

Forces of change:

The Future of Work

October 2018

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The future of work signifies the opportunity to evolve our workforces and workplaces. This evolution is being shaped by two powerful forces: the growing adoption of automation in the workplace, and the expansion of the workforce to include both traditional and non-traditional talent.

These shifts could lead us to reconsider the roles of individuals, organisations, and societies at work. From the individual nine-to-five workday to how entire industries function, work seems to be changing faster than ever. Big shifts threaten to create massive societal and economic disruption unless we look seriously at making the future of work productive and rewarding for everyone.

Technological advances, demographic shifts, and changing consumer expectations seem to be fundamentally changing the way people work and the way organisations design jobs and work environments. Some see this as a challenge and, let's face it, it's not easy, but it can be an opportunity to reimagine workforce models and organisational practices to improve business performance.

Organisations are asking, what will the future workforce look like? How will we redesign jobs and work? Where will work happen? How will businesses operate under the new realities of work? Addressing these questions should start with understanding how three major future of work forces – technology, shifting demographics, and empowered global customers – interact.

Technological advances – for example, in the areas of robotics, artificial intelligence (AI), sensors, and data – have created entirely new ways of getting work done. In some cases this is upending the way we use and think about our tools and how people and machines can complement and substitute one another.

Demographic changes are shifting the composition of the global workforce. In most places, people are living longer and, overall, the population is becoming both older and younger, with individual nations becoming more diverse. Even more challenging, the younger generations will be increasingly concentrated in developing economies, while many developed economies get ever older.

Largely thanks to digital technologies and long-term public policy shifts, organisations can exert greater “pull”—the ability to find and access people and resources when and as needed—than ever before. Businesses now have access to global talent markets, enabled by networks and platforms opening up new possibilities for the way each interacts with the other.¹

These changes will likely lead to a new set of rules and the work, workforce, and workplace of tomorrow could be very different to today's. We see opportunity

with this change. Opportunities to redefine our workforces and workplaces in ways that not only enhance productivity, but also allow people to thrive in the new realities at work.

Why does the future of work matter?

The future of work is all about people—the way they work, where they work, and even who is at work—and the way technology is driving change. However, there is a large relational shift occurring between people and their work. Thomas Friedman describes it:

“Work is being disconnected from jobs, and jobs and work are being disconnected from companies, which are increasingly becoming platforms. A great example of this is what's happening in the cab business. Traditional local cab companies own cars and have employees who have a job; they drive those cars. But not they're competing with Uber, which owns no cars, has no employees, and just provides a platform of work that brings together ride-needers and ride-providers.”²

Technology is shifting how we think about the workforce. There are two important changes that seem to be happening in the workforce: one, the worker is moving off campus and into non-traditional employment arrangements, and educated.

