THE FUTURE OF WORK
2018 AAPBS ANNUAL MEETING
Trends shaping the future of work

- We are in the midst of a fundamental transformation in the way we work.
- Automation and ‘thinking machines’ are replacing human tasks, changing the skills that organisations are looking for in their people.
- These momentous changes raise huge organisational, talent and HR challenges.
- But what will the future look like....?
Macro Trends and Local Impacts

In 2018, we are experiencing global political, economic, social, and technological shifts that have impacted, and will continue to shape, the nature of work in Australia and abroad.

Rapid urbanisation
In 1800, only 2% of world’s population lived in cities, now it is 50%.
1.5 million people are added to this total every week.

Technological breakthroughs
Technology is one of the biggest disrupting forces in organisations.
The time from breakthrough technology to mass market application is collapsing, re-shaping the economy at the same time.

Climate change and resource scarcity
As the world becomes more populous, urbanised and prosperous, demand for energy, food and water will rise.
Earth only has a finite amount of resources.

Demographic and social change
World’s population to grow by a billion by 2025.
Life expectancy is increasing and we are having fewer children.
Fastest growing segment of population will be over 65s.

Shift in global economic power
By 2030, it is estimated that the E7’s purchasing power will overtake the G7.

Macro Trends and Local Impacts

Local impacts
Australia’s GDP per hour worked is 20% lower than the average for US, France & Germany.

Every second Australian CEO is concerned about the availability of key skills.

74% retrain
Employees are ready to learn new skills or retrain to remain employable in the future.

71% replace
Smart machines expected to take over 71% of jobs Australian vocational and education students are studying for today.

70% rethink
70% of Australian CEOs are rethinking their HR function (60% globally).

58% worried
20% lower
Australia’s challenges for a Workforce of the Future

1 “Productivity per hour worked” OECD
2 “20th CEO survey” PwC
3 “Workforce of the Future: the competing forces shaping 2030” PwC
4 “New work order” The foundation for Young Australians
5 PwC’s 21st CEO Survey
PwC’s Four Worlds of Work

Looking to 2030, we expect to see one (or a combination of) four future worlds of work driven by fragmentation, integration, collectivism, and individualism

**Fragmentation**

**The Yellow World**
*Humans come first*

Social-first and community businesses prosper. Crowdfunded capital flows towards ethical and blameless brands. There is a search for meaning and relevance with a social heart. Artisans, makers and ‘new Worker Guilds’ thrive. Humanness is highly valued.

**The Red World**
*Innovation Rules*

Organisations and individuals race to give consumers what they want. Innovation outpaces regulation. Digital platforms give outsized reach and influence to those with a winning idea. Specialists in niche profit-makers flourish.

**Collectivism**

**The Green World**
*Companies care*

Social responsibility and trust dominate the corporate agenda with concerns about demographic changes, climate and sustainability becoming key drivers of business.

**The Blue World**
*Corporate is king*

Big company capitalism rules and organisations continue to grow bigger and individual preferences trump beliefs about social responsibility.

**Integration**
Drivers of Change

These four worlds of work will be underpinned by shifts in labour market demand and employee expectations, which can be thematically depicted as four key drivers of change.

**Digital Labour:** The technology driving the innovations and impacting the nature and function of roles, typified by: robotic process automation; cognitive computing, and machine learning.

**Labour Supply:** The current and emerging demographic trends, impacting the composition of the workforce.

**Workforce Structures:** The changes driving new and innovating ways of working, being led by both employers and employees alike.

**Skills and Leadership:** The skills and leaders we need, both in guiding through the volatile landscape and in a future world of work typified by the co-existence of humans and machines.
Digital Labour

The impact of robotic process automation, artificial intelligence (AI) and cognitive computing is transforming the future job market.

- Emerging technology will transform the future job market. Many jobs will be reconfigured and redesigned, causing job dislocations and requiring employees to re/up-skill.
- Technology will automate tasks, not simply jobs, focused on that which is low-value, repeatable and rules-based.
- Emerging technology can enable cost efficiency, risk mitigation, and improved customer experience, while freeing up the strategic capacity of roles.

Augmented Intelligence
- Fundamentally change in the nature of work. Humans and machines collaborate to make decisions.
- Uniquely human traits (emotional intelligence, creativity, persuasion, innovation) become more valuable.

Assisted Intelligence
- Automating repetitive, standardised or time-consuming tasks and providing assisted intelligence.
- Increased demand for STEM skills to build new tech ecosystem.

Autonomous Intelligence
- Adaptive continuous intelligent systems take over decision making.
- The future of humans at work is questioned.

The potential for digital platforms and AI to underpin and grow the world of work is unbounded. They play an essential role in the development of the future of work, matching skills to employer, capital to investor and consumer to supplier.
Labour Supply

The advancements in emerging technology will be compounded by the demographic shifts and supply of talent within the labour market.

DIVERSITY
- More females in the workforce
- Shifting from compliance to value
- Implications of automation on representation

AGE DEMOGRAPHIC
- Ageing population
- Gen-Y mobility and tenure
- Five generations co-existing

EMPLOYMENT MODEL
- Adoption of flexible work models
- Emergence of the gig-economy
- Prevalence of part-time employment

ATTRACTING, RETAINING & EXITING EMPLOYEES
- Rethink talent management
**Workforce Structures**

**The changes in technology, coupled with demographic shifts, is requiring organisations to re-think how tasks are distributed and their workforce is structured.**

**Insourcing**
Organisations are identifying value adding tasks that can be insourced to improve the customer experience.

