Managing tomorrow's people*

The future of work to 2020

*connectedthinking

Contents

Foreword

The journey to 2020

At the beginning of 2007, a team from PricewaterhouseCoopers gathered to explore the future of people management. Our thinking was sparked by the rising profile of people issues on the business agenda – the talent crisis, an ageing workforce in the western world, the increase in global worker mobility and the organisational and cultural issues emerging from the dramatic pace of business change in the past decade. We wanted to explore how these issues might evolve and how organisations need to adapt to stay successful. Many studies have attempted to capture a vision of the workplace of the future, but we set out to understand the people challenges that will impact organisations and consequently the implications this will have on the HR function as we know it. Few business thinkers have proposed that the marketing or finance functions might cease to exist in their present forms, but some are starting to say this about HR.

With the help of the James Martin Institute for Science and Civilisation at the Said Business School in Oxford, we used Scenarios[A1] to think about the future of people management. Our team has identified three possible 'worlds' – plausible futures to provide a context in which to examine the way organisations might operate in the future. In addition we surveyed almost 3,000 Millennials[A1] – new graduates from the US, China and the UK who represent a generation just joining the workforce, to test their views and expectations on the future of work.

We hope you will help us to encourage debate around this critical topic. It is said that the future is not a place we go to, but one which we create. And while things happen that we cannot predict, we can still be prepared.

Michael Rendell
Partner and leader of Human Resource Services
PricewaterhouseCoopers LLP

Managing tomorrow's people Foreword

Introduction

2,739

In July 2007, 2,739 graduates from China, the US and the UK told us about their expectations of work. They had all been offered jobs with PwC but had yet to start. Some of the key findings are highlighted throughout this report

While some of the findings seem to confirm current received thinking about the future of work, a number of themes defy conventional thinking.

PwC is the biggest recruiter of graduates in the UK and a leading global recruiter of graduates. [A3]

When we started our research we had some preconceived ideas about tomorrow's world. Many studies have been undertaken to explore the future of society, the environment, business and even the workplace. Our challenge was to focus explicitly on the business context and the impact on people and work.

While we cannot claim to have identified all the possibilities, several strong themes have emerged:

1. Business models will change dramatically

The pace of change in the next decade will be even more fundamental. Technology, globalisation, demographics and other factors will influence organisational structures and cultures. Our scenarios outline three organisational models of the future:

- large corporates turning into mini-states and taking on a prominent role in society

- specialisation creating the rise of collaborative networks

- the environmental agenda forcing fundamental changes to business strategy.

2. People management will present one of the greatest business challenges

Businesses currently grapple with the realities of skills shortages, managing people through change and creating an effective workforce. By 2020, the radical change in business models will mean companies facing issues such as:

- the boundary between work and home life disappearing as companies assume greater responsibility for the social welfare of their employees

- stringent people measurement techniques to control and monitor productivity and performance
- the rise in importance of social capital and relationships as the drivers of business success.

3. The role of HR will undergo fundamental change

HR has been perceived by many as a passive, service oriented function, but given the context of tomorrow's workplace and business environment, we believe HR is at a crossroads and will go one of three ways:

- with a proactive mindset and focused on business strategy, HR will become the heart of the organisation taking on a new wider people remit incorporating and influencing many other aspects of the business

- the function will become the driver of the corporate social responsibility agenda within the organisation

- the function will be seen as transactional and almost entirely outsourced. In this scenario, HR will exist in a new form outside the organisation and in house HR will be predominantly focused on people sourcing.

"HR needs to ensure it is fit for purpose in order to be proactive and maintain or develop its influence in the future."

Keith Murdoch, Remuneration and Benefits Manager, British American Tobacco

Managing tomorrow's people Introduction

2020: Where three worlds co-exist

We believe it is possible that all three worlds will co-exist in some form, perhaps distinct by geographic region, or industry sector for example.

We identified a number of global forces that will have significant influence[A2], and of those we felt that individualism versus collectivism and corporate integration versus fragmentation would be the most significant. From this axis we identified three worlds and business models for the future.
(See figure 1 opposite.)

We tried to capture the events and trends which draw a picture of life in tomorrow's world and the people management challenges that might prevail. The forecasting timelines and world descriptions are not intended to be taken literally as complete visions of alternative futures. They are designed to present ideas and illustrate the more important points around the people management challenges. We believe it is likely that all three worlds will co-exist in some form, perhaps distinct by geographic region, or industry sector for example. As you read this document think about how your own organisation might be positioned within these scenarios and what implications this has upon your current people management strategy.

2020: three worlds

Fragmentation

Small is beautiful:
The Orange World

companies begin to breakdown
into collaborative networks of
smaller organisations;
specialisation dominates the
world economy

Collectivism

Individualism

Companies care:
The Green World

social responsibility dominates the
corporate agenda with concerns
about demographic changes,
climate and sustainability
becoming the key drivers
of business

Corporate is king:
The Blue World

big company capitalism rules as
organisations continue to grow
bigger and individual preferences
trump beliefs about social
responsibility