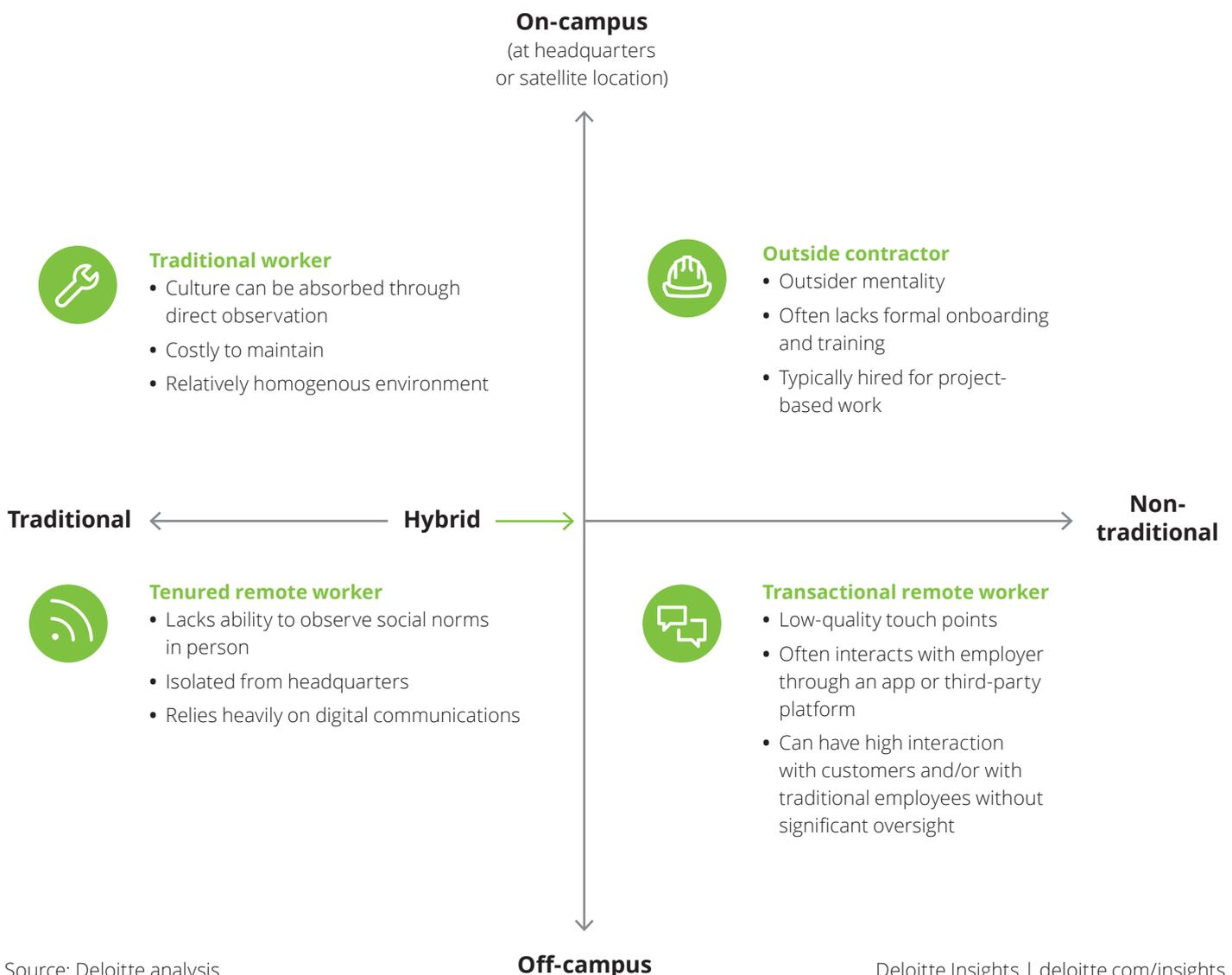
The alternative worker: Off campus and non-traditional

Technology enables the proximity of work to expand beyond a company's walls and traditional employment agreements. The alternative worker is one of the fastest-growing segments of the workforce. By 2020, an Intuit report predicts that nearly 40 percent of all US workers will be engaged in some sort of alternative work arrangement.³

Within our research, we have identified four segments of work arrangements that each possess their own unique needs. Figure 1 shows how the workforce can be segmented along two axes: location — on- vs. off-campus, and contract type — traditional vs. non-traditional.⁴ Each of these worker segments represents an opportunity to capture value and diversity across organizations. However, each segment also offers a challenge to incorporate broadly into a company's culture.

This new relationship between workers and organisations will also present opportunities for both individuals and companies to evolve. As the alternative worker shifts to more rapidly evolving work, the way that work is done is likely to change, moving from short-term transactional remote worker to longer-term relationships that help to accelerate learning and performance improvement. The more creative alternative work becomes, the more likely it will rely on small teams or work groups that would collaborate on different projects over extended periods of time.

