WORK LIFE BALANCE CONFERENCE 2006
Hyatt Regency Perth    February 22-23, 2006

# The Changing Workforce Of The 21st Century

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IBISWorld

WHERE KNOWLEDGE IS POWER

# Topics

1. The Big Changes in The Workforce
2. Work Life Balance
3. Age Groups, Generations And Genders
4. Full Employment And Jobs
5. Who We Will Work For And How
6. The Productivity Challenge
7. The Management Challenges

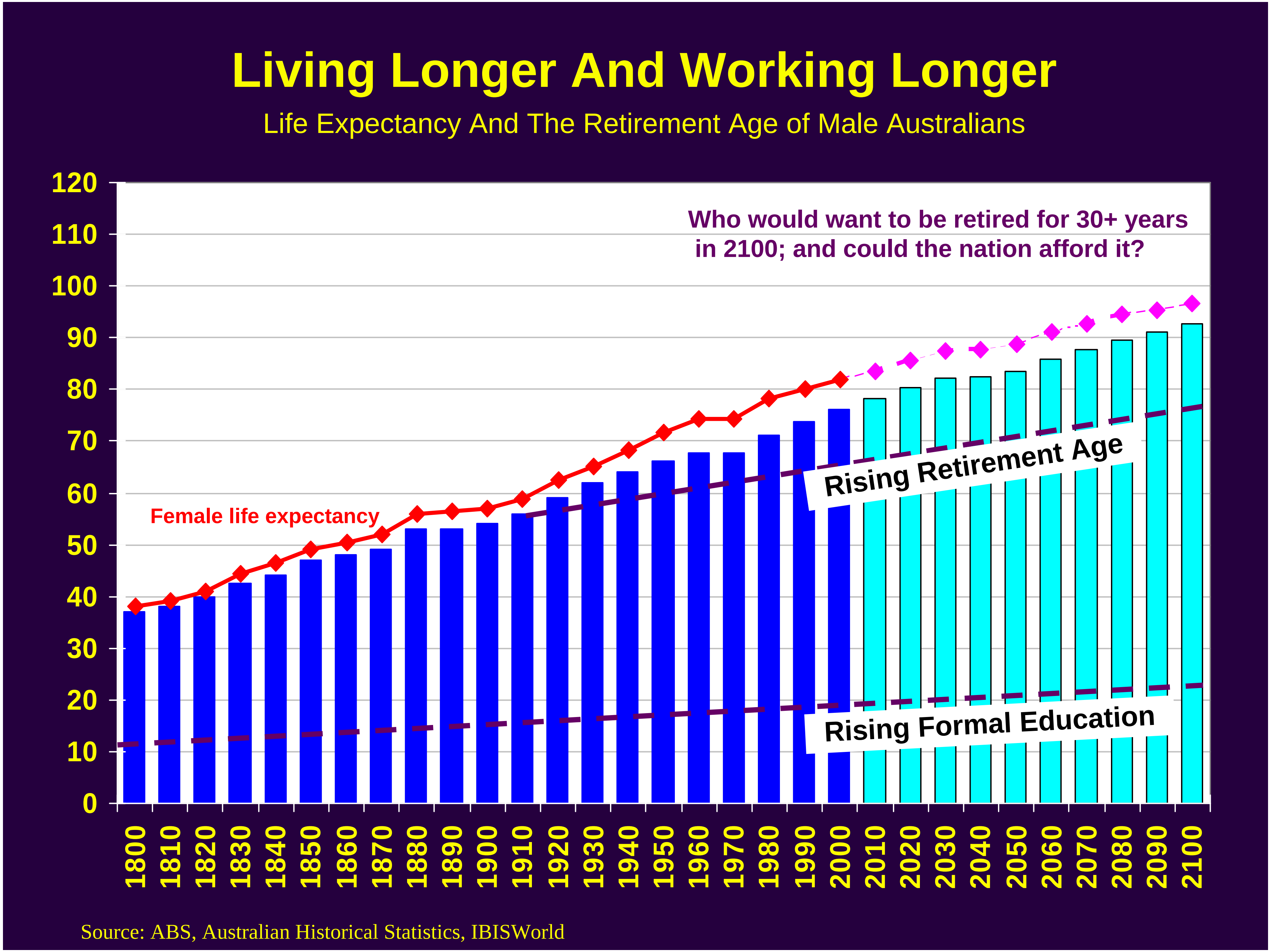
# 1.
# The Big Changes In The Workforce

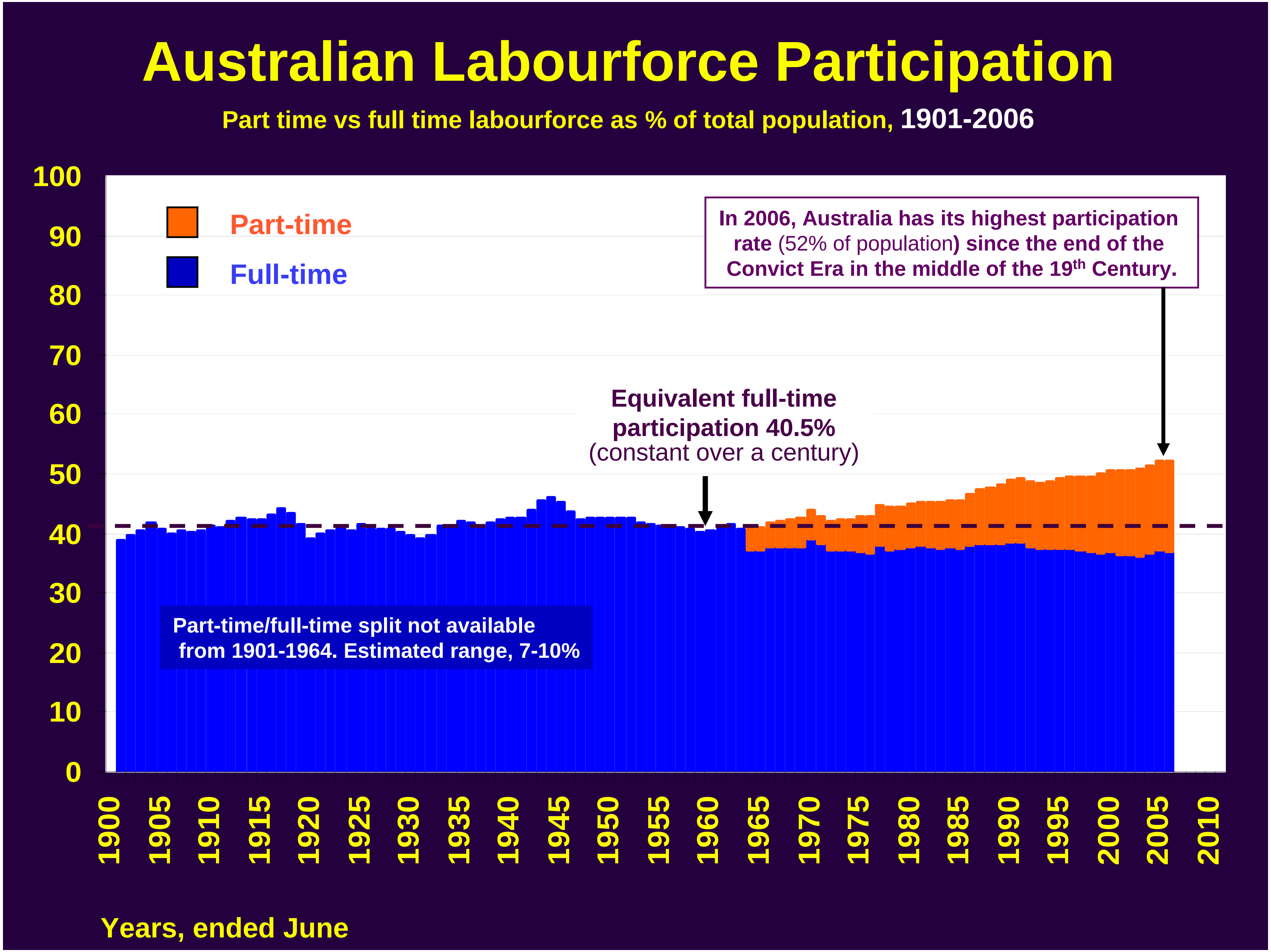
# Our Changing Labourforce

- Higher participation rate
- More part-time/casual work
- Partial working from home
- Same lifetime working hours
- More years, less hours per year
- Rising wages & salaries
- More working seasons in a life
- New industries & occupations
- Lifetime education & training
- New locations of employment
- Rise of contractualism
- Payment for outputs not inputs
- Rise of business ownership
- Rise of franchising

- Importance of married women
- Women as entrepreneurs
- Women as directors
- Knowledge worker concept
- Work in a borderless world
- More international jobs
- Demise of career-ladders
- Demise of overt discrimination
- Demise of fixed retirement age
- Demise of “employee” concept
- Demise of trade unionism
- Demise of employer chambers
- Demise of Arbitration Commission

