

Preparing for the Workplace of the Future

Ray Weinberg



Introduction

“The future ain’t what it used to be.” The famous words of Yogi Berra best depict what’s in store for supervisors and managers. Dynamic change, both in speed and direction, will be the norm for the next decade. How supervisors and managers deal with this change will ultimately determine their success. This article will highlight forces affecting our economy, workforce, organization and jobs. Concrete recommendations are provided to help supervisors deal with these forces and adapt to this change.

Forces Shaping the American Economy

The American economy will be heavily impacted by four major forces in the next 20 years. These forces include technology, globalization, deregulation, and the movement from producing goods to producing services. These economic forces will affect every organization, every single supervisor, and every employee.

Technological Change

Nothing has impacted the economy and jobs more than technology. Not since the beginning of the industrial revolution 250 years ago have we seen such a massive change in our workplaces. In 1987, Microsoft’s Bill Gates stated “20 megabytes ought to be big enough for anybody.” Times have changed and 20 megabytes won’t come close in today’s computing machines. Technology continues to impact us in ways that we haven’t thought of.

The boom of information technology has both created and destroyed jobs. Every job in the United States is impacted by technology. Technology explains much of our job growth and job loss. Technology also has accounted for much of the productivity increases in the United States. This situation will continue in the future.

We can expect the following:

- Technology will continue to increase productivity and cause jobs to be created and to disappear simultaneously. Organizations and workers will have to embrace technology as a means of survival.

- Our computer industry has changed from manufacturing computers to providing computer services. As a result, new and better jobs requiring higher skills are being created.
- Shifts in the production of information technology will move overseas. The United States will become the provider of information services.

Technology will change the way we communicate. It will change our interactions with others. Expect everything to be wireless and interconnected.

Globalization

Every area in the American economy is affected by globalization. The amount of foreign trade continues to increase year by year. As a result, America will face continuing pressure to expand its import/export relationship. Beyond import and exports, one can expect a significant shift in foreign trade. It is predicted in the next 20 years that five of the six fastest growing economies will be from Asia with the United States representing the sixth. The challenge is learning how to do business in a global economy. Globalization will impact us all. The challenge will be for the U.S. to be globally competitive.

Deregulation

Another factor that will impact American business is deregulation. There is a continuing effort to deregulate and liberalize markets both here and abroad. Direct government interference in the economy has decreased as have official barriers that limited the free play of market forces. While the degree of deregulation has varied among nations, the trend clearly is toward greater economic freedom. This means that there will be fewer restrictions on international trade and easier convertibility of currencies (we have already seen this with the Euro). There also will be a greater reliance on private ownership as a spur on economic growth and an increase in acceptance of foreign investments. Institutions such as the International Monetary Fund, the World Bank, and the World Trade Organization will grow in prominence.

Too often in the U.S. we have not fully appreciated the impact of globalization. Globalization will increase U.S. consumption of imported goods and services produced by lower skilled work-

ers elsewhere. As a result there will be less demand for low-skilled workers who produce comparable goods and services domestically. The rapidly changing U.S. economy will be hard on low-skilled workers who cannot adapt to these changes.

An offset to this reduction in demand for low-skilled workers will be expanding the demand for local services. One can expect a growth of the segment of the market of low and moderate skills that fuel our personal-service economy.

Shift to Goods and Services

There will be a continuing shift of the U.S. economy away from manufacturing and toward the provision of goods and services. One can expect that the growth of technology will shift U.S. manufacturing to require a more highly skilled workforce. Manufacturing is projected to grow but will decline as a percentage of the United States gross domestic product.

Forces Facing the American Workforce

The previous decade saw a significant change in the makeup of the American workforce. These changes will continue on into the future. Workforce demographics will change as it relates to gender, age, and ethnicity.

Gender

The last four decades have seen a significant change in the gender makeup of the American workforce. In 1960 only 18.6% of U.S. workers were women. By 1985, the number stood at 53.4%. Workforce 2020, a study conducted by the Hudson Institute on changes in work and workers in the 21st century, predicts that two-thirds of the new entrants into the workforce will be women.

Because of the increase in females in the workforce, major changes will have to take place in organizations. On-site child care, family-friendly policies, expanded leaves, and flexible benefits are just a few of the employer-initiated policies which will be necessary. Issues of gender pay equity, sexual harassment, glass ceiling, and gender communications will proliferate the new world of work.

