01

FUTURE OF WORK

KPMG
cutting through complexity

www.kpmgslant.co.uk

Central to the future of business is the human question. This edition has been looking at tomorrow's workplace and since launch we've now added four additional articles that present further intriguing possibilities. The silver lining[1] looks at the growing importance of the older worker. Towards virtual employee networks[1] examines the potential benefits of home working. Rise of the portfolio worker[1] predicts a new type of employee who would combine the loyalty of a full-timer with the flexibility of a freelance. And for a completely different perspective we asked a recent work experience student to tell us what he thought to all of the above.

JAYNE VAUGHAN
EDITOR,
FUTURE OF WORK

+44 (0)20 7694 1381
jayne.vaughan@kpmg.co.uk

As the pay gap between the talented few and the rest continues to grow, David Fairs examines the consequences in Living with unequal reward.

Meanwhile, Robert Bolton argues in Unleashing the talent within that organisations should concentrate on developing their entire talent base, not just the C-Suite.

For some people, pay isn't everything. So what else will tomorrow's employees want? Kate Holt has a suggestion in Beyond the pay cheque.

While Cassandra Hancock believes that Generation Z will demand nothing short of complete control in Letting go to grow.

Looking beyond the immediate future, we foresee a dearth of both talent and capital. We then predict an intriguing new solution to both shortages in Does capital have a human future?

A new breed of employees could bring highly sought-after skills to as many as ten regular employers. David Knight explains more in Rise of the portfolio worker.

It's time to end the mass commute. The technology is in place, so what's holding businesses back? David Knight takes a closer look in Towards virtual emplyee networks.

In his third contribution, David Knight says changing demographics and skills shortages mean that ageism in the workforce must end in The silver lining.

In the first of a regular series, By the numbers, we take a statistical look at the future of work.

Finally, we've taken all these ideas from our experts and spoken to a work experience student to get A Generation Z response to KPMG's Future World of Work."

© 2013 KPMG LLP, a UK limited liability partnership, is a subsidiary of KPMG Europe LLP and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative, a Swiss entity.

01

FUTURE OF WORK

LIVING WITH UNEQUAL REWARD

THREE IMPORTANT NEW TRENDS ALL POINT THE SAME WAY

DAVID FAIRS
PARTNER,
KPMG IN THE UK

KPMG
cutting through complexity

LIVING WITH UNEQUAL REWARD

DAVID FAIRS
PARTNER,
KPMG IN THE UK

Like many people my age, I entered the work market with an ingrained belief that hard work brought rewards, which in turn brought status. My generation, and the one immediately after it, was brought up to work harder, longer, faster and to aspire constantly to climb the next rung on the ladder.

However, more recent entrants to the workforce are questioning whether it's really worth the effort to strive for more than 'enough'. And this is just the first of three trends which could lead to a future workforce characterised, at least in developed markets, by an unprecedented inequality in the distribution of reward.

The second trend relates to the first because winning the commitment of this new, less reward-focused generation will require a class of leadership capable of inspiring them and this will, in itself, bring rich rewards. The third trend relates to the rest of the workforce and will involve the continued automation of the unskilled job pool.

When money isn't enough.

There will always be individuals prepared to toil long and hard providing the rewards are suitably above and beyond the mean. However, an increasingly large proportion of the workforce has little interest in the idea of additional reward beyond what they need to sustain their lifestyle.

These people care about work/life balance and are prepared to adjust their salary expectations accordingly. Unlike my generation, they do not equate salary to personal worth and they definitely don't believe that entering the upper reaches of the salary league table is a goal worth striving for.

However, what members of older generations may perceive, disparagingly, as a lack of ambition, may actually indicate that their priorities lie elsewhere and that they are just fine where they are. And if they have talent, employers will still be keen to get them on the payroll.

"An increasingly large proportion of the workforce has little interest in the idea of additional reward beyond what they need to sustain their lifestyle."

© 2013 KPMG LLP, a UK limited liability partnership, is a subsidiary of KPMG Europe LLP and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative, a Swiss entity.

The workforce of the future will look very different to now.

I believe tomorrow's organisations will become increasingly dispersed with fewer core employees but a larger overall workforce, supplemented by virtual, networked employees.

You can see the first signs of this already in the more cerebral industry sectors such as IT or business services. Others will follow in time, though heavy manufacturing, which still requires manual, shop floor intervention, may be among the last to adopt such a structure.

I should mention here that the so called war for talent will be all about recruiting the best skilled workers. By comparison, the future for unskilled labour does not look encouraging. And even some traditionally white collar professions could look bleak for those who fail to keep their skills updated.

58%

Percentage of those from Generation Y that say they are content to earn 'enough', rather than constantly striving for more. A figure that drops to 48 percent amongst Baby Boomers.

Source: World of Work Onepoll survey

A new breed of manager.

The challenge of maintaining a networked workforce will be significant – especially when a large part of the talent pool cannot be swayed by the offer of more money.

