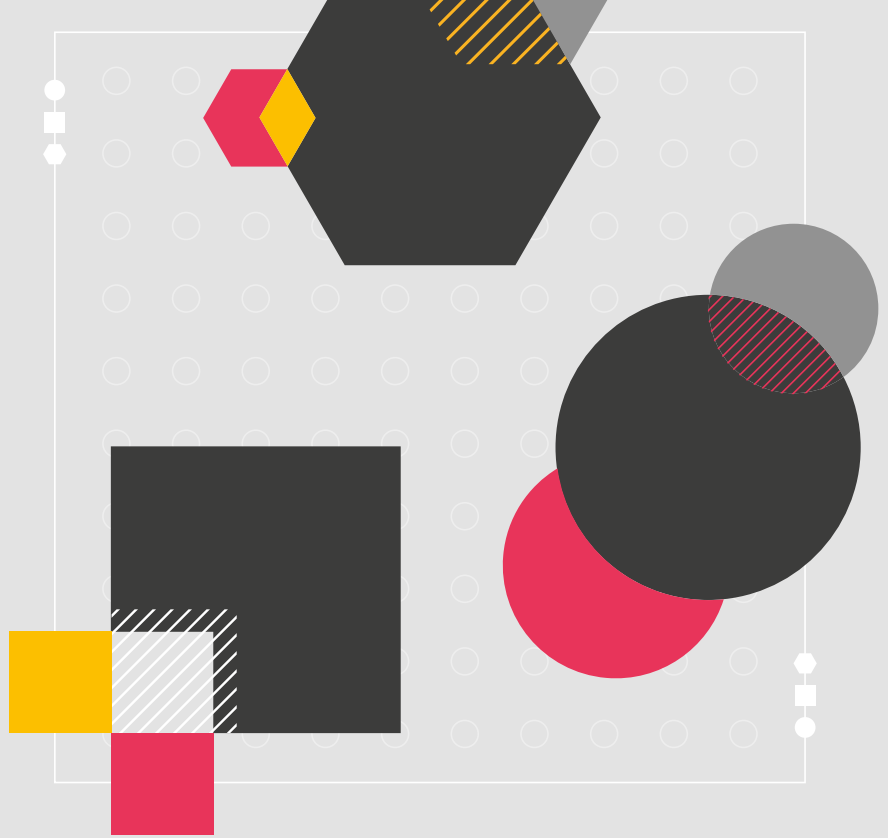




PwC Australia

2023 Future of Work

Outlook



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# Introduction

From the outset of 2022, we were still very much in the thick of the pandemic, even if we could finally see the light at the end of a very long tunnel. West Australian borders were still closed, tennis players were being deported for not complying with vaccine requirements, and parts of the country were only a couple of months fresh out of lockdown and easing back into the new abnormal.

The pandemic also accelerated the Future of Work agenda in organisations. Leaders were grappling with whether or not new and hybrid ways of working would be here to stay, while the unemployment rate started to steadily decline, with some people raising red flags about 'where will all the workers come from?'.

Now we find ourselves looking out at 2023, but one thing hasn't changed - we stare in the face of complex challenges, many of which are different to what they were twelve months prior. Governments and organisations are grappling with the implications of high inflation, a potential energy crisis, geopolitical conflicts, cyber attacks, supply chain shortages and natural disasters, alongside increasing unemployment, talks of a global recession, and a wellbeing hangover from all things COVID-19. Workforce shortages in critical industries are intensifying, while organisations are facing upwards pressure on their social agenda.


There are those who are tempted to sit back and wait for conditions to settle and for the next wave of disruption to pass. But if we've learnt anything in recent times, it's that we're living in a volatile environment and there will always be new challenges to deal with. And we need to tackle them head on. Because those organisations that thrive, not just survive, over the coming period will be the ones who are able to balance the short-term with the long-term, addressing immediate priorities while actively taking steps towards a more strategic agenda.

This won't be easy, particularly as shareholder scrutiny and voters will demand leaders focus on what's happening right in front of them, while the benefits of more strategic investments may not be realised until the next CEO's tenure. But the ability to get the balance right will be the true measure of success.

Navigating through this environment will take a new breed of leadership, right from team supervisors and middle managers through to the very top.

It's something we've been talking about for some time, but 2023 is where the rubber will hit the road, especially as many of today's leaders have never led through the predicted high inflation environment, let alone the confluence of the market challenges mentioned earlier.

This document aims to help organisations and their leaders with navigating through this complexity by identifying, and providing a high-level analysis on, the key trends and topics that will require attention throughout 2023, as well as proposing the critical questions that decision-makers need to be asking of themselves and their teams.



## Specifically, the PwC Australia 2023 Future of Work Outlook addresses eight trends:

- 1 Tightening the purse strings
- 2 A shifting job landscape
- 3 A post-mortem for the old office
- 4 The Anti-Work Movement (AWM)
- 5 A trust economy
- 6 Work-life boundaries
- 7 More Lego, less Jenga
- 8 The network effect

The presentation and analysis of these trends should not simply drive discussion for the purpose of executive entertainment. As we embark on 2023, they need to translate from conversation, to planning, and into action.

When identifying the scope of analysis for this report, we used PwC Australia's Future of Work framework, provided at Appendix A.





## Trend 1

# Tightening the purse strings


The Reserve Bank of Australia (RBA) forecasts GDP growth to drop from around 3 per cent in 2022 to 1.5 per cent over 2023<sup>1</sup>. So, while 2022 saw relatively strong economic growth, experts suggest that we can expect this to slow down in 2023 as higher consumer prices, rising interest rates, and a drop in house prices takes effect.

Inflation is also fueling the economic climate. Global factors like the pandemic-related disruptions to supply chains and Russia's invasion of Ukraine have contributed to high levels of inflation in 2022, while strong domestic demand, a tight labour market, flood-related disruptions and capacity constraints in some sectors also contributed to the upward pressure on prices. While this is likely to be sustained in the new year, the RBA forecasts that this inflation will slow down as we move through 2023. Compounding financial pressure on organisations will be wages. According to the Australian Bureau of Statistics, wages grew at 3.1 per cent between September 2021 to 2022, which meant that 'real' wages (accounting for price inflation) actually fell by 4.2 per cent<sup>2</sup>. To this end, we can expect a sustained focus on wage pressure for professionals and in-demand skills, which may have unintended consequences around a growing equality divide across the community between those with what are viewed as having high and low skill bases.