Age

We are now experiencing the baby boom generation. The baby boomers are far more numerous than those born earlier or later. Better health care, diets, and lifestyles have prolonged life expectancies resulting in a remarkable increase in the number of people living longer. The number of Americans age 75 and older has jumped 48% in the last 20 years compared with a total population growth of just 16%. This surge in the older population, coupled with more generous financial support for retirement, has already increased demand for products and services desired by the elderly. It also has put a significant strain on America's Social Security system.

What does this mean for the managers of the workforces of the future? It means that organizations will be faced by the challenges of how to fully utilize older workers. Maintaining the dynamics of an aging workforce will be key to the future.

Managers and supervisors will have to spend a great deal of time on upgrading skills of senior workers. Significant pressures will be brought to bear on retirement plans. Phased-in retirement and retirees returning to work will mark the next 20 years.

Ethnicity

America is becoming more ethnically diversified. Minorities entering the workforce will replace exiting nonminority workers. Minorities will constitute slightly more than half of the new entrants into our workforce. As a result, it will create challenges for managers to supervise a diverse workforce. Understanding, appreciating, and optimizing differences in people will become the keys to effective management.

Forces Affecting Jobs

Three forces will significantly affect jobs in the future. They include the combination of low and high employment existing at the same time, the skills gap necessary for a competitive workforce, and the end of the traditional job as we know it today.

Low and High Unemployment

Given the changes to the U.S. economy, we will experience a workforce with both high and low unemployment at the same time. There will be low unemployment for those individuals who are highly skilled. Demand for highly skilled individuals (particularly technical skills) will be at an all-time high. There will be significant shortage of these workers. At the same time, there will be high unemployment for those with low skills. Most low-skilled jobs will be serving local markets as opposed to global markets. Dealing with both low and high employment will be a challenge for public policy makers in the next decade. If this gap isn't closed, it will create a major misdistribution of income in our society.

The Skills Gap

One study found that in 1998, the United States graduated 750,000 high school seniors who could not read or write at the level necessary to complete a one-page employment application. Couple this with a national high school dropout rate of close to 50% and it is a sad prescription for the U.S. economy. The challenge becomes for educational institutions and employers to find ways of increasing the skills of our youth and those already employed. In the next ten years it will be routine for employers to offer basic remedial skills in reading, writing, and mathematics for workers. Workforce skill development will become a necessity for the United States to maintain its competitiveness on a global level. School-to-work programs must become the prevalent model of the future.

End of Traditional Jobs

Undoubtedly, changes going on within organizations and the economy will require greater flexibility. The traditional jobs with highly defined job descriptions will probably be a casualty for this need for greater flexibility. Instead, one can expect

more flexible work descriptions. In fact, a number of organizations have changed from traditional job descriptions (that explain what a person does) to role descriptions (that explain what value a person adds). A role description defines the job in terms of its general functionality and the competencies needed to successfully perform that function. How a person meets those functional responsibilities is a matter of preference for the person fulfilling the role. Roles can help organizations create a more skilled and multitalented workforce that is adaptable to quickly changing dynamics.

Forces Affecting Organizations

Three major forces will affect organizations in the future—the drive to be leaner, eraser of boundaries, and the use of core and contingent workforces.

Leaner Organizations

Beginning in the 1980s, U.S. organizations saw a major emphasis toward becoming leaner and less hierarchical. Reengineering, mergers and acquisitions, restructuring, outsourcing, and technology have contributed toward a layering of organizations. The organizations in the future will be flatter and more flexible. Human resource processes will have to change to the new leaner organization. The challenge will be how to reward employees without the use of the traditional promotion.

Boundaryless Organizations

In an insightful book entitled *Boundaryless Organizations* by Ashkenas, Ulrich, Jick, and Kerr, it was proposed that the organization of the future would be more fluid and see a movement away from rigid boundaries. Four distinct boundaries of organizations will become more blurred.

Vertical boundaries (the hierarchy), horizontal boundaries (between departments), geographical boundaries (between regions and countries), and external boundaries (between the organization and the community) will be harder to define. Organizations will operate on a new set of criteria dictated by speed and adaptability.

Core and Contingent Workers

Charles Handy, a renowned English management author, envisions a shamrock organization. The first leaf of the clover has a small group of core workers who represent the stable part of the organization and possess critical competencies necessary for the organization's success. The second leaf includes contingent workers, full- and part-timers, brought in on a temporary basis to meet business conditions. The third leaf includes independent contractors, such as consultants, who complete specific expertise projects. The managers and supervisors of the future must effectively deal with these three different groups of human resources.