Integration
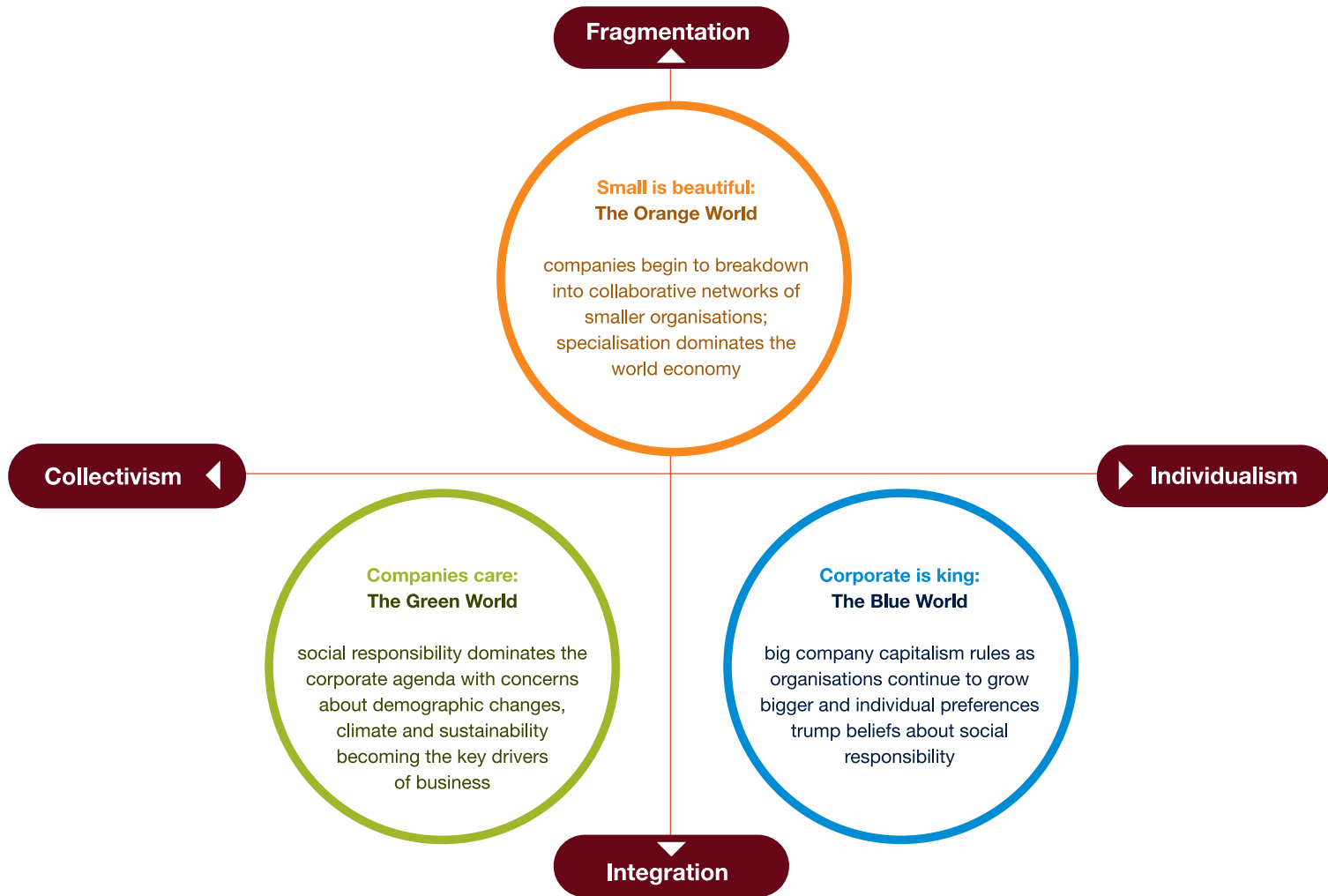
Managing tomorrow's people Introduction

Figure 1

Corporate is king: the Blue world

Where big company capitalism reigns supreme

In a nutshell:

The globalisers take centre stage, consumer preference dominates, a corporate career separates the haves from the have nots.

2011	2012	2013	2014	2020
The Indian economy expands dramatically as it goes through a new wave of cross-border acquisition sprees and becomes a global leader in several industry sectors	World's biggest search engine and largest technology company merge	The brain-drain of Eastern European workers starts to reverse as workers return home to set up and lead corporates, building on expertise gained in several sectors	A decade of M&A consolidation across industry sectors peaks	Global warming changes the climate of Europe; as the snow on the Alps melts, skiers head to the US

90%

of Chinese respondents expect they will use a language at work other than their mother tongue

Size matters

The sheer size of corporations in 2020 means that a significant number now operate with annual turnovers that far exceed the GDP of many individual countries, particularly in the developing world. With echoes of the business models promoted by companies like General Motors in the middle of the last century, many companies now provide the equivalent of the welfare state for their employees to ensure they lock the best talent into their organisations. Internally managed service centres are sophisticated and highly efficient – using processes perfected by the outsourcers of the 'nineties. People metrics become an essential part of everyday life to keep track of individual performance and productivity.

Corporates divide the haves and have nots

The power of corporations means that a much greater divide has opened up between those working for global corporations and those working in smaller enterprises. Employees of mega-corporations have everything they need laid on. Those working for smaller businesses remain at the whim of housing markets and basic statutory entitlements, needing to self-supplement educational support, health and insurance coverage, what remains of the public health system, and so on.

