Opportunity and risk for today’s workforce leaders
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TAKING THE LEAD IN A 100% UNCERTAIN WORLD

We live in exciting times. As digital technology ushers in a fourth industrial revolution, social, political and economic forces combine to shape a world that is impossible to predict. At Mercer, we believe uncertainty is the new normal, and that businesses must seek to understand this uncertainty if they are to position themselves best for the growth that lies in the new world ahead.

Introducing Fault Lines: New thinking for a new era

Fault Lines are places where powerful forces collide. At these intersections of unstoppable energy, new territory rises up as the old gives way. Our new research reveals that today’s business world is shaped by five key forces that are moving together to carve out tomorrow’s landscape. By studying the pressure points where these forces meet, Mercer gives leaders an opportunity to understand the multi-directional set of challenges they now face, and how to be strategically dynamic in solving their organisational priorities.

THE 5 FORCES OF CHANGE

LOW ECONOMIC GROWTH  TECHNOLOGY DISRUPTION  REGULATION  LIVING LONGER  GLOBAL CONNECTEDNESS
The five key forces – technology disruption, low economic growth, global connectedness, regulation and living longer – reflect societal, governmental and technological factors that all feed into the current environment in which businesses operate. When two of the forces collide, this creates a fault line that brings with it challenges and opportunities, including new business conditions.

The concept of Fault Lines provides a new model for understanding a multi-layered and multi-directional set of challenges that represent the new business reality. Through this lens, leaders can recognise connections and opportunities and begin to think in more dynamic ways about their commercial objectives. Organisations will either rise or fall into the chasm that fault lines create: doing nothing is not an option.

**HARNESSING THE OPPORTUNITIES OF OUR TIME**

In this report, we specifically considered the forces of low economic growth, technology disruption, living longer and global connectedness.

Methodology took the form of 37 in-depth, qualitative, one-on-one interviews between Mercer leaders and business and HR leaders in multiple industries and sectors across Australia. The leaders we spoke to recognised that the various intersections of the fault lines were dissolving old realities and creating new prospects, but weren’t always sure of the right direction to take.

“96% of the global C-suite are planning an organisational redesign. Yet just 18% consider themselves ‘change agile’.”

*Source: Global Talent Trends Report 2018, Mercer*
We believe this report will help change Australian leaders’ dialogue from doubt to opportunity, reactive to proactive, problem to solution. The insights within are not only thought-provoking, they are also actionable. We’ve listened to what leaders said, unpacked their dilemmas and proposed specific and practical solutions.

Some of these are technology-led, but all are also people-led, supporting organisations in their need for highly-skilled people to drive and maximise the benefits of digitisation. In the future, human talent will be the key factor linking innovation, competitiveness and growth. Organisations that focus on the well-being, development and needs of their people will power the engine room that runs their business and create success.

Welcome to a new way of thinking.
TECHNOLOGY DISRUPTION MEETS LOW ECONOMIC GROWTH
"100% of Australian HR leaders interviewed have felt the impact of technology on growth or productivity in 2018"

Source: Mercer Fault Lines Research, Australia, 2018

Every organisation can see their business model shifting through technology. 100% of our interviewees said they could recall recent examples where new or changing technology impacted growth or productivity within their industry or company. The ability to change, and change quickly, is emerging as a key differentiating competency.

New and disruptive technologies such as automation, blockchain, big data and machine learning are shaping the next generation workplace, from employee engagement and experiences right up to employer profits.

In our environment of low economic growth conditions, smart companies have been using technology as a way to improve productivity. In the short term, this is creating its own set of economic and strategic challenges as leaders must decide what to stop doing in order to invest in technology, as well as which technology to implement and when. But, in the long term, companies that effectively manage the shift to technology are bound to out-compete those which are slow to respond.

“We’ve increased our ability to get product out the door quickly. If you like, the workload has changed from working on a line to performing more compliance checks.”