This should herald the emergence of a new breed of senior leader, who recognises that corporate charisma is as important as a smart business idea. They will paint a picture of their company's vision, values and purpose that is compelling enough to inspire the newer generations of workers.

This new type of leader is not too common right now, but in the near future, those individuals with the ability to enthuse and attract the best talent will reap phenomenal rewards.

Of course, the job of constantly painting an attractive, values-driven picture will be no mean feat. It will also be at the mercy of external, societal factors. What makes a company's ethos attractive can change fairly quickly – flavour of the month can easily become millstone around the neck, two years later.

Also, the moment one of these super-talented individuals leaves, they'll probably take all the charisma with them. This rather validates the growing popularity of pop-up organisations which are better suited to the vagaries of shifting public sentiment.

© 2013 KPMG LLP, a UK limited liability partnership, is a subsidiary of KPMG Europe LLP and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative, a Swiss entity.

A newly divided working world.

The rewards for those organisations that navigate these shifting sands will be considerable. The super charismatic leaders of these companies will certainly benefit, along with other members of the nano-corporate core and a select few in their wider networks.

However, the contrast between this richly remunerated elite and the growing battalions of 'enough reward' workers strongly points towards a more unequal distribution of income. This will be further exacerbated by growing numbers of individuals who risk being locked out of the workforce altogether.

The automation of unskilled labour is clearly the major factor here. As the battle for talent rages ever fiercer at the top end of the skilled labour market, we will see an increasingly large swathe of the population with neither the skills nor the talent to compete – or even to be of interest to – most employers.

This could lead to social tensions. Then again, the shifting moral compass of the 'enough reward' camp may force those with money to assist those without. Pressure could be brought to bear (as we're seeing in the banking sector now) to define an acceptable level of reward and give anything above that to those less fortunate.

I suppose it could happen, but even with pay moderated to some degree, I expect to see a widening of the gap between the haves and the have-nots in the not-too-distant future.

© 2013 KPMG LLP, a UK limited liability partnership, is a subsidiary of KPMG Europe LLP and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative, a Swiss entity.

01

FUTURE OF WORK

DAVID FAIRS
PARTNER,
KPMG IN THE UK

+44 (0)20 7311 3103
david.fairs@kpmg.co.uk

This is from the Future of Work edition of SLANT. For more, please visit: kpmgslant.co.uk

The information contained herein, is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information, without appropriate professional advice after a thorough examination of the particular situation.

©2013 KPMG LLP, a UK limited liability partnership, is a subsidiary of KPMG Europe LLP and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative, a Swiss entity. All rights reserved.

The KPMG name, logo and 'cutting through complexity' are registered trademarks or trademarks of KPMG International.

© 2013 KPMG LLP, a UK limited liability partnership, is a subsidiary of KPMG Europe LLP and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative, a Swiss entity.

UNLEASHING THE TALENT WITHIN

WE FOCUS TOO MUCH ON LEADERS, NOT ENOUGH ON THE WORKFORCE AS A WHOLE

ROBERT BOLTON
PARTNER,
KPMG INTHE UK

UNLEASHING THE TALENT WITHIN

ROBERT BOLTON
PARTNER,
KPMG IN THE UK

'Talent management' strategies have focused far too much on so called high potential and senior leaders, rather than creating a talent system within organisations as a whole. This is borne out by recent studies, showing that talent management is the leading concern for CEOs.

In the workforce of the future there'll be no such thing as talented individuals. Instead we'll talk about talented organisations and talent ecosystems.

Many CEOs already believe that the secret to creating a successful organisation lies in getting the best from employees. However prevailing people management practices do not meet the demands of today's knowledge-based economies. Closer inspection reveals that they are alarmingly detached from the business environment, within which it is hoped employees and organisations can thrive.

My observation is that we have an irrational preoccupation with the role of the individual (certain individuals in particular) at the expense of the wider workforce. Current human resource tools – performance management, reward and recognition structures, organisational culture, leadership role modelling and information flows – need to be configured in a far more sophisticated way to deliver a talented workforce.

© 2013 KPMG LLP, a UK limited liability partnership, is a subsidiary of KPMG Europe LLP and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative, a Swiss entity.

Enlightened people management.

Executed well, I foresee organisations recognising their responsibility to tailor an individual relationship with every employee. This is a 'must have' rather than a 'nice-to-have' because the rules have changed. If employees are expected to have a greater commitment to the ambitions of the business and are required to innovate, think independently and interpret and respond to corporate strategy, then they need to be managed and motivated differently.

For example, why are archaic rituals such as the annual performance appraisal still standard practice? And why should policies such as highly geared bonus schemes survive? Evidence strongly suggests that there are far more responsible and valuable alternative approaches. What's more the technology already exists to support them.

Most importantly, creating talented workforces, means creating the right culture. I'm talking about an ecosystem that empowers employees to work collaboratively and generates successful leadership in every part of the business.