While many organisations sang a song of growth in 2022, the tune is rapidly changing to one of efficiency and productivity for 2023. As global markets tinker with the notion of a forthcoming recession, it is unlikely that we'll see this play out on Australian shores, but we can still expect rising costs and wage pressures resulting in organisations tightening the purse strings or otherwise being fiscally cautious. History tells us that two things often happen when this plays out: leaders focus on the short-term in response to immediate shareholder and community pressure; and/or they look at downsizing their workforce.

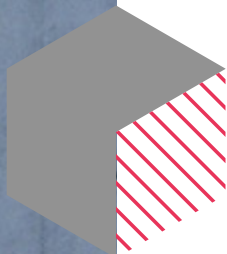
<sup>1</sup> Reserve Bank of Australia (2022). Statement on Monetary Policy - November 2022.

<sup>2</sup> Australian Bureau of Statistics (2022). Wage Price Index, Australia - September 2022.



Between September 2021 to 2022,  
'real' wages fell by

4.2%



While the realities of balancing a business' budget will differ across organisations and be understandably challenging, leaders cannot afford to neglect keeping one eye on, and acting in the interests of, the longer term. Because if the last few years have taught us anything, it's that there'll always be another disruption that can serve as an excuse to 'wait for the dust to settle' and put the strategic agenda on the backburner. So, organisations are encouraged to resist the temptation to overly focus on what is directly in front of them, while also ensuring that they sustain a focus on their people. This includes not cutting learning and development budgets employers have spent big to attract workers and win the war for talent over the last twelve months that it would be foolish to not invest in them now that they're in the door.

Finally, the other thing to be conscious

of in a tightening economic climate is automation. That is to say that organisations traditionally increase their investment in automation in these conditions so as to drive efficiencies. While we could expect an uptick in activity in this space, it will unlikely be significant in Australia as we will be inhibited by the skills shortage, as well as many organisations focussing their technology investment on doubling down on their cyber capabilities.

And ultimately, whether an organisation is looking to right-size, downsize, and/or increase automation efforts, it's critical that they apply a diversity lens to ensure that those in minority groups, of whom occupy a large portion of susceptible roles, are not disproportionately impacted.



## Key questions



Do we use scenario planning as part of our approach to organisational strategy, enabling us to adapt and pivot based on environmental factors?



Do we have the right governance processes and fiscal controls in place so that we can appropriately respond to any downturn in a way that minimises the impact on our customers and people to the extent possible?





## Trend 2

# A shifting job landscape

Unemployment hit a low of 3.4 per cent in 2022, which was the lowest jobless rate since 1974<sup>3</sup>. The RBA forecasts that unemployment will hover around this mark until mid-2023, before gradually rising to over 4 per cent by the end of 2024<sup>4</sup>. Others are more bullish in their estimates, estimating it will reach or exceed 4.5 per cent driven by factors such as rising inflation, higher interest rates, and wage growth stagnation. So, whilst we spoke about employees holding the balance of power over the last year or two, we can expect the pendulum to start to swing to a more neutral position as headlines from overseas about recessions and unemployment spikes hit the desk of the CEO.

Notwithstanding, many organisations will continue to struggle meeting critical skill gaps, particularly small and medium businesses that are unable to compete with levers such as remuneration. The lowest population growth on record throughout the pandemic has also meant a low base of available skills. This will be marginally eased, with the 2022-23 Federal Budget projecting a gradual population increase as travel is thought to return to pre-pandemic conditions. But we uncovered a real problem in 2022. And that was that we reached a point where there were more job seekers than

job vacancies, meaning that even though there were available workers, they didn't have the right skills for the work that needed to be done. So, we can expect to see sustained pressure on the broader migration program alongside continual challenges around accessing the right skills at the right time.

The race will also be on to secure early career professional talent, with a strong employment landscape meaning many young Australians are opting to enter straight into full-time work. As a result, the higher education system in Australia has experienced declining domestic enrolments since 2017, while international student numbers took a notable hit during the pandemic and are yet to fully recover. And, with over half of Australia's top graduate employers looking to increase their graduate intake in 2023, it is a classic tale of demand outstripping supply, meaning that organisations will need to think differently about how they differentiate from competitors and appeal to those entering the

3 Australian Bureau of Statistics (2022). *Labour Force, Australia - October 2022*.

4 Reserve Bank of Australia (2022). *Statement on Monetary Policy - November 2022*.



# 3.4%

unemployment rate in 2022, the lowest since 1974. RBA forecasts it will hover around this mark until mid-2023.



professional workforce.




As far as job growth goes, there will be targeted jobs growth in key parts of the economy. Specifically, the National Skills Commission (NSC) projects that four services industries will provide almost two-thirds (65.4%) of the total projected employment growth, being: health care and social assistance; professional, scientific and technical services; education and training; and accommodation and food services. The NSC forecasts also highlight the growing importance of education and training, with more than nine-in-ten new jobs over the next five years requiring post-school education.

Another key impact on labour markets is what has been termed as the closest thing to a dot com crash since Y2K, where technology companies laid off large numbers of staff in the back half of 2022, such as half of Twitter and 11,000 Meta employees around the world<sup>5</sup>. As Australia is not a major player in the build of deep technology, there is a silver lining in that those in Australia caught up in the downturn of US firms may be able to fill some of the 15 - 20 per cent labour shortage across the technology and cyber industry. There's also an opportunity for Australian firms to look globally to recruit those impacted by the downturn abroad.

<sup>5</sup> New York Times (2022). *Meta Lays Off More Than 11,000 Employees*. Accessed at <https://www.nytimes.com/2022/11/09/technology/meta-layoffs-facebook.html>.

In light of this labour outlook, there is one glaringly obvious question - to recruit or not recruit? That is, do organisations continue to recruit and then potentially hit an economic brick wall? The answer, as one might expect is 'it depends'. For many multinationals, it's likely they will implement tentative hiring freezes, as directed from their northern hemisphere headquarters. And for local businesses, it will be all about maintaining headcount and filling vacant roles rather than adding new positions, with a focus on 'right-sizing' rather than downsizing. On top of this, with more caution in the market, we can expect to see employers increasingly engage contract talent so as to secure specialist skills immediately with the flexibility to scale up and down as required.

### Key questions

-  Do we have a workforce plan that clearly identifies the size and skills needed over the coming years, and have we explored non-traditional (read: not just permanent full-time) options for embedding flexibility in our model?
-  Have we implemented a rigorous and objective talent management process that identifies high performers and disproportionately over-invests to make sure we retain them?
-  Have we understood our Employee Value Proposition and adapted it to current market conditions to ensure we're positioned to attract talent in what will continue to be a tight labour market, particularly when it comes to early career professionals?



