

WHITE PAPER

# people@work/2020

The Future of Work  
and the Changing Workplace –  
Challenges and Issues for  
Australian HR Practitioners

Peter Wilson AM  
National President  
Australian Human Resources Institute  
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#### **Steering Committee**

Peter Wilson AM  
Principal Author and Research Director

Kevin Brown  
Chief HR Officer and Head of Corporate Services  
National Broadband Network Company Limited (Chair)

Bob Barbour  
People and Culture Director  
Lion Nathan National Foods

Andrea Grant  
Group Managing Director, Human Resources  
Telstra Corporation Limited

Colleen Harris  
Executive General Manager, Human Capital Strategy  
National Australia Bank

Jim Nolan  
Vice-President, Human Resources Australia and New Zealand  
GE Corporate

Robert Orth  
Director, Human Resources, Australia/New Zealand  
IBM Australia Limited

# Preface

After nearly three years of research, this Australian Human Resources Institute (AHRI) white paper reviews and assesses the major trends and issues likely to influence people at work by the year 2020, together with expected impacts on workplace structure, performance and professional leadership

The paper draws on scenarios, analyses and reviews by other leading domestic agencies such as the Business Council of Australia, and global organisations such as Rand, MIT, The World Economic Forum and Price Waterhouse Coopers. In no sense does the study try to replicate or compete with research undertaken by those bodies. The approach in the paper has been to use the best-of-breed thinking from within those organisations to draw comparisons and conclusions from across their findings, to calibrate them against AHRI's own research of workplace trends and the HR profession, as well as from global best practice standards in people management.

Our overarching objective for the people practitioners at work is to distill these major pieces of research, thought leadership and other influencers of future change in the workplace into a compendium that describes the nature, shape and dimension of HR practice itself by 2020, in order that the HR profession can maintain its relevance and leadership in guiding sensible, fair and productive workplaces for the people employed within them.

This work would not have been possible without the strong support and counsel provided by a Steering Committee comprising some of the best and most innovative HR leaders in the nation today:

- ▶ Kevin Brown, Chief HR Officer and Head of Corporate Services, National Broadband Network Company Limited (Chair)
- ▶ Bob Barbour, People and Culture Director, Lion Nathan National Foods
- ▶ Andrea Grant Group Managing Director, Human Resources, Telstra Corporation Limited
- ▶ Colleen Harris, Executive General Manager, Human Capital Strategy, National Australia Bank
- ▶ Jim Nolan, Vice-President, Human Resources Australia and New Zealand, GE Corporate
- ▶ Robert Orth, Director, Human Resources, Australia/New Zealand, IBM Australia Limited

On behalf of AHRI, and in my capacity as Research Director and writer of this paper, I would like to place on record and sincerely express my thanks to the members to that Steering Committee for the countless hours they have spent reading drafts and guiding the research with the ultimate aim of having it add value to the professional directions of HR practice in the years ahead. The Steering Committee was drawn from and represented the members of AHRI's National President's Forum (NPF), which is the peak networking group of HR practitioners from the top listed companies on the Australian Stock Exchange (ASX), and other leading global and national companies. The full list of NPF organisations is shown in Appendix 1, as is the national structure of AHRI in Appendix 2. The NPF is an invaluable source of insight and guidance to AHRI's own research as well as the events and professional development programs AHRI provides to the HR profession. Notwithstanding that guidance and advice, the content of this paper cannot be construed as reflecting the views of individual Steering Committee members, their employers or other NPF members. Full responsibility for the content of the paper is accepted by the writer, on behalf of AHRI.

Further this booklet has been well served by the excellent contributions of Dr Peter Saul in his capacity as adviser to the Steering Committee, and also to Sandra Cormack of AHRI who has worked professionally and consistently as its program manager. Paul Begley, Anne-Marie Dolan and Stephanie Regan from AHRI have done excellent work assisting in the editing and production of the final version.

My sincere gratitude is also extended to AHRI CEO Serge Sardo and the National Management Team, AHRI's Board of Directors and State Councils who keep the organisation operating effectively in the provision of services to members, thereby enabling me to spend time on research and issues such as this. Finally I would also like to extend many thanks to my Executive Assistant Amanda Mackey who works cheerfully and tirelessly behind the scenes to make things happen.



**Peter Wilson AM**  
National President  
Australian Human Resources Institute  
peter.wilson@ahri.com.au

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# Executive Summary

This paper concludes that eight forces will determine the structure of the future workplace for individual employees and shape the type of work to be undertaken by the HR profession:

- ▶ Global competition
- ▶ Technological and communication breakthroughs
- ▶ Demand for personal flexibility
- ▶ Skills convergence in multi-disciplinary environments
- ▶ Macroeconomic and demographic changes
- ▶ Global best practice changes in people management
- ▶ Changing business standards e.g. CSR, ethics
- ▶ Government imposition of regulations to quell public fears.

The first seven of these forces have already produced substantially positive effects for economic growth and workplace performance, but they have also combined to produce a breathtaking speed of change to economic, product and labour markets. While government intervention and stimulus almost certainly saved the world from a major economic depression following the 2008 global financial crisis, the last of these eight forces, new impositions of regulation and other forms of government intervention, threaten not only the immediate private sector confidence behind the emergence of a recovery, but also future world economic growth achieving its full potential.

In summary the challenges to workplace management from these eight forces will require future HR practitioners to be known in the 2020 workplace as:

- ▶ **Workplace transformers:** transformers of the structure and conduct of work within a widely distributed set of locations
- ▶ **Balanced work-life integrators:** role models for integration and work-life balance
- ▶ **Next generation talent managers:** a role that requires working through new value sets
- ▶ **Performance rewarders:** rewarders of performance aligned to widely distributed work spaces
- ▶ **Learning architects & builders :** architects, custodians and builders of new capabilities for the new learning places of work
- ▶ **CSR stakeholder marshalls:** the friendly cop for tomorrow's core stakeholder relationships
- ▶ **Engaging communicators:** multi point communication facilitators across the new nine space stations of work, with a priority to maximise engagement of your people
- ▶ **Diversity champions:** cross-cultural integrators and chief inequity busters
- ▶ **Regulatory wizards:** compliance monitors and also advocates for better business outcomes from the regulatory environment

A scorecard of where the HR profession currently stands against the needs of these nine strategic roles is set out at the conclusion of the paper. Finally, some advice is offered to both practitioners and policy makers as to their optimal positioning in order to facilitate better functioning and higher performing workplaces in Australia by the year 2020.

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# Introduction

The world of work is changing rapidly, and so are the resulting challenges for the human resources (HR) profession which has prime responsibility for the systems and practices that businesses use to manage people in the workplace.

The last five years have seen great contrasts in the patterns and overall shape of economic activity, but have also seen extraordinarily rapid changes in the way work gets done, both in Australia and overseas. In the middle of this period the world experienced the global financial crisis (GFC) or the 'Great Recession' as it's called in some quarters. In looking forward to the workplace of 2020, it is probably more useful to build a picture of the future having regard to how governments and businesses have responded to that recession. By and large these responses to the necessary restructuring of the workplace were executed in a more responsible fashion than they had been in the 1990s, primarily because there was a recognition that making changes to people's working lives requires more respect and better communication, in everyone's best interests, and also in order for particular businesses to retain competitive advantage through implementation of the major changes needed with their people. While no-one would wish another GFC on us, or even a second or double dip to follow from the first one, it is clear the rapid pace of economic and business development will continue, and so restructuring and change will be endemic features of how we must go about our work in the future. The GFC was just a more stressful example of what is now expected to be a permanent and recurring feature of life at work.

The structure of this paper is organised as follows:

- ▶ Australia lives in a new global world, where openness, interconnectivity and rapid change thrive. This view of the world is built on scenarios that presume these characteristics will continue rather than a presumption that there will be a move back to more defensively nationalistic and heavily protectionist policies and approaches. Australia's brief profile in this new global world is outlined, noting in particular the preferences of the new workforce entrants, or Gen Y as they are called, who will have begun to occupy senior management and leadership positions in the workplace by 2020. From that point it will be their world to lead and manage and the baby boomer generation will primarily move on to be part-time contributors, mentors and carers in their third age of life. The guiders of the 2020 'C' Suite will be Gen X, whose values are closer to Gen Y, but who will also need to make their own leadership adjustments to this new world of work, and the people in it
- ▶ The current 2010 workplace is briefly described and assessed, with particular reference to:
  - » identification of sustainable economic and labour market trends
  - » how technology in the workplace work has advanced
  - » the shape of the physical workplace
  - » how managing people was impacted by the GFC.
- ▶ Critical expert workplace reviews since 1995 are reviewed, and trends within them are compared to AHRI's research database in order to select those features expected to drive and reshape how work and the workplace will be organised by 2020.
- ▶ Progress within the HR profession is a bit like osmosis: it takes time but the pervasive and indelible effects from recent developments in best practice on all that we do is both inevitable and permanent. Global competition will demand that. In the last 5–10 years there has been enormous progress in the best practices for managing people, with the

greatest exemplar being the annual list of World's Most Admired Companies published by *Fortune magazine* in the US. Of equal impact is that those organisations which adopt these best practices are now being observed to have shareholder value growth that outperforms those still using either Taylorist approaches (see Taylor, 1911). and/or the traditional command and control management models inherited from the US Army in the 1940s. The new best people practices are replacing these two management philosophies and are also well aligned to the values of the next generation. Accordingly, they are beginning to define "sustainable lines in the sand" for HR practitioners in their own approaches, practices and systems for the management of people.

- ▶ A set of complementary trends can be attributed to the great international thinkers and writers of best HR practice such as Ulrich, Hamel, Robinson, Trompenaars, Cascio, Boudreau and Prahalad. They are well positioned at the cutting edge of what people-leadership practices work and seek elimination of practices that don't. Updates from their latest research completes the base line for projecting forward to the world of work in 2020.
- ▶ In the final section of the paper these influences and forces are consolidated and their impacts on the HR profession are summarised with respect to their particular implications for the HR profession and practice by 2020.

The business world is by and large 'getting it' on the importance of excellent people management in the workplace. Presently AHRI estimates a third of organisations demonstrate most of the best people management practices evidenced in the world's leading companies, and another third employ acceptable standards in this field. About a third of organisations, however, are stoically defending 'old games' in people management, but they are also the ones losing the war on talent attraction, development and retention, and are behind in the areas of innovation, market leadership and shareholder value growth.

When he was CEO of the GE corporation, Jack Welch made this observation nearly a decade ago:

**"If you don't have a competitive advantage, don't compete ...  
People are the competitive advantage"**

# Globalisation and Australia

Globalisation is having a dramatic impact on every country in the world today, particularly countries such as Australia that are heavily exposed to an open world trading environment.

## Australia's current scorecard

Australia is a small open trading nation that now competes within an intensely competitive global economy. Notwithstanding the recent major economic correction caused by the GFC and continued concerns by some governments to clamp down on global activity, there are neither durable signs nor reputable evidence that the new globally competitive world is likely to revert to the practices of the late twentieth century.

Australian citizens are fairly comprehensively kept abreast daily of both local and international news. Regular visitors from Australia to America and Europe will know that the reverse is not true. The dominant mindset on both these continents is local news, with some odd reporting from offshore. Rarely do events in Australia get coverage internationally. Asian economies give more frequent and transparent attention in their media to events here, for both good and ill. The relatively high awareness by Australians of international events reflects the understanding by many Australians that we need that order of awareness to survive.

Australia represents only 0.3% of the world population but we account for 1.3% of world GDP. Thanks to successful negotiation by the present Prime Minister, Kevin Rudd, Australia is now a member of the G20, which means we punch above our weight within major world economic forums and policy discussions. The G20 entry also extends and consolidates the earlier successful ground building for Australia's place within the new world order that was undertaken by the Hawke, Keating and Howard governments. It also follows from the work of the Whitlam Government during the 1970s which began to shake the nation away from slavish dependence on our British post-colonial roots. We have since built major bridges in the relationships with our Asia Pacific neighbours and have also developed and maintained the strength of the US alliance. These forces within our international orientation have achieved a degree of permanence, and the rise of the new economic powerhouses in Asia are likely to further consolidate our chosen direction.

From a nation that rode to wealth on the sheep's back, Australia's economy is now much more diverse. Resources, agriculture, selected service industries and certain elaborately transformed manufactures are now the mainstays of our economic performance and future. Heavy post-World War II protectionism has substantially disappeared, and our financial, economic and labour markets are now relatively liberalised and open to the prevailing global forces.

Of further benefit are our high international transparency ratings and our relatively low levels of corruption within government and business. According to Transparency International that publishes a global index on corruption, Australia ranks consistently within the best 10 countries of the world to do business. Transparency International has a corruption perception index that in 2009 ranked Australia 8th in the world behind New Zealand, which holds number one spot as the best country in which to do business fairly and transparently. Our traditional trading partners include Canada (8th equally); Hong Kong (12th); UK and Japan (17th eq); USA (19th); Malaysia (56th); and Thailand (84th). Life will get more difficult for our global business executives, as we expand links with China (78th) and India (84th). Furthermore and led by Melbourne, our five largest capital cities rank within the best 20 world cities for livability. Melbourne is ranked third in the world by the Economist Intelligence Unit in 2009; followed by Perth (5th), Sydney (9th), Adelaide (11th), and Brisbane (19th)

Although post-World War II European immigration and our British origins gave Australia a continental cultural perspective by the early 1970s, recent diversified immigration intakes from Asia, and post-war multiculturalism have developed a uniqueness in the ability of Australians to

appreciate different international perspectives, though this also comes with occasional stresses and flash points.

Fortunately recent economic liberalisation and geopolitical initiatives have enabled Australia to enjoy the benefits of a strong and active participation in Asian economic growth, particularly with China and India.

Finally Australia has four of the world's 10 strongest AA-rated banks. It used to be possible to say we had four of the top 20 banks, but during the GFC, around 10 banking institutions were dropped from the AA rating calculation. Australia's financial houses stayed put, however, reflecting not only world's best practice in prudential supervision of the finance industry, but also the relatively sound and robust internal policies and activities of the banks themselves.

In summary, Australia has worked very hard over the last four decades to restructure and reposition itself to be an effective and influential player on the world stage. That effort will be unlikely to change in the foreseeable future because Australians on the whole understand the benefits we have gained from this sustained investment to be a viable, respectful and respected citizen in the world economy.

## Globalisation affects all business

Globalisation has become a bit of a hackneyed expression, and many people are confused about its essence. The pervasive nature of the integration of business and markets stemming from globalisation is now well under way across all world economies. Perhaps the nature of globalisation is best expressed by Thomas Friedman in his 2005 book *The World is Flat*:

**"In future, each and every job will be competed for by people from all countries on the planet"**

As Hamel (2007) has articulated, strategy and product life cycles have shrunk rapidly in this new highly digital world with ever lowering communication costs. As practitioners in the workplace, business leaders and human resource managers need constantly to remind themselves that actions and alignments in the workplace will continuously need to reflect global performance standards rather than purely national ones. National standards will need to be compatible with a global world. As a major driver of our future, globalisation will continue to have material impacts on:

- ▶ business strategies, structures and operations
- ▶ product mix selections, supply chain management and resourcing decisions, especially insourcing and outsourcing decisions
- ▶ most importantly, decisions on people including their education, employer and employee selections; workforce induction and career development; standards for performance and ethics; and ultimately their success on the job.

## Globalisation and hyper-competition

Another key feature of globalisation captured by Fons Trompenaars (200) is called hyper-competition, which means that the new market competition is producing change at enormous speed. Companies are being required to respond to competitive responses more quickly and effectively than ever before. This feature is giving the old saying of "the quick and the dead" a new meaning within the world of commerce, and it provides a particular challenge for the HR profession. By way of example AHRI research shows it takes an average of less than 20 days for a business to respond to a competitor's pricing tactics, but it can take up to seven years of consistent efforts to change an organisation's culture.

It is not surprising also that governments are somewhat traumatised about their own inability to both keep up with the changes stemming from globalisation, and in many instances are feeling thwarted in their ability to control what they see as negative consequences flowing from globalisation. There was a strong irony in the postures being adopted by governments during the GFC compared with what is being observed in some central European countries, such as France, at present.

## Macro lessons from GFC survival in a globalised world

Four macroeconomic phenomena are material to a review of Australia's survival through the GFC.

First, little doubt exists today that government intervention following the start of the GFC, marked by the collapse of Lehman Brothers in October 2008, was almost totally responsible for the avoidance of major world depression. Public policy on three fronts was critical: moves to recapitalise banks with taxpayer funds (e.g. by the TARP scheme in the US); the government guarantee of assets and bank deposits (e.g. by the Rudd government in Australia); and the move to use public expenditure to replace private spending due to the rapid fall of confidence and book shortening by corporations as occurred within most OECD nations. Without these actions, systemic failure in the world financial system, and thence to companies and individuals relying on external finance, would have been inevitable.

