Will you wait for the future to happen, or take a hand in shaping it?

The Future of Work
Executive summary

We are living in the Transformative Age. Much like the Industrial Revolution, we can expect a fundamental shift in everything we know – not only in the speed at which all these changes are taking place, but also in our increasing reliance on connectivity.

Technology may be providing the fuel for this revolution but it is the human element of transformation that will determine what we will achieve. Although the digital revolution is rich in opportunities, there is a real risk that transformation, particularly in the form of automation, will result in up to 14% of Australians facing redundancy over the next 10 years. At the same time, the rest of the working population will be challenged to adapt to jobs where existing tasks are constantly being automated and new, higher-value tasks are emerging, requiring new skills. These changes will inevitably be unsettling for many.

As a country, we must help workers to prepare for change, so they can capitalise on new opportunities and thrive in the digital age. Otherwise, a large segment of our population may find themselves with irrelevant skills and facing long-term unemployment, leading to poor social and economic outcomes.

Currently, many employers are struggling to prepare people for new work and ensure the freed capacity from redundant tasks is allocated to tasks that both ensure optimal productivity and maintain full employment. Issues include:

- Automation only being used selectively to drive efficiency.
- A lack of clarity as to the extent to which roles and tasks are being impacted by automation.
- A failure to invest in end-to-end automation and digitisation.
- Rewards from technology investments being returned to shareholders not being invested in growth.
- Displaced workers re-entering the workforce at a lower level.
Industry and the government need to work together to smooth the transition for Australia’s workforce and get future ready. This will require action around five factors:

### 1. Organisation design
- Focus less on boundaries between people and more on the chemistry between them.
- Integrate technology and people in your organisational model.
- Learn that organisational KPIs are not achieved by individual roles but diverse and multi-functional teams.
- Allow for two way traffic of communication rather than just top-down.
- Encourage building ecosystems rather than sharp boundaries between internal and external.

### 2. Leaders
- Develop an informed view of the future that draws on robust data.
- Draw on the full complement of capability and experience across the leadership group.
- Be effective leaders of virtual, diverse and geographically distributed teams.
- Stay abreast of technological advancements and their effective application.
- Demonstrate change readiness and adaptability.
- Consistently demonstrate integrity in their decision making and actions.

### 3. Technology
- Create a clear digital strategy.
- Clarify the leadership skills and cultural change required to execute it.
- Agree a technology partnering strategy.
- Prioritise skills development.

### 4. Jobs
- Understand the impact of technology on jobs.
- Apply dynamic and sophisticated workforce planning methods.
- Proactively match employment arrangements to business requirements.
- Align your technology and people strategies.

### 5. People
- Build employee awareness of the future outlook.
- Inform the policy debate on the nature and role of learning in securing ongoing employability and how this should be supported across government and industry.
- Design learning experiences that respond to the variable learning needs and capabilities of workers and that understand and address barriers to engagement.
- Understand the factors that attract and retain people with in-demand skills to enhance your competitive position in a tightening labour market.

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Introduction

The changing nature of work and increasing complexity of talent management in a digital era has focused the attention of Boards and executives.

Globalisation and technological change are having a disruptive impact on workers, labour markets and organisations, presenting both new opportunities and unique challenges. In particular, new technologies and widespread digitalisation (robotics, cognitive technologies and artificial intelligence [AI]) are prompting the need for workers and organisations to adapt.

In recent years, multiple studies have predicted the scale and depth of job loss due to new technologies over the next 10-15 years, reinforcing the popular media view of an impending crisis. Yet, to date, workforce composition has changed little and in fact, the pace of job creation in Australia has been strong.
This apparent disconnect between the predictions of technological disruption and our current employment state has blunted the impact of ‘future of work’ forecasts, translating into a sense of complacency in Australia's response to workforce disruption. We believe this complacency is dangerous. Australia could soon reach a tipping point for which we are not prepared, and which will put wages, jobs and growth at risk.

A difficult transition is bearing down on Australian workplaces

The World Economic Forum (WEF), Sept 2018 report predicts an overall net increase in overall jobs globally; however:

"These net gains are not a foregone conclusion. They entail difficult transitions for millions of workers and the need for proactive investment in developing a new surge of agile learners and skilled talent globally. (pv)

New technologies will create new job opportunities and boost productivity, but they will also disrupt jobs and the design of work, creating waves of change for workers and employers alike. And the scope of these changes will be widespread. When the Organisation for Economic Cooperation and Development (OECD) updated its forecast of the impact of automation on work, its 2018 report predicted that 14% of jobs in developed countries were highly automatable, while a further 32% of jobs were likely to experience significant changes.

