

20
15



Scenarios for the Future
of Human Resource
Management



HR: Leading People, Leading Organizations

2015: SCENARIOS FOR THE FUTURE OF HUMAN RESOURCE MANAGEMENT

Robert Gunther

Roch Parayre

Jennifer Schramm

Franck Schuurmans

Michael Seitchik

September 2005



HR: Leading People, Leading Organizations





2015: SCENARIOS FOR THE FUTURE OF HUMAN RESOURCE MANAGEMENT


TABLE OF CONTENTS

This report was produced using the proprietary scenario-planning process and consulting expertise of Decision Strategies International (DSI). DSI leveraged the Society for Human Resource Management's (SHRM) domain expertise and network of thought leaders to construct four archetypally different scenarios of the future of HR. DSI complemented SHRM's expertise with its extensive network of leading experts and experience working with over 100 leading organizations around the world. For more information on DSI, please visit www.thinkdsi.com or call 610-717-1000.

© 2005 Society for Human Resource Management. All rights reserved. This report is published by the Society for Human Resource Management (SHRM). The interpretations, conclusions and recommendations in this report are those of the authors and do not necessarily represent those of SHRM. All content is for informational purposes only and is not to be construed as a guaranteed outcome. SHRM cannot accept responsibility for any errors or omissions or any liability resulting from the use or misuse of any such information.

2	About This Report
3	About SHRM
3	About SHRM Research
3	About the Authors
5	Acknowledgements
6	Executive Summary: HR in the Balance
14	2015: Using Scenarios to Embrace Uncertainty
16	Scenario A: Casting Director
28	Scenario B: Global Dealmaker
38	Scenario C: Caregiver
46	Scenario D: Systems Integrator
54	Are You Ready? Surveying HR's Preparedness
58	Conclusion
59	Resources
61	Appendix 1: Scenario Blueprint
63	Appendix 2: Qualitative Surveying Data Overview
65	Appendix 3: Strategic Forces Survey
72	Appendix 4: 2004–2005 SHRM Special Expertise Panel Members
76	Appendix 5: Regional Senior HR Leaders' Forums
77	Appendix 6: Competencies and Preparedness Survey





While we cannot predict the future,
we can prepare for it by understanding
the forces that can shape the future
as well as the challenges and potential
they represent.

ABOUT THIS REPORT

While the Society for Human Resource Management (SHRM®) has long provided its members with insights on emerging trends that will shape the future of human resources, particularly through its *Workplace Forecast* published every two years, this is the first time we take members directly into a set of possible futures. The futures described here are *not predictions*. Instead, the aim of this report is to show that by examining and “living” in the diverse worlds on the following pages HR professionals can gain a better understanding of what it may take to succeed in the years ahead.

To do this, SHRM worked with Decisions Strategies International (DSI) to explore four potential scenarios for the future of human resource management. By interviewing HR stakeholders from both inside and outside the

profession, the team put together a blueprint of the most important issues in both impact and uncertainty. This blueprint and the importance of the forces and issues it uncovered were further refined through a Strategic Forces Survey that was sent to all members of SHRM's 12 Special Expertise Panels. From here, the two most important forces in impact and uncertainty were identified and formed the basis of the four scenarios presented in the report. Finally, participants in SHRM's Regional Senior HR Leaders' Forums and a Masters Series Session at the SHRM 2005 Annual Conference were surveyed about the implications the four scenarios had on the development of HR competencies in the future. By thinking through the forces that influence each of the scenarios, SHRM members will be able to better recognize trends as they unfold in order to seize opportunities and avoid being blindsided.

While we cannot predict the future, we can prepare for it. SHRM itself has used the concepts and exercises from the report to help inform its strategic planning for 2006 and beyond and is pleased to provide its members with this tool in understanding the forces that can shape the future as well as the challenges and potential they represent.

ABOUT SHRM

The Society for Human Resource Management is the world's largest association devoted to human resource management. Representing more than 200,000 individual members, the Society's mission is to serve the needs of HR professionals by providing the

most essential and comprehensive resources available. As an influential voice, the Society's mission is also to advance the human resource profession to ensure that HR is recognized as an essential partner in developing and executing organizational strategy. Founded in 1948, SHRM currently has more than 500 affiliated chapters and members in more than 100 countries. Visit SHRM Online at www.shrm.org.

ABOUT SHRM RESEARCH

SHRM Research produces high-quality, leading edge research and provides expertise on human resource and business issues. It generates and publishes cutting edge research used by human resource professionals to develop their knowledge and to provide strategic direction to their organizations. As leading experts in the field of HR and workplace issues, SHRM Research works closely with leading academics, policy-makers and business leaders and is one of the public faces of SHRM's knowledge and expertise.

ABOUT THE AUTHORS

Writer

Robert E. Gunther is a professional business writer with more than 20 years of experience in diverse projects for non-profit and corporate clients. He is the co-author or collaborator on more than 15 books, including *Hypercompetition*, *The Wealthy 100*, *Profiting from Uncertainty* and *The Power of Impossible Thinking*. His projects have been featured in *The New York Times*, *Time*, *USA Today* and *Fortune*, and his columns or articles have also been published in *Investor's Business Daily* and *The Philadelphia Inquirer*.

Scenario Writers

Roch Parayre, Ph.D., is the managing director of executive development for Decision Strategies International. Dr. Parayre teaches executive education courses in decision-making, scenario planning, creativity and strategy at the Wharton School, at CEDEP (at INSEAD) in France and at the Institute for Management Studies. He is a senior fellow in the Mack Center for Technological Innovation at the Wharton School, University of Pennsylvania. An expert in scenario planning, decision analysis, the psychology of decision-making, and creativity and innovation, Dr. Parayre has published papers on these subjects in the *Journal of Economic Behavior and Organization*, *Journal of Banking and Finance* and *Managerial and Decision Economics*.

Jennifer Schramm, M.Phil., is the manager of the Workplace Trends and Forecasting Program at SHRM. Her responsibilities include writing and speaking on the effects of macrorends such as demographics, technology, globalization and the economic and political environment on the workplace and the future of work. She writes SHRM's *Workplace Visions* series as well as the *Future Focus* monthly column appearing in *HR Magazine* and is the author of *SHRM's 2004-2005 Workplace Forecast: A Strategic Outlook*.

Franck Schuurmans, Ph.D., CAE, is director of nonprofit practice for Decision Strategies International. Dr. Schuurmans is the former senior vice president of professional development for the Credit Union Executives Society, Madison, Wis., where he played a criti-

cal role in transforming the association into a "thought leader" in the industry. He is the co-author of several significant publications for credit unions, including *2010 Scenarios for Credit Unions*, *2005 Scenarios for Credit Unions* and *The Chameleon Scenario Revisited*, which he authored with Paul Schoemaker of DSI.

Michael Seitchik, Ed.D., joined RHR International in 1997. He has been a management consultant for over 25 years, specializing in leadership development, executive coaching, implementing change and executive team dynamics. At RHR, he has developed a unique and powerful approach to executive education and development that has been recognized by *The Wall Street Journal*, *The New York Times*, *Financial Times*, *USA Today*, *The Globe & Mail* and the *Los Angeles Business Journal*. His program, "Managing with Ambiguous Authority," was cited by *BusinessWeek* as one of the three most innovative executive education programs in the world.

General Editors

Samantha Howland is a senior consultant and client development director with Decision Strategies International. She has over 16 years of experience in business leadership, strategic planning and business process development. Ms. Howland has presented at numerous technology industry events on optimizing process frameworks and integrating technology best practices with management best practices.

Franck Schuurmans, Ph.D., CAE (See bio above.)


Scott Snyder, Ph.D., is president and chief operating officer of Decision Strategies International. He has more than 17 years of experience in business leadership, strategic planning, decision support systems and technology management. Dr. Snyder has held executive positions with several Fortune 500 companies, including GE, Martin Marietta and Lockheed Martin.

ACKNOWLEDGEMENTS

Sue Meisinger, Esq., SPHR, president and CEO, Debra Cohen, Ph.D., SPHR, chief knowledge officer, and Steve Williams, Ph.D., SPHR, director of Research, at SHRM provided valuable comments throughout the process, while the SHRM Senior Executive Team members all provided insightful suggestions and information on the human resource implications of wider socioeconomic and political trends. Evren Esen, survey research specialist, SHRM, and Franklin Shen, research analyst, DSI, designed the survey instrument and collected and analyzed

the survey data. SHRM staff Shari Lau, SPHR, Kelly Clyatt, PHR, Liz Peterson, Lisa Orndorff, Nancy Lockwood, SPHR, GPHR, Leslie Weatherly, SPHR, and Katya Scanlan all provided valuable comments during the editing and review phase.

SHRM and the Workplace Trends and Forecasting Program would also like to acknowledge the individuals who participated in the research that forms the foundation of the project, including the business leaders and other HR stakeholders interviewed, the SHRM Board of Directors who gave ongoing feedback throughout the project, the members of SHRM's 12 Special Expertise Panels under the leadership of Anne-Margaret Olsson, director, Member Special Programs, who participated in the survey, participants in the SHRM Regional Forums under the leadership of Keith Greene, SPHR, vice-president, Member Relations, and the SHRM regional, education and conferences staff.



Scenario planning is not about predicting the absolute future. It is about tracking and monitoring continuities and discontinuities so that leaders can recognize trends ahead of the curve.

EXECUTIVE SUMMARY:

HR IN THE BALANCE

Work has undergone fundamental transformations over the centuries, from the small-scale enterprises of the age of serfs to the specialization of the craftsmen's guilds and the farms of the agrarian age. Work became more concentrated in the cities with the factories of the Industrial Revolution and then shifted increasingly to knowledge work with the dawn of the information age. With these changes, the size and sophistication of organizations increased. Thousands of individuals could be brought together into a single enterprise. As information and communications technologies continued to improve, transaction costs declined and members of organizations did not need to be in the same location.

But these increasingly large, complex and geographically dispersed organizations faced complicated organizational and managerial challenges. These challenges gave birth to industrial rela-

tions, personnel departments and then modern human resource management. A series of path-breaking thinkers in the 1960s recognized the importance of human resource management, including Gary Becker, who coined the term human capital, and Peter Drucker with his landmark management work *The Effective Executive*. Human resource management itself has experienced a series of transformations since the dawn of the industrial age. From the early focus on addressing “industrial relations” in the factory, the emphasis moved to broader issues such as motivation, empowerment and education. In 1979, Motorola established the first corporate university, an innovation that was quickly copied by many other firms, and pioneering HR practices by Japanese automakers increased attention to motivation and self-improvement.

Technology has also reshaped HR in recent decades. Starting with the first modest experiments in computerized payroll systems in the 1960s, technology swept across all of the activities of human resources, a shift that was accelerated by the introduction of the PC in the 1980s. Today technology is deeply involved in HR processes, and the rise of the Internet in the 1990s led to e-mail, Web-enabled HR, corporate intranets, e-learning and online job sites and recruiting. Online job boards and peer-to-peer sites have encroached upon some aspects of the recruiting function for HR. In the early 1990s, technological innovations also led to business process reengineering, with resulting waves of downsizing and corporate restructuring, even as mergers and acquisitions added to the turmoil. HR was at the center of these changes, working with con-

sultants and trying to sustain a sense of organization even as organizational charts were shaken and stirred.

By 1995, HR had become so firmly established that Scott Adams introduced the evil HR director Catbert to his *Dilbert* cartoon strip. It was an indication of the rising power of HR in implementing corporate transformations, but also reflected the mixed view of HR in the organization. In 1997, David Ulrich published *HR Champions*, in which he summed up the challenges facing HR. He called upon HR to redefine its role and build new competencies or be “automated, outsourced and streamlined.”

At the same time, HR was asked to assume a policing role in compliance. The regulatory burden on HR increased, with antidiscrimination and sexual harassment laws and tougher health and safety regulations, the Americans with Disabilities Act of 1990 and the Family and Medical Leave Act of 1993. Enron’s collapse in 2001 and other corporate scandals added to scrutiny of organizations, and the resulting Sarbanes-Oxley Act significantly increased compliance and reporting requirements while encouraging whistleblowers to point out problems. A patchwork of state regulations and new European Commission employment regulations have added to the complexity of addressing issues such as privacy, pensions, employee information, consultation and discrimination. HR has also faced growing challenges in managing pensions and health care benefits, which have become an increasingly competitive burden.

What role will HR play going forward? Technology continues to advance. Regulations continue to expand. Globalization and outsourcing are transforming the organization. Safety and security are growing concerns. Baby boomers are retiring, and diversity is increasing, particularly with the growing U.S. Hispanic population. Advances in genetic testing create new opportunities for screening and health care management but also raise new privacy and discrimination concerns.

Some companies, such as Oracle, have chosen to disband their central HR departments completely. By 2004, nearly three-quarters of companies had outsourced at least part of their background and criminal checks, while more than half had outsourced part or all of their health care benefits administration. Other departments, such as IT, are taking over some traditional HR roles. Outside consultants are playing a growing role. Could HR become a commodity or even disappear completely? On the other hand, in many organizations HR is playing a more central strategic role by managing and measuring an organization's most important resource—human capital.

The Road Ahead

There is no slowing of the forces of change on the horizon. What will the coming decade hold? How can human resource leaders prepare? Many views exist about what might emerge:

- ☐ Technologies for communications and coordination create the opportunity for more networked organizations. One view of the future is that these networks lead to diffused organizations with a small core, a

“free-agent nation” on steroids.

- ☐ But depending on political and economic conditions, it may not be U.S. workers who benefit from these more fluid relationships. It could be workers in countries to where jobs have been offshored. This could lead to a hollowing out of the U.S. corporations with high unemployment at home, despite booming global markets.
- ☐ On the other hand, as observed after the terrorist attacks of 9/11, we could see a world of rising protectionism in which workers seek the shelter of a centralized corporation.
- ☐ Finally, improvements in robotics and other forms of automation, information technology and organizational processes are leading to ever-higher levels of productivity. Could this result in what futurist Jeremy Rifkin calls “the end of work,” as continued productivity improvements ultimately lead to a world in which the workweek is reduced and workers turn their attention to social projects?

The objective of *2015: Scenarios for the Future of Human Resource Management* report is not to attempt to predict which future will emerge. Instead, it is designed to sketch out these scenarios so that HR leaders and professionals are able to experience these different futures. In this report, we explore questions about the future and discuss how these issues will affect the work of human resource executives and organizations. We do not propose a single definitive answer, but we do offer four possible worlds. These different worlds offer an opportunity to challenge your own thinking and test whether

your own organization is up to the challenges of the future. You will also better understand what you might need to do today to prepare for the future that could emerge in 2015.

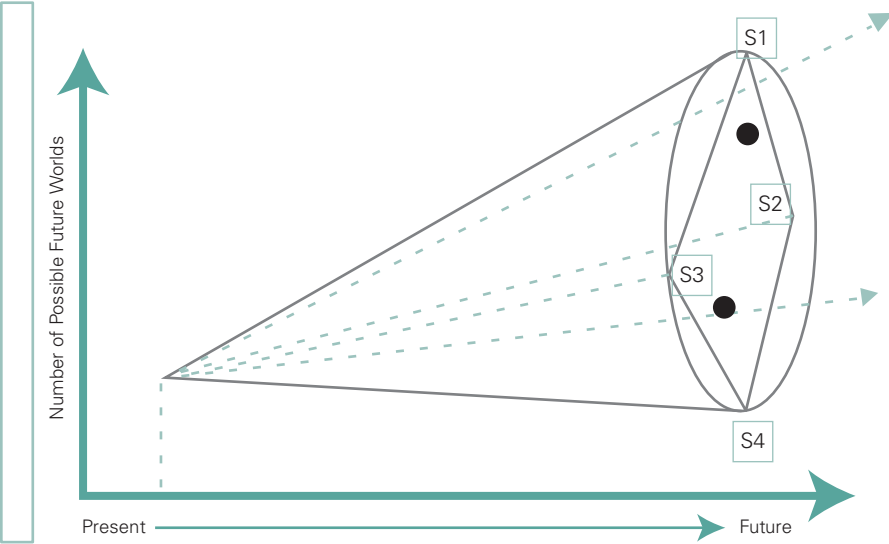
What Are Scenarios?

In contrast to the *SHRM Workplace Forecast*, the goal of this work is not to identify or trace out the trends that will likely unfold. These trends inform the scenarios presented here, but the focus in this report is much more on the *uncertainties* of the future. What is it that we don't know that could fundamentally change the environment in which we work? How could these uncertainties lead us to very different worlds that will require different capabilities for success? The goal of scenario planning is to come up with a set of alternative futures, several very different stories about the future. This process recognizes that the future is uncertain. We don't know which of these futures (or com-

bination of them) might actually come to pass. So we must be prepared for all of them. These scenarios might be thought of as a cone, as shown in the figure below, which bounds a set of possibilities for the future. The actual future that emerges might be expected to fall somewhere in this cone.

This is a very different process than using expert prediction to pinpoint the future expected to emerge. Why is prediction dangerous? There is a well-documented human tendency to be overconfident about our own abilities. This means that even experts in a given field will generally be more certain than they should be about their own accuracy. Many organizations have been blindsided by such biases and overconfidence. Living with scenarios helps overcome this tendency of overconfidence and creates a platform for dialogue about the future within organizations.

Using Scenarios to Bound the Future



These scenarios are more than just engaging stories. By “living” with each of these alternative futures, you can begin to see what will be required of your organization in each of these worlds. You can “future proof” your strategies by testing them in these different environments. This is where the true value of these scenarios emerges. While each scenario includes a brief exploration of “strategic imperatives” for that specific world, the actual imperatives will be different for your organization. Instead of trying to determine which of these worlds you think is most likely to come to pass, suspend your disbelief momentarily and ask yourself:

☐ What are the implications of this world for your organization?

- ☐ What do you need to do today to prepare for this world?
- ☐ What resources or investments has your organization made that will be less valuable in this particular scenario?
- ☐ What are the implications for your strategies?
- ☐ What capabilities will be more valuable?
- ☐ What capabilities do you need to build or acquire?

By considering these questions, you will be better able to understand the implications of each scenario for your own organization. You will also begin to see the investments and strategies that are robust across several different scenarios.

Buried by Blindspots: What You Don't See Can Hurt You

The Pullman Company made the transition from horse-drawn carriages to railroad cars but missed the opportunities in the auto industry. Famously, the railroad companies that dominated transportation of goods and people, a status which they only achieved after a fierce competitive battle with the riverboats, failed to adapt to the trucking revolution.

Similarly, sail ship builders and vacuum tube producers might have survived the introduction of steam engines and electronics, respectively, if only their leaders had employed a broader view of the future. More recently, consider the case of *Encyclopedia Britannica*. Management ignored the developments in CD-ROM technology in the early 1990s, much to its peril. *Encyclopedia Britannica* lost 50% of its revenue between 1990 and 1995. Locked into a dominant frame of the book business the company had been a part of for more than 200 years, it missed the information revolution.

The history of business suggests that winners often become losers because of such biases. Scenario planning can be viewed as the creation of surrogate crises that should engender the same zest for change as real crises would.

While some of the scenarios may seem to offer favorable or unfavorable environments for human resource management, in a certain sense, there are no “bad” scenarios. There are only bad strategies. We all know that investors with the right strategies can make money in bull markets and bear. The same is true for organizations in different environments. Each of these worlds presents distinctive risks, and each holds opportunities for organizations with the right capabilities and strategies to capitalize on them.

SCENARIOS FOR 2015

Based on extensive interviews with U.S. human resource executives and other experts, followed by a formal survey (see appendices), a diverse set of drivers were identified that could shape the world that might emerge in 2015. Two uncertainties were identified as most important in defining the future worlds that might emerge:

- 1. The availability of U.S. talent:** The surplus or scarcity of talent in the U.S. market is a key uncertainty in shaping relationships between employees and organizations. Will talent be hard to find or abundant? Offshoring could lead to a surplus of talent in the United States as overseas workers absorb jobs. Or automation could lead to downsizing that would result in a surplus of talent. On the other hand, tight talent markets could increase employee demands for generous benefits and other concessions from employers.
- 2. Organizational structure:** New information technologies and organizational structures create the potential for flatter, self-organizing companies,

but will the organizations become more diffused and democratic or will the pendulum swing back to more hierarchical organizations? As John Malone writes in *The Future of Work*, decentralization relates to more than structure per se. It involves a self-organizing approach to work and “the participation of people in making the decisions that matter to them.” Today, there is a range of organizational structures from hierarchies to free markets such as the distributed community of software developers that created Linux. But for these scenarios, we have looked at the extremes of dynamic, self-organizing structures and more rigid hierarchies.

