

# Shaping the Future of Work: *A Review Essay*

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Astrologers look to the stars. Gamblers invoke odds and luck. Stock pickers analyze companies and competitors. They want to know what happens next—and so do most of the rest of us.

For students of work, peering into the future begins with assessing where we have been and where we are today. The future, though, is more than trends and interactions. It reflects choices and their consequences, intended and otherwise.

The five books I have selected to review start from a common point: something big is afoot. Weaving through these books are five major themes: globalization; new technologies, with an emphasis on information technology (IT); new forms of organizing work and business; demographic shifts; and implications for work and the workforce. The books challenge workers, corporate managers, government policy makers, union leaders, academics, and educators: What is the future you want? How will we achieve it?

## Freedom through IT

Thomas W. Malone, a professor of management at MIT, focuses on how technology might permit new forms of organizations. His ambitious and impassioned book seeks to expand and diversify the possibilities

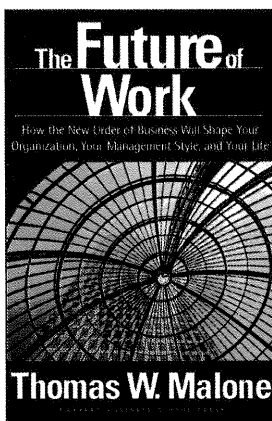
business leaders see: “For the first time in history, technologies allow us to gain the economic benefits of large organizations, like economies of scale and knowledge, without giving up the human benefits of small ones, like freedom, creativity, motivation, and flexibility.” (p. 4).

Malone argues that the cost of communication determines the available social and business organizations. As communication became cheaper, firms shifted from small independent businesses to centralized corporate hierarchies. With the Internet and e-mail, business organizations shifted again, to decentralized networks that contract out, send work offshore, or set up internal and external markets for bidding on projects.

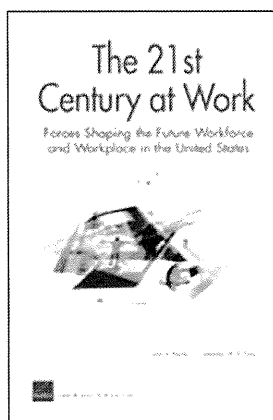
Malone believes fervently in markets as a means to individual freedom: “The most extreme kind of business freedom occurs in *markets* because . . . no one is bound by a decision to which he or she doesn’t agree.” (p. 7). The limitation to *business* freedom requires underscoring, however. Efficient markets require equal power, capital, information, and rationality. While these may exist inside a business, they rarely exist unaided.

Malone urges business leaders to acknowledge the centrality of their moral values. Unfortunately, he spends little time on how we might avoid the nightmare alternative to

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power.



*The Future of Work: How the New Order of Business Will Shape Your Organization, Your Management Style, and Your Life.*  
By Thomas W. Malone. Harvard Business School Press, 2004. Pp. 304. \$29.95 (hard cover), ISBN 1-59139-125-3.



*The 21st Century at Work: Forces Shaping the Future Workforce and Workplace in the United States.* By Lynn A. Karoly and Constantijn W. A. Panis. RAND Corporation, 2004. Pp. 304. \$30.00 (paper), ISBN 0-8330-3492-8.



*The New American Workplace.* By James O'Toole and Edward E. Lawler III. Palgrave Macmillan, 2006. Pp. 256. \$27.95 (hard cover), ISBN 1-4039-6959-0.

his optimistic vision of empowerment through IT: more suffocating control over workers with less power, a greater likelihood of cheating and corruption (witness Enron and other corporate disasters), and more inequality. As James O'Toole and Edward Lawler write: "Ironically, misused IT can create the kinds of routine, overcontrolled, over-managed, oversimplified, and repetitive jobs that appropriately applied technology eliminates. For example . . . something like 4 percent of all U.S. workers are now employed in call centers. On these 'digital assembly lines' . . . workers phone potential customers and read to them from canned scripts on computer screens, the pace of their task controlled by the computer." (p. 46). Free markets are not enough for freedom.

