



# COVID-19 and the future of work: Four scenarios

Heidrick & Struggles has developed four scenarios for the world of work in 2023. Here we explore the implications for leaders and organizations in each scenario.

The COVID-19 pandemic represents a historic crisis that is causing leaders and companies to rethink the way they operate. The most effective leaders are thinking not just about their immediate crisis response but also about how their choices now will position their companies in the post-crisis world. But, in a situation changing daily, it's nearly impossible for any single organization to think that far ahead. By bringing together a range of perspectives, it is possible to sketch out a number of possible futures in 2023 that will allow leaders to incorporate foresight into their business and human capital decisions during the crisis and beyond.







# Bounding the future

We've turned to scenario planning, a methodology that is focused not on trying to predict the future from past trend lines but on how different *uncertainties* will combine to form a diverse set of futures, hinged around two high-impact uncertainties: economic rebound and social trust. Specifically, we have developed macro scenarios for the future of human capital in the year 2023, stemming from the COVID-19 crisis, with implications for companies operating in different industries as well as regions of the world. The key steps we took include the following:

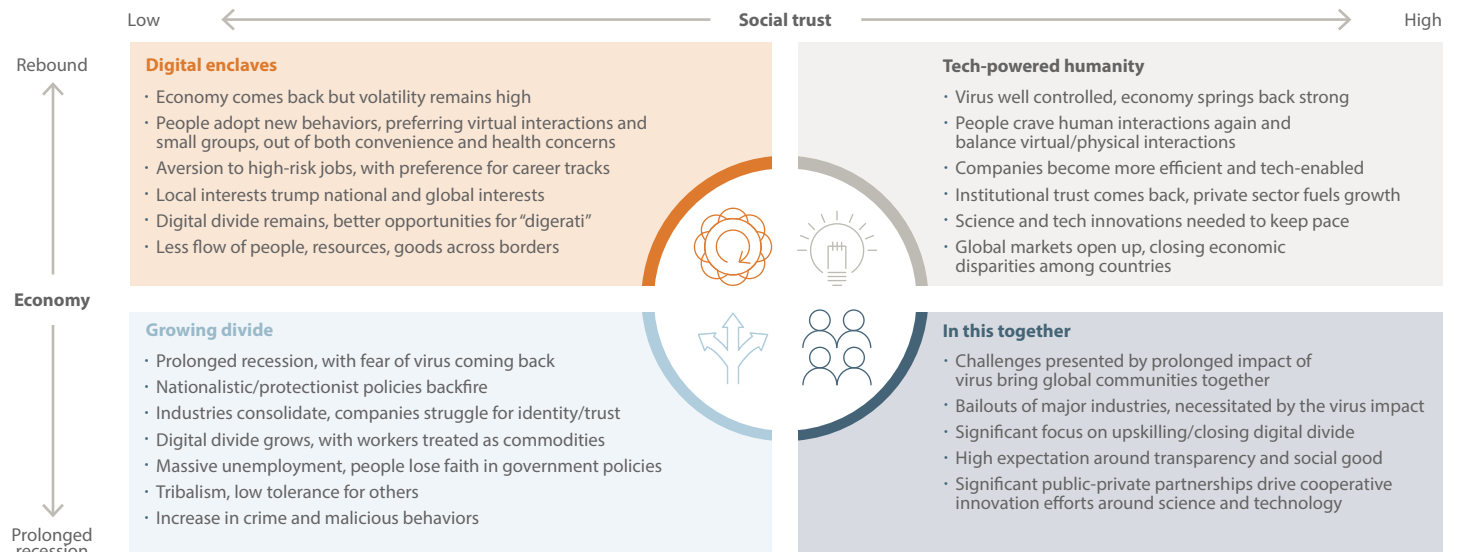
- Researched potential social, technological, economic, environmental and health, political, and competitive and industry (STEEPC) forces shaping the future of human capital in a post-COVID-19 world, along with conducting a survey of more than 40 leaders, to identify more than 70 potential forces.
- Identified more than 30 key trends and uncertainties based on assessments of likelihood and impact for each force.
- Combined the highest-impact uncertainties and range of outcomes to formulate a 2x2 scenario matrix and supporting blueprint for four plausible and diverse scenarios, built around the primary uncertainties of economic recovery (Will we experience a near-term economic rebound or not?) and social trust (Will society adopt permanent caution and fear around physical interactions?).
- Developed additional detail for each scenario in terms of key themes, early signals, and implications for different industries and regions of the world.