Challenges for Supervisors and Managers

Given the changes in the U.S. economy, workforce demographics, organizations and jobs, managers and supervisors will be faced

with significant challenges. The challenges and the response of managers will be keys to their success in the future.

The Psychological Contract

For years, employers and employees have had a psychological contract. A psychological contract is an unwritten understanding between employees and employers regarding expectations. It frames the very essence of the employment relationship. Previously, employees expected a long-term relationship. This relationship was based on mutual trust and commitment.

Today's psychological contract is being rewritten. Newspaper headlines reflect numerous instances of the breaking down of psychological contracts. The concept of job security doesn't seem to fit with today's dynamic business environment. The challenge for managers and supervisors will be to help reshape this psychological contract.

There has been much debate over whether loyalty has eroded in the workplace. It may be that loyalty has not eroded, but changed. Employees are not as loyal to the organization as they once were. Instead, loyalty to product or service, to client or customer, or to profession has replaced loyalty to the employer. Supervisors will have to find ways to use these new loyalties to increase performance and retain key talent.

Market-Driven Workforce

Given the shortage of highly skilled workers, organizations are faced with moving from a "buyer's market" to a "seller's market." To attract and retain key talent in this new marketplace, it will be important for organizations to design systems to meet individual needs as opposed to group needs. Much like the concept of free agency in professional sports, tomorrow's workforce will require that same level of personalization in how they are treated. Managers and supervisors must be given the flexibility of treating each employee given his/her unique circumstances. The prior ways of "one size fits all" will not work in this new market-driven workforce.

Growth

There is a common misperception that employees voluntarily leave an organization as a result of pay and benefits. The truth of the matter is that most employees value growth opportunities over and above other types of rewards in an organization. The challenge for managers and supervisors will be to provide these growth opportunities. Examples could include the development of career ladders and paths, training in broad-based competencies that can be used across a number of different roles, providing employees "stretch" assignments, and creating alternative methods of employee learning. Managers and supervisors must be able to meet the growth needs of employees to retain key talent in their organizations.

Personalized Rewards

This market-driven workforce is going to demand reward plans that are based on employees' individual needs. Group reward systems, such as traditional pay plans, will not meet the needs of this workforce. Instead, employees will have to be provided a "cafeteria style" reward package that will be

tailored to their individual and unique situation. Supervisors and managers will have to be trained in how to ensure that reward packages are fair in relationship to the contributions made by employees. There will be a movement away from job-based pay plans (such as job evaluation plans) to person-based pay plans. These person-based pay plans pay people based on knowledge, skills, or competencies. Such person-based pay plans will allow employees to grow financially without providing promotions. Coupled with growth opportunities, these reward plans will meet the needs of the free-agent worker.

Supervisory Competencies

The supervisor and manager of the future must be adaptable to the changes they are facing. The traditional supervisory training will be replaced by development of broader-based competencies that will provide supervisors with the tools to change the supervisory styles to constantly developing situations. The supervisory competencies of the future will involve such factors as impact and influence, achievement orientation, teamwork and cooperation, analytical thinking, developing self and others, directiveness and assertiveness, information seeking, team leadership, and conceptual thinking. The development of these competencies will allow supervisors to have the maximum influence for constantly changing situations.

Flexible Work Arrangements

A final challenge for supervisors will be in creating flexible working arrangements. Practices such as flextime, job sharing, telecommunicating, family-friendly benefits, and convenience benefits will be predominate in our organizations. Supervisors must be able to adapt to the new workplace.

Conclusion

Bob Dylan once wrote “the times they are a changing.” The old rules of supervision must change. New behaviors must be learned. New mind-sets must be established. New relationships must be managed. In technology jargon, “press control-alt-delete” and erase your memory banks. You are going to have to be reprogrammed for this new workplace!

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A Critical Examination of the Human Resources Function

A Help or Hindrance to Employee Relations and Job Performance?

Norman J. Smallwood

Most organizations have a Human Resources (HR) Department. There is a significant variance in role and effectiveness of the HR function by organization. In this article, the purpose is to examine several pertinent questions about the HR function to identify what is helpful and what is counter-productive. The specific questions addressed are:

1. What are the underpinnings of effective employee relations and job performance?
2. How should the HR function contribute in establishing and sustaining these essential underpinnings?
3. What are the common practices in the HR function that hinder personnel relations and job performance?
4. Who has the primary responsibility for assuring effective employee relations and job performance?
5. What should the HR responsibility be in an organization with unionized employees?
6. Is an HR Department really necessary?

