Uncertainty, What Uncertainty?

Uncertainty is one of the most over-used words of 2016, featuring in large letters in any word cloud created on media commentary. Indeed, some go so far as to say that in 2016, history began another chapter.

So is the world really becoming more uncertain or does it just feel that way? What are the major trends underpinning this insecurity and can we use this knowledge to start visualising what our world might look like in the mid-century?

Technological advances

Technological developments continue apace, into aspects of our lives not predicted just a few years ago. This will have significant implications for the type of companies and jobs in the future and in how business operates.

The internet and the Cloud is reducing costs and removing barriers to entry around the world, whilst enabling the reality of virtual teams sited across separate geographies but operating as cohesive units.

Social media brings international transparency to business with impacts on new markets, brand perception, quality of offering and on the recruitment and retention of people.

Leaders will have to narrate a clear vision for their people to follow.

The rise of wearable technology, including inventions to monitor neural responses, creates tremendous opportunities for consumer markets and scientific advancement.

Job eradication by automation

Artificial intelligence and the rise of robots will see jobs redefined or eradicated on an unparalleled scale - researchers believe that almost half of today’s jobs will be automated by 2034 1 – many tasks performed by ‘experts’ following a defined set of rules are susceptible to automation, even expert radiology.

Data and more data

The volume and speed of data now available brings both benefits and huge challenges, to manage this and recruit people with the skills to interpret and use this effectively.

A leader’s decisive navigation of information becomes paramount; when and what to use.

Cyber-attack

Alongside these developments, is the minefield of technological risk. With a rising chance of cyber-attack, (78% of UK companies have been attacked over a twelve month period2), businesses are still underprepared for the financial and reputational damage. Growing sophistication in attack methods, requires continual updating of plans against this.

Population changes

Growing and ageing population

An ageing population will bring new market opportunities and unprecedented demands on a smaller working population, along with a greater generation mix in the workplace. By 2040, it is estimated there will be more older citizens than children3.

Ratio of workers per older citizen

TODAY
3-5 workers per older citizen

Per

MID-CENTURY
1.5 worker per older citizen

Per
Urbanization
The march of people to cities is escalating quickly with projections of 41 mega-cities with 10 million inhabitants or more by 2030\(^4\). This risks straining infrastructure, services, the environment and employment opportunities to levels greater than many national states can provide, leaving governments struggling to meet basic housing, transportation and sanitation needs and risking social stability. What this means in the future for governments to coordinate economic and political resources for sustainable urbanization, remains to be seen.

\[\text{Growth in megacities} \]

2014 | 28
---|---
2030 | 41

Volatile economic conditions are not helped by fluctuating oil production seeing growth in international trade at its lowest since 2007. Places like the Eurozone are relying predominantly on Germany to continue to drive growth. The looming Italian banking crisis, together with Greece’s debt load, could become potentially explosive jeopardising the European Union’s stability.

Rising populist politics
The 2008 financial crash, lagging wage increases and increased wealth inequalities has transformed into a growing distrust of politicians. Rising support for anti-establishment parties has upset the political equilibrium of many Western societies - Trump’s election, UKIP’s strengthening in British politics and the growing prominence of populist parties in Europe raises questions on what protectionist policies may mean for labour mobility, trade barriers and legislation.

Climate change
Although climate change is hotly debated, the reality of a growing frequency in extreme weather events and natural disasters is exacerbating risks of water crises, food shortages, flooding and constrained economic growth. This is playing out in front of us as Europe sees a vegetable shortage as a result of Spain’s heaviest rainfall in 30 years.

Less co-operation
Global co-operation on diminishing the risks from climate change also looks less secure in light of President Trump’s scepticism of deals such as the Paris Agreement. Without America’s full participation, the agreement’s goals are probably unattainable.

Scarcity of resources
A growing global population (projected to reach 8.5 billion in 2030)\(^5\) and rapid expansion of middle-class consumers (2.2 billion by 2030)\(^5\) is straining resource supplies of energy, minerals, water and food, made more difficult by their existence in harsh geographic locations and in countries with political risk.

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Leaders will have to navigate greater complexity in different political, legal, regulatory and cultural environments, and spot the opportunities in quite different emerging consumer markets.
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**Disruption is the new normal**

It becomes apparent that we are surrounded by change. So no wonder that Robert Kegan says many leaders are “in over our heads”. Where do we even begin to steer a course through all this turbulence? Where there are risks, however, there are also tremendous opportunities. We have a critical role to help humanities’ ingenuity prevail to find ways to make the most of these opportunities.

Given these challenges, our contention is that knowledge, skills and experience are simply not enough. The old paradigm of what to look for in a successful leader needs significantly updating. We have spent the past year developing and renewing our approach to leadership assessment and development to take account of this new world, a world where we need to measure and develop not only the knowledge, skills and traits of old but crucially a leader’s ability to make sense of a rapidly changing world, the structure of their thinking and meaning-making. Our next article will describe how we’ve gone about doing this and sets the scene for our breakfast events on 30th March and 20th April.

**References**

2. Circle Research.

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