### Trend 3

# A post-mortem for the old office

Over a year after lockdowns ended in Sydney and Melbourne, property experts go into 2023 with a balanced outlook and of course, some unknowns.

Firstly, a look at how 2022 ended. As far as the commercial property market is concerned, some buildings are buzzing with activity while others remain eerily quiet. Overall, JLL research showed that the national CBD vacancy rate remained stubbornly high at 14.1 per cent in the September quarter, as net effective rents moved marginally up in Sydney and down in Melbourne<sup>6</sup>.

When looking at CBD office occupancy levels, the Property Council of Australia reported (month-end November 2022) sustained low utilisation in Melbourne (57%) and in Sydney (59%), while it remained comparatively high in Adelaide (74%) and Perth (80%)<sup>7</sup>.

Interestingly, lower utilisation correlates with longer instances of lockdown, suggesting that those who were forced to work from home through pandemic measures have sustained a preference for, and learned behaviour towards, less office-based working.

As far as new facilities are concerned, there has been a marked flight to quality. With the role of the office evolving and organisations looking for ways to entice people to co-locate, connect, socialise and collaborate, there has been a corresponding increase in demand for premium and A-grade assets that provide appealing and versatile spaces to use for these activities. Gazing forwards into the new year, we can expect to see sustained demand for quality buildings and facilities, while landlords and developers consider options for the adaptive re-use of B-grade assets that are left dormant.

<sup>6</sup> JLL Research (2022). 3Q22 *National Office Markets* - October 2022.


<sup>7</sup> Property Council of Australia (2022). *November 2022 Office Occupancy Result*.



# 14.1%

is the national CBD vacancy rate as showed by JLL research.





The home and third spaces will also continue to play a key role in where people work. In early 2022, we at PwC Australia asked the Australian office-based workforce what their ideal work environment split would be in twelve months' time, which takes us to February 2023. And we heard that only 4 per cent wanted to work five days a week from the formal office, while 27 per cent wanted to be working fully remote and the remaining 69 per cent splitting their working week across multiple places and spaces<sup>8</sup>.

It's not just home or the office either, as JLL research shows that 30 per cent of all employees in the workforce are likely to use a coworking or flexible space by 2030<sup>9</sup>, which highlights a desire for workers to have different spaces and new workplace experiences. So, organisations will need to shift their focus from simply getting people into the office, and move beyond free yoga classes and pizza, to more enduring factors that entice workers and earn the commute.

this also means leaders shifting their mindset away from productivity, because as the office has been repurposed to be all about social connection and collaboration, (which we note are two completely separate yet equally important things), the measures of success become more about building psychological safety, driving innovation, creating brand loyalty, and retaining key talent.

Overall, companies will be looking to weigh up their real estate strategies with consideration for inflation, interest rate spikes, hybrid working, and global economic volatility alongside their organisational and people strategies. The environmental, sustainability, and governance (ESG) agenda will also continue to build in momentum, with landlords considering measures such as carbon taxes and embedding carbon levies in buildings, and employees applying upwards pressure as they push for environmentally sustainable facilities.

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8 PwC Australia (2022). *Balancing Act: The New Equation in hybrid working*

9 JLL Research. *Coworking's unstoppable market growth*. Accessed at <https://www.us.jll.com/en/coworking-market-growth>.

## Key questions



Do we properly embed workforce planning and employee experience when considering property decisions?



Have we thoroughly reviewed the design, layout, and location of our offices to ensure a premium post-COVID experience that earns the commute of our people?



How is remote work accounted for against our company's sustainability goals?



## Trend 4

# The Anti-Work Movement

If 2021 gave us The Great Resignation, and 2022 gave us the ‘quiet quitting’ phenomena, then what does 2023 have in store? All signs are pointing to the Anti-Work Movement (AWM).

The AWM gained traction on Reddit, where the r/antiwork subreddit didn’t take long to amass over 2 million followers, highlighting the current mindset of the working population. It’s also playing out in China with the *tangping* (‘Lying Flat’) phenomenon, which encourages people to push back on relentless hours. Now, the AWM doesn’t mean people reject the idea of working altogether people still have their smashed avocado lifestyles to fund. But it does reflect a sentiment whereby people are turning their backs on long hours, poor job quality, discretionary effort, and seeking greater purpose and impact with the work that they do. To this end, employees are redefining the very nature of work, the concept of climbing the corporate ladder, and pulling away from a culture of overwork without the promise of any real advancement. As this plays out in Australia, it could result in the average number of hours worked per employee trend downwards (currently 1,694 annually per Australian worker), more in line with the European Union of countries (currently 1566 per worker)<sup>10</sup>.

Following on from the AWM, job satisfaction levels across the world are at an all time low, as reported by Gallup’s State of the Global Workplace report, which is said to be costing the global economy \$7.8 trillion in lost productivity<sup>11</sup>. The impact of low job satisfaction and anti-work are also causing tensions in the workplace by team members who have to pick up the slack. To this end, it will be important that managers keep their finger on the pulse around workload, performance, and the team vibe.

One part of the solution is to ensure that workload, and hours worked, are fair and reasonable. Another is to identify those who are disengaged and seek to understand why, while providing greater opportunities to optimise their value and impact accompanied by the provision of mentoring and coaching. Worker satisfaction and outcomes could also benefit from a greater focus on team-based goals as a means of building collective accountability and purpose. But the reality is that it may also mean some tough conversations around performance management, some of which are well overdue.

Realistically, there’s a need to revisit some of the basics, as many organisations have grown in size in high pressure environments, leading to increased stress and resultant issues of poor behaviour without the same level of diligence on things like culture. So, it comes down to getting back on top of workload management, teamwork, and having the tough conversations.

### Critical questions



What are our employee engagement levels like and how quickly are we to respond?



Do we have a clear view around what our employees think of us, both through directly engaging them and via online channels, and are we prepared to act on their perspectives?



Do our leaders feel confident in their ability to manage performance, build culture, and have tough conversations in the new world of work?

<sup>10</sup> OECD (2022). *Hours worked*. Accessed at <https://data.oecd.org/emp/hours-worked.htm>.

