Predictions on the Future of Work 2030

CULTIVATE LABS

By Annabel Miller, Vanessa Pineda and Adam Siegel

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Our Previous Predictions

In 2016, Cultivate Labs drafted our first white paper making prognostications about trends that would impact the future of work.[1] As the largest generation in the U.S. workforce, Millennials entering and transforming the workplace was top of mind.[2] We discussed the changes in workplace dynamics they would bring, how businesses would use people analytics to drive productivity, and the increasing role of crowdsourcing in how work got done. Significant changes predicted in that paper have occurred in the workplace since, and many of those changes have been accelerated by the global COVID-19 pandemic and its effect on employee work-life balance and overall well-being.

> " *COVID-19 disrupted the divisions between people's personal and professional lives, and with that came a greater need to discuss how to set boundaries that were already endangered, and in many cases, have disappeared."*

One of the trends we predicted was that flexible work styles would become more widespread, specifically with an increase in remote work – and now it's evident flexible work is here to stay. The lockdowns of the pandemic sped up the timeline we anticipated. Office shut downs in the spring of 2020 forced knowledge workers to go fully remote, or to a hybrid setup when offices began to reopen. Yet, as companies like Apple announced they would again require employees back in the office, many workers insisted on staying remote. Some employees are leaving office life altogether, resulting in what many are referring to as the "Great Resignation."[3,4] With a

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[1] Cultivate Labs, "A look at the future of how we work: How internal crowdsourcing, Millennials, and people analytics are shaping the workplace of tomorrow", 2016.

[2] Pew Research Center: accessed on 6 October 2021,
https://www.pewresearch.org/fact-tank/2018/04/11/millennials-largest-generation-us-labor-force/

[3] Sharin Ghaffary and Roni Molla, " The real stakes of Apple's battle over remote work", Recode, 24 September 2021,
https://www.vox.com/recode/22690190/apple-remote-work-from-home-employee-cher-scarlett-janneke-parrish

[4] Tim Smart. "Study: Gen Z, Millennials Driving 'The Great Resignation,'" U.S. News, 26 August 2021.
https://www.usnews.com/news/economy/articles/2021-08-26/study-gen-z-millennials-driving-the-great-resignation

growing resistance to a traditional 9-to-5 office routine, the concept of a remote-first model is no longer innovative, it's necessary.[5]

Internal transparency, another trend we explored, has become the rule in the past few years, especially in terms of discussions surrounding work-life balance and the social impact of corporations. COVID-19 disrupted the divisions between people's personal and professional lives, and with that came a greater need to discuss how to set boundaries that were already endangered, and in many cases, have disappeared. We also discussed organizational silos. There, our prediction about a rapid march towards more decentralized organizational structures has not materialized. And yet, the pressure to overcome silos is still pervasive, with trends towards team-based, decentralized models increasing, and some even experimenting with blockchain-dependent "algocracies" (using algorithms for governance and decision-making).

People analytics, the process that involves collecting and applying data to improve critical talent and business outcomes, has continued to expand and gain prevalence, though not necessarily in the way we predicted. We previously wrote that companies would constantly track employee "value" by measuring metrics like their time at work and how they collaborate with others. However, methods of monitoring employees and tracking their time have been criticized as companies like Amazon have implemented them.[6] Regardless, 70% of executives at companies note that people analytics is a high priority for them.[7] Analytics have been used to help organizations better advance strategic objectives, and have been shown to increase

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[5] Cal Newport, "Is going to the office a broken way of working?", The New Yorker, 27 September 2021. https://www.newyorker.com/culture/office-space/is-going-to-the-office-a-broken-way-of-working?

[6] Annabelle Williams, "How Amazon tracks workers, from cameras to spy agency," Business Insider, 5 April 2021, https://www.businessinsider.com/how-amazon-monitors-employees-ai-cameras-union-surveillance-spy-agency-2021-4

[7] Elizabeth Ledet et al, "How to Be Great at People Analytics," McKinsey & Company, 2 October 2020, https://www.mckinsey.com/business-functions/organization/our-insights/how-to-be-great-at-people-analytics

recruiting efficiency and business productivity. Overall, as long as corporations do not push past the boundary that has been drawn, people analytics are accepted as a key way to improve a company.

Our prediction on the growing Millennial influence turned out to be mostly correct. Many of the trends that we predicted have continued to play out to an even greater extent as Generation Z enters the workforce (individuals born after 1997). We discussed how Millennials value feeling inspired by their workplace, but did not predict the movements that would bring social justice and diversity, equity, and inclusion to the forefront of corporate culture.