Source: Mercer Fault Lines Research, Australia, 2018

“Companies that can form and reform will unlock value. They need to understand tomorrow’s workforce needs, learn to redeploy talent, and foster lifelong learning in employees.”

Source: Global Talent Trends Report 2018, Mercer
**AUGMENTED WORK**

“Technology’s role in displacing workers appears to conflict with its role in augmenting human capability. But this is the true future of work: an integration of automation and human capital.”

Source: *Global Talent Trends Report 2018, Mercer*

According to the Global Workforce of the Future report, the World Economic Forum estimated that, between 2015 and 2020, 7.1 million jobs will be lost (largely in office and administrative functions, as well as in manufacturing and production), and just 2 million will be gained (spread out across several different functions, from financial operations to management to engineering).

Yet our future scenario is not this black and white as new jobs will come into play that we haven’t yet accounted for. Big data experts, chief digital officers – these roles did not exist just a few years ago, and many more new job functions will come onto the market.

“Robots don’t take jobs; they take tasks. And there is a net positive when robots are used because productivity improves. The big fear is not when your company gets robots; it should be if your company doesn’t.”

Andra Keay, Managing Director, Silicon Valley Robotics, speaking at Mercer’s Silicon Valley Forum, December 2017

According to our research, leaders and C-Suite professionals believe various technologies will have a significant impact on their business.

- 81% say big data will have a significant impact
- 73% UX design, 68% the Internet of Things, and
- 43% Artificial Intelligence (AI).

The thinking appears to be category specific. Leaders in Food & Beverage and Automotive told us they anticipate a large impact from robotics, while Government bodies expect little or none.

Contrary to the doom and gloom scenario often reported by the media, many Australian leaders talked about positive experiences when it came to implementing technology alongside their human workforce. 94% of those who said technology has already impacted growth or productivity within their industry or company believe that the changes have been positive.
Expected Impact of Technology on Business

<table>
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<th>Large Impact</th>
<th>Medium Impact</th>
<th>Small Impact</th>
<th>No Impact</th>
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Opportunities

Opportunities lie in planning for a world where people will be free to focus on more complex and creative work while technology takes care of more repetitive or high-volume tasks. Already, we are moving toward an augmented workforce: individuals and groups of individuals that share tasks with artificial intelligence, automation, robotics and big data. Digital is also changing the way organisations connect with suppliers and partners – in some areas, at lightning speed.

Risks

In our research, 58% of leaders revealed they have already analysed their workforce to identify which jobs could be automated. Just as in law and accounting, more industries will see technology take over tasks previously handled by junior graduates or recruits. But it’s not just juniors whose roles will be reimagined: for example, technology could augment a highly-experienced actuary’s role. The challenges for employers include finding ways to ensure all their talent, from junior through to mid- and senior levels, develop the skills needed to build their business and keep employees engaged.

of HR leaders who say that technology has impacted growth or productivity within their industry or company say the changes have been positive.
There is also the matter of employee anxiety. According to Mercer’s recent global report, *Healthy, Wealthy and Work-Wise*, both global business leaders and individuals ranked uncertainty around their own employment tenure second only to the economy in terms of stress. In Australia, our research showed 83% of employers are harbouring concerns about workers being left with obsolete skills and almost 40% interviewed said they are seeing some concern about the future in their workers.

**Recommendations**
Organisations would do well to shape a workforce for the future, unlocking the best of people and technology by forming connections that create better business outcomes. Clearer and more transparent communications about how the workforce is changing – even if an employer doesn’t know how yet – will ensure organisations and their people stay connected and on the journey together. A clear plan that is communicated well as it is developed, in an ongoing, iterative process, signals to employees that an organisation is inclusive as well as ahead of the curve and proactive. Organisations should also assess what talent development initiatives should be supported to better position their employees to deal with technology as it shapes the future of work. This assessment process should consider not only how employees interact with technology but also how they interact with each other as more and more of their traditional tasks are displaced by technology.

