

# Contemporary Trends in Work and Organisation

Changing forms of organisation: implications for leadership and leadership development

Will Hutton, The Work Foundation

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# Welcome



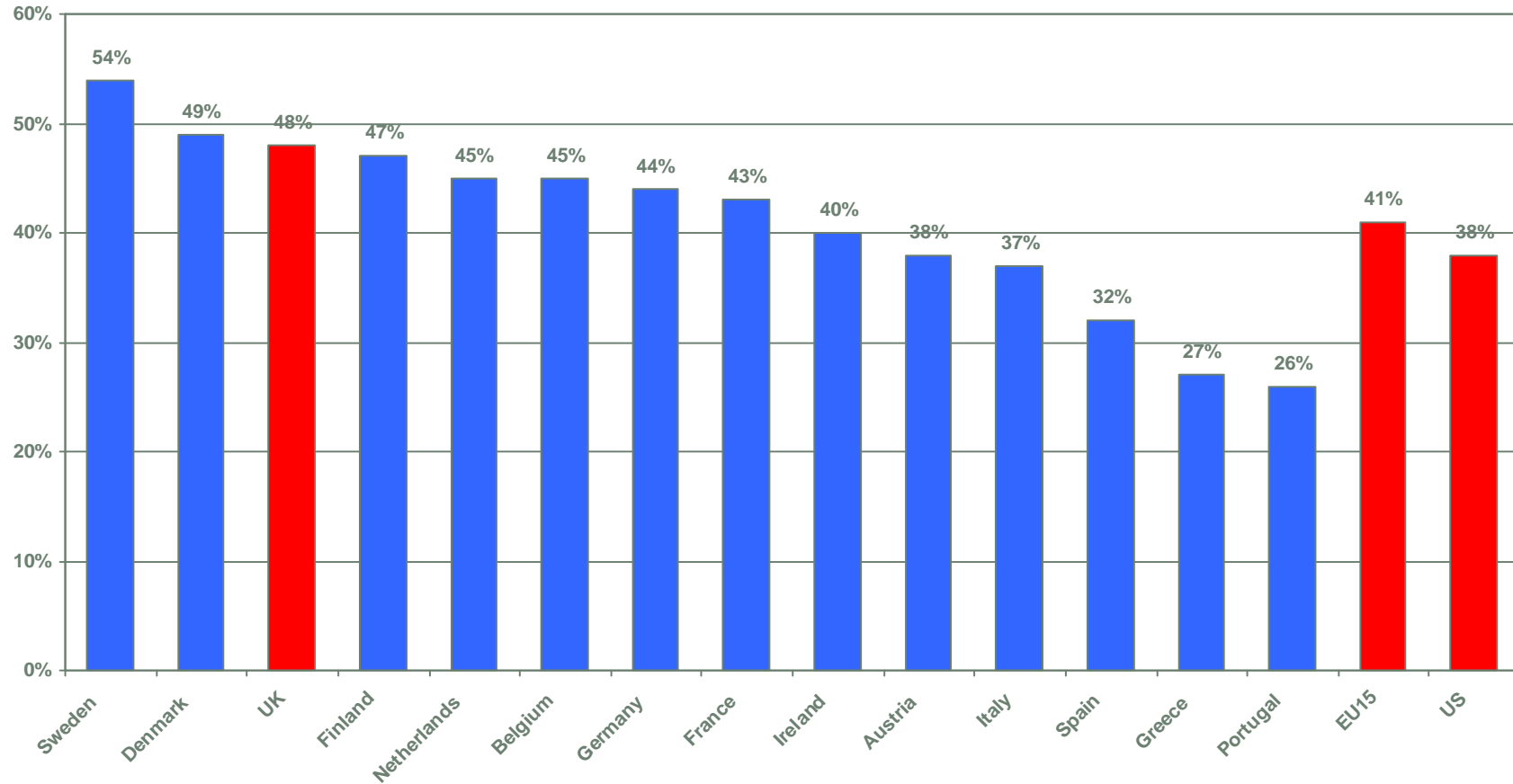
- The Work Foundation:
- Our leadership research into high performance....
- ....and insights into the Knowledge Economy....
- ....plus our vision of Good Work.....
- .....means this conference sits at the heart of much of what we're doing

