

futureemployer

**Future of Work
Outlook Survey**



Executive Summary

Businesses and the economy are experiencing exponential change as technology, innovation, and shifting workforce expectations reshape the meaning of work and how it gets done.

Just as the role of the worker is quickly evolving, the role of the employer will be impacted in revolutionary ways. Are companies ready to seize the competitive advantage of the disruptive changes that confront them?

We set out to discover how in-house legal and business leaders think about the “Future of Work” in our inaugural Future Employer Outlook Survey, which reveals both optimism and ambivalence as employers grapple with massive changes ahead.

From the new presidential administration to evolving skillsets, the war for talent, and the shifting roles of leadership and in-house counsel, our survey provides the legal industry’s first look at the unprecedented demands facing employers and the forces that will help define how employers **work the future**.

About the Survey



Our survey questions were designed to measure sentiment, readiness, and what’s next for employers, including an open-ended question: “Why are you hopeful or fearful about the Future of Work?” The survey generated 717 responses with a vast majority of respondents opting to answer our open-ended question. We have sampled representative answers throughout these results, providing deeper insight into what’s top of mind for in-house legal and business leaders.

Key Themes

Strong Feelings about the New Administration

As our survey was fielded a month after the 2016 presidential election, the new administration and the potential reversal of the legislation of the past eight years was top of mind. In our open-ended question, one third mentioned the new federal administration. Of those who were “fearful” about changes over the next five years, almost half mentioned the new administration; meanwhile, of those who said they were “hopeful” about the next five years, one quarter mentioned the new administration.

“I hope it will not be as hard to move workers through borders as some fear it to be under the new administration.”

“If the new administration follows through on regulatory cutback and reform at the Department of Labor, good things could happen.”

“Technology will improve the quality of life for most, but will eliminate jobs for others. We’ll need to retrain those workers to perform other required services.”

“A.I. has the potential to free human workers for the most fulfilling portions of their current work.”

Machines to Drive War for Talent

The vast majority of respondents expect disruptive technology such as robotics, automation, and artificial intelligence will force them to reshape their headcount over the next five years. Faced with this redistribution, more than half of all respondents said talent management will be the greatest workforce management challenge in the next five years. Acknowledging that the war for talent to fill these gaps is a growing issue, many are focused on ways to add more meaning to work, whether by shifting roles to play to individual strengths or finding the time and budget to invest more in their workforce.

Skillsets of the Future

Even while expressing overwhelming optimism about the what the future holds, many respondents cited the growing skills gap as the greatest challenge in the next five years. Many noted that as disruptive technology makes work easier and safer, it increases the demand for specialist skills among their employees. Employers’ concerns about the skillsets of talent extended beyond their current employees; many said the roles they will need to fill will outpace the skills of high school and college graduates, as well as those in their standard applicant pool.

“You will have people who won’t have the right skillset for the jobs that will exist. You will have to keep them motivated and growing but you will have to add more skilled workers as well.”

Fear of the Failure to Act

Despite the significant changes on the horizon for employers, many respondents indicated that their organizations—particularly leadership—are hesitant to take steps to ensure their companies are well-positioned in the new economy. Some respondents cited the need for a more proactive approach, while others cited an inability to focus on emerging concerns alongside day-to-day demands. Perhaps most crucially, many expressed ambivalence about their own ability to keep pace with the changes, understanding how critical it is to remain informed and educated on emerging issues.

“It is overwhelming to try to manage/ integrate all of the new information and still meet the demands of my position.”

“I’m hopeful we can overcome leadership opposition for the greater good of the organization.”

“I expect that the actual changes will be far ahead of needed legislation to address the changes.”

“Labor laws will not be able to keep up with the changing landscape.”

Legislative Lag Puts In-House Counsel Front and Center

Many respondents cited the pressure of extreme “legislative lag” in advising their companies on changes required by disruptive innovation, putting the role of in-house counsel at the tip of the spear for emerging workforce issues. Respondents are concerned about entering new territory with laws that are not keeping pace with reality and limited precedent or guidance available. Coupled with the business demands of their day-to-day role, in-house counsel feels caught between two worlds.

