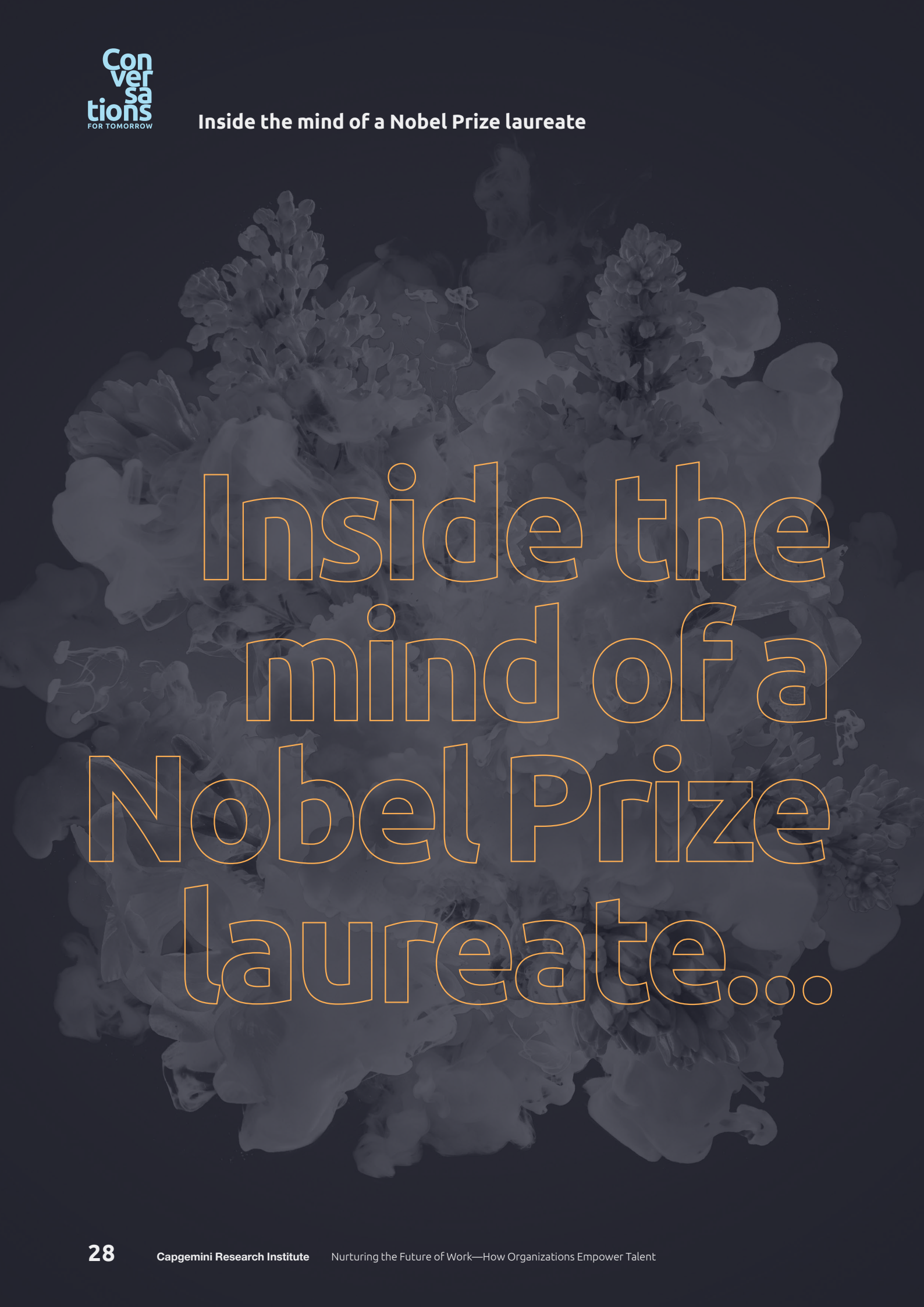


NURTURING THE
**future
OF WORK**

HOW ORGANIZATIONS EMPOWER TALENT

Quarterly review
N°6 — 2022

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FOR TOMORROW



Inside the mind of a Nobel Prize laureate...

