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Managing a modern day workforce

The UK has one of the most transient and evolving workforces in the world – but what does the modern UK workforce look like, how progressive are businesses on topical workforce issues and how can businesses manage their workforce effectively to remain competitive? This whitepaper highlights the importance of diversity in the workplace, the potential challenges and how to overcome them in order to successfully manage a modern day workforce.

How we live and work has changed dramatically over the last fifty years. The rising dependence upon technology and digital discovery, the increase of obtaining talent from overseas and positive changes towards equality in the workplace, all within an organisation that now houses five generations of employees has led to a changing modern day workforce.

A diverse workforce allows organisations to obtain a range of talents and skills from people with different backgrounds, abilities, perspectives and ideas.

Workplace diversity involves considering age, race, gender, ethnicity, education, background and more.

If managed correctly organisations can increase productivity and innovation by utilising the whole range of skills from a diverse workforce. And as diversity in the workplace increases over the coming years, successful organisations will need to address challenges head-on if they are to remain competitive.
How is diversity impacting UK businesses?

The success of your business not only lies in recruiting the right staff but adapting management styles to suit today’s workforce.

The new emerging workforce is brimming with never-before-seen skills and knowledge; an exciting mix of experience and raw talent, long-established best practice processes and innovative ideas, teemed with a mix of cultures and mindsets.

Understanding the needs of your dynamic workforce and knowing how to manage them has a number of different benefits for businesses, including:

- **Business growth**
  Reports published by various groups such as Forbes, Mercer and the Harvard Business Review have all stated that a diversified workforce can lead to business growth and profitability. A recent study from McKinsey consultants found companies in the top quartile for gender diversity were 15% more likely to have financial returns above their competitors.

- **Drive greater innovation**
  According to Forbes, diversity is a key driver of innovation. A recent report suggests that “senior executives are recognising that a diverse set of experiences, perspectives, and backgrounds is crucial to innovation and the development of new ideas”.

- **More choice in skilled talent**
  Research by the Chartered Institute of Personnel Development (CIPD) found that diversity enabled organisations to attract talented workers and position themselves as an inclusive employer of choice.

- **Rise in productivity**
  According to publication Diversity In, research has shown that companies who disregard diversity as a component of their business strategy have a higher percentage of disengaged workers. In addition, employees with the highest level of engagement performed 20% better at work, and 87% were less likely to leave their organisation.

- **Organisation of choice**
  The rise in productivity and success attributed to a diverse workforce has also led to these very same organisations becoming a desirable place to work. The CIPD has published numerous reports highlighting the correlation between a diverse workforce and high attraction volumes of candidates.
The role of women in the UK labour market is set to continue to grow in scale and importance. Over the next twenty years the number of women entering the workforce is forecast to rise, with 56% of future jobs expected to be filled by women (Wilson, 2012).

Despite the increase in women entering the UK workforce over the next two decades, there still continues to be “cultural differences that lead to unconscious biases”, according to the World Economic Forum. This includes anything from perceptions that successful, competent women are less ‘nice’ to assumptions that women are less committed to their careers, compared to men.

Research carried out by The Centre of Entrepreneurs revealed that women are more fearless, ambitious, perceiving risks as opportunities (87% of women compared to 73% of men interviewed) and the Fortune Top 500 companies that employ more women in leadership roles have achieved higher financial returns than organisations that have not. Overlooking the potential business growth companies could harness from increasing and developing their female leadership could have a negative impact on your workforce, and bottom line.

**Women in leadership**

*World Economic Forum*

**What can businesses do?**

**Training**

Companies have benefited from training programmes which promote the value of diversity, provide strategies to manage a changing workforce and address how to attract, retain and promote talented women.

**Career goals**

Set transparent career paths and equal opportunities for women, as well as men within your organisation. It can be effective in motivating and retaining staff whilst also setting fair management policies.

**Work environment and work-life balance**

Women can often be the primary caregiver for both children and the elderly. Within your organisation include appropriate childcare options for your staff, and implement work-life balance policies. These are important levers to ensure loyalty amongst your workforce and to encourage career progression towards women in management. If you already offer these benefits, review them and be certain that they are known, accepted and used by both male and female employees.