Burdensome Multi-State Regulations

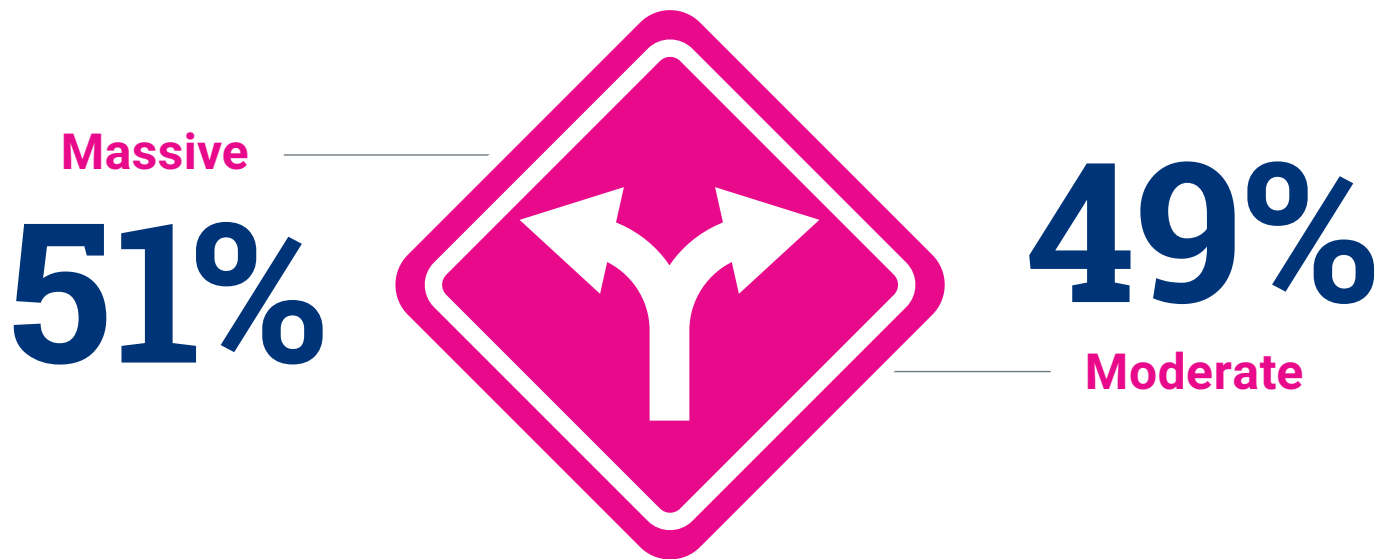
Respondents already dealing with the complexity of burdensome multi-state regulations have a strong desire for simplicity at all ends of the regulatory spectrum. Many cited the increasing difficulty of navigating the changing regulations at the federal, state, and local level, but there is optimism that the new administration will bring more clarity and consistency.

“I expect an onslaught of state and local legislation placing a disparate array of obligations on employers.”

“As an employer with a national footprint, it’s becoming exceedingly difficult to keep up with all the changes to state and local laws, much less devise and implement solutions.”

Complete Survey Results

Q: Which of the following best describes the scope of changes the Future of Work will bring about for employers during the next five years?



Scope of Change: A Split Decision

Respondents were almost evenly split on the scope of changes in store for employers in the next five years, with those in the financial, information technology, and health care industries most likely to cite massive changes on the horizon. Many respondents expressed anxiety about the scope of changes coming, while others were more philosophical.

“Employers will be able to work differently in accomplishing business objectives. The pace of innovation is faster every day, and we will see new HR and other solutions developed in the next few years that we don’t even know about now.”

“There is a huge shift going on in the workforce and economy and I don’t think the business world is ready.”

“It is an exciting time of change where we have the opportunity to get it right.”

Q: Do you feel hopeful or fearful about the changes on the horizon?



