

Moving into a new age

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10/09/2019 How we'll be working at the century mark.

When British professor Lynda Gratton speaks about demographic shifts at places like the World Economic Forum in Davos, she also talks about automation. For Gratton, automation and demographic change are inextricably linked. She considers both to be key parts of the conversation about what role people will play in work structures of the future. "In Davos, I observed that the issue of aging employees has arrived on the agenda of the highest levels of management."

Companies are not only contending with competitors in a conventional sense, but are also in the midst of the digital transformation. They need to operate economically, yet remain agile and flexible in order to foster innovation. They need to be or become high-performance enterprises—despite their aging workforces and the huge shortage of skilled new employees.

In developed countries, people born after 1997 can now expect to reach one hundred years of age—at least in statistical terms. At the same time, fewer children are being born. The results of these developments are already evident in Japan, where a high life expectancy of 83.98 years and a low birth rate of 1.4 children per woman are creating enormous age-related problems for the country. The

retirement age in Japan is still sixty-five, but the government has long since been planning to have people work beyond that age.

Japanese companies are not alone in having to address questions of longevity and the workforce. This is where Gratton's attention to automation comes into play. If machines and algorithms take over routine actions previously performed by humans, what will be left? The complex tasks that demand creativity, she replies. And the ones that require experience.

Instead of phasing out sixty-year-old employees, says Gratton, managers should ask how automation can help them contribute in profitable ways. The classic three-stage model of life—education, career, and retirement—has outlived its day. “Modern life strategies now consist of many more stages. These plans are open to a number of different paths, and place a priority on lifelong learning.” Another important aim is to integrate experienced specialists into mixed-age teams. This enables companies to remain sufficiently agile to succeed in their digitally transformed competitive environments.

Business leaders need to recognize what their employees need and how they want to be working in the future. “People have to increase their transformational potential,” says Gratton. And that is only possible if there is an underlying willingness to change. “The longer people work, the more often they need to update their knowledge.” Skills acquired decades ago in training programs or higher education can no longer be expected to remain useful throughout an entire career. Reskilling by means of further training and education therefore becomes all the more important. It benefits not only older employees. Anyone who takes advantage of company-funded educational opportunities not only remains capable and productive but is also more satisfied and motivated.

Smart managers can thereby address two burning issues at once, because younger employees are insisting in no uncertain terms on a favorable work-life balance, personal fulfillment, and the chance to develop further. Managers who place a premium on intangible as opposed to monetary incentives can raise medium and long-term productivity thanks to the new professional skills and qualifications their employees acquire. They create the space for vitality assets, as Gratton calls them—in other words, for the regenerative friendships that need time to arise. Time not spent at a desk. Because of the increase in life expectancy, precisely this is expected to be markedly easier to accomplish in the future.

Gratton envisions a world in which people will shift to new occupations—highly qualified ones because machines will take over routine tasks. People will come together on changing teams with members of different ages. Their careers will be interrupted by periods in which they learn new skills or devote themselves to their hobbies, volunteer activities, or families.

In this new world, small and medium-size companies have an advantage over large corporations. They are more flexible than the big ocean liners and can therefore adapt more quickly. “Corporations will be embedded in entrepreneurial landscapes along with start-ups and small companies in the future,” predicts Gratton. Companies with fewer but more specialized employees will increase in number. The future will see loose alliances of smaller entities that collaborate in complex ecosystems and can therefore provide sophisticated services.

Those who succeed in changing their approach to work along the lines of Gratton's vision are "high-performing," as she puts it. That applies not only to individuals but also to companies, which then reinforce this cycle in their role as employers. "Talent attracts talent," she observes. "And that accelerates the pace of innovation."

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