

THE WORLD IN 2030

Porous Organisations



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Increasing competition for talent forces organisations to be open and permeable: Building, maintaining and retaining corporate know-how is a pivotal challenge but so is attracting and curating flexible, independent workers.

Estimated unfulfilled jobs

85 million

Estimated % of U.S. freelance working population

50%

In 2015 we wrote about the scramble for talent and the need for organisations to adapt to a world in which digital nomads can pick and choose the projects they are prepared to work on, often on their terms and irrespective of geography. Five years on the need for fluidity remains. Shifts such as technological progress, globalisation, an increasingly ageing population and more evident climate change have been influencing corporate decision making, including how and where people are employed. This has created fundamental challenges for business big and small. Not only can the top talent cherry pick when and how they work but, in a highly volatile and increasingly complex landscape, many organisations must also learn how to manage a seamless flow of knowledge and ideas in order to adapt to changing customer demands, ensure capabilities are maintained and keep the doors to innovation open. On top of this, the 2020 pandemic has tested the abilities of even the most resilient and agile companies.

As the long-term consequences become apparent, shoring up the talent supply chain will be a crucial part of mitigating risk. Looking ahead, it seems that only the wealthiest and most attractive organisations (in the main technology companies) will be able to retain the loyalty of their employees. For everyone else building and preserving corporate know-how within increasingly porous organisational boundaries will become a priority.

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Technology Change

What is clear is that the reality of changing demographics and the escalating impact of new technologies across pretty much every sector are fundamentally challenging the status quo. Although there is huge optimism about the potential for technology to deliver productivity gains, in many countries there is also a disconnect between advances in areas such as automation, artificial intelligence and machine learning and the skills and experience workers have to leverage them. Indeed, it is difficult to avoid the furore around future threats and possible political interventions about job protection and creation. One point that everyone agrees upon is that the talent shortfall will remain an ongoing problem. Such is its extent that a 2018 report by executive search company Korn Ferry reckoned that by 2030, more than 85 million jobs could go unfilled simply because there aren't enough skilled people to take them.¹ Influential large companies might well be protected from the consequence of this but for smaller organisations this presents a huge challenge. More broadly for society, it risks escalating the growing economic divide.

As a consequence there is increasing pressure on a number of regional and national governments to invest more in infrastructure in order to shore up the long-term economy and avert the possibility that major, and increasingly peripatetic, organisations choose to relocate to areas where the talent supply is more plentiful. Pre COVID, hotspots for the young and ambitious included major cities such as London, New York and Paris – all popular because they are ideal places where people can build networks, collaborate and meet others buzzing with energy and new ideas. Today, although the pandemic has dulled their glamour somewhat, do not expect cities to lose their shine completely. While remote working has become a norm for those working in service sectors for a while, it will not work everyone in the long-term. Many cities will fight back, improving transport links, providing better schools or hospitals and offering different amenities.

Young people will still want to be there to have fun, build networks and learn how to collaborate so cities will still house the majority of knowledge workers, albeit their working habits may change. True, upscale workers with young families may move to smaller towns in order to get more space – but this has always been the case – and likely they will still want urban amenities such as good restaurants, cinemas and music venues.

However, in some countries inadequate investment in domestic education, unwelcoming immigration policies – for example the H1b and H4 visa restrictions in the USA - not to mention the prohibitive cost of living in key cities, means that some fear both home-grown and foreign talent may well choose to go elsewhere. Some may even choose to go home. The Indian governments has been investing significantly in STEM education, in order to attract business leaders from the global diaspora home and, with a large youthful population, is increasingly well placed to have a surplus of more than 1 million high-skilled tech workers by 2030.