Four Possible Worlds

These two uncertainties—*availability of U.S. talent* and *organizational structure*—provide the framework for four possible worlds for 2015, as shown in the figure on the next page. While this matrix provides the structure for these four worlds, each scenario is considerably more complex. The four scenarios explored in the report describe worlds in which both the availability of talent and organizational structure play out in very different directions. These are reflected in four very different roles for the HR function.

- 1. Casting Director:** With scarce U.S. talent and self-organizing firms, organizations are based on ad-hoc networks of workers around a small core. Some parts of HR in this scenario have diffused into the distributed network while other parts serve as casting directors on a film. HR draws together the talent needed for a specific project and

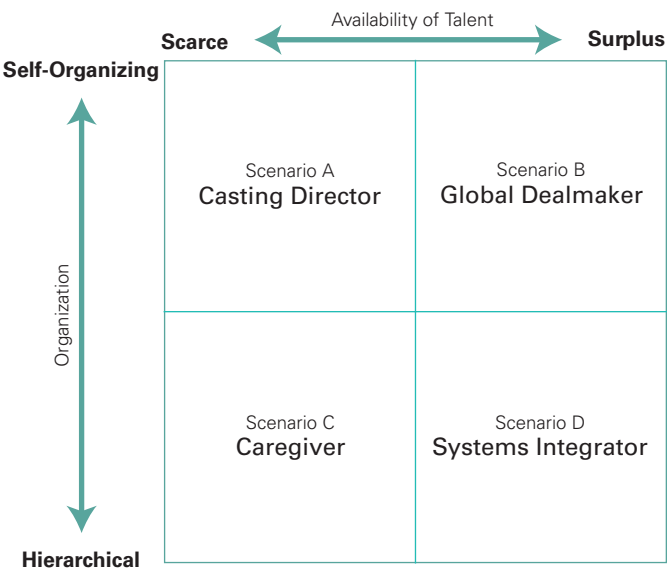
protects the culture of the small core organization.

- 2. **Global Dealmaker:** An acceleration of global outsourcing leaves a surplus of U.S. employees and decentralized organizational structures. HR, for most companies, manages these relationships while playing an increasing role in providing benefits and a sense of belonging to a far-flung workforce.
- 3. **Caregiver:** Terrorist attacks and a desire for protection lead to the return of centralized, hierarchical organizations as companies create the structures needed to attract and retain workers. As the organization serves the role of a "parent," HR in this


scenario is the keeper of the corporate hearth and provider of the many benefits the organization offers.

- 4. **Systems Integrator:** Rapid advances and widespread adoption of technology and automation lead to breakthroughs in performance, but the price is rounds of layoffs resulting in "jobless prosperity." Integration of new technologies requires a more hierarchical structure, and HR becomes more intertwined with IT to maximize human-machine performance. HR also has to help employees adapt to a world of rapid, and sometimes "dehumanizing," change.

Four Possible Worlds



Source: 2015: Scenarios for the Future of Human Resource Management, SHRM (2005)



Uncertainties present opportunities for organizations that are prepared to benefit from them.

2015:

USING SCENARIOS TO EMBRACE UNCERTAINTY

Whether the four possible worlds depicted in this report come to pass, in whole or in part—or at all—hinges in varying degrees upon uncertainties in the geopolitical and business environment. Many view such uncertainty as the enemy, an obstacle that gets in the way of achieving goals and meeting milestones, and therefore typically focus on control and gaining enough knowledge to reduce uncertainty.

But uncertainties also present opportunities for organizations that are prepared to benefit from them. A surplus of U.S. workers could be an asset for companies ready to absorb them. In an environment of scarce U.S. talent, companies with reduced need for U.S. staff due to advanced technology or effective global outsourcing could gain a competitive advantage over rivals who are not as well-prepared. A world of free agency could benefit companies that have the flexibility to put together

ad-hoc teams and manage diffused workers. On the other hand, a company with strong internal structures, facilities and controls could be well-prepared to meet a world of hierarchy and centralization. Every cloud has a silver lining. The question is: how can your organization benefit from the uncertainties presented in this report?

Broader Imperatives

How can your organization become better prepared? At the end of the four scenarios, we have offered strategic imperatives for success in each of these worlds. These are designed to illustrate broad capabilities that will be needed in this world, but the specific needs of your organization may be different. Examine each set of imperatives and ask:

- ☐ What are the current capabilities of your organization in these areas today?
- ☐ Would your current organization be able to thrive in this scenario?
- ☐ What new capabilities would you need to develop in order to succeed in this world?
- ☐ How can you continue to meet the demands of your current business while preparing for these futures?

For each imperative, you might assign a rank from 1 to 7, based on the need for the capability and then assign a rank of 1 to 7 for the current capacity of your organization. By surveying others in your organization or outside, you can identify the gaps between needs and capabilities. You can then assess the cost of closing these gaps.

While it is important to prepare for all of these futures, it is also possible to

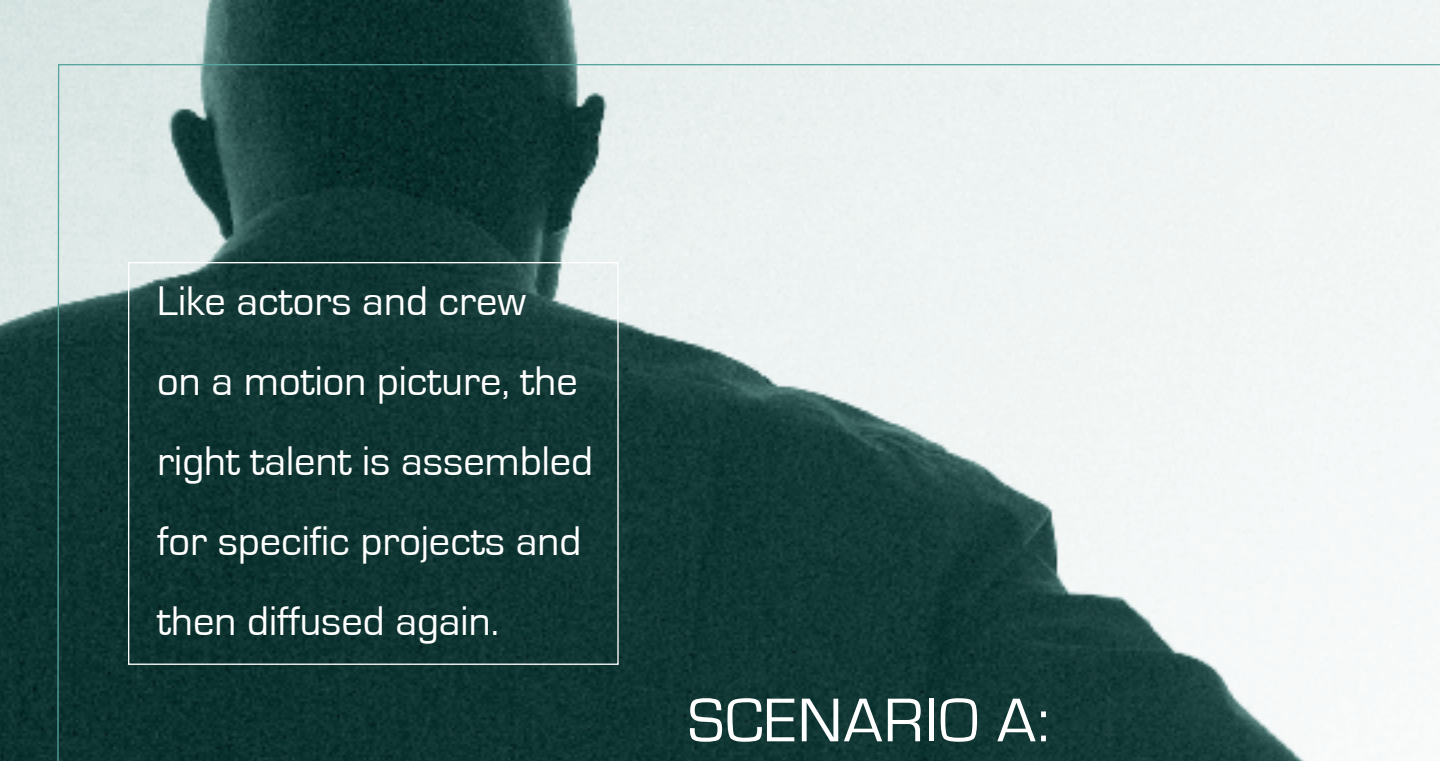
give added weight to the futures that you think are most likely to emerge. Give weights to the different scenarios for your industry or organization, either individually or by polling others, and this can help you focus attention on specific scenarios.

Given the human tendency to be overconfident, however, you should retain a healthy skepticism about the accuracy of these weights. They may only be a reflection of the biases of individuals or the organization rather than the true likelihood that a particular scenario may come to pass. This is why we need to prepare for all these future worlds.

Monitoring: Fitting Pieces Into the Puzzle

To take a very simple example of how scenarios can be used in monitoring, some organizations create a bulletin board divided into four quadrants (one for each scenario). As news stories come in that seem to reinforce a particular scenario, employees post them in the corresponding quadrant of the bulletin board. Over time, some scenarios may have stacks of articles tacked to them while other quadrants of the bulletin board may be sparsely populated. This can be a simple way to monitor the emergence of a scenario.

These scenarios can also help your organization detect and make sense of changes in your environment. Each new piece of information that emerges over time can be fit into the broader picture, like pieces of the puzzle. The blueprint for a given scenario helps identify where each piece should go. As these pieces accumulate, the overall picture becomes clearer.



Like actors and crew
on a motion picture, the
right talent is assembled
for specific projects and
then diffused again.

SCENARIO A:

CASTING DIRECTOR

SNAPSHOT: WHERE WE ARE IN 2015

Emboldened by a booming economy and a tight labor market that has created strong demand for talent, employees are leaving corporations in high numbers. The population of the “free-agent nation” has swelled rapidly, leading to much flatter, self-organizing companies. It is a seller’s employment market as restrictions on immigration and the retirement of baby boomers have further constricted the availability of workers, resulting in record low levels of unemployment. With democratic reform movements sweeping the globe, free-market forces have helped usher in an age of economic growth and global prosperity. This further strengthens the confidence of workers, most of whom have built or inherited significant nest eggs from growing investments and real estate. In an era of democratic fervor, these employees—particularly highly skilled

knowledge workers—are making their own declarations of independence. Not only are corporations competing with each other for these elite knowledge workers, but as populations decline among industrialized nations, countries are also competing on the basis of their ability to develop and attract these highly skilled knowledge workers and the so-called “creative class.” Global labor mobility makes this possible, but with labor within regions—such as the European Union and Asia—highly mobile, it is becoming more difficult to attract highly educated immigrant knowledge workers to the United States than it has been in the past.

The prevailing business model is an organization with a small core of employees surrounded by a loose network of free agents working on specific projects. Like actors and crew on a motion picture, the right talent is assembled for specific projects and then diffused again. In this environment, HR functions as the casting agent, scouring the world for the right people and drawing them together for short-term engagements.

HIGHLIGHTS

- ☐ Strong economy at home and abroad.
- ☐ Peace and prosperity throughout the world.
- ☐ Limited availability of U.S. talent, with immigration restrictions and rapidly retiring baby boomers.
- ☐ Flatter, networked organizations.
- ☐ Technological advances support productive, distributed work.

DRIVERS/SIGNPOSTS: HOW WE GOT THERE

A Booming Economy

The U.S. economy is growing, with U.S. GDP up by 4% over the last three years, driving unemployment to record lows. The global economy is also booming, with 9% GDP growth in Asia, and even European economies have pulled up to a healthy 3% growth. The bullish U.S. stock market has also led to a sharp increase in U.S. companies acquiring or forming alliances with companies all over the world. While acquisitions often are aimed at acquiring needed technology, there is a growing trend to use alliances to gain access to needed talent. High incomes and strong consumer spending have reduced company pressures for cost cutting. Democracy and economic progress are spreading throughout the world leading to an unprecedented standard of living across the globe and declining levels of terrorism. Following the lead of China and India, countries in the Middle East and Africa have begun massive political and economic reforms.

Technology: A Wired World

Secure, always-on broadband connections are ubiquitous. Road warriors can jet from one side of the continent to another without missing a beat, including full connectivity in flight. The costs of this technology have fallen to nearly zero, driven down by citywide “hot spots” such as the ones pioneered by Philadelphia, Cleveland and New York City. By 2015, every major metropolitan area has low-cost access to broadband. Corporate conference rooms feature holographic images, and most laptops come with built-in conferencing capa-

bilities, as do high-end cell phones and even iPods. Top-of-the line smartphones incorporate projection technology that can turn any blank wall into a large, flat screen. Conferencing pods are available in retail stores and restaurants. It is not uncommon to see workers wearing headphones engaged in conferences on park benches and even on airlines and trains (outside of the no-conferencing cars, of course). Collaboration technologies also have advanced rapidly, with systems that allow easy support of virtual teams, providing temporary employees with virtual orientations and tailored information access that is just enough to meet their needs. Traditional working hours have become blurred, but location-based technologies such as GPS give employees some measure of control, allowing them to decide when and how they connect in different locations. While face-to-face meetings are still valued, there is little difference in productivity and interaction between employees in-house and those in the broader network. Online education is flourishing as employers bring new staff quickly up to speed.

Boomers Retire in Record Numbers

Baby boomers began retiring en masse in 2012 as the first boomers reached 65 and wanted to lock in their pensions before the stock market peaked. This has exacerbated an already tight labor market. While younger workers are putting in 80-90 hour weeks to try to earn as much as they can and to build up their track records to get even better jobs, some older workers are taking advantage of the talent shortage to opt for more work/life balance as part of their packages. For example, some

opt to work for six months and play for six months, while many empty-nesters return to work on short-term projects in exotic places to combine work with adventure.

Global Competition for Talent

The ability to attract foreign talent, though traditionally one of the foundations of U.S. innovation, has waned due to increased global competition for these elite knowledge and creative industry workers who are viewed as the driver behind new innovations that lead to new industries, products and services. Countries such as India and China, which have traditionally sent many students to U.S. universities leading many students to stay on to live and work in the United States, have developed their own industries to the extent that many students either remain in their home countries or head back home upon graduation, while improved education rates abroad mean much of the research and innovation traditionally originating in the United States is now coming from abroad. Over-reliance of U.S. research and development facilities on foreign talent, especially in the science and engineering fields, creates an extremely tight labor market—with highly skilled individuals in demand at a global level.

Workers, Information Stopped at the Border

In addition to the increased competition from other industrialized and emerging economies for highly skilled knowledge workers, a backlash against growing immigrant populations and global outsourcing has led to the adoption of much tighter immigration restrictions to protect less highly-skilled U.S. jobs. The

strong economy made these restrictions much easier to swallow. The continued growth of developing economies from Latin America to Mexico to Asia has also reduced immigration demand and, in many cases, led to reverse immigration as U.S. immigrants returned to attractive jobs in their native lands in record numbers.

The use of offshoring also was severely restricted in an effort to retain U.S. jobs and to protect information after several highly publicized failures. In a major security glitch in 2007, tax and banking data for thousands of U.S. citizens mismanaged by a Chinese firm fell into the hands of a rebel band of hackers that diverted funds to terrorist organizations. This led to stricter U.S. government regulations that have slowed offshoring despite the efforts of business lobbyists. While job concerns initially drove the change, corporate leaders also had increasing concerns about dependence on foreign markets, particularly during a brief but debilitating standoff between India and Pakistan in 2008 and the reorganization of the Chinese banking system in 2010 that sent shockwaves through U.S. markets. While the impact on the U.S. economy was temporary, these events shaped a much more closed and protectionist economic policy. While global outsourcing has slowed, domestic outsourcing has grown to fill the gap. These trends have further stretched an already tight job market, but politicians would find it political suicide to attempt to reverse them. While there is still reliance on overseas employees for manufacturing and other low-end tasks, high-end knowledge work is kept primarily at home.

The scarcity of talent and rise of domestic outsourcing has led to major initiatives by companies to tap into the labor pools of Middle America. Training programs and universities have been constructed or expanded in rural areas of the United States. This has led to rising urbanization of the heartland, as youth in particular are lured to the jobs in urban centers.

THEMES: THE WORLD WE LIVE IN NOW

Organization: The Company as the Brain

The prevailing metaphor for corporations is the brain. Knowledge is not centralized but is scattered throughout the system. Like the brain, companies consist of thousands of loosely connected people (neurons) who are linked technologically (synapses). Wisdom comes from linking the right bits of data, not from any one source. Knowledge flows are gates that are monitored and readjusted. A company's core is like the brain stem that monitors the vital functions needed to maintain life (autonomic system), but not the functions that have to do with thinking and acting. These are handled by the network itself.

Technology is the nervous system that connects this network. Technology for communications, collaboration and networking is highly advanced. Technology also forms a dividing line between those employees who are comfortable with diffused teams and those who are not. Generations that came of age during a time when trust was initially built through face-to-face interaction have had a harder time quickly integrating into new positions and teams.

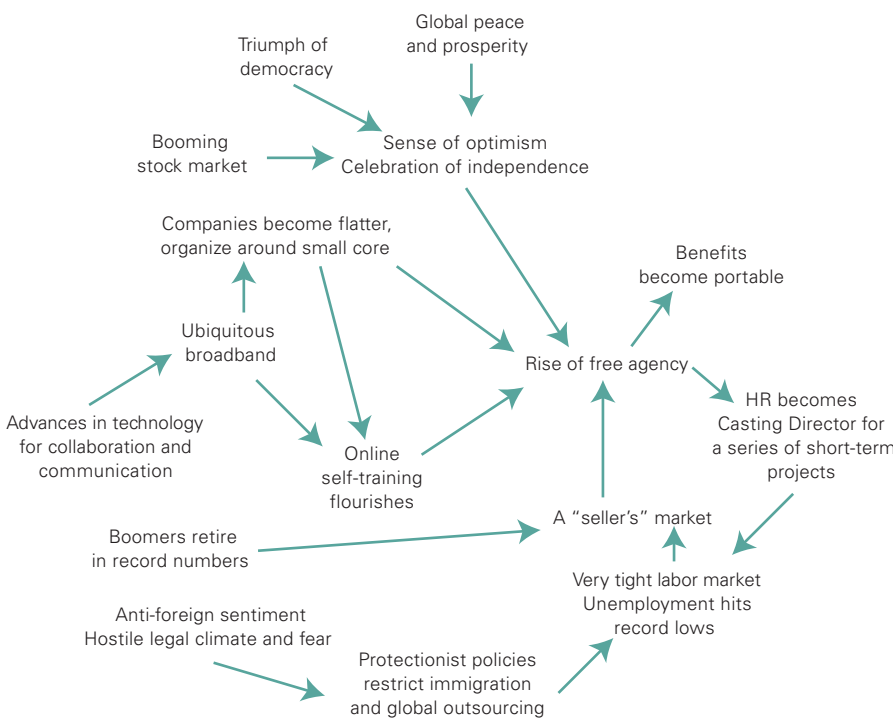
Generations X and Y, on the other hand, have been able to connect with their new communities through instant messaging (IM) and other interactive technology even before they started their new jobs. These generations are adept at building a virtual network of “friends” through technology. As a result, quickly linking with teammates who are generational peers is easier than establishing trust and rapport between generations. Resentment between generations could also increase as Generations X and Y view the baby boomers as a threat to their future security by quickly draining pension funds and Social Security.

Virtual teams, social networks and self-organizing systems (systems in which order comes from chaos) are no longer just the subject of academic discus-

sions but the prevailing philosophy of the day. Chaos theory is driving the design of information technology and organizational processes. Order and structure are created by a few simple guiding principles. Command-and-control leadership is viewed as inefficient and ineffective. Those who can find the patterns, the few rules that link the seemingly overwhelming data “out there” become the most successful leaders in the core of the organization.

