

Demographics and the Changing Nature of Work

By Charles Grantham and James Ware

One of the most powerful forces affecting the changing nature of work and the work force is demographics — the changing distribution of the work force along a number of important dimensions. Here we can only briefly highlight the most important demographically-related changes that will be occurring during the next decade; but we urge all readers of this report to dig more deeply into the trends and patterns that will be relevant to their own organizations.

The work force of 2010 will be significantly different than it is in 2004, but the characteristics of workers today are already very different from what most of us think they are. And basic changes in the characteristics, beliefs, values, and expectations of millions of workers in all functional areas will require equally fundamental changes in the way those individuals and teams are managed.

The Changing Nature of Work — and the Demand for Workers

One of the most important changes that affects both organizations and management is what we like to call the **demand side** — the kinds of workers who are required to do the kind of work that needs to be done.

For insight into how changes in the nature of work itself are affecting who is in the work force, we reviewed the research by Professor Richard Florida of Carnegie-Mellon University. His data shows very clearly that the most rapidly increasing category of workers is what he calls the “creative class” — those who are engaged in what others have called high-end knowledge work and what we have described as “Creative Activities.” The rise of knowledge work as the dominant activity in the economy has driven the development, coalescence, and emergence of this new class of workers — those who produce



and apply knowledge.

The “middle class,” the “working class,” and the “service class” were products of the Industrial Revolution and the growing automation of the means of production. The vast majority of jobs today involve producing, applying, and distributing knowledge rather than things — essentially creative activities.

Florida points out that creative work — activities with low process structure and unpredictable outcomes — is what creates economic value and competitive advantage today. But the most important work force management insight stemming from his analysis is the values and expectations that “Creatives” bring to their work. As he suggests, creative people:

- Work on varied and individualized schedules
- Are self-motivated and self-directed
- Rely on their own tools
- Place profession and career ahead of a specific employer
- Expect to work in a variety of job situations (and for a variety of employers) over time
- Place a high premium on self-control (that is, on being in charge of what they do, where they do it,

and under what conditions)

- Prefer to work in close proximity to others who share their interests, skills, and work styles
- Tend to choose where they want to live and work first, and only then worry about who they will work for, or where they will find the kind of work they want to do

Thus, without even considering the basic demographic changes within the population at large, we already have a work environment in which well over one-third of the work that must be done (and by far the most important third) requires people who are very different from the dependent manual laborers, clerks, and even middle managers around whom much of organizational life (and management practice) has been built for the last several hundred years.

Changing Work Force Demographics

But equally dramatic changes are occurring on the **supply side** of work. The behavioral and emotional attributes of the workers who constitute today’s work force are changing so rapidly that it is an open question whether organizations will be able to adapt at all.



tural work force), more exporting of work, more use of consultants and part-timers, and a growing need to keep older workers in the active labor pool.

To be more specific, in 1965 there were approximately 4 million live births in the United States. Today those individuals are 39 years old, and at height of their business careers. Just ten years later, in 1975, there were only 3.1 million births (in the United States); those individuals are just 29 today but will be in their

First, just consider the fundamental impact of recently changing birth rates along with the aging of the so-called Baby Boomers. Birth rates have an enormous impact on the labor pool, and thus on job opportunities, wage and salary expectations, and related attitudes about work and life.

Indeed, we believe the most fundamental driver of work force diversity today is the continuing decline in birth rates in virtually all developed countries around the world. The work force is aging, and it is growing at a much slower rate. The result is a much broader range of ages in all professions — *generational* diversity is a new condition that most organizations have never faced before. And the shrinking number of new entrants to the work force means more importing of labor (and thus a more multicul-

mid-thirties in 2010. That is a decline of 28 percent in the biggest source of the labor pool in just 10 years. And that means that talented workers will be short supply — and thus highly demanding — for the rest of this decade.

Because of those declines there are fewer and fewer young adults entering the work force — far too few to replace those who are reaching the tail end of their careers. And with the Baby Boomer generation now in its late 50s, that pattern is about to become far more pronounced.

