

The Future of Work and the Impact of COVID-19

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Managing the Future of Work

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Forces of change already underway

- Technology trends like automation and artificial intelligence
- Contingent workforces and the gig economy
- Workforce demographics and the “care economy”
- The middle-skills gap and worker investments
- Global talent access and utilization
- Spatial tensions between leading urban centers and rural areas

COVID is accelerating them

- Technology trends like automation and artificial intelligence  ➤ Some companies have increased the use of robots and automation during the pandemic
- Contingent workforces and the gig economy  ➤ COVID layoffs have led workers to turn to the gig economy
- Workforce demographics and the “care economy”  ➤ Care centers have shut down during COVID

Scenarios for workplace post-COVID

Digital Distancing

Touchless Growth

Ongoing Disruption

New Paradigms

Scenarios for workplace post-COVID

Attributes

Implications

Digital Distancing

Touchless Growth

Ongoing Disruption

New Paradigms

- Reluctance of employees and consumers to engage in optional interactions
- Widespread, permanent adoption of COVID work practices
- Rapid adoption of artificial intelligence and automation
- Acceleration of deployment of technology infrastructure

- Leaner organizations
- Digitalization skills demand huge premium
- Major dislocation for lower skilled workers
- New challenges for employee engagement and alignment

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New Paradigms

- Business models change to reduce avoidable human interaction only
- Significant innovation in enabling technology
- Global rebound in demand
- Gradual evolution in patterns of demand and customer expectations

- Gradual but significant employment recovery
- Content of jobs at all levels changing at accelerated rate
- More disruption of traditional white collar roles
- Continued globalization

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New Paradigms

- Recovery interrupted by public health and political dislocations
- Attenuation leads to accelerating business failure
- Political responses inhibit labor market flexibility
- Protectionism impedes globalization

- Localization of talent pools
- Cautious stance in recalling and growing workforce
- Reskilling/upskilling at a premium
- Flexible work practices