Because job tenure is short, work has become a series of time-defined projects. Companies hire talent for short periods of time to play a specific role in a project. Most jobs have narrow scopes with well-defined roles and required skills. Successful executives can manage dozens of projects and are experts in project management (keeping

Scenario A : Casting Director



Source: 2015: Scenarios for the Future of Human Resource Management, SHRM (2005)

projects on time and on budget). Those with top talent will work on projects, deliver results quickly and then move on to the next project or next employer. Resumes will stress bottom-line results on projects. Less talented people (B and C players) will be given narrow, specialist roles within projects. In a world of rapid change and emerging markets, the network is often more attuned to changes than the core. The core facilitates what the network recommends.

HR as Broker

HR is the broker, translating strategies and initiatives into action. The core job of HR is to identify and attract talent and manage a series of short-term relationships. At the same time, HR needs to manage a set of core employees who have a long-term relationship with the organization. Most transactional and administrative functions are outsourced, and many strategic functions such as finding and hiring talent are also handled by consulting companies. These firms have access to sophisticated global talent lists and can help talent relocate quickly by using advanced analytic tools such as pattern matching. Companies have a few HR professionals who oversee the selection and management of these outsourced functions. The most senior HR professionals are a key part of the senior core team. In many ways, this model of HR is similar to the way some companies reorganized their HR function a decade ago, but it has now evolved into the predominant model.

Talent software, which identifies people based on competencies, skills and project results, is widespread. Vendors offering such information have formed

proprietary relationships with companies. These packages identify the best talent available, both inside and outside the company. Everyone on the list has been “objectively” assessed for skills by one of the new firms specializing in assessments. These talent warehouse companies have replaced much of the business of search firms (or will be bought by search firms). Project-based technology links people in the virtual organization, but while many companies swear by it, it is unfortunately not designed by people who understand group or team dynamics. As a result, high levels of trust among project members are required. It is up to senior HR professionals to make sure teams function smoothly and productively. It takes a while for companies to learn that technology cannot replace leadership; teams still need project leaders with the necessary skills.

HR is very focused on delivering measurable results and has the ability to measure business impact, even for intangibles such as employee satisfaction, and the return on investment (ROI) for many initiatives. Those HR professionals who cannot make a business case for their initiatives are out of work. Many companies realize the importance of maintaining a culture that holds all the pieces together. HR professionals are responsible for making sure companies have the “glue” required to maintain alignment of people and systems (rewards, compensation, organizational structure, etc.). HR professionals spend a great deal of energy focusing on integrating (on-boarding) new talent quickly, including online training programs. Getting executives (project leaders) and their teams up to speed quickly is a top

priority. Because work is done in real and virtual teams, building trust among team members who change frequently is also a priority. Without trust, teams sub-optimize the talent on the team. Peer-to-peer networks such as LinkedIn and Friendster have also become strong channels for recruiting.

Benefits Are Portable

Health care and other benefits are “owned” by individuals and are completely portable as people jump from company to company, country to country. For those with talent, companies pay for benefits, even high-end packages with the best coverage and pension fund contributions. Companies also provide good benefits to its core group of workers to retain these “keepers of the corporation.” On the other hand, third-tier players only receive benefits from employers after successfully working on their fifth project and only maintain a basic benefits package as long as they are delivering results. Initially, these workers have to purchase their own health care or rely on government-supported insurance. The strong economy and the many people who slip through the holes in this networked system have led to the reinforcement of the government health care safety net. But this is only for the poorest of the poor and there are strict limits. Social Security has been restructured to ensure that it is fully funded, but workers can select a choice of payment options.

Companies and the government also are sponsoring training programs, many online, to meet the demand for workers. Companies face a dilemma: they have no choice but to provide training if they are to attract the best work-

ers, but this training just makes their workers more valuable and increases the likelihood that they may leave. So companies force workers to make a two-year commitment or more after earning MBAs or other significant degrees. (Of course, some workers just buy out of this contract or force their next employer to do it.)

Rogue Traders, Intellectual Property and Other Risks

As companies rely upon “hired guns,” risk has shifted away from the corporation to the individual. Companies have devised work-around processes to the Sarbanes-Oxley oversight systems. The risk of scandal has become part of the cost of doing business since companies need the talent to compete. Organizations are so complex that it becomes almost impossible for any board member to truly understand what is going on and most decisions are made in the network, not at the core. In this world, talented employees think that whatever is good for them is good for the company. The potential is growing for a rogue trader or programmer to precipitate a Barings Bank-style collapse or disgruntled employees to attack company systems. Big egos, big salaries and ethical scandals are common. Organizational structures make ethics investigations much more complex to pursue.

As governments are losing their ability to shape codes of conduct in a dispersed world, companies have had to strengthen codes of conduct in virtual organizations. Incentives and contracts are carefully designed to ensure individuals are aligned with the goals of the organization. Protecting intellectual property is a central concern. Companies

have implemented legal and technological safeguards, including digital rights management systems for proprietary information, to ensure that their valuable knowledge doesn't go out the door with a very fluid workforce. Companies also have initiated litigation against workers who leave and violate confidentiality and noncompete clauses in their contracts.

Attitudes: You Are What You Make of Yourself

An economy built upon independent action emphasizes independence, democracy and self-help. There is a rapid demise of state-sponsored or publicly financed entitlement programs, except for government programs designed to protect health care and other benefits for a mobile workforce. This world benefits workers with initiative and education. It creates anxiety for those who desire more structure or are poorly educated.

STRATEGIC IMPERATIVES: HOW WE LIVE IN THIS WORLD

Among the qualities that will be needed for organizations to succeed in this world are:

- ☐ **Organizational agility:** Companies must be able to respond quickly to constant change. They need to be flexible enough to change products and services rapidly to respond to changing global markets, new technologies and other changes. Companies have to work on several alternative solutions to problems simultaneously to hedge their bets and to make sure at least one solution works immediately.
- ☐ **Intellectual property (IP) and knowledge management:** Companies must be able to provide free agents with enough information to do their jobs, yet not give away the competitive knowledge that the free agent could take to a competitor. Companies need strong legal and information systems to protect core information. They also need to map and facilitate dynamic social networks within the company by using IT and manage or tap into sophisticated talent databases and peer-to-peer networks.
- ☐ **"Ambidextrous" capabilities:** Organizations need to be able to

Headlines

Dow Jones Hits 22,000; Could Dow 30,000 Be Far Behind?

Retiring Boomers Lead to Resort Building Boom

Rogue Programmers Walk Away With Company Records

Thriving on Chaos: Demand for IT Managers Trained in Chaos Theory

Change of Heartland: From Amish Farms to Urban Dance Floors, America's Face Is Changing

Revenge of the Outsourced: Rising Worker Lawsuits Strain Arms-Length Relationships With Employees

New Smartphone Offers Full Videoconference in Your Pocket

manage a stable core of key executives who provide strategic continuity, understand how the whole is greater than the sum of the parts (i.e., understand the firm's competitive advantage) and can manage a network of free agents working on hundreds of separate projects. At the same time, companies need to be able to attract a set of talented free agents from all over the world who possess the skills needed by a specific project team.

- **Process management and seamless integration:** Companies must be able to provide consistent, high-quality customer satisfaction, even though “behind the scenes” the people doing the majority of the work are constantly changing. Connecting the parts will be the key to success. With knowledge spread out across the network and talent spread out across the world, the technology and processes that link everything will provide competitive advantage.

- **Systems thinking and legal background:** HR professionals in this scenario need a finely developed understanding of network and systems theory. Many are also drawn from legal or political backgrounds, given the importance of negotiations and the complex “political” interactions involved in designing and managing shifting teams on diverse projects. At the same time, those working primarily with the core organization have much more traditional backgrounds in organizational psychology. They also benefit from facility in technology, although this is now a baseline skill for almost any type of professional work.
- **An emphasis on skills development:** Because knowledge workers are competing on the basis of their skills, they continuously seek to develop their skills through training and education. Because employees are in a position to make these demands, many employers

Scenario A Blueprint

Name of Force	Scenario A
Availability of U.S. talent	Scarce
Organizational structure	Flat
The health care system	Benefits “owned” by individuals
Business emphasis for HR	Deliver ROI by managing fluid relationships; social advocacy for small core
Risk environment	Sedate
Globalization of operations	Global but protectionist
Use of technology	Technology is widespread, enabling networked relationships
Location of HR	Ambidextrous: administrative functions outsourced; strategy and core staff in-house
Outsourcing/offshoring	Significant outsourcing to individuals and U.S. firms
World economy	Booming
U.S. economy	Booming
Mores and attitudes	Independence is valued above all; survival of the fittest
Terrorism/foreign policy	Peace achieved; protectionist policies lead to reduced unemployment
Incentives	Salary plus bonuses for top performers; others receive compensation contingent on results

Source: 2015: Scenarios for the Future of Human Resource Management, SHRM (2005)

do offer educational benefits, and employees are taking advantage of these opportunities as never before. In addition, companies put a great deal of energy into building relationships with centers of innovation. Depending on the industry, this can mean relationship building with research and development facilities at universities around the world, lending support to small start-up business ventures or even supporting communities of interest, such as collaborative knowledge networks

managed through voluntary sharing of information in online communities.

- **Increased demand for highly specialized staffing consultants:** As knowledge and business relationships become more complex, the need for highly specialized staffing consultants with an in-depth understanding of the industry grows immensely. These players are now among the most important consultants and are closely involved in reengineering groups and putting together project teams.

WHERE WE WERE IN 2005

Talent Shortage Looming in Key Knowledge Industries

The age distribution of individuals with science and engineering degrees indicated that the majority of individuals with bachelor's, master's and doctoral degrees were over the age of 40. In addition, U.S. students performed under the Organization of Economic Cooperation and Development's (OECD) index of industrialized countries' student average in both math and reading scores. The United States was also being overtaken by many countries in the number of young people with college degrees. Though the United States led the OECD countries in the percentage of individuals 45 and older with college degrees, it was beginning to slip behind in the 25-34 age group. HR professionals reacted by focusing on skills development and knowledge transfer.

Top Five Actions HR Professionals Are Taking to Boost Workforce Skill Levels in a Global Knowledge Economy

Increased technology training	83%
Increased investment in training and development to boost employee skill levels	82%
Increased specialized training	75%
Succession planning	67%
Increased investment in recruiting and retaining highly specialized knowledge workers	65%

Source: SHRM 2004-2005 Workplace Forecast

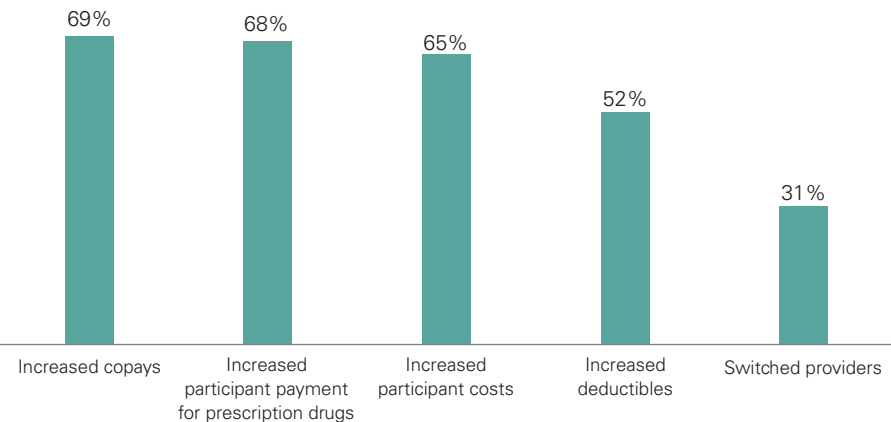
Debate Over the Likelihood of a Labor Shortage Rages

While some observers saw the aging of the baby boomers leading inevitably to a major labor shortage, other experts disagreed arguing that the use of offshoring, extending the retirement age and the larger size of the generation following Generation X would be enough to avoid labor shortages in most industries.

Growth in the Use of Portable Benefits

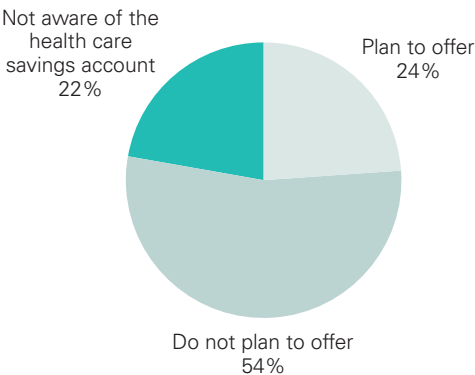
An increasing number of organizations shifted away from traditional pensions and moved to more portable retirement benefit plans. Many employers were also attempting to shift more responsibility for health care costs onto employees through higher deductibles and the introduction of health savings accounts.

Top Five Ways Companies Have Changed Health Care Plans in the Last Five Years



Source: SHRM 2004 Health Care Survey Report

Plan to Offer a Health Care Savings Account (HSA)



Source: SHRM 2004 Health Care Survey Report

Generational Issues

The “free-agent” mentality of the 1990s gave a foretaste of the issues that would grow in importance in 2015. First, it raised the issue of different approaches to working and each generation’s comfort level with these different styles. Generations X and Y were viewed as most able to adapt to the networked, non-hierarchical style of working that relied heavily on collaborative technologies and most likely to push for this type of work culture as they came of age in the workforce.

Generational Differences and Workplace Traits


Generation	Workplace Traits Most Attributed to Each Generation	Workplace Traits Least Attributed to Each Generation
Veterans (born before 1945)	<input type="checkbox"/> Plan to stay with the organization over the long term <input type="checkbox"/> Respectful of organizational hierarchy <input type="checkbox"/> Like structure <input type="checkbox"/> Accepting of authority figures in the workplace <input type="checkbox"/> Give maximum effort	<input type="checkbox"/> Embrace diversity <input type="checkbox"/> Technologically savvy <input type="checkbox"/> Like informality
Baby boomers (born 1945-1964)	<input type="checkbox"/> Give maximum effort <input type="checkbox"/> Accepting of authority figures in the workplace <input type="checkbox"/> Results-driven <input type="checkbox"/> Plan to stay with the organization over the long term <input type="checkbox"/> Retain what they learn	<input type="checkbox"/> Like informality <input type="checkbox"/> Respectful of organizational hierarchy <input type="checkbox"/> Need supervision
Generation X (born 1965-1980)	<input type="checkbox"/> Technologically savvy <input type="checkbox"/> Like informality <input type="checkbox"/> Learn quickly <input type="checkbox"/> Seek work/life balance <input type="checkbox"/> Embrace diversity	<input type="checkbox"/> Respectful of organizational hierarchy <input type="checkbox"/> Like structure <input type="checkbox"/> Plan to stay with the organization over the long term
Generation Y (born after 1980)	<input type="checkbox"/> Technologically savvy <input type="checkbox"/> Like informality <input type="checkbox"/> Embrace diversity <input type="checkbox"/> Learn quickly <input type="checkbox"/> Need supervision	<input type="checkbox"/> Respectful of organizational hierarchy <input type="checkbox"/> Like structure <input type="checkbox"/> Plan to stay with the organization over the long term

Note: For each trait, respondents were asked to rate whether the trait was “very applicable,” “moderately applicable,” “slightly applicable” or “not at all applicable” to each of the four generations. Results shown are top and bottom three traits.

Source: SHRM Generational Differences Survey Report (2004)

Availability and Use of Educational Benefits

While an emphasis on skills was already in place in 2005, many organizations reported that few workers made use of educational benefits the company offered.



The organizations that remain viable in this environment are those that have been able to successfully manage diffused workforces.

SCENARIO B:

GLOBAL DEALMAKER

SNAPSHOT: WHERE WE ARE IN 2015

While the United States continues to be the world's dominant political power, its economic supremacy is fading. Rising benefits costs and economic malaise at home, attenuated by global terrorist attacks, have forced U.S. firms to seek cost savings abroad to remain competitive. Offshoring has shifted the center of work to emerging economies. India has become the back office, front office and research lab for America, with China, Mexico and Brazil also emerging as key sources of offshore talent. GDP growth in India and China has moved into the double digits, even as the U.S. GDP has been anemic. With work shifting overseas, U.S. unemployment is high and there is a surplus of talent. While there is growing political pressure for a more restrictive global economic policy, it is countered by a strong belief that open policies will be

best for the United States in the long run. Organizations have been forced to become decentralized to tap into cheaper and better-trained global talent pools, wherever they can be found. The organizations that remain viable in this environment are those that have been able to successfully manage diffused workforces that give them the capacity to respond efficiently to a highly uncertain environment.

HIGHLIGHTS

- ☐ Weak economy in the United States, thriving developing markets.
- ☐ Continued acceleration of global outsourcing.
- ☐ Layoffs at home lead to a surplus of U.S. talent.
- ☐ Organizations become flatter, focusing on core capabilities.

DRIVERS/SIGNPOSTS: HOW WE GOT THERE

A Weak U.S. Economy in a Booming World

Major attacks on U.S. landmarks over the past decade and continued threats on U.S. corporations domestically and abroad have taken their toll on the American economy, which also struggles under the financial burdens and skyrocketing deficit as a result of the ongoing war on terror. The poor economy and high benefits burden left organizations with little choice but to unload as much of their workforce as they could. First went the less skilled and hourly workers, then more skilled positions. The limiting factor has been the cost of exit benefits, but this has put in motion an unalterable march toward a significant “skinnying down” of the American organization.

It is not just low cost that drove jobs to non-U.S. firms. U.S. education has lagged behind both industrialized and emerging economies, resulting in a shift in the center of innovation to the emerging economies where labor costs are low but the workforce is well-educated. The United States is less flexible in bringing capacity online, or offline, quickly. Companies face heavy burdens for health care and retirement. Lawsuits, restrictive regulations and attacks by the last vestiges of organized labor have made it less attractive to hire U.S. employees and more attractive to send work abroad. India and China have become saturated, so more aggressive companies are now moving to Indonesia and Africa for even better rates.

Terrorist attacks have virtually closed the borders to skilled graduate students in technical areas, further eroding U.S. centers of research and development (R&D). These students have stayed at home, supporting the expansion of local universities and benefiting domestic economies. There is still a strong flow of illegal immigrants across the Mexican border, but this has slowed as new unskilled workers find limited opportunities. Mass layoffs have caused unions to start re-forming in some blue-collar sectors of the economy—and even some of the white-collar sectors—but to little avail. It’s survival of the fittest as most states become right-to-work states because of the increasingly mobile (even nomadic) labor force. Jobs that haven’t been sent outside of the United States are being outsourced domestically to specialists who can leverage their scale and cost advantages.

U.S. colleges have filled up with the lower-skilled and unemployed who recognize the need for professional development if they want to obtain more stable (albeit roving) employment. Some specialized trade schools that are centered on the few sectors where the United States maintains competitive advantage (such as defense and security technology) thrive. More federal and state funds have been made available for worker retraining. Talent abounds, but talent supply exceeds demand for their services. Many frustrated, overqualified workers have dropped out of the system altogether, choosing instead to try their luck as small entrepreneurs. But the economy isn't kind to them either.

Advances in Technology

The continued development of collaboration technology and falling global communications costs have been essential to the rise of outsourcing at home and abroad. Companies have developed very sophisticated and effective systems for protecting intellectual property that have helped overcome concerns of managers and security objections from the U.S. government. Even very complex tasks such as design or analysis can be done by distributed groups anywhere in the world. Developing countries have created aggressive programs to leapfrog their technological infrastructures. In particular, there has been a rapid development of broadband and other technology in emerging economies while there has been relatively slow adoption in the United States. This has put U.S. workers at a significant disadvantage. In many cases, this has made it easier for a U.S. firm to outsource a project

to a worker in Shanghai than to a U.S. worker a few miles away.

Globalization

In the face of rising U.S. corporate costs and a poor economy, the United States has created liberal global economic policies. Although immigration to the United States has slowed to a trickle, the use of offshoring has boomed. With high-speed communication channels, the market for talent has become global. Foreign universities, in partnership with top-tier U.S. universities such as Wharton, Harvard and MIT, have cranked up their machinery to produce skilled graduates and make their country an attractive location for U.S. offshoring in many skilled areas. A new generation of workers in developing countries has higher levels of English literacy than in many parts of the United States. In some cases, developing countries have built expertise in technologies, such as stem cell research, that are off limits to U.S. peers due to legal restrictions. Many clinical trials and R&D efforts are now completely outside of the United States. Increased interactions and interdependency among workers in global companies have increased familiarity among cultures.