The report highlighted that automation was most likely to affect jobs in the manufacturing industry and agriculture, with service sectors also being highly vulnerable.

The gig economy will not cushion the blow

The likelihood of the ‘gig economy’ being the panacea to disruption is low. Research shows that generational change is unlikely to deliver a more adaptable labour force, prepared to accept the risk of job loss and adapt to changes as they occur. Despite a strong and persuasive narrative around the preference of younger workers to take up flexible work, the Life Patterns study, by the University of Melbourne found that the preferences of new entrants to the labour market has remained largely unchanged since 1991. Today's millennials give as much priority to a secure job as previous generations – not only as a source of reliable income, but also in terms of defining individuals and their ability to make a meaningful contribution to the economy and society.

What does this mean for Australian organisations?

As the WEF outlines in its report, organisations must respond quickly by actively preparing workforces through reskilling and upskilling – and individuals themselves should take an active role in their own learning and career development.

Our perspective is that digital technology is already driving change to both jobs and ways of working. As this change accelerates over the next decade, its impact will vary across industry and roles. With little quality data on sector impact to inform our outlook, it's hard to forecast the nature and depth of the change.

We are currently working with two, quite different scenarios, that present different risks.

1. Slower than expected loss of jobs, as certain tasks are eliminated and many employees are transitioned into higher-value roles. This change creep leaves the workforce vulnerable as employers may remain complacent about the need to reform work, roles and organisation design.

2. A sudden shock of job loss in the short-term, accelerating over time to fundamentally reshape the nature and availability of jobs, with unwanted roles being removed faster than potential new jobs evolve.

Whichever scenario eventuates, it’s clear that Australian organisations need to start getting future ready. This paper is designed to support that process. It looks at what’s coming down the track, how Australia is currently responding and what else organisations and government can do to prepare for a very different future of work.

We hope it catalyses action to get Australia’s workforce future ready.


The skills composition of the Australian workforce has evolved significantly over time. The proportion of the workforce with the highest skills classification has increased consistently over the past 30 years, and at 31.7% accounts for the largest share of workers. Over this period, the proportion of the workforce with mid-level skills has steadily fallen. A more recent decline in the proportion of workers with low skills suggests that the ‘jobs polarisation’ phenomenon in Australia is less prevalent today than it was in the 1980s and 1990s.

These trends and data points demonstrate the profile of the Australian workforce is changing.

If the OECD forecast is right and 14% of jobs in developed countries are highly automatable, we need to:

• Prepare the people who hold that 14% of at-risk jobs for new work now.
• Ensure the freed capacity from redundant tasks is allocated to new tasks that ensure optimal productivity and maintain full employment.

Unless organisations pay close attention to these challenges and proactively address skills development and job redesign, Australia risks higher levels of labour displacement than we experienced when the manufacturing sector downsized, and a poor return on our investment in technology.

We need to understand both the new capabilities required across occupations and how career trajectories will be impacted for professional occupations, particularly changes at the entry level.

Despite predictions that automation will precipitate a shock of job losses coupled with a worsening dependency ratio, the reality is that the employment to population ratio has consistently risen over the past four decades and is currently close to historic highs. As at November 2017, 12.3 million Australians were in paid employment. This accounts for 62% of the population aged 15 years old or more.
The fourth industrial revolution is often compared to the third, in that new technologies led to shifts that prompted the creation of new tasks and new jobs.

However, this time the pace of technological advancement is more rapid, and advances in machine learning capabilities are pushing new frontiers in areas such as cognitive tasks, predictions and decision-making, that can increasingly be performed by machines. As a result, a broader set of tasks can be automated or augmented by technology. The extraordinary capabilities of these digital technologies go far beyond what we have experienced before.
When forecasting the impact of technology on jobs, with a lack of useful and accurate data, organisations risk two common oversights:

- Over-stating the extent of machine substitution for human labour.
- Understating, or ignoring, the strong complementary role automation can play in ways that boost productivity and employment. Tasks that cannot be substituted by automation are generally complemented by it.

