

The Globalization of Teams

How new ways of working are leveling the playing field & accelerating growth



by Laurence H Knight



omnipresent

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Foreword by Matthew Wilson

Co-CEO and Co-Founder of Omnipresent



The way we work is changing. The COVID-19 pandemic accelerated existing remote work trends, and now we're on the cusp of something new: the Globalization of Teams.

Ambitious companies are realizing that if they can hire remotely they can hire *globally* too. They can bring on the best and smartest people anywhere in the world and take their businesses into new markets with relative ease.

But the impact of this tectonic shift doesn't end there. It's set to accelerate economic growth, make work more inclusive, and help traditionally low-income regions like Sub-Saharan Africa and India level up.

As a global employment partner, Omnipresent enables companies to embrace and benefit from this shift. And while building Global Teams brings unique challenges, the businesses that do are the ones that will succeed.

EXECUTIVE SUMMARY

The world is in the early stages of a transformation in how we work, where we work, whom we work with, and what even constitutes a workplace. This will revolutionize how the global economy is organized and drive significant innovation and economic growth. The fortunes of individuals, companies, and even entire cities and nations will depend on how they respond to this transformation.

We call this transformation the Globalization of Teams.

It will directly impact the knowledge industries (the focus of this report), as well as many other service professions that are typically conducted face-to-face or in a shared workspace.

In the future, these industries will be dominated by Global Teams comprising individuals from diverse backgrounds in locations scattered around the world. Teams who, despite their distance, will collaborate highly effectively online.

The Globalization of Teams will have many profound effects on the world economy and society, which we'll explore in this report:

-
- An increasing rate of innovation and economic growth
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- A geographical reshuffling of activity away from mega-cities
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- A new, open, and inclusive global team culture

While it will certainly pose a threat to those who fail to embrace it, this transition will act as a great equalizer for those who do. It will offer huge opportunities for many who, up until now, have been excluded from the global economy:

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- A global talent market will reduce pay gaps between cities, countries, genders, and ethnic groups while widening the meritocratic pay gap between high and low performers.
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- It will present greater opportunities for diverse, dynamic people to form global-first businesses, while larger established companies will face real challenges adjusting.
-
- It will drive economic convergence by low-income countries, particularly in India and Sub-Saharan Africa, as they provide stiff competition for workers in high-income regions.

PART 1:

The Globalization of Teams



WHY NOW?

The Globalization of Teams follows in the footsteps of previous globalizations, including that of trade, finance, and information, and it will be equally as disruptive.

What Was Globalized?	When?	Causes	Economic Impact	Winners	Challenges
Trade	Post-Second World War era (late 1940s)	Global trade liberalization - Container shipping	Global goods markets - Manufacturing supply chains	East Asian exporters (Japan, Korea, China)	Western manufacturing jobs
Finance	1970s onwards	Lifting of capital controls - Mass communications technology	Global capital markets	Financial hubs (New York City, London, Singapore)	Financial crises (80s Latin America, 97 East Asia, 98 Russia, 08 Global Financial Crisis)
Information	1990s onwards	Internet - Data servers	Globally accessible information - Global digital product markets - Social media	Big tech firms	Cyber-security - Hacking - IP theft - Disinformation
Teams	2020s onwards	Digitalization - Social media - Remote working	Global talent market - Global-first business	India - Sub-Saharan Africa	Office jobs in high-income countries

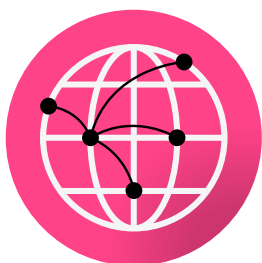
The Globalization of Teams has been made possible by the merging of three technology trends that enable humans to come together virtually from anywhere on the planet and collaborate:



The digitalization of knowledge industries and office work means that researchers, journalists, artists, lawyers, administrators, etc. no longer deal with paper and other physical artifacts. Instead, they can do most or all of their work via computers.



Social media and online job platforms have made it much easier to find potential employees, employers, and collaborators and build relations with them, regardless of geographical distance. Social networks, personal blogs, and preprint servers play a similar role to nineteenth-century coffee houses. They allow people from very different backgrounds with a shared interest to find each other, exchange ideas, and build relationships. Instant messaging apps have enabled “water-cooler moments” and side conversations among co-workers who do not share the same workspace. The advent of virtual reality (VR)-enabled immersive metaverse technologies should also widen and deepen the range of options for meeting, socializing, and collaborating in the virtual world.



Remote working has come into its own during the pandemic. Although video conferencing and cloud collaboration tools have existed for many years, it was only during the lockdowns that they were installed and used in droves. During this time, employers and employees realized just how many jobs can be done remotely without harming productivity. In fact, many want to continue to do so post-pandemic. A survey of U.S. workers concluded that working from home had boosted productivity by 5% due to less commuting and more flexible hours¹. Meanwhile, the percentage of days people worked from home in the U.S. seems to have stepped up from 5% to a stable 30% since the end of lockdowns.

1. Another study in the U.K. (Etheridge et al 2020) found no overall impact on productivity from the switch to working from home.

Surveys in Japan (Morikawa 2020 & 2021) also found employees reported a growing preference to continue working from home, although they said their productivity had taken a significant hit when they first switched to it. However, many Japanese employers said they wanted to end the arrangement.

In an internal study, Google found no negative impact on productivity as a result of employees working from home immediately prior to the pandemic.

This new globalization will revolutionize knowledge industries, including technology, media, professional and financial services, research and development (R&D), programming, law, and more. These industries are the product of intellectual collaboration, and they'll be the focus of this report.

It will also transform many other service professions that are typically conducted face-to-face or in a shared workspace. These include education, consulting, counseling, corporate management, and administration.

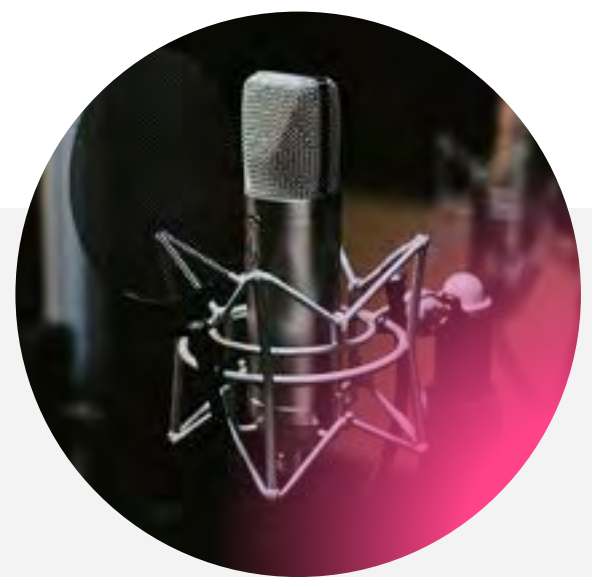
All in all, an estimated 37% of jobs in the U.S. are affected, with a similar figure likely in other high-income economies.

CASE STUDY:

Voice Radio Production

Until 20 years ago, the bread and butter of radio production was physical tape, the radio station, the contacts book, and the recording studio. Digitalization replaced tape with WAV and MP3 files that a producer can cut using software on a laptop. The internet then replaced geographically delimited broadcast radio with a global podcast market. Meanwhile, social media has vastly improved the producer's ability to find and solicit interviewees worldwide.

And finally, when the pandemic arrived, producers and presenters perfected new production techniques that removed the need for a radio studio altogether. Nowadays, every smartphone contains a high-quality microphone that interviewers and interviewees can use to record their own voice in studio quality while conducting an interview over Zoom. It means that today, voice radio production can be done remotely from almost any location worldwide.



