The pace and scale of change is unprecedented...

We recently held our FutureWorks Global Employer Forum in London to discuss the megatrends that will impact global businesses and the future of work. Together with HR and employment leaders from some of the most innovative companies in the world, as well as leading academics and thinkers, we looked at how global employers can embrace the opportunities and manage the coming shocks.

Here we share highlights from our two days together.
As our host and keynote speaker Professor Ian Goldin noted, the pace and scale of change affecting all of us is unprecedented since the Renaissance. For this year’s FutureWorks event in London, we looked at the large-scale trends that will change our world: high birth rates in developing markets, an aging population in the West, climate change and the dominance of cities.

We also explored the changing nature of work itself: the rise of contingent workers, increased demand for flexible working, changing skills requirements and talent pools. We heard how companies are adapting their strategies to engage diverse talent and unlock future productivity.

Finally, we considered how new technologies from machine learning to biomedical enhancements are transforming the workplace and raising ethical questions of their own.

These disruptions pose significant challenges. However, we live in an exciting time full of opportunities. Together, we can come up with answers for the big social, environmental and economic challenges of our time and prepare our organizations to thrive.

GUENTHER HECKELMANN
Partner, Global Chair, Employment & Compensation Group,
Baker McKenzie

The FutureWorks agenda:

NEW ERA
Is the world flat? Globalization, talent and the power of place.
Is the employer-employee relationship over? The new talent exchange.

NEW ACTIONS
Findings from the World Economic Forum’s study, “The future of jobs.”
Do businesses need a social license to operate? New era, new actions.
Is a new global diversity mindset essential to the future of work? Diversity and inclusion strategies to drive innovation.

NEW TECHNOLOGY
Are you bridging the digital generation gap? Talent in the digital world.
Just say no to drugs? Biomedical enhancements at work.
Will machines rule the workplace? Artificial intelligence (AI), bots and future skills.
NEW ERA

Our world is interconnected. Six billion people own a smart device. Around 70% of the world’s population lives in a city or within one hour’s reach of a city. Companies and individuals are discovering new ways to work together. Our FutureWorks program looked at the opportunities and risks of a new era — the megatrends that will affect global business and where and how we work.

A second Renaissance?

We began our FutureWorks Forum with a keynote address from Ian Goldin, Professor of Globalisation & Development at the University of Oxford and former Vice President of the World Bank, examining the megatrends shaping our collective future: shifting economic power, changing demographics, disruptive technologies and systemic risks.

The extraordinary growth of the past 30 years is due to unprecedented globalization and accelerating technological change. The speed, scale and complexity of this integration have far-reaching implications for business and individuals and are dramatically changing the nature of work and employment relations.

The drivers of global growth are changing — emerging markets are likely to continue to grow at high levels in the coming decades. Rising life expectancy and collapsing fertility around the world will have dramatic consequences for pensions, retirement and employment patterns. Meanwhile, advances in artificial intelligence and robotics are transforming the nature of work and have the potential to replace significant numbers of jobs and widen inequality.

Globalization spreads not only opportunities but also creates systemic risks. Pandemics, cyber attacks, climate change and financial contagion are among the systemic risks increasing uncertainty. This is associated with growing extremism and a rise in protectionism and nationalism which threatens to reverse integration and globalization.

We are all connected. The challenge is not how to disconnect but how to build resilience.

Professor Ian Goldin, Professor of Globalisation & Development, Oxford University

The pace of change is accelerating and so are the uncertainties.
Factors that will impact tomorrow’s HR and legal policies:

**Economic and demographic trends:**
In the West, the median age of the population is rising, so the elderly will own more assets and have a greater say in politics. At the same time, global economic growth rates are expected to be highest in China, East Asia and India – this will shift economic power to the East.

**New technologies:**
We are interconnected and dependent on technology more than ever, but this can be turned against us – cyber risks and pandemic diseases are real risks.

**Shifts in relationships between employer and employee, between governments and citizens, between generations:**
Inequality is rising as economic benefits are flowing to cities, to global corporations and to older generations.

**Migration and mobility:**
Cross-border and intra-country migration has fuelled innovation. Half of all new US patents are awarded to first- or second generation immigrants to the country.

