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Managing Talent in a Changing World

How work is transforming and how it isn't

Matthew Bidwell

What Does the Future of Work Mean to You?

- What have been some of the biggest changes in your workplace in the last 10 years?
- What do you expect to change most in the next 10 years?



Today's Session

What's Been Changing

- The rapid growth of remote and hybrid working

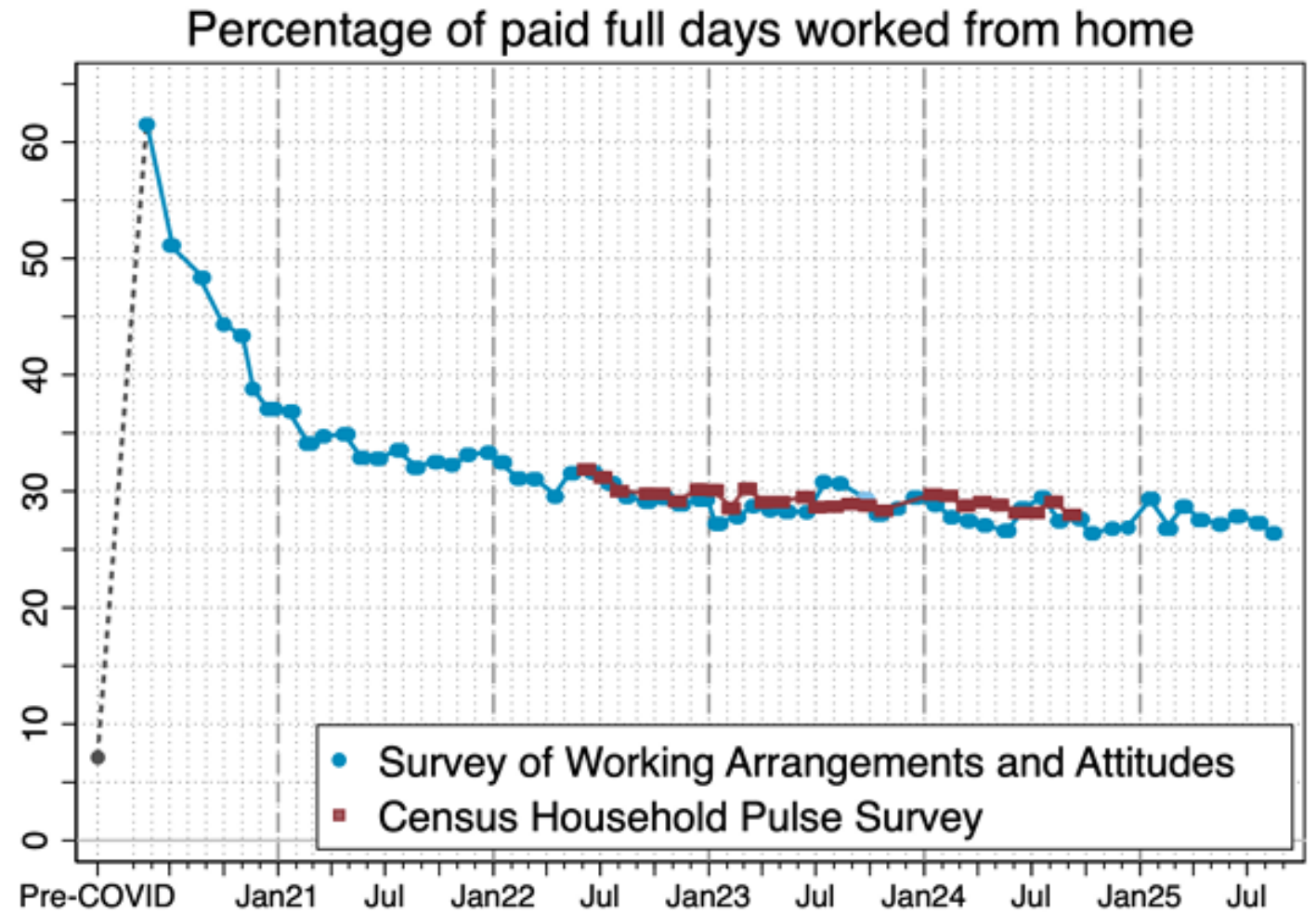
What's Likely to Change

- Extensive use of AI within the workplace

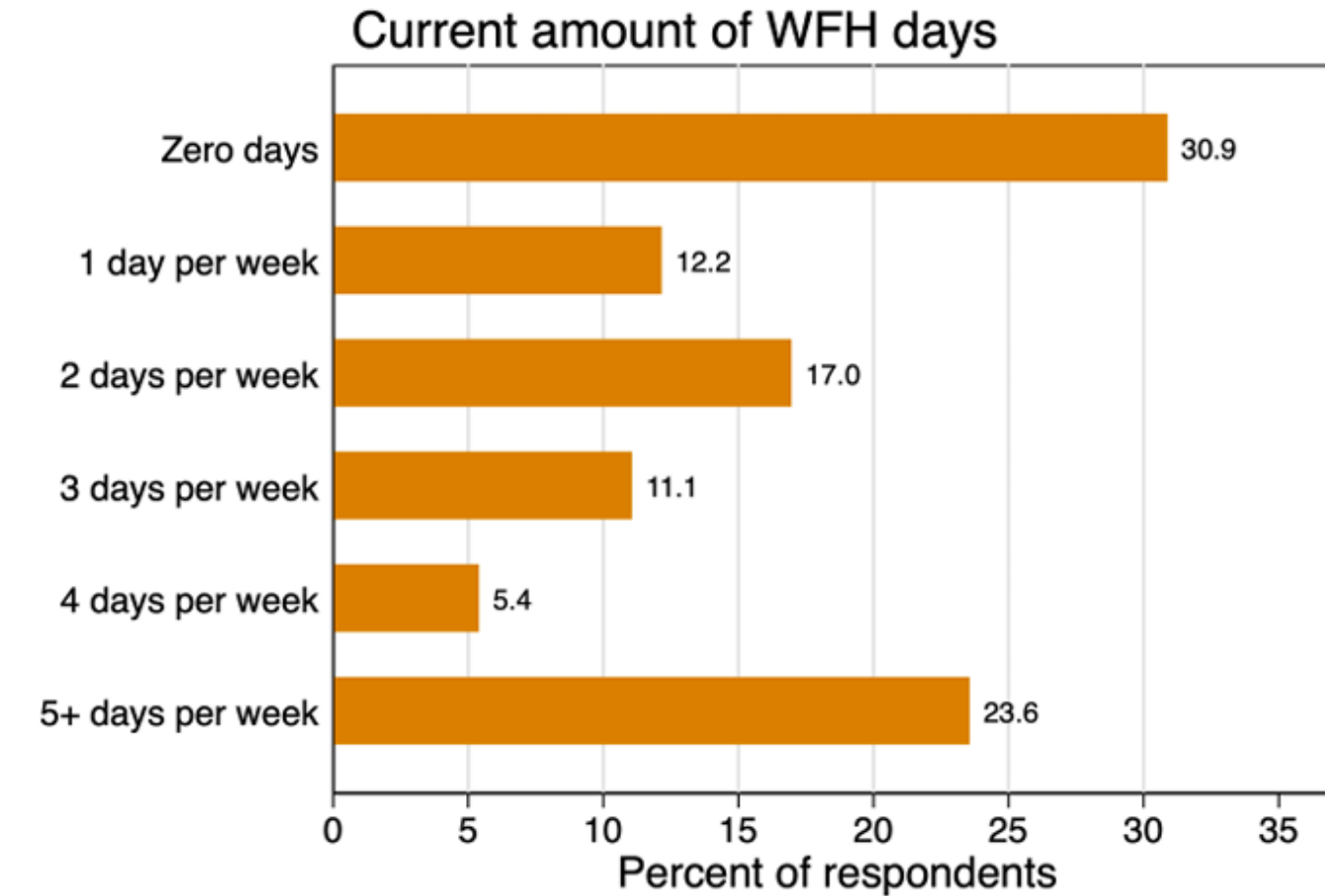
What We Thought Would Change But Didn't

- What happened to Free Agent Nation?

The Remote Revolution



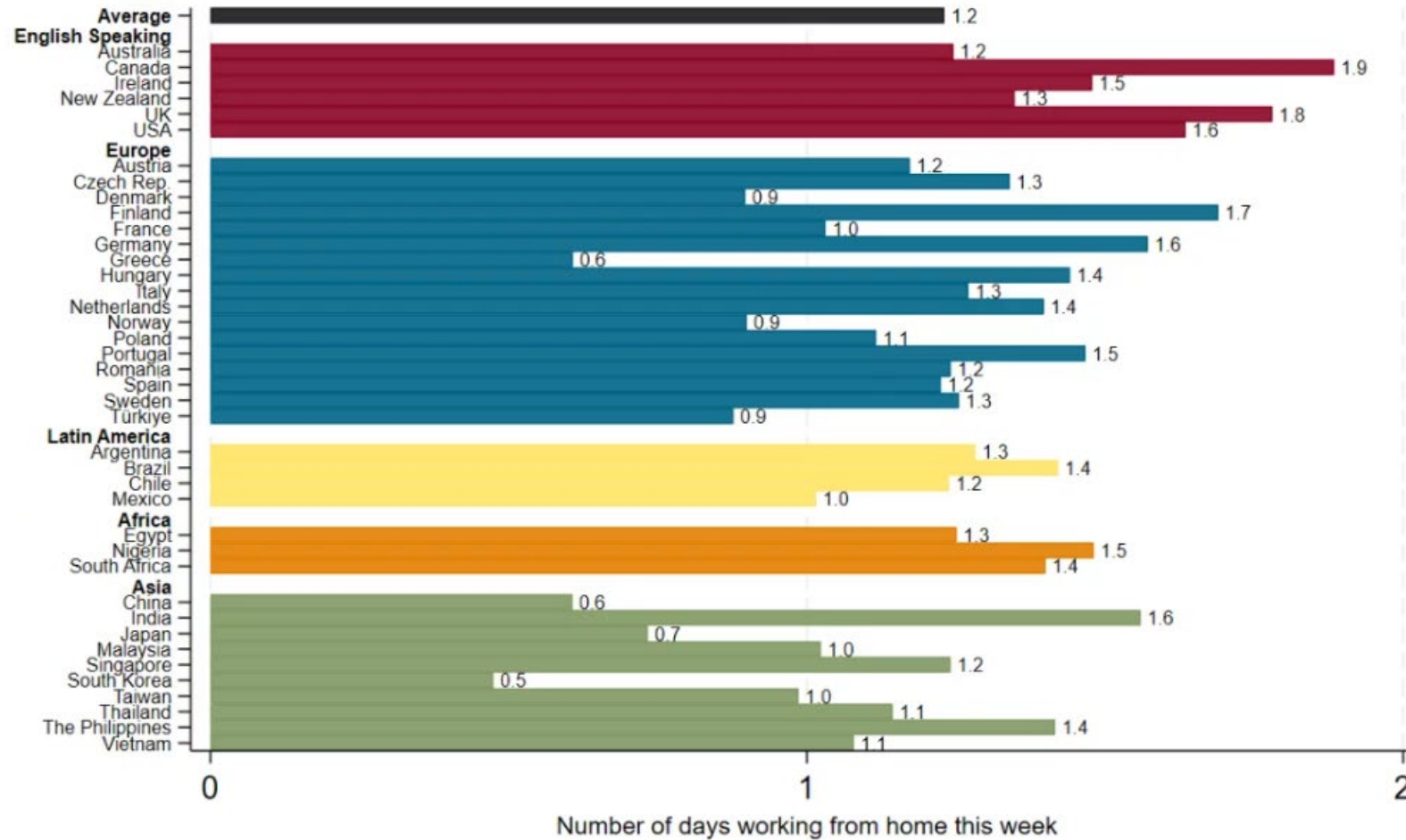
The Changing Work Week



Sample: Full-time wage and salary employees who are able to WFH. N = 8155

Remote Work Around the World

Number of days working from home last week (College graduates only)