Impact of Change: A New Hope

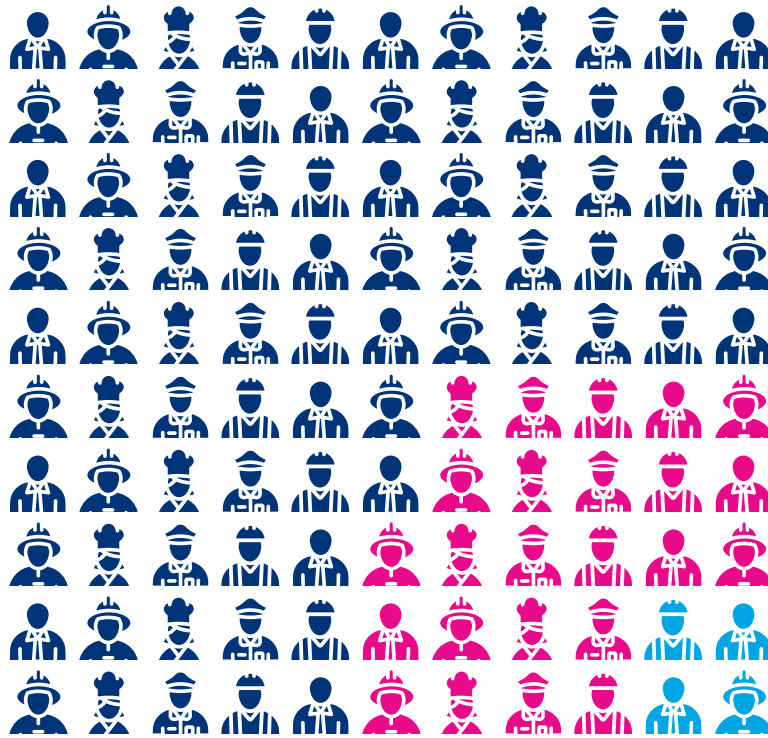
Respondents overwhelmingly felt hopeful about the changes promised by the Future of Work. Many cited the pro-employer stance of the new administration and the promise of the increased innovation, collaboration, and efficiency brought about by new technologies and generational shifts. While respondents were overwhelmingly optimistic about these changes, those who answered our open-ended question also expressed fear and doubt.

"This is a fantastic opportunity to change the way we operate, moving from traditional employer to employer of tomorrow."

"Struggling to keep up with it all. Worried we'll miss important development and won't have staff to thoughtfully deal with increasingly complex issues!"

"I am hopeful that these changes will create new, innovative markets, and therefore career and economy growth."

Q: How is automation and artificial intelligence most likely to impact the size or shape of your workforce in the next five years?



Reshape
72%

Reduce
24%

Grow
4%

The Augmented Workforce

The majority of respondents see developments in disruptive technology such as automation and artificial intelligence reshaping their headcount, while nearly one in four anticipate a reduction in headcount. Many respondents see automation and AI as a way to unlock the potential of their employees who are currently engaged in repetitive tasks.

“Technology improvements should make it easier for employees to do their jobs and focus on advancing the business.”

“New technologies will give way to better team communications; virtual reality and augmented reality will enable us to do more interactive and engaging work.”

Q: Which of the following poses the greatest workforce management challenge to you and your organization during the next five years?