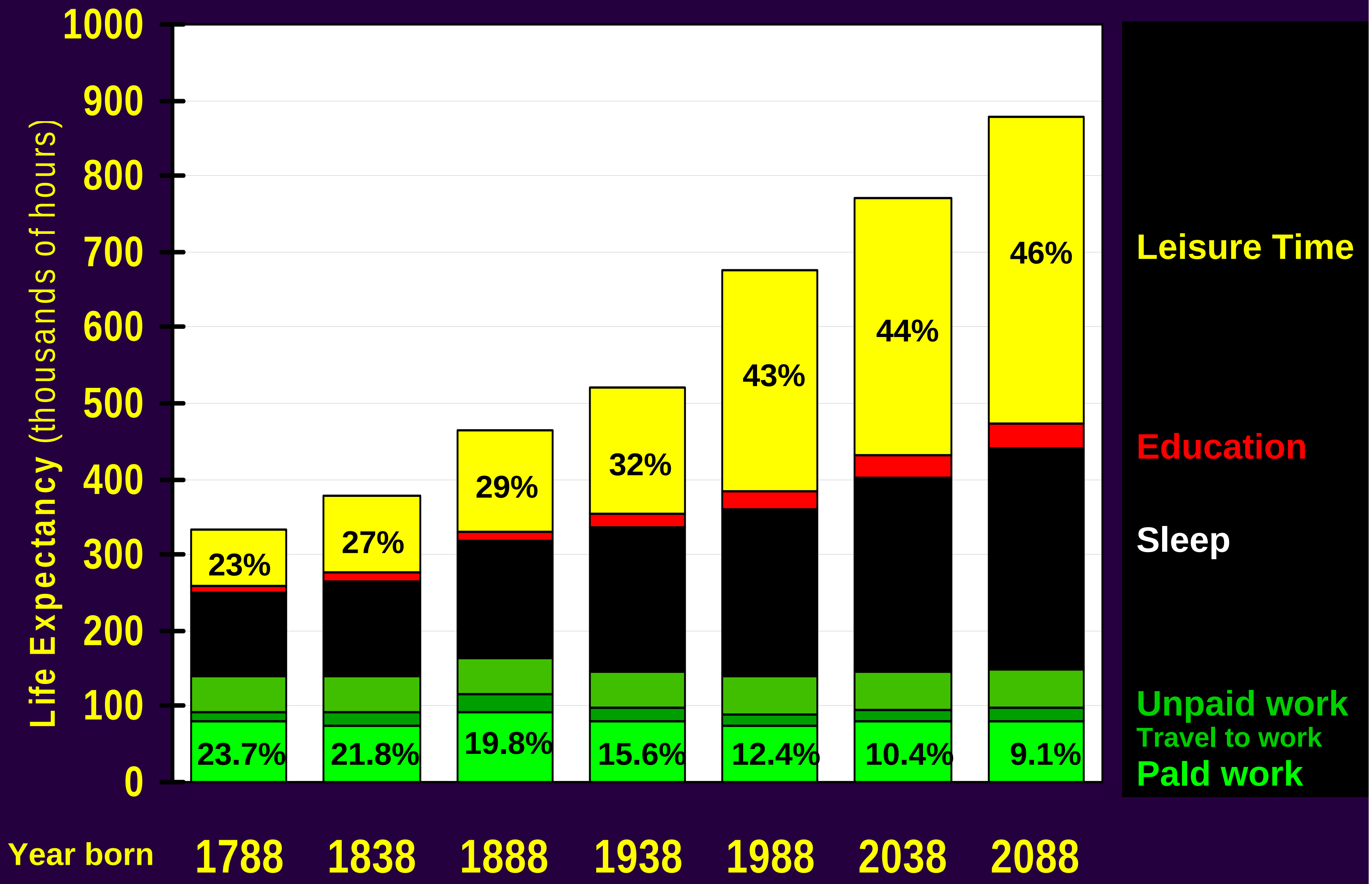
# 2.
# Work Life Balance

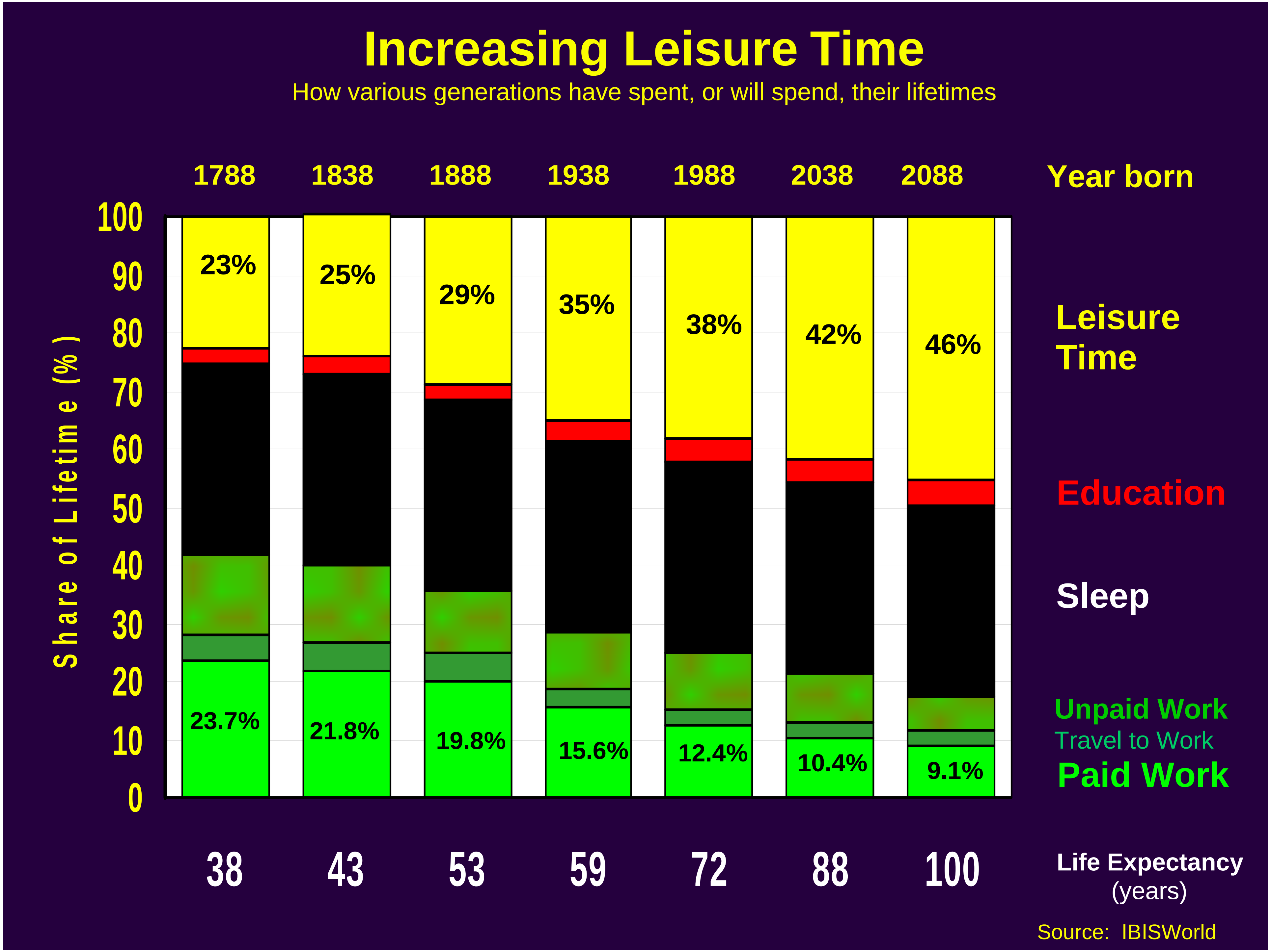

Living Longer And Working Longer
Life Expectancy And The Retirement Age of Male Australians
Who would want to be retired for 30+ years in 2100; and could the nation afford it?
Female life expectancy
Rising Retirement Age
Rising Formal Education
0
10
20
30
40
50
60
70
80
90
100
110
120
1800
1810
1820
1830
1840
1850
1860
1870
1880
1890
1900
1910
1920
1930
1940
1950
1960
1970
1980
1990
2000
2010
2020
2030
2040
2050
2060
2070
2080
2090
2100
Source: ABS, Australian Historical Statistics, IBISWorld



Australian Labourforce Participation
Part time vs full time labourforce as % of total population, 1901-2006
100
90
80
70
60
50
40
30
20
10
0
Part-time
Full-time
In 2006, Australia has its highest participation rate (52% of population) since the end of the Convict Era in the middle of the 19th Century.
Equivalent full-time participation 40.5%
(constant over a century)
Part-time/full-time split not available from 1901-1964. Estimated range, 7-10%
1900
1905
1910
1915
1920
1925
1930
1935
1940
1945
1950
1955
1960
1965
1970
1975
1980
1985
1990
1995
2000
2005
2010
Years, ended June

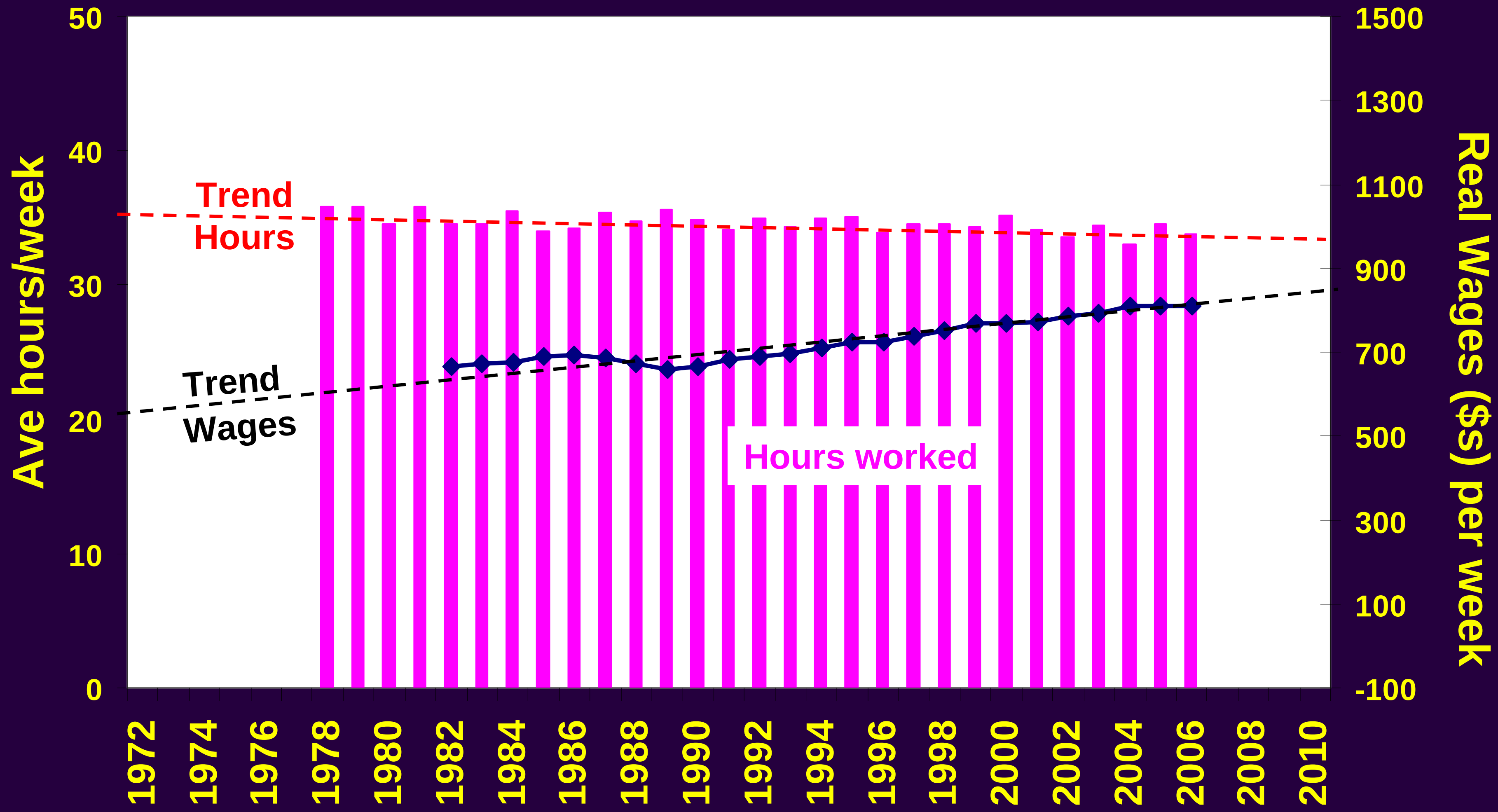
# Work And Leisure Over Time



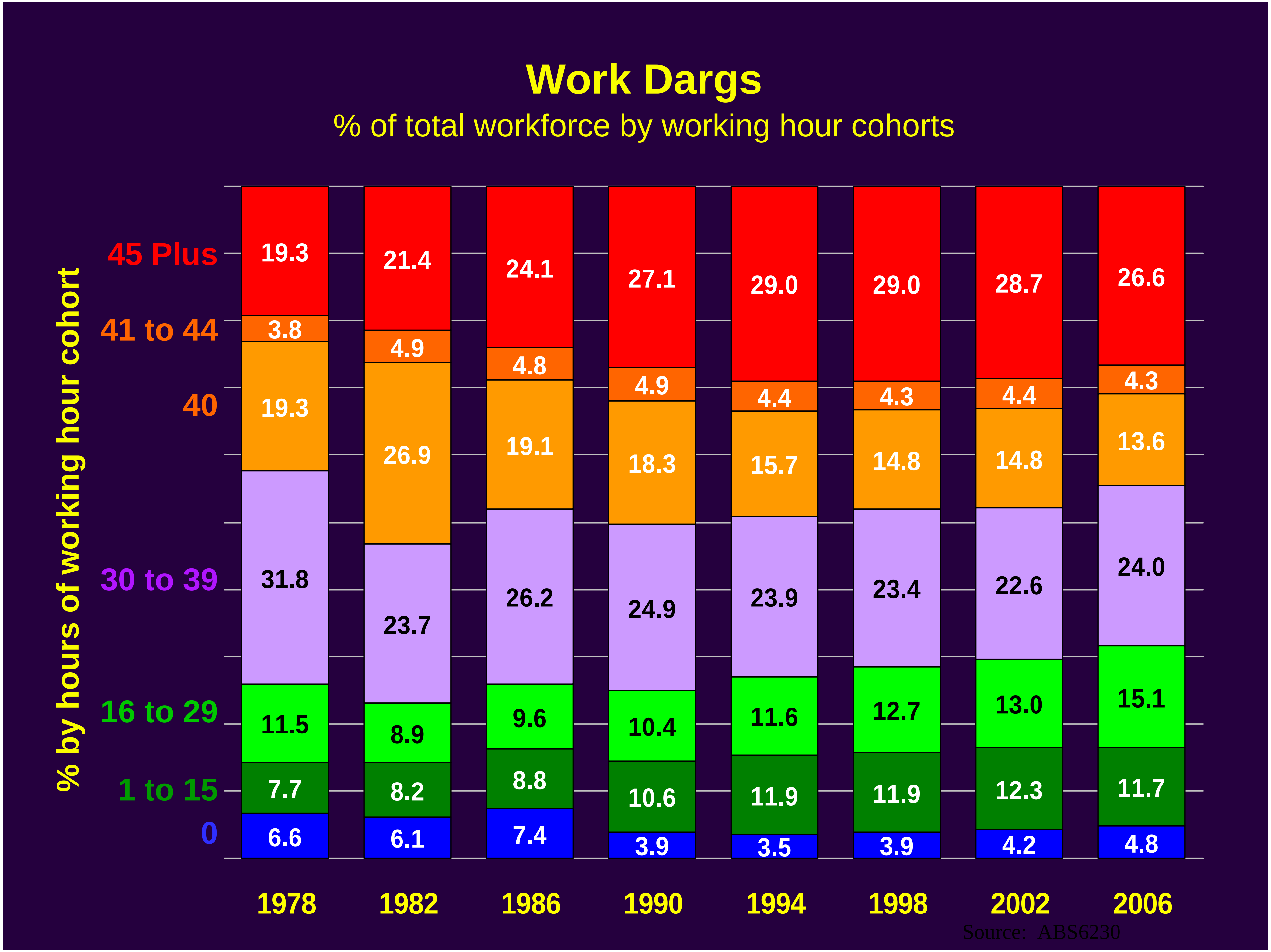

Increasing Leisure Time
How various generations have spent, or will spend, their lifetimes
1788
1838
1888
1938
1988
2038
2088
Year born
100
90
80
70
60
50
40
30
20
10
0
Share of Lifetime (%)
23%
25%
29%
35%
38%
42%
46%
23.7%
21.8%
19.8%
15.6%
12.4%
10.4%
9.1%
Leisure Time
Education
Sleep
Unpaid Work
Travel to Work
Paid Work
38
43
53
59
72
88
100
Life Expectancy (years)
Source: IBISWorld