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Flexible Organisations

Although the talent crush may be the near and present danger, technological change has become the catalyst for other transformations, not least around the shape and definition of a company. Indeed, some in our workshops have argued that the future of the company is as much in flux as the future of work itself. In general organisations exist because groups of people working together help build an attractive shared culture and / or they can achieve more due to their ability to share skills and resources, improve efficiency and reduce transaction costs. Until recently the most effective way of managing this was by ensuring that those working for a particular organisation were in regular contact with most of the other employees, which

basically means they had to be physically present. New technologies and the wider experience of home working have, to an extent, done away with this need and organisations are becoming more distributed and porous. Whether by strategic intent or through happenstance, many are increasingly flexible, permeable, flat and also virtual.²

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The Organisational Boundary

What constitutes the core capability of a company is also changing. Although some specific areas of expertise, such as strategy, innovation and brand are usually retained, over the years increasing pressure to streamline processes has led to a number of established activities being outsourced – think of operations, sales, fulfilment, finance and legal teams. Some key disciplines have stayed within the organisational boundary, some have moved outside, others have come back inside – in parts.

As the nature of work and employment is changing these boundaries are progressively becoming less distinct. To some extent this is due to the increased use of part-time and freelance work which has been on the rise in many countries for a number of years now. McKinsey suggest that pre 2020, freelancers, contractors, personnel tied to staffing agencies and gig economy workers—may have held around 20 to 30% of all jobs in Europe.³ Elsewhere, India and the Philippines are other freelance hotspots and even more traditional economies, such as those in the Middle East, are progressively embracing the gig economy. In the US future projections have, for some time, forecast that the working population could be 50% freelance by 2030.⁴ It is likely that a post COVID readjustment and the threat of a significant, sustained recession in many economies will only accelerate this.

Given this, over the next decade even the most established companies may shift from being straight-forward employers to becoming more akin to coordinating bodies that create or manage projects that are, in fact, delivered by a growing freelance population.

At the same time that this is taking place there has also been a rise in network-centric organisations which are responding to the growth of the knowledge economy. Many here have cast aside traditional command and control techniques and the long-time hierarchies of corporate life. These flatter, informal alignments offer knowledge workers the ability to create and leverage information using smaller collaborations and agile, self-directed teams. This, alongside the convenience of technology, has increased worker mobility with many moving across jobs, projects, teams, geographies, and organizations more than ever before. Importantly they are taking critical knowledge with them.

Although some leaders recognise this, as yet most corporations have been slow to respond.⁵ Deloitte's 2020 Human Capital Survey showed that 75% of the organisations surveyed believed that creating and preserving knowledge across a frequently changing workforce is important for their success but only 9% felt they are ready to manage this given and, despite the rise in the number of off balance sheet workers only 16% saw that facilitating knowledge management between contract and full-time workers as significant.

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Flexible Working



Many younger personnel, particularly those who are higher earning and technology literate, now prefer to set their own schedules, and even their terms of engagement. Independent workers are increasingly choosing to offer their services on digital platforms including Upwork, Uber, and Etsy and, in the process, are challenging conventional ideas about how, when and where work is undertaken. As well as the millions of relatively poorly paid gig drivers and delivery personnel working with the likes of Lyft, Deliveroo and DPD, there are now also well remunerated digital nomads who, rather than limit themselves to an office based existence choose to work where they can find the best wi-fi at home or abroad.⁶ Faced with these evident shifts, some companies are supportive - even pitching

their remote workers 'delocation packages' to move away from the overcrowded cities.⁷ Several governments, especially those in the Nordics, are also keen to encourage them. Estonia is, for instance, one of the first countries in the world to offer a digital visa specifically for the purpose of remote working.

Not Full Time

While anecdotally 'gigging' is seen as something that younger people do, in many ways it may suit older people better. They may be more content to work part-time as projects come, are not looking for career progression and are better able to deal with the precariousness and timing of such jobs. This is good news for companies as they can retain a smaller core staff of regulars and augment the team when needed.