> *With climate change, social justice, and a global pandemic at the forefront of the lives of many, business is not just business; consumers and employees expect businesses to hold themselves accountable for how their work affects the greater world."*

We also accurately predicted the increased role crowdsourcing would play to strengthen organizational intelligence and decision-making. Over the past five years, Cultivate Labs has worked with a growing number of government organizations in the U.S. and Europe to implement and run internal *crowdsourced forecasting* programs.[8] This methodology has gained traction within intelligence communities as a means to track and quantify the likelihood of risks occurring. Crowdsourced forecasting can address the challenges of conventional predictive approaches, like automated tracking systems and predictive modeling, which can fail to keep up with the dynamic interplay between people, processes, and environment. Think tanks, too, including Georgetown University's Center for Research and Emerging Technology (CSET) have experimented with crowdsourced forecasting; their platform, Foretell

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[8] Crowdsourced forecasting is the ongoing collection of predictions (typically in the form of estimates of event probability) from a large, diverse group of people, which are aggregated into a dynamic "crowd" or "consensus" forecast about an outcome. This consensus forecast shifts over time as new estimates are submitted.

(https://cset-foretell.com), involved the general public in forecasting issues relevant to security and technology policy.

Led by the government's adoption, large companies continue to invest in crowdsourced forecasting within their own walls. Cultivate Labs' commercial work has grown in the last five years particularly with companies in the biopharmaceutical and financial industries, where crowdsourced forecasting is used to monitor drug development milestones, competitive risk, future market influencers, and industry legislation.

We are still in the beginning stages of seeing the impact crowdsourced forecasting can have on helping organizations anticipate the long-term future. Being able to more accurately forecast risks, especially for the greater good, has garnered growing interest in crowdsourced forecasting from the effective altruism community. [9] Think tanks and philanthropic organizations that align themselves with effective altruism, such as Open Philanthropy, are funding millions of dollars worth of research utilizing crowdsourced forecasting for U.S. policy and national security. As these movements grow, so too will the recognition for crowdsourced forecasting as an integral capability for organizations.

In our last paper, we concluded by saying that the fundamental truths of work and business aren't going anywhere. However, the pandemic, combined with other trends that have been building up over the past few years, have shown us that many of the fundamental truths that we feel govern our lives are not so fundamental any more. The trend of employees caring more and more about the ethics of an organization, of younger generations appreciating flexible hours and locations, are pushing the norms that defined the workplace in years past. With climate change, social justice, and a global pandemic at the forefront of the lives of many,

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[9] "Introduction to Effective Altruism," accessed: 6 October 2021,
https://www.effectivealtruism.org/articles/introduction-to-effective-altruism/

business is not just business; consumers and employees expect businesses to hold themselves accountable for how their work affects the greater world.

Simultaneously, technology is continuing to advance at a rapid pace, and artificial intelligence (AI) is becoming more prevalent. As AI continues to take over more and more tasks, companies will have to find a new balance between their desire for workers to have a genuine connection with work and collaborative technologies. Figuring out how to use AI while also taking advantage of the unique skills that people can bring to the workplace will require risk-taking and creative thinking.

Our goal in this new paper is to not exhaustively describe the "future of work," but instead highlight three megatrends we feel will play a fundamental role in shaping the future of work by the year 2030.

We believe the most successful organizations will be the ones that take bold steps to operate amid these trends, are agile in their mobilization of the workforce, and can proactively manage and optimize risk. This discussion will focus only on office work; the future of work in other work environments is for another paper.

Our Process For Making Predictions

To form our predictions on the megatrends shaping the future of work, we took a page from the prediction methodology we ask our own forecasters to make. Our forecasting process takes into account the instrumental factors that create a well-reasoned and rational forecast, like the *base rate* (what has happened historically that demonstrates a pattern), *outsider influences* (what factors move us away from the base rate and how much weight should we give those), and our own *biases and errors* (based on more than a decade of experience with clients) that may play a role in our conclusion.

We conducted extensive research on the trends that existed pre-pandemic, and then on how the pandemic, and the notable events that have occurred since, have affected those trends. Part of our process included "decomposing" possible future scenarios by breaking them down into individual signals that would indicate whether that scenario was more likely to occur, then searching for patterns or specific key assumptions that would allow us to make an informed prediction about those signals. Ultimately, we use that assessment to predict the trajectory of key trends that we believe will matter most in the next decade, and how we will know if they will continue to remain relevant by what will happen over the next few years.

For each of the megatrends we think will fundamentally impact how we work, we discuss the historical trends that led us to identify that megatrend, the external factors that will influence how it evolves, and a pre-mortem (counter-arguments) on why we'll be wrong.