Second and notwithstanding many alternative explanations, most commentators are agreed that the source of the GFC was vested in the writing of sub-prime mortgages by US financial institutions for the 10 years prior to Lehman Brothers failure, and thence to the banks that wrote these faulty assets taking them off balance sheet by packaging them into new securities called collateralised debt obligations or CDOs, that were on-sold to other banks around the world. A nicely distributed pandemic financial virus was established, and remained dormant for the best part of 10 years. Sub-prime mortgages are structured with a negative amortisation schedule or low-start repayments for a year or two and well below the cost of financing them. They were sustainable for as long as the inevitable ramp-up of repayments could be serviced by the owners after tax income, or for as long as housing prices were rising, thereby giving the option of a capital gains based sale and exit strategy, if it all became too much for the owner. When housing prices stopped rising and then began to fall, and repayments got too much, the mortgages and CDOs had to be written down and the music stopped on world growth. Many highly geared finance houses with these CDO assets on their balance sheet, quickly found they weren't worth very much, if anything at all. The GFC was therefore caused by flawed financial asset writing, and sustained CDO securitisation and distribution, together with poor prudential oversight in the US and Europe to a lesser extent. To claim, as some have, that the GFC reflected a massive and systemic failure across all forms of competition and market based activity is fanciful. Australia's own record of having little sub-prime mortgage activity and a history of much sounder prudential supervision, is proof positive of the relative resilience in our substantially market based economy.

Third, some policy making and posturing by certain governments reflect a hostile approach to the impact of globalisation in markets, as they seek to reassert control for political benefit. Rhodes and Stelter (2010) from the Boston Consulting Group (BCG) have outlined these various re-regulatory strategies of governments being put in place over the last two years. The annual BCG world survey of business leaders in 2009 includes significant concerns about these trends and their likely impact on the world recovery. For example, 71% of world leaders in the BCG survey expect governments to push 're-industrialisation' policies at home and trends towards protectionism are emerging. The US began a "buy American" policy in 2009, soon to be followed with a "buy Chinese" campaign in China, and even the NSW state government has introduced a "buy Australian" policy in that state. These trends are reminiscent of regulatory interventions by governments in the UK, for example, during the 1970s. Pressures have also emerged from European governments (e.g. Greece) for their banks to contain loans sourced from fiscal stimulus packages to "remain within our borders" and

for local banks to pull back on their international lending. These moves were doomed to failure, as will be the back to the future regulatory policy making episodes in some jurisdictions. The speed of competition and change in world markets is so much faster than 30 years ago. Those countries that stand off from the pack with a stronger belief in the value of free trade and less regulation will be the prime beneficiaries from those economies whose masters seek interventionist and regulatory control based solutions. The new control nations will ultimately put themselves under more, not less, economic pressure, and will have to revert to coping with being laggards in a globalised economy at some point in the near future. In short, “King Canute” style government resistance to globalisation is doomed to fail for two reasons:

- ▶ Blunt imposition of third party regulatory solutions on markets will be at risk of inducing more efficient and effective responses from competitor nations
- ▶ Attempts at regulation will exacerbate volatility of economic and employment growth with significant economic costs to a nation, before their inevitable reshaping and / or failure.

Four, especially for members of the HR profession in business, the GFC saw much more responsible behavior with respect to workplace restructurings in the last 18 months. What happened and how corporations went about that is discussed in more detail later.

## Globalisation and next-generation attitudes

Part of the rationale for writing a paper on the future of work ten years from now, is that 2020 stands for a time when leadership in business and government will have passed almost completely from the baby boomer generation to Gen X and Y. Those born after 1964 will find themselves with a voting majority in the “C” suite of businesses and the Secretary’s offices and executives of government departments. Gen Y will have become the leaders of the operating divisions.

To a considerable extent, globalisation has been accelerated by the actions and preferences of these two latest generational cohorts of X and Y. It’s sobering to think that Google is only a 12 year old company now worth billions of dollars, established and driven by two inspirational Gen X leaders. The desire of younger workers for service and speed shows no bounds, and far fewer boundaries. So, as well as contributing to the momentum of globalisation, the new generations are keen to enjoy the benefits from it. Very soon they will be leading it.

Workplace research by AHRI has shown that the speed of recent economic change has driven not only a greater disaggregation in economic decision making and structures, but also increasing signs of a loss of purpose, confidence and context among Gen Y employees as to their future. Further the pressures of inadequate work-life balance are building significant and ‘difficult to manage’ stress levels within Gen X cohorts. It has also shown that this generational group is searching for greater meaning from their work, and younger workers are being increasingly attracted to organisations with strong values and sound community social responsibility programs (CSR) like Johnson & Johnson. Those that haven’t been characterised by strength in their CSR activities (e.g. Wal-Mart) have been making strenuous efforts in the last five years to redefine themselves and re-establish their value as employers of choice to the next generation coming through. Reflecting these changes post-GFC, smarter companies are separating business value propositions from their internal ethical values, in clear reflection of the lessons from the likes of Enron and Lehman Brothers, where this distinction was blurred and confused.

According to research from the University of Michigan, many customers found the dollar driven value statements of companies such as Lehman Brothers offensive. A stated value of “growth, customer intimacy and profitability” came to be seen as a value to be achieved at the customer’s expense. Firms such as Apple, however, applying a twofold values distinction, took the time to prescribe clearly its internal values that are critical to the functioning and harmony of its workplace and people. Values about “how we treat each other around here” include respect, integrity, honesty and equity, are not subject to the dynamics of commercial circumstance, and respond well to the Gen Y imperative:

### “Know me and take care of me ...”

So just how different is Gen X, Y and Z from the baby boomer generation, who by 2020 will have vacated the ground of leadership to the former?

In a study titled *The Workforce Crisis*, Tamara Erickson (2006) examined 10 work expectations of baby boomers, Gen X and Gen Y, and found no significant differences in their underlying values as people, suggesting that many of the recent public stereotypes attaching to these cohorts in the population are likely to be flawed. The underlying genetic code of human beings does not change between the generations, notwithstanding how some Gen Y may feel on the matter. However, there were some differences observed by Erickson, and they were of two types:

- ▶ Differences in priorities explained mainly by time and age, e.g. baby boomers are more concerned about the quality and affordability of their retirement; Gen X&Y are more concerned about experiencing a quality career, as baby boomers would have said twenty years ago had they been asked
- ▶ Observable differences in the preferences of Gen Y including:
  - » a stronger desire for work flexibility
  - » better technology literacy levels
  - » more transparent attitudes on requiring a strong ethical leadership brand in the companies for which they work
  - » swarming patterns, i.e. they like to work in “hi touch” packs and “if one moves, all move!”. With baby boomers that characteristic used to be confined to foreign exchange dealing teams that defected from one bank to another
  - » A transparent desire for their employers of choice to “...know me and take care of me...”

Another major consequence from globalisation and the increasing speed of hyper-competition has been the need for a greater understanding of mental health issues, particularly among the younger generation. A recent private study of teenage depression reviewed by AHRI has revealed a set of results applicable to all generations. It reveals that pressures on teenage girls are significant these days and are only modified through the availability of resources to manage through issues such as identity and being, sexuality, friendships and career. The best resources are a teenager’s parents, which is not a surprising result. The corollary over time is that as we become older, mental health issues can arise when full-time work and child rearing commitments come to an end, and there are no comparable demands on your time, or relatively few of them. This can be an equally dangerous time for older workers and retirees.

One of the emergent forces for a reconciliation of intergenerational preferences will be coaching and mentoring programs that take these issues on board. One of the key challenges for the HR function will be to link the organisation’s resources to meet the demands of globalisation in this respect, and vice versa. Extending this line of thought, how a rethinking occurs of the design and innovation needs within workplace communication and engagement approaches and philosophies will be a key part of the intergenerational people transformation challenges that lie ahead.

Before further analysis of specific challenges within Australian business, a brief examination of global business and people challenges will be undertaken.

# Recent Global Challenges for Businesses and Their Human Capital

In September 2008, the Boston Consulting Group (BCG), under the sponsorship of the World Federation of People Management Associations (WFPMA) announced the results from the first stage of a longitudinal study titled 'Creating People Advantage – Challenges to 2015'.

The BCG / WFPMA report outlined leading issues for businesses and their people around the world. The study involved 4,700 executive interviews across 80 countries.

The top seven global business challenges were identified as:

1. Domestic growth
2. Global competition
3. Labour productivity
4. Workplace and corporate re-organisation
5. Cost and margin pressure
6. Innovation
7. Re-balance of outsourcing and insourcing

And the top 10 people challenges were seen as:

1. Managing talent\*
2. Improving leadership development\*
3. Managing work-life balance
4. Managing demographics e.g. Gen X & Gen Y, older workers\*
5. Becoming a learning organisation
6. Managing globalisation
7. Improving employee engagement and commitment
8. Improving performance and rewards alignment
9. Managing change, cultural transformation and diversity
10. Managing corporate social responsibility

The items marked with an asterisk were identified by BCG as the top three priorities in Australia, which seems to indicate we have work-life balance under better control than most.

Data collection and analysis for the second stage of this longitudinal study is under way at the time of writing, and findings will be released at the World HR Congress in Montreal in September 2010. AHRI research and focus group studies since the 2008 release of the study has confirmed that the issue of talent attraction, development and retention remains the number one priority in Australia, and projections of skill shortages through to 2020 by Skills Australia (2010) confirms this is still likely to be the top issue for HR professionals in business and government over the next

decade. . Provisional results from the 2010 WFPMA survey being conducted by BCG and also AHRI research and forecasts demonstrate that the issues of improving leadership, talent management, and becoming a learning organisation are likely to be among the top four priorities by that time. Of the other priorities, managing demographics and work-life balance will be likely to have slipped in relative priority, principally due to the retirement of the baby boomer generation, and the apparently greater relative mutual compatibility of Gens X and Y. Globalisation and work-life balance are expected to remain key drivers and remain difficult to come to grips with. The last four priorities from the 2008 findings are predicted to receive higher priority and relatively more attention within organisations and society over the next 10 years (e.g. Business Council of Australia -AHRI 2010 'C' Suite mentoring program) and then recede for all the right reasons.

## Managing through the GFC: 2008-2010

While section 1 indicates the extent of successful macroeconomic management during the GFC, AHRI's research reveals a similar story for microeconomic responses to the GFC.

AHRI conducted its own research (Sardo & Begley 2009) on the impact of the GFC, with particular reference to how organisations managed their people through that major economic crisis and its aftermath. The evidence in this country is that the passage to recovery was managed more successfully and responsibly than the response to any previous recession. The evidence also reveals how people can be expected to be managed during a future crisis or any era ushering in major changes, and provides some confidence that we will be able to navigate such an upheaval successfully.

AHRI's research on the GFC took two complementary pathways: an online survey of members and focus group interviews with about 50 senior HR practitioners by the writer from October 2008 until July 2009. The two most compelling themes to emerge from the interviews were:

- ▶ an almost universally stated objective to benchmark what each organisation was doing vis-a-vis their major competitors
- ▶ a clear understanding by the HR profession of the longer term globalisation impacts on people, especially during a correction.

Probably the most insightful rationale for these two themes was expressed as follows:

**"We must understand how to survive downturns better than our competitors do"**

There is much discussion in some circles about whether HR is at the table. There is no doubt HR is a well integrated business skill on the executive teams of Australia's leading corporations. Their HR practitioners all understand that market leadership is more likely to change during an economic correction than it is during a boom when "a rising tide lifts all boats". The interviews sharply clarified the insight quoted by Jack Welch on the merits of having a competitive advantage. As we emerge from the GFC, the corporations that understand that have held their position in the market or re-ranked themselves into a better position within their industry. As Jack Welch was reported to say by the US Business Week magazine on 30 March 2009:

“Three years ago... a significant minority insulted HR as being irrelevant to the ‘real work’ of business. Given the state of things, we wonder how those same HR-minimalists feel now. If their company is in crisis – or their own career – perhaps at last they’ve seen the light. HR matters enormously in good times. It defines you in the bad.”

## People strategies during the GFC

The results of both the AHRI interviews and the online survey were complementary and demonstrated four clear priorities as to how the HR profession assisted their organisation to manage its people through the tough times.

### *Priority 1: Talent management - “we must keep our best”*

There was a major focus on talent retention and development during the GFC with 70% of survey respondents reporting they used performance reviews actively to identify and target up-close and personal actions to keep their best people engaged. In leading companies there were very few across-the-board or knee-jerk staff cuts or cuts to training. Where staff reductions needed to occur, they were made as a last resort, not a first resort, and talent management matrices were used to selectively target people with low values and low performance profiles for redundancy offers. Usually before this would happen, the smart firms cut down on consultants and contractors and in-sourced functions to give valuable work to their employees as a top priority. Approximately 80% of companies used goal management systems to more actively align key contributors and engage them as active participants in solving the problem. Interestingly, 46% reported activity in selectively recruiting top managers from their competitors who had dropped their own ball on people, including cases where the recruiting organisation had a staff freeze in place at the time. On the matter of training efforts, 78% reported they held training to the same dollar level, but changed the mix, e.g. towards topics such as selling in difficult environments and active cost management.

Priorities for the targeted retention of staff were reported as being people with the following characteristics:

- ▶ Well trained in the basics of globalised business
- ▶ High resilience and with aptitude for continuous change
- ▶ Active communicators / networkers / innovators

There is little doubt that the new lessons of globalisation and best people management practices are now well understood in our leading organisations, and they will be used as role models in talent management by others as we move towards 2020.

### *Priority 2 – Maximise staff engagement and communication through a recession*

A majority of respondents worked harder to engage staff, particularly customer facing staff, on ways to improve costs and margins without job losses. Employees will usually show themselves to be very inventive when this choice is offered to them. CEOs and chief HR officers reported increasing their own meeting times with co-workers, and very often doubled the frequency of their meetings with staff. On such occasions, many reported that feedback was actively sought and the subsequent advice on new direction and actions were either taken or considered on the basis of “if not, why not”. Engagement surveys also increased in intensity and produced considerable numbers of ideas of value for the firm’s survival.

### *Priority 3 – “Walk the talk” on costs*

CEOs and CHROs reported strong awareness and rational thinking among their people. The ‘monkey see, monkey do’ fable was invoked as executives became more conscious of their obligation to lead by example in managing down costs of items such as travel, accommodation, hospitality and ancillary expenditures.

### *Priority 4 – Carefully manage any downsizing*

The last priority to ‘carefully’ manage downsizing was invoked for a range of reasons including the following:

- ▶ Direct severance costs are high.
- ▶ Evidence from Cascio (2002) shows that there is a higher unanticipated voluntary turnover among survivors of firms that implement across-the-board staff cuts. Cascio reported that firms which cut more than 10% of staff during a recession would lose at least another 15% by voluntary attrition over the two years that follow, most commonly from among the better performers within the survivors.
- ▶ Research reported by AHRI shows it can take up to 18 months for a new hire to reach an effective level of productivity, i.e. equivalent to someone who has been retrenched earlier.

Many firms therefore did their utmost to reduce non-staff costs first and, where staff expenditure needed to decrease, to do so by asking people to take leave; shorten shifts; move from full-time to part-time roles; and even to vary their retirement dates. BlueScope Steel was an exemplar in its approaches here – particularly given the stresses it absorbed from the GFC were well above average for Australian companies.

In summary, it is a pleasure to report that there was very little 1990s style ‘slash and burn’ of people and jobs in response to the GFC over the period from late 2008 to early 2010. The investment in people was well understood and protected as best it could be under the circumstances.

# Sustainable Macroeconomic Changes and Labour Markets

As with a firm's organisational culture, the patterns and preferences within the wider Australian community are often times quite clear but are also slow to change.

The 2009 ABS Census and Skills Australia both provide a useful base from which to understand the thinking of the Australian people and the key issues that determine their expectations when they go to work each day.

## Changes beyond 2010 – population and workforce

At the macroeconomic growth level, Skills Australia reports in its March 2010 study (*Australian Workforce Futures Strategy*) that our workforce will grow in the order of 2.1% per annum to 2025. There will be 4.8 million new jobs created and 4.4 million replacement jobs to fill as people retire from the workforce or leave for opportunities outside the labour market. In fact, there will 3.8 million retirements by 2025, and 3.5 million jobs that will need a much greater depth of skill than is the case today. In total, it is estimated that 4.6 million additional qualifications will be needed.

In summary, the census data, Skills Australia and AHRI's own research all point to predictions that our top growth sectors by 2020 are expected to be in the following areas: storage, health and community care, services to finance, IT, education, accounting, engineering, and specialist trades related to resources developments and construction.