Scenarios for workplace post-COVID

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Digital Distancing

- Innovation in work practices continues

- New workforce planning paradigm

Touchless Growth

- New technology-oriented credentials supersede degrees

- Change in talent sourcing models

Ongoing Disruption

- Proliferation in working relationship archetypes

- Significant change in work processes

New Paradigms

- Blurring of traditional inter-enterprise boundaries

- Significant changes in talent management

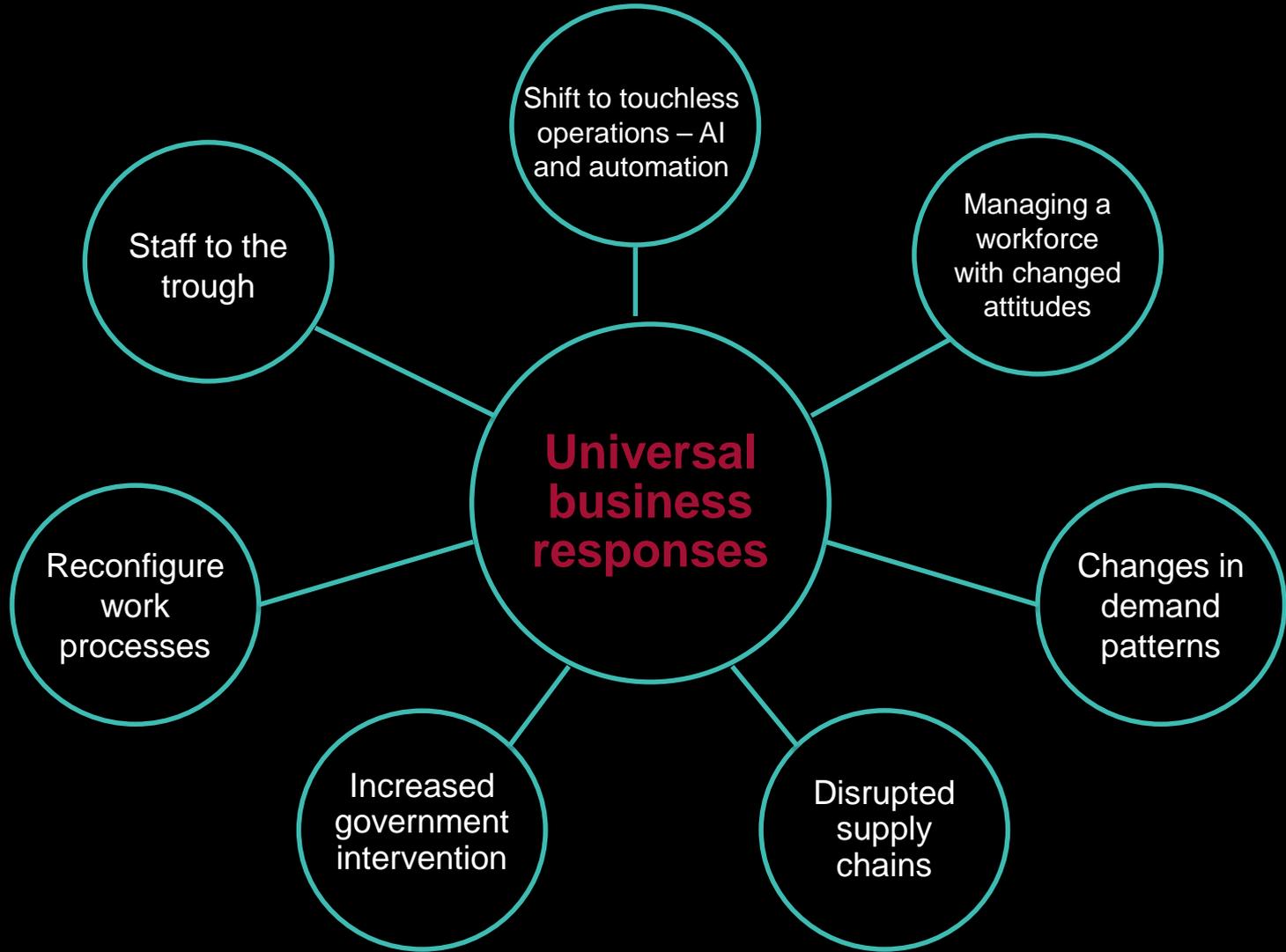
POLL: Which scenario is most likely?