Here are the three megatrends we'll explore:

1. "A good place to work" will take on new meaning
2. The workforce will be redeployed for the AI boom
3. Remote-first will become the default way to work

Megatrend 1:

"A good place to work" will take on new meaning

Our Prediction

Practices around diversity, equity, and inclusion in the workplace will be central to organizational culture as younger generations of employees and consumers continue to demand this be the norm. These practices will filter into all aspects of a company's strategic success; they are linked to environmental, social, and governance criteria that are used as a benchmark to invest in companies. Investors will continue to show increasing interest in and prioritize companies with strong environmental, social, and governance propositions – and corporations that meet these criteria will strengthen their competitive advantage.

Historical Trends Supporting Our Prediction

Diversity, equity, and inclusion (DEI) work has been prevalent for years. Before the COVID-19 pandemic, there was much acknowledgement that DEI work was something that should be put in place and prioritized in many corporations, but there was little urgency to actually do so.[10] Motivation came from studies which had already begun to show that diversity in the workplace increased competitive advantage. For example, an influential McKinsey & Company study from

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[10] Laura J. Hay, "Reimagine the workplace to make DEI a post-pandemic priority," KPMG, 4 March 2021, https://home.kpmg/xx/en/home/insights/2021/03/reimagine-the-workplace-to-make-dei-a-post-pandemic-priority.html

2018 found that diverse companies also had 43% higher profits.[11] Companies slowly began to put plans in place to execute DEI work as employees too began to take the inclusivity of an organization into consideration.

Employees now want corporations to be committed to environmental, social, and governance (ESG) criteria.[12] In recent years, the concept of ESG has been increasingly linked to greater value creation, and employees who are concerned about the social impact of a corporation use it as a lens to critique their prospective employment opportunities.[13]

> *Between 2016 and 2018, the amount in assets that investors had bought based on ESG criteria grew from $8.1 trillion to $11.6 trillion."*

Environmental criteria include the company's sustainability, it's use of energy and natural resources, and evaluation of any risks the changing environment may have on the corporation. Employees want to feel they aren't part of an organization actively *harming* the environment.

ESG has also been a growing factor in investment decisions. Between 2016 and 2018, the amount in assets that investors had bought based on ESG criteria grew from $8.1 trillion to $11.6 trillion, and in 2020, a survey from Investopedia found that 60% of investors had increased interest in ESG.[14] This increase can be explained by the trend of consumer attention towards the social impact of corporations and investors' realization that investing in ESG is investing in

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[11] Ashley Stahl, "What's to come in 2021 for Diversity, Equity And Inclusion in the workplace," Forbes, 14 April 2021, https://www.forbes.com/sites/ashleystahl/2021/04/14/whats-to-come-in-2021-for-diversity-equity-and-inclusion-in-the-workplace

[12] Ed O'Boyle, "4 things Gen Z and Millennials expect from their workplace," Gallup, 30 March 2021, https://www.gallup.com/workplace/336275/things-gen-millennials-expect-workplace.aspx

[13] Witold Henisz, et al, "Five ways that ESG creates value," McKinsey & Company, 14 November 2019, https://www.mckinsey.com/business-functions/strategy-and-corporate-finance/our-insights/five-ways-that-esg-creates-value#

[14] James Chen, "Environmental, Social, and Governance (ESG) Criteria," Investopedia, 5 March 2021, https://www.investopedia.com/terms/e/environmental-social-and-governance-esg-criteria.asp

long-term prosperity; research has found that a focus on ESG is linked to higher equity returns, less downside risk, and higher credit ratings.[15] A comprehensive ESG plan that includes DEI is not only linked to greater financial success for a corporation, it is also absolutely necessary to long-term survival in a rapidly changing global economy.

Influencing External Factors Supporting Our Prediction

The COVID-19 pandemic and the social justice movements occurring around the same time (e.g., #MeToo, #Blacklivesmatter) have pressed corporations to demonstrate their commitment to increased diversity and social impact. Companies watched as sexual harassment among female engineers was exposed at Uber in 2017, creating a national dialogue about gender diversity not only in the tech sector, but more broadly in corporate leadership roles and boards.[16] The death of George Floyd in 2020 garnered global attention on the systemic discrimination and inequities that people of color and Black people in particular face in the U.S. Turnout at protests nationwide were some of the largest in recent decades. Companies' claims of diversity in the workplace were called into question, and employees and consumers alike began to demand that corporations do better.[17]

Throughout 2020 and 2021, many corporations have begun to put together plans and created separate departments focusing on DEI in their place of work. As they did so, it became increasingly clear that the efforts that had been put in place pre-pandemic were not enough. The pandemic accelerated the urgency for bolder action to address a reality that has been slow to change: white men far outnumber women and minorities in leadership roles (and get paid more at all levels), progress to the top is generally slower for women (even slower for

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[15] Witold Henisz, et al, "Five Ways that ESG Creates Value"