Those planning for the future of work need to take into account the fact that:

**Technology is more likely to replace specific tasks rather than entire jobs.**

As digitisation makes it easier to break production into simple ‘tasks’, some will be susceptible to automation while others will remain with workers who hold a comparative advantage in those tasks. Starting from the premise that a job (or occupation) can be viewed as a bundle or collection of tasks, findings from the American Economic Association’s 2018 proceedings on the Economic Consequences of AI and Robotics⁴ suggest:

- Most occupations in most industries have at least some tasks that are suitable for machine learning.
- Few, if any, occupations are characterised by tasks that are all suitable for machine learning
- Unleashing machine learning potential will require a significant redesign of the task content of jobs – as tasks within occupations that are, and are not, suitable for machine learning are unbundled and rebundled.
- We need to move the debate about the effects of AI on work away from job displacement and towards job redesign.
- Machine learning technology can transform many jobs in the economy, but full automation will be less significant than the re-engineering of processes and the re-organisation of tasks.

**It can take considerable time to harness new technologies, such as AI, effectively.** As a National Bureau of Economic Research paper suggests:

“It is not until a sufficient stock of the new technology is built and the necessary invention of complementary processes and assets occurs that the promise of technology actually blossoms in the aggregate economic data. …effective use of AI requires developing datasets, building firm-specific human capital, and implementing new business processes.”⁵

**The evolution of new jobs and tasks are difficult to predict.** This often results in a lag in the development of the newly required skills and a shortage of suitably qualified and capable workers.

**Economic factors for consideration**

As well as the direct impacts arising from substitution and complementarity, the effect of automation on demand for labour and wages will depend on other economic factors:

- Income elasticities – As incomes increase, we can expect the demand for certain types of goods and services to change. For example, people are likely to spend more on those goods and services as incomes rise, creating more employment in those areas.
- Supply responses – If workers with the skills needed to perform certain tasks are in short supply, wages will rise. Where there are plenty of workers available, wages will not rise as much, even as demand increases.

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⁴ Brynjolfsson, Mitchell and Rock, ‘What can machines learn and what does it mean for occupations and the economy?’, AEA Papers and Proceedings, 2018

⁵ Brynjolfsson, Rock and Syverson, ‘AI and the modern productivity paradox’ NBER Paper No 24001, November 2017
The future organisation of work and the gig economy

The gig economy remains in its infancy in Australia, and like any burgeoning industry, it holds potential. However, for all the benefits the gig economy offers in terms of adding flexibility to the workforce, the shift is not without challenges for both workers and businesses.

What is a gig worker?

The gig worker emerged as technology entrepreneurs began to create fluid organisations in a start-up sector that shared critical skills in short supply. As technology evolved, people were able to work far more virtually, delivering services and products across the globe and platforms emerged whereby individuals could market and sell their services to a global customer. Today, gig workers can choose when and how they work, selecting projects that suit their in-demand skill profile - complementing a workforce with a defined expertise to deliver a short-term, skill specific service or outcome.

We do not have data on the number of 'gig' workers in Australia as they tend to be categorised as casual workers in labour market profiles. However, these workers may be those who benefit most from digital disruption to jobs. They have sought-after capabilities and are used to working under contracts, in temporary roles, or in their own business, providing niche capabilities (e.g. digital/data expertise) that many organisations are seeking. They may be employed under casual or contract arrangements with employers, or they may work as an independent business in an alliance with other organisations.
What is a contingent workforce?
Contingent or casual workers allow employers to flex and bolster capabilities, providing increased control over their labour costs and allowing more responsiveness to peaks and troughs in demand. Accessing a contingent workforce can also help drive and accelerate change, support rapid business model scale-ups and provide a bridge to integrating new products, services and technologies into operations without having to expand a full-time workforce. This model has been in place in Australia for decades and has experienced its own challenges in terms of workers’ protection and employer rights.

How do we protect gig workers, contingent workers and employers?
In Australia, workplace legislation has an important role to play in addressing legitimate community concerns about basic workers’ rights and protections against exploitation. But as new and innovative business models that rely on these new forms of employment spread, workplace laws will need to be set in a way that preserves the flexibility needed to allow those models to succeed.