Digital Distancing

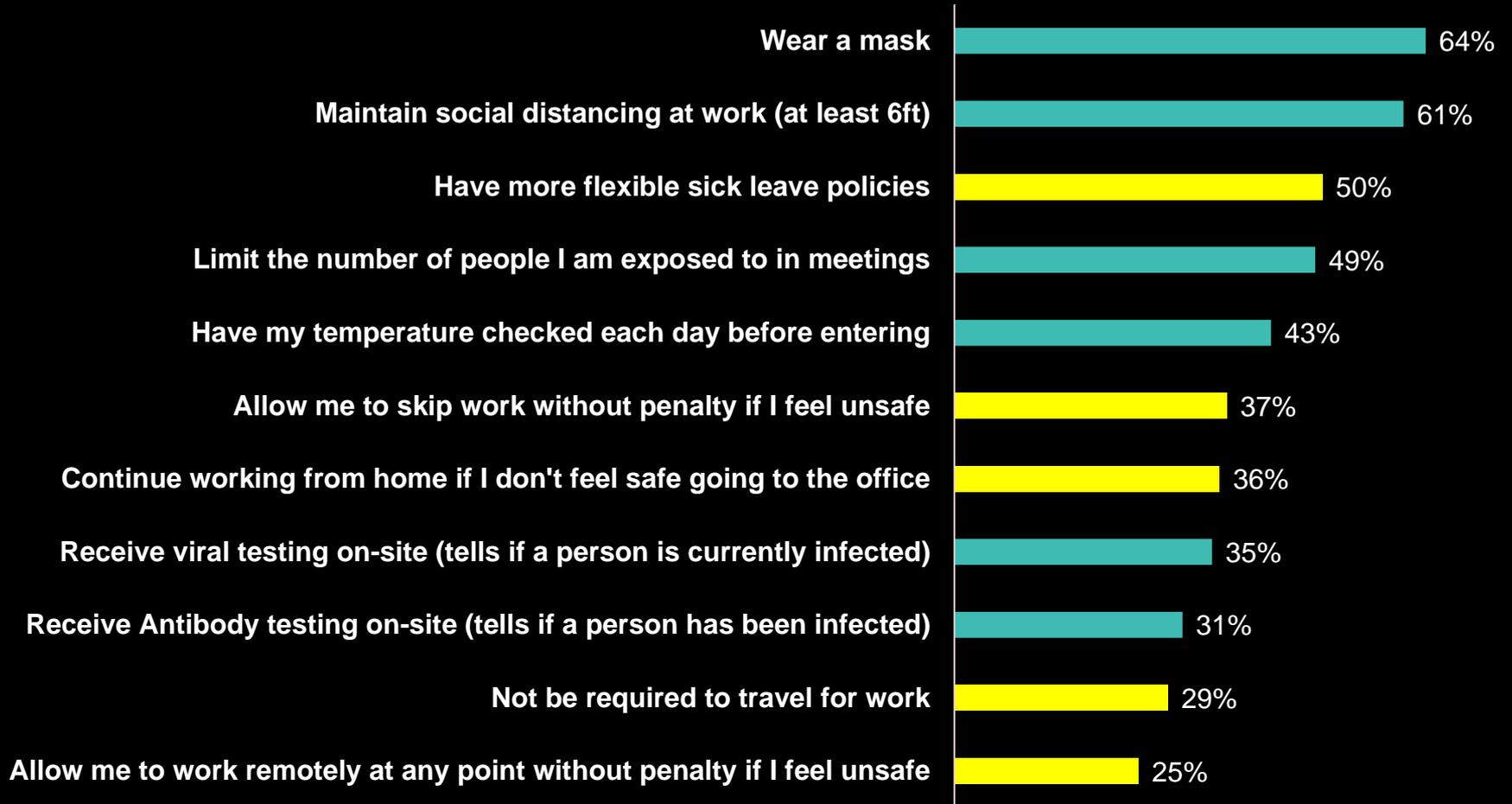
Touchless Growth

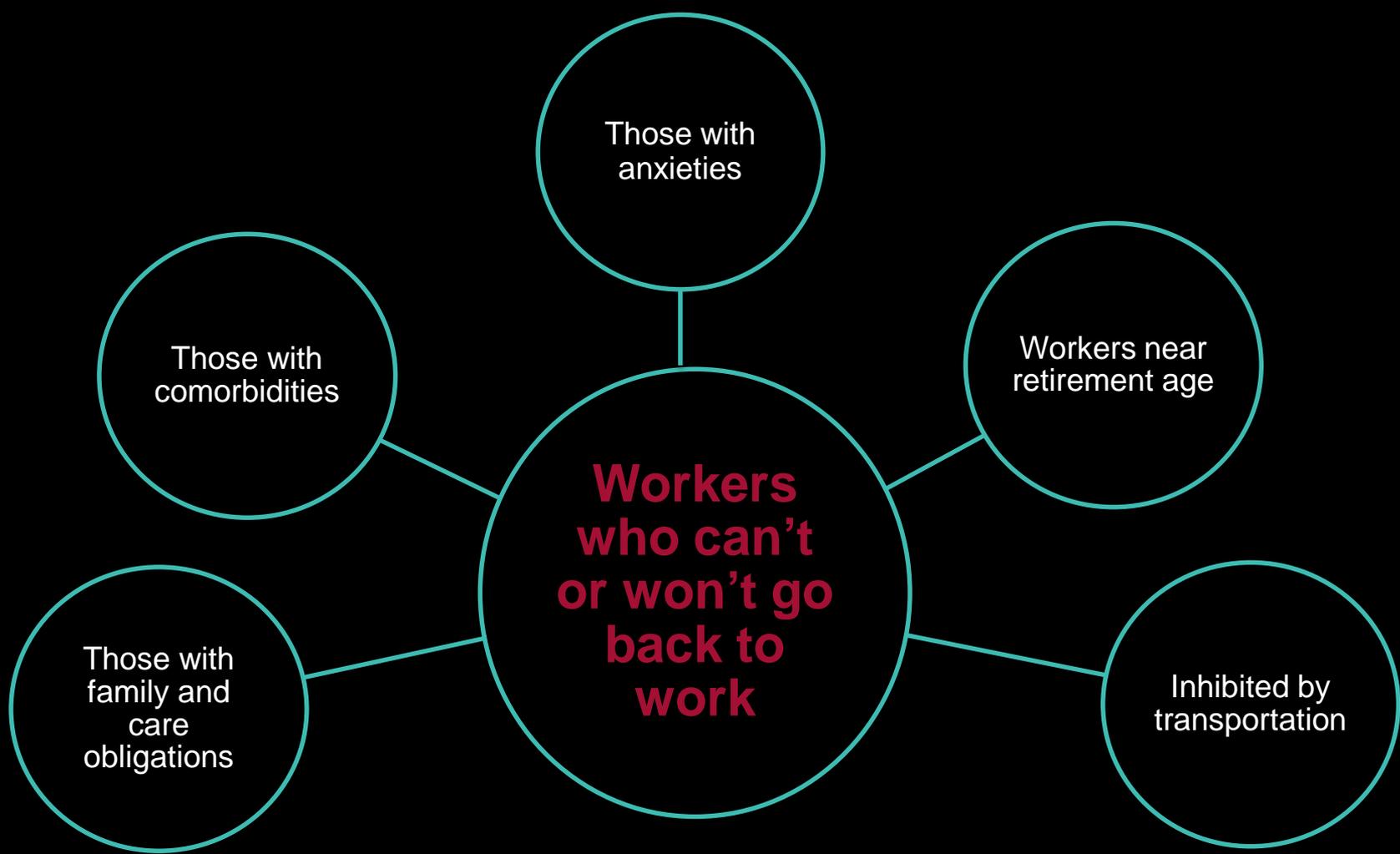
Ongoing Disruption

New Paradigms



Before returning to work, I want my company to ensure that I can...