[16] Andrew J. Hawkins, "Uber will pay 4.4M to settle a federal probe into sexual harassment and retaliation," The Verge, 19 December 2019, https://www.theverge.com/2019/12/19/21029831/uber-settles-federal-probe-sexual-harassment-retaliation

[17] Gillian Friedman, "Here's what companies are promising to do to fight racism," The New York Times, 23 August 2020, https://www.nytimes.com/article/companies-racism-george-floyd-protests.html

women of color), and since the pandemic, more women than men have left the workforce.[18] Young generations of consumers and workers have become more insistent that companies uphold a commitment to diversity. Each generation of Americans is more diverse than the previous, and surveys have found that 75% of Gen Z will stop utilizing any company that they perceive as homophobic or racist. 40% of Millennials have avoided a potential job because the employer seemed non-inclusive.[19]

The focus on the totality of ESG will not subside with the growing social consciousness. Corporations that choose not to consider their own social impact will be left behind by investors, employees, and consumers as a relic of a previous work culture.

Counterarguments: Why We May Be Wrong

Despite the evidence pointing towards the benefits of DEI, many small and midsize companies may not make it a priority in the way that larger corporations have been pressured to do. These companies may not be willing to invest the time and effort, seeing it as a distraction to productivity. It is also possible that companies like Coinbase or Basecamp, who have banned the discussion of DEI or politics overall, will spark a movement for similar rules at other organizations.[20] More and more companies could follow suit and create moratoriums on DEI discussions in order to avoid possible workplace tension.

In lieu of other issues that come to the forefront: economic recession, economic inequality, supply chain challenges, workforce availability, and a greater impact of climate change on our daily lives, large and small organizations alike may simply prioritize dealing with these issues

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[18] Judith Warner et al., "The Women's Leadership Gap," Center for American Progress, 20 November 2018, https://www.americanprogress.org/issues/women/reports/2018/11/20/461273/womens-leadership-gap-2/

[19] Tiffany Burns et al, "The diversity imperative in retail," McKinsey & Company, 13 January 2021, https://www.mckinsey.com/industries/retail/our-insights/the-diversity-imperative-in-retail

[20] Taylor Hatmaker, "Basecamp sees mass employee exodus after CEO bans political discussions," TechCrunch, 30 April 2021, https://techcrunch.com/2021/04/30/basecamp-employees-quit-ceo-letter/

over internal DEI initiatives. DEI may be seen as a "luxury" to be able to work on, not a mission-critical issue, and initiatives that feel mandatory now, may be set aside and deprioritized.

Megatrend 2:

The workforce will be redeployed for the AI boom

Our Prediction

Artificial intelligence (AI) will be one of the biggest business opportunities of the next decade. It will be a key source of transformation, disruption, and competitive advantage.

AI technology is advancing at an accelerating pace and its widespread application will create new roles as companies pursue AI's benefits, while other roles will ultimately become unnecessary. To combat a critical skills gap in filling those roles, the most successful organizations will prioritize their investment in upskilling and reskilling their workforce and broader talent pool (vs. mass layoffs as others have predicted).

Historical Trends Supporting Our Prediction

AI has been a topic of contention in popular culture for decades. Some have come to think that the future is dystopian: AI robots take over all labor and millions are out of work and unable to live. Others see an opportunity for a utopia, in which AI does the majority of work, the

government steps in and accounts for basic needs, and humans are then able to focus on passions and tasks that require more creative thinking. The rest of the perspectives tend to range somewhere in-between with little consensus, except on one thing – AI is moving fast.

Currently, AI is still in a state of deep discovery, but it is increasing in complexity and ability at an exponential rate.[21] The foundations of the technology exist; AI is already automating manual and repetitive tasks, it is identifying trends in historical data, and providing forward-looking intelligence to strengthen human decisions. Many workers have been exposed to common AI in its infancy, such as chatbots, facial recognition, language translation, and aggregators. In the near-term, we will see AI medical advisors that can provide guidance on health care decisions, AI tutors that can teach math or other subjects, and AI legal advisors providing counsel.[22] This is the beginning of AI's potential to solve complex problems at scale.

