

The Growth Dilemma

Creating human-centered spaces in the midst of rapid change.

When tech consulting giant Accenture first set up shop in India more than two decades ago, managers were mostly focused on costs. Price competition in the industry was intense, with local upstarts like Infosys starting to challenge the big global players.

But competition for skilled employees was intense. Accenture knew it had to do more to both attract and retain the best people. An evolved and progressive workplace played a key role in helping to keep and attract these valuable workers.

“In the early years, the only thing we had to compete with was compensation,” says Patrick Coyne, global director for workplace solutions at Accenture. “We then realized that we needed to think more broadly in order to keep these people. That led us to look hard at creating an ‘employee experience’—how can we create community, build a sense of connection.”

Accenture’s experience is an increasingly common one in the rough and tumble business environments of India, China and other growth markets around the world. With their booming economies and burgeoning populations of well-educated workers and prosperous consumers, these countries are reordering the global economy and forcing businesses of all stripes to rethink their strategies.

WHAT’S HAPPENING

84 percent

world population that resides in emerging economies today

600 million

China is adding 400 million to its urban population and India is adding over 200 million in the next 10 years

70 percent

By 2030, as much as 70 percent of India’s projected population could be middle class

400 kilometers

India will need to add 350 to 400 kilometers of metropolitan railways and subways each year to keep up with the need

Image Right:
Nanjing Road, Shanghai, China

WHAT IS A GROWTH MARKET?

Growth markets are generally defined as countries or regions whose economies are expanding more rapidly than the world average, and which are large enough to account for at least one percent of global gross domestic product. They also have a favorable business environment, with enough physical and financial infrastructure to make them attractive to international investors. In Asia, countries including South Korea and Indonesia are part of the club, along with the two regional behemoths, India and China. Mexico, Brazil, Turkey and a number of Eastern European countries fit the definition too.

The emergence of these economic dynamos has shifted the landscape for multinational businesses, simultaneously complicating their challenges and creating new opportunities. Companies that once saw the developing world as primarily a source of low-cost labor are now shifting higher-skill work to places like India and China, while moving more basic operations like call centers to cheaper locales such as the Philippines. Local companies, meanwhile, are quickly climbing the value chain, in many cases evolving from subcontractors into full-fledged global competitors in fields ranging from software engineering to advertising.

This article explores the specific growth market forces impacting China and India today.

THE CHALLENGES

Steelcase researchers recently completed an in-depth study in India and China to better understand the unique challenges of operating in growth markets. The team identified three broad forces that are having an enormous impact on businesses and work.

INFRASTRUCTURE VOIDS

First, there are the obvious infrastructure voids in areas such as transportation and utilities, but also voids in areas such as reliable legal systems and bureaucracy. Hard infrastructure, such as roads and bridges, is essential for low-cost movement of goods. It's also a prerequisite to efficiently get people to and from work. India needs to add 350–400 kilometers of metropolitan railways and subways each year just to keep up with the need, according to a McKinsey & Company study. Accenture, for one, has created its own private bus fleet to get employees to work.

Unreliable electricity, arbitrary or inadequate planning processes and building codes, legal systems that can't always be counted on, patchy Internet and other communications services are just a few of the infrastructure problems that can foil a company's best-laid plans. Lack of good data and market intelligence adds to the uncertainties.

RATE OF GROWTH

Second, the unprecedented rate of urbanization in India and China is creating unpredictable challenges; China is adding 400 million people to its urban population over the next 10 years and India is adding over 200 million in the same period.

Elise Valoe

Manager, WorkSpace Futures Steelcase, Asia Pacific

Elise is passionate about exploring and discovering insights and opportunities for Steelcase in new markets. She is responsible for leading Steelcase's research efforts in Asia Pacific and currently leads a design research team that focuses on understanding users, changing behavioral patterns and the impact of emerging technologies in growth markets—all critical inputs to Steelcase innovations.

Growth also comes from a burgeoning middle class. By 2030, as much as 70 percent of India's projected population could be middle class. This group will include hundreds of millions of millennials who "haven't been exposed to the types of problems that their parents have," says Steelcase Researcher Elise Valoe. The millennials in China are eager for change, especially as the country continues to interact more with the rest of the world. This younger demographic is optimistic, having been exposed to consumer products instead of dramatic political tension, according to Valoe.

