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THE EMPLOYEE RELATIONSHIP ECONOMY

BOOMERANGING AND FREQUENT NEW BEGINNINGS PROPEL A SHIFT IN HUMAN CAPITAL MANAGEMENT
There is an “Employee Relationship Economy” on the rise.

It's emerging in response to the evolving concepts of work: how it's done, where, by whom, for how long, and who’s in charge. This paradigm change is being driven by technology, a changing workforce, and globalization. Human resources management will increasingly need strategies to embrace this new era of boomeranging employees (those employees who re-enter employment with the same organization), frequent job changes, and "tours of duty." Embracing a model that allows for movement into, within, and out of an organization with flexibility and ease ensures business outcomes that include high employee engagement, loyalty, and trust – all of which are essential to the survival of organizations in the 21st century world of employee-employer relationships.
THE EMPLOYER-EMPLOYEE RELATIONSHIP HAS SHIFTED

The employer-employee relationship has shifted from 20th century job classifications – with their rules – to an attitude of “whatever-it-takes” to achieve the specified outcomes.

Philosophical shifts in human capital management are starting to include innovative approaches to fill unique talent needs. Creative solutions, such as looking outside of the typical job candidate pool and providing training for workers, or partnering with an organization in a completely different industry to share talent for mutually beneficial projects will become the norm.

The future of work will continue to break the rules and stretch the current boundaries that define how and where work is done. It may consist of a continuum of humans and robots. It could take place anywhere, ranging from physical locations around the world to digital links. Workers could be “boomerangers,” returning to a former employer to complete a project or to re-enter as a permanent employee. In the future of work, there will be no endings, and the completion of one job will simply lead into the beginning of another.

No longer will the end of a stint with a company under a specific title or role be the end of the employer-employee relationship, or the end of a career. Now, and in the future, employees will start to view the end of one job as an opportunity to pursue their passions, to experience professional growth, and to expand their networks and experiences. Employers will see departing employees as their future brand ambassadors, customers, hiring references, and possible future employees. The employee relationship is no longer end to end, but beginning to beginning.

The Employee Relationship Economy is emerging from a growing awareness that in today’s world of work, HR stewardship is critical to a strong company culture.

Companies will be looking for new ways to decrease costs, while optimizing talent, in a quest to maintain an advantage over industry rivals. Innovative growth hacks will find their way to the human capital management sector as the war over talent heats up and the skills gap widens.

Meanwhile, employees are changing the way they join and interact with companies. The flexible workforce is already growing as the influence of artificial intelligence continues to create a shift in the type of work people do, and completely replaces human capital with automated machinery and processes.

Trends in returning workforces, such as boomeranging, are becoming increasingly more common as employees are re-entering organizations based on choice, not on circumstance. The trend is becoming so commonplace that 76 percent of companies today hire back workers who had previously worked for them, according to a survey reported in the Employee Engagement Series documents.
And then there’s the engagement challenge. According to a recent Gallup poll, only 32 percent of workers are engaged. Yet, in more and more organizations, talent is the number-one resource. Those who enter the workplace knowing they are working with an employer who will not cast them aside without taking care of them are committed to performing at their highest levels. Passion is palpable. Taking care of employees has never been more important, because employees don’t choose to re-engage with former employers if they don’t have the passion and the relationship to make the transition a positive one.

This “Employee Relationship Economy” is not futuristic, it has been brewing along with the gig economy, technological advances, and a global economy, and now it’s taking the lead as the way we describe the entire employee journey into, through, and out of companies.

**SMART COMPANIES ARE ENSURING THEY DON’T MISS THE FUTURE**

All this is happening now. By 2020, what we classify as creative employment will become the standard in hiring practices. Experts predict that 40 percent of the workforce will be on-demand workers. The best and most sought-after talent will be able to cherry-pick their assignments with companies. The companies they choose will be the ones that have established reputations as great places to work, and have proven they care for employees throughout the employment cycle – including upon separation.

