![a blueprint for better business]

Summary of the main points made at a Blueprint dinner on the theme of the future of work in the age of automation - 19th October 2016

Context

In October, Blueprint convened an event bringing together business leaders, NGOs, academics and politicians to debate this profoundly important emerging issue. Blueprint's provocation is to explore how business can best serve the common good. The advance of AI and robotics raises extreme challenges. Framing the debate in the context of how different sectors of society can act in the most responsible way set an interesting background for discussion.

A study by the University of Oxford and Deloitte has suggested that 35% of existing UK jobs are at risk of automation in the next 20 years.[1] There are worries that, at least in the short term, large sectors of society will become unemployed, and that humans may even eventually become redundant in parts of the working world. Technology seems to be moving far quicker than humanity's capacity to reflect on the implications. How can we ensure that robotics are embraced in a way that humanises rather than dehumanises organisations and benefits society?

Scale

There isn't a consensus about the speed with which transformation will happen. Some feel there is not enough evidence of an approaching dramatic change, but many believe that there will be a sudden step change that we need to prepare for. The McKinsey Global Institute reports that society is being transformed by four fundamental forces (technological change, urbanisation, an ageing population and greater global connections) ten times faster and at 300 times the scale of the Industrial Revolution.[2] Bots that sit on employee's computers and monitor their keystrokes usually find that 60-70% of the tasks of white collar workers can be automated – if companies choose to replace workers with robotics to carry out these tasks, it could have a drastic impact on the world of work.

Does business have a choice to make?

Robots can work 24 hours a day, 365 days a year. They can process large amounts of data faster and more accurately than a human worker. They can massively increase the productivity of a company, while at the same time decreasing its costs. Furthermore, there is pressure from customers – they don't want to wait for hours to speak to someone in a call centre, and many would prefer a quick and simple automated system to deal with their request. So there is a strong business case, and there are already companies who have seen huge benefits from the use of robotics. This creates a dilemma: robotics improve services but at the same time create redundancies. It is largely agreed that it is a question of 'how', not 'if', robotics are deployed in businesses. Some feel that what matters is the bottom line – there is a duty to shareholders to maximise profit and make sure the company keeps up with competitors; those who are displaced are given a redundancy package but

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[1] University of Oxford and Deloitte (2014) *Agiletown: the relentless march of technology and London's response.* Accessed online 05.07.16

[2] McKinsey Global Institute (2015) *The four global forces breaking all the trends*. Accessed online 07.10.16

from then on are society's responsibility. But do businesses have a choice? Is there something beyond the business case that should be considered?

The point was raised that there is an ***obligation to make sure that the benefits of robotics are shared by everyone***, not just in the UK but around the world. If robotics make just a few companies rich, there will be a negative reaction from society which will ultimately damage business too. In the past, when companies were offshoring some of their functions, some worked with unions on how best to minimise the negative impact, agreeing to retrain UK workers and make sure new offshore workers were treated as well as they could be in local conditions. We can learn from past changes such as this: change is inevitable, but we *are* able to influence the effects. Business needs a mind-set change to see that it is closely linked with society.

There is a sense that there is a ***lack of capacity at board level*** to understand the implications of AI and technology in general, both for the organisation as a whole and for their own roles. There is a lot of talk about the implications for young people, but this is also a worrying area for older people in organisations, who may be more ill-informed and find it harder to adapt to the new world than the young people who were born into it.

Implications for society

Who is responsible for the common good - the company which displaces workers or the society into which workers are displaced? Robotics is not neutral. We have to think about how we employ them and how machines behave towards human beings, but also how they will shape us and our society.

Advances in technology could have massive benefits for society. For example, the introduction of driverless cars could lead to a reduction in road accidents of around 90%. But there is a fear that changes in technology will cause mass unemployment, changing the relationship between business and society. Agriculture was replaced by manufacturing, which was in turn replaced by services as the dominant employment sector. We don't yet know what kind of jobs will emerge, and whether there is time for them to develop as in previous transitions.

Universal basic income is being trialled in some places – but there are concerns that this potential solution ignores the value of work in people's lives, and will not fulfil those who have been dispossessed. While progress towards some Sustainable Development Goals will be greatly aided by automation, SDG 8, 'Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all' highlights the dignity and value of work.

There are also implications for the education system. There is a big gap between the skills people are taught in university and the skills they will need in the world of work. Education in technology and vocational skills is particularly poor, and there is a lack of provision for retraining people who are out of work. Organisations play a role in education – they need to continuously enhance people's capabilities to enable them to negotiate the world we are facing. This doesn't just mean teaching them how to use the new technology, but also developing their abilities to think creatively and adapt to the changing world.

It isn't just people in the UK who will be affected. Some businesses are worried about the legacy they will leave in ***developing countries*** when they begin to bring their operations back to the USA or

Europe now that they can automate their manufacturing or customer service. Withdrawing their operations will mean withdrawing work from large sections of the population, which could have damaging effects on their society as a whole. Around 453 million people in 2013 were employed global supply chains,[3] and 48% of global trade is occupied by developing economies.[4] Foreign direct investments and export earnings underpin economic development within these countries. It may be difficult to keep up with the pace of change as a result of automation, as there would need to be some rethinking about economic development in the absence of reliance on cheap labour in these countries by international brands. There is a profound question about whether or not there will be jobs for young people in developing countries, and this cannot be divorced from business. This is an issue that will require careful planning to minimise the increases in inequality.

There are many potential positive implications for society. The explosive growth of MPesa in developing countries has brought financial inclusion to many, a powerful example of the positive effects technology can have. AI and robotics could have a liberating effect on society. No human being should be doing boring, repetitive tasks that can be automated. This is an opportunity to give people more choices, and give them the education and training to reapply themselves to something they find rewarding.

AI could start to equalise opportunities if we let it. A world in which so much power is concentrated in the hands of a few US West Coast giants is fraught with risk. If we allow access to people other than those currently in power, they may come up with new answers and ideas so we can try to innovate fast enough to create new jobs and keep up with the changes. And personal philanthropy is no substitute for creating institutions which can effectively reconcile competing interests and reduce inequality. Investment is needed in scientific research and the technological educational system in this country. We need to renew the sense that technology and the knowledge behind it is a shared commodity, and the burdens of it too must be shared. This involves institution building and changing our mind-set - a sign of success is a good life *for all*. The need for collaboration is clear – no one organisation or person can solve this issue.

About A Blueprint for Better Business

A Blueprint for Better Business is an independent charity. We challenge and support businesses to realise their true long-term potential: to serve society, respect people, rediscover their purpose and thereby earn a fair and sustainable return for investors. We act as a catalyst for positive change by using our 'Five Principles of a Purpose Driven Business' and 'A Framework to Guide Decision making'. We connect businesses with wider society and introduce them to new research and ideas, through our conferences and round tables.

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[3] International Labour Organisation (2015) *World Employment Social Outlook: The changing nature of jobs*. Accessed online 01/11/16

[4] World Trade organisation (2014) *World Trade Report 2014 - Trade and development: recent trends and the role of the WTO.* Accessed online 01/11/16