**Australian leaders on the impact of automation**

“It’s not something that we envisage is going to affect us in the next six to 12 months. If I look three to five years, I would say it’s an increasing concern.”

“When I go round and talk to people, there’s definitely a growing momentum of people who have seen aspects of their role diminish over time.”

*Source: Mercer Fault Lines Research, Australia, 2018*
had at least some concern about workers being left with obsolete skills, due to rapidly evolving and changing technology.
In Australia, our research found that 79% of employers surveyed think that, in today’s connected world, employees feel more empowered to speak out on important issues. And, encouragingly, 95% said they have put tools, systems or processes in place that help staff have their say.

“We’re receiving feedback in a less structured way than in the past; through our intranet, or Yammer. It’s challenging – but I think it’s a good challenge to have.”

Source: Mercer Fault Lines Research, Australia 2018
Opportunities
Employee empowerment can be a tool for greater productivity. Smart organisations are building feedback loops into all aspects of their operations.

In an environment driven by changing skills, employee uncertainty and low wage growth, there is an opportunity for organisations to connect more with their people using employee-favoured channels that foster a better dialogue throughout the business. There’s also a chance to share ideas and bite-sized learnings, build knowledge and broaden perspectives through greater transparency.

Internal social media platforms like Yammer have changed small and private group conversations into public discourses that can reach an entire business. As well as giving employees a voice, they provide an opportunity for management to identify unrest or dissatisfaction and act promptly to address concerns. Good communication can also drive creativity by enabling the dissemination of ideas and encouraging rising talent.

Risks
Larger dialogues can mean larger risks. Increased conversation can distract people from their tasks, while fatigue and inaction as a result of seeking too much feedback can have a negative effect on leaders. Opening up lines of communication also increases the likelihood of complaints, which some organisations find confronting.

Yet there’s a greater risk that, by keeping lines closed, discontent fester. There will always be some employees with negative views and, when these are aired through a well-managed company technology platform, they can provide powerful and actionable feedback. In today’s connected world, those organisations not listening to their people’s voices and acting on their concerns risk disengagement and lost opportunities.

Recommendations
The paradigm has shifted. Smart companies ensure all their people can be heard all the time. They hire bright people with opinions that need to be heard if they are to innovate. Depending on the type of company, industry and employee, feedback loops will become more or less essential to survival. Companies need to determine where they sit along this continuum and create a plan to cultivate and harness the power of communication beyond formal delineations of structures and organisational levels.
TECHNOLOGY 
DISRUPTION 
MEETS GLOBAL 
CONNECTEDNESS
Technology disruption is expanding at the same time as the world becomes increasingly connected. The borders between where companies stop and start are blurred, and the speed at which new ideas and platforms move into new markets is unprecedented.

So how can companies prepare their workforces for the unknown? Most respondents in our research rate their business as ‘average’ or worse at maintaining an agile workforce – which means there’s a serious opportunity for smart companies to do things better.

In Australia, what are we seeing?

- Businesses in our research said they are trying to source talent with fresh ideas and new ways of doing things, though many acknowledge a need to optimise their recruitment strategy by mapping skill gaps to business priorities.
- ‘Gig work’ is having an impact on most businesses and industries. Most expect to see this increase in the future, but with uncertainty as to the form this will take. However, gig work is not a new phenomenon and it is important for Business and HR leaders to shape a constructive and more mature collective narrative around workforce arrangements for the future including related risks and opportunities.

TALENT STRATEGY IN THE FACE OF CHANGE

Here in Australia, 89% of organisations we spoke to said they are hiring people with the drive and capability to find new or better ways of doing things. Yet most classed themselves as just ‘middle of the road’ in terms of the sophistication of their talent acquisition, with only half (50%) rating their company a 3 out of 5 on the sophistication scale.