**Shortages of new skills, too many old skills:**
Studies suggest that with the onset of machine learning, we will delegate most computational tasks to computers, while human judgement, wisdom and intuition will be the on-demand skills of the future.

**Inadequate governance:**
There is no suitable global governance to manage the challenges arising in this new era.
Is the world flat?

Thomas Friedman and others have argued that the world is becoming flat, with globalization and new technologies connecting knowledge pools and resources around the world. We are seeing the tremendous benefits of this connectivity — companies can draw on international talent, and individuals have the flexibility to work where and when they want.

At the same time, location and place matter. The share of the world’s population living in urban areas, just 3% in 1800, is now 54% (and expected to increase to 66% by 2050). Companies also continue to see the benefits of bringing people together, with many investing in new spaces in major cities to attract talent and encourage collaboration.

These more unstructured and dispersed ways of working will require HR and business leaders to address new challenges, including how to instill company values and culture across locations, and how to build effective teams with employees and workers who may never meet in person.

Teams want psychological safety, regardless of where they work.

Is the employer-employee relationship over?

Globalization and technological forces are disrupting traditional work models. The job-for-life-model is over, and non-standard employment has become a feature of labor markets around the world.

Between 2005 and 2015, all US job growth was in temporary, part-time, freelance, and other “contingent” work. Workers from all manner of industries, skill levels, and geographies are enjoying more creative working models. Employers searching for talent will need to think more broadly about their workforce and come up with new strategies to attract and manage workers who are not their employees.

Similarly, employees are switching jobs more often, making it difficult to build a stable talent pipeline. HR leaders are looking at new ways to build loyalty, from flexible working and leadership opportunities to strong values and a sense of purpose.

People want a common purpose, regardless of whether they are permanent employees or contingent workers.
Adaptation is paramount across the global work landscape.

The increasing complexity of our world will demand new actions from business. Shifting employment patterns, including changes in types of jobs and skills required, are requiring companies to take an active role in upskilling current workers and preparing the next generation workforce. Demographic and socio-economic drivers — climate change, resource constraints, inequality, longevity and aging societies — are compelling companies to take a more proactive approach to solving the world’s biggest challenges. And workforce strategies to address diversity and the gender gap will become even more critical to business success.

Do we need a new kind of workforce?

Technological, socio-economic and demographic trends are converging to create new categories of jobs and to displace others. The landscape of skills requirements will also change significantly. Employers need to anticipate and prepare for these changes to help avoid massive unemployment and talent shortages. Data from the World Economic Forum’s The Future of Jobs report shows that while companies are aware of the coming challenges, they could be doing more. Workforce strategies include investing in reskilling, targeting diverse talent pools (including women and older workers), focusing on upskilling current employees, engaging with educational institutions, and collaborating with other companies within an industry or across industries.

By one popular estimate, 65% of children entering primary school today will ultimately end up working in completely new job types that don’t yet exist.

The Future of Jobs, World Economic Forum

Change in demand for core work-related skills, 2015 - 2020, all industries
Share of jobs requiring skills family as part of their core skill set

Source: Future of Jobs Survey, World Economic Forum
Do businesses need a social license to operate?

In 2015, all Member States of the United Nations adopted a 15-year plan to eradicate extreme poverty, foster human well-being and prosperity, and protect our planet. At the core of “Agenda 2030” are Sustainable Development Goals, which establish important targets for the international community on issues such as gender equality, decent work and good governance. Our panel explored why and how businesses are advancing these goals as part of their core strategies.

While compliance is an important driver, increasingly it is the business that is pushing for change. By addressing labor and human rights challenges, companies can:

- Manage stakeholder engagement
- Protect reputation and brand image
- Minimize legal liability
- Improve employee relations and productivity
- Create greater business value

In the face of rising populism and accelerating change, the focus on businesses’ responsibility of securing social permissions to operate in their communities is likely to intensify. Transparency, accountability and stakeholder engagement will become even more important.

Social responsibility, diversity and inclusion are fundamental to any global people strategy at this time of accelerating change.

―

You can feel social contracts being renegotiated day by day... Elected officials are not incentivised to think 10 or 15 years ahead.

