

future [inc]

DIGITAL
DISRUPTION

Adapt to survive and thrive

RAPID PACE OF CHANGE

Peer-to-peer economy

Uncertainty

EXPERIENCE

EDUCATION

ATTRACT, INCENTIVISE
AND RETAIN TALENT

Virtual global worker

EMPLOYEES

Technology

GLOBALISATION

Ageing population

Entrepreneur

AUTOMATION

CREATIVE DESTRUCTION

How do we prepare?

POWER OF DIVERSITY

Agile workforce

PERSONAL
BRAND

Lifestyle

GREATER GLOBAL ECONOMIC INTEGRATION.
Reputation and trust are paramount

Art of prosperity

FLEXIBILITY

Job for life

EDUCATION REMAINS AN IMPORTANT
FOUNDATION OF SUCCESS IN THE
KNOWLEDGE ECONOMY.

Wave of change

FOUNDATION FOR
SUCCESS.

Wellbeing

Innovation

Automation

Continued growth in labour productivity

OCCUPATION

THE FUTURE OF WORK:
HOW CAN WE ADAPT TO
SURVIVE AND THRIVE?





CHARTERED ACCOUNTANTS
AUSTRALIA + NEW ZEALAND

Deloitte Access Economics

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future [inc] FOREWORD

A PLAN FOR AUSTRALIA + NEW ZEALAND'S PROSPERITY

Prosperity doesn't just happen. It needs to be planned. And the only way we can plan is to recognise and understand the forces that will influence the future.

This paper looks at trends such as the erosion of geographical barriers; an ageing population; digital disruption; and, the rise of the peer-to-peer economy. We know what will influence the future, and this paper argues that we need to ask ourselves the challenging questions now, about how we are going to respond not only to survive but thrive.

Each of us needs to recognise that our skills set, if left un-nurtured, will quickly become obsolete. Individuals need to ask themselves what skills they'll need to succeed in an automated society. Our survey shows that 60% of people are currently thinking that they will change industry, their role or both in the next year. This attitude to work heralds a seismic shift in our attitude to careers. A job for life just doesn't have a place in our modern society. Individuals will likely have a number of different careers in their lifetime – and they will need to commit to life long learning to ensure their skills are constantly honed.

Business also needs to address the impact of the increasingly mobile and flexible workforce on policies, systems and processes, including training for employees and the impact on the bottom line of attrition and high labour turnover.

Government and policy setters need to consider whether current immigration and industrial systems are flexible enough to accommodate a global workforce. Are school curriculum's up to the task of teaching transferable skills and a different mindset about the future world of work?

The future of work poses considerable challenges. The purpose of our **future**[inc] series is to pose the questions and start the debate.

Welcome to the conversation.



Lee White FCA
CEO, Chartered Accountants
Australia and New Zealand



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AUSTRALIA + NEW ZEALAND

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**THE FUTURE OF WORK – AND THE
PRE-REQUISITES FOR SUCCESS – WILL
EMERGE OVER TIME. IT IS CLEAR THAT
WE NEED TO BE READY AND WILLING TO
ADAPT TO NEW CIRCUMSTANCES AND
LEARN NEW SKILLS...**

To best adapt, survive, and thrive, we need to discuss and reconsider our answers to a range of questions that will shape our position in the workplace of the future.”

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EXECUTIVE SUMMARY

Our economy and society are being shaped by large-scale shifts, from globalisation to digital disruption. Businesses are facing more intense pressures to respond to changing customer demands and new market entrants. Policy makers are reshaping their agendas.

The forces of disruption are not just being driven by start-ups and felt by business leaders – they're driving change in the workforce and labour market.

Two-thirds of those with less than five years' experience (early-career Australians) expect that their job will not exist, or will fundamentally change, in the next 15 years. If they are correct, this means that there is likely to be a period of transition. Many will have to reskill, retrain or change jobs. Historically, the jobs that technology has destroyed have been more than offset by the new jobs that it has created. However, there may still be employees who lose out.

Our career moves are not always straight up a ladder. **Of those who will pursue a new job in the next ten years, three in five are looking to change to a different industry, a different role, or both.**

Education – be that through technical institutions, training or university – remains an important foundation for success in all professions. It's particularly important in the knowledge economy. Around 25% of the working-age population now possesses a Bachelor degree or higher qualification, compared to around 5% in the early 1980s. However, it can lose relevance quickly – **52% of employees with less than five years' experience already see their qualifications as not being "very much" relevant to their work.** Even though the skills learned in higher education may not be highly relevant, they are increasingly transferable to different contexts. Approximately 40% of university educated employees have a degree outside of the primary and secondary study areas in their industry.

For many, the qualifications gained before starting a career are only the beginning of a longer education journey. **Half of early-career employees think that they are likely to pursue further formal education in the future.** It's not just university study which is attractive; one quarter of employees say they are likely to pursue further informal education, such as online courses. But careers are broadly following similar timelines: average job tenure in Australia is seven years, and this has remained fairly steady over recent decades.

It is clear that our careers and perceptions are evolving rapidly, as the norm shifts in a more flexible, knowledge-based economy. The combination of greater global economic integration and technological advancements have led to **the rise of the "virtual global worker", which means that we are increasingly competing on a global scale.**

What is most certain is that success – for both employers and employees – will depend on an ability to harness and embrace the power of diversity.

Of those early in their careers, 28% ranked working with others from a diverse range of backgrounds in their top three career goals, and studies suggest that businesses which increase workforce diversity could see significant gains in sales revenue.

As a nation, we need to ask ourselves some key questions. How do we prepare? How do individuals equip themselves for career success? How do we provide education which is agile enough to keep pace with changing needs? How do businesses attract, incentivise and retain talent? How do policy makers facilitate flexibility and the knowledge economy?

THIS SET OF QUESTIONS MAY SEEM FAMILIAR. However, we will need to reconsider our answers in the future, with an increased need for agility in a more disrupted environment. **ULTIMATELY, WE NEED TO THINK ABOUT HOW WE WILL ADAPT TO SURVIVE AND THRIVE.**

INTRODUCTION

Individuals, businesses and policy makers are experiencing a wave of change.

Businesses are being disrupted as they face increased competition from lean digital businesses and international suppliers. With an ageing population, and increasing focus on convenience and timeliness, consumer profiles and preferences are changing.

In today's busy and uncertain policy environment, wide-ranging reforms are being discussed, while the debate continues to be shaped by short-term media and political cycles. All of this operates in the context of longer-term "megatrends", from technology to demographic change. Many of these are widely acknowledged; however, the pace of change is increasing.

Policy makers, businesses and individuals will need to lift their eyes to the horizon, and think about the best way to ensure continued prosperity in this uncertain future.

For our economy to thrive, we need a framework that will support a skilled, adaptable and agile workforce, with the right tools for success.

Chartered Accountants Australia and New Zealand launched **future[inc]**, a thought leadership series, to put forward a plan for continued prosperity in Australia and New Zealand.

This piece builds on the December 2014 publication in the series, *Risk-wise and a Fair Go? A plan for Australia's continued prosperity*. It highlighted that our economy and society continue to evolve, shaped by global and local megatrends. It noted the rise of risk-aversion in Australia, and increasing income disparity – despite the value Australians place on a "fair go". The publication advocated becoming more literate and informed about risk, and noted the importance of policy in creating equality of opportunity.

To ensure that the needs of the workforce and economy are met, an open discussion is needed. Having the evidence base to support this national conversation is key.

Historical analysis can help to identify trends over time, and highlight fundamental shifts in skills, occupations and industries. However, the future of work will be shaped as much by the aspirations and perceptions of Australian employees as the demands of employers.

To understand these aspirations and perceptions, Deloitte Access Economics conducted a survey of over 1,400 Australian labour market participants. The results of this survey are presented throughout the document, and compared with other sources. A summary of the survey methodology is provided to the right.

Deloitte Access Economics conducted a survey of over 1,400 Australian labour market participants,³ asking 28 questions to understand their employment history, as well as their perceptions, career aspirations and plans for the future. The survey was fielded in November and December 2015 by Stancombe Research and Planning.

The survey looked at three cohorts: early-career (0 – 5 years' experience), mid-career (6 – 14 years' experience) and developed-career (15+ years' experience) employees.

The respondents had a range of professions, ages and incomes, and worked in a number of industries.

The results of the survey are reflected throughout this document.

Having the right job at the right time is important. Our society and economy rely on a broad range of skills and occupations to function smoothly. The right job can also have a huge impact on individual material wellbeing and financial goals.

More than that, though, it can provide social connectivity, personal satisfaction and the ability to use and improve on our skills.

An effectively functioning labour market is not just important for individuals, but also the overall economy. The value of our work – as measured by our wages – represents 48% of the Australian economy as a whole.¹ Finding the right people, and having to replace staff who have moved on, can be very costly for business – the cost of replacing one skilled employee is estimated at 75% of their annual salary.²

Ensuring continued growth in labour productivity is a key priority for policy makers, businesses and the economy overall. To maintain GDP growth at the level experienced from 2001 to 2013, we will need to increase labour productivity by almost 3% annually from 2014 to 2023 – higher than any level of growth we have achieved in the last three decades.

In the context of a changing landscape with a national productivity challenge, our prosperity will rely on our workforce's ability to adapt to new circumstances in order to survive and thrive.³

FACTORS SHAPING THE FUTURE

01 THE WORLD IS GETTING
SMALLER

02 DIGITAL DISRUPTION:
MORE WAVES

03 AN OLDER AND MORE
EXPERIENCED POPULATION

04 THE PEER-TO-PEER
ECONOMY



To plan for prosperity, we must first understand the forces which will influence the future. These range from climate change and urbanisation to demographic shifts and globalisation.

This chapter discusses some of the mega-trends that will shape the policy, social and economic environment in coming decades. It focuses on four that are likely to have a significant impact on the future of work.

The first of these focuses on **globalisation**. Our key trading partners are experiencing shifting demand preferences, in an environment where free-trade agreements are enabling us to trade more openly. The world is getting smaller – and not just in terms of trade. Employees are internationally mobile; tasks can be out-sourced or offshored.

More waves of **digital disruption** are hitting Australian industries. As the pace of technological change continues to accelerate, unique opportunities, challenges and risks are introduced by digital disruption. For government services, digitising more transactions could create huge savings and improve the quality of interactions.

The **ageing population** is generally discussed as a source for concern. However, the experience and capabilities available in an older workforce should not be dismissed. Utilising these employees effectively could boost GDP. Our older

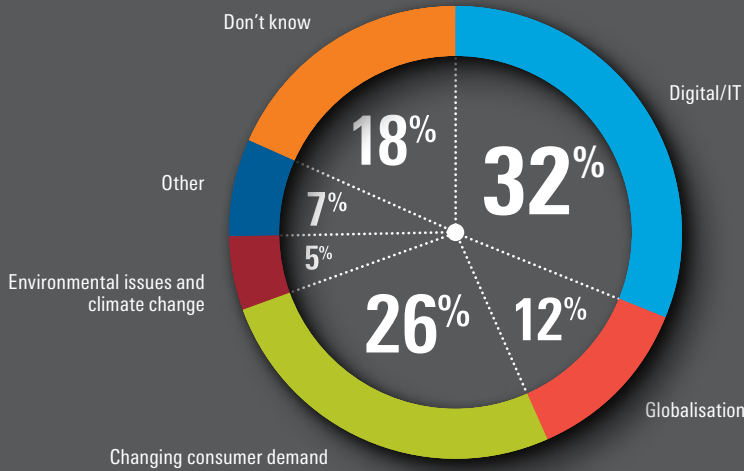
population also offers value through entrepreneurship – the average age of entrepreneurs in Australia is 45.

