

Q&A JOHN BOUDREAU

Waking up to a world ‘beyond employment’

*IN HIS LATEST BOOK, **Lead the Work: Navigating a World Beyond Employment**, John Boudreau, professor of management and organisation in the Marshall School of Business at the University of Southern California, looks at the evolving nature of work. As contract workers, consultants and other free agents increasingly replace full-time employees, leaders need to find new ways to achieve organisational goals through the efforts of others, say Boudreau and co-authors Ravin Jesuthasan, global practice leader for Towers Watson’s talent management practice, and David Creelman, CEO of Creelman Research.*



What do you mean by a world ‘beyond employment’?

The phrase was coined to help leaders realise that there is an increasing variety of ways to get work done. We find that they are so accustomed to thinking of work as synonymous with regular full-time employment that they often don’t consider alternatives.

Will the time come when most organisations have no employees?

We believe there will be regular full-time employees for the foreseeable future. But employment is just one of many options, and leaders need a framework to help them choose

between employment and the alternatives. If they choose employment, it should be for positive reasons, and not simply because they were unaware of the other options.

How can leaders grapple with this new world?

Leadership requires a fundamental shift from a focus on leading employees, to leading those who will do the work – in whatever engagement model is optimal for organisations, society and the

workers themselves. Leaders should also stop relying solely on employment to achieve a balance between worker protection and business goals. That means shifting HR frameworks and practices to encompass alternative working arrangements.

What is your main piece of advice for business leaders?

When you talk about ‘employees’, ‘jobs’ and ‘employment’, consider switching the focus to ‘workers’, ‘work’ and ‘work arrangements’. Even if full-time employment remains a dominant model, the influence of new work arrangements will be profound. So whether or not leaders are already encountering the reality of work beyond employment, they should start considering it now.



Uphold ethics and attract female talent

UNETHICAL BUSINESS practices are a bigger turn-off for women than men, according to Vanderbilt University’s Jessica Kennedy. In a series of studies carried out with Laura Kray of the Haas School of Business, University of California, Berkeley, Kennedy found that women started out with the same level of interest in business careers as men. But this declined when they were given descriptions of jobs that required them to compromise ethical values.

By contrast, men’s interest in business careers was not affected by these scenarios, including one that described using a cheap product ingredient known to cause lethal allergic reactions to meet financial targets. “It suggests that women may be under-represented in certain industries because of assumptions about ethical standards in those industries,” says Kennedy.

Since beliefs about ethical standards apparently lead some women to forgo prestigious occupations, Kennedy advises women to check their assumptions are correct. The findings also hold lessons for organisations interested in attracting and retaining talented women, giving those organisations another reason to conduct business ethically and to make their values known in the recruitment process.

Kennedy is an assistant professor at Owen Graduate School of Management



Ambidexterity: key to business survival

FIRMS CONSTANTLY need to find ways of working more efficiently, quickly or reliably, but to survive in the long term, businesses must also innovate. “They need to be good at finding ideas and implementing them – at exploration and exploitation – and that is really difficult,” says Patrick Reinmoeller.

The absence of this ambidexterity, he adds, has led to some of the biggest corporate failures of recent years, with Kodak and Nokia just two of the household names that failed to be sufficiently open to new ideas.

In his forthcoming book, *The Ambidextrous Organization: Management Paradox Today*, Reinmoeller looks at how firms can develop ambidexterity. One obvious yet effective way is to create those much-maligned structures known as silos, some dedicated to exploration and others to exploitation. It is then up to senior leaders to bridge the divide between R&D and operations, for example.

To prepare for this task, aspiring leaders should start developing personal networks across the firm early in their careers, Reinmoeller advises. Current leaders need to encourage cross-silo contacts, while ensuring their successors understand the importance of both routine work and experimentation.

Reinmoeller is a professor at the Cranfield School of Management

TALKING POINT



Is capitalism as we know it beginning to collapse?

Capitalism has always been hugely resilient, coming out of successive crises stronger than ever before. But could the emergence of new, collaborative ways of working now be threatening the very survival of capitalism – or are they just the latest evidence of the system’s capacity to keep reinventing itself?



PAUL MASON

Economics editor, Channel 4 News, and author of PostCapitalism: A Guide to Our Future

Capitalism is morphing into something new, a change made possible by the information technology the system itself has spawned. With its tendency to drive down costs and create abundance, technology is already undermining the ability of markets to set prices on the basis of scarcity.

Network technology has also begun loosening the bonds between wages and work, and led to the rise of new types of organisation that operate without regard to markets or management hierarchies. Wikipedia, for example, is created by an army of volunteers and is free to use.