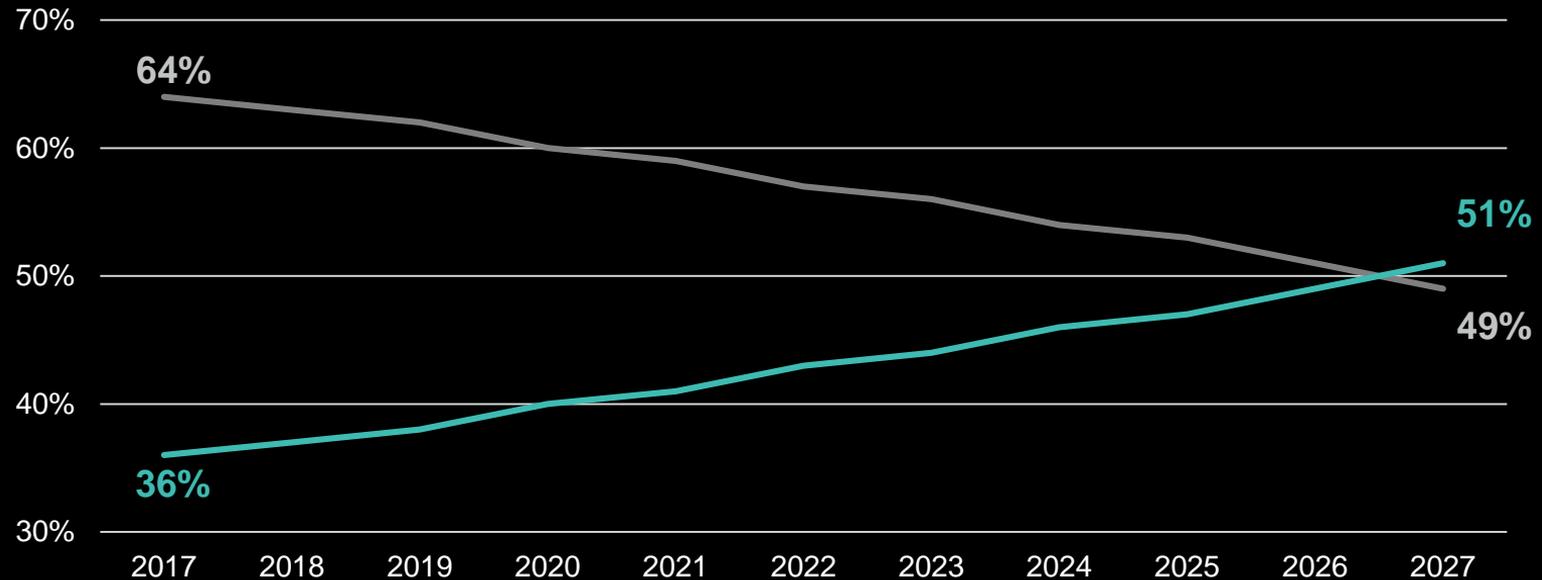


Pre-COVID: “Gig” work on the rise

Projected freelancer pool in the United States

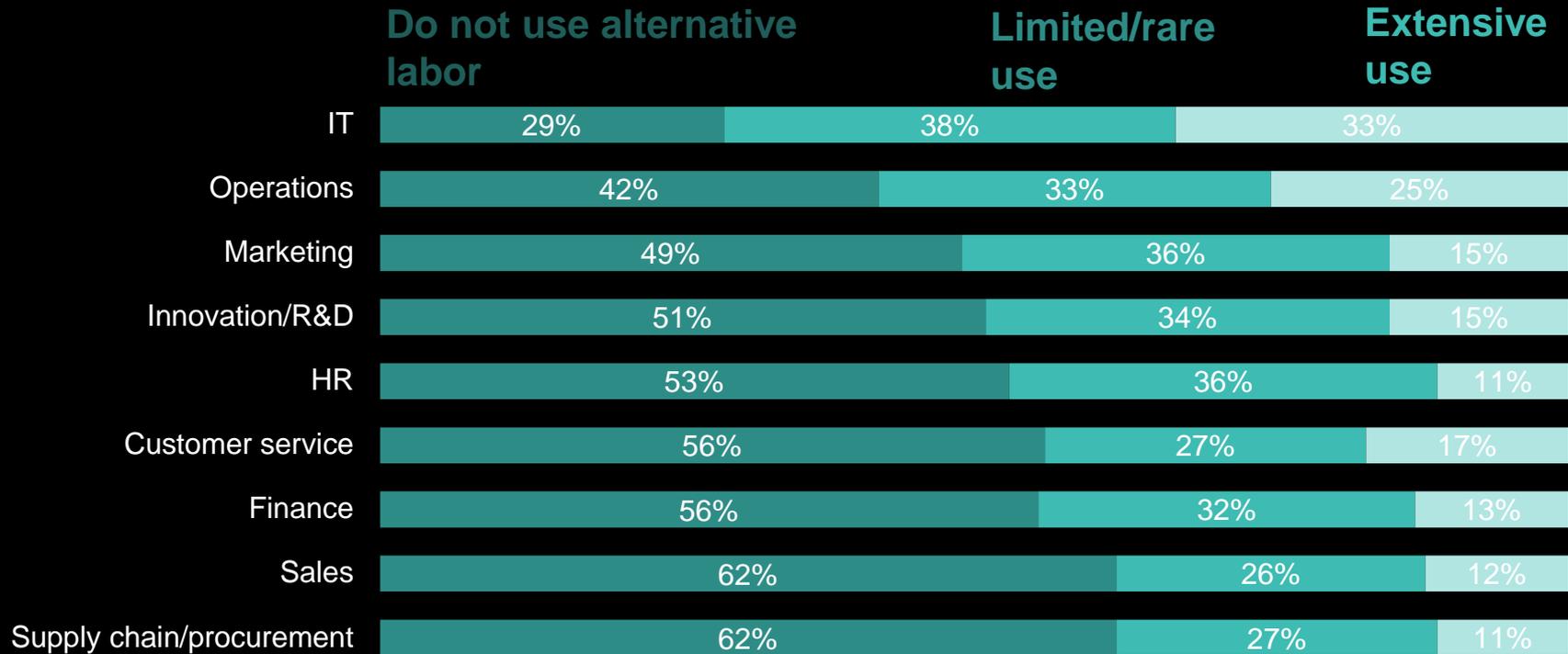
Percentage of U.S. workers, 2017 - 2027

— Non-freelancers — Freelancers



Pre-COVID: Gig work in various functional areas

The extent that alternative labor is used in different functional areas



Note: Percentages may not total 100 percent due to rounding.

Source: Deloitte Insights "Leading the social enterprise: Reinvent with a human focus" (2019)

