

CHAPTER 1

CURRENT STATE OF ORGANIZATIONS: TRENDS WITH IMPLICATIONS FOR ORGANIZATIONS

ABSTRACT

This chapter describes the numerous trends taking place. These trends are causing organizations to adapt and change. The changing demographics along with the various growing multigenerational and multicultural changing workforce will force organizations to adapt and change or lose their human capital competitive edge. Those that adapt and provide effective leadership will create organizational cultures that are agile and continuing to evolve as societal changes occur around them.

There is also an increasing skills shortage that has only been made worse with the pandemic. This skills shortage along with the aging workforce and growing multigenerational workforce behind it will create opportunities and challenges for organizations and its leaders.

These trends will continue to evolve and more will appear forcing organizations to revisit their present paradigms. Leaders will need to become increasingly aware or educated on their unconscious biases. With growing changes comes challenges and opportunities. The organizations and leaders that not only acknowledge these trends and changes but adapt to them, will be in a better position to face the uncertain future that all organizations will have to face. Welcome to the 21st century workplace.

Keywords: Leadership; human intelligent workplace; human centered workplace environment; worker psychology; human capital trends; organizational environment

Change Is Inevitable...

Today's organization is in many ways dramatically different than what our parents and grandparents grew up working in. There are many changes taking place while expectations of today's worker are shifting. To say we are living in a *volatile, uncertain, complex, and ambiguous* (VUCA) times is probably an understatement. This was a term created by the military. While this is occurring, people are looking for more than just a paycheck today but for meaning, purpose, and fulfillment at work (Mackey & Sisodia, 2013).

Today's organizations are faced with several trends that are and will force organizations to adapt and change at a faster rate and have dramatic implications for new and upcoming leaders. Which means another potential way to consider VUCA is to view it from the perspective of having a *vision* of where the organization wants to go, to *understand* the challenges and opportunities, ensuring there is *clarity* of the goals and path forward, and that the organization through its workforce is *agile* in facing the changes.

Some tend to see the acronym VUCA to be dated. And so recently there is another acronym that some feel is timelier and more relevant. BANI which stands for Brittle, Anxious, Nonlinear, and Incomprehensible is seen by more to be a relevant acronym for today's organization (Kraaijenbrink, 2022). Irrespective of your preference for an acronym, most will probably agree that they capture the essence of what organizations, they're leaders, and workforce are facing today.

Bottom line is that the organizational culture that leaders create and enable can be one of glass half empty or half full. Those of you referred to as the boss will need to be open to innovation, demonstrate humility and not arrogance, listen not to respond but to understand, be empathetic which means I understand, and last be compassionate which translates into how I can help or here is how I can help.

The trends consist of the acceleration of change imposed on organizations due to a variety of issues including globalization. Organizations are having to change faster and be nimbler due to the increase in technology, an aging workforce, four (soon to be five) generations in the workplace, and an increasing diverse workforce especially in the US (Mouriño, 2014). All of these changes cannot be executed effectively without an engaged workforce that is supported and enabled by an effective leadership team.

Change is inevitable especially if when we realize that only 70 of the Fortune 500 companies that existed in 1955 still exist. As of today, more than 2000 companies have come and gone, and that the life expectancy of

organizations is declining (Frank & Roehrig, 2014). All of we have to consider are the organizations that have disappeared since 2000, organizations like Borders Books, Blockbuster, and Circuit City who at one time was listed in the book *Good to Great* as a great company. These and other companies have disappeared. Since 2000 other companies have been created such as Amazon, Bing, Facebook, Starbucks, Uber, Pandora, and Netflix to just name a few. Some of these organizations like Uber, Amazon, and Airbnb are completely new and different business models.

Technology, globalization, aging demographics, diversity, multiple generations in the workplace, and changing expectations from today's workers are causing and in many cases forcing organizations to adapt and change at a faster rate than before. These reasons and probably more to come in the future are why most executives say that their organizations will change more in the next five years. And while change is not new as organizations constantly adapt their strategies, utilize new technologies to run more efficiently and increase productivity, and use mergers as a growth strategy, even some of these don't work and management is usually the culprit.