HR studies and thinking around the world point to a need for the workforces of tomorrow to be adaptive. People with agile skills – the ability to think on their feet, work with different cohorts, be comfortable with the uncomfortable, manage and master situations of ambiguity, and ultimately be resilient – are what the workforces of today and tomorrow need. Those that hire with those abilities and skills in mind, and who train up existing staff with those attributes, will be best positioned for the future.
“In some cases, we don't want applicants to have industry background, because we want them to look at things differently.”

“We have questions around continuous improvement, business improvement and leading through ambiguity. We have a series of psychometric testing tools that provide us with useful insights.”

Source: Mercer Australia Fault Lines Research, 2018
Opportunities
When assessing a potential employee, or considering staff training, organisations have an opportunity to think beyond current role types. They can consider ‘What do we want to achieve, what skills will be required, and how can we approach this so that everyone wins?’ Hiring is a great time to reassess and redefine roles. If aspects of certain roles are being mechanised, what value-add competencies can be added to make them more interesting, desirable and contemporary?

Risks
Agility isn’t as simple as filling roles in a traditional way and then expecting people to think faster and smarter, and to be more adaptable. People – individually, as groups and as a workforce – need to be guided and supported as they learn to work in a more agile way so that discomfort and confusion don’t threaten organisational success.

Recommendations
Organisations should focus less on recruiting for traditional roles and more on creating a workforce with the confidence to innovate and achieve goals in creative ways. This means hiring for adaptability and creativity rather than specific skills. Developing a relationship with a specialist provider can ensure that the workforce is being continually redefined and re-designed to harness the power of agile thinking. Best practice talent mapping and succession planning can refine your workforce strategies to ensure they are fit for purpose and will remain so into the future.

89% are hiring talent with the capability or propensity to find new or better ways of doing things.
THE PARADOX OF AGILE

“96% of companies are planning organisation redesign, yet only 18% consider themselves change agile”

Source: Talent Trends Global Report, Mercer

Business models are increasingly about innovation and leveraging partnerships across the value chain. Organisations are more focused on cross-functional collaboration and less on hierarchical decision-making. And strategy development cycles are shorter, with zero-based budgeting increasingly the norm.

Strategy itself is also changing as leaders seek to navigate paradoxical tensions to meet multiple, divergent demands. There’s a need to balance long-term vision and planning with rapid reaction to emerging opportunities. And there’s a requirement to balance today’s outcomes with the need to keep pace with changing market and business models.

From a sector perspective, there’s also a rise in collaboration between rival firms. And, from a brand perspective, public perception of organisations as employers collide with the shift to more cost-competitive use of on-demand talent.

What does an agile workforce look like?

• Decentralised, efficient decision making
• Proximity to customers and clients
• Empowered, skilled workforce
• Inclusive, diverse members of the workforce

In Australia, 95% of respondents we surveyed were aware of initiatives implemented by their business that help create or maintain an agile workforce.
“I think there are untapped opportunities in accessing different pools of talent in our workforce ecosystems. The industrial age model of a job being nine to five, Monday to Friday, regular business hours and so on, is becoming increasingly irrelevant.”

(Mercer Australia Fault Lines interviewee, 2018, Telecommunications)
Opportunities
Companies with the agility to respond to today’s changing global, technological and social landscape can develop and maintain a competitive edge.

Risks
Only 26% of the Australian organisations we spoke with consider their business a leader in workforce agility within their industry. This could be due to a lack of tools or benchmarks that would separate the leaders from the laggards. Those without an agile workforce risk falling behind.

Recommendations
Organisations should ensure that people managers are selected and trained on the basis of their ability and potential to manage the increasing complexities associated with an agile workforce. Few employees will be equipped to deal with cross-functional collaboration and less hierarchical organisational structures. An environment where spans of control are now becoming less important than spans of influence and support gives rise to new HR questions including: How is work done? How do our people most effectively work together? How can we build capability and create an environment that supports trust and mutual support as well as a high performing, customer focused culture?

