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# People & Strategy

## Special Issue: The Future of Work

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# Redesigning Your Organization for the Future of Work

Tamara J. Erickson, nGenera Innovation Network

**T**he work world of the next several decades will be significantly different from the work world of the last two decades in at least three key ways:

- There will be a dramatic and rapid shift in the capabilities of technology that reduces the costs of coordinating activities and sharing ideas.
- There will be a set of economic activities that is shifting away from the 20th-century industrial or manufacturing-based model and mass-consumer brands to a model based on knowledge and co-creation between consumers and suppliers.
- There will be new patterns of demand for talent and skills in which many individuals, particularly those with higher levels of education, will have the leverage to create work arrangements that are more conducive to adult growth than were possible before.

The changes underway, including demand for skilled talent, will provide the catalyst required to create a new way of working and challenge many of the fundamental assumptions that underlie the structure and design of today's organizations.

Many of today's organizational principles are centered on the premise that the workforce is shaped like a pyramid—with a small number of older workers, a medium number of mid-career workers and many young people. This indeed *was* the shape of the workforce in most countries throughout the 20th century. As a result, a number of standard organizational practices that are deeply embedded in our assumptions about how "it's always done" make no sense today. For example, we assume that over the course of their careers employees will be promoted "up"—at least until they reach their maximum challenge or, if you believe in the Peter Principle, one step beyond it—in order to provide variety (something new and interesting to do) and increased compensation.

Today the workforce is not pyramidal in shape (it is more like a diamond, with a large middle group) and it is rapidly evolving into a rectangle, with nearly the same number of workers at each major life stage. Going forward, many of our deeply ingrained assumptions about the course of a person's lifetime career will not be *mathematically* possible. For example, there will be too few "higher" level positions to provide everyone in the workforce with sufficient opportunities for variety, learning or increased compensation—particularly as the generational cohorts become more eager for frequent change and less willing to remain in one position for extended periods of time.

If you overlay the changing demographic patterns with the changing nature of value creation—the growth in knowledge-based work—our common design parameters around time and job design come into question. Most jobs today still are described in terms of a unit of time—a 40-hour work-week, an eight-hour day. But the majority of workers of the western world are now employed in service industries; and already more than half of those are knowledge workers, paid for writing, analyzing, advising, counting, designing, researching and countless related functions, including capturing, organizing and providing access to knowledge used by others. Time-based jobs make little sense for these workers. Who's to say how long it will take an individual to write a report, conduct an analysis or produce a piece of software?

And, of course, people's needs and values are changing. At some point, the tightening labor market will motivate even the most traditional companies to change or face the likelihood that their growth will be constrained by a lack of talent. At the core, the relationship between employees and employers—or perhaps more accurately, between workers and the organizers of work—will be redefined. These shifts will reinforce and will

enable the desires of individual workers, allowing greater personal flexibility, autonomy and participation.

There's a strong need to rethink our organizations' design and practices. HR has an important role to lead the redesign of organizations better suited for the future of work.

Here are some of the questions I encourage you to ponder.

- *Is it time to redesign career paths for lateral moves, with less dependence on promotion?* Many employees aren't particularly interested in "up"—they want challenge and variety. "Up" is out. But most approaches to compensation are heavily tied to vertical status—and people do want opportunities to earn more money. Can we redesign career paths and compensation programs around lateral movement—tie variety, recognition, learning and compensation to the development of capabilities that are not necessarily related to hierarchy? Can we create attractive individualized paths that maximize learning, growth and challenge?
- *Can career paths lead down, as well as up?* Rather than the cliff-shaped career paths of the past century in which individuals ascended on an ever-upward path toward ever-greater "success," 21st-century careers need to become bellshaped. We need to create a career deceleration phase for employees in their 50s through 80s that parallels the career development phase of the 20s through 40s.
- *Do we need titles and, if so, for what purpose?* Titles serve two purposes. One is to identify to others (customers, colleagues within the organization) to whom they should look for specific actions or decisions. The other is to reflect our status in the organization. The first purpose will remain vitally important in the future of work—actually increasingly so. Collaboration occurs when responsibilities and roles are

clearly defined. Titles that clarify the function the person performs are more essential than ever. But titles that recognize our progress “up” an organization need to be re-thought; chances are they cement us into a hierarchical structure that no longer serves our needs or, in some cases, even exists.

- **Do we all need to retire at the same time?** Extended life expectancies also will augur the end of “retirement” as we have known it—an abrupt end to work that occurs at a specific, common age for most individuals. Over this century, companies need to retire the concept, replacing it with a more flexible view of the second half of our lives.
- **Does a career need to be continuous and linear?** Why not retire at age 40 and go back to work at 60? More companies are now looking at ways to provide employees with the opportunity to leave and re-enter the workforce. Sylvia Ann Hewlett and Carolyn Buck Luce have identified a growing need for what they call “off-ramping” and “on-ramping.”<sup>2</sup> In surveys, a substantial proportion of individuals of all ages say that they would prefer “cyclic” work arrangements over any other option—periods of intense hard work for some amount of time (say, several months), followed by periods of leisure or learning, even if that “downtime” is only a week or so long.<sup>3</sup>
- **How long should we expect people to stay in one job or even in one company?** It is likely that average tenures will continue to be shorter than was common in the 20th century. Realistically, this means that jobs need to be redesigned to accommodate frequent movement and short tenures per role. The time required to get “up to speed” to perform a specific function needs to be shortened, perhaps through the use of just-in-time learning, easily interchangeable systems and well-structured and effective mentoring.
- **How many “employees” do we need?** Going forward, it is likely that much of the work necessary for any business will no longer be done exclusively or even (in many instances) primarily with “employees.” The

types of relationships that the corporation will have with the people who perform work on its behalf will encompass a wide range—contractors, freelancers, small company specialists, outsourcers and many others.

- **Should we redefine work in terms of tasks, not time?** Increasingly, roles need to be scoped and compensated according to the task performed—rather than by the time invested. In this approach, employees are assigned specific tasks and required to put in only as much time as it actually takes to

activity? And how can we evaluate and constructively coach workers that we rarely see?

- **What is the role of corporations in education? How and where will businesses interface with academic institutions in preparing talent?** Corporations already are in the education business—and they need to be prepared to play an increasingly active role in creating a workforce with the skills and capabilities required for the evolving economy. The current educational patterns are not geared to produce a

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Realistically, this means that jobs need to be redesigned to accommodate frequent movement and short tenures per role.