These organizational changes emphasize two points. One, that the traditional organizational model and framework that existed in the past is not necessarily going to make your organization successful in the future. The second point is that technology has changed the paradigm of how we work, where we work, on what we work on, with whom we work, and in turn has implications for the supervisor and employee relationships of the future.

Regarding technology and to put things in perspective, just consider that it took the radio 38 years, the TV 13 years, and the internet 4 years to reach 50 million people. Today we have more mobile devices than we have people on the planet. Technology has enabled the boss to work in different places than their workforce. It has also allowed more to work from home, hotels, and around the world and for organizations and employee workplaces to be more creatively designed (Berman, 2016).

As if it has not been difficult for those in a management position to manage their teams face to face, the increase in technology has now added a new challenge and opportunity when managing virtual teams because you can become the boss of a team that is virtual or co-located around the country or the world. Technology is transforming the way managers will supervise in the 21st century (Michelman, 2016). The implications for you are that how well you manage a potential virtual team by ensuring you have a trusting relationship (more on this topic later) with your team (regardless of where they are) can lead to an engaged and effective performing team and department (Gilson et al., 2015). Technology will be further enhanced with the now growth of Artificial Intelligence (AI). This will be discussed further in a later chapter along with the implications for the workforce and leaders.

The global workforce as we know it is aging today and will dramatically do so by 2030 (Strack, 2014). It is estimated that only two countries will have

enough of a workforce for the future, these are Mexico and India. This is due to the number 2.1 which is what it will take to replace the present workforce. This entails immigration, emigration, births, and deaths (Coughlin, 2017). How organizations adapt to this changing and aging demographic will enable them to reinvent themselves going forward or not. Sticking to 20th century beliefs, behaviors, and practices that enable ageism will not be helpful.

Population aging, fueled by declining birth rates and increases in life expectancy, is a megatrend that will continue in the US and many other countries for the next several decades (Wilner Golden, 2022). This aging segment of society has created challenges and opportunities for organizations. The challenges consists of ageism as AARP has noted has been on an increase.

Aging, which one would believe should be a key component of any organization's diversity, equity, and inclusion strategy. Yet for more organizations than should be possible, the aging segment of the workforce is either an afterthought, or not a thought at all. One would believe that more organizations would pay particular attention to this trend, since the segment over 60 alone presents a \$22 trillion market (Wilner Golden, 2022).

Not only is this aging segment of society a growing consumer market share but can continue to be a key segment of the workplace. This is particularly important when some of the key skills needed for today and tomorrow's workplace are critical thinking, empathy, listening, problem-solving, and relationship management, all skills found missing in new graduates, found in older workers, and needed particularly by leaders.

A Conference Board study found that many boomers plan to work on average through the age of 70 and many polled they may never retire. This study found that Boomers are working for numerous reasons, but the primary one is for financial reasons (Lombardo & Meyerson, 2024). Another study found that the fastest growing segment in the workforce are those over the age of 75 (Lucas, 2023). Both of these studies highlight that while ageism is alive in well in today's society and workplace, it is not stopping older members of society from continuing to work.

Leaders and organizations have an opportunity to take advantage of this growing segment of society and their workforce, by ensuring ageism is not part of the organizational culture. Yet a 2019 study of 10,000 organizations found that two-thirds of them considered older workers a *competitive disadvantage* (Bersin & Chamorro-Premuzic, 2019). This is an interesting study, since the aging demographic is not only the general workforce, but also in the leadership ranks as the average age of CEOs is almost 58.

As if this is not enough there will also be a skills shortage particularly in the Science, Technology, Engineering, and Math fields (Gordon, 2013). Presently, there is a half-million shortage in IT and computer science jobs,

about the same for high end manufacturing, nursing shortage, commercial pilots, and others. This will increase competition for the limited workforce around the globe. Organizations will need to revisit their human resource policies when it comes to an aging workforce going forward. Leaders will need to address their own biases when it comes to an aging workforce.