# Paid Working Hours Are Falling

## Total average hours/week and Real Wages/week (2006 prices)



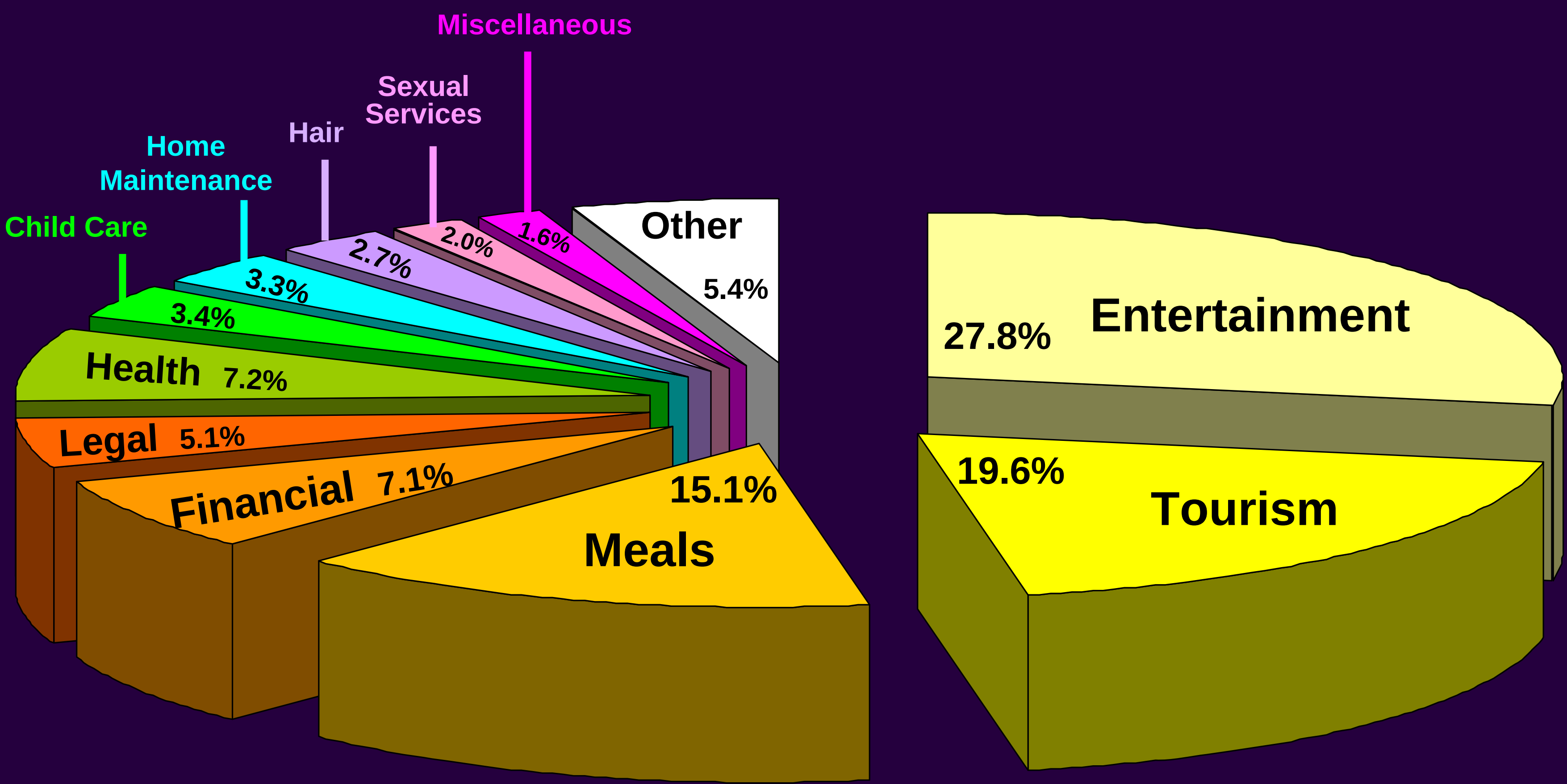

Source: ABS6230


Work Dargs
% of total workforce by working hour cohorts
% by hours of working hour cohort
45 Plus
41 to 44
40
30 to 39
16 to 29
1 to 15
0
19.3
3.8
19.3
31.8
11.5
7.7
6.6
21.4
4.9
26.9
23.7
8.9
8.2
6.1
24.1
4.8
19.1
26.2
9.6
8.8
7.4
27.1
4.9
18.3
24.9
10.4
10.6
3.9
29.0
4.4
15.7
23.9
11.6
11.9
3.5
29.0
4.3
14.8
23.4
12.7
11.9
3.9
28.7
4.4
14.8
22.6
13.0
12.3
4.2
26.6
4.3
13.6
24.0
15.1
11.7
4.8
1978
1982
1986
1990
1994
1998
2002
2006
Source: ABS6230

We are outsourcing more and more household activities to create more leisure time

