

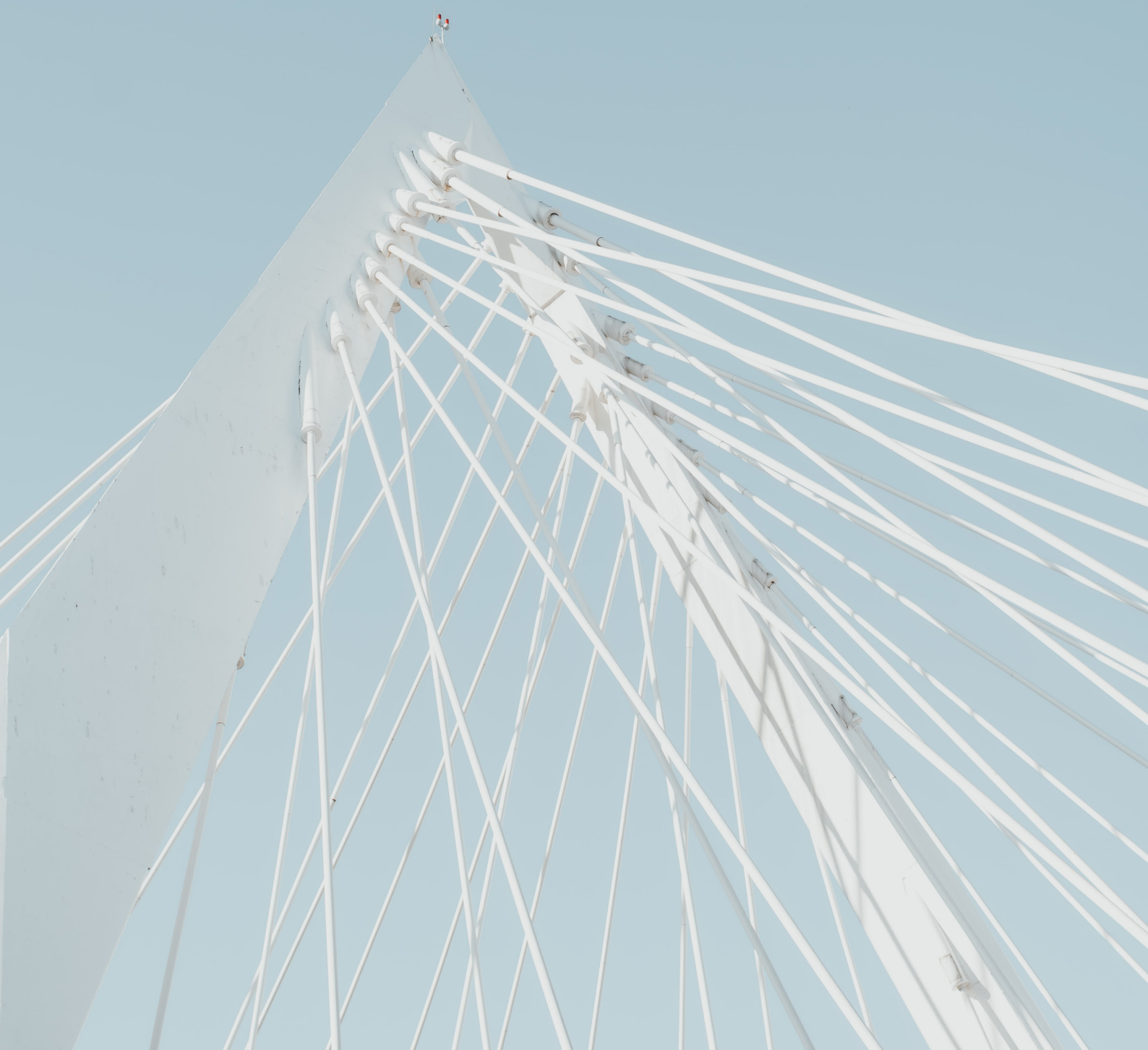
In collaboration with Mercer



# The Good Work Framework: A new business agenda for the future of work

WHITE PAPER

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# Executive summary

The nature of work has been changing through the impact of three long-term trends: technological change, social transformation and the green transition. Some of these changes have been accelerated by the impact of the COVID-19 pandemic as a fourth vector as workers in many sectors remain impacted by the aftermath. As many employers and workers seek a “new normal” after the disruptions of the last few years, there is an opportunity to develop a new vision for the future of work, one that is ready for the new economy and society.

Five key issues have emerged that need to be addressed to ensure better work for workers and employers alike: (1) volatility in wages and the cost of living; (2) divergence on the demand for flexibility; (3) silent pandemic in well-being; (4) an erosion of diversity, equity and inclusion (DEI) gains; (5) and the need for a reskilling revolution.

It is clear that our workplaces and economies cannot function well without addressing these issues. Markets and investors have become increasingly conscious of this risk as well as an opportunity: the percentage of institutional investors in the United States who agreed that the S in environmental, social and governance (ESG) was very important rose by 15 points to 69% between 2019 and 2020, bringing it above environmental concerns (61%) and governance (68%) for the first time.<sup>1</sup>

This paper proposes addressing these five issues through new standards of “good work”. The Good Work Framework proposes enhancing job quality through five objectives and associated goals:

1. promote fair pay and social justice
2. provide flexibility and protection
3. deliver on health and well-being
4. drive diversity, equity and inclusion
5. foster employability and learning culture

As companies emerging from the COVID-19 pandemic take stock of the lessons that have been learned and seek to redesign their people processes and work practices, the Good Work Framework can help them establish a new benchmark for job quality in the future of work, providing a consistent and goal-oriented approach to the development of comprehensive people strategies and to guide measurable actions to promote good work.

Ensuring good work would have wide-ranging benefits for economies, societies and businesses. It would raise workers’ spending power, especially as inflation and supply disruptions risk creating a cost-of-living crisis. In many advanced economies, it would encourage people back into the labour market after a rise in inactivity during COVID-19. For employers, providing good work leads to: more motivated, engaged and healthy employees; better productivity; and better attractiveness to talent – especially important in the context of the so-called “Great Resignation”. Finally, a backdrop of rising inequality makes a fairer deal for workers an important component of a new social contract between business, government and workers.

Three enablers will be key for making good work a reality for all: (1) human-centric leadership, (2) applying workforce technology thoughtfully and (3) improving reporting. The framework is intended to be applicable to the full post-pandemic landscape of in-person, hybrid and virtual work and to all categories of employment.

The Good Work Alliance is a global, cross-industry group of forward-thinking companies that are leveraging their individual and collective power to build a resilient, equitable, inclusive, more just and human-centric future of work. Their objectives are to: (1) co-create a framework for good work with companies and other stakeholders, (2) support the development of relevant metrics and promote measurable commitments by companies towards core good work goals, and (3) provide insights and






best practice sharing to support implementation.

