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Economist

Intelligence  
Unit

A report from the Economist Intelligence Unit.

Automated,



& dispersed



**The future of work in the 21st century**

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## About the research

*Automated, creative and dispersed: The future of work in the 21st century* is a study by The Economist Intelligence Unit (EIU), commissioned by Ricoh Europe. The report seeks to identify the key trends that will influence the nature of work and working life over the next 10-15 years and investigates executive attitudes towards these trends. The research draws on four components.

1. A programme of ten interviews with experts and academics from a range of fields dealing with trends that will influence the future of work. The interviewees (listed alphabetically) were as follows:

- Charles Armstrong, CEO, Trampoline Systems
- James Baron, William S Beinecke professor of management and professor of sociology at Yale University
- Sir Cary Cooper, professor of organisational psychology and health, Lancaster University
- Henrich Greve, professor of entrepreneurship, INSEAD
- Professor Alan Hedge, director of the Human Factors and Ergonomics Laboratory, Cornell University
- Thomas Malone, the Patrick J McGovern professor of management at the MIT Sloan School of Management

- Graham McClements, director of architecture and head of workplace practice, BDP
- Robert Reich, chancellor's professor of public policy at the Goldman School of Public Policy at the University of California, Berkeley
- Charles Seaford, head of well-being at the New Economics Foundation
- Ian Stewart, chief economist, Deloitte

Full texts of these interviews are available at [www.bitly.com/eiufuturework](http://www.bitly.com/eiufuturework).

2. On the basis of these interviews, the EIU defined ten key trends that will impact the future of work in the next 10-15 years. The list was presented via an online poll to 553 global executives, drawn from a range of industries, who were asked to identify the three trends they believe will have the greatest impact on their organisations. The results of this poll can be found on page 7.

3. The top three trends, as voted for by executives in the poll, were examined in more detail through a further survey of 474 European executives, drawn from a variety of industries. The results of the survey are examined throughout this report.

4. To provide additional insights, including specific investigations of the implications

of these trends for hospitals, universities, banks and government organisations, the EIU interviewed the following executives:

- Professor Anant Agarwal, CEO, EdX
- Sarah Andrews, human resources and retail director, Harrods
- Fiona Cannon, diversity and inclusion director, Lloyds Banking Group
- Mike Cutt, non-executive director, The Co-Operative Group
- Professor Jane Dacre, Royal College of Physicians
- Sharon Doherty, global organisation and people development director, Vodafone
- Craig Donaldson, chief executive, MetroBank
- Jessica Federer, chief digital officer, Bayer
- Liam Maxwell, chief technology officer, UK government

- Tina Oakley, HR director, Gatwick Airport
- Dr Mark Porter, chair, British Medical Association
- Adam Raeburn-James, senior vice president of IT and infrastructure services, GSK
- Paulo de Sá, vice president of employee services technology, Unilever
- Liz Shutt, policy director, University Alliance
- Robert Teagle, EMEA IT director, Starbucks
- Hans Tesselaar, director of sourcing, innovation and governance, ING
- Salley Whitman, executive director, NXT Health

The Economist Intelligence Unit would like to thank all interviewees and survey respondents for their time and input.

The report was written by Leo King and edited by Pete Swabey. ■

## Executive summary

It is no longer news that smartphones and instant communications are transforming the nature of work and employment. Service providers of all sorts—from computer programmers to translators and writers—can do their work in far-flung places and deliver it instantly to their clients. Entire industries have sprung up, connecting short-term service providers with short-term “employers” looking for a specific service.

To what degree will these trends transform the nature of work by 2030, particularly within corporations? Will entire economies abandon traditional employment patterns in favour of IT-enabled short-term service delivery by individual “entrepreneurs”? In the new computer-enabled world of work, in which nearly everyone is a service provider, how will employers ensure the long-term commitment needed to build markets and businesses, and how will they bring out the best in their employees to gain an edge over their competitors?

To answer these questions, The Economist Intelligence Unit sought expert views on the trends affecting the future of work, and on how employers are reacting to them. Here are the main findings of the research:

- **In the next decade-and-a-half, digital technology will dissolve the concept of work as we know it.** Already, smartphones and broadband allow employees to work wherever they wish, on more flexible schedules than they may have in a 9-to-5 working environment. Soon, experts predict, digital components will be embedded into almost any object and surface, turning every space into a potential working environment. This will have broadly positive effects for organisations, including helping to foster employee creativity and improving customer services. However, some fear that the resulting job insecurity will place a psychological burden on workers.
- **The growing use and sophistication of automation will shift the emphasis of human employment towards creativity and social skills.** Robotics and artificial intelligence will increasingly be used in place of humans to perform repetitive tasks. At the same time, globalisation and falling barriers to market entry will demand greater skills in innovation and better customer service to remain competitive. Creativity and social intelligence will, therefore, become crucial differentiators for many businesses; jobs will increasingly demand skills in creative problem-solving and constructive interaction with others.

● **This new reality of work will require a more nurturing approach to management.** Over one-third (35%) of survey respondents say managers will need to become more effective at nurturing talent in order to ensure their companies' success. Moreover, as the geographical boundaries defining a corporation fade, a sense of shared purpose and common corporate culture

will grow in importance. And for companies relying on creativity and social skills, the need to generate a sense of shared purpose will put natural limits on automation and outsourcing. As Professor James Baron of Yale University puts it: "An organisation that takes mission and purpose seriously will find it less convenient to outsource things it could have pushed outside." ■

# Introduction

Think of the major trends that have impacted the way we work in the last ten years: the credit crunch, climate change, smartphones and broadband Internet, the evolution of workers' expectations as one generation entered the workforce and another one left, to name but a few. All are very different in nature, and all have affected work in different ways—some apply on the level of individual workers, others on the macroscale.

There is no reason to suggest that the trends that shape the future of work will be any different. Some will be economic, some technological, some sociological and others political. Any serious attempt to predict the future of work must therefore draw on many disciplines and incorporate many points of view.

That was the principle which guided this investigation of the future of work, conducted by The Economist Intelligence Unit (EIU) and sponsored by Ricoh Europe. We began by

interviewing ten experts drawn from fields ranging from economics to ergonomics. We asked them to identify the major trends that will define the way people work and make a living in the next 10-15 years.

The EIU refined those trends and invited over 500 business executives to identify which of these trends they believe will have the greatest impact on their organisations in the coming decade-and-a-half. The top ten trends, and their ranking according to the executive poll, can be seen in chart one.

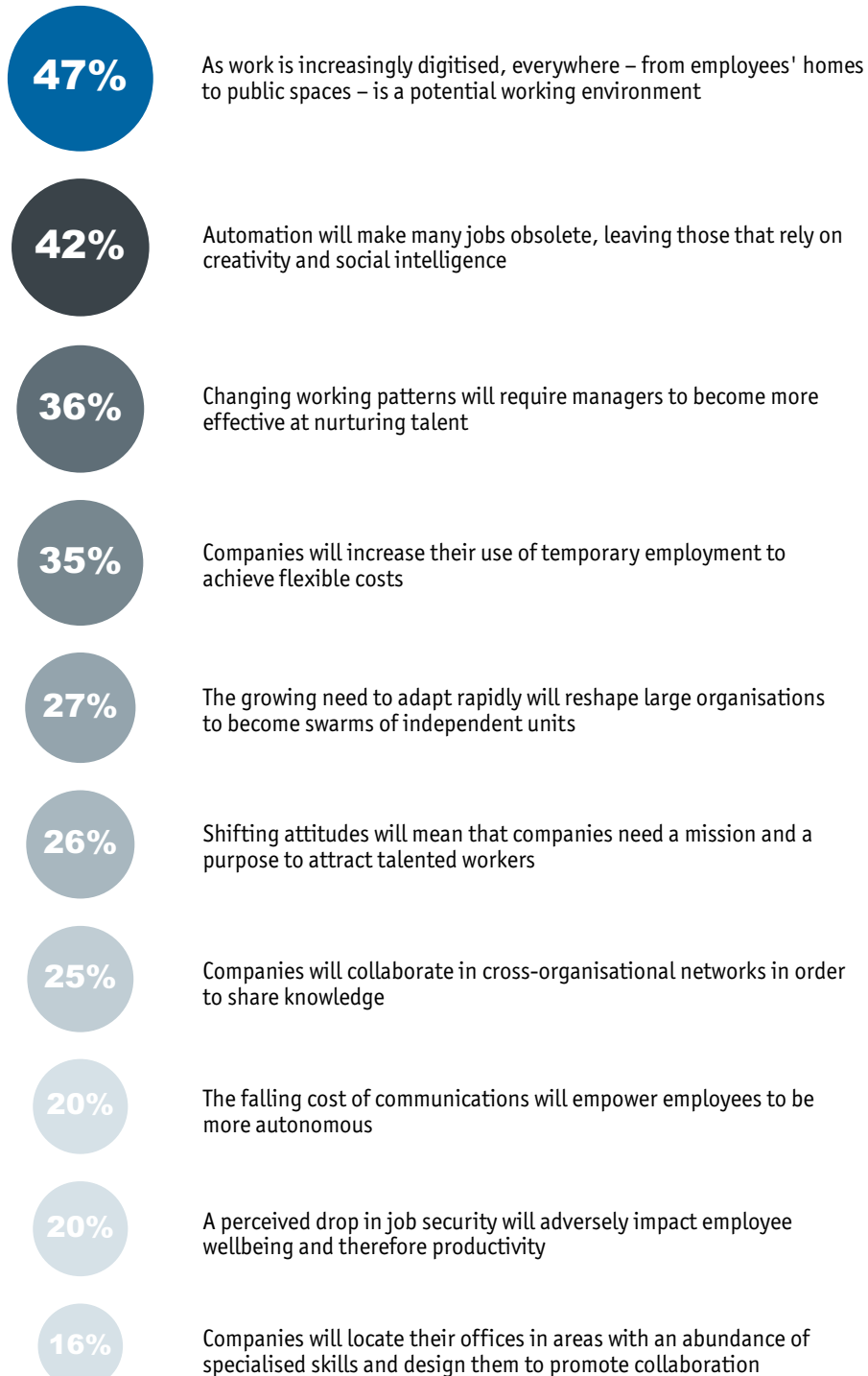
This process allowed us to single out three major trends—as identified by experts and corroborated by business leaders—that will revolutionise the nature of work in the coming years. There follows an in-depth investigation of how those three trends will affect businesses and their workers, and how well prepared organisations are for their impact.