Welcome to the technology age

Technology is all pervasive, entire cities in the US, Japan and the UK operate with ubiquitous high-speed wireless networks that allow all commercial transactions, entertainment and communications to be handled by every individual on credit card-sized devices. Pinpointing exactly what you want and being shown where it is available from wherever you happen to be is now taken for granted, allowing businesses continuously to refine and individualise their relationships with consumers, employees and shareholders.

"Our search for talent is now a global search. The competition for talent will only increase further."

Hanspeter Horsch
Associate Director,
Human Resources
Samsung Semiconductor
Europe GmbH

75%

of respondents
think that workplace
flexibility will not
exist; they believe
they will be working
formal office hours

Corporates drive lifestyle choices

Sophisticated measurement and segmentation strategies mean companies can target goods and services across their customer base and to employees. For example 'green politics' is seen as a lifestyle choice rather than a meaningful political movement. Corporations provide environmental products and services to those who express a preference.

Managing people in the Blue World

- Companies have become the key provider of services to employees. People management now encompasses many different aspects of employees lives', often including housing, health and even education for their children.

- This strategy has led to an increase in staff retention rates as people policies seek to lock in talent, but the top talent is still hard to attract and retain, many senior executives use personal agents to seek out the best deals.

- Mass consolidation has had an impact on cultural issues. Leadership teams now have a high focus on the evolution of the corporate culture with rigorous recruitment processes to ensure new employees fit the corporate ideal. Existing staff are subject to compulsory corporate culture learning and development programmes.

- Huge people costs drive the need for robust metrics and analysis. Employee engagement, performance and productivity are all measured systematically. Leadership can access people data on a daily basis. This also provides an early warning signal of non-corporate behaviour or below standard performance.

- Technology pervades every realm of business and leisure activity. The line between inside work and outside work is often blurred by technology with employers providing the platform. This also provides employers with added insights to staff preferences.

Who leads people strategy?

- The Chief People Officer (CPO) is a powerful and influential figure, sometimes known as the 'Head of People and Performance' who sits on the leadership board.

- Metrics and data are used to drive business performance through complex staff segmentation strategies which identify thousands of skills sets – creating precision around sourcing the right candidates for the right tasks as well as on the job performance measurement and assessment.

- The science of human capital has developed to such a degree that the connection between people and performance is explicitly demonstrated by the CPO.

- As organisations increase in size, their risk management systems are similarly extended.

- The people risk agenda is one which is taken seriously by the board – as a result, the CPO and HR business partners become more influential.

- Those responsible for people management increasingly need financial, analytical, marketing and risk management skills to measure the impact of the human capital in their organisation and to attract and retain the best talent.

Organisational challenges

- Quality assurance across the globe drives the need to create consistency across the organisational supply chain.

- The challenges of size and scale mean that these organisations are at greater risk from external threats such as technology terrorism or meltdown and they find it difficult to effect change quickly.

- As companies try to reinforce corporate values, these can often be at odds with cultural values and can present challenges.

- Organisations must develop models and systems designed and run by HR professionals which enable individuals and their agents to negotiate the value of their human capital based on employees' personal investment strategies.

Employee profile

- People are graded and profiled at the age of 16 and categorised for work suitability both in terms of capability and individual preference.

- The top talent is highly prized and fought over. In most cases people are linked to an organisation by the age of 18.

- University education is managed by the company according to the organisational career path chosen by the individual.

- At the top level, employees take far greater control of their careers; often senior executives have their own personal agents who represent them to find the best roles and deals.

- Lower level employees are also taking active charge of their careers; they are aware of the value that their human capital represents and are demanding about the circumstances in which they will invest.

- Those outside the corporate sphere find employment choices are limited to smaller companies that are unable to provide the same level of development and financial benefits.

A people management model for the Blue World

In the Blue World where corporate is king, the people and performance model below is the closest to what many leading companies are aspiring to today – linking HR interventions to improvements in business performance and using more sophisticated human capital metrics to evaluate corporate activity. Under this scenario the management of people and performance becomes a hard business discipline, at least equal in standing to finance in the corporate hierarchy.

Human resources: the current model

HR business partners

HR shared services

Specialist centres of excellence

Reward

Policy

Resourcing

Change agents

Organisational development consulting

Learning and development

People and performance: the 2020 model

Talent management

Identification (including recruitment)

Career management

Learning and development

International deployment

People shared services

Rewards administration – current, deferred and retirement income

Housing, health, schools and other benefits

Employment records

People metrics and reporting

People management information systems

Metrics, analysis and benchmarking

External reporting

Reward and performance

Performance management (linking objectives with metrics)

Reward strategies and plans

Figure 2

Future view

**Extract from
a newspaper in 2016**

People metrics are integral to
analysts' pricing strategies

WORLD FINANCIAL NEWS

3rd April 2016

NEWS IN BRIEF

Italian pharmaceutical giant Como saw its shares climb higher yesterday in expectation of positive news in its quarterly results due next week. The company, now worth an estimated € 20bn has profited from the success of its new line of statins in Europe and America, but also in China, the fastest growing pharmaceutical market globally.

The quarterly report will be looked at closely by companies inside the industry and beyond. Many credit Como's unusually rapid rise and dominance of parts of the sector to the way CEO Mario Fabrizzi manages the organisation's human capital, which the company also reports on in detail. Last year earnings per employee rose by 7% while costs per employee fell 5%,

generating a much improved return on human capital.

