



LEADING IN THE **HUMAN AGE**

Why an era of certain uncertainty requires new
approaches to the world of work



ManpowerGroup™

The ecosystem of the Human Age continues to evolve. The macro-economic forces conspiring to rewrite the rules that govern our societies, economies and even our interpersonal interactions are growing not only stronger, but more inextricably intertwined. These forces are pushing and pulling in different directions, acting upon one another, and changing their impact on the world, until it becomes impossible to separate their effects—like a Gordian Knot.

“This is what defines the era—a sense of chaos where the only certainty is that nothing can be certain.”

In the Human Age, it is not the case that just one small change is occurring at a time, but each element of the system is dramatically transforming. That is why the Human Age continues to be so complex and chaotic and why the pace of change continues to accelerate. This is what defines the era—a sense of chaos where the only certainty is that nothing can be certain.

As the Gordian Knot of uncertainty continues to grow and tighten, agility and the ability to innovate will come to define success. Change must come to be an accepted and expected part of everyday life for individuals, companies and governments. Time for planning will continue to shrink and companies will need to focus on strategic agility in the face of uncertain headwinds.

This, in turn, requires business leaders to rethink the way organizations understand, address and manage talent. Successful companies will create flexible workforce strategies aligned to their business strategy in order to boost productivity, build resilience and drive business results—even in changing circumstances. In short, this period of “certain uncertainty” requires new approaches to the world of work.

HR leaders need to be able to build adaptable work models that allow for adjustment to these unpredictable changes. Successfully implementing these flexible work models will require a leadership shift to become more participative and collaborative. It also requires highly resilient and strategic Human Age Leaders who can build and drive a culture of collaboration, and who can develop managers with the capacity to engage top talent over the long term.

Businesses that are able to successfully navigate the 2013 Future Forces driving the Human Age and control their destiny will continue to out-pace competitors who remain inflexible to the complex forces shaping this ever-evolving era. Thanks to years spent tracking critical work of work trends, plus ongoing research and application of innovative workforce solutions, ManpowerGroup has unique insights into these forces and the impact they are having on the world of work. This paper leverages those insights and provides recommendations for how business leaders can build the Human Age Corporation in the face of certain uncertainty.

As the forces conspiring to drive the Human Age continue to grow in strength, the traditional lines of bifurcation of our world and societies begin to shift, with new divisions and cracks appearing all the time just as new connections are also forged. These new segmentations, not just of our political and economic structures, but of our social spheres, require dramatic reinterpretation and redefinitions:

TIGHTENING THE GORDIAN KNOT: AN ERA OF CERTAIN UNCERTAINTY

2012 Adjusting to a New Ecosystem: The Human Age

- Bifurcated World: The Reversal Growth Model
- Human Dynamics: The Scarcity and Abundance Inversion
- Riding the Wave: The Continuous Technology Evolution
- The Human Age: Transforming the Ecosystem

2013 Leading in the Human Age:

Why an era of certain uncertainty requires new approaches to the World of Work.

- Redefinition of the Segmentation of Markets
- Economic Evolution: Materialization of Great Inversions
- Technological Evolution: Shifting Sands Accelerate
- Certain Uncertainty

How Markets Have Been Redefined And Re-Segmented

Today's intertwining macro-economic forces have blurred the lines of economic bifurcation. As economic power shifts between labor markets, new divisions and cracks are surfacing. As new connections are forged, new subsets of political, economic and societal forces emerge. How these forces will redistribute power is difficult to gauge. New inequalities and instabilities drive political and social unrest—fundamentally shifting the power and dynamics between countries, social classes, governments and their citizens.

World economic growth continues to shift considerably South and East. Emerging markets currently represent about 39% of world GDP. By 2020, these markets are projected to represent 52% of GDP. More importantly, 70% of the projected global GDP growth between now and 2020 will come from emerging markets. The East's biggest economic force, China, is now the primary trading partner of most countries in the world. Similarly, Africa is also quickly moving

into the world's economic spotlight. Over the past decade, six of the world's 10 fastest-growing countries were African nations.

Meanwhile, Western powers are decelerating, as companies based in the West look to expand in the South and East, where the bulk of the world's workforce resides. Economic power is increasingly concentrated in new micro-regions where industries and companies thrive, largely due to investment from China. At the same time, trade between European countries is expected to slow with China projected to overtake France as Germany's primary trading partner by 2015.

Despite continued growth, markets have a unique set of challenges to contend with . . .

spotlight on: CHINA

STRENGTHS: China is fast becoming the dominant world force thanks largely to its steady, if slowing growth rate. China's influence on the global economy is rising through more acquisition in developed countries. For example, in 2011, China acquired a 25% stake in Portugal's national electricity and gas distributor.

WEAKNESSES: Unlike many other emerging markets, the lack of homogeneity in China will soon be the root of its challenges. China's great "demographic dividend"—a rising share of working-age adults—is ending. According to *The Economist*, China's population will peak in 2026 and, unlike the rest of the developed world, grow old before it gets rich. Currently, 8.2% of China's population is over 65. The equivalent figure in America is 13%. By 2050, China's share will be 26%, higher than in America.