The state will need to create a framework that supports collaborative production. As more and more jobs are automated, the state could also pay everyone a basic income. But with the amount of work needed to produce everything we need likely to keep on falling, the tax base would eventually become too small to pay for this income. Wages might then take the form of collectively provided services – or disappear altogether.

This will not happen overnight. For the rest of this century we are likely to see a mixture of state, market and non-market activity. But collaborative working offers a glimpse of the possible shape of things to come.



GAZI ISLAM

Associate professor of business administration, Grenoble Ecole de Management

Far from destroying capitalism, the platforms of the so-called ‘sharing economy’ often seem to be doing the opposite. Yes, they provide spaces where new forms of social activity can appear and bring value to people by connecting them in ways that were previously unavailable. But most of these platforms are owned by corporations that use them to generate profits.

Take, for example, microtasking, the process of breaking jobs down into a series of small tasks, which are then distributed to large numbers of people over the internet. With these people typically earning just one or two US dollars an hour, according to some estimates, such platforms are driving down wages and constitute one of the most pernicious forms of capitalism.

Nor is the free market system under threat from companies that pride themselves on having a laid-back atmosphere and encouraging staff creativity. The Alternative Forms of Markets and Organizations group at Grenoble Ecole de Management recently studied an organic retail chain that describes itself as a non-capitalist business. We found that many of its employees are art school graduates who feel their creativity is often exploited to hide the fact that the company is a for-profit business. New ways of working, it seems, are not always that new.



Smart pills

What are they?

Drugs that enhance cognitive ability, the most famous being Modafinil, produced to treat narcolepsy but now used by one in four students in the UK who feel the need to sharpen their mental focus. Luckily for them, researchers at Harvard and Oxford have just declared this “smart drug” safe (non-addictive) for short-term use, although controversy still reigns over its impact on the chemical dopamine, released in the brains of people having enjoyable experiences. Experts are unsure how Modafinil works, but tests suggest that it could enhance attention, learning and memory and the ability to solve problems creatively. Other students are taking unregulated doses of such drugs as Ritalin (manufactured to treat ADHD), particularly around exam time. This is not just a student fad, however: amphetamines have, in the past, been used in Japan to make employees more productive.

So where do we go from here?

Modafinil is one of several innovations that researchers collectively refer to as “human enhancement technologies”. Three years ago, the Royal Society published a report acknowledging that smart pills and cybernetic implants could help people learn, extend their working lives, and reduce work-related illnesses while warning that the “health, safety, ethical, social and political challenges” warranted proactive discussion.

Barbara Sahakian, professor of clinical neuropsychology at Cambridge University, has urged the government to hold a public debate on the use of smart pills.

What are the implications?

Karen Dale, at Lancaster University Management School, says the principal threat is not that employers will expect their staff to use smart drugs, but that ambitious “overachievers” will voluntarily take them to help them work harder and longer. This may be particularly true for those employees who actively crave more intensity at work, a trend identified by Sylvia Ann Hewlett and Carolyn Buck Luce in the *Harvard Business Review* as “the dangerous allure of the 70-hour week”. As the long-term effect of these drugs – even of Modafinil – is untested, these staff could be endangering their health. They also present colleagues with the unpalatable choice of taking pills too or risk looking less effective. In this scenario, Dale warns, “extreme working” can quickly become the new normal.



Tackling the dark side of office IT

INFORMATION technology has transformed the workplace but IT-induced stress is now beginning to undermine employees’ productivity, according to Monideepa Tarafdar.

“Techno stress” happens when people feel overloaded and invaded by existing technologies and under pressure to keep up with the latest upgrades and devices, she says. And when people feel stressed their productivity, creativity and job satisfaction can all suffer.

Studies by Tarafdar and fellow researchers found that, on average, employees spend 23 minutes a day responding to work emails at home. Many employees also show signs of addiction to technology, compulsively checking their emails in the middle of the night, for example – behaviour that Tarafdar compares to addiction to pornography.

In a recent article in the *MIT Sloan Management Review*, co-authored with John D’Arcy, Ofir Turel and Ashish Gupta, Tarafdar calls on HR, IT and leadership teams to work together to combat the “dark side” of workplace IT. Possible solutions include dashboards to help employees track and limit their IT use, and campaigns around digital mindfulness.

Tarafdar is professor of information systems at Lancaster University Management School



The value of culture by committee

MARGARET HEFFERNAN describes culture as the “secret sauce” of organisational life. Nobody has a recipe for it but it’s why some businesses thrive and others fail. Yet while culture makes a big difference, it is made up of the small actions, habits and choices of everyone in the workplace. This paradox “represents both a curse and a blessing”, Heffernan writes in her latest book, *Beyond Measure: The Big Impact of Small Changes*.

“For leaders, the curse lies in the sense that culture emerges of its own volition – not just beyond measure but also beyond their control,” she says.