> " *Millions of jobs are expected to be displaced, and businesses and economies will need skilled labor to fulfil the millions of new roles that will be created by the new technological revolution."*

With the introduction of new technology, there is historically a level of fear at the prospect that it will destroy jobs, yet technology has shown to be a net creator of jobs in the long run. The challenge is that although new jobs that get created could be better ones due to automation, they will also require different skills. AI-related jobs today require workers with technological skills, like advanced data and programming, that only a small sector of the current workforce has. Although it's hard to predict what skills will be needed 20 or 50 years from now, workers are not learning as fast as the onslaught of new technology. Millions of jobs are expected to be

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[21] Ezra Klein and Sam Altman, Transcript: Ezra Klein Interviews Sam Altman, The New York Times, 11 June 2021, https://www.nytimes.com/2021/06/11/podcasts/transcript-ezra-klein-interviews-sam-altman.html
[22] Ibid.

displaced, and businesses and economies will need skilled labor to fulfil the millions of new roles that will be created by the new technological revolution.[23]

For example, PricewaterhouseCoopers (PwC), has begun the process of upskilling and reskilling their employees after an internal study estimated that 30% of jobs were at risk of being automated within the next decade.[24] The company has committed to investing $3 billion into training its employees to best utilize and work alongside the new technologies entering the field. As of June 2021, PwC employees had automated 6.5 millions hours of work that used to be manual.[25] PwC's upskilling has come in the form of listening to a podcast , taking quizzes, or working with a digital team to learn how to improve processes for clients, primarily done through a Digital Fitness App. In one instance 1,000 self-nominated PwC workers went through training that involved learning how to program RPA robots, while others created new data visualizations.[26] PwC's workers are becoming more knowledgeable and adapting alongside the corporation, avoiding becoming obsolete in the coming years. Now, PwC's attrition rates have sunk as their employee happiness rates have gone up, while employees are now more prepared to be digital citizens and retain their jobs in an increasingly automated workforce.[27] Organizations will need to take preemptive measures to bridge the critical skill gap in the workforce, and use the opportunity to reconfigure jobs, invest in upskilling their talent, and develop the right talent pipeline. The World Economic Forum estimates that half of all workers need to upskill or reskill by 2025 in order to fully utilize the advanced and impressive technology that will be a part of the workplace.[28] McKinsey & Company estimates that up to

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[23] Amit Mehra et al, "Reskilling the workforce, one person at a lifetime," World Economic Forum, 28 June 2021, https://www.weforum.org/agenda/2021/06/reskilling-the-workforce-lifelong-learning/

[24] Richard Feloni, "PwC's global chairman announces a $3 billion investment in job training," Business Insider, 30 September 2019, https://www.businessinsider.com/pwc-announces-3-billion-job-retraining-investment-as-competitive-edge-2019-9

[25] PWC, "Upskilling that works: business-led, people-powered, results-driven," 7 June 2021, https://www.pwc.com/us/en/tech-effect/automation/workforce-upskilling-strategy.html

[26] Sarah Firisen, "Embarking on a Digital Upskilling Journey to Drive Change," 25 August 2020, https://www.uipath.com/blog/automation/driving-change-embarking-on-digital-upskilling-journey

[27] Elizabeth Clarke, "HR Tech Number of the Day: Reskilling and upskilling," 1 October 2021, https://hrexecutive.com/hr-tech-number-of-the-day-reskilling-and-upskilling/

[28] Paul McDonald, "As businesses prepare for the future of work, the need to upskill and reskill workers becomes more essential." Forbes, 9 June 2021,

375 million people around the world may need to learn a whole new occupational role in the years ahead.[29] In anticipation of the competitive labor market, large organizations like Bank of America, Infosys, and the U.S. Army, have begun the process of dedicating millions to reskilling their own employees around next generation technologies.[30]

Influencing External Factors Supporting Our Prediction

During the COVID-19 pandemic, organizations across sectors adopted and scaled AI and analytics much more rapidly than they previously thought possible, yet we are still in the early days of companies adopting AI for use in business. It's not surprising due to the technological challenges and the organizational change that needs to happen.

Still, companies (not just tech companies) are using AI in the pandemic to update demand patterns, review supply chains, build scenario plans around resource needs, and enable automation in factories and other industry settings where workers may need to distance and have fewer people on-site.[31]

Realizing these short term gains, many companies are now turning to longer-term opportunities. Since the pandemic accelerated the move of consumers and business to digital channels, there is more trace data available, which in turn, generally helps AI-based technologies perform better. For example, improved recommender systems can provide better customer experience, more personalized content, and automated digital customer service. The pandemic has forced people to quickly adapt to technologies with which they might not have

https://www.forbes.com/sites/paulmcdonald/2021/06/09/as-businesses-prepare-for-the-future-of-work-the-need-to-upskill-and-reskill-workers-becomes-more-essential/

[29] Peter Gumbel et al, "What can history teach us about technology and jobs?" McKinsey & Company, 16 February 2018, https://www.mckinsey.com/featured-insights/future-of-work/what-can-history-teach-us-about-technology-and-jobs

[30] Jason Wingard, "Leading in 2021: 5 key business trends and 15 companies to watch," Forbes, 21 Dec 2020, https://www.forbes.com/sites/jasonwingard/2020/12/21/leading-in-2021-5-key-business-trends-and-15-companies-to-watch