# Employment in knowledge based industries in 2005



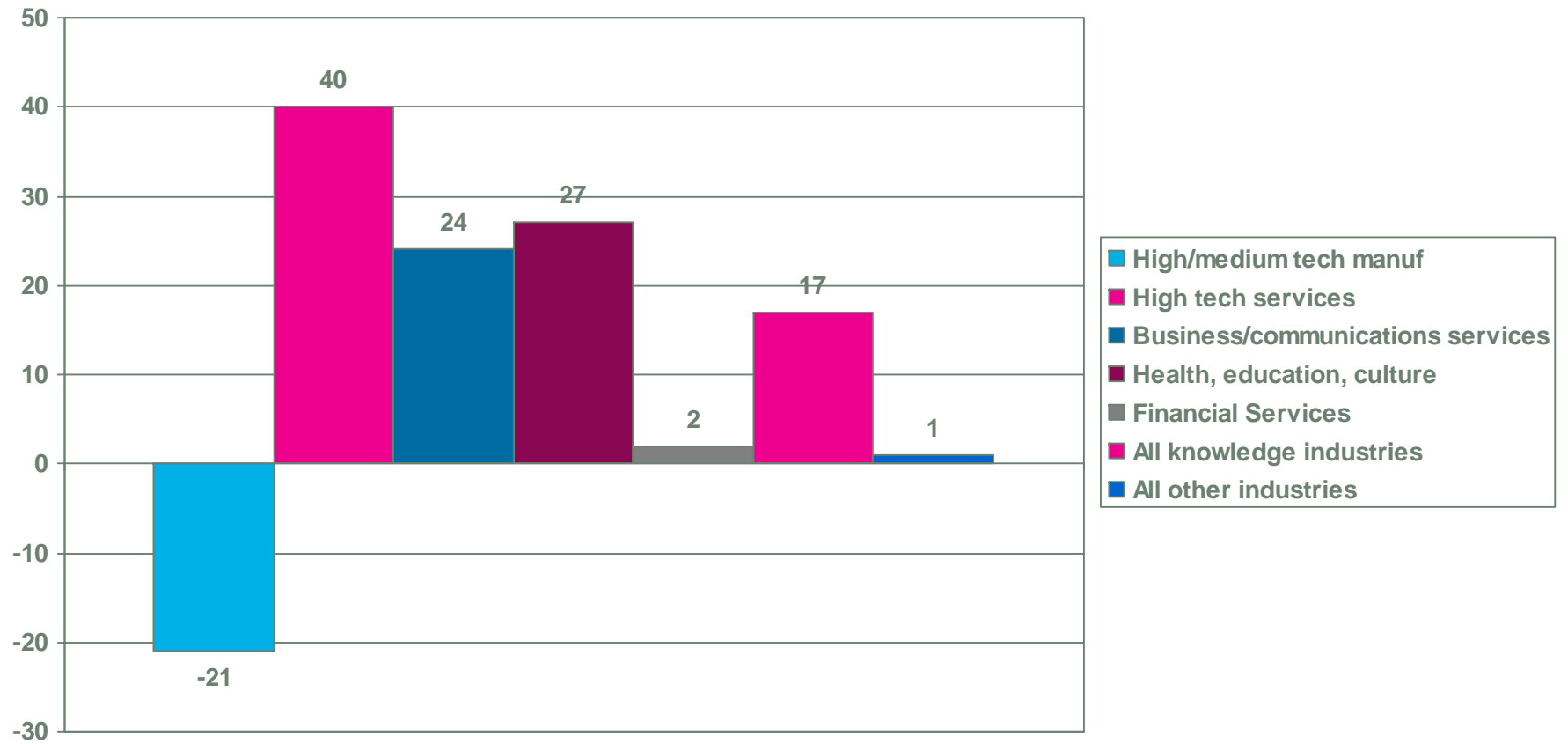
the work foundation

EU15 is share of total employment using Eurostat definitions (high to medium tech manufacturing, finance, business services, communications, health, education, cultural services, air and sea travel). US estimate is Work Foundation estimate for share of employees derived from US Bureau of Labor Statistics from similar industries.