Remote work in the Middle East

60% of job applicants in the UAE would like possibility of remote work

60% of Middle East professionals believe that their job can be done remotely

85% of MENA professionals report that they prefer companies with remote options

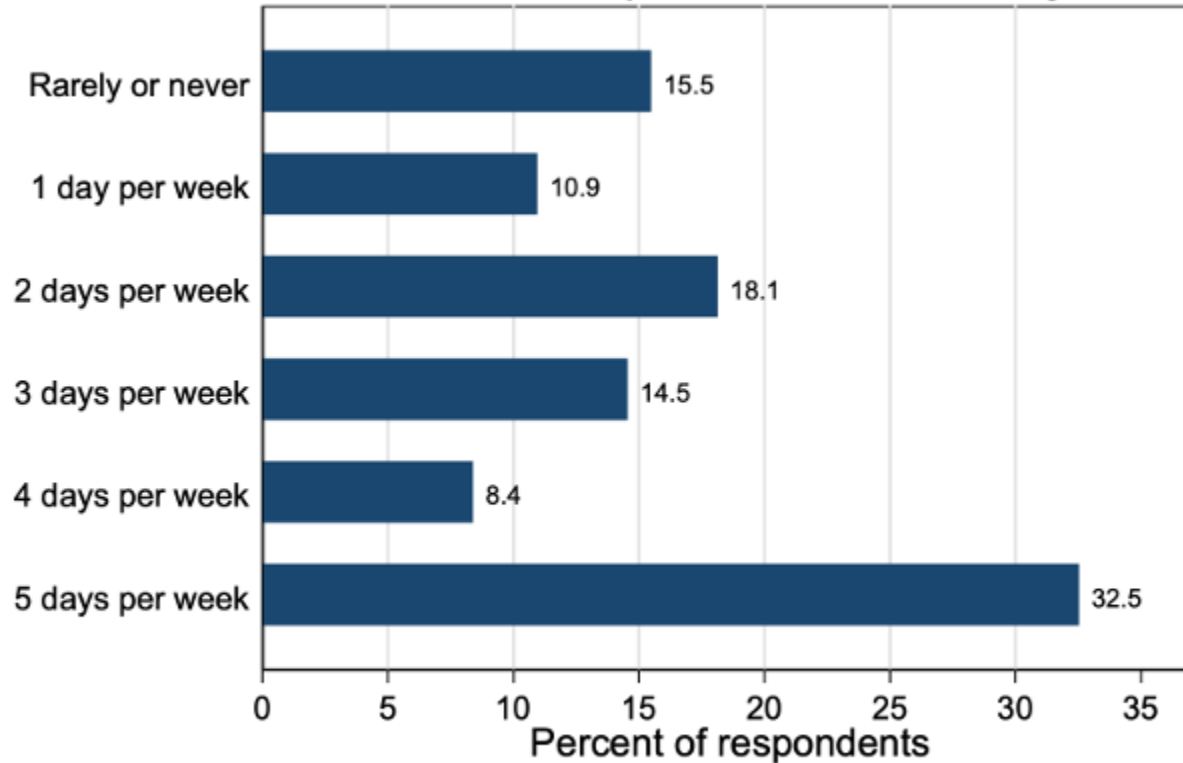
The Case for Remote and Hybrid Work

The Benefits of Remote Work

- Attracting employees
- More efficient staffing
- Increasing inclusion
- Reducing office costs

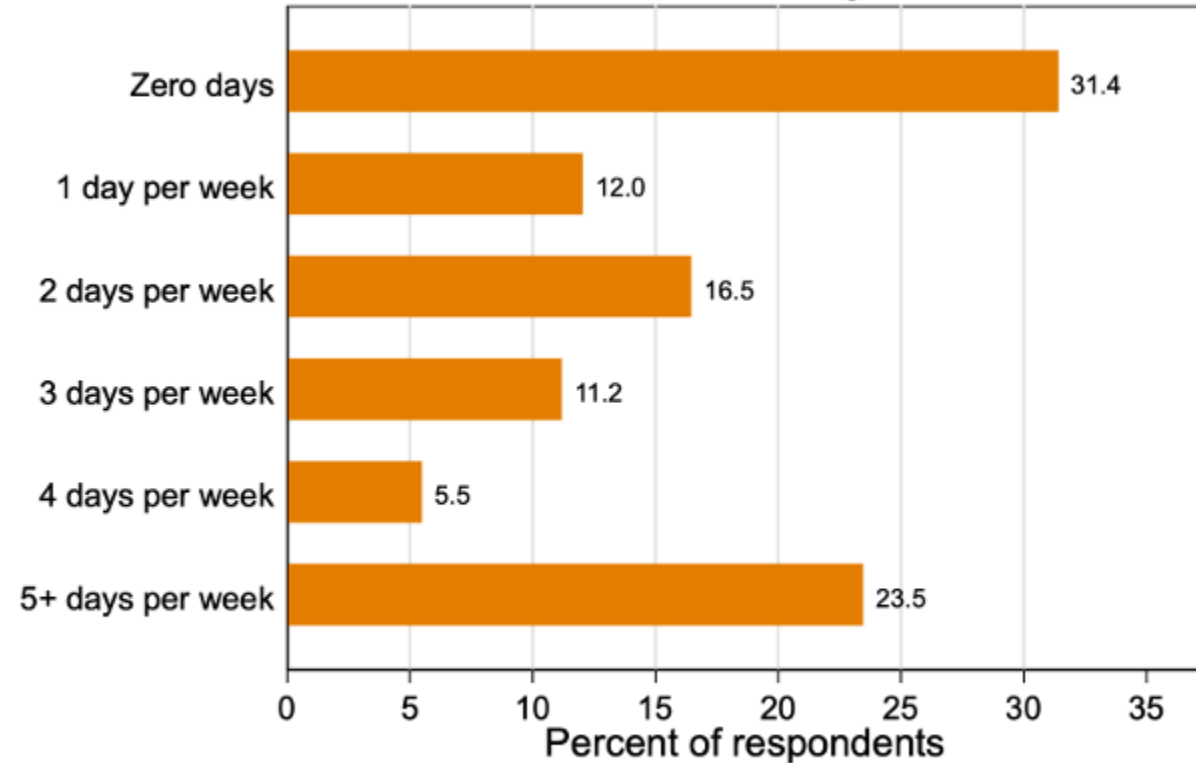
What Employees Want

Worker desired amount of post-COVID WFH days



Sample: Full-time wage and salary employees who are able to WFH. N = 8711

Current amount of WFH days



Sample: Full-time wage and salary employees who are able to WFH. N = 8326

Remote Work and Pay

Wide range of estimates on how remote working affects pay

- Offering remote work has similar effects on job application to 7% increase in pay
- Many survey studies find workers would give up 4-8% of pay to work remotely
- Recent study finds tech workers accept 25% lower pay to be able to work remotely

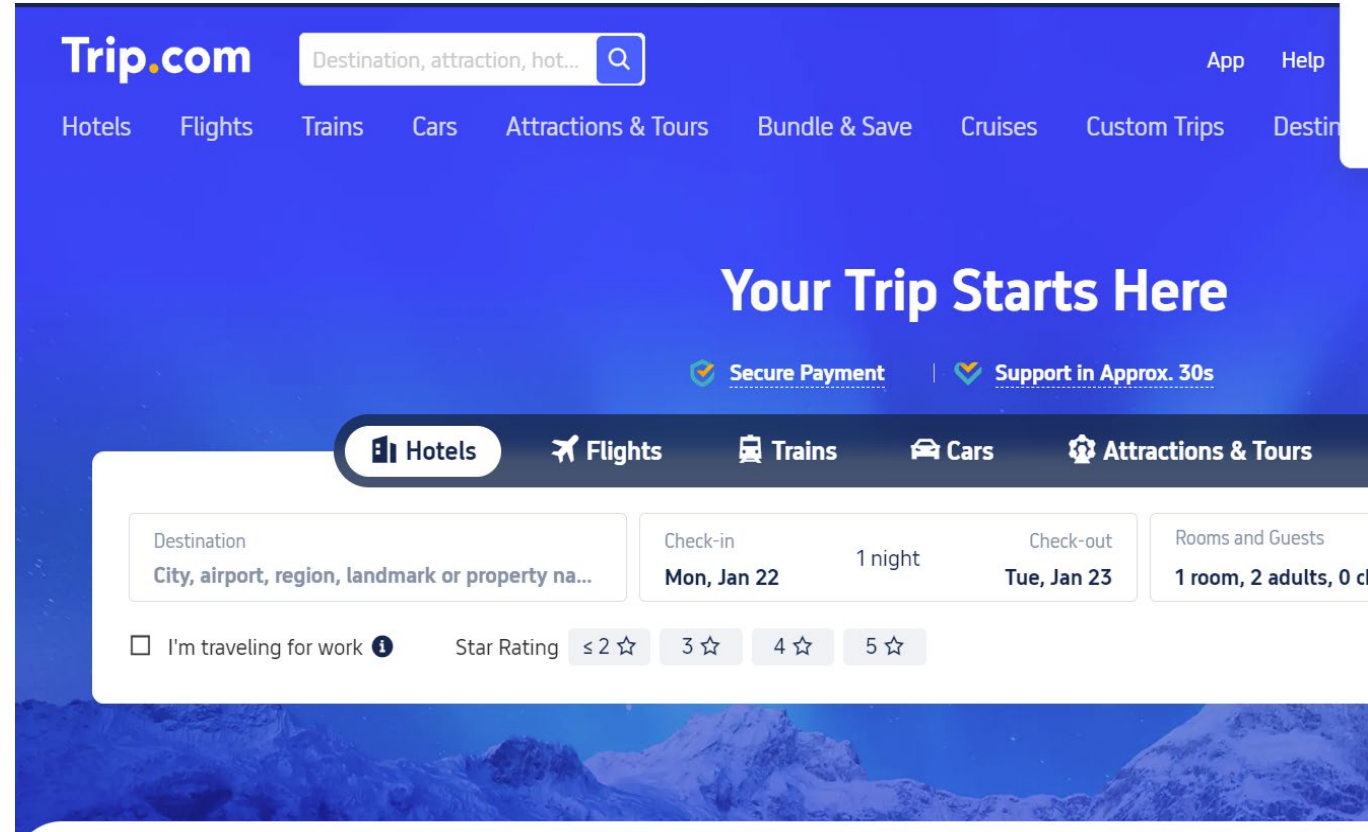


Remote Work and Attrition

Randomized control trial of working from home at Trip.com in China

- Treatment group allowed to work from home Wednesdays and Fridays
- Control group works in the office 5 days a week

Work from home group has 35% lower attrition

The image is a screenshot of the Trip.com website. The header is blue with the Trip.com logo on the left. To the right of the logo is a search bar with the placeholder text "Destination, attraction, hot...". Further right are links for "App" and "Help". Below the header is a navigation bar with links for "Hotels", "Flights", "Trains", "Cars", "Attractions & Tours", "Bundle & Save", "Cruises", "Custom Trips", and "Destin...". The main content area has a blue background with the text "Your Trip Starts Here" in white. Below this text are two icons: "Secure Payment" and "Support in Approx. 30s". A dark blue bar contains icons and labels for "Hotels", "Flights", "Trains", "Cars", and "Attractions & Tours". Below this bar is a white search form with several fields: "Destination" (with placeholder text "City, airport, region, landmark or property na..."), "Check-in" (with date "Mon, Jan 22"), "Check-out" (with date "Tue, Jan 23"), and "Rooms and Guests" (with text "1 room, 2 adults, 0 c..."). There is also a checkbox labeled "I'm traveling for work" with an information icon, and a "Star Rating" section with buttons for "≤ 2", "3", "4", and "5" stars.

Return To Office Mandates

Who Announces RTO Mandates?