[31] McKinsey & Company, "The state of AI in 2020", 17 November 2020, https://www.mckinsey.com/business-functions/mckinsey-analytics/our-insights/global-survey-the-state-of-ai-in-2020

otherwise felt comfortable. Because of safety concerns, for example, there could be increased acceptance of the use of wearables and other sensors in the workplace, or of interactions with automated interfaces like chatbots.[32]

Post-pandemic, there will be a boom in AI investment and adoption with more companies prioritizing it as a necessity, and those already in the lead are seeing bottom line results. In a McKinsey & Company 2020 global survey, 50% of respondents reported their companies have adopted AI in at least one business function. Further, the companies that are using AI reported a 20% increase in earnings before interest and taxes.[33]

The vast opportunity of AI technology will drive the willingness for companies to make investments both to adopt the technology and to train their leaders and practitioners on how to use it, develop it, and build it into organizational strategy and workforce planning.

Counterarguments: Why We May Be Wrong

Because of AI's rapid development, it's difficult to predict how exactly intelligence technology will look in five or ten years. General intelligence with the capability to learn on its own is in the works, but there is no guarantee of when it will become as prevalent as some in the tech industry estimate. In the end, the pace at which humans create and cultivate AI is variable, and this will greatly affect how prevalent the trend of upskilling and reskilling actually becomes.

Additionally, this is a more optimistic view; this prediction relies on the idea that corporations will act rationally to take advantage of AI opportunities and understand the importance of training a workforce to utilize the technology. It assumes that humans will maintain the ability to manage technology, and that severe job loss is avoidable (or that more jobs are created to

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[32] Dan Weil, "How COVID-19 could change workplace technology," Wall Street Journal, 18 November 2020, https://www.wsj.com/articles/how-covid-19-could-change-workplace-technology-11605708627

[33] McKinsey & Company, "The state of AI in 2020", 17 November 2020, https://www.mckinsey.com/business-functions/mckinsey-analytics/our-insights/global-survey-the-state-of-ai-in-2020

replace those lost) through these upskilling and reskilling processes. AI in the workplace also introduces challenges related to privacy and how to integrate AI-based decisions. We are seeing more regulation around how firms use data, and we are assuming legislation will positively impact the uptake and continued growth of AI technologies. There is no guarantee that these assumptions are true, and it is possible that technology will continue to advance with no leaders pioneering attempts to mitigate the risks or ensure that humans adapt with it.

Megatrend 3: Remote-First Goes Mainstream

Our Prediction

After the pandemic, there is likely to be fear about what's coming next to disrupt society. Many people will refuse to give up the control they had over how and where work got done. The trend of workers leaving major cities will flatten out, but a large part of the workforce will remain living in less expensive cities and suburbs. To attract and retain high-skilled and diverse talent, companies will adopt a remote-first approach to work. People will spend less than five days a week in the office, and businesses will invest in more satellite offices in smaller cities at the expense of big-city hubs. New collaboration technology will be utilized as the pace of innovation increases to support remote-first work.

Historical Trends to Consider

For many decades, we've lived with one notion of office work: people gather in the same building to work together under close supervision during the same hours. When the workplace

began to adapt personal computers in the 1990s and high-speed internet in the 2000s, it upended the status quo. There was no need to be in the same building to collaborate or access information.[34]

This new technology sparked an initial stage of a telecommuting revolution. Companies like Best Buy, Yahoo, and IBM offered employees the opportunity to work from home.

In 2009, 40% of IBM's 386,000 employees in 173 countries worked remotely and had eliminated many offices. But, when IBM's revenue took a hit in 2017, management called thousands of those remote workers back into the office.[35]
Both companies and employees experience benefits from remote work, but its uptake had been slow until the pandemic. With remote work, employees can avoid long commutes and have more autonomy over how they work. Companies can decrease their overhead costs and deepen and diversify their talent pool by accessing talent in different locations. However, the work-from-home experiment has had its setbacks. Over the last decade, companies besides IBM that pulled back or downsized telecommuting programs included Yahoo, Best Buy, Bank of America, Aetna, AT&T, and Reddit. The prevailing beliefs among leaders at the time: remote employees feel disconnected from colleagues, lack motivation, and as a result, productivity and innovation suffer.[36]

Large companies turned their efforts to making office spaces more alluring to workers, a place they would never want to leave. They spent significant resources to have modern, open-concept offices with amenities, fueled by Silicon Valley's sprawling campuses with high-end cafeterias, game rooms, and sleep pods. These "features" represented innovation in

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[34] Cal Newport, "Is going to the office a broken way of working?" The New Yorker, 27 September 2021, https://www.newyorker.com/culture/office-space/is-going-to-the-office-a-broken-way-of-working
[35] David Streitfeld, "The long, unhappy history of working from home," The New York Times, 29 June 2020, https://www.nytimes.com/2020/06/29/technology/working-from-home-failure.html
[36] Ibid.

workplace culture. These office buildings were mainly in big-city hubs to attract younger generations of critical skill workers.