The Good Work Framework addresses the first objective of the Good Work Alliance and includes the inputs of other stakeholders such as the World Economic Forum's Community of Chief Human Resources Officers and Global Future Council on Work, Wages and Job Creation. The endorsement of

Alliance members is the start of a movement towards the wider adoption of the framework as a holistic ambition for a new future of work for all. There are both challenges and opportunities in the transformations underway today. Only proactive action by employers and governments can ensure that we mitigate risks and enhance opportunities for all.

FIGURE A

### The Good Work Framework

Objectives	Core goals	Expanded goals
 <p><b>Objective 1</b> <b>Promote fair pay &amp; social justice</b></p>	Ensure at least a living wage for all	<ul style="list-style-type: none"> <li>– Support worker representation and processes for dispute resolution</li> <li>– Take a responsible approach to deploying technology</li> <li>– Use AI and data responsibly</li> </ul>
 <p><b>Objective 2</b> <b>Provide flexibility &amp; protection</b></p>	Enable all workers to benefit from flexibility, where possible and appropriate	<ul style="list-style-type: none"> <li>– Support national public social protection systems</li> <li>– Support access to benefits</li> <li>– Promote solutions that provide security for independent workers</li> </ul>
 <p><b>Objective 3</b> <b>Deliver on health &amp; well-being</b></p>	Safeguard total well-being at work	<ul style="list-style-type: none"> <li>– Protect physical and psychological safety in the workplace</li> <li>– Provide for predictability of hours and boundaries on working time</li> <li>– Ensure that workers feel valued and find purpose in their work</li> </ul>
 <p><b>Objective 4</b> <b>Drive diversity, equity &amp; inclusion</b></p>	Ensure that the workforce profile reflects the operating market	<ul style="list-style-type: none"> <li>– Drive equal pay and equitable conditions</li> <li>– Enable inclusive participation and build an inclusive culture</li> <li>– Ensure that global leadership reflects workforce composition</li> </ul>
 <p><b>Objective 5</b> <b>Foster employability &amp; learning culture</b></p>	Provide accessible upskilling and reskilling for the entire workforce	<ul style="list-style-type: none"> <li>– Enable a culture of continuous learning</li> <li>– Ensure talent processes recognize and reward skilling achievements</li> <li>– Cultivate systems and alliances for redeployment</li> </ul>

Source  
World Economic Forum, 2022.

## 1

# A new agenda for the future of work

## 1.1 Four trends impacting the evolution of work

Among the world's 7.9 billion population, 3.3 billion are in paid employment or self-employed.<sup>2</sup> Paid work provides most people with their primary source of income and the principal means by which they can attain a reasonable standard of living. Improving job quality is therefore among the most substantial ways to influence the well-being of people globally.

In this current context, four main trends are reshaping why, where and how we work:

1. **Technological change.** Similar to previous industrial revolutions, the Fourth Industrial Revolution (4IR), with its blurring of the lines between people and technology, is creating a seismic shift in how we work. In many of today's advanced economies, the first industrial revolution brought people from fields into factories; the second created production lines; the third automated manufacturing and prompted a shift to services; and the fourth is leading to the augmentation of humans by machines, algorithms and ubiquitous digital connectivity.<sup>3</sup> In many developing economies, these trends are occurring within much shorter time spans, are complicated by a digital divide, and differ profoundly from the patterns in advanced economies. Moreover, the impacts of technological change vary according to workers' skills levels.
2. **Social and demographic transformations.** Changing demographics and new societal norms are leading to an evolution in the understanding of good work. The workforce is becoming increasingly diverse, due to, among other factors, global movements of workers, greater participation of women in the workforce in most economies, increased longevity, and changing social norms around representation and inclusion of previously disadvantaged groups. With the varying needs of diverse workforce groups, there is a shift away from one-size-fits-all job models towards greater personalization of the employee experience. Demographic and social changes
3. **Climate change and the green transition.** A third major disruption is the impact of climate change, including the associated shift away from unsustainable sectors and practices towards more sustainable ones. Higher temperatures will pose new challenges for the health and well-being of workers, especially in industries such as agriculture and construction. According to International Labour Organization (ILO) estimates, a global temperature increase of 1.5C would reduce the working day by 5% in South Asia and create major implications for job quality.<sup>4</sup> In addition, the green transition<sup>5</sup> is also leading to a shift in the nature and number of jobs. As the world shifts to greener industries and practices, it is also paramount to ensure a "just transition" – that jobs that lost due to the shift to a greener economy are replaced by good jobs, and that workers are supported in that transition, which can often occur between vastly different sectors and roles than those they have worked in thus far.
4. **Continued impact of COVID-19.** In addition to the three long-term trends listed above, the COVID-19 pandemic has triggered important changes with potentially long-lasting implications. The pandemic and the sudden, large-scale shift to new ways of working have dramatically accelerated the transition towards remote work and posed a range of challenges for attaining and maintaining job quality. According to a survey by Gallup in the United States, in the final quarter of 2020, 40% of workers experienced worsening job quality since the start of the pandemic.<sup>6</sup> The return to the office or shift to more hybrid work has also led to concerns from employers and workers alike. The number of workers leaving their jobs in the United States was over 4 million in each of the last six months of 2021, a phenomenon that many have termed the "Great Resignation."

are also leading to greater expectations among consumers and investors for companies to be socially responsible, including in the workplace.

## Emerging challenges and opportunities

As a result of these trends, both challenges and opportunities have emerged around job quality. When it comes to challenges, there are five key areas of concern:

1. **Divergence in wages.** The COVID-19 crisis has put downward pressure on wages globally, compounding both the previous prolonged misalignment of wage and productivity growth, as well as a rise in income inequality within and between countries. In the first half of 2020, the level or growth rate of average wages declined in two-thirds of countries. In others, average wages did increase, largely reflecting job losses among lower-paid workers.<sup>7</sup> The share of workers living in extreme poverty rose from 6.7% in 2019 to 7.2% in 2020.<sup>8</sup> In advanced economies, although moderate wage growth re-emerged as the economic recovery from COVID-19 progressed,<sup>9</sup> inflation and the rising cost of living, particularly for basic items such as food and energy, has eroded these gains.
  2. **Unequal access to flexibility.** In 2020, 84% of global businesses accelerated the digitalization of work processes in response to the onset of the COVID-19 pandemic<sup>10</sup> and many employers switched to remote and part-time work. Remote or hybrid work is now set to persist for a sizeable minority of the workforce in developed economies.<sup>11</sup> While remote working has the potential to be positive for work-life balance, fostering a greater sense of autonomy, and increasing job satisfaction and well-being,<sup>12</sup> it also creates new challenges for workplace cohesion as well as inequality, with the option of remote work primarily available to highly skilled, highly educated workers. Estimates suggest that only 37% of jobs in the United States<sup>13</sup> and the European Union (EU)<sup>14</sup> could be performed entirely from home, and the proportion is lower in developing economies. Only one in five workers below the median of the 2019 income distribution were able to work entirely remotely during the pandemic, compared with half of workers in the top 10%. Additionally, whereas a net 18% of those in the top decile by income enjoyed greater control over their hours and location as a result of the pandemic, for a net 4% of those in the bottom 21%-49% by income, ability to influence their hours declined, including for many low-income “essential workers” (Figure 1).
  3. **A silent pandemic in mental well-being.** The disruptions of the COVID-19 pandemic have placed considerable pressure on workers’ mental health. Over two-thirds of companies in the United States report having seen indications of employee burnout during the pandemic.<sup>15</sup> Figure 2 shows access to safety nets broken down by income group as evaluated by the Forum’s Executive Opinion Survey 2021. Globally, access to safety nets and services for mental health lags significantly behind safety nets and services for physical health, especially in lower, lower-middle and upper-middle income economies. While companies face greater demand for safeguarding not just the physical but also the mental well-being of their workforce, only 50% of companies surveyed in Mercer’s Global Talent Trends Survey 2022 currently provide information and/or training on how to identify and support employees facing mental health challenges, and less than half provide tools to help employees build self-management skills like self-awareness and resilience.
  4. **An erosion of diversity, equity and inclusion gains.** The pandemic has also led to a risk of reversals in progress towards diversity, equity and inclusion – as the impacts on employment and income were proportionally greater for women and many disadvantaged groups, and the rate of recovery slower. For instance, the ILO estimates that 4.2% of women lost their job due to the pandemic compared with 3% of men.<sup>16</sup> The pandemic also increased the care workload for caregivers. Mothers were three times as likely to report doing additional unpaid care work during school closures. Further, mothers of children under 12 were also most likely to become unemployed between 2019 and 2020.<sup>17</sup> Additionally, with the possibility that disabilities will increase as a result of long COVID, additional aspects of inclusion will need to be considered. The UK Office for National Statistics calculated in January 2022 that 2.4% of the population were experiencing ongoing symptoms<sup>18</sup> while the US Bureau of Labor Statistics calculated a significant increase of individuals with a disability in 2021.<sup>19</sup>
  5. **A growing need for reskilling and upskilling.** Disruption to entire sectors and role categories, the automation and digitalization of work, a more diverse workforce, new work formats and the green transition will require many people to learn new skills. According to the World Economic Forum’s 2020 *Future of Jobs Report* the skills required for existing jobs will also change considerably – by 40% on average from 2020 to 2025.<sup>20</sup> On average, companies estimate that half of workers will require reskilling by 2025.<sup>21</sup> These trends have been supercharged during the pandemic. While online, self-managed learning has also increased, there is a need for systems that allow for consistent, lifelong learning and relearning, supported by governments and employers at a much larger scale than at present.
- Good work can be defined as employment that satisfies material needs, does not detract from physical health and promotes well-being.<sup>22</sup>

FIGURE 1

Perceived changes in job quality by dimensions by income quartile in the United States, 2019-2020



Source  
Gallup, *How Covid-19 Affected the Quality of Work*, 2020.

Note  
The numbers above show the net percentage of workers experiencing improving work conditions minus percentage experiencing worsening conditions.

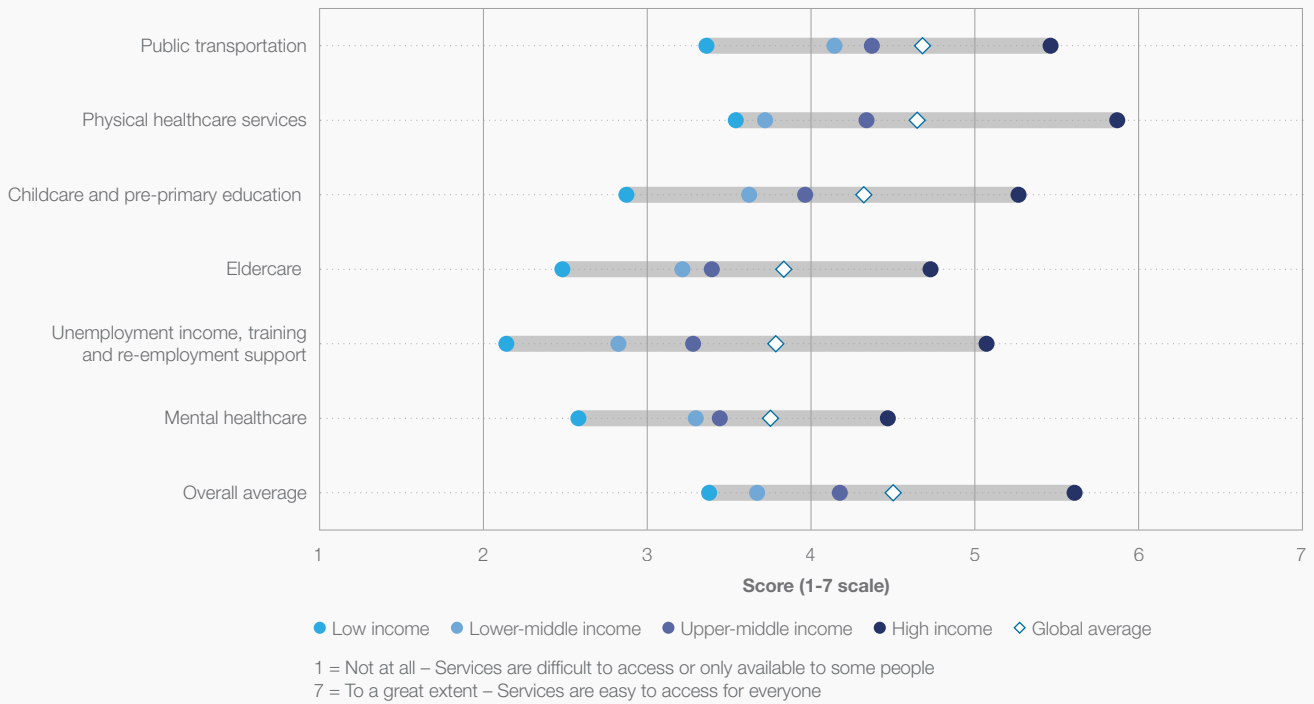
Good work cannot be provided by simply focusing on one set of issues – it must be approached holistically as the result of a range of mutually supporting factors. Moreover, understanding of what constitutes good work has evolved over time through social and economic change. Ensuring good work that addresses the emerging challenges outlined above would provide wide-ranging opportunities and benefits for economies, societies and business:

- Economic returns.** Better standards at work could both raise the spending power of low- and middle-income workers and encourage people back into the labour market (in the context of a rise in inactivity during COVID-19<sup>23</sup>), reducing the need for public assistance and expenditure. Providing good work has also been shown to result in a healthier, more productive workforce.<sup>24</sup> These outcomes would all benefit overall economic growth.



FIGURE 2

Access to safety nets and services, by income group



Source  
World Economic Forum Executive Opinion Survey 2021.

Note  
Average 2021 EOS (Executive Opinion Survey) scores broken down by income groups (124 countries included in this analysis).

- **Social returns.** Good work can improve health and well-being and serve as a critical component of strengthening social justice. It can also help accelerate social mobility – the Forum’s *Global Social Mobility Report 2020* revealed the linkage between social mobility and key aspects of good work, finding low wages, lack of social protection and poor lifelong learning systems to be the greatest challenges globally to social mobility. A fairer deal for workers is also a cornerstone of addressing social discontent and political instability.<sup>25</sup>
- **Employer returns.** Good work results in more motivated, engaged and healthy employees.<sup>26</sup> Providing good work also helps companies to attract and retain talent, a key competitive differentiator, particularly in turbulent contexts.