- Larger firms
- Lower performers
 - Worse financial conditions
 - Poor stock returns
- Weaker governance
 - Institutional ownership
 - Board independence
 - CEO Power

Effects of RTO

- Reduced employee satisfaction (Glassdoor ratings)
- Poorer ratings for
 - Work life balance
 - Senior management
 - Corporate culture

More Efficient Staffing

Remote Hiring

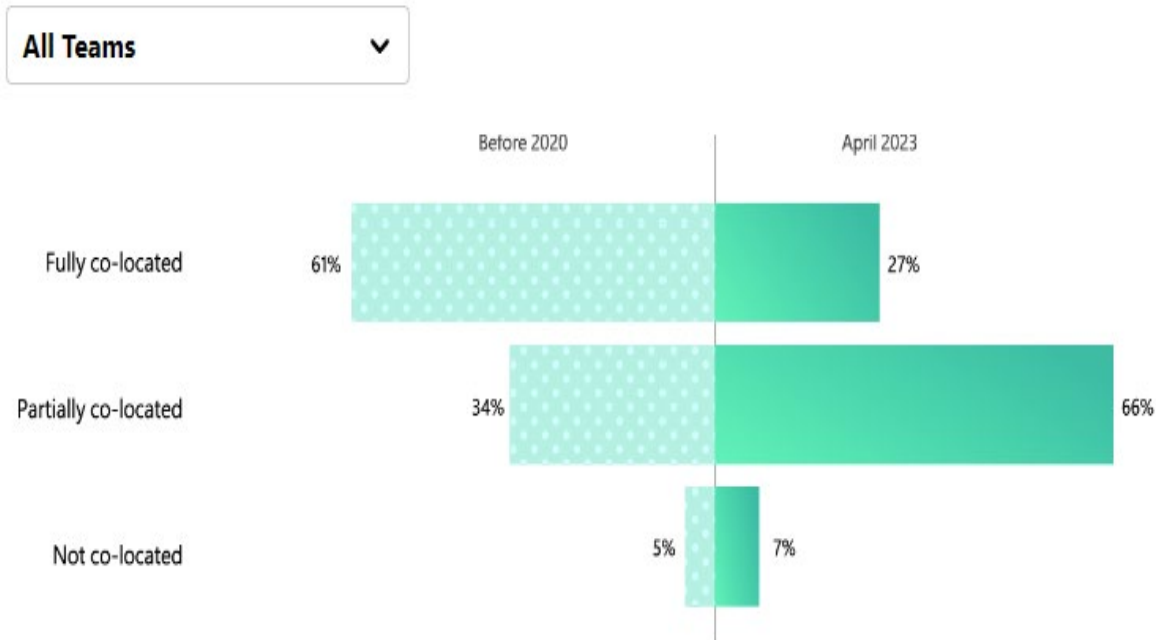
- Many employers taking advantage of remote work to hire outside local labor market
- Particularly valuable where
 - Local talent expensive
 - Local labor market small
 - Difficult to attract people to location

Virtual Teams

- Teams in large organizations increasingly spread over multiple locations
- Return to office does not allow them to collaborate any better

More Efficient Staffing

Team Locations at Microsoft, pre-pandemic vs 2023



Virtual Teams

- Teams in large organizations increasingly spread over multiple locations
- Return to office does not allow them to collaborate any better

Remote Work and Inclusion

- Remote work particularly appeals to:
 - Working mothers
 - Ethnic minorities
- Meta says remote jobs allowed them to hit diversity goals faster than anticipated
 - Candidates hired into remote jobs more likely to be minorities or women

Remote work is associated with lower promotion rates independent of performance



Remote Work and Office Space

- Office space costs \$5,000 - \$10,000 per year per worker in large cities in US and Middle East
- Increased remote working allows companies to reduce office footprint

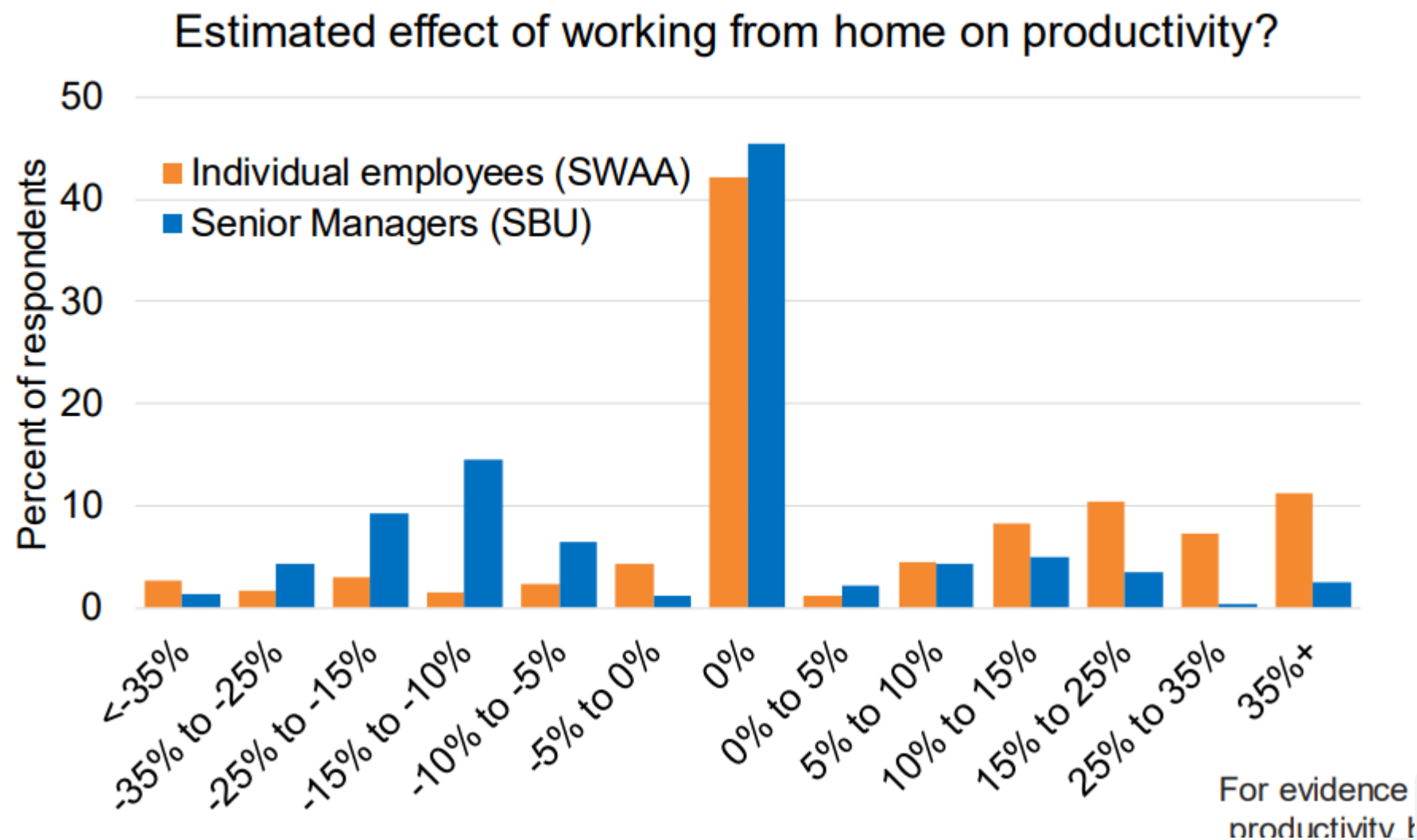


The Problems of Remote Work

What do you consider the biggest challenges of remote work for how you manage people?



Does Remote Work Affect Productivity?



Work from Home and Productivity

Positive effects

- Travel Agents in China randomly assigned to working from home 4 days per week versus in the office
 - Supervisors continue to monitor performance
 - 40% of pay is based on performance
- Working from home increased productivity by 13%
 - 3.5% more calls per minute
 - 9.5% more minutes on the phone

Negative effects

- Study of data entry in India finds 18% decline in productivity
 - Largely reflects family pressures
- Study of Asian IT workers finds 18% drop in productivity
 - Output remains the same
 - Hours grow
 - Reflects more online collaboration
- Study of US call center workers shifting to work from home finds
 - 4% fewer calls per hour
 - Reduced quality metrics

What We Have Learned From Virtual Teams

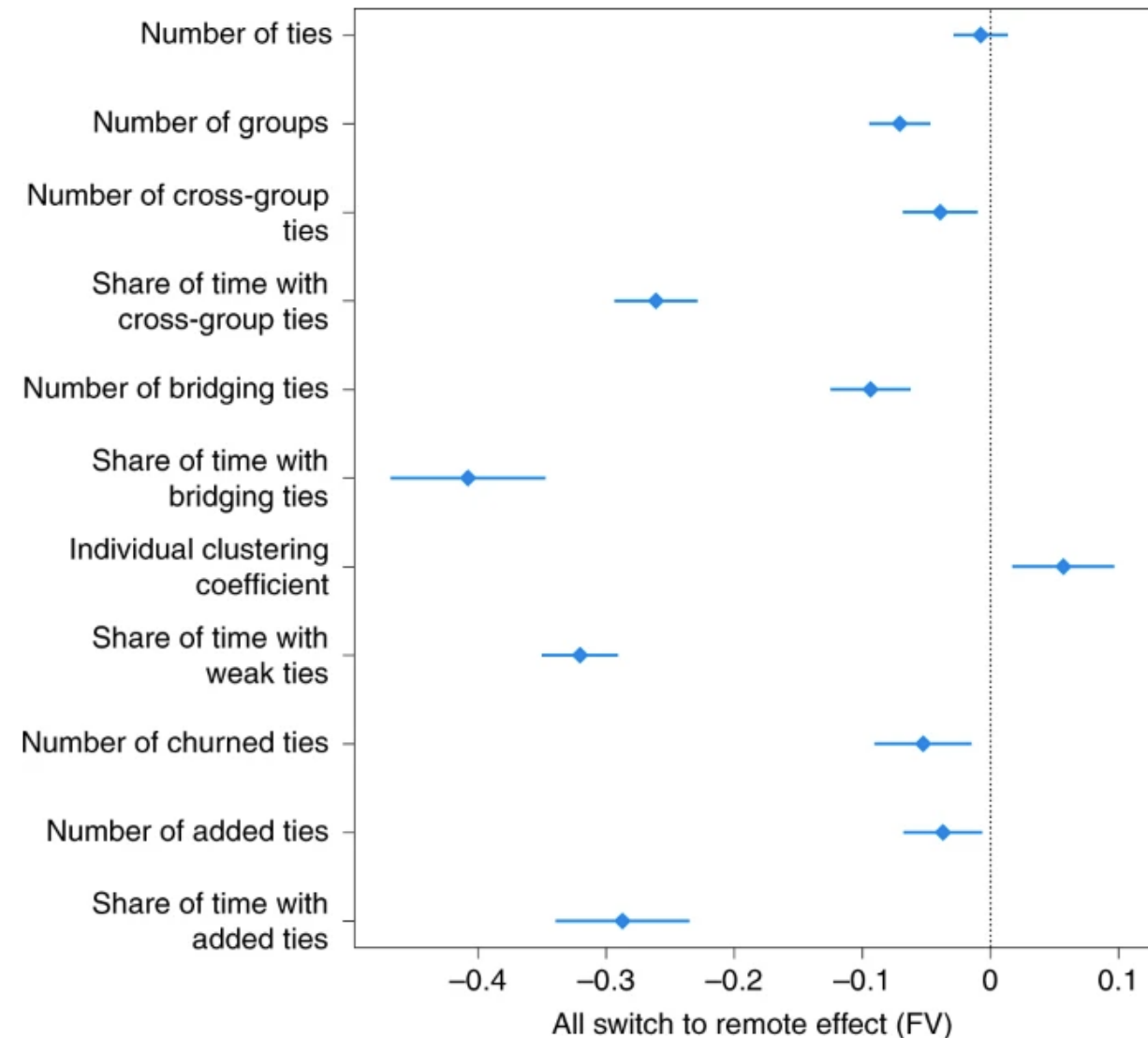
- Decades of research compare performance of virtual teams with in-person teams
- Findings are highly uneven
 - Some evidence of reduced performance and knowledge sharing in virtual teams
- Effectiveness strongly dependent on team duration
 - Little penalty experienced by longer-duration teams