Finally, changing consumer demand is shaping the way we transact with each other. The **peer-to-peer (P2P) economy** creates platforms that allow buyers and sellers to interact directly, with lower transaction costs. Trust and brand are paramount for success – for buyers, sellers and platforms. Although it does not represent a significant proportion of the economy, the P2P model is forcing traditional businesses to re-evaluate and react.

Employees acknowledge the impact that these trends will have on their future.

Almost one-third perceive that digital trends will drive occupational change in the next ten years, while one in four think that changing consumer demand will be a key determinant.

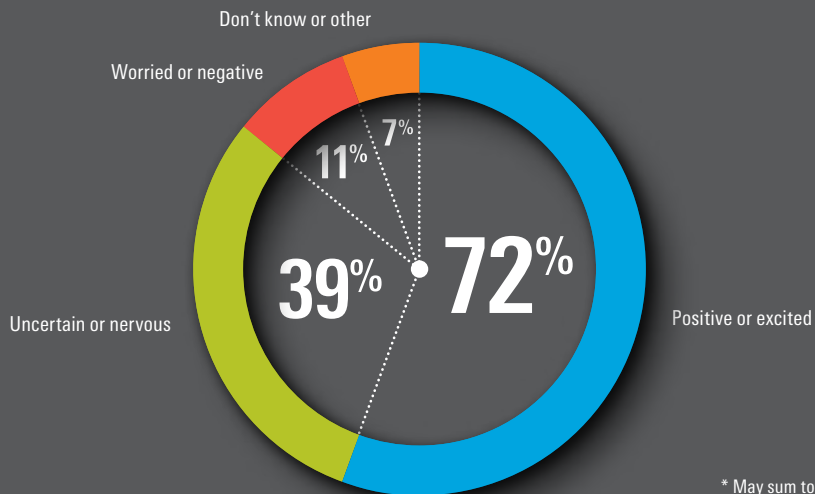
FIGURE 2.1: BIGGEST PERCEIVED DRIVERS OF OCCUPATIONAL CHANGE IN THE NEXT TEN YEARS ⁴



Harnessing and embracing the momentum created by these global mega-trends can create opportunities for individuals, businesses and policy makers. Our research shows that, overall, employees

feel positive about their future careers. However, the changing environment has an impact; two in five are uncertain or nervous about what is to come.

FIGURE 2.2: EMOTION/S BEST DESCRIBING FEELING ABOUT FUTURE CAREER ⁵



* May sum to more than 100% as respondents were allowed multiple responses

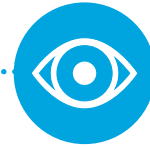
01

THE WORLD IS GETTING SMALLER

Geographical barriers have been eroding for decades. However, the pace of change is increasing, and Australia is open for business. This process has been assisted by trade liberalisation through free trade agreements (most notably the Trans-Pacific Partnership), increased trade in services and non-physical goods, and changing consumer preferences.

Our trading partners – and their appetites – are evolving. In China, the balance has shifted. We have seen a move from investment to consumption, from power (coal and gas) to protein (beef and mutton). As wealth increases in emerging economies, patterns of demand will continue to change. For Australia, this will create opportunities – such as larger export markets for services and primary industries – as well as threats to traditional exports, such as coal.

The flow of physical capital and technological know-how between countries has been an important facilitator of growth and global trade. However, developed economies increasingly rely on individuals – entrepreneurs, employees and researchers – to add value to the economy.



The Australian beef industry has seen substantial growth in exports to China. Over the year to September 2015, the value of beef exports to China nearly doubled.⁶

According to Geoff Raby, a business consultant and former Australian diplomat now based in Beijing, “per capita incomes have risen and, as per capita incomes rise above a certain level, demand for high protein, high value added foods – dairy, meats and so on – rises more rapidly than the demand for staples, and that opens up great opportunities.”⁷

Like capital, our workforce is becoming increasingly mobile – both globally and locally. Both employees and employers recognise the advantages of working and studying abroad and the career development opportunities that it can provide. In 2014, almost two in three people globally were already working in another country, or willing to move to another country for work. Australia is well-placed to benefit: nearly one-third of foreigners would be willing to move to Australia, compared to two-fifths who would be willing to move to the US – the most preferred destination.⁸

Despite the attractiveness of international relocation, labour and immigration policy settings may not be conducive to international mobility.

Policy makers continue to grapple with balancing concerns about providing jobs for residents with a domestic desire for more opportunities to work overseas, as well as local business demand for specialised skills and cheaper employees.

Policy makers are already making changes to attract the right talent. In its Innovation Statement released in December 2015, the government announced an intention to “enhance the visa system to attract the best and brightest entrepreneurial talent and skills to Australia” by:⁹

- establishing an Entrepreneur Visa for entrepreneurs with innovative ideas and financial backing from a third party.
- making it easier for those with postgraduate research qualifications in science, technology, engineering and mathematics (STEM) to become Australian permanent residents.

AUSTRALIA IS WELL-PLACED TO BENEFIT FROM A GLOBAL WORKFORCE

- nearly one-third of foreigners would be willing to move to Australia, compared to two-fifths who would be willing to move to the US – the most preferred destination.

02

DIGITAL DISRUPTION: MORE WAVES

The pace of technological change continues to accelerate. Devices, functions and uses which are ubiquitous today would have seemed like science fiction only a decade ago.

The touch-screen smartphone was launched in 2007. Today, they are not only widely used, but a central part of our lives – four in five Australians own a smartphone and we check them on average 30 times a day.¹⁰ DropBox, a cloud computing storage solution, was introduced in 2007; it is now used by 95% of the ASX 100 and over eight million Australians.¹¹

Technological advancements are leading to significant changes for business. Technology has decreased barriers to entry. It is easier for new businesses to join the market and compete for market

share, intensifying competition. This competitive pressure, as well as quickly evolving consumer demand, means that incumbent businesses have to regularly review and adapt their business models. Incremental innovation and improvements are increasingly important.

This is leading to changes particularly in the knowledge workplace, driving faster growth, facilitating interaction of knowledge workers and increasing the attractiveness for skilled employees and overall prosperity for Australia.

The changing knowledge workplace

Technology, globalisation and changing worker demands are fundamentally changing where, how, and when knowledge workers work. The confluence of these forces is resulting in new performance drivers for today's workplace and a series of new and exciting questions about what the workplace is and – more importantly – what it should be.

Deloitte's *Building the Lucky Country #5: The purpose of place – Reconsidered* rejects the common belief that technology has "trumped the tyranny of distance and place no longer matters". Rather, the workplace is becoming more important for driving growth, interaction of knowledge workers, increased attractiveness for skilled and creative workers and overall prosperity for Australia.¹²

Indeed, knowledge-intensive services display "clustering effects" referred to as economies of agglomeration. These occur when the productivity of knowledge workers increases at an exponential rate when they are in close proximity to each other, their interactions stimulating creativity and innovation for the economy. In particular, Australian businesses that foster collaboration in their workplaces are found to be over 70% more innovative than those that do not.¹³

Further, employers who offer their workforce choice in when and where to work have employees who are 12% more satisfied with their jobs, and report higher effectiveness and improved performance.¹⁴ In 2012, half of Australia's firms already allowed employees to use their own laptop, tablet or smartphone for work purposes. That is a remarkable change compared with the constrictive IT policies that were common in Australian business just a few years earlier and it is still rapidly growing.¹⁵

These rapid changes are accompanied by unique opportunities, challenges and risks introduced by digital disruption. In 2012, Deloitte Access Economics identified the impact of digital disruption on various industries, and when it would be strongest.

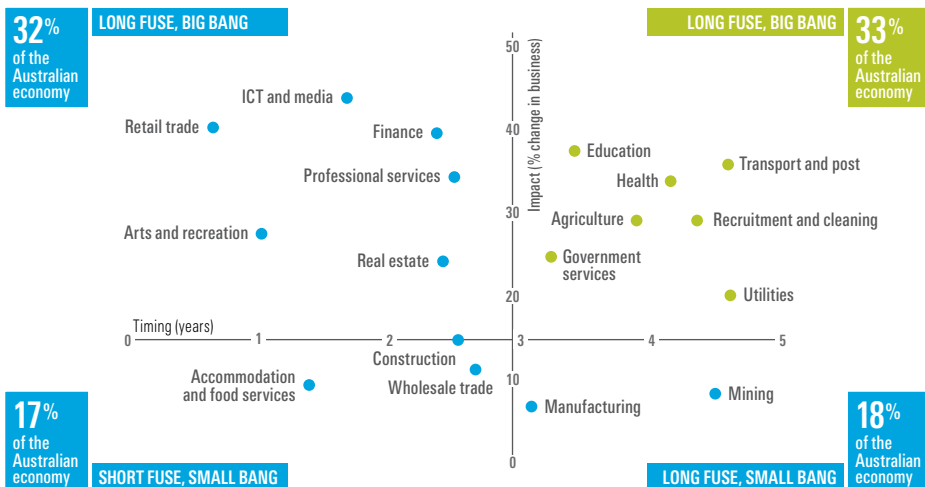
Industries were classified by the length of their fuse (that is, the time it would take for the industry to experience significant digital disruption) and the size of the bang (that is, the expected change in percentage terms across a range of metrics).

Industries which face market forces and have technology embedded in their

operations were classed as “short fuse, big bang” – experiencing an impact of greater than 15% within three years. For these industries, including professional services, disruption has already had a significant impact.

However, the impact of disruption has not been fully felt yet in “long fuse” industries. Health and education, for example, are grappling with questions about how to provide high quality services remotely. Similarly, the utilities sector is facing growing pressure to innovate and increase efficiency, balancing environmental concerns with a push to reduce prices.

FIGURE 2.3: DIGITAL DISRUPTION MAP ¹⁶



Digital disruption brings opportunities for Australia to deliver services more efficiently, as well as potential export opportunities. Deloitte's *Building the Lucky Country #3: Positioning for Prosperity* highlighted the digital delivery of health services as an area for future growth.¹⁷

Australia's geography means that we have a need to deliver sophisticated services to a highly dispersed population. This has led to the development of a competitive advantage in some tele-health services, including tele-triaging (call centres that assess what assistance is necessary and how to access it), remote patient monitoring (using set-top boxes with other devices to provide biometric measurements and monitoring of chronic health conditions) and tele-consultations (for example in psychiatry).

These services contribute towards improving health in Australia, where those living in rural and remote areas, as well as Indigenous Australians, have lower life expectancies than the population overall. However, there are also opportunities to export these services to other countries with geographically dispersed populations, such as Western China, much of Africa and South Asia.