Against this backdrop, there is a clear need for systems that allow for a higher degree of ambiguity and flexibility. What we need now is both structure and the capacity to dynamically change – stability and agility.
“How can you create fairness, transparency and a culture of contribution in organisations that are seemingly fluid? You build a robust framework that hums away in the background and provides a structure without constraining new ways of working.

It’s a framework that, if you like, minimises the focus on formal structures and takes old workforce management systems away around jobs and replaces them with more thoughtful alternatives around Capabilities (which produce agility), Careers (which enables a new development and growth narrative) and Contribution (which delivers performance).

The power of the framework lies in the alignment and integration of all three elements. The framework also acknowledges that the ‘new world of work’ needs a narrative that is simple to understand for managers and employees alike, while not dismissing the tensions that will arise during this time of transition.”

_Ephraim Patrick_
*Practice Leader, People Strategy & Organisation, Mercer Australia*
NEW EMPLOYMENT MODEL: THE GIG ECONOMY DILEMMA

“Globally, business leaders cite attracting, managing and retaining a skilled workforce as their number one business challenge in the next five years.”

Source: Healthy, Wealthy and Work-Wise, global Mercer paper

In the US, a study by the Freelancers Union and Upwork found that 55 million people or 35% of the workforce are freelancing. In Australia, Australian Bureau of Statistics data reveals that one in three working Australians are employed part-time, up from just one in 10 a quarter of a century ago.

Yet while many cite freedom, enjoyment and additional income as their key reasons for joining the gig economy, numerous studies reveal a darker side. In a three-year investigation by the University of Oxford and the University of Pretoria, for example, nearly half of the gig workers surveyed believed themselves to be easily replaceable. Labour oversupply, ensuing low pay rates, scant labour protections and discrimination were all cited as regular problems for workers.

For organisations, there are other fault lines.

The gig economy is a new employment model – the way work is done rather than where you do the work – and styles need to evolve to accommodate this.

In Australia, most leaders we spoke with already have first-hand experience hiring short-term ‘gig’ roles, and many feel this will become the norm: 62% predict their workforce will have a higher proportion of contract workers in the future. What’s more, 75% think ‘gig’ or ‘temp’ workers are having an impact on their industry or similar businesses and 76% expect the gig economy to impact their business more so in the future.
Opportunities
Organisations are less anchored by legacy structures and there’s flexibility for both employer and employee. The organisation has fast access to a wide range of skills and it’s easier to scale teams up and down to match customer requirements. Workers aren’t necessarily tied to fixed hours and can establish a better work life balance.

Risks
Today’s organisations can easily have workers based all over the world – so it’s vital that both leaders and employees are capable of working effectively within this model. Decentralisation introduces risks around intellectual property and company culture. Teamwork, collaboration and camaraderie can also be compromised unless leaders are committed to building a supportive culture. Remuneration and rewards may also need to be refined to ensure they work for all employees, including those who are part of the gig economy.

Recommendations
We recommend that organisations work with experts who can help them create a flexible employment framework. Experienced professionals can help assess the current arrangements, any gaps to work more effectively with part-time or contract employees, and answer questions such as: What could be considered an ‘ideal’ state, how can it be achieved and over what time period? Are there significant superannuation gaps? And how do we integrate casual workers to create teams with different types of contracts?

Companies that map out a clear framework for success and introduce systems which encourage collaboration and help embed all workers into company culture can be nimble to market while maintaining organisational strengths and values.

“The gig economy has already had some impact on the way we look at sourcing options, and will shape the size of our future workforce.”

Source: Fault Lines Australia Research, Mercer, 2018
LOW GROWTH MEETS LIVING LONGER
“We are working longer, out of either choice or economic necessity. For many, the statutory retirement age belongs to a bygone era. Significantly, 68% of people globally don’t ever expect to retire or expect to keep working in some capacity. Both the young and old expect to keep working, with 74% of 18- to 24-year-olds and 82% of those aged 65 and older not expecting to fully retire. With such a significant majority of people expecting to continue working, the time has come to retire retirement.”

