

Opening remarks to EAPM delegates and Peryön members, Istanbul, 3 June 2010

by Pieter Haen, EAPM President

When we are talking about what's next for HR it is important to look on a global level to what the Strategy is of our society, our governments and our companies. Based on these elements we can create, develop and implement our HR strategy.

Let us start with what is the EU strategy and what are its goals for the coming decade in Europe.

On 3rd March 2010, the European Commission has launched the Europe 2020 Strategy to go out of the crisis and prepare EU economy for the next decade. The Europe 2020 Strategy sets out a vision for Europe's social market economy over the next decade, and rests on three interlocking and mutually reinforcing priority areas:

- Smart growth, developing an economy based on knowledge and innovation, education and digital society;
- Sustainable growth, promoting a low-carbon, resource-efficient and competitive economy; and
- Inclusive growth, fostering a high-employment economy delivering social and territorial cohesion, raising participation in the labour market, the acquisition of skills and the fight against poverty.

Progress towards these objectives will be measured against five representative headline EU-level targets, which Member States will be asked to translate into national targets reflecting starting points:

75 % of the population aged 20-64 should be employed.

3% of the EU's GDP should be invested in R&D.

The "20/20/20" climate/energy targets should be met.

The share of early school leavers should be under 10% and at least 40% of the younger generation should have a degree or diploma. .

20 million less people should be at risk of poverty.

President Barroso said, "Europe 2020 is about what we need to do today and tomorrow to get the EU economy back on track. The crisis has exposed fundamental issues and unsustainable trends that we cannot ignore any longer. Europe has a growth deficit which is putting our future at risk. We must decisively tackle our weaknesses and exploit our many strengths. We need to build a new economic model based on knowledge, low-carbon economy and high employment levels. This battle requires mobilization of all actors across Europe."

In a White paper of May 2010 with the title People@work/2020 Peter Wilson describes the future of work and the Changing Workplace in his part of the world - Australia. His observations however have a global value.

This paper concludes that following 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
- 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

In ten years from now the new workforce entrants, or Gen Y as they are called, will have begun to occupy senior management and leadership positions in the workplace. 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.

You all will remember ten years ago, when we were waiting for the new millenium, at a time we were all panicking about the year 2000 that would cause global corporate collapse. This collapse did not come, but we faced other calamities like 9/11, a financial melt down and the biggest economical crisis our generations have ever met. Now, we are seeing some light again at the end of the tunnel and we start planning for the upturn. Some countries already are recovering, some others still are in the intensive care area.

The return to the old labour markets is a long way and probably will take the best part of the coming decade. No sector however will remain unaffected.

A recent global survey (april 2010) of McKinsey shows that while companies will continue to rein in operating costs, they are also planning a range of bold steps in the next 12 months to take advantage of improved economic conditions. Although the top priority on CEO's agendas for 2010 is stabilizing company finances, more companies will focus on increasing productivity and introducing new products or services rather than reducing costs. An new hiring of talent is likely to start in the second half of the year.

The actual economic crisis is changing the future of work. One of the consequences is that it erodes the trust between employees and employers. Companies have begun to redesign their compensations and benefits policy, pensions and cutting recruitment and training and development budgets. A communication that is not always optimal will erode the trust and psychological contracts between employers and employees. Probably even a strong employer brand will not be sufficient any more to recruit and retain top talent.

Companies that develop a consistent and transparent HR strategy will have now and in the future, when the war for talent will be tougher than ever, a very competitive advantage.

We have seen a rising profile of people issues on the business agenda – the talent crisis, an aging workforce in the western world, the increase in global worker mobility and the organizational and cultural issues emerging from the dramatic pace of business change in the last decade.

The business models will change dramatically, the role of large companies will become bigger, specialization will create the rise of collaborative networks and the environmental agenda will force fundamental changes.

Boundaries between work and home life are disappearing as companies assume greater responsibility for the social welfare of their employees. The metrics, people measurement techniques to control and monitor productivity and performance will be much more accentuated than today. Social capital and relationships will become one of the drivers of business success.