Changes in government services are of particular interest. We all interact with government regularly for a range of reasons, from changing ownership of assets and licensing, to collecting social security payments and paying taxes. These transactions can be time consuming, which is costly to government and residents.

This is starting to change. State and federal governments are seeking to utilise technology to its fullest extent in providing and streamlining service delivery. In the last year, state governments have begun to use digital service centres, combined with online portals, to manage a range of interactions more efficiently. If fully harnessed, the benefits from digitisation could add up to savings of nearly \$18 billion for government.¹⁸

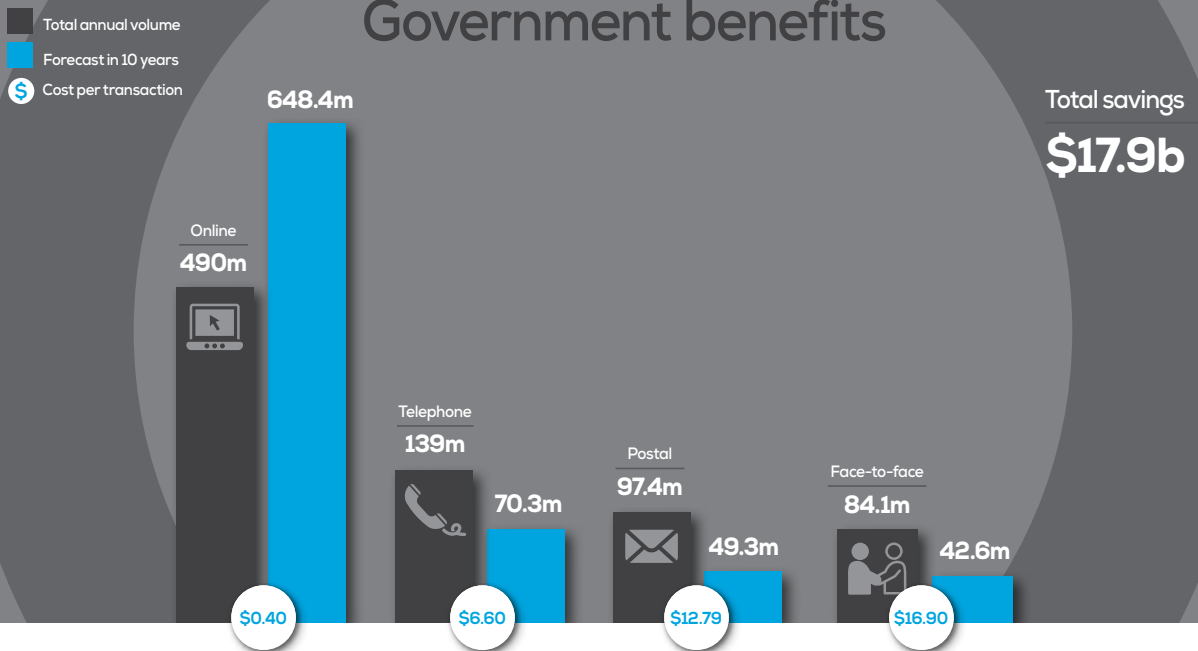


FIGURE 2.4: GOVERNMENT BENEFITS FROM TRANSFORMATION ¹⁹

However, these savings may come at a cost. More efficient services may mean fewer jobs in the public service, which includes some of the largest employers in the country. Deloitte Access Economics has previously calculated that around 50,138 employees in public administration and safety – with occupations such as keyboard operators, mail sorters and enquiry clerks – could be affected by the digitisation of government transactions.²⁰

There is still more to come. More widespread use of existing technologies across a larger range of industries and occupations will create greater opportunities. In addition, a number of emerging technologies could generate further change and growth, including:

- artificial intelligence
- connected homes
- 3D printing
- block chain technologies, facilitating crypto-currencies
- mobile payments
- wearables
- genomics
- the internet of things
- robotics
- drones
- electric and connected cars
- virtual reality through oculus rift.

03

AN OLDER AND MORE EXPERIENCED POPULATION

Population ageing has been a phenomenon in the developed world for centuries. However, many developing economies are now beginning to experience demographic transitions.

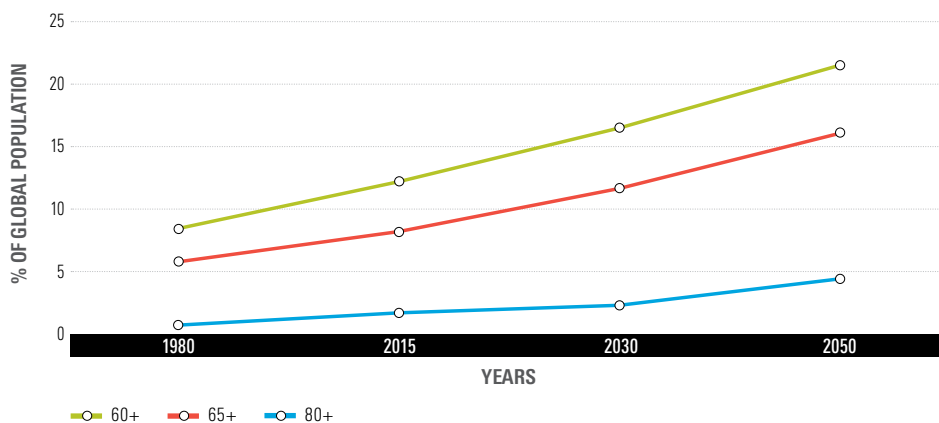
“Current demographic changes are unprecedented. After remaining broadly unchanged for centuries, the age structure of the world’s population is now changing dramatically.”²¹

The costs of ageing are commonly acknowledged. A smaller workforce will have to support a large retired population. The cost of health care and social security will continue to rise.

Governments around the world are seeking policy solutions. Some European countries have increased retirement ages and decreased access to government pensions,

while many employers are rethinking defined benefit retirement schemes. Mandatory superannuation in Australia, combined with a higher retirement age of 67 by 2023, has alleviated some of these concerns. However, there are still questions around whether retirees will have enough funds to be financially self-sufficient in retirement.

FIGURE 2.5: OLDER PEOPLE AS A PROPORTION OF GLOBAL POPULATION²²



However, the conversation about the implications of ageing rarely considers the potential benefits.

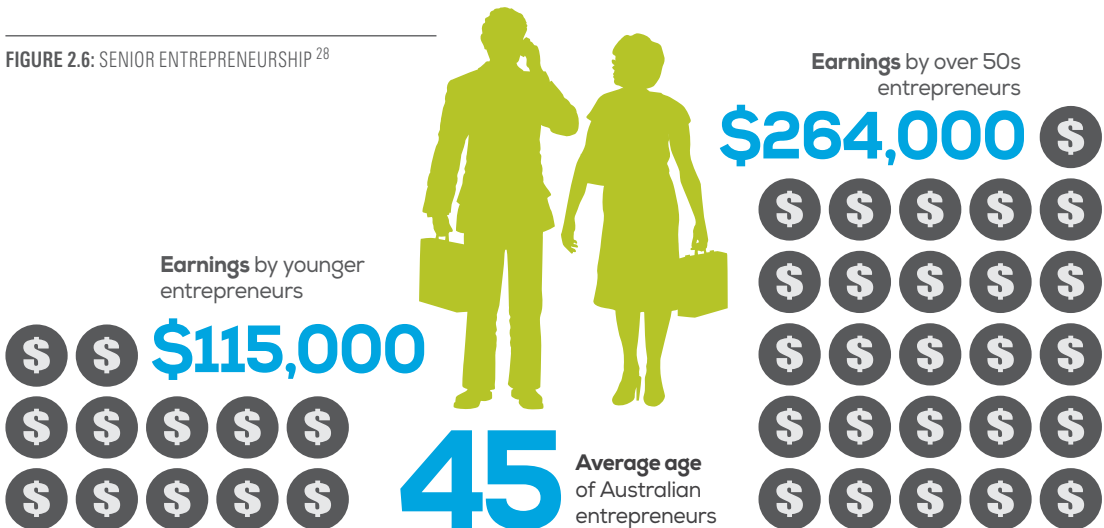
Older people can contribute valuable skills, experience and assets to the economy. Indeed, as our economy continues to shift its focus to be more knowledge driven, this experience could prove more valuable than ever.

A 2013 survey of business leaders in the United States showed that four in five rated a job candidate’s applied skills in the field as being “very important”, whereas only 28% ranked a university major the same.²³ Working 55 to 59 year olds in Australia do

not intend to retire until they are almost 63.²⁴ Discounting the importance of over 60s in the workplace is a common – but costly – mistake.

Utilising older employees and leveraging their experience effectively could support growth in the future. Estimates suggest that a 5% increase in paid employment for Australians over 55 could boost GDP by \$48 billion annually.²⁵ However, over half of older Australians reported experiencing age discrimination when looking for a job.²⁶ Government regulation and legislation may also be age discriminatory. For example, the Australian Human Rights Commission cites the fact that workers’ compensation arrangements in some states cut off entitlements for those over the age of 65.²⁷

FIGURE 2.6: SENIOR ENTREPRENEURSHIP ²⁸





Ignition Wealth is a fintech with a wealth management license, founded by Mark Fordree and Mike Giles in 2014. It provides a mobile-first platform for retail investment clients to invest and manage their portfolio for a low cost.

Both Mark and Mike had over 30 years' experience in financial services when founding their business. This experience allowed them to identify a gap in the market, reaching the 60 – 80% of savers in Australia who were priced out of the advice market. By using a technology-driven model, they can drive down fees, thus reaching a broader market.

Ignition Wealth is founded on the experience of its board, with senior advisers from the financial sector including Peter Meurer (the Chairman of Nomura Bank) and Tom Pockett (a non-executive director with the Stockland Group and Insurance Australia Group Limited).

Despite common perceptions, start-ups are not all founded by 20-somethings. In fact, the average age of entrepreneurs in Australia is 45.²⁹ This is not unique – the average age of an entrepreneur in the UK is 47,³⁰ and in the US it is 40.³¹

An estimated 590,000 small to medium enterprises in Australia are owned by over 55s. These older entrepreneurs are able to bring experience and skills built through previous employment, as well as having more capital to invest in their business. The confluence of these factors may explain high rates of senior entrepreneurship.³² However, other forces – such as difficulty finding suitable employment opportunities – may also play a role.

ESTIMATES SUGGEST THAT A 5% INCREASE IN PAID EMPLOYMENT FOR AUSTRALIANS OVER 55 COULD BOOST GDP BY \$48 BILLION ANNUALLY.

However, over half of older Australians reported experiencing age discrimination when looking for a job.