What Are the Underpinnings of Effective Employee Relations and Job Performance?

1. *Recruiting:* Effective employee relations and job performance start with competent recruiting. The ability to identify well-adjusted people with the potential to fit and contribute in the organization is essential. Recruiting practices that rely solely on the traditional interview process are not adequate. Simulation techniques to observe candidate attributes in a dynamic process are necessary to make valid determinations.
2. *New Employee Orientation:* Each new employee should receive a thorough introductory orientation about the salient aspects of the organization and how he or she is expected to contribute to the organization's future success. The orientation is best given by someone in a top leadership position who is capable of giving an excellent presentation and conveying the high level of respect that every employee should be given.
3. *Gaining the Skills to Do the Job:* Self-directed learning is the best approach for employees to gain the skills

necessary to meet the job responsibilities. To learn a new job or skill, the end expectations are clearly defined. The key learning tasks are outlined. The people who are capable of being instructors are listed. And, the person or persons responsible for conducting the qualification to assure mastery of the learning are designated. The normal time required to accomplish the learning is given. With this framework established, the student is responsible to manage the process of learning and successfully qualifying. Qualification is akin to a combination of rigorous testing, show and tell, and oral thesis. By use of this learning system, employees can gain the necessary skills quickly. With a six-week to two-month self-directed learning program, an employee can reach a level of competence that would require years or not at all in many organizations.

4. *Motivation:* Ordinary people have "superstar" capability if the proper motivation system is provided. Every job must be defined in terms of ownership of a unit of the total business. In operating a business unit, the owner has customers and suppliers. Each owner must understand their customers' needs in terms of delivery time, quantity, quality, and cost. The other factors essential to operate a profitable business are personnel and process safety, equipment reliability (operation and maintenance requirements), continual improvement, and regulatory compliance. To be successful, each business unit owner needs to have an acute awareness of time management with respect to differentiating between adding value, not adding value, and complete waste. On these important elements of ownership, the score must be kept in real time. Score keeping is both the driving force for and focal point of employee motivation. People like to win. By knowing the score, employees will manage their business unit to win. Finally, score keeping enables timely recognition—complimentary recognition for winning and productive coaching if the goals are not being achieved.

5. *Compensation*: As established by the investigations of Frederick Herzberg, pay and benefits are not a motivator. But, compensation must be equitable or it will become a great dissatisfier. Great care must be taken to provide a compensation system that is fair with respect to the job marketplace and the employee's perception. It is the author's belief that compensation should be linked to the organization's ability to pay and to the skills that each employee brings to the job. Base pay for each employee is then established on skill qualifications. Performance pay is provided on the basis of the total business profitability.
6. *Teamwork*: Teamwork is vital to leverage the employee contribution in every business venture. Achieving superior teamwork, like in sports, is significant in gaining a competitive advantage. Teamwork does not just happen. It occurs by a deliberate developmental process. To optimize performance, teams should be self-directed and work effectively across boundaries with other teams. The team development process involves the following elements:
 - a. Learning and applying a universal teamwork model (followed by every team in the organization including the top leadership team).
 - b. Defining the team mission consistent with the organization mission.
 - c. Establishing the specific objectives needed to accomplish the mission.
 - d. Identifying the values that are the basis for individual and team behavior.
 - e. Reaching agreement upon working-relationship expectations between each team member.
 - f. Deciding and documenting the team operating principles consistent with the team values and the commonly shared expectations.
 - g. Engaging in a feedback process to achieve and sustain interdependence.

How Should the HR Function Contribute in Establishing and Sustaining these Essential Underpinnings?

To be effective, HR should essentially function in a background mode to provide the support specified to assure that the responsibility for HR management is met by every manager. In this role, the typical responsibilities of HR will include the following:

1. Teach the recruiting process and participate as requested, but not manage the process. Recruiting must be managed and conducted by the team with the vacancy.
2. Conduct compensation surveys to have valid information available for the determination of pay and benefits.
3. Administer the employee benefits program.

4. Keep up-to-date on regulatory requirements pertaining to human resources. Assure that the management team is fully informed on these regulations.
5. Maintain employee records.

What Are the Common Practices in the HR Function that Hinder Personnel Relations and Job Performance?