<sup>11</sup> Gallup (2022). *State of the Global Workplace: 2022 Report*





## Trend 5

# A trust economy

Over the last couple of years, the uptake of working from home saw a corresponding obsession develop with productivity, where many organisations and leaders were skeptical of the output of workers when they couldn't physically see them. This led to productivity scales being used as a metric for excellence, with some going as far as monitoring employees' keyboard activity. A study by The New York Times found that eight of the ten largest private U.S. employers track the productivity metrics of individual workers<sup>12</sup>. And now with a greater propensity to work from home, digital productivity monitoring is spreading among white-collar jobs, as many are subject to trackers, scores, "idle" buttons, or just quiet, constantly accumulating records where pauses can lead to penalties, from lost pay to lost jobs.

This is playing out domestically too, where "around 30 per cent of all white-collar businesses in Australia are using monitoring technology which helps determine who to fire and who to promote"<sup>13</sup>. This sentiment has led to employees largely feeling untrusted, which has only been exacerbated by things like return to office mandates.

In an environment where productivity is already being impacted by quiet quitting, the AWM, and low job satisfaction, any effort that displays a lack of trust in their people will only serve to further impact workforce productivity and the propensity to expend discretionary effort. When we look to 2023, organisations need to invest in upskilling leaders for leading in a hybrid world of work, and not opt for bossware at the expense of good management. They also need to really think about how they articulate value and outcomes for their business and stakeholders, over using an old measure ('productivity') which doesn't measure either.

<sup>12</sup> New York Times (2022). *The Rise of the Worker Productivity Score*. Accessed at <https://www.nytimes.com/interactive/2022/08/14/business/worker-productivity-tracking.html>.

<sup>13</sup> The Australian (2022). Your boss is spying on you with this secret software. Accessed at <https://www.theaustralian.com.au/the-oz/internet/workers-beware-secret-software-your-boss-uses-to-spy-on-you/news-story/e1d71b8606155d59ffbbf09ce99ff00f>.



# 30%

of all white-collar businesses in Australia are using monitoring technology



A perceived lack of trust is coupled with a rise in non-unionised employee activism. In Australia, organisations have opened up channels over the last decade that encourage people to raise concerns. Now, we're seeing it happen more frequently and more publicly. While the AWM sees people celebrated online for calling out their organisations for poor practices or standing up to conservative leaders, we've also seen affluent individuals use their position to drive and challenge for change. There's a push for greater transparency to mitigate against perceived corruption, such as with regard to political donations. Plus, we have the Government looking to introduce legislation banning pay secrecy rules that are still at play in Australia.

Another way in which employee voice is placing upwards pressure on organisations is with regard to the ESG agenda, with heightening employee expectations as they increasingly view work as a place of fulfilment and not merely where they go to get a job done.

Employees are pushing social agendas through their organisations, which from the business perspective means that all of a sudden there is a direct consequence of doing nothing (read: people will leave). This is seeing organisations increasingly look at their social licence and impact on communities. And moving forwards, they'll be expected to continue their ESG efforts and look for new ways to drive sustainable practices very tangibly.

Overall, employees are more confident to speak up, speak out, and reject traditional workplace norms that they disagree with. Rather than try containing it, organisations are encouraged to keep a finger on the pulse of online sentiment in external channels, as well as frequently engage their people on key topics, while being prepared to act on it. And it creates added complexity and heightened scrutiny for leaders too, which should be addressed by embedding updates into learning and development agendas that tackle the issue.

### Critical questions



If we monitor 'productivity', are we confident that it outweighs the negative impacts around distrust and engagement?



Are our leaders upskilled to deal with increased scrutiny and heightened expectations in a volatile environment?



Do we have a robust ESG strategy that helps to position us as an employer of choice?







## Trend 6

# Work-life boundaries

Going into the decade, the World Health Organisation had already declared stress as the epidemic of the 21st Century. Then, over the last couple of years, we've had a global pandemic, natural disasters, disruptions to childhood education, global conflicts, and cost pressures at home. Alongside this, people have been in more meetings and working longer hours, and we've seen job satisfaction drop, trust decrease, and the rise of the AWM as a result.

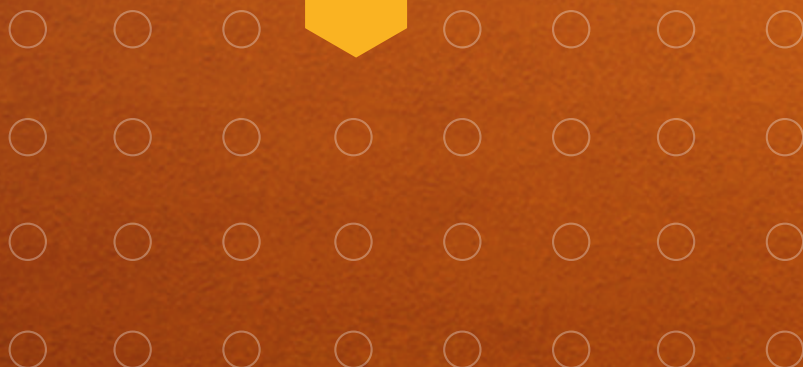
In Australia, legislative changes are forcing the hands of workplaces to start with minimum regulatory requirements for mental health and wellbeing interventions, which is driving an initial focus on policy, risk and control. But there are some very real impacts that organisations need to start addressing. These include the skills and experience gaps in our younger cohorts (who aren't where their counterparts were two years ago), and the growing mental, emotional and workload on senior executives. And perhaps the most pressing challenge is addressing the systemic issues that are driving and leading to poor mental health and wellbeing outcomes at work in the first place, like overwork, perceived value for effort, and underpreparedness for people management positions.

According to research by The Australia Institute's Centre for Future Work<sup>14</sup>, an average Australian works 6.1 hours of unpaid overtime each week, equating to \$460 per fortnight. Additional research<sup>15</sup> showed that the strain of working longer hours during the pandemic was the top reason workers left their job, with over a third leaving without other employment lined up.



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<sup>14</sup> [https://www.futurework.org.au/working\\_from\\_home\\_or\\_living\\_at\\_work](https://www.futurework.org.au/working_from_home_or_living_at_work)  
<sup>15</sup> <https://www.businessinsider.com.au/australian-burnout-great-resignation>







We saw employees respond in 2022 with the emergence of quiet quitting. But underneath the catchy title, we see that it's about workers wanting to set up boundaries. And it reflects a state where employees, leaders, and organisations lack the psychological safety and system-wide structures that facilitate the conversation and allow boundaries to be sustained. It's not going to be easy, but organisations are going to have to quickly address the balance between commercial, productivity and sustainable work hours/ load. In 2023, we may even see this move to not-so-quiet quitting, as people leave their employer as a means of resetting behaviours and starting afresh with a new organisation altogether.

