

April 2020



COVID-19, Virtual Labor, and the Future of Work

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COVID-19

Virtual Labor, and the Future of Work

27th April 2020

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Consider how the nature of work has shifted over the past 50 years. With increased globalization, rapid technological advancement, and a shift in economic composition, the average jobs today look very little like the average jobs 50 years ago. These jobs were largely industrial and agricultural in nature, with a relatively small percentage of service sector jobs as a proportion of the overall economy. While we do not have a crystal ball and cannot predict, with any assurance, what the next 50 years will look like, past trends provide us with clues for the coming decades as we move headlong into the 4th [Industrial Revolution](#). This revolution will be [characterized](#) by rapid technological progress where the application of new technologies will cause sudden change. As such, it seems clear that the technology of the future is changing the business of today and tomorrow

Apart from tracing historical trends to make predictions, unexpected global events, such as COVID-19 and their impact on the world of work and the economy, must be carefully considered. Such events may accelerate current

trends or establish new directions. In what follows, we will explore: (1) Overview of COVID-19 Global Impact on Work and Economies, (2) Technological Innovations Influencing Shifting Work Conditions, (3) COVID-19 Accelerating the Shift to a New Normal in the Workplace and the Future of Work in the Post-Pandemic World, (4) The Future of Work in the Global South, and (5) Policy Questions and Implications.

Overview of COVID-19 Global Impact on Work and Economies

Much uncertainty exists regarding the full impact (short- and long-term) of COVID-19 on the workforce and economy. Current strategies enacted by governments around the world, referred to as “life support,” have been put in place [to avoid a complete breakdown](#) of the economy. Indeed, the economic consequences of the pandemic could

lead to the [worst global recession](#) in the past 150 years. Nearly 10 million U.S. workers filed for unemployment in the first two weeks of pandemic-related lockdowns. Adding further complexity to these issues is the unknown nature of the virus in terms of [future outbreaks and trajectories](#).



Workers around the world are being hit hard by the impact of COVID-19. The Economist estimates that sectors facing the most significant output declines employ [38% of the world's workforce](#), which now faces lay-off and furlough measures. Employees most affected, such as in the tourism and hospitality industries, are in employment situations that depend on being physically on the job. Also vulnerable are workers in sectors providing essential services such as healthcare, food, and logistics. Although these workers remain employed, the work may be low-paying or involve exposure to potentially hazardous and stressful conditions.

On a more positive note, many companies have been able to respond to the crisis through the [use of technology](#), such as video conferencing tools, which enable online meetings, work from home, and stress-releasing activities such as exercise classes. An expected long-term impact of adopting these technologies on a more widespread basis is an increase in telework or working from a distance, after the pandemic.

The economic effects of the pandemic are simultaneously creating opportunities for some industries and setbacks for others. E-commerce is expanding with some companies reporting that online shopping has doubled, even in instances where it was already high. This suggests that in a post-pandemic world, these increased levels may continue as consumers more fully recognize the convenience of [online shopping](#). While tech companies are benefiting from increased reliance on their products, smaller start-up companies may face more difficulties in the future especially with the likely decreased dependence on the Chinese supply chain.

Pharmaceutical and biotech companies will recognize [gains related to innovations](#) in new drugs and vaccines while anxieties about the safety of businesses such as bars, restaurants, bakeries, and gyms may persist and require owners to entice customers to return. Currently, 54% of small and medium-sized firms with fewer than 500 employees are closed or expected to close.

Smaller companies or start-ups, less able to quickly adapt, may face more difficulties in the future, and see a higher failure rate. Anxiety about personal safety in businesses such as bars, restaurants, bakeries, and gyms may persist and require owners to entice customers to return. The companies that survive will seek greater diversification in suppliers over single sourcing to reduce dependence. Some companies may also decide to relocate factories and manufacturing to their home countries and find cost-efficient technology to reduce costs.

Worldwide, pandemic-caused lockdowns are projected to impact 4 out of 5 workers or a total 2.7 billion people with the most severe effects in food production, accommodation, retail and wholesale, business services, and manufacturing sectors, which account for [37.5% of global employment](#).

Technological Innovations Influencing Shifting Work Conditions

As organizational leaders, it seems we are increasingly bombarded with messages about disruptive innovations and the changing nature of work. While calls to prepare strategically for the “future of work” might sometimes seem over-the-top, it does not change the fact that we have seen tremendous shifts in

the global economy (including the labor economy) and technological innovation over the past 50 years that have had significant implications on the nature of work.



