

# The Future of Work is Now: How Shifting Dynamics, Technological Innovation, and Worker Preferences Are Disrupting the Workplace of Today

The Future of Work is here and it's reshaping virtually every aspect of how, where, and when we work. Paychex examined various employee datasets to understand the current state of the workforce and what's next for the Future of Work.



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# Introduction

**An increasingly multigenerational workforce, the evolving preferences of today's employees, and continuous technological innovation mean that work as we know it is constantly changing.**

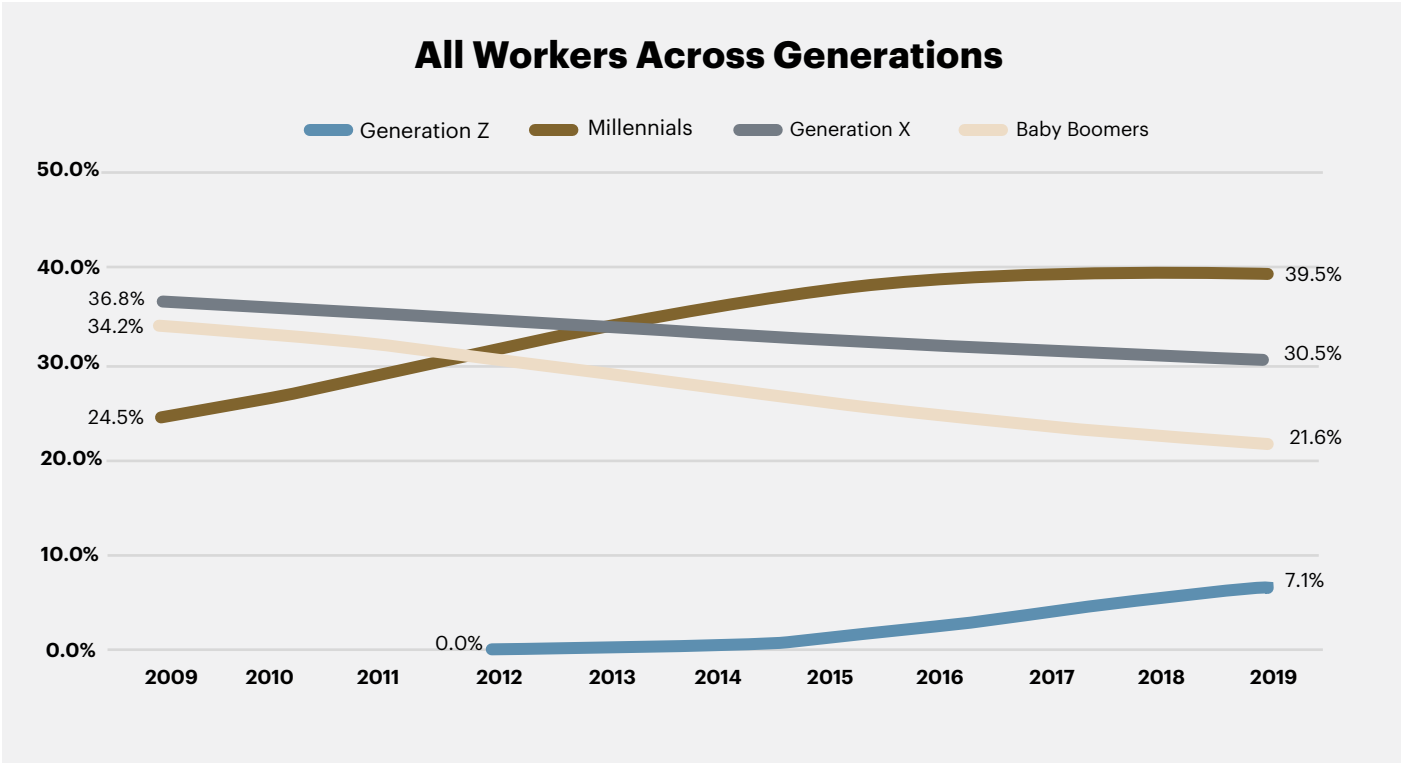
To understand what these changes mean for the Future of Work, Paychex gathered insights from an analysis of its payroll and HR data, as well as a survey of U.S. workers. Across the board, the data points to the ever-increasing importance employees place on flexibility in

practically all aspects of their on-the-job experience. While employers and workplaces have become more flexible and offer more technology than ever before, workers want to see this trend not only continue but accelerate.



