

# Financial Services: Preparing for tomorrow's workforce, today

Key findings and priorities for action



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How we work, the importance of work within our lives, and even what we mean by work, are being transformed. Drawing on insights from a survey of more than 200 financial services (FS) business and HR leaders worldwide, this report looks at what FS organisations are doing to prepare for the future of work and where improvements are needed.



## Drivers of change

**From automation and artificial intelligence (AI) to digital mobility and virtual collaboration, technology is seen as the most radical driver of change within FS workforces. Yet, as our survey highlights, how people experience a range of factors – from collaboration, autonomy and wellbeing, to the need for meaningful work and greater diversity in the workplace – are just as important.**



# Are FS organisations up to speed?

**Working with Professor Lynda Gratton of London Business School, we identified 45 capabilities that organisations need to consider when preparing for the workforce of the future.**

We then asked 201 FS executives to rate the importance of these capabilities for the future of their organisations (see Exhibit 1) and how much action they are taking to deliver them now. The research formed part of a survey of 1,246 executives in 79 countries.

By comparing FS executives' priorities with progress against them, we've been able to identify where organisations are most at risk of jeopardising their future success (see Exhibit 2) and hence where more effort and preparation are needed.

## Exhibit 1: The five most important organisational capabilities for the future

**Question:** How important are the following to the future of your organisation? (Percentage of respondents choosing 'Extremely High Importance' and 'High Importance')

- 1 Public trust**  
We're an organisation that's trusted by society, our customers and our employees **(92%)**
- 2 Human skills**  
We highly value, develop and reward 'human' skills such as leadership, creativity, empathy and curiosity **(90%)**
- 3 Output not hours**  
The performance management practices of our company focus on work and task output and value added rather than hours worked **(83%)**
- 4 Wellbeing**  
We have initiatives and policies in place that are successful in ensuring positive physical and mental wellbeing among our workers **(83%)**
- 5 Collaborative environment**  
Our working environments are designed to encourage teamwork, collaboration and innovation **(83%)**

Source: FS executives taking part in the 'Preparing for tomorrow's workforce, today' survey 2018

## Exhibit 2: The five biggest 'at risk' organisational capabilities

**Question:** How important are the following to the future of your organisation? ('Extremely High Importance' or 'High Importance') and **Question:** To what extent do you agree or disagree with these statements right now (i.e. how much action are you taking)? We calculated 'at risk' as the percentage of respondents who say a capability is important, but are not taking action today.

- 1 Data-driven decisions**  
We use insights from big data and advanced analytics in workforce decision-making **(48%)**
- 2 Flexible talent**  
We're able to engage easily with flexible talent as and when they are needed **(40%)**
- 3 Remove bias**  
We use data analytics to de-bias hiring and rewards **(39%)**
- 4 Employee autonomy**  
Our employees have a high degree of autonomy over how they work, e.g. they can influence which projects they work on, which teams they work with and how they structure their work day **(39%)**
- 5 Virtual collaboration**  
We have a robust virtual social platform and/or cloud technology that enables collaboration between employees **(38%)**

Source: FS executives taking part in the 'Preparing for tomorrow's workforce, today' survey 2018



# Key findings



## FS report higher 'at risk' measures than other industries

The FS at risk ratings are higher than the global average for all industries for 40 out of the 45 capabilities in our survey. This suggests that while FS leaders recognise the importance of preparing their workforce for the future, other priorities are getting in the way.

## People experience dividend at risk

Fourteen out of the top 20 'at risk' capabilities centre on the people experience. FS respondents reported the highest risk ranking of any industry on the issue of autonomy, with 39% reporting that employees do not feel they have control over how they work. Other areas where FS is behind the curve include developing the physical and virtual working environments needed to encourage collaboration and innovation.

## Untapped potential in data and analytics

Four of the top ten 'at risk' capabilities centre on data and analytics. These include using insights from big data and advanced analytics in workforce decision-making.

## Missing out on key sources of talent and ideas

Contract, contingent, third-party and other sources of flexible talent are becoming increasingly important as FS looks to tap into fresh sources of skills and reduce fixed costs. Yet the FS 'at risk' rating for engaging with flexible talent (ranked second) is much higher than the survey sample as a whole (ranked fifth). More than half of FS executives (57%) also say they have no capability to use open innovation and crowdsourcing to generate ideas from outside their organisation.

## Doing right by their people

There's also some good news. Notably, fostering trust, the capability seen as most important, has the lowest risk ranking: it is seen as a high priority and respondents report that significant progress is being made. Nonetheless, it is essential that FS organisations continue to make trust a priority and take actions to support building trust. The FS sector is also making strong progress in developing and rewarding human skills and mapping repeatable activities for automation.

# Key priorities for action



## 1 **Given that FS has such high and widespread 'at risk' ratings, these gaps need to be addressed as an urgent priority**

This includes the scenario planning and employee engagement needed to develop future workforce strategies, align stakeholders and then deploy and iterate.

## 2 **Create a compelling people experience**

A great people experience has as much to do with workloads, the working environment (virtual as well as physical) and how management engages with employees, as it has to do with training and other HR-led programmes. Good work is also central: work that is meaningful and fulfilling, with a sense of purpose, a nurturing environment and opportunities for personal and professional development (e.g. stretch assignments).

For FS in particular, the survey highlights the need to meet employee demands for greater control over how they work. This requires striking the right balance between autonomy and accountability. It's

also important to be receptive to new ideas, to open up new avenues for collaboration, and to support the experimentation needed to drive innovation.

## 3 **Use workforce analytics to make the most of your talent**

Data analytics can give FS organisations a critical edge in anticipating future talent needs. It can provide insights on how to create a compelling people experience and it can also help to eliminate potential biases in selection, assignment and appraisal. For FS, the survey highlights the importance of recruiting, developing and retaining HR talent with data modelling skill sets, as well as the ability to interpret data and to understand its business implications.

## 4 **Improve your ability to tap readily into flexible talent and ideas**

New approaches to engagement are needed to build an ecosystem of independent talent across geographical borders. Priorities include identifying what skills the organisation needs and where people with such skills are found.



## 5 Build HR's understanding of technological change and its implications

HR should be at the forefront of moves towards greater automation and AI, rather than simply responding to changes in technology. Priorities include bringing HR and business leaders together to assess and manage the impact of new technology on how people operate, engage and feel about their work.

## 6 Get your story straight

It's important to communicate a clear, compelling and honest story about how changes will affect the workforce, the potential benefits and how the organisation is planning for the future. This includes addressing anxiety about change, which can often erode the confidence, adaptability and willingness to innovate that are so vital in today's economy.

To find out more, see our cross industry report **Preparing your workforce for the future, today.**





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