While high unemployment has resulted in pressures from workers for greater protection of U.S. jobs, it is difficult to change course. With every passing year, the increasing dependency of the U.S. economy on China, India and other nations means that shifts in international economic policy could have a serious negative impact on an already struggling U.S. economy, not to mention the global political fallout.

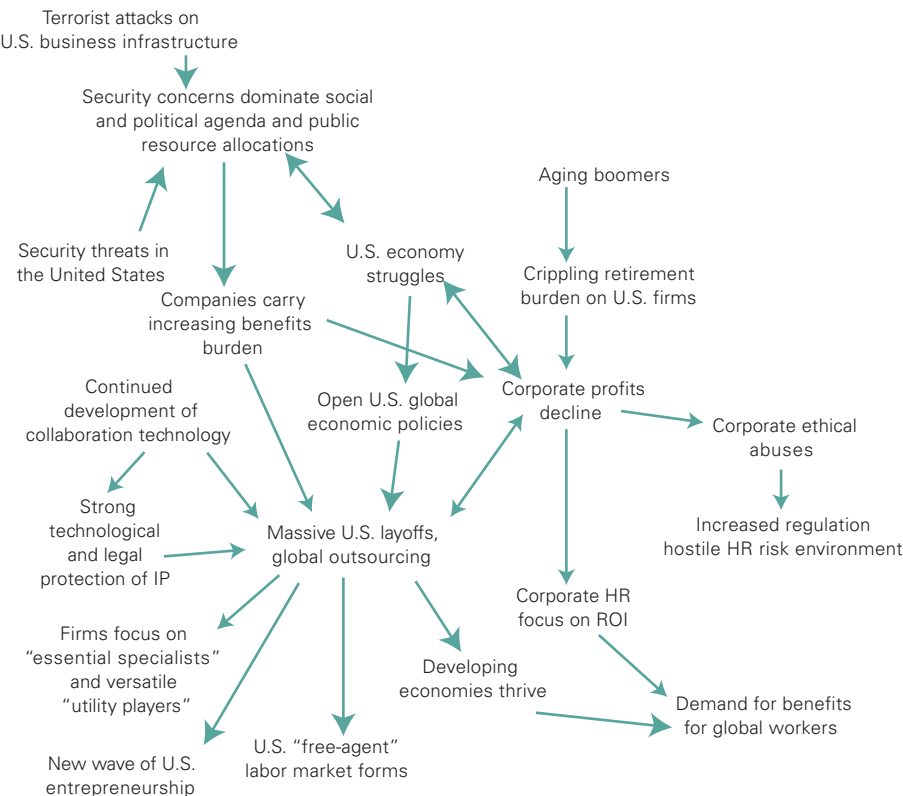
Due to the offshoring of many functions and the increased utilization of non-U.S. talent to meet the needs of U.S. companies, the middle class has grown rapidly in many developing countries, creating thriving local consumer markets and booming economies. But the costs of serving these markets have increased as foreign governments placed increasing regulatory burdens on U.S. firms. This growing middle class, now used to the freedom allowed in more decentralized companies, has achieved democratic reforms in many countries that were previously under restrictive, undemocratic regimes.

Onerous Health and Retirement Burdens

The burden of health care and retire-

ment benefits was driven home by a study that found that a new \$2,500 automobile released in the U.S. market by China's leading car manufacturer sold for less than the cost of benefits alone for each General Motors vehicle. While automotive import restrictions have slowed the flow of cars into the market, the writing is on the wall. Although many baby boomers have extended their "tour of duty" in a tough economy, the elephant passing through the anaconda has presented a crippling retirement burden for U.S. employers. With strained federal budgets and struggling Social Security and Medicare systems, regulators have forced employers to increase benefits for employees. These employers are viewed as benefiting from the lower

Scenario B: Global Dealmaker



Source: 2015: *Scenarios for the Future of Human Resource Management*, SHRM (2005)

costs of using workers from abroad while abandoning their home communities. While popular politically, the new regulations have only increased the cost of hiring U.S. workers and accelerated the transfer of jobs abroad. Since current levels of company-sponsored health care coverage will only be available to those with jobs, high unemployment and high levels of domestic outsourcing have resulted in a rising number of people without health or retirement benefits.

THEMES: THE WORLD WE LIVE IN NOW

Organizations as Global Networks

A small-core organization manages relationships with major outsourcing firms. This central organization includes a network of company offices around the globe with employees who are skilled in negotiations and have deep relationships with local firms. These employees have an understanding of local culture as well as a grounding in the organization itself, serving as ambassadors and evangelists for the company. In the United States, companies rely upon outsourcing to vendors and individuals for whom loyalty is to one's discipline rather than to one's employer. To accommodate this, professional societies and colleges have established an infrastructure of technology-enabled labor clearinghouses to create a vibrant marketplace for both the supply and demand sides of the labor market.

Incentives for outsourced workers are primarily based on pay for performance, either with individual workers or, more commonly, contracts with international outsourcing firms. The small core has more traditional salary structures,

although there is a pay-for-performance element in most professional contracts.

For those lucky enough to have jobs, the pace of work is intense. The need to rapidly respond to global markets means that sleep is often a luxury to those on the fast track. With workers in all parts of the world on a 24-hour clock, the day begins earlier and ends later. "Performance-enhancement drugs," both legal and illegal, are enabling people to work long stretches of time with minimal sleep. Because of the need for speed, siestas in Spain are a thing of the past and the French are going to Starbucks for takeout coffee in record numbers because they no longer have time to sit and talk in a café.

HR as the United Nations

In this world, HR serves the role of the United Nations. It is charged with pulling together the diverse cultures and expectations of a complex mix of independent companies and individuals. HR needs to negotiate with a shifting group of global firms for talent. There is a need for global HR knowledge as well as for specialized knowledge of regional or local labor pools—not only wage and education information but also awareness of public health, environmental issues and the political and social conditions. HR has to provide the corporate equivalent of simultaneous translation to ensure all players are on the same page. Companies offer extensive language and diversity training to all employees. This and most other training and development programs are conducted online to reach a diffused workforce. While high-level workforce strategy is developed by senior corporate leaders, including the

Chief Network Resources Officer (as the CHRO has been renamed), the HR department is responsible for making it happen.

At the same time, the HR function is all about ROI. In a tight economic environment, HR is the focal point for cutting costs, since many of the other organizational costs have already been stripped out through two decades of operational efficiency gains in the 1990s and 2000s. Unlike at the beginning of the offshoring boom, when HR was often brought in only after the decision to offshore had already been made, HR is now brought in early to preempt any human capital issues or problems after a series of failed offshoring initiatives underscored the need to get HR involved early in the planning process. Ensuring that the offshoring process is done effectively, with minimal impact on the productivity and morale of the remaining U.S. workforce, is seen as one of HR's most important strategic contributions.

The HR function of U.S. firms has a significant presence abroad to help set up new locations and train overseas employees, along with a centralized strategic HR function in the C-suite at headquarters. Domestically, tactical HR is often decentralized in the field to access the local network of subcontractors and free agents that employers are using with greater frequency. Sustaining morale is another key responsibility of the HR function domestically. Outplacement services have become another mainstay for HR. Many firms join networks of peer firms that share information on job openings and potential candidates who could fill them.

HR is intensely concerned with controlling costs of health care and other benefits. To meet government demands in developing countries for health care coverage of outsourced workers, companies have turned to telemedicine. Family members are able to go to an office, staffed by a nurse practitioner, that has a satellite hookup to a U.S. hospital where data can be sent to U.S. experts for diagnosis and treatment. Such health packages are part of what talented global workers demand. U.S. companies have also discovered opportunities for cost savings because health care is much lower in these countries. Squeezed by high health care costs at home, many companies with strong bases in India and other developing countries have created formal programs for "medical tourism" for U.S. employees. These initiatives have helped offset high health care costs at home, despite the strenuous objections of the American Medical Association.

Risks: A Hyper-Legalistic Environment

U.S. companies face a web of regulations and legal constraints. Despite the need for legal reform to adapt to this new employment world and help kick-start the economy, the wheels of Capitol Hill have turned very slowly. The hyper-legalistic risk environment has only worsened. There have been numerous instances of ethical violations leading to increased compliance burdens on employers. Disgruntled employee groups and individuals have lashed out at their employers by instituting class-action lawsuits over the loss of benefits. Local communities have begun to take legal and political action as companies no longer provide

a secure source of employment and benefits for local residents. States, increasingly burdened with health care and other social benefits costs, attempt to create legislation that will require employers to provide health insurance and retirement savings plans, but this only succeeds in driving more work overseas.

Given terrorist attacks, safety and security are key concerns for U.S. employees, but workers make fewer demands in this area because of the tough job market in which employees feel lucky to have jobs. Companies give lip service to this topic while investing few resources. While global employees may work in high-risk environments in the developing world, they voice few concerns about safety and security risks as they see this as a worthy trade-off for economic gains.

Attitudes: Free Markets and Global Citizenship

The prevailing belief in the power of free and open markets, both by politicians and in the broader U.S. society,

enables businesses to continue to off-shore without legal penalties in spite of high unemployment rates and the economic downturn in the United States. While there are significant segments of the U.S. population that resent the loss of jobs to developing nations, there is continuing support for open markets. There are more U.S. expats abroad, and U.S. management skills are in high demand in the emerging economies of the world.

STRATEGIC IMPERATIVES: HOW WE LIVE IN THIS WORLD

Among the qualities that are needed to succeed in this environment are:

- Alliance capabilities: Companies need legal, cultural and negotiation skills in managing strategic alliances with offshore and domestic firms that are their primary source of talent. They need to understand local legal issues, particularly labor laws. These are similar to the skills required for successful strategic alliances. The network will be composed of partnerships and alliances with talented people, small niche

Headlines

- Shanghai Tech Services Joins Infosys on the Global Fortune 500
- War on Terrorism Blamed for Growing Deficit; "Red Ink Is Greater Threat to U.S. Than Any Attack"
- Hive Mentality: Outmaneuvered Abroad, Unemployed Workers Turn to Beekeeping and Other Small Businesses
- Million Worker March: Unions Lead Assault on Capitol to Demand Restrictions in Offshoring
- U.S. Passes Tough Antiterrorism Reporting Laws
- Wharton, MIT Establish Full Campuses in Bangalore and Shanghai

players who provide “nimbleness” and access to new markets and products, and large corporations on an as-needed basis.

- **Global teambuilding:** Being able to create efficient and harmonious global teams will present unique challenges in creating platforms for communication across languages and cultures. It may also be difficult if U.S. members of global teams view their international counterparts as threats to their job security. Integrated talent management and workforce strategies will become critical to the success of the organization.
- **Cross-cultural skills:** In a multicultural world, companies will need skills in understanding and managing diverse cultures. They will have to have the ability to manage workers in very different contexts from all religious, ethnic and cultural

backgrounds and all living under very different conditions.

- **Negotiations:** Tight costs and fluid relationships with many companies around the world demand the ability to negotiate well. Managers at all levels need to be able to specify what they need and make sure both sides are on the same page as they put together project teams and design relationships.
- **Protection of IP:** Strong network security has become imperative for companies doing business abroad with faceless workers. Companies need to be able to provide enough data for employees abroad to complete their work without compromising the company’s intellectual property.
- **International business training:** HR professionals in this scenario need a strong background in

Scenario B Blueprint

Name of Force	Scenario B
Availability of U.S. talent	Surplus
Organizational structure	Flat
The health care system	Benefits costs rising in the United States; creative systems of medical tourism abroad
Business emphasis for HR	It’s all about ROI
Risk environment	Hostile
Globalization of operations	Highly global with rising offshoring
Use of technology	Hi-tech, broadband, communications and collaboration technology are particularly important
Location of HR	Centralized strategic HR in the United States; decentralized tactical HR in the field
Outsourcing/offshoring	Major global outsourcing
World economy	Strong due to outsourcing business
U.S. economy	Poor, high unemployment due to offshoring
Mores and attitudes	Rising sense of global citizenship dampened only by increases in unemployment
Terrorism/foreign policy	Scattered terrorist attacks but not enough to disrupt economic progress; open trade policies
Incentives	Pay contingent upon performance

Source: 2015: Scenarios for the Future of Human Resource Management, SHRM (2005)

international business, including language training and sensitivity to cultural diversity. At the same time, they need a sophisticated business background to ensure ROI of their projects. The most sought-

after degrees are joint MBA-MA degrees in international studies and business. U.S. companies will also tap leaders drawn from business programs and companies outside of the United States.

WHERE WE WERE IN 2005

U.S. Companies Struggle Under the Burden of Traditional Pension and Benefits Plans

Policy-makers and economists were increasingly worried that the federal Pension Benefit Guaranty Corporation's (PBGC) solvency was under threat due to a high number of companies defaulting on their pensions. The PBGC faced a shortfall of over \$23.5 billion. High-profile companies such as GM proposed massive layoffs, citing retirement and health care costs as major competitive threats—not only for them, but for all U.S. employers. CEOs and business leaders were increasingly worried about the burden of financial obligations to their retirees.

Widely Varying Projections for the Number of Jobs Likely to Be Offshored

Projections of the number of jobs likely to be offshored over the next 10 years varied from a few million to over 14 million. The largest projection came from a study done at Berkeley, which calculated the number of jobs vulnerable to offshoring based on matching their characteristics to those jobs that had already been offshored.

U.S. Health Care Costs Continue to Rise Exponentially While Healthy Life Expectancy Underperforms

U.S. health care costs continued to rise exponentially, outpacing all other countries and making the United States the world leader in employer health care spending. At the same time, according to reports from the World Health Organization, the United States lagged behind many other industrialized countries in healthy life expectancy, with an earlier onset of disability and illness than other countries with comparable life expectancies. Rising obesity levels led many health policy analysts to worry that health care costs would only continue to rise, further burdening employers to an unsustainable level.

Top Adjustments Employers Are Making to Offset Health Care Costs

Increase in expectations of employee productivity	44%
Increase in the costs of consumer services/products	29%
Decrease in other employee benefits	29%
Decrease in hiring of new staff	28%
Decrease in employee salaries/raises	22%
Increase in the use of offshoring/outsourcing	19%
Decrease in employee training/professional development	19%

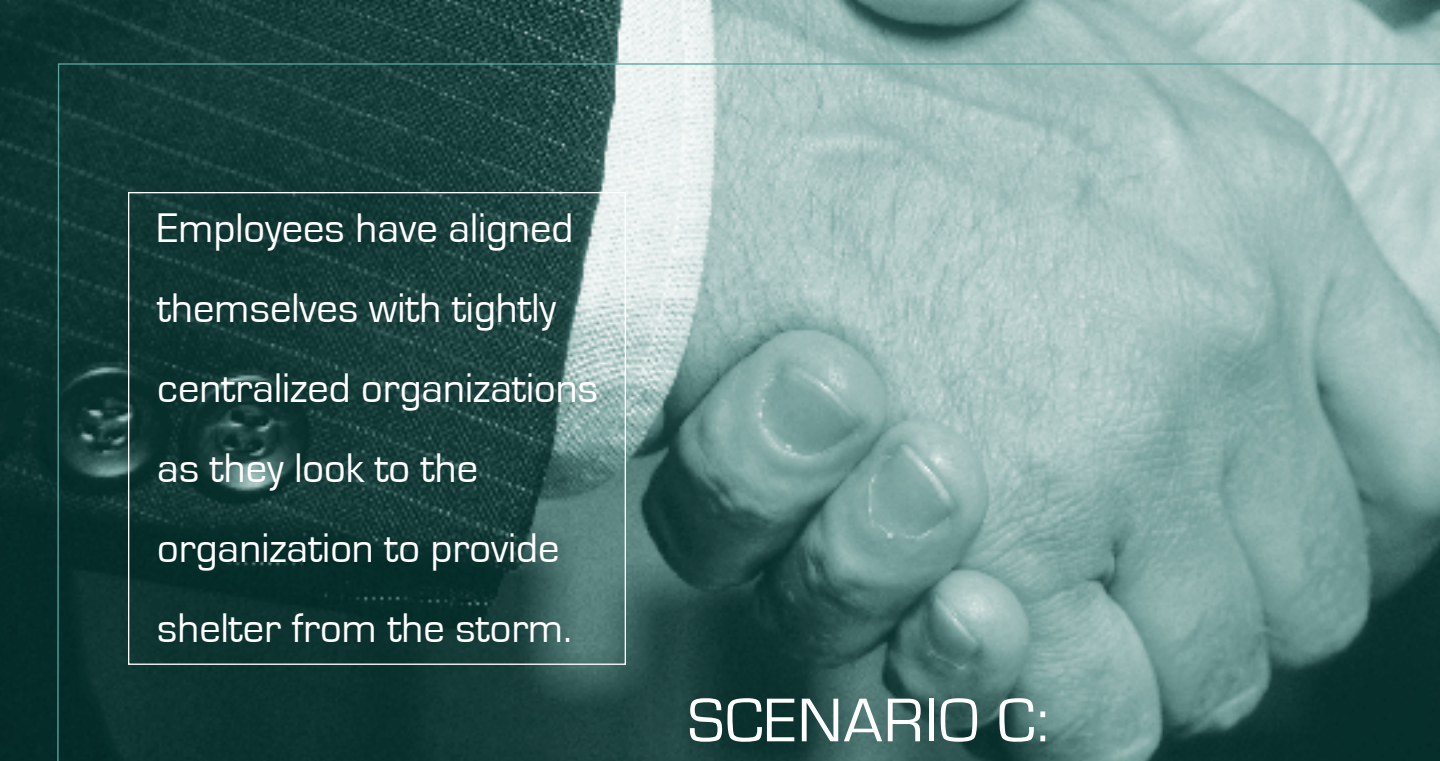
Source: SHRM Online Survey (September 2004)

U.S. Deficit Seen as Growing Threat to the Economy

Economists and policy-makers debated the impact that the growing federal budget deficit would have on the economy in future years. At the spring meeting of the International Monetary Fund and World Bank, the massive U.S. trade deficit, and the corresponding trade surpluses of other countries, especially Asian ones, was declared by many attending economists as a major threat to the global economy.

Offshoring Moves Up the Skills and Innovation Ladder

In an attempt to reduce research and development costs, many high-tech companies began to offshore an increasing amount of their R&D, while a growing number of tech companies began purchasing designs of digital devices from developers in emerging economies, particularly China.



Employees have aligned themselves with tightly centralized organizations as they look to the organization to provide shelter from the storm.

SCENARIO C:

CAREGIVER

SNAPSHOT: WHERE WE ARE IN 2015

Waves of terrorist attacks at home and abroad, as well as security and privacy breaches, have led to a “Fortress America” mentality. With borders closed to immigration and the dampening of global outsourcing, the U.S. labor market is tight in spite of a flat economy. The rapid exodus of baby boomers has added to pressures to find talent. Economic conditions and geopolitical turmoil have led workers to seek refuge from the storm by joining centralized organizations. At the same time, companies eager to attract and retain talent in a tight labor market have created the types of workplaces these workers are seeking—a secure work environment from which most social and other benefits are accessed. The emphasis on the organization as a gateway to the “social goods” that employees value makes it more difficult for small businesses to

attract employees, both because their smaller size makes it difficult for them to simulate a village-like atmosphere with all the amenities and support that go with it and because the cost of benefits continues to be high for smaller organizations that have less bargaining power in negotiating prices. While an environment of scarce talent means that workers could demand more flexible relationships with employers, employees have aligned themselves with tightly centralized organizations as they look to the organization to provide shelter from the storm. Workers want a connection with an organization. They are willing to sacrifice some independence and flexibility for security and connection in a harsh and impersonal world.

HIGHLIGHTS

- ☐ Rising terrorism and geopolitical turmoil create an uncertain world.
- ☐ Retiring baby boomers and immigration restrictions make talent scarce.
- ☐ Centralized corporations offer refuge from the storm.
- ☐ The organization becomes the center of life for most workers.
- ☐ Security and reporting requirements intensify.
- ☐ Employers are deeply involved in the design and distribution of benefits.