Mr Fabrizzi said, "You have to measure the things you attach value to. Measuring the performance of our people has allowed us to quickly make improvements to any underperforming part of the business, to make effective plans for succession and to return real value to our shareholders."

Companies care: the Green World

Where consumers and employees force change

In a nutshell:

Companies develop a powerful social conscience and green sense of responsibility. Consumers demand ethics and environmental credentials as a top priority. Society and business see their agenda align.

2010	2012	2013	2018	2020
The UK launches the London Carbon Trading Exchange	The US signs the Kyoto II agreement and becomes a leading advocate for actions to reduce the rate of global warming	India becomes a key player in the corporate social responsibility agenda with a focus on preserving the Indian culture and heritage	Hybrid or fully electric cars outnumber petrol-powered cars	A group of scientists confirm that the rate of global warming is slowing

94%

of respondents believe they will work across geographic borders more than their parents did.

Consumers drive corporate behaviour

The environmental lobby is so pervasive that companies must be quick to react to consumer concerns about any aspect of their business which could be deemed unethical. Clear communication and clarity about products and services is essential.

Supply chain control

Companies have strong control over their supplier networks to ensure that corporate ethical values are upheld across the supply chain, and be able to troubleshoot when things go wrong. This has led to many organisations taking greater ownership of key components of the supply chain through vertical integration. Rigid contractual obligations are in place covering every eventuality.

How green are you?

The audit process and quarterly company reports are characterised by a focus on measuring greenness detailing carbon emissions ratings, and carbon exchange activity, as well as the more traditional company valuations. This is an indication of the importance shareholders and investors place on these issues which are reflected in the share price.

Big corporate fines

In the business world ethical behaviour is the most important attribute to attain and preserve. Brands can rise and fall on the basis of perceived green credentials, with government imposed corporate fines for bad behaviour in this highly regulated world. Corporate responsibility is not an altruistic nice to have, but a business imperative.

"We are developing an employer brand reflecting our identity as an employer and promoting our long term commitment with our employees."

Hughes Fourault, Global Head of Compensation, Benefits and International Mobility, Société Général

90%

of US respondents will actively seek out employers whose corporate responsibility behaviour reflects their own.

Managing people in the Green World

- New graduates look for employers with strong environmental and social credentials; in response HR departments play a key role in developing the corporate social responsibility programme.

- Employees are expected to uphold corporate values and targets around the green agenda. Most are given carbon credit tokens which are used like ration books to be cashed in for printing documents in hard copy, company travel and other anti-societal activities.

- The HR function is renamed 'People and Society', the leader being a senior member of the company's executive team.

- The need to travel to meet clients and colleagues is replaced with technological solutions which reduce the need for face-time. Air travel in particular is only permitted in exceptional circumstances and is expensive.

Working across teams in different locations therefore presents enormous challenges to global businesses, and the HR function dedicates significant energy to generating virtual social networks across the operation and the client base.

- Most companies provide staff with corporate transportation options between work and home to minimise the need for car use. This has led to many companies choosing to relocate parts of their operation to where people are based and out of big cities.

Who leads people strategy?

- The CEO drives the people strategy for the organisation, believing that the people in the organisation and their behaviours and role in society have a direct link to the organisation's success or failure.

- The CEO works closely with the Head of People and Society (HPS) who, with a team comprising a mix of HR, marketing, corporate social responsibility and data specialists, drives the social responsibility programme.

- Employment law drives responsible employer behaviour and forces the HPS to develop innovative solutions in times of downturn – such as sending employees on secondments to other organisations where they can develop their skills and contribute to the wider society, bringing employees back in when the economic environment improves. The HPS is therefore a well-networked individual.

Organisational challenges

- Quality assurance and vigilance to minimise risk is paramount.

- The greatest threat to businesses in this scenario is the possibility of non-socially responsible behaviour either within the organisation or in any part of its supply chain.

- Organisations operate in a highly regulated world, where employment law makes it difficult to lay people off in line with market fluctuations. They struggle to monitor everything across the operation to be compliant with the ethical ideal for which they strive. But being compliant is not enough: organisations are under pressure to raise the bar and establish policies and practices which go beyond regulatory requirements. The danger in such a regulated world is that companies are so preoccupied with compliance policies that the ability to be flexible and explore new opportunities is hampered.

Employee profile

- The common belief is that employees choose employers who appear to match their beliefs and values. The reality is that the talent pool for the brightest and best remains competitive, and whilst CSR rankings are a factor, the overall incentive package remains all important. Incentives however are not just reward-related; for example, they include paid secondments to work for social projects and needy causes – a popular trend post-2010.

- Because organisations adopt a more holistic approach to developing their people, including personal development and measuring the impact they have on the wider world, employees are more engaged and as a result are often likely to have a job for life.

A people management model for the Green World

In the Green World where companies care, corporate responsibility (CR) is good. The CR agenda is fused with people management. As society becomes a convert to the sustainable living movement, the people management function is forced to embrace sustainability as part of its people engagement and talent management agendas. Under this scenario successful companies must engage with society across a broader footprint. Communities, customers and contractors all become equal stakeholders along with employees and shareholders.

