In the Globalisation of Work Human Irrationalities Matter

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The future of work has always been a topic of debate as it clearly influences organisational strategies and marketing developments. The increasing globalisation of work is therefore a factor that cannot be discounted. At the same time, however, it is undeniable that work also has an impact on how individuals feel and how they define themselves. In light of the fact that work is so central to our existential being, it is necessary not only to adopt a macro-economic perspective when looking at the future of work but also to focus on how globalisation will affect those doing the work. The use of a macro-economic perspective has been fueled significantly by the belief that high-speed technological developments, like the use of robots, would lead to further declining hours of work, as we have witnessed from 1830 to 1970’s. Ultimately people’s experiences of the shape and design of work would over time thus become insignificant. However, an opposite trend seems to be happening. People seem to work harder than ever and political interventions across many European countries are focused on activating the unemployed and making everyone work longer to ensure the survival of our pensions and social security systems.

This interesting contrast signals that the future of work will not be a simple linear development as a function of increasing globalisation. It is not the case that the more global we go, the more quickly the shape, format and execution of work will change. Between what is possible from a purely technical and IT development perspective and how people deal with such developments, a natural gap exists. Indeed, people do not act in perfect rational ways. Many high-tech and IT developments are created in a rather isolated world and we always have to wait to see how these applications will work out. How will people deal with the actual physical transformation of the work place, the changing relationships, and the cultural differences and sensitivities that will remain to exist in a globalised business world? Understanding the irrational nature of humans may help in being more accurate about what to expect when it comes down to the effect of globalisation of work and simultaneously identify the main challenges.

What we expect and what we see happening

When we talk about globalisation in the business world we think about the idea of transnational organisations going beyond the boundaries of the nation where their headquarters are located. Those organisations will work increasingly with virtual teams making the physical shape of organisations change and employees will work from home more often. Long distance business travel will be needed less as a result; which is cost-effective as energy prices keep going up. Finally, due to the rapid development of technology and easy access to it, it is estimated that in 2025 about 5 billion people will be online (on a total of an estimated world population of 8.2 billion). To reach out to all these consumers, organisations will create market value via virtual platforms that can be developed quickly but also abandoned very quickly. Although
these predictions are all rational strategies, the human irrational component already
seems at work. For example, being able to work online may make much sense, but
recent research in fact shows that to increase your promotion chances within an
organisation bosses still want to see your face around the office. Interestingly, this
desire for face-validity goes hand in hand with the contemporary focus on regulation
and use of administrative control systems, which signal an important threat to global
collaboration: the existence of a lack of trust on the job market. Further, although
consensus exists that sustainability should be on everyone’s agenda, the strategy of
many low-cost airlines moves in the opposite direction. Ryanair, recently introduced a
business class flight with the explicit aim to ensure the existence of business travel.
These kind of clashes also take place at the level of the individual. The number of
transnational individuals who are able to relocate at any time, making decisions
based on relative global employment and investment opportunities has not gone
unnoticed. The direct effect of this is a significant increase in the number of
freelancers. These entrepreneurs will rely on principles of open innovation in which
competitive networks and platforms are created as influenced by different local
market pressures. It comes as no surprise that together with an increasing level of
competitiveness – facilitated by the virtual reality of business – the development of
trust may significantly suffer. Spanning different continents as a freelancer forces you
to be “open” in terms of doing business but at the same time it makes the job more
complicated because of specific cultural sensitivities.

Understanding the major challenges

Achieving a balance between doing business at the right time in the right place and
still building a trustworthy relationship will be a major challenge for businesses
working with platforms that can be quickly built but also dissipate quickly. Being agile
will therefore become even more “the” defining feature of entrepreneurship in the
future. Having said this, although a stronger focus on flexible employees and
organisations seems rational and cost-effective, it may nevertheless impose a threat
for the long-term. For businesses to remain sustainable innovation is key.
Globalisation will in my view promote more of a focus on an incremental type of
innovation aimed at adjusting breakthroughs to local ever-changing needs. This trend
will come, however, at a cost as innovative break-throughs in terms of basic
knowledge development are less likely to emerge under conditions of flexible
employment contracts. High degrees of uncertainty caused by global competitive
market pressures may lead to less investments in ideas that take time to develop and
only show their true value in the long-term.

All these examples make clear that today the gap between the rational perception of
how globalisation can transform the future of work and the reality of how people will
deal with those changes in their own irrational way is still significant. It requires a
better guidance of the globalisation process of work at both the level of organisations
and individuals and the development of trustworthy relationships.

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