© 2013 KPMG LLP, a UK limited liability partnership, is a subsidiary of KPMG Europe LLP and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative, a Swiss entity.

The so called 'war for talent' is a fool's errand.

It was founded on the myth of the individual, yet evidence (again) shows that the ability of any individual to make an impact on the wider enterprise is limited. Indeed, the average tenure of a chief executive currently stands under two years, due in part to the selfsame unrealistic expectations.

In reality, the impact that a high performing individual can have on the success of any organisation, when compared to a high performing workforce is so insignificant as to be almost irrelevant.

The war for talent also fosters competition between employees.

This can be divisive and the evidence (yet again) has shown that it's not conducive to creating a sustainably successful organisation. Common sense alone suggests that intense competition is unlikely to drive collaborative working.

As you'll gather from my numerous references to 'evidence', I believe HR functions rarely make evidence-based policies and decisions. If they did, they would have to radically change how they operate.

A consequence of this failure to underpin strategy with evidence is the vulnerability HR demonstrates in pandering to the preferences and preconceptions of the c-suite. This cannot be right for any business now or in the future.

It leads to discredited people management approaches that stay on long past their sell-by date.

© 2013 KPMG LLP, a UK limited liability partnership, is a subsidiary of KPMG Europe LLP and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative, a Swiss entity.

01

FUTURE OF WORK

ROBERT BOLTON
PARTNER,
KPMG IN THE UK

+44 (0)20 7311 8347
robert.bolton@kpmg.co.uk

This is from the Future of Work edition of SLANT. For more, please visit: kpmgslant.co.uk

The information contained herein, is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information, without appropriate professional advice after a thorough examination of the particular situation.

©2013 KPMG LLP, a UK limited liability partnership, is a subsidiary of KPMG Europe LLP and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative, a Swiss entity. All rights reserved.

The KPMG name, logo and 'cutting through complexity' are registered trademarks or trademarks of KPMG International.

© 2013 KPMG LLP, a UK limited liability partnership, is a subsidiary of KPMG Europe LLP and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative, a Swiss entity.

01

FUTURE OF WORK

BEYOND THE PAY CHEQUE

WHAT WILL IT TAKE TO INSPIRE TOMORROW'S WORKFORCE?

KATE HOLT
HR DIRECTOR,
KPMG IN THE UK

KPMG
cutting through complexity

BEYOND THE PAY CHEQUE

KATE HOLT
HR DIRECTOR,
KPMG IN THE UK

The workforce of the future is likely to be more fragmented than today. I foresee a smaller core workforce, supplemented by seasonal, contract, temporary and freelance employees on a project basis. I also believe tomorrow's employees will be choosier about who they work for and more proactive in seeking a good work-life balance.

Financial reward may not be their only, or even their most important, consideration. The idea of the 'portfolio career' will be a reality as employees move around organisations with greater frequency, continually seeking to enhance the core skills that make them employable.

Further fragmentation could result from the massive generational stretch that will characterise most future workforces. A five generation span could be a reality in the near future.

So how will employers manage such a transient, disparate and diverse workforce?

We are already seeing a decrease in employee engagement. In addition, the scale of financial reward (above a certain level) no longer seems as important to the typical employee as it was previously.

As a result, the employer of the future may need to be more imaginative in how they attract those highly skilled and in demand employees. If the promise of personal reward no longer delivers employee 'stickiness' what will take its place in the future?

"The idea of the 'portfolio career' will be a reality as employees move around organisations with greater frequency, continually seeking to enhance the core skills that make them employable."

© 2013 KPMG LLP, a UK limited liability partnership, is a subsidiary of KPMG Europe LLP and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative, a Swiss entity.

I believe tomorrow's employees will seek organisations with a sense of 'purpose.'

In assessing a potential employer, their decision-making will be heavily influenced by how worthy a purpose that employer espouses – and how well it is communicated.

By purpose, I mean something beyond mere corporate strategy and values; something which clarifies why an organisation exists and what its legacy will be. This definition of purpose should demonstrate integrity and sustainability and should be flexible enough to feel personal to a broad spectrum of people across different cultures and generations.

Increasingly, I predict that people will actively seek out employers, whose beliefs match their own. For these people, more money will not bring increased engagement. Instead, factors such as morality, ethics and community impact will be increasingly important. These will dictate whether tomorrow's employees can feel proud of the organisation they work for.

Conversely, if an employer's purpose is insufficiently compelling, employees will likely vote with their feet.

So how does purpose look in practice?

Herein lies the first challenge. Currently, most businesses looking to clarify their purpose are content simply to regurgitate corporate strategy and values. Typically this boils down to little more than a story around projected growth. Much more will be required of tomorrow's organisations if they are to differentiate themselves from their competitors.

Of course, none of this matters if you don't believe emotion will sway future employees. Maybe you think all that counts is financial reward. Personally, I believe that's a dangerous view.