Human resources: the current model

People and society: the 2020 model

HR business partners

HR shared services

Specialist centres of excellence

Reward

Policy

Resourcing

Change agents

Organisational development consulting

Learning and development

People engagement

Resourcing and career management

Education

Communications

People shared services

Reward and benefits

Employment records

Society engagement

Network development

Community engagement

Communications

Sustainability

Programmes

Compliance

Risks

Figure 3

Future view

Extract from operating review

In 2020, it is a legal requirement that companies disclose their environmental activity. This also acts as a key differentiator when recruiting and retaining talent.

G-Bank
Sustainable business report

G-BANK recognises its statutory responsibilities under the Climate Change Act 2015, Ecosystem Change Act 2016, and all other sustainability legislation. We have been active participants in the International Business Panel on Climate Change since it was established in 2010.

G-BANK

The group has adopted the European Sustainable and Responsible Corporations guidance and has comprehensive company-wide policies on sustainability, energy and climate change, and responsible procurement. We require all suppliers to be certified as carbon balanced and eco-friendly.

During 2020 G-Bank made further changes in its energy providers in 25 countries, so that 95% of our total energy consumption now comes from renewable sources. Our extensive use of videophone technology and virtual meeting software means that business travel has reduced by 75% over the past five years.

In the last quarter of the year our environmental auditors completed their annual sustainability audit and issued an unqualified opinion. This has

allowed G-Bank to retain its status as a AA+ company within the S&P sustainability index.

Key environmental data is provided below

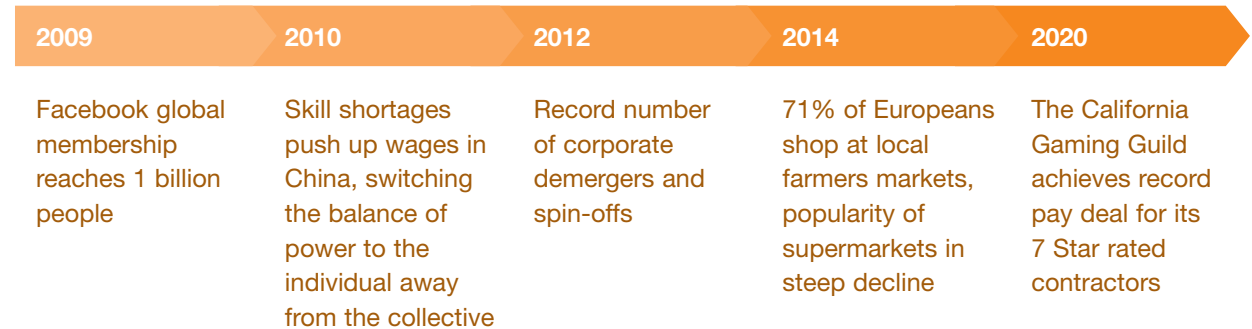| Key Environmental Statistics	2020	2019
Energy use – properties		
Total energy consumption – Gw	1,015	1,200
Energy consumption/FTE – Kw	0.10	0.13
Renewables as a % of total energy consumption	95%	91%
CO_2 emissions – properties		
CO_2 – kilotonnes	21.0	21.8
CO_2 – tonnes/FTE	0.21	0.23
Business travel		
Total travel-related CO_2 – kilotonnes	1.0	1.9
Travel-related CO_2 per FTE – tonnes/FTE	0.01	0.02

Small is beautiful: the Orange World

Where big is bad, for business, for people and for the environment

In a nutshell:

Global businesses fragment, localism prevails, technology empowers a low impact, high-tech business model. Networks prosper while large companies fall.

2009	2010	2012	2014	2020
Facebook global membership reaches 1 billion people	Skill shortages push up wages in China, switching the balance of power to the individual away from the collective	Record number of corporate demergers and spin-offs	71% of Europeans shop at local farmers markets, popularity of supermarkets in steep decline	The California Gaming Guild achieves record pay deal for its 7 Star rated contractors

0.6%

Only 0.6% of UK respondents think that they will mainly work from home

A free economy

Trade barriers come down creating a truly free market economy and countries such as China quickly realise that without embracing full free-market forces they will be unable to compete.

Networks are key

The dream of a single global village has been replaced by a global network of linked, but separate and much smaller communities. The exponential rise in the efficiency of online systems for buying, selling and trading services and skills has debunked completely the old orthodoxy that economies arise from scale. Businesses are much smaller and roles are more fluid.

Complex supply chains

Supply chains are built from complex, organic associations of specialist providers, varying greatly from region to region and market to market. The solution is now not to outsource, but to fragment. Looser, less tightly regulated clusters of companies are seen to work more effectively. Often functions are picked up on a task by task basis by 'garage' operations, with each transaction bought and sold by the second on one of a number of electronic trading platforms, with local and global exchanges.

Millennials drive technology use

The millennial generation, comfortable with technology, is driving the usage of technology as the interaction with services, government and work, with an emphasis on choice and anti-monopoly thinking encouraging innovations in this area.

"Diversity is a huge challenge, but also a great opportunity. Getting diversity right will be a critical future success factor for us."

Peter Johann
Director Global HR
Management
BASF

Managing tomorrow's people Orange World

11.5%

of Chinese female respondents expect to have more than ten employers during their career

Labour market enters the guild era

In a tightening labour market individuals develop portfolio careers, working on a short-term, contractual basis. They join craft guilds which manage career opportunities, provide training and development opportunities.

Managing people in the Orange World

- Organisations recognise that their employees and the relationships they have across their networks are the foundation of company success. Companies seek to promote and sustain people networks. This is achieved through incentivising employees around achieving connectivity goals and collaborative behaviours.