# Household Outsourcing In The New Age[1]

**F2006** (E)



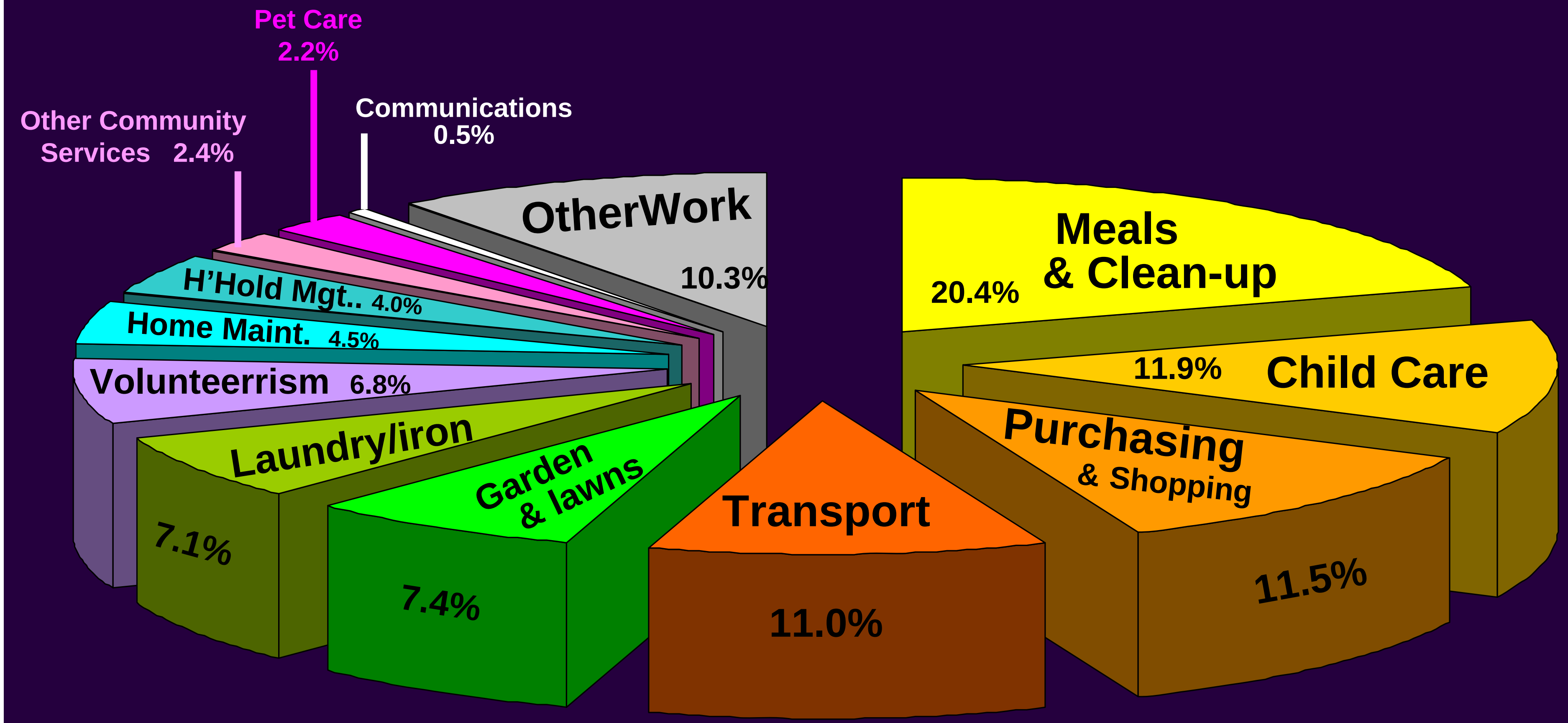

**$110 billion**
$13,700 per Household

**Note: [1] Spending on services, new since 1965**

**Source: ABS, IBISWorld**

# Household DIY Work Yet To Be Outsourced

**Imputed Value F2006 (E)**



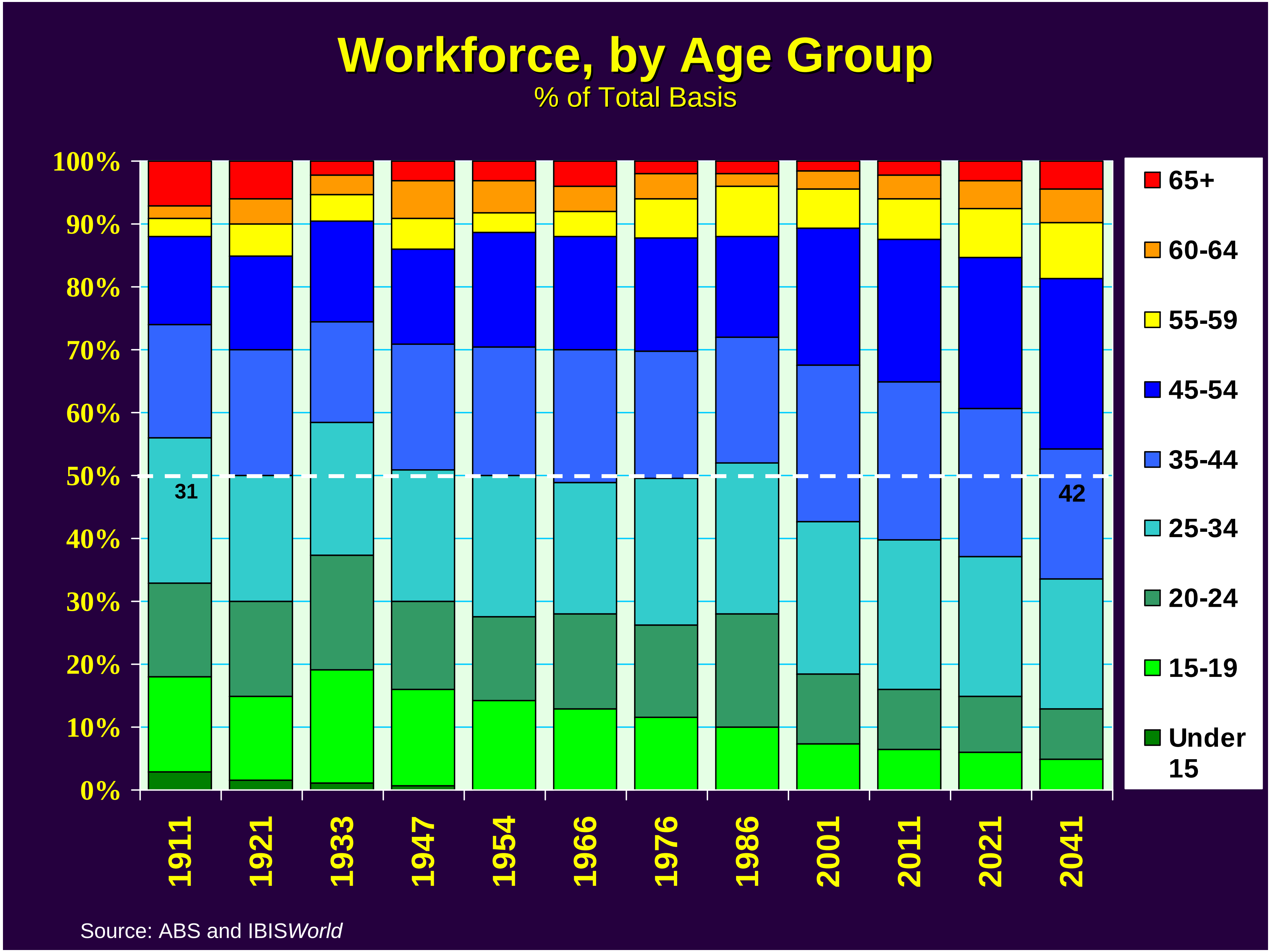

**$375 billion**

$46,800/ Household

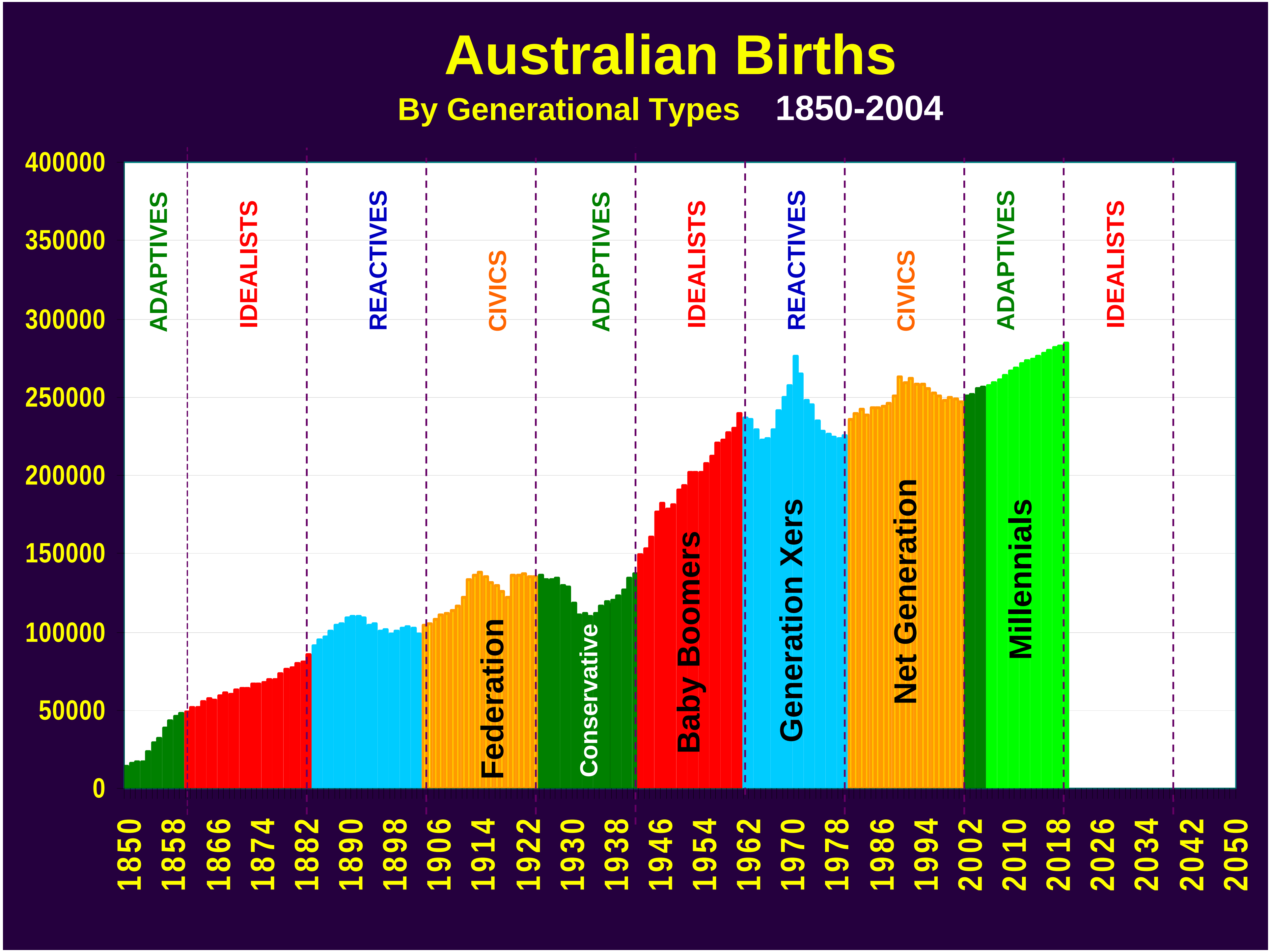
Source: ABS, IBISWorld

# 3.

# Age Groups, Generations And Genders



Workforce, by Age Group
% of Total Basis
100%
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%
31
42
1911
1921
1933
1947
1954
1966
1976
1986
2001
2011
2021
2041
65+
60-64
55-59
45-54
35-44
25-34
20-24
15-19
Under 15
Source: ABS and IBISWorld


Australian Births
By Generational Types 1850-2004
400000
350000
300000
250000
200000
150000
100000
50000
0
ADAPTIVES
IDEALISTS
REACTIVES
CIVICS
ADAPTIVES
IDEALISTS
REACTIVES
CIVICS
ADAPTIVES
IDEALISTS
Federation
Conservative
Baby Boomers
Generation Xers
Net Generation
Millennials
1850
1858
1866
1874
1882
1890
1898
1906
1914
1922
1930
1938
1946
1954
1962
1970
1978
1986
1994
2002
2010
2018
2026
2034
2042
2050

# Four Types of Generations

**Civics**

**The wealth creators and nation building generation. The can-do generation, pragmatic and rationalist. Not a lot of social graces.**

**Adaptives**

**The generally silent, obedient but more socially aware generation. Adapt wealth-building to other social needs. Can develop scruples.**

**Idealists**

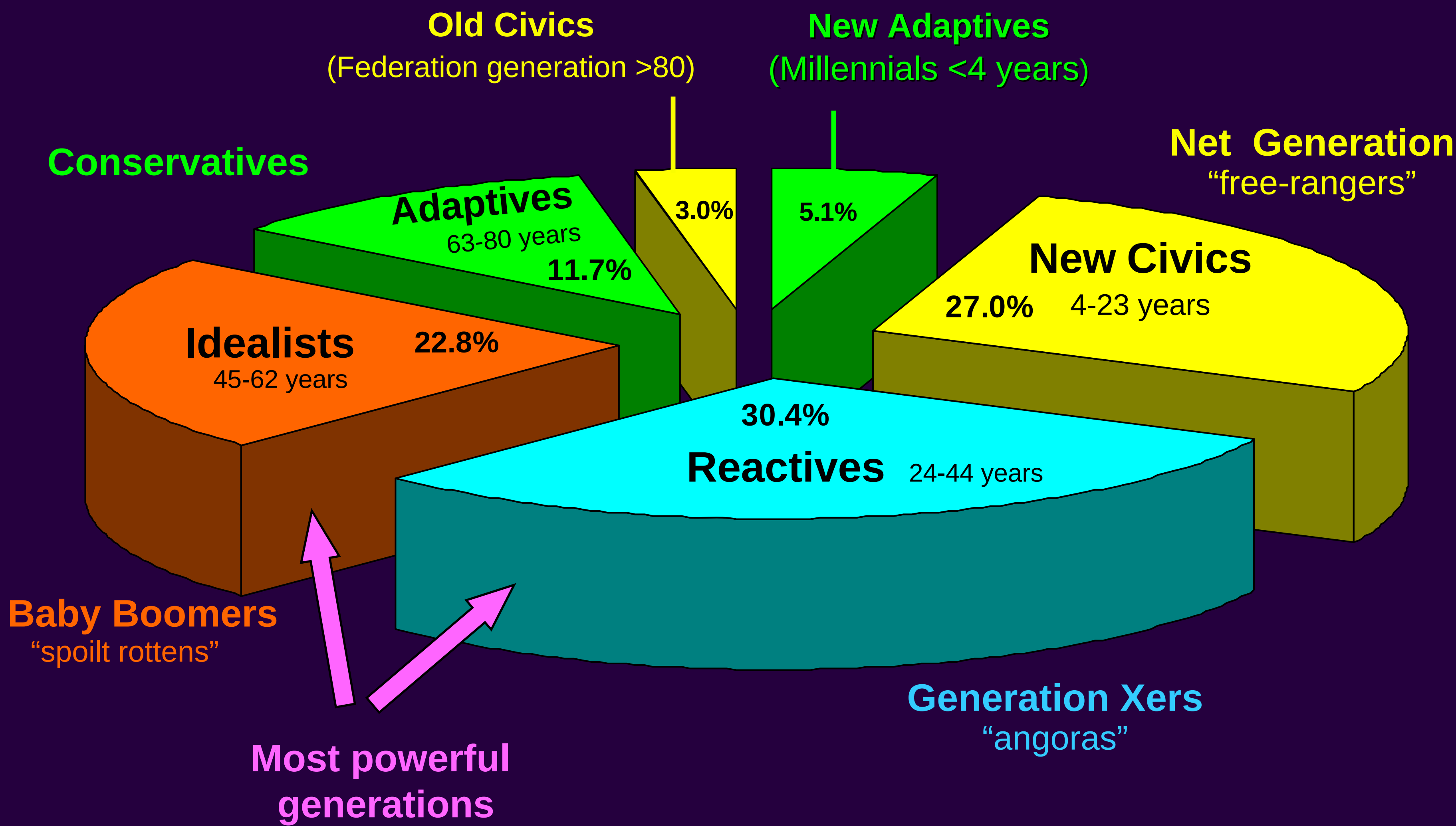
**The social visionary and idealistic generation. Want to change the world *now.* Humanists and social re-engineers. Big spenders.**

**Reactives**

**The reactive, conciliatory generation. Consolidators of change and peace-seekers. Repair damage of idealists. Pave way for new civics.**

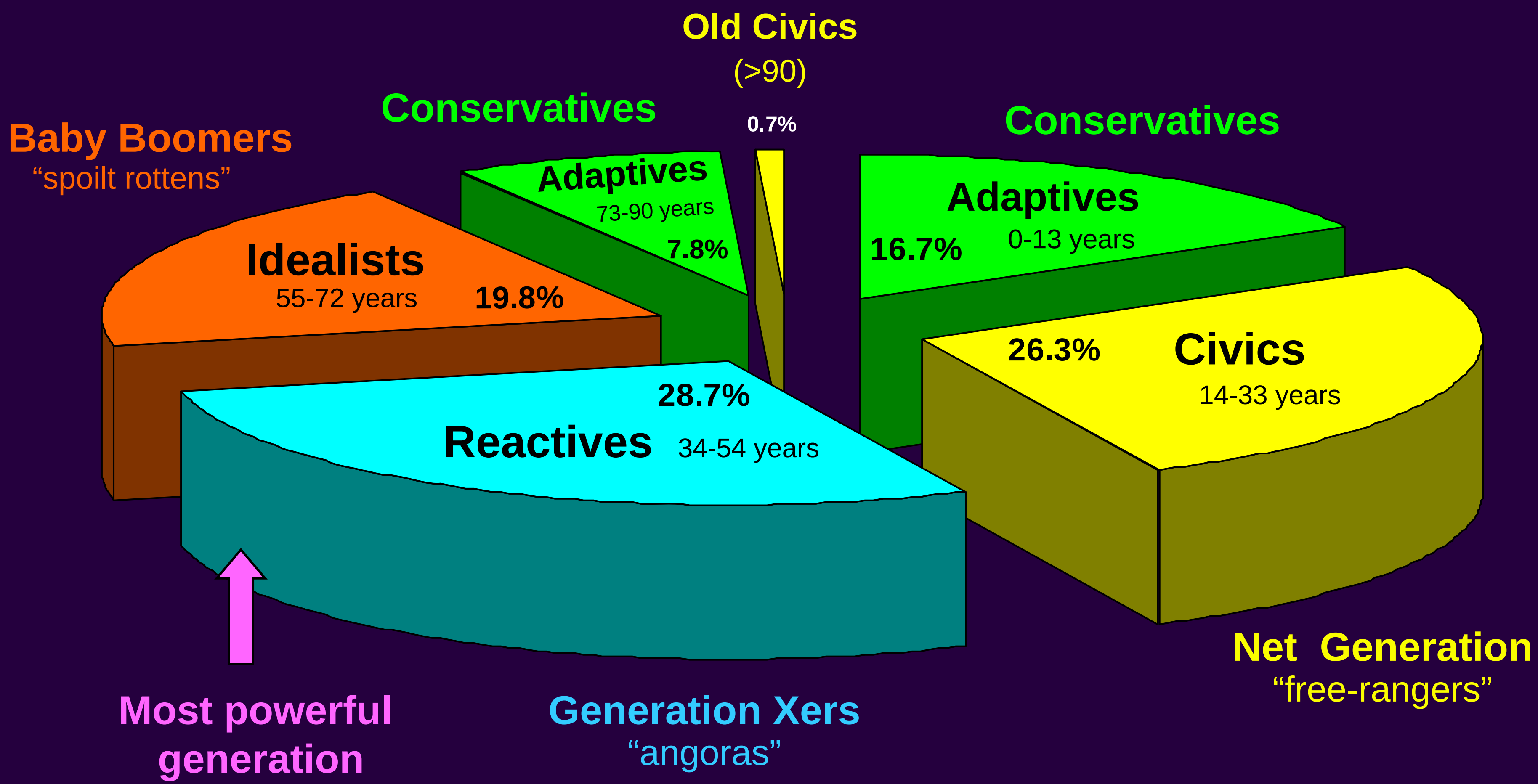
Source: "Generations" (Strauss & Howe) and IBIS*World*