Remote Work and Communication

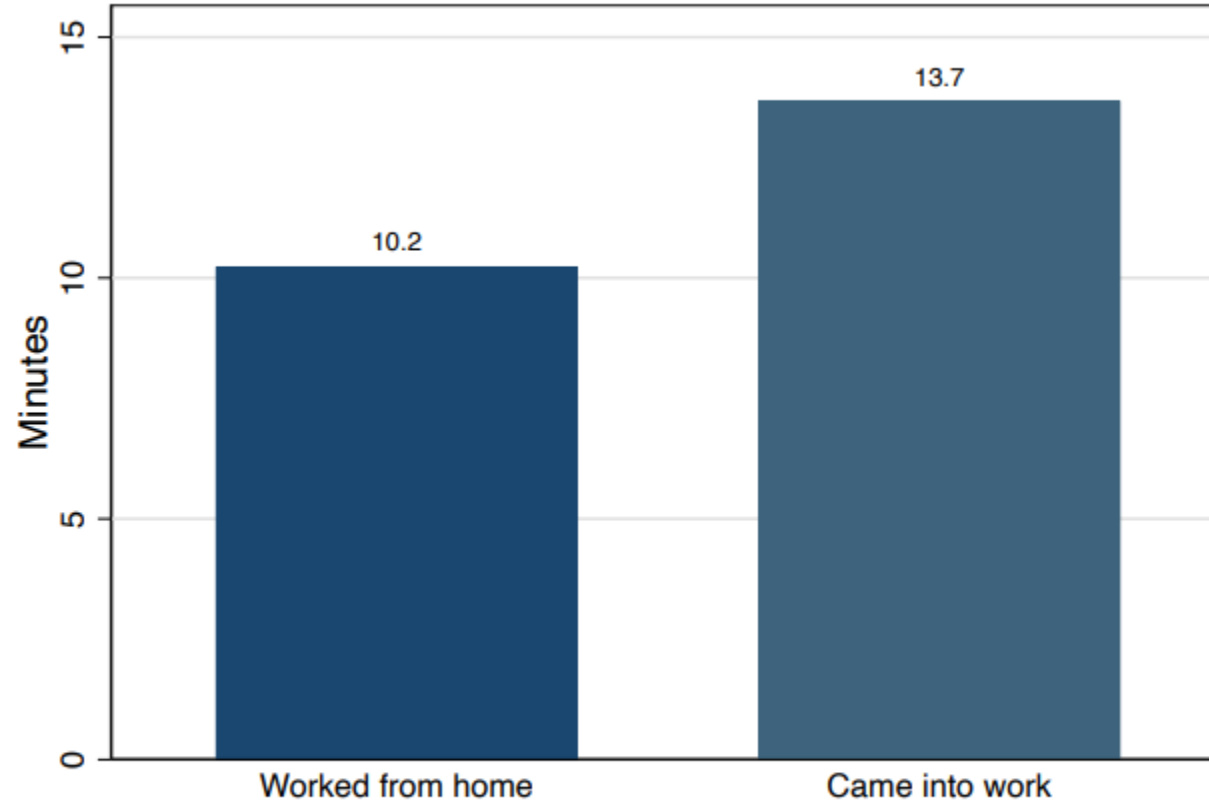
- Communication measured using emails, IMs, meetings and video calls
- Patterns tracked across Microsoft employees
- Those sent home due to Covid lockdown compared to those already working from home

Fig. 3: Effects of firm-wide remote work on collaboration networks.

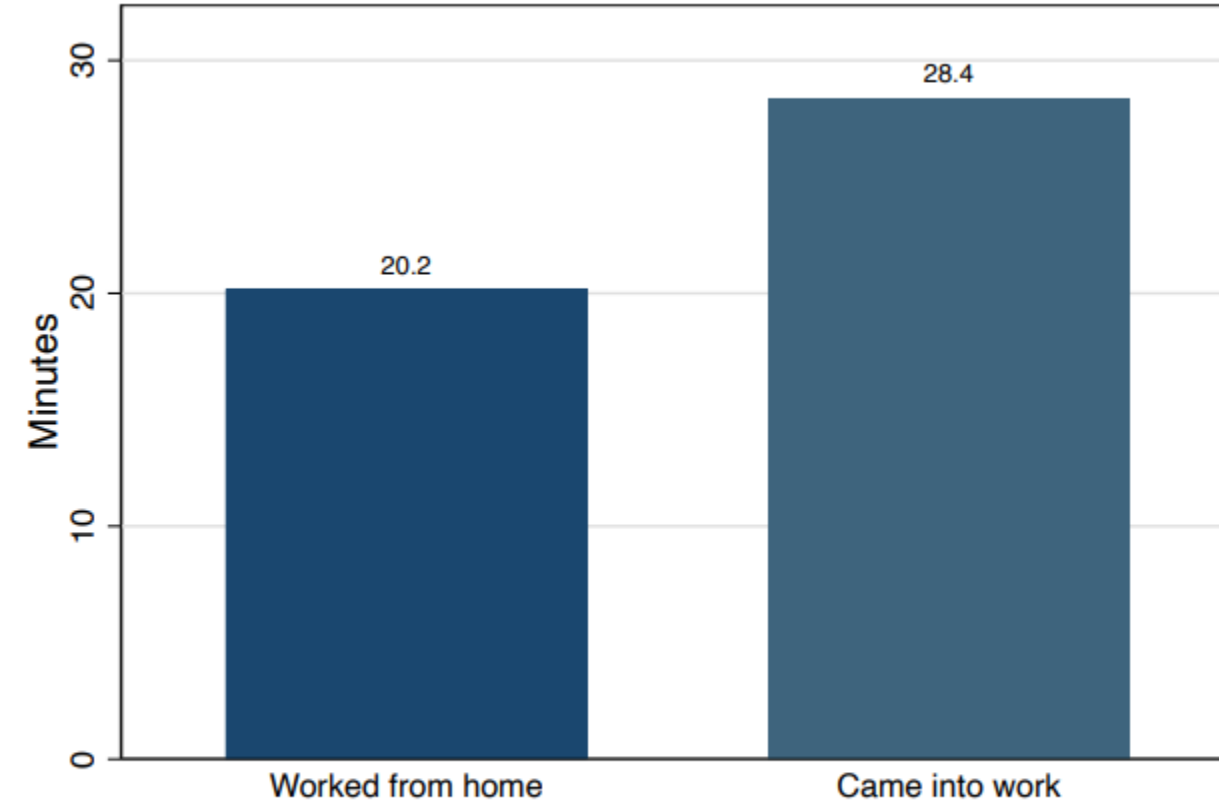


Remote Work and Mentoring

Time Spent Getting Mentored



Time Spent Mentoring Others



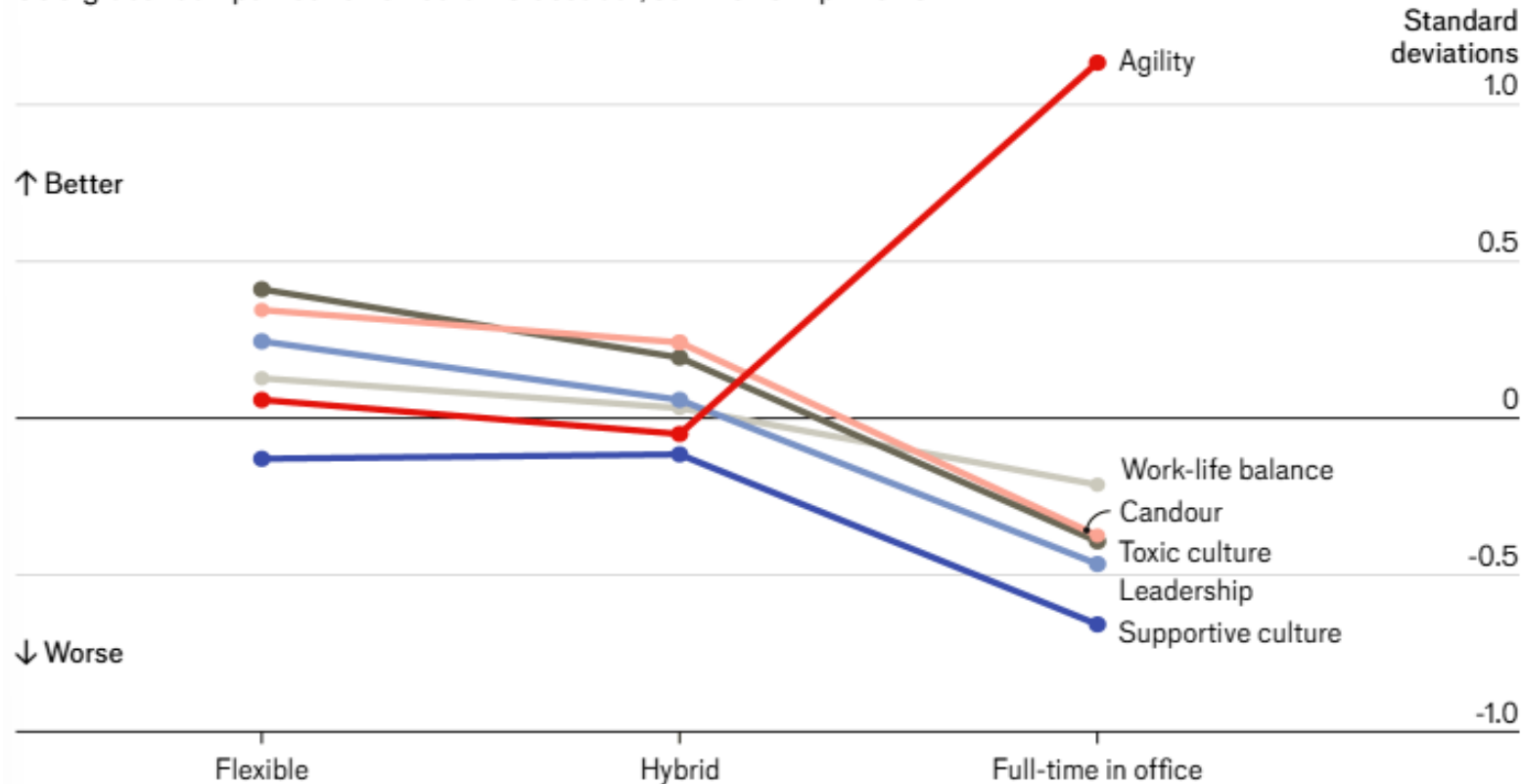
Responses to the question: How many *minutes of your working day* did you spend on each of the following activities *last Monday/Tuesday/Wednesday/Thursday/Friday*?