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*Gender*

**Women in leadership**

**Women in the workforce***

<table>
<thead>
<tr>
<th>Industries Overall</th>
<th>Senior Roles</th>
<th>Mid-level Roles</th>
<th>Junior Roles</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>15%</td>
<td>24%</td>
<td>33%</td>
</tr>
<tr>
<td>Basic &amp; Infrastructure</td>
<td>9%</td>
<td>13%</td>
<td>22%</td>
</tr>
<tr>
<td>Consumer</td>
<td>16%</td>
<td>26%</td>
<td>33%</td>
</tr>
<tr>
<td>Energy</td>
<td>11%</td>
<td>19%</td>
<td>24%</td>
</tr>
<tr>
<td>Financial Services &amp; Investors</td>
<td>20%</td>
<td>33%</td>
<td>43%</td>
</tr>
<tr>
<td>Healthcare</td>
<td>15%</td>
<td>31%</td>
<td>39%</td>
</tr>
<tr>
<td>Information &amp; Communication Technology</td>
<td>11%</td>
<td>21%</td>
<td>32%</td>
</tr>
<tr>
<td>Media, Entertainment &amp; Information</td>
<td>25%</td>
<td>25%</td>
<td>35%</td>
</tr>
<tr>
<td>Mobility</td>
<td>13%</td>
<td>21%</td>
<td>28%</td>
</tr>
<tr>
<td>Professional Services</td>
<td>22%</td>
<td>33%</td>
<td>39%</td>
</tr>
</tbody>
</table>

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*World Economic Forum*
Pay parity

According to a report from Resolution Foundation, men earn 10% more per hour than women, and 5% more in bonuses every year. Women entering work now will still earn less than their male counterparts over their careers.

The report found that women workers in their 20s who earn more than men to begin with, are overtaken financially later on in their careers. Interestingly, though the gender pay gap is at 10% nationally, The Guardian has reported that for millennials in their 20s, the gap is only 5%. The Resolution Foundation put this down to the gap widening significantly after the age of 30.

Average Hourly Earnings*

<table>
<thead>
<tr>
<th>Occupation</th>
<th>Gender</th>
<th>Male Earnings</th>
<th>Female Earnings</th>
<th>Pay Parity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction Supervisors</td>
<td></td>
<td>£14.74 p/h</td>
<td>£8.05 p/h</td>
<td>45%</td>
</tr>
<tr>
<td>Secretarial &amp; Related Occupations</td>
<td></td>
<td>£9.01 p/h</td>
<td>£9.68 p/h</td>
<td>-8%</td>
</tr>
<tr>
<td>HR Managers &amp; Directors</td>
<td></td>
<td>£25.31 p/h</td>
<td>£23.11 p/h</td>
<td>9%</td>
</tr>
<tr>
<td>Finance Officers</td>
<td></td>
<td>£14.19 p/h</td>
<td>£12.90 p/h</td>
<td>9%</td>
</tr>
<tr>
<td>Office Managers</td>
<td></td>
<td>£16.10 p/h</td>
<td>£13.73 p/h</td>
<td>15%</td>
</tr>
<tr>
<td>Warehouse Managers &amp; Directors</td>
<td></td>
<td>£13.77 p/h</td>
<td>£12.01 p/h</td>
<td>13%</td>
</tr>
</tbody>
</table>

What can businesses do?

Closing the gap

The reason for pay parity in the first place is a little more complex than what may be assumed. Women are more likely to work part time, meaning a lower rate of pay. They are also under-represented in senior roles which can affect the gap too. With this in mind, closing the gap will ensure a positive working environment for all your staff, encouraging employee productivity.

Publish your data

All companies with 250 or more employees are now required to publish calculations every year showing how large the pay gap is between their male and female employees. By April 2018 businesses will need to publish their gender pay parity data on their own website as well as the government website. Make sure you are adhering to legislation and keep on top of your company’s pay parity data.

Let them talk

The Equality Act 2010 means that it is unlawful to prevent employees having discussions to see if there is a difference in their pay. If these discussions are openly taking place, it is all the more reason to ensure your pay amongst your workforce is fair.

*Office for National Statistics
Shared parental leave

Couples now have the option of splitting parental leave between them, providing both of them are eligible and their employers agree to the arrangement.

The UK is fairly new to this shared arrangement. In some countries, however, the Shared Parental Leave (SPL) uptake has been better received. When the shared parental leave policy was first introduced in Sweden four decades ago, uptake was at 0.5% (initial UK uptake is predicted to be 2-8 percent).

In the UK, one year on from the introduction of SPL, a study by the firm My Family Care has found that uptake among new fathers has been minimal. 40% of employers interviewed reported that none of their male employees had opted into SPL.

Today, the policy has been enhanced with a number of incentives and uptake among new fathers has shot up to 25%. Not only are men being seen as taking more responsibility for their children, but women have seen both their incomes and levels of happiness increase.