There's also a legal imperative, with the Work Health and Safety legislation stipulating that a person conducting a business or undertaking (PCBU) must manage the risk of psychosocial hazards in the workplace which include, but are not limited to, things like: job demands; lack of role clarity; poor support; poor organisational change management; and inadequate reward and recognition. To this end, there are multiple drivers, from legal and regulatory through to wellbeing and productivity, which require organisations to get on the front foot and team leaders to more actively manage.

Overall, this will mean that organisations will need to increase their focus and investment in 2023, but as with any investments in what will be a tightening fiscal environment, there will be a laser focus on ensuring return on investment (ROI).

### Key questions

-  Has our organisation fully understood the psychosocial risks and obligations as detailed in the Work Health and Safety Act, and have we updated our policies and practices accordingly?
-  Does our workforce, on average, work sustainable hours with appropriate workloads?
-  Do our performance management structures and incentives encourage overwork?
-  Are our team leaders equipped to develop the psychological safety of their teams and have conversations around respecting and managing boundaries?





## Trend 7

# More Lego, less Jenga

The last three years prompted some of the biggest changes to modern work than we've ever seen - and provided a significant opportunity to rethink 'how we work'. But for most, the potential hasn't manifested into reality. In-person work was largely transferred online, and more meetings were added to account for any gaps in connection, collaboration, and communication. Virtual work was made as 'productive' as in-person, so in most cases it wasn't ripped apart and reformed in a way that reflected the changing needs of the environment, let alone the needs of people. There was recognition that it wasn't perfect, but there were additional work demands, and the time (or capability) wasn't available to reimagine what it could look like.

And as we moved on, with higher workloads<sup>16</sup>, we've forgotten about ensuring our foundations are still solid, as well as the process of reassessing and refining the build. We're playing jenga, when we should be playing lego. And we're not even sure we're playing with the right tools and materials, we're just making it work. But is it working well?

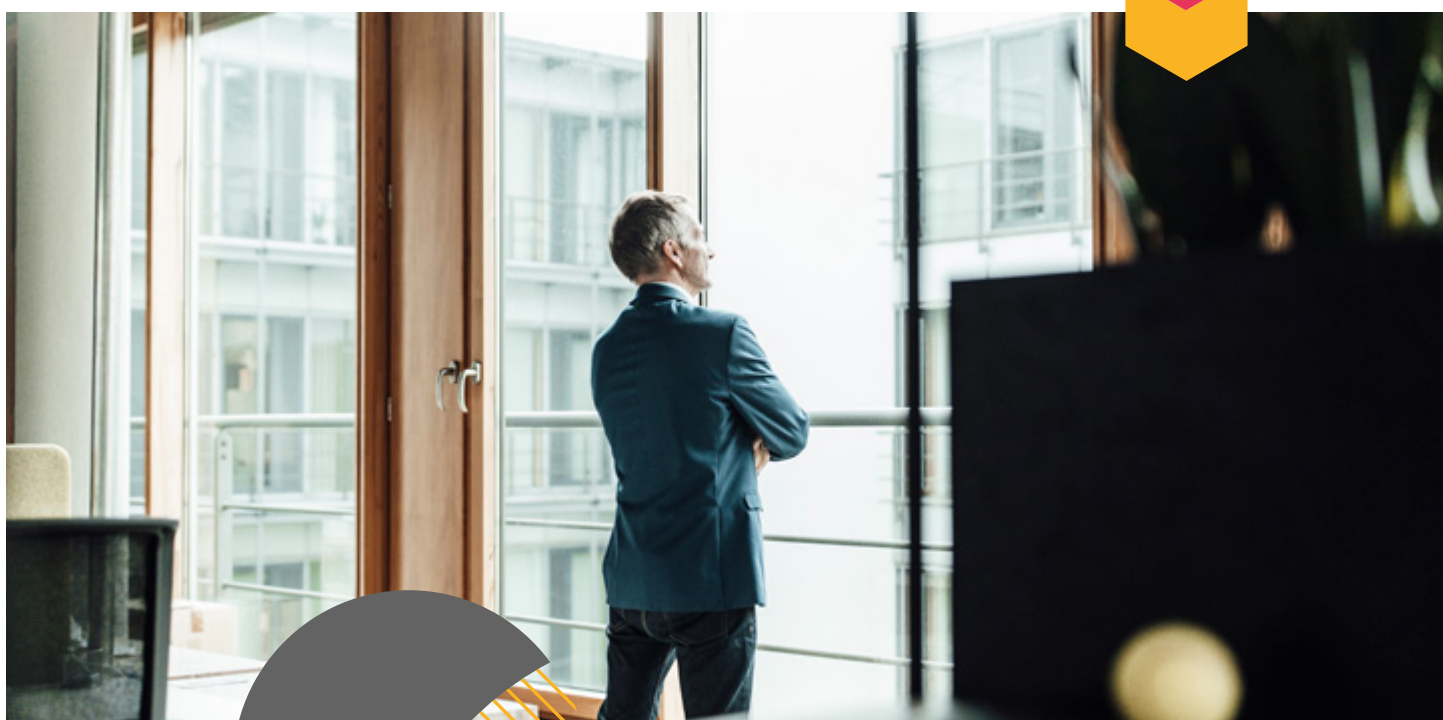
Looking at the data, it appears no. According to Microsoft, meetings have skyrocketed as the number of meetings per week increased by 153% globally with no sign that it's reversing - and that's just the meetings we're saying yes to<sup>17</sup>. This increase is also linked with a significantly higher risk of burnout<sup>18</sup>. And is the increase 'productive'? Probably not. When looking to the US, where this is more dutifully measured, an economic slowdown in line with a drop in productivity is a key concern.