INNOVATION AND ECONOMIC GROWTH

The emergence of Global Teams should lead to an increasing rate of innovation, problem-solving, profitability, and economic growth. Indeed, there is evidence that this is already happening in the field of scientific research.

Over the past decade, remote virtual research teams have begun outperforming in-person teams in making breakthrough discoveries. Technologies like videoconferencing have enabled inter-university research teams to publish measurably more groundbreaking research papers since 2010 than teams co-located on the same campus.



The fundamental reason for this is that interconnection increases intelligence. The brain itself is a network of interconnected neurons that exchange electro-chemical impulses. Among animals, the main determinants of a species' intelligence are how many neurons it has in its cerebral cortex and how well wired they are. In other words, the bigger and more interconnected the neural network, the smarter the animal.

By networking their brains together, through language and collaboration, humans are able to increase their collective intelligence. And the larger the network, the smarter they become. This is one of the main reasons that humans choose to live together in cities. As cities scale up in population, measures such as the number of patents, total R&D investment, GDP, or wages typically scale up at a rate that is 10-30% faster.

As a result, bigger cities are disproportionately smarter than smaller cities.

This is due to three spillover benefits from co-locating in the same city:

- **Information sharing:** a larger city contains a larger pool of people able to generate and share ideas and insights.
- **Teamwork:** a larger city also has a denser labor market, offering better opportunities for people with the right skills and motivation to find each other and collaborate.
- **Specialization:** different individuals, teams, and even entire city districts can specialize into different but complementary professions or industries. This increases their expertise for the benefit of the whole city, in much the same way that the brain spontaneously organizes itself into different functionally specialized regions.





However, the world is already moving beyond the city as an organizing unit. Since the 1990s, the internet has, in effect, been networking all eight billion brains on the planet into a single collective global brain. The Globalization of Teams will complete this process, re-organizing knowledge industries into Global Teams that no longer sit together in the same office or studio.

The good news is, Global Teams will enjoy several advantages over the traditional physically co-located team:

-
- The best workers from a global talent market, including many people who were previously excluded from participating in knowledge industries altogether.
-
- Effective collaboration to solve highly specialized tasks that might have been harder to do with a narrower labor pool restricted to a single city.
-
- Cross-pollination of ideas and perspectives, as each team member is able to share insights drawn from their own local social networks, helping to avoid groupthink.
-
- Faster dissemination of new ideas, best practices, and local knowledge, particularly as individuals leave one Global Team and join another, bringing their experience with them.
-

All of this will improve productivity, the rate of innovation and growth of the knowledge industries, and ultimately the economy as a whole.



CASE STUDY:

COVID-19 Research

The speed with which the world's medical research community responded to COVID-19 hints at the power of the global brain in operation. Scientific research, in general, was already shifting towards global teams even prior to the pandemic, with 23% of all journal articles involving international collaboration in 2018. Within 10 months of the first confirmed COVID-19 case, researchers released over 125,000 articles on the subject. Of these, 30,000 were shared on preprint servers such as bioRxiv and medRxiv. This allowed research teams to rapidly learn from, critique, and build on each other's work, directly accelerating efforts to contain and treat the disease.

It also helped researchers establish new global collaborative relationships and forums that can be used to accelerate other areas of research in the future. For example, one symptom of COVID-19 is the loss of smell. This prompted chemosensory researchers to set up a new global online forum, which they are now using to unravel how our mysterious senses of smell and taste actually work.

"We decided to become a global organization," one of the forum's founders told the New York Times. "We all got together to try to figure out what's going on."

GEOGRAPHIC RESHUFFLING

We live in a world in which goods, money, and information have been globalized, but until now, teamwork mostly has not. Historically, this has led to the concentration of knowledge industries into a small number of brain hubs. They're typically located in mega-cities like the Bay Area, New York, London, and Shanghai.

Brain hubs offer top-quality infrastructure and a large, highly educated workforce. For example, in the top seven brain hub cities in the U.S., over 40% of workers have a college education.

As such, brain hubs have been able to maximize the spillover benefits that come when knowledge workers interact directly with each other:

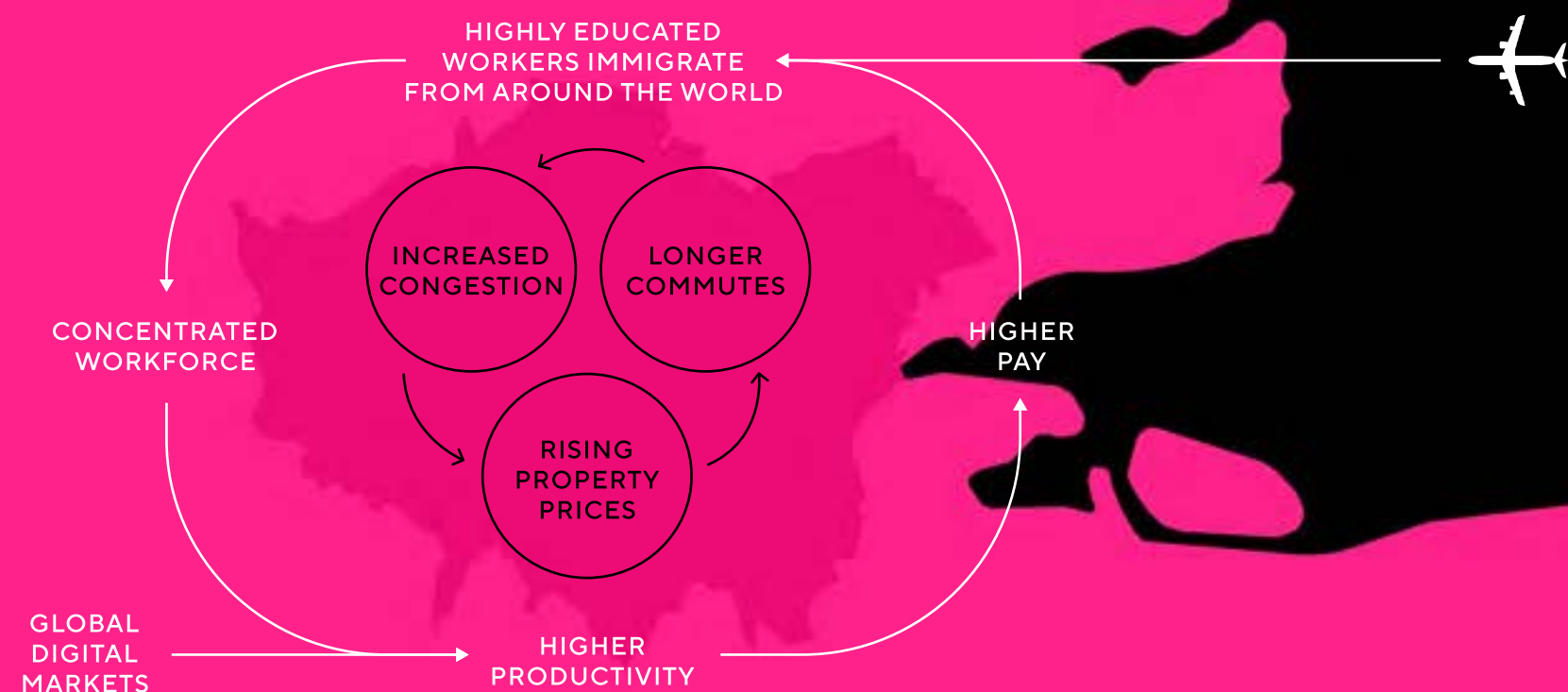
-
- Knowledge workers in these hubs are more productive than equivalent workers elsewhere, meaning they get paid more.
-
- This attracts other highly educated workers who migrate to these cities - both within countries and internationally.
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- In turn, this further concentrates knowledge workers into these hubs, increasing the spillover benefits and raising their productivity and pay further.