This is especially important in the context of the “Great Resignation”, which has been characterized by people reassessing what they expect from their work and, indeed, whether they want to work at all, with the main trend appearing to be people moving to better jobs. Companies are also under increasing pressure from investors and consumers to provide good work. Some 76% of consumers say that they are more likely to buy from companies that are socially responsible<sup>27</sup> and recent trends show greater focus on the social components of ESG, especially those that relate to human capital.

### 1.3

## A holistic view of the workforce

Good work must include a focus on non-standard employment, where workers are typically less well protected by regulation and safety nets, workers in supply chains, where working conditions often attract less scrutiny (Figure 3), as well as the informal economy.

- **Non-standard employment.** Over a billion people globally engage in non-standard employment, which covers arrangements

that differ from traditional, indefinite, contract-based employment. These typically include temporary, part-time and on-call work, as well as dependent self-employment.<sup>28</sup> An estimated over 1 billion people globally were engaged in on-call work alone in 2021.<sup>29</sup> Non-standard employment is expanding – for instance, some 41% of companies expect to increase their use of temporary contractors for task-specialized work over the next five years. The COVID-19

pandemic has highlighted the precarity of many independent workers. Such workers were more likely to lose their job or suffer earnings losses during the crisis.<sup>30</sup> They also typically lack the safety net of salaried employees and often do not enjoy benefits such as paid holidays, sick pay, unemployment insurance and pensions (or may not be able to access them in practice), although many governments did extend some benefits to independent workers during the pandemic. Thus, there is a clear need for new approaches to provide benefits and social security for the independent sector and to ensure that independent jobs are good jobs.<sup>31</sup>

- **Supply chains.** Over 615 million people work in global supply chains.<sup>32</sup> Global supply chains can enhance good work by creating opportunities for suppliers to move up the value chain, for workers to access better-skilled employment, and for the application of international labour standards. But they can also lead to deficits in good work, where pressures on producer prices and delivery

times and competition between suppliers lead to worsened wages and working conditions.<sup>33</sup> Large multinationals increasingly recognize that they share in the responsibility for conditions in their supply chains, as well as the reputational risks and benefits involved; supporting good work in supply chains increases performance. Figure 3 shows the degree of oversight of good work practices in supply chains by income level.

- **Informal work.** Informal workers number about 2 billion people globally.<sup>34</sup> The informal economy is characterized by large deficits in good work,<sup>35</sup> where many workers face unsafe working conditions, low and irregular incomes, long working hours, abusive practices and lack of representation.<sup>36</sup> While informal work outside of the value chains of formal employers is outside the scope of their influence, there is a need for action by governments to convert jobs in the informal economy into good jobs, supported by legal frameworks.

FIGURE 3

Oversight of good work practices in supply chains, by income level, selected countries



Source

World Economic Forum, Executive Opinion Survey, 2021.

Note

Data derived from the survey question "In your country, to what extent do companies account for the impact of their local production process on the following? [1= No clear management process in place; 7= Clear management process and standards in place]: a) The environment and nature, b) Health, mental health and well-being, c) Provision of reskilling and upskilling, d) Decent work standards and wages, e) Diversity, equity and inclusion"

2

# The Good Work Framework

The Good Work Framework proposes a new benchmark for job quality in the future of work: to provide a consistent and goal-oriented approach to the development of comprehensive people strategies and to guide measurable actions to promote good work. It is based on five objectives to ensure job quality in the context of the trends, challenges and opportunities outlined in the introduction.

The five objectives are: promote fair pay and social justice; provide flexibility and protection; deliver on health and well-being; drive diversity, equity and inclusion; and foster employability and learning culture. This approach builds on the imperatives for the future of work that were initially set out in the World Economic Forum White Paper *Resetting the Future of Work Agenda*<sup>37</sup> in October 2020.

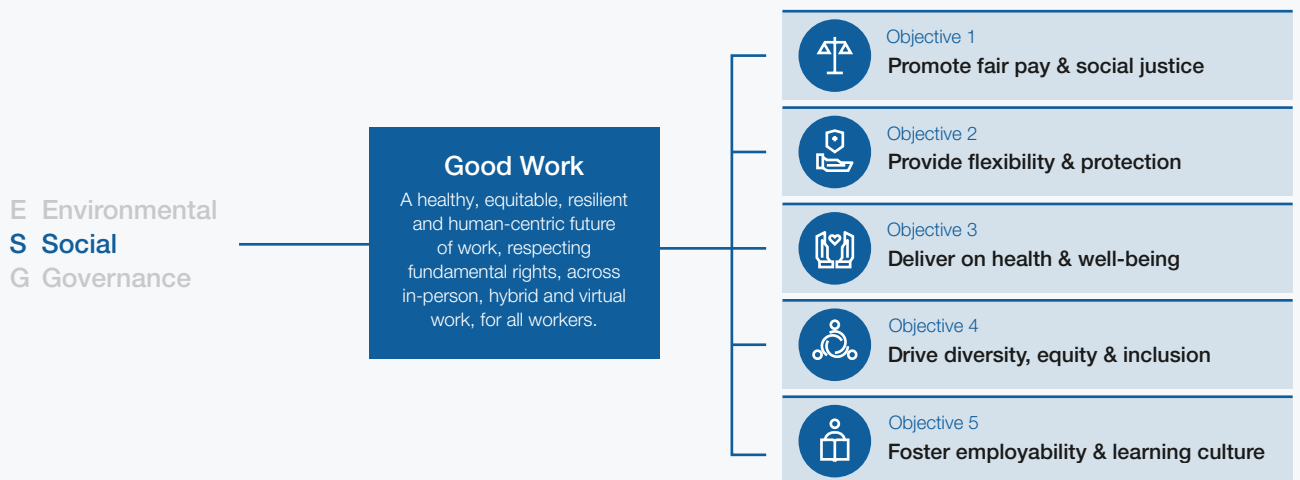
Each pillar of the framework is comprised of a set of goals – a core goal that is the most immediate imperative for action and an expanded set of goals that are also needed to create good work. These range from goals that are already well established in companies’ policies – even if there

is scope for improvement on implementation and evolution in best practice – to goals that have emerged as concerns for business more recently and are, for most companies, still mainly aspirational. Each of the core goals is accompanied by a metric that organizations can use to set timebound, quantifiable targets and report on as part of their ESG and annual reporting. The framework is applicable to all types of workers in all industries and geographies. However, since it addresses the particularly extensive impacts of technological change on working practices for high-skilled workers, some of the goals are oriented more towards the needs of these workers.

The five objectives and their associated goals are interlinked as mutually supporting elements. Each of the objectives is key to building a healthy, equitable and resilient future of work. Applied together, the framework can serve as a holistic approach to the future of work.