# Generations in 2005

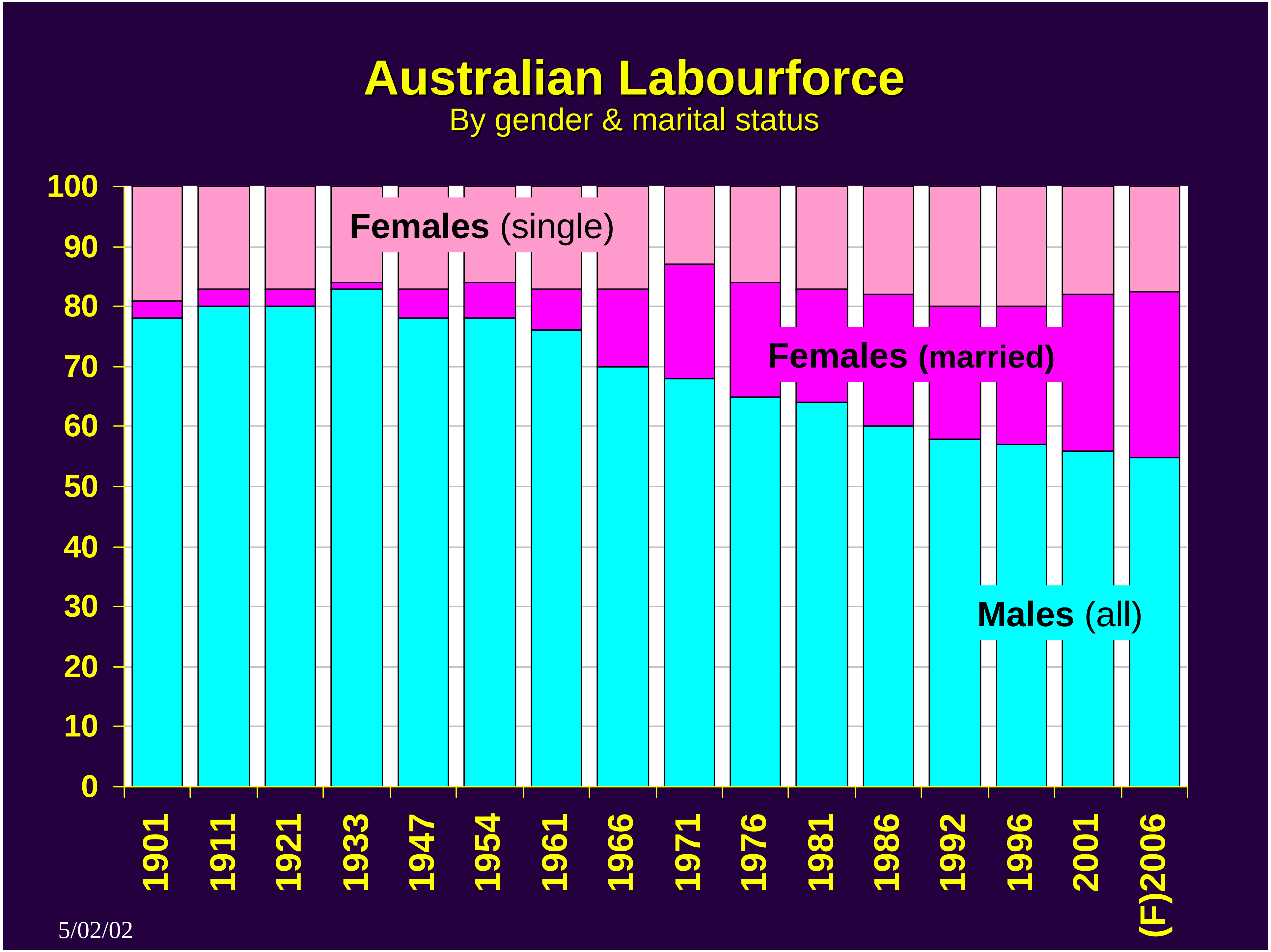



**20.4 million persons**

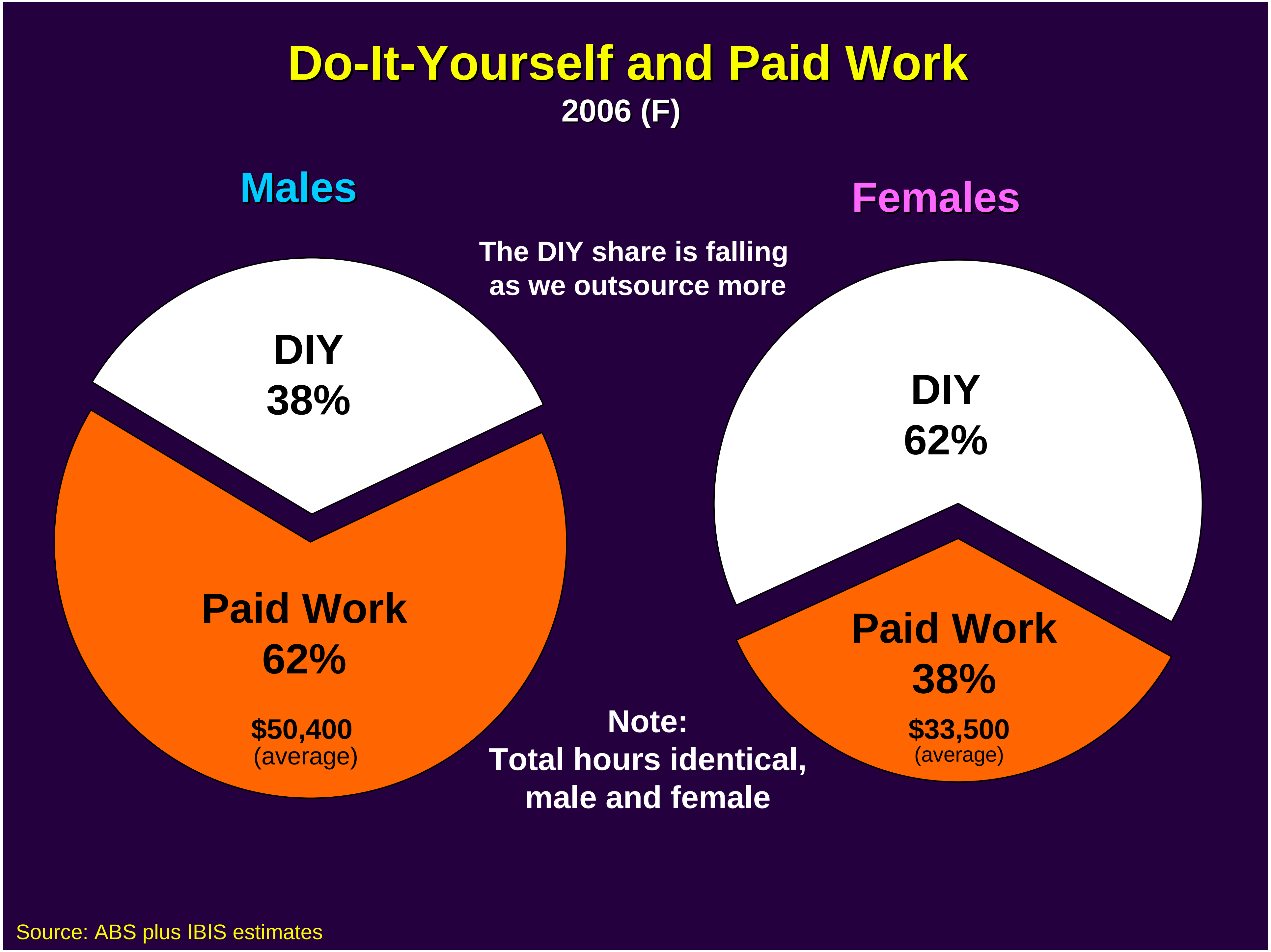
# Generations in 2015



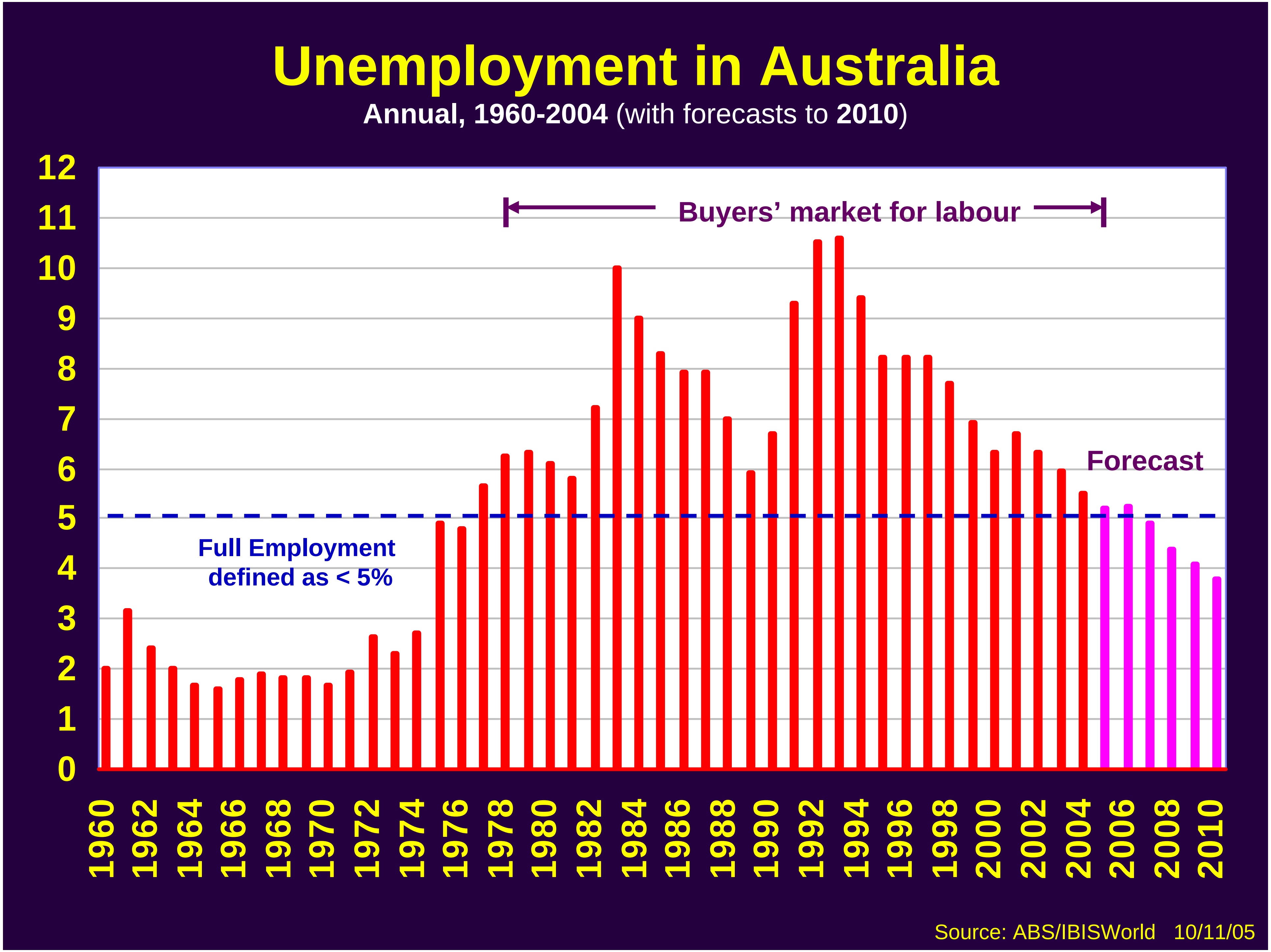

22.9 million persons



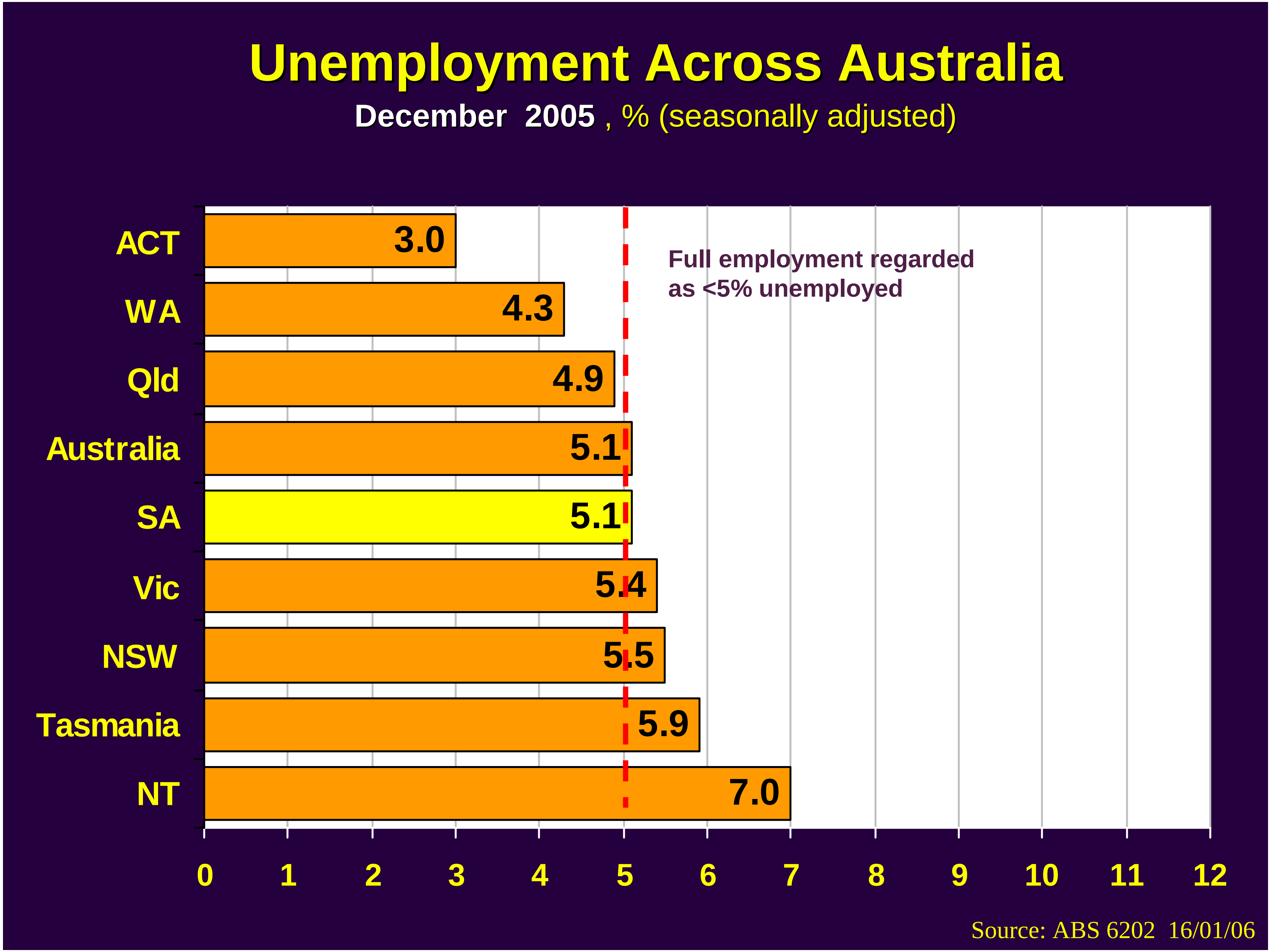
Australian Labourforce
By gender & marital status
Females (single)
Females (married)
Males (all)
100
90
80
70
60
50
40
30
20
10
0
1901
1911
1921
1933
1947
1954
1961
1966
1971
1976
1981
1986
1992
1996
2001
(F)2006
5/02/02