# Shifting Dynamics in the Workforce

In the past decade, the generational makeup of the workforce underwent several changes that will continue to reshape foundational aspects of American work. A new generation joined the workforce in 2012 (Generation Z), Millennials took over as the largest generation in the workforce, and Baby Boomers began to exit the workforce as they reached retirement age.



When examining the makeup of all workers (full-time, part-time, and independent contractors) across generations, the data shows Generation Z entered the workforce in 2012 and has increased to more than seven percent in that time. Conversely, over the same period, Baby Boomers have decreased nearly nine percent, from about 30.5 percent of the workforce in 2012 to 21.6 percent today.

Since 2013, Millennials have been the largest generation in the workforce (currently at 39.5 percent). Generation X is the next largest generational segment of the workforce (30.5 percent), followed by Baby Boomers (21.6 percent), and then Generation Z (7.1 percent).

Looking at full-time employees specifically, the percentage coming from the Millennial generation has nearly doubled during the past decade, with nearly four of 10 full-time workers coming from the Millennial generation in 2019 compared to 24.5% in 2009.

### Generational Makeup of the Workforce in 2019



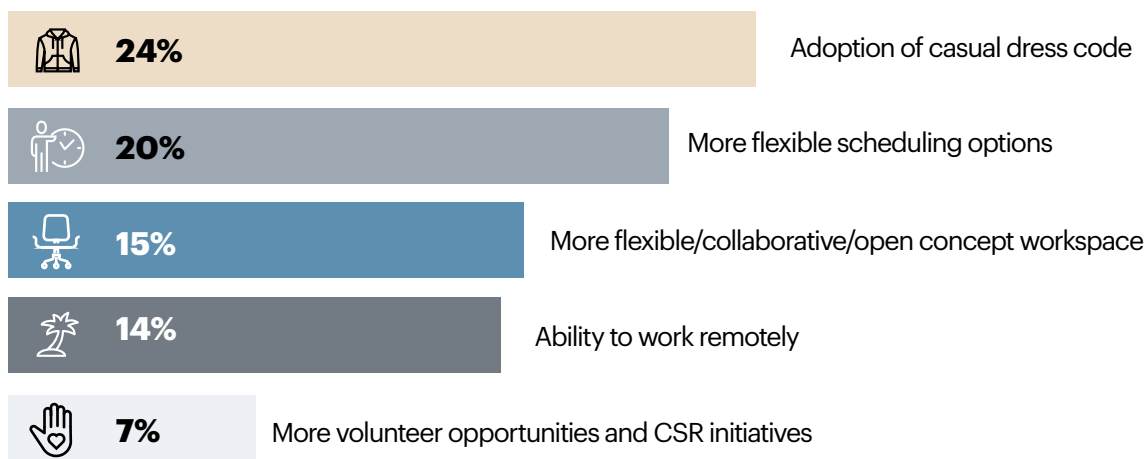
These generational shifts have led to tremendous age diversity in the workplace, an aspect of the Future of Work that most employees consider beneficial. According to the Future of Work Employee Survey, 83 percent report that working cross-generationally has positively impacted their work experience.

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The survey also indicated that generational shifts have resulted in employers offering more flexibility to employees in various ways, including a more casual dress code (24 percent), more flexible scheduling options (20 percent), and allowing employees to work remotely (14 percent).

## How Generational Shifts Have Impacted the Workplace



**“As older generations become more technologically savvy, the relationship between my generation (Millennial) and those older generations improve. Consequently, work becomes more efficient.”**

*Future of Work Employee Survey Participant*

# Technological Innovations Shaping Work

The Millennial and Generation Z employees that comprise nearly half (46.6 percent) of today's workforce grew up in a technological boom that has influenced the way they approach every aspect of life, including work. The mobile-centric preferences of these workers have impacted their workplace expectations, and, in turn, the tools companies are using to share information with employees have evolved. This trend has been especially notable in the area of HR.