FIGURE 4






A new vision for Good Work



Source  
World Economic Forum, 2022.

FIGURE 5






The Good Work Framework

Objectives	Core goals	Expanded goals
 <p><b>Objective 1</b> Promote fair pay &amp; social justice</p>	Ensure at least a living wage for all	<ul style="list-style-type: none"> <li>– Support worker representation and processes for dispute resolution</li> <li>– Take a responsible approach to deploying technology</li> <li>– Use AI and data responsibly</li> </ul>
 <p><b>Objective 2</b> Provide flexibility &amp; protection</p>	Enable all workers to benefit from flexibility, where possible and appropriate	<ul style="list-style-type: none"> <li>– Support national public social protection systems</li> <li>– Support access to benefits</li> <li>– Promote solutions that provide security for independent workers</li> </ul>
 <p><b>Objective 3</b> Deliver on health &amp; well-being</p>	Safeguard total well-being at work	<ul style="list-style-type: none"> <li>– Protect physical and psychological safety in the workplace</li> <li>– Provide for predictability of hours and boundaries on working time</li> <li>– Ensure that workers feel valued and find purpose in their work</li> </ul>
 <p><b>Objective 4</b> Drive diversity, equity &amp; inclusion</p>	Ensure that the workforce profile reflects the operating market	<ul style="list-style-type: none"> <li>– Drive equal pay and equitable conditions</li> <li>– Enable inclusive participation and build an inclusive culture</li> <li>– Ensure that global leadership reflects workforce composition</li> </ul>
 <p><b>Objective 5</b> Foster employability &amp; learning culture</p>	Provide accessible upskilling and reskilling for the entire workforce	<ul style="list-style-type: none"> <li>– Enable a culture of continuous learning</li> <li>– Ensure talent processes recognize and reward skilling achievements</li> <li>– Cultivate systems and alliances for redeployment</li> </ul>

Source  
World Economic Forum, 2022.

FIGURE 6

Activating the Good Work Framework

Objectives	Core goals	Core metrics
 <p><b>Objective 1</b> Promote fair pay &amp; social justice</p>	Ensure at least a living wage for all	<p><b>Living wage (%)</b></p> <ul style="list-style-type: none"> <li>– Current wages against the living wage for employees and contractors in states and localities where the company is operating</li> </ul>
 <p><b>Objective 2</b> Provide flexibility &amp; protection</p>	Enable all workers to benefit from flexibility where possible and appropriate	<p><b>Jobs with flexible options (%)</b></p> <ul style="list-style-type: none"> <li>– Proportion of jobs offering flexibility across key dimensions (place and time)</li> </ul>
 <p><b>Objective 3</b> Deliver on health &amp; well-being</p>	Safeguard total well-being at work	<p><b>Employee well-being (#, %)</b></p> <ul style="list-style-type: none"> <li>– Percentage of employees participating in “best practice” health and well-being programmes</li> <li>– Absentee rate (AR) of all employees</li> </ul>
 <p><b>Objective 4</b> Drive diversity, equity &amp; inclusion</p>	Ensure that the workforce profile reflects the operating market	<p><b>Diversity and inclusion (%)</b></p> <ul style="list-style-type: none"> <li>– Percentage of employees per employee category, by age group, gender and other indicators of diversity (e.g. ethnicity)</li> </ul>
 <p><b>Objective 5</b> Foster employability &amp; learning culture</p>	Provide accessible upskilling and reskilling for the entire workforce	<p><b>Impacts of training (#, \$)</b></p> <ul style="list-style-type: none"> <li>– Investment in training as % of payroll</li> <li>– Effectiveness: revenue and productivity gains, employee engagement and/or internal hire rates</li> </ul>

Source  
World Economic Forum, 2022.

## Promote fair pay and social justice

Social justice refers to the distribution of wealth, opportunities and privileges within a society. Raising wages would help address poverty and inequality and encourage economic dynamism, while low wages both undermine consumption and weaken the social contract. Research suggests that previous concerns among economists that minimum wage policies would have adverse effects on employment have not been realized.<sup>38</sup>

Ensuring fair pay notably through commitments to pay living wages, is important for a company's reputational risk, economic returns and broader social and economic benefits. Additionally, these measures are critical for attracting talent. By 2029, millennials and Generation Z workers will make up 72% of the world's workforce, compared to 52% in 2019. These generations place greater importance on social and environmental concerns than their predecessors – and will expect more from employers on these issues.<sup>39</sup>

Worker representation is a key driver of social justice, promoting more equitable outcomes, as is deploying technology, data and AI responsibly to augment rather than replace workers and to improve their well-being and job quality.

### Core goal

#### Ensure at least a living wage for all

It is important to set a base for wages that enables people to live with dignity and provide for themselves and their families. Minimum wages, statutory or negotiated, exist in 90% of ILO member states. Minimum wages in developed countries increased from 35% of the average wage in 2000 to 41% in 2019.<sup>40</sup> However, minimum wages in many countries fall short of the level defined by the Global Living Wage Coalition (which publishes helpful, evidence-based living wage estimates): “Remuneration received for a standard work week by a worker in a particular [time and] place sufficient to afford a decent standard of living include food, water, housing, education, healthcare, transport, clothing and other essential needs including provision for unexpected events.” This has prompted leading companies to focus instead on ensuring at least living wages. In some cases, companies are also seeking to push living wages through their supply chains; for instance, 10 global companies committed in 2021 to work to this end.

### Expanded goals

#### Support worker representation and processes for dispute resolution

Worker representation is the right of employees to seek a union or individual to represent them for the purpose of negotiating with management on such issues as wages, hours, benefits and working conditions. Unionization has declined in many economies in recent decades. In the United States, the share of workers belonging to a union fell from 20.3% in 1983 to 10.3% in 2021.<sup>41</sup> However, studies show that the world's best performing economies have high union density and a high level of cooperation between labour and business.<sup>42</sup> Research has also shown that unionized organizations enjoy better retention rates.<sup>43</sup> Although several countries do not allow freedom of association, companies can also ensure that they have structures in place – employee forums or satisfaction surveys, for example – for employees to raise issues and for those issues to be escalated to senior management. Regular representation of worker voices at the company board level also provides better insight and helps challenge conventional thinking.<sup>44</sup> Employees should also be provided with an accessible and transparent process of dispute resolution.<sup>45</sup>

#### Take a responsible approach to deploying technology

Responsible deployment of technology centres digital transformation around workers, considering the impact and the support that they need to take advantage of the opportunities created by automation.<sup>46</sup> The benefits of technology adoption will be maximized if people are able to complement the work done by technologies and “work with the machines”.<sup>47</sup> Moreover, engaging workers with the automation process means that they are more likely to see the introduction of new technologies as positive and adopt the new ways of working necessary to maximize the competitive benefits of new technologies.<sup>48</sup>

#### Use AI and data responsibly

Awareness of the ethical challenges posed by AI systems has risen and are especially acute for Human Resources departments. There is “increasing consensus globally about broad principles for the ethical use of AI, including privacy, fairness, transparency and explainability”.<sup>49</sup> Use of data analytics rose from 10% of HR departments in 2016 to 39% in 2020.<sup>50</sup> Leading analytics requests from the C-suite are: team performance drivers, key engagement drivers,

pay equity and aging workforce. However, increased use of data analytics creates concerns around ownership and privacy. According to Mercer, only 63% of employees are clear on what data their organization is collecting about them and how it is being used.<sup>51</sup>

Aspects of responsible data deployment are to give employees more ownership over their data,

create a system of checks and balances with humans “in the loop” that comply with business and regulatory requirements on confidential and personal information, and to use data to support people not to monitor them.<sup>52</sup> In occupations such as ride-sharing, that rely on accumulated review scores, workers should be able to transfer their accumulated data between employers and platforms.