Generation Y will be the key. The oldest of them is now 33, so they're well ensconced within the workforce. They have known recession – and felt it quite keenly – and they no longer believe in (or expect) a job for life. They are the game-changing generation, who will challenge employers about their purpose and expect to see evidence of emotional 'draw'.

© 2013 KPMG LLP, a UK limited liability partnership, is a subsidiary of KPMG Europe LLP and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative, a Swiss entity.

Determining the type of purpose that can attract tomorrow's workers won't be easy.

It's no wonder so many organisations put it on the back burner. Some recognise its importance but too many still think that a combination of their current strategy and future vision should be compelling enough.

Whatever purpose businesses do eventually come up with, it must be communicated effectively. Future workforces could potentially stretch across five generations, so how do you explain it in a way that resonates across all those demographics? The trick will be to make the story as simple as possible, so individual employees can retell it their own way.

Currently too much internal communication, instead of empowering employees with relevant corporate messages, leaves them confused and unsure of their role within the organisation.

In a future workforce where emotion and feeling is given more of a free rein, declarations of purpose must not fall into that trap. Employers may understand how the connection between purpose and strategy works, but they cannot expect future employees to see it the same way.

Making this change will be hugely challenging and may not sit comfortably with hard-nosed corporate ideology. However, I believe that a sense of purpose will soon be the key differentiator when it comes to attracting both employees and customers. It's a challenge that must be faced sooner rather than later.

Employees who can't articulate their employer's purpose to others won't stick around for long.

© 2013 KPMG LLP, a UK limited liability partnership, is a subsidiary of KPMG Europe LLP and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative, a Swiss entity.

01

FUTURE OF WORK

KATE HOLT
HR DIRECTOR,
KPMG IN THE UK

+44 (0)12133 52709
kate.holt@kpmg.co.uk

This is from the Future of Work edition of SLANT. For more, please visit: kpmgslant.co.uk

The information contained herein, is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information, without appropriate professional advice after a thorough examination of the particular situation.

©2013 KPMG LLP, a UK limited liability partnership, is a subsidiary of KPMG Europe LLP and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative, a Swiss entity. All rights reserved.

The KPMG name, logo and 'cutting through complexity' are registered trademarks or trademarks of KPMG International.

© 2013 KPMG LLP, a UK limited liability partnership, is a subsidiary of KPMG Europe LLP and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative, a Swiss entity.

LETTING GO TO GROW

GEN Z HAVE A LOT TO OFFER TOMORROW'S WORKPLACE. THEY'LL ALSO DEMAND MORE.

CASSANDRA HANCOCK
ANALYST,
KPMG IN THE UK

LETTING GO TO GROW

CASSANDRA HANCOCK
ANALYST,
KPMG IN THE UK

A new generation of workers is set to demand full and equal voting rights in 'their' companies – the businesses they both work for and invest in. This trend could eliminate the management power structures we know today. Real power will reside wherever management truly lets go.

The 21st century will see the fight for equal rights take its most daring and revolutionary turn yet – this time in the workplace. And it all revolves around Generation Z.

To the highest bidding CFOs they will bring astounding analytical minds, instant global networks and the kind of fresh foresight that companies will crave for and invest in.

"Better educated, more travelled and far more technologically adept than their predecessors, Gen Z will burst into employment with a swagger and confidence far beyond their physical age."

Gen Z's price

They will not tolerate the traditional restraints imposed by the conventions of capitalism as we practice it today. I believe that Gen Z's entry into the workplace will eradicate conventional management authority and hierarchy.

While not financially owning the business, Gen Z will demonstrate a new sense of loyalty to and responsibility for their company. This will push them to demand the legal equal voting rights needed to set all future strategy targets and policies.

As employees they will choose for themselves where they work, who they work with and what they do. There will be no closed doors, no private meetings or hidden agendas. Management information will be 100 percent transparent to all voting right employees.

Decisions will no longer be made by elite cliques of detached directors. Instead, energetic round table debates among knowledgeable employees will be followed by democratic voting to set all future strategy, targets and policies.

Gen Z will balance local on-the-job knowledge with a sharp understanding of the wider business world. In this way they will lead their companies to success.

© 2013 KPMG LLP, a UK limited liability partnership, is a subsidiary of KPMG Europe LLP and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative, a Swiss entity.

So, what's to become of our redundant board and abandoned CFO?

Most likely 'the' CFO will not exist. All Gen Z staff will fully participate in the multi-faceted CFO role. The roles and responsibilities will be firmly embedded in the hearts and minds of all Gen Z employees.

Not only will they balance their own budgets – they'll personally seek to identify, address and improve the cost drivers pushing their companies' profit margins. They'll know when to slash and when to stretch forecasts. They'll be able to predict their competitors' movements in the market and will know how to respond.

The CFO will exist, but it won't be a single person. Instead this function will live within the intellect, enthusiasm and responsibilities of individual Gen Z employees and in their hunger for their companies to succeed.