Beyond these major macro shifts in the next 10-15 years, there are changes under way to the structure of the workforce. The first striking feature emerging from the 2009 Census that can be projected to 2020, is that we have an ageing population. As of now, baby boomers are beginning to end their careers of full-time work, and that retirement wave will be substantially completed by 2020

In examining the growth of participation rates, job for females, older workers and holders of part-time jobs are growing, albeit slowly. At the same time there has been a slowing of full-time job growth, and blue collar and manufacturing jobs are predicted to continue their recent declines. The major share of full-time job growth has been taken up by women, with a rise in the growth of male unemployment, and the long-term unemployed have re-emerged as a factor that is predicted to take up to 10 years to redress.

The following data from Skills Australia confirms the story from the Census, but also adds some dimensions to Australia's relative underperformance by comparable international standards

- ▶ The number of men working in Australia still exceeds the number of women, whereas in Europe and the US, women are now constituting the majority of the workforce
- ▶ Approximately 46% of employed women in Australia work part-time, which makes them economically more vulnerable than men
- ▶ The participation rate of women aged 25-34 is 74%, the 10th lowest in the OECD
- ▶ The male participation rate dropped to 86% in the last 10 years, a fall that reflects much less blue collar employment
- ▶ The older worker participation rate is now 59%, but that compares with 65% and 73% in NZ and Canada respectively.

Other evidence indicates that Australian women are likely to continue to assert their value and potential for more senior business leadership roles as they seek to improve their flexible work arrangements and also reduce the proportion of part-time work they undertake. In the next 10 years, it is predicted that more men will take on carer and part-time roles. As work demands become greater, baby boomers will be sought out for coaching and mentoring roles, and also as carers in two-income families who 'struggle to juggle' the demands of work life and family. When the hours are odd and business demands are high, greater comfort comes to working parents who know their children are being looked after by 'family' or failing that, by family friendly contacts.

And there is little doubt work is becoming more demanding with approximately 20% of workers who report working in excess of 50 hours a week. The services sector is ascendant in providing job growth for a better educated workforce with professionals having now become the largest work group. But with higher skill comes greater responsibility and more pressure.

Australians are showing themselves to be more mobile than in the past. In the first half of the last decade, 43% of people changed their place of residence, and many of those moved interstate or overseas. Skills Australia reports that by 2025, 45% of the workforce will change employer every three years, and AHRI estimates that up to a third of those workers will need to shift location as a result.

The multicultural society is strengthening its depth and diversity with 44% of the population now either born overseas or having one overseas-born parent. The dependence on European civilisation as a migration source is declining. Europe provides us with 50% of our longstanding migrants but Asia now sources 45% of new arrivals. This latter trend is expected to continue and dominate the averages by 2020.

In a speech releasing a report to the Deputy Prime Minister, Julia Gillard, Skills Australia Chairman Phil Bullock predicted that 80% of future skill needs and gaps will be solved capably, by market forces. For the residual 20%, he suggested that policy action must focus on specialised occupations, i.e. those with high skill needs in high priority and high risk sectors of the economy, and where there were long lead development times and high predictive probabilities. These broad conclusions are confirmed by focus group research undertaken with senior HR practitioners by AHRI. They also mean the HR profession will need to be active in providing 'the' positive solutions for the 80% of the problem requiring a market based solution.

Skills Australia also concluded that the participation rate will fall from 65.1% to 63.9% without policy intervention, and that the participation rate target should be 69% by 2025 with priority groups being men 25-64 years, women 25-34 years, and older workers 55-64 years.

Skills Australia and AHRI research both point to the need to be a smarter nation. Qualification levels of those target groups need to improve.

As well as changes to the premium end of the labour market, a national literacy and numeracy strategy is needed, with a 1% increase in literacy being required to lift productivity by 2.5%. Of major concern was Skills Australia's conclusion that 7 million Australians had literacy scores below that required for living at a level of full independence. And 7.9 million failed the full-independence test when it came to numeracy. While Australia ranks 9th in the OECD for the percentage of the population with university qualifications, it ranked 7th in 2000. The World Economic Forum 2009 report ranks Australia first for female education levels but 30th for female work participation rates, so it's clear that significant gains are to be had for economic growth if we are able to lift female participation rates in particular. With a shortage of well qualified persons predicted to amount to 170,000 by 2025, net migration of 250,000 per annum is desired with 115,000 of those needing adequate qualifications.

These trends indicate a significant job ahead for the HR profession, with the migration levels by

2020 expected to be approximately twice the level of the last decade to 2010, and will require considerable resourcefulness by the HR profession to successfully induct those numbers into the workforce. It is also predicted that there will be significant, but 'no fault', job mismatches in the future economy, with only 41% of VET graduates estimated to get employment in the job for which they were originally trained. In part that will be caused by changes to the nature and dynamic of 'fit for purpose' training, caused in turn by the demands of globalisation. Employers themselves will need to make adjustments to job requirements so that on-the-job training allowances and accredited in-house learning can increase commensurately to hold scarce talent.

## Beyond 2010 – workforce culture and skill

To Australia's eternal good fortune, the business language of the world is English. Our census data attests to this. Despite the increasing trend towards mainstream Asian immigration intakes (i.e. people whose first language is not English), approximately 83% of Australia's population are primarily English speaking. Italian, Greek and Chinese languages constitute about 1.8% each of primary lingual fluency from the Census data. Among our immigrant cohorts, unemployment rates are generally lower and the prospects down the track are better than for Australian born citizens, and income expectancy and professional careers are higher for second generation Australians.

A particular challenge lies within our indigenous population that numbers about 500,000, i.e. 2.5% of the total population, but a proportion that has relatively low workforce participation estimated at or below 20%. Lifting education, workforce readiness and ultimately participation thus remain a key priority for policy action. Companies such as Fortescue Metals and the National Australia Bank are leading the way with their positive action programs on indigenous employment and workplace training.

## Beyond 2010 – lifestyle choices

The census reveals significant pointers to how people want to live and work in Australia in the future.

While providing a headache to policy makers and environmental strategists, the dominant form of journey to work is still the single person traveling alone in a car, which makes up 66% of all commuting trips. It seems people still want the flexibility and independence that comes from the motor car, and that is unlikely to change in the next decade. Business planning needs to adopt a conservative position and include the continuation of car transport as a base-case assumption rather than predicting an 'ideal' alternative form of behaviour. The chronic and systemic problems of urban public transport in the major capital cities have only served to reinforce those patterns and preferences.

Notwithstanding that residential density rates are up, towards flats (15% of occupants) and away from houses (now down to 72% of occupants), there is also a concentration of single people and 'dual incomes with no children' (DINCs) closer to the central business districts of our cities. Average income generating families are becoming more dispersed and experiencing a longer journey to work. Public transport policy may therefore do better to focus on carrying commuters intensively at or near the CBD and provide better parking at short distances from major work hubs.

A positive sign is that 20% of the population are becoming 'volunteers', particularly couples with school age children who constitute the largest sub-group at 29% followed by older people at 22%.

To further support the idea of dual incomes and better work-life balance, 20% of women aged 50-74 are now caring for other people's children. The last census has also seen growth in couples without children (20%), lone persons (10%), one-parent families (10%), and there has been a fall in the number of families with children under the age of 15 (35%).

The implications for work from these trends is that mobile singles, DINC's and older workers will continue to concentrate around CBDs and major population hubs, and will want to find full-time or part-time work there. Working families with up to average income levels are therefore going to be forced out further from the CBDs, and will show preferences to find work at a regional hub. Higher single-income and dual-income families will live closer to the city, but will continue to seek independence and flexibility from journeying alone to work by car.

In a recent presentation to an AHRI seminar in South Australian, Robert Critchley (2010) revealed research data that indicated workplace flexibility demands will be driven by:

- ▶ life stages
- ▶ caring duties: one in four workers have caring duties – largely for children under 15 years; next biggest group adults 75+ years
- ▶ transport / traffic issues
- ▶ sea change / tree change life preferences - especially amongst 35+ year old workers
- ▶ proven successes of flexible businesses – 71% of people now work at home, 80% of those for up to 15 hours per week and evidence shows this is accompanied by no material change to productivity or profitability.

To support these trends a number of best practice HR responses are emerging. One example is the Optus concept of 'core hours' from 10am–4pm with no meetings to occur outside that time bracket. Optus co-workers then have the flexibility to arrive late or leave early given family responsibilities or to rearrange their own journey-to-work experiences away from morning and evening peak periods.

## Beyond 2010 – education and early work experiences

While the Skills Australia 2010 report focuses on workforce education needs, the next generation is becoming better educated each year. The 2009 Census shows that each post-World War II generation has also become better educated; more than 20% will have a degree in the next decade. The mix is also improving - 40% of graduates are in engineering and commerce; 66% are students now combining part-time work and study; 50% are students working part time in sales or service roles, which is a work experience well aligned to the growth of the services sector in the next decade, and therefore contributes to their professional future.

Personal incomes are still dominated by wage and salary earners (92%), and most understand the census result that incomes are higher if professional qualifications are obtained and work is sought in the CBDs of Australia. Here again some attempts at social re-engineering policy responses will be counter intuitive to these results but business planning should proceed on the basis that these phenomena will probably continue.

# Developments in Technology at Work

Probably the most dramatic change in how the workplace has come to be organised is the IT revolution. AHRI's research shows that most baby boomers have been forced to up-skill over the last 15 years in basic typing and keyboard proficiency and also to gain an effective working knowledge of information retrieval from the web, office skills around Microsoft applications, and the convergence of data on blackberries (or crackberries, as the work-life skeptics call them)

Overall, the changes in work caused by the likes of Internet, MS Outlook, email, Blackberry, mobile PC, Facebook, YouTube, Twitter, Skype, live videoconferencing, software power have enabled more efficient and effective work patterns through:

- ▶ massive and immediate transfer of communication to anyone, anytime, anywhere
- ▶ distributed but also higher skilled work patterns at home, work and remote locations
- ▶ greater personalisation of work through widespread availability of "universal but individualised portals"
- ▶ sophisticated programs enabling organisations to manage talent, career, performance, communications and engagement
- ▶ more flexible approaches to restructuring the workplace
- ▶ Increasing transparency of formerly secret professional algorithms into open access cyberspace. Accordingly the mystique and separation of professional knowledge and boundaries are being broken down, and workers are now able to work across them. The most notorious example of this would be access to instructions on how to make a bomb, from the internet.

It also needs to be acknowledged that these technologies have underpinned and enabled Friedman's 'globalisation of work' and Trompenaars 'hyper-competition'.

At a more comprehensive level, workplace management needs to contemplate and configure options for the design of jobs that can employ a new array of information technologies or new cutting edges for IT innovation. In the decade ahead, business leaders and HR practitioners will continue to hear and will need to comprehend and respond to the potential from the following eight descriptors:

1. IT modernisation – which today means complex and integrated web based processes
2. Enterprise information management (EIM) – consolidated and structured data management at the enterprise level that enables improvements to governance, quality and intelligence via data provision from centralised exchanges
3. Business process management (BPM) – which starts with IT based process design and then moves to use this for more integrated performance measurement
4. IT consumerisation – social software (e.g. online blogs, wiki, tweets, Facebook, chat forums), web 2.0 capabilities which are outcomes of EIM. Nanotechnology, which entails the manipulation of particles at the nuclear level, will further revolutionise products in bio-technology, materials, energy, aerospace, computing, and almost certainly health and welfare outcomes for people affected by them
5. Unified communications – the convergence of voice and data networks and applications, e.g. call centres servicing customers over multiple channels, tailored customer service and electronic payment channels

6. Mobile devices – e.g. iPhone, Blackberry, PC
7. Smart grids – online management of integrated customer service zones and regions
8. Cloud computing – shared data centres allowing reduced costs through economies of scale and open sourced competition.

While it is very difficult to predict how far and fast IT developments will proceed during the next 10 years, it seems clear that this eight-fold classification will prove reasonably robust for the absorption and benchmarking of new breakthroughs and innovations, and also enable their potential applicability in the workplace to be gauged.

If anything, the main force likely to be observed in the coming years is convergence of the technological groups and for increased power and diversity in the power of potential applications.

One of the issues currently concerning business people in general, and HR practitioners in particular, is the extent of social networking occurring at the workplace, especially among Gen Y workers. Some businesses have outlawed the practice while others (e.g. IBM, ANZ) are using social networking sites to check, for example, on how interview candidates are talking to their friends about their experiences with potential employers. The extent of social networking has led some to describe extremes of this practice as *intellectual obesity*. Parents of teenage children reading this are unlikely to have difficulty grasping the conceptual image behind this term.

Like the ineffectiveness of banning a telephone call home to the spouse or partner in the 1980s, it is doubtful that prohibition on social networking is the answer. Better solutions probably lie in monitoring excessive usage but also in sharpening the focus on expectations of performance and rewards for outperformance. If the job ends up being done or done well at work, what is the harm of some social networking in the down times?

The last 15 years has seen the discovery, development and deployment of innovative new IT systems and software proceed with breathtaking speed, given their potential to break down boundaries, reduce unit costs and improve productivity for workflow design, content, communication and production.

Unfortunately comparable parallels are not evident in the way firms have organised their office accommodation over the same period.

# The Physical Workplace

In significant contrast to the innovative initiatives in the world of business IT, the design and execution of new physical workplace configurations and office layouts have produced very mixed results for people during the last two decades.

## The not-so-smart office of the early 21st century

Inspired perhaps by the success of Japanese economic miracle of the 1970s and 1980s, and its more open and collaborative work environments, the 1990s saw the extensive introduction throughout the western world of simple cost saving open-plan configurations. In very many instances, optimal configurations were designed successfully to improve hygiene, productivity and teamwork.

Some of the initial design characteristics were positive in both their intent and application. Examples include:

- ▶ Clustering offices, where they were needed, around central lift and atrium areas rather than providing 'window seats for the bosses in business class'
- ▶ Provision of open planning settings where more flexible work spaces were created in reasonable configurations with carol sizes that accommodated workers sensibly and enabled them to proceed productively and interactively
- ▶ A break down of the rabbit warrens in extensive petitioned offices rambling through buildings like jail cells, creating an intimidating, insulated and sometimes de-humanising sense of the workplace
- ▶ Replacing physical walls with glass to improve ambience, and a greater sense of light and space.

Unfortunately, some of those original architectural ideas, HR concepts and business approaches have subsequently been hijacked by the finance and property people in order to cram as many people into a given space, and at the lowest per capita headline cost, as possible.

Compared to many aspects of life at work over the recent projected time periods, very little formal evidence exists of any cost-benefit analyses of new working configurations. In fact physical workplace design seems to have been positioned as a dimension with few of the latter's normal checks and balances. To shed some light on this, I undertook some intensive interviews with a number of HR directors across industries spanning resources, services and manufacturing industries.

The interviewees were almost unanimous in their confirmation that, during the last decade, the principal motivation of finance and property professionals has been to produce simplistic additional savings in co-worker property costs per square metre. In retrospect this approach has blind-sided businesses to the many subsequent increases in the life cycle costs of occupancy, and the associated deterioration in worker hygiene and total factor productivity.

These main findings from the interviews confirmed that many characteristics of open planning were neither positive nor well considered, including the following:

- ▶ Carbon imprints from air-conditioning, energy and heating loads and costs were often not improved, and usually the reverse was experienced
- ▶ Features such as using air-conditioners that produce white noise and white walls that cut noise-transfer have actually been energy inefficient, and may have caused negative health

impacts (e.g. auditory and respiratory ailments) and have proved materially ineffective when judged against their original purpose

- ▶ Plants as substitute walls have produced higher life cycle maintenance costs and are largely ineffective as workspace insulators
- ▶ People have been packed together in smaller carols to save headline costs at expense of morale and productivity
- ▶ Carol petitions have been progressively reduced to a metre or so in height in order to save costs, but have been dressed up as innovations to improve teamwork, morale and interaction. The main observed results are dramatic increases in ambient noise and disruptions to work conduct.

It is instructive to note that Gen Y now refer to many of these increasingly compressed areas as 'b-hops' (battery-hen open planning spaces) and 'chicken runs'.

The evidence is that noise and disruption levels are generally greater, and have introduced significant impediments to thinking time for team leaders and middle managers. It was also observed that the configurations detract from privacy and commercial confidentiality.

A common observation was that the architects and baby boomer implementers of open planning have seldom lost their own offices within the new open plan settings.

The majority of interviewees also reported that no reputable evidence exists that open plans have saved unit labour accommodation costs on a life cycle basis, i.e. average annual life cycle property costs per person adjusted for resulting impact on productivity. The principal responses were that these features have been responsible for a widespread material deterioration.