DRIVERS/SIGNPOSTS: HOW WE GOT THERE

Rising Turmoil, a Flat U.S. Economy

The war on terror has dominated the headlines, as sympathetic regimes have fallen and terrorist activity has reached a feverish pitch among the millions of disenfranchised youth, not just in the Middle East but all around the world, including North America and Europe.

The United States remains firmly committed to meeting this threat, exercising its military strength in the world and operating in multiple theatres of war. Despite the strains of economic decline and debt, conflicts with multiple countries have kept U.S. forces occupied while the overall standing of the country further declines. As the U.S. war on terror has consumed significant human and financial resources, other areas of the U.S. economy have been ignored or neglected.

The decline of the dollar has been emblematic of the position of the United States in the world. The United States could not catch up through exports because of a lack of capacity, unproductive practices and public and private debt. U.S. companies found it hard to break into Asian markets where people were buying cheaper local products of equal quality. U.S. firms faced increased competition from Asia and Europe, challenging U.S. firms on both low cost and innovation. As the dollar declined further, GDP stalled. With federal, state and personal debt rising to record levels and interest rates moving into the double digits, bankruptcies hit a record high.

U.S. companies have failed to improve productivity in the absence of liquidity to feed new investments. A focus on short-term performance in a tough economy initially led to downsizing. But the more rapid than expected retirement of baby boomers narrowed the pool of workers, and tough new restrictions on global outsourcing led companies to hire back workers and increase benefits.

Globalization: Fortress America

Terrorism has virtually closed the door to immigration from Asia and the Middle East. New tariffs and restrictions on global outsourcing have made the economics of going abroad less attractive for U.S. firms. Privacy and security concerns also have dampened U.S. enthusiasm for tapping into labor markets abroad. Increased security concerns and the need to maintain control over manufacturing supply chains related to defense equipment have led to a sense of a Fortress America positioned against the world.

The world has become poly-lateral. America is no longer the sole super-power because of the economic rise of Asian countries and the increasing independence of the European Union. U.S. economic stagnation, new organizational culture and competition from abroad have done little to improve productivity in the United States, and it remained low because of low investment in technology and equipment as a result of increased labor and other costs.

There has been a backlash from consumers against purchasing products made abroad, and "Made in America" bumper stickers have become standard equipment on Ford and Chevy trucks and many other vehicles. Workers resent booming economies abroad when the U.S. economy is struggling. Government protections have helped U.S. firms in domestic markets but have shut American companies out of growing global markets. There is still concern by many political leaders about the long-term impact of increasing isolation from the global economy, particularly with the aging of U.S. markets.

Moderate Technology Growth

In a tight economic environment, the focus of U.S. companies has been on process improvements that strip out cost to improve productivity. Despite strong efforts, the United States cannot keep up with the vigorous innovations and low labor costs in Asia. Cutthroat competition and the weakness of capital liquidity in the United States (capital migrates to opportunities in Asia) only increase the short-term performance outlook of American companies. Strategy and long-term planning are dead. In addition to process improvements, technology is mainly used for monitoring surveillance and other management control tasks.

Benefits Increase

Stronger benefits needed to attract and lock in scarce employees have increased the burden on companies. This may be costly but is much less expensive for organizations than not having the needed workers in an environment of scarce talent. Eldercare responsibilities are increasing for both men and women, so demands for work/life balance are high across the board. Unlike in previous generations, demand for flexible working practices among men is now as high as among women. Employers struggling with the burden of health care costs turn to preventive strategies and rebuild their organizations and corporate culture to encourage physical activity and promote healthy eating and exercise habits. Intensive programs aimed at managing and preventing chronic illnesses get employers even more involved in the private lives and habits of their employees.

As companies look for ways to lower costs, genetic screening and intervention have offered some relief. Given the tight connections with employees and the level of trust in centralized corporations, most workers have voluntarily agreed to genetic testing and customized diet and fitness plans in exchange for higher levels of benefits or reduced premiums. This has allowed companies to lower costs through targeted genetic interventions. Workers have strong legal protections to prevent this information from being used against them in employment decisions, but these rarely have to be invoked. Corporations have recognized that these interventions require strong levels of trust to be sustained.

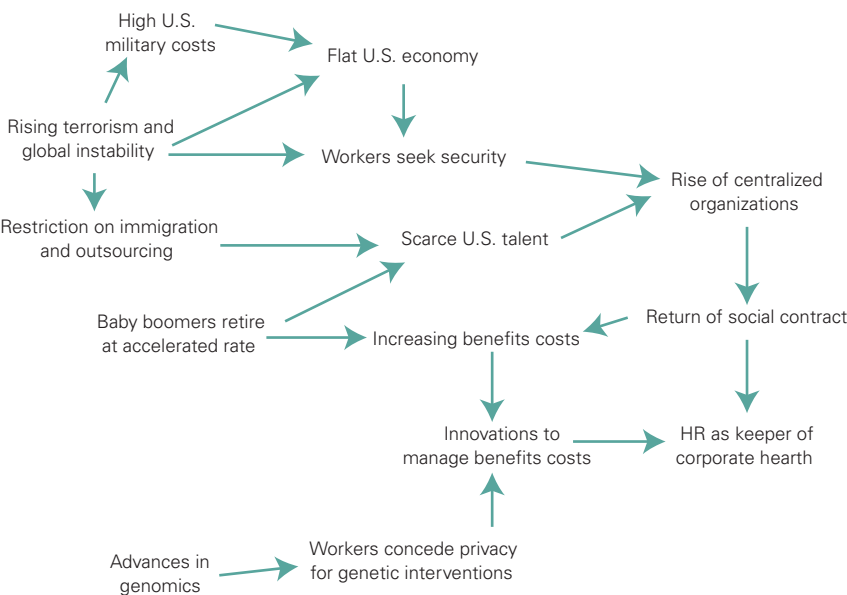
Cooperative action also led to reforms. After years of skyrocketing health care and other benefits costs, large U.S. businesses, frustrated by government inaction, joined together to overhaul the delivery of health care by increas-

ing competition, raising health care consumer awareness, implementing preventive health care strategies and driving productivity gains in the health care sector through the use of more efficient technology and administration systems. These efficiency gains spilled over to help bring down health care costs across the board, but frustration with the slowness of government action has led business leaders to be wary of government involvement in shaping the health care policy. Not only does the United States continue to have an employer-based health care system, but employers play an even greater role in shaping health care policies and negotiating costs than ever before.

THEMES:
THE WORLD WE LIVE IN
HR as Keeper of
the Corporate Hearth

While the organization is something of a benevolent dictatorship, HR is the car-

Scenario C: Caregiver



Source: 2015: *Scenarios for the Future of Human Resource Management*, SHRM (2005)

ing side that allows workers to accept the loss of freedom and control that come with a strict hierarchy. Although HR plays a limited strategic role, it is the master of all soft elements—measuring personalities, matching teams, mentoring leaders, creating culture and instilling loyalty to the company. HR is the keeper of the corporate hearth, with a strong emphasis on culture and community building.

HR does have one significant ROI concern—managing costs of benefits and compensation. Benefits are a top concern of HR because companies are forced to offer attractive benefits packages to draw and hold employees. But unlike the Casting Director Scenario where the emphasis is on high wages and portable benefits, employees in the Caregiver Scenario are focused more on health care and other service benefits. Employees know that if they follow the rules, they and their families will be cared for, including their eldercare and childcare needs. These items represent a significant part of company budgets and are an area of constant innovation. Efficiencies in managing and delivering benefits can provide significant cost savings.

Compensation is another critical concern for HR since most contracts with employees offer fixed salaries, performance bonuses and long-term commitments. Small variations in salaries can lead to failure to fill positions on one hand or budget shortfalls on the other hand. HR needs to find its way between these two extremes while also recognizing seniority and applying rules fairly across the organization.

While the HR function is partly evaluated based on ROI, employee retention rates are the primary measure of success. Because talent management is mainly outsourced to staffing consultants, HR's strategic role in this regard is diminished. Some basic functions of HR, such as compliance and payroll, have been outsourced, but the core tasks are kept within the company.

The effective integration of individuals who have been outside of the labor market as a result of caring responsibilities or returning from retirement is now a major preoccupation of HR. To encourage employees to stay with companies for the long haul, companies are offering increasingly flexible work arrangements. Employees move easily in and out of full-time and part-time work arrangements or find ways to participate on a limited basis after retirement age. This flexibility gives good employees little incentive to look anywhere else for work opportunities. In the United States and around the world, rising education rates among women and scarce talent pools have led to increased efforts to bring women employees into organizations.

HR also plays a significant role in training and development. Because employees remain with the company for long periods, companies have no reservations about making investments in corporate universities, and online training programs flourish. Companies also join with the government to create entry-level programs for the unskilled or to bring workers up to speed after long absences from the workforce.

Insourcing: Workers Leave Their Suburban Cocoons for Corporate Life

The Organization Woman: Scarce Talent Means the Sky Is the Limit for Talented Female Executives

U.S. Economy Struggles as Europe and Asia Boom

On-Site Eldercare Facilities for Employee Parents Flourish

Finally, creating a secure work environment is a critical concern. Employee security and safety are paramount as workers look to the company as a refuge from a hostile world of terrorist attacks and uncertainty. HR helps ensure that physical and network security is high.

Tight Control Over Corporate Risks

Since workers are loyal and the corporation is self-contained, many types of risks are reduced. There are, for example, fewer ethical violations and a significant reduction in lawsuits. Employees can be tightly managed, so the biggest risks are the costs and inflexibilities that result from rigid workforces and extensive obligations to these workers. Since fixed human resource costs are a major burden, HR has a significant role to play in managing these expenses.

Attitudes: Seeking Security and Direction

Workers who have found themselves increasingly isolated in sprawling suburban developments with declining social connections increasingly look to the workplace for their sense of connection and belonging. In an age of scarce talent, this has allowed corporations that are skilled at culture building to lock

in workers for life in tightly controlled organizations. Workers also are less independent. There is a return to the social contract that if workers give themselves to an organization, they will be taken care of for life.

The pendulum has swung away from self-reliance and discipline toward centralized planning and hierarchical structures. The entrepreneurial spirit that once thrived in the United States has been dampened by a return to the paternalistic corporation. Though mobility is high for a small group of workers with talent or scarce skill sets, most workers have returned to the days of the "organization man." This generation can no longer outperform their parents, but they can find safety and security in a corporate job.

STRATEGIC IMPERATIVES: HOW WE LIVE IN THIS WORLD

- ☐ **A collegial culture and strong control systems:** Successful companies in this world create a collegial culture that offers a sense of belonging. Firms need capabilities in building and disseminating culture to create a highly motivated workforce that is willing to blur the line between private and public space, with employees dedicating

themselves to colleagues and the organization as in the old days of clans and guilds. Because employees prefer clear and transparent instructions over the confusion of too many inputs that delay the process, companies also need strong control systems. “Tell me what to do and I will get it done” is the new mentality.

- **Benefits design and management:** Companies need to offer comfort and safety to the workers who look to the organization for health care, childcare, eldercare and support in many other challenges of life. At the same time, these benefits need to be tightly managed to control burgeoning costs.

- **Operational excellence:** Because of increased competition from China and India, it is essential for companies of any size to focus on cost and operational expenses. This means that the talent pool at the top has to be able to use technology to run a machine that is as lean and efficient as possible.
- **Strength in organizational psychology:** Given the role of HR as the keeper of the corporate hearth, an HR degree with an emphasis on organizational psychology is the norm. In top leadership, this psychology background is often combined with a formal business degree.

Scenario C Blueprint

Name of Force	Scenario C
Availability of U.S. talent	Scarce
Organizational structure	Hierarchical
The health care system	Employer-based, but biotech-based cures reduce costs
Business emphasis for HR	Build culture and corporate hearth to retain and motivate employees
Risk environment	Sedate
Globalization of operations	Fortress America
Use of technology	Centralized control technologies; biotech applied to benefits
Location of HR	HR in-house as the keeper of the corporate hearth and culture
Outsourcing/offshoring	Some outsourcing to cut costs
World economy	Flat
U.S. economy	Flat
Mores and attitudes	Desire for security; corporation is seen as a safe haven
Terrorism/foreign policy	Terrorist attacks at home and abroad lead to severe restrictions at the border
Incentives	Strong salaries and benefits

Source: 2015: Scenarios for the Future of Human Resource Management, SHRM (2005)

Terrorist Attacks Continue Around the World

Following the attacks of September 11th, acts of terrorism in major Western metropolises continue with deadly attacks on public transport systems in Madrid and London, and threats against many Western nations and capitals are ongoing. Meanwhile, war and instability in the Middle East and war, disease and poverty in Africa continue to pose serious threats to global stability. The reputation of the United States abroad remains poor, with countries like China scoring higher on favorability ratings than the United States.

“Relos” Phenomenon Shows the Strength of Corporate Ties

The New York Times does a special report on the phenomenon of suburban “relos,” short for relocaters—workers so tied to their employers that they are willing to relocate nearly annually, moving their families from one anonymous suburb to another with their ties to their employer being the only constant in their social lives.

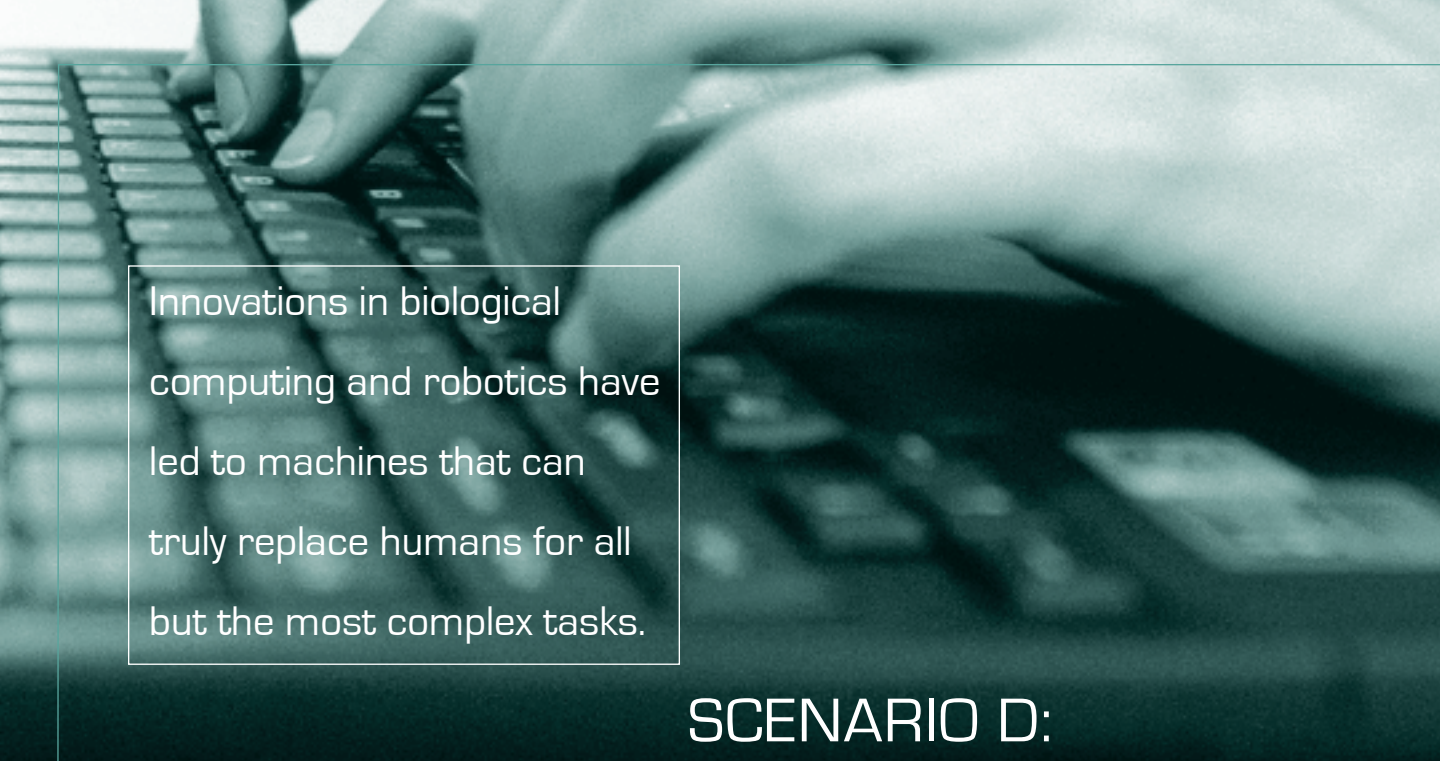
Women Begin to Outpace Men in Educational Attainment

As women begin to overtake men in professional and educational degree attainment, it becomes clear that a majority of in-demand knowledge workers in many fields of the future will be women. Understanding the factors that motivate women and drive retention is becoming more important. In addition, there appears to be a growing convergence between men and women in the importance both sexes place on work/life balance. SHRM’s research on job satisfaction shows that for the generations moving up the ranks and soon to dominate the workforce, this issue is their number one concern.

Top Five Very Important Job Satisfaction Aspects for Employees

Age	First	Second	Third	Fourth	Fifth
35 and younger	Work/life balance 69%	Compensation/pay 67%	Job security 63%	Benefits 62%	Feeling safe 57%
36 to 55	Benefits 66%	Compensation/pay 62%	Work/life balance 60%	Job security 59%	Feeling safe 53%
56 and older	Feeling safe 57%	Benefits 54%	Job security 53%	Compensation/pay 51%	Communication 48%

Source: SHRM 2005 Job Satisfaction Survey Report



Innovations in biological computing and robotics have led to machines that can truly replace humans for all but the most complex tasks.

SCENARIO D:

SYSTEMS INTEGRATOR

SNAPSHOT: WHERE WE ARE IN 2015

Technological productivity advanced far more rapidly than the economy could absorb. Innovations in biological computing and robotics have led to machines that can truly replace humans for all but the most complex tasks. While the spread of this automation has been slowed somewhat by human reluctance to adopt, ultimately there was little choice but to accept it if companies wanted to remain competitive, especially in the light of ever-increasing benefits costs. Indeed, the need to boost productivity in order to offset high health care and other benefits costs was one of the major factors behind the significant IT investments in the first place. A growing global consensus in basic employment standards has also led employers to look to IT for improving productivity and reducing labor costs rather than joining the so-called "race to the

bottom.” As a result, the economy is booming, but this is not only “jobless growth” but “job-reducing growth.”

Increased technological sophistication and productivity led to widespread layoffs around the world. When unemployment reached unsustainable levels, social pressure resulted in legislative reforms to create Work Progress Administration (WPA)-type social projects sponsored by both government and corporations. While this resulted in higher corporate taxes, companies accepted them in order to bolster flagging consumer markets. Productivity is pointless if there is no one to buy products. Under these new social programs, workers are rewarded for investing their time in increasing “social capital” through projects in the United States and around the world to address critical needs such as hunger, education and economic development. We are seeing what Jeremy Rifkin called the “end of work,” as Americans are willing to give up a higher standard of living for more personal time and freedom.

HIGHLIGHTS

- ☐ Rapid advances in robotics, artificial intelligence and other technologies boost productivity and change the way we live and work.
- ☐ Massive layoffs result, leading to jobless prosperity.
- ☐ HR and IT are increasingly coordinated.
- ☐ Basic global labor standards emerge.
- ☐ Interest in humanitarian and social projects among the public grows.
- ☐ Unemployment pressures lead to social development projects.

DRIVERS/SIGNPOSTS: HOW WE GOT THERE

Jobless Growth and Whipsaw Economics

The U.S. economy has experienced a decade of wild mood swings, although it is currently on an upswing. Productivity improvements have been achieved as a result of technological breakthroughs, but these advances then led to layoffs that reduced consumer spending thereby creating a whipsaw effect. While baby boomers have retired a bit more quickly than expected, driven out by technological improvements, these reductions in the pool of workers have not been enough to offset reduced staffing needs due to improved processes.

When unemployment hit 25% in 2012, social pressure resulted in legislative reforms to find productive work outside of corporations. There were sweeping reforms of the social safety net and the expansion of social service projects to improve the quality of life. In effect, productivity gains that might once have been returned to the economy through the front door (employment) are now coming in through the back door (increased taxes for social projects).