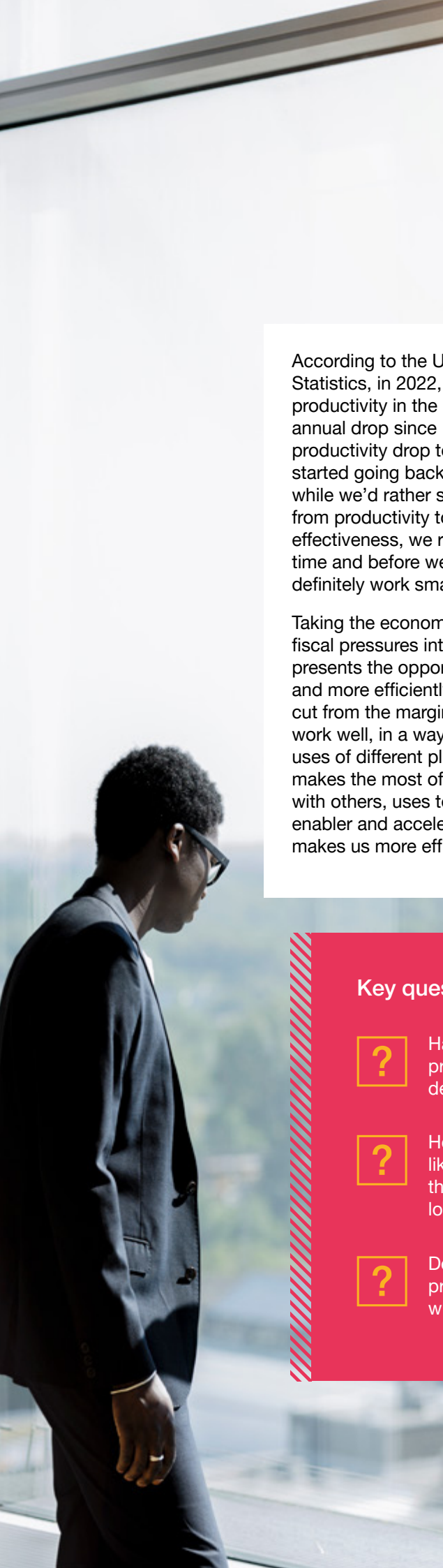
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<sup>16</sup> PwC Australia (2022). *Thinking Beyond: How the pandemic is rewiring a new world of work.*

<sup>17</sup> Microsoft (2022). Work Trend Index Special Report.

<sup>18</sup> <https://www.atlassian.com/blog/state-of-teams-2022>





Globally, the number of meetings per week has skyrocketed, increasing by

153%

According to the US Bureau of Labor Statistics, in 2022, nonfarm worker productivity in the US saw the steepest annual drop since 1948, aligning this productivity drop to when workers started going back to the office. And while we'd rather steer the focus away from productivity to outcomes and effectiveness, we recognise this will take time and before we get there, we can definitely work smarter.

Taking the economic environment and fiscal pressures into consideration, 2023 presents the opportunity to work smarter and more efficiently. But rather than just cut from the margins, we can redesign work well, in a way that recognises the uses of different places and spaces, makes the most of time alone vs time with others, uses technology as a true enabler and accelerator, and ultimately makes us more efficient and effective.

It will take intention and thoughtful design, but the risk is minimal in asking ourselves why we work the way we do, and if we're not constrained, can we make work better by thinking differently about how we do it? Within this redesign, there has to be an acknowledgement that as we add new work to our plates, we should have a process set up for determining if the rest of the workload is still necessary, relevant and how it fits into other priorities - does it fit within our scaffolding? Organisations who thrive in changing environments have this assessment process baked into their models so that they don't get distracted from their ultimate goals and spend their time on what truly matters.

### Key questions



Have we agreed our flexible working position as an organisation and provided teams and leaders with the authority and support to make decisions within the principles and guardrails?



How can we ensure that our leaders and people are skilled in areas like work design, virtual collaboration and critical thinking so that they can create efficiency, value and better ways of working at the local level?



Do we have a culture of being able to critically assess workload and priorities, and the permission to change course or stop activity where it no longer meets organisational or current objectives?





## Trend 8

# The network effect

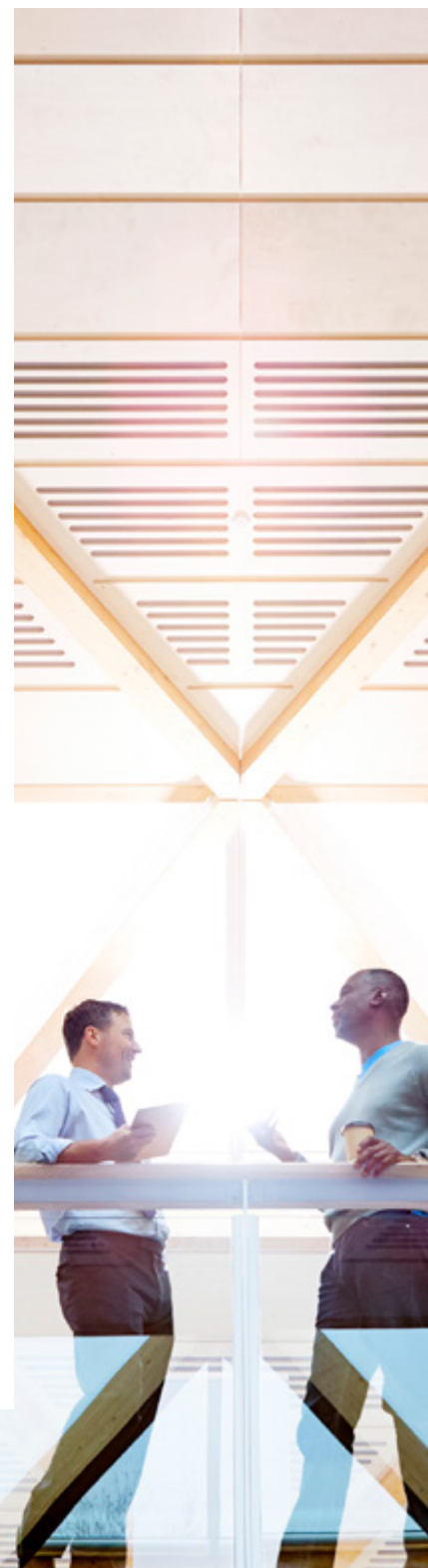
One of the very apparent outcomes of the last few years is that for some groups of workers, the ability to build and maintain relationships in the workplace has been compromised. There are two very clear camps. Firstly, there are those who are established in career or tenure, with strong existing networks in organisations have been able to successfully navigate a remote or virtual world, even through strong disruption. They can just continue to get things done. Then there are those who are earlier in their career and/or newer to organisations, that have had to navigate their own way through with only formal structures or immediate team members to support their journey. They are reliant on these people for everything and don't know what they don't know - or who they don't know.

This isn't necessarily a product of virtual working alone, but also is an acknowledgement that during our careers we learn the ability to craft our own networks outside formal lines. A muscle that we grow over time that becomes second nature and just part of 'how work gets done' that we don't think about teaching. What has also impacted this for some organisations is high staff turnover (the RBA reporting 2022 had the highest annual job mobility rate since 2012<sup>19</sup>), and changing operating models, creating instability and gaps in existing networks - or in some cases, completely dismantling them.

