

# The Future of Work: Emerging Challenges and Research Agendas

## SUSSEX FUTURE OF WORK RESEARCH HUB

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13th April 2016

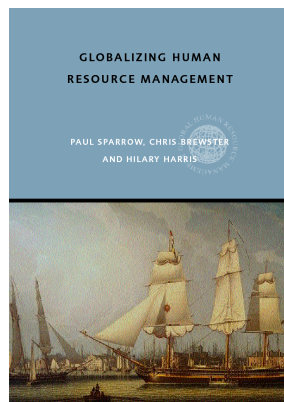
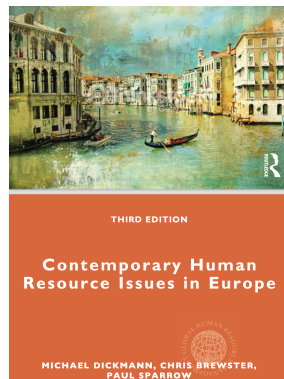
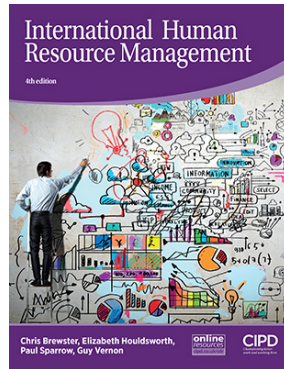
TRIPLE-ACCREDITED, WORLD-RANKED