Many workers who were once employed by corporations are now spending their time working for the nonprofit social sector and improving quality of life.

In support of social programs, the government has revamped the tax system to offer employees significant deductions based on the amount of time employees spend working on social capital improvement projects through the nonprofit sector. The shortfall in government income has been filled by an increase in corporate taxes.

Technology Is the Driver

Technology drove this world forward, particularly advances in artificial intelligence and robotics. The crisis of aging in industrialized countries, particularly Japan, sparked massive public investments in innovations to improve the performance and lower the cost of technology aimed at delivering care for aging citizens. The novelty robot prototypes early in the millennium became refined and functional “digital workers.” The resulting influx of robot home nurses not only refined the technology but also increased comfort level with the machines. They moved quickly into corporations, as cost advantages compelled companies to adopt the technology rapidly in order to remain competitive. Broad adoption built large markets that led to further innovations.

Artificial intelligence and voice-activated systems have made it almost impossible to tell the difference between human-staffed call centers and those staffed by machines. Once the quality threshold was passed, call centers and other customer service functions virtually evaporated, replaced by automated systems. Even administrative assistants have been by-and-large replaced by technology. The PDA is not a gadget but a true personal digital assistant, and the cell phone has become a “remote control for life.”

Government-Sponsored, Automated Health Care

High unemployment and centralized structures have allowed employers to dictate the terms of employment for all but the most talented workers. Benefits were cut for many workers. This led to a nation of “haves” and

“have-nots” in health care and good retirement packages. Through higher corporate taxes, the government has attempted to provide a health care safety net, but it has also launched initiatives to reduce costs.

In response to emergency rooms crowded with uninsured patients with minor ailments, drug stores using government-sponsored expert systems began to offer diagnosis and treatment of the many common ailments that clog ERs. Genomics has also allowed the creation of targeted therapies that, while initially expensive, significantly reduce overall health care problems by repairing specific genes that lead to diseases.

Globalization

While new technologies have cut into the global outsourcing business—particularly call centers and other labor-intensive operations—they have created increased demand for technology. The highly educated workers of the developing world have filled this gap. Given the security and economic implications of this shift in technological expertise, there has been a major U.S. government initiative to promote technological education in the United States. While the public efforts to build U.S. skills made headlines, many companies quietly gained the technology and skills they needed through waves of global mergers and acquisitions. These deals gave companies access to global experts needed for future success.

THEMES: THE WORLD WE LIVE IN NOW

Centralized Organizations

Organizations are centralized and hierarchical, which is the only way to inte-

grate automated and human systems. Humans in the organization have had to adapt or leave. A technological approach is becoming increasingly the rule in managing both people and machines. The widespread and efficient use of technology has supported the sustainability of a more centralized organizational model through high productivity rates (especially increasing productivity in the health care sector by driving down costs). Travel has been reduced as most organizations have global offices and rely on technology to communicate with colleagues far away.

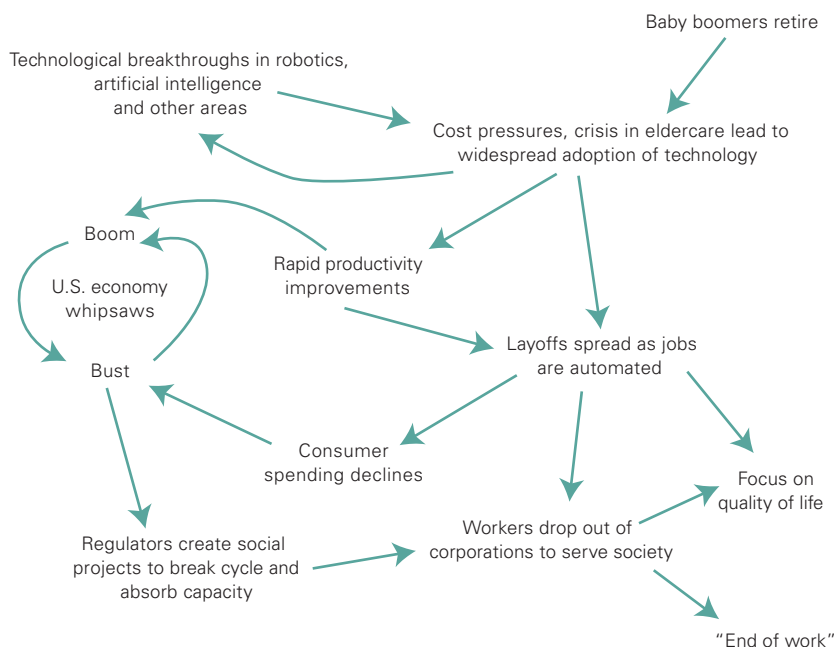
With high levels of unemployment, talent is far more bountiful than companies can absorb. There is, however, a shortage of experienced workers in some key areas, such as certain critical technologies. There is also a growing demand for the unusually skilled employees versed in managing the human-digital interface.

HR and IT in Partnership

As more of the workforce is automated, IT has become increasingly intertwined with HR. In some companies, HR is a low-level operational function that is increasingly automated. On the other hand, in organizations where the HR leadership has embraced the technology and can offer strategic insights on managing both humans and machines in an integrated way, the role of HR has become much more central and strategic. The need to measure effectiveness of HR interventions also drives the use of technology in human resource management. Training and development in many organizations are handled by IT specialists who have developed online education and performance-monitoring systems.

HR specialists who work with current employees on adapting to new work processes and other rapid changes in

Scenario D: Systems Integrator



Source: 2015: *Scenarios for the Future of Human Resource Management*, SHRM (2005)

the way their work is done have also assumed a new strategic importance. Even though technology is playing a more prominent role in organizations, the majority of work is still done by humans. The HR challenges of managing this remaining workforce are greater than ever. With widespread social upheavals, it is hard to retain these employees when they see colleagues well rewarded for social capital projects. As idle talent in the U.S. workforce is diverted to social service initiatives, these projects, once a sideline for building morale and demonstrating corporate citizenship for most corporations, have become a central concern. HR works with nonprofits and government to track employee time and coordinate compensation for these workers outside of the organization. The HR function is split into two distinct roles—one dealing with social issues and benefits and the other focusing on measurement of human capital interventions. HR has divided into two camps—“keepers of culture” and “keepers of the ROI,” focused on maximizing overall performance. Functional and measurement-oriented issues are outsourced.

A New Digital Divide: Technophiles and Luddites

There is a new digital divide that is more pronounced than any of the technological gulfs of the past. This is a divide based not only on access to technology but also on beliefs and attitudes toward it. There is passion on both sides. On the one hand, many people embrace the new technology as making life better. They have quickly adopted automated systems and the dominant role technology plays in their personal lives. On the other hand, there is a growing pool of self-proclaimed Luddites who long

for a simpler age. The ranks of these opponents of technology have swelled considerably with the waves of layoffs and the resulting social disruption.

Reduced Benefits and Variable Compensation

As the government safety net has strengthened, bolstered by corporate taxes, company benefits have been reduced. This means that managing benefits is a much smaller concern for HR than in the past, though legal issues and compliance are an ongoing concern. Compensation is primarily based on performance as the cost and returns of machines and humans are weighed side by side. The humans have an increasingly hard time keeping up in many areas with their automated “colleagues” to demonstrate their worth. Training and development budgets have been cut, but there is extensive online training available for employees who need it. Safety and security of employees are not major concerns, but the security of information is a top concern when so much of the world depends upon technological systems. But this is IT’s headache, not HR’s. Technology gains, along with a larger government role in delivering health care, have helped small and medium companies tap into the health care savings brought about by higher productivity and quality control. Technology also offers a gateway to more sophisticated HR services and products for small businesses, including more efficient and cost-effective health care plans and decision-making tools.

Regional and Global Employment Regulations

Increasingly, foreign governments have required that companies be responsible

for supplying benefits to workers in less developed countries. Global labor standards have made it harder for multinationals to profit from the “race to the bottom” in labor costs. Wage and labor costs have been rising in offshoring countries, and new minimum labor standards have been set for Southeast Asia by a regional agreement.

Attitudes: Redefining the American Dream

High unemployment and disillusionment over the treadmill of consumption have resulted in a shift in values. Americans for the first time are willing to give up a higher standard of living for better quality of life and greater social contribution. Commentators have remarked that Americans are becoming more “European” in their attitudes toward balancing work and life. This new world offers a better quality of life, although many employees are unsettled as they are bumped from the old vision of the “American dream” and working hard at business to save for retirement.

STRATEGIC IMPERATIVES: HOW WE LIVE IN THIS WORLD

Among the key capabilities needed for success in this environment are:

- **Technological expertise:** HR needs a strong understanding of IT and vice versa. Since processes and strategies need to be developed across humans and technology, managers need versatility in working with both to develop coherent strategies across this interface. Companies not only need to manage existing technology, but they also need to keep abreast of rapid changes.
- **Transition skills:** Environments driven by technology require the flexibility for rapid change. Companies need the capabilities to rapidly retain workers as well as transition employees in and out of the organization as new skills are needed. There is also a need to build a sense of culture and esprit de corps in a world that can sometimes seem impersonal and dehumanizing. This, and the growing role of companies in social projects, makes the “human” part of human resources all the more important.
- **Technical specialization:** As an understanding of technology has become crucial to human resources, a growing number of HR executives come from IT and even engineering backgrounds. This is often combined

Headlines

- Robotic iWorker Tackles Tough Questions on “60 Minutes”
- President Appoints New Social Development Czar to Manage Growing “Third Sector”
- U.S. Economy Booming, but Workers Ask: Where Are the Jobs?
- Rage Against the Machine: UAW Chief Complains That “Robots Don’t Buy Cars”
- Red Planet? China and U.S. Race to Put First Man on Mars

with an MBA or other business education. Executives need experience managing work flows and designing organizational processes to increase productivity. At the same time, there

is a subset of HR professionals with more traditional backgrounds in organizational psychology who deal exclusively with the human side of the business.

Scenario D Blueprint

Name of Force	Scenario D
Availability of U.S. talent	Surplus
Organizational structure	Hierarchical
The health care system	Government-sponsored through higher taxes
Business emphasis for HR	Work with IT to maximize returns across humans and technology
Risk environment	Very hostile
Globalization of operations	Global
Use of technology	Technology rules, with automation focused on boosting productivity
Location of HR	Strategic HR and IT share responsibility for maximizing productivity
Outsourcing/offshoring	Incremental global outsourcing
World economy	Moderate growth as reduced demand for outsourcing is offset by tech jobs
U.S. economy	Jobless prosperity and whipsaws
Mores and attitudes	Workers desire more work/life balance, cashing in productivity for quality of life
Terrorism/foreign policy	Terrorist attacks lead to more rapid adoption of technology to be less dependent on foreign workers/economies
Incentives	Fixed salaries, but declining rates

Source: 2015: Scenarios for the Future of Human Resource Management, SHRM (2005)

WHERE WE WERE IN 2005

HR Professionals Focus on Opportunities and Threats of Technology

HR professionals were already focused on technology in 2005, particularly the use of technology to communicate with employees. Along with the opportunities to boost the efficiency of employee communications and training, HR professionals were also concerned about some of the security threats new forms of technology posed. Finding ways to protect intellectual property and prevent identity theft were key issues. Training employees to use new technology in a time of rapid turnover of technological innovations was also a growing concern.

Top Science and Technology Trends According to HR Practitioners

1. Use of technology to communicate with employees
2. Development and use of e-learning
3. Increased vulnerability of intellectual property
4. Identity theft of employee personal information
5. Vulnerability of technology to attack or disaster
6. Ability to use technology to more closely monitor employees
7. Technology enabling easier connections between individual employees
8. Perpetual upskilling of workforce due to knowledge quickly becoming outdated
9. Differences in access to and comfort with technology among workers
10. Advances in medical technology


Source: SHRM 2004-2005 Workplace Forecast: A Strategic Outlook

HR professionals responded to these developments by implementing technology usage policies for employees, investing in software designed to protect data and increasing technology training.

Actions HR Professionals Are Taking in Response to Science and Technology Trends

Implementing technology usage policies for employees	89%
Investing in software or services designed to protect company data in the event of a disaster or cyber attack	86%
Increasing technology training	83%
Implementing an employee privacy policy	79%
Increasing specialized training	75%
Nondisclosure/noncompete agreements for intellectual property	69%
Investing in software or services to monitor employee usage of technology	66%
Greater investment in and use of e-learning	65%

Source: SHRM 2004-2005 Workplace Forecast: A Strategic Outlook



How well prepared are
HR professionals for
these potential futures?

ARE YOU READY?

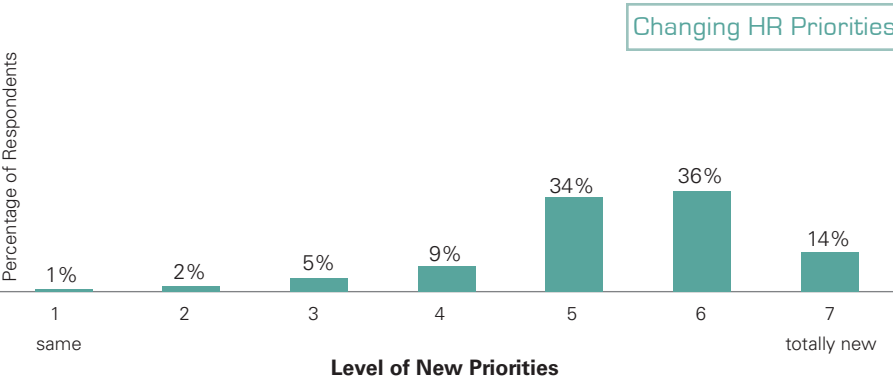
SURVEYING HR'S PREPAREDNESS

Clearly, work will continue to undergo major changes in the years to come, and the forces and uncertainties identified in these scenarios raise many questions. For example, how well prepared are HR professionals for these potential futures? Are HR professionals and their organizations betting exclusively on one future? And what key competencies will need to be developed to succeed both across and within all four potential scenarios? To help answer these questions, the 2015 HR Scenarios were presented in a Masters Series Session at the SHRM Annual Conference in San Diego in June 2005. Participants (377 individuals) responded to a survey that included questions about their current preparedness for the four potential futures described (see Appendix 6). Percentages in the following figures are based on the number of respondents answering each survey question.

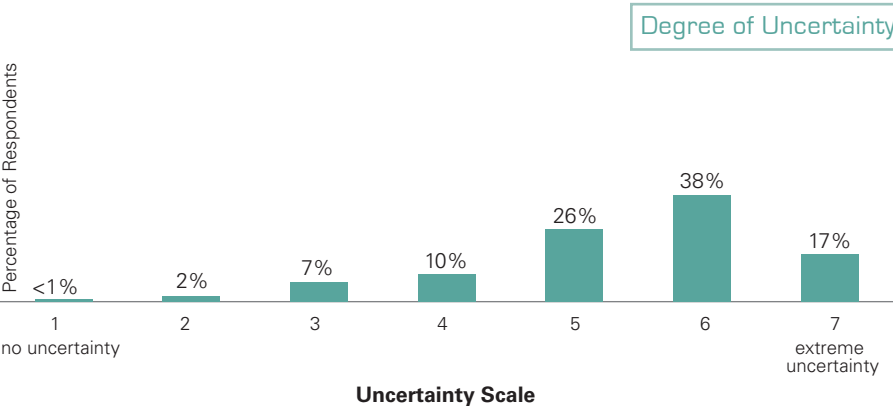
New Priorities

When asked to compare today’s priorities for HR with the priorities of 10 years ago on a scale from 1 to 7 (with “1” indicating that the priorities were the same and “7” meaning that the priorities were totally new), respondents highlighted that the priorities required to address the various futures were mostly new today.

The survey participants also foresaw a generally high degree of uncertainty in their companies in the next 10 years, based on a scale where “1” represented no uncertainty and “8” indicated extreme uncertainty.



Source: 2015: Scenarios for the Future of Human Resource Management, SHRM (2005)



Source: 2015: Scenarios for the Future of Human Resource Management, SHRM (2005)

Likelihood of Scenarios

The HR professionals responding to the survey also cast their votes on the likelihood of each scenario coming true.

The scenario considered most likely to develop was Casting Director, while the Systems Integrator role was seen as the least likely.

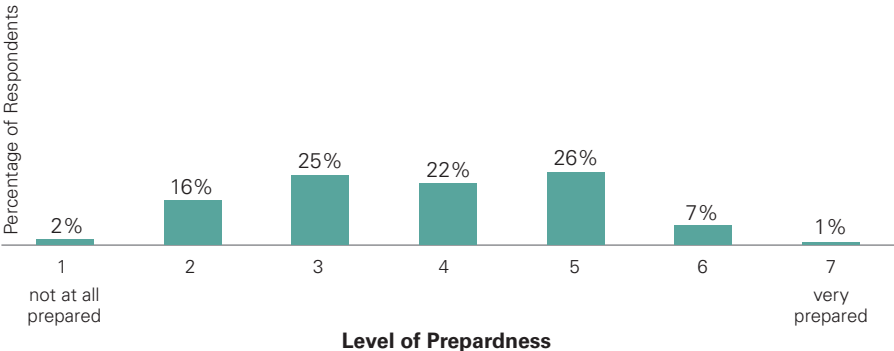
Casting Director	Global Dealmaker	Caregiver	Systems Integrator
31%	24%	25%	20%

Preparedness of the HR Function

Respondents were asked to rate the preparedness of the HR function in their organizations for the individual scenarios along a scale of “not at all prepared” (low) to “very prepared”

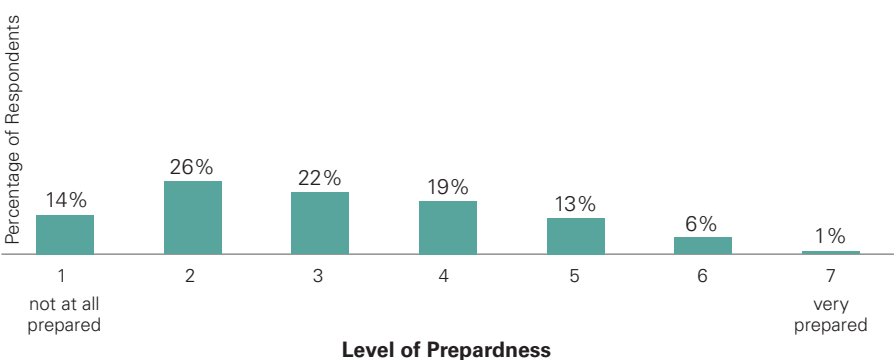
(high). Results show some degree of preparedness across all four scenarios. However, participants felt least prepared for the Global Dealmaker future and best prepared for Caregiver.

Casting Director



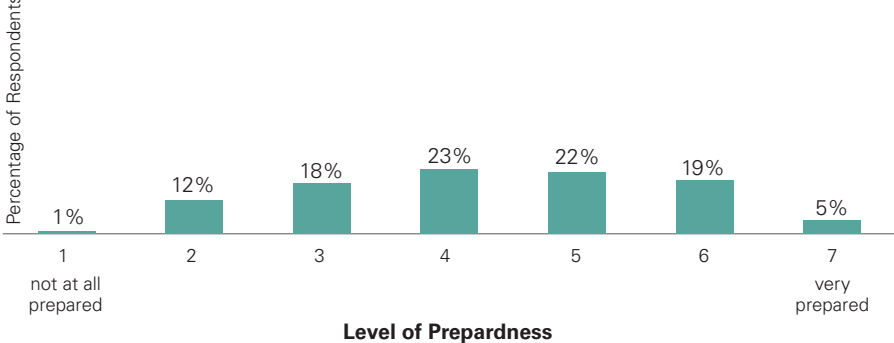
Source: 2015: Scenarios for the Future of Human Resource Management, SHRM (2005)

Global Dealmaker

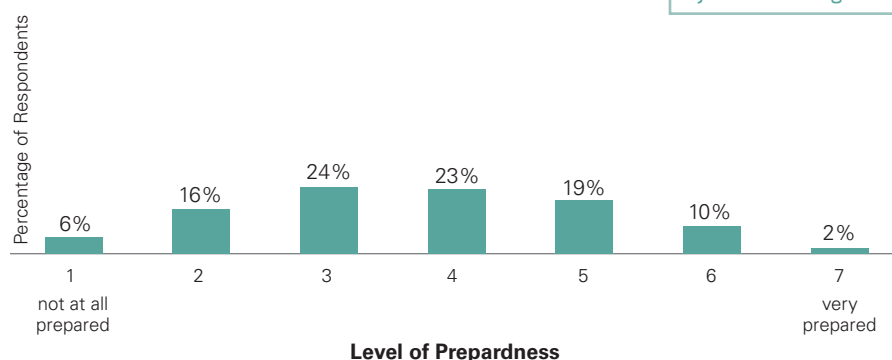


Source: 2015: Scenarios for the Future of Human Resource Management, SHRM (2005)

Caregiver



Source: 2015: Scenarios for the Future of Human Resource Management, SHRM (2005)



Source: 2015: *Scenarios for the Future of Human Resource Management, SHRM (2005)*

Key Competencies for the Future of Human Resource Management

Survey participants were also asked to highlight the competencies they believed required the most focus and development to prepare HR to meet the future challenges and uncertainties highlighted across the 2015 scenarios.