Organizations now have for the first time in the history of postindustrial era have five generations in the workplace. Baby Boomers and Millennials have been receiving a lot of attention. Baby Boomers are retiring at the rate of 2 every 30 seconds. Millennials are positioned now to take over the majority of the workforce and by some have already become the largest portion of the workforce (Good, 2016). This will present opportunities and challenges leaders as they try to manage and lead the diversity of an intergenerational workforce.

Millennials are looking for their supervisors to be more engaged especially since as they more so than previous generations in the workforce value development and educational opportunities (Wolper, 2016). Millennials are also looking to their immediate supervisors to coach and provide more hands-on support without micromanaging (Campbell, 2016). Increasingly those in a leadership role are having to manage a more diverse workforce in addition to the growing female and diverse workforce with the additional complexity that the different generations bring to the workplace.

When it comes to diversity an increasing change is the growing diverse workforce in particular the Hispanic/Latino workforce, now and into the future. There were 53 million Hispanic/Latinos in the US, when Dr. Rodriguez first wrote his book *Latino Talent* (Rodriguez, 2008), today they are at 63 million making US the number two country in the world with most Latinos and Spanish speaking people. The US has more Latinos than Canada has Canadians or Spain has Spaniards.

In 2017 Latinos became the largest entrants into the US workforce. Latinos are expected to make up 78% of the new entrants into the workforce in this decade. Due to its young age as a demographic, it also makes up the largest portion of the Millennials, 44% (Krogstad et al., 2016). Every 30 seconds two non-Hispanics are eligible to retire while one Hispanic turns 18. This is one of the reasons why some feel that organizations cannot survive in the future without this growing demographic (Llopis, 2015).

The average age of Latinos is 27 while for the Anglo demographic it is 40 (Rodriguez, 2008). This segment of the US represents a \$3.4 trillion purchasing power, or if it were a country it would be fifth in the world from a GDP perspective. They make up 25% of the US workforce and Latino businesses are growing 10 times faster than non-Latino businesses. The Society for Hispanic Engineers found that Latinos is the third fastest growing economy in the world. Unfortunately, this growing segment of the workforce is feeling underrepresented and overlooked (Sahadi, 2024).

This demographic shift creates a great opportunity for leaders to capitalize on their diverse workforce while working through the challenges of managing a growing workforce demographic that may approach their work differently (Rodriguez, 2008). The diverse workforce creates opportunities because organizations and leaders can capitalize on this growing workforce that might approach work situations from a different and fresh perspective.

This demographic change can also create challenges, because while not monolithic, Latinos tend to culturally respect authority versus challenge, and this can and has been seen at times as not aggressive enough. Latinos tend to instead of tooting their own horn model modesty more often and this can be seen as career oriented enough (Rodriguez, 2008). In summary, these changes are creating opportunities for those in managerial capacity to manage and lead differently.

The aging workforce is being followed by not only a growing multicultural growing workforce and consumer, but also by a growing skills shortage. One example is that commercial airline pilots have to retire by the age of 65 with an estimated shortage of 30,000 pilots by 2032. There is a nursing crisis, something made worse with the pandemic. In the technology realm, there is an estimated 500,000 shortage, along with manufacturing, and construction among others.

This skills shortage will cause increasing competition for the decreasing skilled workforce. As Mr. Aguh (former Chief Innovation Officer—U.S. Dept. of Labor) and Mr. Etwilier (CEO Siemens Foundation) highlighted in the panel at the Conference Board's People 2030: Our Talent, Our Future conference, there will be labor shortages for the next 10 years, if not an always tight labor market (Aguh & Etwilier, 2023). The question for your organization and your leadership, how is it working to address this challenge and differentiate itself?

And Then Came the Pandemic

All of these trends were already taking place before the Pandemic. Now things have dramatically changed, and I don't believe will be returning to business as usual. Everything mentioned previously has over the last couple of years been put on steroids. Organizations had to change and change quickly due to their workforce not being able to work in their offices. So, for those that could, and many could, they ended up working from home. The virtual, hybrid, and remote workforce is here to stay.