04



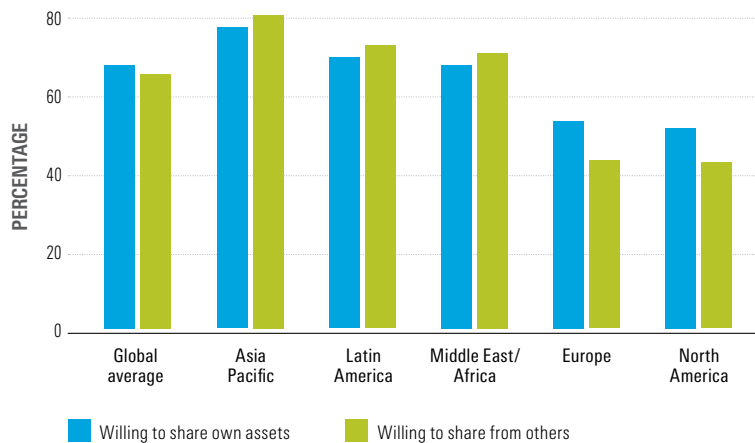
THE PEER-TO-PEER ECONOMY

One of the key benefits of digital disruption over the last decade has been the reduction of transaction costs. Increasingly, buyers can connect directly with sellers, instead of having to go through layers of intermediaries. Platforms such as eBay allow us to transact in a virtual marketplace, with access to more choices and lower transaction costs.

This way of buying and selling is known as the “peer-to-peer” (P2P) or “sharing” economy. Currently, it represents a relatively small proportion of the economy. In NSW, for example, estimates suggest that it represents 0.1% of the economy, based on the number of P2P businesses and their revenue.

Although the direct impact is not large, the P2P economy has a substantial reach. An estimated 61% of Australians have used a P2P service, such as Uber, Airbnb and eBay, and 85% intend to use one in the next year.³³ Almost a quarter of Australians spend at least \$50 a month on P2P services.³⁴ This trend is mirrored globally – in a 2014 international survey, two-thirds of respondents were willing to buy or sell products in a sharing or P2P community.³⁵

FIGURE 2.7: WILLINGNESS TO SHARE BY REGION ³⁶



The size of the P2P economy may remain small. However, the impact of disruptive P2P business models on traditional businesses will continue to be disproportionate, as P2P platforms have the potential to be a catalyst for change in traditional markets.

P2P platforms remove traditional hierarchies. Instead of having employers and employees, they provide a method for facilitating connections between sellers and buyers, generating change by lowering the costs and other barriers associated with entering the market. The brands we recognise and trust are often not directly involved in their own products.

“Uber, the world’s largest taxi company, owns no vehicles... Alibaba, the most valuable retailer, has no inventory. And Airbnb, the world’s largest accommodation provider, owns no real estate.”³⁷

Future-proofing the profession: what is the future of work? discussed new marketplaces for talent which are disrupting traditional models of work in professional services.³⁸

These platforms allow businesses to contract individuals to complete discrete tasks or challenges. Service marketplaces, including Upwork and Freelancer.com, offer a range of services to clients, from bookkeeping to graphic design. ELance reported that its freelancers had earned \$3.2 billion dollars in cumulative earnings over five years. Kaggle, a competition platform for data science, enables organisations to tap into a worldwide network of analysts to work on their predictive modelling tasks.

These services can be directly in competition with traditional professional services providers. With a global network of contractors available and no overheads, companies may be able to receive the same service at a lower price.

Some professional services firms have seen this as an opportunity rather than a threat, using these platforms as a means of sourcing innovative solutions at a low cost, or to temporarily contract staff with relevant skills.

This new paradigm also creates risks. Without the ability to rely on a regulated corporation, sellers may be concerned that buyers will not pay, while buyers may be worried about the quality of a product or service.

Trust and reputation are paramount in the P2P economy. Many platforms have established rating systems to provide confidence, and allow more informed decision making. These have proven to be an effective mechanism for self-regulation, building trust and ensuring quality. The vast majority of Uber drivers get ratings of over 4 stars – indeed, drivers with ratings below 4.6 stars are at risk of deactivation.³⁹

Reputation has always been an important consideration for traditional and online businesses alike. However, our participation in the P2P economy means that we are now in the habit of reviewing – even when no direct mechanism is offered.

Almost 70% of global consumers with internet access post concerns, offer praise or discuss a customer service issue online.⁴⁰ Further, over half of customers now use social media to provide feedback on products they've purchased– a far greater proportion than those who provide feedback directly through the website of a retailer or brand/manufacturer.⁴¹

This is just one example of how traditional businesses and incumbents are being affected by the P2P economy. P2P businesses are shaping customer expectations. Traditional businesses are developing and reacting to compete in this environment. Some are leveraging the new platforms as a sales channel, while others are rethinking implications for their business models and customer engagement strategies. **As a result, the largest impacts of the emerging P2P economy may be seen outside of P2P businesses themselves.**

REPUTATION HAS ALWAYS BEEN AN IMPORTANT CONSIDERATION for traditional and online businesses alike. However, our participation in the P2P economy means that we are now in the habit of reviewing – even when no direct mechanism is offered.

WILL TECHNOLOGY DESTROY JOBS, OR CREATE THEM?



A widespread concern in today's society is that the future jobs market will be negatively affected by technological developments.

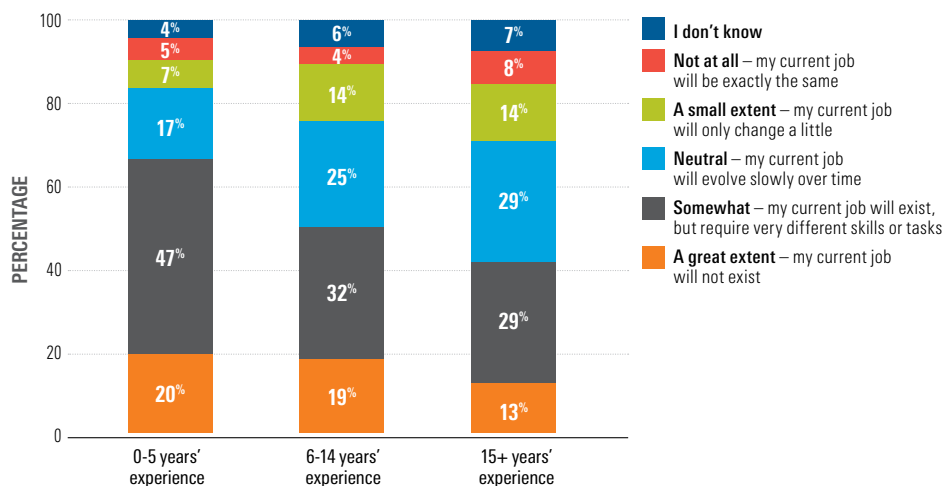
As automation and artificial intelligence allow companies in both goods and services industries to reduce the size of their workforce, there is a fear of significant job losses.⁴²

Our survey figures show that two-thirds of early-career Australians are expecting that their job will not exist, or will fundamentally change, in the next 15 years. One in five employees with five or fewer years' experience think their current job will not exist in 15 years. A further 47% think that their job will require very different skills or tasks. More experienced employees are less likely to expect fundamental change.⁴³ Almost one-third of employees believe that

the biggest driver of change in their job will be changes in digital and IT.

It should also be acknowledged that technology will lead to a reduction in job opportunities in some areas, for example as particular services are able to be automated, or productivity gains mean that less labour is required to complete a task. In the US, estimates suggest that approximately 47% of total employment may be at risk.⁴⁴

FIGURE 3.1: PERCEPTIONS OF INDIVIDUALS OF CHANGE IN CURRENT JOB OVER THE NEXT 15 YEARS⁴⁵



However, the perception that technological developments lead to job losses overlooks the fact that technology can also provide opportunities to create new jobs. The debate surrounding technology and employment tends to be skewed towards job destruction rather than creation, because “the destruction brought about by technology is direct and easily observed, [while] the creative effects are far more chaotic and unpredictable.”⁴⁶ This exacerbates a common behavioural bias of loss aversion – we dislike losses more than we like equivalent gains.

For example, while technological innovation has resulted in less employment in menial or “muscle power” jobs, there has been a significant long-term shift towards jobs that involve caring for others, which increased from around 1% of the UK workforce in 1871 to 12% in 2011.⁴⁷

This is because these jobs – which include health, teaching and welfare professionals – generally involve non-routine manual tasks, where there has been little opportunity to apply technology given the current state of technological development. The trend towards occupations in the “caring” sector also partly reflects the significant increase in women’s workforce participation over the last 140 years, as prior to this, many of these “caring” tasks were performed by women at home.

FIGURE 3.2: SHARE OF TOTAL EMPLOYMENT IN THE UK⁴⁸

Occupation type	1871	2011
Caring	1.1%	12.2%
Muscle power	23.7%	8.3%

Given the rapid pace of technological change, it is apparent that technology will have the potential to create new jobs in areas that may not have been thought of previously, with many professions that are thriving today being areas that no one would have predicted decades ago.⁴⁹

An example of this is in the area of data analytics, which has seen a significant increase in job opportunities over recent years as technology unlocks the potential for using big data to improve decision making and provide a competitive edge in understanding customer trends.⁵⁰

Many of these jobs would not have been around even just ten or 15 years ago; similarly, with new technologies being developed at a rapid rate, occupations that will see significant jobs growth in future decades may not currently exist.

Not all the new jobs will be in technology. As consumer demographics and preferences change, the mix of jobs will shift to meet demand. For example, this might mean more personal trainers and gym instructors, or more chefs and in-home carers.

Although technology is likely to create new jobs, there are concerns about the distributional impacts of this change. The increasing role of technology, both to augment and potentially replace labour, can create employment polarisation. Routine jobs that require precision – for example, bookkeeping or manufacturing – can often be done more efficiently and accurately by computers.

Less routine tasks, however, are better undertaken by humans. This is why it is often thought that high-skill jobs, such as managerial and professional roles, are least likely to be replaced. However, many lower-skilled tasks are also non-routine, and are also not likely to be replaced. For example, stocking shelves is easy for humans with hand-eye coordination, but can be very difficult for machines in a retail setting.

Research by economists in the United Kingdom found evidence that jobs requiring non-routine tasks tended to be at the bottom and top of the wage distribution, whereas routine tasks are concentrated in the middle. They also found that there was evidence of job polarisation in the UK between 1975 and 1999, where there was a decline in the number of middling jobs, balanced by growth in low-paying service occupations and significant growth in professional and managerial roles.⁵¹

However, it has been argued that full job polarisation may not eventuate because "while some of the tasks in many current middle-skill jobs are susceptible to automation, many middle-skill jobs will

continue to demand a mixture of tasks from across the skill spectrum."⁵²

Tasks that require creative or lateral thinking are the least susceptible to automation and many jobs require a mixture of both technical and creative elements.

"The economy-wide employment impact [of technological change] is likely to be positive, provided that the mechanisms for translating technology into jobs are not impaired by deficiencies in training and innovation systems."⁵³

The important consideration here for businesses and policymakers is ensuring that employees who are displaced by these technological changes in the future have the training and development opportunities to upskill or reskill in areas that allow them to pursue other jobs and careers. For example, in Denmark, the government has extensive active labour market policies in education and training to assist employees in developing the skills required in an age of technological change and globalisation.⁵⁴

CALL TO ACTION



INDIVIDUALS: How will technology impact on your job?
What skills will you need to succeed in a more automated economy?