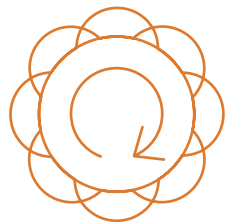
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## Forces affecting the workforce after COVID-19

S	T	E	E	P	C
					
<b>Social</b> <ul style="list-style-type: none"> <li>• Virtual collaboration adoption</li> <li>• Fear of physical interactions</li> <li>• Collectivism vs. individualism</li> <li>• Attitudes toward privacy</li> <li>• Public trust in large organizations</li> <li>• Level of social unrest</li> <li>• Generational differences in values and skills</li> </ul>	<b>Technological</b> <ul style="list-style-type: none"> <li>• Automation displacing vs. augmenting workers</li> <li>• Increasing use of digital tools</li> <li>• Increasing use of data/analytics and data literacy</li> <li>• Extent of digital divide</li> <li>• Use of technology for tracking worker health/wellness</li> <li>• Shift to online education</li> </ul>	<b>Economic</b> <ul style="list-style-type: none"> <li>• Recovery of global economy</li> <li>• Economic volatility</li> <li>• Growth of the gig economy</li> <li>• Variation in recovery by industry</li> <li>• Increase in digital channels for serving customers</li> <li>• Growing economic disparity</li> </ul>	<b>Environmental and health</b> <ul style="list-style-type: none"> <li>• Persistence of COVID-19 as an ongoing threat</li> <li>• Change in delivery and funding of healthcare</li> <li>• Manufacturing sources for healthcare/medical supplies</li> <li>• Attitudes toward sustainability/being green</li> </ul>	<b>Political and regulatory</b> <ul style="list-style-type: none"> <li>• Nationalism/protectionism vs. globalism</li> <li>• Government intervention in industries</li> <li>• Government stimulus programs</li> <li>• Polarization of political views impeding progress</li> <li>• Immigration policies</li> <li>• Strength of organized labor</li> </ul>	<b>Competitive</b> <ul style="list-style-type: none"> <li>• Resource sharing across companies</li> <li>• Shift in supply chains and location of manufacturing</li> <li>• Corporate restructuring</li> <li>• Size of available workforce</li> </ul>

## Four scenarios for the post-COVID world of work





The virus is mostly controlled, and the economy has bounced back but continues to be somewhat unpredictable

### Scenario 1: Digital enclaves

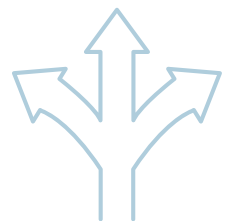
In this future, the virus is mostly controlled, and the economy has bounced back but continues to be somewhat unpredictable as different regions and industries recover unevenly. Sales models for many companies have shifted, with less reliance on face-to-face business, spurring growth in virtual selling tools such as simulation/visualization software. People have a newfound appreciation for personal health and hygiene, self-diagnostics, and health monitoring, putting pressure on employers to invest more in employee health and safety. With more jobs becoming remote, companies have greater flexibility in sourcing talent, deemphasizing the role of traditional talent hubs for technical and knowledge-based workers. Gig workers have become more expensive, with a demand for job security and reduced face-to-face exposure creating a talent shortage. Nationalistic behaviors limit the flow of goods and people, causing companies to regionalize operations and supply chains to effectively compete.



The virus is controlled, and the economy roars back, with people craving physical interactions and collaboration

### Scenario 2: Tech-powered humanity

In this scenario, the virus is controlled, and the economy roars back, with people craving physical interactions and collaboration to balance out their heavy adoption of virtual work during the crisis. There is unprecedented investment in digital and innovation skills and talent to keep pace with a fast-growing, globalized market. Automation and artificial intelligence (AI) unlock significant multiples of productivity to augment the existing workforce, as chief robotics officers and AI officers emerge as key executives across industries. To meet growing demand, companies upskill most of their legacy workers and use gig workers to supplement a large part of the labor force, resulting in higher pay and better benefits. Employee expectations related to personal development, work experience, company culture and purpose, and transparency are very high and will determine which companies successfully attract and retain future talent.