Post-COVID: Acceleration in high and middle skills gig work

High skills

Upwork has seen a

50% increase

in freelancer sign-ups since
the pandemic began

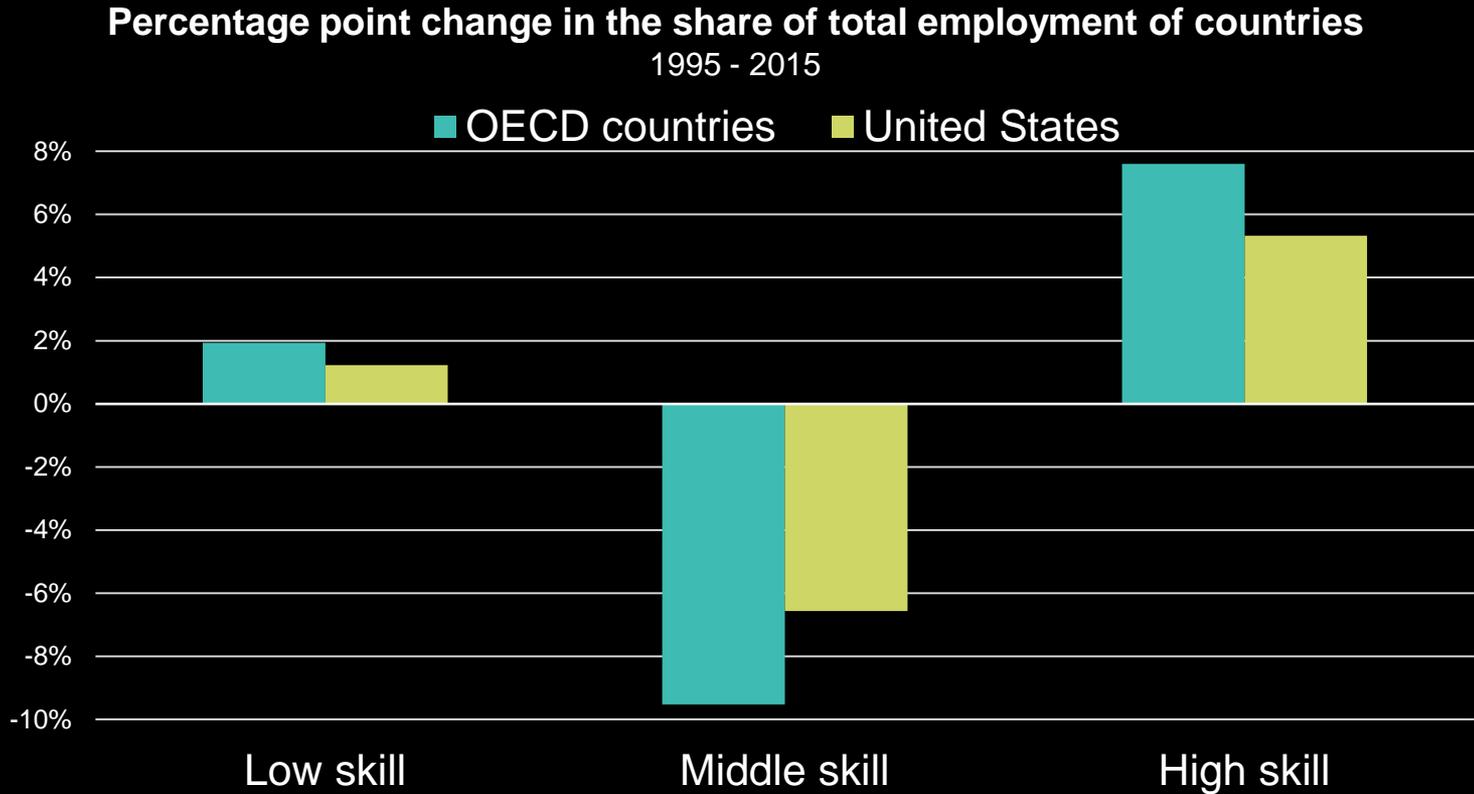
Middle skills

Instacart hired

300,000 new workers

at the start of the pandemic
and plans to hire more

Technological progress and digitalization are contributing to skills polarization



Fortune 500 CEOs: COVID and transformation

% who think the pandemic is accelerating their companies' technological transformation



% who think the pandemic has no effect or is slowing the technological transformation

The global digital divide

Much of the world is without internet access