Do-It-Yourself and Paid Work
2006 (F)
Males
Females
The DIY share is falling
as we outsource more
DIY
38%
Paid Work
62%
$50,400
(average)
DIY
62%
Paid Work
38%
$33,500
(average)
Note:
Total hours identical,
male and female
Source: ABS plus IBIS estimates

# 4.
# Full Employment And Where The Jobs Are



Unemployment in Australia
Annual, 1960-2004 (with forecasts to 2010)
12
11
10
9
8
7
6
5
4
3
2
1
0
Buyers' market for labour
Forecast
Full Employment
defined as < 5%
1960
1962
1964
1966
1968
1970
1972
1974
1976
1978
1980
1982
1984
1986
1988
1990
1992
1994
1996
1998
2000
2002
2004
2006
2008
2010
Source: ABS/IBISWorld 10/11/05



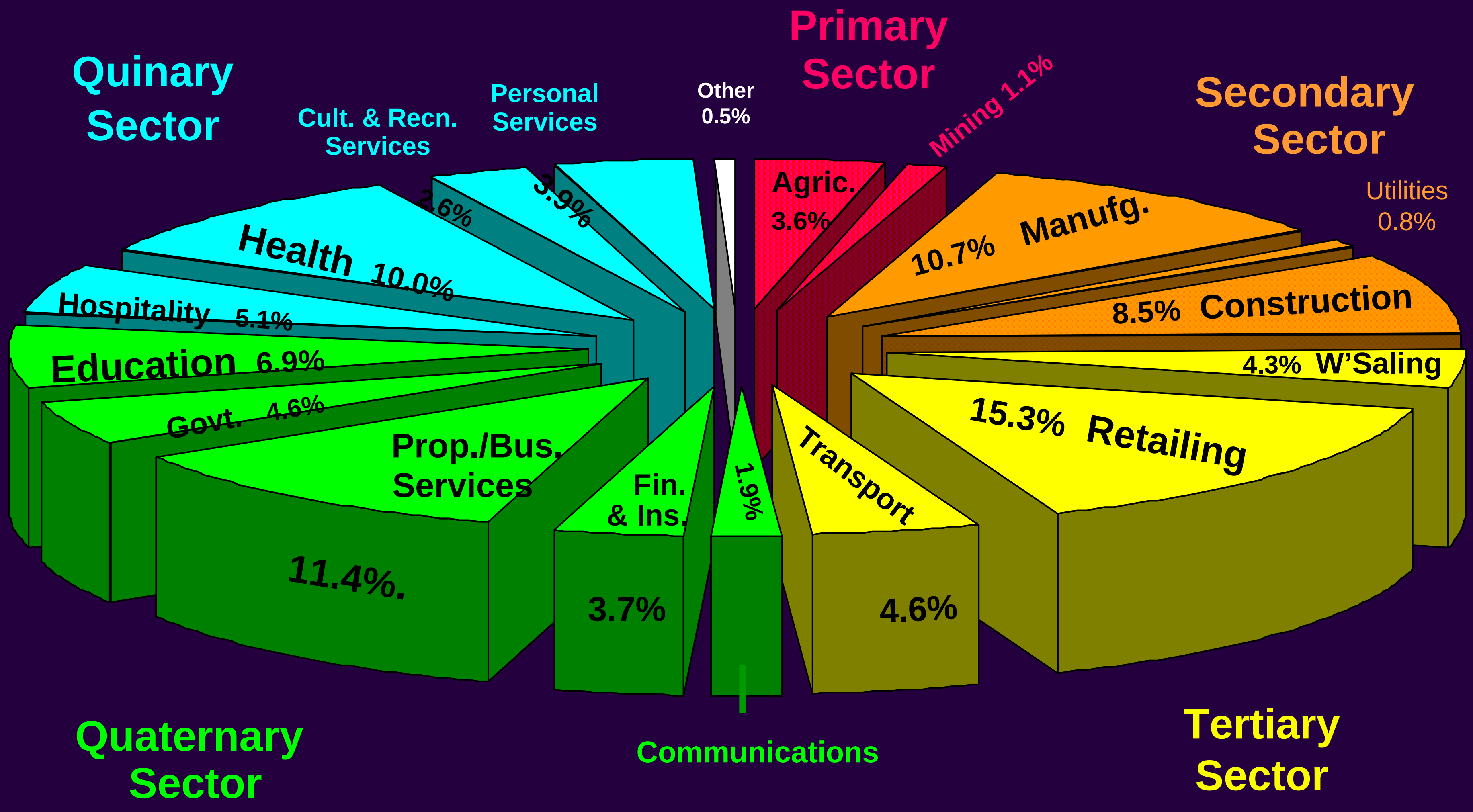
Unemployment Across Australia
December 2005 , % (seasonally adjusted)
ACT
WA
Qld
Australia
SA
Vic
NSW
Tasmania
NT
3.0
4.3
4.9
5.1
5.1
5.4
5.5
5.9
7.0
Full employment regarded as <5% unemployed
0
1
2
3
4
5
6
7
8
9
10
11
12
Source: ABS 6202 16/01/06

# Shortages Emerging

- Accountants
- Engineers
- Tradespeople
- Miners
- Call Centre Operators
- Hospitality workers

# Employment By Industry Sectors

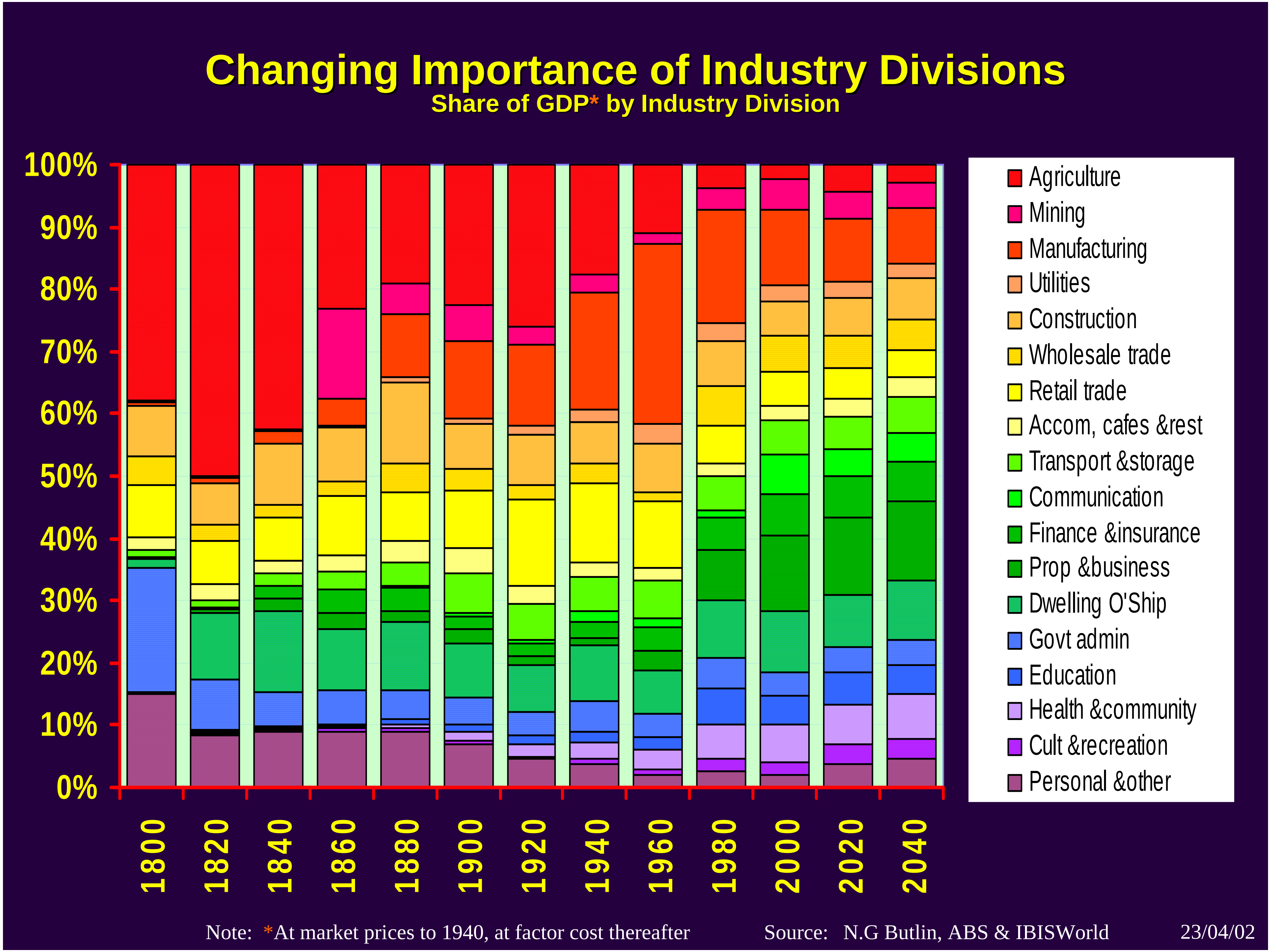
**Australia June 2005**, Share of Total Employment




**10.02 million employed**

Source: ABS 6203-D

IBIS*World* 08/10/05



Changing Importance of Industry Divisions
Share of GDP* by Industry Division
100%
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%
1800
1820
1840
1860
1880
1900
1920
1940
1960
1980
2000
2020
2040
Agriculture
Mining
Manufacturing
Utilities
Construction
Wholesale trade
Retail trade
Accom, cafes &rest
Transport &storage
Communication
Finance &insurance
Prop &business
Dwelling O'Ship
Govt admin
Education
Health &community
Cult &recreation
Personal &other
Note: *At market prices to 1940, at factor cost thereafter
Source: N.G Butlin, ABS & IBISWorld
23/04/02

# Outsourcing Creates Most Industries

- **We outsourced the growing of things to create the modern agrarian age industries, aided by new technologies**
- **We outsourced the making of things to create the industrial age industries of manufacturing, utilities and construction; aided by new technologies**
- **We are outsourcing services (**household services and business functions**) to create the infotronics age, aided by new systems & technologies and a new utility sector** (IC&T)

# Who Outsources?

**Households** (80-90% of all new jobs and GDP)

- **new industries carry out household activities in a quarter of the time and a third of the (real) cost of the DIY household and improve both our standard of living and our quality of life.**

**Businesses** (no net new jobs )

- **businesses are now outsourcing non-core activities and franchising, transferring jobs from one business or industry to another business or industry to be done more efficiently with huge productivity gains.**

**Other Nations** (10-20% of all new jobs and GDP)

- **our exports are the result of other nations outsourcing some of their needs of goods and services to us.**

# Who Benefits from Outsourcing?

## 1. Households and Individuals

- ★ They do not have to come home to a 3rd and 4th job, now that both partners are working;
- ★ They have more time to enjoy life;
- ★ They have new occupations & industries available to them and their children via the newly-created industries.

## 2. Businesses

- ★ They can remove the distractions and narrow the span of control, by outsourcing the non-core activities;
- ★ They can focus on their core activities and develop their IP and uniqueness which make the real growth & profits;
- ★ They can, in due course, reduce costs.

