NEXT GENERATION WORKING LIFE

FROM WORKPLACE TO EXCHANGE SPACE

ERICSSON

A CONNECTED WORLD IS JUST THE BEGINNING

Mobile and digital technologies are expanding into more and more areas of society, business and private life. This development comes with opportunities for fundamental innovation. New forms of communication will emerge and the arising business opportunities are endless and will span across all societies, organizations and individuals. It will change how businesses are organized, as well as how we organize work, collaborate and share. We call this new emerging society – of which we have only seen the beginning – the Networked Society.

WORKING LIFE IN THE NETWORKED SOCIETY

The truths we know about working life are undergoing some dramatic changes. This change is driven by powerful trends, such as the increased globalization, which turn working life into a global arena with virtual teams across organizations and locations. Social media and communication services are increasingly diminishing the borders between what used to be private and what used to be work. Likewise, open innovation and crowd involvement are fading the borders of businesses.

The digitalization and information flows are putting pressure on organizations to be organized differently. This will fundamentally change working life and the activities we engage in. Already today, individuals are connected to communication services, which provide them with a constant access to the work loop. We are also starting to see that the blurred boundaries between work life and private life are changing our perception of work.

On the other hand, the removal of restrictions on time and location empowers people to learn, produce and distribute their ideas with a global reach. As the divisions of labor are dissolving, questions about work and values are being raised. Working is a fundamental way for creating and distributing value – but how will it manifest itself 10 years from now?

> "A dozen generations ago, there was no unemployment, largely because there were no real jobs to speak of. Before the industrial revolution, the thought that you would leave your home and go to an office or a factory was, of course, bizarre. What happens now is that the industrial age is ending."
>
> —Seth Godin, Marketing Guru and Author

WORKING LIFE IN THE NETWORKED SOCIETY

- Blurred boundaries between work life and private life
- Increased emphasis on personal networks
- Flexible work hours and workplaces
- Virtual teamwork across organizations and locations
- Freelance and project-based work

INDUSTRIAL
CAPITAL

HUMAN
CAPITAL

CREATIVE
CAPITAL

THE CREATIVE CAPITAL ECONOMY

CREATIVITY AS THE FUEL FOR INNOVATION

Each historical era has had its main source of value-creating activity. During the times of "hunting and gathering"; this involved finding food, making fires and creating clothes. When humankind started cultivating soil and growing crops, the first settlements emerged. But there was still no clear distinction between work and other activities. The concept of "working hours" simply didn't exist.

The industrial era brought a shift in focus as people abandoned farms and fields for factories. During this era, a system for working life emerged that included everything from special purpose workplaces to timetables, division of labor, working days/hours and spare time.

Over time, as machines and systems became more complex, a need for brain power emerged. Individuals became the main asset that created value within organizations. These organizations had to rely on human capital to operate and develop. Key was to attract the best people to run the organization and leadership skills were highly valued.

Today, organizations are beginning to understand that creativity is the fuel that drives innovation forward. This imposes new demands on organizations and how they operate. In a world where industrial and human capital is insufficient to outperform competitors, organizations will have to seek new ways of organizing work in an ever-changing environment in order to increase its creative output.

How will work be organized in the Networked Society in order to increase creative output?

RETHINK THE WORKPLACE

HOW TO SURVIVE THE NEW GAME

New behaviors and emerging technologies are changing how work is organized. People are getting more mobile and expect greater flexibility in their work, and thus place greater demand on their work environment. At the same time, new technologies such as high-speed broadband, cloud computing and big data are changing our perception of technology and our relation to it.

The world in which organizations operate is changing, and they will have to rethink the workplace in order to survive the game. It will be crucial to understand and align to changes taking place. But what are the main challenges that organizations need to address?

This report does not aim to provide definite answers to these questions. Instead, the ambition is to shed some light on the underlying trends that are driving the changes in working life, and provide insights on where we are heading. On a more tangible level, the report aims to highlight a number of themes that are particularly important to understand and address in order to survive and thrive in today's changing landscape.
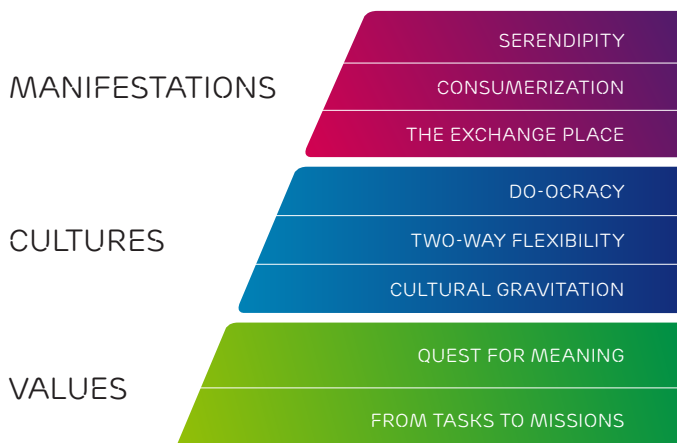
8 WORKING LIFE THEMES