So, what do the next 50 years have in store for organizations and workers? How will disruptive technologies, in part fueled by the rapid decline in cost of storage and memory and the exponential growth of processing power, such as robotics, electric/self-driving cars, artificial intelligence/machine learning, pharmacogenetics, quantum entanglement, virtual presence/augmented reality, 3-D printing, and blockchain (among many others) influence future labor markets? A recent [McKinsey report](#) suggests, “the collision of technological disruption, rapid emerging-markets growth, and

widespread aging is upending long-held assumptions that underpin strategy setting, decision making, and management”.

Furthermore, recently a [panel of global industry leaders](#) predicted the following concerning the impact of technology on business leadership and the nature of work:

There will be a movement from linear workflow and organizational structures to a more matrix/connected framework, where leaders are involved in all activities at all times.

Leaders will need to think of themselves as challengers and must assume challenge and disruption in their industry, organization, and with their workforce.

Due to a growing skills gap, organizations will need to proactively catalyze a reskilling agenda within the company to create employee value (emphasizing skill sets and not just traditional jobs).

There will need to be a renewed focus on life-long learning to attract and retain the best talent. Additionally, organizations will need to explore other untapped labor markets with a focus on inclusivity/diversity.

There will be a massive displacement of jobs. [PwC](#) for example, projects that 40% of jobs will be replaced or displaced in the next 15 years, particularly low-skilled and financial service sector jobs.

There will be a hyper-competitive hunt for talent in a new robotic and automated economy, where all surviving companies

will need to evolve into tech companies.

As societal values shift, likewise, there will be shifting company responsibilities, with an increased emphasis on corporate social responsibility, social innovation, and broader social impacts of organizational activities.

There will be a continually shifting geopolitical landscape toward non-Western countries – the Global South (Asia, Africa, Latin America) that needs to be considered in organizational strategic approaches.

Each of these technology-driven trends and drivers is directly influencing the shifting trajectories in what work will look like in the future.

In [The Future of the Professions: How Technology Will Transform the Work of Human Experts](#) Richard and Daniel Susskind examine the intersection of these rapidly advancing innovative technologies and the shifting nature and transformation of work and the professions, providing theoretically grounding and ample examples of emerging technologies, organizations and work arrangements. Furthermore, in [The Future of Work: Robots, AI, and Automation](#) Darrell M. West sees the United States and the world at a “major inflection point” that will have to grapple with the likely impact of an increasingly automated and technologically advanced society on work, education and public policy.

In [Rise of the Robots: Technology and the Threat of a Jobless Future](#), Martin Ford

presents an unsettling vision of a future world dominated by artificial intelligence, machine learning, and highly automated industries, where most members of the current workforce find themselves replaced by technology and machines; in other words, a jobless future. Based on recent economic and innovation trends, Ford argues that the rapid technological advancement will ultimately result in a fundamental restructuring of corporations, governments, and even entire societies; as middle-class jobs gradually disappear, economic mobility evaporates, and wealth is increasingly concentrated among the elite super-rich. This vision of the future is in stark contrast to those shared by experts in a recent [PEW report](#), who generally hold a more optimistic view of the next 50 years of digital life.

In [Gigged: The End of the Job and the Future of Work](#) Sarah Kessler examines the shifting psychological contract between organizations and workers, discusses trends in the organization of work, and documents the movement in recent decades away from traditional employment models and toward part-time work and contingent employment arrangements such as independent contracting and project-based “gig” work. While such work has always been a part of informal economies around the world, the trend is increasingly common in traditional organizations as well, bolstered by the success of companies like Uber and Airbnb.

COVID-19 Accelerating the Shift to a New Normal in the Workplace and the Future of Work in the Post-Pandemic World



Has the COVID-19 global pandemic hastened the shift to a more virtual and contingent workforce? What does this all mean for the organizations, workers, and societies as we move into the post-pandemic world?

In [The Future of Work: Attract New Talent, Build Better Leaders, and Create a Competitive Organization](#) Jacob Morgan argues that the world is changing at an accelerated pace and demonstrates that the way we work today is fundamentally different from how previous generations worked. He suggests that the future of work will be drastically different from what we experience today (a shift from knowledge workers to learning workers), where employees can work anytime and anywhere and can use any number of devices. Additionally, In [Shaping the](#)

[Future of Work: A Handbook for Action and a New Social Contract](#), Thomas A. Kochan acknowledges an increasingly digitized economy and examines the resulting shift in social contract with regard to work and the professions. Kochan provides a road map for what leaders across contexts need to do to create high-quality jobs and develop strong and successful businesses.