This resegmentation is evident in "bubbles" of society too. The new, bubbled society is made up of groups that are cohesive where geographic and generational divisions once kept them apart. Now, defined by a common interest, use of a certain type of social network, or particular political viewpoint, they are united by ongoing technological innovation.

RECOMMENDATION

1

Companies need to consider how this "bubblization" has weakened traditional socio-economic structures and determine how to leverage social frameworks to drive business results. A boom in internal social networks in corporations can facilitate more collaborative virtual work and requires a flexible model of rules of engagement.

The word "social" has shifted its meaning and has been redefined within the last five years. Today, it often defines social networks, media and marketing. This bubblization of society poses great opportunities to segment people by interests and other characteristics, which in turn, can over-expose people to like-minded peers and distance them from those who think and operate differently.

Economic Evolution: Materialization of Great Inversions

Shifting populations within labor markets are impacting both the scarcity and abundance of talent, natural resources, and jobs. In turn, the rapidly changing nature of the skills required in the workplace is driving a disturbing and disruptive mismatch between the skills employers need and the skills the workforce can offer.

Rising populations, prolonged life expectancy and advancing technology have created an abundance of skills, workers and potential productivity. Estimates predict the global population will increase by eight to 10 billion people over the next 20 years before any form of decline is seen. Yet companies are still unable to find the right skilled talent. Instead of entering the workforce, the burgeoning youth population is the most alienated talent pool in the world today. ManpowerGroup has led the way in identifying and reporting on barriers to youth employability including graduates' lack of specific soft and hard skills required by employers.

<http://manpowergroup.com/research/research.cfm>

One factor at the core of today's volatile GDP forecasts is spiking resource prices. Without a resource revolution—or a universal sense of urgency to meet the world's energy, materials, food, and water needs—countries continue to damage global growth, welfare and the environment. Resource prices have triggered tensions over quality of life, including access to natural resources, the cost of labor, the emergence of new jobs and the disappearance of others. Skilled in-demand talent is another scarce resource with an escalating monetary value. As a result, companies increasingly rely on high compensation packages to poach in-demand talent from each other.

Another supply-demand conundrum that continues to impact the world's employment ecosystem is the abundance of low-skilled workers. This pool, traditionally drawn from working classes, is being replaced by highly educated workers, who are less prepared to do menial tasks. At the same time, these educated workers often lack the contemporary hard and soft skills required by today's companies. Without all of the skills for high- or low- skilled work, these employees are in a holding pattern and remain an untapped resource.

The world's skills mismatch has fostered evolutions, including the emergence of a second economy. This concept is grounded in the idea that more jobs have been lost due to technological progress than delocalization, and that overall productivity gains have reduced the number of workers needed to perform those jobs. As productivity gains resulting from technology reduce the number of jobs in some sectors, talent resources are freed up for use elsewhere in the economy.

As the second economy emerges, some jobs, including intermediaries and middle managers, will likely disappear due to more efficient ways of cascading information down hierarchical organization structures and increased horizontal collaboration, which requires new skill sets.

Talent displaced by technology has opportunities on a third economic level. This third economy is where roles are being redefined. For example, while production-line jobs may be lost due to automation, this change may create more opportunities in engineering or information technology where demand for technicians to design or service machines should increase.

To prepare talent for these evolving economies, more companies are cross-training employees. Exposing workers to other functions helps them gain new skills, increases their understanding of the overall business, and gives managers the flexibility to move individuals across departments, start new functions, or product-lines to meet changing business needs.

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Companies will be challenged to plan for these shifts by ensuring their talent pipeline has the skill set they need. Organizations can do this by adopting a developmental philosophy and instituting training programs to develop staff that promote exposure and experience and grow depth of skills to ensure talent evolves.

Accelerated Technological R&D

Technology continues to significantly boost productivity and accelerate innovation, if used right. Wide-spread adoption of recently emerging technologies, including geo-localization, Big Data and mobile platforms and apps, have altered the shape of the world of work. Companies must not only understand the potential of technology, they must also be able to harness it effectively. Although Big Data has the potential to better identify resources, including talent, businesses need to understand how to unlock and sort Big Data, so they can clearly connect its benefits with developing innovative workforce solutions.

New technology is inevitably met with resistance. The advent of the social network was thought to herald the end of privacy, but companies have found that the return on investment for allowing access to private data actually trumps the risk. For organizations, the challenge will be to balance the need to keep pace with technology and introduce new systems into the workforce, while managing employees' resistance to change and ensuring that the workforce has the right skills to effectively operate the new technology.

The continued evolution of technology presents the world of work with opportunities to transform the shape and scope of current work models. According to the World Bank, 90% of the world's population now has a mobile cell signal, and there are six billion mobile phone lines in the world today. The accelerating movement towards the mobile Internet has widespread

impact on the world of work with interactions between employees and employers increasingly happening through mobile devices and a corresponding drop in the use of computers.

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ManpowerGroup predicts the next generation of employee-company relations will be facilitated by simple and specific apps that will significantly impact work models and practices. For instance, personalized apps that allow employers to communicate tailored information to individual employees could help foster employee engagement, while broader organizational communications could help bring employees together and encourage collaboration across large organizations.