Work Arrangements and Culture

Remote possibilities

Corporate culture by workplace flexibility*

890 global companies reviewed on Glassdoor, Jan 2023-Apr 2025



*Positions represent the weighted average standard deviation of companies in each category above or below the mean for their industry

Sources: CultureX; Work Forward; *The Economist*

A Group Exercise

- What do you consider to be best practices for managing hybrid and remote work?
 - What have you found to work best in your organizations?
 - What would you like to move towards to minimize the downsides of remote work?
- Create guidelines for managing the hybrid workplace

Making the Most of In-Person Time

Goal	Strategy
Develop trust	• Ensure regular one-on-one in person meetings between new hires and • Manager • Key contacts • New project teams come together to kick-off project in person
Manage conflict	• Regular in-person project meetings to review progress and discuss points of contention
Build belonging	• Coordinate when people will spend time in office • Ensure ample opportunities for shared time when on-site
Develop weak-ties	• Bring large parts of the organization on-site at the same time for largescale events and meetings
Mentor	• Prioritize bringing people together in-person with buddies and mentors

Strategies for Remote Coordination

Real Time Coordination

- Summary updates and reports
 - *Sharing in meetings and at milestones*
 - *Understanding of who to go to for information*
- Decisions happen through meetings
- Manager-approved action

Asynchronous Coordination

- Open single source of truth
 - *Up to date documentation and knowledge repositories*
 - *Shared understanding of key sources of truth*
 - *Information freely available and transparent to all*
- Rich decision trails
- Informed action-first iteration

Mozilla – A Remote First Company

- Mozilla grew out of open source roots to embrace dispersed working
 - 40% not in office pre-Covid
 - Many teams spread across multiple geographic locations
- Moved to “remote-first” culture on reopening
 - No-one required to work in office
 - All in-office seating is “hotel-style”
- Multiple in-person experiences to maintain culture and facilitate collaboration
 - All hands meeting
 - One week in-person “cultural onboarding” organized by region
 - In-person team meetups encouraged on regular basis (~ quarterly)
 - Particularly used for planning, design sprints, hackathons etc

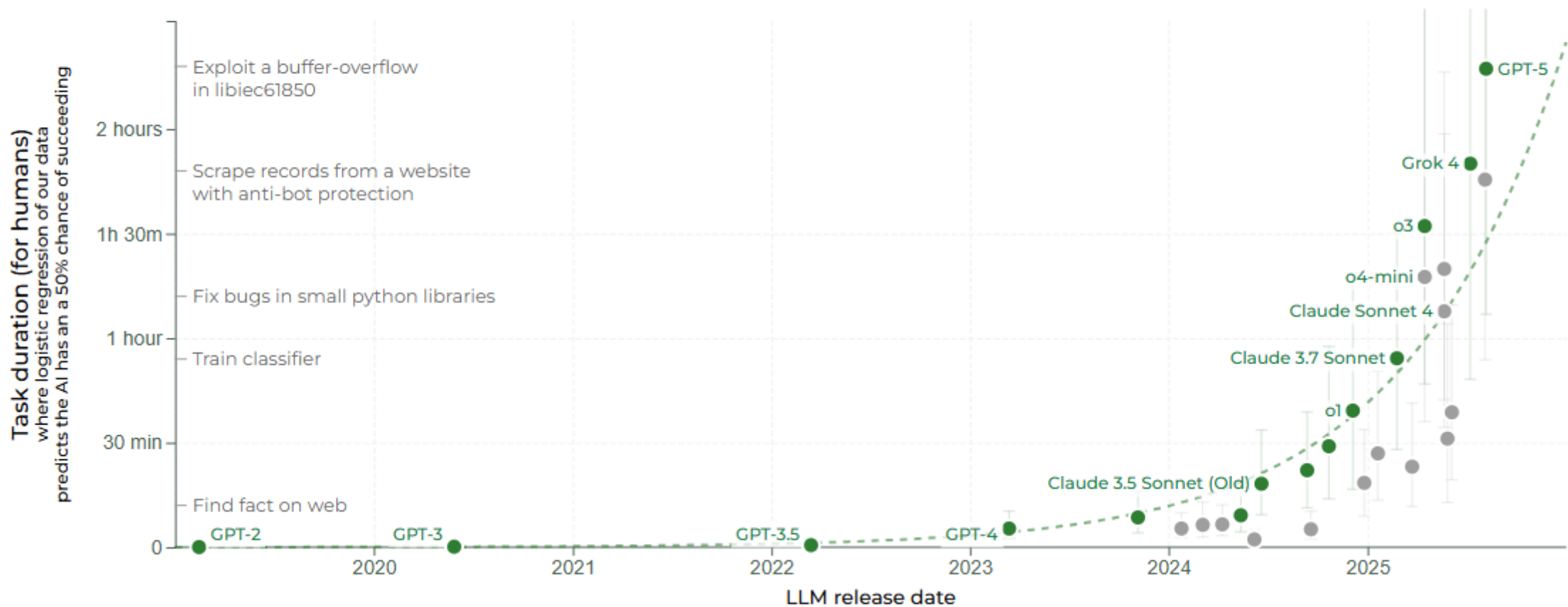


AI and the Future of Work



The Extraordinary Pace of AI Advances

The time-horizon of software engineering tasks different LLMs can complete 50% of the time



The Different Flavors of Modern AI

Sophisticated pattern recognition in large datasets

Detailed predictive analytics out of structured data

- Allows for better decision-making
 - Customer analytics
 - Predictive maintenance
 - Logistics optimization
- Systems closely tailored to given applications

Extracting complex information from large unstructured text data

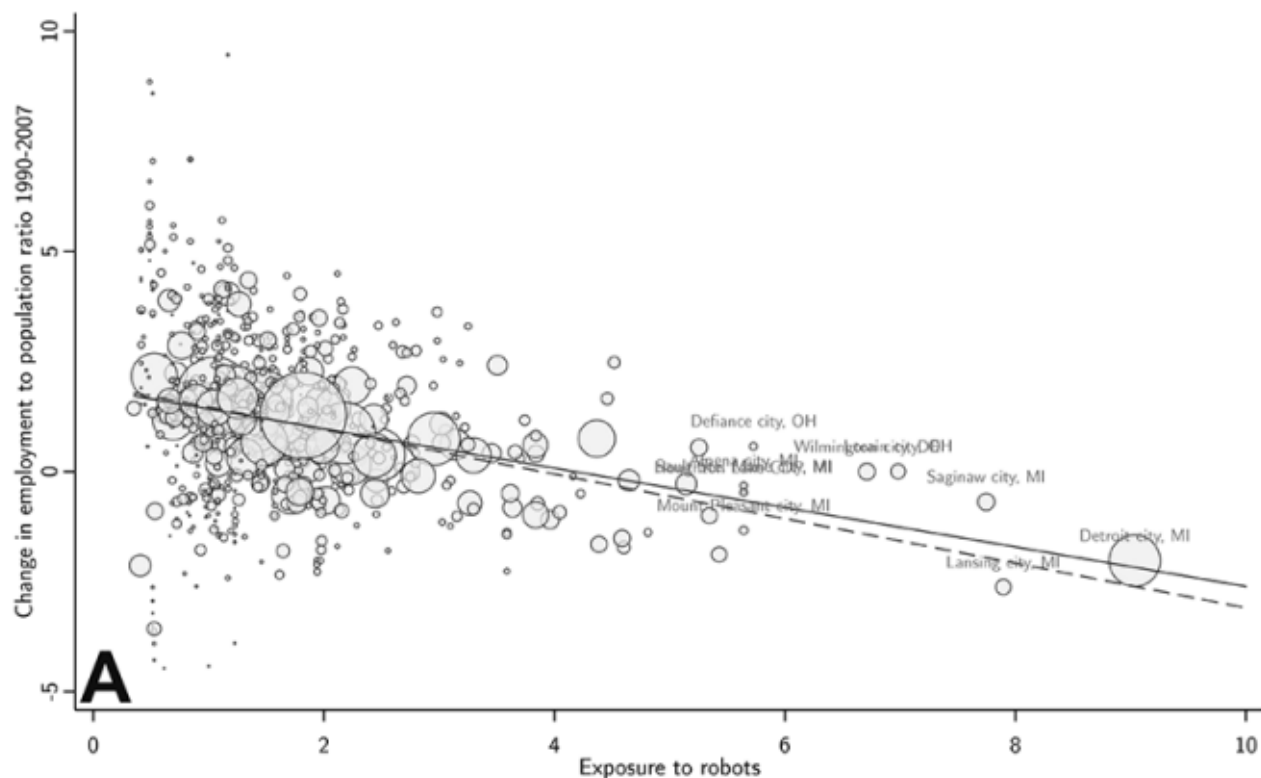
- Allows for natural language interaction with large databases
- LLMs / co-pilots / assistants
- Trade-offs between
 - Versatility
 - Reliability

How Technology Affects Work

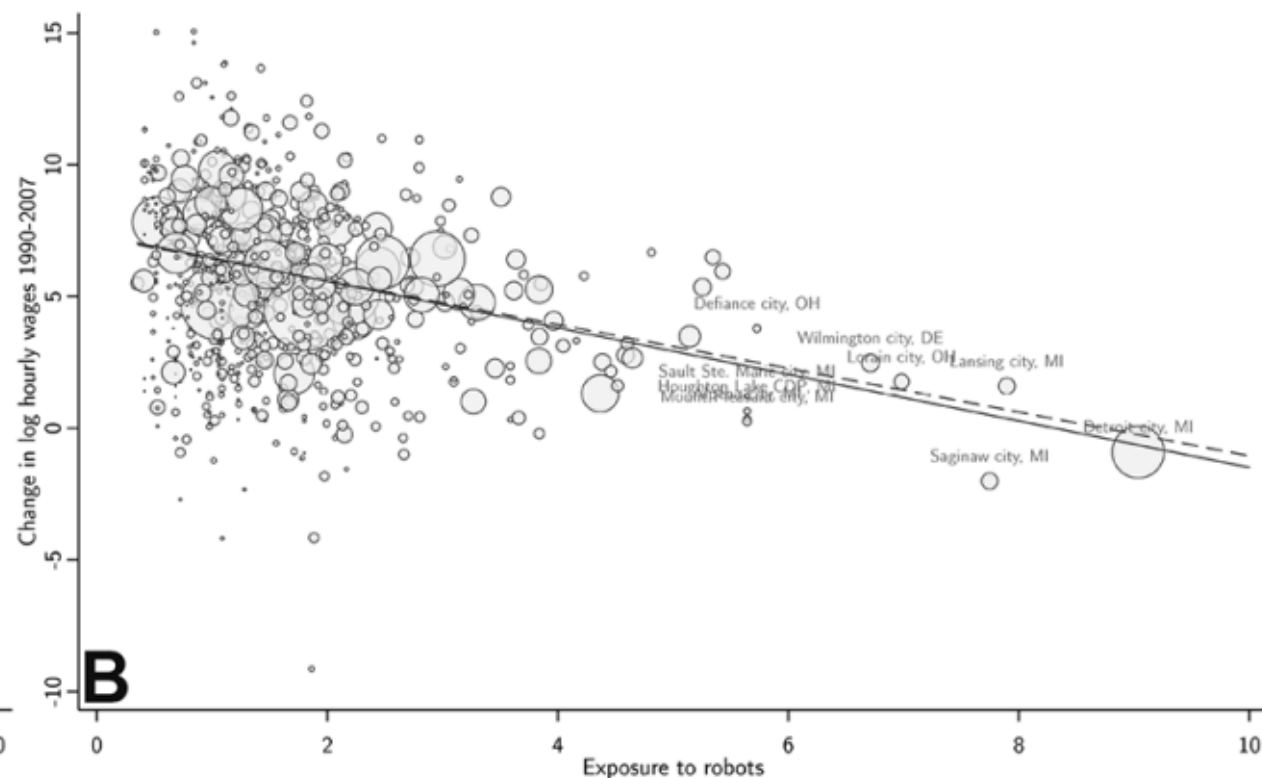
1. **Automation** Direct replacement of jobs by technology