Around the world, legal systems are considering whether people who supply services over platforms should be viewed as employees or independent contractors. Our view is that these workers are not all gig workers. In Australia, a January 2018 decision by the Fair Work Commission concluded that, in the context of an unfair dismissal case, the relationship between an Uber driver and the company comprised an independent contractor affiliation. However, it remains to be seen whether Uber drivers are independent contractors or employees for the purposes of workers’ compensation and taxation law. With the dividing line between independent contractors and employees unclear, we could see an intermediate step, with the classification ‘dependent contractor’ introduced, where firms cover some costs (e.g., expenses) but not others (e.g., employment on-costs).

If the rise of the contingent workforce continues, Australia will need new thinking about social protections and the potential development of an account-based system of portable benefits for casual, contingent and gig workers. Such a scheme could allow gig workers to build up benefits, such as paid sick leave, that would follow them from job to job. Similarly, new superannuation funds, such as GigSuper, are being created to cater for self-employed and contingent workers.
Where will future jobs be created?

According to the Australian Government Department of Jobs and Small Business Employment, by 2022 50% of all new jobs will occur in the healthcare, professional services and construction sectors—the same three sectors that have contributed 50% of all new jobs in Australia over the past 15 years. Strong employment growth is also expected in education and training, and hospitality, which together are expected to account for another 20% of new jobs over the next five years.

Over the next 20 years, Australia’s population is expected to grow to reach 31 million people. Assuming today’s workforce-to-population ratio, this would imply a total workforce of some 16.3 million people. Looking out further to 2058, Australia’s population could reach 36 million with almost 9 million people, or a quarter the population, aged 65 years of age or more. This will create a surge of service-based roles in health and aged care. At the same time, urban planners, policymakers, healthcare providers and technology companies will need to team together to develop innovative solutions to how we age.

What new competencies will be required?

As industry boundaries blur, the industry-specific competencies, assets and knowledge previously used to succeed in certain sectors will dissolve. This will have significant implications for future workforce requirements. For example, if we consider the impact of AI on future skill needs, a balance of technical skills, digital know-how and general human skills will be the most advantageous for workers in the future. As the demand for STEM skills continues to grow, adaptability, creativity, curiosity, problem-solving skills and emotional intelligence will also be highly sought after by organisations.

The fast pace of technological change will entail an endless series of upgrades as workers acquire and use new knowledge and skills to stay relevant. While life-long learning will be everyone’s responsibility, joint venturing or collaboration between business, government and the education sector will be likely if we are to develop the necessary framework for a ‘digital age of education and training’.

Employers will need to collaborate with learning institutions to build learning programs and partner in their delivery, and there will be a role for government in highlighting the importance of retraining and social protection and facilitating lifelong learning for workers. One of the biggest challenges will be to ensure that businesses invest in and support the learning and continuing development of their workers. If we consider the current lack of success in securing learning across working life, this challenge cannot be underestimated.

The future employment prospects of Australians will be shaped in large measure by broader economic developments, including shifts in Australia’s industry structure, our demographic profile and the need for all workers to develop applicable skills to remain relevant in the workforce.
How is the Australian market responding to digital transformation?

The timing and depth of impact of disruption due to digital and automation is unclear, but analysts agree that it will result in significant organisational, social and economic disruption.

In this regard, the change narrative is shifting. For the last two years, the focus of technology deployment has been on cost reduction and efficiencies – causing anxiety in the workforce about future security. Now, the focus is slowly shifting to workforce preparation and future opportunities as employers realise it will take longer to shift human behaviour than it will to deploy new technology.

However, many employers are struggling to respond to this challenge, with issues around:

1. Automation being selectively used to drive efficiency. Some large Australian corporates are embracing automation, redeploying some and displacing other parts of their workforce. For example, National Australia Bank recently announced 6,000 job losses coupled with 1,500 hires in digital-focused positions. Similarly, Telstra has recently announced the removal of 8,000 roles in an effort to improve efficiencies and customer service.

2. A lack of clarity as to the extent to which roles and tasks are being impacted by automation, which is impeding effective planning. This is exacerbated by the uncertainty of the timing and extent of the impact of technologies on jobs. Other than some high profile job losses, we have only speculation about, but limited line of sight to, the nature and volume of emerging and future jobs, and limited tracking and related data on the impacts of technology on jobs to inform an understating of trends.