In the next 50 years, it is already likely that we will see a continually shifting geopolitical landscape, a push toward a reskilling agenda within organizations to continually leverage human capital value, and the displacement of jobs and the hunt for talent in a more automated economy. However, due to the impact of COVID-19, there appears to be an increased move towards a mobile and flexible labor force, where continued technological advancements will disrupt traditional organizational models and shift the very nature of work and professions.

The Future of Work in the Global South – Asia, Africa and Latin America

Although technological advances are sometimes viewed with fear, specifically that technology will replace jobs, [technology has created new types of work](#) that were formerly not even imagined. As we have seen with the

response to COVID-19 in terms of rapid technological innovation and adoption to facilitate working from home, technology can enable “global, flexible and independent work” and in particular, in the [Global South](#).



However, the impact of technological changes may be uneven displacing some individuals while creating jobs for others. The future of work in the Global South is closely tied to technological innovation, but as these innovations evolve, attention must be paid to policies that protect workers and provide for education and training to help these workers develop the needed skills. The three areas discussed are based on research studies specific to the Global South, examining digital work and its impact in developing countries.

For the Global South, new digital technologies may offer greater flexibility in work and expansion beyond local job markets. One such trend is the implementation of online gig platforms in lower-income countries. [Gig platforms](#)

match employees with employers on a temporary basis to fill needs for data entry, graphic design, writing, or other tasks. These online marketplaces potentially address issues such as global disparities in labor supply and demand, low wages, and unemployment, and offer benefits such as autonomy. However, policies are needed to protect workers from long hours, insecurity, and discrimination. Little evidence indicates the effectiveness of gig work as a national strategy for economic improvement, even though workers themselves report that it provides a primary source of income.

Another practice with the potential to improve conditions in the Global South is [global digital labor platforms](#) where sellers can offer freelance labor to a global market. However, supply has tended to outstrip demand, resulting in greater regulation to address discriminatory and exploitive practices. Such platforms offer outsourcing and offshoring opportunities; however, the increase in rules and regulations by platform providers is somewhat limiting the original aim of facilitation.

Potential job loss due to automation is an on-going concern and indicates how technology can enable greater flexibility, work opportunities, and opportunities for some while displacing others. In India, for example, increased automation is expected to impact unskilled and low skilled workers significantly. This leads to a dilemma for policy- and decision-makers in terms of upgrading technology to increase productivity

while simultaneously finding ways to protect workers such as reskilling.

In summary, technological change impacts countries and the workers within them in [different ways](#), necessitating ongoing innovation, education to ensure people have needed skills, regulation, and appropriate policy. This is particularly true in the Global South, where, though technology is enabling the expansion of work opportunities and better working conditions, the outcomes are mixed.

Policy Questions and Implications

So, what does this all mean for corporate and government leaders? What are the core competencies of organizations that are prepared for these technological disruptions in a post-pandemic world? How does the shifting nature of work influence needed professional competencies?

Some specific questions, each with its policy considerations, include:

What are the core competencies of organizations that are prepared for these technological disruptions?

What does this mean for organizational budgets and technical footprints?

Whose role is it in corporations and governments to be the “futurist”?

How do we get leaders to look externally (outside the organization) for strategy?

What are the new professional competencies of the future virtual worker?

How quickly can organizations recruit pivotal roles that were not previously in the company?

Should new employee skills, competencies, and capabilities be built, borrowed, or bought?

How can organizations provide balanced risk management in a heightened pace of change?

The [PEW Report](#) on our digital future also highlights related public policy areas that may be of concern as we move into an uncertain future. These include creating a fair and equitable digital future around public policy and regulation, the technology-enhanced disruption of existing social and political structures, privacy rights, and issues connected to the environmental degradation of the Earth.

Regardless of what the future holds, increasingly, leaders need to be [socially-minded](#), data-driven, decisive, champions of talent, and disruptors. These are questions leaders need to be asking and discussions we need to be having now so that we are prepared for the future of work, and particularly for unexpected, disruptive global events.

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Design and layout: Svetlita Epoch