New Technologies Can Still Depress Employment and Wages

Robot penetration vs Employment 1990-2007



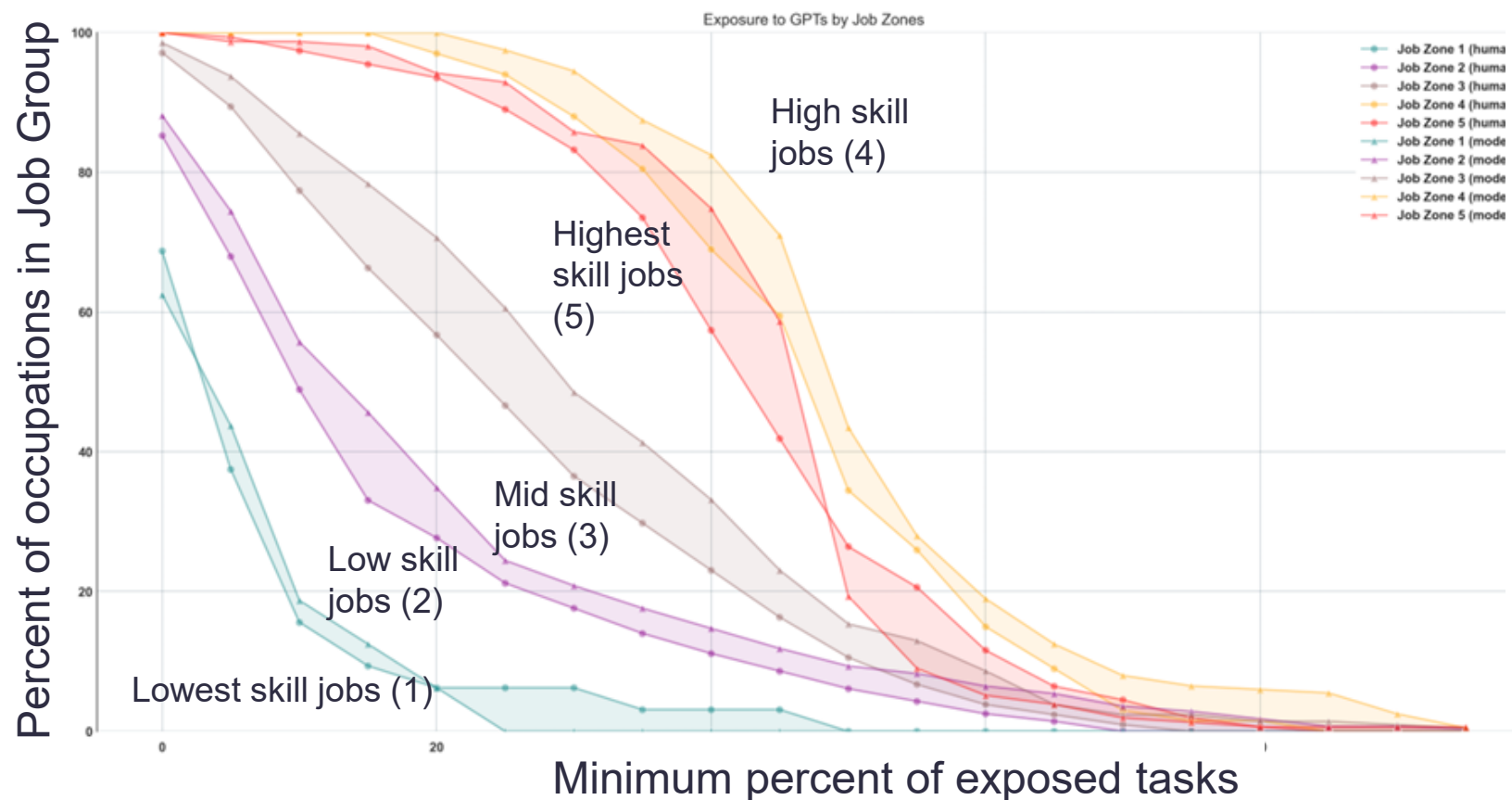
Robot penetration vs Log Wages 1990-2007



How Technology Affects Work

- 1. Automation** Direct replacement of jobs by technology
- 2. Job Redesign** Job content shifts as some elements of the job get automated

Estimates of occupational exposure to LLMs



Job Zone	Preparation Required	Education Required
1	None or little (0-3 months)	High school diploma or GED (optional)
2	Some (3-12 months)	High school diploma
3	Medium (1-2 years)	Vocational school, on-the-job training, or associate's degree
4	Considerable (2-4 years)	Bachelor's degree
5	Extensive (4+ years)	Master's degree or higher

Figure 5: β exposure ratings of occupations in the five Job Zones, which are groups of similar occupations that are classified according to the level of education, experience, and on-the-job training needed to perform them. All tasks are weighted equally.

How Technology Affects Work

- 1. Automation** Direct replacement of jobs by technology
- 2. Job Redesign** Job content shifts as some elements of the job get automated
- 3. Job Creation** New jobs created as
 - New jobs required to work with technology
 - Technology creates new opportunities
 - Richer people want new services

60% of US employees are in jobs that didn't exist in 1940

TABLE I
EXAMPLES OF NEW TITLES ADDED TO THE CENSUS ALPHABETICAL INDEX OF
OCCUPATIONS BY VOLUME, 1940–2018

Year	Example titles added	
1940	Automatic welding machine operator	Acrobatic dancer
1950	Airplane designer	Tattooer
1960	Textile chemist	Pageants director
1970	Engineer computer application	Mental-health counselor
1980	Controller, remotely piloted vehicle	Hypnotherapist
1990	Circuit layout designer	Conference planner
2000	Artificial intelligence specialist	Amusement park worker
2010	Technician, wind turbine	Sommelier
2018	Cybersecurity analyst	Drama therapist

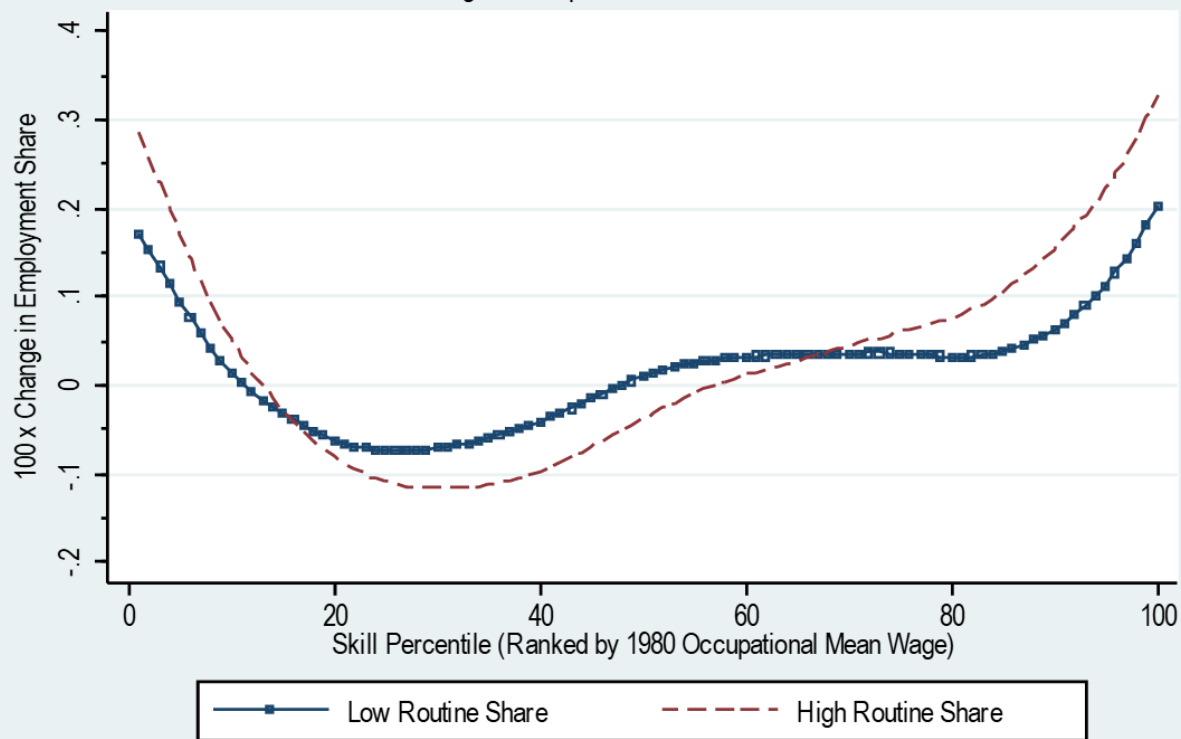
Notes. The table reports examples of new titles added to the census Alphabetical Index of Occupations volume of year Y corresponding to titles recognized by census coders between the start of the prior decade and the year preceding the volume's release, for example, the 1950 CAI volume includes new titles incorporated between 1940 and 1949.

How Technology Affects Work

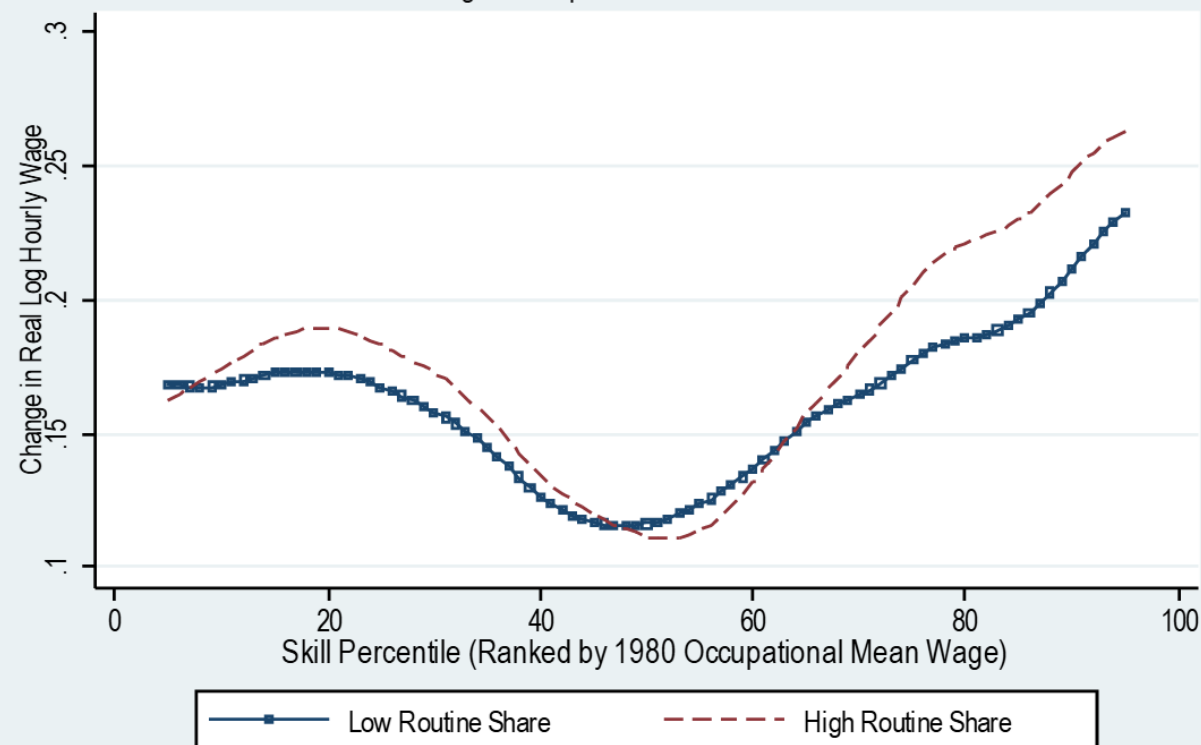
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- 4. Skill Revaluation**
 - Value of skills substituted by technology falls
 - Other skills increase in value

Technology and Wages – The Story So Far

Smoothed Changes in Employment by Skill Percentile 1980-2005
Commuting Zones Split on Mean Routine Share in 1980



Smoothed Changes in Real Hourly Wages by Occupational Skill Percentile 1980-2005
Commuting Zones Split on Mean Routine Share in 1980