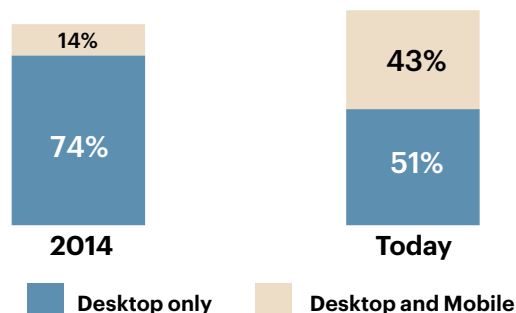
## Mobile Adoption and Employee Self-Service

According to the Future of Work Employee Survey, five years ago, 74 percent of employees used a desktop computer exclusively to manage HR tasks, while 14 percent used both a desktop and mobile device to manage HR during the same period. Today, the number of employees using a desktop computer exclusively to manage HR tasks has dropped to 51 percent, and the number of employees using both desktop and mobile solutions has jumped to 43 percent. Of all generations, Generation Z has the highest rate of using mobile exclusively to manage HR tasks at 14 percent.

The increase in mobile adoption is also reflected in the way Paychex clients are utilizing Paychex Flex®, the company's cloud-based HR solution.

Since 2014, monthly mobile sessions on Paychex Flex have increased by more than 500 percent — they now average 3.5 million. If the pace of mobile session growth continues at its current pace, Paychex Flex users will reach a mobile majority in five years with more than half of all sessions taking place on a mobile device.

### Mobile Adoption: Five Years Ago vs. Today

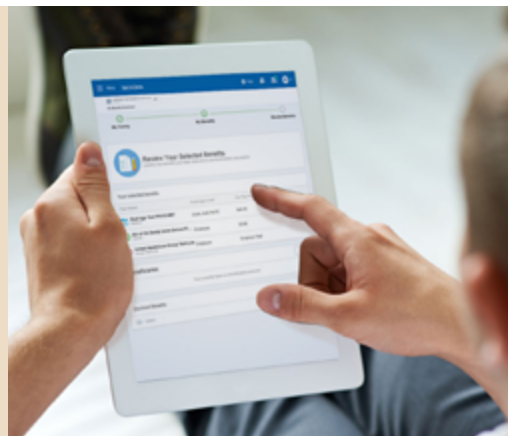


Across the board, employees are utilizing more self-service tools to access their data and perform HR tasks, including tracking time and attendance and accessing check stubs. Employee sessions on Paychex Flex including one or more aspects of employee self-service increased from 20 percent in 2016 to 36 percent in 2018.

According to anecdotal responses from employees surveyed, technology has been the most significant driver of change since entering the workforce.

**“Technology that gives access to work platforms has been the best and most impactful advancement. I can now access work spaces, time and personnel management software, and other things that make it easier to communicate with other employees.”**

*Future of Work Employee Survey Participant*



# Artificial Intelligence (AI) and Machine Automation

Just as the use of mobile technology by employees to complete HR tasks has been on the rise, artificial intelligence (AI) and machine automation are becoming more prevalent in the workplace. According to the Future of Work Employee Survey, nearly one-third of workers (31 percent) say that an aspect of their job that was once done manually is now done through AI or machine automation. And the trend is expected to continue: 33 percent of Generation Z, 32 percent of Millennials, 29 percent of Generation X, and 20 percent of Baby Boomers think that manual aspects of their current job will be done though AI or machine automation in the next five years.

AI is also contributing to a more efficient workforce, especially when looking at how employees and HR administrators complete HR tasks and utilize their HCM solution. The Paychex Flex Assistant chatbot, for example, is averaging nearly 30k sessions each month, helping users easily complete tasks ranging from checking retirement balances to updating direct deposit information.

The top five topics that the Paychex Flex Assistant chatbot is asked about are:





- 401(k)
- Form W- 2
- Check stubs
- Update bank account
- Update address

# Communication and Collaboration

But not everything has changed because of technology. Over the past five years, employees have maintained similar methods of communication (email, direct phone call, and in-person meetings remain the top three) and still collaborate at a similar rate.