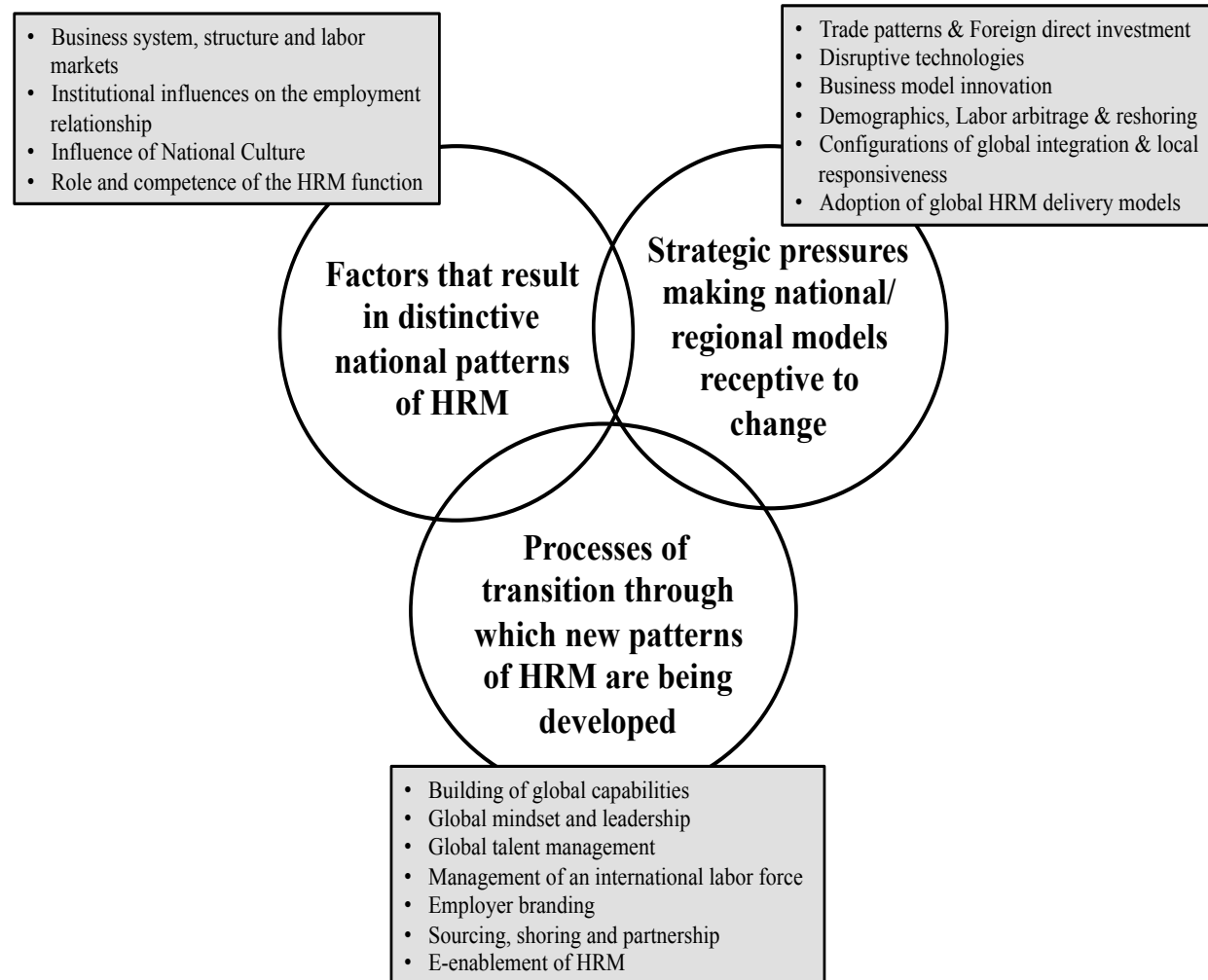
# My Agenda

- Reflect on what the future "holds" for the world of work- what are the big "trends"
- The key research themes/topics/questions for academic research, theoretically and/or empirically
- Recommend things to read
- Asked to consider HR practice against backdrop of globalisation

# The Globalization of HRM



GLOBAL HR DIRECTORS HAVE TO BALANCE....



# Future Shape of Global Economy

- Slowdown in global growth after 2020 as China & other major emerging economies moderate to sustainable long-term rate, and working age population growth slows in many large economies.
- China overtook the USA in 2014 as largest economy in purchasing power parity terms, overtakes the USA in 2028 in market exchange rate terms despite slowdown.
- India becomes second largest economy in the world by 2050 in PPP terms
- Economies like Mexico and Indonesia become larger than the UK and France by 2030 in PPP terms, and Turkey becomes larger than Italy.
- World economy to grow at an average of just over 3% per annum in the period 2014-50, doubling in size by 2037 and nearly tripling by 2050.
- 22% of global air travel concentrated on just 300 origin & destination 'super routes', each carrying over 1 million passengers annually.
- World's busiest flight route is from Hong Kong to Taipei. Routes to and from London (to New York, Dublin, Amsterdam and Milan) make up four of the 10 busiest global routes

PricewaterhouseCoopers (2015). *The world in 2050: will the shift in global economic power continue?* [www.pwc.co.uk/economics](http://www.pwc.co.uk/economics)



# Changing Economies of Scale in Production

- Trend of factories to be moved to low wage countries to curb labour costs being replaced by models based on more complex assumptions
- Not reversal of labour arbitrage – but series of micro-level trends (demand for local production in home markets, increasing manufacturing costs abroad, difficulties of overseeing production overseas, & costs and risks inherent in global supply chains)
- Of the \$499 first generation iPad, only about \$33 of cost was attributed to manufacturing labour, of which final assembly in China represented \$8.
- New production strategies, manufacturing techniques and materials are making it cheaper and easier to respond to local market tastes.
- Volkswagen's new production strategy (Modularer Querbaukasten) based on standardization of parameters for components such as engine mounting points - allows all cars to be manufactured on the same production line, thereby allowing factories in America, Europe & China to produce whatever vehicle the local market required

Markillie, P. (2012). Special report on manufacturing and Innovation: A third industrial revolution. *Economist*, 403 (8781): 1-16

# Fragile Global Economy

- Financial crises are now associated with larger output losses and slower recoveries than more 'conventional' recessions (Reinhart & Rogoff, 2009)
- Bank of England classifies events in three ways: world demand shocks, world supply or price shocks & world financial shocks (Chowla, Quaglietti & Rachel, 2014).
- Three channels for the transmission of these world shocks: trade linkages (demand for exports and import prices); financial linkages (tighter supply of credit and more volatile asset prices); and spillovers into general uncertainty.
- MNEs, complex supply chains at risk of disruption, energy prices, inventory costs associated with importing
- By mid-2014 China's total debt had quadrupled from \$7 trillion in 2007 to \$28 trillion (which at 282% of GDP was larger than that of the USA or Germany)

Reinhart, C & Rogoff, K (2009). *This time is different: eight centuries of financial folly*, Princeton University Press.