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**SIR
CHRISTOPHER
PISSARIDES**

Nobel Prize Laureate
and Regius Professor
of Economics, London
School of Economics



BUILDING A "GOOD JOBS" ECONOMY

Sir Christopher Pissarides pioneered modern understanding of how regulation and economic policies affect unemployment, job vacancies, and wages, work which won him and his colleague, Dale T. Mortensen, the Nobel Memorial Prize in Economic Sciences in 2010.

Professor Pissarides specializes in labor markets, macroeconomic policy, and economic growth. He also co-founded the Institute for the Future of Work (IFOW), an independent research and development institute exploring how new technologies transform work and working lives.

The Capgemini Research Institute spoke to Professor Pissarides about his work on labor-market frictions; the interplay between automation, job loss, and job creation; and how to expand productive employment opportunities and create a 'good jobs' economy.

Inside the mind of a Nobel Prize laureate

EVOLUTION OF WORK AND WELL-BEING

You won the Nobel prize in 2010 for your work on labor-market frictions and technology. How do you think the labor market and the implications of technological development for employment have evolved since then?

— Many people lost their jobs during the pandemic, and the new jobs being created are entirely different from those they are replacing. For example, many routine jobs were automated while giving a boost to STEM-related roles. This technological revolution has led to further disruption of the labor market. As routine jobs were replaced, workers had to undertake a challenging transition process if they are to adapt to new opportunities.

Today, however, employers have access to more information about the labor market and people's behaviors; the insights

gleaned from this can be used to improve the overall wellbeing of workers.

A widespread skills mismatch is also causing labor-market friction. This is due to rapidly changing skills requirements; information asymmetry resulting from uncertainty; and geographic changes as not many low-skilled jobs are remote and hybrid.

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A WIDESPREAD SKILLS MISMATCH IS ALSO CAUSING LABOR-MARKET FRICTION

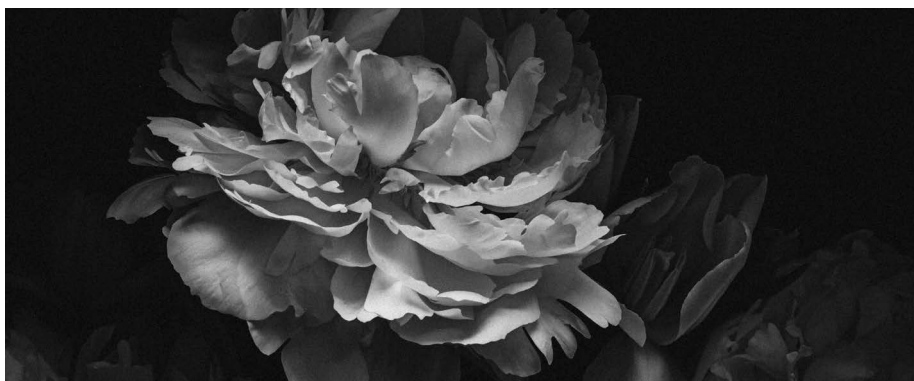
What is the biggest change currently happening in the world of work?

— The future of work will be largely influenced by digital technologies, and the biggest challenge is to ensure that these developments benefit the environment and humankind, enhancing well-being, working conditions, and work-life balance.

The pandemic has emphasized the significance of access to good-quality, safe, secure work, and the value of human skills and collaboration. Yet, technology innovators seldom consider the impacts on working life itself, and the employee can be forgotten.

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Inside the mind of a Nobel Prize laureate

ENCOURAGING GOOD WORK

How would you define "good work" and how can organizations design jobs to incorporate it?

— Good work encompasses more than employment. It promotes dignity, autonomy, and equality. It is subject to fair pay and conditions. And it takes place in an environment that has a sense of community and where people are properly supported to develop their talent. The most important feature of good work is promoting the engagement of the worker by giving them greater autonomy and opportunities to use their own initiative.

Workers are looking for jobs that are designed well, offer them incentives, and use their skills to deliver peak performance and contribute towards organizational goals. Are work life and personal life well balanced? Does the company treat all workers fairly?

One of the usual ways to progress at work is to change roles within the company: you do something for a while and move on to work that is related to your current role but requires complementary skills. Workers might ask questions such as, are there other roles within the company available to me to which my talents are better suited? What obstacles are there to my attaining these positions?