There have been those that say working remotely has a negative effect on organizational culture. The counter to this has been, culture was never about a building. It created the Great Resignation, Reassessment, Realignment, and Quiet Quitting among other terms that continue to be created.

As I've mentioned to my students while providing class remotely, now you can work anywhere in the world and never leave where you presently reside.

In addition, the number of retirees has dramatically increased due to the Pandemic. More work and pressure have been put on those remaining behind, particularly in the medical institutions like hospitals and educational institutions. Teachers have felt the extra work and stress while trying to teach remotely. In turn you're seeing more teachers leave the profession. This makes it increasingly imperative for organizations to reinvent themselves and create a more balanced, healthy, and engaging workforce. Because unfortunately this along with other occurrences may be another reason for the creation of the phenomena known as "quiet quitting." Some have described it as just doing enough to get by.

I mentioned previously that the workforce is aging. Recently it has been cited that since 2020, there were more 60-year old's than 5 years old's and that by 2035 there will be more 60-year old's than 18-year old's and turn into a \$22 trillion opportunity for organizations globally (Golden). How organizations adapt to these changes and revisit policies and practices moving forward will be critical to their success. Recently, the US has been struggling with what to do with the shortage of pilots as many will be forced to retire due to many turning 65. There is a silver lining here and that is that most over 50 plan to continue to work (Coughlin), if only organizations can mitigate discriminatory practices and change their recruiting teams and hiring managers of the myths that exist when it comes to the older workforce (Taylor & Lebo) and ageism such as being less productive, more expensive, or not wanting ongoing development.

These myths seem to be sticking in some cases, as mentioned previously with the study where over 10,000 organizations that found that two-thirds considered having an older workforce a disadvantage (Bersin & Chamorro-Premuzic, 2019). Think of this, a segment of the workforce is seen as a competitive disadvantage because of their age. This when most organizations are run by older white male CEOs averaging 57 years in age. The stereotypes and myths about the older workforce continue just like those in younger generations. Recently the Conference Board did a study titled "The Multigenerational Workforce," where they found that ageism is seen both by the older workforce, Baby Boomers and with the younger Generation Z (The Conference Board, 2022).

While this segment of society can be a value to organizations, organizations will also have to adapt their organizational culture and leadership practices to having a more diverse younger workforce with the increase in Latinos, African Americans, Asians, more women, and LGBTQ segments of their workforce.

Organizations in different industries are and will continue to face a worker shortage, something further ignited by the pandemic. There is

already a shortage in nurses, construction, IT and computer skills, high-end manufacturing, and other areas. This is also leading to a major retooling within America's workforce with an expectation that as of 2021 over 50% of the workforce will need retooling (Falzon, 2021).

While the pandemic is something of the past, the genie is out of the bottle, and it will not be able to be put back in again. There is a paradigm shift that organizations and its leaders now have to work through. Those in the boss position now must retool themselves with having a team working remotely, creating effective leader employee relationships in a virtual work environment, and truly engaging their workforce moving forward. The challenge and sometimes outdated paradigms still exist.

In 2022, Apple was instructing its workforce to return to the office. An organization that is usually seen as progressive, expecting to have their employees back in the office. This when most of its workforce do not want this. To further support this, a recent study conducted in 2022 found that 1 in 6 felt connected at work with the least being those in the office, 42% of those working on site felt least connected compared to 22% of those fully remote (Accenture, 2022). In actuality, numerous organizations reported their workforce was more productive while working virtually (Johansen et al., 2023). Numerous studies have found that productivity is better with remote workers than those in the office (Followan, 2023).

Yet there seems to be a major disconnect with what the workforce want and what leadership is expecting. Especially, when the workforce was mostly productive during the pandemic. So while there are some that believe the workers need to come back into the office, there is research that does not support the need. Irrespective, more and more organizations will need to ensure they're leaders know how to lead a remote/hybrid workforce going forward.

