



BUSINESS TRANSFORMED

DISCUSSION PAPER

Our Management 4.0 campaign is examining the skills and practices that managers and leaders will need in the future; in a workplace and world transformed by automation and AI.

In an age where technology is enabling new business models, disrupting existing business practices, transforming the workplace and shifting the balance of power.

And at a time when society is becoming more diverse, when the workforce is ageing and where the demands and expectations of employees and consumers are changing.

To start the conversation, we are publishing a series of short discussion papers exploring six of the key drivers and forces of change. Together, they lead to one simple conclusion: how we practice management is being transformed.

HOW CAN WE ENSURE THAT THE NEW GENERATION OF BUSINESS START-UPS ARE ABLE TO DEVELOP MANAGERS AND LEADERS AS THEY GROW? WHAT WILL THE SHARING ECONOMY MEAN FOR EXISTING BUSINESS MODELS? WILL WE SEE GROWING DEMAND FOR NEW FORMS OF CORPORATE GOVERNANCE?

Business is changing. Technology means that setting up a business is easier than ever, with new companies moving rapidly from start-up to stay-up to scale-up. Technology has also enabled new business models, which are disrupting markets and challenging incumbents. As part of these changes we are seeing the growth of a new generation of business leaders who regard themselves as “founders” not CEOs, more interested in starting-up businesses than running them.¹ At the same time existing business leaders are under huge pressure to respond, challenged by the speed and complexity of change and by a growing sense that existing forms of corporate governance need wholesale reform.

In a relatively short space of time the sharing economy has become widespread, with companies like Uber and Airbnb already household names. McKinsey estimate that in the US and Europe alone, 162m people or 20-30% of the workforce are now providers on sharing platforms.² The impact has already been seen in industries like transportation, consumer

goods and services, but every industry and sector is vulnerable to disruption from the rise of collaborative consumption and the proliferation of asset-sharing business models.³

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THE SHARING ECONOMY IS AN ECONOMIC PRINCIPLE THAT IS CONSTANTLY EVOLVING. IN THE VERY SIMPLEST TERMS, IT'S THE USE OF TECHNOLOGY TO FACILITATE THE EXCHANGED ACCESS OF GOODS OR SERVICES BETWEEN TWO OR MORE PARTIES.⁴
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Innovations in technology have been key to the growth of the sharing economy. It has allowed businesses to grow and provided a way to connect and share with friends and strangers on a scale never imagined.⁵

The sharing economy has disrupted the market in a number of ways, including by enabling the growth of the ‘gig economy’: a way of working that is based on

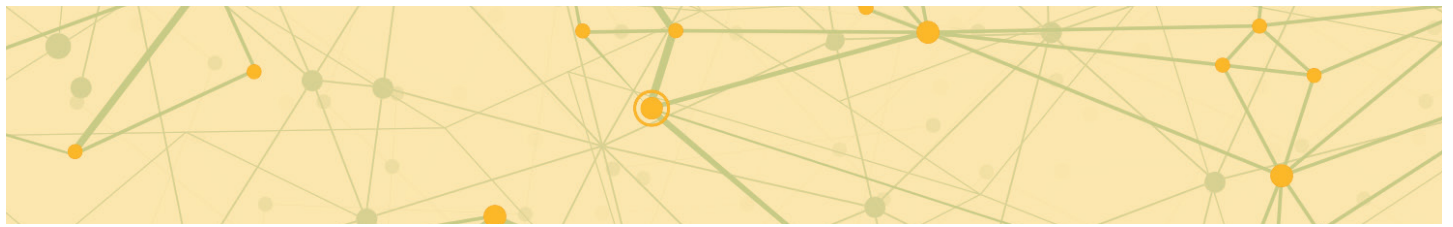
¹ <https://simpletom.co.uk/2018/04/05/founder-not-a-ceo/>

² <https://www.mckinsey.com/featured-insights/employment-and-growth/independent-work-choice-necessity-and-the-gig-economy>

³ <https://www2.deloitte.com/us/en/pages/consumer-business/articles/the-rise-of-the-sharing-economy-impact-on-the-transportation-space.html>

⁴ <https://www.thebalancesmb.com/the-sharing-economy-and-how-it-changes-industries-4172234>

⁵ <https://www.mbaworld.com/blogs-and-articles/the-rise-and-evolution-of-the-sharing-economy>



people working independently, as freelancers or on short-term contracts, as opposed to having a permanent job with a single employer. Characterised by companies like Uber and Deliveroo, the “gig economy” allows workers to pick and choose when they work and what tasks they undertake. Some commentators see this as highly exploitative. Others champion the flexibility and autonomy that such work allows.