## Chart 1

**Which of the following trends do you think will have the biggest impact on your organisation and the people who work for it in the next 10 to 15 years?**

Please select the top three

(% respondents)



Source: The Economist Intelligence Unit.



## 1

## Your workplace is... everywhere

It is still only eight years since the late Apple CEO Steve Jobs unveiled the very first iPhone. Since then, smartphones have seen such a meteoric rise that today around 2bn people—over one-quarter of the human race—carry one. That figure is expected to double before the end of this decade.

This is liberating work from its geographical shackles. In the last 50 years, as more work has been computerised, staff have become increasingly tied to their desks and the PCs that sit on them. But now, thanks to broadband Internet and remote working policies, those desks may well be located in employee's own homes. Nevertheless, the PC revolution brought about an era of sedentary working, and thanks to smartphones, that era is now drawing to a close.

It was Professor Alan Hedge, director of the Human Factors and Ergonomics Laboratory at Cornell University, who proposed this digital dissolution of the workplace as the key trend for next 10–15 years.

“With the widespread use of mobile technologies, work is now being done in a wide variety of locations—not just the office or the factory or the hospital,” he told the EIU. “Traditional boundaries between work and home are blending together.”

For Professor Hedge, smartphones are just the beginning. The falling cost and size of computing components, and the growing coverage and bandwidth of mobile Internet services, mean that information technology will soon be embedded into the objects that surround us, the clothes that we wear, and perhaps even our own bodies.

“As we look 10–15 years ahead, we don't really know what technology will be like,” he explains. “But we can anticipate that rather than being mobile and separate, technology will be embedded in our clothing and our environment; we will be interacting with smart surfaces wherever we go.”

Start-ups are already experimenting with the potential of wearable technology to transform work. Humanyze, for example, is a spin-out from MIT's influential Media Lab that is building smart employee badges which record workers' movements and interactions.

It is a vision that strikes a chord with executives, with 47% of poll respondents ranking it among their top three most important trends. And business leaders are optimistic about its impact: 87% of survey respondents agree with the statement that “we would get more value from our employees if they were less tied to their desks/computers”.

When asked what impact increased mobility and flexibility of work might have in future, over 70% of respondents believe that employee productivity, employee well-being, organisational innovation and customer service would all be improved (see chart two). By contrast, the majority of respondents believe that the effect on information security and employee privacy will be detrimental.

Improved productivity is the driver behind the ongoing initiative of consumer goods company Unilever to mobilise its workforce. Over a two-year period the company is doubling its smartphone count and bringing in thousands of fresh laptops and tablets.

## Chart 2



### If technology continues to allow greater mobility and flexibility of work in future, what impact do you think will it have on the following factors within your organisation?

(% respondents)

■ Beneficial ■ Detrimental ■ Don't know



Source: The Economist Intelligence Unit.

Paulo de Sá, VP of employee services technology at Unilever, describes mobile working as “the new reality” for business. He believes it allows employees to take decisions into their own hands, thereby accelerating productivity and the pace of business.

“There is a real need to create a far more mobile and agile workforce, and to make decisions swift and simple,” Mr de Sá says. “The right technology brings flexibility and speed, so that people can focus on getting the job done.”

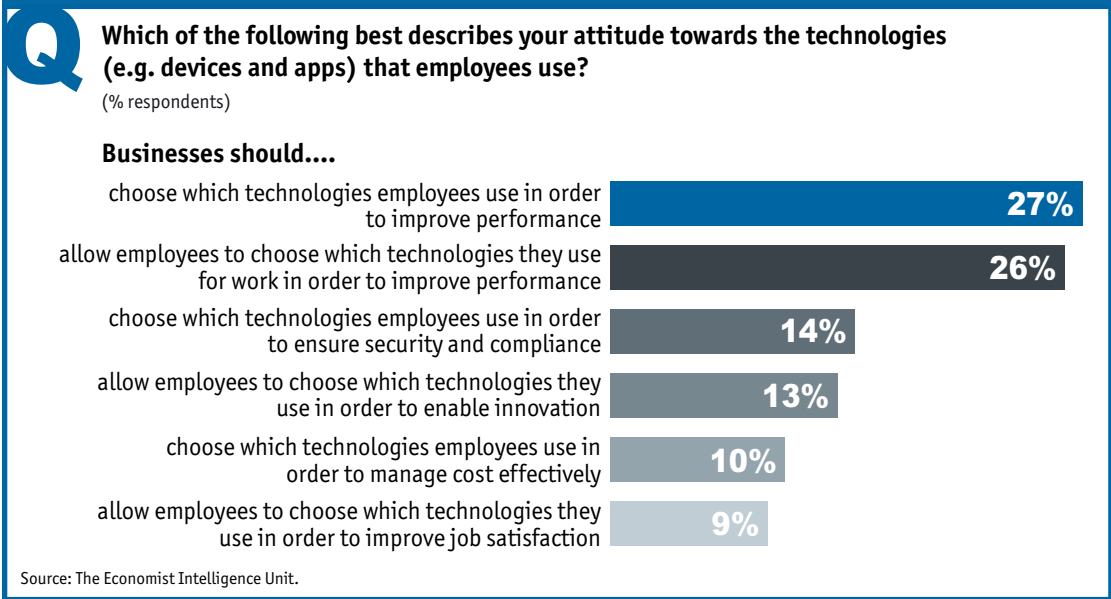
Elsewhere, companies are already seeing the positive impact that mobile and flexible work can have on employee well-being. Adam Raeburn-James, senior VP of IT and infrastructure services at pharmaceutical business GSK, says that giving employees at least some degree of flexibility to work as they wish allows them to better plan their

lives, and therefore earns the loyalty of staff. “Offering real flexibility does help retain staff, and families have built their lives around it,” he says.

“At the moment there is still a tension between allowing flexible working and a fear of losing control,” he adds. This tension is evident in the finding that as many as 39% of survey respondents believe increased mobility and flexibility will have a detrimental effect on “the ability of senior management to control the organisation” in future.

It is also reflected in respondents’ divided opinions on how much freedom employees should have to choose which technology they use. Just over half (51%) believe companies should dictate which technology their workers use, while just under half (48%) believe that employees should

**Chart 3**



be free to choose for themselves. In both cases, the main reason given is improved performance.

This tension will only grow as employees use not just their own smartphones, but also computers embedded in their cars, their homes, their clothes and perhaps even their bodies for work.

Clearly, empowering employees to choose the way they work means that central control will be eroded to some degree. The results of the survey suggest that, for now at least, business leaders are confident that the benefits to productivity, innovation and well-being will compensate for this.

Indeed, for many the erosion of direct control is a positive development, as it forces companies to focus on the actual contribution that employees make, rather than the number of hours they put in or their visibility in the office. Fiona Cannon, diversity and inclusion director at Lloyds Banking Group, says that a command-and-control approach is already untenable in the era of mobile, flexible and remote working. "There has to be a focus on the output rather than the input, and a more adult relationship with employees," she says.

But as the erosion of centralised control extrapolates into the future, companies will need to decide what it is that binds them together as organisations. Here, the insight of another expert interviewee reveals a way forward.

For Professor James Baron of the Yale School of Management, the key trend impacting the future of work is the change in attitudes that accompanies a generational shift within the workforce. "The millennial generation is much more focused on issues of mission and purpose than other generations that preceded it," he told the EIU. "More and more we hear about millennials aiming to make a difference, to help the environment, improve the quality of life and achieve more audacious goals than simply focusing on doing well at existing work tasks.

"Effective organisations are going to need to look at how to appraise, motivate, reward and manage the performance of these people. An organisation that takes mission and purpose seriously will find it less convenient to outsource things it could have pushed outside."

Professor Baron's remarks suggest that when a company is no longer bound by its buildings or its hierarchy of control, a sense of shared

## The hospital of the future: Mixed prognosis

*Hospitals will rely on multi-skilled, highly resilient staff as pressures mount from stagnating budgets and growing numbers of patients with complex conditions*

Hospital staff are used to working under pressure. But across the world, that pressure is mounting as budgets are cut back.

According to Dr Mark Porter, chair of the doctors' union, the British Medical Association, a predicted £30bn (approximately US\$44.4bn) annual funding shortfall for the UK's National Health Service will put more weight on staff shoulders. "Doctors are passionate about their jobs," he says. "But it's demoralising to be continually expected to provide the same service, with fewer resources, to more people."

This growing burden has led to many permanent hospital staff leaving their jobs, only to be replaced by temporary workers. "There is a real rise in temporary staff to cope with the fact that people are leaving the service due to the pressure," says Dr Porter. "Many departments don't have enough full-time staff coming in."