40% of employers interviewed reported that none of their male employees had opted into SPL*

What can businesses do?

Retaining your talent

Making the transition back to work is key in retaining your workforce following from parental leave. If the transition to going back to work for mothers after giving birth is too difficult, mothers may decide it’s not worth it. Allowing this flexibility for both sets of parents will help to reduce the pressure for parents returning back to work. KPMG, who increased its leave from 8 weeks to up to 18 weeks, stated that, “if we could get people through their first year after the birth of a child, we had a much higher success rate of retaining them for the long term.”

Becoming an employer of choice

More flexibility around shared parental leave can increase the positive sentiment felt towards your company. Lindsay-Rae McIntyre, IBM’s chief diversity officer, in connection to parental leave states that “The ROI comes in the form of attracting the best talent in the industry, and in having an engaged workforce,” says McIntyre.

Map it out

SPL can be confusing, but helping your workforce understand the different ways to use SPL can encourage them to take part. Whether it’s formal guidelines, workshops, or HR mentors, helping your employees find the best route to manage their home and work life can help them feel more engaged and in control.

*research from My Family Care
Generation X

Generation X are a process driven group, value independent working and are labelled as ‘workaholics’.

Their hard working ethic comes with a wealth of knowledge which they expect to continue applying throughout their careers. However, according to the Advisory, Conciliation and Arbitration Service (ACAS) organisations are overlooking the potential of this generation, thinking they are more concerned with their retirement rather than training and development.

By 2022 the number of people aged between 50 and state pension age is expected to increase to 3.7 million*

Making the most of this talent pool will be important for employers as the demand for skills and expertise grows. As the working environment evolves and becomes more fast paced, particularly with new technologies and digital transformation, the challenge for Generation X is to adapt their old working styles to suit their new environment and learn new skills along the way. Nonetheless, their extensive knowledge and experience can add high value to any organisation.

Generation X may not be as averse to change as first perceived. When looking for a new role they not only look for job security but one that is interesting and enjoyable, according to Great Place to Work. The most loyal working generation may well be the most embracive.

Choosing a Job - Top 5 Priorities by Generation**

<table>
<thead>
<tr>
<th></th>
<th>Baby Boomers</th>
<th>Generation X</th>
<th>Millennials</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Pay/financial benefits</td>
<td>Pay/financial benefits</td>
<td>Pay/financial benefits</td>
</tr>
<tr>
<td>2</td>
<td>Location/easy commute</td>
<td>Job security</td>
<td>Job security</td>
</tr>
<tr>
<td>3</td>
<td>Job security</td>
<td>Location/easy commute</td>
<td>Flexible working</td>
</tr>
<tr>
<td>4</td>
<td>Interesting/enjoyable job</td>
<td>Interesting/enjoyable job</td>
<td>Location/easy commute</td>
</tr>
<tr>
<td>5</td>
<td>Flexible working</td>
<td>Flexible working</td>
<td>Opportunity to career progress</td>
</tr>
</tbody>
</table>

What can businesses do?

Knowledge Sharing

As Generation X have a lifetime’s worth of knowledge and experience, they would feel a great sense of pride and motivation if they were given the opportunity to mentor a younger employee. Consider a mentoring scheme where your Gen X employee can impart knowledge whilst also gaining new insights from other staff.

Training

It can be more cost-effective to train and add new skills to this generation of workers than training new employees from scratch. This can also help retain staff as they feel valued whilst also up-skilling your workforce.

*www.gov.uk
**www.greatplacetowork.co.uk
Generation Y

Also known as Millennials, Generation Y are shaping the future of the UK workforce.

The dynamic characteristics of millennials have brought new opportunities for employers to drive and encourage innovation, and create a more fast-paced working environment. In less than three years time Generation Y will make up 50% of the global workforce.

There is a high concern in regards to the loyalty of Generation Y. Deloitte’s 2017 millennial survey reports that 38% of millennials would leave their organisation within 2 years. Flexible working remains a key attribute to retaining Generation Y employees and is strongly linked to both employee retention and improved performance. The Deloitte report shows in highly flexible working environments, the difference between those who see themselves leaving within two years (35%) is just two points above those anticipating to stay beyond five years (33%)— among those in the least-flexible organisations, there is an 18 point gap (45% versus 27%).

Generation Y are set apart by their affinity with the digital world. Microsoft reported that 50% of jobs now require technology skills which will potentially increase to 77% in the next decade. Skills which millennials are more likely to possess.

This generation of workers are less money fixated than you might think. They are mostly motivated by a sense of doing something for the greater good. With this in mind, and in the right environment, millennials are both passionate about their work and innovative with new ideas and ways of working.