3. End-to-end digitalisation. To date, Australian corporates have been focused largely on optimising technology for selected customer facing functions. Now, these companies are beginning to explore the opportunity for operational functions. Customers are seeing more personalised and responsive service, but operations are not yet benefitting from the same investment in automation and digitisation. This will impose a natural limit on the ability of corporate Australia to extract efficiencies in their business models, compared with overseas ‘digital leaders’, like Amazon, Apple, Facebook and Alibaba, which have deployed automation ruthlessly, end to end.
Technology investments and efficiencies are often not being deployed for growth. Australian corporates are using the dividend from technology and automation investments to reward shareholders and protect their business model – not to fund business expansion. The primary vehicle of Australian business expansion continues to be offering services to overseas markets in Asia, Europe and Americas. Notably, WiseTech is eschewing this trend, focussing on automation to drive organic business growth, supplemented by inorganic initiatives.

Considering automation as an immediate change rather than the beginning of a long-term trend. We expect that material increases in automation to meet ever more demanding customer expectations, along with the extraction of efficiencies, will be more about evolution than transformation. While this trend might be good news for some sections of the Australian economy, this slow but inexorable timeline may breed complacency. We believe many corporates are not yet investing in the level of digital innovation to thrive in the digital world.

Displaced workers re-entering employment at a lower level. Employees who are displaced from their positions through automation are not re-entering into similar positions. This down-skilling is not problematic yet across the economy but is a leading cause of automation anxiety in the Australian workforce. This is acute within the cohort of Australian workforce who are either unwilling or unable to retrain when their job is replaced. It is particularly true for older workers, who are more likely to lose their foothold in employment when a significant technological shift occurs. For younger workers, it is likely that entry level roles are increasingly automated, reducing their opportunity to enter the workforce and learn their craft. For older workers, technology threatens to overshadow their ability to continue to upgrade their skills and competencies.
Is your organisation future ready?

To prepare for a different working future organisations need to both effectively manage across the current operating cycle and, at the same time, lay the foundation necessary for success in an increasingly complex and ambiguous future. The risk is that the hype around the challenges the future presents leads to in over-engineered and ineffective responses – or no response at all.

EY teams advocate a practical approach to five factors: organisation design, leaders, technology, jobs and people.
Technology-driven organisation design is also transforming the organisation and achieving return on investment through systems implementation.

Successful organisations are starting to recognise that a good organisation structure can create opportunities to reap the benefits of technology and automation.

Get future ready:

1. **Focus less on boundaries between people and more on the chemistry between them:** Traditionally, hierarchy and ‘role descriptions’ guided how work was done. Winning organisations of the future will carefully bring together all the required diversity within their workforce, in terms of capabilities, mindsets, thinking and behaviours needed to achieve desired outcomes and then enable the chemistry of people working together towards swift, outside-in innovations and outcomes.

2. **Integrate technology and people in your organisational model:** Until recently, organisations were designed around people performing tasks enabled by technology or alternatively by technology determining the way people had to work. Future structures will reflect the interconnectedness and symbiosis of human and machine work.

3. **Learn that organisational KPIs are not achieved by individual roles but diverse and multi-functional teams:** Clearly focused, purpose-driven teams achieve more and with more resilience to change than individuals with strict KPIs. In an effective network of teams, leaders: clarify the purpose of each team; clearly set out responsibilities; assign success measures; and build a shared culture using collaboration tools that help teams align with each other.

4. **Allow for two way traffic of communication rather than just top-down:** Organisations of the future will go through periods of tremendous change and uncertainty. Leadership teams will not be able to steer the ship in the right direction without inputs and intelligence from all parts of the organisation.

5. **Encourage building ecosystems rather than sharp boundaries between internal and external:** No longer should organisations be designed starting with assets and intended activities, but instead they should work from the outside-in starting with their customers and partners. In these types of organisations, the way people work together will be guided by the daily reality checks between the outside world and the business.
2. Leaders

We know disruption can be a threat, but it is also an opportunity.

Organisations with leaders ready to pioneer in the digital-era are more ready to take advantage of disruption, significantly outperforming organisations lagging in modern leadership capabilities — and, as our working world becomes increasingly digital, we can expect this performance gap to grow.

Clearly new leadership capabilities are needed to drive a working world that is change-constant, technology-centric and that still needs to productively deploy diverse human capability. Leadership qualities of the future will be profoundly different to those required in the past. Leadership fundamentals, such as execution and acumen, will still matter. But a new set of critical capabilities are emerging that apply to everyone from the CEO down to first-time, front-line managers.

