td>72%</td>
<td>27%</td>
<td>1%</td>
</tr>
<tr>
<td>Changes in employee rights due to legislation and/or court rulings</td>
<td>67%</td>
<td>31%</td>
<td>3%</td>
</tr>
<tr>
<td>Large numbers of Baby Boomers (1945–1964) leaving the workforce at around the same time</td>
<td>64%</td>
<td>29%</td>
<td>7%</td>
</tr>
<tr>
<td>Economic growth of emerging markets, such as India and China</td>
<td>63%</td>
<td>24%</td>
<td>13%</td>
</tr>
<tr>
<td>Greater need for cross-cultural understanding/savvy in business settings</td>
<td>61%</td>
<td>32%</td>
<td>7%</td>
</tr>
<tr>
<td>Growing U.S. national budget deficit</td>
<td>61%</td>
<td>35%</td>
<td>4%</td>
</tr>
<tr>
<td>Greater economic uncertainty and market volatility</td>
<td>61%</td>
<td>36%</td>
<td>3%</td>
</tr>
</tbody>
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Economics and Employment

As in previous years, the high cost of health care was seen by HR professionals as the most important economic factor with a major influence on the workplace and human resource management. The top 10 economic and employment trends HR professionals believe will have the biggest impact on the workplace in the years ahead are:

1. Continuing high cost of employee health care coverage in the United States.
2. Greater economic uncertainty and market volatility.
3. Increased corporate downsizing and bankruptcies.
5. Increased cost of living for U.S. employees.
6. Threat of a dip back into recession in the United States or globally.
7. Decline in employees’ retirement savings.
8. Rising retiree benefits costs.
9. Downturn in consumer spending.
10. Growth in the generational income divide (impact of higher education and living costs and slower wage growth on the ability of younger generations to save and invest).

Globalization Issues

Globalization is an underlying force that influences many of the trends HR professionals think will have the strongest influence on the workplace over the coming decade, and HR professionals appear to be becoming more global in their perspective. The top global issues and trends HR professionals believe will have the biggest impact on the workplace in the years ahead are:

1. Increased global competition for jobs, markets and talent.
2. Economic growth of emerging markets such as India and China.
4. Increased expansion of U.S. companies into the global marketplace.
5. Growing importance of managing talent globally.
6. Increased global labor mobility.
7. Increased multiculturalism within organizations.
8. Increased use of virtual global teams.
9. Growth of the world’s middle class consumers.
10. Need for increased security abroad for expatriates.

Politics and Law

As it was in 2008, the number one political trend identified by HR professionals was federal health care legislation, with legal compliance also remaining a top political and legal trend. The top political issues or legal trends that HR professionals report will have the biggest impact on the future workplace include:

1. Passage of federal health care legislation.
2. Growing complexity of legal compliance for employers.
3. Changes in employee rights due to legislation and/or court rulings.
4. Growing national budget deficit.
5. Changes in financial regulation.
7. Implications of the outcome of the 2010 Congressional election.
8. Proposed immigration laws in relation to H1-B visas and high-skilled foreign workers.
9. Increase in global environmental legislation.
10. Unions increasing their allocation of resources devoted to political lobbying.
Along with skills shortages among science and engineering graduates, developments in information and communications technology (ICT) and the accompanying ability to boost productivity remain major themes that HR professionals continue to identify as critically important to the future workplace. These technologies often involve making employees or the HR function more efficient. The top science and technology trends HR professionals believe will have the biggest impact on the workplace over the coming years are:

1. Lack of science and engineering graduates and workers in the United States as compared with many other countries.
2. Rapid growth of employee and business use of electronic social networking sites (e.g., Facebook, LinkedIn).
3. Use of technology to eliminate geographic barriers in the workplace.
4. Increased vulnerability of business technology to attack or disaster.
5. Increasing divide between technology-savvy employees and those unfamiliar with the latest technologies.
6. Increase in business research and development investment in emerging economies, such as India and China.
7. Continued development and use of e-learning applications and tools.
8. Increased intellectual property theft.
9. Business and consumer adoption of “green” technologies (i.e., sustainable technologies that do minimal damage to the environment).
10. Loss of employee privacy as a result of technology (information about people’s present and past more easily obtained).

Conclusion

Because so many factors are likely to influence the workplace in the years ahead, HR professionals will need to prioritize which issues they must focus on, both in short- and long-term planning scenarios. Though this will vary from organization to organization, the SHRM Workplace Forecast report may act as a helpful resource that enables HR practitioners to compare their own views on the most important trends with the views of other HR professionals and to benchmark the actions their organizations are taking in response.

The complete findings of the most recent SHRM Workplace Forecast will be available as a free download for SHRM members at www.shrm.org/trends in November 2010.