# The rise of the “knowledge economy” 1995-2005: Job change by sector %

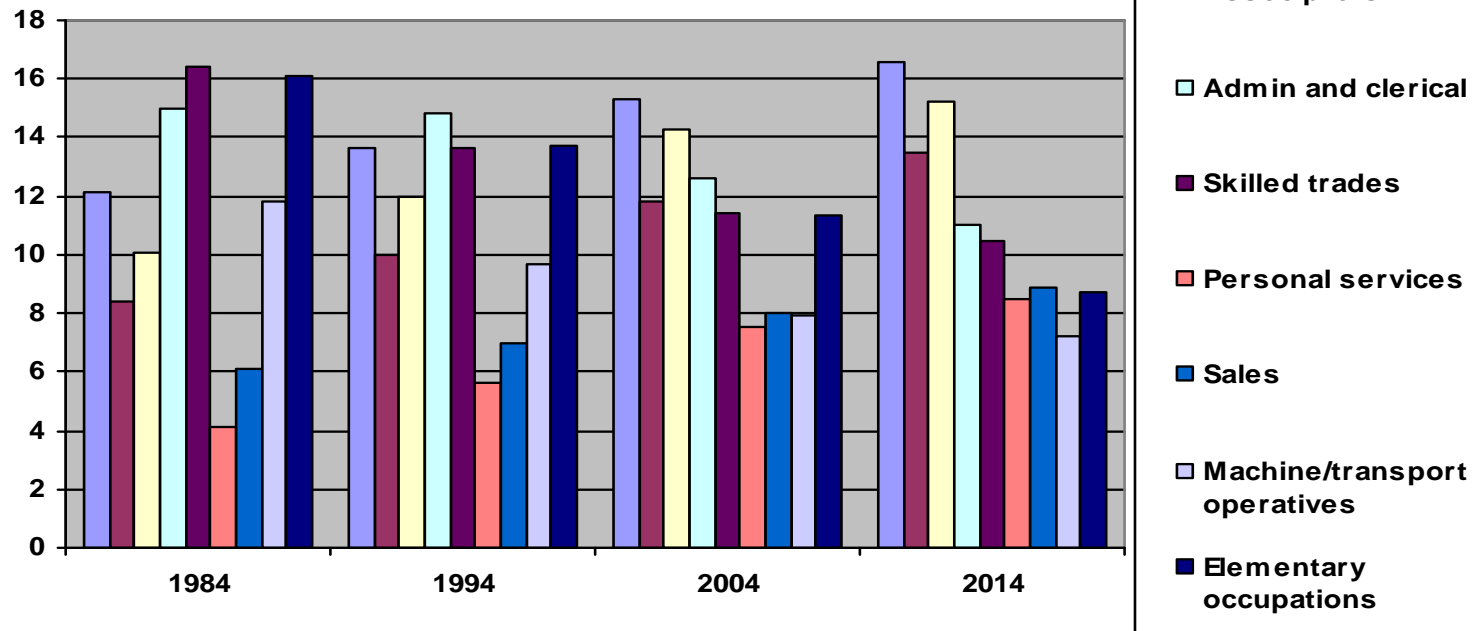
(Source: UK LFS)



# Changes in occupational structure Source: SSDA, 2006



**Occupational Change 1984-2014 (%of all in employment)**



# The Knowledge Economy



- 48 per cent of jobs in knowledge based industries
- 41per cent KE share in value added – up from 30 per cent in 1990
- 24 per cent growth in knowledge industries 1995-2005
- Knowledge service exports treble from £27bn in 95 to £76bn in 05

## Knowledge Economy: demand



- Rise in demand: service sector expenditure doubles from 27 per cent of household spending in 1970 to 54 per cent in 2005
- Rising educational levels. 1974 more than half men and two thirds women no qualification : 2001 13 per cent of men and 15 per cent of women no qualification. Degrees quadrupled
- As education levels rise, consumers become more articulate and demanding (60 per cent willing to complain in 2006, up 10 per cent since 2001)
- ‘From wants to experiences’
- Affluence demands novelty and status at an increasing pace
- All of the above constitute a tipping point.