LIMITED RESOURCES

Third, there is a lack of resources. The intense competitive environment means that margins are thin in the best of times, and a commitment to keeping costs down is baked into the DNA of many a local manager. Nobody is going to throw out the old furniture, or even move offices, just because the working quarters have grown more crowded—managers often have more than a full plate, and little time for anything not deemed absolutely essential. At the same time, in the case of multinationals at least, those same managers have to wrestle with the need to maintain a firm's global values and standards while keeping costs low.

"There's a tension between the local versus the global idea of how to do things," says Scott Dorn, retired managing director, global property operations, General Electric.

Competition for talent in these fast-growth markets is intense. India's workforce is growing rapidly—in the next 25 to 30 years, it could add as many people to its working population as there are people, total, in the United States—but there's still a lot of demand for college grads who have technical skills and are fluent in English. China has a different demographic dynamic: Its aging population means the country will face a shortage of 23 million high-skilled workers in 2020, according to McKinsey, despite extensive training and education programs. In both countries, Steelcase research shows that attracting and retaining skilled workers is a huge concern for employers.

Both China and India are also facing real estate constraints. Seven of the 10 most expensive real estate markets are in Asia. As a result, businesses in growth markets have limited space for large employee populations, hindering their ability to create effective workplaces and forcing tough decisions about how to maximize space.

Most businesses in growth markets have limited space for large employee populations which hinders their ability to create effective work environments.

THE CHANGING MIX AND TYPE OF WORK

When Westerners think about the office work being done in India and China, they often assume that it's all about call centers and other routine tasks. But even as call centers continue to operate in these markets, many companies are taking on more sophisticated work as the availability of highly skilled labor increases. Accenture's India operations, for example, evolved from a call center to more complex activities such as analytics and software development.

"There is an increase in local product development which is creating new demand for more creative, highly skilled knowledge workers and changing the behaviors at work. Businesses are not only striving for high-quality efficiency but also growing creative expertise. The mix and type of work people are doing in these markets is changing and this has great implications for the workplace," Valoe explains.

The Steelcase study identified four organizational types:

- Task
- Process
- Functional
- Matrix

While task and process excellence is still the goal for many growth market businesses, the nature of the work can shift with remarkable speed. Indeed, no matter what type of work a particular company or office performs, they all face the common challenge of constant change at both an organizational and individual level. That places a lot of demands on the workplace. Understanding the nature of the work being done will allow organizations to create work environments that will help them compete.

Organizational Types

FUNCTIONAL-BASED ORGANIZATION

Organizations focused on spurring the creativity and discipline needed for leading local firms or business units to become global challengers, or to serve as global centers of excellence for specific business functions

Challenges: Lack of specialized talent limits expertise and business growth

Factors: Growing expertise; retaining talent; supporting multiple work modes

Workplace Goal: Enable High Performers

MATRIX-BASED ORGANIZATION

Organizations focused on becoming a truly integrated enterprise that can seize global opportunities and lead distributed, highly collaborative, multi-cultural teams

Challenges: Complexity of globally distributed work restricts speed and agility

Factors: Distributed collaboration; hierarchical command and control; poor or restricted information flow

Workplace Goal: Build Trust

TASK-BASED ORGANIZATION

Organizations focused on optimizing costs in order to be a viable resource for comparatively simple business processes and services, such as call centers

Challenges: Active employee engagement is difficult to achieve with repetitive tasks

Factors: Intense focus on cost per person; tightly dense workstations; low employee motivation; high turnover rate

Workplace Goal: Increase Employee Engagement

PROCESS-BASED ORGANIZATION

Organizations focused on becoming an efficient and high-quality source of expertise in areas such as engineering, procurement and analytics

Challenges: Unpredictable work conditions impede consistent quality outputs

Factors: Training a large workforce quickly; evolving work processes and teams; unforeseen disruptions

Workplace Goal: Establish Resilience

CHANGING THE STEREOTYPE

The stereotype of the call center would not seem to leave a lot of room for creativity in office design: a crowded office, lined with row after row of identical workstations, manned by interchangeable employees. But even a call center has a complex sociology, and the subtleties of how it is set up and run can make the difference between a productive, efficient operation and one that's constantly struggling with low morale and high turnover. A happy, engaged call center operator is going to give much better service than a miserable, alienated one.