This move towards more temporary work has been accompanied by a shift in emphasis from practitioners with a specialist focus to generalists who can fill any role.

Professor Jane Dacre, president of the Royal College of Physicians (RCP), a British professional body, says specialist doctors will increasingly train in general medicine, driven in part by the growing numbers of elderly patients with complex, intertwined medical conditions.

In the face of these pressures, doctors' training cannot be cut back, she says. "Training a doctor takes a long time, and we won't be able to shorten this if doctors are learning more skills and knowledge to equip them for the patients of the future."

Smart hospital environments will be a key factor helping staff cope with the complexity of patient care, according to Salley Whitman, executive director at a non-profit healthcare design group, NXT Health. Hospitals will be more advanced and "promote infection control, co-ordination among providers and communication with family members," she says, as well as having specific technology that supports a safer patient experience.

So far, IT has made care "more difficult" for staff by increasing the tasks required of them, Ms Whitman says. This could change as more suitable systems are developed. "I predict a reversal in the trend, as healthcare providers work alongside technology companies to design products that support their processes, instead of impeding them."

In 2013 the RCP set out its vision for healthcare, calling for smarter and better-supported acute care and strong remote technology to help local bodies. The vision includes linking different medical specialities with a clearer leadership, alongside more flexible staffing and rapid sharing of electronic patient information.

It could take some time for in-hospital technology to reach its potential, however, and Professor Dacre calls for a concentrated effort on better online care records and results and appointment services. Remote health management with smart monitoring devices, for conditions such as diabetes, could significantly reduce the burden on doctors.

"Using technology to provide support in the community helps keep patients out of hospital," she concludes. "It reduces demand on outpatient services among those with long-term conditions, by enabling self-management and support."

But technology is not everything. Attracting and developing management skills is vital to hospitals across Europe. A report by McKinsey, a consultancy, found that hospitals with the highest management scores were more likely to have better clinical outcomes, a result that is already visible in Germany and Sweden.

Flexible work patterns and an extremely tolerant perspective will remain vital for staff in coping with their workload, Professor Dacre notes, adding: "Doctors are among the most resilient professionals."

The medical community also needs to improve its ability to influence the political machinery that surrounds it, in order to ease its mounting burden. "We need to improve leadership capabilities," says Professor Dacre, "and make more use of our policy levers to change the system. It's beginning to happen."

mission may be all that holds it together as an organisation. Companies that don't have that may find that they disintegrate into networks of smaller, independent units, as ever more work is outsourced to highly mobile freelancers and temporary workers.

This is the first of many indications that the supposedly "softer" side of management will be crucial to organisations' survival in the coming 10-15 years.



## 2

## Creative and social skills will dominate the automated world

Artificial intelligence (AI) had been out of fashion in technology circles since the 1980s, but now a few recent breakthroughs have put it back on the agenda.

In 2011, for example, IBM's Watson "cognitive computing" system successfully beat human competitors at the US game show Jeopardy! The following year web giant Google revealed that an experimental system, based on a technique known as "deep learning", had developed the ability to reliably recognise cats in videos without prior learning, a landmark achievement in automated image processing.

Advances such as these have not only revived AI as a field of study and investment, but have also reawakened fears about the impact of technological progress on human employment and well-being, fears that date back to the Luddite movement of the 19th century and beyond.

In a highly influential study published in 2013, *The Future of Employment: How susceptible are jobs to computerisation?*, Oxford University's Carl Benedikt Frey and Michael Osborne predicted that as many as 47% of currently existing job roles will soon be eliminated as a result of AI-driven advances in automation.

Jobs that are prone to replacement by automated systems, Frey and Osborne wrote, are those that involve repetitive routine tasks, both physical and mental. By contrast, those that will survive will be ones that require characteristics that (so far) are unique to the human species, such as creativity and "social intelligence".

This will be the key trend reshaping the way we work in the coming decades, according to Ian Stewart, chief economist at professional services firm Deloitte. "The biggest drivers of employment growth and incomes, and the biggest disrupters of existing industries and business models, will be innovations in technology and the

Chart 4



**What impact would a significant increase in the automation of physical labour and repetitive, unskilled clerical work have on your organisation?**

(% respondents)

57%

A beneficial impact, because it would allow us to focus on other work that differentiates us from our competition

13%

A beneficial impact, because it would significantly reduce our labour costs

9%

A beneficial impact, because we are good at managing technology

3%

A detrimental impact, because we derive value from employees who perform that work beyond their immediate output

3%

A detrimental impact, because the way we perform and manage that work is a source of competitive differentiation that we could not replicate with automated systems

2%

A detrimental impact, because we are not good at managing technology

2%

Other impact (please specify, including 'beneficial' or 'detrimental')

Source: The Economist Intelligence Unit.

organisation of work," he said in an interview with the EIU.

And 41% of business leaders in the EIU survey agree, counting automation and its impact on jobs among the top three trends that will affect their organisation in the next 10-15 years.

However, Mr Stewart is not as pessimistic about its impact as some. "The debate has become overly apocalyptic," he says. "Technology has always been seen as a threat to jobs, but it has also been the principal agent of improved human welfare."

Nevertheless, he agrees that "the jobs that seem most likely to survive and thrive are those that require flexibility, creativity and social intelligence."

Overall, executives are optimistic about the effect of automation. The majority of those surveyed by the EIU (57%) believe that a significant increase in the automation of unskilled work would have a positive impact on their organisation "because it would allow us to focus on other work that differentiates us from our competition". Only 8% believe it would have a detrimental effect (see chart four).

Businesses are likely to be eager adopters in future as technology allows more of the work that is currently performed by staff to be automated. Seven out of ten respondents to the EIU survey agree that "businesses have a responsibility to automate labour as much as possible to allow staff to focus on more valuable tasks", while barely one in ten says companies should resist automation (see chart five).

At global coffee retailer Starbucks, employees demand more automation in outlets. "[It] enables them to be more effective at work and to spend more time with our customers," says Robert Teagle, IT director at Starbucks for Europe, the Middle East and Africa. And customers too increasingly expect a highly automated retail experience, he adds.

Chart 5

**Q** Which of the following statements best describes your attitude towards the automation of labour?

(% respondents)

70%

Businesses have a responsibility to automate labour as much as possible to allow staff to focus on more valuable tasks

13%

Businesses should seek to automate as much as they can without impacting the welfare of current staff

9%

Businesses have a responsibility to automate labour as much as possible to save costs

4%

Businesses should resist the automation of work as much as they can without affecting their competitiveness

2%

Businesses should resist the automation of labour in order to preserve the quality of work

1%

Businesses should resist the automation of labour in order to preserve jobs

Source: The Economist Intelligence Unit.

Finance is another industry that is extensively automating processes, as customers demand instant access to financial services. "Who wants to wait six or seven weeks for a mortgage approval? This sort of work is going to become much more efficient through automation," explains Hans Tesselaa, director of sourcing, innovation and governance at Dutch bank ING (see "The bank of the future", page 16).

All this automation is already changing the capabilities that companies look for in their employees, moving the emphasis towards uniquely human characteristics.

Harrods, for example, the world-renowned department store in London, is placing increasing emphasis on the interpersonal skills of its shop-floor staff. "At the front line, we want to build long-term and authentic relationships with



## The bank of the future: Automated focus

*In the coming decades, the cutting-edge automation of processes at banks will force a real focus on getting the most from human qualities*

Given the highly numerical nature of its work, the banking sector is ripe for computerised automation. Repetitive tasks such as approving mortgages, opening accounts and reporting back-office data are prime targets for replacement by intelligent software systems in the coming decade.

Hans Tesselaar is director of sourcing, innovation and governance at Dutch banking group ING. He believes that automating low-level work will allow banks to focus on more valuable services, such as serving customers, upselling, managing client growth and developing new digital applications, all of which require human skill, judgment and expertise.

Talent management is therefore a crucial issue. In the IT sphere alone, ING has set a target of becoming the best employer in the Netherlands, above pure technology companies. In order to achieve this, it has to take recruitment and staff retention very seriously, especially if it is to win new hires against fast-growing smaller firms.

Clear training and strong support for staff are vital in this respect, Mr Tesselaar explains. "At all levels of banking—technology, commercial, process and managerial—there is a real focus here. We are competing with all the attractive start-ups and we need to make our banks a desirable place to work."

Additionally, when banks have "an active interest in helping staff well-being", they succeed more at retaining talent, Mr Tesselaar says.

Some British banks are becoming especially careful with their hiring choices. Metro Bank, which has in four years

gone from being a start-up to having 450,000 customers and £3bn in deposits, typically shortlists only five people from the hundreds of applications it receives for each available job. It then auditions two in customer service to choose the better candidate.

Craig Donaldson, chief executive at the bank, says financial firms will increasingly have to hire extremely selectively. "All too often banks focus solely on profit instead of customer service, which in itself delivers success. The industry is going to need to perform much better through talented staff."

Metro Bank has placed a focus on employing managers who can develop the best people further in customer service skills, Mr Donaldson says. The bank also rewards its staff according to how they serve clients rather than according to sales, and even back-office staff regularly review and discuss customer needs.

Mr Donaldson says that "continuous improvement" in the area of staff management will be a target for the industry. In addition, allowing staff a genuine chance to progress within their organisation is vital.

"Staff need to have a real career path to the top, even if they start as a cashier. Why shouldn't they be able to see a potential journey right up to being the CEO?"