BUSINESSES: What are the manual tasks which could be automated in your organisation?
How will you ensure that the skills of your employees remain relevant and useful?



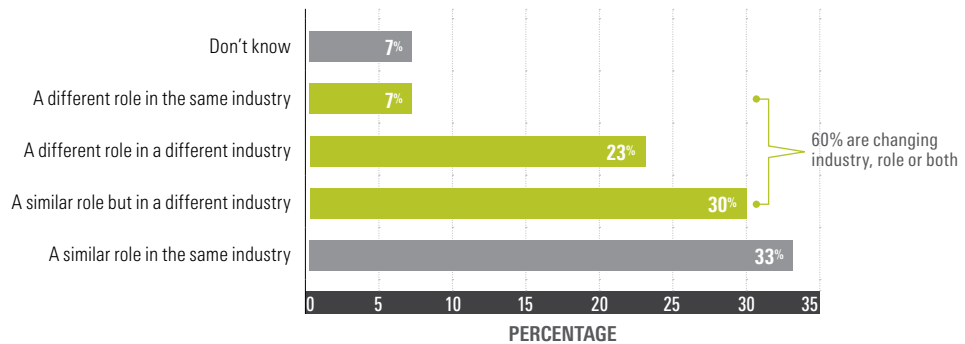
POLICY MAKERS: How will you equip and enable those whose jobs are destroyed to continue in employment?

A JOB FOR LIFE, OR A JOB FOR NOW?



Employees are expected to move around more in the future. Our research shows that employees are not just looking for new employers when they move. Of those who will pursue a new job in the next ten years, three in five are looking to change to a different industry, a different role, or both.⁵⁵

FIGURE 4.1: NATURE OF THE NEW JOB PURSUED IN THE NEXT TEN YEARS⁵⁶



These findings are supported by 2013 statistics from the Australian Bureau of Statistics (ABS), which showed that, of those who had changed employers in the last 12 months, 51% had also changed industry and 39% had changed major occupation group.⁵⁷

There is more evidence that our respondents' perceptions are consistent with reality. Of those who have changed roles at least once in their career, 58% feel that they have a similar role, whether that be with the same employer (21%) or a new one (37%).

Employees are generally twice as likely to change jobs for voluntary reasons such as pursuing new opportunities or personal lifestyle motives, as compared with involuntary reasons such as being retrenched.⁵⁸

In addition, the fact that many workers expect to voluntarily move between jobs and careers could reflect the changing nature of the labour market over recent decades.

In the past, a job applicant who had previously worked in a number of

different positions was perceived as lacking loyalty or being unable to settle down in a job. Now, however, agility and diversity in a potential employee's work history is often seen as an ability on the part of the applicant to confront change, embrace different challenges and operate in different work environments.

The cost of replacing one skilled employee can be equivalent to 75% of their salary.⁵⁹ Historically, businesses have sought to reduce this cost by reducing turnover. However, given the value of agility and diversity, the emphasis should shift from reducing turnover to decreasing its cost. Developing a more flexible workforce with more adaptable systems could be one way of achieving this.

A number of trends will affect job turnover and tenure over future years. In particular, the Australian Human Resources Institute's 2015 Pulse Survey on Turnover and Retention described the increasing importance of technology in improving employees' access to information about new job opportunities, highlighting social media and professional networking websites such as LinkedIn as providing existing and potential employees with greater capabilities not just to search for employment, but to intelligently match employees with employers.⁶⁰ The platform has demonstrated success, reporting almost one million hires in 2014.⁶¹

The increasing prevalence and accessibility of these technologies has the potential to facilitate increased voluntary job

mobility amongst young employees in particular, who already tend to have shorter job tenure compared to older employees. Youth job mobility is also linked to household mobility, with younger employees often being more willing and able to relocate (sometimes even interstate) to pursue new employment opportunities.⁶²

Given that improving economic conditions are generally associated with increased confidence in the jobs market and more opportunities for employees to voluntarily change jobs, job mobility could increase over the coming years as Australia's economy continues to grow following the uncertainty caused by the global financial crisis.

However, this growing confidence could also be creating unrealistic expectations. Our survey shows that, on average, early-career employees think they will retire at the age of 52. Given the increasing costs of retirement, the smaller workforce and pressure on government budgets, this seems untenable. Policy makers may need to adjust the expectations of younger workers to this reality.

Notwithstanding these potential future trends, job tenure in Australia has actually been relatively stable over recent decades, at around seven years across all employees.⁶³ There has been a slight increase in the share of employees working for the same employer for more

than ten years, matched by a slight decrease in those employed for less than one year – though this does not account for employees experiencing a change in the nature of their job with the same employer. Previous research has found that within the space of a year, around 20% of employees changed their usual hours, were promoted or transferred, or changed occupations within the same firm.⁶⁴

Our research shows that the average number of roles that a person has had over their career increases with experience. Similarly, the median number of employers that an individual has had escalates with experience. This is intuitive, since more time spent in the workforce means more time for changes.

FIGURE 4.2: EMPLOYEE TENURE IN AUSTRALIA⁶⁵

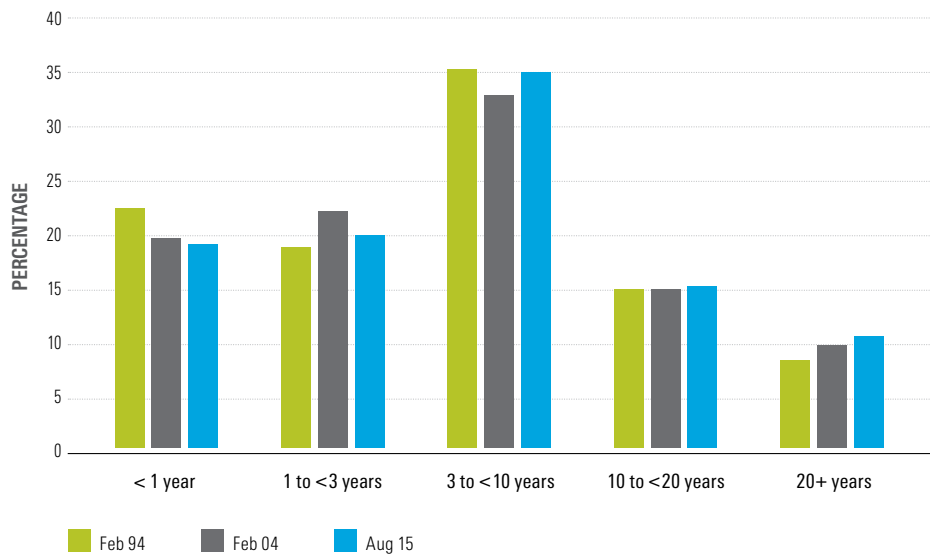
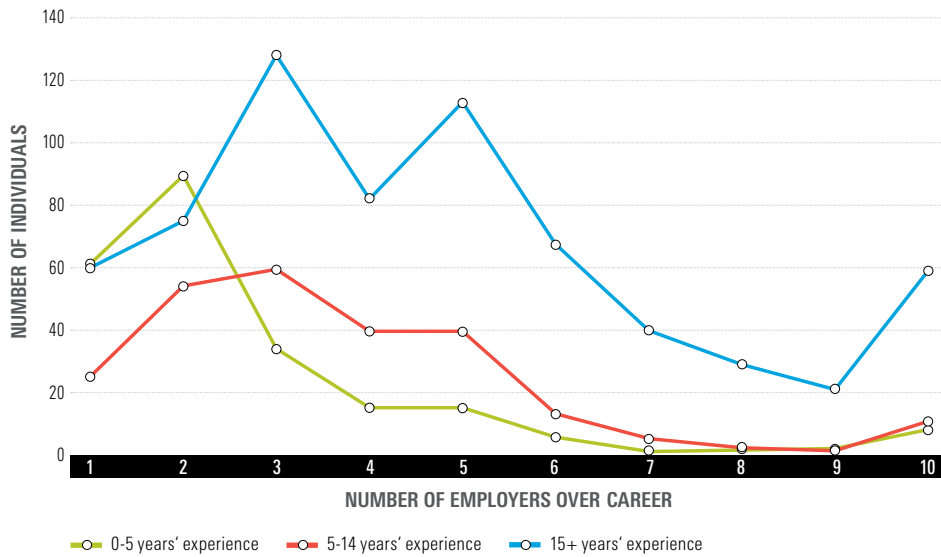


FIGURE 4.3: NUMBER OF EMPLOYERS SINCE FINISHING FULL-TIME EDUCATION ⁶⁶



Some of the broader trends that have potentially affected job tenure since the 1990s in Australia include:

- relatively stable economic conditions in the broader macroeconomic environment, which are likely to inspire confidence and thus both job mobility and hiring, despite some uncertainty following the global financial crisis which could encourage employees to be more risk averse and avoid changing jobs.

- increased life expectancies and higher retirement ages leading to older employees remaining in their jobs for longer, which could lead to longer tenures.⁶⁷
- more opportunities for job seekers to search for new employment, with technological developments such as online recruitment and mobile job search apps increasing the ease of finding new jobs by decreasing search costs, which should in turn increase job mobility and decrease tenure.

CALL TO ACTION



INDIVIDUALS: How many careers will you have over your life?



BUSINESSES: Do you currently have, or will you develop, a strategy to combat higher turnover?
How will your business recruit and retain in a higher turnover environment?



POLICY MAKERS: What are the institutional barriers to employment mobility?
How can the costs of employee turnover be reduced?

CAREERS: A WINDING PATH TO SUCCESS



Is it preferable to possess a specialised skillset or more generalist skills? Should employees develop deeper knowledge of a single area as they progress through their career, or is a generalist set of skills that can be broadly applied to different areas more desirable?

There can be benefits and costs associated with both approaches to skills development. Many early-career employees think that they will be experts in one specific topic or area by the end of their career. However, experienced employees predominantly identify as generalists, with a broad understanding of a range of topics (53%). This gap could be symptomatic of a changing workforce, or could simply show

that less experienced employees have miscalibrated perceptions, as they will tend to accumulate more skills of a general nature through their working career.