Source: Healthy, Wealthy and Work-Wise, Global Mercer paper

We are all working longer. 85% of global employees are willing to change their current lifestyle and make trade-offs to afford to live longer, according to Mercer’s Healthy, Wealthy and Work-Wise global report. And that includes the youngest workers: the report noted that, in a greater percentage than any other age group, millennials expect to keep working in later life.

At the same time, Australia’s population is ageing. In 2016, nearly one in six people (16%) was aged over 65, according to the Australian Bureau of Statistics. That was up from one in every seven people in 2011 (14%), and a far cry from the one in every twenty-five people in 1911. The projections for an older society continue: the Australian Institute of Health and Welfare predicts that, by 2056, 22% of Australia’s population will be over 65.

Not all older workers today are financially ready for retirement and many are keen to remain in the workforce for reasons other than financial. In future, it is predicted we will all be working longer, as high housing costs and low economic growth push both millennials and those now in the middle years of their life into retirement ages of, depending on sources, an estimated 68 to 75 years.

Added to this scenario are today’s young workers and future generations to come. What is the impact on them of a low growth environment coupled with an ageing society?

“The very concept of flexibility offers so much. While we may all be working longer, we will all be also working differently – when and where we want, and in between doing the things in our life that we need or want to do. People are often prepared to work ‘more’ if they can work ‘better’.”

Anthony Schiavo, Partner, Queensland State Manager, Mercer
When we think about changing demographics, a secondary fault line emerges around income.

As noted in Mercer’s global Twin Threats of Aging and Automation report, many economists have found that, although advanced economies have experienced increases in productivity over the last several decades, these gains have not been equally shared with workers. For example, a recent International Monetary Fund global study showed that wages have not kept pace with gains in productivity since the 1980s. Instead, greater amounts of income are being earned by capital rather than labour – meaning investors, rather than people, have secured the highest gains.

This flat-lining in wage growth is just as pronounced in Australia. Economic writer Matt Wade noted recently that the proportion of Australian national economic output, or GDP, being paid to workers – ‘labour share’ – was 58% in 1975. Today it is 47%.

Low wage growth is an increasingly important national topic. It touches multiple fault lines, from ageism and increased competition by young and old for well-paying jobs to the gig economy and concern around wage protections if certain sectors remain unregulated.

One thing is certain: changing worker demographics are impacting company HR strategy. With people living and working longer, companies are grappling with how they can ensure the progression of eager young workers while also looking after their highly-valued senior people.

In a significant shift from five, or even three years ago, our research in Australia suggests that large corporations are now treating pay equity as business as usual. Most of the organisations we spoke to (91%) have completed a pay equity analysis, including gender pay, and 67% say gender pay equity is very important to their business.

It’s a severe inequality and economists are concerned; the widening gap is a threat to both society and businesses. When individuals and collectives are left behind by the establishment they feel disenfranchised, disengaged and vote with their feet, as seen in both US politics and Britain’s Brexit decision.

“They’re asking for fairness. They’re asking to know that there’s equity. They’re asking to know that they can trust the process.”

Source: Mercer Australia Fault Lines Research, 2018

Income inequality, according to the most recent Global Risks report, is one of the largest global threats to the world economy. Here in Australia, recent research by the Australian Council of Social Service (ACOSS) raised similar alarm among leaders, with the analysis showing that the top 1% of Australian earners take home as much in a fortnight as the lowest 5% of earners do in a year. The wealthiest 20% of Australian households, the report continues, also own 62% of all wealth, while the lowest 50% own just 18%.
Yet Mercer’s day-to-day experience with clients suggests we may only be witnessing the birth of a mainstream dialogue on pay equity, rather than the delivery of true pay equity itself. It’s also important to recognise that broad gender pay gap statistics can mask truths. The key to genuine transparency is analysing all available data.

In coming years, widening the dialogue from gender pay equity to diversity equity, and capturing and analysing data around ethnicity, age and socioeconomic backgrounds, will become a competitive advantage. We know that organisations thrive when they harness the energy of diversity – challenging others’ perspectives and bringing different ideas to the table.