Leaders will need strategic, digital, global, multi-generational and empathetic competencies to lead in a disrupted, digital working world. Collaboration, creativity, curiosity, innovation, transparency and adaptability will also become critical in organisations where capability is delivered through the combination and people and machines.

Leaders will need to thrive in a world where change is constant and the competitive environment is quickly evolving. They must embrace the opportunities that change and diversity bring and act as the guide for others through the resulting discontinuity.

Get future ready:

1. **Develop an informed view of the future that draws on robust data.** All leaders are challenged to understand the emerging world and how it will impact their organisation and their people. While it is impossible to forecast the future with 100% accuracy, ensuring access to the right data to inform the organisation’s outlook will support effective planning and reduce anxiety arising from uncertainty. Regular updates of the future view are necessary to adjust the outlook as new insight becomes available.

2. **Draw on the full complement of capability and experience across the leadership group.** Leaders must be able to collaborate effectively across functions if the business is to respond to complex, and rapidly evolving opportunities and challenges.

3. **Be effective leaders of virtual, diverse and geographically distributed teams.** The rise of virtual working and geographically dispersed teams is forcing the leadership focus from managing activities to managing outcomes, connectivity and innovation.

4. **Stay abreast of technological advancements and their effective application.** As technology impacts all aspects of organisations, leaders must follow technological advancements and understand their potential application. As organisations transition to new technologies, leaders play an important role in demonstrating their own curiosity and ability to apply technology through their day-to-day activities.

5. **Demonstrate change readiness and adaptability.** Change is no longer a process but a state of being in today’s organisations. Leaders must demonstrate flexible and adaptive behaviours and be equipped to actively lead through continuing cycles of change.

6. **Consistently demonstrate integrity in their decision making and actions.** The Royal Commission left no doubt as to the significant damage that unethical behaviour has on brand, morale and the bottom line. Leaders will be increasingly challenged to actively interrogate their own values and how these play out in their organisation, to understand the influence of the system on their actions and their role in shaping the system to support an ethical culture. For future-ready leaders, the challenge is to stay ahead of shifting social values and expectations.

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3. Technology

The best companies align their transformation efforts along both human and technology dimensions, ensuring that systems, processes, capabilities, and employees evolve together to drive value.

Organisations must draw from technology infrastructure and tools to activate multiple types of technology experiences, customised to both individuals and new digital teams, designed to influence engagement, adoption and productivity. These teams must not operate in isolation but connect across the business to inform all complementary activity. A priority focus should be on developing an integrated understanding and related plans that connect people and technology. Many business are already observing that, as the rate of technology adoption is accelerating, it is outpacing the ability of the organisation and its people to adapt.

Get future ready:

1. **Create a clear digital strategy**
   with a business-outcome focused and integrated approach to technologies such as cloud, advanced analytics, automation, social and mobile.

2. **Clarify the leadership skills and cultural change required**
   to successfully execute on a digital evolution agenda, and have a multi-horizon plan to address these requirements.

3. **Agree a technology partnering strategy**
   that will, in part, inform both the nature and quantum of in-house skills required and over what timeframes.

4. **Prioritise skills development**
   that enable people to conceptualise how digital deployment will impact the organisation across all operating model dimensions, which will in turn inform the priority areas of investment in organisational talent.
As technology continues to reshape jobs and impact the way we work, the jobs of the future and how they are executed will also be different.

AI and machines will replace some jobs but will more likely complement and augment the work people do, replacing some tasks and freeing capacity. Understanding the future and how the organisations capability requirements and related jobs will change is central to being future ready.

**Get future ready:**

1. **Understand the impact of technology on jobs.** This requires strategically assessing the workforce impacts of key emerging technologies across a multi-year horizon, leveraging inputs such as technology disruption curves and organisation-specific strategies, transformation portfolios and current workforce skill composition.

2. **Apply dynamic and sophisticated workforce planning methods.**
   Getting the balance between the level of investment and the organisational benefits through workforce planning has always been a challenge. In periods of little change to jobs and capability, workforce planning was relatively straightforward. Today, rapid advances in technology will continually recast jobs and tasks, requiring more sophisticated approaches to workforce planning. Job and task redundancy and the emergence of new tasks and roles must be regularly forecast over short-, medium- and longer-term horizons to secure the future workforce.