What will drive Gen Z to achieve all this?

Not just money. Born during today's devastating economic crash they will grow up learning the lessons of previous overspending and over-lending.

They will be driven instead by a sense of individual responsibility for their companies' actions. Their companies' success will be their own success. 'Staff empowerment' will be no empty strap-line.

I believe that today's CFOs will allow Gen Zers to grow into an army of mini CFOs who will revolutionise traditional capitalist models, re-defining our century as the one of genuinely empowered employees.

If you found this article interesting, then you may wish to read the longer, more detailed study on which it was based.

© 2013 KPMG LLP, a UK limited liability partnership, is a subsidiary of KPMG Europe LLP and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative, a Swiss entity.

01

FUTURE OF WORK

CASSANDRA HANCOCK
ANALYST,
KPMG IN THE UK

+44 (0)20 7311 6658
cassandra.hancock@kpmg.co.uk

This is from the Future of Work edition of SLANT. For more, please visit: kpmgslant.co.uk

The information contained herein, is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information, without appropriate professional advice after a thorough examination of the particular situation.

©2013 KPMG LLP, a UK limited liability partnership, is a subsidiary of KPMG Europe LLP and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative, a Swiss entity. All rights reserved.

The KPMG name, logo and 'cutting through complexity' are registered trademarks or trademarks of KPMG International.

© 2013 KPMG LLP, a UK limited liability partnership, is a subsidiary of KPMG Europe LLP and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative, a Swiss entity.

DOES CAPITAL HAVE A HUMAN FUTURE?

A DEARTH OF TALENT AND CAPITAL THREATENS THE WESTERN ECONOMIC MODEL. HERE'S ONE INNOVATIVE SOLUTION TO BOTH SHORTAGES.

ROB HORTOPP
DIRECTOR,
KPMG IN THE UK

DOES CAPITAL HAVE A HUMAN FUTURE?

ROB HORTOPP
DIRECTOR,
KPMG IN THE UK

If capitalism is to survive as a force in society, it must satisfy a growing public demand that rewards should more accurately reflect individual performance. One intriguing idea is the concept of 'return on employee capital' where individuals trade on their potential future earnings.

By 2035 a number of issues affecting work and business could come to a head.

In particular, can the shareholder return-based model on which western capitalism is based even survive? After all, there are already signs of disquiet, particularly in societies riven with instability following economic crises.

Meanwhile, those traditional multinational corporations that survive further rounds of consolidation would continue to drive efficiencies. Their next target could be costly, non-value adding intermediaries such as pension funds and investment banks. By directly offering stakes in their own equity and commodity reserves they could become the new world powers for the 'responsible' brokering of funding.

The battle for capital could then take an intriguing turn.

Today's so called war for talent might, by 2035, have escalated into a truly global conflict, especially with traditional geographic boundaries breaking down still further. Businesses everywhere will be fighting over those talented individuals, communities and societies with the potential to create the most valuable ideas and innovations.

A new market could open up for 'talent-futures'. These innovative instruments would enable young, talented individuals to trade their lifetime earning potential years before realising much return on it.

"A new market for 'talent-futures' would allow young, talented individuals to trade their lifetime earning potential years before any return on it is realised."

© 2013 KPMG LLP, a UK limited liability partnership, is a subsidiary of KPMG Europe LLP and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative, a Swiss entity.

The 'return on employee' capital model would transform every business's value chain.

CFOs will need a new combination of talent, innovation, investment and capital management skills. Only then could they deliver the returns expected by the employees and societies with which they co-operate.

Viewing the combined scarcity of capital and talent as an opportunity, by 2035 traditional banks could well lock into battle with the new mega corporates for ownership of this new asset class. The leading universities could also get in on the act, teaming up to create a unified rating standard that would convert academic achievements into investment grades.

The outcome would be a completely transformed relationship between the work people do and its value to the corporations that profit from it. Employees could potentially reap the full benefit of their professional achievements.

'Power to the people', if you like, but not quite the way Karl Marx had in mind.

© 2013 KPMG LLP, a UK limited liability partnership, is a subsidiary of KPMG Europe LLP and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative, a Swiss entity.

01

FUTURE OF WORK

ROB HORTOPP
DIRECTOR,
KPMG IN THE UK

+44 (0)20 7311 5806
rob.hortopp@kpmg.co.uk

This is from the future of work edition of SLANT. For more, please visit: kpmgslant.co.uk

The information contained herein, is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information, without appropriate professional advice after a thorough examination of the particular situation.

©2013 KPMG LLP, a UK limited liability partnership, is a subsidiary of KPMG Europe LLP and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative, a Swiss entity. All rights reserved.

The KPMG name, logo and 'cutting through complexity' are registered trademarks or trademarks of KPMG International.

© 2013 KPMG LLP, a UK limited liability partnership, is a subsidiary of KPMG Europe LLP and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative, a Swiss entity.