IT technology has enabled some behavioural breakthroughs with respect to these workspace issues, as the potential for doing work in a physically distributed arena has driven stronger desires by Gen X and Y workers to escape the crammed office in order to get work done without the ambient noise and disruption. This has produced generational tension as the baby boomer bosses in offices seek to re-engineer work patterns to ensure workers stay and sit around them in the office, and often for much greater periods of time than is either necessary or efficient.

It is likely these conflicts will be solved progressively with generational regime change during the next decade.

## The future physical workplace – 'smarter is better'

The next generation worker seeks smarter, CSR friendly and more flexible green workspaces that enable work to get done, whenever and wherever that best makes sense.

New generation workspaces are expected to retain the best two features of earlier open-plan concepts: centrally clustered offices and partitions that are energy and work efficient.

Many businesses and other organisations are experimenting with new office design ideas. An emerging exemplar is Ormond College, a residential campus within the University of Melbourne. Ormond started the redesign of its library and communal study areas with a review of the customers it wished to serve in future, and against the background of a changing educational system known as the Melbourne Model. Ormond saw education changing around five communities: undergraduate, postgraduate, day members (part-time), teaching staff and visiting alumni.

The Ormond workspace model was built from evidence that Gen Y students learn best when their work is configured in three internal spaces:

- ▶ café style area for team meetings, discussion and thinking
- ▶ combined learning centres – with workstation clusters comprised of dual screens and capacity for 3-4 people to sit together, web surf, discuss and interact
- ▶ thinking spaces and private carol areas to enable reflection and working alone, and without the usual ambient distractions looming large.

The Ormond model is built on a hot desking philosophy in which no work station is proprietary, people are meant to move between spaces built around individual and collective needs and, as appropriate, with an agreed and self organised process for demand recognition, sharing and prioritising.

The Ormond model principles are as applicable to the business of the workplace as they are to education.

The evidence from Gen Y customer research is that the next generation worker will seek a more flexible external workstation that allows:

- ▶ connectedness or relevant access for direction on work and outcomes via 'my portal'
- ▶ Customisation, meaning multi-platforms and multi-channels delivered via customised personal portal. IBM has organised its staff portals this way and NAB is doing the same via sharepoint technology
- ▶ Need for explicit work distribution. This is the rationale adopted by the Ormond model, allowing for spatial distribution of work management within the same office environment.

## Smarter means less b-hopping

What will be the core office building functionality in 2020?

It is expected that there will be a move towards smart, flexible, green but highly productive office locations, organised around the Ormond model with its three internal spaces for learning. Further the evidence is that large head office structures will be broken down and move to more flexible and spatially distributed sets of central hubs, regional spokes, and customer service centres that are powerful 'shops' connected and driven by various IT platforms.

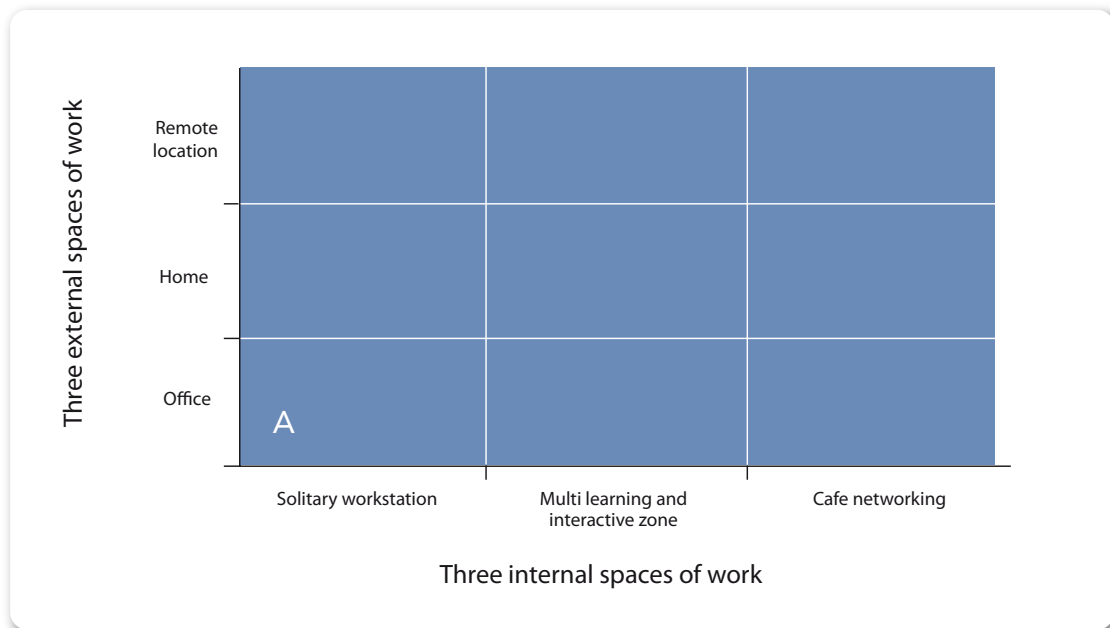
These new distributed office and service configurations will reflect distributions in client patterns and service needs, as well as in personal residential and living patterns observed from recent trends in Census data described above.

As the customer becomes king again, workers will need to become more mobile so they can operate within and between the three external spaces of office, home and café (i.e. remotely 'wherever').

This new physical workspace world of three internal spaces and three external spaces is highly consistent with projections as to what future industrial structures will reflect Australia's comparative advantage by 2020.

These internal and external configurations will define the nine new 'spacestations' of work.

## The Nine New Spacestations of Work in 2020



These nine spacestations are very threatening to traditional command and control leaders who prefer visibility and control that comes from having everyone working their nine core hours a day in space station A within the above graph. The value of working flexibly across the eight other spacestations combined with future communications and IT flexibilities will make such leadership attitudes unsustainable going forward. The final resistance to the above world will recede as the command and control baby boomer bosses finally retire by 2020. The ones that facilitate this trend will be the ones more likely to continue their own part time workplace engagement, post retirement, within these nine new spacestations, that will define the future world of work.

This future workplace world sits nicely with Australia's projected comparative economic advantages that are expected to be built around resources and clean sustainable agriculture, smart services (e.g. finance) and some elaborately transformed manufactures (e.g. CSL).

# Ten Future Workplace Scenarios

In order to gain additional perspectives for this paper, ten recent comprehensive workplace studies and scenario analyses were reviewed and compared with other research points. The ten expert studies are:

1. PwC 2008 - 'The Future Workplace'
2. BCG / IBSA – 2020 Vision
3. MIT 1995
4. CSIRO 2007
5. Rand 2004
6. BCA – towards 2025
7. World Economic Forum 2009
8. Towers Watson 2010: Global Workforce Study
9. PwC 2009 - 'Millennials at Work'
10. Australian Business Foundation Ltd 'The Future Revisited' 2009

A key point summary of each of the ten studies is provided in Appendix 4.

The following critical drivers of the future of work emerged from these research works.

## Globalisation

Globalisation and integration of the world will continue to increase reflecting a reduction of relevant barriers and the sustained dominance of China and India (BCG/IBSA 2006; WEF 2009; MIT 1997; Rand 2004; BCA 2006; PwC 2009; ABF 2009).

The impact of large and modern global organisations will gain in their relative importance (PwC 2008, MIT 1997; Rand 2004; BCA 2006; ABF 2009).

## Leadership and learning

Top leadership will become more customer and employee centric and demonstrate 'servant leader' models, with stronger ethical values (PwC 2008; BCA 2006; Towers Watson 2010; PwC 2009).

Transformational (i.e. discretionary learning organisations with self managing structures) will outperform transactional ones (i.e. lean production, Taylorist and traditional formal structure firms). The former will have caring leaders, a change oriented culture, collaborative partnering, a bias for change, flexible practices, problem solving, a customer focus, and use IT and management plans extensively (BCG/IBSA 2006; PwC 2008; BCA 2006; Towers Watson 2010; PwC 2009; ABF 2009; confirmed also by Hamel 2007; Arundel et al. 2007; Guest 2008).

## IT driven world of work

The domination of IT based service industries will increase (PwC 2008, BCG / IBSA 2006; WEF 2009; Rand 2004; ABF 2009).

There will be an increasing proportion of work undertaken by mobile IT nomads or 'e-lancers', resourced by telecomputing, a set of distributed workspaces and non standard work arrangements (PwC 2008; MIT 1997; Rand 2004; BCA 2006; ABF 2009).

The world of business will be one that is driven by networks (PwC 2008; MIT 1997; Rand 2004; BCA 2006; ABF 2009).

## Sustainability and regulation

Environment and sustainability will become the global 'employer of choice' priorities (PwC 2008, CSIRO 2008; BCA 2006; PwC 2009) and will see the increase of stakeholder management (BCG/IBSA 2006; BCA 2006; PwC 2009; ABF 2009).

There will be a need to restructure unnecessary and volatile regulatory build ups (BCA 2006).

Quality assurance and values are going to be driven across organisations (PwC 2008; CSIRO 2007).

## People and skills

Skill shortages and talent will still challenge workplace management in 2020 (Rand 2004; BCA 2006; Towers Watson 2010; PwC 2009; ABF 2009).

People, talent, performance, learning, reward and risk management metrics are going to become powerful, sophisticated and centralised (PwC 2008; Rand 2004; BCA 2006).

Education will become a lifelong learning process at work (BCA 2006; PwC 2009; ABF 2009).

Desire for better work security, and work-life balance (Towers Watson 2010; PwC 2009; ABF 2009).

Next generation worker attitudes will dominate (PwC 2008, BCG/IBSA 2006) and barriers for women and retirement ages will disappear, while age dependency will increase (Rand 2004; BCA 2006; ABF 2009).

Power paradigms will become 'upside down'; those closest to the customer will need to be regularly consulted by management (Handy 2008).

## Risk rankings

Major future risks of relevance to Australia are food and energy prices, fiscal and asset price collapses, retrenchments and regulatory dislocations (WEF 2009).

Other major risk areas include pandemics and global infectious diseases, regional conflicts, governance weaknesses, and environmental challenges (WEF 2009).

Australia's global ranking with respect to the new world demands, risks and trends is variable (WEF 2009):

- ▶ High for secondary education, life expectancy
- ▶ Mid-range for ethics, IT adoption, customer orientation, staff training, quality of business education
- ▶ Low for innovation, pay and productivity, business sophistication and female participation.

Many of the challenges for the HR profession will come from workplace actions that lift the middle and low rankings to a much higher plane by 2020.

## Future workplace scenarios: 2020 implications

Taking these scenarios a step closer to the future through comparing the analyses with earlier census data and AHRI research, provides the following picture of future key workplace drivers by 2020:

- ▶ Hyper-competition and the speed of change from globalisation have been disorienting and disconnecting, and the next generation strongly desire to remove the past barriers and attitudes that have exacerbated these features.
- ▶ The culture and structure of the workplace will change permanently as the boundaries of work and home will have largely disappeared by 2020.
- ▶ Successful relationships will become a key business characteristic.
- ▶ Proactive communication mindsets will become mandatory with people at the organisation's heart.
- ▶ Communication power will enable more flexible learning and distributed work patterns in the internal and external workspaces.
- ▶ Distributed people performance innovation engagement and productivity measurement techniques will become critical business needs, and where practised well, will be a competitive advantage.
- ▶ New Gen X and Y attitudes are calling for a 2020 workplace with:
  - » better work-life balance
  - » more transparent values based leadership than baby boomers have provided to date and stronger CSR values in their employers
  - » flexibility, connectedness – personal and community
  - » desire for portals with many channels and platforms - work and life integrated
  - » a clear and engaging business strategy, with a focus on execution
  - » eastern approaches made more visible, especially given the growth of China and India
  - » new flexible and distributed workplace and workforce structures
- ▶ baby boomers seek longer-term workforce engagement, particularly because there is a high correlation from that to improved mental and physical health, as well as longevity
- ▶ ageing workers and female participation will continue to drive jobs into more compressed and part-time roles
- ▶ immigration will be critical in frontline and supporting roles (e.g. child minding to match greater female participation rates)
- ▶ non-core competitive transactions will be outsourced
- ▶ CSR, sustainability and risk will all be key business enablers.

# Sustainable Best People Management Practices

## 100 years towards HR best practice

To understand the relevance of recent breakthroughs in people management, and why some organisations are recalcitrant on contemporary HR best practice, it is important to understand a little of the history of the HR profession.

HR can stake a credible claim to being one of the youngest professions. It was born about 100 years ago, when it was split out of the stores and supply function and installed as a back office activity called "Personnel" for the requisitioning (later called "hiring") of people, as and when needed. It was felt purchasing people was a bit like buying nuts and bolts. Indeed at that time the processes had much in common. Ten years after Personnel was formed and the 20th century was but a few years old, the combined impacts on the workplace of unions, strikes and the suffragettes, were making life very difficult for the new industrial bosses like Henry Ford and the Rockefellers, so management and control of those unruly workers was given a separate focus with the creation of "industrial relations", whose officers became the policemen and enforcers of the corporate battleground.

A positive sign emerged in the 1920s when the Hawthorne experiment witnessed the birth of a new sister to the HR professional family – 'strategic HR'.

'Hawthorne' was an experiment in Michigan with a group of women who managed wiring in the Westinghouse factory. The Hawthorne study showed that if an employer consulted with co-workers on their working environment and then provided work breaks, better lighting and good chairs for sitting - surprise! surprise! - productivity and morale both improved.

The first strategic HR 'win-win' from the Hawthorne home team went on to the scoreboard. HR had been created, and had made an immediate difference.

But unfortunately not much happened for many years after that.

Following World War II, Harvard University started its MBA program which revolved around:

- ▶ Frederick Winslow Taylor's belief that all business could be reduced to linear mathematical processes and formulae that could be used unilaterally by bosses to direct workers as to what they must do
- ▶ Management by Objectives (MBOs)
- ▶ Military strategies that were picked up from assorted actions of General Patton and others in the US Army that were believed to have strong business applicability.

As the American MBA went international in the 1960s and 1970s, some successful European Generals were added to the curriculum to broaden the insights (sic).

By this time however, the Hawthorne experiment had faded from view.

Except in Japan.

The Japanese concept in the 1960s and 1970s of work circles, teams and cooperation, together with a ruthless focus on the customer, was brilliantly captured by Edwards Deming and Western

bosses started to get 'Hawthorned' again. The new competition from North Asia demanded it.

Western businesses started to focus on productivity through improved morale, worker communication and flexible work practices.

Business sought the assistance of HR and went back to the great philosophers. Emotional intelligence and cultural transformations were born and Sun Tzu's Art of War was rediscovered, with people metrics to match. This gave HR a new lease of life. It became core within top MBA programs. Thinking around the importance of people moved to the executive and boardroom tables.

However the gap between HR and business was still marked. As Peter Drucker (1999) observed:

"Far too many people – especially people with expertise in one area – are contemptuous of knowledge in other areas or believe that being bright is a substitute for knowledge. First rate Engineers, for example, tend to take pride in not knowing anything about people ... Human Resources professionals, by contrast, often pride themselves on their ignorance of elementary accounting ... but taking pride in such ignorance is self defeating (for both parties ... and moreover the organizations for which they work)"

So finally by this time – 10 to 15 years ago – HR was seen as core to business success. Not everyone yet believes in that new role for HR, and many companies are still operating in a world akin to Drucker's 'contemptuous knowledge' separation, and sponsor roles restricted to Personnel and Industrial Relations, which almost always coincides with the presence of command and control 'Taylorist' business leaders.

Fortunately, unless those companies have recently discovered the modern equivalent of gold, they are not rising to the top half of the shareholder value growth tables, and the implications for those now ineffective styles are increasingly becoming apparent. But their advocates are holding on grimly, and it's expected that another 10 years will pass before the majority fade into history. As Hamel (2007) observed, the future key to successful leadership will not be 'Taylorist command and control' models, but new generation leaders with strong values and people management skills who excel at encouraging collaboration and inspiring drivers towards innovation through flexible work systems.

## The World's Most Admired Companies

Today's best practice exemplars in managing people are found in 'The World's Most Admired Companies' based on a survey conducted annually by the Hay group and published in *Fortune Magazine* around February – March of each year since the late 1990s.

The survey technique is simple and powerful. The Hay Group interview top financial analysts, CEOs and company directors as to which companies they admire and what drives their admiration.

Make no mistake, this is a pretty hard nosed group; there's not much soft and cuddly about them.