Over the last two decades, the internet has intensified this virtuous circle. By creating global markets for the kind of digitizable goods that knowledge industries produce, the internet raised the value of brain hubs even further.

However, the process also ran into major constraints: increased congestion, longer commutes, and rising property prices. This made brain hubs less and less affordable, particularly for younger workers and ancillary service workers, limiting their growth and the value they could create.

A pre-pandemic brain hub city illustrating the spillover benefits and major constraints.



Key: → Virtuous cycle → Major constraints

London, England

The pandemic - and the subsequent abrupt increase in remote working - now marks a turning point. This is playing out in three phases:

PHASE 1: THE DONUT EFFECT

Phase one is the discovery by most workers that they enjoy working from home. This is leading to a major permanent shift towards remote and hybrid working.

Office attendance in top U.S. cities is still less than half pre-pandemic levels. Surveys suggest almost three-quarters of U.S. companies plan to enact a hybrid work policy this year. More than half said they plan to reduce office space, which is leading to a sharp fall in the value of central business district office space.

Hybrid workers still need to live within a commutable distance of the office, but they may tolerate longer, less frequent commutes if it means, for example, they can afford a larger family home.

This leads to a “donut effect” in which brain hubs expand geographically. Knowledge workers (particularly older workers with families who have already established strong work relationships) are now moving out to suburbs and satellite towns an hour or more commute from the central business district. Rising U.S. property prices in the suburbs suggest that this donut effect is already happening.

YOUNGER
KNOWLEDGE
WORKERS

SERVICE
WORKERS

NEW BUSINESS &
LEISURE ACTIVITIES

BRAIN
HUB

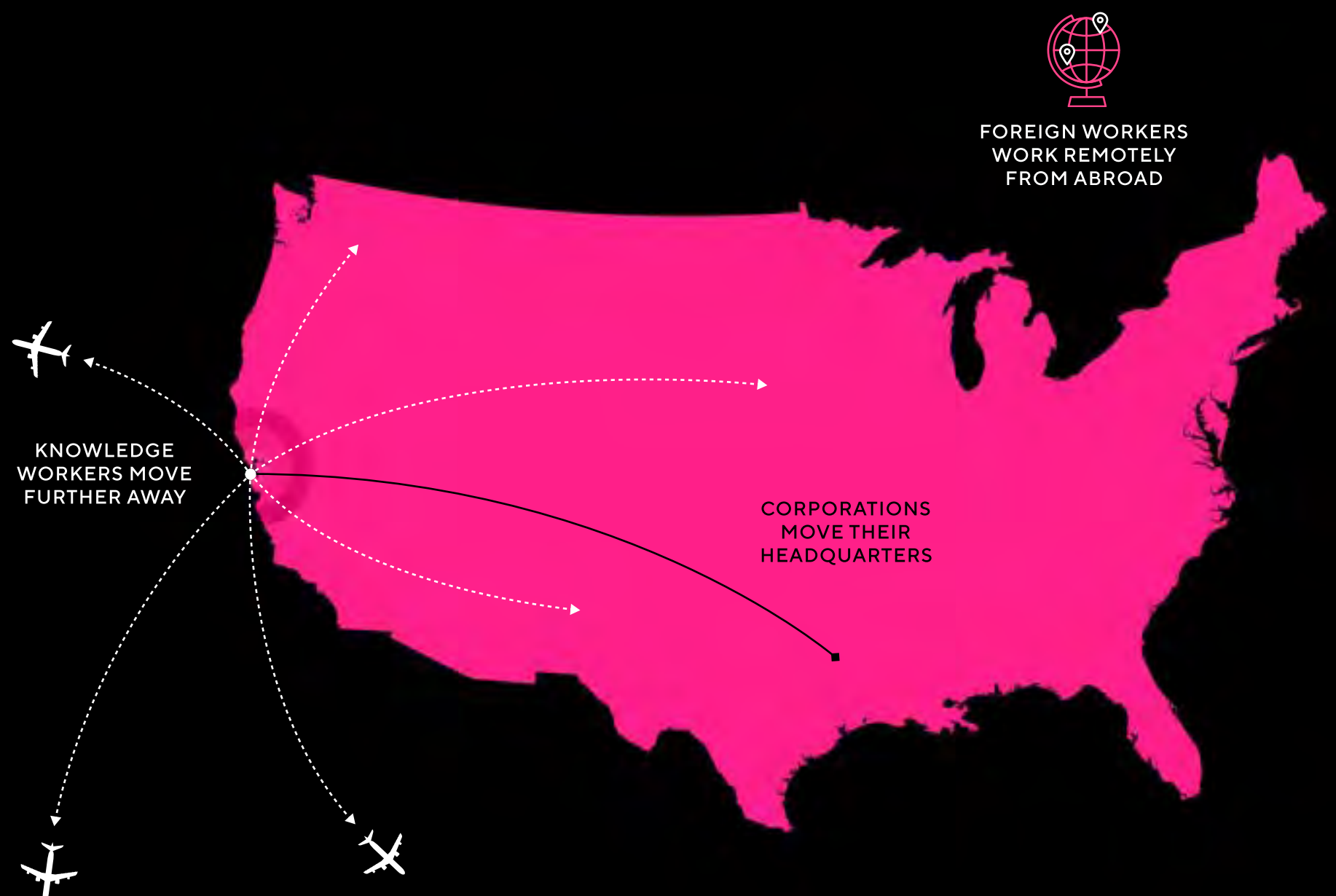
HYBRID WORKERS
MOVE FURTHER
AWAY FROM CENTER
OF BRAIN HUB

San Francisco, CA, USA

PHASE 2: EXODUS

Phase two is the realization by those who can work remotely full-time that they don't need to live in a brain hub at all. This means overpriced brain hubs now risk a major exodus precisely because they have the highest density of knowledge workers who are most able to work remotely.

A 2022 survey confirms a similar trend nationally in the U.S. It suggested that five million Americans had already relocated because of remote work since 2020. A further 19 million planned to do so, and 40% of them would move more than two hours from their main workplace. As the remote jobs market deepens, it should give even more knowledge workers the confidence to take the plunge and leave a brain hub.



United States of America

PHASE 3: THE GLOBAL TALENT MARKET

Phase three is the realization by employers that if a job can be done entirely remotely they can recruit for that job anywhere in the world. This means knowledge workers will find themselves competing in a global talent market. Companies can now hire from a far larger talent pool (including in lower-income countries where high-paying knowledge work will attract the very best talent in the country).

Companies such as Omnipresent have been founded to open up the global talent market by offering compliance, payroll, and benefits support for employers looking to hire internationally. We explore the implications of this in the following sections of this report.

There's one important geographical consequence worth noting in relation to time zones. The world's population is naturally organized into a global day, beginning in East Asia (GMT +8 hours) and ending in the U.S. West Coast (GMT -8 hours), with most of the world relaxing or sleeping when the sun is over the Pacific. Global Teams tend to organize workflow around this global day. EMEA time zones sit in the middle of this global day and play a linchpin role, because they overlap most with other time zones - Asia in the morning, and the Americas in the afternoon. This will create a strong incentive for Global Team leadership to locate itself in EMEA countries.

Global teams can work from anywhere.