In a world where skills requirements can vary throughout someone’s working life, formal training shouldn’t be “set-and-forget”. Over half of early-career employees think that their field/s of study is not “very much” relevant to the field that they

FIGURE 5.1: PERCEIVED NATURE OF SKILL-SET AT END OF CAREER⁶⁸

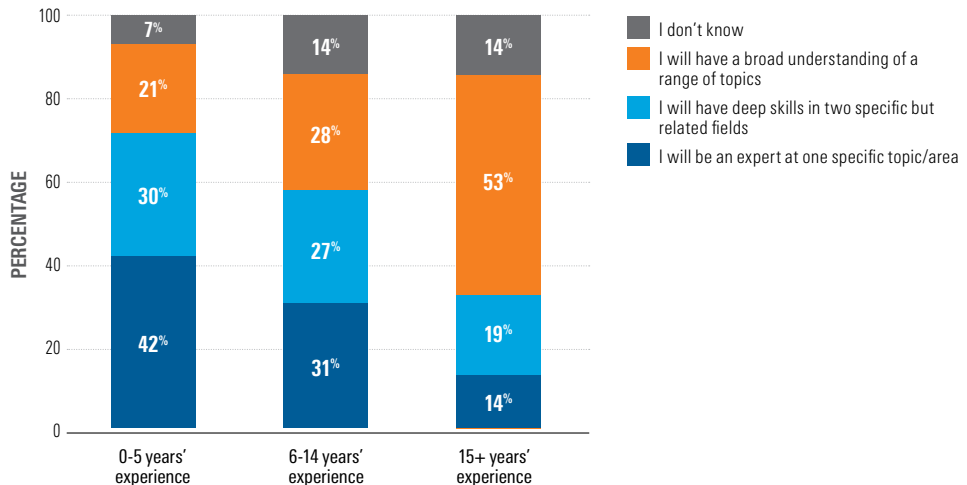
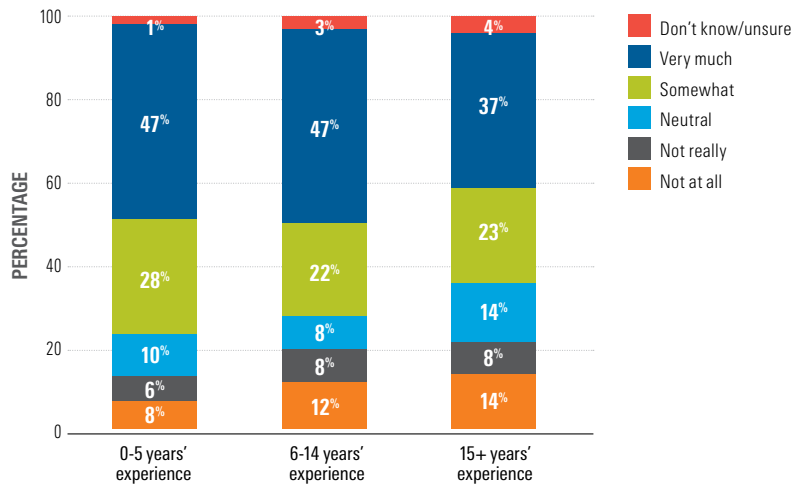


FIGURE 5.2: RELEVANCE OF STUDY TO FIELD OF WORK ⁶⁹

are working in. Relevance declines with experience – 59% of those with over 15 years' experience don't think their study is "very much" relevant.

Furthermore, many Australian employees are taking non-traditional or non-linear career paths following on from their university education. The skills gained from studying particular degrees are becoming increasingly transferable: Census data from 2011 suggests that, for university educated employees, approximately 40% had a degree outside of the primary and secondary study areas in their industry.

For example, more than half of all employees in the professional services industry studied degrees outside the primary (commerce) and secondary (engineering) fields of study for the industry.

Even in industries where skills are relatively specialised, such as mining and health care, between one-quarter to one-third of employees studied in alternative areas.

This also means that it is important to provide professional development and training opportunities to employees once they have entered the workforce, as relevant skills can be developed throughout a career. Research by the Institute of Chartered Accountants in England and Wales suggests that providing such opportunities is particularly important in small businesses, as employees are more likely to take on a variety of roles that require different skills. Their 2015 Skills and Productivity report noted that "this

relies both on employees being able to refresh and upgrade their own skills, and on employers investing in their workforce.”⁷⁰

Small businesses account for almost half of private sector industry employment in Australia.⁷¹ This suggests that providing professional development opportunities to employees throughout their working career will be especially important for ensuring that their skills can keep pace with changing business practices and employer demands in the future.

In the UK, a survey of white collar professionals by recruiter PageGroup found that around half of professional employees consider themselves to be generalists, with many taking on activities outside of their main remit within the first two years of entering a new job.⁷² While there are benefits associated with engaging in these additional tasks and responsibilities, such as broadening

skillsets and being better prepared for senior roles, this can come at the cost of losing specialist knowledge and reducing a business’s ability to innovate.

The decision of whether to develop a generalist versus specialist skillset will vary from industry to industry and from individual to individual – and even for a given individual over time as their careers and motivations change. For example, in a rapidly changing labour market where workers are required to adapt quickly to different situations, a generalist set of skills may be more useful. The question then becomes: should these generalist skills be emphasised more in the formal education system, or can they only be imparted in the workplace? Such questions and the nature of skills development more broadly will become an increasingly important consideration for employees in the future as the interaction between skills, employment and careers becomes more fluid.

CALL TO ACTION



INDIVIDUALS: Is it preferable to possess a specialised skillset or more generalist skills?



BUSINESSES: What value could you get from considering applicants who have qualifications in other fields?



POLICY MAKERS: How does school education provide transferable skills? Is the balance between generalist and specialist training right? How do we provide education which is agile enough to keep pace with changing needs?

FURTHER
EDUCATION IS
NOW REQUIRED TO
SUCCEED



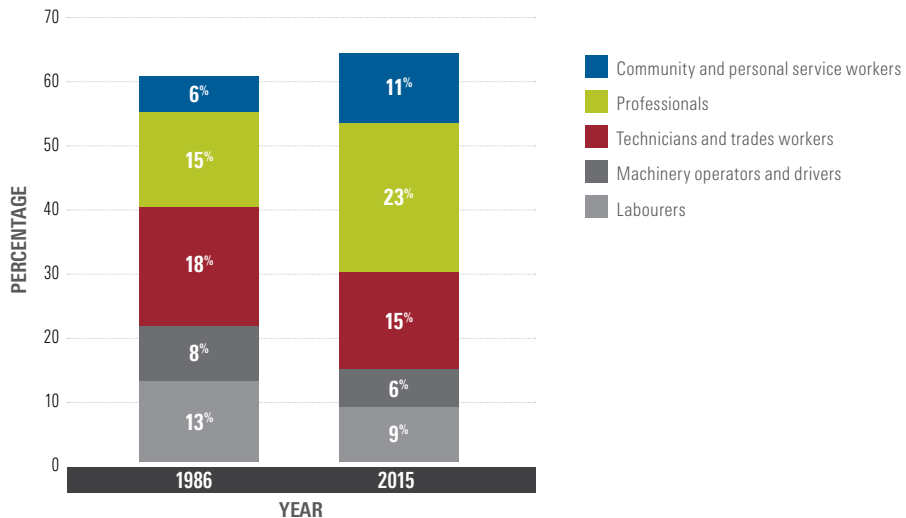
Like many other advanced economies around the world, Australia has been moving away from lower skilled and highly labour-intensive industries towards more knowledge-intensive industries that require more highly skilled employees.

The widespread adoption of new communication technologies, in combination with lower trade barriers, has made it easier for our economy to specialise, taking advantage of Australia's comparative strengths. These include our educated workforce, competitive environment and good physical and communications infrastructure.⁷³

This transition towards a knowledge-based economy has occurred gradually over the past few decades, and has resulted in a shift in the occupation mix of Australian employees. For example, since the mid-1980s, the share of professionals in the workforce increased from 15% to 23%,

while the share of community and personal service employees has risen from 6% to 11%. In contrast, the shares of employees who are labourers, technicians and trades employees, or machinery operators and drivers have all declined over this period.

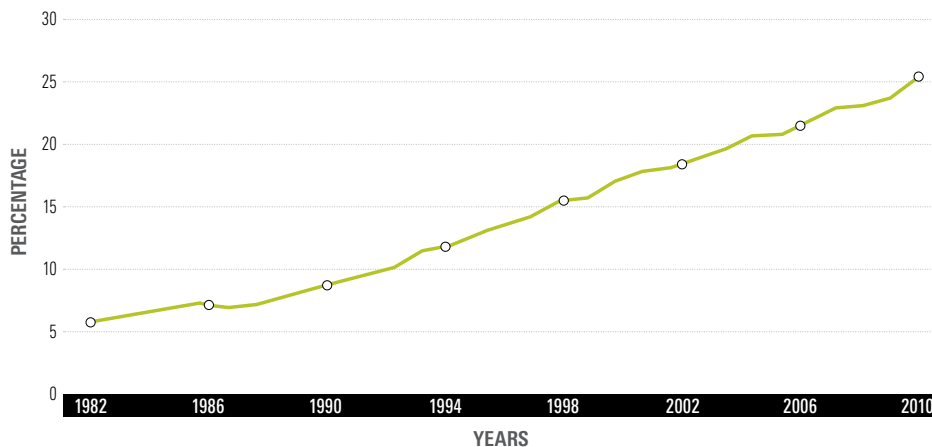
FIGURE 6.1: CHANGE IN OCCUPATION MIX BETWEEN 1986 AND 2015⁷⁴



Given the relatively greater emphasis on highly skilled occupations in the workforce, employees in the Australian economy have generally become more qualified

over recent decades. Around 25% of the working-age population now possesses a Bachelor degree or higher qualification, compared to around 5% in the early 1980s.⁷⁵

FIGURE 6.2: PROPORTION OF WORKING-AGE POPULATION WITH BACHELOR DEGREE OR ABOVE⁷⁶



The perceived importance of education doesn't end at entry to the workforce. Half of early-career employees think that they are likely to pursue further formal education in the future. More experienced employees are much less likely to go back to formal education (16% for those with 15 or more years' experience).⁷⁷

It's not just formal education that employees will pursue. One quarter of employees say they are likely to pursue other further education, such as online courses. Although this is much more common among less experienced employees, older employees

still perceive value in this type of education – nearly one-fifth of all experienced employees also intended to pursue further informal education.⁷⁸

Growth in knowledge-intensive industries is expected to increase further in the future, as Australia continues to focus on areas of competitive advantage.

Consistent with this, much of the focus of industry policy across the country has been targeted towards industry development and innovation in these areas.

However, there are concerns about those who may be left behind. Although approximately 72% of Australians aged between 25 and 44 have a non-school qualification, only 65.5% of males and 63.2% of females aged between 45 and 54 have a non-school qualification.⁷⁹ Those who may have been employed in industries such as manufacturing may struggle to find a place in a more knowledge-intensive economy.

Government can play an important role in helping to reskill workers with the tools for success in a changing workplace. This is done through programmes such as Skills for Education and Employment, which provides funding for accredited training in literacy and numeracy, as well as advanced training.⁸⁰ However, in some cases the government has taken more direct action. For example, the Skills and Training Initiative was established to help workers from Holden and Toyota in South Australia and Victoria transition to new jobs.⁸¹

Given the accelerating rate of change, it will be important for future knowledge employees to be equipped from the outset with the education and skills

required in a knowledge-based economy. While this includes formal study such as university education, ongoing training and professional development once employees have entered employment will also be important in ensuring that employees' skills remain relevant to businesses' requirements. This will help to facilitate continued growth and innovation across knowledge-intensive industries in the future.

Our research shows that one-third of those who are likely to pursue further education are willing to contribute towards the cost. However, three in five want some form of financial support, whether that is from government (17%), an employer (12%) or family (11%).

For those who need financial support, it can be a deciding factor. Nearly one in five of individuals who would use support said they would not pursue further education if this funding was not available.

Nearly one in five of individuals who would use support said they **WOULD NOT PURSUE FURTHER EDUCATION** if this funding was not available.