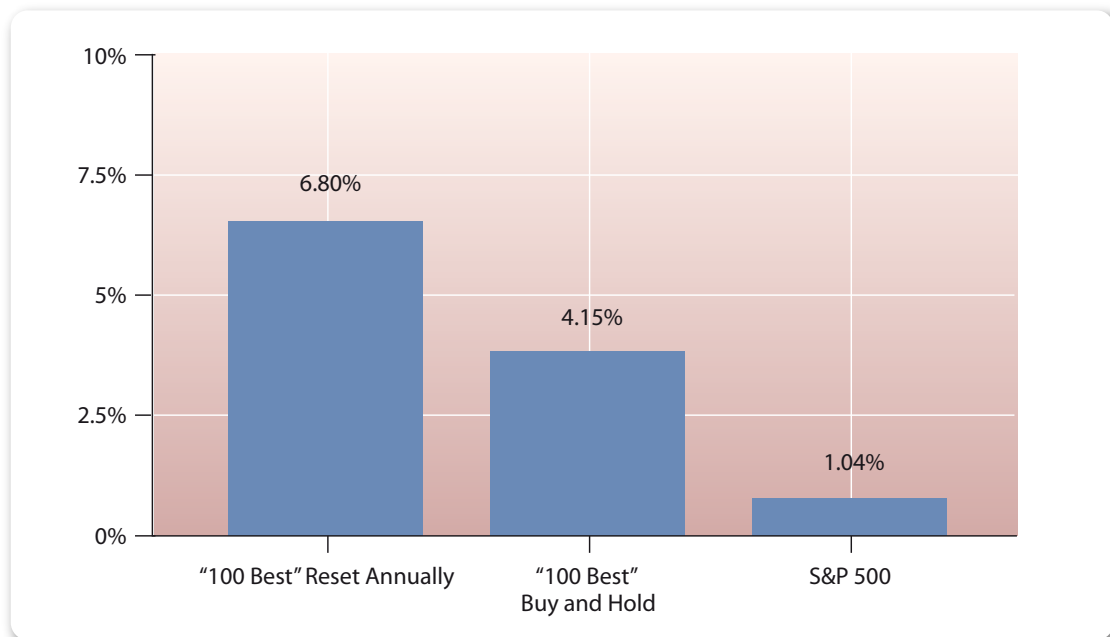
But the results show the world's best performing companies by shareholder value are also the ones with the best people management practices and strategies that come from having the HR director at the executive table who is intimately involved with executing the organisation's business strategies through its people.

At a recent 2010 Asia Pacific Human Resources Convention in Bangkok, the eminent author and researcher, Professor Dave Ulrich, published data that demonstrated the superior shareholder value-adding power in being included as a most admired company.

### Testing the World's Most Admired Companies' hypothesis

UBS found that the *Fortune Magazine* best companies to work for outperform the market.

#### "100 Best" vs Stock Market 1998-2009



In short, the world's most admired companies (WoMACs) outperform average shareholder growth, which has averaged approximately 12% per annum for over 100 years, and by about 3 – 5% per annum. That represents a premium over standard shareholder value performance of about a quarter to two fifths above normal returns. Even the most ardent of critics would accept that this is well worth having. HR practitioners should remember this metric when confronted by the HR skeptics.

AHRI has probed the *Fortune Magazine* data further with the Hay Group which has revealed that they are companies which have a number of distinct and well publicised common characteristics:

- ▶ Sharp business strategies matched by very clear people strategies
- ▶ Highly respected management and leadership
- ▶ Best people management practices and strategies
- ▶ Strong sustainability and CSR programs that drive profit and performance
- ▶ Open communication and genuine employee engagement
- ▶ Respect for the customer
- ▶ Well known for their service and innovation
- ▶ Understand global competition and work cross-culturally with ease.

The identity of the most admired companies will come as no surprise because they include a broad mix of top US, European, and Asian companies. The current members are:

- ▶ Apple - new no 1 from the 2008 and 2009 surveys
- ▶ Google is the new number two
- ▶ GE – which has been regularly placed at no 1 or 2 over the last 10 years
- ▶ Amazon.com, Berkshire Hathaway, Fedex and Microsoft
- ▶ BMW, Singapore Airlines, Nokia of Finland, Nestle from Switzerland, Samsung of Korea, Siemens from Germany, L’Oreal from France
- ▶ Tesco and HSBC from the UK – HSBC is now the world’s biggest bank.

These companies understand well Jack Welch’s statement that people are the competitive advantage. When AHRI probed the drivers in more detail it was demonstrated that the most admired companies have hard and transparent people metrics and key performance indicators that rank equitably with their parameters for financial performance.

Of particular relevance is that the worlds most admired companies (WoMACs) display the following statistical profile:

- ▶ 82% of WoMAC companies have regular monthly human capital management reports to the board
- ▶ 77% have a preferred internal candidate as the next CEO, and the remaining 23% report a determination to get there
- ▶ 81% of CEO, executive and board directors have people-success KPIs. In WoMACs, developing people is not just the CEO’s or HR director’s formal responsibility
- ▶ 100% have strong performance and career development cultures
- ▶ 90% have delegated decision making at the right level, so excessive and repetitious exercises of ‘death by meeting’ simply don’t occur
- ▶ 88% have well understood visions and are known for being quick to communicate and implement change
- ▶ 90% measure staff engagement and alignment regularly and take remedial actions, as required, based on those results.

The enlightened people management practices of WoMACs are expected to be a more universal and accepted business standard by 2020.

## Australia’s global leaders – big and small

Australian companies compete among the globally admired brigade, and are regularly short listed for WoMAC assessment. Companies like BHP Billiton, Rio Tinto and Woodside in Resources; CBA, NAB, Westpac and ANZ in banking, and AMP and QBE are also leading the way. Among elaborately transformed manufacturers, CSL, Bluescope and Lion Nathan National Foods are pre-eminent, and the service sector leaders include Telstra, Westfield, Qantas, and global subsidiaries like IBM, Fedex and GE Australia & NZ, each of whom operate with a large degree of autonomy and success.

## What global executives do from an Australian base

The responsibilities of executive life from an Australian base are significant and challenging.

AHRI research shows 90% of executives from our leading global production, service and mining centres:

- ▶ travel frequently to do business in approximately 50 countries
- ▶ communicate across more than 150 major cultural dialects
- ▶ establish risk and compliance programs to satisfy national and local laws
- ▶ manage CSR projects across jurisdictions
- ▶ move thousands of expatriates and high potential local staff annually to resource major projects and initiatives.

## The best of the Aussie corporate battlers

Among leading Australian organisations operating within this global environment, there has been marked preparedness to undertake initiatives designed to sharpen their people's learning, instincts and skill to perform at a higher rate as required by the new competition. Such devolution of innovation and learning is a key factor for success in the future.

Some examples illustrate this.

- ▶ During the aftermath of the GFC, GE Australia and NZ rebuilt its global performance framework, partly to confirm that imagination and learning remained core values and to encourage its worker's buy-in to the necessary restructurings, better communication and enhanced performance that would re-establish the company's competitiveness as quickly as possible. A year down the track these efforts have shown the right call was made.
- ▶ With a clear understanding of the workspaces issue, and the increased amount of collective learning that takes place on the job, the NAB has built an academy for learning within its new Melbourne head office. It is a flexible, integrated, multi media space where staff training, business committees, customer conferences, hospitality events, social celebrations, a meeting place for ceremonies by the local indigenous community and also board meetings, can all take place and interact. The configuration therefore is built to enable a large and continuous array of communal and private gatherings, as the situation requires and it models the three new internal spacestations of work referred to above within a smaller national office structure This new approach to best practice is also to be rolled out in the company's regional offices over time
- ▶ On diversity in leadership NAB has included an outback experience with indigenous communities in central Australia as part of an Accelerate Leadership Program for emerging general managers. To complement that, there are also programs to recruit and develop indigenous staff, and an indigenous lending program has been developed in conjunction with guidance from tribal elders.
- ▶ During the GFC, the construction group Stockland was hit hard. Rather than retreat to the 'C' suite, the CEO and executive team spent much more time out communicating with staff, both seeking and applying ideas to improve costs and margins, but also to do so in a way that minimised the amount of staff that were to be let go. Pay reviews were confined to lower income workers, who were experiencing most difficulty at home during the GFC. Employee feedback was used to re-shape training programs towards those priority areas

where the people of the company needed more help in dealing with customers, the new economic circumstances, but also to be more effective members of the community. For this last objective Stockland employees, using their skills in construction, gave their time voluntarily to help renovate houses for families with children suffering from cancer, in order to improve the livability, functionality and access of the homes.

- ▶ In response to the GFC, IBM banned all travel and PowerPoints, but then set about to improve organisational communication with staff and customers at the same time - around webinars, teleconferencing and allowing up to 40% of staff to work remotely. Executive meetings became discussions about performance through action, rather than performances through snappy pictures and polished posturings. The results were lower perating costs, improved staff engagement and better customer service.
- ▶ Fedex was hit hard by the GFC, but used FedexTV to engage with its Gen Y workers by promoting success stories of how teams and business groups were taking initiatives to improve performance and customer service.
- ▶ Recognising that its people want to be valued for who they are, as well as how they work, ANZ established a rock concert along the lines of a reality TV talent show in rder to engage its people on the fusion of work and life. Morale and staff engagement responded accordingly.
- ▶ During its takeover by Kirin of Japan, and then through a merger with National Foods, the HR team at Lion Nathan National Foods used the restructuring opportunity to introduce a form of Bill George's Authentic Leadership in order to strengthen the values and ethics of its leadership talent, as moves were under way to take on new and rapidly changing responsibilities.
- ▶ Facing lower staff engagement scores following a failed privatization of the leading publicly listed airline in Australia, the new CEO at Qantas Alan Joyce and his HR Director developed some innovative people and communication strategies in response to these lower scores. The early evidence from 12 months application of these new strategies has been promising and very positive. HR metrics developed by WoMACs are very powerful, and those organisations that apply them, like Qantas, generally see positive responses from their people and beneficial progress within their overall culture.
- ▶ Faced with the most fundamental change to industrial relations laws in Australia for twenty years, Telstra took the opportunity to submit the legislation to the microscope, and use that for a massive internal communications program among its businesses and people detailing their new obligations and rights, as well as the opportunities to seize the march on how these laws could be applied to their employees in bargaining. Rather than oppose or obstruct the participation of new bargaining agents, Telstra quickly assembled them to gain a new timely consensus.
- ▶ Telstra is also pioneering new work-structuring paradigms whereby powerful portals and communications technology are driving flexible approaches to collaboration and the rapid transfer of innovative ideas and shared work objectives.

Other examples exist of proactive leadership in Australia that displays the essence of the new world's best practices in leading people at work.

# The Best in HR Literature and Practice - Implications for Leadership in 2020

In this brief review of the contributions from leading world thought leaders, very many complementary insights can be found that confirm the above research findings. International leaders surveyed include Gary Hamel, C K Prahalad, Dave Ulrich, Wayne Cascio, Jack Welch, Ken Robinson, Lynda Gratton, John Boudreau, Bill George, Fons Trompenaars and Peter Schwartz. Some interesting insights have come also from the larger private research institutions like the Corporate Leadership Council. In the Australian HR research field, Helen De Cieri (Monash University), Roger Collins (Emeritus Professor), Ian Williamson (Melbourne Business School), Dexter Dunphy (Emeritus Professor), Carol Kulik (University of SA), John Buchanan (University of Sydney), Alan Nankervis (RMIT), Steve Vamos (SKE), Peter Gahan (Monash), Greg Bamber (Monash University), Julie Cogin (UNSW) and Peter Sheldon (UNSW), have all made excellent research contributions in recent years contributing to the corpus of knowledge on best people practices.

In selecting some sections of those works below, there is a risk of oversight with some critical contributions, and apologies are made in advance for that.

Among the leading international thought leaders, Daniel Goleman, Jack Welch, Jim Collins, Fons Trompenaars, the late C K Prahalad and Bill George all conclude that stronger values based leadership will become more ascendant within the leading companies. They also agree on the challenge about how best to go about embedding these values, behaviours and cultures into our organisations as most admired companies like Johnson & Johnson have done so successfully.

John Boudreau and Wayne Cascio believe organisations have taken great strides in developing universal human capital KPIs for their new transformational people strategies, but that there is still a significant opportunity to get better at this.

Dave Ulrich from the University of Michigan and the RBL group has made major contributions to best people practices. His longitudinal study on the current and future profile for an HR professional is used across a wide range of global corporations. Looking to the future, Ulrich sees the learning equation changing:

- ▶ on the job – from 70% in the last 15 years, to 50% in the next
- ▶ mentoring /coaching – from 20% to 30%
- ▶ reading / reflection – from 10% to 20%

Ulrich believes HR will need stronger business knowledge and relevance in order to undertake HR transformations that lead, rather than lag the business need.

While they are expected to undergo review in the next two years, Dave Ulrich still considers the business expectations from his six major HR competencies: talent manager, culture and change manager, strategic architect, operational excellence manager, business ally, and credible activist. In the next 10 years Ulrich expects the profession to be drawn more into developing the 'leadership brand' of an organisation.

Gary Hamel sees firms needing to redefine the distinction between leaders and managers in order to reverse a recent conundrum emerging in larger corporations whereby leaders are at risk too often of recruiting and developing in their own image, when really they need more managers to implement the great thinking developed at the top. Hamel further believes that leaders of the future will rely less on accumulation of knowledge, and more on creating collaborative

environments where innovation is encouraged and valued as a core driver of both success and ultimately survival. This is extended by new generation values, where holders of them are looking to organisations with a comparable set of values, and a responsible attitude towards their community.

Extending on his seminal international work of the importance of managing across different cultures, Fons Trompenaars has studied a range of top corporations recently and believes servant leadership models will be the key in future, and that managing and integrating global cross cultural demands will be a significant challenge for HR in the decade ahead, as globalisation will make multicultural work environments more, and not less prevalent by 2020

Sir Ken Robinson sees society facing a major challenge to rebuild creativity in its education systems by moving beyond the maths, sciences and languages dicta from the industrial age, and boosting educational content where creative skills can be fostered; for example, by higher priority being given to the creative arts. He observed Paul McCartney was a musical failure when a student at the Liverpool Academy of Fine Arts, but McCartney managed to move his creative skills on from there, and then to return one day to be garlanded as its patron. Robinson believes that inspiring students to be creative, and to retain this feature as an adult will be key business challenge of the future

Lynda Gratton agrees with that but notes that firms like Tesco, BP and HSBC are doing that successfully by creating 'hot spots' of innovation and creativity, where internal co-operation is as fierce as the external competition they show to others in their industry.

Charles Handy has recently observed that power paradigms will become 'upside down' as those closest to customers will need to be consulted by management, rather than the reverse. He observes that transactional 'command and control' leaders are being rapidly replaced by transformational ones – visionaries who develop people, recognise the value of support, lead by example, encourage innovation and instill pride around them.

Peter Schwartz sees possibilities flowing from a more networked economy, driven by technology and greater dependencies on Asia, and a millennial generation that is much smarter about the way it works.

Peter Saul sees characteristics stemming from the MIT and PwC Scenario Orange worlds as requiring HR to develop stronger skills at managing distributed patterns of engagement, performance, CSR, customer and communication skills.

Ian Williamson has done some excellent work on how dynamic people strategies can be developed in synchronised fashion with rapidly changing business strategies.

From different research perspectives and focus industries, Greg Bamber and John Buchanan see that new industry paradigms, community expectations and regulatory trends will require innovative styles and strategies by HR, particularly in the field of workplace relations, in order to secure their business contributions and relevance.

Roger Collins sees greater innovation and skill will be required by HR professionals to ensure their people strategies are most closely aligned with business strategies.

Dexter Dunphy has drawn parallels between firms that create genuine alignment between organisations and their CSR objectives, as also being places where staff are highly engaged with their work.

Carol Kulik, Alan Nankervis, Steve Vamos, Peter Gahan, Julie Cogin, and Peter Sheldon have provided insights that transformational leaders produce the best results for people, performance and shareholder value, and the last four mentioned are engaged in an exciting new SKE/ Sydney/ UNSW study to broaden their earlier findings.

Arundel et al (2007) also found that discretionary learning organisations outperform lean production, Taylorist and traditional firms, and exhibit the following traits: caring leaders, change oriented culture, collaborative partnering, bias for change, flexible practices, an emphasis on problem solving, customer focus, and use IT management plans extensively for direct business benefits.

Bamber and Buchanan agree with the conclusion of Guest et al (2008) that “trust lies at the heart of co-operative industrial relations behaviour”. With the recent revolution under way to workplace values, this will become more pertinent.