Chowla, S., Quaglietti, L. & Rachel, L. (2014). How have world shocks affected the UK economy? *Bank of England Quarterly Bulletin*, 54 (2): 167-179.

# The Shift from Inter-State Systems

- Trend for economic activity to gravitate to cities continues. 300 metropolitan cities with just 20% of the global population account for 47% of all global economic output and nearly 40% of global economic growth (Brooking, 2014).
- MNEs throughout the world increased from 3000 in 1990, 63,000 in 1990, & 100,000 by 2012 (Javidan & Bowen, 2013). These 100,000 MNEs in turn had 900,000 affiliates & assets valued at \$57 trillion (10 times more than the value of MNE assets in 1990).

*'... In the last hundred years, the inter-state system came to provide the dominant organizational form for cross-border flows, with national states as its key actors. It is this condition that has changed dramatically over the last decade as a result of privatization, deregulation, the opening up of national economies to foreign firms and the growing participation of national economic actors in global markets... we see a re-scaling of the strategic territories that articulate the new system. With the partial unbundling or at least weakening of the national as a spatial unit come conditions for the ascendance of other spatial units and scales'* (Sassen, 2002, p.13)

Brookings (2014). *Global metro monitor: an uncertain recovery*. Global Cities Initiative. [www.brookings.edu/metro](http://www.brookings.edu/metro)

# Disruptive Technologies in Global Economy

1. Mobile internet
2. Automation of knowledge work
3. Internet of things (machinery, shipments, infrastructure, and devices equipped with networked sensors and actuators can monitor their environment, report status, receive instructions, and take actions based on the information they receive)
4. Cloud technology
5. Advanced robotics
6. Near autonomous vehicles
7. Energy storage
8. 3D printing
9. Advanced materials
10. Advanced oil & gas exploration and recovery
11. Renewable energy.

*'...Vast wealth is now being created without many workers and for all but an elite few, work no longer guarantees a rising income'* (Economist, 2014)

Manyika, J., Chui, M., Bughin, J., Dobbs, R., Bisson, P., & Marrs, A. (2013). *Disruptive technologies: Advances that will transform life, business, and the global economy*. McKinsey Global Institute. London: McKinsey & Co.

# Knowledge Work Automation

- Impact of a range of digital technologies has been felt the most by low- and mid-skilled workers in rich countries, and in rich countries where employment has been growing such as the UK and Germany, wages have been squeezed the most
- But the effects are spreading - in half of all OECD countries real median wages have stagnated since 2000
- Disruption now expected more widely as rise of machine intelligence threatens more jobs further up skills ladder, as many previously sacrosanct professions find their information work can be automated

Economist (2014). *Wealth without workers, workers without wealth*, *Economist*, 413 (8907): 16.

# 3D Printing: Democratisation of Production & Innovation or Untested Claims ?

- Machines that use additive manufacturing technologies to print objects layer by layer to create objects from a variety of materials such as plastic, metal, ceramics, glass, paper, and living cells.
- Heralded as next industrial revolution: opportunities for rapid prototyping, mass customization, shrinking and less-costly supply chains, and the 'democratization' of manufacturing
- Potential to disrupt many businesses, consumers & global economy
- Assist firms in sustainability goals: lower waste & carbon footprint than traditional manufacturing; reduces levels of transport because only raw materials need be distributed, production and assembly can be localized; and increases the lifespan of products because parts can be reproduced & replaced more easily.
- Offers the potential to link undeveloped markets to global supply chains.