Pay transparency is also on the agenda in Australia. Our research showed that 71% of organisations are hearing that employees want more transparency around pay. A great opportunity lies here in defining career paths which clearly set out how employees can achieve their next pay grade, and act as an incentive for people to improve their skills and performance.

Source: Mercer Australia Fault Lines Research, 2018
Opportunities
Income equality can attract a more engaged and loyal workforce, committed to common goals and vision. Pay transparency doesn’t mean that everyone in the organisation needs to know what everyone else is earning, but knowing how remuneration works across the business and what each individual can personally expect promotes higher levels of trust, encourages greater employee motivation and skills development. It can also support workforce agility.

Risks
Pay equity may not require pay transparency, but pressure will continue to mount on organisations that don’t have either of these on their radar.

Recommendations
Address income inequality: attract a more engaged and loyal workforce by analysing pay equity levels across gender and seniority.

Also, embrace advanced statistical approaches. Mercer uses multiple regression analysis to pinpoint and correct gender and diversity pay disparities at the employee level.

Organisations need to assess how pay transparency can facilitate improved workforce agility. To enable this, they need to understand their employees; for example, analysing the extent to which transparency could reduce income inequalities or other forms of pay.
THE COMING OF AGEISM

A pressure point is emerging between the youngest and oldest workers.

For the Growth and Change: Australian Jobs In 2018 report, corporate adviser Conrad Liveris analysed Australian Bureau of Statistics employment data and found that, in the three years between 2015 and 2018, full-time work grew by 4.62% while part-time work swelled by 9.3%. Further, 70% of the new jobs taken up by people aged 35 and under were part-time and, for those aged under 25, this jumped to 90%. Thanks in part to technology and AI, the young are facing the challenge of fewer full-time employment options.

At the other end of the spectrum, inadequate retirement savings are driving many older people to keep on working longer. Others are motivated to keep working for personal reasons, such as satisfaction derived from work and a sense of self-worth. Employers are dealing with greater uncertainty around when older people will take their skill-sets out of the workforce, which makes it difficult for HR to accurately predict workforce retirement numbers.

There may also be a lack of understanding about the high value that older workers can bring to an organisation. A 2017 study by Australia’s The Conversation, for example, found that almost a third of Australians perceived some form of age-related discrimination while employed or looking for work in the last 12 months – and it started as early as age 45.

Yet older workers offer a multitude of benefits. They tend to change roles less frequently, reducing recruitment costs, and they are strong in traditional leadership, people skills and efficiency. Mercer UK-based ageism specialist Yvonne Sonsino cites research which shows that teams which are diverse in age – young, medium and older individuals working together – have been clearly shown to be more productive than any other groups.
YOUNG VERSUS OLD: THE AUSTRALIAN LENS

Our research showed a divergence in views on how well different age groups are working together, and suggested emerging pressure points.

Most in our study said they are reskilling all workers, regardless of age. According to one HR leader: “Our retraining is not specifically focused on older generations. It relies on the implementation of the system and the roll-out, so that everyone gets trained in the new technology.” But not all are optimistic. Another leader commented: “People are working a lot longer. With the increase in the length of time that people now are working to – 65, 68 – I think that is having a really negative impact on organisations.”

Opportunities

Older people can prove to be a valuable asset with traditional structural team leadership skills, strong empathy and high organisational capacity. Opportunities lie in helping older people mentor younger people. Improved redundancy planning can also avoid talent gaps when high-performers retire. Continuous succession planning to ensure people are moving through the organisation will avoid bottlenecks and help prevent younger or older people feeling ‘stuck’.

Risks

An imbalanced workforce can result in established skills being lost, new skills being overlooked and a limited pipeline of talent. HR needs the ability to plan in order to run a smooth and cost-effective workforce.
**Recommendations:**

A key part of the solution lies in a shift of thinking from jobs to tasks. Who is good at what? Who can train whom, and who should be retrained? How can different skill-sets support each other? Is a job a job or is it set of skills that can be applied much more intelligently across different tasks, different teams and to different accountabilities?