The top competencies that arose across all four scenarios with the highest frequency of responses were (in order of frequency):

1. Strategic thinking.
2. Talent management.

3. Business acumen.
4. Technology/technical skills.
5. International/global perspectives.
6. Finance capability.
7. Flexibility/adaptability.
8. Change management.
9. Innovation and creativity.

In addition to these robust competencies necessary regardless of how the future plays out, additional emphasis was placed on the competencies required for individual scenarios. The highest frequency responses are included in the following table.

Casting Director	Global Dealmaker	Caregiver	Systems Integrator
<div><input type="checkbox"/> Talent management</div> <div><input type="checkbox"/> Sourcing management</div> <div><input type="checkbox"/> Business acumen</div> <div><input type="checkbox"/> Facilitation skills</div>	<div><input type="checkbox"/> Negotiation skills</div> <div><input type="checkbox"/> Conflict management</div> <div><input type="checkbox"/> International/global perspectives</div> <div><input type="checkbox"/> IT</div>	<div><input type="checkbox"/> Talent management</div> <div><input type="checkbox"/> Security and safety</div> <div><input type="checkbox"/> Crisis management</div> <div><input type="checkbox"/> Community development</div>	<div><input type="checkbox"/> Re-engineering</div> <div><input type="checkbox"/> Creativity</div> <div><input type="checkbox"/> New competency models</div>

CONCLUSION

While these scenarios have embodied a wide range of uncertainties, there could, of course, be wild cards that fall far outside these borders. For example, a wide-scale war or significant outbreak of disease could have a dramatic impact on the environment beyond what is envisioned here. An unexpected man-made or natural disaster on a broad scale could also reshape the future. An unexpected breakthrough in technology could take the world in dramatically new directions that are not envisioned in these scenarios. While a decade is a short period for such events or trends to emerge from the blue, it is possible.

Ultimately, the scenarios that unfold between now and 2015 could reshape the whole concept of human resources. As long as companies involve humans and require effective management of resources, human resources can be expected to continue to play a central role. But how this role is carried out and the skills that are needed could be quite different in the divergent worlds presented in this report. These changes can create opportunities for professionals who can anticipate these transformations and develop the skills to meet the new challenges.

RESOURCES

Bardham, A. D., & Kroll, C. A. (2003, Fall). The new wave of outsourcing. *Research Report*. Retrieved from www.haas.berkeley.edu/news/Research_Report_Fall_2003.pdf.

Beagrie, S. (2004). Events that changed human resources. *Personnel Today*, November 2004, p. 22.

Burke, M. E. (2005, June). *SHRM 2005 benefits survey report*. Alexandria, VA: Society for Human Resource Management.

Burke, M. E. (2004, August). *SHRM generational differences survey report*. Alexandria, VA: Society for Human Resource Management.

Collison, J. (2005, March). *SHRM 2005 HR technology survey report*. Alexandria, VA: Society for Human Resource Management.

Collison, J. (2004, June). *SHRM health care survey report*. Alexandria, VA: Society for Human Resource Management.

Economists: Federal deficit a bigger risk than terrorism. (2005, March 21). *USA Today*.

Engardio, P. & Einhorn, B. (2005, March 21). Outsourcing innovation. *Business Week*.

Esen, E. (2004, July). *SHRM human resource outsourcing survey report*. Alexandria, VA: Society for Human Resource Management.

Esen, E. (2005, June). *SHRM job satisfaction series: 2005 job satisfaction survey report*. Alexandria, VA: Society for Human Resource Management.

Fahey, L., & R. Randall. (1998). *Learning from the future*. United States: John Wiley & Sons.

Kilborn, P. (2005, June 1). The five-bedroom, six-figure rootless life. *The New York Times*.

Losey, M., Meisinger, S., & Ulrich, D. (2005). *The future of human resource management*. United States: John Wiley & Sons.

Malone, J. (2004). *The future of work*. Boston: Harvard Business School Press, p. 5.

Pew Global Research Center. (2005, June 23). *Pew global attitudes project: 16 nations Pew global attitude survey*. United States: Author.

Ringland, G. (1998). *Scenario planning*. United States: John Wiley & Sons.

Schoemaker, P. J. H. (2002). *Profiting from uncertainty: Strategies for succeeding no matter what the future brings*. United States: The Free Press.

Schoemaker, P. J. H., & Van der Heijden, C. A. J. M. (1992). Integrating scenarios into strategic planning at Royal Dutch/Shell. *Planning Review*, 20(3), pp. 41-46.

Schramm, J. (2005). The future of retirement. *SHRM Workplace Visions*, 2.

Schramm, J. (2005). Learning to compete in a knowledge economy. *SHRM Workplace Visions*, 3.

Schramm, J. (2004). Offshoring. *SHRM Workplace Visions*, 2.

Schramm, J. (2004). *2004-2005 Workplace forecast: A strategic outlook*. Alexandria, VA: Society for Human Resource Management.

Schwartz, P. (1991). *The art of the long view*. United States: Doubleday Currency.

Society for Human Resource Management. (2004, September). *Adjustments due to higher health care costs* [SHRM Online Survey].

Sum, A. F., & Neeta, H. P. (2003, May). *The growing gender gaps in college enrollment and degree attainment in the U.S. and their potential economic and social consequences*. Center for Labor Market Studies, Northeastern University, published by the Business Roundtable.

Troubled GM to cut 25,000 Jobs. (2005, June 7). *CBS News/Associated Press*. Retrieved on July 11, 2005, from www.cbsnews.com/stories/2005/06/07/ap/business/main700105.shtml.

World Health Organization & Harvard School of Public Health. *Global burden of disease and injury series*. Retrieved November 1, 2004, from www.hsph.harvard.edu/organizations/bdu/GBDseries.html.

ONLINE RESOURCES

www.shrm.org/trends

www.shrm.org/research

www.thinkdsi.com

APPENDIX 1

SCENARIO BLUEPRINT

	Name of Force	Range	Scenario A	Scenario B	Scenario C	Scenario D
1	Availability of U.S. talent	Scarce/surplus	Scarce	Surplus	Scarce	Surplus
2	Organizational structure	Flat/hierarchical	Flat	Flat	Hierarchical	Hierarchical
3	The health care system	Employer-based/not employer-based (government, employee, etc.)	Benefits “owned” by individuals	Benefits costs rising in the United States; creative systems of medical tourism abroad	Employer-based, but biotech-based cures reduce costs	Government-sponsored through higher taxes
4	Business emphasis for HR	Social advocacy/ROI	Deliver ROI by managing fluid relationships; social advocacy for small core	It’s all about ROI	Build culture and corporate hearth to retain and motivate employees	Work with IT to maximize returns across humans and technology
5	Risk environment	Sedate/hostile	Sedate	Hostile	Sedate	Very hostile
6	Globalization of operations	Multi-local/very global	Global but protectionist	Highly global with rising offshoring	Fortress America	Global
7	Use of technology	Cautious (selective) use/widespread (highly leveraged) use	Technology is widespread, enabling networked relationships	Hi-tech, broadband, communications and collaboration technology are particularly important	Centralized, control technologies; biotech applied to benefits	Technology rules, with automation focused on boosting productivity
8	Location of HR	Outsourced/in-house	Ambidextrous: administrative functions outsourced; strategy and core staff in-house	Centralized strategic HR in the United States; decentralized tactical HR in the field	HR in-house as the keeper of the corporate hearth and culture	Strategic HR and IT share responsibility for maximizing productivity
9	Outsourcing/offshoring	Incremental/major shift	Significant outsourcing to individuals and U.S. firms	Major global outsourcing	Some outsourcing to cut costs	Incremental global outsourcing

	Name of Force	Range	Scenario A	Scenario B	Scenario C	Scenario D
10	World economy	Bust/flat/boom	Booming	Strong due to out-sourcing business	Flat	Moderate growth as reduced demand for out-sourcing is offset by tech jobs
11	U.S. economy	Bust/flat/boom	Booming	Poor, high unemployment due to offshoring	Flat	Jobless prosperity and whipsaws
12	Mores and attitudes		Independence is valued above all; survival of the fittest	Rising sense of global citizenship dampened only by increases in unemployment	Desire for security; corporation is seen as a safe haven	Workers desire more work/life balance, cashing in productivity for quality of life
13	Terrorism/foreign policy		Peace achieved; protectionist policies lead to reduced unemployment	Scattered terrorist attacks but not enough to disrupt economic progress; open trade policies	Terrorist attacks at home and abroad lead to severe restrictions at the border	Terrorist attacks lead to more rapid adoption of technology to be less dependent on foreign workers/economies
14	Incentives		Salary plus bonuses for top performers; others receive compensation contingent on results	Pay contingent upon performance	Strong salaries and benefits	Fixed salaries, but declining rates

Source: 2015: *Scenarios for the Future of Human Resource Management, SHRM (2005)*

APPENDIX 2

QUALITATIVE SURVEYING DATA OVERVIEW

In late 2004 and early 2005, SHRM and DSI conducted qualitative interviews with the following industry experts, professionals and pundits:

- ☐ Stephen Andriole, Thomas G. Labrecque Professor, Villanova University
- ☐ Marc Bendick, Jr., President, Bendick & Egan Economic Consultants, Inc.
- ☐ Ned Brody, CEO, ARPU, Inc.
- ☐ Peter Capelli, Professor of Management/Director, Wharton/Center for HR
- ☐ Emily S. DeRocco, Asst. Secretary, Employment and Training Administration, U.S. Department of Labor
- ☐ Cari M. Dominguez, Chair, U.S. Equal Employment Opportunity Commission
- ☐ Edward J. Dunn, Chief Human Resources Officer, Virtua Health
- ☐ Robert W. Eichinger, Co-founder and CEO, Lominger Limited, Inc.
- ☐ Fred Engel, Work and Health Psychologist and Lecturer, Department of Social and Organizational Psychology, Utrecht University
- ☐ John Hanson, Chairman, President and CEO, Joy Global, Inc.
- ☐ Jeff Held, CIO/CTO, Watson Wyatt Worldwide
- ☐ HR executive, an aerospace company
- ☐ Robert F. Kalenka, COO, Investor Communications Division, Automatic Data Processing, Inc.
- ☐ Frederick Knowles, VP of HR, Capital One
- ☐ Douglas Krey, VP of Information Technology, Capital One
- ☐ Carol M. Merchasin, Executive Director, Morgan Lewis Resources
- ☐ Don Packham, CEO, BridgeHRO, Inc.
- ☐ Hema Ravichandar, Senior VP and Group Head of Human Resources Development, Infosys Technologies Ltd.

- ☐ Mark Sheridan, CIO Europe, Capital One
- ☐ Robert H. Stambaugh, President, KAPAA Associates
- ☐ Stacy Trotter, VP of Compensation and Benefits, America Online, Inc.
- ☐ Lisa Velte, Director, Human Resources, Analytical Graphics, Inc.
- ☐ Pat Weik, Director of New Services and Product Development, RHR International
- ☐ Theresa Welbourne, President and CEO, eePulse, Inc.

These individuals were asked a set of questions to help form a picture of the external world/point of view and then about the internal perspective. This was partially done by examining the impact of changes across five categories: social, technical, environmental, economical and political. The following questions were asked:

- ☐ What are some of important recent changes that have had an impact on HR and related areas? How well did you and your organization anticipate these?
- ☐ What are the most important forces impacting HR going forward as you see it? Specify a time frame of 10 years or more, if warranted.

- ☐ If you could see into the crystal ball, what would you most like to know now regarding the state of HR 10 years from now?
- ☐ Paint the most optimistic scenario you can for HR 10 years from now.
- ☐ Paint the most pessimistic scenario you can for HR 10 years from now.
- ☐ What are some important upcoming decisions you and/or others in HR must face and make? Over what time period will these decisions, and their consequences, play out?
- ☐ Who do you believe are the stakeholder groups that could impact HR now and in the future? What is/would be their relevant impact on the future direction of HR?

Special Expertise Panels, comprised of SHRM members possessing advanced HR knowledge in varying HR concentrations, also provided expert advice and feedback on the relevance of the scenarios.

The feedback, ideas and thoughts furnished by this esteemed group of individuals were essential in the development of this report and the scenario narratives.

APPENDIX 3

STRATEGIC FORCES SURVEY

METHODOLOGY

In February 2005, an e-mail that included a link to the survey titled “Forces Shaping the Future Outlook of the HR Profession” was sent to all 132 SHRM Special Expertise Panel members. Of the 132 members, 78 responded, yielding a response rate of 60%. The survey was accessible for a period of three weeks. Two e-mail reminders were sent to nonrespondents in an effort to increase response rates.

Profile of Respondents by Panel Membership



Survey Instrument

	Likelihood					Significance				
	How likely is it that this statement will, in fact, be true by the year 2015?					How significant would it be to HR if the statement were indeed true by the year 2015?				
	Very Likely			Very Unlikely		Very Significant			Not Very Significant	
1. Third-world economies will strengthen and become dominant workforces, placing continued pressure on traditional Western economic dominance.	5	4	3	2	1	5	4	3	2	1
2. A majority of leadership positions will be filled from outside of the organization.	5	4	3	2	1	5	4	3	2	1
3. A negative image of the United States abroad will cause tension with respect to global business interactions.	5	4	3	2	1	5	4	3	2	1
4. Academia and industries will demonstrate that differences in performance can, in fact, be achieved through different management techniques.	5	4	3	2	1	5	4	3	2	1
5. Average wages/salaries will increase.	5	4	3	2	1	5	4	3	2	1
6. Baby boomers will continue to stay in the workforce after retirement.	5	4	3	2	1	5	4	3	2	1
7. Business units will take over the majority of HR's strategic functions and tasks.	5	4	3	2	1	5	4	3	2	1
8. Companies will continue to experience pressure to become more cost-efficient.	5	4	3	2	1	5	4	3	2	1
9. Companies will fall behind the curve on preparing for significant senior officer retirements.	5	4	3	2	1	5	4	3	2	1
10. Companies will increase focus and budgets on leadership development.	5	4	3	2	1	5	4	3	2	1
11. Companies will invest money and resources to retrain employees in new technology.	5	4	3	2	1	5	4	3	2	1
12. Cross-border policies will become stricter for global business practices and transactions.	5	4	3	2	1	5	4	3	2	1
13. Disproportionate equity and compensation for senior executives will continue to increase.	5	4	3	2	1	5	4	3	2	1
14. Employee loyalty will increase as employees become a bigger part of the corporate community.	5	4	3	2	1	5	4	3	2	1
15. Employee mobility among multiple careers and organizations continues to increase.	5	4	3	2	1	5	4	3	2	1
16. Employees will feel less loyalty and connection to a company.	5	4	3	2	1	5	4	3	2	1
17. Employers will win significant HR-related lawsuits, turning back the tide of employee-related litigation.	5	4	3	2	1	5	4	3	2	1
18. Enterprise software will allow for seamless integration of data and data/information management vendors.	5	4	3	2	1	5	4	3	2	1
19. Ethical issues in business will continue to increase, driving costly compliance and transparency regulations across all sectors.	5	4	3	2	1	5	4	3	2	1
20. EU regulatory controls will continue to increase.	5	4	3	2	1	5	4	3	2	1
21. Fewer H1-B visas will be issued over the years.	5	4	3	2	1	5	4	3	2	1
22. Foreign labor laws will become better at protecting foreign labor.	5	4	3	2	1	5	4	3	2	1
23. Generational issues will cause tension in the workplace thereby changing the business environment and employee interactions.	5	4	3	2	1	5	4	3	2	1
24. Genetic screening of employees for skills, personality and behavior will be available and will become increasingly used for making hiring, assignment and promotion decisions.	5	4	3	2	1	5	4	3	2	1
25. Globalization continues to diminish economic barriers.	5	4	3	2	1	5	4	3	2	1
26. Health care insurance costs will continue to rise.	5	4	3	2	1	5	4	3	2	1
27. Health care plans will become increasingly privatized.	5	4	3	2	1	5	4	3	2	1
28. Health care will invest more in technology thereby decreasing health care costs.	5	4	3	2	1	5	4	3	2	1
29. HR executives will be trained and experienced in business processes and strategy and will have broader operational expertise.	5	4	3	2	1	5	4	3	2	1
30. HR professionals' career paths will increasingly be filled by HR majors from universities.	5	4	3	2	1	5	4	3	2	1
31. HR will be increasingly led by operationally minded executives.	5	4	3	2	1	5	4	3	2	1
32. HR will be outsourced or offshored for non-value-added transactions.	5	4	3	2	1	5	4	3	2	1
33. HR will become burdened from focusing too much on risk management and compliance.	5	4	3	2	1	5	4	3	2	1

34.	HR will expand to become responsible for all global employee resource management and hiring decisions, including offshoring and outsourcing.	5	4	3	2	1	5	4	3	2	1
35.	HR will move toward a focus on intellectual human capital management.	5	4	3	2	1	5	4	3	2	1
36.	HR will play less of a strategic role within the organization, instead concentrating on compliance, administrative tasks and outsourced transactions.	5	4	3	2	1	5	4	3	2	1
37.	Immigration will decrease due to post-9/11 regulations and legislation.	5	4	3	2	1	5	4	3	2	1
38.	Increased M&A activity will cause more complex HR integration between different company cultures and processes.	5	4	3	2	1	5	4	3	2	1
39.	Individual rights to privacy will continue to be subordinated to concerns about security at the national and organizational levels.	5	4	3	2	1	5	4	3	2	1
40.	Large numbers of baby boomers will retire en masse.	5	4	3	2	1	5	4	3	2	1
41.	Larger numbers of companies will not have an HR function.	5	4	3	2	1	5	4	3	2	1
42.	Major legislation similar to ERISA, ADA or Title VII will be approved, thus changing company policies, practices, training and response.	5	4	3	2	1	5	4	3	2	1
43.	More company jobs and functions will become outsourced.	5	4	3	2	1	5	4	3	2	1
44.	More company jobs and functions will move offshore.	5	4	3	2	1	5	4	3	2	1
45.	More partnerships will form between educational institutions and business to road-map future curricula.	5	4	3	2	1	5	4	3	2	1
46.	Outside consultants will become bigger players in executive coaching and in influencing the CEO instead of HR.	5	4	3	2	1	5	4	3	2	1
47.	Pension and health care packages will offer fewer benefits in the future.	5	4	3	2	1	5	4	3	2	1
48.	People will be expected to perform more job functions and easily transition among styles and places of work.	5	4	3	2	1	5	4	3	2	1
49.	Performance measurement of quantitative and qualitative skills will be instituted in most companies.	5	4	3	2	1	5	4	3	2	1
50.	Pressure will be exerted on HR to transform its role as the workers' social advocate to a role focused more on business returns and performance.	5	4	3	2	1	5	4	3	2	1
51.	Private and work/life balances will be harder to handle and cause more stress.	5	4	3	2	1	5	4	3	2	1
52.	Quarter-to-quarter analysis (e.g., ROI) will continue to rule company evaluation and decisions.	5	4	3	2	1	5	4	3	2	1
53.	Reaction against globalization will slow economic cooperation and movement of people around the globe.	5	4	3	2	1	5	4	3	2	1
54.	Sarbanes-Oxley will prompt major investigations into the HR space.	5	4	3	2	1	5	4	3	2	
55.	Scalable enterprise software solutions will be available for small- and mid-size companies, standardizing the implementation of HR definitions and processes.	5	4	3	2	1	5	4	3	2	1
56.	Scandal(s) due to HR business practices will surface causing shake out and raising a call for transparency of the HR process.	5	4	3	2	1	5	4	3	2	1
57.	Significant legislation and court rulings will enhance employee rights.	5	4	3	2	1	5	4	3	2	1
58.	Society will become more entrepreneurial and independent.	5	4	3	2	1	5	4	3	2	1
59.	Technology companies will continue to consolidate (e.g., Peoplesoft and Oracle), thus reducing choice and homogenizing HR process/functional implementations.	5	4	3	2	1	5	4	3	2	1
60.	Technology will continue to create products/services catering to the virtual employee.	5	4	3	2	1	5	4	3	2	1
61.	Technology will increasingly replace human labor in business functions and continue to pose pressure to decrease the number of employees needed by a company.	5	4	3	2	1	5	4	3	2	1
62.	The cost of benefits will increase, transferring more responsibility to individuals.	5	4	3	2	1	5	4	3	2	1
63.	The field of social networking will have wide adoption and play a significant role in HR over the next decade.	5	4	3	2	1	5	4	3	2	1
64.	The need to train new leaders will increase the demand and budget for leadership training programs within companies.	5	4	3	2	1	5	4	3	2	1
65.	The number of class-action lawsuits related to HR issues will increase.	5	4	3	2	1	5	4	3	2	1
66.	The number of senior officers will decline as baby boomers retire.	5	4	3	2	1	5	4	3	2	1
67.	The number of technology vendors will decrease due to dominance by market leaders, reducing choice and flexibility.	5	4	3	2	1	5	4	3	2	1