# Changing Global Demographics

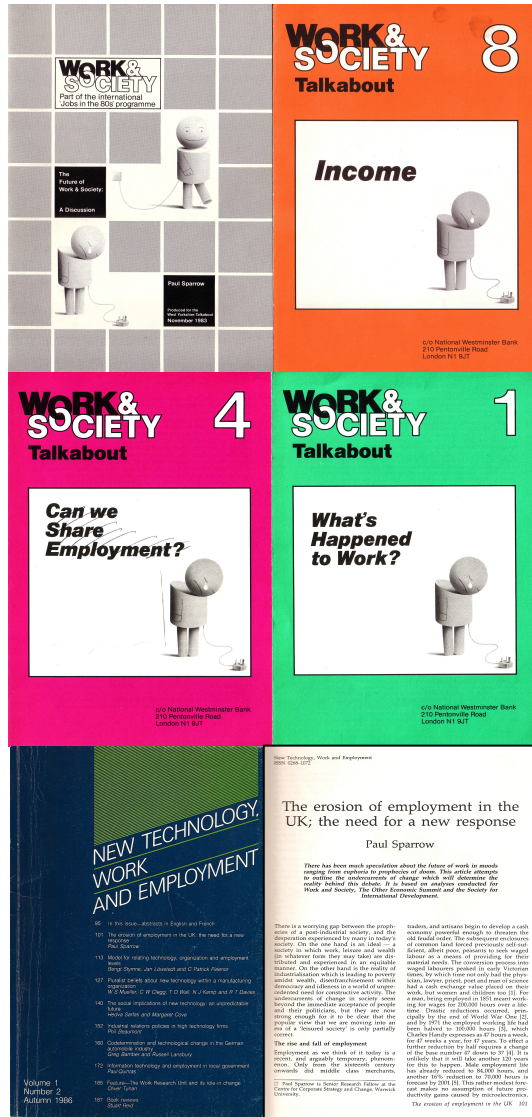
- Global share of older people (aged 60 years or over) increased from 9% in 1990 to 12% in 2013 and will reach 21% by 2050 - significant social and economic consequences
- Old-age support ratios (the number of working-age adults per older person in the population), already low in the more developed regions, will continue to fall creating fiscal pressure on support systems
- Demographic dividend' where labour market & other policies allow for a productive absorption of growing working-age population and increased investments in the human capital of children and youth.
- Data on their labour earnings, income from assets, and support through public transfers shows that older persons make net financial contributions to younger family members until very advanced ages.

## UK Challenges: Does This Mean... ?

- Changing demography & attitudes in the workforce
- The creation of a cadre of long-term unemployed
- A young generation ill equipped
- UK racked by Regional and Urban divisions
- A workforce skill gap
- New technology changing the design of work
- New expectations and values at work



# 1984/86: 7 Challenges Identified by Work & Society



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- The creation of a cadre of long-term unemployed
- A young generation ill equipped
- UK racked by Regional and Urban divisions
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- New technology changing the design of work
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- **HAVE WE CHANGED ANYTHING OF SUBSTANCE IN 30 YEARS?**

# Macro-developments impacting the employment relationship and shaping HRM then... and now?

- An exchange of free time for consumerism
- The rise of productive capacity of household, changing demand for services, offloading activities to a self-service model and reduction of consumer power
- Long waves in technology impacting the supply of technology and jobless growth
- Pauperization of employment (pay, job design & content, security) through substitution of male FT jobs with growth of (female and low paid) PT work and peripheralised occupations taking brunt of downturns