Those findings from applied and academic research studies complement the following recent discussion points by senior HR practitioners at an AHRI National President’s Forum:

- ▶ Business strategy will focus in future on practical and devolved execution, and no longer on extensive committee-style thinking and decision making
- ▶ In Australia - and globally - the growing influence of China and other parts of Asia will change business cultures and growth philosophy towards Eastern approaches: team values, consensus, experimentation (trial and error) and less paralysis by analysis. It is expected that Eastern influences will lead to ‘servant leadership’ CSR and diversity programs within organisations having much more appeal, and serious application.
- ▶ Leadership role models in future will reflect a reconciliation of Eastern and Western business values, and will see innovation as something to be consistently fostered through flexible work structures, philosophies and a more devolved approach to accountabilities through teams. ‘Servant leadership’ is acknowledged as the practice for the future
- ▶ Distributed work patterns will be bonded together by stronger links to the customer and positive client-centric behaviours will be developed in the future workplaces of 2020.
- ▶ Chronic future demands for top talent will require more flexible but also tailored development systems, performance and reward approaches by HR, which will also need to become a talented outsourcing manager itself.

At the international level, the Corporate Leadership Council (CLC) 2008 surveyed and reviewed key issues in building next generation HR-line partnerships. It saw that the top priority for the profession was improving HR effectiveness (according to 79% of survey respondents). This conclusion confirms the same finding from Dave Ulrich’s research: the toughest HR job is the business-partner role. The CLC also concluded the highest priority KPIs are talent, leadership development, organisation change, communication and developing emergent HR strategies

Business knowledge was seen as a critical driver of HR business partner effectiveness followed by innovation, leadership, metrics. Around 94% of respondents saw HR business partners with strong business acumen as highly effective. The CLC noted the HR business-partner market is scarce, and that good HR business partners command a 20% salary market premium to HR specialists who are in ample supply. Respondents also noted that improving HR effectiveness can improve sales and profitability by 5–10%.

Notwithstanding some evidence remaining of Drucker’s ‘contemptuous knowledge’ notion, the good news appears to be that ‘HR Is getting there’.

In its Global Human Capital Survey 2008, the Resources Research Group surveyed more than 4000 professional respondents across 40 countries. In that study, 91% reported improving business links and relevance for HR. Gen X & Y expectations are forcing out Taylorist command and control baby-boomer models, and thereby improving business culture, and HR positioning has developed from that. It also stated that collaboration is now widely recognised as an early and

mandatory characteristic in any change program, and 70% saw HR as highly adaptable to change itself. Moreover 83% reported that workplace and people strategies are being driven by business strategy.

## Google's great people innovations demonstrate interesting insights ...

Everybody knows about Google. Not as well known, but also instructive is the Google Model for its people, practised daily, very clearly and openly at its main Mountain View campus at the head office precinct in California.

While Google is only a 12 year-old company, it employs 20,000 people and is valued at US\$23 billion. Around 6000 recruits are added annually to its diversely talented staff, and it receives 7000 unsolicited applications for positions at Google each and every day of the year.

The Google Culture statements declare:

"People are the most important asset"

"You can be serious without a suit"

"You can make money without doing evil"

Google has a philosophy that includes "Innovation time off" – one day in five is devoted to solve problems, and its business challenges are openly circulated to staff for 'solution sessions'.

## ... but some warning signs also loom

Google's Mountain View campus has 19 restaurants, free dentist care, health centre, haircuts, massage, creche, gyms, hotel, laundry, car wash, and a community bus. The restaurants have oval shaped tables on the basis that social interactions create knowledge and learning breakthroughs. At Google, you are meant to interact when you eat, and the company also wants work and life to congregate at work, as much as practicable. Employees don't ever have to leave Mountain View, and Google actually want staff to spend maximum time there. There is no doubt its staff love being there, and that is why it is an employer of choice among the younger generations.

However, Google's work-life balance philosophy pushes everything into the space of work. So the risk is that, when and if your work at Google collapses, so will many other mainstreams of your life. Maintaining, and when necessary restoring, connections with people in your life outside of Google could be a challenge if you work there.

For these reasons it is doubtful the Google Model is for everyone. The challenge for the people of Google is that mainstream psychological research and evidence recognises that genuine work-life balance implies strongly that each of us need to be part of something else outside the workplace – not all your core family, friends and relationships can reside or be nurtured inside the corporate campus, wherever that lies.

# Essence of the HR Role in 2020

The challenges for the HR profession have marched through time. Beyond the personnel and IR era, the 1980s and 1990s saw the development of traditional support systems and practices for people and talent. When the year 2000 chimed in, the pressures were there for a better alignment between business and HR strategies. As we move towards 2020, the new imperatives will require the profession to explicitly anticipate and account for the new business contexts of stronger global competition, ubiquitous information transfer, incessant demands for higher work performance and flexibility, and to begin preparing Gen Y to the responsibilities of senior executive life.

The paper concludes that eight forces will determine the shape of the future workplace for the individual and the job to be done by the HR profession:

1. Global economic competition
2. Technological and communication breakthroughs
3. Demand for personal flexibility
4. Skills convergence in multi-disciplinary environment
5. Macroeconomic and demographic changes
6. Global best practice changes in people management
7. Changing business standards e.g. CSR, ethics
8. Government imposition of regulations to quell public fears.

The first seven forces have produced substantially positive effects to economic growth and workplace performance, but have also combined to produce a breathtaking speed of change to economic, product and labour markets. While government intervention almost certainly saved the world from a major economic depression post the GFC, the last of these eight forces, regulatory and intervention risk by governments, is showing signs of constituting the biggest single threat to sustained future world economic growth.

In summary the challenges to workplace management from these forces will require the future HR practitioner to be known as a strategic business implementor of strategies in the 2020 Workplace, by becoming:

1. **Workplace transformers:** of the structure and conduct of work within a widely distributed set of locations
2. **Balanced work-life integrators:** and as role models themselves for integration of work-life balance
3. **Next generation talent managers:** a role that requires working through new value sets
4. **Performance rewarders:** that means rewarders of performance that is highly aligned to the needs of widely distributed work spaces
5. **Learning Architects & Builders:** architects, custodians and builders of new capabilities for the new learning places of work
6. **CSR stakeholder marshalls:** the friendly cop for tomorrow's core stakeholder relationships

7. **Engaging communicators:** multi point or 'hub and spoke' communication facilitators across the new nine space stations of work, and with a priority to maximise engagement of your people
8. **Diversity champions:** cross-cultural integrators and chief inequity busters
9. **Regulatory wizards:** the organisations people law & compliance managers and also advocates for better business outcomes from the regulatory environment

In taking up the challenges of these nine strategic people roles in the future, HR professionals will need to continue positioning themselves as the executors of value based people strategies that deliver the overall business strategy, and within a familiar context that has been steadily emerging in the last 10 years:

- ▶ By 2020, transactional HR will be likely to have been fully transferred to smart software or outsourced, with the basic activities related to people's work hygiene and careers being self managed via portals and involving a range of quality control protocols. In this context the imperative will be finding ways to continue re-engineering improvements and also to remove excess HR service functions that will inevitably be centralised and delivered from a common template available across the organisation.
- ▶ The core functional excellence mainstays of HR will most likely continue (e.g. learning, career & talent management, performance & reward, industrial relations, OHS and CSR compliance). They will increasingly be seen as back-up skills for the HR business partner who should have emerged as the pre-eminent member of the profession, and the leader of the strategic HR agenda.
- ▶ Strategic HR should have transformed further into requirements to interpret context proactively and to become a core business role focused on dynamic workforce planning, workplace restructuring and change management. HR will need to read and interpret demographic trends and implement within friendlier and more flexible workplace structures.

Given that threefold professional context, what will these nine strategic roles for HR in 2020 look like?

### Workplace transformers: of the structure and conduct of work within a widely distributed set of locations

HR in 2020 ("HR2020") will need to understand, interpret and lead on people impacts in the future business context. HR 2020 business education requirements will increase to the same level as the finance function and strong HR business cases will be needed on all fronts as work is redesigned and restructured, and planning for the development of new skills and cultural integrations take place. HR 2020 will need to operate as an internal professional services firm, and can expect strong demands from the customer as to cost, quality, service, speed, innovation and overall business value. HR 2020 will also need to be an empathetic and trusted strategic advisor that understands economic, demographic and cultural changes, and uses that knowledge to lead a reshaping of workplaces that facilitate such changes, as opposed to one that confronts and obstructs them.

Workplace design must be driven by an environment developed to foster a collaborative mindset where teamwork, shared information and common values determine what gets done at work, and how.

Time management will become a much more dynamic term for the workplace. By 2020 it will involve varying combinations from the following mix:

- ▶ Compressing the work week and work year – say 4 x 10 hour days and three days off each

week; and 48/52 weeks working whereby in addition to four weeks leave accrued each year, workers will be able to buy back another four weeks by reducing their annual salary to 48/52 of its current quantum

- ▶ career breaks each 4/5 years where a year can be taken off by working at 80% of the current salary level for five years (e.g. Westpac)
- ▶ telecommuting – provision of greater multimedia aids and resources so that as much work as possible that requires no physical interaction with colleagues, can be done remotely (e.g. IBM)
- ▶ flex-time – flexible starting and finishing times on core days to allow flexibility for child care and other pursuits
- ▶ parental and carer-leave breaks, study leave, RDOs, job share, part-time work.

With the expected power and convergence of communication technologies, HR 2020 should be able to manage these distributed work patterns with transparency and no effective loss of control. It also means there will be cases arising where flexibility doesn't make sense, but the applicant deserves a rational reply on the basis of "if not, why not".

As Drucker says, "The purpose of any business is to create a customer" – and more than most, HR must do this. That will remain relentlessly true into the future.

### Balanced work-life integrators: and as role models themselves for integration of work-life balance

The world is now a very tough place. Globalisation and hyper-competition are taking few prisoners. There are very few places to hide. Old gamers like command and control CEOs and those personnel administrators still clinging to their rulebooks, will be hounded off to the dinosaur's graveyard during the next 10 years.

In the new world of 2020, HR practitioners will need to embrace the hyper-competitive and contextual challenges in order to find win-win solutions that enable their colleagues to maintain the pace and pressure, but also to maintain their mental and physical health. We are human after all. Peak performance without reasonable recovery time is not sustainable.

HR practitioners in 2010 will increasingly have to become resilient work-life balance role models themselves. They will need to work in ways that manage the physical, emotional, spiritual, social and intellectual capital in themselves, and also mentor their colleagues with constructive solutions.

Leadership by example will also become a necessary means to gain respect.

### Next generation talent managers: a role that requires working through new value sets

In the 1990s, HR began its journey down a pathway of developing future leaders through core competencies following the seminal work of Gary Hamel and the late C K Prahalad and also Daniel Goleman with his work on emotional intelligence. The profession began to institute frameworks, related benchmarks and standards. The organisational investment became focused on individual assessments and quality assurance mechanisms to ensure robust and comprehensive viewpoints were developed on potential. Psychological tests were introduced to test a person's mental hard wiring as a potential business leader, as were 360 surveys that gave peers, subordinates and customers an equal vote with the boss – or at least one that was equally audible.

Following 2000, it was recognised that these initiatives had become too linear, and that they were relatively divorced from actual life in the workplace. So the challenge became to broaden the perspective by measuring leadership success through engagement, alignment and productivity

scores in the workplace. Talent councils chaired by the CEO were then established to review, assess and rank the results. The leadership talent of the new millennium got its first taste of being contextualised.

In future, talent development will mean high levels of IQ / EQ / SQ / TQ that are acquired more through on-the-job training, know-how and commitment to learn those ways.

The HR profession has displayed significant mastery over talent management during the last decade. The three key criteria for high performance talent management are:

- ▶ sound, integrated and interactive processes for talent identification, assessment of performance and potential, ranking and observed effectiveness in workplace leadership
- ▶ valuable and robust talent tests and metrics that get to the essence of leadership
- ▶ committed processes for the 'hard conversations' about people, i.e. acting on people with low values and low performance records, but who have been a protected species within the organisation'.

Towards 2020, the journeys of the two prior decades will remain important and relevant base lines, but will need to move ahead even further. The next challenge of business leadership will be to help employees find meaning at work: identity, purpose, relationships, to be highly engaged by learning in flexible distributed workspaces, experiencing civility and delight – what Dave Ulrich calls the 'abundant organisation'.

As stated earlier, relationships and leadership values are big issues for Gen Y. The force of this is compounded further by the Asianisation of Australia's higher immigration intakes. Almost all Asian cultures are relationship oriented. HR in 2020 will therefore need to balance pressures from Caucasian Australians for workplace flexibilities that enable them to work remotely, with those of new generation Asian Australians who wish to work in 'face-to-face' communities, and Gen Y who want to do both.

Talent assessment will also need to be broadened to reflect outcomes, behaviours, and servant leadership success within the new and more flexible internal and external workspaces. Talent will be driven by Ulrich's six B's. HR in 2020 will need to build, buy, boost, borrow, bind, and bounce the next generation of talent from all their diverse origins. Leaders will be measured more through Hamel's world of fostering innovation and collaboration amidst economic change that continues to be extraordinarily rapid as Google currently demonstrates with great success.

### **Performance rewarders: that means rewarders of performance that is highly aligned to the needs of widely distributed work spaces**

A mandatory requirement for success in the new world of work will be the ability of leadership to manage performance objective setting, monitoring, communication and feedback, and then evaluation and reward determination within the 9 new space stations of where work is conducted. Co-workers cannot be expected to sit still in their confined b-hop carols of today. Tomorrow's worker will be found in the redesigned office centre, the workplace hub at home, and the communal café, or all three places on the same day.

HR was born from the stores and supply function over 100 years ago. Supply side management is still part of the job as HR in 2020 becomes the resourcing optimiser, source-code manager, and distributed networker of performance and rewards for each job

Setting clear performance standards will no longer be passed down from on high like tablets from the mount. Performance setting will require facilitating and managing collaborative goal setting forums, conducting regular evaluations, and establishing clear but flexible links to rewards

(financial and non-financial). These will all need to be supported by appropriate coaching and development tools. In a way HR2020 will become like a high performance and skills coach for an elite professional sporting team, there for its star players and also its journeymen.

Developing the overall leadership brand will require strict adherence to ethical standards. HR2020 will need to become known for its skill with personalised staff and customer care.

HR2020 will become a very high-level strategic and metric based profession, especially on talent, performance and reward, HRMIS and in managing staff mobility without fuss or fanfare as it becomes a natural and seamless part of how the job will be done.

### **Builders of new learning places: architects, custodians and builders of new capabilities for the new learning places of work**

The HR2020 profession is poised to lead a break up of the old battery-hen, open-planning configurations, and to free the chickens to run and work on the open range.

By operating within the internal and external workspace template, HR2020 will be well placed to become the lead designer of people's ability to work optimally in three external spaces or zones – work, home and café.

Within each external zone, workplace redesign will move to optimise the learning modes from the Ormond model:

- ▶ interactive shared learning
- ▶ work-life interactivity
- ▶ solitary reflection and orientation

Learning will need to occur at speed – there must be conditions established for a rapid sharing of best practices.

Optimal learning can only occur if leadership brands are respected, delegations are made to the right level, and mistakes are tolerated as learning experiences.

HR2020 will find its business leadership will want their people to be known for strategic insights and innovation. Getting to that will be the challenge, especially the moves required in the leaders' own attitudes to achieve their own objectives.

Specifically within this framework, HR2020 will need to discover, develop and distribute team approaches to learning and work that engage Gen Y 'swarm' mindsets.

Workplace policies, facilities, processes and job designs will need to be deployed to support these new external and internal worlds of workspace management and learning.

### **CSR stakeholder marshalls: the friendly cop of stakeholder relationships into the future**

As Drucker (2001) observed, "... in the next society, the biggest challenge may be the social legitimacy of a business: its values, mission, and vision" .

In the light of the GFC, that statement has never been more true. HR in 2020 must lead in the division between business value and core ethical values, and establish mechanisms that enable one to counterbalance the other (see Wilson (2010) 'Ethics repositioned front and centre', *Australian Financial Review*).

Risk and CSR mindsets will be second nature to HR in 2020. The world of social responsibility

is tightening and stakeholder management is now a much broader base than customer and shareholder management, with the former now including the latter. The community and the people of a business – employees, contractors, agents - each require respect and recognition in their need to understand the way the organisation will need to work.

Creating investor value through intangibles of leadership brand, customer value, responsibility in community, committed and engaged employees will drive CSR performance.

It has already been stated that HR in 2020 will be built to run as a professional services business. The stakeholders of CSR will be the customers of HR in 2020.

Transactional HR activities will have to be devolved to establish CSR rules and regulations locally so that CSR programs can be monitored in a way that enables risks to be managed and the wider community to be engaged effectively.

### Engaging communicators: multi point or 'hub and spoke' communication facilitators across the new nine space stations of work, and with a priority to maximise engagement of your people

As Steve Jobs of Apple recently observed, the PC still only has the brain of a cricket. That's not a lot to contend with in terms of lateral thinking. The PC will witness a mighty convergence of IT media and techniques, and an even more amazing array of processing speeds. But humans will remain in the control tower.