Worker ambition also impacts how firms fill their vacancies. Searching for someone who wants to replicate their current job in a different environment for higher pay can be self-defeating. Instead, firms should recognize that many workers are trying to broaden their portfolios of work experience. The most ambitious, adaptable individuals can be a major asset to any organization, even if they are unconventional candidates for a given role. Firms have to get better at evaluating candidates based not just on their professional experience to date, but also on their characteristics, related skills, and ability to learn.

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Good work promotes dignity, autonomy, and equality.”

Inside the mind of a Nobel Prize laureate



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How can you build a good-jobs economy?

— At macro level, governments should incentivize companies to provide good work – through tax relief, for example. People should be educated correctly, both formally and in the workplace, so that they come to expect good working conditions. A recognizably good working environment with strong employee retention rates can also encourage venture capital investments, which are long-term in nature, because companies with low employee turnover are viewed as less risky.

Governments, both by working in partnership with companies and through tightening regulation, must develop a social culture of good jobs. There are many areas that can be improved: being stricter in applying anti-discrimination measures, ensuring provision of training programs, promoting lifelong learning at work, and monitoring employee health and general well-being, to name a few.

Studies confirm that good work contributes to productivity, by allowing the worker more flexibility to choose the role within the company to which they are best suited, resulting in a better match between talents and role requirements.



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Inside the mind of a Nobel Prize laureate

The Nordic countries are a pioneering example of positive investment in good work. When you look at happiness surveys, life satisfaction, the Nordics are streets ahead. Among larger economies, Germany enjoys high productivity in its manufacturing sector. It has an effective apprenticeship system, which is essentially on-the-job training subsidized by the government. We need to survey the best practices from different countries around the world and extract them to build a template for good work.

**GOOD WORK
CONTRIBUTES
TO
PRODUCTIVITY**

BRIDGING THE TALENT GAP

How do you see the gig economy maturing over time?

— The gig economy certainly includes some negative elements: increased worker stress, no sick pay, no holiday pay, no pensions, zero-hour contracts [contracts with no minimum number of working hours], and general uncertainty of the flow of work. At the same time, there are positive features that attract workers, such as autonomy, flexibility, and choice in terms of the work you take on.

We need to strike the right balance to improve gig-working models, providing adequate pay and retaining flexibility, while allowing gig workers to maintain a work-life balance.

Some companies like to treat them as employees, offering them some benefits. They also judge their performance by long-term results, rather than monitoring their every move. But at present, only larger companies can afford to provide this level of flexibility. For small companies, the government should provide protection. Spain was the first country to pass such a law regulating the gig economy; it would be interesting to examine

Inside the mind of a Nobel Prize laureate

how employment has been affected there. So, governments should have a bigger role to play in regulating the gig economy and ensuring that the negative aspects do not outweigh the benefits for employers and employees.

How should the education system respond to labor-market shortages?

— The education system needs to adapt to the new technologies that are beginning to influence various markets. It has to adapt and teach more STEM skills. More importantly, education should provide learners with a portfolio of skills that can be updated during their professional lives, opening many doors for them. It should, of course, provide you with basic skills such as communication, mathematics, language, and so on, to teach you how to deal with customers and co-workers, as well as how to conduct basic research, or teaching. The ideal is closer to the French Baccalaureate system. We shouldn't encourage students to specialize too early. Specialization should come in work-based training, as companies understand their specific skills requirements much more than the educational institutions. Each student has different talents, and only a broad education offering exposure to wide-ranging subjects would appropriately direct them to identify their suppressed talents. Exposure to a set of skills can prepare young people for entry into the labor market.

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THE IMPACT OF AUTOMATION

What has been the impact of automation on jobs and workers in the past few years?

— Automation technologies have hurt lower- and mid-skilled jobs but have benefited enormously the higher-skilled jobs. Unfortunately, this is increasing inequality in the workplace. I can envision a future society where there's simply no unskilled work. However, although many jobs will disappear, work is becoming safer and more interesting. Right now, we still have high employment for unskilled jobs, but I see a lot of these roles, such as warehouse operatives, couriers, and taxi drivers, being automated, or going into the gig economy. We should take the opportunity during this transition period to adapt our education systems to ensure that young people leave education equipped with the skills most appropriate to them, which will allow them to find a place in the future of work.

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