3. **Proactively match employment arrangements to business requirements.** Over recent decades, how work is arranged has also changed. The significant increase in part-time and casual work arrangements has allowed business greater flexibility to meet contingent and ad hoc demand. As technology increases uncertainty and the rate of role and task redundancy, effectively aligning employment arrangements will help to smooth transition periods, reduce redundancy costs and respond to unforeseen requirements.

4. **Align your technology and people strategies.** Managing people over a business cycle must be complemented by a future view of what needs to happen over the period to future ready jobs. This requires those responsible for planning and investing in technology and those for managing people to work closely to develop aligned and integrated plans that understand and optimise the benefits of the increasing convergence of people and machines.

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At the same time, if reskilling is not handled well, significant segments of the population could be left without work, creating a social and economic divide.

Both of these scenarios suggest the need for a proactive approach to engaging people in the future, shaping an environment where support is available to adapt to changing employment opportunities. Central to this is how people are engaged in development opportunities that allow them to proactively reskill and reposition for work. Training workers for jobs that don’t yet exist will be a new challenge for organisations.

In a world where failing to innovate can mean risking going out of business, organisations will need to do more than just sustain their employees in their day-to-day work. To both attract and retain the next generation of talent, leaders must recognise that employees are now consumers of workplace experiences, and offers must be redesigned for more purpose-driven and socially conscious individuals.

With increasing use of contingent workers and dispersed, digital teams, and with ongoing employees spending shorter periods in any one role, it is now harder than ever to create the kind of effective and inspired teams that can embrace change and deliver much needed innovation. Organisations must take steps now so that future workers are united around their purpose and inspired to support the business through digital disruption and advances in technological innovation.

Simultaneously, as jobs evolve, organisations will need to train their employees to work with new technologies, while also supporting their workforces in understanding the impacts of automation. In this regard, learning experiences will continue to shift towards self-directed learning, where knowledge sharing and learning networks are combined with new technologies (virtual reality and augmented reality). Organisations must be prepared to provide these solutions to accelerate employee development and present enhanced on-demand learning opportunities.

Given the ongoing strength of labour demand and low unemployment, organisations need to optimally utilise the working age population.

5. People

Get future ready:

1. Build employee awareness of the future outlook. To be able to adapt in time, people need to be ahead of any change and be actively engaged in taking the actions that will secure their ongoing employability, such as continuing learning and development, managing change and career planning in an uncertain world. While this sounds straightforward, it is not. It requires active plans that understand the motivations and related needs and preferences of different workforce segments.

2. Inform the policy debate on the nature and role of learning in securing ongoing employability and how this should be supported across government and industry. The lack of traction in securing a culture of lifelong learning suggests the need for new approaches that are informed by and align policy and practice. Both industry and government have an important role to play in delivering the right capability for the future, optimising labour utilisation and reducing the risk of redundancy for a significant proportion of the Australian workers.

3. Design learning experiences that respond to the variable learning needs and capabilities of workers and that understand and address barriers to engagement. Learning needs, preferences and abilities differ, requiring a differentiated approach to engaging people in learning, learning channels and content.

4. Understand the factors that attract and retain people with in-demand skills to enhance your competitive position in a tightening labour market. While technology is replacing jobs and tasks, skill shortages are emerging as a significant challenge to productivity and sustainability. Businesses will need to develop more sophisticated ways to differentiate their employment opportunities from competitors, packaging benefits that appeal to the targeted cohorts. Organisations should not be misled by populist beliefs about what is attractive to people but invest in a firsthand understanding of the drivers of both attraction and retention.
The Future of Work and Workers  |  23

EY People Advisory Services believes a better working world is helping our clients harness their people agenda — the right people, with the right capabilities, in the right place, for the right cost, doing the right things. We can help you gain a competitive advantage by providing the impactful people, HR and organization alignment at critical business crossroads. Our EY professionals ask better questions and can work with you to create detailed, innovative answers that meet the demands of the future working world and provide quality results.

Next steps

Start preparing your workforce to be future ready now:
1. Don’t wait until technology overwhelms your people — get started now on manageable activities that can help you prepare.
2. Draw together technology and workforce planning early to better manage transition and job change.
3. Start with technology strategy, job and organization design, leadership and learning.
4. Share your experiences and learning with peers as we manage these complex workforce challenges.

How EY can help

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