WELCOME TO THE EXCHANGE SPACE

We have identified eight themes that describe how working life is changing. Successful organizations will be the ones that adapt, and can provide a dynamic and inspiring workplace where people can thrive and flourish. A workplace where technology and organizational structure empowers people to innovate, collaborate and create their own work in a culture that encourages experiments. But the workplace is no longer bound to the physical world, as much of the work takes place in the digital world. It has moved to a virtual space where everything comes together.
We call it The Exchange Space.

WHO ARE WE TALKING ABOUT?

It is important to understand that the themes are not applicable to working life in general. The themes revolve around the fraction of the working population whose skills are coveted and who are in a position to choose what they want to engage themselves in. In contexts where people are willing to make considerable sacrifices to simply land a job and satisfy their most basic needs, the themes will naturally be less significant or emphasized.

There are however strong indications that underline the importance of taking the themes seriously. Motivating the most creative people to contribute to a specific organization will be increasingly challenging in the future. Most importantly, it will require personal motivation and incentives beyond financial reward.

MANIFESTATIONS
- SERENDIPITY
- CONSUMERIZATION
- THE EXCHANGE PLACE

CULTURES
- DO-OCRACY
- TWO-WAY FLEXIBILITY
- CULTURAL GRAVITATION

VALUES
- QUEST FOR MEANING
- FROM TASKS TO MISSIONS

1. QUEST FOR MEANING
Defining the purpose of individual contributions

THE ESSENCE

Instead of only focusing on compensation and benefits, or the title on the business card, it is increasingly important to contribute to society. To play a meaningful role is crucial, and it is no longer sufficient for companies to just give money to charity and have a corporate social responsibility (CSR) section on their website. People seek companies whose visions and purposes are grounded in genuine values.

BENEFITS

Companies that employ "the right people", i.e. people who share the same values, see a greater level of commitment and efficiency; thus, these employees are more often better brand advocates.

CHALLENGES

For established companies without clear ideals, it is challenging to find and express a true story for the brand that people really believe in. For large organizations it can be hard to define how each individual contribution matter.

> " We don't hire people that can just do the job at hand. The mission has to resonate with our employees personally, which is why we need to engage the whole individual."
>
> – Noom Inc., New York City

2. FROM TASKS TO MISSIONS
From time in the office to value for business

THE ESSENCE

The shift to focus on value-creation marks a major change in working life. Both employers and employees focus more on actual value creation and end results, rather than on exactly where, when and by which methods the work is done.

BENEFITS

This creates a much more flexible and cost efficient work environment, and increases the motivation and sense of freedom of the employees.

CHALLENGES

When companies no longer regulate and measure traditional parameters like work hours, new and more comprehensive methods for assessing achievements are required. Such methods are not easily developed. The work culture is also characterized by a sense of freedom coupled with responsibility, which can be very demanding for those who need clear structure and guidance.

3. CULTURAL GRAVITATION
From colleagues to communities

THE ESSENCE

A strong work culture that can mobilize employees is often described as important as it can improve the quality of everyday life for employees. People tend to seek companies with a sense of community and internal culture, with which they can identify.

BENEFITS

Management teams have a more holistic view on their staff, and fostering a common cultural identity and sense of community are prioritized since they are key motivators for performance and the willingness to stay with a company.

CHALLENGES

The organizational culture needs to be defined and reinforced, and some employees can feel distanced from such a culture. As boundaries between "the employee" and "the individual" become unclear, integrity issues can more easily arise.

"The culture of the company really produces the DNA of the product. If you launch a product, of course strategy is important and you need to plan, but the company culture will be reflected in how other people receive the company and who will want to work there. Culture always beats strategy."

– Alex Martini, Co-Working Space Entrepreneur

4. TWO-WAY FLEXIBILITY
Adapting to the era of connectivity

THE ESSENCE

Flexible working hours in combination with constant connectivity can prove difficult to deal with in a constructive manner. It has traditionally been primarily beneficial for employers, as it most often led to employees working more than scheduled, but now people are expecting flexibility on their own terms.

BENEFITS

As long as the employer respects the boundaries between work life and private life; flexible working hours and freedom at work will have a positive impact on employee efficiency, goal-fulfillment and general health.

CHALLENGES

A flexible culture requires individual dialogues with employees, which can be more time consuming in the short term. In order for this type of flexibility to be successful, employees must be able to express their needs and set boundaries for themselves.

