

Societal megatrends and business

Operating, innovating, and growing in
a turbulent world

April 2018



Introduction

The World Business Council for Sustainable Development (WBCSD) has a long history of examining risks, opportunities and trends that affect companies' ability to operate profitably and sustainably.

Even within this seemingly tumultuous decade, aptly named “the turbulent teens” in our Vision 2050, being alive today is a better experience for more of humankind than it would have been at any other time in humanity's short history on this small blue dot. Nonetheless, it's also clear the world is going through a period of economic, political, social, and environmental volatility.

As part of an ongoing effort within WBCSD to leverage our science-based approach and targeted business solutions to bring about system transformation in line with the Sustainable Development Goals (SDGs), our in-house People team has compiled a narrative around four megatrends underscoring some of the key pressures and opportunities that individuals, communities and societies are facing in today's world.

A world on the move – with significant shifts in the demographics (both young and aging populations), migration between and within countries, shifting centers of economic power from west to east, and the rapid growth of the online world.

A world that is polarizing – where we see large splits between people's access to human rights and basic needs, incomes within and between nations, political and societal participation, and levels of trust in institutions.

A world that wants to work – where challenges grow in terms of the quantity and quality of work, the nature of work, and the very future of work itself.

A world living beyond its means – not just in terms of environmental impact, but in the financial and social costs of our lifestyles, the impacts that that cost is having on our wellbeing, and the shifts in consumer attitudes that are occurring as a result.

These are the key societal areas that we believe can materially affect companies' ability to operate, innovate, and grow. We invite you to browse through the document below to learn more about these material risks and opportunities today, tomorrow, and in the years to come.

A World on the Move



Our world is constantly on the move. **Demographic shifts** include an aging population in the global North and a growing youth population in the global South. Current models of healthcare, infrastructure, finance, and social security will need to adapt to support the needs of an aging population, and while youth can be a positive support for growth, countries with growing youth populations will need to find ways to provide education and employment. In addition, the world is seeing unprecedented rates of **urbanization and migration**. More than half of the world's population now lives in urban areas and 1 in 7 people in the world are migrants. The global **balance of economic power** is also starting to shift away from the global North – China has already surpassed the US as the largest economy (PPP). Finally, our world is **moving online** and offering a wide range of new services to previously unserved groups – from agriculture, to finance to healthcare. But not everyone can access the online world (world average is 52% penetration) and there are a number of technology-related social challenges emerging such as data privacy and even cultural and political manipulation – it's not yet clear how socially beneficial social networks really are.



Demographic shifts



Urbanization & migration



An online world



Shifting centers of economic power

A World that is Polarizing



Despite significant improvements in the past decades, a large portion of the world's population lacks **access to human rights** (40 million people in some form of modern slavery and 150 million cases of child labour) **and basic services** (water, education, health, housing, energy, and food). In addition, while global poverty has declined, (most significantly in India and China) **income inequality**, both within and between countries, continues to be significant (and often widening). 42 people hold the same wealth as the 3.7 billion poorest, and 82% of the global wealth generated in 2017 went to the most wealthy 1%. Inequality persists in political and economic **participation**, as many marginalized and minority groups remain excluded from decision making processes and labor markets. The above challenges contribute to disillusionment of our global system and **erosion of trust** in the key institutions that underpin it. Parts of society today are operating in “completely different information universes”, removing access to a baseline of facts on which political compromise and social progress is built.



Human rights and basic needs



Income inequality



Participation



Erosion of trust

A World that Wants to Work



While the **quality of employment** in some sectors has significantly improved (in part due to labor standards and regulations), vulnerable forms of employment account for over 40% of total employment. In low and middle-income countries, the number of people in “working poverty” is expected to increase by 3 million within the next two years. In addition, the global unemployment rate will likely rise, as the **quantity of jobs** cannot absorb the growing global labor force – over 200 million people are unemployed; by the end of 2018, there will be an additional 2.7 million. The **nature of work** is also changing, as flexible arrangements can allow employees the freedom to have a say over how, where, and when they work. However, informal employment can also expose employees to unsafe work conditions, absence of social benefits, and lack of legal protections. Finally, the implications of emerging technological developments around automation and artificial intelligence pose a number of questions around the **future of work**, and will call for careful consideration around the balancing of the undoubted social benefits of technological innovation with potential impacts on the global workforce.



Quantity of employment



Quality of employment



Nature of work



Future of work

A World Living Beyond its Means



We know we are currently living unsustainably and consuming **beyond planetary boundaries**. Each year we go into “ecological overshoot”, using the resources the planet can replenish, a little earlier (August 2nd in 2017, Global Footprint Network). A growing population, shrinking base of the economic pyramid and expanding global middle class are only exacerbating this. And we all, all, want more. In developed economies our aspirations are for more food, a bigger home, a faster car. In developing economies aspirations might be for a bike or a scooter. For many, the lifestyle aspired to is **unaffordable** – 85% of households in the US cannot afford the most basic version of “the Good Life”. One in five millennials in the US lives in poverty. As we realize that we must settle for less than we aspire to, and as environmental and social pressures continue to strain our health, more people are focusing on their **wellbeing**, quality of life, and self-improvement. This trend reinforces the increasing acceptance of **experiences over ownership**, in part driven by financial insecurity and technological advances improving the attractiveness of the sharing economy.



Living
beyond
planetary
boundaries



Wellbeing



Unaffordable
lifestyles



Experience
over
ownership



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