- As guilds become more important, they take on many of the responsibilities previously assumed by employers including sourcing talent, medical insurance and pensions, development and training.

- Employees are usually aligned to guilds and access opportunities through professional portals provided by guild networks – work can be bought, sold and traded in this way. Employment contracts are flexible to accommodate staff churn and a rapid turnaround.

- Workers are categorised and rewarded for having specialist expertise; this has created increased demand for workers to have a personal stake in the organisation's success with direct ownership share schemes and project delivery-related bonuses becoming the norm.

- Recruitment has become largely a sourcing function and has been merged with the management of the huge number of contracts and price agreements required for each company's network of partner organisations.

Who leads people strategy?

- People strategy is replaced with sourcing strategy, as maintaining the optimum supply chain of people is key to this networked world.

- The People Sourcing Director liaises with expertise networks and guilds to attract what they need for the best price.

Organisational challenges

- Organisations are heavily reliant on their external networks to deliver what they need, and a combination of watertight contractual agreements combined with a healthy degree of business trust is imperative.

- When a part of the network breaks down, the smaller size of organisations means they are able to flex and adapt quickly to change. But the flip side of this means that the lack of company infrastructure and resources to deal with sudden problems can be a challenge

- There is also a strong emphasis on technology to support the supply chain and to develop social capital and collaboration.
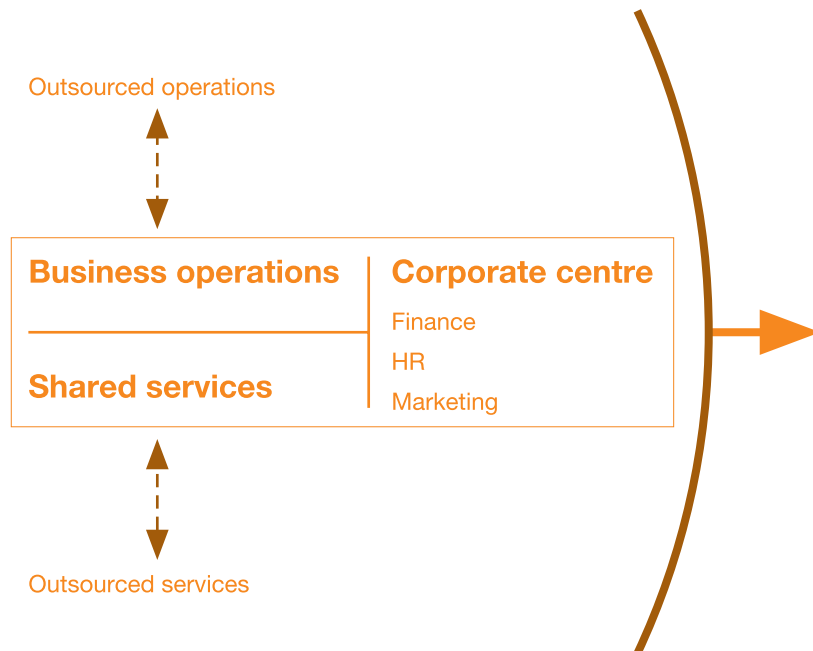
Employee profile

- The responsibility for skills development shifts wholesale to individuals.

- People are more likely to see themselves as members of a particular skill or professional network than as an employee of a particular company.

- Employees rely on achieving high scoring 'eBay' style ratings of past job performance to land the next contract.

- Specialisation is highly prized and workers seek to develop the most sought after specialist skills to command the biggest reward package.
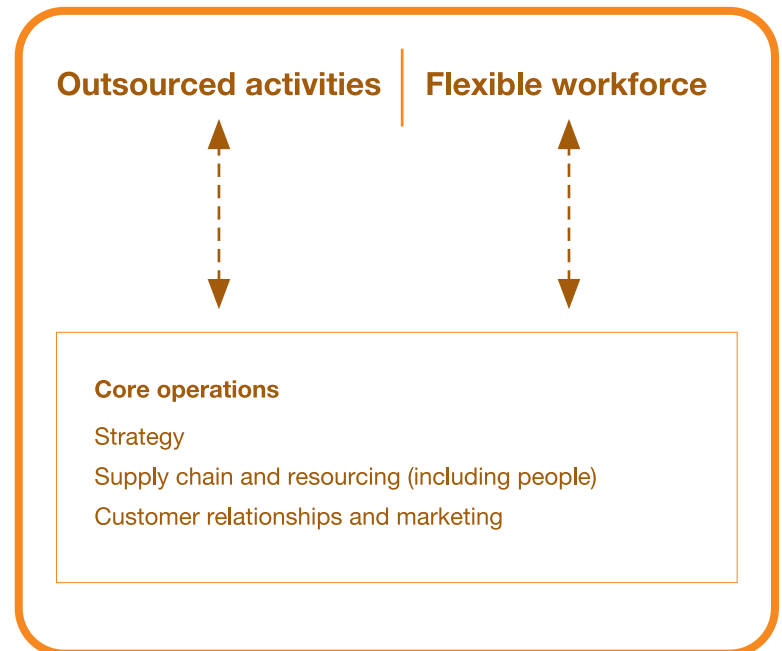
A people management model for the Orange World

Our third world is in many ways the most radical. In this world, economies are comprised primarily of a vibrant middle market, full of small companies, contractors and portfolio workers. People management is about ensuring these small companies have the people resources they need to function competitively. This allows an important role to be carved out for HR, one where the people supply chain is a critical component of the business and is strategically led by the HR function. But the flip side is that this could also see in-house HR becoming a sourcing or procurement function, with the high-end people development aspects of HR being managed externally by guilds.