Professional development includes not only development at an individual professional level, but also the development of jobs and roles so that different positions within an organisation have genuine opportunities for innovation, creativity and productivity improvements. This could include expanding the knowledge content, span of control and scope for innovation associated with

particular roles, and may involve employees working with senior management to determine how to best develop their jobs.⁸² In doing so, employees and businesses can work together to ensure that the knowledge-intensive industries in our economy continue to be a driver of future economic growth in Australia.

CALL TO ACTION



INDIVIDUALS: What types of education will be most valuable for you to pursue in the future?



BUSINESSES: How will you support professional development and formal education for your top talent?



POLICY MAKERS: Should government play a role in funding ongoing education?
Are there certain individuals or forms of education that should be given priority?

WILL MY GOALS CHANGE?



It is clear from our research that career goals and perceptions of the future vary with experience. Although some things – such as the pursuit of financial success – are common, other factors, such as perceived skill mix, vary between cohorts.

Are these differences driven by fundamental differences between generations, or do they simply reflect the life stages of individuals, which will evolve in the future?

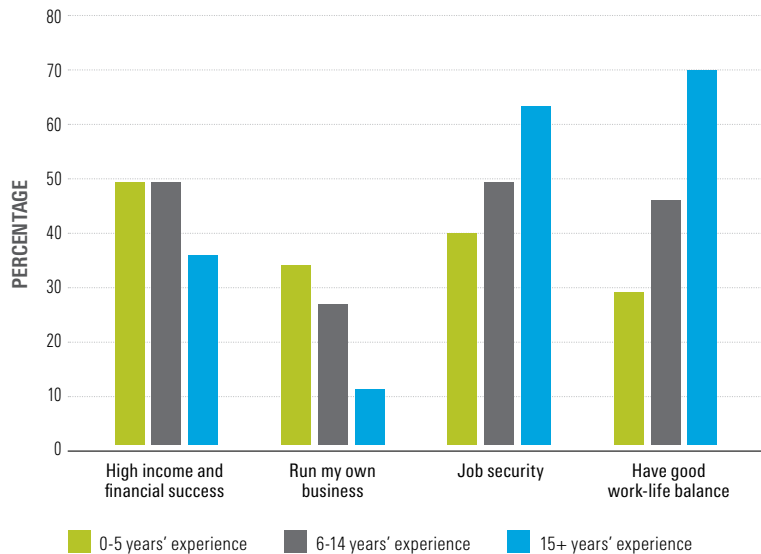
The answer to this question will emerge over time. If these shifts are the result of underlying societal change, government and businesses will need to develop new ways of thinking about the labour force. On the other hand, if the preferences of less experienced workers will evolve over time, this could create a difficult transition, both for workers and for businesses that have actively structured strategies around them.

There is widespread discussion about how generations differ in terms of perceptions, goals and values. Studies have found that there are generational differences in work values such as the desirability of work outcome, pride in

craftsmanship and moral importance of work.⁸³

However, there is also a question of whether some observed differences are a result of life stage, and will change over time. Do millennials really favour altruistic work values, or is this an idealism which might shift in the future?

Our research shows that individuals with different levels of experience have different career goals. For example, it supports the argument that younger or less experienced employees are more likely to want to run their own business, and that more experienced employees put more emphasis on job security.

FIGURE 7.1: SELECTED TOP RANKED CAREER GOALS BY EXPERIENCE⁸⁴

Some of our findings contradict conventional ideas. For example, early career employees are less likely to rank having a positive impact on society as a top three goal relative to older employees, and tend to place a lot of emphasis on high income and financial success. On the other hand, more experienced employees are much more likely than early-career employees to value having a good work-life balance and working for an inspiring leader. It is difficult to determine whether these values will shift over time. Studies suggest

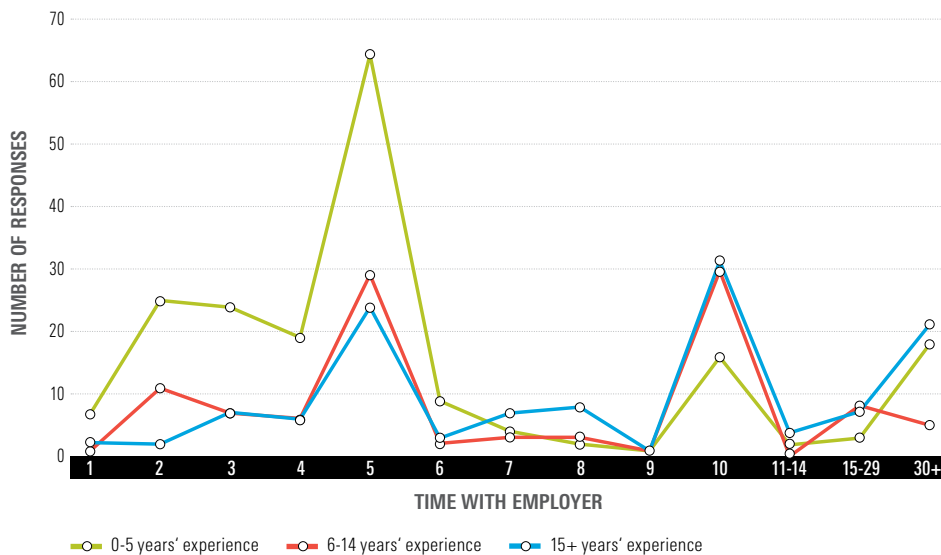
that although age and life-stage are a factor, there are some purely generational differences. Research by Twenge et al isolated generational differences from age differences, and found that more recent generations were in fact more likely to value leisure, but that the generation born between 1982 and 1999 is less likely to value a work context that provides intrinsic rewards (such as a job which provides interesting work, the chance to be creative or the chance to learn new things and skills) relative to the two prior generations.⁸⁵

Perceptions can also change between generations and age groups. Our research shows that less experienced employees perceive that they will spend less time with each employer, compared to more experienced employees. In fact, the median early-career employee with less than five years' experience thinks that they will work for five years for any given

employer – half the tenure of what an employee with over 15 years' experience reports (ten years).

Given that two in every five early-career employees cited job security as one of their three greatest career goals, it is not clear whether these perceptions will change as people progress through their careers.

FIGURE 7.2: AVERAGE PERCEIVED LENGTH OF TENURE WITH ANY GIVEN EMPLOYER THROUGH CAREER⁸⁶



CALL TO ACTION



INDIVIDUALS: To what extent are your goals and perceptions likely to change as your life circumstances change?



BUSINESSES: Will you have strategies for attracting and retaining talent which are catered to different generations or stages of life?



POLICY MAKERS: What is your role in bridging the gap between perceptions and reality?

SUCCESSFUL
BUSINESS WILL
HAVE DIVERSE
AND INCLUSIVE
WORKPLACES



Diversity in the workforce can have a significant positive impact on the overall business. Our survey found that early-career employees are more likely than more experienced employees to rate diversity as a high priority career aspiration.

In particular, 28% of employees with five years' experience or less ranked working with others from a diverse range of backgrounds in their top three career goals.

Teams of mixed gender, age, ethnicity and sexual orientation can offer a wider range of perspectives and experience compared to a more homogeneous workforce, which generally improves overall business decision making and problem solving.

An American Sociological Association study found that workplace diversity is associated with improved financial performance, with a one unit rise in the rate of gender diversity leading to a 3% rise in sales revenue, and a one unit rise in the rate of ethnic diversity leading to a 9% rise in sales revenue.⁸⁷ The study measured diversity "units" using indices that considered the probability that two individuals chosen randomly from a workforce belonged to different gender or racial groups, accounting for how each group is represented in the broader population. The diversity index for gender ranged from 0 (homogeneous male) to 46 (gender parity equivalent to population proportions), while for race it ranged from 0 (homogeneous white) to 25 (racial parity equivalent to population proportions).

Diversity was described as having a number of positive implications for workplace dynamics and business outcomes, including:

- improved consumer perceptions which influence purchasing practices, as well as better understanding of customers from diverse backgrounds;
- higher retention rates for existing staff as well as a greater ability to attract top talent in a competitive global labour market.

In addition, businesses are increasingly beginning to recognise that having a diverse mix of employees in the workforce is only the first step. In order to fully realise the associated benefits, inclusive business practices are also necessary to build on the diversity in the workforce.

This means ensuring that all employees in an organisation feel that they are treated fairly, respected and valued in the workplace. This is achieved through an active process of change and integration, adapting business practices and organisational behaviour to ensure that employees feel included.

From an employee perspective, the 2013 Deloitte report *Waiter, is that inclusion in my soup? A new recipe to improve business performance* found that employees are twice as likely to feel engaged at work when their workplace is more diverse. This means that they are twice as likely to stay

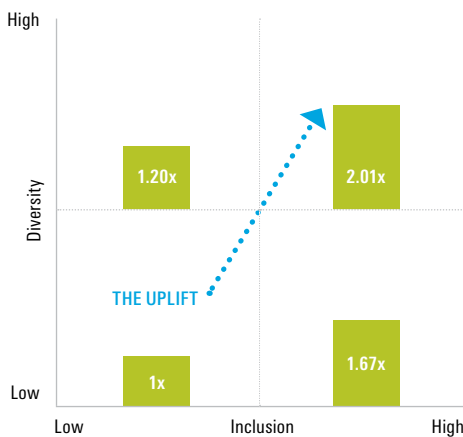
with their employer, advocate for their organisation and “go the extra mile” (i.e. the discretionary effort factor).

The report also found that a number of other business performance indicators

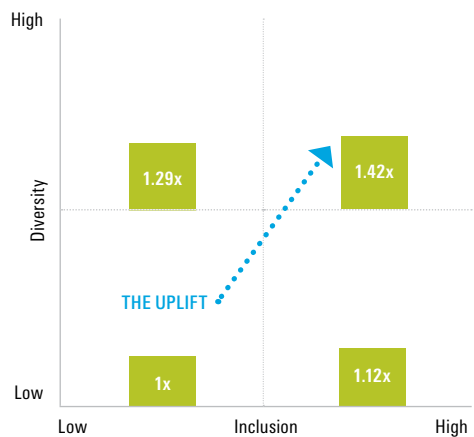
are significantly higher in organisations that are committed to providing a diverse and inclusive workplace, including team collaboration, innovation and performance. Importantly, the benefits associated with

FIGURE 8.1: EMPLOYEE PERSPECTIVES ON IMPACT OF DIVERSITY AND INCLUSION ⁸⁸

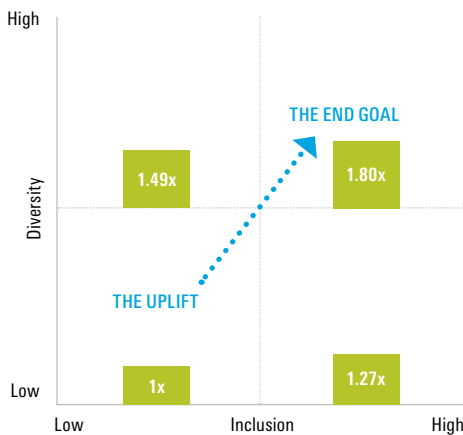
EMPLOYEE ENGAGEMENT



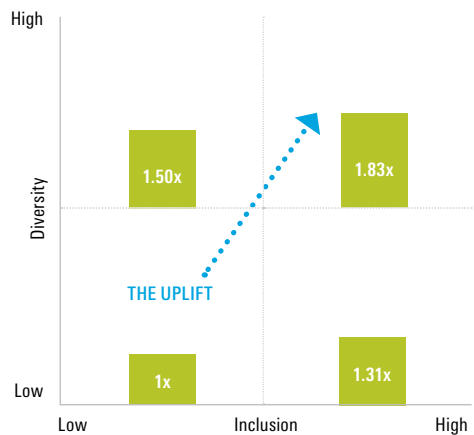
TEAM COLLABORATION



HIGH PERFORMING ORGANISATION



INNOVATION



a diverse workplace were often magnified when the organisation also had inclusive business practices.