# Transfer Of Risks and Costs at Societal Level



**MARKETS**



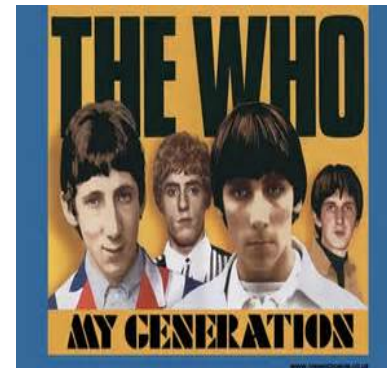
**NATION STATES &  
DEMOCRACIES**



**ORGANIZATIONS**



**INDIVIDUALS**



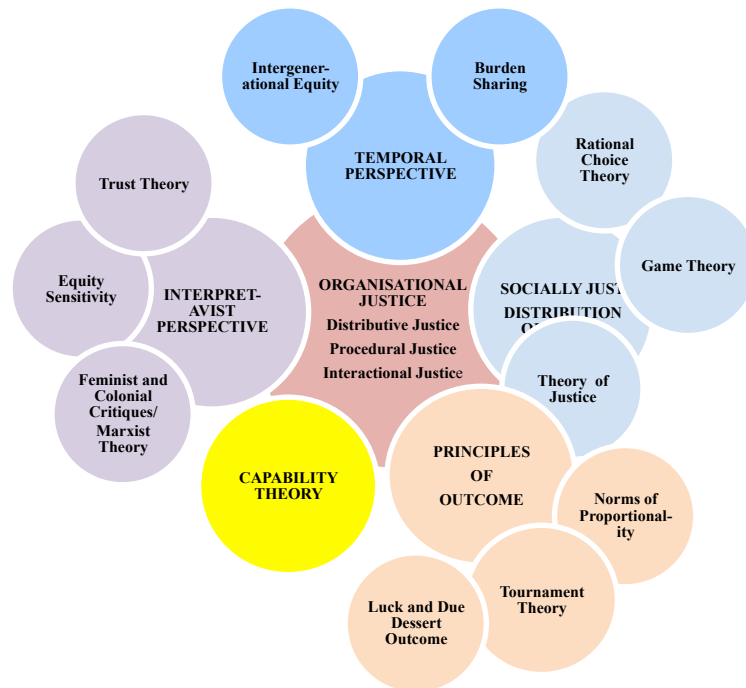
**(GENERATIONS)**

**Fundamental transfers of responsibility and costs across & between each stakeholder**

**Questioning whether this is matched by necessary accountabilities ?**

**Emotive Judgements and Questions about Work and its place in Society now & future**

# Redefining the Contours of Fairness?



## The changing contours of fairness: using multiple lenses to focus the HRM research agenda

The changing contours of fairness

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### Abstract

**Purpose** – Organizational justice research has become the main paradigm of research in the field of HRM. The purpose of this paper is to outline a number of underlying challenges to which this paradigm is ill-suited. It broadens the traditional understanding of what is meant by fairness within the HRM literature to help explain how justice judgements are formed and may be used to influence societal-level fairness processes. It develops a framework to aid the understanding of the fairness of decisions that individuals or organizations make.

**Design/methodology/approach** – The paper presents a conceptual review of the main paradigms used in fairness research. It draws upon the organizational justice literature as the dominant paradigm in HRM research, and conducts a cross-disciplinary review that introduces a range of theories less frequently used by HRM researchers – specifically capability theory, game theory, tournament theory, equity sensitivity theory, theories of intergenerational equity, and burden sharing. It demonstrates the relevance of these theories to a number of areas of organizational effectiveness.

**Findings** – The paper shows that researchers are now augmenting the organizational justice research paradigm under two important pressures – awareness of hidden structures that preclude the option for real fairness; and new variables that are being added to the consideration of organizational justice.

**Practical implications** – HR functions have invested significant resources in employee engagement or insight units, but if their policies trigger significant inequality of outcomes, perceived problems of justice, a lack of burden sharing, no sense of proportionality, organizations may not be able to achieve other important HR strategies such as sustaining and deepening employee engagement, developing organizational advocacy, building an employer brand, or being seen to have authenticity in its values. The framework suggests a broadened educational base for HR practitioners around fairness. It also suggests that there may be complex employee segments concerning perceptions of fairness.

**Originality/value** – The cross-disciplinary perspective taken on fairness helps deconstruct the judgements that employees likely make, enabling organizations and individuals alike to ask more critical questions about their respective behaviour.

**Keywords** Organizational justice, Fairness, Intergenerational equity, Social structures

**Paper type** Conceptual paper

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- Differential impacts across generational groups and across different internal employee segments
- Pension provision, executive reward & low pay, careers/ work quality across age groups, global sourcing of work, women on boards, social mobility all driven by different ways of thinking about fairness