68.	The power of labor unions will decline and/or disappear.	5	4	3	2	1	5	4	3	2	1
69.	The prevalence of corporate universities will rise as organizations increasingly direct their employees' professional development.	5	4	3	2	1	5	4	3	2	1
70.	The retirement age will be raised to 70 or beyond.	5	4	3	2	1	5	4	3	2	1
71.	The state of the labor market will improve with readily available skilled and educated labor to meet the technical and skill requirements of the market.	5	4	3	2	1	5	4	3	2	1
72.	The U.S. economy will become weak and continually challenged.	5	4	3	2	1	5	4	3	2	1
73.	The United States will fail to produce enough highly educated technical workers.	5	4	3	2	1	5	4	3	2	1
74.	The United States will hire a significant number of people from abroad on visas.	5	4	3	2	1	5	4	3	2	1
75.	The United States will restrict the maximum number of work hours per week.	5	4	3	2	1	5	4	3	2	1
76.	The workplace will become more diverse.	5	4	3	2	1	5	4	3	2	1
77.	Trust will be difficult to achieve in virtual teams that proliferate as a byproduct of globalization.	5	4	3	2	1	5	4	3	2	1
78.	Unemployment rates will rise.	5	4	3	2	1	5	4	3	2	1
79.	U.S.-educated foreign students will decide to stay and work in the United States.	5	4	3	2	1	5	4	3	2	1
80.	Virtual relationships will increasingly evolve between companies and employees.	5	4	3	2	1	5	4	3	2	1
81.	Women will break through the glass ceiling and become better at drawing management's attention to critical issues.	5	4	3	2	1	5	4	3	2	1

Average Likelihood and Significance

	Question	Likelihood	Significance
1.	Third-world economies will strengthen and become dominant workforces, placing continued pressure on traditional Western economic dominance.	3.82	4.08
2.	A majority of leadership positions will be filled from outside of the organization.	3.17	3.52
3.	A negative image of the United States abroad will cause tension with respect to global business interactions.	3.47	3.45
4.	Academia and industries will demonstrate that differences in performance can, in fact, be achieved through different management techniques.	3.62	3.82
5.	Average wages/salaries will increase.	4.10	3.69
6.	Baby boomers will continue to stay in the workforce after retirement.	4.31	4.12
7.	Business units will take over the majority of HR's strategic functions and tasks.	2.95	3.81
8.	Companies will continue to experience pressure to become more cost-efficient.	4.74	4.43
9.	Companies will fall behind the curve on preparing for significant senior officer retirements.	3.67	3.76
10.	Companies will increase focus on and budgets for leadership development.	3.51	3.85
11.	Companies will invest money and resources to retrain employees in new technology.	3.76	3.83
12.	Cross-border policies will become stricter for global business practices and transactions.	3.39	3.49
13.	Disproportionate equity and compensation for senior executives will continue to increase.	3.53	3.70
14.	Employee loyalty will increase as employees become a bigger part of the corporate community.	1.76	3.79
15.	Employee mobility among multiple careers and organizations continues to increase.	4.35	4.30
16.	Employees will feel less loyalty and connection to a company.	4.34	4.32
17.	Employers will win significant HR-related lawsuits, turning back the tide of employee-related litigation.	2.55	3.66
18.	Enterprise software will allow for seamless integration of data and data/information management vendors.	3.82	4.04
19.	Ethical issues in business will continue to increase, driving costly compliance and transparency regulations across all sectors.	4.21	4.19
20.	EU regulatory controls will continue to increase.	4.13	3.80
21.	Fewer H1-B visas will be issued over the years.	3.21	3.70
22.	Foreign labor laws will become better at protecting foreign labor.	3.55	3.64
23.	Generational issues will cause tension in the workplace thereby changing the business environment and employee interactions.	3.63	3.71
24.	Genetic screening of employees for skills, personality and behavior will be available and will become increasingly used for making hiring, assignment and promotion decisions.	2.64	3.55
25.	Globalization continues to diminish economic barriers.	4.17	4.04
26.	Health care insurance costs will continue to rise.	4.68	4.63
27.	Health care plans will become increasingly privatized	3.57	4.00
28.	Health care will invest more in technology thereby decreasing health care costs.	2.77	3.47
29.	HR executives will be trained and experienced in business processes and strategy and have broader operational expertise.	3.88	4.43
30.	HR professionals' career paths will increasingly be filled by HR majors from universities.	3.36	3.68
31.	HR will be increasingly led by operationally minded executives.	4.10	4.18
32.	HR will be outsourced or offshored for non-value-added transactions.	4.21	4.17
33.	HR will become burdened from focusing too much on risk management and compliance.	3.40	3.67
34.	HR will expand to become responsible for all global employee resource management and hiring decisions, including offshoring and outsourcing.	3.72	4.22
35.	HR will move toward a focus on intellectual human capital management.	3.90	4.12
36.	HR will play less of a strategic role within the organization, instead concentrating on compliance, administrative tasks and outsourced transactions.	2.00	3.54
37.	Immigration will decrease due to post-9/11 regulations and legislation.	2.94	3.43

38.	Increased M&A activity will cause more complex HR integration between different company cultures and processes.	4.09	4.17
39.	Individual rights to privacy will continue to be subordinated to concerns about security at the national and organizational levels.	3.87	3.94
40.	Large numbers of baby boomers will retire en masse.	3.29	4.14
41.	Larger numbers of companies will not have an HR function.	2.05	3.49
42.	Major legislation similar to ERISA, ADA or Title VII will be approved, thus changing company policies, practices, training and response.	3.38	3.80
43.	More company jobs and functions will become outsourced.	3.84	4.01
44.	More company jobs and functions will move offshore.	3.81	4.04
45.	More partnerships will form between educational institutions and business to roadmap future curricula.	3.57	3.60
46.	Outside consultants will become bigger players in executive coaching and in influencing the CEO instead of HR.	3.79	3.67
47.	Pension and health care packages will offer fewer benefits in the future.	4.31	4.13
48.	People will be expected to perform more job functions and easily transition among styles and places of work.	4.32	4.21
49.	Performance measurement of quantitative and qualitative skills will be instituted in most companies.	3.87	3.94
50.	Pressure will be exerted on HR to transform its role as the workers' social advocate to a role focused more on business returns and performance.	4.27	4.32
51.	Private and work/life balances will be harder to handle and cause more stress.	4.01	4.10
52.	Quarter-to-quarter analysis (e.g., ROI) will continue to rule company evaluation and decisions.	4.09	3.91
53.	Reaction against globalization will slow economic cooperation and movement of people around the globe.	2.53	3.15
54.	Sarbanes-Oxley will prompt major investigations into the HR space.	3.60	4.05
55.	Scalable enterprise software solutions will be available for small- and mid-size companies, standardizing the implementation of HR definitions and processes.	4.01	4.03
56.	Scandal(s) due to HR business practices will surface, causing shake out and raising a call for transparency of the HR process.	2.61	3.46
57.	Significant legislation and court rulings will enhance employee rights.	3.26	3.78
58.	Society will become more entrepreneurial and independent.	3.55	3.74
59.	Technology companies will continue to consolidate (e.g., Peoplesoft and Oracle), thus reducing choice and homogenizing HR process/functional implementations.	4.05	3.67
60.	Technology will continue to create products/services catering to the virtual employee.	4.32	4.04
61.	Technology will increasingly replace human labor in business functions and continue to pose pressure to decrease the number of employees needed by a company.	4.01	4.10
62.	The cost of benefits will increase, transferring more responsibility to individuals.	4.51	4.29
63.	The field of social networking will have wide adoption and play a significant role in HR over the next decade.	3.49	3.42
64.	The need to train new leaders will increase the demand and budget for leadership training programs within companies.	3.80	3.87
65.	The number of class-action lawsuits related to HR issues will increase.	3.42	3.65
66.	The number of senior officers will decline as baby boomers retire.	3.23	3.38
67.	The number of technology vendors will decrease due to dominance by market leaders, reducing choice and flexibility.	3.47	3.34
68.	The power of labor unions will decline and/or disappear.	3.32	3.51
69.	The prevalence of corporate universities will rise as organizations increasingly direct their employees' professional development.	3.13	3.48
70.	The retirement age will be raised to 70 or beyond.	3.95	3.99
71.	The state of the labor market will improve with readily available skilled and educated labor to meet the technical and skill requirements of the market.	2.56	3.95
72.	The U.S. economy will become weak and continually challenged.	3.01	3.87
73.	The United States will fail to produce enough highly educated technical workers.	3.99	4.39
74.	The United States will hire a significant number of people from abroad on visas.	3.58	4.03
75.	The United States will restrict the maximum number of work hours per week.	1.83	3.31
76.	The workplace will become more diverse.	4.56	4.28

77.	Trust will be difficult to achieve in virtual teams that proliferate as a byproduct of globalization.	3.55	3.86
78.	Unemployment rates will rise.	3.09	3.55
79.	U.S.-educated foreign students will decide to stay and work in the United States.	3.68	3.76
80.	Virtual relationships will increasingly evolve between companies and employees.	4.03	3.94
81.	Women will break through the glass ceiling and become better at drawing management's attention to critical issues.	3.67	3.95
Average		3.60	3.87

Note: Average ratings are based on a five-point scale where "1" indicates a very low level of likelihood/significance and "5" indicates a very high level of likelihood/significance.

APPENDIX 4

2004-2005 SHRM SPECIAL EXPERTISE PANEL MEMBERS

Employee Health, Safety and Security Panel

SHRM Staff Leader: Ray Venero, PHR,
Director, Administrative Services

William W. Bentley
Philip S. Deming, SPHR, CCP, CFE
Edwin G. Foulke Jr., J.D., LLM, PHR
Laura Gutierrez, SPHR
Cathy D. Mueller, CPEA, CDM
Kevin E. Naylor, SPHR
Louis K. Obdyke, IV, SPHR
John C. Smoyer, SPHR
Steven Brian Uhrik
Cheryl M. Way, SPHR

Employee Relations Panel

SHRM Staff Leader: Susan Post, SPHR,
Regional Director, Northeast

Harry S. Chandler, SPHR
Peter P. Fornal
Phyllis G. Hartman, SPHR
John T. Hayden
Merry Lee Lison, SPHR
Jeffrey M. Rosen
DiAnn Sanchez, SPHR
Dennis E. Schroeder, SPHR
Brenda S. Tranchina, SPHR
Christine V. Walters, MAS, J.D., SPHR

Ethics Panel

SHRM Staff Leader: Bob Carr, SPHR,
Chief Professional Development Officer

Jacqueline M. Blanchard, SPHR
Julie A. Burwell, SPHR
Gundars E. Kaupins, SPHR, Ph.D.
James G. Kennedy, SPHR
Wanda A. Lee, SPHR, CCP
Peter J. Petesch
Rachel A. Prine, SPHR
Allison M. Vaillancourt, SPHR, Ph.D.
W. Lee WanVeer

Global Panel

SHRM Staff Leader: Brian Glade,
SPHR, GPHR, Vice President,
International Programs

Tim Braswell
Timothy D. Dwyer
Tony Frost
Norman Howard
Noel Kreicker
Mary C. MacDonald
Jean-Louis Mutte
Lance J. Richards, GPHR
Melanie S. Young, SPHR

HR Consulting and Outsourcing Panel

SHRM Staff Leader: Gary Rubin, Chief
Publishing Officer

Ronald L. Adler
Todd Y. Allen, SPHR, CCP
Nancy L. Anheier, SPHR
Wendy Bliss, J.D., SPHR
Reginna K. Burns, SPHR
Mary Jo Case, SPHR
Kimberly C. Douglas, SPHR
Brian Klaas
Michael A. McCallum
Barbara A. Mitchell
Lynn C. Outwater, Esq., SPHR
Donald E. Packham, SPHR
Mary-Jane Sinclair, SPHR

Human Capital Measurement/HR Metrics Panel

SHRM Staff Leader: Steve Williams,
Ph.D., SPHR, Director, Research

Melvin L. Asbury, SPHR
Don M. Davis
Virginia C. Hall, SPHR
Gardiner Hempel Jr., CPA, GPHR
Keith A. Mason
Steve McElfresh, Ph.D., J.D., SPHR
Brian F. Ray
Grant A. Schneider, SPHR

Labor Relations Panel

SHRM Staff Leader: Mike Aitken,
Director, Government Affairs

Les Abercrombie III, SPHR
Elizabeth C. Calhoun
Kathleen K. Collins
John M. Fowler
James W. Gray
Mark A. Hinson, SPHR
Linda S. Lulli, SPHR
Camille A. Olson, SPHR, Esq.
Paul Salvatore, Esq.

Organizational Development Panel

SHRM Staff Leader: Javier Lozano,
SPHR, GPHR, Director, International
Programs West

W. Barry Chapman
Lisbeth M. Claus, SPHR, Ph.D., GPHR
Cheryl M. Cunningham
Isaac E. Dixon, SPHR
Elizabeth Guss
Juliet C. Hafford, SPHR
Susan M. Hengel, SPHR
Steven Alex Miranda, SPHR, GPHR
Joan E. Moore, J.D., SPHR
Nancy C. Nelson, SPHR
Donna B. Paul, SPHR
Virgil M. Seibold, PHR
Carolyn Jean Sperl, SPHR
Judy Tansky, Ph.D.
Marilyn L. Weixel, SPHR

Technology and HR Management Panel

SHRM Staff Leader: Heidi Byerly, Chief
Information Officer

Sharyle M. Doherty
Francois Geuze
Rodney H. Glover
Hal G. Gueutal, Ph.D.
Lynda K. Higbee
Donna L. Keener, SPHR
Teri L. McNaughton
J. Michelle Morgan, SPHR
John A. Ryder, SPHR
Jack Shein, SPHR
Sidney H. Simon
Jennifer M. Wise, SPHR
Cheryl R. Wyrick, SPHR

Total Rewards/Compensation and Benefits Panel

SHRM Staff Leader: Deb Keary, SPHR,
Director, Knowledge Center

Wayne B. Anthony, SPHR
David Balkin
Shari L. Davidson
Catherine L. Dovey, SPHR
Jerome L. Mattern, SPHR
Antoinette M. Pilzner, Esq.
Luana L. Queen, SPHR
Serena Simons
Lynne J. Sport
Kathleen C. Strukoff, SPHR
Mary Ann Welding

Workforce Staffing and Deployment Panel

SHRM Staff Leader: Gail Aldrich, SPHR,
Chief Membership Officer

Karen A. Bloom
Gloria A. Brooks, PHR
Gerald T. Crispin, SPHR
Jeremy M. Eskenazi, SPHR
Roger Griffeth, Ph.D.
Maureen Henson, SPHR
Beverly L. Kaye, Ed.D.
John G. Kitson, SPHR
Yves J.C. Lermusiaux
Ronald B. McKinley, Ph.D., SPHR
Joseph P. Murphy
Lynn S. Nemser, SPHR
Susan P. Smith, SPHR
Dorothy J. Stubblebine, SPHR

Workplace Diversity Panel

SHRM Staff Leader: Keith Greene,
SPHR, Vice President, Member Relations

Edgar L. Anderson
Enrique M. Baltierra, SPHR
Gregory M. Davis
Cornelia G. Gamlem, SPHR
Marna Hayden, SPHR
Gregory T. Hinton
Cydney A. Kilduff, SPHR
Anne M. McMahon, Ph.D.
Lorraine V. Mixon-Page, SPHR
Virida M. Rhem, SPHR
Rhoma D. Young

APPENDIX 5

REGIONAL SENIOR HR LEADERS' FORUMS

These roundtable events presented the four scenarios appearing in this report and asked HR practitioners to give feedback on what implications these uncertainties and potential futures had for the HR profession, as well as how practitioners could prepare themselves for these potential challenges and opportunities.

Events were held around the United States on the following dates and in the following locations:

May 18, 2005: San Francisco

May 19, 2005: Phoenix

May 23, 2005: Orlando

June 8, 2005: Philadelphia

June 9, 2005: Chicago

APPENDIX 6

COMPETENCIES AND PREPAREDNESS SURVEY

The following survey was completed by 377 individuals at the SHRM 2005 Annual Conference.

SHRM: Future Scenarios for Human Resources

In an effort to gather more data for the study, please complete the following questionnaire. The results will be posed on the SHRM Web site as well as at www.thinkdsi.com.

Demographic Information

Industry_____ ☐ Privately held ☐ Publicly held

Size of firm

☐ Fewer than 500 employees ☐ Between 2,000 and 10,000
☐ Between 500 and 2,000 ☐ More than 10,000

The World of Uncertainty and Ambiguity

1. Comparing today's priorities for HR at the organization you work for with the priorities of 10 years ago (1995), how similar or different are they?

1 2 3 4 5 6 7
Same priorities Totally new priorities

2. For your HR department, how would you describe your strategic planning process?

1 2 3 4 5 6 7
Planning is essentially Planning involves exploring
a budgeting process multiple futures, questioning our assumptions

3. What is the amount of uncertainty/volatility you foresee in your company in next 10 years?

1 2 3 4 5 6 7
No uncertainty/ volatility Extreme uncertainty/ volatility

The Four Scenarios

4. Please spread a total of 100 points among the four scenarios to indicate how likely you feel each scenario will come true.

- ___ Casting Director (scarcity of talent, flat organization)
- ___ Global Dealmaker (abundance of talent, flat organization)
- ___ Caregiver (scarcity of talent, centralized organization)
- ___ Systems Integrator (abundance of talent, centralized organization)
- 100% Total

Organizational Structure	U.S. Talent	
	flat	hierarchical
flat	Casting Director	Global Dealmaker
hierarchical	Caregiver	Systems Integrator

Please rate the preparedness of your HR function for the following scenarios:

5. Casting Director (scarcity of talent, flat organization)

1 2 3 4 5 6 7
Not at all prepared Very prepared

6. Global Dealmaker (abundant talent, flat organization)

1 2 3 4 5 6 7
Not at all prepared Very prepared

7. Caregiver (scarcity of talent, centralized organization)

1 2 3 4 5 6 7
Not at all prepared Very prepared

8. Systems Integrator (abundance of talent, centralized organization)

1 2 3 4 5 6 7
Not at all prepared Very prepared

9. Looking across all four scenarios, what are the two or three major skills/competencies you think your HR function needs to develop to thrive in 2015?

10. Comments:



1800 Duke Street, Alexandria, Virginia 22314
www.shrm.org

ISBN 1-932132-34-1



9 781932 132342

SHRMStore®: 62.16500
Price: \$99.95 nonmembers
\$79.95 members