John Morrison, CEO, Institute for Human Rights and Business and author of ‘The Social License’

―

If you smell smoke, there is a fire. Don’t wait till you see flames.

Brent Wilton, Director of Global Workplace Rights, Coca-Cola

―

Change is driven by the supply chain discussion and by representative bodies coming together.

Linda Kromjong, Secretary-General, International Organisation of Employers (IOE)
An increasing number of statutes and international standards are putting the spotlight on responsible supply chain practices:
Is a new global diversity mindset essential to the future of work? Diversity and inclusion strategies to drive innovation.

The business case for diversity and inclusion for multinational companies has never been clearer.

<table>
<thead>
<tr>
<th>Companies that exhibit gender diversity are</th>
<th>Companies that exhibit ethnic diversity are</th>
</tr>
</thead>
<tbody>
<tr>
<td>15% more likely to outperform those that don’t.</td>
<td>35% more likely to outperform those that don’t.</td>
</tr>
</tbody>
</table>


As billions are invested in diversity and inclusion by global organizations each year, it’s important to take a step back and ask what strategies and initiatives are making the biggest impact. Put simply, what works?

Our panel identified myriad ways for advancing diversity and inclusion:

- **Empower your employees.**
  Give people permission to create their own inclusion initiatives. While commitment from senior management is paramount, it’s not everything.

- **Don’t try to do everything at once.**
  If ethnic diversity is key to your business, start there. Or if gender equality is key to your brand, focus efforts there first.

- **Learn to listen.**
  Create environments where different voices are heard and build on ideas.

- **Get creative.**
  What may be labelled as a “pipeline challenge” may in fact be a matter of expanding your search outside of a traditional labor pool.

- **Rewrite the job description.**
  By re-examining the actual needs of the position, it may be possible to appeal to a wider set of applicants.

---

“Pick a lane. Don’t use the breadth of opinions or the enormity of the task to allow inertia. Just start somewhere and do it well. If you’re not sure, start with gender diversity. It will pay back in so many ways.”

*Caroline Whaley, Co-Founder, Shine for Women*

“Learn to listen. Know when someone is not saying something, and draw it out of them.”

*Kirstin Furber, SVP People Director, BBC Worldwide*
Are you bridging the digital generation gap?

Three types of digital natives are entering the workforce, who all use digital media differently. They are Generation Y (now aged 28-36), Generation C (now aged 23-28) and Generation Z (up to 22 years old).

Companies are increasingly tapping into these different generations’ use of digital media to help them shape new and more imaginative recruitment methods. Technology is also enabling a more effective recruitment process.

Four approaches for you to strengthen your pipeline of future recruits:

**Dedicated social media channels**
Speak directly to the people who are interested in your company, and take time to answer their questions. This may reduce the volume of applicants, and those who do apply may be more relevant to your needs.

**Social listening**
Use tools to gauge what people are saying about you as an employer, and to nurture your brand. Today’s recruits care about your participation in the wider world.

**Segmentation for the digital age**
Psychometric profiling is important. This might include passions, interests or creative connections.

**Employee-led communications**
Your people are trusted more than advertising about what it’s like to work for your company. Find the best spokespeople, and nurture them as thought leaders.

Be ready for privacy challenges.

Processes today may protect the individual from being identified — fractal interactions are designed to keep customer data anonymous. However, data mining is making it easier for companies to join up data sets and make reasonably accurate identifications.

NEW TECHNOLOGY

Here’s an example of creative thinking for recruitment. Snapchat applied cheeky geofilters to tempt employees of rival firms to leave their jobs. This is a unique and playful form of recruiting.

Tiffany St James, Executive Director, British Interactive Media Association and CEO, St James and Partners

We have replaced first-round interviews for graduates and interns with pre-recorded video interviews. Through HireVue, we ask candidates pre-recorded questions, give them 30 seconds to compose an answer and up to two minutes to record it. The number of candidates we are able to assess has increased. Therefore we have broadened the talent pool from which we hire.

Janine Glasenberg, Executive Director – EMEA Talent Acquisition, Goldman Sachs

We receive three million resumes per year. Up to a few years ago, we had recruiters spend at least five minutes reading every single one of those resumes. We now have machines in place that pull out relevant candidates with less risk of human bias.