For some the lack of security is not new. Software developers and much of the movie industry have worked in this way for decades. However, for other more traditional companies, from Citibank to Ford, used to a full-time workforce in specified locations it may be a totally disrupting experience. Many senior executives worry that, particularly at a time when workers are not physically based within an HQ and are able to use any amount of different platforms to communicate with their peers, it will become increasingly difficult to maintain the sense of corporate trust, cohesion and identity that often goes a long way in helping to attract, retain and train the right talent. To address this company bosses around the world will have to recognise that freelance or gig workers must be considered key stakeholders, fully part of the corporate community and treated as such. Over the next decade those companies that manage to combine the value of full-time employees and high-end independent professionals from the gig economy will attract the best talent and so be able to differentiate themselves from the competition. But this will be by no means easy to achieve.



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The Organisational Contract

And there's the rub. Online labour platforms have now become important players in the marketplace and have transformed the traditional employment relationship.⁸ A key point of contention is the classification of gig workers as independent contractors or employees. Hidden beneath the claims of autonomy, is the fact that online platforms exercise firm control over most aspects of fees, how, and to what standard, work is done. In addition, most don't cap the number of freelancers who work on any day so the market can be flooded, and earnings slashed. Rather than give workers freedom to work any time anywhere, this can mean they have to work intense, unsocial and irregular hours in order to meet client demand. Oxford

academic Jeremias Prassl suggests that these problems are driven by firms "presenting themselves as mere intermediaries rather than powerful service providers.... to shift nearly all of their business risk and cost onto others".⁹

It is certainly hard to disguise the fact that the gig economy's rise has been accompanied by a fall in the fortunes of working households – which now comprise 58% of those below the official poverty line; the figure was 37% in 1995. For some, an increasingly freelance pool of workers flowing in and out of organisations on a regular basis may well require a rethinking of the organisational contract.



Adaptable Know-How

A key area of concern for many we have talked to is in building and maintaining strategic know-how that can both differentiate the organisation and sustain its long-term growth. In the old model of large companies and full-time, long-term employees, organisational know-how, whether formal or informal, was built up over years and aligned around key areas of priority future focus. Whether as patents or copyright, formal intellectual property has grown to be a core component of the intangible assets of the organisation – in some cases one of the most valuable assets for companies in pharma, technology and even finance. However, in the new world where both the younger and more experienced independent workers move in and out of the company sphere faster than new products and services can be delivered, managing the associated know-how is nigh on impossible.

As the big companies become increasingly smaller in number of full-time employees, some even advocate that codifying know how as formal intellectual property may well have to give way to a more flexible approach to more adaptable know-how that is created, built and deployed by a succession of freelance talent attracted to work with others inside the organisation not by money but more by contribution to solving the pivotal problems.

Taking the long view, in a world increasingly tackling major complex challenges that require multiple sources of talent from across myriad backgrounds to collaborate, often virtually, to develop sustainable solutions, the whole notion of patents owned by a single entity may well disappear. Flexible working across porous boundaries will accelerate this. A core question here is how will value be attributed?



As the big companies become increasingly smaller in terms of the number of full-time employees, some even advocate codifying know-how because formal intellectual property may well have to give way to a more flexible approach. More adaptable knowledge-sharing is created, built and deployed by a succession of freelance talent which is attracted to work with others inside the organisation not by money, but more by being able to contribute to solving the pivotal problems.

