

Welcome to the latest edition of the microskills™ network for participants of microskills™ training around the world.

In this edition: Miserable edition
Predictions for 2008

Miserable edition

This is the edition we promised where we are looking forward to the coming year. Hopefully it describes the worst case and it won't all come true.

After this gloom, which might last a couple of years, things should become brighter. Apparently every cloud has a silver lining!

We'll see what the Year of the Rat brings us. Gong Xi Fa Cai!

Credit crunch

As we predicted previously, the sub-prime fallout is continuing and there could still be more bad news to come. Who would have thought that there could be a run on a British bank, the first in more than a century?

What can we make of the roller coaster stock market which can lose 5% of value in a day, gain it back the second and then lose it again on the third day?

These crises are yet more examples of organisations trying to measure everything and focussing on short term quantity rather than longer term quality. We have seen countless other instances of this in many industries worldwide and even in schools and hospitals as we have discussed in earlier editions.

Recession

A worldwide recession now seems inevitable. Central banks will continue to reduce interest rates

but this is not increasing liquidity. We are seeing signs now of banks being reluctant to lend money even

to other banks unless there is a copper bottomed guarantee of return.

The reduction in bank rates could fuel inflation and then employee demands for higher pay rises as their salary is worth less than it was previously.

The UK civil service is offering staff an annual increment this year that is lower than the increase in the cost of living. A similar case with the police force is causing a demand for the police to have the right to strike.

Australia is bucking the trend by increasing interest rates, the aim being to prevent inflation which is beginning to creep up. But now people who were sold cheap money to buy their houses can't afford to pay their mortgages.

Food prices are increasing dramatically so there is a squeeze whichever way it happens.

Teachers in both the UK and Australia are preparing for strike action over pay, stress and too much political involvement into turning education into tests and league tables.

There is highly likely be an increase in industrial disputes (in countries

that allow them) regarding pay, pension provision and job security.

Pull together – Win together

We were amused by the slogan used by American Airlines to help them through their financial problems, “Pull together – Win together”. Staff took pay cuts to protect the future of the company. This was so successful that the executives achieved their target to save the company and were awarded huge bonuses for doing it!

Pension provision

Property prices will drop and people who have invested in property as a means of saving for their retirement will find that their nest egg has shrunk.

Those who invested in shares or even in pension schemes won't fare any better.

They will therefore be forced to work beyond the age that they had hoped to retire.

People who did not remember the last time property prices fell will find themselves in negative equity, owing the bank more than the value of the house. If liquidity is still bad, the banks might be forced to foreclose.

Typically, after a few years, prices will drop to a level where they are again within reach of first time buyers and the cycle will probably start all over again.

Job security

As the recession bites, job security will become a major issue for the workforce. Already employers are predicting more retrenchments and less recruitment in 2008.

If companies fail to adhere to age discrimination legislation, there will be huge numbers of older citizens falling back on the State to support them.

This obviously applies more in those countries that have a welfare system. In other countries it has been traditional for the extended family to look after family members who are in need. However, in many of these places now, people are becoming more individualistic, families are becoming more nuclear and couples are having fewer children. So the State still might need to provide an eventual safety blanket.

Interestingly, a recent survey showed that employees aged 25-44 years are the most restless in their jobs, with 82% of them considering changing their career, compared with less than half of workers aged over 44. So maybe companies should be looking to recruit and retain a few senior citizens.

Managing across age groups

As people work into their seventies, it could become common that within the same team a manager will have an employee, the employee's child and even their grandchild. Whilst staff will not necessarily be related, managing across three generations with their respective ways of thinking and behaving will be a challenge.

On the positive side, a recent survey found that two thirds of all UK workers recognise the benefits of working in an age-diverse workforce, with 94% of younger staff appreciating the experience that comes with age, while half of older workers say they benefit from

their younger colleagues' high energy levels.

Staff loyalty

Over the past years, it has been the policy in many countries to loosen the job security of the workforce by limiting employment rights and recruiting on contract terms. The wisdom of this is now being questioned, as we have been predicting it would, as staff loyalty and staff retention are causing organisations problems.

The recent change of government in Australia was caused largely by the Howard regime's insistence in weakening job security and implementing individual workplace contracts rather than negotiated collective agreements.

There will be a tension here as staff want more job security and employee rights while employers try to survive a recession.

New forms of industrial action

The Web 2.0 mentality will see people expressing their discontent with their organisations in more creative ways. Laws of defamation have yet to catch up with the internationalisation of blogging.