The IT spectrum of eight major technology drivers discussed earlier will progressively converge. While not expected to be IT gurus themselves, HR2020 will need to maintain active IT networks that can be tapped into, and thereby to optimise their firm's use of the various information spectrums. In future, news will travel even faster and be best managed using all relevant media metrics and connections. Communications will become inside-out, outside-in, top down, bottom up, and side to side.

Beyond the IT power, HR2020 must not lose sight of its core role to continue as a trusted advisor with reliable intelligence. HR will need to find ways to lead innovations in business and people communications and feedback around strong internal value sets, always remembering that failure to ask the right question virtually guarantees the wrong decision.

Knowing where to ask it, why and how represents a core challenge for the HR in its 2020 role, and thence to use the quality information to bond and engage those with whom they work.

### Diversity champions: cross-cultural integrators and chief inequity busters

HR2020 should be well positioned to become the organisation's diversity champion and chief inequity buster, solving skill shortages by engaging demographic groups with significantly lower than optimal participation rates (e.g. women, older workers).

The challenge on gender will be to sponsor breakthroughs by women to top management and boards from the current 10.7% of women in executive roles and 8.3% of women on board directorships. The figure will need to move towards 50%. HR2020 will have the task of developing action plans with line executives that enable themselves and their organisation to deliver on commitments under the 2010 ASX good governance guidelines for gender (see Wilson 2009 and 2010).

The task will also extend to strategies that retain smarter access to retiring baby boomer workplace skills and experience, but on an equitably scaled down basis, especially for their roles as coaches and mentors of the next two generations.

HR2020 will also be responsible for sponsoring workforce initiatives to engage employees with disabilities and indigenous backgrounds, as the NAB has recently done.

Success in these four diversity areas will be critical for ensuring workplace equity, and also to manage solutions for workforce skill gaps, before eventually advocating increased immigration intakes above the current levels of 120,000 per annum. With continued high immigration intakes a feature of the future economy, HR2020 will need to provide training and resources for harmonious and productive cross-cultural workplaces, and for integrating cultural differences.

### **Regulatory wizards: the organisations people law and compliance managers and also advocates for better business outcomes from the regulatory environment**

Attempts may be made by governments to force HR back to 1920s style regulatory policing and compliance roles. Early signs are that smarter companies are vesting workplace regulatory skills and development in HR to comply with the law, find win-win solutions that avoid regulatory nets, and enable continued competitiveness in a globalised world. In AHRI surveys of the respective Work Choices and Fair Work laws, members of the institute found both sets of legislation to be costly and complex. The enduring government campaigns to reduce red tape on business don't seem yet to have produced much bite, and it seems that the role of HR in 2020 will extend to continued analysis and advocacy to eliminate unproductive or inefficient workplace laws and regulations. Nevertheless, HR will need to continue to support compliance and quality assurance with respect to work in 2020. While compliance with the law until it can be changed is essential, it's also important to use intelligence and data to influence the future shape and ambit of both.

# Looking Forward to 2020 – a Professional and Policy Outline

If the nine core expectations for the HR profession in ten years are as set out in the previous section, how well prepared is the profession now to take on these challenges and deliver against them? Are the current policy environment and the positioning of government structured in a way that is conducive and helpful to the future world of work? Or will changes be required there too?

Just as the global world of business and the expectations and values of future business leaders will continue to move rapidly as 2020 approaches, so professional skills, competence and policy settings will need to adjust and respond constructively to ensure compatibility and relevance with the future world of work.

## “So where the bloody hell are you?”

This now infamous quote provides an apt question for the HR profession to ask itself about its own ability to be positive and visible achievers against the nine strategic demands on HR in 2020. The term was first coined as a ‘stand up and be counted call to arms’ by model Lara Bingle as part of Tourism Australia’s 2005 television media campaign to recruit more international visitors from within the heavily competitive global tourism market. It is now etched in the national psyche as a wake up call for needing to question both our competitiveness and readiness for the new globalised forms of competition.

While stereotypes can overly generalise situations, AHRI’s research data gives some insights into the expected performance gap between present demonstrated competence and skills in each of these nine HR functional areas on the one hand, compared with the expected professional demands in ten years time. Because of the considerable progress shown across the HR profession in the last ten years, it is the contention of this paper that practitioners should maintain a ‘glass half full’ philosophy about their ability to bridge any expected or likely performance gaps. Notwithstanding that, there is much to be done in the next decade. The utility, amenity and conduciveness of policy settings with respect to beneficial workplace settings and outcomes is also assessed, where relevant and appropriate.

## Workplace transformers

Becoming workplace transformers was listed first among the nine strategic roles for HR2020 because it probably contains some of the most significant challenges with which the profession will need to grapple. To date, HR professionals are not renowned for their proactive skills in physical workplace and workspace management, nor for shaping and leading the pace of new developments and potential in IT systems and communications. The profession deserves credit for its strengths in understanding preferred values in the workplace and how to encourage them, for the performance and assessment of potential for individuals, as well as understanding what drives good and bad engagement and alignment in the workplace. Many HR professionals also have strong track records in effectively melding different cultural groups and productive team based approaches together in work situations. The 2020 challenge to professional growth is to build on those strengths by acquiring skill and seizing the ground back from the finance and property professionals for more optimal work configurations within the new external and internal spacestations of work that will produce lower life cycle costs to the organisation while enabling more sustainable and greener outcomes.

Further business savvy comes out of AHRI research as the most significant professional gap in the HR profession today. Simply stated, more HR MBAs are needed to lead the profession’s thinking

and actions. This is particularly the case with IT and communication systems. HR2020 will need to distinguish itself as an expert business user of all the new forms of IT, and of the potential and impacts that these innovations can have in the workplace. As globalisation and IT will converge to produce more rapid and dynamic changes to the workplace, so will these HR skills for the future need continuous refreshing and stimulation to ensure their relevance is maintained. This piece of the HR2020 kit will constantly move, and the profession in general needs to see itself as being at the forefront of keeping up with that. In addition, the HR professional role models will actually need to demonstrate they can lead the business implications of these developments, and not be captured and hogtied by them.

On the policy front there will also be significant pressures building for major changes to current arrangements. Workplace transformation is set up for continued capture and regular forensic and granular assessment by the new Fair Work laws, not only with respect to the bargaining, contracting and organisational structuring provisions, but also with respect to the new transmission of business requirements. All of these will serve to slow and bureaucratised the process of efficient and effective changes in the workplace. While these are all relatively new laws, it is almost certain they will have to undergo major legislative changes in the years ahead, due to the expectation of continuing anomalies being thrown up from the independent thinking and piecemeal rulings of the Fair Work Australia Commissioners and Deputy Presidents.

The other source of change will be the attitudes of Gen Y, who will be assuming leading political and business positions by 2020. AHRI evidence suggests that this cohort don't like third parties, whether that be Fair Work Australia, governments or trade unions telling them what they can and cannot do at work. The intricate interventions allowed by the new workplace legislation have already appeared as issues through AHRI's member surveys. The concerns are expected to continue around systemic implications and anomalies as to how workplace law permits actual workplaces to function, and until a new set of pressures emerge pressing for further legislative change. No big shifts in workplace thinking and transformation are expected within the next year or two, but AHRI's survey data strongly indicate pressures are likely to be manifest by the middle of the decade and to have produced significant legislative adjustments in workplace law by 2020.

## Balanced work-life integrators

The HR profession's role as balanced work-life integrators also contains a significant and confronting set of issues, but as the WFPMA survey indicates, they are likely to be of lesser relative magnitude for Australians on the job than workplace transformation. In part this reflects a stronger layback lifestyle attitude in this country that flow through to how we work.

But globalised competitive pressures have jumped us, and the heat is on to perform better. IT devices are making work a 24 x 7 x 365 phenomenon, so being able to kick back when desired is sometimes easier said than done.

HR2020 will need to become work-life role model leaders, in part because that is what's needed to gain respect and an ability to influence a trade off and produce win-win solutions. That's not meant as a trenchant criticism. So much has happened recently that we are all still coming to terms with it. Nevertheless the profession needs to do its homework at work on what the evidence says and where the opportunities for win-win solutions lie.

On the policy front, the workplace flexibility provisions of the 10 new National Employment Standards will help facilitate positive changes, as will government campaigns like "No Leave, No Life". However, AHRI research surveys reveal a resistance to very early morning meetings and for Blackberries to be switched on at dawn, together with other workplace inflexibility edicts. These are not the actions expected of employers of choice, particularly by women executives and/or

single parent carers. Moreover, the new Fair Work laws risk imposing impediments to workers and employers being able to agree informally on restructuring shifts, working hours, contractual and other working arrangements with their employers, on a simple basis of mutual consent. Further, the tax laws on income and superannuation are making the work-life balance objectives of older workers, many of whom are seeking to pursue part-time retirements, difficult to achieve, and at a time when the underlying demands and economic rationale for mature-age retention are strong and sound.

## Next-generation talent managers

Becoming successful next-generation talent managers is an exciting objective and an appropriate role for HR to have achieved by 2020. In 2000, best practices had only begun to be fleshed out and tested on the job. Ten years later they have reached a point where best practice in talent management has been well engineered, clearly defined and widely communicated as an accepted industry standard, and practised extensively.

The keys to future talent management will continue to be mastery over the three core components of talent management, i.e. sound and integrated processes, robust and focused metrics, and hard conversational capabilities followed by fair and timely execution of the 'hard-talk'. To this set will be added a fourth component, the fostering of new talent processes and actions that encourage and measure skills at managing connectedness, engagement, and cross-cultural relationships within the new distributed internal and external workspace paradigms. From one perspective, the profession can consider this future performance gap to be lower than others, but only so long as:

- ▶ the affinity and appetite for 'hard-talk' continues to develop as a core skill of HR2020. With the new work paradigms, some talent will need to be released from the organisation as they can no longer keep up with the associated values or performance expectations
- ▶ the necessary transformations occur in the workplace, otherwise talent management will be constrained to a somewhat unreal environment
- ▶ breakthroughs are made on diversity, especially on gender balance within senior executive and board ranks, and cross-cultural integration of sustained higher immigration intakes from Asia. Without this characteristic, the assessment field for talent will also be narrow and critically out of touch with core 2020 realities.

Policy context and requirements for talent management is more diffuse. As Skills Australia has recommended to government, education standards in numeracy and literacy need to lift, and more professionally trained workers need to subscribe to the talent management ranks of the future. Of probably greater value will be the development of business courses, and capabilities around delivering short applied courses and executive education programs for continuous learning by employees long after they have departed from school and university. By and large, governments have shown themselves highly attuned to these priorities for Australia to continue its growth as a smart nation, and one that is well led in the future. Impediments to reasonable restructurings should also be eliminated by governments, while retaining an expectation of fairness in the workplace. These are reconcilable features but best achieved within standards or workplace principles and not detailed intervention rights.

## Performance rewarders

The new challenge of HR in 2020 becoming first class performance rewarders occurs at a time when current performance and reward regimes are widely seen as work-in-progress by practitioners. While the reasons are not always clear, the evidence available to AHRI is that performance schemes are chopped and changed by line managers all too frequently, and the adjustment costs and

confusion among workers are greater than they should be. The same can be said of incentive based reward regimes, whether of the cash or shares variety, or a combination of both.

As workspaces become more widely distributed, the premium on achieving efficient and effective performance based rewards will rise. In the immediate period, therefore, HR professionals need to work harder with business leaders to streamline and adhere to robust incentive based outcome schemes. Once that becomes a more settled environment, the implications of more effectively managing workers remotely can be undertaken with greater confidence.

On the policy front, governments should move quickly to post a new tax regime for workplace incentive schemes that are bi-partisan and durable and also recognise that there is a positive correlation between work exertion, results and rewards, and that the economic rents from that must reasonably accrue to the workers producing them, with the social dividend set as a residual. It is highly questionable whether moves in countries like France and the United Kingdom to set marginal income tax rates above 50% and to regulate base salaries, are sustainable globally, and caution should be exercised when considering the possibility of emulating them elsewhere.

## Builders of new learning places

Becoming the builders of new learning places is a stimulating prospect, and its one where the expected performance gap is a middle ranking one for the HR profession of the future. The role will require a fusion of workplace transformation capabilities, talent development philosophies, and a more amenable servant leadership stance and values set. Organisations will need to take a leaf out of Google's book and make it clear that the workplace is there for continuous learning and challenge. Workspace stations, adoption of Gen Y's preferred modes of learning, and employer attitudes, will need to make adjustments. It also means HR in 2020 will need to find their lessons and learning experiences that reflect what's happening in the global marketplace. Developing mindsets and responses to the local forces of competition only, will no longer be adequate by 2020.

On the policy front, governments would do well to stabilise the continuous changes to legislation and statute book offerings. Learning within business serves to encourage innovation and commercial breakthroughs. If learning is constrained by continuously having to learn and integrate new regulations, there is an opportunity cost to growth, and policy changes to that extent will be a chronic and materially negative influence.

## Engaging communicators

Communication is perennially the key to successful business. The new and more powerful forms of media make failure on this score more costly. As with the workplace transformation scorecard and likely future performance gap, the role of engaging communicator depends on the HR professional's ability to gain a better grasp of the potential from a full range of communication points, and the respective merits of electronic and face-to-face media. While engagement and alignment metrics and media have moved in leaps and bounds over the last ten years, their full potential remains to be realigned by the profession. Data overload is still a common cry, and reflects the limited depth of skill and knowledge within current HR practice. A significant performance upgrade in this area is needed by HR2020.

## CSR stakeholder marshalls

Being a responsible corporate citizen will be the new hallmark of a future employer of choice with next generation leaders and workers. As CSR stakeholder marshalls, HR in 2020 will need to become the friendly cop. Triple bottom line objectives and philosophy statements will become overseen by the HR profession as their new trustee. While this is a new role for HR, the leading

companies are starting already to vest responsibility in us, often in conjunction with the CFO. That trend is likely to continue. The future performance on this matter is significant, in part because of limited experience at present and also because there is considerable complexity in developing a strong understanding of key stakeholder relationships from the perspectives of the business, the customer and the employees. HR practitioners in 2020 will need to build their skills and aptitudes in business savvy to so as to better enable them to read the comprehensive set of CSR signs, and lead the organisation in ways that achieve its business goals.

For governments, the challenge is similar to other strategic people management roles. Where possible, national standards need to be developed which incorporate the eight jurisdictions. As the national rationalisation continues around laws that relate to standards and actions for community and social responsibilities, it is strongly advocated that they be proclaimed as standards, not prescriptive pieces of detailed intervention.

## Diversity champions

Diversity has come to prominence in recent times, mainly on the issue of gender in business leadership, but also on the cross-cultural integration of employment with respect to indigenous Australians, aged workers and people with disabilities. Each of these groups can make legitimate claims to being treated inequitably in the workplace. While some of the immediate diversity challenges are likely to see progress and positive change in the years ahead, it is highly probable that diversity challenges will continue to change in degree as well as kind and so there will be an ongoing need for HR to stand out as diversity champion. It is hoped current challenges around gender will be addressed over the next decade. The profession has been effective in raising and gaining a focus on these issues in the workplace and the existence of performance gaps has often reflected deficiencies elsewhere, e.g. entrenched attitudes among male business leaders against providing women with comparable career development opportunities and advice as offered to their male colleagues. Future success as diversity champions will require HR practitioners to upgrade their skills in business savvy, communication and negotiation because it's out in the business where these challenges will lie. Relevant information in this area won't walk in the door of the HR department, not is it likely to be found on a screen or a spreadsheet.

Governments see themselves as trustees of equity and diversity. On the immediate radar screen of gender diversity, governments see 20-25% of parliamentary and cabinet seats currently held by women, while 37% of senior executive roles in the public service are held by women. They look to the private sector and see 2% of CEOs, 3% of board chairs, 8.3% of board seats and 10.7% of senior executive roles held by women. They conclude, fairly and accurately, that the private sector needs to lift its game. If they don't see progress over the next five years, quotas will be legislated and enacted. There are better ways than quotas and other blunt instruments to achieve social equity but the time is long overdue for leading businesses to show themselves in step with community expectations and standards on gender equity. There can be no more excuses that women aren't ready. The parliamentary evidence on leadership is proof positive that they are ready. In contrast to suggestions made elsewhere in this paper for governments not to take prescriptive and interventionist stances, other than as a last resort such as was the case with the GFC, gender equity is a case where intervention may have to be acknowledged as necessary. It will be a pity if we get to that by 2020, as it will set potentially unfavorable precedents for solving other diversity issues where there is seen to be slow or ineffective movement.

## Regulatory wizards

Workplace rules and the common law gave birth to specialist areas within the HR profession more than 100 years ago, and they have been with us ever since. The term 'industrial relations' has changed to 'employee relations' and is now called 'workplace relations', but overseeing structures that deliver workplace laws into business is an endemic feature of the HR job for 2020 and beyond.