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get the work done, removing the need to keep regular hours or show up at the office each day, allowing people to work asynchronously, instead of in standard 9-to-5 routines, and from virtually any location. The distinction between “full” or “part-time” positions would give way to differentiation in the complexity of the task assigned.<sup>4</sup>

- **What will performance management look like in the new economy?** How can we do a quantum re-think of the pace of work? Young workers today want and expect fast and frequent feedback—daily interaction, ongoing input, “instant” response. As it becomes more important for companies to operate in a collaborative way, how can we incorporate peer-based feedback mechanisms and measures of intra-group

workforce matched to today’s business needs. Whether through formal in-company training, sponsored attendance at external programs, apprenticeships and/or increased mentoring, companies will need to help workers gain the necessary knowledge and abilities.

- **How can you insure that employees are choosing you?** When Zappos, the online shoe retailer, hires new customer-service employees, it provides a four-week training period that immerses them in the company’s strategy, culture and obsession with customers. After a week or so in this immersive experience, the company offers the newest employees a \$1,000 bonus if they agree to quit that day. Why? The logic is that if you’re willing to take the company up on the offer, you don’t have the sense of

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1. Semler, R. (2004). *The Seven-Day Weekend: Changing the Way Work Works*, Portfolio, a member of Penguin Group (USA), New York, New York.

2. Hewlett, S.A. & C. Buck Luce (2005). “Off-Ramps and On-Ramps: Keeping Talented Women on the Road to Success,” *Harvard Business Review*, pp. 43-54.

3. “The New Employee/ Employer Equation,” The Concours Group (now nGenera) and Age Wave, 2004. This research project included a nationwide survey of more than 7,700 employees conducted in June 2004 by Harris Interactive for The Concours Group and Age Wave.

4. For further discussion, see Tamara J. Erickson, “Breakthrough Ideas for 2008: Task, Not Time,” *Harvard Business Review*, February 2008.



## perspectives – point/counterpoint

### Rethinking Organization for the Future

commitment Zappos is looking for.<sup>5</sup> Zappos wants to learn if there's a bad fit between what makes the organization tick and what makes individual employees tick—and it's willing to pay to learn sooner rather than later. Increasingly we're learning that companies need to find ways to let employees understand for themselves what it's like to work there, and then encourage the prospective employee to evaluate the fit. Practices inside the company should be "Signature Experiences," deliberately chosen and specific to the needs of the organization.<sup>6</sup>

- **Who will "manage" the workforce of the future?** As the need to juggle a wide variety of individuals with diverse preferences and needs grows, and as a dizzying array of relationships increases, traditional line managers may find themselves happy to pass on the challenge of keeping track of such a complicated talent pool to another function. In many organizations, the responsibility for managing talent will come to rest with some type of staffing function—the next evolution of HR. In this new role, HR would be judged on the quality, engagement and "readiness" of the talent the businesses needs.

### The Transformation Challenge: A New Human Resource Capability

The challenge of rethinking organizations for the future requires HR leaders with capabilities that include a willingness to bring fresh perspectives to old assumptions and specific capabilities:

- strategic thinking, particularly scenario development and options analysis to address uncertainty;
- finance and business acumen, including a sophisticated understanding of return-on-investment analysis;
- process design capabilities and skill with metrics;
- marketing and branding savvy; and
- ability to create environments supporting collaboration and innovation.

The changing context of work shaped by recent developments in demographics and technology will be profound. These changes will uproot traditional organizational designs and HR practices.

The changes will give forward-thinking HR leaders an opportunity to demonstrate the contributions they can make to the prosperity of the entire firm, ensuring that they will be key participants in the flattened, dynamic, networked and global corporations of the future.

**Tamara J. Erickson** is president of nGenera Innovation Network. She also is an author of many books including *Retire Retirement: Career Strategies for the Boomer Generation*.

5. Taylor, B. "Why We Went Zany for Zappos—And What It Says About Us," *Game Changer*, Harvard Business Online, May 27, 2008.

6. For further discussion, see Tamara J. Erickson and Lynda Gratton, "What It Means to Work Here," *Harvard Business Review*, March 2007.

## counterpoints

### The Systems We Build... The Conversations We Hold

**Beverly Kaye**, Founder and CEO  
*Career Systems International*

Has the time finally come? In the early 1980s I published the results of my doctoral dissertation in a book that I called *Up Is Not the Only Way*. I talked about the need to develop career development systems within organizations. One of the concepts (the one that really "caught") was embedded in the title. I remember the nods from my HR colleagues back then. Clearly, not every deserving individual, even our talented and earmarked

hi-potentials, can be promised anything of the sort. We could not promise it then and we cannot now.

We've always known this, and yet we still haven't designed the systems and structures to suggest that there are other definitions of success that are, in fact, as sound, strategic, relevant and, at the same time, rewarding (in status and in compensation). We still nod, but we don't make the changes that are necessary.

Why hasn't this shifted? We all seem to be in violent agreement that the pyramid shape of organizations has morphed into, as the author suggests, a diamond or perhaps a rectangle.

Yet our reward systems still do not recognize this. Maybe the pain we feel in this current economy will be the hard driver for change.

We've been taught that structure drives behavior. While we could suggest a plethora of possible career moves, if our systems still point to vertical mobility as the brass ring, then nothing will change. Or, perhaps the change will finally occur because behavior will drive structure.

We're all familiar with the research on the Millennial generation. These workers want flexibility; they are not "sold" on the traditional hierarchical moves. They want choices



and options and they won't stand for anything less. So we must produce the new structure that the author seems to call for. We do not have a choice if we are to hang on to the talent we currently have and continue to attract the youngest generation. It is indeed a role for HR, and one where we must take the lead.

A new success structure and reward system also is needed for Boomers. Current events strongly suggest that Boomers will postpone retirement. Many will not have the choice. If organizations are in need of talent, we must be ready to offer the elders of our workforce different options, choices and the new directions they want. Clearly, for this group, *out* is no longer the "only" way. They are looking at their organizations to offer viable ways to stay "in," but stay "in" differently.

I would add one more critical component to the author's questions that call us to action: Have we equipped managers to have the critical conversations about mobility options with their direct reports? It is time to redesign the powerful conversation, the all-important critical one-on-one conversation that is the message of the organization to the employee. We must imbue it with the attention it deserves.

Perhaps, along with everything else the author suggests, it is also time to re-invent the individual development plan. This tool was meant to be a conversation stimulus for considering the future. If taken seriously, it requires commitment, attention, preparation and accountability from all leaders and their direct reports—stronger commitment than we currently give it. I worry about the author's suggestions that the responsibility for talent management may be removed from the line and given to a staffing function. If we harness a tool we already have, educate managers and employees about the new mobility possibilities, and require that these conversations take place, it will bring us closer to acting on the options that are demanded. The future of work will be changed by the systems we build and the conversations we hold.