## The Business and Industry Response



- Innovation, creativity and origination even more central to competitive advantage of firms
- Cost-lowering technology allows both spread of networks, capturing widely dispersed skills and capacities, and enables customisation
- Flexible, mass customisation – in all sectors: Tesco, iPod, McDonalds menu, Video on demand
- Firms are becoming pro-active in shaping demands and preferences. Premium placed on cooperation/collaboration
- Disruption – to business models, economic geography and urban governance

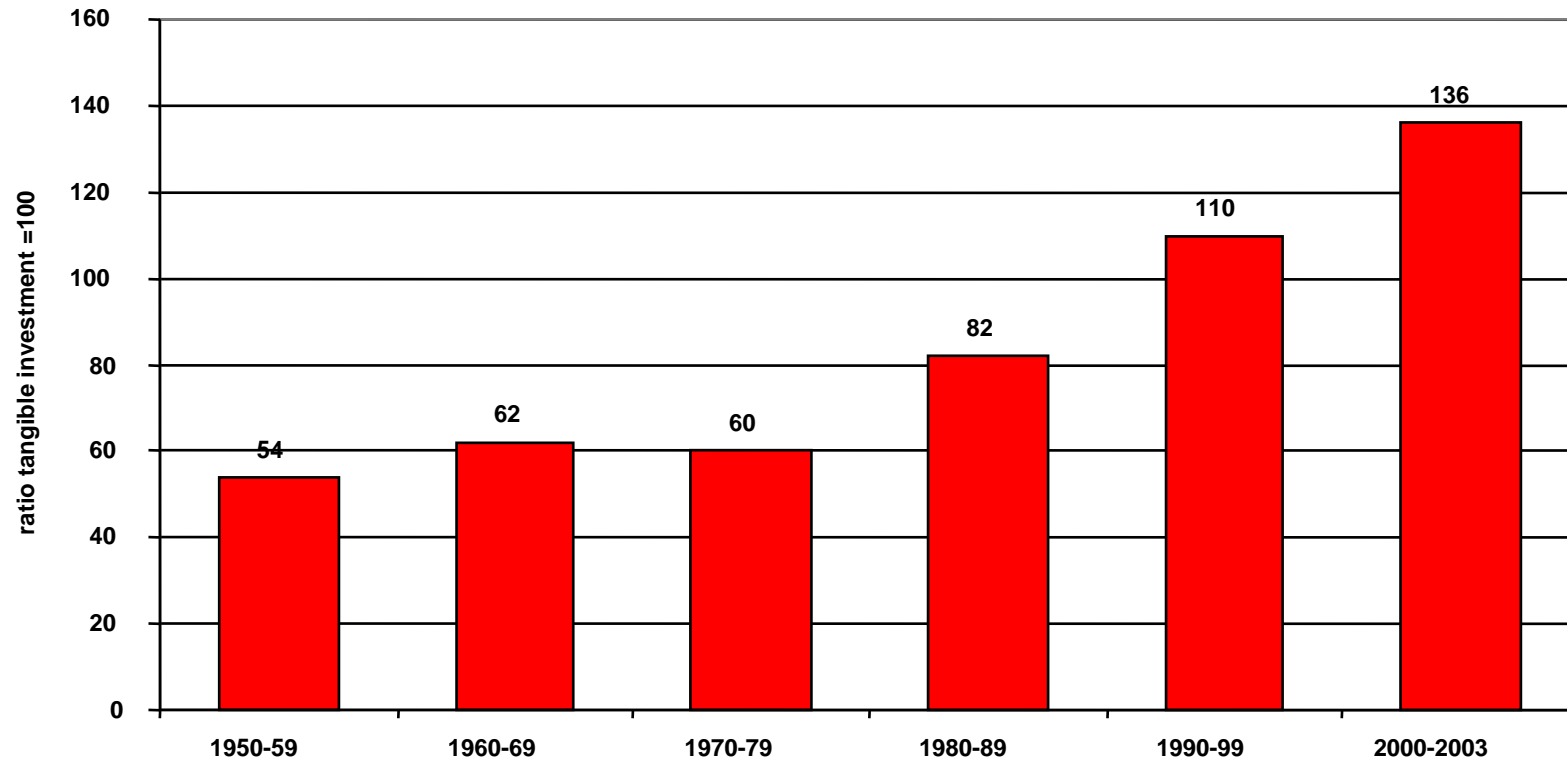
# Investment shifts to Intangible knowledge assets

(R&D, software, design and new product development, brand equity, human and organisational capital)