Certain Uncertainty

In the Human Age, economic, political and social turmoil are creating an era of unpredictability, complexity, tension and reduced flexibility. Redefining systems and values can help encourage greater flexibility and a willingness to embrace change that will help business leaders maximize the power of human potential.

While periods of chronic uncertainty demand concerted action grounded in strong basic principles with clear objectives, governments, individuals and companies often react defensively or irrationally or are paralyzed by ongoing uncertainty. The lack of a focused response can have negative consequences for the workforce—and lead to declines in employee engagement and productivity.

Engagement remains a major dimension of retention, motivation, and productivity. In the Human Age, individuals operate at higher stress levels, as a result of increasingly ambitious productivity goals that require them to do more with fewer resources in less time.

RECOMMENDATION



To anchor a strategic growth framework and develop a flexible roadmap to achieve growth goals, companies must identify a few fixed points. As the world's innovative workforce solutions provider, ManpowerGroup has fixed on the anchors of people development and training as the crux of its strategic framework to deal with the chronic uncertainty of the world's skills mismatch.

As companies struggle to adapt to the Human Age and the Gordian Knot of forces that create chronic uncertainty, they will require new leadership models, people practices, talent sources and additional emphasis on developing their internal systems, culture, engagement and training.

Lower engagement levels are linked to lower levels of mutual trust. As Tammy Erickson, a contributor to the Harvard Business Review says, “while companies no longer promise long-term protection and care, leaders have been slower to acknowledge that this lessens the employee’s obligation for loyalty.”

AS SILOS BECOME POROUS, A HORIZONTAL HIERARCHY IS EMERGING



SHIFT IN INTERNAL STRUCTURE FROM A “SOCIETY” TO A “COMMUNITY”

- ▶ LOWER TRANSACTION COSTS:
 - PRODUCTIVITY
 - INNOVATION
 - ENGAGEMENT
- ▶ NEED FOR NEW SKILLS
- ▶ NEW HIERARCHIES AROUND INFLUENCE, REPUTATION, SKILLS, ETC.
- ▶ NEED FOR NEW FORMATS OF TRUST

Conclusion:

Building a Human Age Corporation

By establishing a foundation of core business goals, companies can develop a strategy to respond to unpredictable situations that strikes the right balance between the need for built-in flexibility of plan and results. Work needs to be reinvented so that it fits into both capitalism and talentism. In the Human Age, talentism has unequivocally replaced capitalism as the dominant world system, but capitalism has not disappeared—rather the systems of capitalism and talentism are now operating side-by-side. Indeed, the two concepts must work together. Talentism is probably the best path to reinventing a more acceptable and equitable form of capitalism.

In this new era, talentism has emerged as the dominant economic system. The world of work must be reinvented to fit into both capitalism and talentism. By its very nature, talentism creates a world of division—those who are able to successfully navigate the Human Age to take full control of their destiny, and those who are swept along by the forces driving and shaping this era.

Innovation will have to happen faster. In a high-risk environment, when budgets and time are extremely tight, companies must be able to confidently invest in resources with the greatest potential for impact. Redefining work models or structures within a company will be challenging if the workforce is ill-equipped or unprepared to implement change.

Ultimately, the Human Age will continue to evolve and the forces shaping this new ecosystem will continue to grow in strength and tighten in a Gordian Knot of complexity and uncertainty. Successfully navigating in this environment, means that companies that want to lead must use every revolution as an opportunity for innovation and every shock as a reason for progress.

The challenge facing us today is not to understand exactly how and why this is happening, but rather to begin to build the frameworks, structures, strategies and systems that will allow us to evolve with the Human Age, finding the fixed points within a sea of uncertainty, even if the only certainty is that the world will continue to change.

A brave, flexible, inquisitive and innovative mindset will be necessary to successfully navigate these waters, a mindset that is at the very heart of what it means to be human. Once again, sheer human potential and the nature of the human spirit to problem-solve, adapt and succeed will be the key to winning in the Human Age.

ManpowerGroup's 10-Step Plan can help companies position themselves as Human Age Corporations, with the ability to respond quickly to fluctuating world and market forces to successfully execute business goals.

Principles for Building the Human Age Corporation

▶ WHAT WE USED TO DO . . .

- Rigid, long-term business models, strategies, plans
- Siloed business and workforce strategies
- Segmentation of markets by geography
- Technology to help processes
- Society based vertical hierarchy structure
- Manage teams based on business goals alone
- Leaders direct from the top in isolation
- Train individuals for the role they are currently in
- Find talent where the work is
- Capitalism directs the company

▶ WHAT WE SHOULD NOW DO. . .

- Create a set of core principles of execution which are flexible and adaptable to uncertainty
- Align workforce strategy to business goals
- Segmentation of markets based on similarities, despite geography
- Technology to drive growth and productivity
- Develop a “community” based horizontal hierarchy system
- Develop augmented managers to play a wider role in developing growth, coaching teams and individuals
- Leaders should work collaboratively to drive performance
- Train individuals for the role they will likely take in the future
- Take work to where the talent is
- Use Talentism to direct the company





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