## The Future of Work: It's Already Here, Just Not Evenly Distributed<sup>1</sup>

James Ware and Charles Grantham  
Work Design Collaborative

Tammy Erickson has painted a provocative, if incomplete, picture of the future of work. In many ways it is a compelling image, for both organizations and individuals. It is a world of much greater fluidity, more attuned to individual differences and needs. But we are actually more interested in a slightly different aspect of organizational and individual fluidity—what we like to call "corporate agility."<sup>2</sup>

For us, "agility" is about an organization's ability to move quickly, to grow and shrink at the same time in different parts of the world and to respond to local market conditions and opportunities faster than its competitors. Agility is about paring fixed costs down to almost zero; it's about leveraging new technologies, facing new competitors and exploiting new business opportunities. And it's about understanding and leveraging human talent, which—as Tammy rightly suggests—thrives on variety, challenging problems and creativity. But most of all, agility is about designing work, and its surrounding business processes, around people, not around fixed assets like buildings and IT data centers.

In our experience, the benefits of fundamentally rethinking the very nature of work (and how, where and when it gets conducted) are simply astounding. We have seen companies achieve reductions in the cost of workforce support on the order of 40 percent or more—while at the same time attracting and retaining better talent and realizing higher levels of productivity and employee engagement.

What's the secret that enables that kind of performance improvement? For us, it is inte-

grating the management of your people, your technology and your facilities/real estate assets. And *that* means actively embracing the notion that the most effective way to determine where, when and how your work gets done is to leave those decisions up to the people actually doing the work.

But let's be clear: We're not advocating the end of hierarchy, the way Tammy seems to be. Hierarchy has its place—when it's based on merit and *relevant* experience. We can't stand industrial bureaucracies that create a hierarchy of power and authority based on little more than time in grade. But we do recognize the value of task-based authority determined by knowledge and the ability to achieve results in the here and now. We want to see more organizations that encourage *multiple but temporary* hierarchies—each of them task-specific and accepted as legitimate *for the task at hand*.

In essence we're advocating what many people call "flexible work" or "mobile work." In short, stop requiring people to commute regularly to a central corporate office facility just for the sake of being there. Offer them the mobile tools they need to work any time, any place, and give them remote access to your corporate network, applications and data.

The reality of knowledge work is that it can't be scheduled like a factory assembly line, and it requires not *a* workplace, but access to *many* places. We need to move around as our moods and our activities change. To paraphrase the futurist Alvin Toffler, one workplace misfits all.

The beauty of these flexible/mobile work arrangements is that they enable individuals to choose where and when to do their best work, based on their personal work styles and the tasks they need to accomplish. Some people actually can get more work done sitting in a Starbucks than they can in a corporate office where they're constantly

1. We've borrowed and paraphrased that line from science fiction writer William Gibson.

2. See Charles Grantham, James Ware, and Cory Williamson, (2007) *Corporate Agility*, American Management Association.



## perspectives – point/counterpoint

being interrupted. You get higher productivity—and higher employee engagement—when you *trust* your staff to make those kinds of decisions on their own.

Certainly mobile work programs are not a simple panacea. They only work when your corporate culture and mission are clear and explicit, when your so-called “managers” are skilled at setting clear task goals and coordinating a dispersed workforce. And they work when you provide effective technology support along with HR policies and practices that achieve that elusive balance of individual accountability and collaboration that’s essential to corporate success in the dynamic world we live in today – and will live in for the rest of our careers.

Of course, this vision of the future of work is easier to talk about than it is to implement. But we really don’t think you have any choice. When you combine the emerging values and expectations of today’s workers with the growing shortage of talent, you’re a buyer of a very scarce resource, and you know full well that when the resources you need are in short supply, those folks you’re attempting to recruit are in the driver’s seat. Give them what they’re looking for, or they’ll be working for your competitors.

### Moving from Despair to Directed

Sherry Benjamins, President  
S. Benjamins & Company, Inc.

I agree with Tamara Erickson that changing the place of work and how work gets done is clearly in front of us if we want to hold on to the best and brightest and prepare for talent shortages. Tamara speaks as though it is our future. I think it is here now, and managers are not sure what to do about it.

Those of us working in the human capital space see how tough it is for managers to change, when many leaders have a “we’ve done it this way and it worked” mindset. There seems to be such reluctance to break molds. It

puzzles me how slow management has been in creating new ways to get work done. We have been talking about this for a long time.

I like the questions that Tamara poses. Who will manage this workforce of the future? Who is stepping up to this challenge? There clearly are world-class leaders stepping up, but not enough. I know the line manager would be happy to pass the talent baton over to HR, and I appreciate the weight on the shoulders of clients. However, they must own this agenda. They must lead talent planning and engagement, for it directly impacts them. So, what can we offer as a solution to our managers rather than a list of overwhelming questions?

Let’s move our managers from a mounting sense of despair to a directed, actionable talent plan. We will not see change until we offer tools to help them run their businesses.

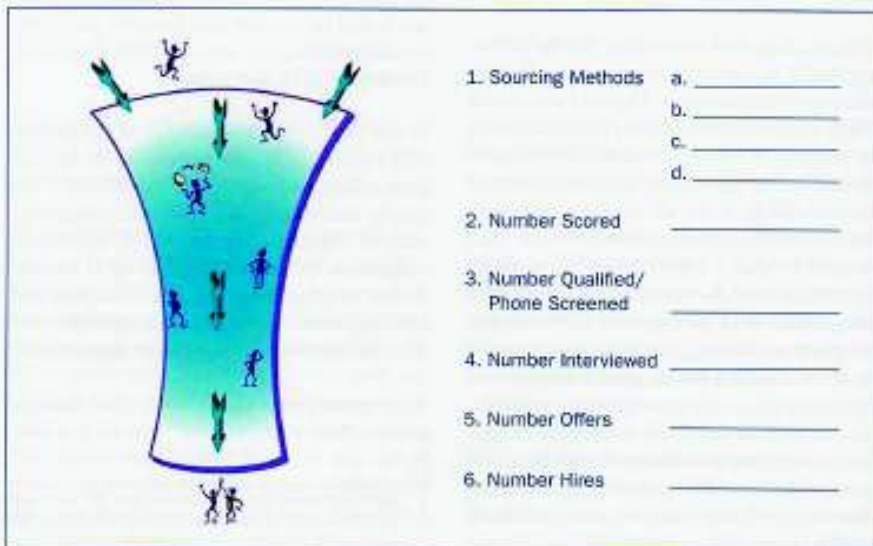
All of us, including our managers, have been set adrift in a sea of issues that need to be addressed. As HR leaders, we can begin with business conversations that bring the people discussion into everyday operational life and demonstrate our understanding of market principles and talent realities.