"The most flexible companies will get the best talents, and companies will raid each other for talents. Flexibility will be a matter of negotiation, no one will accept a job that they don't think is flexible enough."

– Dave Gray, Management Consultant and Author

5. DO-OCRACY
The era of the DIY mentality

THE ESSENCE

There is an emerging workplace culture characterized by a clear spirit of entrepreneurship and DIY mentality beyond pre-defined work tasks. People take a greater individual responsibility for solving problems and achieving goals.

BENEFITS

In organizations where everyone takes individual responsibility and work on their own initiatives to solve problems and reach goals, operations can run more swiftly and efficiently. Such work environments are more stimulating and rewarding for entrepreneurial people, and companies fostering a do-ocracy culture can be more innovative and adaptive.

CHALLENGES

In order to create this kind of culture, much control has to be relinquished. But if not guided at all, employees risk running in different directions without seeing a common goal. A culture that relies on much freedom can also be demanding for people who need clear structures and much guidance.

> **"** Henry Ford and Alfred Sloan created the 'big company' as we know it, and revolutionized how companies worked. Today, it's more like 'I want a girlfriend, I create Facebook'."
>
> – Richard Donkin, Author

6. THE POWER OF SERENDIPITY
Optimizing exposure to others

THE ESSENCE

Constant exposure to other people and environments is crucial for successful business development and adaptation to ever changing market conditions. Organizations "plan for" random encounters between people with different backgrounds and competences in order to increase the opportunities for innovative ideas.

BENEFITS

This open-minded culture not only sparks vital ideas but also develops people on a more personal level, as they get to know people they would not otherwise have met.

CHALLENGES

There are concerns and risks with openness; it raises issues about company control and confidentiality. Introverts can also find this culture hard to thrive in.

> Today working life is arranged to cater for functions that work in predictable ways – in the future you might have many different functions working together in a variety of work modes for short periods before dissolving and regrouping in another incarnation. There is an array of groups working in dynamic ways together to innovate."

– Ryan Anderson, Director of Future Technology, Herman Miller

7. THE EXCHANGE PLACE
From physical working space to meaningful exchange

THE ESSENCE

There is a shift from storing and controlling employees in the workplace to making sure that the exchange is meaningful and rewarding. The working environment should primarily be designed to optimize the quality of interpersonal exchange.

BENEFITS

Focusing mainly on interpersonal exchange-related activities, rather than storage of employees, who rarely are at their desks anyway, is a much more cost-efficient use of space.

CHALLENGES

This requires organizations to create a workplace of meaningful exchange, as well as progressive strategies for enabling employees to work from outside the office, in terms of technical infrastructure. It also imposes that organizations will have to give up some control over employees. Such an environment can also be stressful for introverts.

" We need to look at the social environments where creativity is most likely to happen. The idea of space will be more open-ended in the future. This requires new entrepreneurship and bringing together different types of competences – the way you would in a theatrical production."

– Frank Duffy, Architect and Founder of DEGW

8. CONSUMERIZATION
Individual preferences shaping the work environment

THE ESSENCE

People want their work environment to be adjusted to their individual needs, and preferences and experiences from the private sphere are applied at work. They are unwilling to compromise their know-how by abiding to IT-policies that are not advantageous.

BENEFITS

As people can be more comfortable with their work tools and other elements of the work environment; efficiency, confidence and well being at work increase.

CHALLENGES

Since employees will have diverse needs and preferences, implementing many different requirements can be time consuming and costly, and organizations must understand how much the return of these investments is, which is very hard to calculate.

"   Everyone is allowed to choose their own equipment here. If they want to have two screens, then that's what they will get. We do anything to make sure that they work as effectively as possible."

– Noom Inc., New York City

SUMMARY

In order to thrive in this new connected world, it will be important for organizations to leverage on these themes. Working life is undergoing dramatic changes and organizations will have to rethink how they structure work. By creating a culture that focuses on individuals, organizations can build a reputation of being a progressive and talent friendly company. When individuals get the opportunity to work on meaningful tasks, they embrace the organization, and they will also attract talent from their own network. Organizations that quickly learn how to manage talent will not only innovate faster than their competitors, they will also outperform them on the bottom line.

EXPLORE THE FUTURE OF WORKING LIFE

JOIN THE CONVERSATION

The shift from workplace to exchange space has already started, and the process is irreversible. This ongoing change is supported by a number of global trends that are sweeping over the world, and are changing the foundation of working life.

Ericsson has just started its journey to explore the future of working life, and invites you to join the conversation. Do you agree with the findings in the report, or do you have another point of view of where working life is heading? Whether you think the future of working life is either bright or dull, we would like to hear from you.

Find out more about the Next Generation Working Life at www.ericsson/working-life or simply connect with us on Twitter, #NextGenWorkingLife, #NetworkedSociety or Facebook.