In 2020, the pandemic shut all of it down, moving everyone into a work-from-home setup for more than a year.

While there's not enough data yet on the pandemic's impacts to productivity, a study by consulting firm Mercer found that 94% of employers said productivity was as high or even higher following the rapid shift to remote work.[37] This has prompted a changing company philosophy, driven mainly by tech companies. Some, such as Twitter and Shopify, are letting employees work remotely permanently, while Facebook, Google, Amazon and others are offering hybrid work options and have delayed plans to fully reopen offices until 2022. Facebook announced it expects half of its workforce to be remote by 2025.[38] The financial industry has been less flexible, mandating employees return to the office in the fall of 2021 as vaccines became widely available. Yet, despite Wall Street's urgency to reopen, UBS and other banks are allowing employees to work remotely one or two days per week, falling into the hybrid work model.[39] Consulting firms have also begun announcing liberal remote policies. PWC announced it would allow its entire consulting workforce to be remote.[40] Other large consulting firms are sure to follow suit.

The next ten years of figuring out remote work will be messy, but even the behemoths of industry, which face the largest challenges in reorganizing how work gets done, are going hybrid. This signals a trend towards remote-first: the idea that companies will organize

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[37] Ben White and Eleanor Mueller, "The future of work has arrived and it's messy," Politico, 15 July 2021, https://www.politico.com/news/2021/07/15/recovery-lab-work-covid-wall-street-499323

[38] David Streitfeld, "The long, unhappy history"

[39] Vicky Mckeever, "UBS to let two-thirds of employees combine working from home with office," CNBC, 28 June 2021, https://www.cnbc.com/2021/06/28/ubs-lets-two-thirds-of-staff-combine-working-from-home-with-the-office.html

[40] https://www.reuters.com/business/exclusive-pwc-tells-us-employees-they-need-never-return-office-2021-09-30/

primarily remotely, rather than in the office, with smaller satellite offices made available for team meetings when necessary. Historically, a catalytic event like the pandemic, combined with revolutionary technology like high speed internet, shapes a new future of work. Just as World War I forced a quick transition of the assembly line into U.S. workplaces, so too will the pandemic force people into a new hybrid and remote work structure in the long-term.

Influencing External Factors Supporting Our Prediction

The pandemic is the obvious force shifting companies' perspectives on remote work as a more permanent way of life, but migration patterns, employee sentiment, and increasingly innovative collaboration technology, are also key influencers shaping the future of work. The pandemic was a huge experiment that proved remote work could be done at scale and effectively. The spread of infection left no other choice than for office work to be done from home when communities shut down completely. Lines became blurred between office and home life as families juggled priorities on both fronts, but remote work allowed people full control of how it all got done. On average, working women bore the brunt of domestic labor, and companies that didn't cater to more flexible schedules, risked losing highly talented women.[41]

> " *39% of U.S. adults would think about quitting if their employers weren't flexible about a return to in-person work (that figure was 49% among Millennials and Gen Z) – proving that employees are giving their executives little choice but to create a new type of work schedule."*

People were forced to re-evaluate their priorities during lockdown, including where they chose to live. The most dense and expensive metro regions in the U.S., like San Francisco, New York City, and Los Angeles, saw huge out-migration.[42] Most people that moved out of California's

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[41] Brookings Institute, "Why has COVID-19 been especially harmful for working women?" October 2020, https://www.brookings.edu/essay/why-has-covid-19-been-especially-harmful-for-working-women/
[42] Ben Winck, "4 charts show how fast everyone is flocking back to big cities," Business Insider, 16 August 2021, https://www.businessinsider.com/urban-exodus-people-leaving-cities-charts-exurbs-real-estate-moving-2021-8

Bay Area left the region altogether, and across other major U.S. cities, migration patterns showed that people moved out of the core metro areas and into nearby suburbs, satellite cities or even other major urban centers that might still give people proximity to their region.[43] New York City and others are bouncing back a year into the pandemic as companies reopen offices amid higher vaccination rates, and despite the spread of more contagious virus variants. The outflow of permanent moves to suburbs and exurbs has slowed. But, there is a large gap between the recovery of New York and California cities, which may have to do with the different return-to-office strategies of the tech companies in the Bay Area and the financial firms concentrated in New York City.[44] As employees have exited the Bay Area, tech companies have followed their talent and spread out to other parts of the country, a positive signal to sustaining remote work. In October 2021, Tesla announced it would move its headquarters to Texas.[45] Twitter, Oracle, Hewlett Packard Enterprises, and AirBnB have also either announced big moves or downsized their San Francisco offices. In a small survey by Silicon Valley venture firm, Initialized Capital, the amount of companies who said the Bay Area would be their first choice to headquarter a company dropped from 41.6% in 2020 to 28.4% in 2021.[46] By looking to other cities, Big Tech may lead yet another trend (as it did with office spaces) toward a remote-first approach with more satellite offices, and less reliance on one big office building for its headquarters.