As I have found in my work during the past several years, and as Peter Cappelli<sup>1</sup> has recently pointed out, supply-chain management concepts are one place to start. Let’s give managers a tool that simply and clearly shows the key challenges around talent today based on these concepts. The talent funnel shows the steps required and resulting data in identifying and hiring top talent. This includes ratios of candidates sourced, contacted, screened, signed off, presented and then hired. We factor in market data, realities of the company’s brand, candidate experiences and overall reputation to create a real supply picture.

Why do this business conversation and the data about talent make a difference? Our experience shows the following benefits:

- **Education**—Many times this is the first time a hiring manager understands the broader picture of the talent supply market and realities of sourcing for specific skills.
- **Supply**—Real facts about how many (internal and external) candidates there are and how they proceed through the process of screen affects fall-out, interview, offer and hire. This is an eye-opening experience for line managers, especially if there isn’t clarity

Exhibit: Talent Pipeline





on requirements or issues about relocation or tailoring a work arrangement.

- **Process** – Develop an understanding of the work required for HR and line managers to find and convert passive candidates in a highly competitive market supports reality-based planning.
- **Brand** – Gather direct feedback from candidates that supports or detracts from the company's intended brand image: How do candidates see and experience your company? A strong positive brand supports you in tough times; a weak brand severely limits you. Candidates will share the truth about how they are treated.
- **Roles** – Ensure managers understand the role they must play in planning, sourcing, selling and closing candidates. Every line manager is a talent manager today.
- **Communication** – Conduct monthly people-supply-and-demand discussions and results. These keep the team on track and adapting as necessary.
- **Celebration** – Enjoying success and celebrating the hiring or retention of great talent is worth recognition. When line managers celebrate and thank the team, this solidifies the support of everyone and announces this work is not going away.

There simply are not enough people to go around in the hot skill areas that many are seeking. Tamara is right to ask the tough questions about the future. The change starts with accepting the reality of your own company's track record. Now, we have increasingly complex arrangements given the Baby Boomers and Millennials renegotiating and creating new deals. As HR leaders we can start with business conversations that demonstrate our understanding of market principles and talent realities. We can be that strategic partner to our clients and introduce the business language of talent so we move the conversation from despair to directed. Let's not wait.

1. Cappelli, Peter (2008). *Talent on Demand: Managing Talent in an Age of Uncertainty*. Harvard Business School Press.

## Wanted: Fully Engaged, Learning-Agile People

Lawrence P. Clark, Ph.D., Director  
The Korn/Ferry Institute

In the article "Redesigning Your Organization for the Future of Work," Tamara Erickson makes some very provocative suggestions:

- Are position titles necessary? And, if so, for what purpose?
- Can career paths lead down, as well as up? Does career deceleration have a place in corporations?
- Who will "manage" the workforce of the future? Apparently not the line managers.

I will be the first to admit that when looking at different future possibilities, my track record for picking the winners from the losers is not that good. I still remember reading in the popular press that everyone would be driving personal helicopters in the near future. Experts assured us that the world of George Jetson would soon be a reality...and I believed them.

While the specifics concerning the future of work no doubt will offer interesting surprises, two factors will not change:

- First, the key personal characteristics of the people who will succeed in the "Future of Work" will not change.
- And, second, what organizations need to do with their employees regardless of their title, seniority or tenure with the company to compete in marketplace will not change.

Today, most organizations operate their business around the world via trade, flow of information technology, finance, manufacturing and migration. It has been estimated that global trade in goods and services will rise more than threefold to \$27 trillion by 2030 (The World Bank, 2007). As organizations become truly global and operate in the evolving "Future of Work," it will be essential to move beyond simplistic, traditional staff-

ing approaches. Thus it is imperative to align staffing practices with critical business strategies. The demand for competent and experienced leaders is growing rapidly, and to succeed, organizations will need to identify and hire that talent wherever it exists.

Learning agility is one factor that has received much attention as a predictor of success. McCall, Lombardo and Morrison (1988) conducted the seminal research in this area two decades ago. In their book, *Lessons of Experience*, the authors discovered that many managers who produced positive results based on their current technical skills did not perform well when promoted. They found that numerous managers and executives derailed because rather than evolving by learning new skills, they tended to rely heavily on their current skills or to apply them incorrectly. The strengths that once made them "successful" had now become weaknesses. In contrast, those who thrived seemed far more comfortable with new, different and challenging situations and were willing to learn and develop from their "lessons of experience."

Two decades later Eichinger & Lombardo (2000) and McCall & Hollenbeck (2008) found that employees and executives who succeed have strong and active learning patterns. They are not more intelligent, but because they have more effective learning skills and strategies, they are "learning agile." In contrast, the ineffective employees and executives (many of whom had once experienced great success) failed because they did not learn from their jobs. They underestimated the new challenges their advancement brought and performed as they always had. The ability to learn from experience is what makes and develops expert leaders.

Organizations today, more than ever, need employees who are open, willing to learn and flexible enough to execute complex strategies. They need leaders who are curious about the world, quick to learn, thrive on new challenges and experiences. In addition, those leaders also must possess a high tolerance for ambiguity, great people skills, a vision and innovation. In other words, employees and ►



## perspectives – point/counterpoint

leaders with “learning agility” will be critical to success in the work world described by the “Future of Work.”

Once these “learning-agile” people have been identified, then what? Tamara Erickson asks, “How long should we expect people to stay in one job or even in one company?” How does an organization retain and maximize the amount of effort from these key people?

The answer is engagement. Engaged employees are far more productive because their work behavior is energized, focused and more aligned to the organization’s needs. They believe in the mission, vision and leadership of their organization. Engaged employees are more likely to rise to challenges and remain with the company in supportive environments with caring, encouraging and empowering bosses. There is a direct correlation to productivity when these individuals feel appreciated, listened to and supported by the organization.

Engaged employees increase an organization’s return on investment by an average of 11.4 percent. (Schneider, 2006). The Corporate Leadership Council also reported that highly engaged employees were 87 percent less likely to leave their organizations (“Driving Performance,” 2004).