The net result is that the work force in total is aging, and it is growing at a much slower rate. U.S. Census Bureau data show a dramatic “flattening” of the age curves over the next several decades. That is, there will be many

more older workers, and many fewer younger ones, based on current birth rates and population statistics. And of course, older folks are staying in the work force much longer — as a result of both personal choice and economic necessity.

In fact, many organizations are already having to cope with what amounts to four “generations” of workers in the workplace all at the same time. These four groups are:

“Seniors” — Baby Boomers and their elders who are 50- and 60-somethings, many of who are already actively seeking or enjoying part-time work, and/or flexible working arrangements. Retirement in its traditional sense just isn’t what these folks want. **Forty-something mid-career professionals.** In one sense these are the workers you want — they are young enough to have lots of energy, they are ambitious, they want to contribute, and they’ve been in the work force for 20+ years already. But they are also frequently the parents of growing children (and the children of aging parents) and typically get caught in classic work/family life balance issues.

Thirty-somethings. These are the young, hard-working, but still wet-behind-the-ears professionals. They have lots of energy, but they need lots of direction and molding as well. Many of them were caught up in the dot-com boom of the late 1990’s; some were incredibly successful, and led rather heady lives. Today they are older, somewhat wiser, and still ready to work hard. But they are also rediscovering life outside work — and most of them don’t want to work those 80-hour weeks any more.

Generation X and Generation Y. This group, predominantly 20-somethings, came into the work force with a very different set of values and expectations from their “elders.” They grew up with the PC and instant messaging, with Game Boys, with cell phones, and with

1 Richard Florida, *The Rise of the Creative Class* (Basic Books, 2002).

2 For a more complete discussion of these values and expectations of the “creative class,” see James Ware and Charles Grantham, “The future of work: Changing patterns of workforce management and their impact on the workplace,” *Journal of Facilities Management*, volume 2, number 2, September, 2003, pp 142-159.

3 We owe this insight and the basic description of these “four generations” to Rebecca Ryan, CEO and Founder of Next Generation Consulting.

(cont.) Demographics and the Changing Nature of Work

loud music. They are incredibly proficient at multi-tasking, and they are more social and collaborative from their genes up. They are willing to work hard too, but only on their terms. They're unwilling to suffer under poor managers, and they have no hesitation in speaking their minds — and in moving on quickly if they get turned off, or turned down.

And the overall shrinkage in the number of new entrants to the work force is another reason why the "Seniors" will be actively encouraged to stay in the work force. That shrinkage also means more importing of labor (and thus a more multicultural work force), more exporting of work (offshore outsourcing may be unpopular, but it's not going to go away), and more use of consultants and part-timers.

All of these factors mean a whole lot more complexity in work force management and support. For example, this picture suggests that workers will ask for — and get — much more choice in the design of their workplaces and a much wider range of types of office equipment. In essence, we have to recognize that, in Alvin Toffler's words, "one size misfits all." This diversity will in turn put enormous pressure on infrastructure and support staffs, who will be tasked to satisfy those complex requirements and manage the resulting portfolio of workplaces and technologies.

Implications for Real Estate Executives

The general business implication of these demographic shifts is that there is going to be a major talent shortage, especially for knowledge workers, in the developed world within five years. Although the human resource management challenges are fairly obvious, the implications for the real estate professional are perhaps less clear.

We believe that changes in demographics and an increased demand for creative talent means that more work will have to be "taken" to the worker, not that workers will migrate and relocate to wherever companies want to be. The

basic locational strategy for sustainable companies within five years will be the development of a workplace portfolio that has as its primary focus, "Where are the workers we need and how do we move our business there?"

In addition, this "new" work force will demand — and expect — very different workplace configurations — more collaborative space in corporate facilities, a wider variety of locations and facilities in which work can be accomplished, more personal control over when and where they will work, and more support for remote and mobile

work styles. The task of real estate and facilities managers is clearly shifting from providing "a place" to enabling the organization's work to get done wherever and whenever it must be done.

Organizations will need comprehensive real estate "strategies of place" that appeal to all the major demographic segments. No one group will supply the talent needed in the future. And the various groups will continue to have varying needs and expectations. Providing work force support is not going to get any easier in the future; in fact, it will be far more complex than it is today. **LEADER**

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