Such a focused environment could lend itself to concerns over pressure, and banks will have to properly support employees' happiness and work-life balance. Nearly one-half of banks expect employee well-being to rise to the very top of the agenda.

"Looking after staff is massively important," Mr Donaldson says, "and it will shape the bank of the future."

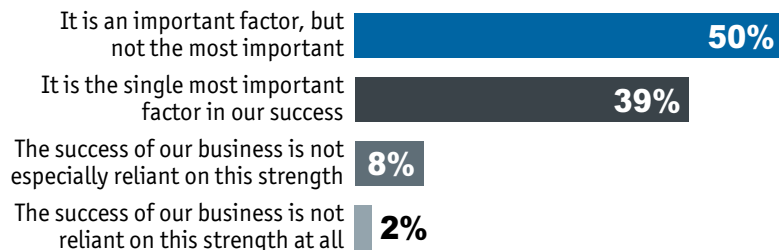




Chart 6

### Q How important is the strength of your employees' human capabilities, such as creativity and communication, to your organisation's success?

(% respondents)



Source: The Economist Intelligence Unit.

the customer," explains human resources and retail director Sarah Andrews.

The company has therefore adapted its recruitment process. It tests how candidates react in social situations by role-playing customer interactions. "Previously we might have asked for at least six months of front-line retail experience, but now we really focus on candidates' attitude and values, which are more important," says Ms Andrews.

But shop-front staff are no longer the only ones who are exposed to customers. The prevalence of social media means that employees of all kinds can interact with customers, and so their social skills become more of a business concern.

"Customers and employees are increasingly co-existing," explains Sharon Doherty, global organisation and people development director at Vodafone. This means that companies will need to inspire their workers to invest more of their own personality in their work relationships, she adds. "The best employer will need to have a social-savvy workforce motivated to mix work and home life."

Meanwhile, as the economy becomes increasingly globalised and barriers to market entry are levelled, companies find themselves under growing pressure to innovate so that they can stay ahead of—or even keep pace with—their

competition. This means that employee creativity is more important than ever before.

Pharmaceutical and chemicals firm Bayer has taken measures to ensure that the scientific credentials of its workforce are balanced by creative skills. "We need diversity and innovation, and it is incredibly important to business success in our hyper-connected world," explains Jessica Federer, the company's chief digital officer.

Executives recognise the crucial importance of their employees' social and creative capabilities. Four in ten of those surveyed by the EIU agree that these capabilities are the most important factor contributing to their organisations' success (see chart six). This proportion can be expected to grow as automation becomes ever more prevalent.

Developing a more creative and "socially intelligent" workforce is not simply a matter of hiring new people with different skills. It also requires that organisations create an environment in which employees are willing and able to share their ideas and to commit more of themselves to their working relationships. In other words, they will need to encourage employees to blend their work and personal identities.

Some companies already have a culture that inspires this kind of personal commitment. For other, more conventional companies, it will require a cultural transformation that can only be led by example and from the top. Leaders will need to draw on their own creativity and social intelligence to inspire the same in others. "If you cannot inspire and lead, it just doesn't work," says Harrods' HR boss, Ms Andrews.

And companies will have to provide their employees with more than just salaries. As we will see in the following section, their ability to offer opportunities for personal development and self-actualisation will be crucial in the war for talent.

## 3

## Well-being and employee development top the management agenda

The trends identified by our panel of experts were not all good news for employees by any means. Many predict that as companies turn to flexible employment contracts in pursuit of agility and innovation, the resulting job insecurity will have a grave impact on workers' lives.

A survey in 2009 found that employees valued job security above how much they were paid, regardless of whether their work was interesting and whether there were opportunities for advancement. "So the growth in job insecurity is hitting employees where it hurts most," explains Charles Seaford, head of well-being at the New Economics Foundation, a British think-tank.

One in six executives in the EIU survey agrees that "in order to succeed in future, we need more variable staffing", validating Mr Seaford's fears that job insecurity is likely to increase.

But companies ignore the well-being of their employees at their peril, according to Sir Cary Cooper, professor of organisational psychology and health at Lancaster University. "If you look at the G8 group of industrialised nations, in the UK we have the lowest productivity per capita," he says. For this, he blames a management culture that neglects to nurture and value staff.

"Many of our managers are bright and have MBAs, but they are not necessarily good at managing," he explains. "The problem is that there has been a strong focus on the bottom line and on presenteeism, and this has been put well above employee health and development. Some managers are trainable, but others just don't get it."

Companies that prioritise the health, well-being

and personal development of their staff are better at retaining talent, according to Sir Cary. "Work environments that are co-operative and supportive, that do not have ridiculous working hours and do not interrupt people in their social time are much better at retaining [them]," he explains.

In the next 10-15 years, Sir Cary predicts that companies will be forced to radically change the way they manage employees, as talented staff flock to where their personal well-being is valued.

"There must be a big change in how we select [managers] with the primary focus on how they manage individuals' growth, including through praise as well as through social engagement, flexibility, health and well-being."

Despite their apparent appetite for more variable staffing, executives in the EIU poll agree, with 35% picking "changing working patterns will require managers to become more effective at nurturing talent" as one of the three key trends that will affect their organisation in future.

When executives were asked to identify the current managerial priorities within their organisations, employee productivity (61%) and cost control (55%) were the most common responses. But when asked what those priorities should be in three years' time, employee well-being (42%) and advancing employee skills and capabilities (42%) topped the list (see chart seven).

Ms Cannon at Lloyds agrees that management skills need to change as employees live and work longer, more young people enter the workforce and people operate in different locations at

different times. “Some managers are very uncomfortable with the changes, and there is a real need of different skills to help lead staff,” she says.

How can this be achieved? One obvious approach is to adapt training programmes to equip managers with the skills to nurture employee well-being and development. Just under one-

## The university of the future: On a new course

*Universities are being encouraged to move closer to industry. More flexible ways of delivering higher education will help them achieve that*

Universities face an uncertain future as society debates what higher education is for, how it should be delivered and how it should be paid for. A common view is that universities must move closer to industry, not least so that they can provide graduates with the skills that companies are looking to hire.

Students are pushing harder to fit the bill of their future employers, and increasing numbers of doctorate students—currently 60%—are pursuing careers in business instead of academia.

Liz Shutt, policy director at the University Alliance, a group of 20 universities, says there is “a real drive for academic professionals to work across the university and business divide”.

This requires university workers to develop new skills, she says. Ms Shutt predicts that in future lecturers will be encouraging more of their students to take work placements or even launch their own start-ups, and developing relationships that give industry a greater input into the direction of research. “We need to develop skills in interaction with business and in preparing students for the work world.”

As the working world evolves, so too will the skills required of graduates entering the workforce. For example, as automation takes a stronger hold in industry, particularly in sectors such as manufacturing and finance, it will reduce the need for low-skilled workers and middle management. Ms Shutt says that universities and schools will need to be aware of the evolving nature of work and direct students towards careers “where the skills needs clearly exist”.

Technological developments may well help universities to

integrate themselves more effectively with industry. Massive open online courses (MOOCs), an accessible and cheap form of online learning, have the potential to make higher learning more flexible, and therefore easier to combine with work placements or even running a business.

Professor Anant Agarwal is chief executive at EdX, a non-profit MOOC platform founded by the Massachusetts Institute of Technology and Harvard University with over 3.5m students regularly logging in around the world. He says the impact of digital technology will be that the future university is “unbundled”, in a similar way to the telecoms industry, with different providers offering the tuition or services they are best at.

“At the moment, research shows that only one-quarter of students fit in with the concept of going to university for four years from age 18,” Professor Agarwal says. “If we unbundle time, students can take their first year online, come to the campus for two years, and spend the final year continuously learning within work.”

Professor Agarwal expects some courses to be conducted entirely online, some with in-class web resources, and others to remain in person only. This would change the level of in-university staff demand, but he says the impact will be positive: “Some professors don’t like to lecture, and others want better resources to support them. MOOCs help here. And for those who want to teach online, we offer special MOOCs to help them develop relevant skills.”

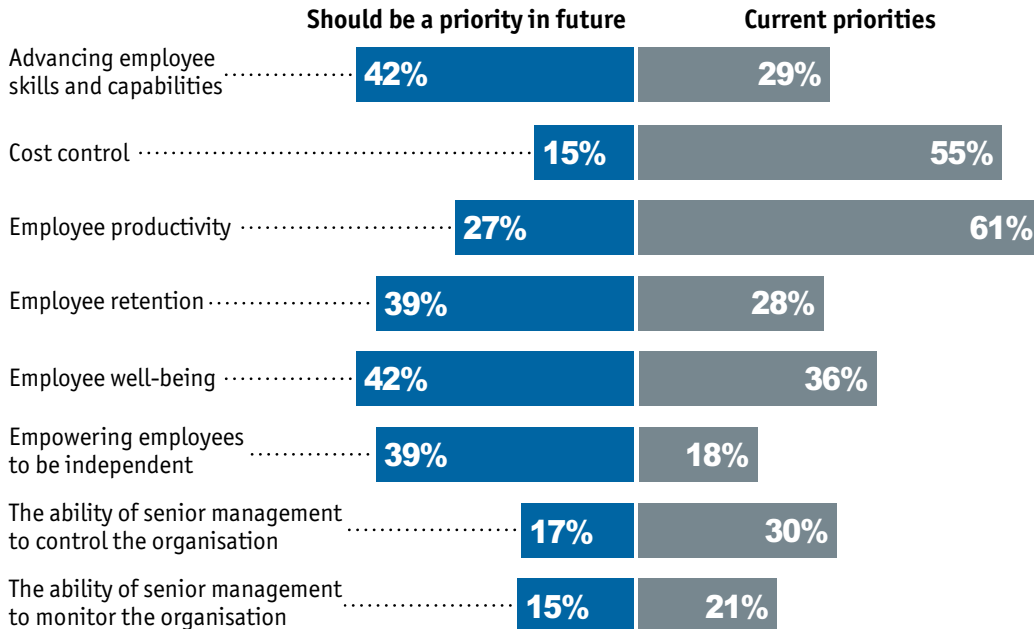
Ms Shutt views MOOCs as “more of an evolution than a revolution”, adding that lecturers are adapting to the skill sets. “There’s a lot of buzz about MOOCs, which are very interesting but will mainly be part of existing courses at universities, with some elements online and some in person,” she says.