However, it has been reported that only about 25 percent of workers appear to be engaged truly in their jobs (Bates, 2004; Kabachnick, 2006). And, due in part to this low level engagement, Bates concluded that the U.S. economy is running at only 30 percent capacity. This issue is not limited to the United States. A study conducted by The Conference Board found the level of engagement across five regions of the world (Asia, Eastern Europe, Western Europe, Latin America and the United States) to be largely the same (Gibbons, 2006). The potential, therefore, is huge.

As Tamara Erickson indicates “the changes underway, including demand for skilled talent, will provide the catalyst required to create a new way of working and challenge many of the fundamental assumptions that underlie the

structure and design of today’s organizations.” What will not change in “The Future of Work” is the need for “learning-agile” people who are fully engaged in their work regardless of their career path or tenure at the organization—or who manages them.

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### HR’s Next Evolutions

W. Warner Burke, Ph.D.  
Teachers College, Columbia University

Tamara Erickson’s article is organized in two sections: “Redesigning Your Organization for the Future of Work” which comprises by far the majority of the writing, and the much shorter section at the end, “The Transformation Challenge: A New Human Resource Capability.” I am much more interested in the latter than the former. Erickson’s questions about the future of work are provocative and

appropriate. Thus, no counterpoint from me; although I have two quick observations about this section:

- First, when it comes to redesigning your organization in such a way that Erickson’s questions are addressed, I have found the Lawler, Worley and Porras book<sup>1</sup> to be very helpful. Their Chapter 4 on “Structuring for Effectiveness and Change” is a direct response to Erickson’s questions.
- Second, with her last question, “Who will manage the workforce of the future?” Erickson suggests that the next evolution of HR is talent management. I think there are two HR evolutions. I will address the second shortly. I make sure these days that our organizational psychology students understand that TM no longer stands for transcendental meditation; but it now signifies talent management. These students have a significant role to play in this next evolution.

In Erickson’s short, final section, “The Transformation Challenge: A New HR Capacity,” I was especially interested in her five capabilities for HR now and in the future. The reason for my interest is that I am program coordinator for our graduate programs in social-organizational psychology, which include a PhD program and an MA program of 45 credits in organizational psychology. Most of our MA graduates, about 75 percent of whom are women, enter the HR function (if they are not in HR already) of some large organization—corporations for the most part but nonprofits and government agencies as well. A smaller proportion, but sizable group nevertheless, joins consulting firms.

So, first of all, how are we doing with respect to Erickson’s five capabilities? And second, what is missing from her list?

Our students are required to take a course in business functions so they learn to read financial and income statements; and they learn some of the basics of marketing. They also learn process design and measurement. So, we address three out of Erickson’s five. We are not strong on strategic thinking nor on



the ability to create environments that support innovation. We are OK on collaboration, however. I think these two areas (strategic thinking and innovation) that Erickson mentions are important capabilities for HR folks, and we here at the college need to work harder on them for our students.

I have two final points, one that Erickson touches on and one that she doesn't.

The first point concerns an elaboration on Erickson's question about who will "manage" the workforce of the future. As noted earlier, this concerns talent management. While the management process should address all kinds of talent that are important to the organization, I believe that we should concentrate on leader development.

More than 50 percent of people in leadership positions fail ("failure" meaning not accomplishing established goals). Why such a high failure rate? There is no single cause, of course. Primary reasons include circumstances—people in leadership positions cannot control everything, and selection criteria—we cling to the notion that people who are highly technically and professionally competent also will be competent in leadership. The correlation is zero. An outstanding accountant is unlikely to become an outstanding manager of the accounting function. The best way to ruin a good classroom teacher is to make her a principal. An outstanding engineer is not necessarily going to be an outstanding supervisor. We know this, the research is clear, but we continue to believe.

We also select people for leadership based on our beliefs (which differ greatly among us) about what a leader should "look like"—tall, for example, or "with presence." So, it is difficult for a search group to agree on who will make the best leader.

A third reason for leader failure concerns the person. People who are low in emotional intelligence are not exactly good leaders. I could go on, but let me stop by stating my belief that we need to concentrate more on leader selection and development in more

effective ways than we have in the past; and HR must provide leadership in this area.

Finally, what is missing in Erickson's list? Change management—organization change and development. Our students get a dose of this complex capability in at least one of their required courses. To highlight the need for this capability: 60 to 75 percent of organization change efforts fail. As much as they see the need, managers and executives do not know much about organization change. Most of them will even admit it. So, to whom do they turn to for help? Many turn to their HR people, and, unfortunately, do not receive adequate guidance. I would, therefore, add this capability to Erickson's list.

1. Lawler, E.E. III, C.G. Worley and J. Porras (2006). *Built to Change: How to Achieve Sustained Organizational Effectiveness*. San Francisco: Jossey-Bass.

## The Future of Work—Cubed

Kevin Rubens, Senior Vice President  
Aon Consulting

The economic miracle of the last 25 years produced a worldwide boom in the numbers of scientists, engineers and other professionals. This development, along with advances in computing and telecommunications, fostered the beginnings of a global market for "knowledge workers." This trend will continue to evolve in sync with long-term economic development and population growth. Looking ahead, there is a fresh set of convergent technologies that will enable knowledge workers to collaborate in new ways. To capitalize on the opportunities that these advances present, companies will require innovative human resource strategies and sophisticated organizational models.

During the next two decades, technologies like 3D-TV, interest-driven social networking sites (with capabilities well beyond Facebook or LinkedIn) and virtual environments like Second Life will become ever more prevalent and advanced. In the words of one industry spokesman: "These technologies will blend the

interactive networking capabilities of the Internet with the sensory impact of television."

Other important breakthroughs are coming. Economists credit the exponential increase in silicon-based computing power as a major contributor to the productivity gains we have seen during the last generation. Many scientists believe that quantum-based computers are the next step. Quantum computers will reduce the time to solve some complex problems from years to seconds, and quantum algorithms will lead to radical improvements in the efficiency of data search.

The World Wide Web, coupled with ever more powerful search algorithms, will provide access to an expanding universe of data. Google's Larry Page and Sergey Brin aspire to nothing less than organizing all of the information in the world within 20 years. Add in speech recognition and translation software, and this world of information will be accessible to everyone.

The confluence of these three dynamic factors—a growing global market of knowledge workers; technological advances that further enable networked problem solving; and universal access to information—already has begun to transform how people work and how value is created.

Today's computer, Internet and telecommunications technologies offer only a glimpse of what is coming. Within a decade, geographically disbursed, multilingual, multicultural teams will be able to come together in virtual 3-dimensional environments to share ideas, solve problems and make decisions with instant access to information and experts located anywhere in the world.