THE SHARING ECONOMY HAS ALREADY DISRUPTED THE LABOUR MARKET. FOR EXAMPLE, IT HAS DERIVED THE GIG ECONOMY AND A NEW TYPE OF FLEXIBLE WORKING.⁶



What does this mean for the role of a manager? Will managers increasingly be required to oversee a shifting pool of workers, as opposed to a stable team of full-time employees with predictable patterns of work? To lead successfully, will managers need to be confident in both their task management and people management skills, despite a potential lack of personal relationship with their workers? And how will managers succession plan and develop new talent?

The “gig economy” can offer flexible work to the benefit of the worker when they are in

a position to understand their terms and conditions and make an informed choice. However, concerns have been raised by some commentators when this work is offered without choice, potentially leaving the worker with low pay, underemployment, instability and problems with taking time off for holiday or sick leave.⁷ Should managers and leaders embrace or avoid using these forms of labour? With around 15% of workers now being classified as self-employed, what will happen to the role of trade unions and collective action?^{8,9} Will social media lead to the rise of a new form of worker solidarity?

Large scale corporate failures have highlighted the need for businesses to look beyond profit, to the long-term value they create for their customers and their stakeholders. Research from Mercer shows that 75% of “thriving employees” say that their company has a strong purpose that “resonates with their personal values”.¹⁰ And research suggests that the new businesses in the sharing economy are moving towards social impact and social value creation - in short becoming more purpose-driven.¹¹ But is this really the case? Are we seeing a real shift towards purpose? Or is this more a case of purpose-washing.¹²

And how do corporate governance rules and business regulations need to change? Are existing systems and structures fit for purpose? Is it time for a new relationship between

employees, management, the board and investors? There have been some developments on this front in the UK with the introduction of executive pay reporting from 2020 and the requirement for large companies to report on how employee and other stakeholder interests have been taken into account.¹³ But is this enough? What are the future social issues that consumers and employees will demand their employers be transparent on, and what role will technology play in enabling this? Will we see demand for new forms of corporate governance?



THE BOARD’S ROLE MUST SHIFT TO FOSTERING ENTREPRENEURIAL DEVELOPMENT, GUIDING LONG TERM RESOURCE ALLOCATION UNDER GREAT UNCERTAINTY, SETTING STRATEGIC DIRECTION AND EXERCISING STRATEGIC CONTROL UNDER SHIFTING CIRCUMSTANCES...¹⁴



We want to hear your views on the questions posed in this paper.

To get involved, visit us at:
www.managers.org.uk/managementtransformed

#managementtransformed

⁶ <https://www.mbaworld.com/blogs-and-articles/the-rise-and-evolution-of-the-sharing-economy>

⁷ Ibid. p.7-8

⁸ ONS (2016) cited in House of Commons Work and Pensions Committee (2017), Self Employment And The Gig Economy, p.4 <https://publications.parliament.uk/pa/cm201617/cmselect/cmworpen/847/847.pdf>

⁹ RSA (2019), Four Futures Of Work

¹⁰ Mercer (2018), 5 Workplace Trends Shaping The Future Of Work: which are most important to you? <https://www.mercer.com/our-thinking/career/voice-on-talent/five-workplace-trends-shaping-the-future-of-work-which-are-most-important-to-you.html>

¹¹ <https://www.mbaworld.com/blogs-and-articles/the-rise-and-evolution-of-the-sharing-economy>

¹² <https://www.bitc.org.uk/media-centre/news/new-responsible-business-measure-reveals-uk-business-danger-falling-purpose-wash>

¹³ <https://www.gov.uk/government/news/new-executive-pay-transparency-measures-come-into-force>

¹⁴ https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3001847