The blessing is in the ability of small changes in behaviour to alter the culture of an organisation. And everyone from the CEO to the janitor can contribute to that.

Heffernan argues that all workplaces need “just cultures” that draw on the ideas, concerns and observations of every employee. These are cultures that encourage and reward initiative, rather than the passivity that Heffernan has observed in companies around the world.

Heffernan is entrepreneur in residence at the University of Bath



Mastering the art of leader transitions

THE RECENT departure of Barclays boss Antony Jenkins less than three years after his appointment shows how tricky leadership transitions can be. But who is to blame for the failure of so many of these changeovers – the new leaders themselves or the companies that appoint them? Both, argues Dan Ciampa, whose book, *Transitions at the Top*, co-written with David Dotlich, has just been published.

Newly appointed leaders often lack the ability to learn, to envision what they want to achieve and to build internal coalitions strong enough to support their change agenda. But Ciampa, himself a former CEO, believes companies need to appreciate the magnitude of the problem and not assume their job is done once the successful candidate has accepted the board's offer. "In fact, the transition is not complete until the new leader gains the loyalty of influential managers in the organisation," he says.

A successful transition, Ciampa continues, consists of three parts: defining the job and assessing the ability of internal people to do it; conducting an external search; and establishing a way for the new leader to start preparing for the role by developing an understanding of the business and its culture.

Ciampa is an adviser on CEO transitions, operations improvement and culture change



JULIAN BIRKINSHAW WHEN TO BREAK FREE FROM BUSINESS NORMS AND EMBRACE SPONTANEITY

SPONTANEOUS IS OFTEN a pejorative word in the workplace. It conjures up images of flighty employees or decisions made without due process or judgement, and sounds horribly out of place in today's risk-averse, compliance-conscious business world.

It is said that we live in the information age, not just because the quantity and availability of information is growing at an exponential rate, but also because the most successful firms – from Google to McKinsey and Goldman Sachs – are built on their capacity to harness information in clever ways. But, over the past decade or so, information has become ever more widespread and search costs have plummeted. Now, the scarce resource is actually our own attention – our capacity to focus on the right sources of information and to act on them in a decisive way.

There is merit at both ends of the spectrum. If you work in safety, there is no harm in relying on hard evidence. But if your job involves creativity or experimentation, and if the downside risks of getting things wrong are not great, you can and should be more spontaneous.

The challenge is knowing which model to apply. As Amazon's Jeff Bezos says: "There are decisions that

can be made by analysis. . . These are the best kinds of decisions! Unfortunately, there's this whole other set of decisions that you can't ultimately boil down to a math problem" – namely the big bets on new businesses like Kindle.

But even when you know you should be more spontaneous, you are surrounded by procedures and behavioural norms that pull you back. So what can you do to push the dial towards the spontaneous end of the spectrum?

- Know when to stop gathering data. Often the insight gained by trying something out is more valuable than another month spent

perfecting the plan.

- Bring intuition into your meetings. Most executives put their faith in rational, logical modes of reasoning. But there are other ways to reach a judgement.

- Have faith in your subordinates. Encourage them to tackle difficult decisions directly, spontaneously and without fear.

- Make an emotional connection. From Apple to BMW to Disney, the most celebrated companies have risen above the functionality of their product. People respond far better to authentic and uninhibited leaders than to those who operate in a careful and sterile manner.

"People respond far better to authentic and uninhibited leaders"

Birkinshaw is professor of strategy and entrepreneurship at London Business School

BEST OF
TED

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RAINER STRACK

Solving the workforce crisis of 2030

Senior partner, Boston Consulting Group

By 2030 most of the world's largest economies will face a workforce crisis, with more jobs than people to do them. Although technology will replace many jobs, according to Strack it will also create new ones requiring skills that are already in short supply.

Cross-border migration offers one solution, at least in the short term, but if companies want to attract talented and mobile job-seekers they need to change their culture. That means offering good working relationships, a healthy work-life balance and the appreciation and recognition people crave.



MORGANA BAILEY

Coming out is not just a personal matter

Human resources professional

For years Bailey hid her real self, paralysed by fear of not being accepted. She came out as a lesbian in this TED talk only after realising her silence was contributing to the atmosphere of discrimination that still holds back the careers of gay, lesbian, bisexual and transgender people, and even affects their health. As an HR professional (at US-based financial services company State Street) Bailey admits she should have championed diversity by coming out earlier. Taking this step was a way to help others who feel different to be themselves, at work and in their personal lives.

YUVAL NOAH HARARI

How did we come to dominate the planet?

Author, *Sapiens: A Brief History of Humankind*

Thanks to our unique ability to cooperate flexibly and with large numbers of strangers, we now control the world. We've developed this ability by creating "fictions" and, so long as everyone believes in the same fictional stories, we all obey and follow the same rules.