When asked to break down their percentage of time working independently vs. collaboratively, employees averaged 70 percent of time independently and 30 percent collaboratively. Boomers are working more independently than other generations (80 percent) while Generation Z is working the most collaboratively (44 percent).

## Collaboration Among the Generations

	 Generation Z	 Millennials	 Generation X	 Baby Boomers
Independently	56%	67%	69%	80%
Collaboratively	44%	33%	31%	20%

# Evolving Worker Preferences—the Trend Toward Flexibility

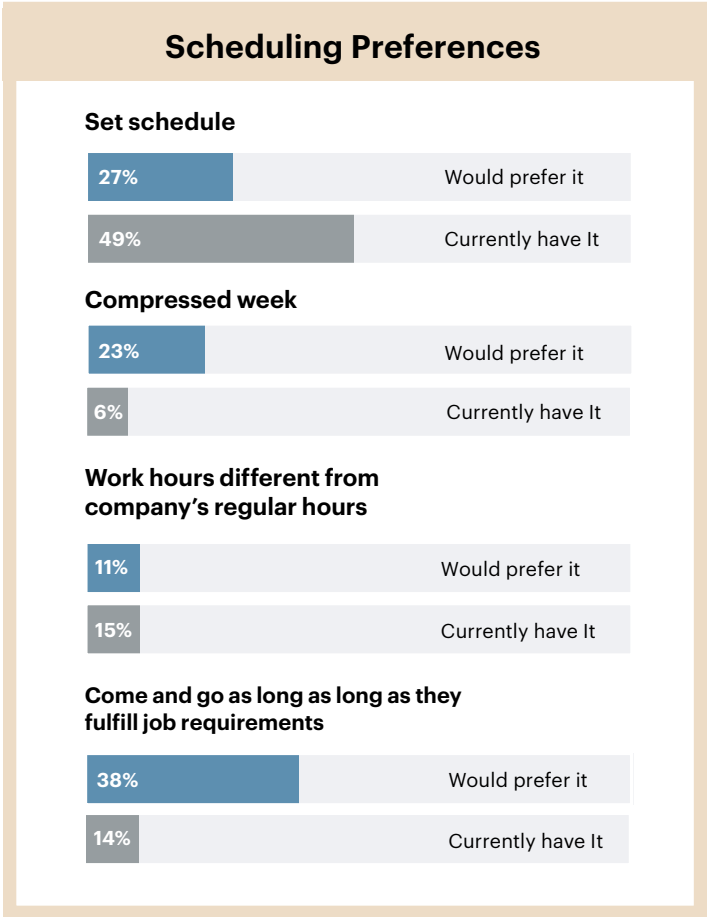
A common denominator in the way employees want to work now and the way they expect to work in the future is flexibility.

## Flexibility in Scheduling and PTO

Currently, according to the Future of Work Employee Survey, 49 percent of employees have a set schedule (unless they take PTO), while 51 percent work a more flexible schedule option (compressed work week, unique hours based on personal circumstance, or total flexibility as long as job responsibilities are met).

However, when asked what their ideal work schedule looks like, 73 percent of employees would opt for some form of flexible scheduling. Among that group, the highest percentage (38 percent) say they would like to come and go as they please as long as they fulfill a certain number of hours and/or meet their job responsibilities. Twenty-seven percent prefer the traditional eight-hours-a-day, five-day work week.

With regards to paid time off, most employees (43 percent) would prefer unlimited PTO with no differential between sick and vacation time. Baby Boomers and Generation X want PTO flexibility almost as much as younger generations with 43 percent and 42 percent, respectively, wanting unlimited PTO, compared to Millennials at 45 percent and Generation Z at 50 percent.



## Flexibility in Workspaces

While 31 percent of employees would prefer the more traditional option of working at their company’s office each day, 58 percent would prefer to work from home some or all of the time, and 11 percent would prefer to work from a remote office some or all of the time.