Employee sentiment is another factor that will influence remote work. As workers come to expect remote work, this will become a competitive advantage for companies that want to win the talent war. We are seeing that shift in employee expectations today. Millennials led what many were calling the "Great Resignation" during the pandemic, leaving office jobs in droves.

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[43] Marie Petino et al., "More Americans are leaving cities, but don't call it an urban exodus," Bloomberg, 26 April 2021, https://www.bloomberg.com/graphics/2021-citylab-how-americans-moved/

[44] Ben Winck, "4 charts".

[45] Hyunjoo Jin and Subrat Patnaik, "Tesla moving headquarters to Texas," Reuters, 8 October 2021, https://www.reuters.com/business/autos-transportation/tesla-moving-headquarters-austin-texas-says-ceo-musk-2021-10-07

[46] Dan Gentile, "These are the companies leaving or downsizing their Bay Area offices," SFGate, 5 May 2021, https://www.sfgate.com/tech/article/2021-05-tech-office-lease-sf-twitter-salesforce-16151686.php

In 2021, 39% of U.S. adults said they would think about quitting if their employers weren't flexible about a return to in-person work (that figure was 49% among Millennials and Gen Z) – proving that employees are giving their executives little choice but to create a new type of work schedule.[47] Remote work will present a huge opportunity for technical innovation in how we interact with one another. The positives of in-office interactions: spontaneous conversations, gathering in a room in front of a whiteboard, and having lunch together, will all have to be replaced in some way to create a culture that still engenders loyalty, respect, and collaboration. For example, Google announced an early prototype of "Project Starlink," which leverages very high-definition screens and cameras to create telepresence using holograms of others.[48] One might imagine a migration from 2-D web-conferencing to this type of capability as the technology becomes more affordable. Broad reaching collective action will also become possible. From employees working alongside AI to make predictions about industry trends and meeting metrics, to virtual happy hours, to globally coordinated social justice efforts enabled by collaborative technologies.

Counterarguments: Why We May Be Wrong

As things get better - or we learn to live with - COVID-19, more companies may decide that remote work isn't working for them anymore. Black swan events (events that are difficult to predict), such as a stock market crash, a technological outage, or cyber warfare, could scare executives into having employees physically in an office so they can respond to threats more quickly. For example, in October 2021, Facebook experienced a 7-hour outage around the world, impacting e-commerce, advertising, and other critical communications. Although Facebook management denied it, rumors swirled that the company might immediately shift its

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[47] Anders Melin and Misyrlena Egkolfopoulou, "Employees are quitting instead of giving up working from home," Bloomberg, 1 June 2021, https://www.bloomberg.com/news/articles/2021-06-01/return-to-office-employees-are-quitting-instead-of-giving-up-work-from-home

[48] Google's Project Starline Videoconferencing Tech Wants to Turn You Into a Hologram, https://www.wired.com/story/google-project-starline/

stance on work from home if leaders believed remote workers were too slow or were debilitated by being remote to solve the outage. [49]

If more large companies start calling their workers into the office permanently, that may take us back to pre-pandemic work structures with a 5-day in-office work week as the norm. And, the few that stay remote may lose the social capital for career advancements.

Moving Forward

2020 and 2021 were unprecedented times, and the recovery and attempt to return to some level of normalcy will continue to prove that. Right now, the most innovative and creative organizations have begun or are preparing to begin experimenting with new ways to work in a non-pandemic world, whether it be making greater efforts to leverage AI to find new efficiencies and opportunities while still understanding the contributions humans can make, creating a culture that resonates with current and prospective employees *and* investors, or creating work structures and investing in collaborative capabilities that globalizes access to a skilled workforce. The organizations who embrace these megatrends will be the most successful, the most productive, and the ones who carve out the greatest competitive advantage. Those who choose to actively fight these trends may find they have a harder time finding talent and a stagnation or deflation of their market and mind-share.

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[49] Sead Fadilpašić , "Facebook denies end to 'WFH forever' rule in wake of mega outage," Tech Radar, 8 October 2021, https://www.techradar.com/news/facebook-ends-wfh-forever-rule-after-mega-outage