

# Work and Leisure: The Future for Economists

By Michael C. McCracken\*

**WHERE ARE WE NOW?** In North America, the majority of people over 25 are working and earning most of their income from a job. A full-time job is thought of as 9 a.m. to 5 p.m. five days per week, with two to three weeks of vacation and a number of statutory holidays. Retirement occurs at age sixty-five.

Part-time work makes up about 15 percent of employment, 25 percent for females. Early retirement has become more common, particularly for those laid off by large companies as part of down-sizing or "restructuring." There may be a large element of "involuntary" retirement, although it is rarely put that way.

Flextime and flexplace are being experimented with, although total hours seem to be maintained. This ensures that the firm receives the benefits from the productivity increases, while the employee has the flexibility.

In a year, a full-time worker spends about 1,800 hours at work, and those economists presently over forty will end up spending about 80,000 hours in a lifetime at work. Younger economists may spend fewer life-time hours as they participate in the changing workplace.

Economists in large organizations are usually salaried. This leads to a situation where the employer has every incentive to have work in excess of standard hours, with a marginal cost to the employer of zero. Some managers will say that "comp time" is available, when there is slack time. However, with reorganization, slack disappears. If economics wasn't so much fun, no doubt there would have been a protest long ago.

*Fifty Years From Now - 2044.* There are still 8,760 hours in a year. But little else is the same.

People still work but not 1,800 hours per year. The

average is less than 1,200 hours and the projects vary across many organizations, both public and private. Some income is associated with work, but other sources of income flows from investments and state-provided stipends.

Education is not just for the young, although they do spend most of their time until age twenty-five in educational institutions. Part of each year is spent by most in training, with several breaks throughout the "working years" in extended "learning."

Retirement has become a "fuzzy" concept, with many people working well into their nineties. The work is not deemed necessary, but rather is what they want to do. With life expectancy now over 100, this should not be so surprising.

Firms still exist - both very large organizations and very small ones. Most people belong to professional organizations (or guilds), which provide staff to other organizations as needed for their projects. The "home group" handles the scheduling of work, training, pensions, and provides the social interaction that used to be part of "normal" firms. Equity interests in the "home group" are an additional source of income throughout a member's life.

*Twenty-Five Years From Now - 2019.* Changes in the structure of firms have occurred in most large and small organizations, with a core group of people employed full-time, and with the expectation of long careers. But most other activities have been provided by part-time casual employees. The "Shamrock or Doughnut Organization" of Charles Handy has become the predominant form.

The interest in early retirement has waned for some, with increases in life expectancy leading to a demand for continual involvement in activities that are judged to be "productive."

Economists are mainly employed by firms providing services to other firms. With such an organization, the tools of the trade (data, information, models, etc.) are readily available to almost any firm or organiza-

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tion.

**Ten Years From Now – 2004.** With reorganization spreading, changes in working hours are also occurring. The four-day week, longer vacations, and flexible retirement are all used to absorb the productivity gains without breaking the link between employees and their firms. Not all participate, since many jobs are being “relocated” through contracting out or being eliminated by fewer levels of supervision.

Economists at the heart or core of their organizations remain key employees. But the “nice to have” economists are increasingly hired as needed.

## FIRST STEPS

Leading companies are recognizing that their employees can be trusted to get the task done, without substantial supervision, and without rigid hours and a place for work. With productivity increases of 10-30 percent from reorganization realizable, without requiring major new capital investment, the opportunity is too good to pass up. The success stories of Bell Canada, Bank of Montreal, Hewlett-Packard, Volkswagen and others will lead to their competitors and others examining these new structures.

With the potential productivity gains, unions recognize too the importance of collective bargaining to secure some of the benefits for their members. A combination of reduced hours with modest increases in hourly wage rates can be obtained, with unit labor costs remaining unchanged or lowered.

## NEW PERSPECTIVES

**Job and Work.** A “job” with a formal description and lifetime career path is quickly disappearing. In its place, a continuing series of tasks or projects, with only temporary loyalty from employers and increasing detachment of the employees to a particular group. This could be described as a “soap opera,” with a continually unfolding storyline, with changing writers and actors.