01

FUTURE OF WORK

TOWARDS VIRTUAL EMPLOYEE NETWORKS

IT'S TIME TO END THE MASS COMMUTE. THE TECHNOLOGY IS IN PLACE, SO WHAT'S HOLDING BUSINESSES BACK?

DAVID KNIGHT
ASSOCIATE PARTNER
KPMG IN THE UK

KPMG
cutting through complexity

TOWARDS VIRTUAL EMPLOYEE NETWORKS

DAVID KNIGHT
ASSOCIATE PARTNER
KPMG IN THE UK

Imagine a workforce of remotely located individuals operating within a company's virtual network. Instead of converging on a central office space every day, they would simply log in from the comfort of their own home.

Virtual working represents a radical shift in the employment landscape, one that has been repeatedly predicted since the dawn of the digital age. There are so many clear cost and commercial advantages yet, up to now, only a handful of employers in the UK have even tried it.

Over the next five to 10 years, I expect virtual networks to gain mainstream acceptance. What's more, the early adopters, as well as reaping huge financial benefits, could also gain a competitive advantage in the talent marketplace.

What type of work could be done virtually?

Virtual working is not a one-size-fits-all approach, but it will have its place. It is best suited to employees for whom commuting to a central office space is unnecessary. In other words, there's no reason why they can't accomplish much of their work at home. Many designers, programmers and writers in the creative and marketing sectors already work in this way.

However, it won't suit every type of business. Scientists, who use specialised equipment or manufacturing staff on a production line are not good candidates for this approach.

"

VIRTUAL WORKING IS NOT A ONE-SIZE-FITS-ALL APPROACH, BUT IT WILL HAVE ITS PLACE.

"

© 2013 KPMG LLP, a UK limited liability partnership, is a subsidiary of KPMG Europe LLP and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative, a Swiss entity.

The technology exists but there are other barriers, including simple convention.

Management will be concerned that, without a line of sight over their employees, work quality and productivity could decline. There are also fears that, as social animals, people will not enjoy working away from their teams and that it could harm productivity and engagement.

However, I believe these obstacles are driven by conservatism rather than analytics. A well-organised virtual network offers huge opportunities for employees and employers.

So how would it work in practice?

A viable virtual network requires technology that can enable agile interactive communication between colleagues and clients. Not just phone or email but readily accessible video conferencing facilities for PCs and laptops so people can connect in a few clicks.

An efficient governance wrapper would ensure quality and productivity. For me this means developing a system that focuses on outcomes and timescales through clear performance targets, measuring and reporting.

Like many managers, I don't mind when or where work is done. What counts is that it meets the standard and deadline agreed with no adverse effects on other colleagues and their contributions.

© 2013 KPMG LLP, a UK limited liability partnership, is a subsidiary of KPMG Europe LLP and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative, a Swiss entity.

Advantages for employers and employees.

Organisations prepared to make this change will not only increase employee productivity, but should also be able to massively reduce costs. Offices represent a huge proportion of every organisation's cost base. In addition, smaller, less populated offices would reduce assets held on the balance sheet – a boon in today's rocky business climate.

Many employees would also welcome this approach, and not just working mums. UK commuting costs are becoming usurious and all those hours spent travelling every day could certainly be put to more productive use.

Improving balance sheet and work/life balance.

Organisations should see the virtual network as a desirable proposition and negotiate terms and conditions of employment accordingly.

If the operational footprint can be agreed, it could also be leveraged for client work. This would benefit those who need to travel long distances for appointments or to work on the client's site.

The virtual network would ease the cost burden of office space. It could also offer the modern workforce more flexibility in how they manage their workload. It represents a significant opportunity for organisations everywhere. For employees, virtual working offers increased opportunities for work/life balance.

© 2013 KPMG LLP, a UK limited liability partnership, is a subsidiary of KPMG Europe LLP and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative, a Swiss entity.

01

FUTURE OF WORK

DAVID KNIGHT
ASSOCIATE PARTNER
KPMG IN THE UK

+44 012133 52709
david.knight@kpmg.co.uk

This is from the Future of Work edition of SLANT. For more, please visit: kpmgslant.co.uk

The information contained herein, is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information, without appropriate professional advice after a thorough examination of the particular situation.

©2013 KPMG LLP, a UK limited liability partnership, is a subsidiary of KPMG Europe LLP and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative, a Swiss entity. All rights reserved.

The KPMG name, logo and 'cutting through complexity' are registered trademarks or trademarks of KPMG International.

© 2013 KPMG LLP, a UK limited liability partnership, is a subsidiary of KPMG Europe LLP and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative, a Swiss entity.

RISE OF THE PORTFOLIO WORKER

A NEW BREED OF EMPLOYEES COULD BRING HIGHLY SOUGHT-AFTER SKILLS TO AS MANY AS 10 REGULAR EMPLOYERS. IS THIS A SYSTEM THAT COULD WORK IN THE UK?