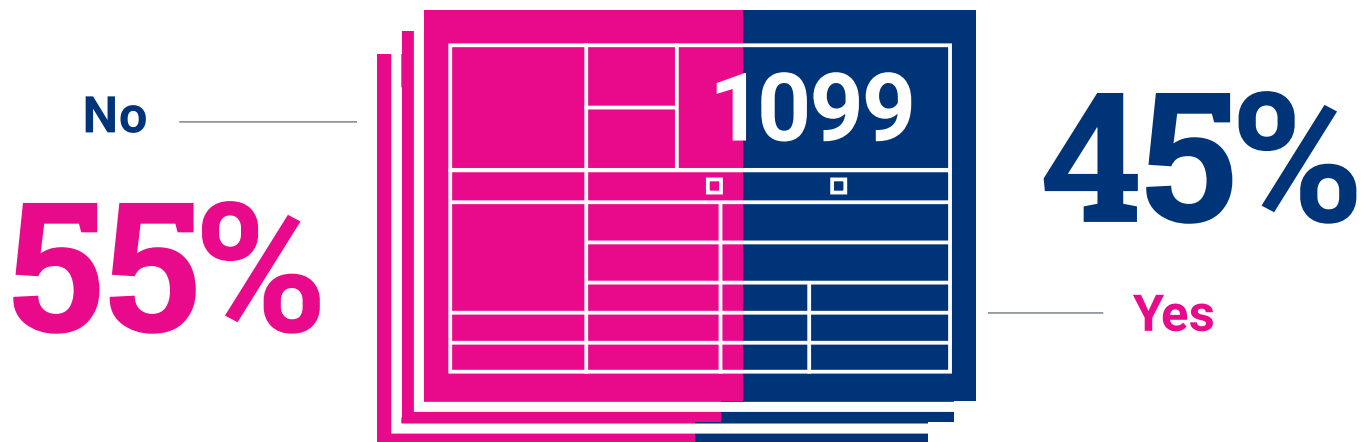
The War for Talent

Talent management is top of mind for our survey respondents over the next five years, with a strong emphasis on “the war for talent” in our verbatim responses. Employers are focused on attracting the best and brightest in an increasingly competitive talent marketplace, where recruits are looking for flexibility, advancement, and continuous learning. We also saw a strong focus on the generational divide as employers move toward 2020 when it is predicted that more than half of workers will be millennials.

“The millennial work force expects rapid experience and promotions, which is tough to offer in a small nonprofit work environment that cannot compete on salaries. Keeping staff stimulated and committed when their peers are making frequent job changes is a challenge to continuity.”

“As the baby boomers retire and other generational groups start taking leadership positions in organizations, there will be an increase in productivity, a reduction in tensions, and more creativity and innovation.”

Q: Do you expect demand for independent contractors to grow in your organization during the next five years?



Blending: On the Cusp of Trending

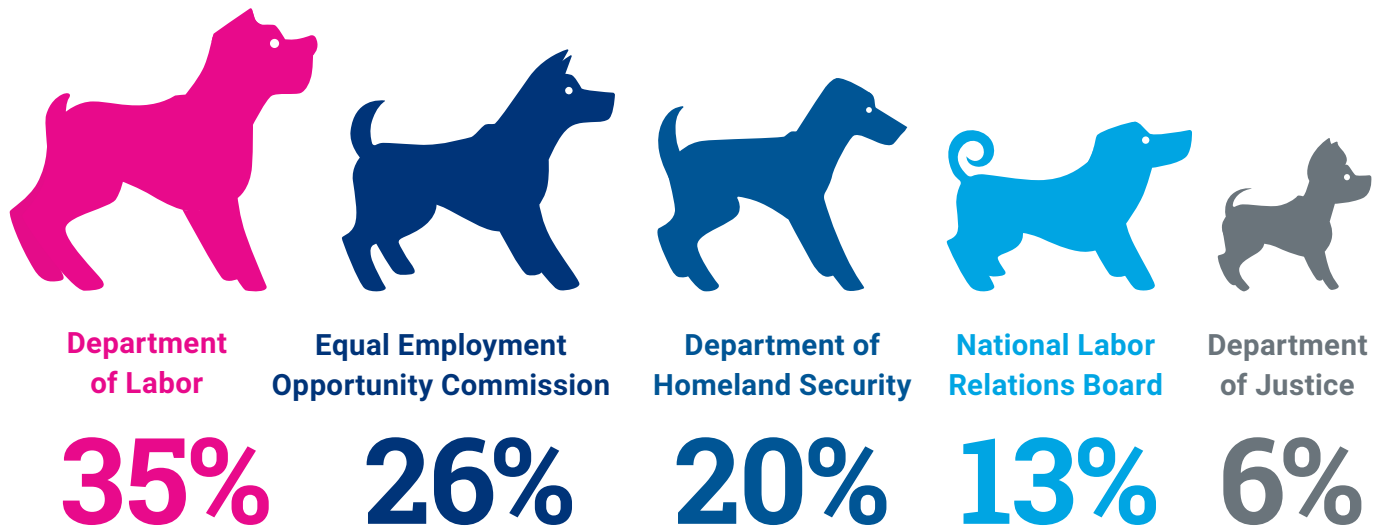
While blended workforces are a growing trend, our respondents are taking a more conservative approach. A majority expect to see no growth in use of independent contractors during the next five years with slightly less than half expected to bring on independent contractors at their companies. Among our respondents, the industries most likely to see growth in the use of contractors are information technology and telecommunications with real estate and consumer staples the least likely.

“I think the bifurcation of the labor force into two large groups, with one being a traditional W2 employee and the other being some form of freelancer (despite often doing the exact same roles) is a recipe for disaster.”