Figure 1: The alternative workforce goes to work



Source: Deloitte analysis

Shifting demographics: Workforce supply changes

The supply of workers is rapidly evolving globally as a result of shifting demographics, enhanced longevity, and increased focus on the inclusion of the marginalised segments of the population. This brings an opportunity for organisations to leverage the most diverse labour market to date.

1. **The New Zealand workforce is aging.** Over the last 30 years, the employment rate of Kiwi workers 65 years and over has risen from 7 percent to 24 percent, and from 44 percent to 78 percent for workers aged between 55 and 64 years of age.⁵
2. **New Zealanders continue to become more educated.** Between 2006 and 2016, the percentage of Kiwis who hold a bachelors or higher qualification has increased from 15 percent to 24 percent.⁶

The challenges, and benefits of an aging, diverse, and educated workforce, many of which are already evident, will likely only grow in the future.⁷

Reengineering work: Technology transforms jobs

Not only is the worker going off campus and off traditional contracts, but the work is also becoming increasingly augmented by technology, which frees up greater capacity for higher-order cognitive tasks. Unpacking the implications that the forces of technology have on the worker is fundamental to organisational leaders seeking to navigate the forces reshaping our understanding of work.

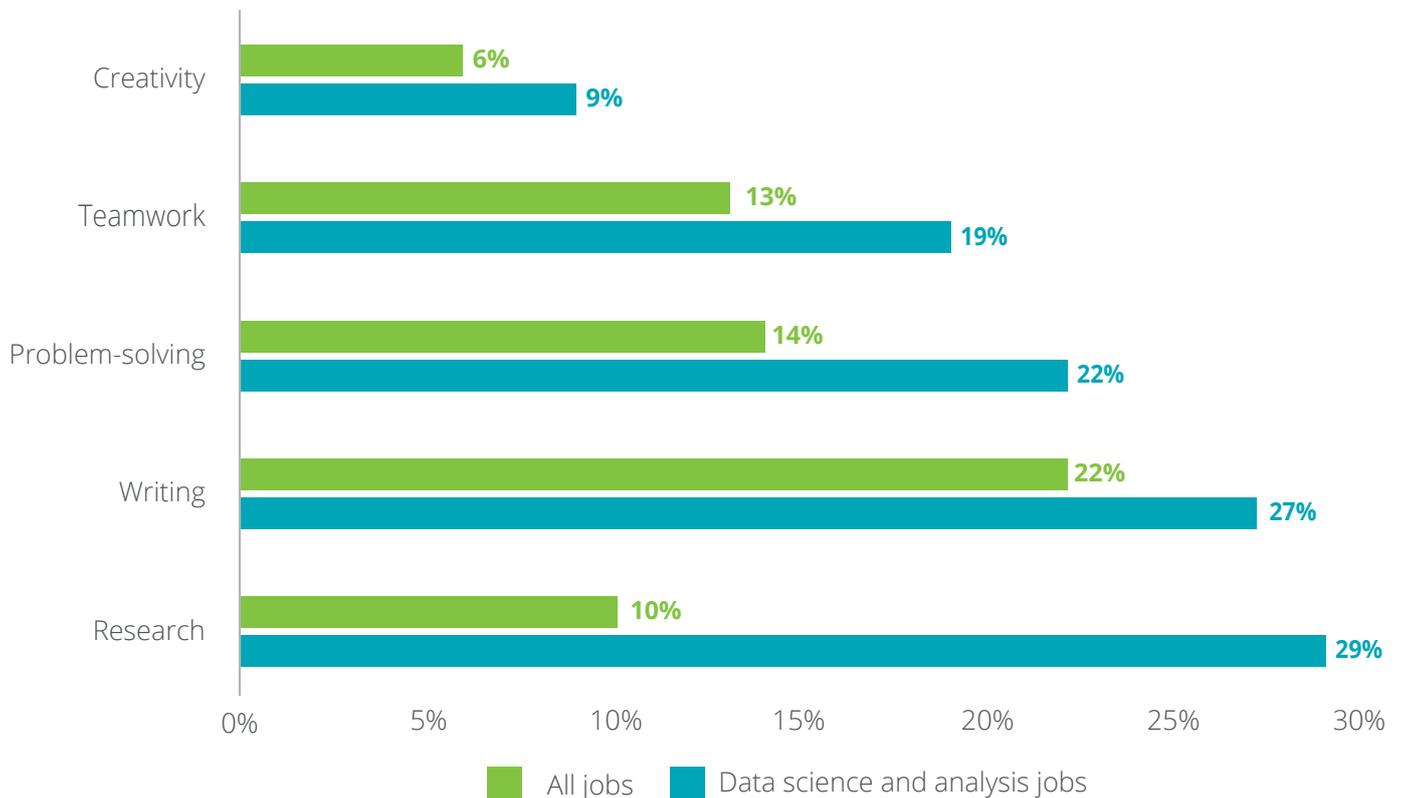
For example, the advent of artificial intelligence (AI) makes it possible—indeed, desirable—to reconceptualise work, not as a set of discrete tasks laid end-to-end in a predefined process, but as a collaborative problem-solving effort where humans define the problems, machines help find