Chart 7



**Which of the following are your organisation's current top priorities when managing employees? And which do you think should be the priority in future?**

(% respondents)



Source: The Economist Intelligence Unit.

quarter (22%) of respondents to the EIU survey say their organisations have already adopted this approach, and 12% say they plan to. Half of the sample (50%) have not, but believe they should (see chart eight).

Companies must also consider what it is that they offer employees in return for their labour. Pay is obviously an important component of that, and 54% of executives agree that "high salaries are the best way to attract top talent".

But there is also "much more than salary that matters to people", explains Tina Oakley, HR director at Gatwick Airport. Staff often look at a company's values and the opportunities it provides to help them develop as an individual, she says. "This means a need for the right managers who can look at the whole person, including developing staff according to their real interests."

A hot-button issue in the age of ubiquitous communications is work-life balance. As

discussed, technology means that employees can now be reached wherever they may be and at any time of the day. But companies should pay attention to the psychological impact they have on their workers by expecting them to be on call at all hours of the day.

This is already firmly on the executive agenda, says Ms Andrews at Harrods. "Companies know they will increasingly have to respect work-life balance. They'll need to make sure employees are happy and have a genuine, meaningful connection with them."

Happily, two-thirds of executives surveyed (75%) disagree with the statement that "the idea of a work-life balance is outdated", while 71% agree that "companies have a responsibility to ensure that work does not intrude on employees' private lives".

Does this recognition of the issues mean they will be resolved? Not for everyone.

Mike Cutt, an expert leadership coach and non-executive director at The Co-Operative Group, is confident that companies will pay close attention to well-being and personal development—but mostly for senior skilled employees who are in high demand. “The real work in this area will [focus on] senior professional employees, because that is where there is the pressure on supply and employers have to compete,” explains Mr Cutt.

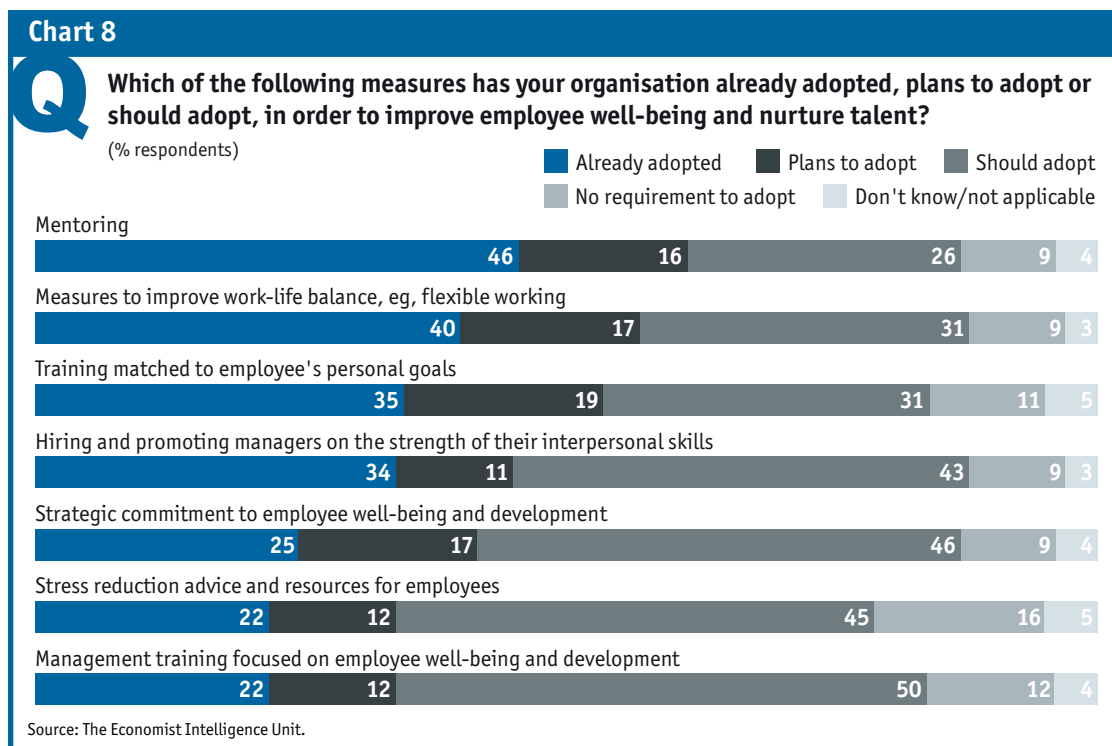
That leaves many younger and lower-skilled workers for whom these benefits will not apply, he adds. “A lot of the job creation in Europe is at the bottom of the tree, and that is where there will be less focus.”

Similarly, Mr Seaford of the New Economics Foundation worries that the negative impact of variable staffing strategies will be borne primarily by the young. “In Europe, we can already see an emerging ‘insider and outsider’ problem,” he says. “There are young people on

the ‘outside’—they move from one insecure job to another. Then there are those on the ‘inside’—they are older, have been in stable employment for years and have jobs that are relatively safe.”

The economics of the labour market may tempt companies to focus their nurturing efforts on workers who already provide high value to the organisation. But this is short-termism. Companies that extend that focus to the young and lower-skilled workers will be rewarded with a personal loyalty that unlocks their social and creative contributions in the workplace.

Still, for this to really take hold in the boardroom may require pressure from shareholders, says Mr Cutt. “Everyone with a stake in the business has an interest in employees being looked after. Shareholder groups [have] put a lot of pressure on executive pay, and if they do the same for employee well-being, it will really push it up the agenda.”



## The government of the future: A quiet revolution

*The government of the future will see civil servants collaborating digitally across multiple locations as the shift in working practices gathers pace*

Few organisations have felt more pressure “to do more with less” in the last six to seven years than government departments. Across the world, recessionary and deficit pressures have forced public bodies to reassess how they work and how they deliver value to citizens.

In particular, public-sector organisations have been challenged to exorcise the inefficiency and the rigidity with which they are often—rightly or wrongly—associated. According to a 2013 report by PricewaterhouseCoopers, the qualities that the government of tomorrow will need are “agility, innovation, connectedness and transparency.”

To achieve continuous adaptation, PwC argues, these organisation must shift from a hierarchical structure to a more “networked” form of management, in which employees are empowered to take decisions and guidelines on process replace rigid policies.

This network-based operating model is empowered to a degree by new technology. Liam Maxwell, chief technology officer for the UK government, is spearheading an IT turnaround for civil servants, powered by a remote working initiative. He explains: “We are rolling out proper Wi-Fi and mobile technology that allows people to work wherever and however they need to, and to collaborate more easily on projects.”

In the past few months over 2,000 officials in the Cabinet Office and the Department for Culture, Media and Sport have been able to choose new mobile technology from a wider range of suppliers, with other departments to follow. The move is part of a scheme called TW3, short for The Way We Work, in which the government is concentrating on results from staff rather than explicitly dictating how or where work

is done. The aim is to engender a trust-based culture that grants employees more autonomy.

Before these changes were made, there were fears that managers would find it hard to maintain the same level of output from remote staff. But Mr Maxwell insists that remote working is having the opposite effect: “The whole situation of presenteeism is basically disappearing. Mobile working makes it much easier for teams to simply show results without managers being in the room and continually looking over their shoulders.”

The UK government is also finding that cloud-based technology is helping its staff to collaborate more efficiently and more effectively. Previously, after every meeting participants would return to their offices and spend time emailing back and forth key minutes of the meeting, with decisions to be further approved and ideas added. Cloud-based documents have hugely improved this process, Mr Maxwell reports.

These examples demonstrate how technology has the potential to remove some of the hierarchical barriers to decision-making in government, by arming people with the data and systems to act on simple changes rather than making them wait to meet a superior manager.

According to Mr Maxwell, the best approach for government organisations to find the systems that empower workers in this way is to give them the freedom to choose what works. “Instead of forcing difficult technology on people, governments will let staff choose from a range of collaborative tools. Combined with open document formats, it makes the work easier and cuts project cycle time.”

“It’s also an obvious thing to do to help retain a happier workforce,” he adds.



## Conclusion

The trends identified and examined in this project present two paths for organisations. The first is characterised by community, creativity and innovation; the second by automation, efficiency and disintegration.

This is a simplification, of course. No future company will consist solely of empowered, flexible creatives, just as no company will be entirely automated (though some may come close). But on the evidence of expert interviews and executive insight, business leaders need to decide what role their organisations should play in the coming era.