## 2.2

# Provide flexibility and protection

Flexibility is the ability of workers to make choices influencing when and where they engage in work-related tasks. Protection can be defined as workers having security in the face of vulnerabilities and contingencies.<sup>53</sup> Although this is often achieved through overarching social protection systems that are primarily a governmental responsibility, delivery of social safety nets can be more cost-efficient and accessible as a collective effort between the public and private sectors.<sup>54</sup> It is important that flexibility does not become a new form of inequality, with high-skilled workers enjoying flexibility within secure employment arrangements and flexibility for the lower-skilled only attainable at the cost of security. Protection is therefore a necessary complement to flexibility.

While flexibility has a number of benefits for companies, the long-term impacts of remote working on productivity remain poorly understood and the benefits of in-office work remain significant – particularly for younger people and new joiners who want to develop connections and benefit from informal learning, and for those whose domestic arrangements are not conducive to remote work.

Hybrid work thus appears to be the emerging norm, with significant benefits for companies and workers alike. First, it can improve retention. A flexible working policy is second only to job security as a reason for employees to stay in their current company and second only to pay and benefits in attracting workers to a new employer.<sup>55</sup> Second, flexibility in working hours has been shown to help digital workers achieve greater productivity, reflecting reduced commuting time.<sup>56</sup> For the same number of hours of work, both higher and lower-skilled workers with a flexible work arrangement demonstrate higher productivity compared to workers in traditional settings.<sup>57</sup> Third, it improves diversity. Flexible work arrangements make it easier for people to support talent who may not work in traditional settings or hours due to family and caretaking responsibilities.<sup>58,59</sup> Flexibility also broadens hiring pools geographically, since companies can recruit for remote jobs away from traditional hiring locations.

## Core goal

### Enable all workers to benefit from flexibility where possible and appropriate

Flexibility extends beyond the issue of where work

is performed to encompass the employee’s ability to choose when to work (e.g. flextime, asynchronous work schedules within teams, alternative schedules or shifts and compressed work-weeks). Other considerations include the employee’s ability to choose the intensity at which work is performed (e.g. fluctuating workweeks, such as working 50 hours one week, 30 hours the next), and to choose to share and exchange components of work with others (e.g. part-time schedules/reduced hours, phased retirements, job shares and internal talent marketplaces/job-crafting).<sup>60</sup> To expand flexible working options, companies can start by defining a clear flexibility strategy, supported by clear policies and procedures (e.g. eligibility), as part of their business plan – creating a vision and direction for the whole organization. Communication, change management, and the right resources and structure (remote workplace setup, technology and security, and job redesign) are also key.

## Expanded goals

### Support national public social protection systems

Social protection is “the set of public measures that a society provides for its members to protect them against economic and social distress that would be caused by the absence or a substantial reduction of income from work as a result of various contingencies (sickness, maternity, employment injury, unemployment, invalidity, old age, and death of the breadwinner)”.<sup>61</sup> The pandemic has surfaced gaps in safety nets and demonstrated that countries with more solid social protection foundations were able to respond more rapidly and efficiently to the downturn.<sup>62</sup> Governments have the primary responsibility for providing social protection, but enterprises can play an important role in extending social security – by, for example, complementing national social protection programmes with additional coverage for workers, as well as monitoring and reporting on the combined protections offered.

### Support access to benefits

Portable benefits are connected to an individual, rather than a single employer, and can be taken from job to job without interruption in coverage or loss of funding.<sup>63</sup> This is critical as people move between

jobs more frequently. A universal, portable safety net could better deliver benefits to individual workers; encourage a dynamic, more agile labour market; and promote economic security across communities.

### **Promote solutions that provide security for independent workers**

Labour regulation and safety nets have traditionally been designed around the “standard” employment relationship. Yet, non-standard forms of employment continue to expand, offering greater flexibility but often at the cost of security. Non-standard workers often have little control over their working time; they are at higher risk of losing their jobs; their earnings

are often lower than people in formal employment, even taking demographics and qualifications into account; and they typically lack safety nets. In a traditional employment relationship, the risk of temporary periods of low demand is borne by the employer; if demand is low, the worker is still paid (in the short to medium term). For independents, the risk is carried primarily by the worker – even more so as workers typically lack access to safety nets. New solutions, as well as legislation or collective bargaining, are needed to provide better security for people in non-standard employment, allowing companies to benefit from flexibility without imposing costs on society.

## 2.3

# Deliver on health and well-being

The ILO estimates that around two million people die from work related causes each year, and 90 million disability-adjusted life years are added due to occupational risk factors.<sup>64</sup> Not only has the pandemic drawn renewed attention to how work can take both a mental and physical toll on workers’ lives,<sup>65</sup> the stresses of lockdowns and the rapid pivot to new ways of working have also taken a toll. The COVID-19 pandemic prompted a stronger focus among companies on employee “total well-being”, that is well-being across four areas: physical, mental, financial and social.

Delivering on health and well-being benefits companies by increasing employee retention and trust. Moreover, a healthy workforce can bring productivity gains, for companies and economies more broadly. Apart from health and well-being, good work should also provide dignity and purpose. A survey in September 2020 showed that 69% of workers in the United States lacked a strong sense of purpose in their work.<sup>66</sup> At the same time, 34% screened positive for depression and 57% were not fully engaged in their work. The study found that full-time employees with a stronger sense of purpose in their work were 27% less likely to be depressed and six times more likely to be engaged in their work. Further, when purpose and dignity are both high, employees are 15 times more likely to be engaged and much less likely to show signs of depression.<sup>67</sup>

## Core goal

### **Safeguard total well-being at work**

Physical well-being is “the ability to maintain a healthy quality of life that allows us to get the most out of our daily activities without undue fatigue or physical stress.”<sup>68</sup> Mental well-being is the “state of well-being in which the individual realizes his or her own abilities, can cope with the normal stresses of life, can work productively and fruitfully, and is able to make a contribution to his or her community”.<sup>69</sup> Financial well-being is the “state of being wherein a person can fully meet current and ongoing

financial obligations, can feel secure in their financial future and is able to make choices that allow them to enjoy life”<sup>70</sup> and social well-being is “the sharing, developing, and sustaining of meaningful relationships with others”.<sup>71</sup> These areas are interlinked—for instance, some studies show a two-way relationship between financial health and mental health.<sup>72</sup>

Companies can adopt evidence-based benefits and programmes to support workers’ mental and physical well-being, such as self-reporting and sensing technologies, and create roles such as Health or Wellbeing Officers to ensure that a culture of well-being is nurtured throughout the workplace.<sup>73</sup> Failure to foster positive connections between employees – exacerbated during the pandemic – can lower morale and increase stress. One study found that 31% of employees lost sleep due to anxiety over interactions with colleagues.<sup>74</sup> To increase social well-being, employers can look to build trust, inclusivity and strong channels of communication.