"Attracting and retaining employees is something we think about it every day," says Bruce Bundgaard, director of real estate at United Health Group, which has large call center operations in Asia. "Overall design, quality of delivery and amenities play an important role in how employees perceive their work environments. Our goal is to develop an office work environment that is flexible and adaptable to support the businesses we serve for the complete duration of the lease."

Still, he said, companies "have to be careful when you approach the line where the capital is weighing down the competitiveness." To put it another way, the key is to make the call center more pleasant and productive without making it more expensive.

Work in growth markets is not just about call centers anymore. There is an increase in local product development which is creating a new demand for more creative, highly skilled workers and it's changing the behaviors at work.

One of the key challenges in a crowded call center is facilitating what Steelcase researchers have identified as a crucial mode of work in many growth market companies: dyadic, or one-on-one, collaboration. If a call center operator is having trouble with a customer, she might turn to a manager or a more experienced colleague, who will slide her chair over to help. The more physically comfortable that is for everyone, the better.

Dyadic collaboration is also central to more sophisticated operations that focus on process excellence, such as Cummins Inc.'s engineering center in Pune, India. There, workers process engine analysis results for other Cummins engineering groups around the world; efficient, accurate and predictable workflow is crucial.

Unlike work in a call center, the engineers and analysts work together in small teams, with the supervisor at the same workbench. But informal one-on-one collaboration is still very common, reflecting the healthy tension between the need to tightly manage an exacting, complex process and the flexibility to enable efficient problem-solving.

The Cummins teams often need to be in touch with colleagues around the world, which creates yet another set of workplace optimizations to foster connections globally. Further, the teams frequently shrink or grow or change, based on projects, requiring a lot of flexibility in office configurations.

Mahendra Bangalore, chief information officer for Willis Processing Services (India), a unit of the international insurance brokerage Willis Group, says the college graduates the company recruits want a "lively, bright and colorful" workspace. "We want to give them the feeling of, 'Wow, I want to come to the office today and every day,'" he added.

One of the key challenges in a crowded call center is facilitating dyadic work, or one-on-one collaboration.

Willis is currently in the process of developing a new, 130,000 square foot headquarters office that could serve as a model for company offices around the world. In the new office, some spaces are set aside for formal and informal collaboration.

Another key aspect of the design, says Bangalore, is that all spaces have to be multifunctional and easy to reconfigure; with most offices working two or three shifts a day and the mix of work constantly evolving, flexibility is crucial. Everything from foldable walls to special types of electrical outlets are being tested as part of the effort to create a “template for future offices” that incorporates the latest technology and design thinking. It will also aim to replicate the current company headquarters’ use of soaring ceilings and natural light to help create a nice environment while reinforcing company values around transparency, openness and the elimination of traditional work “silos.”

Due to density, spaces in growth markets need to be multifunctional and easy to reconfigure. This lunch area also doubles as an informal meeting space.

INSPIRING AND MOTIVATING EMPLOYEES

For organizations that strive for functional excellence, the primary assets are highly skilled knowledge workers. The challenge for these companies is to keep key employees not just comfortable and productive, but also inspired and highly motivated. “Employees’ individual skills, expertise, and opinions are critical to establishing the business’s functional excellence,” Valoe says. “Keeping employees inspired is just as important as keeping them engaged in their work.”

TV broadcaster Tata Sky, a joint venture between the Indian conglomerate Tata and Fox’s Sky Television, created a space for its 190 headquarters employees that features designated areas for game playing and socializing. Its unusual circular floor plan gave a feeling of openness, with the company’s branding prominently displayed. The effect was a vibrant space designed to encourage creativity and spontaneous interactions, while instilling a strong sense of company pride.

To accommodate the pace of change, companies need to start integrating different types of workspaces in order to support people properly. “As these growth markets mature, office space needs to adapt and mature, also,” says Jason Heredia, Steelcase’s vice president of marketing for Asia Pacific.

