

# THE WINDS OF CHANGE BLOW EVERYWHERE

A more efficient global workforce may mean a wider gap between haves and have-nots

Look at how work is done at software house Infosys Technologies Ltd. and you'd think you were in Silicon Valley. From its use of high-speed networking to its flexible management, the Bangalore (India)-based Infosys resembles California rivals more than India's traditional hierarchical behemoths. "We don't really have a structure," says Deputy Managing Director Nandan Nilekani. "Depending on the job, teams form, do the work, and then disband."

Or turn to the sleepy agricultural region of Basilicata in southern Italy, where auto maker Fiat recently opened a \$2.9 billion plant in one of the most ambitious attempts yet by a European manufacturer to shake off hidebound work practices. Fiat spent \$64 million training workers and engineers to operate in independent, multiskilled teams. Factory workers and office staff now labor together under the same roof. Top-down decision-making is dead, says Maurizio Magnabosco, Fiat Auto's personnel chief. "Problems are solved by teams actually working on production."

**MOVING FAST.** Sound familiar? The winds of change blowing through the American workplace are also gusting abroad. Although change has rarely gone as far or fast as in the U.S., the spread of information technology, moves to flatten hierarchies and empower workers, and rising global competition have begun to force a rethinking of work worldwide. Many economies face massive downsizings. In Europe, recession has left millions unemployed and millions more worried about the future. For Mexico and India, open markets have forced protected industries to restructure even as new work floods in. And while Japanese joblessness is just 3.1%, lifetime employment is now being questioned. The result: a global rise in job anxiety.

Yet if pressures are similar, the ability to adjust is far from uniform. "Huge differences exist in countries' responses to the challenge of finding new ways of working," says Michael Hammer, co-author of *Reengineering the Corporation*. "In much of Europe and Japan, neither workers nor managers are comfortable with the flexibility and rapid change needed."

In moving to flatten management structures and delegate more responsibility to workers, Europe is moving fastest—particularly Britain, Scandinavia, and the Netherlands. Privatized companies such as British Airways PLC and British Telecommunications PLC led the way by slashing management layers and becoming more entrepreneurial upon leaving the government fold. But now growing numbers of companies have revitalized by ending older, assembly-line work practices.

Typical is Sun Life Assurance Society PLC, a Bristol-based insurer managing \$24.6 million in assets. Sun Life eliminated most middle management and reorganized once-isolated customer service representatives, each in charge of a tiny part of processing a customer's file, into teams that handle jobs from start to end. The result: Turnaround time to settle claims



## TEAMWORK

Europeans are taking the first tentative steps toward breaking up often hierarchical business cultures

At Fiat, workers and engineers are trained to operate in multiskilled units

was cut nearly in half, while new business grew 45%. But the change is also unsettling. Although team leader Juliette Britton finds work more fulfilling, management cuts mean "there's nowhere else for me to go."

Elsewhere in Europe, experimentation is more limited, partly because the technologies needed to re-order work—voice mail, E-mail, and videoconferencing—are just catching on. But hierarchical business cultures, rigid work rules, and high unemployment also hinder change. Efforts to boost flexibility have aimed at preserving jobs as much as redefining them.

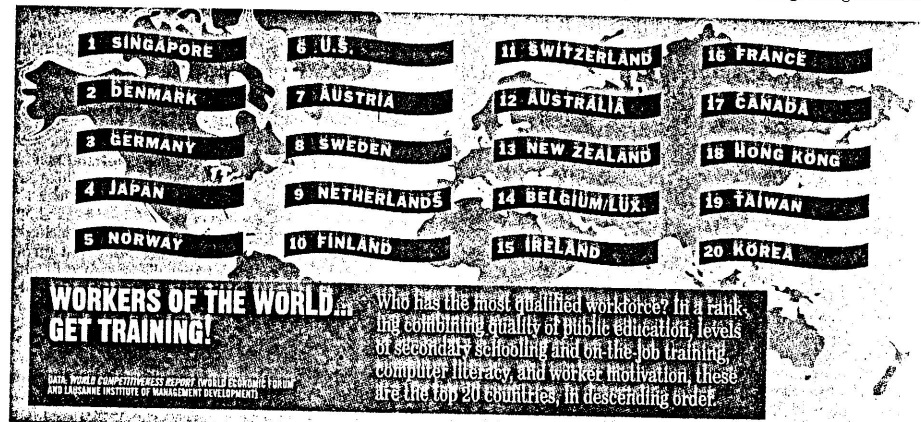
In Japan, attempts to create new work practices are also in their infancy. High telecommunications costs and limited space in Japanese homes have made setting up workers out of the office too expensive. And use of E-mail and personal computers is well behind U.S. levels. Still, there are signs of flexibility. Toshiba Corp. is experimenting with telecommuting for software researchers, while Orix Corp., Japan's largest leasing company, now hires workers short-term to build its branch network. But cautious steps away from lifetime employment won't mean the radical change of American-style reengineering. Japan's white-collar ranks and service firms remain heavily overstaffed and inefficient.

Educational spending has risen steadily, with emphasis on science and math. Between 1975 and 1985, for example, Hong Kong upped per capita spending on secondary school from \$180 to \$810 in current dollars, while Korean spending soared from \$33 per student to \$450 by 1989. Just as important, school attendance has grown. According to the *World Competitiveness Report*, Taiwan now sends 93% of its 12-to-17-year-olds to high school—just below Japan's 96% and above the U.S.'s 92%. Korea has achieved 87% attendance, while Hong Kong has hit 73%. Employers typically add considerable job training, creating a broad, technically-literate labor pool.

**OUT OF SYNC.** Some of the laggards are trying to catch up. Governments across Latin America are waking to the need to follow Asia's lead. In Mexico, for example, fears about losing the unskilled jobs on which the country depends to even cheaper Chinese or Indian workers have brought calls to improve education and training, particularly for the 40% of students who don't finish grade school.

Of course, education alone is not enough; if it were, Europe would be better positioned. But the emphasis on general education, and a frequent lack of vocational training, could leave Europe short of qualified technicians. "People are traditionally well-educated, but their skills are no longer in sync with work," says Stéphane Garrelli, professor at IMD, a top European business school. Nor do demographics favor Europe: Outside of Japan, Asian populations are far younger. "The younger the workforce, the more computer-literate," says David Shpilberg, Ernst & Young's head of information technology. "That's a huge advantage in adapting to new technology."

For those unable to adapt, the future looks increasingly grim. Indeed, to global competition and global communications, add another global trend: fear of a growing schism be-



If change is coming, where will workers be best prepared? One key component will be education and training, increasingly seen by developed and developing countries alike as crucial to creating adaptable labor forces. That's all the more true as low-level jobs are lost to technology and the remaining jobs demand higher skills. At German communications giant Siemens, for example, semi-skilled labor has gone from 44% of the workforce to 21% since 1962, while skilled technicians have doubled to 37%. The spread of sophisticated production processes and workers' expanding responsibility mean that even factory work can require more education. On that score, many Asian countries look best prepared.

tween those benefiting from change and those left behind. "In most sectors, the labor force doesn't see technology as a means for upgrading careers, but as the death of their careers," says L. V. Subramaniam, editor of India's *Labour Herald*, a local union newsletter. That sentiment is increasingly being heard all over the globe, as workers and managers alike wonder if we are heading toward a world in which half the population is permanently overworked, and the other half permanently unemployed.

By Jane A. Sasseen in New York, with Robert Neff in Tokyo, Shekar Hattangadi in Bombay, Silvia Sansoni in Rome, and bureau reports