A prolonged recession and social distancing lead to significant, lasting unemployment and a severe mental health crisis

### Scenario 3: Growing divide

In this scenario, governments are eventually able to control the spread of the virus. But a prolonged recession and social distancing lead to significant, lasting unemployment and a severe mental health crisis. People management as we know it is reinvented, and organizations adopt “big brother”-style tracking solutions to monitor employees, due to a lack of trust that mostly virtual workers are staying productive. The digital divide in the workforce grows substantially, as the “have nots” are not able to pivot fast enough and are left largely in the dust, forced to take much-lower-level jobs or stay unemployed. The surplus of digital “have nots” clamoring for any work, as well as downsized budgets, leads to a general slowdown in automation efforts, other than for quick-hit applications such as robotic process automation and basic robotics. Entire industries go under, while new ones (such as virtual talent brokers and virtual reality sports arenas) spring up.



Social distancing measures last for 12 months, creating enormous economic damage, and communities pull together

### Scenario 4: In this together

In this future, COVID-19 social distancing measures last for 12 months (the Great Lockdown), causing enormous economic damage. Central banks have little headroom for interventions, and a long, deep recession ensues. Families and communities pull together to weather the storm, and communitarianism and volunteerism and the role of nongovernmental organizations increase significantly. As distancing measures are relaxed, authentic social interaction becomes very highly valued. Governments take stakes in many industries and legislate to protect jobs, including those in the gig economy. Digital business remains strong, and digital skills flourish at all levels, as everyone needed to upskill to learn to survive. Automation supplements rather than replaces jobs wherever possible. Company interpersonal culture is very highly valued by employees and consumers alike.

# How to use these scenarios

While we may hope that the tech-powered humanity scenario comes to pass, we also know from history that it is better to be “roughly right” in planning for a range of outcomes than “precisely wrong” in betting on just one version of the future. Scenarios present a framework for challenging conventional thinking, identifying market opportunities, and mitigating strategic risks.

Each company’s leaders will be able to use these scenarios as a tool for charting their own unique course, balancing near-term and longer-term strategies, anticipating and adapting to new changes in the market as they unfold (perhaps making one scenario more likely and another less so), and using flexible options to build a position as a resilient organization coming out of the crisis. Steps will include developing or enhancing the organization’s strategic radar for monitoring new signals in this very dynamic environment, instituting a structured approach to analysis, and implementing strategic options that enable the organization to pivot ahead of market shifts.

Even now, it is clear that there are some no-regret moves companies can take, which we describe in these related articles, all available on [heidrick.com](https://www Heidrick.com):

Scenarios present a framework for challenging conventional thinking, identifying market opportunities, and mitigating strategic risks.



Building digital dexterity in your leadership team



Leading through the crisis by counting on purpose and values



Disruptive leaders: An overlooked source of organizational resilience

Over the next several weeks, we will be refining these scenarios; we invite you to give us your views on the forces underlying the scenarios by taking our **short survey**.<sup>1</sup> We are looking forward to working with leaders around the world to understand how this profound crisis is reshaping the business world and how leaders can best help their teams, organizations, and cultures adapt and win in the long term.

<sup>1</sup> To take the survey, go to <https://www.surveymonkey.com/r/COVID19Forces>.

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- CEO, board, and team acceleration
- Organization acceleration and culture shaping
- Digital acceleration and innovation

Our breakthrough analytical tools use data and technology to bring science to the art of human capital development and organizational design. Paired with our groundbreaking approach to culture shaping and digital transformation, our clients can shift their mind-sets to deliver measurable, lasting changes in performance and thrive in the new era of digital disruption.

As one united team, we acquire a deep understanding of the threats and opportunities our clients face and then bring together a customized configuration of tools, approaches, and experts needed to address them. The result: great leaders, effective teams, and powerful, adaptive cultures that can accelerate performance, effect transformative change, and boldly create the future you envision.

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