Beyond paying at least a living wage, employers can improve financial well-being by increasing financial literacy among their workforce and providing a clear picture of rewards and benefits. This may include running internal finance workshops, providing one-to-one support and publishing guidance on topics such as mechanisms for saving, preparing for retirement, reducing debt and understanding tax.

## Expanded goals

### **Protect physical and psychological safety in the workplace**

Employers should not put workers in positions which compromise their physical or psychological safety. As increased rates of COVID-19 vaccination globally make it easier for employees to return to work, employers need to make employees feel safe enough to come back by revisiting their approaches

to occupational health and safety. New technologies such as virtual reality (VR) can help improve worker awareness of risks and create behaviour change towards safe workplace routines.<sup>75</sup>

### **Provide for predictability of hours and boundaries on working time**

Working time has long been a focus of labour legislation. The ILO Hours of Work (Industry) Convention of 1919 brought in maximum working time of 48 hours per week and eight hours per day as the international norm—with working time allowed to exceed these limits in exceptional cases and within certain boundaries.<sup>76</sup> However, major challenges persist: limiting excessive hours of work and ensuring periods of rest and recuperation, including paid leave. Providing for boundaries on working time is important for worker well-being. Working long hours is the leading cause of occupational ill-health, accounting for one-third of estimated total occupational health impacts.<sup>77</sup> Employers have a responsibility to respect legislated working time limits. Increasing attention

is also being paid to the benefits of stability and predictability of work schedules. Research has shown that more predictable scheduling, such as adequate advance notice of shift patterns, improves worker health and well-being.<sup>78</sup>

### **Ensure that workers feel valued and find purpose in their work**

Purpose provides an organizing life goal and has been shown in research to strengthen resilience and engagement at work. Dignity is linked to purpose, but also includes respect, pride and self-worth. Providing purpose and dignity in the workplace are critical for fostering engagement, motivation and well-being and thus driving sustainable business performance.<sup>79</sup> Companies can foster purpose not just by emphasizing the organization's purpose but also by linking it to individual purpose—how individual roles contribute to organizational success as well as personal development. Dignity can be reinforced through various aspects of good work (e.g. fair pay), as well as by treating employees with respect.

## 2.4

## **Drive diversity, equity and inclusion**

A diverse environment welcomes perspectives and experiences from different viewpoints, including background, gender, race, ethnicity, age and generation, disability and ability, religion and sexual orientation. Equity involves considering the circumstantial differences of individuals, e.g. in terms of socio-economic, gender-related or life-stage factors reflecting differing needs, and then ensuring that organizational policies, programmes and practices accommodate such differences, rather than assuming that everyone starts from the same point.<sup>80</sup> Inclusion means giving all stakeholders a sense of belonging, while providing systems that encourage them to share information and participate in decision-making in the workplace. It also means that workplaces are disability-inclusive, with reasonable accommodations for people with mobility and sensory impairments.<sup>81</sup>

Diversity, Equity and Inclusion (DEI) has risen up the corporate agenda in recent years in tandem with significant demographic and social changes. COVID-19 exposed and exacerbated disadvantages faced by currently under-represented groups across businesses. At the onset of the pandemic, women and people of colour made up a large portion of the workforce in service-sector industries and were therefore disproportionately affected by pandemic-induced business closures in these areas. People with disabilities experienced greater job loss, with one in five dismissed from employment compared with one in seven in the general population. Disadvantaged groups were also over-represented in frontline, essential roles in healthcare, retail, sanitation and transport, with the double impact of being disproportionately affected by COVID-19 and unable to choose their

own flexible working arrangements to navigate the challenges. This had led to a growing divide between the digital elite and workers in manual and location-specific roles.

Beyond the all-important moral considerations, driving diversity, equity, inclusion and social justice has five main benefits for companies: (1) to engage, energize, attract and retain talent, with employees expressing their full potential at work; (2) to embrace changing consumer desires and deepen the organization connection with customers, the business ecosystem and the supply chain; (3) to spark the type of innovation that comes from collecting a variety of different perspectives and information-processing styles to solve problems, develop products and create solutions; (4) to align the brand more closely with a future workforce with the critical skills needed for business success; and (5) to improve business performance and increase profits.

### **Core goal**

#### **Ensure that the workforce profile reflects the operating market**

Diversity means different things globally. For example, while gender and age/generation are universal concerns, race and ethnicity take different shapes in different places and few organizations currently have substantial data on LGBTQ people and socio-economic background to guide their thinking. Ensuring that the workforce profile reflects the market in which a company operates starts by defining that operating market. Subsequent analysis



needs to be done on the demographic makeup of those communities in the market, followed by identifying dimensions of diversity representation in the organization that lag behind the demographics of the external environment. Lastly, an action plan should be put in place to close gaps.

## Expanded goals

### **Drive equal pay and equitable conditions**

Driving equitable conditions means considering the circumstantial differences of individuals – e.g. socio-economic, gender or life-stages – and ensuring that organizational policies, programmes and practices are designed for diversity. Equal pay is achieved when the raw pay gap – the difference in the average pay of women and the average pay of men – or any other dimension of diversity under consideration across the entire organization is zero.

### **Ensure inclusive participation and build an inclusive culture**

Inclusive participation occurs in a culture where people feel that it is psychologically safe to express and share their thoughts and views. Employees in such a culture are more likely to identify problems and potential failures, and actively engage in initiatives to change the status quo.<sup>82</sup> However, ensuring inclusive workforce listening and participation is not currently a top priority for

C-suites or HR professionals (ranked as 12th and 13th, respectively, out of 20 on Mercer's Global Talent Survey<sup>83</sup>). Leaders and managers have a key role in driving an inclusive culture. They should be open, accessible and available to their unit members and aware of biases that might inhibit inclusivity—and set relevant goals and KPIs. Companies should train and incentivize managers and employees to enhance inclusion and belonging in their daily interactions.

### **Ensure that global leadership reflects workforce composition**

Beyond ensuring that the workforce reflects the operating market, making sure that people from all backgrounds rise through the ranks so that global leadership reflects the composition of the workforce is essential to structurally institute a diverse and equitable workplace. Organizations should map representation of all diversities across career levels and the talent flows of hiring, promotion and retention to identify gaps, bottlenecks and other challenges. Training and mentorship programmes will empower employees to focus on their own development and give them opportunities and exposure they might not have had otherwise, ensuring that these are accessible to all. As performance ratings and assessments systematically influence all other outcomes such as promotion, retention and pay, it is critical to work on eliminating any bias from performance management and talent-development processes.