DAVID KNIGHT
ASSOCIATE PARTNER
KPMG IN THE UK

RISE OF THE PORTFOLIO WORKER

DAVID KNIGHT
ASSOCIATE PARTNER
KPMG IN THE UK

Flexibility and agility: these are the recurring themes when discussing the modern workforce. How can businesses get more for less? And how can they more closely attune their workforce to the ebb and flow of market demand?

Many employers have tackled this problem by shaking out middle management layers, making employees more independent and reducing bureaucracy. We have also seen the emergence of zero-based contracts, albeit to a mixed response.

Overall the delayering approach has had some success, tempered somewhat by a perceived loss of workforce control. In particular, an absence of critical checks and balances regarding staff deployment and oversight.

There is, however, a continuing search for workforce agility. I believe many organisations will soon embrace a new breed of employee that is set to emerge over the next 5–10 years: the portfolio worker.

Not just a freelancer by another name.

The freelance model has always been about plugging in spare capacity on an ad hoc basis, often at premium rates. It usually involves either corporate players fulfilling contracts at 'cost plus' or self employed one man band freelancers.

As such, the freelance market is highly fragmented and unpredictable. For many organisations it represents an unplanned approach and sub-optimum to resource management.

By contrast, the portfolio worker more closely resembles a 'proper' employee (regarding their contractual arrangements, terms and conditions, etc.). The key distinction is that they are contracted to a portfolio of employers simultaneously, and are guaranteed to work for all of them during any given period of time.

The portfolio approach represents an unconventional – but robust and practical – solution to a very modern problem.

50%

of the labour force in Europe is made up of part-time, contingent and contract workers.

Source: CBI survey, 2011

"NEW BREED OF EMPLOYEES COULD BRING HIGHLY SOUGHT-AFTER SKILLS TO AS MANY AS 10 REGULAR EMPLOYERS. IS THIS A SYSTEM THAT COULD WORK IN THE UK?"

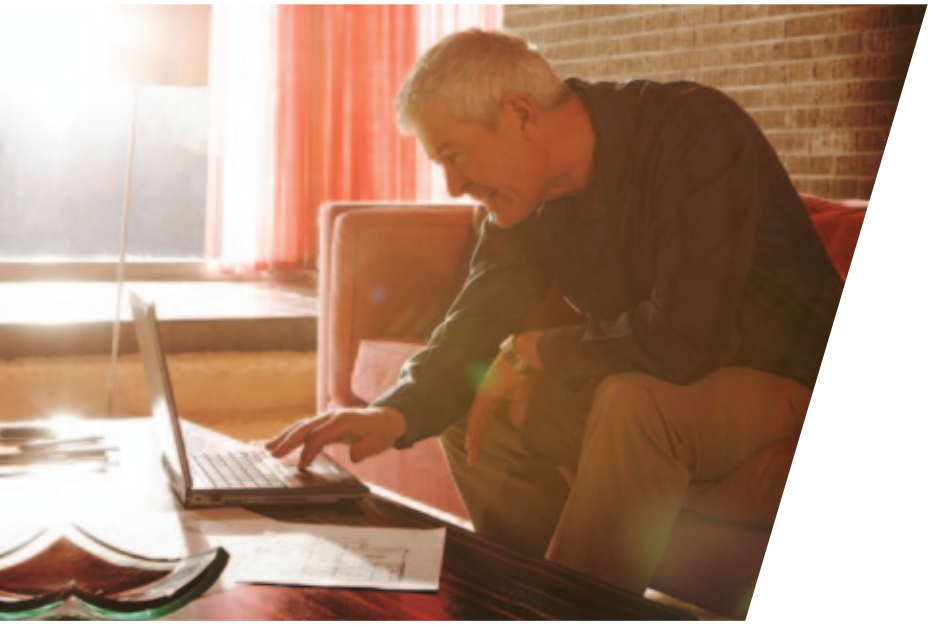
© 2013 KPMG LLP, a UK limited liability partnership, is a subsidiary of KPMG Europe LLP and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative, a Swiss entity.

The first step will be for employers to identify their own most critically important employees.

Not just those with most seniority, but the individuals with the most unique skills or those responsible for governance checks and balances. These are core roles which organisations tinker with at their peril.

Outside this critical core, however, a portfolio workforce solution could work well.

Few organisations need the battalions of conventional, permanent employees they have been used to. And that's where portfolio workers come into their own. In particular they allow an organisation to switch their workforce costs on and off easily and more flexibly, in line with demand for their services.



So what are the drawbacks?

This solution can only work if (and it's a big if) a large enough number of organisations are prepared to operate in this fashion. That way employees can build up a sufficiently broad-based personal portfolio of employment.

Otherwise, every time an organisation 'switches off' a group of portfolio workers, those individuals would be heading straight to the dole queue. That would be politically unacceptable.