Do their businesses—or in the case of government organisations, the public services they provide—fundamentally depend on quintessentially human characteristics, such as imagination, creativity and social communication? If so, they must evolve to become organisations that nurture and develop these characteristics and recognise that they derive from the well-being and engagement of their workforce. This means adopting a management culture that promotes

these attributes and, harder still, adopting and articulating an organisational mission that allows employees to feel that they are pursuing their own personal goal by working towards it.

Some organisations may decide that they do not fit this bill. Perhaps their long-term interests are best served by pursuing ever greater efficiency in well-defined and regularly optimised processes. Maybe their survival rests on their ability to vary their staffing levels radically according to fluctuations in demand. Or maybe it is simply not appropriate to present what they do as having a social mission. For these organisations, automation, outsourcing and the standardisation of working practices will be more fruitful.

As they think about the evolution of their current working practices, HR strategies and employee technology policies, business leaders should be aware of these two paths. Decisions made today may prove to be the first steps they take in either direction.

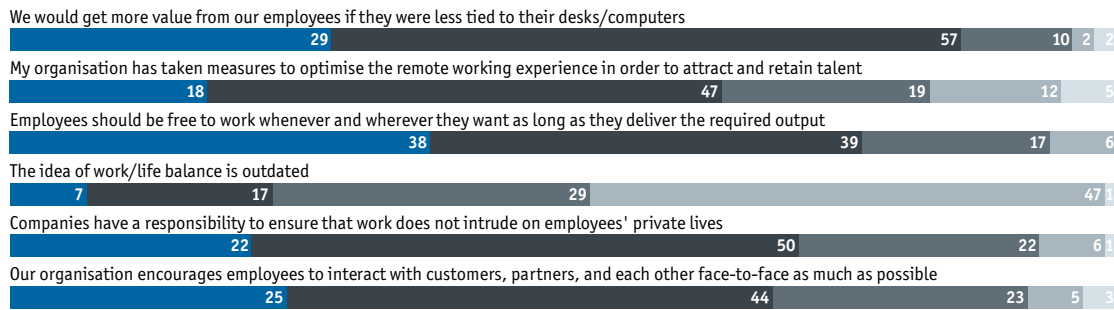


# Appendix: Survey results

## To what extent do you agree or disagree with the following statements?

(% respondents)

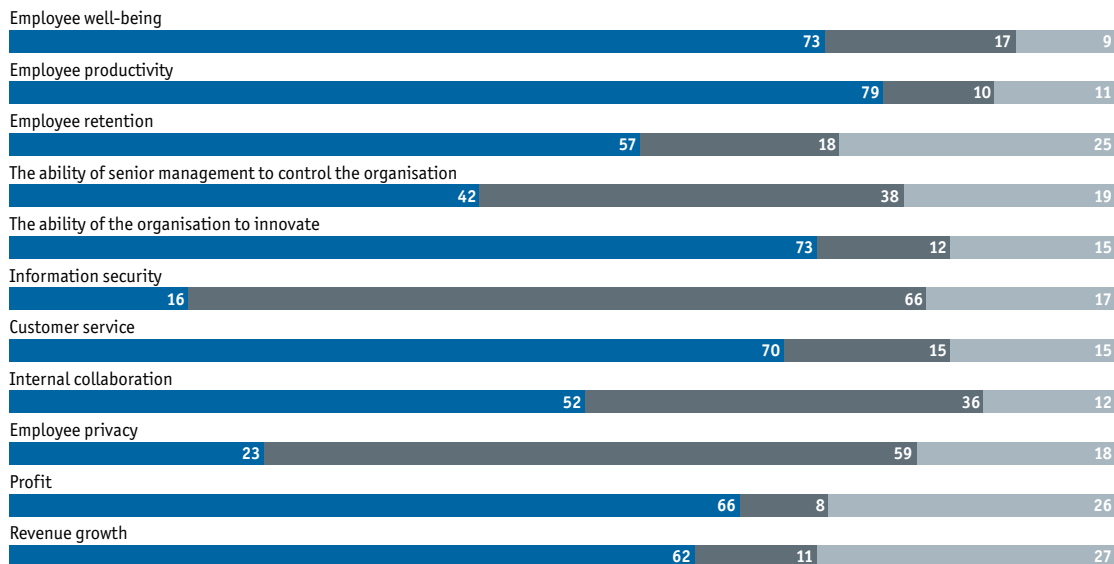
Strongly agree Agree somewhat Disagree somewhat Strongly disagree Don't know/doesn't apply



## If technology continues to allow greater mobility and flexibility of work in future, what impact do you think will it have on the following factors within your organisation?

(% respondents)

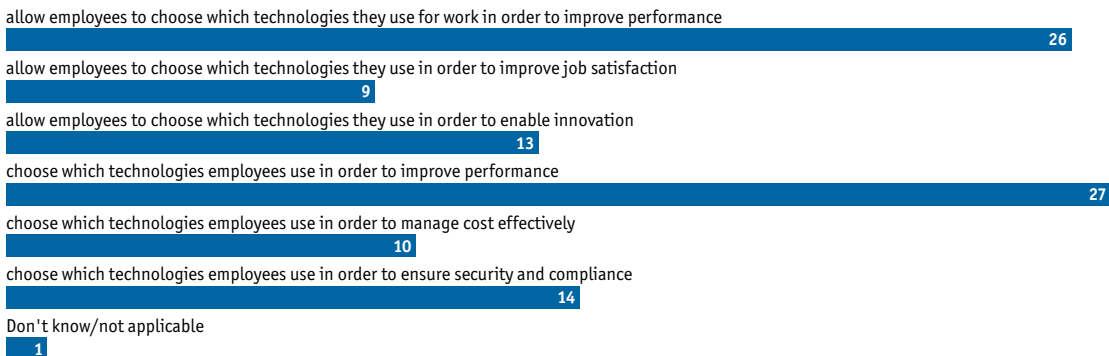
Beneficial Detrimental Don't know





**Which of the following best describes your attitude towards the technologies (eg, devices and apps) that employees use? Businesses should...**

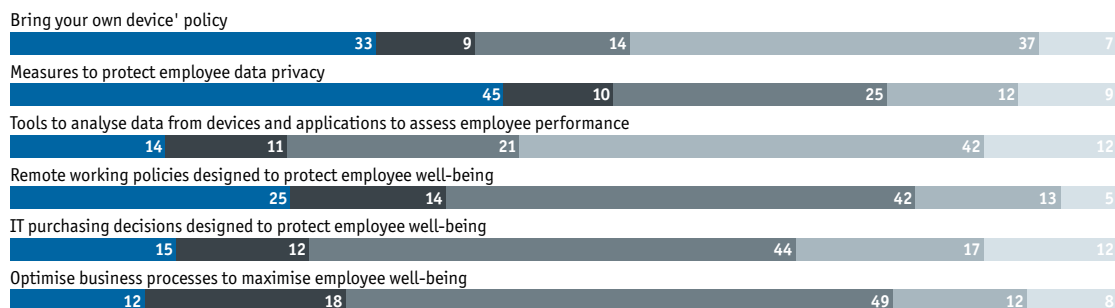
(% respondents)



**To the best of your knowledge, which of the following measures related to employee use of technology has your company introduced, or plans to adopt? And which of those that it hasn't adopted do you think it should?**

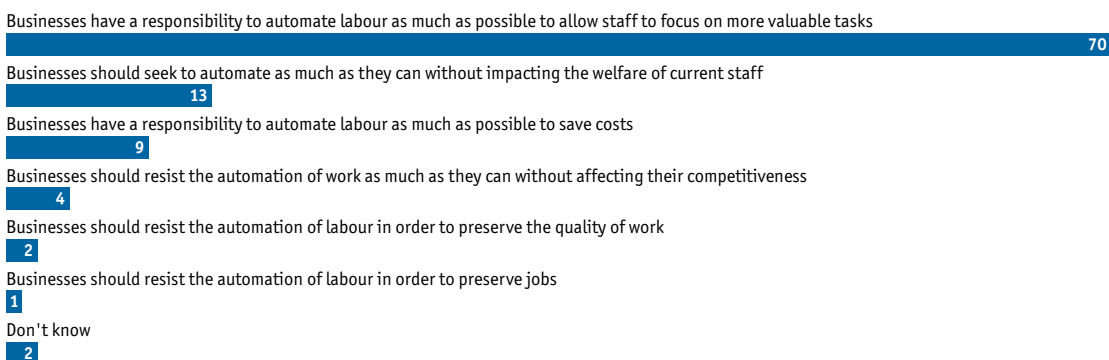
(% respondents)

Legend: ■ Already adopted ■ Plans to adopt ■ Should adopt ■ No requirement to adopt ■ Don't know/not applicable



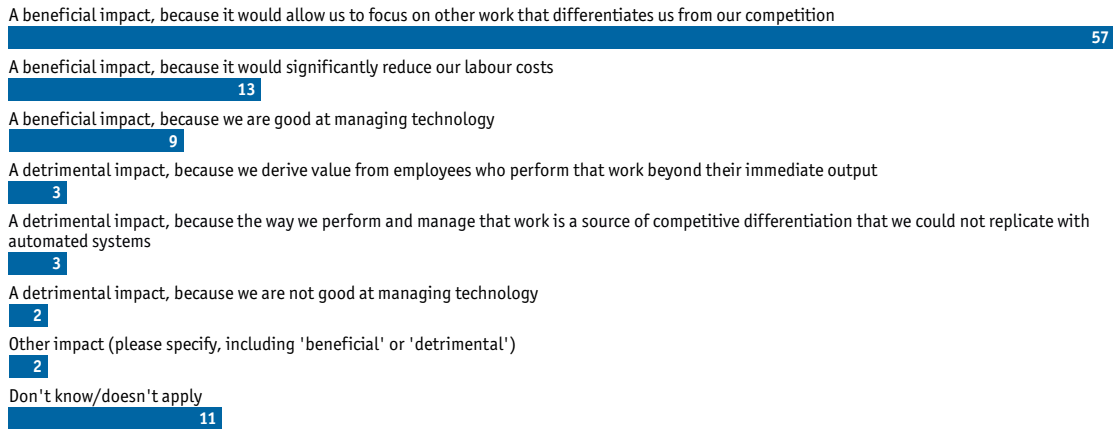
**Which of the following statements best describes your attitude towards the automation of labour?**