As fully remote workers realize they are free to relocate anywhere in the world, where will they move to? Some, of course, may choose to work tax-free from a beach in the Bahamas, but for most workers, other large towns and cities will still be the best option. This is because socializing face-to-face may bring certain benefits that cannot be captured by the virtual world. Moreover, cities provide shared access to infrastructure, physical goods and services, and more in-person interactions.

Getting a flight to Shanghai, seeing a musical, or going on Tinder is much easier in New York than in the Bahamas. But this is not an either/or situation. Remote working offers the flexibility for many knowledge workers to become digital nomads, splitting their time between major cities and other more relaxing locations. An increasing number of countries offer visas to support this lifestyle.

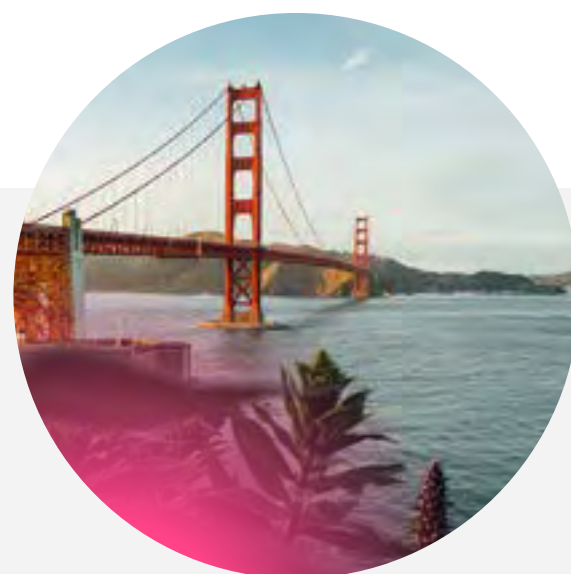
In short, remote working means that brain hubs will face competition from other cities to improve the cost and quality of life they can offer, as knowledge workers relocate to towns that provide decent infrastructure, cheaper housing, and a more pleasant setting.

CASE STUDY:

San Francisco Bay Area

Tech workers are among the best positioned to work remotely. Office attendance in San Francisco and San Jose remains around a third of pre-pandemic levels - the lowest among major U.S. cities. San Francisco is notorious for its high rents, and a 2020 survey in the city found that two-thirds of tech workers wanted to leave the Bay Area entirely and work remotely, with 16% wanting to move abroad.

Credit tracking data suggests this is now happening, with an accelerating exodus of workers since 2020, not only out of the Bay Area but out of California altogether. Oracle, HP, and Tesla, for example, have relocated their headquarters to Texas. Meanwhile, Canada is making a push for immigrant tech workers struggling to obtain H1-B visas to relocate to Toronto instead by offering them fast-track immigration.



GLOBAL TEAM CULTURE

Global Teams can either succeed or fail spectacularly. Success depends on a workplace culture that overcomes major psychological and cultural barriers and addresses the potential asymmetries of power that are inherent in a diverse team working remotely.

Global Teams are diverse by design:

- Remote working makes it easier for women, marginalized groups, and workers in low-income countries to join the global talent market.
- Global Teams benefit by taking advantage of the global brain effect. Each member plugs the team into the knowledge and insights of their particular locality. Studies suggest that more culturally diverse teams tend to be more creative, and teams drawn from a more diverse range of countries are better at solving challenging tasks.



However, diversity also poses challenges. Those same studies find that diverse teams are more prone to interpersonal conflict, distrust, and poor communication.

Additional barriers that arise from remote working include:



Asynchronous working. Due to differences in time zone and individual work patterns, team members' working hours will overlap only occasionally. And even when they do, individuals will still be working remotely, physically isolated from each other.



A lack of spontaneity. While videoconferencing allows people to read each other's facial cues, it is still a controlled, scheduled interaction, which makes it hard to create a fun, spontaneous work environment or build a close working relationship with a new colleague.

One of the biggest dangers is that these barriers can create asymmetries of power within the team:



More fluent English speakers dominate conversations, so others go unheard.



Team members based in the head office work closely together offline, to the exclusion of members in far-flung offices.



Teams fragment into national, linguistic, or locational silos.

The solutions to these problems involve putting everyone on as equal a footing as possible, and maximizing the opportunities to build relations and communicate. For example, you can:



Maximize diversity, and make everyone work remotely. When everyone faces the same cultural, linguistic, or geographical barriers, they're all equally invested in building a common team culture.



Keep project teams small - typically no more than 10 members - so that everyone feels a sense of ownership and the number of bilateral relationships is manageable.



Create a psychologically safe communication climate in which members are unafraid to speak up, disagree with colleagues, and solicit feedback.



Arrange offsites for the team to meet up in person, particularly when building a new team.

Global Teams will predominantly speak English, even when none of its members is a native speaker. English is already the global language for business, science, technology, and politics³. In fact, 1.5 billion people speak it fluently worldwide - about 19% of the world population. More than two-thirds of those have learned it as a second language⁴.

Finally, Global Team members will need to have the right skill set:

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- Fluency or high proficiency in English
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- Self-motivation, time management skills, and mental fortitude needed to work remotely
-
- Emotional intelligence, cultural sensitivity, and effective communication
-
- Active self-awareness, particularly by those in a naturally more dominant position within the team

Individuals, teams, and companies that adopt this culture will be more successful and come to dominate. As a result, Global Teams may accelerate the rise of a global knowledge worker class that is English-speaking, highly skilled, socially liberal, and has an increasingly globalized sense of identity.



3. As one example, 26 out of the 27 EU government leaders speak fluent English, the only exception being the new Slovenian Prime Minister Robert Golob.

4. Technology is rapidly reducing the importance of English - advances in AI are improving the accuracy of machine translation, for example. Coupled with voice recognition, we are now on the cusp of instant voice translation, which would enable the other non-English-speaking 81% of the planet to join the conversation. As the demand for these technologies increases, they are likely to get smarter, cheaper, and better deployed.



CASE STUDY:

Omnipresent

Omnipresent was founded in 2019 to tackle the administrative challenges and legal complexities of growing a global team. It now comprises 400 fully remote staff in over 50 countries worldwide. Despite the physical separation, Omnipresent has found innovative ways to instill a sense of community among its globally distributed team.

The organization's leadership actively encourages using working hours to connect with colleagues. Company-wide meetings that alternate time zones bring the team together to share important news and ask questions to senior management while instant messaging tools are used not only for work but to create communities around particular hobbies, issues, interests, and skills.

Team members also enjoy regular virtual “coffee breaks” to connect with others within and beyond their core team.

To combat burnout and communicate effectively across time zones, colleagues are encouraged to implement boundaries around working hours. Asynchronous project delivery is also championed from the top.

Omnipresent also hosts team off-sites and a company-wide annual retreat to bring teams together in one location. These are opportunities to cement the organization's values, build connections across teams and cultures, and welcome newer members of the team into the fold.



PART 2:

The Great Equalizer



GLOBAL TALENT MARKET

In the past, if you wanted to work in the knowledge industries, then you typically had to live within commuting distance of a brain hub. In the future, anyone anywhere on the planet with the right skills and access to the internet will be able to compete in a single global talent market.



By leveling the geographical playing field, the global talent market should squeeze the pay advantage currently enjoyed by educated workers in brain hubs to the benefit of similarly skilled workers in rival towns and cities, as well as in low-income countries. And it won't just be the workers themselves who gain; because they're so highly paid, each knowledge worker's spending typically also generates several other jobs - waiters, taxi drivers, cleaners, therapists, etc. - in their local community.

For companies, it means they can look beyond their own city or country to find the right employee much more quickly. For workers, it acts as a great equalizer - throwing the doors open to millions of people who lack the ability, financial means, or legal right to work in a brain hub at all.



