

Future Shock?

In the current business climate survival is the name of the game particularly for many Irish employers. People costs, being one of the largest business expenses, have been at the top of the cost cutting agenda. Unfortunately, reduced people investment in the short term may lead to irreparable long term damage as an organisations ability to compete when the business climate improves may be undermined.



The success or failure of people strategies will have a decisive impact on which organisations become the successful brands and top employers of the next decade. But how many are looking beyond survival to take a longer term view? **A new report – How the Downturn Will Change the Future of Work (1)** – attempts to map how the current economic crisis will impact the widely accepted shortage of talent predicted in the world of work tomorrow.

This study, the third in the “Managing Tomorrow’s People” series, uses scenario planning to look back from the year 2020. It envisages three different plausible future ‘Worlds’ or organisational business models which could overlap or grow in parallel. Each World is illustrated through a fictitious company and it tells the story of how they emerged from the current crisis in terms of their people strategies. (These three imagined worlds of work are summarised below).

The conclusion from all three scenarios is that, as economies start to stabilise, organisations need to assess whether their people plans - which include the ways people are recruited, rewarded, retained, incentivised, trained and retired - are fit for the future. Preparing for tomorrow means engaging with different groups of employees, making changes to remain sustainable and competitive, and accepting the role of people measurement has never been more critical. Health and wellbeing,



global mobility and technology issues will continue to rise up the corporate agenda. The downturn also presents a shift in performance related pay, which is changing the notion of reward and retirement arrangements for Governments, business leaders and individuals.

As employees increasingly choose employers that fit their own priorities, ideals and lifestyles, businesses need to consider where they fit in terms of the financial and personal benefits they offer and whether or not this is how they want to be positioned in future. Tomorrow’s workforce will have different attitudes and expectations and it is important that Irish based employers create the right conditions to motivate, develop, reward and retain key talent, whether they need them to work at home or abroad. One of Ireland’s key attractions for foreign direct investors has been the strength of our workforce but will Irish businesses be able to attract and retain sufficient numbers of people with the right skills at home?. Looking outward, Irish businesses see expansion into new markets to make up for the lack of domestic demand as a big opportunity but have they contemplated how they will deal with the significant workforce mobility challenges which this presents?.

While it may seem difficult to contemplate right now, for employers the challenge in the future will only increase as the competition for talent is likely to intensify. Employee expectations will



increase and organisations will face these challenges against an even more competitive global market. The decisions taken by organisations today are creating the future legacy and shaping how they will look in 2020. Organisations that have not evolved alongside the new generation of workers will swiftly find themselves left behind.

Whichever scenario is more likely for any given organisation, **what is clear is that the HR function needs to prepare a future strategy to try to avoid tomorrow’s shocks.** Of course no strategy will be absolutely future proof and in trying to make predictions, the wise will do well to recall one time British Prime Minister Harold McMillan’s answer to a question about what might thwart the best of intentions, “Events, dear boy, events!”.

- **Green World** – in this scenario the demands for greater transparency and social responsibility in business will be magnified by the economic crisis and will resonate with the desire for environmental responsibility already present in the green agenda. In this world companies have a powerful social conscience intrinsic to the brand and a ‘green’ sense of responsibility, which is also enforced by governments and regulators.
- **Blue World** - an increased focus on hard people metrics to measure

performance and productivity will evolve as companies look at a long-term reality of having to do more with less. This scenario imagines the performance and efficiency culture necessary for dealing with global companies larger than many individual countries, against the backdrop of the emerging economic superpowers of the developing world.

- **Orange World** - the opportunity for radical new ways of working will emerge through innovation. This scenario takes the concept of outsourcing and globalisation of the workforce to an extreme portfolio working model where workers organise their working lives like individual businesses in a highly networked world ■

(1) *“Managing Tomorrow’s People - How the Downturn Will Change the Future of Work”* (PricewaterhouseCoopers, 2009). Information about the series is available at www.pwc.com/ie/hrs

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	Green World	Blue World	Orange World
Workplace Culture	Focus on socially and environmentally responsible business practices	Fast-paced, global operator, with high performance culture	Flexible and highly networked with a focus on the short-term
Employee profile	‘Your corporate values match mine – I belong here’	‘Only the best work here – I am the best’	‘I will work with you because it suits me right now’
People management style	Coaching and nurturing to promote the right behaviours	HR is a hard discipline, very metrics focussed with rigorous recruitment processes	Emphasis on global talent sourcing, global guilds replace the HR function
Key themes	CS and transparency underpin everything to drive moderate but steady growth	Controlling talent is key, the line between home and work is blurred	Small means agile, innovative and able to adapt to change quickly
Corporate ethos	Sustainable business for a better society	Perform well all of the time and everybody wins	Networks make the world go round