But a major hurdle to providing diverse workspaces is density, an overriding fact of life in Asia that often governs not only working conditions inside the office, but also employees’ daily experiences outside of it. “The everyday challenges experienced by employees just getting to work can create new problems in the workplace,” notes Heredia, pointing to long, harried commutes and often-difficult living conditions. The office, he says, can be something of a sanctuary for employees, compared to the everyday challenges they experience in life, and so it’s especially important to “humanize the density.”

“The office can be something of a sanctuary for employees.”

JASON HEREDIA | Vice President, Marketing Steelcase Asia Pacific

In much of India, for example, public transportation can be a nightmare and personal safety concerns loom large. Thus a company that wants happy, engaged employees has to worry about their experience—not from the moment they enter the workplace, but from the moment they leave their homes.

They also have to recognize that those employees, unlike many of their Western counterparts, may not have the luxury to choose where they do their work. While in some parts of the world employees might go down the street to a coffee shop to think or meet, the reality in growth markets is that these places might not exist or be difficult to reach across a 6-lane road—not an option for a quick break. At Willis Group’s new facility, the company canteen is being designed to accommodate working and informal meetings—a sort of in-house Starbucks.

OFFICE DESIGN: A CATALYST FOR CHANGE

Eighty-four percent of the world’s population resides in emerging economies today. The opportunities in these markets are limitless, but the challenges are daunting. And while there are many market issues that businesses can’t control or even influence, there are many strategies that companies can deploy to thrive in volatile conditions. Among those, the workplace can be designed as a catalyst for change. If created to support the kinds of work that people need to do today and tomorrow, it can foster both efficiency and creativity and inspire people to do their best work, unleash their potential and help their organizations win.

THE REALITY

Three broad ways the workplace can address these challenges:

1. Enhance employee wellbeing even in high-density workplaces
2. Create a palette of place in limited space
3. Provide for maximum resiliency in the face of fast-changing demands and limited resources

1. ENHANCE EMPLOYEE WELLBEING EVEN IN HIGH-DENSITY WORKPLACES

To keep employees engaged, it’s vital that the workplace be designed to nurture their physical, cognitive and emotional needs. This is true of work environments everywhere, but it’s becoming even more critical in growth markets as worker expectations rise even as they struggle to keep up with the rapid change happening around them.

Michael Held

Design Director, Steelcase Asia Pacific

A German native who has worked in five countries, Michael has a degree in industrial design and leads the Asia Pacific arm of Steelcase’s global design team. Having lived and worked throughout Asia for over a decade, he heads the product development initiatives for the region with a specific focus on growth markets.

“Work today is both physically and cognitively demanding, and work environments should be designed to help people deal with the stress it causes,” says Michael Held, director of design, Steelcase Asia Pacific. “You may not be able to make the space less dense but you can do things that will make it a better experience for the people working there.” For example, at call centers a simple “touchdown” space at the end of a workbench can provide a spot for employees to put down their things and wait more comfortably during a shift change.

Giving people a sense of comfort and control in their individual workspaces also helps to create a better experience, says Held. At a call center, something as small as a marker board at their desk to make lists or a nametag on a chair can give a sense of order and ownership. In fact, space to stow a backpack or a change of shoes can be especially important when the office—even a crowded one—is a home-away-from-home for workers with long shifts and long commutes.

Adding some privacy elements into the space can also help humanize the density. According to Held, these do not need to be physical or even visual boundaries. “Something as simple as a small screen between people at a workbench can give people a sense of personal space. Allowing people to customize their workspace even a little bit—a pin board for pictures of friends and family, choices in how they position themselves at the workstation—can also humanize even a very crowded space.”

Held also recommends providing options for employees to change postures throughout the day, such as lounging, sitting and standing, which is critical for physical and cognitive wellbeing and to help employees stay focused and engaged. Plenty of natural light will always create a better overall mood.

Strategically place standing-height areas to leverage natural human cues of standing to foster socialization and create quick meeting areas.

Make distributed collaboration/connections more seamless to help distributed teams feel equal and build trust. Incorporate settings that encourage changes in posture and help users stay engaged.