(% respondents)



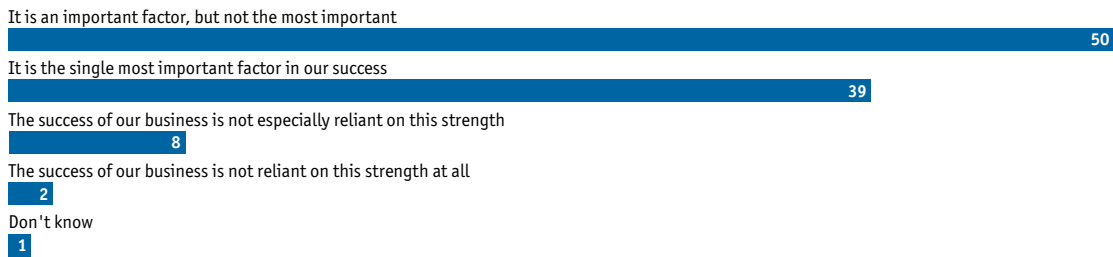
**What impact would a significant increase in the automation of physical labour and repetitive, unskilled clerical work have on your organisation?**

(% respondents)



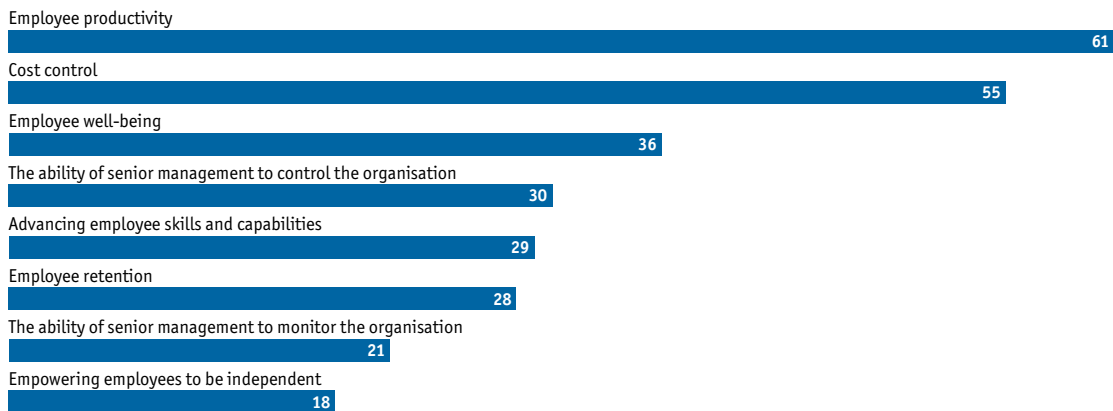
**How important is the strength of your employees' human capabilities, such as creativity and communication, to your organisations success?**

(% respondents)



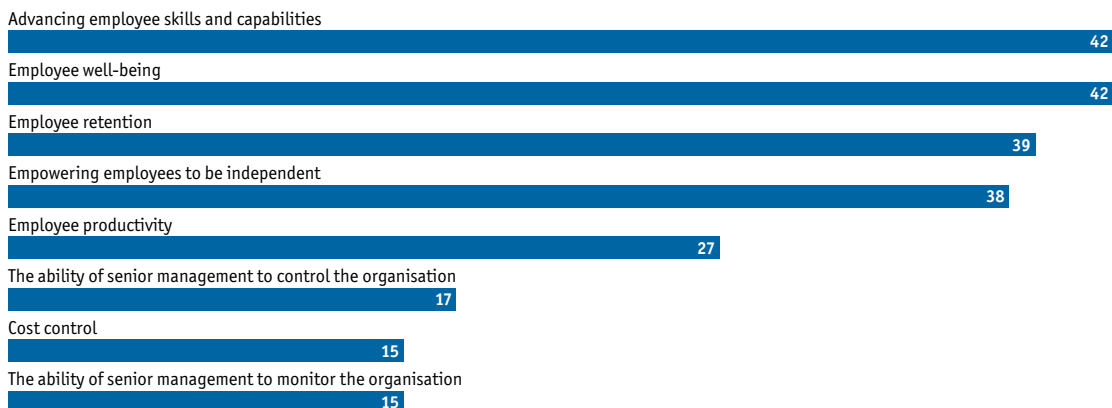
**Which of the following are your organisation's top priorities when managing employees currently?** Please select up to three

(% respondents)



**Which of the following do you believe should be the top priorities when managing employees in future?**

Please select up to three  
(% respondents)



**To what extent do you agree with the following statements, with respect to your current organisation?**

(% respondents)

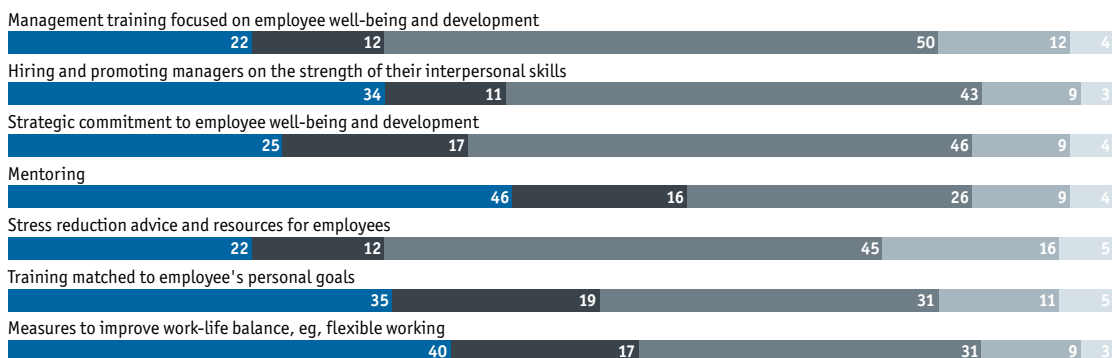
Strongly agree    Agree somewhat    Disagree somewhat    Strongly disagree    Don't know/doesn't apply



**Which of the following measures has your organisation already adopted, or plans to adopt, in order to improve employee well-being and nurture talent? And which of those that it hasn't adopted do you think it should?**

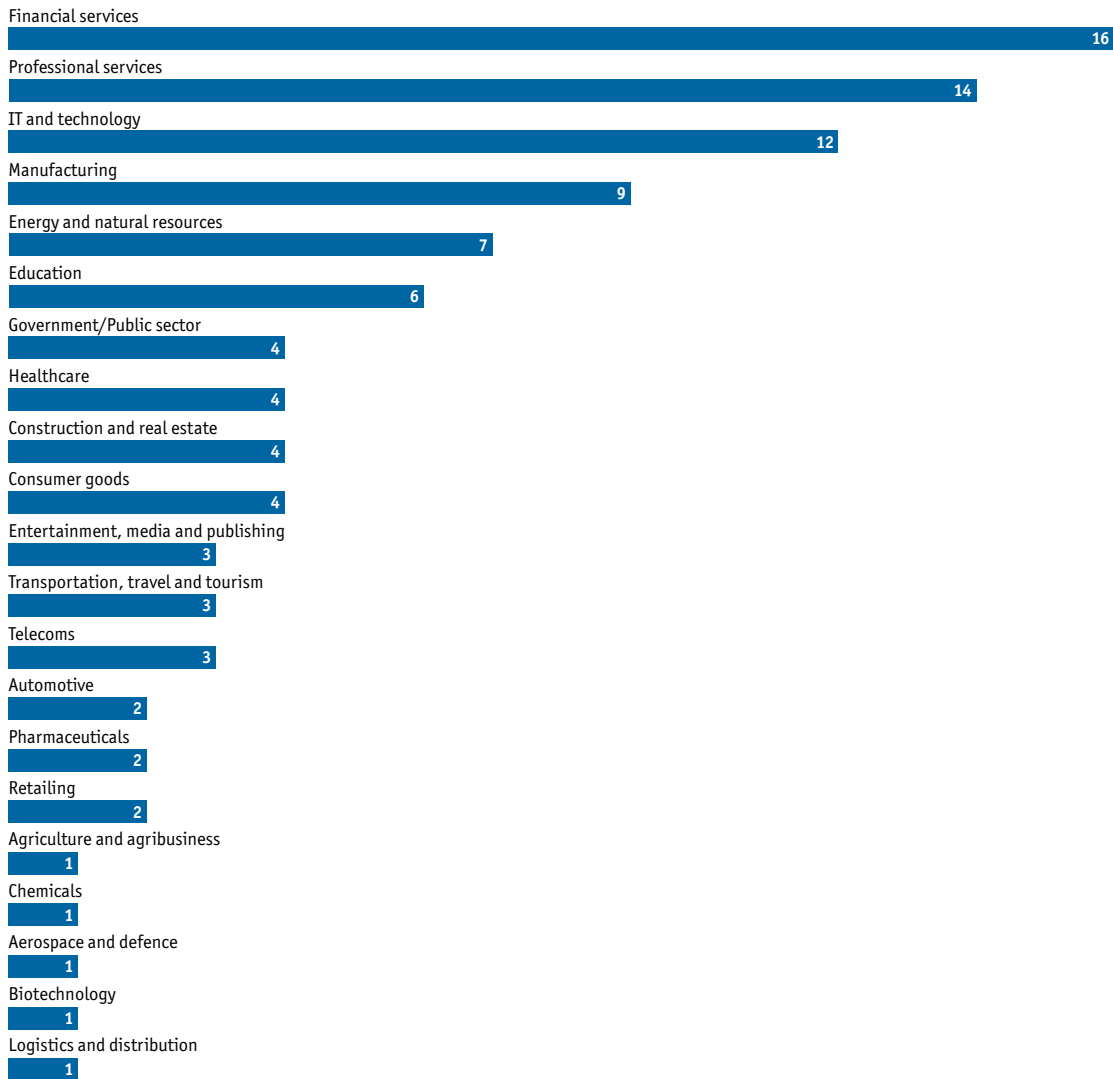
(% respondents)