## 2.5

## Foster employability and learning culture

Employability is the ability to find and maintain employment based on a combination of skills, knowledge and attitudes. A learning culture means encouraging a growth mindset among workers so that people feel encouraged to learn and to apply what they have learned, as well as to share their knowledge with others.<sup>84</sup>

The proportion of companies investing in employee training and development has risen steadily over the last 10 years.<sup>85</sup> However, most companies are still not doing enough on reskilling and upskilling. Among C-suite leaders who anticipate high growth in 2022-23, investing in workforce upskilling/reskilling is seen as the most likely to deliver the biggest return on investment in the next two years. Reskilling and upskilling are becoming ongoing process as technological change persists, and leading companies are developing learning cultures to support effective reskilling and upskilling. Moreover, as job transitions become more frequent, fostering employability is moving beyond reskilling to provide better assistance for workers to understand potential job transition pathways and the skills that they need for new roles.

Companies clearly benefit from fostering employability and a learning culture. The right skills

are key to remaining competitive in the context of the long-term trends of technological, social/ demographic and climate change. The top three technology adoption challenges identified by executives in a recent survey all relate to lack of skills:<sup>86</sup> skills gaps in the local labour market, inability to attract specialized talent and skills gaps among an organization's leadership. Reskilling and upskilling allow companies to align their talent with rapid changes to ways of working (e.g. operating practices).<sup>87</sup> Transitioning workers in at-risk roles into new roles within the company through reskilling and upskilling can be more cost-efficient than outplacement and hiring and avoids loss of knowledge that workers already have about the business.<sup>88</sup> Learning opportunities are a top demand of prospective employees and are important for companies to attract talent. Support for learning could be coupled with support for redeployment.<sup>89</sup>

## Core goal

### **Provide accessible upskilling and reskilling for the entire workforce**

Skills are the capabilities needed to complete a task and therefore to do a job.<sup>90</sup> In a context of

widespread disruption to jobs and skills, workers will need support to actively upgrade their skills or acquire new ones through education and training. This will involve either reskilling (workers acquiring new skills or upgrading existing ones to transition to a different role) or upskilling (workers acquiring new skills or upgrading existing ones to remain effective in their current role). Accessibility entails ensuring that learning is relevant and appealing, provided on suitable channels, and that workers are able to find the time to learn while on the job or receive paid time off for learning. Reduced barriers to learning encourage employees to engage in reskilling and upskilling and to take ownership of their own learning path. Employees should be offered sufficient opportunities to develop their skills in a long-term and targeted manner. As well as being accessible, learning should be affordable and of good quality.

## Expanded goals

### **Enable a culture of continuous learning**

Reskilling and upskilling will be ongoing processes as the pace of technological adoption quickens, so companies will need to create a culture of continuous learning. Learning culture is a critical factor determining the success of a company's reskilling initiatives. It is important to invest not only in helping individuals build technical skills, but also to develop a continuous learning mindset which will underpin their development in the longer term. To empower employees to own their learning, companies should develop strong learning infrastructures and an emphasis on employee choice, recognizing and nurturing different learning styles. Potential actions include explicitly carving out a certain proportion of employees' time to focus on reskilling and upskilling. The role of managers in creating and sustaining such a culture is critical, and they should be given the necessary training and support.

### **Ensure talent processes recognize and reward skilling achievements**

It is important to track and reward people who put new learning into practice. HR leaders believe that rewarding skill acquisition – compensating employees who complete courses and certifications – is one of the most impactful measures in addressing skill gaps in the organization.

Around half of those surveyed for Mercer's 2022 Global Talent Trends survey said that they will have a focus in 2022 on ensuring that talent processes (e.g. hiring, pay, promotion) reward acquisition of new skills.<sup>91</sup> A skills-based model starts integrates skills with a reward mechanism that incentivizes and recognizes skills achievements. Getting the technology to integrate seamlessly is often a challenge as HR transforms in lockstep with the development of a skills-based model.<sup>92</sup>

### **Cultivate systems and alliances for redeployment**

Longer working lives, technological change and the green transition will entail more job disruptions. Within companies, transitions can be smoothed by internal training and mentoring. However, many transitions take place across companies and there is often very limited support for such moves. Effective job-switching strategies require dynamic mapping of opportunities available to workers based on their skills. Advanced data and AI capabilities matched with user-friendly interfaces have an important role to play in job matching and assessing career transition options. Companies can create alliances both within and beyond sectors to provide transition pathways. Redeployment and outplacement work best with an extensive network of alliances – other employers, employment agencies, government, education providers and local communities – to identify pathways, support redeployment and jointly invest in critical skills. Smooth career transitions across sectors also requires widening the pool of candidates. Businesses can do this by re-evaluating rigid barriers to entry, addressing biases in the hiring process and introducing mentorship programmes for knowledge exchange.

3

# Towards making Good Work a reality for all

The Good Work Alliance is a global, cross-industry group of forward-thinking companies to leverage their individual and collective power to build a resilient, equitable, inclusive, more just and human-centric future of work. The Alliance's objectives are to: (1) co-create a framework for good work with companies and other stakeholders; (2) support the development of relevant metrics; and (3) promote measurable commitments by companies to core good work goals.

The Good Work Framework in this white paper is the initial output of the initiative and has been co-created with members of the Alliance and other stakeholders, including the World Economic Forum's Community of Chief Human Resources Officers and Global Future Council on Work, Wages and Job Creation.

Emerging from the pandemic, companies have an opportunity to take stock of the lessons that have been learned and to redesign their people processes and work practices to intentionally mainstream good work across their operations. Making good work a reality for all will require companies to apply the key objectives of the Good Work Framework through the application of human-centric leadership, relevant workforce technologies and increased reporting.

1. Leadership at all levels of management is needed to ensure good work. Human-centric leaders prioritize collective success from a team perspective and consider the human experience. Specific leader behaviours such as being available and accessible, inviting input, and modeling openness and fallibility directly shape workers' perceptions of psychological

safety.<sup>93</sup> Companies can support managers to develop human-centric leadership skills.

2. There has been a leap in investment in workforce technology over the past years, such as chatbots and collaborative tools for remote employees. Underlying this is a shift to the experience economy and big data at work. A range of solutions have emerged that combine digital tools, data and analytics to support talent management and enable more agile, productive and inclusive organizations.
3. Investors are demanding more extensive disclosures, notably around the "social" aspect of ESG. The percentage of institutional investors in the United States who agreed that the S in ESG was very important rose by 15 points to 69% between 2019 and 2020, bringing it above environmental (61%) and governance (68%) for the first time. Reporting and disclosures will play an important role in driving improvements in good work by increasing transparency and accountability.

There is a need to promote good work across the full post-pandemic landscape of in-person, hybrid and virtual work and covering all categories of employment. Seizing this opportunity will determine whether the post-pandemic recovery leads to positive outcomes for both business and for society at large and ensure a healthy, resilient and equitable future of work. To create a good jobs economy, governments, business and civil society all have a role to play. Businesses should and can take responsibility for providing good work and work closely with governments' efforts to build a job-rich recovery.

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