In too many organizations, the HR function gets too involved in personnel management matters due to abdication by the management/supervision that should be directly responsible. This is a formula for poor employee relations and poor job performance. The specific manifestations of this abdication are reflected by the following:

1. *Recruiting*: The process of recruiting is largely conducted by HR in the majority of organizations. In high-performance enterprises, recruiting is conducted by the team where the vacancy occurs. There are many collateral benefits gained from that team managing and conducting the recruiting process. For example, when team members conduct the process, they introspectively examine their own behavior and performance level while assessing the candidates. This is an invaluable renewal benefit.
2. *Skill Development*: Often, the HR function is given the responsibility for employee skill development. HR is incapable of that responsibility except for the specific skills held by the HR team members. Skill development is the responsibility of every employee in the role of student, teacher, or qualifier.
3. *Job Descriptions*: The responsibility for job descriptions is often assigned to the HR function. This is another misplaced responsibility. A job description should be prepared by the person directly knowledgeable about the job. The final job description should be prepared by the person occupying the job with review and input from the other members of the team.
4. *Performance Evaluation*: Practically every organization engages in an annual or a semiannual performance evaluation of every employee. The review criteria are often prepared by the HR function. Using the HR criteria, the performance evaluation is prepared and presented to each employee by their supervisor. Most people acknowledge that the performance evaluation process handled in this manner is counterproductive. There is more harm resulting from this process than constructive benefit. In the few organizations of excellence, the criteria for performance review originate from a broad base of contributors. Then, for the actual performance evaluation, it is a two-way process conducted between supervisor and subordinate and between peers in each functional team. With this evaluation process, open, honest, and

supportive relationships are developed. And, unproductive performance issues are resolved.

5. *Employee Attitude Surveys*: One of the most counterproductive practices used by some HR functions is the Employee Attitude Survey. The survey may originate from the internal HR organization or some consulting group. There is now sufficient experience from such surveys to predict that the outcome will not be favorable. Expectations raised from the surveys are rarely met. And, new discords and suspicions are developed as the result of the surveys. Instead of engaging in surveys, the effort should be placed on building the infrastructure prescribed under the first question. If properly executed, employees will have an exceptionally positive attitude about the organization and their job.
6. *Disciplinary Matters*: Often, HR is charged with handling employee disciplinary problems. This undercuts the respect for and ability of the management or team members to deal with the matter where it occurs. HR can provide guidance and coaching in handling these matters, but should not get directly involved.
7. *HR Lawyer Syndrome*: Beginning with enactment of the 1964 Civil Rights Act, many HR professionals have become preoccupied with “what can’t be done” instead of focusing on “what needs and can be done.” This pervasive preoccupation has been an impediment to organizational creativity in many cases. Again, the organizational infrastructure described in response to the first question provides the employee-relations climate to minimize the legal hazards.

Who Has the Primary Responsibility for Assuring Effective Employee Relations and Job Performance?

For each business unit, the CEO (president, general manager, plant manager, operations manager, etc.) has the responsibility for assuring that effective employee relations and job performance are the responsibility of everyone. If the CEO does not maintain awareness and adequate personal involvement in the personnel arena, abdication can slowly develop and the HR function can unwittingly usurp control and paralyze the organization. This is not an uncommon problem.

What Should the HR Responsibility Be in an Organization with Unionized Employees?

Avoidance of management-rights erosion is the critical need in dealing with employees represented by a union. Consequently, the most important role of HR in this situation is to assure that every manager and supervisor in the organization is thoroughly knowledgeable of the contract with the union. The contract specifies specifically the rights that manage-

ment has given to the union. All other rights are preserved by the management. Thus, no member of management or supervision can be in a position of misinterpreting the contract and establishing the precedence for the unintended giving up of management rights. Union-contract teaching and application qualification should be the clear responsibility of the HR function.

Is an HR Department Really Necessary?

While most organizations have an HR Department, the need is determined by the capabilities of the leadership and how the organization is structured. For example, if a plant manager is sensitive to and capable of HR functional needs and the personnel infrastructure is similar to what is documented under the first question, an HR Department is not necessary. While in business-unit leadership roles, the author has opted not to have an HR Department.

Where employees are represented by a union, the HR function is essential. The erosion of management rights must be avoided. The HR function can play a critical role to assure that management rights are not given away by improper administration of the contract.

In selecting people to fill positions within the HR Department, it is essential to have people with humility and the capability to be great team players. People with “big egos” (empire builders) are not suitable for the HR function.

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