

# The Future of Work

“Paradoxically, the more we are able to communicate anytime and anywhere, and the less distance matters, the more important it becomes where you are, who you choose to speak with and in what context you choose to do so.”

Carsten Sørensen, report co-author.

# Executive Summary

1 This report examines the key trends that will influence the future of work, and highlights the tensions and contradictions organisations face in considering how to respond. The implications for leaders and HR are explored and tools and advice are offered to help plan for the future. The key trends and implications are graphically shown in the column.

## Macro trends

2 Five macro trends are evident

- Globalisation, with its consequences and risks.
- Shifts towards sustainability in business.
- Population growth, ageing, and new generation needs.
- The rise of emerging economies.
- Technology.

These are considered within a global context described as VUCA – volatile, uncertain, complex and ambiguous.

3 Working life is increasingly dominated by technology, which offers both opportunities and challenges. These include developments in mobile technology, cloud computing, the potential of big data and analytics, harnessing collective intelligence through, for example, crowd-sourcing – and the possibilities offered by social media and gaming.

4 We find significant implications for relationships between organisations and customers, as self-determination and choice become key drivers. Shifts are occurring from an age of mass production and economies of scale towards customisation at low cost, automation and customer self-service.

Highly codified and scripted interactions with agents in call centres will be replaced by warm customer relationships using cold technology.

## The effects

5 Future trends will affect work in different industries in different ways. We identify three types.

- Transformational work, such as building or manufacturing which, increasingly, is moving to emerging economies.
- Transactional work, which at present is carried out in call centres, is being automated, outsourced or moved offshore.
- Interactional work, based on knowledge and expertise, will be enhanced rather than replaced by technology.

6 Organisation design is a key consideration. Four trends will shape how firms are structured.

- Networked organisations, where many objectives are achieved through partners and external contributors rather than permanent employees.
- Virtual organisations, where non-core activities are outsourced.
- Flat organisations which replace hierarchies with fluid, flexible project teams.
- Decentralised organisations, where decisions and innovations are shaped by those closest to the customer.

Organisations can combine some or all of these features as they consider how to design for the future.

## Workplace factors

7 Flexible working will be essential in the future, becoming more widespread and with many options for where, when and how people work. It will produce significant business benefits. However, organisations will have to manage difficulties such as knowledge exchange, and re-examine management practices to ensure they support new ways of working.

Better means of production and innovation, new forms of organisation, new kinds of work, different types of workplace relationships – and far-reaching consequences for the unwary organisation, or the unwitting HR function. This is the future of work.

- 8 The full-time, permanent workforce is shrinking as people choose to work independently, and economic necessity forces them to accept itinerant work. Technology will accelerate this trend, enabling companies to source labour at low cost from anywhere in the world.
- Workforce diversity will continue to have a significant impact. The implications for careers and talent management are considerable.

#### Paradoxes of future work

- 9 We identify several paradoxes facing organisations.
- Balancing growth through innovation and new markets versus maximising returns from existing businesses. We discuss the notion of the 'ambidextrous organisation' and how it may help resolve this dilemma.
  - The proliferation of technology and flexible working means work can be done anywhere, anytime – which, paradoxically, necessitates boundaries to avoid burnout.
  - Similarly, flexible knowledge work makes supervision more difficult, resulting in performance management by outcome rather than input and process.
  - Conversely, observing work activities in real time becomes possible through widely available and affordable technology – this implies more scrutiny of work, even though workers may be physically remote from managers.
  - The parallel challenges of having to produce at lowest cost, with demands for high quality, individualised customer offerings. How automation, self-service and other technologies enable firms to overcome this challenge are examined.

#### Implications

10. The wide-ranging implications of the future of work are discussed. Leadership teams need to consider how practices have to evolve. For example,

- how organisations improve their scanning capability so that future trends become a key part of strategy and people management
- the new style of leadership required – shifting from traditional command-and-control towards leaders who can communicate their vision in the face of complexity; those who are externally-focused and have the foresight to identify opportunities; and those who create collaborative environments that foster innovation
- the implications for talent management. Flexible career structures will be needed because of diverse workforces, new generations with different work expectations, and an ageing workforce wanting to remain economically active post-retirement age
- the success factors in virtual, decentralised, network organisations will be different, which must be reflected in new forms of leadership development
- reward practices will change in the face of increased data transparency and linkages between outcomes and pay
- opportunities offered by new technologies such as social media will enhance engagement and employer brand development.

#### The HR focus

11. The future of work presents an opportunity for HR to demonstrate leadership. However, functions will have to be well-informed, well-networked and prepared to challenge the organisation to maximise the business benefits offered by future work trends.

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