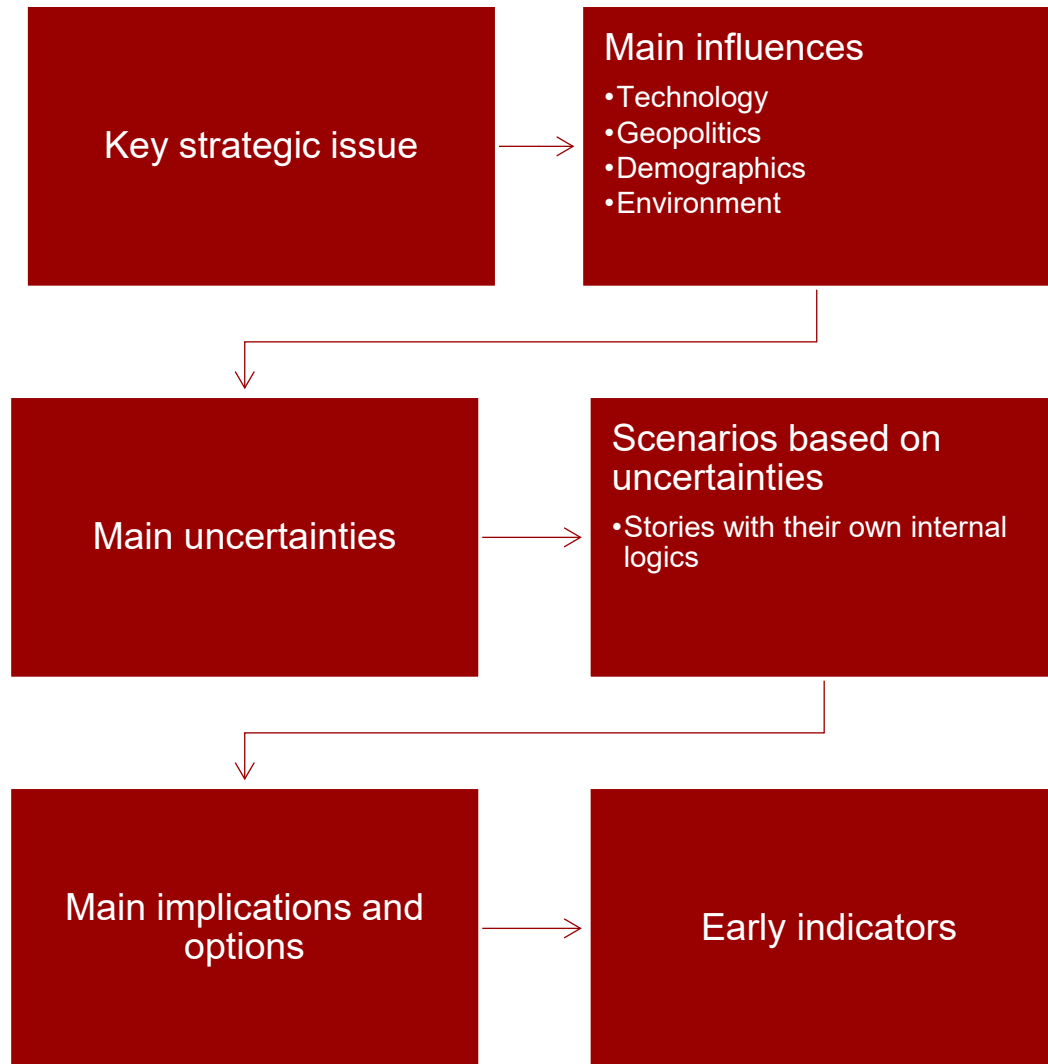
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Enter Scenario Planning



Scenario Planning as Tool for Managing Uncertainty



- Emphasize uncertainty by presenting a range of outcomes
- Focus attention away from “business as usual” scenarios
- Underline non-linear nature of change
- Build awareness of cues that world might be changing

Some Major Uncertainties



Technology capability

- Reliability / hallucination rate
- Rate of development of robotics
- Comparison to expert judgment

Societal acceptance

- Will we build deep relationships with AI?
- Will we trust AI with critical decisions?

Economics

- How will the cost of AI queries fall as the technology is adopted?

Regulatory response

- Requirements for human oversight
- Political reaction to labor displacement

Three Scenarios for 2035

1. Nearing a Plateau
2. Increasing Capabilities, Limited Trust
3. Artificial Super-Intelligence



Hitting the Plateau

It's 2031, and...

- Increases in AI capability have been disappointing
 - Hallucinations and erratic behavior seem intrinsic to LLM systems
 - Experts still more effective in most areas
- AI is a useful tool for much white collar work
 - Provides relevant information
 - Suggests courses of action
 - Automates writing tasks
- Humans still critical for
 - Decision-making
 - Intervention when systems fail

It's 2031.

- How is your *company* using AI?
- How is your HR *department* using AI?
- How do the skills and people that you need look different from today?
- What steps were necessary to get there from 2025?
 - Process transformation
 - Workforce reorganization
 - Skills development

Increasing Capabilities, Limited Trust

It's 2031, and...

- AI systems have continued to develop. They are now better than humans at most judgment tasks
- Business processes can often be delegated to AI agents with minimal intervention
- High profile accidents have increased regulation. Human oversight required for:
 - Financial decisions
 - Physical operations
- Limited social acceptance of AI in relational work
- Robots still unable to operate in complex physical environments (e.g. package delivery, surgery, agriculture)

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Artificial Super-Intelligence

It's 2031, and...

- Emerging AI systems are better than humans at almost all cognitive work
- Advances in robotics allows multimodal systems to become increasingly effectively in the physical world
- People increasingly comfortable interacting with AI as carers and trusted advisors
- New entrants based almost entirely around technology threaten established firms

It's 2031.

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Scenario Planning for the Future of Work

1. Develop tailored scenarios for your organization and industry
 - Variety of technological outcomes
 - Range of social acceptance
 - Alternative regulatory environments
2. Consider breadth of changes
 - What gets automated?
 - What new roles emerge?
 - What new areas of demand open up?
3. Explore scenario implications for talent management
4. Identify early warning signs for each scenario

What Have People Been Saying About the Future of Work



Briefing | The future of work

There's an app for that

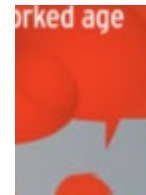
Outside the Box

Opinion: More than half of the U.S. labor force will be freelance by 2027. Here's why that's a good thing for workers and businesses alike

Last Updated: Aug. 22, 2022 at 4:51 p.m. ET

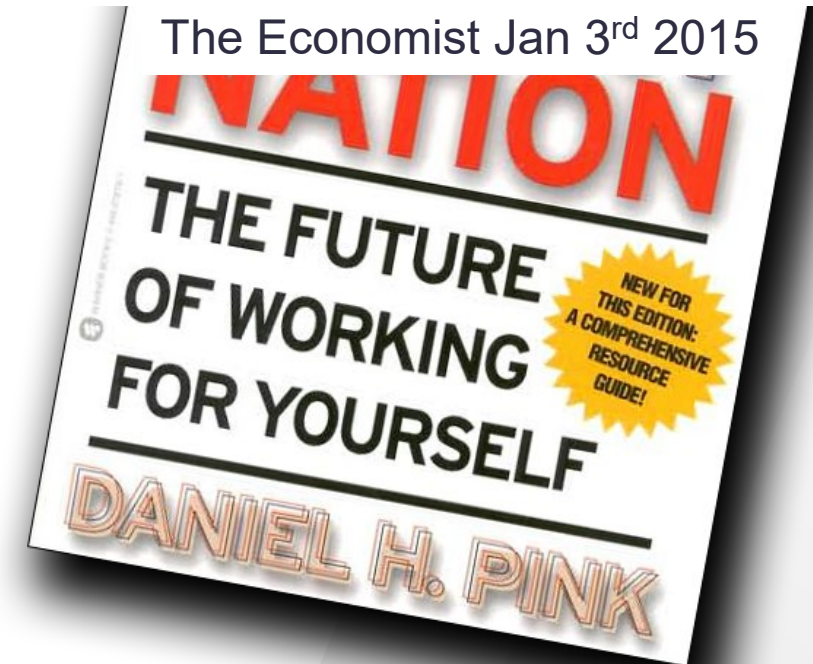
First Published: Aug. 22, 2022 at 10:31 a.m. ET

By Micha Kaufman

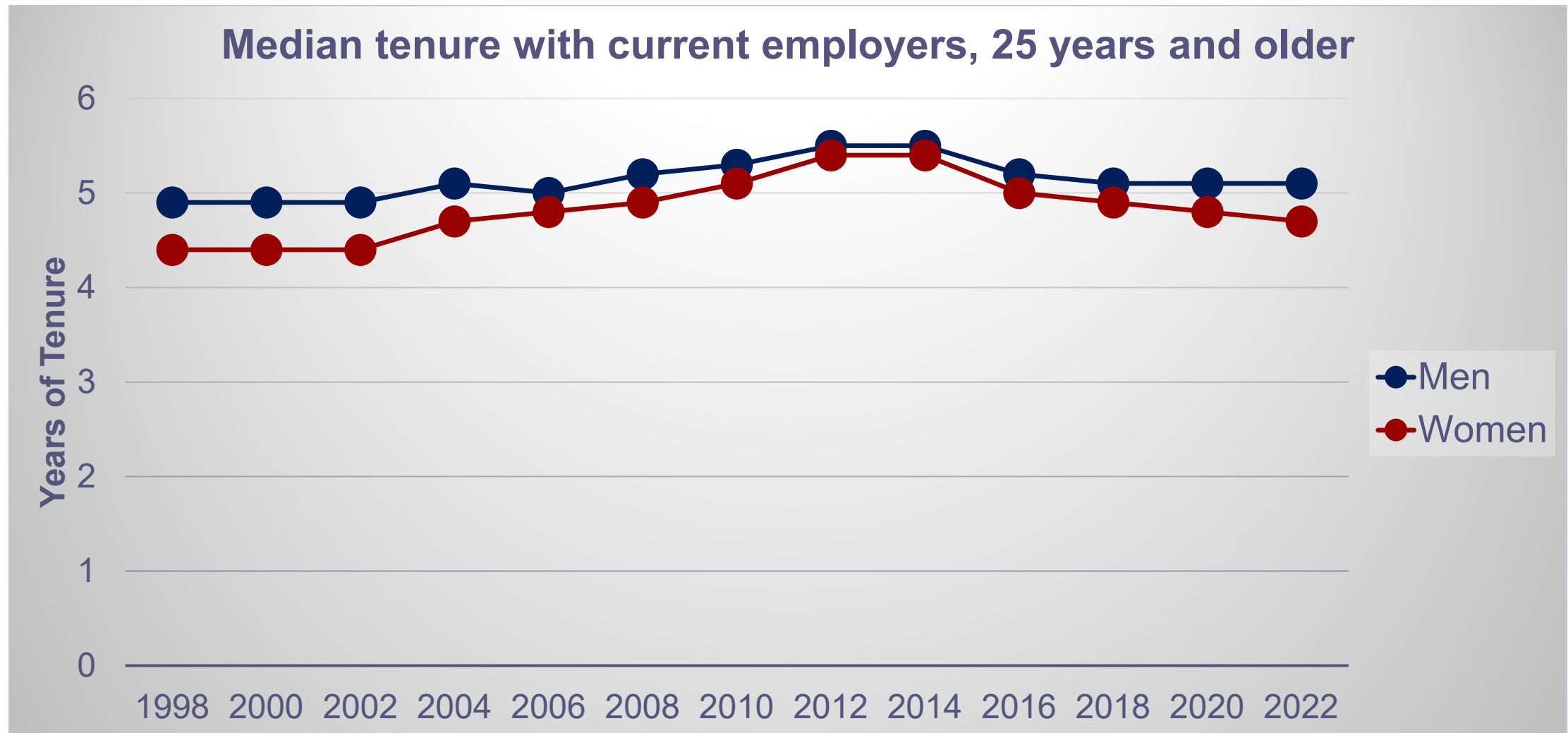


Free agency is a growing feature of the new world of work. The shift toward workforce independence is inevitable—fueled by demographic changes, technological advances, and evolving human expectations of working life.

