

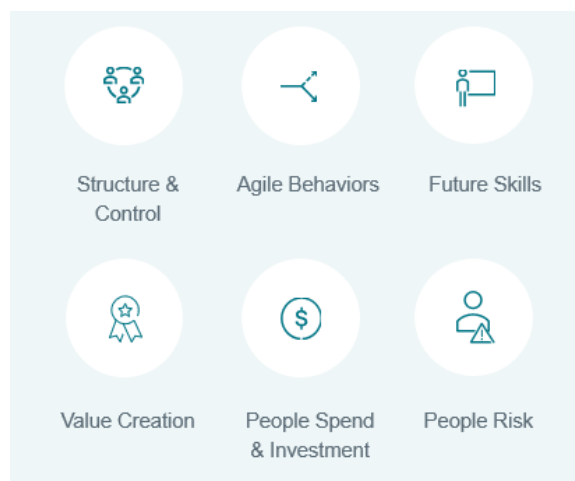
To Build Workforce Agility, Look at These Six Factors

Workforce agility is critical in today's workplace amid uncertainty and the need for transferable and new skills. The term may seem nebulous, but it can be measured and improved upon. The first steps are to focus on how your firm performs on the influencing factors of workforce agility.

An agile workforce thrives on change, can develop future skills at speed and naturally pivots in order to stand out from the competition. Importantly, an agile workforce is not just a buzz word — it is a condition that can be fostered, measured and improved upon. Our framework incorporates six talent and rewards areas that have the biggest influence on developing (or hindering) workforce agility. HR and business leaders can focus their efforts within these areas to enhance the agility of their workforce, ultimately leading to better outcomes.

The benefits of having an agile workforce are compelling. Aon's [Rising Resilient survey](#) finds that resiliency and agility are complementary traits both in the workforce and among individual employees. When both traits are fostered at an organizational and individual level, employees are more likely to self-identify as motivated at work and highly likely to stay with their employer. Yet, most companies recognize they have work to do in this area. Only 39% of approximately 1,400 companies surveyed by Aon in May 2021 viewed their workforce as very or extremely agile, whereas 84% of companies rate workforce agility as very or extremely important to success.

Figure 1
Aon's Six Pillars of Workforce Agility



1. **Structure and controls:** The composition of your workforce and how work is getting done affects workforce agility. There needs to be a structure in place that allows decisions to be made quickly and empowers employees to make suggestions and enact change rather than get mired in bureaucracy and slow decision-making. Factors to consider include spans (how many direct reports a manager has), layers (how many layers between the CEO and an entry level employee), job architecture and overall workforce composition. Questions to consider include: Do managers have too many direct reports making it harder to effectively manage and provide proper guidance? Or, are there too many layers and spans, leading to inefficiency in the workforce and an overly complicated organization to navigate? Does our job architecture empower employees to own their career and encourage individuals to work cross functionally?
2. **Value creation:** The value your organization provides to its stakeholders has a direct impact on workforce agility. Value can be created for employees when they receive differentiated rewards based on their individual performance and the collective performance of the firm. Ultimately, this value translates into a workforce that is motivated, loyal and productive despite uncertainty or disruption. It is useful to consider productivity analyses and your rewards philosophy to shape your views on value creation. To guide your thinking, ask questions such as: What location differentials are appropriate as we face the short and long-term impacts of the pandemic? How can we monitor and maintain competitive pay? How can we remain competitive in attracting and retaining talent with hot skills?
3. **People spend:** How your organization expends resources on its people will impact workforce agility. People spend is influenced by overall compensation costs, headcount, role duplication, real estate and location decisions, workforce composition (e.g., contractors, offshore, remote workers) and the use of technology (e.g., automation, digital). The intersection between workforce agility and people spend can be found in answering the following types of questions: How do we compete with innovative companies for talent, particularly talent with digital skills? Will a revised location strategy result in cost savings and/or expanded access to talent? What is the pay benchmark for future roles across different locations?
4. **Identifying agile behaviors:** Workforce agility is dependent on individual agile behaviors, including exhibiting a growth mindset, demonstrating resilience in the workplace, adopting new technology and taking ownership of one's own career. Companies can measure these behaviors with pre- and post-hire assessment tools. This will ensure new hires are vetted for these important transferable skills and identifying incumbent employees that demonstrate an aptitude for reskilling or upskilling into roles that may require learning new skills. Consider the following questions: How do we effectively compete for technical talent? How do we retain talent in the face of increased competition? And, what are the parameters of effective career mobility programs?
5. **Future skills planning and compensation:** Long-term success and workforce agility requires your people to have soft and hard skills. Our research shows that soft skills (such as agile behaviors mentioned above) are foundational to build the everchanging set of hard skills that are required in so many roles, particularly those driven by technology. What are the future skills your organization needs, and do your employees have those skills or roles that will help them build the required skills? Furthermore, should you pay a premium for these hot skills, and if so, how is additional compensation delivered? (You can read more about tying pay to skills in our article [How Should Firms Structure Their Rewards Programs to Pay for Future Skills?](#).)

6. **Managing people risk:** Having the right people in the right position has a tremendous impact on workforce agility. People risk can be mitigated by having the leaders who are committed to diversity and inclusion, have people optimally aligned in their roles for success, and build a supporting infrastructure to attract and retain key talent. Shaping your views on this topic requires candid reflections on questions such as: How do we guard against the loss of key talent? How to we attract the talent of tomorrow? How do we drive diversity, equity and inclusion throughout the organization? How best can we institutionalize pay equity as part of compensation decisions and processes?

Next Steps

The first step to building a more agile workforce is to assess your current state and where there are opportunities for improvement. Our short self-assessment survey provides you with an immediate ranking on the overall agility of your workforce, how you measure on these six factors, as well as regional and industry-specific benchmarked insights. Understand the key areas for improvement and how to make that change happen, and get ideas for specific actions to increase your workforce agility. The complimentary assessment is available at:

aon.com/workforce-agility-and-resilience.

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