Particularly in the least developed countries

Digital inequality fuels employment inequality

80% of middle-skill jobs in the US require digital skills, but...



Access

18 million

households do not have internet access

including 14 million low-income households in urban areas and 4 million in rural areas.¹⁷



Skills

32 million

adults can't use a computer effectively

including 41% of adults with less than a high school diploma, 35% of Hispanic adults, and 22% of black adults.¹⁸



Resilience

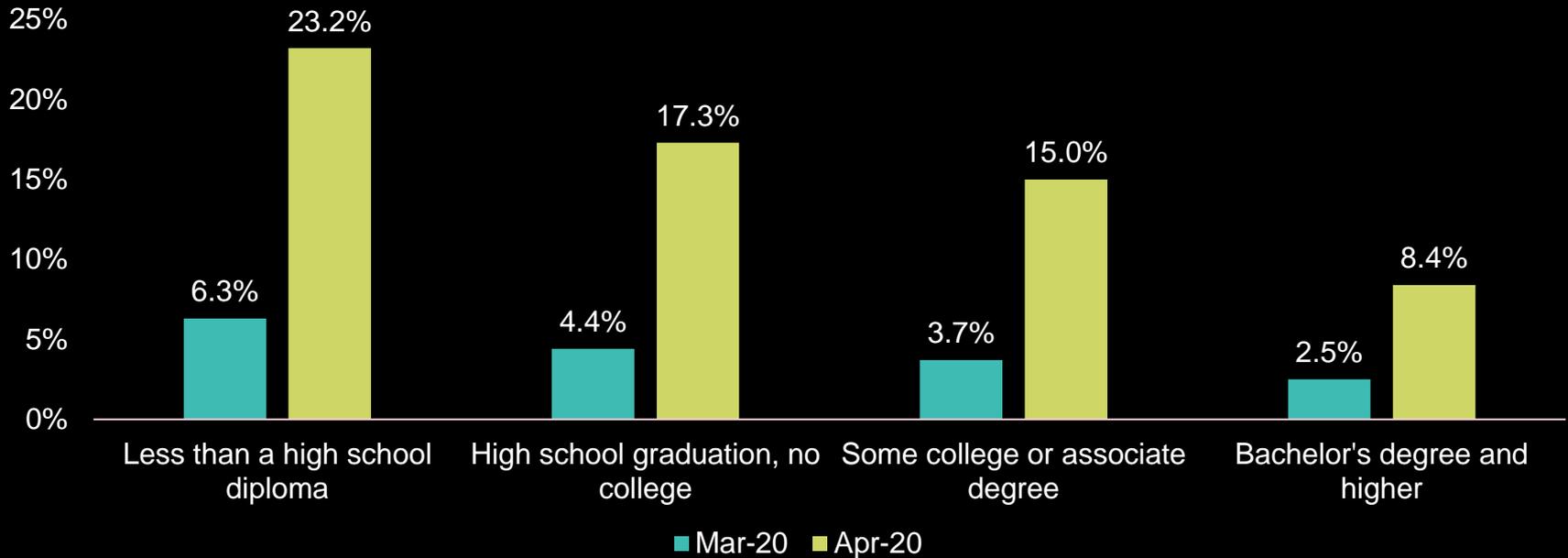
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of Americans aren't comfortable using technology to learn