**Networked and Agile Labour**
Technology is a key enabler of networked and agile labour. Labour is problem not task based.

**Hybrid Workforce**
The future workforce will be comprised of human resources, cognitive systems, machines and robots.

**‘Entreployees’**
‘Entreployees’ develop business ideas while on the job, but also use company resources as a foothold to launch independent businesses.
Collectively, the macro and acute trends are changing the expectations on skills and leadership, which will continue to evolve over time.

By **2020**, **1/3** of skills considered important today will have changed.

Increased value will be placed on **cognitive flexibility** and **problem solving**.

Leaders will need to:
- **role model** and **empower employees**
- **Display digital leadership** to a hybrid workforce
- **Show clear direction** and efficiently use digital labour

• Over one-third of skills that are considered important in today’s workforce will have changed over the next 3-5 years, with a focus on ‘soft skills’

• Workforce development will extend beyond the directly employed workforce to include contingent labour

• The expectations of leadership, and the role of leaders, in the future will include: sustaining employee engagement through uncertainty and ambiguity; communicating a compelling vision against fluid objectives; and leading virtual and diverse teams
Managing Millennials

By 2025, Millennials will account for 75% of the workforce.

One thing is clear—If organisations are unable to attract, develop, and retain the required Millennial talent in a competitive environment, they will not survive.
**Millennials, also known as Gen-Y, are a generational demographic cohort born after Gen-X and before Gen-Z**

There’s no precise age brackets, but most commonly they are the group that had the internet before they turned 18, being born between the early 80s and mid 90’s to early 2000’s. They are now aged in their early 20’s and late 30’s.

**Who they are**:
- Born 1980 – 1995
- Aged 23 – 38
- Internet before 18 years old

**In Australia**:
- Number of Millennials: > 4.9 Million
- Average earnings:
  - $36,324 per annum (early 20’s)
  - $57,288 per annum (early 30’s)
- Portion of workforce:
  - Today: > 50%
  - By 2025: 75%
There are a range of myths and truths about Millennials, their habits and expectations

**Millennials are selfish**

However...

40% participated in **volunteer work** over the past year...

... more than any other generation during the same period.

**Millennials are lazy**

However...

73% **Work over 40 hours** per week²

Their average work week is **45 hours²**

**Millennials are obsessed with social media**

However...

96% Want to talk **face to face**, especially when it comes to their career plans and progress.

**Millennials are job hoppers**

They will **change jobs** an average of **4 times**

In their first decade of work **Compared to 2 for Gen Xers**

They are more mobile than previous generations and willing to make changes if employers don’t meet their needs.

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1 Nielson report – Millennials on Millennials 2018
2 Millennial Careers 2020 Vision – Manpower Group
3 PwC’s Next Gen: A global generation study
4 Linkedin research: Will This Year’s College Grads Job-Hop More Than Previous Grads?
The ability to attract and retain Millennials will determine an organisations ability to deliver on strategy

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<th>Create a more flexible environment</th>
<th>Introduce or accelerate your mobility program</th>
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<td>Provide engaging work, development and opportunities</td>
<td>Evaluate your contingent workforce strategy</td>
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<td>Build a sense of community</td>
<td>Recognise that one size does not fit all</td>
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<td>Fully leverage technology</td>
<td>Invest time, resources and energy to listen and stay connected with your people</td>
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<td>Increase transparency around compensation, rewards and career decisions</td>
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Where to from here?
To navigate through this complex and uncertain environment, PwC suggest six key actions for leaders

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<th>Act now.</th>
<th>No regrets and bets.</th>
<th>Make a bigger leap.</th>
<th>Own the automation debate.</th>
<th>People not jobs.</th>
<th>Build a clear narrative.</th>
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<td>This isn’t about some ‘far future’ of work – change is already happening, and accelerating.</td>
<td>The future isn’t a fixed destination. Plan for a dynamic rather than a static future. You’ll need to recognise multiple and evolving scenarios. Make ‘no regrets’ moves that work with most scenarios – but you’ll need to make some ‘bets’ too.</td>
<td>Don’t be constrained by your starting point. You might need a more radical change than just a small step away from where you are today.</td>
<td>Automation and Artificial Intelligence will affect every level of business and its people. It’s too important an issue to leave it to IT (or HR) alone. A depth of understanding and keen insight into the changing technology landscape is a must.</td>
<td>Organisations can’t protect jobs which are made redundant by technology – but they do have a responsibility to their people. Protect people not jobs. Nurture agility, adaptability and re-skilling.</td>
<td>A third of workers are anxious and their job due to automation – an anxiety that kills confidence and the willingness to innovate. How your employees feel affects the business today – so start a mature conversation about the future.</td>
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What organisations are doing now

First steps to future readiness

- Identify and close the skills gaps
- Design a future fit workforce and workspace
- Prioritise talent management to accommodate changing career paths
- Assess external disruption to understand how emerging technologies will shape tomorrow
- Use data and analytics and workforce planning for multiple scenarios
- Build the right people capability for your delivery needs

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