These emergent technologies not only will facilitate greater communication among the pool of knowledge workers, they will become the world's primary educational media and repositories of original sources. As the arrival of Wikipedia demonstrates, in a networked economy, information grows as it is shared. Soon, people will be able to explore ideas, develop new concepts and learn in ways that will be revolutionary. ►

## perspectives – point/counterpoint

Companies like IBM already are building and operating virtual training facilities and project team “war rooms.” Corporate headquarters that exist within the virtual space will follow. Historians, archeologists, cultural anthropologists, designers, architects, multimedia specialists and linguists may be at work building three-dimensional re-creations of first-century Rome or 21st-century Shanghai—settings that can be used for virtual company retreats as well as for primary school field trips.

If this seems far-fetched, recall that only 25 years ago the first laptops appeared, cell phones weighed 8.5 pounds and were carried in a bag, and the Internet was in its infancy. Networking meant meeting people for cocktails.

The future landscape has profound implications for human resources and organization design. Workforce segmentation will be at the core of human capital strategy. The approach may be based on individualized considerations related to role, geography, generation, skills, value or other characteristics. For example, strategies related to talent acquisition and remuneration will be much more tailored to the different roles within a firm than they are today. Companies will have to be tuned-in to which jobs are tied to the local labor market and which are globally competitive.

It will be critical to interpret current market intelligence and monitor internal trends. For many workers, company affiliation will be less important than their professional or network affiliations. This means that firms will have to find ever more creative ways to secure and retain committed talent.

Successful organizations will be network-oriented and informally structured. Greater adaptability will be required to accommodate rapidly changing business models and gain access to required skills. It will be key to quickly assemble flexible internal and external teams to work on product design, solve customer problems or take advantage of emerging market. Future organizations will redefine their core staff requirements and seek ad hoc partnerships and alliances

to supply non-core skills. Social Network Analysis and Dynamic Network Analysis will become an integrated part of Organizational Analysis. In time, new ways of assessing the value produced by formal and informal “Value Nets” will drive investment decisions, much as predicted return on capital does today.

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As this unfolds, a new type of leader will emerge. If the author Eamonn Kelly is correct in his prediction that “the future economy is about knowledge and relationships,” it follows that organizations will need leaders who are able to build and sustain networks, manage diverse teams and lead across cultures. Tomorrow’s leaders also will need the capacity to process ever-greater amounts of information and formulate sound decisions based on a more complex set of inputs. Finally, the next generation of leaders will have to be as comfortable operating in virtual space as they are within the confines of bricks and mortar.

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### The Chinese Context

Arthur Yeung, Associate Dean and  
Phillips Chair Professor  
China Europe International Business School

I must say Erickson's ideas and questions are truly provocative and futuristic. Erickson challenges our conventional wisdom of how employees should be managed, selected, developed, promoted, assessed, rewarded, retired and even defined in the face of pervasive technology capabilities, prevalence of



knowledge-based jobs and changing demographics/needs of talent. In some senses, such changes are similar to “disruptive technologies” to an entrenched management model: They bring a major paradigm shift in how talent is managed. While I intuitively agree that such powerful trends will inevitably redefine how our jobs will be performed and talent “managed,” the questions that deserve pondering are “when,” “how much” and “how” such changes will happen, especially in the context of the Chinese business environment.

Anticipating the timing and extent of disruptive changes is never easy. Popularized by the book *Future Shock*, written by Alvin Toffler in 1970, people started to hypothesize in the last few decades of the 20th century how work would be done differently by the year 2000. Given the radical improvements in productivity and connectivity created by technology, people started to fantasize about the ability of employees to work three or four days per week, anywhere, anytime. While parts of the prediction happened (e.g., improved work mobility due to connectivity), the dream of working three or four days per week did not materialize. On the contrary, people work at least as hard as before, if not more, as the boundary between work and life further blurs.

Will the potential work changes posed by Erickson’s questions happen in China in the next several decades? Maybe. But one thing is for sure: These changes will take longer and may not be as sweeping as predicted. As Chinese workforces are still predominantly populated by blue collar workers working in the labor-intensive manufacturing sector (and with an abundant supply and reserve of *more than 100 million* urban migrants from rural areas to be absorbed in the manufacturing/service sector *every year*), the overall shift to the kind of work and employee arrangement described by Erickson will be very slow.

Nevertheless, I believe these changes may occur sooner in specific functions, firms or industries where work is knowledge based and competition for talent is fierce, such as the R&D function, Internet service firms,

professional service firms, creativity or design industries, etc. Also, among the 12 possible changes raised by Erickson, I anticipate some work and HR changes (e.g., shorter tenure and loyalty, the variety of employment relationships, the role of corporations in education and competition for talent) will be more readily acceptable than others in China.

For example, due to the disconnect between educational curriculum (which is largely theoretical in nature) and corporate needs, many Chinese firms already have played important roles in educating employees to work productively in corporations. Starting from month-long orientation programs that help the “single-child” generation transition smoothly from family/school to work settings in terms of basic work ethic, interpersonal styles, conflict resolution, etc., many Chinese firms are investing another two or three years to help fresh graduates unlearn and relearn basic knowledge, skills and behaviors that are important in business settings through systematic on-the-job training and mentoring. Some corporations even run their own technical schools to ensure a steady supply of qualified workers that are more ready to contribute. Therefore, playing a major role in education is nothing new to many Chinese firms.

Others changes (like titles and career deceleration) will be much more challenging and will not happen without much resistance, partly because they will affect the vested interest of current power holders, and partly because these changes are counter-cultural as Chinese (and other Asian) culture tends to value hierarchy and respect older people. Other changes (like managing career paths laterally) are something many Chinese firms would love to do but don’t know how to do without the right HR infrastructure in place and the buy-in of employees (tied to ingrained cultural values of hierarchy).

Having mentioned these challenges does not mean innovation in work and talent management is not possible in China. Given the scale and magnitude of its workforce, any major change in China takes time. However, the

good news is Chinese entrepreneurs are open to learning and can embrace changes quite quickly once such work and HR innovation prove successful. The tipping point will be the appearance of a few successful role models among Chinese firms (not Western firms) that demonstrate the competitive advantages resulting from such work and HR innovations. While HR professionals can play a role in facilitating such radical transformation, the ultimate success relies on CEOs who are willing to take risks to drive change. At least this is the most likely and pragmatic scenario in China. Influencing CEOs, not HR professionals, is the key to success.