Embed leaders into the open plan to expedite problem solving and foster knowledge sharing.

2. CREATE A PALETTE OF PLACE IN LIMITED SPACE

A range of spaces that provide employees options for different modes of work can promote individual employee wellbeing—and thus improve retention—as well as advance other business goals.

But this palette looks very different in high-density growth markets, for the simple reason that there’s less space available. “The idea of a single-purpose space is too luxurious within a high-density culture,” says Held. “When space is really, really limited, a palette of place is confined to fewer places and one space has to do more. Spaces need to be designed to be multipurpose.”

A benching work environment, for example, can be designed to support both individual and collaborative work.

“More space does not make a space better,” Held emphasizes. “Optimization of space and adjacencies are the critical factors to consider.” For managers, the individual spaces need to allow for one-on-one mentoring. And even when a manager is at the same workbench with the staff, a slightly bigger desk, a second work surface, a larger storage area, or a second chair for collaborative work can all serve to both express the manager’s more senior position (hierarchy is still an important consideration in India and China) and facilitate quicker learning.

An extra, open space at the end of a workbench can also provide a natural area for informal conversation or one-on-one collaboration.

Informal spaces can be especially important for creative work: at the ad agency Ogilvy & Mather’s offices in Mumbai, a pantry is the locus for birthday celebrations and socializing—crucial to the company’s culture. Small teams also use this space to collaborate informally, and there’s a feeling of freedom and vibrancy in the office.

Include spaces with shielded boundaries to allow workers to concentrate alone or have a quiet one-on-one conversation without taking up valuable real-estate. These spaces can be co-located throughout to provide areas for on-demand team collaboration.

Design spaces to be multifunctional: Use reception areas, lobbies and cafes as spaces for informal collaboration and socialization.

Create a zone for focused work using benching. The integrated accessory rail frees up valuable real-estate by getting items like monitors off the worksurface. This also allows dyadic connections at the individual space, promoting quick trouble shooting among peers.

3. PROVIDE FOR MAXIMUM RESILIENCY IN THE FACE OF FAST-CHANGING DEMANDS AND LIMITED RESOURCES

The final critical factor in designing spaces in growth markets is resiliency. How can space help organizations respond to rapidly changing business processes, evolving work needs and large populations? Rapid growth and shifting work patterns make it imperative that office changes can be made quickly and easily without starting from scratch.

According to Held, the key is flexibility or modularity. Modular structures, made from components that can be easily reconfigured, make it easy to change spaces to accommodate evolving business needs. For example, benching solutions that allow you to add or subtract elements without moving the base bench units enable quick changes. Work surface extensions and privacy screens can all be added to support changes in team size or to shift the focus from individual to collaborative work.

Multipurpose spaces that can support more than one activity are also a key part of the mix. Work environments should also be designed to help bring a diverse range of people, resources and tools into close proximity with each other. This is referred to as clustering, and it can promote the cross-pollination of people, ideas and experiences through places that bring them together.

Design harder working social spaces to be multifunctional: integrate social settings that encourage social networking, respite and moments of rejuvenation throughout the day. Provide opportunities to connect socially to build trust while creating a sense of community.

Use modular planning principles: Rapidly respond to changing needs with benching that easily allows for adding or subtracting elements, without moving the base bench units. Worksurface extensions and privacy screens can be added in the field to support changes in team size.

Create more dynamic work environments: Integrate informal team spaces into the overall design to support more complex work and the need for spontaneous collaboration.

Introducing New Research on Engagement + the Global Workplace

1/3 of workers in 17 of the world's most important economies is disengaged, according to new research from Steelcase. Working with global research firm Ipos, the Steelcase Global Report is the first to explore the relationship between engagement and the workplace.

Featured Products

[+About Steelcase](#)

[+Customer Care](#)

[+Legal Notices](#)

[+Connect With Us](#)

[+Contact Us](#)

The Steelcase logo is displayed in a large, bold, black sans-serif font, centered on a light gray background.

© 1996 - 2022 Steelcase Inc. is a global leader in office furniture, interior architecture and space solutions for offices, hospitals and classrooms. Our furniture is inspired by innovative research in workspace design.