“Creative staffing will be required to support changes strategically, tactically, and in response to rapidly growing regulatory requirements.”

“More flexible job market, more opportunities to find workers who are engaged and interested in work.”

Q: As the workforce evolves during the next five years, which U.S. agency will emerge as the most aggressive employer “watchdog?”



DOL: Leader of the Pack

Many respondents view the new administration as “pro-employer” and expressed hope that labor regulations would shift in response. Despite these expectations, they do not see the balance of power shifting among government watchdogs. They still expect the Department of Labor, Equal Employment Opportunity Commission, and Department of Homeland Security to be the most aggressive.

“I’m hopeful that some regulatory changes will be beneficial to employers, yet I’m also fearful of erosion of employees’ workforce rights.”

“I hope to see great changes in the DOL, NLRB, and Immigration under the new administration.”

“In the public sector, the changes add layers of compliance that cause obstacles to carrying out the mission of the organization.”

Q: Which branch of the U.S. government will have the greatest impact on the workplace during the next five years?



Out on a Limb

When asked which of the three branches will have the greatest impact on their business in the next five years, respondents cited the executive branch as having the greatest significance. Nearly one third of our responses mentioned hopes and fears for the new president, with many predicting a rollback in federal regulations and restrictions under the new administration, while others expressed concern for protected classes.

"I fear that many of the progressive initiatives that help to care for and protect underserved individuals and communities will be repealed."

"I'm hopeful the new administration and Republican Congress will moderate the amount of restrictive changes business has faced over the last 8 years."

Q: During the next five years, do you expect an increase in employment-based cases that reach the U.S. Supreme Court?



A Rise in Employment-Based Cases

Amid all the uncertainty and change they face, respondents expect an uptick in employment-based cases that will reach the nation's top court during the next five years. This further reinforces the appetite and desire for clarity voiced throughout our survey, and the assumption that a changing regulatory landscape will increase litigation.

"The rate at which employment law is both evolving at a federal level and fracturing on a state/local level, as well as the increase in litigation and class actions, makes it more difficult for national employers to remain in compliance."

"As we move to a more independent workforce, federal and state legislation is not being updated to reflect the new economic reality. For example, we are using a federal wage and hour law originally passed in the 1930's with only minor updating over the decades."

Methodology

Seyfarth surveyed in-house legal and business leaders via online survey for a one-month period between December 2016 and January 2017. A total of 717 respondents completed the survey. Respondents included General Counsel, Directors of HR, Associate General Counsel, HR Managers, Presidents, Senior Counsel, VP, HR and a number of other titles from industries including consumer discretionary, consumer staples, energy, financials, health care, industrials, information technology, materials, real estate, telecommunication services, and utilities. Verbatim responses were edited for length and clarity.

About Future Employer

Future Employer by Seyfarth Shaw is the forward thinking employer's guide to the "Future of Work." We are a community of legal and industry leaders who are leading the way in the transformation of the workplace. Future Employer connects subject matter experts and our clients—in person and through our online platform—to shape, guide and operationalize new approaches to legal and business solutions.

www.futureemployer.com

About Seyfarth Shaw

Seyfarth Shaw has more than 900 attorneys in 14 offices providing a broad range of legal services in the areas of labor and employment, employee benefits, litigation, corporate and real estate. Seyfarth's clients include over 300 of the Fortune 500 companies and reflect virtually every industry and segment of the economy. A recognized leader in delivering value and innovation for legal services, Seyfarth's acclaimed SeyfarthLean® client service model has earned numerous accolades from a variety of highly respected industry associations, consulting firms and media.

www.seyfarth.com



Atlanta

Boston

Chicago

Houston

London

Los Angeles

Melbourne

New York

Sacramento

San Francisco

Shanghai

Sydney

Washington, D.C.

"Seyfarth Shaw" refers to Seyfarth Shaw LLP. Our London office operates as Seyfarth Shaw (UK) LLP, an affiliate of Seyfarth Shaw LLP. Seyfarth Shaw (UK) LLP is a limited liability partnership established under the laws of the State of Delaware, USA and is authorised and regulated by the Solicitors Regulation Authority with registered number 556927. Legal services provided by our Australian practice are provided by the Australian legal practitioner partners and employees of Seyfarth Shaw Australia, an Australian partnership.