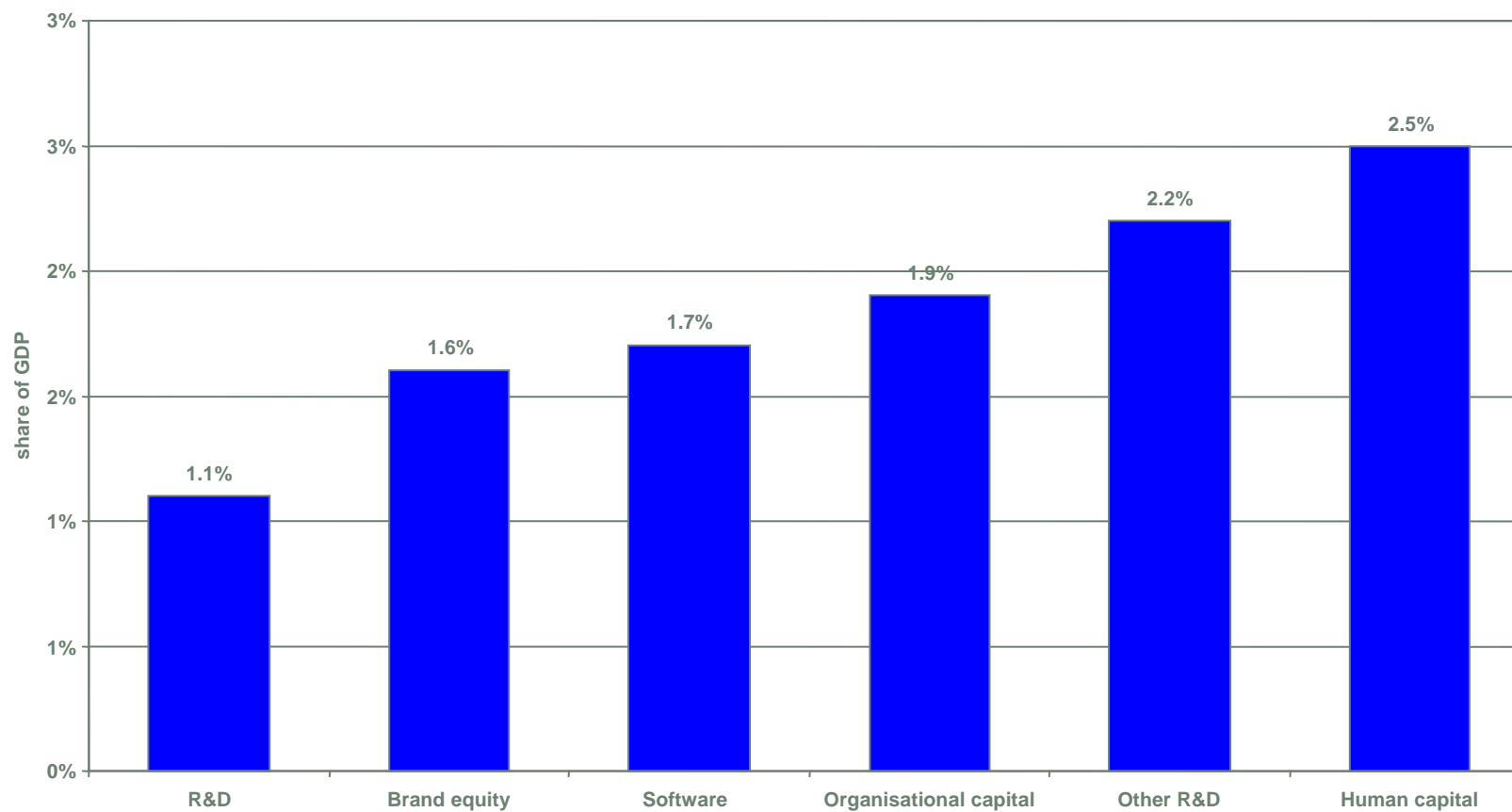
## US Business investment in Intangible knowledge assets

US Federal Reserve Staff Working Paper April 2006/24



# UK business investment in intangibles in 2004

Source: Marrano and Haskell, QMC Working Paper November 2006.