Top three benefits most valued by employees*

- **22%** Training & Development
- **19%** Flexible Working Hours
- **14%** Cash Bonuses

What can businesses do?

**Flexibility**

Whether it’s a better work-life balance or more holiday allowance, Generation Y are flexible with the demands of work, but they also expect some flexibility back. Work is a big part of life, but it shouldn’t feel like the only thing in their lives. Showing your flexible side as an organisation will help them feel valued and more content to stay in the position they are in.

**Progression**

Whilst money isn’t the be-all and end-all for this generation, progression is another matter. Millennials need to feel valued at work, and one way to do this is to celebrate their successes with progressive career paths.

*www.pwc.com
Companies are still adjusting to the different skill-set, characteristics and career outlook that Generation Y employees possess, however a new set of workers are coming into organisations – Generation Z.

An estimated 72.8 million people are within this cohort that were born between the mid 1990s – early 2000s and have a completely alternate take on work and what they look for in an employer.

Generation Z, also known as iGeneration, have grown up alongside the evolution of technology and embrace the latest innovations that enter the market, never afraid to try and learn new systems. The thirst and enthusiasm for knowledge will prove beneficial for companies as these advocates for change and evolution can push organisations further to take risks.

The challenge that companies may face when working with Generation Z employees is the need for quick turnaround in feedback and reviews. The information they require can be instantly obtained through the devices they have grown up with, and they expect the same from their employer, according to Forbes.

The recession of 2008 has had an impact on Generation Z’s view of work. They saw first-hand the loss of jobs and how unstable careers can be, which is why they look for job security over making a difference within their career, unlike Generation X. This has also resulted in the new workforce being entrepreneurial minded and striving to achieve the highest salary they can within their career.

### What can businesses do?

#### Autonomy

Allow their entrepreneurial flair to develop and embrace their excitement in taking risks.

#### Job stability

Unlike Generation Y who are renowned for job-hopping, showing this new generation of workers what their career path is will cement their confidence and belief in an employer.

#### Remuneration

Job stability and salary go hand in hand for Generation Z, as combined they reflect the value and need they provide to businesses.

#### Innovation

Growing up with emerging technologies means that change and innovation is something Generation Z will view as second nature.
Skills shortage and future skills

It isn’t a new notion hearing about the UK skills shortage and that companies need to tackle the issue. According to Target Jobs, notable changes have been made by influential businesses, such as the financial ‘Big 4’ Deloitte, PwC, EY and KPMG, who have relaxed their notoriously stringent applicant academic background demands. The government’s Apprenticeship Levy is heavily encouraging companies to invest in strengthening their skills force through training young, raw talent that have not attended university.

The strategy for overcoming the skills gap needs to look beyond the current workforce status and into the future. The emergence of innovation and technologies such as Internet of Things (IoT) and Industry 4.0 are reshaping the way industries operate. By 2021 it is predicted that over a third of current important roles will have changed. Roles are transforming and companies need to keep ahead of these changes if they do not want to miss out on attracting and retaining the skills and passion that are a necessity for future business.

STEM

With a focus on looking towards the future, STEM supports and provides young people in education with the tools and knowledge they need to gain a career within the new roles that are being developed. The government funded scheme is targeting the digital skills gap that the British Chambers of Commerce reported on in April of this year. Survey statistics state that 84% of businesses acknowledge digital & IT skills are becoming increasingly important to their business yet 76% reveal they have a skills shortage within this area. With the current training being undertaken with the next generation of people entering the workplace, this shortfall can be reduced significantly.

76% of businesses have a digital skills shortage*

What can businesses do?

Review your hiring policy

As university fees continue to increase it is no surprise that fewer students are moving into higher education. If your hiring policy stipulates a degree is needed, think about whether it truly is or not. Degrees should not be overlooked and none of the ‘Big 4’ are removing that requirement, but do not ignore what experience can bring to your business too.

Adopt an agile approach

Companies cannot predict what technological innovations will occur over the next 5-10 years however, they need to keep ahead of the curve and embrace the evolving nature of the workplace and industries. Strategies may need to become more agile and ready for change as new roles and work requirements pave the way to increase business efficiency.

Invest in lifelong learning

As the workplace continues to evolve, employees will need to get familiar with the notion of lifelong learning and continuously developing their skills. Partnerships with schools, colleges, universities and other education centres is not a new concept and there are benefits for both parties in collaborating. Help with programmes such as Code Club or utilising the Apprenticeship Levy by building relationships with schools and colleges are options that business need to consider.