Remote working will enable many women to rejoin the labor force, particularly the millions who stay at home to care for young children. It may also highlight to men the fact that women still bear the brunt of household chores. This disparity became even starker during the school closures at the start of the pandemic when many women gave up work to take on childcare duties. But with schools reopening, women who have experienced remote work show a strong preference to continue the arrangement with 60% saying in a 2021 survey that they would consider changing jobs to do so.

Until now, many women have faced a dilemma over whether to pause their careers in order to have children. This has been one of the biggest reasons why the gender pay gap in high-income countries - which ranges from 5% in Norway to 32% in Korea - has persisted for so long. Remote working should help many women resolve this dilemma by further closing the pay gap.



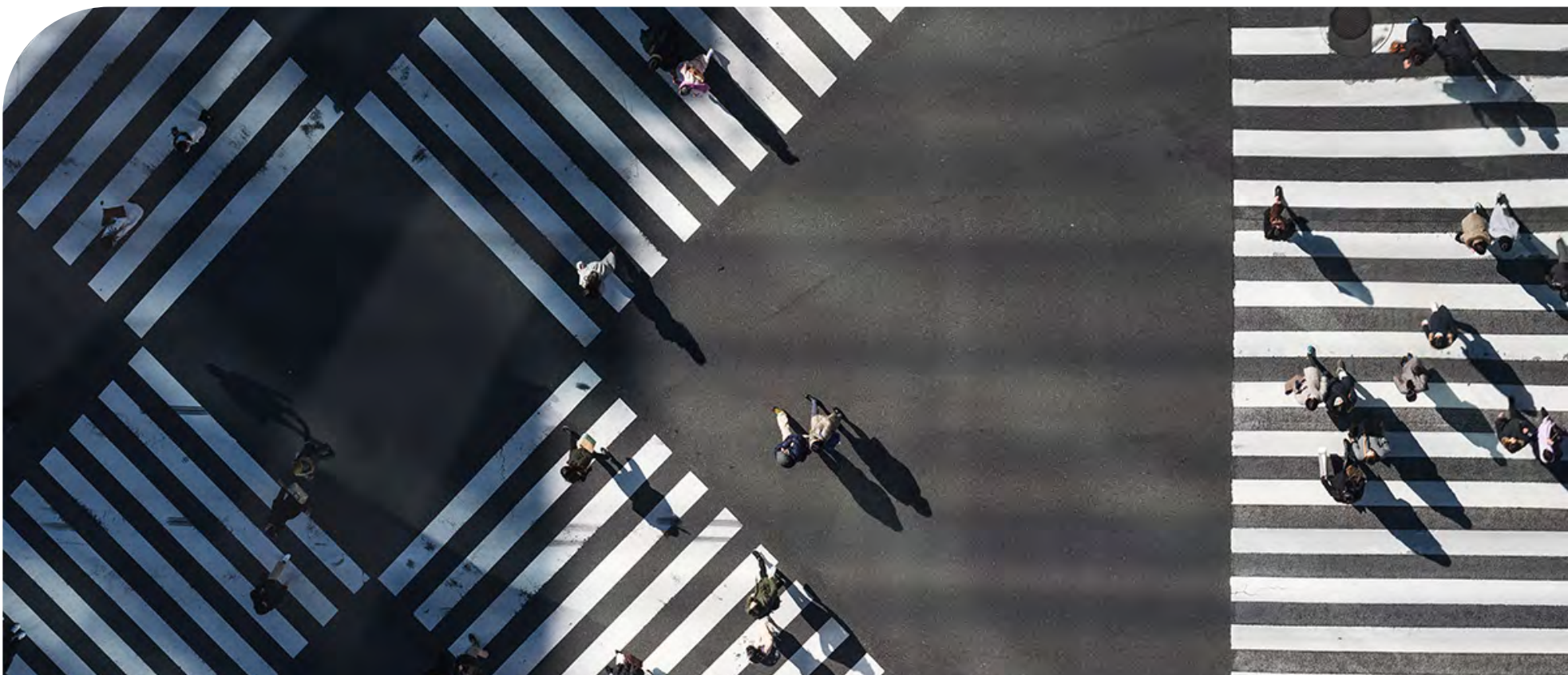
Remote working has been a boon for other marginalized sectors of society. In the U.S., for example, there are 16 million disabled people of working age, of whom 31% are employed, compared with 73% of the able-bodied population. Commuting acts as a barrier for many disabled people, as does a need for facilities or caregivers in the workplace. Caregivers themselves would also benefit - the U.S. has 53 million unpaid family caregivers, of whom only 61% have any kind of paid employment.



It's a similar story for older workers. A survey in the U.K. found that among over-50s, those working from home were twice as likely to be planning to postpone retirement. As high-income country populations age, remote work can help the Baby Boomer generation with important skills and experience stay in the labor pool.



However, the emergence of a global talent market does not mean everyone will get equal pay. In fact, it may create a bigger meritocratic pay gap between top talent and everyone else – regardless of gender, ethnicity, or location. This is because a global talent market is also a more liquid market. Workers who are not only smart and creative but also have the right skill set to work in a Global Team will face a literal world of potential employers. As a result, companies will face much steeper competition from rivals seeking to poach their best staff.



The most sought-after workers can then expect to enjoy a further built-in advantage we call the premier league effect. This is because knowledge industries still enjoy huge spillover benefits; when smart people from diverse backgrounds work together, they increase their collective intelligence and creativity. The implication is that companies that can assemble a Global Team from the most talented people can expect to vastly outperform. And the individuals in those teams can expect their own productivity to be raised by working with other highly talented people. As they learn more from their colleagues and expand their network of valuable work relationships, they increase their own employability and pay.

Meanwhile, for most other existing knowledge workers, the emergence of a global talent market may be less welcome news. They will face competition from an expanded global pool of educated rivals, most of whom can afford to work at a lower wage due to the lower cost of living outside brain hubs. Their employer can now recruit anywhere in the world with the help of a global employment provider. It's a similar story for other service workers, such as office administrators, whose roles can now be relocated to a cheaper city anywhere in the world.

GLOBAL-FIRST BUSINESS

The Globalization of Teams offers a huge opportunity for companies to hire the very best talent worldwide. But the process of globalizing an existing office-based workforce is tricky.

Most companies have responded to the pandemic and the rise of remote working by adopting a hybrid work strategy. From an employer's perspective, it offers the best of both worlds. Employees continue to enjoy the flexibility and time savings of working from home 2-3 days a week, increasing productivity and reducing the need for office space. At the same time, employers also get the benefits of the unstructured office environment 2-3 days a week - the deepening of interpersonal relationships, the integration of new hires, and the spontaneous conversations that produce new ideas.

All of these things are undoubtedly hard to replicate online. And there is some evidence that hybrid working does increase collaboration and creativity, compared with both fully remote and fully in-person workplaces.

But the hybrid work strategy faces two challenges. Firstly, it focuses on the company's relationship with existing employees, but it does not address the enormous opportunity now afforded by the global talent market to recruit new employees anywhere in the world.



Secondly, many workers don't want to work in a hybrid setup. Instead, a large number of them want to work remotely full-time, while many others still want to go to the office five days a week. For example, well-established employees with families may want to move far away from the brain hub city, buy a large family home, and continue to work remotely with colleagues they already know well.

Meanwhile, recent recruits, especially younger employees, who are keen to build new relationships and establish a name for themselves, may want to see their colleagues face-to-face. This cohort also includes people who felt isolated at home during lockdowns and for whom the office is the center of their social life.