Formal and informal networks are some of the most important levers that organisations have to getting things done - and to creating depth and quality in collaboration. Over the last two plus years of instability, we've naturally retreated into our 'main' working teams, putting on the blinkers to the impact on the 'network of teams'. It's now time to move from this mindset to have much broader consideration for the impact of our work on other teams - think upstream and downstream impact and possibility.

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19 Reserve Bank of Australia (2022). *Statement on Monetary Policy - September 2022*.





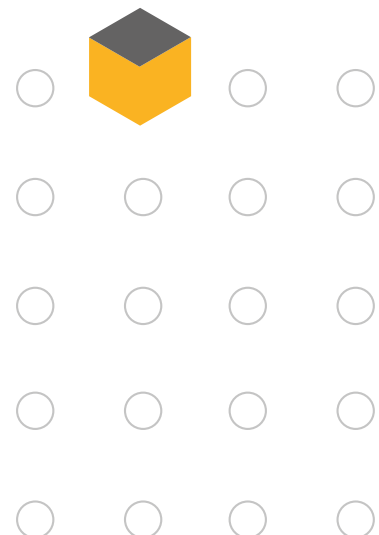
For our leaders, we need to think practically about how to actively develop relationship building skills in our younger and newer cohorts of workers, put in place mechanisms to give them a head start on creating their own networks, and foster a culture underpinned by psychological safety<sup>20</sup>.

The other thing to consider is that as we continue to work remotely, the quality, frequency, and nature of interactions change and there is less dynamic, spontaneous communication. While this isn't a problem in itself, research has found that only in-person interactions trigger the full suite of physiological responses required for optimal human connection and communication<sup>21</sup>. Social interaction matters.




<sup>20</sup> Harvard Business Review (2017). *High-Performing Teams Need Psychological Safety: Here's How to Create It*. Accessed at <https://hbr.org/2017/08/high-performing-teams-need-psychological-safety-heres-how-to-create-it>.

<sup>21</sup> MIT Sloan Management Review (2022). *The Loneliness of the Hybrid Worker*. Accessed at <https://sloanreview.mit.edu/article/the-loneliness-of-the-hybrid-worker/>.

Humans are social creatures and organisations can support this need by looking to craft opportunities for meaningful interactions while still getting some additional benefits out of it like increased creativity and innovation from learning how to maximise collaboration. But sometimes, we just need to value our need for social time with no further agenda.



## Critical questions

-  How can we establish cross-functional at grade networks to encourage collaboration and connection beyond functional groups and silos?
-  Have we created capability building programs to build skills in virtual facilitation, design thinking and creative problem solving and collaboration?
-  Do we have specific mechanisms for helping new starters to develop their networks and benefit from interaction outside their immediate teams or job responsibilities?





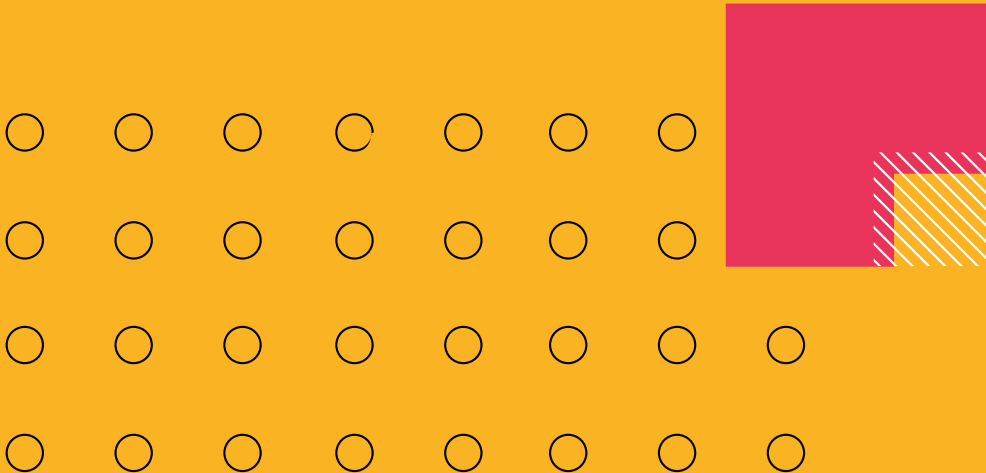
# Conclusion

The *PwC Australia 2023 Future of Work Outlook* details what we believe to be the main Future of Work trends, topics, and questions for the consideration of organisations and their leaders. This encapsulates the kind of work the organisation does, the workforce they need, the workspaces that enable them, and the experience that seeks to energise and inspire their people. Drawing on a range of original and externally cited research, we know it does not have all the answers. Instead, it is intended to frame the focus for discussion and prioritise effort while creating a case for thinking beyond short-term decision making.

When looking out at 2023, Australia is likely to fare better than some global counterparts when it comes to economic volatility, but it will see increased cost and wage pressure alongside ongoing issues with skill and worker availability. Organisations will have to balance the need to respond to immediate challenges and cost pressures while still keeping an eye to the longer term, ensuring they are well positioned for growth on the other side.

The environment for leaders is already complex, and it will only intensify. Employees are renegotiating boundaries around work-life balance, while we’re seeing a perceived lack of trust, a drop in job satisfaction and a rise in the Anti-Work Movement (AWM) alongside increased employee activism. In response, organisations will need to provide targeted upskilling for their leaders, fix the system (and not the symptom) to ensure positive wellbeing and engagement outcomes, listen and respond to their people, and sustain ESG efforts.

These are not minor considerations. They will require leaders to be bold, play into the big issues, and be willing to realise the benefit well down the track into the future. But they’re the important conversations that need to be had today, and the action we need to take now.