the solutions, and humans verify the acceptability of those solutions.⁸

These increasingly sophisticated technologies have caused the nature of work to shift away from relatively routine work environments to ones filled with growing diversity and complexity. In particular, there has been growth in highly cognitive non-routine work (including professional or managerial work). Research suggests that more than 30 percent of high-paying new jobs will likely be social and ‘essentially human’ in nature.⁹

Figure 2. Data jobs require more soft skills

Percentage of posts requesting soft skills



Source: Matt Sigelman, “By the numbers: The job market for data science and analytics,” Burning Glass Technologies, February 10, 2017.

Roles in the future will likely continue to require new types of essentially human skills, even in very technical-centric fields. For example, Figure 2 shows the type of expertise employers are looking for in data analysis positions: research, writing and problem-solving skills, along with teamwork and creativity.

The future of work could create more good jobs, if organisational leaders are able to evolve their jobs by crafting them to make the most out of individuals' social skills and creative problem-solving ability.¹⁰ This, of course, will require an emphasis on continuous learning and development, which Millennials continue to rate as the No. 1 driver of good jobs.¹¹

Implications for organisations

These shifts are not inconsequential; the changing nature of work is presenting today's organisational leaders with unique challenges and opportunities. Businesses that fail to address these challenges risk being left with a workforce poorly equipped to drive lasting success. So, what to do?

Redesign work for technology and learning.

To take effective advantage of technology, organisations will likely need to redesign work itself, moving beyond process optimisation to find ways to enhance machine-human collaboration, drawing out the best of both and expanding across alternative workforces. Organisational leaders should ensure that technology possibilities are connected to both customer and employee needs during work redesign.¹² In addition, organisational leaders must find ways to balance what is new (and the new potential of it) with the existing strength of the business, such as their brand and values.¹³

Rethink your workforce strategy.

More attention must be given to workforce strategy, collectively owned by the C-suite. A clear determination must be drawn between the business strategy and the workforce needed to execute it. Organisational leaders will benefit from using cognitive technology to identify the best ways to obtain the workforce capability they need. Such technologies

now enable data driven insights for how work should be automated, how to access different workforce types, and how and where work should be completed. Leaders can proactively prepare strategic workforce plans with a clearer line of sight into their changing workforce composition.

What should you do next?

- Organisational leaders should prepare to redesign work and jobs to take advantage of the growing capabilities of machines and expanded access to different workforce types.
- Leaders also need to consider how they can develop and redeploy people to higher-value and more productive and engaging jobs, working alongside smart machines and workers on traditional and non-traditional contracts, in crowds, and around the world.
- Leaders should also proactively prepare for possible regulatory changes, designed to support new types of work and workers and a more entrepreneurial economy.

Are you ready for the evolution?



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Endnotes

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