Current model

Outsourced operations

Business operations

Shared services

Corporate centre

Finance

HR

Marketing

Outsourced services

Operational model in 2020

Outsourced activities | **Flexible workforce**

Core operations

Strategy

Supply chain and resourcing (including people)

Customer relationships and marketing

Figure 4

Future view

Extract from employment networking site in 2020

In the Orange World, Workbook, an employment networking site, is used as a key route for people to find jobs, host their work experience and join networks

Summary

A summary of the people management characteristics in 2020

	Blue World	Green World	Orange World
Resourcing and Succession	Long careers and career planning. Succession plans for key performers.	Holistic whole company approach to manpower planning.	Short-term careers. Lots of contracting. HR strongly focused on filling fixed-term vacancies.
Talent Management	Strong performance focus across all levels. Top talent have personal agents.	Broad definition of talent. Competencies focus.	Minimal – key players in the central 'core' only, but liaison with external agents crucial
Employee Engagement	Engagement around performance and performance metrics. Heavy promotion of corporate culture attributes and behaviours.	Engagement around work-life balance and social responsibility.	Short-term engagement around projects.
Reward and Performance	Strongly performance-related. Pay for performance. Highly structured according to role segmentation.	Focus on total reward over career life-time.	Contract based-pay for projects. Individual stake in projects as incentive for contractors.
Learning and Development	Begins at school. Focus on skills for the job – metrics driven.	Holistic approach to learning – much provided in-house. But secondments and paid sabbaticals for worthy causes are common	Minimal provision in house. Skills training via new crafts guilds.

Table 1

Are you ready for tomorrow's world?

What will the world look like in 2020 – Blue, Green, Orange or something else entirely? We believe it is highly plausible that all three organisational models described in this report will feature in tomorrow's world, sometime or somewhere and to some extent. We already see some multinationals heading in the direction of the Blue World business model. The energy industry has been demonstrating elements of the Green World for some time. We firmly believe that, as the CSR and sustainability agenda grows many other industries (and geographies) will take on characteristics of the green business model, for example the retail and manufacturing sectors. Consumer preference will have a huge impact when it comes to the green agenda.

The Orange World in some ways represents the most radical departure. Will big business find itself outflanked by a vibrant, innovative and entrepreneurial middle market? Will the work expectations of the millenials be such that portfolio lives will become far more pervasive? Will some larger organisations introduce internal markets and formal networks in place of old style hierarchies to create structures where agility, speed and flexibility are key to success?

The world of work is going to become even more complex. Our message is: take a long hard look at your organisation models and current people management strategies; how are you addressing reward, international mobility, employee engagement, development and learning? Think about how these might change in the future and whether or not the strategy you currently have in place is future proof, is sustainable, sufficient and relevant for the plausible worlds of tomorrow.

The survey we conducted is clearly representative of only a part of the millennial generation. But what truly surprised us is the desire in this group for stability and regularity in a changing world. Many people said they expect to work regular hours, from the office or on location, and would have only

"HR will continue to increase its alignment to the business, with greater accountability for delivering specific corporate objectives. This will result in a greater need for HR to quantify itself in respect of how we deliver against the bottom line. ...

> ...We will also need to prepare ourselves for a new generation entering the market place. A significantly more mobile generation with differing expectations from an employer, and we will need to adapt to reflect this."
>
> Michael Poulten
> Personnel Manager
> Reward and Benefits
> Tesco Stores

between two and five employers in a lifetime. But equally let's not ignore the Chinese women in our sample who expected far more flexibility and to have at least ten employers in a lifetime – perhaps these might be workers for the Orange World of the future.

Our final message is to the HR function itself. We believe there is a significant opportunity for the HR function to really own the people management agenda within organisations, to truly drive strategy and have the tools and information to become one of the most powerful and influential parts of the business operation. But – and yes there is a but – we can also see that complacency and a failure by HR to take the lead could result in the function being outsourced almost entirely, or absorbed by line managers or into other functions such as finance or marketing. The fate of HR as a function hangs in the balance. The challenge for HR is to figure out how to make itself relevant for tomorrow's world.

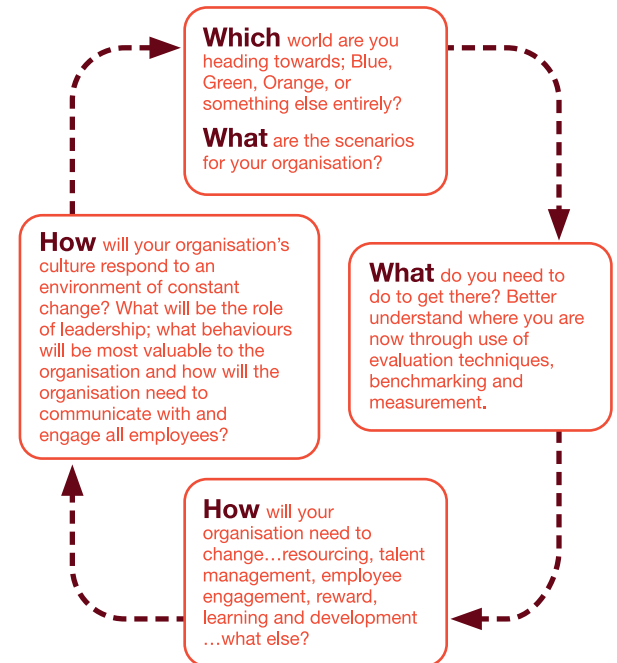## How can organisations plan for the future of people management?