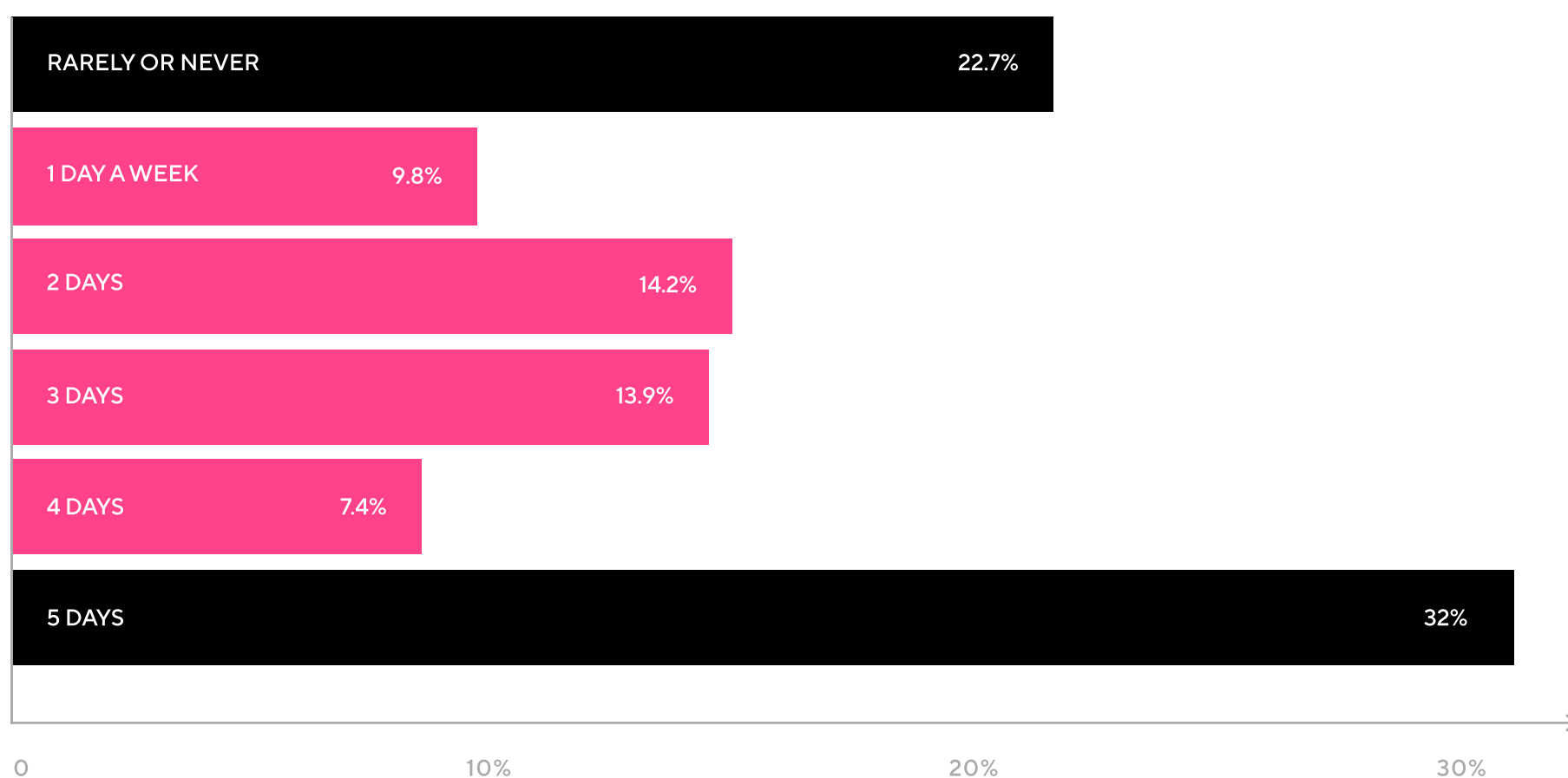
One solution is hybrid teams, with some employees in the office full- or part-time and others joining fully remote. However, this once again brings out power asymmetries. Those in the office may form stronger relationships with each other while those working remotely may find themselves cut out of the loop, especially if they are new recruits in a different country or time zone.

Similarly, graduate recruits may find it unrewarding to come into an office environment where the senior staff rarely put in an appearance, all the while making all the important decisions among themselves on private Zoom calls.

Another solution is a reshuffling of jobs. Knowledge workers who dislike their current employer's remote working policy may quit their jobs, as they can now choose from a widening variety of companies and teams that better meet their preferences.

Some teams and companies may remain partly or fully office-based, exploiting the now-cheaper cost of renting central office space and accommodation in brain hubs. For example, many knowledge industries still require physical interaction, such as lab-based R&D or physical product design. And a fun office environment may still provide an edge for many forms of teamwork - for example, where spontaneity and imagination are an important part of the creative process.

How often would you like to have paid workdays at home post-Covid?*



Source: Survey of Working Arrangements and Attitudes, WFH Research – *Among those who can work from home

At the opposite end of the spectrum, some teams and companies will take a global-first approach, particularly start-ups that can build their teams from scratch. These companies can:

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- Tap the global talent market to assemble a truly diverse, multinational Global Team of remote workers with exactly the right skills at a lower overall cost.
-
- Work with a global employment partner like Omnipresent to deal with local payroll, tax, and compliance.
-
- Do away with the physical office altogether in favor of a digital headquarters, and spend the savings on high-quality hardware for employees and regular global offsites.
-
- Target a global market, with each team member bringing knowledge and contacts from a different locality.



For larger companies that already have an established office with tens or hundreds or even thousands of employees, the switch to a global-first approach is particularly tricky. This is because it can be hard to integrate new remote recruits into an existing office-based team, especially if they are located in a different nation and timezone.

Nevertheless, these office-based companies have many different options for how to globalize their workforce. For example, they could:

-
- Form an elite Global Team or a new virtual office, comprising some existing employees, perhaps on a rotational basis, plus many new top talent remote remote recruits. This team could take on special projects, new product development, blue-sky thinking, and/or strategizing how to globalize the entire company.
-
- Recruit a regional or global sales team to help an existing single-office production team expand business internationally. This could be followed later by a global production team.
-
- Recruit new remote workers with highly valued skills, perhaps in the same time zone, into a hybrid team with existing staff (who may themselves have switched to remote or hybrid working). Then they could fly the new staff into the office regularly to build and cement relationships.
-
- Recruit lower-cost junior team members, perhaps in an overnight time zone, to carry out assigned tasks for the office team, like collating data, preparing presentations, etc.
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- Outsource entire support-function teams (HR, admin, IT, etc.) to another more cost-effective location in the same time zone, in a similar fashion to manufacturing offshore.

ECONOMIC CONVERGENCE

The Globalization of Teams offers an enormous opportunity for low-income countries to accelerate their economic growth and converge with countries that have higher per capita income levels. This is much the same as what East Asian economies like Japan and China did via manufacturing and free trade. But, like with manufacturing, this transformation could also temporarily depress wages in high-income countries and increase inequality across the globe for many years while the economic convergence takes place.

One issue immediately faced by companies seeking to recruit in low-income countries is settling on the correct local pay rate. There is currently no consensus on global salary benchmarking, with some companies varying pay according to the local cost of living, and others paying the same wage irrespective of location.