The future work mindset will be project-oriented and focused on gaining experiences and knowledge. In a quest for the right mix of workplace culture and meaningful work experiences, some workers will boomerang to their former companies. Meanwhile, because they have had (and are having) awesome experiences with that company, they become brand ambassadors, references, customers, recruiters, partners, and sources of highly positive evaluations and comments on employer review sites, such as Glassdoor.

Organizations hoping to stay current, relevant, and competitive will have to re-think human resources policies – particularly how to conduct reductions in force (RIFs). Regardless of changes in how and where work is done, the circumstances of the normal ebb and flow of business dictates the continuing necessity for organizations to occasionally adjust the number and kinds of workers on their employment rosters. How companies manage workforce reductions and corporate restructuring events will determine the viability of the brand, and the ability of the organization to attract and retain top talent in the future.

Those companies who have shifted their focus to include initiatives to retain talent will seek alternatives to reductions in force (RIFs), including redeployment, voluntary separation, and other human capital management solutions that will eliminate the negative branding associated with RIFs. Of course, no matter the nature of the change, transitions can be difficult for individual workers. In the new Employee Relationship Economy, effective and efficient outplacement that offers contemporary and varied transition solutions is an undeniable necessity.
AMERICA’S VIBRANT NEW ECONOMY: A HISTORY OF BIG EXPERIMENTS IN EMPLOYER-EMPLOYEE RELATIONSHIPS IN THE U.S.

The Employee Relationship Economy is the new model for how work is done.

Some economists and labor historians contend that the U.S. economy became the most powerful in the world because it began as an experiment on a large scale. In the New World, unlike the old world of Europe, economic survival was dependent on creating fresh business models that included diverse approaches to employer-employee relationships.

Even as new employer norms were established, companies and employees had a lot of flexibility to pivot from traditional models. As far back as one of our founding fathers, Benjamin Franklin, the idea of taking control of your own career destiny was part of the American dream.

Franklin began his work life as a mistreated print-shop apprentice to his brother. Tired of an untenable workplace culture, Franklin set out to become an entrepreneur. He bought The Pennsylvania Gazette, and became master of his own fate.

Mass immigration provided America with plentiful, low-cost labor during its version of the Industrial Age. For employers, labor was a buyer’s market. But systems thinkers, such as Henry Ford, recognized the wisdom of reducing turnover and training time. He knew what many company executives know today, that raising wages can reduce the total labor costs and improve the employer brand. His innovative approach to labor relations through the establishment of the $5 day changed employer-employee relationships from indentured labor and heavy-handed management to mutually beneficial partnerships.

During this period in history, employees in other industries also began to demand fair treatment. In response, unions were formed. As America embraced the concept of scientific management, the corporation was established, and the social contract between employer and employee essentially became lifetime employment with a guaranteed pension – in exchange for loyalty. That was then.

That model dominated the American workforce landscape until international competition and technology rendered it operationally and financially impossible to maintain. Now, organizations and leaders in human capital management are searching for a new model that takes the old contract and modifies it to fit the new realities. Out of this desire to define the shift in today’s employment terrain, to describe how organizations now relate to the talent they hire, and to leave room to include the future of work, the Employee Relationship Economy emerged.
The Employee Relationship Economy describes how organizations have reframed the employer-employee relationship to one that transcends the norms and boundaries established in a bygone era and embraces the new world of work. In an environment where relationships are no longer finite and social media is always connected and never forgotten, organizations are moving from a transactional employment model to one that focuses on relationships based on trust and transparency.

EMPLOYERS TEST OUT GROWTH HACKS IN HUMAN CAPITAL MANAGEMENT

Just as in the early centuries of American capitalism, there are now a myriad of experiments in the labor model to improve productivity and increase bottom line results. These experiments — or growth hacks — are designed to stimulate growth and profitability.

While these experiments are happening in all areas of business, HR leaders are beginning to test out growth hacks in the human capital management space, including:

- **Flexible Workforce:** Full-time jobs are continually being reduced and replaced with part-time and freelance workers. Management consultant Charles Handy, who advanced the idea of the “portfolio worker,” described this structure as necessary in an era of continual change.