Building on his argument, Harari contends that, ultimately, nations and corporations are products of our imagination, and money, after all, is simply a piece of paper assigned a value by governments and bankers.



Plan for economic climate change

THE IDEA THAT Africa and Asia can achieve the same consumption-driven growth the West has pursued for 200 years is not true, says Chandran Nair, founder of Hong Kong-based think tank Global Institute For Tomorrow. "The reality is that 80 per cent of the world lives on around \$10 a day. They cannot all get rich," he told the OECD Forum 2015, held in Paris recently.

Arguing that if every family in Asia and Africa started driving cars the environmental impact would be catastrophic, Nair is critical of the developing world's attempts to replicate a Western model he describes as promoting "relentless consumption that is reliant on under-pricing both natural and social resources, including human capital, and externalising true costs". He calls instead for new thinking about what prosperity means, how societies should be organised and the role of business.

Nair would like to see a strong state contracting with – but not owning – the organisations that

provide the goods and services society needs. These businesses, he says, will have to be led by individuals who appreciate that the organisation's impact on society goes well beyond currently fashionable notions of corporate social responsibility.

Internal structures that stifle innovation by preventing staff from challenging their companies' actions will also need to change, he argues: "In our part of the world [Asia] we need to understand that corporate structures that are essentially Western-designed will need to be reframed."

Nair admits that his ideas do not sit comfortably within the dominant Western narrative that the individual is king, freedom should be unfettered and companies should be allowed to do more or less as they please. "But freedom cannot be unfettered," he says. "Not everyone can have a car, just as in most countries not everyone is allowed to have a gun."

Nair is author of *Consumptionomics: Asia's role in reshaping capitalism and saving the planet*



PHILIP ALDRICK

UK LEADERS ARE TALKING THE TALK ABOUT INVESTING IN EMPLOYEES, BUT HAVE YET TO CATCH UP WITH EUROPEAN PEERS

BRITAIN HAS COME over all touchy-feely since the financial crisis. The Office for National Statistics is experimenting with a measure of economic wellbeing as a counterpoint to GDP, David Cameron has proselytised about employee-ownership corporate models, and work-life balance is high on everyone's agenda.

Companies seem to be responding. Last year, 788,000 working days were lost to labour disputes, up from 444,000 in 2013, but just 18,000 of those were over working hours and conditions, far less than before the crisis. The figures were skewed by several large-scale public sector strikes over pay.

There is growing evidence that employee satisfaction is also good for business and the economy. Alex Edmans, a professor of finance at London Business School, has analysed the annual list of *100 Best Companies to Work For in America* from 1984 to 2009 and found their stock market returns outperformed the average by two to three per cent.

Similarly John Lewis, the poster firm for employee ownership, may not deliver quite the profitability of conventionally owned retailers but Cass Business School found it had a higher rate of sales growth and job creation during the recession.

The antithesis of work-life balance was banking. It turned out flogging

the staff to death with the lure of a big payday, which they never had time to enjoy, was not such a great business model after all. But have we learnt the lessons of the recession?

Too often, human capital is seen as little more than another asset to be sweated for gains. But, until the robots take over, a company's workforce is not just another asset and lack of investment, whether in staff skills and wellbeing or technology to help people do their jobs, stores up trouble for the future.

“Most French executives prioritise employee job security over shareholder dividends. For the UK, the balance is the other way around”

In recent years, there has been mounting concern about short-termism and the economic damage that may be doing. Public companies, the most significant investors by dint of their scale, spend far less heavily than private firms. Research by the Bank of England's chief economist Andy Haldane suggests their investment levels are being hampered by shareholders' needs, which absorb 60 per cent of internal cash flows today compared with 10 per cent in the 1970s.

One consequence of that under-investment has been a dearth of staff training. The fall in apprenticeships

(down almost 70,000 last year despite incentives for employers to take part), which the government hopes to remedy by imposing a levy on business, has been a visible illustration of the problem. Separate Bank of England research last month showed companies face recruitment problems, in part due to “cuts to training budgets and programmes”. Business has become a victim of its own short-termism.

Investment flows back to firms by delivering greater productivity. The more firms produce with less, the more competitive they are and the whole economy strengthens. But the UK is a productivity laggard, taking 20 per cent longer than France to produce a given output.

Across the Channel, investment levels are contrastingly high and – perhaps not coincidentally – the approach to employment markedly different. According to a survey cited by Haldane, most French executives prioritise employee job security over shareholder dividends. For the UK, the balance is the other way around. Eurostat revealed earlier this year that job satisfaction is greater among French workers than British ones.

It's easy to say a happy worker is a better one. A happy worker may well be overpaid or underworked. For the employer that strikes the right balance, though, there's gold at the end of the rainbow.