Companies have had to make substantial changes in the way they treat their employees, and must continue to do so. Successful companies are the ones with vibrant workplaces, where ideas are generated through teamwork. And these workplaces won't be the conventional bricks and mortar set up of the past; workplaces will increasingly be flexible and virtual.

We are seeing a shift towards more collaborative work forms that span boundaries, companies that operate in flatter organizational hierarchies and engage employees in decision-making. We are also seeing a trend towards open-source innovation in outside communities. Companies are moving towards flexible organizational clusters and community structures, and advancements in technology have facilitated an increase in virtual work.

These changing environments have given workers a desire for more flexibility and with a choice of where and how they want to work.

Learning and education will fundamentally change in the years to come. Information is easily and globally accessible and instantly available. The challenge is to separate the important and correct information from the white noise. The ability to bundle the information into packages focused on a particular issue will be a key asset. There will be a significant rise in the learning aspirations of people across the world, and this will be accompanied by a real effort on the part of individuals and organizations to identify those with the highest raw talent – regardless of whether they were born into a 'developed nation'.

The major forces that fundamentally will change the way we work in the decade that has just begun are globalization, demography, low carbon, society and technology.

We are leaving the age of mechanisation, based on the unflinching manufacturing of goods and services and people engaged in this process of manufacturing. As the world of work became mechanised, so too the process of manufacturing was broken down and divided into its smallest possible pieces and tasks, which could then be carried out by people with limited skills and to all intents and purposes acting as automotives. What was required in these bureaucratic hierarchies, was hours of labour – not innovation, not creativity and certainly not the 'whole person'. Personality, aspirations, hopes were to be left at the door of the departing home.

The five future trends I mentioned earlier, work together to provide a unique opportunity to shift from the age of mechanisation to the age of craft. In this new age, people can put their stamp on their work with regard to who they are and what they choose to do. This has immense benefits as it enables each one of us to become more authentically ourselves. However, it carries with it the necessity to become more aware of what it is that is unique about us and to craft credentials in a thoughtful and energetic way.

The need to become a master of something and have some specialization is crucial to the age we are entering. It could be a specific skill or competency; it could be a breadth of knowledge and insight; it could be particularly valuable networks and connections. The actual specialization or mastery is not the point – the point is that to thrive in the future you have to have something.

Of course developing deep mastery and specialisation is important – but you will also have to demonstrate this to others. In other words, your credentials will have to be prominently on display. Professionals such as doctors and lawyers have historically relied on professional bodies to calibrate and label and display their credentials. A complex system of examinations, references and mentoring ensured that every medical professional had a set of credentials which they carry with them and which demonstrated their value and specialization at any point in time.

Similarly, companies have often played the same credential role. Hierarchies and bureaucracies are marvellous places for creating clear credentials – just as professional bodies historically have.

However, as companies become flatter and more project based and as work becomes more specialized, so too there will be a need for talented people to create their own verified credentials, which rapidly and accurately portray who they are and what they can do. This process of verification will place a premium on feedback and self authoring. According to Lynda Gratton of the London Business School there are some ways to think about this:

Think about creating the new 'craft communities', which like the old professional bodies act as repositories of member's credentials.

Work steadily and actively to build your personal credentials or brand using all the emerging social media technologies.

Be sure that every project or task you complete has a means of verification so that your performance can become part of the credential package. This means you will have to have transparent and shared performance ratings.

The European Association for People Management (EAPM) and its national member organizations in 30 European countries—and some 5 more countries who recently applied for membership—are pursuing amongst others the goal of improving the quality of HR management and developing and improving professional standards, stimulating dialogues and exchange of experiences, giving food for thought.

We will have to think about how you, me, we all, can contribute to the realization of the targets set for the decade that has just begun.

EAPM and myself highly appreciate the dialogue and the forum Peryön has created today, to talk and exchange information with some of your distinguished leaders and HR-professionals to deliver value to your organizations and management.

This afternoon we do have the first view of some of the results and outcomes of the Global Survey executed by the Boston Consulting Group, that will be presented in Montreal, Canada in September

2010. This presentation only gives another part of the picture, and will give you more food for thought for sure.

The future starts today. It is a place we create together. Let us get moving.

I wish you a very pleasant, informative and educative conference.

Thank you.

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