- **Talent as a Service:** Elimination of boundaries between different kinds of workers of all classifications, including full-time, part-time, freelance, former employees, vendors and joint-venture partners. The objective here is to harness talent and deliver it as a service.

- **Embracing Technology:** Millennials already assume their work will require the use and knowledge of quickly evolving technologies. In the future, all generations should be prepared for the aspects of work which will require familiarity and proficiency with technology.

- **Managers as Coaches:** The role of management will shift from a top down approach of distributing work to coaching employees to achieve goals and realize purpose.

These shifts put the employer-employee relationship continually in play. Among the most promising frameworks has been the Employee Relationship Economy. It allows for manpower adjustments that do not embitter surviving or transitioning employees. Instead, engagement, loyalty, and trust become embedded into the organizational culture. Outplacement firms that are contemporary by nature create the right platform for transitioning talent to their new beginnings.
THE BUILDING BLOCKS OF THE EMPLOYEE RELATIONSHIP ECONOMY

The boomerang phenomenon is nothing new. In order to retain highly-trained workforces during down cycles, the U.S. auto industry originally institutionalized boomeranging. While auto workers were unemployed, or doing different kinds of work while auto sales were low, the expectation was that they would eventually be ‘called back’ to those well-paying positions when sales rebounded.

In the Employee Relationship Economy, more industries are letting the terminated know that separation is not the end, and that there could be an opportunity for departing employees in the future. This simple gesture, along with changes in the employment model, has removed the stigma for individuals who are losing a source of income and creates goodwill between the organization and the community, and between the employer and employees – current, past, and future. The goodwill that is generated opens the door to offering employment to boomerang employees.

Experts predict that by 2020 40 percent of the workforce will be on-demand workers. They will be able to cherry-pick their assignments with companies.2

Boomeranging applies to a wide range of workers:

- Full-time employees
- Part-time workers
- Contract or on-demand-economy workers
- Consultants
- Joint partners

Employers

For employers, the challenges are many. Among them is the necessity to reconfigure a reduction in force (RIF) as a necessary transition which is not an end, but a beginning. Without making promises about an uncertain future, employers of choice make it clear that, given the right economic environment, there could be a ‘call back.’

Re-branding RIFs as transitions for new beginnings is only possible when the career transition solutions provider lives by the concept of the Employee Relationship Economy and believes in transitioning former employees to their next beginning and not simply sourcing jobs.

While many HR leaders, and the organizations they serve, prefer not to imagine a time when they’ll have to let valuable employees go, the reality is that RIFs are growing in number. In March 2017, CNBC reported that 43,301 workers were laid off in a single month. That represented a 17 percent increase from the month before.7 Given these realities, every organization – no matter how big or small – should have a trusted, contemporary outplacement firm as a business partner which can support them with best practices and manpower during times of workforce reshaping.

Hiring the right transition experts sends a positive signal to constituencies – from communities and customers to the media and government officials – that the company cares.
The advantages a boomeranger brings to a company include:

- Deep knowledge of the organizational culture, which has become increasingly important as employers attempt to differentiate themselves from their competition through the establishment of a unique and engaging workplace culture.
- Training and experience in the fundamental skills that represent the company’s core competencies.
- Insider ability to navigate trouble spots in the organization.

For these reasons, those in the hiring loop often give preference to former employees who are applying for current jobs. Increasingly, standard job applications list multiple questions about previous association with the company and require detailed answers.

Workers
As hiring practices and employment contracts change, even the workforce is becoming aware of the benefits of embracing the Employee Relationship Economy. Instead of looking to land a job for life, workers have begun to embrace “necessary mobility” – a philosophy that includes looking for a job that is the right fit for now.

Employees are now looking for work experiences that will help them gain the skills and knowledge they need to reach the next level in their career trajectory. For example, an individual who is looking to get more experience in social media might decide to leave Company ABC (which is just beginning to use social channels to engage influencers) to join a public relations agency specializing in social media marketing.