Italian IBM workers, angry at their employer's decision to slash bonuses worth up to 1,000 Euros, are protesting in Second Life, representing the next step in the real-life ongoing battle against the IBM bosses. Workers are expecting to garner support from fellow IBM employees around the world, including the UK and India.

In-shoring

In many countries the recent skills shortage caused by the industrial

boom has been met by increased immigration. In Western Europe this was one of the major drivers behind the expansion of the EU to embrace the Eastern European countries.

In fact, in the UK four out of five new jobs in the last ten years went to people born outside Britain, that is 1.4 million of the 1.7 million new jobs created since 1997.

With an impending recession and a slow down in the world economy, there will be less money in circulation, less spending power, so less work and more redundancies.

As a response the UK is now planning legislation to restrict immigration unless potential arrivals have very particular skills which are lacking nationally.

As the recession deepens there could well be social and racial problems and the ultra right wing parties of Europe are currently seeing an increase in membership. Turkey has yet again been refused entry to the European Union and there have been more cases of Turks in Germany 'feeling the heat', in some cases literally and tragically as their homes have been fire bombed.

Olympic Games

If the Beijing Olympic games are a huge success (and there is no reason to think that they won't be) and if China wins the greatest number of gold medals (and there is every reason to think that they will), we shall see the most public and broadcast display of the shift in world dominance away from the United States and towards China.

As America's influence in the global economy becomes less significant, so there will be a shift in global thinking on management best practices.

The BRIC (Brazil, Russia, India and China) countries will continue their rise and will expect to have more participation in global decisions. Russia's domination of European energy supplies is an example of this.

Shift in the balance of power

Extra revenue from the \$100 a barrel of oil has enabled Middle Eastern and other oil exporting countries to buy large chunks of tottering western companies.

China and some of the Asian tigers have also been increasing their shares in financially troubled banks like Citigroup, UBS and Morgan Stanley.

Flexible working

Flexible working should have been flourishing this year but with the potential employment crisis only the top talent will see an increase.

For the rest of the workforce, job security will replace work/life balance for the next few years and staff will be reluctant to risk losing their job by requesting anything that might be interpreted as a lack of company commitment.

Stress at work will increase

Already the second biggest reason for medical leave from work, stress in the workplace is set to become an even bigger issue in 2008.

A pilot study in the UK is training GPs and practice nurses in

identifying and treating work based stress in patients.

In some countries, stress is covered by Health and Safety provisions and individual managers are personally liable should their staff suffer from work related stress.

In Japan there is currently such a case going through the courts under their 'Karoshi' law.

Soft skills and the younger generation

There will be more demands from employers for soft skills and EQ in new graduates being recruited. Having a good technical degree will no longer be enough unless the individual can communicate effectively and fit in with the rest of the team. A recent study showed 40% of new such recruits lacked the required skills.

Company based university degrees

We shall see an increase in the number of joint ventures between organisations and universities where employees can study for a university degree through work based projects, e-learning and company based lessons.

The UK government has just announced similar associations with employers being able to award credits towards A-levels and diplomas. If you have a McJob you can now study for McDiplomas that will be nationally recognised.

Skill Stories

www.SkillStories.org is a UK government website committed to trying to upgrade the skills of people currently in work. As it highlights, 70% of the workforce of 2020 is already past the school

leaving age, so upskilling of existing employees, and not just relying on the education system, is crucial.

The Doomsday scenario is that unless action is taken now there will be 6 million people unemployable by 2020 (that's 10% of the entire population).

Internet usage

The Internet explosion will continue with more 'cloud' (broadband and wireless) technology becoming available. This will be particularly so in the Asia Pacific region where 42% of all Internet users lived in 2007, up from 30% in 2000.

Cultures won't change

Cultures won't change, though. When the use of the Internet for each country was normalised for differences in population and total usage, Germany headed the table for e-commerce, Brazil for social networking and China for on-line gaming!

Conclusion

This edition of the microskills™ network news has been longer and even more depressing than usual. Some of these predictions will happen but we hope that we all survive and come out stronger and wiser at the other end.

Experiences, comments and questions

We always like to hear from members with any views and experiences they have either for publication or for reply off-line.

microskills™, problem ownership™ and Supportive Manager™ are part of a stable of methods used by the Tim Russell Group to train staff around the world in interpersonal skills. User organisations come from finance, travel, hospitality, retail, manufacturing, government, education, health services and telecoms. Applications range from customer service to management development, team-building to support skills, negotiations to managing meetings interviewing to selling.

new ways of working™ is the consultancy service to work with organisations on how they will be operating in areas of staff management in the future.

For more information

Contact us at:

info@TimRussellGroup.com