Even if knowledge workers in low-income countries do get paid at a discount, they will still earn substantially more than traditional local rates. And even if they make up only a small minority of the workforce, they could still have a big impact on their country's economy by:

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- Halting the brain drain of high-skilled workers who have been educated at great expense by their home country and then relocate to a brain hub abroad.
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- Increasing their country's hard currency earnings.
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- Stimulating local employment, as well-paid knowledge workers spend money on local services, housing, etc.
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- Increasing tax revenues that can be spent on improved infrastructure and public services.

Paying an employee in a low-income country less may be self-defeating if it causes resentment and undermines the collegial culture needed to make a Global Team work.

However, low-income countries will not be passive players in this process. They have their own knowledge industry businesses that can leverage their lower cost of labor and expand into lucrative high-income country markets. Meanwhile, entrepreneurial individuals can also offer one-on-one services to customers in high-income countries at a knock-down rate - for example, as personal accountants, consultants, coaches, tutors, and so on.



Perhaps the biggest impact will be by pioneering a career path that others can follow - particularly young people still in education. Even those living in the most isolated communities can have access to greater opportunities and capital by pursuing an education and a career as a knowledge worker entirely remotely.

And it's not just knowledge workers that benefit. Low-income countries will also be able to compete for other service jobs that are lower paid but more numerous. For example, entire business support functions such as administration, HR, or finance can be offshored in the same way that customer and IT support has been moved to call centers in India. However, these workers may be at greater risk of exploitation, in the same way that some Western clothing brands have exploited sweatshops in low-income countries, for example.

That said, not all workers in low-income countries will be able to make the most of these opportunities:

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- Internet access is still a problem. Although the number of people with access is growing exponentially, there are still nearly three billion people who lack any internet at all, and almost all of them are located in low-income countries. Of those who do have access, only a minority (typically living in major cities) enjoy the high-quality broadband needed to support videoconferencing.
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- Some non-English-speaking countries face major language barriers. It is particularly hard for East Asians to gain fluency in English due to the stark differences between English and their non-Indo-European mother tongues, for example. International remote teams can, of course, operate in other languages that provide a common mother tongue across many nations - Spanish, Portuguese, French, Arabic, and Mandarin. However, multilingual teams typically operate in English, even when it is not the mother tongue of any of their members.
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- Authoritarian governments may find the Globalization of Teams threatening. It will create a class of well-paid, resident, educated workers who regularly interact with colleagues in democracies and who will naturally come to share similar values and aspirations. Countries such as China and Russia already restrict access to foreign social media and news sources. Attempts by these governments to block or monitor video calls and other interactions will make it hard to include residents of these countries in Global Teams.

Bearing these challenges in mind, two parts of the world stand to gain the most from the Globalization of Teams: India in the coming two decades, and Sub-Saharan Africa over the longer term.





India

India has 125 million English speakers - 10% of the country - including almost the entire graduate population. Internet penetration has reached about half of the population and is growing fast. Top Indian universities already feed a steady stream of graduates into the global finance, tech, and accountancy industries. The country's call center industry is well positioned to expand into broader offshoring of corporate functions. Meanwhile the Bangalore tech sector is just as capable as Silicon Valley of spawning global-first startups, but with a much lower cost-base.



Sub-Saharan Africa

Sub-Saharan Africa has an estimated 100 million English speakers, again a bit over 10% of its population. Internet penetration, albeit of variable quality, has reached about a third of the population, but may take another couple of decades to reach the rest at current roll-out rates. However, Africa's biggest advantage is demographic.

The UN forecasts the region's population will reach almost four billion by the end of the century - that's a third of humanity located in the middle of the global day between Asia and the Americas. The region already accounts for a third of the world's births, and more than half its population is under 20. In other words, over the coming generation, Sub-Saharan Africa will become the number one place for children growing up online. This will transform both the internet and the continent.

The impact of so many increasingly skilled and relatively cheap workers joining the global labor market may increase inequality within countries. It would do this by depressing wages for comparable workers in the rest of the world while creating huge opportunities to profit for a small global elite.

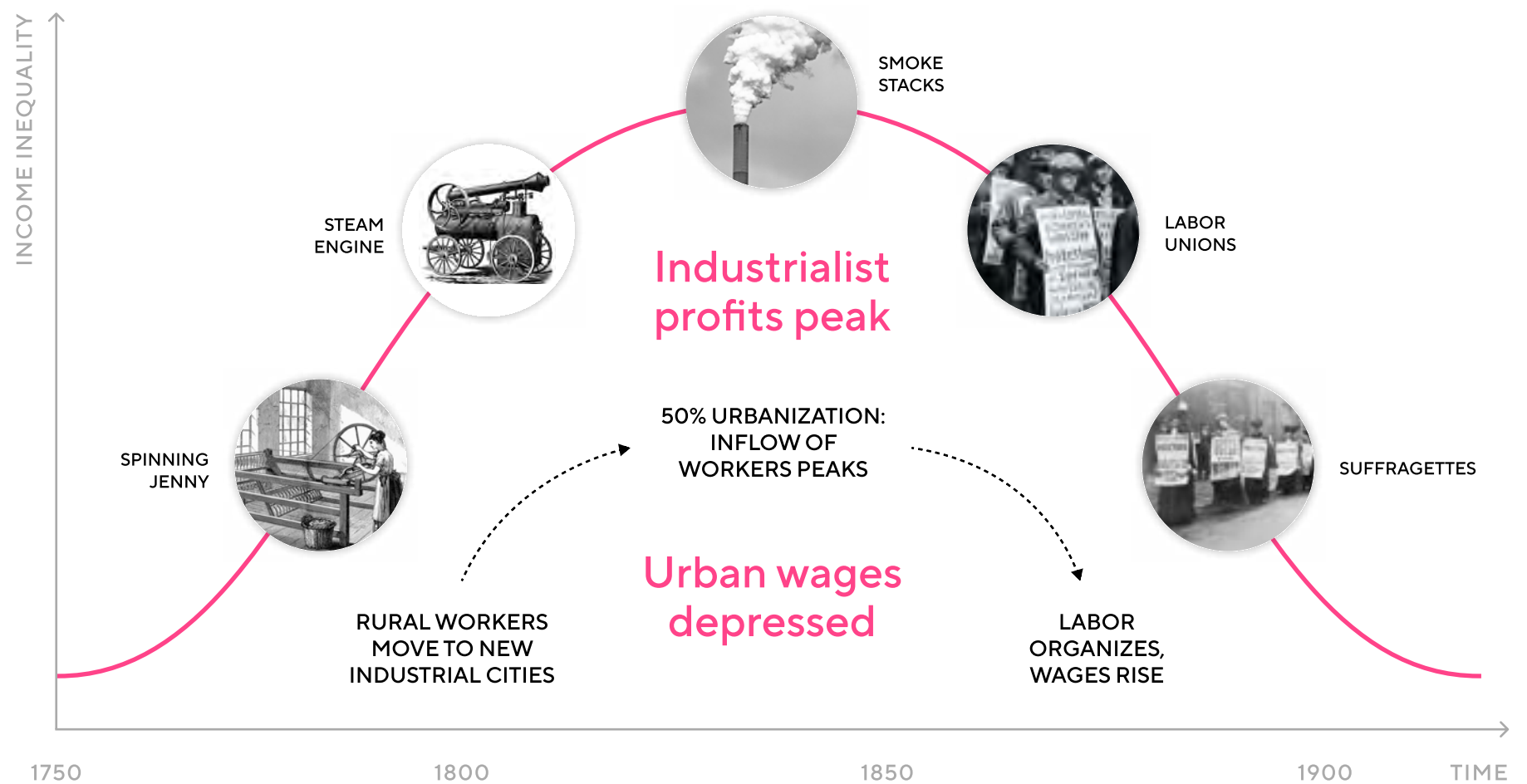
It is the same process that played out in the global manufacturing sector as hundreds of millions of Chinese workers joined the labor market over the last 40 years.