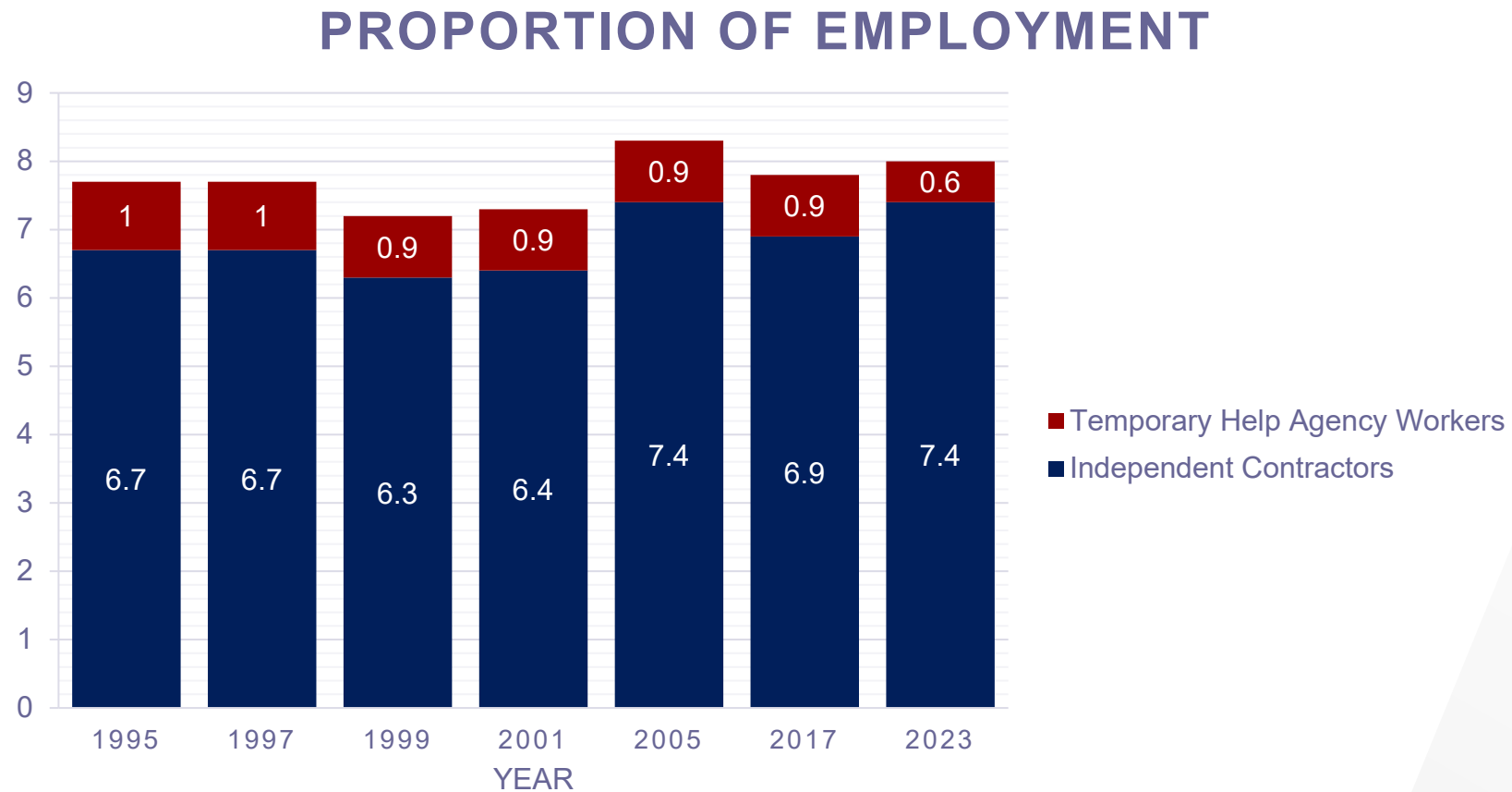
Kelly, 2016



Average Tenure has not increased over the last 25 years



The Rise of Free Agent Nation?



The Assignment Model and Top Management Teams

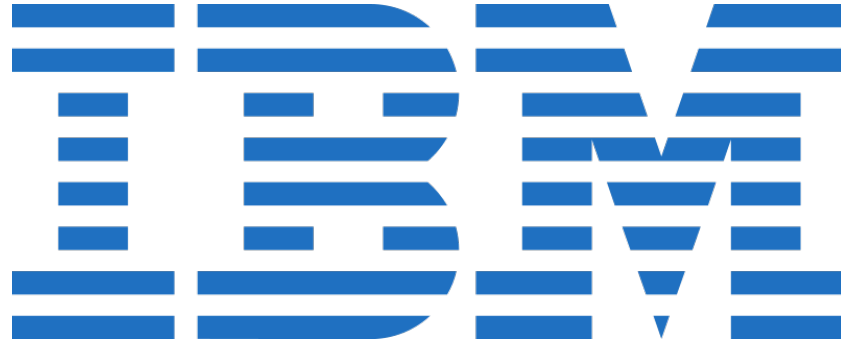
Career paths of Top Executives in Fortune 100 firms, 2021

	Mean Value
Time to top	27.6 years
Outsider	26%
Lifer	19%
Number of employers	3.3
Company tenure at appointment	12.7 years
Outside experience	15.1

Why Do We Keep Getting It Wrong?



What Changed



1986

While other multibillion-dollar corporations with paternalistic practices, such as Eastman Kodak Co., Xerox Corp. and E. I. DuPont de Nemours, have dramatically cut their blue-collar and middle-management ranks in recent times, IBM "remains fully committed" to full employment, said IBM Chairman John F. Akers.

Washington Post, June 27 1987

2023

International Business Machines delivered an upbeat annual sales forecast while announcing it would eliminate about 1.5% of its global workforce, following similar job cuts the last few months by many of its technology peers.

LA Times, January 25th 2023

The Problem with Flexibility

- Who do you want to perform cardiac surgery on you?
- How long does it take ranked security analysts to regain their ratings after moving firms?
- How long until outside hires perform as strongly as promoted workers?



What Is Your Cost of Attrition?



For Frontline Employees?



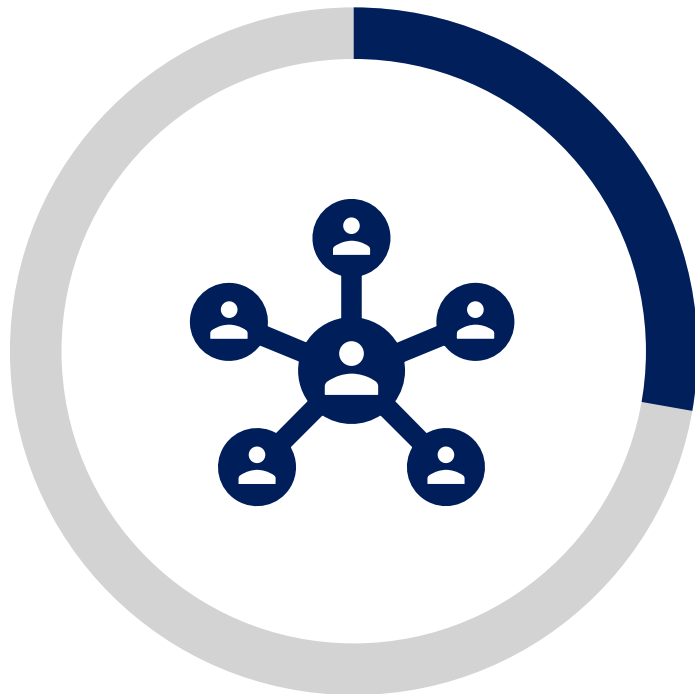
For Managerial Employees?

Why Embedded Work Matters for Organizations

- Organizations exist because work is collaborative
- We collaborate effectively when we are embedded in
 - Social networks
 - Organizational processes
 - Firm culture
- More unique capabilities need a more deeply embedded workforce



And Why Embedded Work Matters for Employees



- **Frequent interactions with coworkers** have same effect on work satisfaction as 20x pay increase (Krueger and Schkade, 2008)
- A ~5 pctile increase in **Trust in Management** has same effect on life satisfaction as 28% pay increase (Helliwell & Huang, 2010)
- 0.48 correlation between **friendship network degree centrality** and retention (Porter, Woo, Allen and Keith, 2019)
 - Correlation with job satisfaction is 0.28

The Workforce Management Challenge

Need for Stability

- Embedding in collaborative networks
- Embedding in organizational culture
- Embedding in organizational processes and technologies



Need for Flexibility

New Technologies

Political Conflict

**PANDEMICS AND NATURAL
DISASTERS**

New Market Opportunities

**ECONOMIC
SHOCKS**

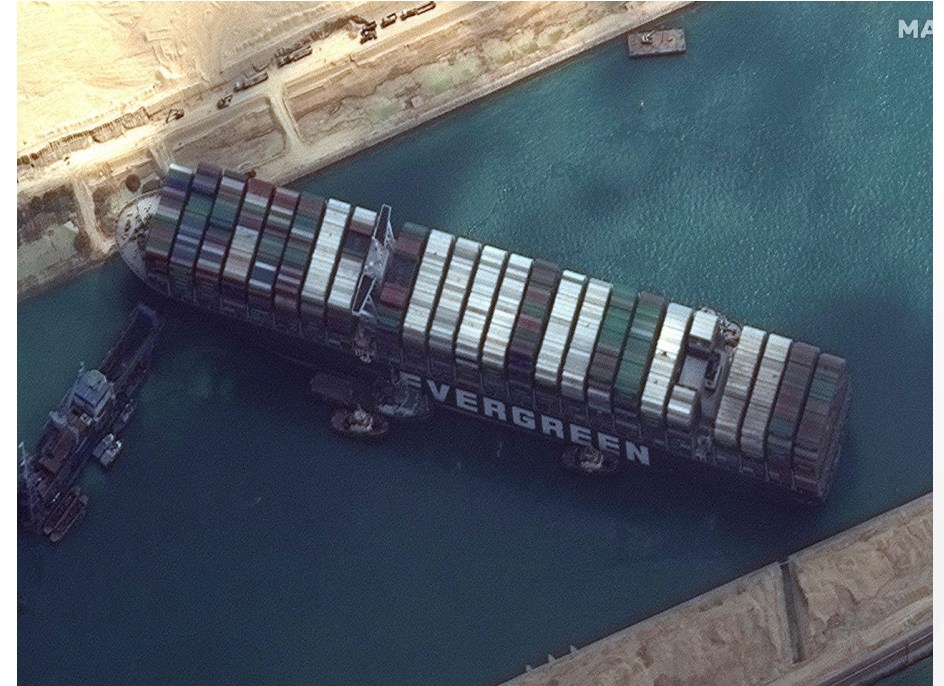
Taking Embedded Work Seriously

1. Don't steer a tanker like a speedboat
2. Build a strong internal pipeline



Don't Try to Steer a Tanker Like a Speedboat

- Building a productive workforce takes years of investment
- Business imperatives are often much more short-term
- High costs to over-reacting to current conditions
 - Over-hiring in response to temporary demand surges
 - Short-term layoffs leading to costly rehiring
 - Hiring freezes creating gaps in talent pipeline
- Where do you expect to be in two years' time?



Succession Planning to Forecast Future Needs

Identify Problem Areas

- Go down multiple levels in the organization to identify pipeline gaps
- Focus on ability to fill groups of jobs / and depth of talent pools, not individual roles



Link to Effective Actions

- Ensure development plans reflect demands of roles to be filled
- Take proactive steps to mitigate gaps
 - Step up hiring one step below critical jobs to be filled
 - Accelerate development in lower ranks

Building An Understanding of Future Needs

Put in place training and development plans to equip people for new needs

Create detailed hiring plans based on hiring time, ramp up time, projected attrition

Compare skills/capabilities necessary for future vs today

Match headcount projections with revenue projections

Ensure that HR is a part of strategic planning

- May lead to:
 - Greater awareness of likely talent challenges*
 - Shift in development priorities*
 - Concrete hiring plans*
- Balance between hiring ahead of needs and having enough work to engage hires

Approaches to Managing Uncertainty in Planning

Scenario Planning

- Identify range of likely scenarios for key areas of uncertainty
 - Customer demand
 - Technological trajectory
 - ...
- Assess impact of different staffing plans across scenarios
 - Costs
 - Business Performance
 - Mitigation Strategies

Workforce Segmentation

- Focus efforts on groups that are:
 - Difficult to hire
 - Hard to integrate
 - Critical to strategy execution

Today's Session

What's Been Changing

- The rapid growth of remote and hybrid working

What's Likely to Change

- Extensive use of AI within the workplace

What We Thought Would Change But Didn't

- What happened to Free Agent Nation?



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