*www.cityam.com
Talent migration and the impact on the UK workforce

Today’s fluid UK labour market allows firms to employ overseas talent and this recruitment strategy has played an important role in developing our economy. However, on Friday 24th June 2016 the UK population woke up to the result that Britain would be leaving Europe. The knee jerk reaction was a plummet in the value of sterling and a panic as to what the future will hold for the job market and people’s careers. 9 months had passed and the dust had appeared to settle when Article 50 was triggered on 29th March 2017. This coupled with the announcement of snap election less than a month after has left Britain in a state of flux with businesses and their workers unsure and unsettled as to what the future will hold for careers.

CNBC, a leader in global business news, highlighted worrying statistics that London could lose 30,000 finance and legal roles to Europe come post-Brexit and the horror stories of what could be in store for the UK continue. The Independent recently reported that if the UK is ‘sleepwalking into becoming a low-value, low-skills economy’ if people do not prepare for Brexit. The unease surrounding Brexit and a potential brain drain with talent moving overseas is a reality that will need to be tackled over the coming years.

“The UK is sleepwalking into becoming a low-value, low-skills economy”*

The Independent

What can businesses do?

Retain staff

UK business as a whole has seen and felt the success in embracing overseas talent, recognising the skills and ability migrant workers possess. Do not allow impulsive reactions to be the reason behind losing your talented workforce. Reinstate the benefits of working for the company, the reasons why they initially joined as well as career stability and progression. Let all of your staff know, whether born in the UK or not, that they are valued and until legislative changes are made there is no reason to look further afield for a new role.

Develop your existing employees

To upskill your employees is not only beneficial in order to safeguard your business against the impact of Brexit but it is necessary when looking to retain your current workforce. Invest in training across departments, whether that be refresher sessions or learning new skills that are becoming highly sought after. Specialists within the company from HR to IT can create ‘how to’ guides on procedures or processes. Not only Upskilling your staff but avoiding a skills gap if a resignation occurs.

Give your employees freedom to explore roles

Allow employees to move departments if their passion lies elsewhere, do not lose a valuable staff member that you didn’t need to.

Communicate openly with your employees

Make sure that your culture is open and transparent, not only will this help to embed employees from all backgrounds but keeping your employees updated with strategic decisions will ensure your staff are clear on the businesses direction.

*www.independent.co.uk
As a leader you will want to successfully manage your workforce to drive your business forward. Understanding the make-up of your staff is the first step, you then need to know how to successfully manage them. Here are a few top tips to help you manage your modern day workforce effectively.

**Measure your progress**
Keep track of the diverse groups your staff fit into, and measure their progress. Are they productive? Are they engaged? Are they represented in middle and senior management? This will allow you to identify any trends as they occur, and plan your next actions. It will help you to build an effective diversity strategy, catered to your workforce, and adding value to your organisation.

**One size doesn’t fit all**
What might work for one team within your organisation may not work for the other. Managing an eclectic group of people will work by empowering managers to carry out 1-2-1s with employees and reviewing their performance on an individual basis. A Millennial and a Baby Boomer for example won’t necessarily respond to the same incentives or offered benefits.

**Attract diverse staff to your organisation**
If you are looking to attract a more diverse workforce to join your organisation, it’s important to offer, at the point of recruitment a wide range of benefits that will appeal to the widest possible audience. Keeping track of your staff (see ‘measure your progress’ up top) will help you identify whether there are gaps within your team, which in turn can help you identify the type of candidates you need to join your company. Brook Street is at hand here to give you advice on what candidates are looking for in new roles and how you can attract new staff. We also have access to large, local talent pool to enable you to find staff which fit within your organisation, quickly and efficiently.

**Retain your staff**
Different diverse groups remain loyal to their employer for different reasons. So, understanding your workforce and who they are made up of will give you more insights on how to retain them. Millennials are driven by flexibility at work, whereas Generation X regard training and up-skilling to be a priority.

**Diversity training**
Education and training across your organisation will help employees to understand the benefits of embracing a new workplace culture. Qualified external trainers that specialise in work diversity awareness are available for workshops and training of employees. Alternatively, there are courses for line managers to attend and learn how to educate their staff. Become a leader of change and obtain key knowledge on how to manage the modern day workforce. Appointing diversity ambassadors will also encourage employees through peer influence. The responsibility of change being placed on your staff will lead to an embracive culture.
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Shared Parental Leave

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UK Leading Talent is a nationwide programme that has been developed by Brook Street with the aim of supporting, partnering and encouraging businesses to recruit and retain talent.