Nate Boaz, Senior Managing Director for Talent Strategy and Leadership Development, Accenture

There is going to be an enormous backlash from consumers about the right to privacy. Get ahead of that.

John Morrison, CEO, Institute for Human Rights and Business and author of ‘The Social License’
Just say no to drugs?

When we’re sick, prescribed medication can make us better. When we’re tired, a strong coffee gives us an energy boost. However, what about taking a non-prescribed medication, to increase our alertness and performance?

Modafinil, an approved treatment for narcolepsy and other sleep disorders, is an example of such an “enhancer,” which can be used to enhance attention, executive functions, learning and memory, according to Julian Savulescu, Uehiro Professor in Practical Ethics, University of Oxford, and Programme Director at the Oxford Martin School.

Cognitive enhancers like this are going to present employers with considerable challenges. For example, how should employers handle the taking of such drugs in the workplace? Could excellent employee performance be attributable to an “enhancer” as opposed to hard work? If employees take these enhancers are they cheating?

Biomedical enhancements will also present us with big ethical questions. For example, could the use of cognitive enhancements be seen as a moral obligation or even demanded by the public?

Putting forward a very controversial perspective, Professor Savulescu asks us to rethink our perceived wisdom that drugs should be banned in the workplace. He argues that if there is no evidence of long-term side effects, it could be negligent not to use chemical enhancements to reduce human mistakes and errors, for example, in professions such as surgeons and pilots. When drugs such as Prozac, Modafinil or Ritalin improve cognitive functions, the traditional conception of moral responsibility is turned on its head. This point of view raises huge ethical issues for all of us, not least because the possible long-term side effects of these products are not yet understood.

“...

In high responsibility occupations, it may become a requirement to use cognitive enhancements. When lives are affected by decisions, and this reduces variability or the risk of harm, then that would be the right thing to do.

Julian Savulescu, Uehiro Professor in Practical Ethics, University of Oxford, and Programme Director, Oxford Martin School
Will AI replicate or augment human intelligence?

Despite fears that technological advancements will lead to widespread unemployment, that has not been the case historically. In 1900, for example, 40% of US workers were farmers and the national unemployment rate was 5%. By 1999, only 2% of US workers were farmers and the unemployment rate was 4.2%. It’s unclear, however, whether this pattern will hold, with machine learning making it increasingly possible for machines to perform high-level cognitive tasks. Researchers at the University of Oxford previously predicted that 47% of jobs in the US and 35% of jobs in the UK were at high risk of automation, but research focusing on the impact on job tasks rather than whole occupations tells a different story. McKinsey estimates that while 51% of work activities in the US could be automated using current technology, fewer than 5% of occupations could be entirely automated; while the OECD has found that only 9% of jobs on average could be at risk across the 21 OECD countries.

In fact, while there has been a strong pattern through time for repetitive and routine tasks to be increasingly performed by machines, many new jobs are emerging. Deloitte, for instance, is one of a number of commentators referring to the thousands of new jobs being created every year in technology and creative occupations, business and professional services, and the caring professions. These jobs require manual dexterity or higher cognitive skills, such as those that depend on management and social interaction.

There are certainly reasons to be optimistic and the fears that robots will replace all our jobs may have been overplayed. At BT, for example, customer services operators are teaching and guiding computers to help them separate simple faults from the more complex ones, and save time processing information.

Accenture has also flipped the fear associated with this subject on its head by aiming to “elevate not eliminate” and “augment not automate.” This has helped to manage people’s anxiety, placing many of them in positions to manage automation or in positions with greater skills.

Many companies recognize that public confidence will be essential for these technologies to be fully deployed. At the World Economic Forum 2017, IBM’s CEO Ginni Rometty announced IBM’s principles for the cognitive era — purpose, transparency and skills — and recognized the company’s responsibility around the use and development of AI and cognitive technologies.

“We have automated nearly 20,000 jobs on behalf of over 300 clients. Despite this, we have not laid off a single person.”