### Trends Shaping the Future

RAND economists Lynn A. Karoly and Constantijn W. A. Panis provide a valuable overview of U.S. employment trends. Commissioned by the U.S. Department of Labor, their book synthesizes massive amounts of information. The book documents trends in demography, technology, and globalization to forecast U.S. work over ten to fifteen years.

A striking finding is the prevalence of nonstandard work. Combine independent contractors, on-call workers, temps, contract-firm workers, the self-employed, and part-timers, and you account for one out of four workers. A 1999 estimate for California concluded "just one in three workers held only one dayshift on-site job that was permanent, full-time, year-round, and paid by the employer as a regular employee." Many experts expect nonstandard work to increase. (Karoly and Panis, pp. 192–93).

The U.S. demographic context points toward a workforce that continues to grow, but more slowly. The workforce will also be older, more diverse (racially and ethnically, in large part because of

immigration), and more balanced by gender. Slower workforce growth could limit economic growth.

Technological change—in biotechnology and nanotechnology as well as IT—continues to accelerate. Advances shape new sectors for enterprise; make work less routine; increase the demand for highly skilled workers; ensure a premium for education; and promote higher productivity. IT also offers a means of achieving personally tailored lifelong learning.

Globalization denotes a dramatic economic integration. It involves a surge in trade, especially in services; lower barriers to flows of investment and capital; new exchanges of knowledge and technology; and more human migration. These factors affect U.S. markets and competitors. They also bring "concerns over labor standards, the environment, human rights, the existence of democratic institutions, [and] the protection of property rights." (Karoly and Panis, p. xxix).

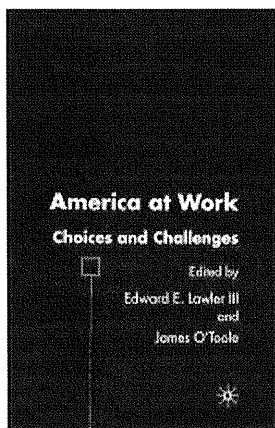
Karoly and Panis argue globalization will benefit the U.S. economy overall. However, they acknowledge that U.S. workers could face unemployment and permanent compensation losses. The prospect is chilling, especially, as Richard Freeman asserts, "The transition to a global labor market with roughly comparable living standards for workers will take at least half a century and probably longer." (p. 138).

### Involving Executives in High Involvement

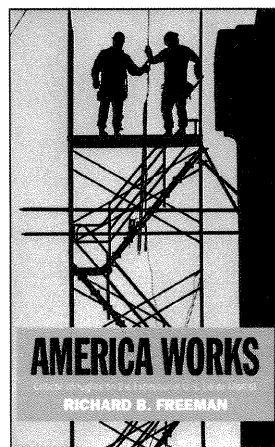
In 1972, Health, Education, and Welfare Secretary Elliot Richardson commissioned a report on *Work in America*, published in 1973. The principal author was James O'Toole, now at the University of Southern California's Center for Effective Organizations, which his co-author, Edward E. Lawler III, founded and directs. *The New American Workplace* updates the 1973 report.

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*America at Work: Choices and Challenges.* Edward E. Lawler III, and James O'Toole, editors. Palgrave Macmillan, 2006. Pp. 368. \$69.95 (hard cover), ISBN 1-4039-7297-4.



*America Works: Critical Thoughts on the Exceptional U.S. Labor Market.* By Richard B. Freeman. Russell Sage Foundation, 2007. Pp. 204. \$19.95 (hard cover), ISBN 978-0-87154-283-0.

O'Toole and Lawler seek to persuade managers of large corporations that their businesses can be profitable *and* respond to workers' needs. The key is to emulate models of high involvement, such as UPS, which create engaging jobs, involve workers in managing their work, keep workers with the company, and develop a communal culture.

Like the 1973 report, this book calls for taking workers' well-being into account. But it contrasts 1973—high wages and alienation in manufacturing—with today: global competition, insecurity, and stress through IT and networks. How does the prescription still apply?

The authors' answer: despite loosening ties between employers and workers, workers matter even more at “the dawn of the Age of Human Capital.” O'Toole and Lawler write, “For American corporations to be successful . . . they will need to develop systems and practices that attract, retain, and develop skilled, educated, and talented managers, professionals, and technicians” (p. 35).