There is an increasing disconnect between what has been sold, as Return-to-office (RTO) is needed and good for the organization, its culture, and the reality by the perception of the workforce. Another study found that RTO practices, does not impact positively the performance of an organization, that the leaders might not believe it to be value-add, and that it negatively impacts employee satisfaction (Ding & Ma, 2023). In essence, for those that have claimed that it RTO is important for organizational culture, are reminded by others that culture was never about a building.

Another area that seems to be catching momentum and working with some is the 4-day work week. Some companies and countries have tried it with positive results. It turns out that a third of American companies have tried it as a way to address the workforce stress and burnout (Egan, 2024). As more try it and more research continues to come out on its success, the bias that some leaders might have against it become more difficult to oppose, similar to the RTO efforts.

The boss, from first line supervisor through CEO will now have to ensure they are creating a great work experience in a virtual environment that is engaging their workforce, truly listening to their teams, creating an organizational culture of belonging, purpose, happiness, and meaning (Mosely & Irvine). They will have to do this while also taking care of themselves. A study found that 40% of executives found an increase in work-related stress (Pickup, 2022). In this same article, the author highlighted the Global Culture Report which found 43% of leaders believe work is impacting their happiness in their personal lives.

This is not only important for leaders but for their workforce where work-related stress is impacting lives. In the book, *Dying for a Paycheck*, the author highlights that work is the fifth cause of death, due to stress (Pfeffer, 2018). How leaders take care of themselves and in turn create a workplace environment that the workforce is taking care of themselves will be important going forward.

Reflections from the workplace...

*"My previous boss treated everyone with respect and was fair. We always knew what was expected."—
Mariano Estrada*

Today most workers are looking for real meaning at work that is essential to happiness and life satisfaction and can elevate productivity in organizations (Merisotis, 2020). By creating a positive employee experience, something the workforce is increasingly expecting, particularly after the pandemic, can increase employee engagement (Whitter). This will be paramount, particularly with what the societal issues have had on the workforce like the pandemic, social unrest, the dramatic changes and increasing stress in the workplace which has put work due to stress as the fifth cost of death (Pfeffer, 2018) and the increasing cost to organizations of over \$7 trillion in not having an engaged workforce (Friedman, 2005).

It does not help that there seems to continue to be a disconnect with management teams and their workforce. In their book, *The Mind of the Leader*, Hougaard and Carter point out that in a study of 52,000 managers, 86% of them considered themselves a good example and an inspiration while 82% of the workforce saw their leadership teams as discouraging. There seems to be room for improvement here. I'm confident as you read this you will agree.

I end this chapter where it began, there are variety of trends changing and taking place in today's workplace. Constant and faster paced change, along with a changing workforce, and worker expectations are causing organizational leaders to reassess how to reinvent themselves in order to be viable in the 21st century.

Today and tomorrow's organizations will be different, and worker's expectations are changing from wanting more out of work than just work, while some organizations are either not paying attention to these changes or don't consider them as important (Mackey & Sisodia, 2013). In your role as a leader, you will be instrumental and key in ensuring you create a servant leadership mentality in order to reframe previous expectations from the workforce of one of "how can I get the most out of my staff," to one of "what can I do to help my employees be more effective and engaged."

Reflections from the workplace...

"I worked for someone that did not engage nor inspire his team. He just gave orders with a deadline and expectation to have it done."—Andres Diaz

Summary

There are numerous trends taking place. These trends are causing organizations to adapt and change. The changing demographics along with the various age groups and changing multicultural workforce will force organizations to adapt and change or lose their human capital competitive edge. Those that adapt and provide effective leadership will create organizational cultures that are agile and continuing to evolve as societal changes occur around them. These trends will continue to evolve and more will appear forcing organizations to revisit their present paradigms. Those organizations and leaders that acknowledge these trends and changes will be in a better position to face the uncertain future that all organizations will have to face. Welcome to the 21st century workplace.