and **OECD** found that 72% of US lack sufficient digital problem-solving skills, including 58% of millennials.¹⁹

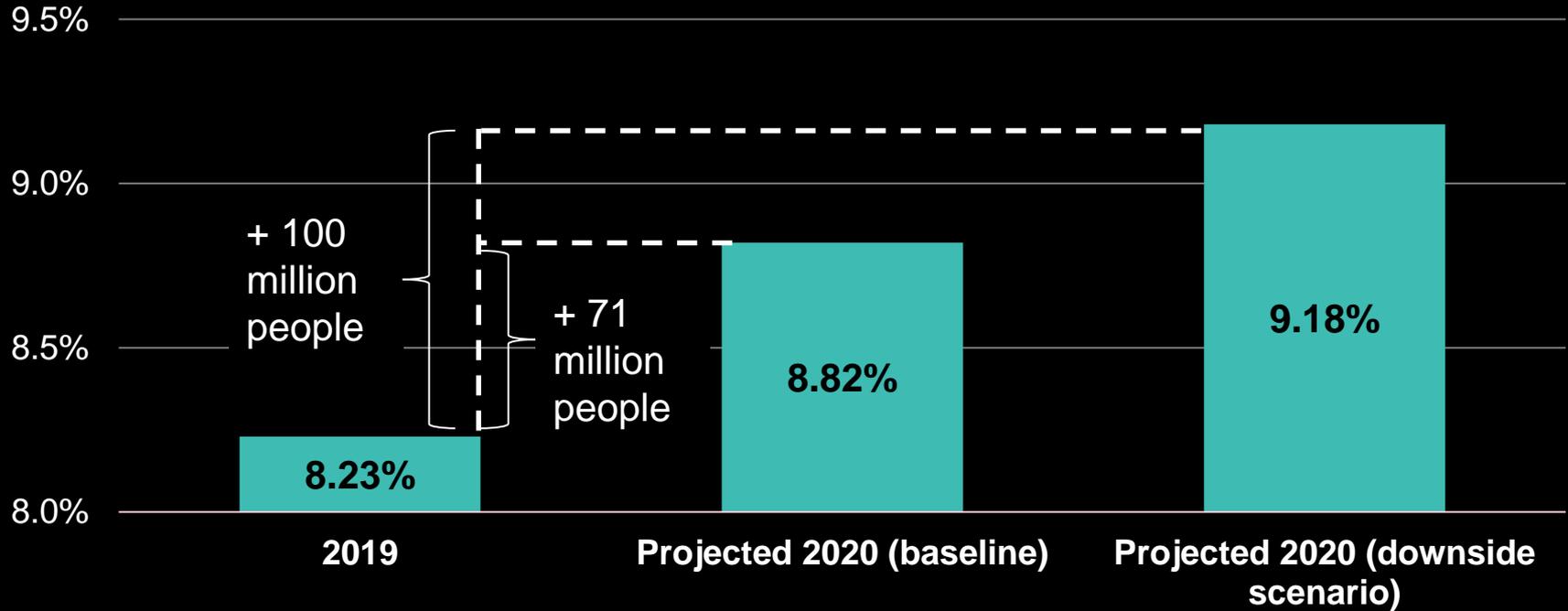
COVID's impact on unemployment in the US

Unemployment Rate by Educational Attainment Level (US)



COVID's impact on poverty

Extreme Poverty Rate



Q&A

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