## Acknowledgements

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- Jacqui Visch – Chief Digital Officer, PwC Australia

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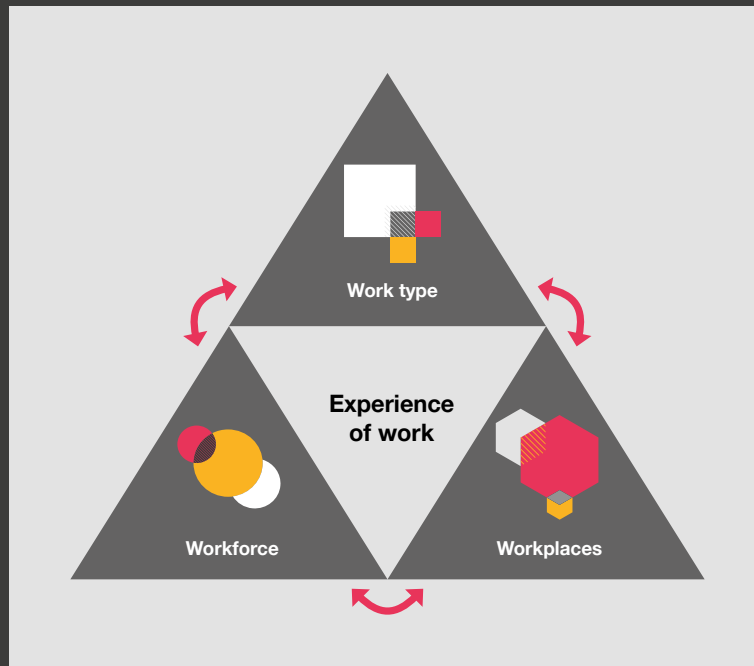
- Martin Bean – CEO, The Bean Centre and former Vice-Chancellor, RMIT University
- Natalie Slessor – Head of Customer, Digital and Place, Lendlease
- Dom Price – Work Futurist, Atlassian





# Appendix A

## PwC Australia's Future of Work Framework



PwC Australia's Future of Work Framework has been used globally to help organisations provide structure and framing to guide their approach. It considers the Future of Work as the intersection of four component parts - workforce; work type; workplaces; and in the middle of it all, the experience of work.

	<b>What kind of work do we do?</b> <ul style="list-style-type: none"> <li>• Nature of work</li> <li>• Operating models</li> <li>• Remote-ability</li> </ul>	<ul style="list-style-type: none"> <li>• Compliance and regulation</li> <li>• Automation and AI</li> <li>• Employee tax and wages</li> </ul>
	<b>What kind of workforce do we need?</b> <ul style="list-style-type: none"> <li>• Supply + demand</li> <li>• Skills and capabilities</li> <li>• Diversity and inclusion</li> </ul>	<ul style="list-style-type: none"> <li>• Bionic Organisation</li> <li>• Apprenticeship and development</li> </ul>
	<b>How do our workplaces enable our people?</b> <ul style="list-style-type: none"> <li>• Real estate</li> <li>• Physical infrastructure</li> <li>• Digital enablement</li> <li>• Workplace safety</li> </ul>	<ul style="list-style-type: none"> <li>• Security</li> <li>• Ergonomics and workplace design</li> <li>• Property technology</li> </ul>
	<b>How will we energise and inspire our people?</b> <ul style="list-style-type: none"> <li>• Purpose and meaning</li> <li>• Cultural realities</li> <li>• Social conscience, societal impact</li> </ul>	<ul style="list-style-type: none"> <li>• Values and behaviours</li> <li>• Wellbeing and mental health</li> <li>• Fun, spirit and energy</li> <li>• Ways of working</li> </ul>



# Take the next step

For more information about the topics in this paper, or to talk about how we can help you steer the future of work, contact us:



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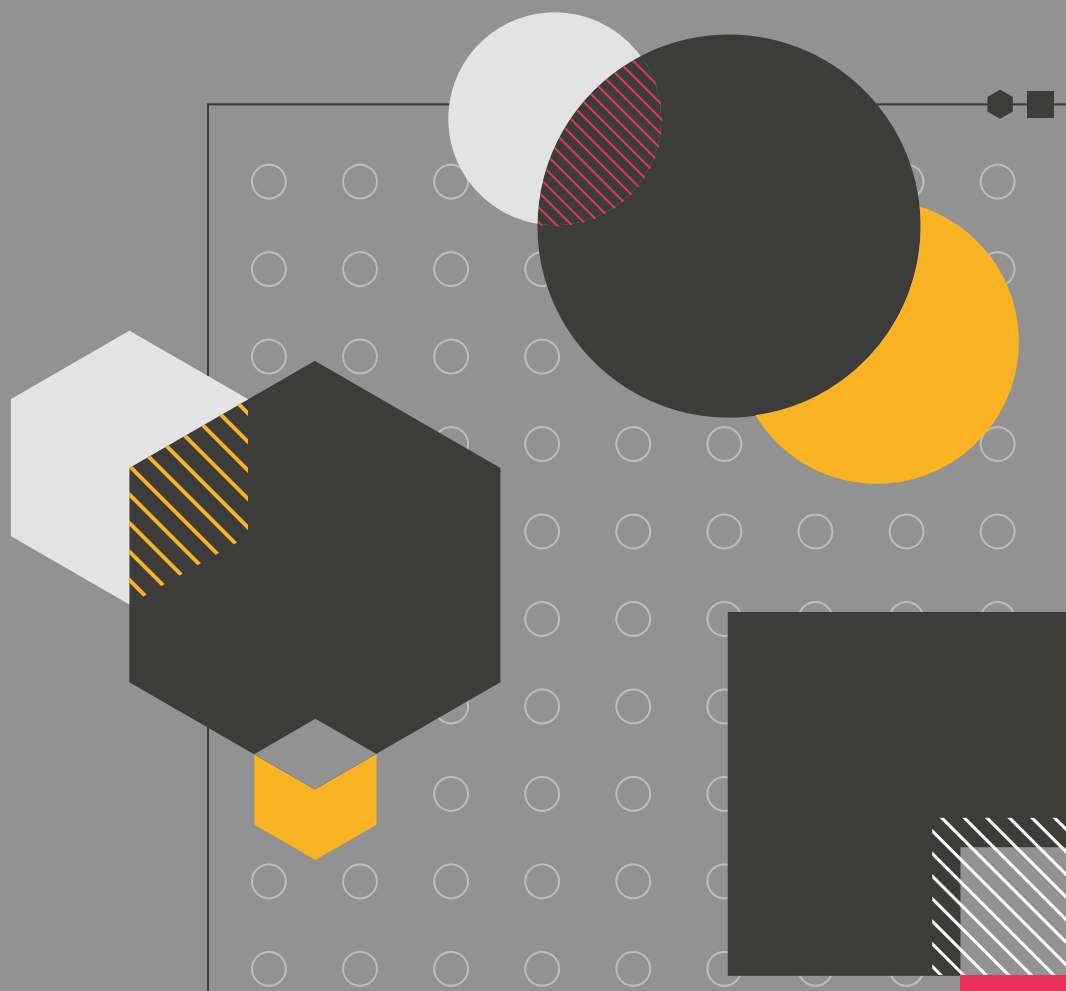
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# The Future of Work



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