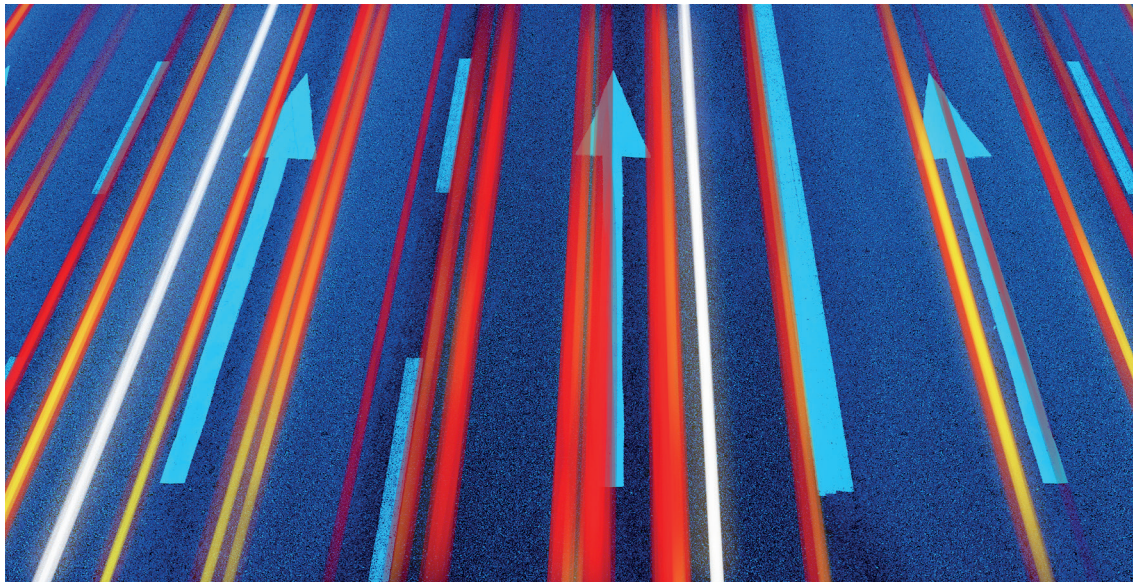
Leading in 2030

The workplace is undergoing a significant cultural and management shift and there is need to adapt. As yet, this has not translated into significant action. One place to start is to review training, talent and leadership development. Once businesses realise that, despite best endeavours, they cannot always hire the new skills they need in some sectors, we may well see a greater focus on internal talent development.

Although expensive in the short term, over the longer term it can demonstrate its value. It is also good for morale, builds loyalty and enhances the company's long-term attractiveness to potential recruits. Although big global residential programmes may well have seen their day there is still a need for networks be cultivated particularly for the younger

generation workers who, in a post pandemic world may not quite so identified with culture but more the efficacy with which digital is used and how the environment and work life balance is factored. Alternative, more networked approaches are more likely to be popular. In addition, smaller organisations, whose pockets may not be so deep, may well pivot to embrace the professional gig economy head on and create both the culture and the structure to enable it to flourish.

Either way organisations will strive to be the ones that the best talent wants to work with, not for. As a consequence of this leading HR professionals may see their role rapidly changing from the recruitment, development and retaining of full-time talent to attracting and curating flexible independent workers.



References

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The World in 2030

This is one of 50 global foresights from Future Agenda's World in 2030 Open Foresight programme, an initiative which gains and shares views on some of the major issues facing society over the next decade. It is based on multiple expert discussions across all continents and covers a wide range of topics. We do not presume to cover every change that will take place over the next decade however we hope to have identified the key areas of significance. Each foresight provides a comprehensive 10-year view drawn from in-depth expert discussions. All foresights are on <https://www.futureagenda.org/the-world-in-2030/>

Previous Global Programmes

The World in 2020 was published in 2010 and based on conversations from 50 workshops with experts from 1500 organisations undertaken in 25 countries as part of the first Future Agenda Open Foresight programme. This ground-breaking project has proven to be highly accurate in anticipating future change and the results have been used by multiple companies, universities, NGOs and governments globally. Rising obesity, access not ownership, self-driving cars, drone wars, low cost solar energy, more powerful cities and growing concerns over trust were just some of the 50 foresights generated. For more details: <https://www.futureagenda.org/the-world-in-2020/>

Five years on, the World in 2025 programme explored 25 topics in 120 workshops hosted by 50 different organisations across 45 locations globally. Engaging the views of over 5000 informed people, the resulting foresights have again proven to be very reliable. Declining air quality, the growing impact of Africa, the changing nature of privacy, the increasing value of data and the consequence of plastics in our oceans are some of the foresights that have already grown in prominence. For more details: <https://www.futureagenda.org/the-world-in-2025/>

About Future Agenda

Future Agenda is an open source think tank and advisory firm. It runs the world's leading Open Foresight programme, helping organisations to identify emerging opportunities, and make more informed decisions. Future Agenda also supports leading organisations on strategy, growth and innovation.

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