The economist Simon Kuznets observed this phenomenon in individual nations that industrialized further back in history. The flow of agrarian workers leaving the countryside and taking up jobs in the new urban industrial centers of nineteenth-century Europe and America created a labor glut that held down wages for the majority population. At the same time, it also increased profits for the industrialists.



Fortunately, the resulting “Kuznets curve” of rising income inequality does not last forever. Once urbanization reached about 50% of the population, the flow of agrarian workers typically peaked, and the downward pressure on wages decreased. What followed was unionization and rising wages, as well as increasing demands for democratic representation.

The traditional Kuznets curve - the cycle of income inequality within a country



Global urbanization has already passed 50% of the world population. And it could be that we have already passed the high-tide of global inequality with China joining the world economy. As China rebalances towards a more imports and consumption-based economy over the coming decade, that may offset the effect of 2-3 billion Indian and African workers joining the global labor market.

However, the impact on knowledge workers and other office workers worldwide could still be profound. The knowledge industries have been among the greatest beneficiaries of the past two decades of rising inequality, as their labor markets have until now been sheltered from international competition inside the world’s brain hubs. That is about to reverse.

CONCLUSION

The Globalization of Teams offers hundreds of millions of workers in low-income countries the chance to join the global economy. It also affords tens of millions of workers the opportunity to compete for highly paid knowledge industry jobs that have until now been the preserve of a handful of privileged brain hub cities.



By enabling ever greater international collaboration, the Globalization of Teams will also accelerate global innovation. This may prove particularly important at a time when the planet faces unprecedented threats - pandemics, climate change, biodiversity loss, cyber-security attacks, etc.

Addressing these will require Global Teams to make rapid progress in highly specialized fields such as immunology, material science, catalytic chemistry, and genetic modification. Then, they'll need to scale these up into cost-efficient solutions. The Globalization of Teams makes this a realistic prospect.

That's the good news.



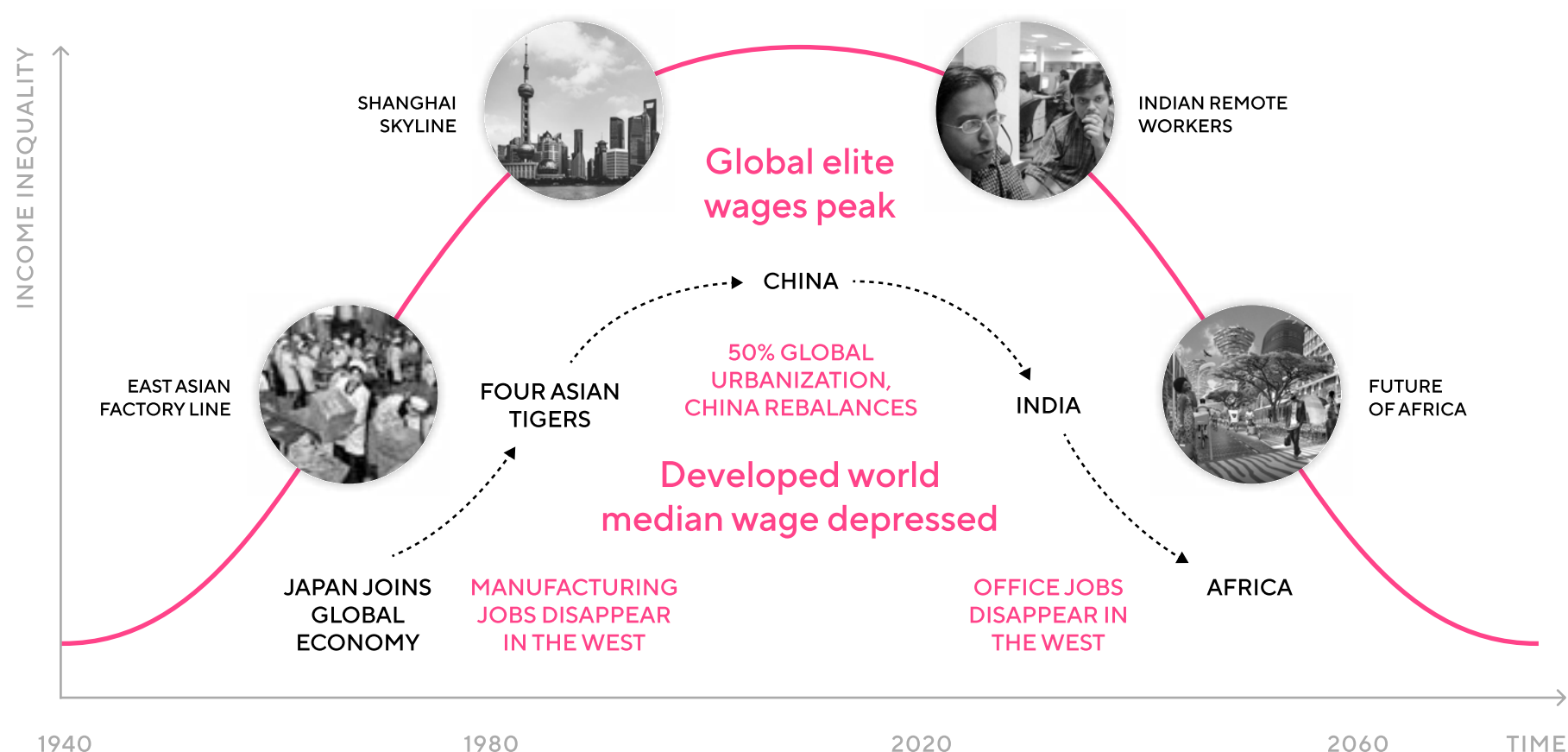
The bad news is the politics. Because there will also be losers from the Globalization of Teams:

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- Existing knowledge workers who struggle in the global talent market
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- Office workers whose jobs are offshored to lower-cost countries
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- Landlords in brain hub cities
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- Incumbent businesses threatened by a new generation of global-first start-ups
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- Authoritarian governments

We have already seen in the past decade how the shift of manufacturing jobs to China, and of knowledge industry jobs to brain hubs, fueled a populist backlash in high-income countries among the communities who felt left behind.

But while the Globalization of Teams may create new sources of resentment, there is a major difference to the previous rounds of globalization. This shift should spread job opportunities much more evenly between cities and regions within high-income countries. It should not result in entire communities losing out, nor the political polarization we have witnessed over the last decade.

The new Kuznets curve - the evolution of inequality across the world



However, the Globalization of Teams may lead to a sharper international divide between democracies and authoritarian regimes. It will be difficult for China or the world's petro-states to exploit the Globalization of Teams in the way they did global trade. This is because the rise of a class of well-paid, highly skilled, globally connected, and liberal-minded knowledge workers will pose a direct threat to their regimes.

Instead, the Globalization of Teams is likely to accelerate the retreat of these countries from the global economy, which may, in turn, cause them to stagnate in the same way that the Soviet Union did from the 1970s onwards.

And this is where the true political dangers may lurk.



About the Author

Laurence H Knight is a journalist, author, and consultant, specializing in the political economy of technological change. He spent the last 12 years at the BBC, where he worked as a senior journalist producing radio documentaries about climate change and the energy transition, and about the material and energy flows underpinning the modern global economy.

He also co-authored the book *"How Do We Fix This Mess?"* about the global financial crisis with Robert Peston. Prior to that he spent eight years working in Deutsche Bank's emerging markets structuring team in London and New York. Laurence lives in London with his three teenage children.

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