Reading
New working model

A **What do you think will happen in your country during the next five years with regard to the following?**

- population
- unemployment
- inflation
- universities
- wages
- leisure time
- information technology
- market regulation

B **Read the article and answer these questions.**

1 According to the writer, what are the two greatest changes in the world affecting business?

2 According to the writer, what lessons can be learned from previous attempts to predict the future of work?

3 What have been the effects of outsourcing on global business?

4 What is the point which the writer makes about capital and labour?

5 What example of problem-solving does the writer give?

C **What key point(s) does the writer make about the following countries?**

Germany France the UK Japan India China the US

D **Put the following words in the correct order. Then check your answer in the article. For example: *excessive labour market regulation***

1	regulation	labour market	excessive
2	leadership	economic	world
3	in-house	think-tank	economic
4	markets	potentially	huge
5	vehicle	lower	development costs
6	niche	new	markets
7	world-class	centres	research

E **Now put the following words in the correct order. For example: *increasingly difficult market conditions***

1	difficult	conditions	market	increasingly
2	gifted	researchers	university	exceptionally
3	increasingly	rate	high	unemployment
4	developing	rapidly	information	technology

F **Discuss these questions.**

1 How do you think the way people work will change in the future?

2 Which five countries do you think will dominate the world economy in twenty years' time? Rank them in order of importance and give reasons. Compare your ideas with your partner.

New working model

By Michael Skapinker

As we embark on this new investigation of the future of work, there are several lessons we can draw by looking back. First, time, and our own adaptability, may solve some of our deepest problems. There are still developed countries worried about large-scale unemployment, France and Germany among them. But their problems are now widely seen as the result of excessive labour market regulation. Far from telling employees to enjoy more leisure, French and German companies are trying to find ways to ensure their staff work more hours. And in the UK, employers and policy-makers now worry about a shortage of workers, not of work.

Second, the countries that seem poised to assume world economic leadership - Japan in the past; India and, especially, China now - may face obstacles that are barely visible today. And third, there is nothing new about our sense that we are at a turning point. People have often felt that work was changing in ways they had not seen before. Is it different this time? Is the way we work really changing fundamentally?

In one sense yes, simply because the countries that are playing a fuller part in the world economy, particularly China and India, have such large populations. 'We simply have not comprehended yet the full impact of 2.5bn people coming into the world economy who were not part of it before,' says Kim Clark, dean of Harvard Business School.

The second change is the technology affecting work today. The internet and broadband connections have made it far easier for companies to distribute their work around the world and to remain open 24 hours a day, seven days a week.

The trend towards both outsourcing and offshoring have offered India and China huge opportunities to develop their people's skills. They have also provided companies around the world with enticements that are difficult to resist. Diana Farrell, director of the McKinsey Global Institute, the consultancy's in-house economic think-tank, says that 70 per cent of the costs of a typical company in the developed world come from labour and 30 per cent from capital. Capital is expensive and labour cheap in countries such as India and China. Companies that benefit from the cost savings involved in employing Indian or Chinese labour are at a significant advantage.

The problem is, Ms Farrell says, that competitor companies can achieve the same benefits by moving some of their operations to India or China too. Competitive advantage can only be retained if companies understand that there is more to be gained from India or China than cost-cutting. The two countries are potentially huge markets too. Lower vehicle development costs in India, for example, mean cheap cars can be produced for the local market. New niche markets can be found for these products in developed countries too.

Companies can address business problems in India and China that they could not solve in their home markets. For example, Ms Farrell cites an airline that used to find it uneconomic to chase debts of less than \$200. By using Indian accountants, they were able to chase debts of \$50. This is good for western companies, but what of western workers?

A common question heard in the US and Western Europe today is: 'What are we all going to do?' Prof Clark says: 'First of all we have to recognise something that's lost in a lot of these conversations: most of us don't work in places that are competing with the Chinese.' Or the Indians.

Technology is likely to continue to allow more jobs to be done remotely, but, Prof Clark argues, there will be an opposing trend too: companies offering a more personal service at close quarters. Ms Farrell argues that demographic changes mean there are going to be fewer Americans and western Europeans to do the jobs available anyway.

Japan and Western Europe are ageing societies. Even the US, still a relatively young country by comparison, will have 5 per cent fewer people of working age by 2015 than it does today.

Faced with these projections, western societies can either export the jobs or import the workers.

Will China and India become as dominant as Japan once looked like becoming? Prof Clark says the most significant obstacle they face is the quality of the universities. Few of them show signs of becoming the world-class research centres they need to be if China and India are to become world economic leaders.

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