One concept currently coming to the fore is that of lifelong learning. Mercer’s 2018 *Global Talent Trends Report* shows that leaders and employees around the world understand that, in order to thrive, organisations need their employees to be lifelong learners who grow with the business, embrace continuous change, master new technologies and build skills for the future. And employees are ready. Mercer’s *Global Healthy, Wealthy and Work-Wise* study showed that 86% of workers around the world believe that continuing to develop professional and personal capabilities is important.

Organisations that tap into this mindset will engender more loyal, engaged and productive workforces.
COLLISIONS
CREATE
OPPORTUNITIES
We believe tomorrow’s business landscape is being shaped by five forces of change.

LOW ECONOMIC GROWTH
TECHNOLOGY DISRUPTION
REGULATION
LIVING LONGER
GLOBAL CONNECTEDNESS

Today’s leaders face unprecedented challenges from low economic growth, technology disruption, regulation, populations living longer and global connectedness. To succeed, companies must continue to drive change, growth and profitability at the same time as manage and search out opportunities in relentless changes they can’t control.

Leaders who recognise the underlying forces at play and their interactions will be well placed to identify new connections and problem-solve in more creative and productive ways. Success or failure will depend on how well they respond to uncertainty and cope with the new demands of strategic multitasking.

As with every revolution we’ve seen throughout history, there will be some organisations who thrive and others that fall by the wayside. We firmly believe that success lies in a willingness to embrace the future, to identify and grasp opportunities and to take steps to manage new risks. We also believe that the ‘fault line’ approach can inspire leaders to take their companies into the future with confidence and skill.

We look forward to working together to make the most of an evolving, exciting and challenging new world.

For further information about the Fault Lines Research Report, visit mercer.com.au/career-fault-lines
Ephraim Patrick is a Partner and leads Mercer’s Talent Strategy & Organisation Practice in the Pacific. This includes Workforce Planning, Analytics, Culture and Organisation Design.

Before moving to Australia he was heading the EMEA HC Strategy practice and has developed and implemented organisational and workforce strategies with HR Business leaders across Europe, the Middle East, Asia and Australia.

Ephraim has 19+ years in HR management and consulting covering workforce strategies and architecture, workforce planning, organisational design, performance management as well as post merger integration – on local, regional and global level.

Before joining Mercer Ephraim was VP HR Strategy & Structure for a European IT Services company and he also lectures at UTS and Monash Business School.

Yolanda Beattie is a Principal in the Career Business and Practice Leader – Learning and Inclusion for the Pacific Market, based in Sydney.

In this role, Yolanda helps organisations create workplaces where their people thrive through high impact learning programs and inclusion solutions. By co-creating with clients, Mercer’s subject matter experts and strategic partners, Yolanda helps design and deliver transformational leadership and learning programs aimed at developing the mindsets, skills and behaviours required to succeed in the future, as well as inclusion solutions that tackle the barriers that stop underrepresented talent from reaching their potential.

Yolanda joined Mercer in February 2016 after spending three years with the Australian Government’s Workplace Gender Equality Agency. In this role she was responsible for increasing the WGEA’s reach and influence though public campaigns, strategic partnerships, stakeholder engagement and innovative education programs. Her earlier career included several corporate affairs roles.
Daniel Yin

Daniel is the Pacific Practice Leader, Executive Remuneration & Rewards in Mercer’s Talent consulting business with a primary focus on executive reward strategy, remuneration benchmarking, Board advisory and incentive plan design.

Prior to joining Mercer, Daniel was a Principal Consultant in executive rewards at Egan Associates, an independent remuneration consulting practice in Australia.

He has extensive experience in designing executive remuneration programs for a range of listed and non-listed companies, including assignments with pre and post IPO companies and public-private transactions.
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