Workplace law administrators we have been, regulatory wizards are what we must become. The future performance gap challenge for HR2020 is threefold:

1. Globalised competition requires us to be like Telstra – put such laws under the microscope and find creative and innovative ways to implement them that match the competitive context.
2. Be assertive advocates to government from the evidence we find as to where elements of the workplace statutes are out of step with the world marketplace, and are also out of kilter with reasonable social and community objectives and standards.
3. We must remain at the forefront of leading business change around workplace laws and so keep HR in the frame as the organisation's employee advocate. To falter in this area will see that representative role turned over to third parties, and the evidence is that this doesn't happen in the World's Most Admired Companies. In AHRI's 2007 research on the workplace laws of the Howard Government ('The impact of Work Choices in Australian workplaces') and the 2010 research on the Rudd Government's Fair Work Act, our membership expressed significant concerns with both major political parties for producing overly complex and administratively time-consuming sets of legislation that leave business reliant on costly legal advice to remain compliant. To replace 762 pages of amended workplace legislation (Work Choices) with 612 pages of new legislation (the Fair Work Act) represents an immodest achievement at best. Further regular changes to prescriptive workplace laws in this way each five to 10 years places enormous costs on business in general and the HR profession in particular. It is also arguably a luxury in which few other developed economies will seek to indulge. It is highly recommended that bi-partisan support for any reshaping of workplace laws is sought and achieved. Further flip-flopping will be to the detriment of all. With respect to the current workplace laws, the National Employment Standards are appreciated for their attempt to incorporate simple but laudable good faith bargaining and unfair dismissal principles that reflect calls for merit and equity. However the provisions on bargaining, contracting, transmission of business and restructuring continue to draw criticism from significant quarters within the HR profession.

AHRI will continue to take lead in gathering data on any future performance gaps in the legislation. Our research will underpin our advocacy on the matter in a bid to get workplace laws positioned in such a way that they achieve Australia's economic and social equity objectives while at the same time ensuring that our national standards remain in step with the dictates of global economic competition.

The HR profession in 2020 must position itself to be a constructive but straight talking advocate on this critical area. The last few years have shown that the HR profession not only has a voice, but a lens and viewpoint on these issues that is unique, relevant and valuable. We must continue to develop and use it or we will lose it.

# Epilogue: Top people and high performance workplaces don't happen by accident

To build any human life on 'quality values' depends on good parenting ... and a fair bit of luck on the way.

So too will the HR directors of 2020 be called upon to apply the latest in skills, thinking and techniques for managing their people to be 'the best' in a world that will be much smaller and more highly interactive. Understanding the eight global trends that I contend will determine business fortunes, and having a proactive approach to the expected nine functional strategic challenges for HR over the next decade, is ambitious but necessary.

New definitions of globally admired corporations have emerged in the last ten years and their work will continue to serve as role models for what must be done with people at work through to 2020. Many Australian organisations are at the forefront of these developments, and follow the best people practices of the world's most admired companies. The lessons of those experiences are apparent to all and will endure if there is truth in this observation:

*"Focus on doing the best for your people and the shareholder value results will speak for themselves"*

## Schedule: Summary Thoughts on the Future HR Leader

This white paper has endeavored to provide guidance for the future HR practitioner in a simple but structured way.

As with solving any problem, the issue is sometimes how best to get started. Organisations will differ in their development along the pathways described in this document but all will need to make progress.

What follows are some 'getting started' questions that might be used to complete a simple workplace self-assessment.

### Leadership and HR

- ▶ Will strategic HR capability be valued as a core business skill by CEOs, or will individual practitioners be what is valued?
- ▶ Will WoMAC style people-centric approaches be adopted here? If not, why not?
- ▶ Will we fall for the temptation to cling to old-style command and control leadership models?
- ▶ Will core office infrastructure and IT systems be overly centralised and inflexible?
- ▶ Will our CSR record be sustainable?
- ▶ Will we be seen as a fair place to work? What, if any, are the impediments to that?

## Skills

- ▶ Will there still be heavy skill shortages in key professional groups in my workplace?
- ▶ Will we better anticipate future skills needed by 2020?
- ▶ Our talent – What will that look like? How are we developing it?

## Workplace job structures and cultures

- ▶ What are the full-time and part-time proportions in the workforce?
- ▶ What are the signs of flexible workforce structures? (e.g. compressed roles, 4 x 10-12 hour days, 3 days off)
- ▶ What do we expect diversity to look like from the coal face to the boardroom? Cross-cultural ? Gender? Indigenous? People with disabilities?
- ▶ Are there signs of stress in our workforce? If so, what are they and why?

## Workspace/workplace

- ▶ Is morale and/or engagement in my workplace a problem?
- ▶ If yes what are the reasons for that?
- ▶ Are our communication systems and methods effective?
- ▶ Is the work bogged down with too much administration or regulation?

## Next generation workers

- ▶ What generations are in management or executive roles?
- ▶ What should they be considering for their careers?
- ▶ What are going to be their key challenges?
- ▶ What key questions should they be asking of themselves?
  - » at work? i.e. where is this firm going?
  - » in terms of their personal development?

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# Appendix 1

## AHRI National Presidents Forum members

|                                |  |
|--------------------------------|--|
| Adelaide Brighton Ltd          | Macquarie                                    |
| Allens Arthur Robinson         | Mallesons Stephen Jacques                    |
| Ancor                          | Mercy Health                                 |
| AMP                            | Metcash                                      |
| ANZ                            | Microsoft                                    |
| AXA                            | National Australia Bank                      |
| Baulderstone                   | NBN Co Limited                               |
| Bluescope Steel Limited        | P&O Automotive & General Stevedoring Pty Ltd |
| Boral                          | Primus Telecom                               |
| BUPA                           | Qantas                                       |
| Coca Cola Amatil               | QBE Insurance                                |
| Commonwealth Bank of Australia | Skilled Group                                |
| Deloitte                       | Stockland                                    |
| Energy Australia               | Suncorp                                      |
| Ernst & Young                  | Telstra                                      |
| Freehills                      | The Nielsen Company                          |
| GE                             | Transfield Services                          |
| GM Holden                      | Wesfarmers                                   |
| IBM                            | Wesfarmers Insurance                         |
| IGA                            | Westfield                                    |
| Insurance Australian Group     | Westpac                                      |
| Komatsu                        | Woodside                                     |
| Lend Lease                     | Woolworths                                   |
| Lion Nathan                    | Worley Parsons                               |
| Luxottica                      |  |

# Appendix 2

## AHRI Board of Directors

Peter Wilson AM, Chairman

John Wilson, Deputy Chairman

Christopher Jeffery, Director

Noel Pearse, Director

Serge Sardo, Managing Director & Chief Executive Officer

Meryl Stanton, Director

Ron Watts, Director

## AHRI Council of State Presidents

Peter Wilson AM, National President

Ron Watts FAHRI, President, Australian Capital Territory

Noel Pearse FAHRI, President, New South Wales

Roger Pocock MAHRI, President, Northern Territory

John Lunny FAHRI, President, Queensland

Samantha Wilkinson MAHRI, President, South Australia

Paul Adams FAHRI, President, Tasmania

Elizabeth Nunez FAHRI, President, Victoria

Kim Schoefield FAHRI, President, Western Australia

## AHRI Management Team

Serge Sardo, Chief Executive Officer

Marianna Panopoulos, National Manager, Finance & Company Secretary

Paul Begley, National Manager, Government & Media Relations

Steve Granland, National Manager, Membership & Corporate Sales

Lyn Goodear, National Manager, Professional Development

Sandra Cormack, NSW/ACT Manager

## Appendix 3

### AHRI HRpulse Research Reports

Fair Work Australia: Its impact and your readiness - how prepared is your organisation for the new IR laws? (July 2009)

Pay check: Identifying practices and exploring opinions on executive remuneration (May 2009)

Foreign or homegrown talent? Are 457 visas the answer to skill shortages? (April 2009)

Dangling the carrot: Investigating performance management practices (December 2008)

The parent trap: How many weeks, how many dollars, who should pay? (September 2008)

What's age got to do with it? Exploring the motivations and expectations of today's multi-generational workforce (July 2008)

Love 'em, don't leave 'em: identifying retention strategies that work (March 2008)

Extreme makeover: Does HR need to improve its image? (November 2007)

A new era of employment for productivity (survey April 2010, report due June 2010)

Learning & development index (survey November 2009, report due May 2010)

Reform of the Australian public service (survey October 2009, report due May 2010)

### AHRI EXECpulse Research Reports

The global financial crisis: Its impact on HR and people management practices (July 2009)

Fair Work Australia: Its impact and your readiness - how prepared is your organisation for the new IR laws? (July 2009)

Workplace flexibility (survey April 2010, report due June 2010)

## Appendix 4

### Future Work Scenarios – A Summary

Ten future of work scenarios are summarised below:

#### The Future Workplace – PwC 2008

This study provides three alternative scenarios to stress test the reader's thinking about the future.

- ▶ Scenario Green (SG) – Environment / sustainability are posited to become the no 1 global priority; green compliance dominates business behaviour and branding

In Scenario Green - CSR and regulation both drive HR; many decisions are set by law / rules; compliance and QA to statutory requirements are key requirements; organisation provides

responsible CSR infrastructure e.g. Journey-to-work modes; HR activities devolved to implement rules and regulations locally and oversee CSR programs that manage risk and community engagement

- ▶ Scenario Blue – Corporate MNC behemoths dominate world GDP, becoming mini welfare states e.g. Google-City

In Scenario Blue (SB) - People, talent, performance, learning, reward and risk management metrics; sophisticated and centralized; Quality assurance and values driven across organizations; HR very high-level strategic & metric based, especially on talent, P&R, MIS and mobility; HR service functions - centralised and delivered from common template

- ▶ Scenario Orange – ‘Triumph of the IT nomads’ – Gen X&Y attitudes + mobile tele-computing unbundles workplace and becomes dominated by nomad contractors

In Scenario Orange (SO) the World is driven by networks and HR becomes a resourcing sourcer and network manager; a decentralised manager of performance and rewards per job. Key skills are supply chain management and marketing to attract and retain talent, communications and business case appraisals

### BCG / IBSA 2006 - 2020 Vision “The 21st Century Manager”

This scenario review saw the following influences to be of critical importance as Australia moves towards 2020 - The shift occurring towards services / IT economy / low cost / off-shoring; the generational change of power shifting from baby boomers to Gen Y; Globalisation / integration of world; dominance of China and India; a more flexible workplace with people recognised as major assets, and where problem solving and creativity skills dominate, and with work control and management patterns widely distributed; shareholder value moves over for stakeholder management; barriers for women disappear - retirement ages disappear; CEOs become known more for their creative leadership & team excellence; there is considerable growth in personal wealth.

### MIT 1997 “21st century organisations”

The MIT study was built around two alternative models:

4. Small companies and large networks (the firm becomes unbundled and outsourced)
5. Virtual countries (insourcing)

Due to its vintage, this report produced similar results to PwC 2008 Scenarios Blue and Orange, but is not as well developed. Nevertheless the MIT 1997 study stands the test of time reasonably well.

### CSIRO 2008 “Growing the green collar economy”

The CSIRO report assesses the need for stronger sustainable developments in food and water, urban environments and ecosystems. It recommends positive development of green skills, training, performance assessment, accreditation, and innovation culture for sustainability. CSIRO sees a major opportunity to transform vocational education and trades people to ‘green’ techniques.

### Rand 2004 “21st century @ work”

The Rand study sees globalisation, IT, demographics and workforce growth as pivotal to US economic and workforce development. The study believes Moore’s Law will continue to be robust for our future.

It predicts constant workplace restructuring which will see greater dislocation and longer job breaks for some & a more adaptable (and regularly re-trained) workforce.

Pay for performance regimes are predicted to increase as workers need protection for higher job risk, and firms shed and re-hire frequently based on greater transparency on individual productivity.

Workforce growth is expected to slow – as baby boomers ‘part-time retire’, there will be higher female participation and greater immigration sourcing with associated cross-cultural issues to be addressed. Skill shortages and talent will still challenge workplace management in the future. Age dependency will rocket by 2050 - 35% (US / Australia) 72% (Japan).

Rand sees a tendency towards a PwC Orange world of ‘e-lancers’, and that internationalisation of the workforce will increase with one in 10 US workers being foreign born.

Capital and labour barriers to globalisation will continue to fall. Non-standard work arrangements will increase and there will be more distance working.

Ageing workers and technology innovations are seen to have opposite effects on workplace injuries & deaths, and workflexing and IT will cause opposite impacts for security and privacy.

### Business Council of Australia 2006 ‘Aspire Australia 2025’

BCA used a group of eminent citizens and produced three scenarios to test what might happen in a future Australia:

6. Riding the wave – pictures breakdown of trust from reform/change fatigue, and resultant economic and social decline. This scenario sees that dramatic economic restructuring is needed because of excess regulatory build ups; fiscal failures and private investment corrections; it does believe that the necessary political reforms occur - and confidence restored finally
7. Stormy seas – regional instability impacts life here, but breaks down many barriers. This scenario presumes an environment of increased Asia Pacific instability, whereby Australians become more internationally aware, cohesive and tolerant, especially with China; immigration levels rise; economic volatility increases
8. Changing the crew – a positive globalised scenario, where the generations change and our economic and cultural connections strengthen with the rest of the world. In this more probable scenario, a new generation of outward looking pioneers emerge with greater international savvy, lower protection and more commercial and innovative approaches to business. Welfare dependencies contract but become more targeted to need.

In summary the BCA analysis sees that leadership will become more driven by engaging people; a workforce that is more flexible; and an economy better able to integrate immigration; with ultimate drops to the level of regulation and fiscal intervention. Education is seen to improve over the next 20 years with more emphasis on lifelong learning. Our Defence positioning becomes more outward, and sustainability takes its position as an integrated skill in life and business

### World Economic Forum 2009 Global Risks

Major future risks are identified by the WEF that are economic in nature: food and energy prices; fiscal and asset price collapses; retrenchments and regulatory dislocations.

Other major risk areas identified of significance are:

- ▶ Pandemics and global infectious diseases
- ▶ Regional conflicts
- ▶ Governance weaknesses
- ▶ Environmental challenges.

## Towers Watson 2010: Global Workforce Study

This post GFC study covered 20,000 full-time workers in 22 national markets.

Towers Watson observed a stronger employee desire for stability and security, and that workers were accepting their own responsibility for personal health and welfare, including a preference to take decisions to stay in lower paid jobs if seen to be more secure. Those sentiments are seen to be resulting in lower worker mobility, and reasonable demands for more freedom and flexibility. An expected negative impact was identified on talent retention where younger workers reported being thwarted on their expectations.

It also remarked on the low confidence by Gen Y in current baby-boomer leadership.

### 9. PwC Study 2009: "Millennials @ work"

PwC provided a very insightful study of Gen Y attitudes and preferences from a large international sample base. The key statistical results are as follows:

- ▶ 61% of CEOs have great difficulty attracting and retaining Gen Y
- ▶ 86% of Gen Ys say CSR reputation materially impacts employer choice
- ▶ 98% of Gen Ys want access to strong mentors
- ▶ 68% of Gen Ys believe Russia, India and China will be more significant than US & Europe by 2020
- ▶ 91% of Gen Ys believe they will work across geographic borders
- ▶ 95% of Gen Ys are active social networkers
- ▶ Majority of Gen Ys believe loyalty is a 2-way street – expect 2-5 employers in their career
- ▶ Gen Ys see training as the most important job benefit
- ▶ Majority of Gen Ys pessimistic about post-GFC recovery - see greatest career risks as 'promotions, bonuses & increments' – i.e. don't see not having a job as a material risk.

## Australian Business Foundation 2009 "The Future Revisited"

In its 2009 report, the ABF has updated its four scenarios from 1999 – First Global Nation, Sound the Retreat, Brave Old World and Green is Gold. The approach complements, and in part replicates, the content of PwC 2008 and BCA 2006.

Globalisation, the IT revolution, and environmental imperatives are all recognised as continuing forces that will shape the world we live in. Laissez faire smugness of Australians is acknowledged to be a risk in capturing potential.

Sustainability and CSR mindsets are seen as new and durable shapers of change and thinking.

ABF concludes energy and resources, geopolitical realities, and skills paradigms will be critical, as will the strength of innovation and Australia's ability to grasp and secure its desired social and economic objectives.

**Australian Human Resources  
Institute Limited**

ABN 44 120 687 149

Level 10, 601 Bourke Street  
Melbourne Victoria 3000

**T** (+613) 9918 9200

**F** (+613) 9918 9201

**[www.ahri.com.au](http://www.ahri.com.au)**