Nate Boaz, Senior Managing Director for Talent Strategy and Leadership Development, Accenture

“At IBM, we talk about ‘augmented intelligence’ rather than ‘artificial intelligence’. It is about man working with machines to enhance and extend human capability, expertise and potential, rather than trying to replicate human intelligence.”

Louisa Michelson, Counsel, IBM

“We have to be responsible parents of the technology.”

Dr Nicola J. Millard, Head of Customer Insight & Futures, BT Global Services
“Our values are the anchor. In the context of change, this is all we have.”

*Ian Goldin, Professor of Globalisation & Development, University of Oxford*
We thank all our speakers for making FutureWorks such an insightful experience:

Charles Leadbeater, author, thinker and strategic adviser on innovation
Mark Naidicz, Vice President Human Resources, AbbVie
Nate Boaz, Senior Managing Director for Talent Strategy and Leadership Development, Accenture
Debbie Rice, Senior Director – Global Labor and Employment Law, Apple
Kevin Coon, Partner, Baker McKenzie
Susan Eandi, Partner, Baker McKenzie
Kirstin Furber, SVP People Director, BBC Worldwide
Tiffany St James, Executive Director, British Interactive Media Association and CEO, St James and Partners

Dr Nicola J. Millard, Head of Customer Insight & Futures, BT Global Services
Brent Wilton, Director of Global Workplace Rights, Coca-Cola
Janine Glasenberg, Executive Director – EMEA Talent Acquisition, Goldman Sachs
Rachel Burton, HR Business Partner, Google
Kristin Major, Senior Vice President and Deputy General Counsel, Hewlett Packard Enterprise
Louisa Michelson, Counsel, IBM
John Morrison, Chief Executive, CEO, Institute for Human Rights and Business and author of 'The Social License'
Linda Kromjong, Secretary-General, International Organisation of Employers (IOE)

Harry Armstrong, Interim Head of Futures, Nesta
Caroline Whaley, Co-Founder, Shine for Women
Dr Michael A. Osborne, Dyson Associate Professor in Machine Learning and Co-Director of the Oxford Martin programme on Technology and Employment, University of Oxford
Jan Goldin, Professor of Globalisation & Development, University of Oxford
Julian Savulescu, Uehiro Professor in Practical Ethics, University of Oxford, and Programme Director, Oxford Martin School
Saadia Zahidi, Member of the Executive Committee and Head of Education, Gender and Employment Initiatives, World Economic Forum

1 World's population increasingly urban with more than half living in urban areas. United Nations Department of Economic and Social Affairs. Read report...
2 Prozac and Sarafem are trade names for Fluoxetine.
3 Ritalin is the common name for Methylphenidate
7 ‘Harnessing automation for a future that works’ Michael Chui, James Manyika, Mehdi Miremadi and ors, McKinsey Global Institute (January 2017). Read report...
9 “From brawn to brains - The impact of technology on jobs in the UK” David Sproul, Angus Knowles-Cutler, Harvey Lewis, Deloitte LLP (January 2015). Read report...
Your usual Baker McKenzie contact would be pleased to continue a more in-depth discussion about any of these topics. You are also welcome to get in touch with Guenther directly:

**Guenther Heckelmann**
Partner
Global Chair of Employment & Compensation Group
Baker McKenzie
+49 69 2 99 08 142
Guenther.Heckelmann@bakermckenzie.com

**Further reading:**

**Baker McKenzie’s Global Employer Magazine.**
The latest edition looks at important and interesting developments that took place around the world in 2016 and previews anticipated changes for 2017. We give recommendations and tips on how global employers should operate in light of these developments.

**Baker McKenzie’s Global Employer Monthly eAlert.**
Sign up for regular updates, designed to keep our clients and friends ahead of the curve on legal developments in labor and employment law around the world.

**Baker McKenzie’s Global Employment & Compensation thought leadership:**
- Labor Relations Report
- Business Transformations Report
- Global Mobility Report
- Managing Risk: International Labor and Human Rights
- How Megatrends will change the way we work:
  - How Demographics will change the way we work
  - How Technology will change the way we work
  - How Economics will change the way we work

**The art of the modern carve-out:**
These deals can generate a lot of value. But there are many pitfalls, especially when the transaction involves employees based in several countries.

Sign up for other publications from Baker McKenzie.