As organisations continue to recognise the benefits associated with diversity and inclusion in the workplace, it is likely that business practices will continue to

evolve to better capture these benefits in the future. The employees of the future are likely to continue to benefit from the ongoing improvements in workplace diversity and inclusion over the coming years.

CALL TO ACTION



INDIVIDUALS: What are your unconscious biases? How can you act to counter these?



BUSINESSES: How will you foster collaboration and inclusiveness in an increasingly diverse workforce?



POLICY MAKERS: Do we need new strategies for encouraging and incentivising employers to invest in diversity?

GLOBALISATION IS FACILITATING WORKING ACROSS BORDERS



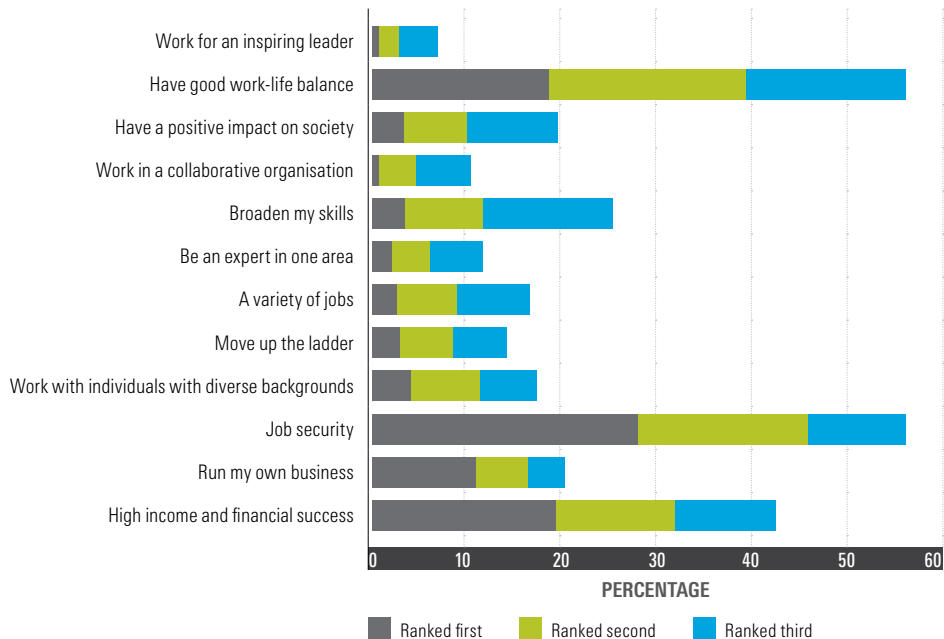
The workforce is becoming increasingly globalised, as trade barriers continue to be reduced around the world, and technological developments allow companies to operate beyond country borders.

This globalisation has enabled businesses and employees to connect more easily across geographies, and has facilitated increased transactions at an international level.

There is a fear that this might lead to fewer local jobs in the domestic economy. Our survey shows that most employees value work-life balance and job security over financial success. Job security is more of a

concern for more experienced employees who have been in the workforce for more than 15 years; however, 40% of early-career workers still identify this as a concern. There is also a cautionary note for business.

FIGURE 9.1: TOP THREE RANKED CAREER GOALS⁸⁹



Although income is an important consideration for many, it is not the only thing that employees value. The ability to have a positive impact on society or broaden skills are also seen as important career goals.

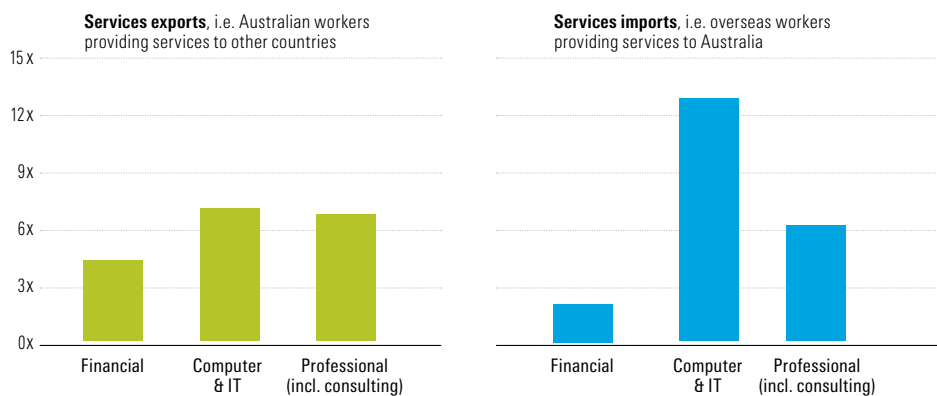
There has been a significant rise in international services trade volumes, indicating that Australian employees are increasingly providing services to other countries, and overseas employees are increasingly involved in the provision of services to Australia. In this latter case, there has been particularly strong growth in computer and IT services purchased by Australians from abroad, with 2014 imports

being around 13 times higher than a couple of decades ago.

This is consistent with the increase in offshoring activity by Australian and New Zealand firms across various industries over recent years, as discussed in the 2015 **future[inc]** paper *What is the future for offshoring?*⁹⁰ The paper found that wider adoption of technological advancements such as cloud computing, hosted virtual desktops, big data and enterprise mobility by businesses in recent years has helped to facilitate decisions on offshoring and locating parts of the workforce overseas.

Furthermore, this interaction between greater global economic integration and further technological advancements in the future will be increasingly important in driving offshoring over future years.

FIGURE 9.2: MULTIPLES OF GROWTH IN SERVICES TRADE BETWEEN 1994 AND 2014⁹¹



The rise of the “virtual global worker” has been highlighted as having the potential to significantly disrupt the labour market.⁹² It means that employees in the Australian labour force will increasingly need to compete against talent from other countries in the future, while allowing Australian companies to access a much larger pool of global talent and putting downward pressure on wages.

To compete in an environment where others may offer similar skills for a lower price, individuals will have to consider how to differentiate themselves. This may be through offering a unique combination of skills, a different perspective, strong personal brand, or a well-developed network.

“We are CEOs of our own companies: Me Inc. To be in business today, our most important job is to be head marketer for the brand called You”⁹³

The best opportunities will not necessarily come from an active job search. A 2014

survey of nearly 2,000 recruiters found that nearly half were recruiting candidates who were not actively searching for a job.⁹⁴

Passive recruiting is enabled in part by social media. Social media plays a big role in hiring more broadly: 93% of recruiters review a candidate’s social media profile before making a hiring decision. Although social media is a valuable tool, it is important to use it wisely. **Over half of recruiters have reconsidered a candidate after seeing their social media profile, with 61% of these reconsiderations being negative.**⁹⁵

The willingness of employees to relocate for employment reasons is expected to remain high over future years. In particular, the global mobility of young employees could increase significantly. Already, the Millennial generation has been highlighted as being more mobile than previous generations, with one in four nominating global opportunities and experiences as the most important feature in the first five years of their career.⁹⁶ As this trend continues to play out among those entering employment, the Australian workforce could become even more globally mobile in the future.

CALL TO ACTION



INDIVIDUALS: How will you compete in a global employment market?
What is your value proposition?



BUSINESSES: What opportunities and challenges are created by access to a global labour force?



POLICY MAKERS: Are our immigration and industrial relations systems sufficiently flexible and robust to accommodate a more global labour force?



CONCLUSION

FUNDAMENTAL SHIFTS – IN OUR POPULATION, OUR ECONOMIC AND PHYSICAL CONNECTIVITY, AND OUR TECHNOLOGY FRONTIER – **ARE SHAPING OUR FUTURE.**

The impacts are broad reaching, creating opportunities for new business models and social change, as well as challenges for policy frameworks and incumbents. They are also driving change in the workplace and the labour force.

Creative destruction means that technology will create new jobs, even as it destroys others. Skills, training and education are increasingly important; however, they can lose relevance quickly. Harnessing diversity and global mobility will be increasingly important to business success.

However, the nature of this change is not certain. Is it better to be a generalist or a specialist? Will someone be more successful if they follow a linear career path, or change industries and roles? Will tenure decrease as job mobility increases?

THE FUTURE OF WORK – and the pre-requisites for success – will emerge over time. It is clear that we need to be ready and willing to adapt to new circumstances and learn new skills. Governments and businesses should consider how to leverage experience while providing pathways for re-training and education.

TO BEST ADAPT, SURVIVE, AND THRIVE, WE NEED TO DISCUSS AND RECONSIDER OUR ANSWERS TO A RANGE OF QUESTIONS THAT WILL SHAPE OUR POSITION IN THE WORKPLACE OF THE FUTURE.

CALL TO ACTION – Questions for Individuals



How will technology impact on your job? What skills will you need to succeed in a more automated economy?

How many careers will you have over your life?

Is it preferable to possess a specialised skillset or more generalist skills?

What types of education will be most valuable for you to pursue in the future?

To what extent are your goals and perceptions likely to change as your life circumstances change?

What are your unconscious biases? How can you act to counter these?

How will you compete in a global employment market? What is your value proposition?

CALL TO ACTION – Questions for business



What are the manual tasks that could be automated in your organisation? How will you ensure that the skills of your employees remain relevant and useful?

Do you currently have, or will you develop, a strategy to combat higher turnover? How will your business recruit and retain in a higher turnover environment?

What value could you get from considering applicants who have qualifications in other fields?

How will you support professional development and formal education for your top talent?

Will you have strategies for attracting and retaining talent which are catered to different generations or stages of life?

How will you foster collaboration and inclusiveness in an increasingly diverse workforce?

What opportunities and challenges are created by access to a global labour force?

CALL TO ACTION – Questions for policy makers



How will you equip and enable those whose jobs are destroyed to continue in employment?

What are the institutional barriers to employment mobility?

How does school education provide transferable skills? Is the balance between generalist and specialist training right? How do we provide education which is agile enough to keep pace with changing needs?

Should government play a role in funding ongoing education? Are there certain individuals or forms of education that should be given priority?

What is your role in bridging the gap between perceptions and reality?

Do we need new strategies for encouraging and incentivising employers to invest in diversity?

Are our immigration and industrial relations systems sufficiently flexible and robust to accommodate a more global labour force?

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