## The Singapore Context

Dr. Alison Eyring, CEO  
*Organisation Solutions*

“Redesigning Your Organization for the Future of Work” raises excellent questions; but my perspective is that to understand ways to redesign our organizations for the future of work, HR leaders would benefit by taking a more macro view of the future and of organization design. To do this, HR leaders might consider the following:

- *There is no such thing as a “future of work.” There are many possible futures of work.*

The author concludes that the context for work in the future will be shaped by recent developments in demographics and technology. No one can argue with these points. However, HR leaders should not fall into the trap of thinking that past (or even recent) trends will predict the future, nor that we can accurately predict that future. Scenario planning draws out key forces shaping the future and then defines a number of alternative worlds that may unfold. Understanding these worlds and their implications allows policy and other decision makers to develop robust business, organization and people strategies to prepare for success across potential worlds.

In our work, we’ve seen that scenario planning isn’t just an exercise in theory. It can help make practical organization ➤

## perspectives – point/counterpoint

design decisions, such as determining whether to structure functional groups along country or business lines or where to accelerate development.

- **Organization design encompasses far more than talent management processes.** The useful questions posed by the author relate primarily to attracting, developing, managing and retaining people. In addition, HR leaders must help shape the design of the future organization more broadly. For example, global supply-chain-management practices rose in a world of low energy/transportation prices. If cheap energy were to go away, would global organizations need to rethink where they source products? Would manufacturing return to local plants and not global manufacturing systems? Such decisions are core to designing future organizations; and HR should be part of this conversation as well.
- **Demographic trends and workforce values in the United States are not necessarily true for the rest of the world.** HR leaders cannot assume that workforce trends in terms of shape and values can be generalized across different markets. Each country has a workforce with its own characteristics; and each country will be impacted differently as the global economy ebbs and flows during the coming decades. Understanding how the future will play out for different countries is important for most businesses – regardless of their own HQ nationality. In turn, this can drive decisions around structure, HR policy and practice, choices to outsource or offshore and where and how to innovate.
- **The impact of technology and the ability to drive down the cost of collaboration are impacted by culture.** Technology has revolutionized the way we work and will continue to do so. Most recently, “Web 2.0” and the promise of virtual collaboration across companies and communities have gained great popularity. Our experience and research in Asia on geographically distributed workgroups indicate that the promise of collaborative technologies is greater than the delivery. Too often trust is destroyed and

relationships damaged when tools are used inappropriately. Seldom is the quality of the ideas shared as rich and effective as when the sharing takes place face-to-face or following the development of a relationship. We’ll need to see significant changes in how organizations actually design work and work groups to be effective remotely before cost reductions are achieved.

### Taking Action

The author calls on HR leaders to develop general capabilities (such as a willingness to bring fresh perspectives to old assumptions) and specific capabilities (such as strategic thinking, particularly scenario development). To develop these capabilities, HR leaders might try the following:

1. Challenge spoken and unspoken assumptions about what is “true” in the world that determines where the company operates, what work is done where and what types of people are needed to get the work done.
2. Spend less time extrapolating past trends into the future and more time thinking about what we don’t know that could have a radical impact on how we organize ourselves.
3. Include more voices in discussions on the future. The design of organizations in the United States and the future of U.S. work are inextricably connected to what happens in the rest of the world.

### The Indian Context

Geetanjalii Parmar, Management Associate  
AIG

Tamara Erickson’s article, “Redesigning Your Organization for the Future of Work,” is inspiring and provides good foresight into what may be termed as a “non-traditional work environment.” Her principles and trends challenge the design and practices of most modern-day organizations. As a Millennial, I fully support the ideology behind

Erickson’s recommendations. The changing business and economic landscape stipulates such revitalization and rejuvenation of organizational structures, roles and processes.

Would these fundamental talent management approaches work in the Indian business environment? No easy answers here. Would the Indian workforce welcome these structures and processes? Within certain industries and certain generations, of course! Although India has borrowed technology, organization structures and management practices from countries of the West, it’s usually not enough to take practices that work in one culture and apply them in another.

Therefore, institutionalizing practices like lateral moves and titles will challenge the age-old belief of maintaining status quo within the Indian society. Nothing can replace a “promotion” for an employee, not even a raise, let alone a lateral move. Promotion for an employee is considered to be an uplifting of the individual in the society, which plays a major role in his motivation. The challenge and variety in the job takes a back seat if the employee is not considered as “growing.” A manager in a large organization will still be looked down upon when compared to a General Manager in a small organization. So the “name” or “title” does play a major role in our country.

Does a career need to be continuous and linear? This would really not work in the Indian scenario. Unlike the West, once Indian employees get out of the job, whether in their “forties or after retirement,” it is very difficult for them to come back and work. The majority of individuals will not be able to manage a break in service/employment. Whatever advancement in technology, process automation or outsourcing happens, you will not be able to limit the employment opportunities in India. Thus contrary to what Erickson states, the need for permanent staff is never going to come down, and all organizations are ready to invest in it.

Teamwork is the rule of the day in India. A manager with effective leadership and team working skills is preferred over the subject



matter expert. Here Erickson is predicting the future, but in India it's a reality for the last decade. A team headed by a defined leader is usually more permanent in nature and is accountable for the achievement of defined areas of performance. It is indeed teamwork where "purposefully interacting, vigilant, agile and resilient individuals" lend support to the achievement of the larger visions and goals of the organization.

The decade of the nineties for Indian business organizations was both dramatic and traumatic. India borrowed technology, organization structures and management practices from Japan and Western countries. The underlying assumptions of how technology and management practices ought to work are anchored in their respective cultures. The internalization of borrowed technologies and organization structures in India has been accomplished with the critical input from human resources. HR professionals rose to the challenge and have played a key role in facilitating and building high performing, synergized teams, whose core competencies were in handling ambiguity in a rapidly changing work environment.

## The European Context

*Pam Hurley, Managing Director,  
Tosca Consulting Group, UK*

As I write this, newspaper headlines continue to be dominated by the global economic meltdown. Each day the news treats us to the latest moves by Paulson, Merkel, Sarkozy, Brown and others to stave off the devastating implications of a deep and prolonged world recession. Meanwhile, Iceland is looking to both Russia and the IMF to cover some big bets that have gone wrong, and the screens of the Asian stock markets are following their Western counterparts in turning red. Of course, 2008 will go down in history as a remarkable year for the markets and several household name institutions, and as a ruinous year for many who were employed by them. But is it really the end of the world, as we know it?