The emphasis on flexibility extends to work surroundings, as well. Currently, 48 percent of offices feature all assigned workspaces (e.g., assigned cubicle or office), with many offices moving to a more fluid setup: 23 percent feature a mixture of assigned workspaces and common areas and 11 percent of employees work in an office with “touchdown” spaces and no permanent assigned workspaces.

## Flexibility in Pay Frequency

The way workers like to be paid depends on the way they work—full-time, part-time, gig work, etc. Overall, the majority of workers (50 percent) prefer to be paid biweekly, but 26 percent would like to be paid weekly, 10 percent monthly, and 10 percent semi-monthly (twice per month). Only four percent of all employees said they’d prefer same-day pay, but this number increases to 25 percent among independent contractors.

# Conclusion

With a workforce that's increasingly multigenerational, technology advancing at a rapid rate, and worker preferences that are continuously evolving, it's an exciting time for the Future of Work. Here are a few key points to keep in mind so your business and employees are ready to achieve growth and success.

**Flexibility.** When it comes to adapting to changing workforce preferences, employers should evaluate whether their schedule options, workplace design, PTO and flex time, and similar factors that comprise the work experience are working for their current workforce and potential recruits. If not, how can policies be changed to meet the needs of both the employee and employer? Ask employees what they think and use their feedback to determine the best options for your business.

**Self-Service.** The first step is to assess how well your current HR solution is facilitating self-service. If it's not allowing your employees to complete certain HR tasks through mobile or offering easy ways to access information, such as a chatbot, then it may be time to find a solution that does. With self-service tools, employees will save time and feel more empowered (and less frustrated) in managing their HR tasks such as time and attendance, benefits elections, checking pay stubs, changing addresses, inputting life events, and more.

**Training.** To realize the full benefits and impact of technology solutions, employees need to know how to effectively utilize them. This goes for HCM solutions, AI, and automated tools that are designed to make employees more productive by handling some manual aspects of their job and allowing them to focus more strategically. Make sure your employees take advantage of training provided through your outsourced HR provider so that they can make the most of all the tool has to offer.

## Methodology

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"The Future of Work is Now: How Shifting Dynamics, Technological Innovation, and Worker Preferences Are Disrupting the Workplace of Today" analyzes the factors reshaping virtually every aspect of how, where, and when we work so we can better understand the current state of the workforce and what's next for the Future of Work.

The data used to analyze generational makeup of the workforce is aggregated employee-level payroll information from May 2009 through March 2019. The payroll information was filtered to a subset of Paychex clients with fewer than 50 employees and seasonally adjusted. For analysis purposes, the data excluded employees younger than 14 or older than 99 years of age or with unknown birth date.

Paychex Flex platform data cited in this report represents application usage through February 2019. Where possible, data analysis dates back as far as 2014.

To gather insights on worker preferences, Paychex also conducted the Future of Work Employee Survey, polling 546 randomly selected workers across the U.S. The survey was conducted online via SurveyMonkey between March 29 and April 1, 2019. It had a margin of error of +/- 4.26 percent.



# Data Insights from Paychex

Paying one out of 12 American private sector employees, Paychex has a unique vantage into the payroll and HR trends driving the U.S. economy. Each month, the company releases the Paychex | IHS Markit Small Business Employment Watch, reporting on the latest job growth and wage conditions for the country's small businesses. Paychex also regularly releases reports examining such topics as entrepreneurship rates in the U.S. and generational shifts among workers. To stay up to date with data insights from Paychex, visit [paychex.com](https://paychex.com).

## About Paychex

Paychex, Inc. is a leading provider of integrated human capital management solutions for payroll, benefits, HR, and insurance services. By combining its innovative software-as-a-service technology and mobility platform with dedicated, personal service, Paychex empowers leaders to focus on the growth and management of their business. Backed by more than 45 years of industry expertise, Paychex serves more than 650,000 payroll clients as of May 31, 2018, across more than 100 locations in the U.S. and Europe, and pays one out of every 12 American private sector employees. Learn more about Paychex by visiting [paychex.com](https://paychex.com), and stay connected on [Twitter](#) and [LinkedIn](#).

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