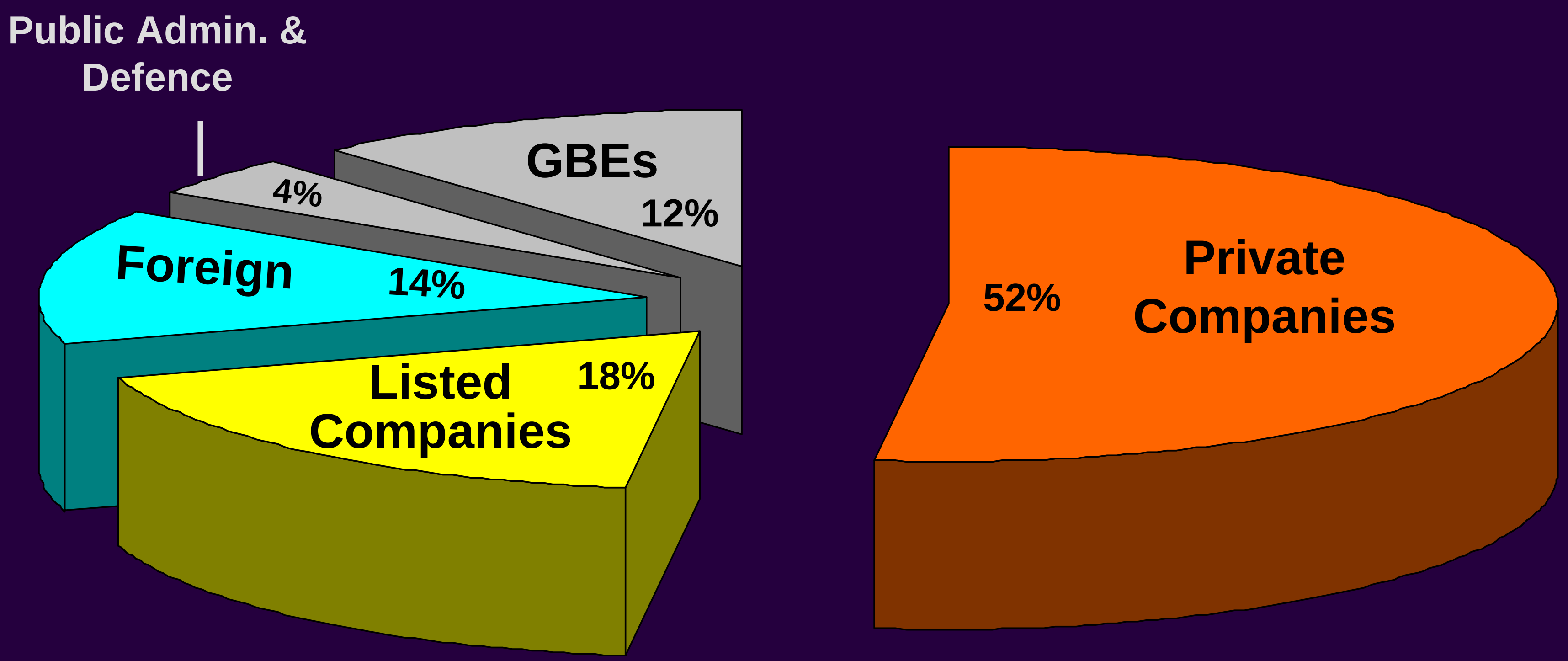
# Fastest Growing Industry Themes

- **Business Services –** outsourcing non-core functions.
- **Financial Services -** outsourcing of transactions/investment.
- **Property Services -** outsourcing property ownership.
- **Knowledge Industries -** databases & multi-media services.
- **Health -** outsourcing home doctoring.
- **Education -** outsourcing pre-school, plus universities.
- **Personal & Household Services -** outsourcing chores.
- **Cafes, Restaurants & Catering -** outsourcing the kitchen.
- **Tourism -** outsourcing travel and accommodation.
- **Recreation & Cultural Services -** outsourcing leisure.
- **Mining –** energy minerals (oil, gas, coal, uranium)
- **IC&T -** the New Age all-pervasive utility.
- **Biotechnology & Nanotechnology –** New Age technologies.

# 5.
# Who We Work For And How

# Employment by Sector

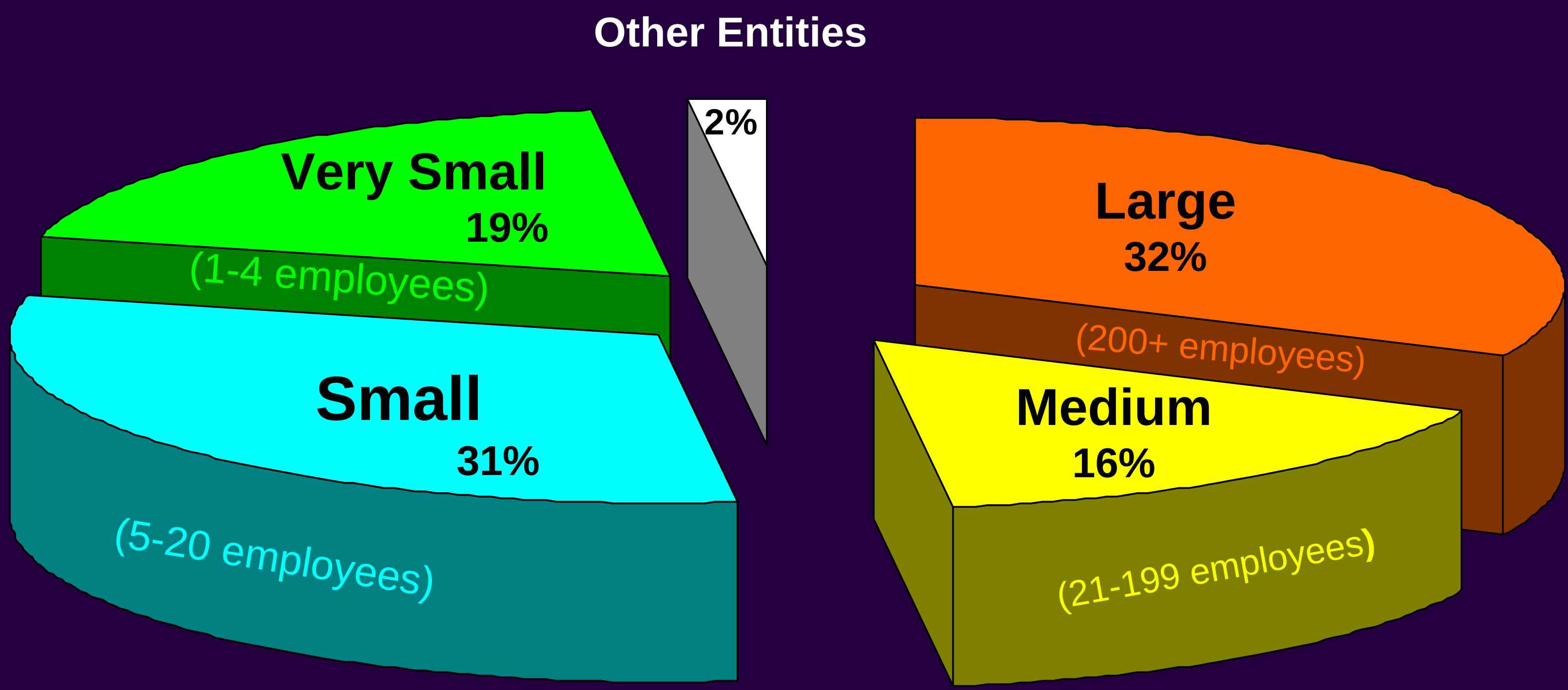
June 2004 (E)



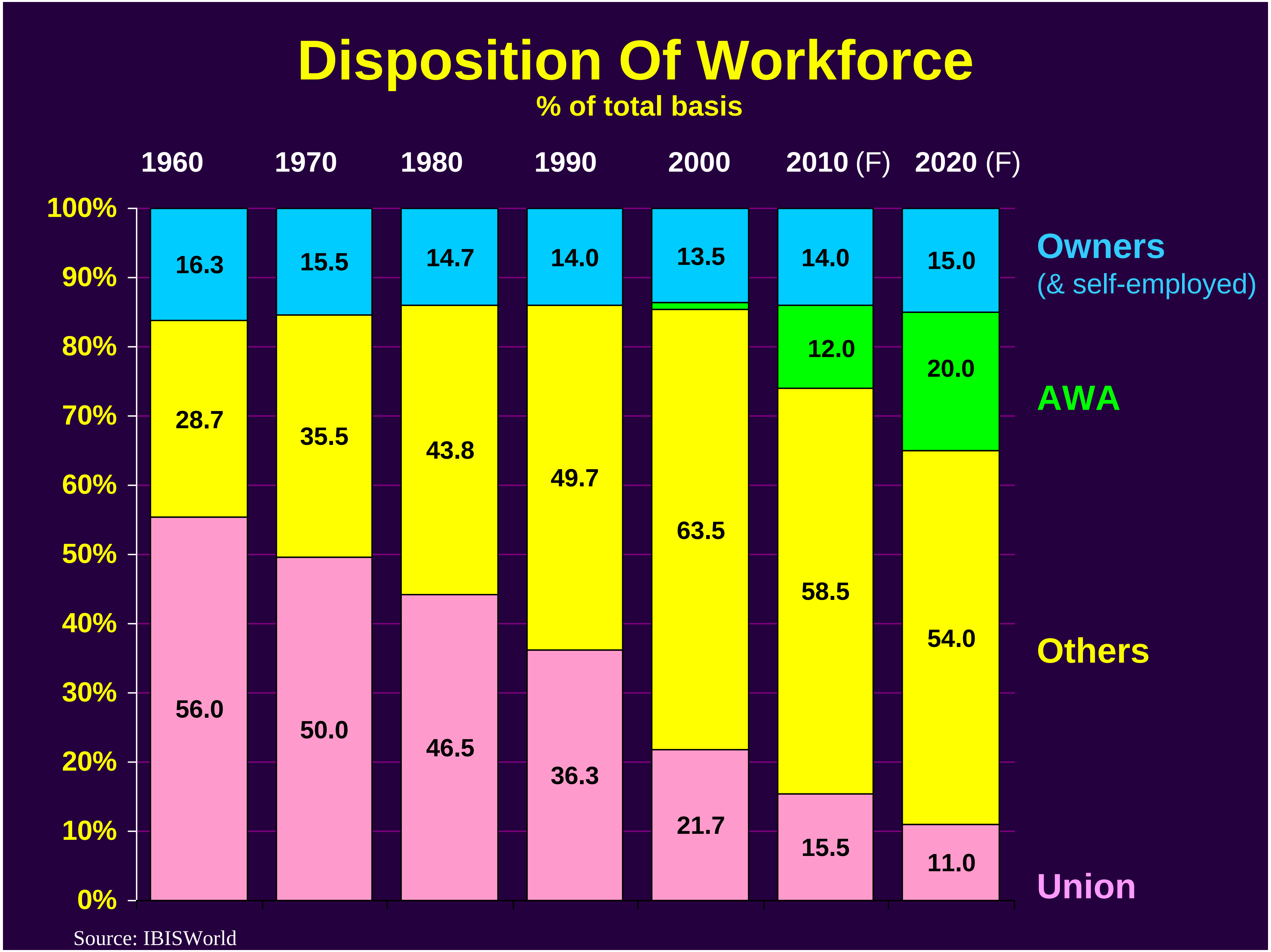

9.65 million
(employed)

# Employment by Size Of Business

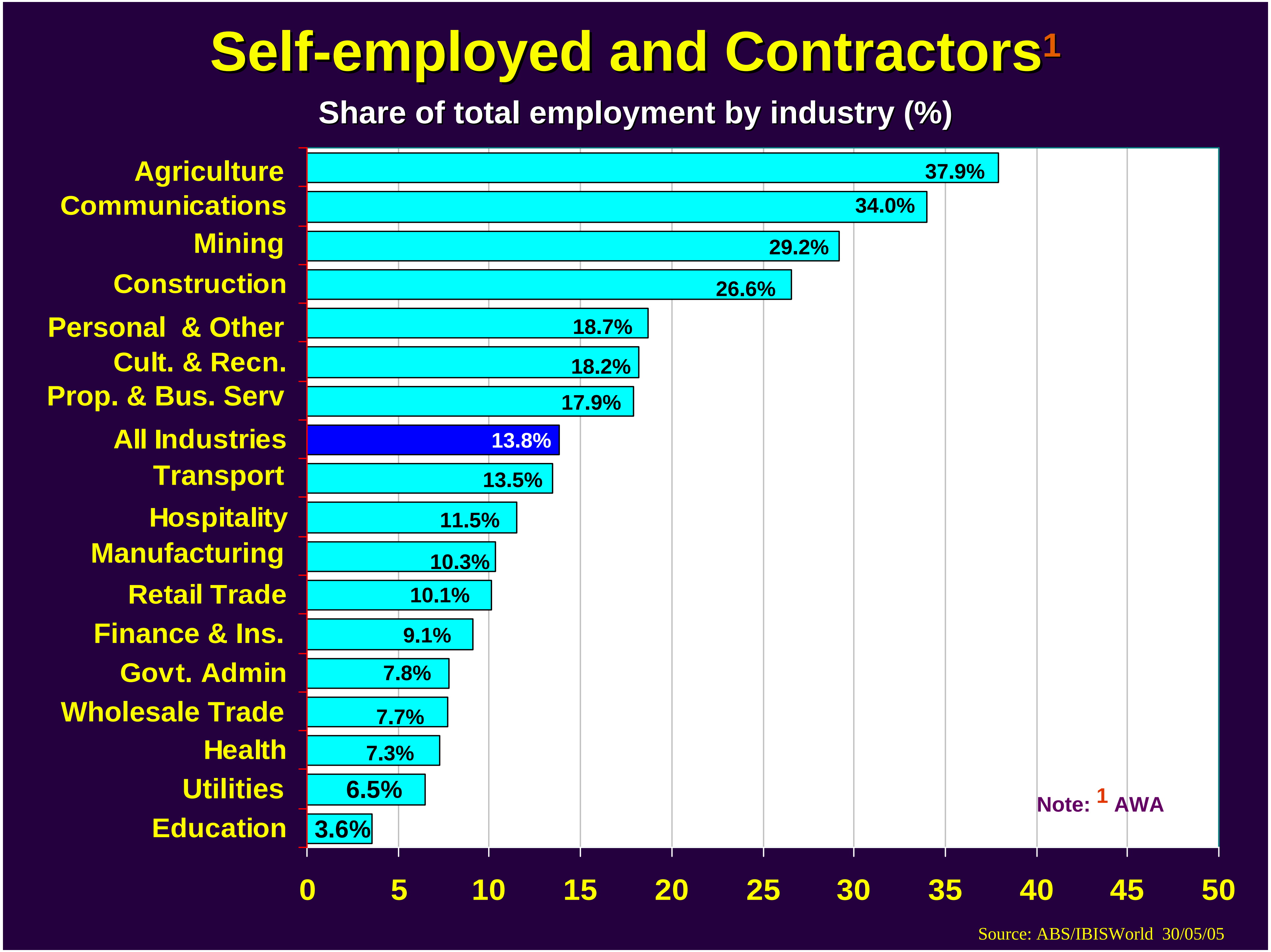
**June 2004** (E)