More and more, people want the flexibility to pivot between careers or between work and professional development. In some cases, people are returning to school to gain the knowledge or advanced skills required to continue to advance in their chosen field. If an advanced degree is the key to catapulting from middle management to an executive position, professionals are likely to take two years off for an MBA or Master’s degree.

In other scenarios, employees may realize there has been a power structure in place which is blocking their upward mobility and decide to transition to another company or department within the company where upward mobility is possible.

No matter the reason, change is the new norm. People are no longer content to just put in their time and wait for retirement. Passion, growth, and learning are key drivers for people changing careers. After being in the same position at the same company for a period of time, people experience burn-out and stagnation and decide to exit on their own – rather than waiting to be pushed out.

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THE NEW SOCIAL CONTRACT EMERGES FOR THE EMPLOYEE RELATIONSHIP ECONOMY

Companies which adopt the model of the Employee Relationship Economy enter a new kind of social contract. Instead of lifetime employment with gold-plated benefits (including pensions), they guarantee the workforce tools and avenues for continual beginnings. Among those tools are contemporary career transition services that guide workers through the process of new beginnings. The best services provide those in transition with advice and guidance to help them repurpose their skills, and with assistance polishing their professional brands to make the best impression with future employers.
Engaging the services of experts in career transition is the only way to make continual beginnings a reality, since the level of specialized knowledge required to successfully navigate the path to a new beginning is not normally part of the worker’s knowledge base – or within the scope of the HR department inside the organization.

For organizations that are embracing the Employee Relationship Economy, finding a career transition solution provider that sees the possibilities for employers and employees can be a challenge. Here are some guidelines to choosing an outplacement firm that will be the springboard for new beginnings:

- **Personalization**: The delivery of services must accommodate diverse lifestyles and locations. That is why virtual coaching is 75 percent more effective in landings than in-person coaching from brick and mortar versions. For example, the best coach for displaced in-house lawyers may be in Minneapolis, not in the Boston Metro area where they reside.

- **Results**: Look for a provider that gives you complete visibility into the transition process and soft landings. “Soft landings” are defined as placement in work opportunities with compensation equal to or more than that of a previous position. Job landing rates must be measurable and faster than competing outplacement firms.

- **Innovation**: Advanced technology has been developed and implemented to ensure efficient access to information about appropriate available work. Sending transitioning employees on wild goose chases in a maze of supposed open work opportunities drains their energy, and discourages enthusiasm and positive alumni sentiment.

- **Globalization**: Specialized technology can facilitate global networking. The dream opportunity for the certified green associate based in San Francisco could be in Barcelona, Spain. The trick is to connect with green professionals in the know in Spain.

The burden for seizing the full potential of the Employee Relationship Economy is on the employer. The search for the perfect outplacement partner must begin before it’s time to reshape your workforce. That is the employer’s most important growth hack strategy.

Employees are finding reasons to return to former employers who treated them well and maintained a positive relationship after separation, including:

- The comfort of reentering a workplace culture and familiar employment environment.
- The preferential treatment they receive from hiring teams.
- The ability to use current members of the organization as references.
- The personal gains by investing a few more months or years with one of their prior employers.
2. “5 Ways the Workforce Will Change in 5 Years.” http://mashable.com/2014/08/25/workforce-in-5-years/#9Q.qb0BauEqP
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RiseSmart, a Randstad company, is the leading provider of contemporary career transition services for organizations in more than 40 industries and 70 countries. The first outplacement and redeployment provider to recognize, and respond to, the new Employee Relationship Economy, RiseSmart’s “beginning to beginning” approach combines dedicated career coaching and personal branding with patented technology and tools to support transitioning employees. RiseSmart partners with HR teams and provides onsite support, specialized training and secure reporting in a results-oriented approach. Founded in 2007, RiseSmart delivers landing rates exceeding 80 percent and time-to-placement 60 percent faster than national averages. The company has earned awards and recognition from more than a dozen organizations, including Bersin by Deloitte, Gartner Inc., the Brandon Hall Group, and Fortune magazine. For more information, visit www.risesmart.com