Which world are you heading towards; Blue, Green, Orange, or something else entirely?

What are the scenarios for your organisation?

What do you need to do to get there? Better understand where you are now through use of evaluation techniques, benchmarking and measurement.

How will your organisation need to change…resourcing, talent management, employee engagement, reward, learning and development …what else?

How will your organisation's culture respond to an environment of constant change? What will be the role of leadership; what behaviours will be most valuable to the organisation and how will the organisation need to communicate with and engage all employees?

Figure 5

Appendix

A1 Definition

Scenarios

We worked with the James Martin Institute for Science and Civilisation at the Said Business School in Oxford to think about the factors that currently affect business and those which we believe will grow in importance in the future. We mapped these around a matrix and developed a number of scenarios: plausible futures around each. The result was the three worlds which we describe in this report. Shell famously used scenarios to help them to predict the Middle East oil crisis in 1973. The process can help organisations think differently about the future and plan for the inevitable surprises.

Millenials

Wikipedia says 'The Millenials' are also known as: 'Generation Y – a term used to describe someone born immediately after Generation X…one of several terms (also including The Internet Generation) used to identify the same group. There is much dispute as to the exact range of birth years that constitutes Generation Y and the Millennials and whether these terms are specific to North America, the Anglophone world, or people worldwide.'

For the purposes of this document, we refer to 'Millennials' as those who entered the workforce after 1 July 2000.

A2 2020: our methodology

We started our research by examining the forces that currently affect global business and are likely to have significant impact on the future. Clearly there are many social, environmental, religious and demographic factors that will have significant influence but we felt that some of these issues have been tackled extensively in other studies. We chose to focus on a number of potentially conflicting factors which we feel have the greatest impact on our subject matter – people management. Initially we explored the following eight forces: (see diagram opposite).

Scenarios

Our scenario planning exercise revealed that individualism, collectivism, corporate integration and business fragmentation would be the most significant factors affecting global business for the purposes of our study. We aligned these along two axes, around which we developed our scenarios further. We call these 'worlds'. We began with four worlds: yellow, red, blue and green, with the yellow and red worlds straddling the top half of the quadrant. In these fragmented worlds we discovered through our analysis that the differences across individualism and collectivism were hard to define in the fragmented world. Both of these worlds relied upon networks to survive, were, small, nimble and adaptable. The motivations were the only variant factor where the red world was more self-serving than the collective altruism of the yellow world. We decided therefore to combine these themes to create a single orange world which represented the fragmented business model.

Global forces

Business fragmentation:
the potential break-up of large businesses and the rise of collaborative networks

Technology controls me:
allowing technology into almost every part of a person's life

Globalisation:
the free-market trend prevails as trade barriers disappear

Global forces

Collectivism:
the common good prevails over personal preference, e.g. collective responsibility for the environment over individual interest

Individualism:
focus on individual wants; a response to the infinite choices available to consumers

Reverse globalisation:
protectionist policies begin to rebuild barriers to free movement of people and goods

I control technology:
a yearning for the human touch minimises the personal impact of technology on consumers

Corporate integration:
big business rules all

Managing tomorrow's people Appendix

Figure 6

A3 PwC graduate survey findings

In July 2007, 2,739 graduates from China, the UK and the US were polled about their expectations of work. They had all been offered jobs at PwC but had yet to start.

		Total	China	US	UK
Do you believe you will work across geographic borders more than your parents did?	Yes	93.9%	97.2%	92.1%	92.9%
	No	6.1%	2.8%	7.9%	7.1%
Do you envisage using a language other than your first language at work?	Yes	52.7%	89.4%	32%	35.3%
	No	47.2%	10.4%	68%	64.7%
Will you deliberately seek to work for employers whose corporate responsibility behaviour reflects your own values?	Yes	86.9%	87.2%	90.2%	71.2%
	No	13%	12.6%	9.6%	28.8%
Do you think you'll work...?	A mix of locations	74%	75.7%	71.8%	79%
	Mainly from home	4.6	7.4%	3.8%	0.6%
	Mainly in an office	21.2%	16.7%	24.3%	20.4%
	Not answered	0.1%	0.1%	0%	0%

		Total	China	US	UK
Do you think your office hours will be…?	Mainly flexible hours	13.9%	17.6%	12.9%	7.4%
	Mainly regular office hours	11%	7.1%	14.0%	10.0%
	Regular office hours	75%	75.1%	73.1%	82.5%
	Not answered	0.1%	0.2%	0.1%	0%
How many employers do you think you will have in your career?	1	8%	9%	8%	7.4%
	2-5	78.4%	74.4%	80.4%	79.6%
	6-9	7.9%	6.3%	8.5%	9.7%
	10+	5.5%	10.3%	3.2%	2.6%
	Not answered	0.1%	0.0%	0.1%	0.6%

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Contact

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