Already adopted    Plans to adopt    Should adopt    No requirement to adopt    Don't know /not applicable

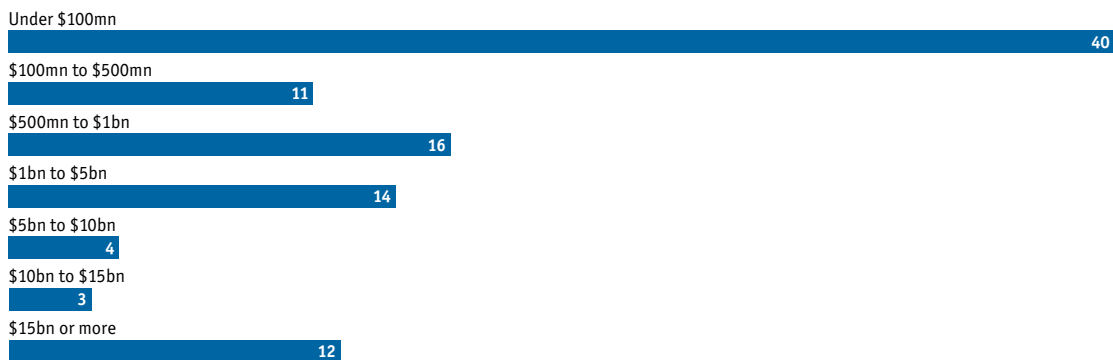


**What is your primary industry?**

(% respondents)

**What are your organisation's global annual revenues in US dollars?**

(% respondents)



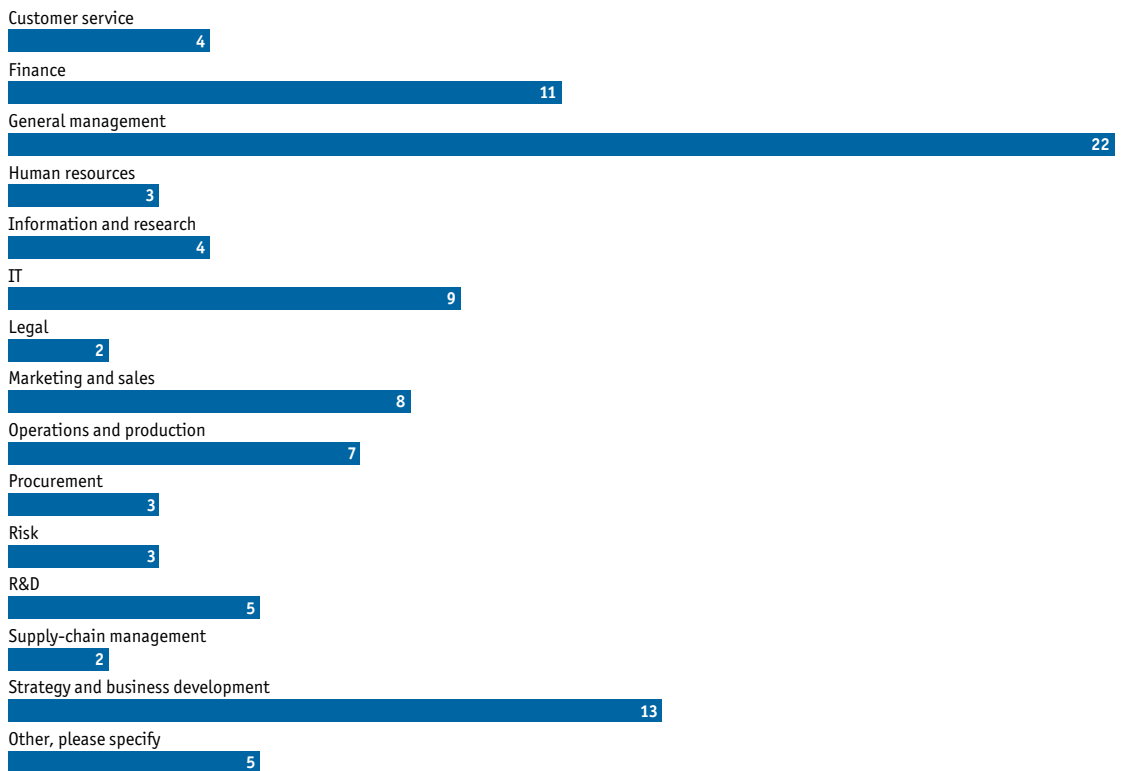
**Which of the following best describes your title?**

(% respondents)



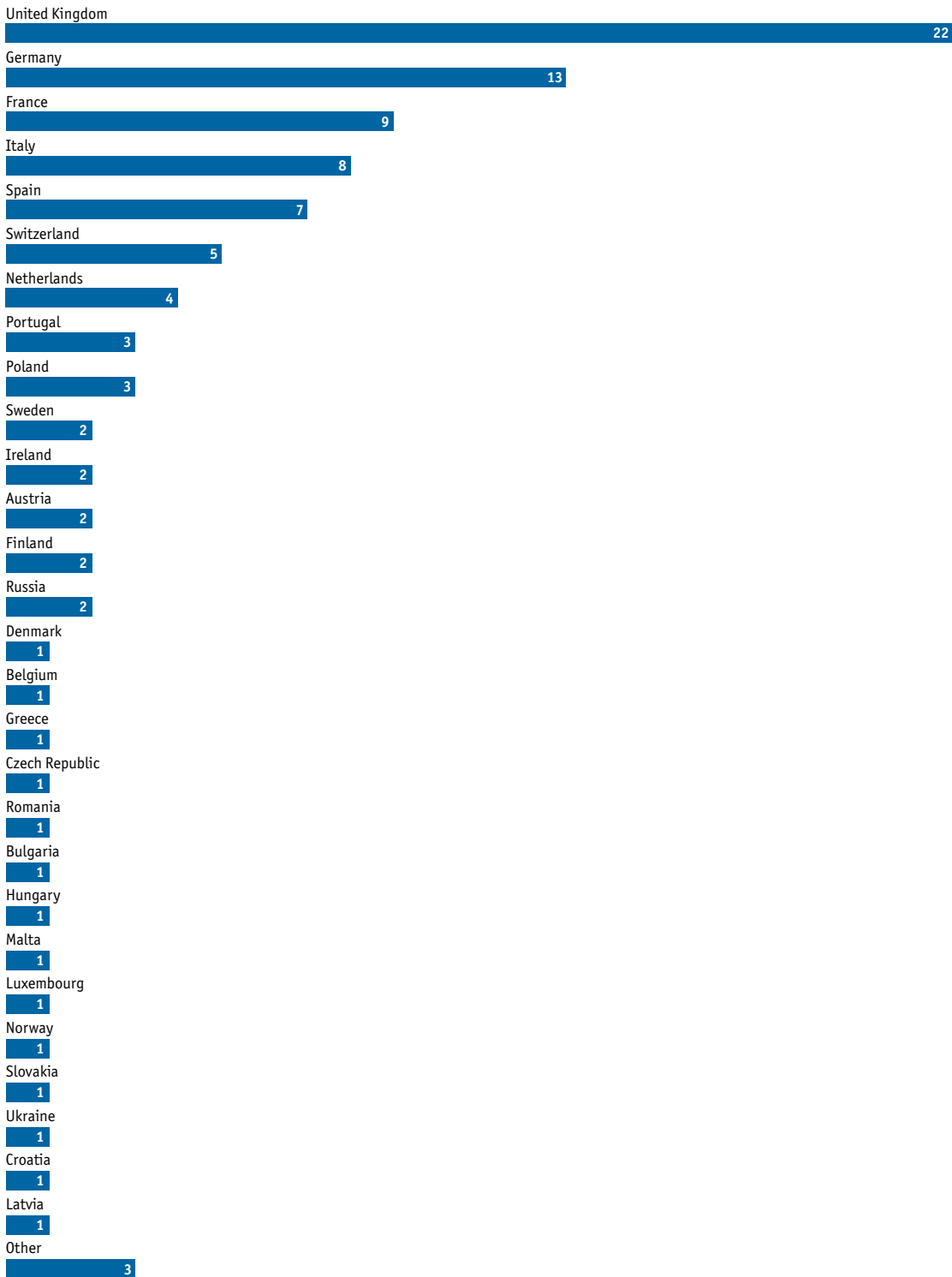
**What is your main functional role?**

(% respondents)



**In which country are you personally located?**

(% respondents)



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