# The Support Economy



- Tangibles and intangibles co-equal
- Transition from commodity production and services to customised, experience-intensive, intelligent production and services
- Successful business models increasingly about
  - navigating complexity
  - offering personalisation
  - delivering psychic benefits
  - capacity to deploy tacit knowledge

## Knowledge economy: Knowledge Workers



- Individualised pay and reward
- Demand high engagement
- Reputation conscious
- Psychological contract very important
- Demand autonomy
- Do not see unions as relevant
- Demand sophisticated communication

## Top line workplace trends



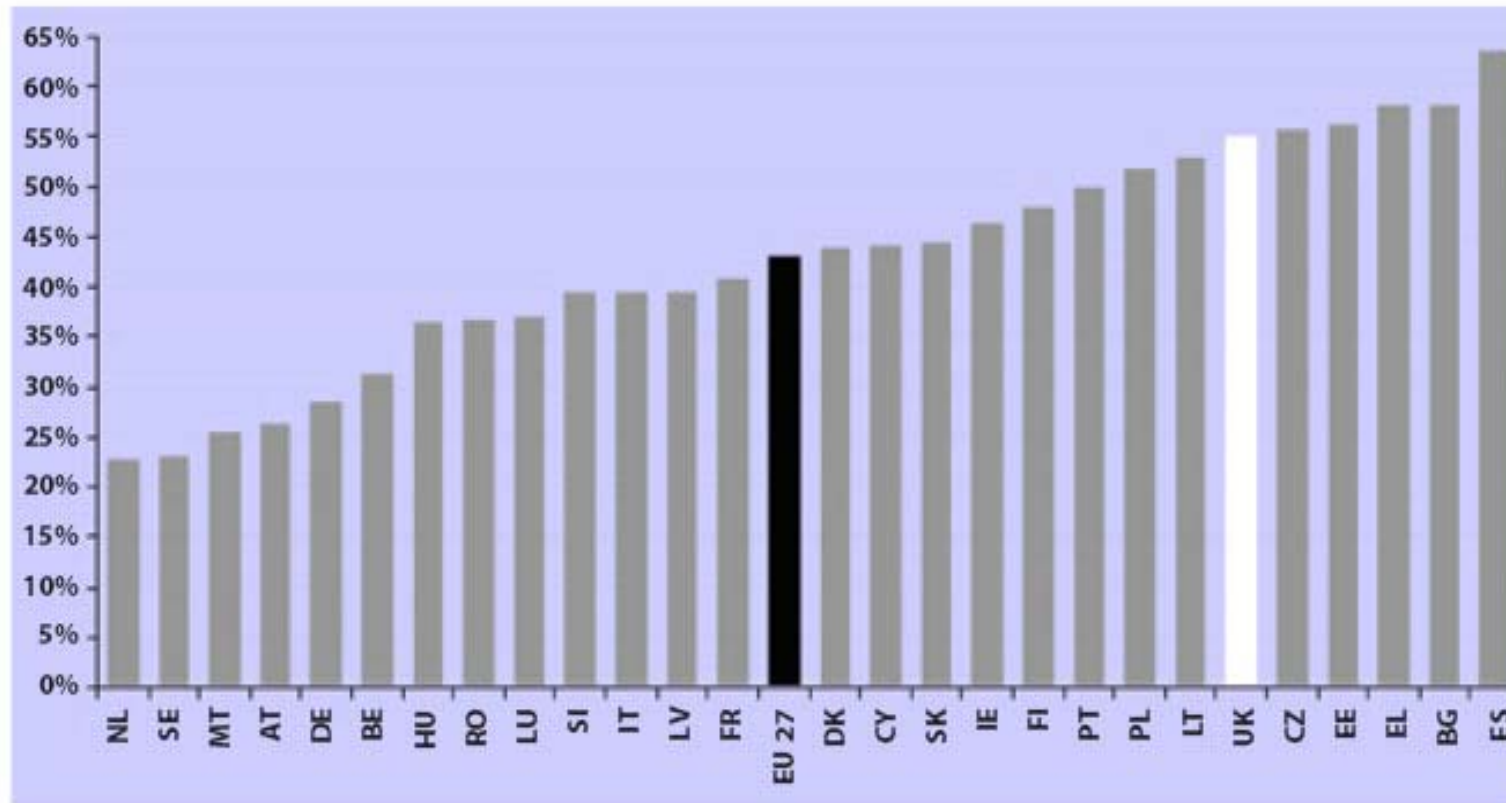
- Overlay these macro trends with what's happening in the workplace:
  - Gender revolution – more women graduates than men
  - Inflow: 44 % young people graduates (13% 1980)
  - Life expectancy lengthening : over 60s 16% (2030)
  - Perceived insecurity
  - Rising income inequality; more contingent pay

## Alarm bells?



- There are warning signs that the UK isn't getting some of this right
- High job satisfaction but.....