The world as we know it is what we see through our own particular lens. That lens is coloured by our personal experiences, upbringing, national culture and a myriad of other factors. The world viewed through the lens of a 50-year-old American citizen working in, say, Michigan looks very different from that of a young miner in Botswana or an entrepreneur in Chennai. I was struck in reading the article "Redesigning Your Organization for the Future of Work" by the strength of the lens through which it views the world. The article seeks to explore the world of work of the next several decades and yet it reads to me very much as work in North America in 2008.

Here are a few factors that seem to be missing from the equation:

- Of the 470 million or so new jobs that will be created in the world between 2005 and 2020, just 2.6 percent or 12.5 million of them will be located in the United States. More than 200 million of the new jobs—over 40 percent—will be in India and China.
- The 25 percent of China's population with the highest IQs and the 28 percent of India's population with the highest IQs are each greater than the total population of North America today.
- A U.S. student today will have had 10-14 jobs by the age of 38.
- The population of Europe, especially Spain, Italy and Germany, is getting smaller – as well as older.
- Between 2000 and 2005, the BRIC countries – Brazil and Russia along with India and China – contributed almost 30 percent of global growth in U.S. dollar terms; the Chinese economy is growing at 11 percent per annum.
- Roughly one of every 35 persons in the world is a migrant, and their number is growing at almost 3 percent annually.

I could go on but I hope you already get the picture. I'm not brave enough to try to look several decades out; 2018 is far enough for me. So what can HR do to contribute to busi-

ness success over the next decade? First and fundamentally, understand the business you're operating in. This issue has itself been around for at least a decade and yet survey after survey shows that most line managers – and many in HR – still do not think HR understands the business well enough to deliver what's required.

Second, become a true expert in a specific area that is key to business success. For example, if Generation Y (those born since 1980) will be a really important part of your workforce, develop genuine expertise in what will attract, retain and fully engage them and design programmes that will enable them to move on and out when they want to—and back in again, bringing you their extra skills and experience.

Third, focus hard on what is known as talent management. We all know that the capabilities of our workforce are going to be more critical than ever to business success as the only real differentiator. For Gen Y high-fliers the concept of talent *management* is an oxymoron—they just need an environment where they can see clearly what assignments are on offer and go for those that are a good fit. For experienced or aspiring international managers, the need may be more to provide access to cultural awareness programmes, to prevent them being trapped in one location, or to ensure that life as well career aspirations are recognised. And for those who don't aspire to global high-flying—often the majority—recognise that they too have valuable talent.

Above all, keep your head up and keep looking around you. Be prepared to raise—and answer—questions about the opportunities and threats of doing business with new partners, in new regions, of collaborating with colleges, of adopting new technology to ease team communication and so on. Make sure your binoculars are powerful and trained on the world.

## perspectives – point/counterpoint

### On the Future of Work – and HR

Yochanan Altman, Professor of International HRM, London Metropolitan University and the University of Paris (Pantheon-Assas), and Founding Editor of the Journal of Management, Spirituality & Religion

“It is the best of times; it is the worst of times.” I can’t resist paraphrasing Dickens’ unforgettable opening line to *A Tale of Two Cities*, as the grimmest economic climate for 80 years has descended upon us. In Europe, the end of the “Anglo-Saxon Century” is lamented/celebrated (tick your choice); the BRIC countries are jostling to reposition the pecking order of the global economy; and on a dull autumnal London morning, writing this piece, the future looks particularly glum. Well, you will say, that may account for “the worst of all times,” but what about the other half of the quote? My answer is that these testing times may also accord an opportunity to the HR profession to change direction. The collapse of financial markets has brought to the attention of the public and policy makers the risks of the relentless drive to maximise profit, or “the bottom line,” at all costs (sic); a drive in which the HR profession has acted as a willing agent in the pursuit of the much coveted mantle of a “business partner” (as elusive as the golden fleece, I may add). So here is the silver lining in the current storm. But let me come to that later.

I was asked to comment on Tamara Erickson’s discourse on the Future of Work. Peering into the looking glass, she sees a dynamic global economy with a demand for highly skilled talent. I like very much the questions/challenges she poses for us to ponder:

- how to enable career progression in flatter organizational structures;
- how to minimise formalization (e.g., roles, titles);
- how to prevent rigid age categorization (retirement age as a fixed chronology); and

- how to flexibly manage a career over a life span (with interim sabbaticals and life-work balancing).

Erickson convincingly argues that the very notions of “employee” and “job” may need to be redefined, with boundaries between work and non-work, home and office, increasingly

cleaners, rubbish collectors – that keep the megalopolises of New York, Los Angeles, London, going; as well as Riyadh, Hong Kong, Buenos Aires, Cape Town – facilitating the said “talent” to pursue their middle-class careers and life styles. The pyramidal demographics actually stay intact, except that, iceberg like, their base seems invisible. The

The collapse of financial markets has brought to the attention of the public and policy makers the risks of the relentless drive to maximise profit, or ‘the bottom line,’ at all costs (sic); a drive in which the HR profession has acted as a willing agent in the pursuit of the much coveted mantle of a ‘business partner’ (as elusive as the golden fleece, I may add).

becoming blurred; and with the facilities of information technology making working time configuration obsolete. Consequently, issues such as performance (short-term, intermediate and long-term), management (of virtual non-standard employees), reporting (organizations without fixed structures) and formal and informal learning (corporate universities) should to be re-thought from scratch.

I fully concur with her on all of these. However, I take a different trajectory on two fundamental issues: the shape of the demographics of the future, and the challenge facing the HR function.

It is conventional wisdom that historical, pyramidal demographics have long gone. No more a wide younger generation base supporting older generations with the elderly at the (narrow) top. This indeed is so, but only if one counts the official numbers of the legal labour force. What official statistics do not reveal is the unaccounted for clandestine armies of illegal and semi-legal hotel maids, bar attendants, nannies, construction workers, taxi drivers, hospital auxiliaries, office

challenge in the decades to come would be to bring these unaccounted millions into the realm of legality and human rights, into the formal economy and civic society. Perhaps this is a mission for the HR profession? Which brings me to my second point of contention.

Erickson wants to see HR leaders endowed with business leadership skills: strategic thinking, finance and business acumen, and proficiency with metrics, marketing and branding savvy. Noble competences and important too, except that they have little to do with the essence of HR, which ought to be to work with, service and help **people** in organizations (of all kinds, not just top management). The future of HR will not lie in pursuing business partnership status by applying the balanced scorecard to anything on two legs that moves. The future of HR is in championing the rights, needs, aspirations and dreams of **all** the talent that comes under their organizational umbrella. That way HR may make a contribution to the future of work too. **P&S**