**Life Cycle.** Later entry into the workforce, more interruptions during the “prime ages” (twenty-five to fifty-four) and a less definite “retired” status are already visible changes, with these becoming the dominant model in the not too distant future.

**Education.** The reorganization of the workplace in North America is being driven by an increase in the level of education of the workers, coupled with the interest in more cooperative approaches stressed by women managers. The reduced number of people exposed to the military in their formative years may also contribute to increased willingness to consider alternative organizational models.

**Computers and Communications.** The personal computer, modem, fax, internet, CD-ROM, and other innovations are allowing people to do some work where they wish. This can be at home, on the road, indeed, from almost anywhere on the globe. Conferencing facilities and audio-visual linkages will allow more work to be done without face-to-face interaction.

**Other Technologies.** Air transportation, courier service, standardized software systems, accounting standards, credit cards, voice mail, etc. – all influence the way we work.

**Productivity.** The emphasis on performance and international competitiveness has driven firms to seek higher productivity at the lowest possible cost. Reorganization is just one more step in the process.

**Hours.** Businesses are expected to operate longer hours when servicing the public. Multiple shifts are not uncommon if there is a need to leverage fixed capital, or if demand is volatile. The move to minimize inventories – Just in Time (JIT) – has led to greater variance in production and a desire for a JIT workforce.

**Dual Incomes – No Time.** With both adults in a family working, there can be a sense of frustration or stress in juggling work and family responsibilities. Indeed, one label suggests the problem is even more basic – TINS, or Two Incomes, No Sex. Seriously, the growing number of dual-income families has helped provide larger incomes, but with increased time pressures on family members.

**Pressure to Learn.** With a work pattern built around new projects, the adoption of new technologies in the workplace, and an increasingly competitive job market, the worker is under pressure to learn new things. This may be possible in the workplace, may require home study, or may lead to bouts of training, interspersed with work.

## ENABLING ADAPTATIONS

**Separation of Health Care from Workplace.** Adjustments will be easier in countries where health care is not tied to a job. Until the United States reforms its health care system, there will be a reluctance to adapt new working time structures.

**Portable Pensions.** In a world with many employers during a lifetime, workers will increasingly want a fully vested, portable pension. This may come in the form of self-administrated plans (RRSP or IRA), or in pensions being provided by the guild or union as is common in the construction sector.

**Learning Centers.** With the emphasis on life-long learning, there should emerge adult learning centers, either linked with universities and community colleges, or independent. These centers may be disci-

pline-oriented, or general-purpose with a regional focus.

*The Darker Side.* Without education or skills, the prospect for some is bleak. Unemployment is high in Canada and Europe, with underemployment widespread in most developed countries. Both Canada and the United States have a disproportionately large part of their population in prisons, with a number in "training." Groups are living on welfare with little hope for a change. Homeless are "visible" in most cities. Will society be able to integrate these sub-populations? Or will the polarization grow?

*Polarization of Income.* In the 1980s, workers moved towards the two extremes with regard to income from work. In the United States it appears that this polarization of incomes was driven by differential wage rates. In Canada, both work time and wage rates contributed to the polarization.

It is conceivable that the future will see a further polarization of incomes within North American society. One group will not find work regularly, will receive some income through transfers, but will be a continuous source of social discontent and embarrassment to politicians. At the other end, a group with high

incomes and expanding educational opportunities, will be the "workers" in society, although their hours will be modest compared to today.

Can these two groups live side by side? Probably not.

#### CHANGE IN MEETINGS

Before the 100th Anniversary of CBE it is likely that at least some of the meetings will take place in the "Electronic Conference World" through teleconferences, on-line bulletin boards, etc., with the equivalent of hundreds of meetings per year. Indeed, the CBE may become the "guild" or "home" for the top business economists.

The first step will be the creation of an on-line bulletin board for members, sometime in the next ten years.

#### FURTHER READING

- . Schor, Juliet, *The Overworked American*
- . Handy, Charles, *The Age of Unreason*
- . Handy, Charles, *The Age of Paradox*