“Human Capital” uses “human” as an adjective and “capital” as a noun, and thus emphasizes capital. Are people individuals? Or do we monetize, commoditize, and capitalize on them? The authors' vocabulary is at odds with their humanistic impulse.

So too are comments such as this: “Chinese factory workers have the skills and dexterity necessary to do the small-finger assembly work that Americans will no longer do, and they are willing to do so for ten percent of what Americans would earn for the same work, if they were willing to do it” (p. 53). Hold aside the characterization of Chinese workers. There is no honest work Americans will not do for decent wages and benefits. Workers abroad may accept lower wages in the face of oppressive political and military control and a need to survive.

But the authors see lower wages solely as a free market outcome. These lapses tarnish a laudable effort.

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In preparation for this volume, O'Toole and Lawler commissioned sixteen papers. They appear in *America at Work: Choices and Challenges*. While a few fall short, most are superb distillations by leading scholars. Two notable examples are “Restoring Voice at Work and in Society,” by Thomas A. Kochan, and “Work and Family in America: Growing Tensions between Employment Policy and a Transformed Workforce,” by Ellen Ernst Kossek. Because the papers acknowledge research choices and data uncertainties, their conclusions are often more tentative and inconsistent than those found in *The New American Workplace*. Still, the compendium offers a ready-made anthology for a curriculum about work in the United States.

### An Exceptional Nation

Richard B. Freeman's highly personal, deeply knowledgeable, and characteristically challenging book aspires “to make it easier for ordinary workers to advance their interests in the labor market” (p. 5). Eight chapters of analysis precede one of possibilities. Three striking points emerge: the exceptionalism of the U.S. among advanced countries, the inequality that exceptionalism creates, and the challenges stemming from the global economy.

The United States relies more on a competitive labor market to decide how well workers live “than any other advanced country” (Freeman, p. 7). Its market approach extends to setting wages, limiting governmental intervention, expecting workers to change employers, and penalizing unemployment.

Freeman says this exceptional approach brought the U.S. more jobs and productivity, but led, especially in recent decades, to “one great failure”: “to dis-

tribute the gains from economic growth and rising productivity to workers in the form of rising real wages and benefits” (p. 20). That failure contrasts with other advanced countries. In the United States, “the main beneficiaries were a small number of super-rich individuals and families” (p. 39). To be poor in the United States is to be poorer than in any other advanced country. The United States, Freeman says, has “the greatest difference in income among its citizens in the advanced world” (p. 43).

Freeman cites a decline in unions as contributing to inequality. He attributes the decline to requiring “a collective bargaining union or nothing,” which inevitably pits workers and unions against management (79). Workers still want institutions to represent them, though, and Freeman sees the greatest promise in “Internet- and community-based open-source unions that operate outside of collective bargaining” (p. 92). Freeman offers the AFL-CIO’s Working America, which counts two million members since 2004, as a promising example.

Compounding the challenge of inequality is globalization: “The doubling of the global workforce,” Freeman says, “has presented the U.S. labor system

with its greatest challenge since the Great Depression” (p. 129). As well, “the entry of China, India, and the ex-Soviet bloc into the world economy” redefined the balance between capital, which grew little, and labor, which expanded enormously. “This,” Freeman asserts, “almost certainly shifted the global balance of power to capital” (p. 130). Restoring the balance, he estimates, will take decades.

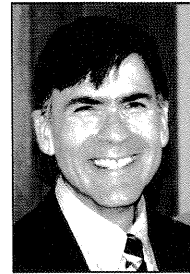
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Freeman closes with nine ideas, one paragraph for each, to sustain what he sees as achievements in employment and productivity but also to enable workers to share economic success.

Ideas like investment in science and engineering or a national plan for health care will surprise few. Proposals for increased profit sharing, employee stock ownership, new ways of representing workers, or licensing corporate directors deserve more explanation.

Freeman believes that “the high level of inequality or poverty . . . is unhealthy for American ideals of political classlessness and shared citizenship” (p. 57). We can “act to reverse the massive rise in inequality . . . if we want to,” he concludes (p. 53). The question is one of political will.



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