**9.65 million**
(employed)



Disposition Of Workforce
% of total basis
1960
1970
1980
1990
2000
2010 (F)
2020 (F)
100%
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%
16.3
15.5
14.7
14.0
13.5
14.0
15.0
28.7
35.5
43.8
49.7
63.5
58.5
54.0
12.0
20.0
56.0
50.0
46.5
36.3
21.7
15.5
11.0
Owners
(& self-employed)
AWA
Others
Union
Source: IBISWorld


Self-employed and Contractors[1]
Share of total employment by industry (%)
Agriculture
Communications
Mining
Construction
Personal & Other
Cult. & Recn.
Prop. & Bus. Serv
All Industries
Transport
Hospitality
Manufacturing
Retail Trade
Finance & Ins.
Govt. Admin
Wholesale Trade
Health
Utilities
Education
37.9%
34.0%
29.2%
26.6%
18.7%
18.2%
17.9%
13.8%
13.5%
11.5%
10.3%
10.1%
9.1%
7.8%
7.7%
7.3%
6.5%
3.6%
Note: 1 AWA
0
5
10
15
20
25
30
35
40
45
50
Source: ABS/IBISWorld 30/05/05

# Contractualism

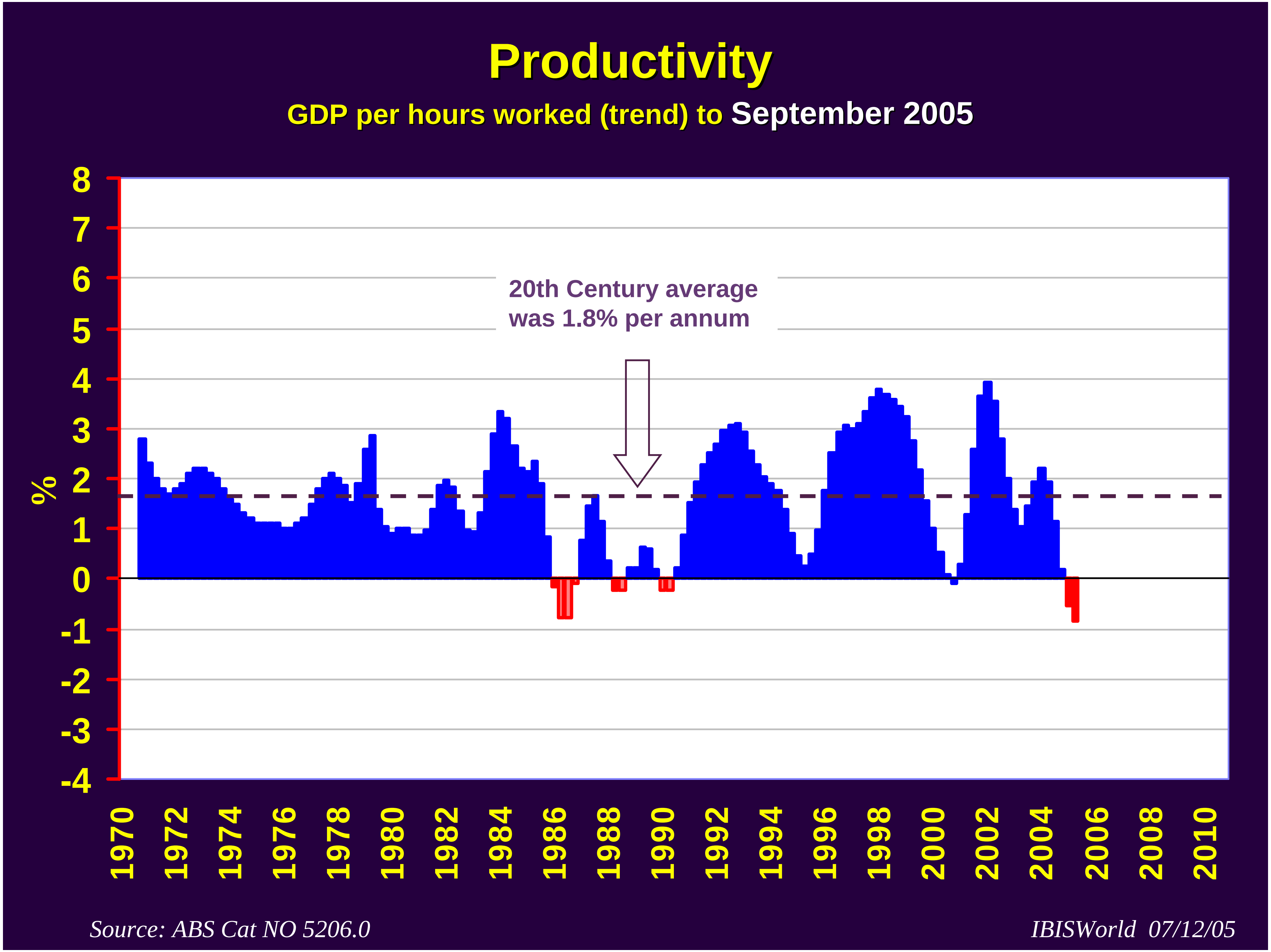
- **434,500 AWAs[1] in April 2005**
- **5.1% of employees** (excluding self employed)
- **Now growing at around 240,000 per annum in F2006**

- **940,400 self-employed in May 2005**
- **9.1% of workforce**

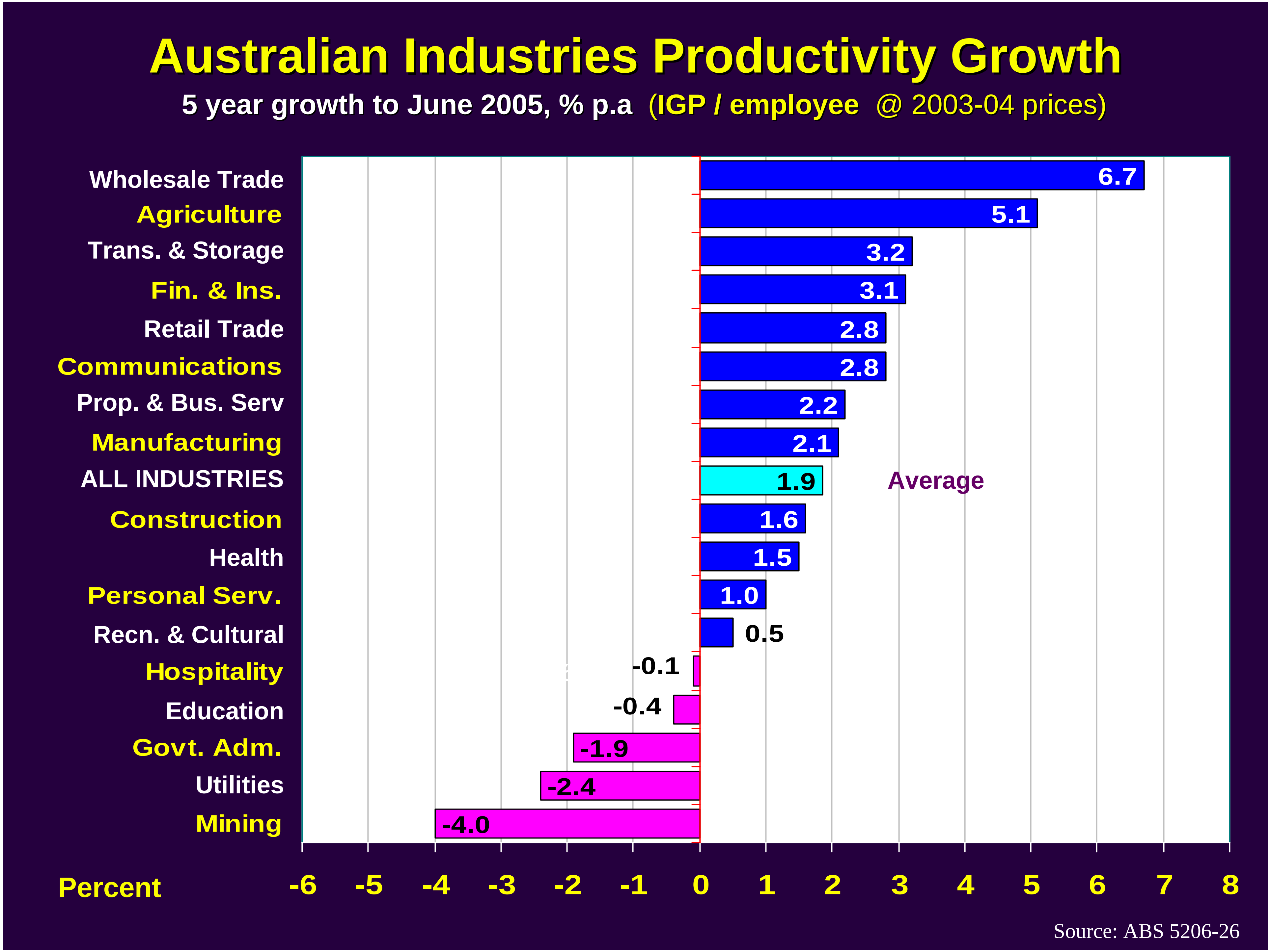
- **AWAs and self-employed accounted for 14.4% of workforce in June 2005**
- **These will outnumber union members by early 2010s**

**Note: [1] AWA: Australian Workforce Agreement, lodged with the OEA** (Office of the Employment Advocate)

# 6.
# The Productivity Challenge



Productivity
GDP per hours worked (trend) to September 2005
20th Century average
was 1.8% per annum
%
8
7
6
5
4
3
2
1
0
-1
-2
-3
-4
1970
1972
1974
1976
1978
1980
1982
1984
1986
1988
1990
1992
1994
1996
1998
2000
2002
2004
2006
2008
2010
Source: ABS Cat NO 5206.0
IBISWorld 07/12/05


Australian Industries Productivity Growth
5 year growth to June 2005, % p.a (IGP / employee @ 2003-04 prices)
Wholesale Trade
Agriculture
Trans. & Storage
Fin. & Ins.
Retail Trade
Communications
Prop. & Bus. Serv
Manufacturing
ALL INDUSTRIES
Construction
Health
Personal Serv.
Recn. & Cultural
Hospitality
Education
Govt. Adm.
Utilities
Mining
6.7
5.1
3.2
3.1
2.8
2.8
2.2
2.1
1.9
Average
1.6
1.5
1.0
0.5
-0.1
-0.4
-1.9
-2.4
-4.0
Percent
-6 -5 -4 -3 -2 -1 0 1 2 3 4 5 6 7 8
Source: ABS 5206-26

# 7.

# The Management Challenges

# What the Best Enterprises Are Doing

1. They are focussing on single industries, not diversifying
2. They are positioning as a major, niche or ultra-niche for dominance at some level to become master of their own destiny
3. They are pursuing unique intellectual property (directly or as a franchisee) or monopoly/oligopoly licenses (banking, media, gaming)
4. They are outsourcing non-core activities and functions
5. They are jettisoning passive (“hard”) assets, which only provide “rental” returns (which belong to property trusts or leasing institutions)
6. They are creating virtual corporations & strategic alliances
7. They are planning from the outside-in not the inside-out
8. They are emulating world best practice for their industry and, where possible, aggressively globalising their businesses
9. They are developing unique organisational cultures
10. They are leading first and managing second

# Developing A Unique Culture

**A unique culture is about attracting and keeping good people to your business, and helping develop ordinary people into extraordinary people.**

**This is built on a base of world best practice principles of human resources management. But a *unique* culture goes well beyond the basics: it needs to have special elements of both a tangible and intangible nature.**

**No matter how often we say it, employees are not a firm's most valuable asset, since slavery has been outlawed for some considerable time! But they can be "valued", and a unique culture is vital to this goal.**

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