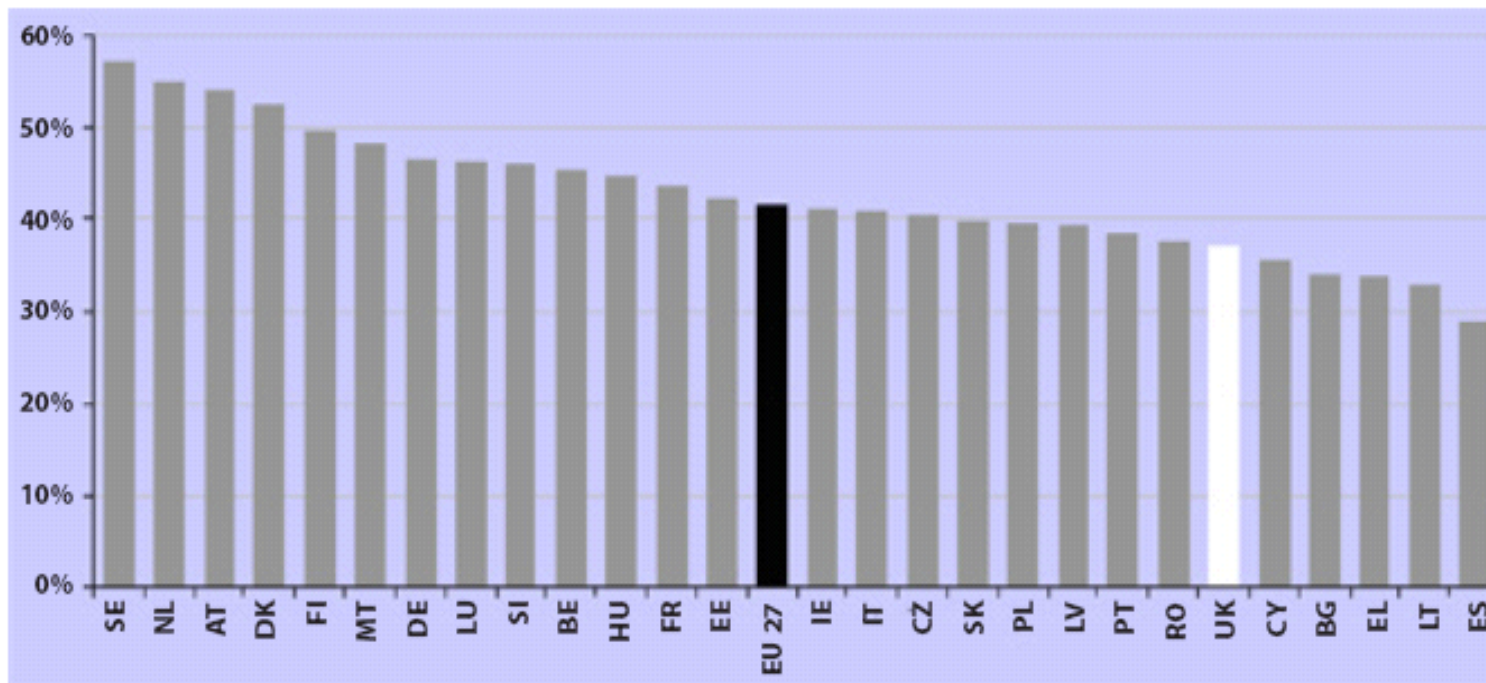
But British jobs are often boring and monotonous! (% of employees who say that their job is boring)



Source: European Working Conditions Survey 2005

...and job content is not as good as it should be.....

**Table 23: Job Content (% of employees) (composite measure – monotonous jobs, requirement to learn new things, problem solving and task complexity)**



Source: Working Conditions Survey 2005

## Leadership implications



- How to foster tacit interaction, “soft” infrastructure and exploitation of intangibles?
- How to manage arm’s length relationships as organisations become more porous and networked?
- How to manage knowledge workers?
- Women friendly workplaces...
- Different leadership styles, reward outcomes not inputs, different psychological contract with employees, importance of authenticity