Recent, unfavourable press coverage around zero based contracts has highlighted other potential pitfalls. For example, this approach could work well for employees in a buoyant job market. But when things get tighter the idea of not being 100% sure of your next assignment becomes far less attractive.

Such issues can be overcome. But if the portfolio worker is to become commonplace within 10 years, the market for flexible employment conditions must mature. A broader employer footprint will need to be developed.

Thankfully, as supply continues to tighten due to demographic changes and skill demands grow, I expect more organisations to head down this route. After all, a similar combination of factors caused the rise of offshoring as a resourcing solution some years ago.

© 2013 KPMG LLP, a UK limited liability partnership, is a subsidiary of KPMG Europe LLP and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative, a Swiss entity.

This shift is inevitable.

Mainstream acceptance may at first be hindered by the need for multiple, amenable employers to make it work. There may also be understandable reluctance among certain organisations to pioneer this route, but it will happen in my view.

Inevitable concerns around confidentiality and constraints on who else a portfolio worker can work for will arise, but these issues are hardly show-stoppers. The commercial upside should carry the day.

Nor should the early adopter issue be a problem. Predictive modelling will allay many of the more obvious concerns. Also, while many organisations will need some persuading to be early adopters, none will want to be the last adopter. This is not something they can afford to ignore.

Meeting the changing demands of the modern employer.

Organisations always say they're looking for the definitive breakthrough or innovation that delivers competitive advantage. This could be it: an opportunity to secure some of the top talent around.

On the logistical side, staff undeniably represents an enormous slice of most organisations' cost base. It's also a fixed cost (increasingly scary in these tough trading conditions) and can only be switched off through compulsory redundancy with its attendant financial penalties.

The rise of the portfolio worker may not definitively resolve this problem, but in the short to medium term I expect its popularity to grow.

"

FEW ORGANISATIONS NEED THE BATTALIONS OF CONVENTIONAL, PERMANENT EMPLOYEES THEY HAVE BEEN USED TO AND THAT'S WHERE PORTFOLIO WORKERS COME INTO THEIR OWN. IN PARTICULAR THEY ALLOW AN ORGANISATION TO SWITCH THEIR WORKFORCE COSTS ON AND OFF EASILY AND MORE FLEXIBLY, IN LINE WITH DEMAND FOR THEIR SERVICES.

"

© 2013 KPMG LLP, a UK limited liability partnership, is a subsidiary of KPMG Europe LLP and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative, a Swiss entity.

01

FUTURE OF WORK

DAVID KNIGHT
ASSOCIATE PARTNER
KPMG IN THE UK

+44 012133 52709
david.knight@kpmg.co.uk

This is from the Future of Work edition of SLANT. For more, please visit: kpmgslant.co.uk

The information contained herein, is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information, without appropriate professional advice after a thorough examination of the particular situation.

©2013 KPMG LLP, a UK limited liability partnership, is a subsidiary of KPMG Europe LLP and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative, a Swiss entity. All rights reserved.

The KPMG name, logo and 'cutting through complexity' are registered trademarks or trademarks of KPMG International.

© 2013 KPMG LLP, a UK limited liability partnership, is a subsidiary of KPMG Europe LLP and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative, a Swiss entity.

01

FUTURE OF WORK

THE SILVER LINING

HOW FORWARD-THINKING COMPANIES CAN BENEFIT FROM THE AGEING WORKFORCE

DAVID KNIGHT
ASSOCIATE PARTNER
KPMG IN THE UK

KPMG
cutting through complexity

THE SILVER LINING

DAVID KNIGHT
ASSOCIATE PARTNER
KPMG IN THE UK

There comes a time in everyone's life when they start to imagine that their employer (or potential employer) is viewing them in a less favourable light.

'Not as productive as they were...', 'Too many miles on the clock...'.

That sort of thing.

For years many of us accepted it as part of growing older in the workplace. But I believe this attitude must change.

The Equality Act is supposed to protect employees against age discrimination (despite how difficult it is to prove). Yet implicit ageism remains alive and well in the modern workplace.

As a 53-year-old veteran of the corporate scene, I know from personal experience how the calls from recruiters begin to dry up once you hit your fifties.

I also see other people of my generation displaced by their employers and then struggling to get far in any subsequent recruitment process. Along with the issue of their age, there's a perception that they must be prohibitively expensive compared to the younger option.

"

THE TYPICAL PERCEPTION OF AN OLDER WORKER IS TOO OFTEN BASED ON LAZY STEREOTYPING IN A WORKFORCE DOMINATED BY YOUTH.

"

Changing Demographics.

The typical perception of an older worker is too often based on lazy stereotyping in a workforce dominated by youth. Of course there's nothing unduly sinister about this. It's a passive, subconscious form of discrimination. You could view it as a natural by-product of an employer proposition still based on recruiting bright, young things for organic growth.

However, demographic trends suggest that such attitudes must be reconsidered. There is still a large supply of younger people coming into the workplace, but employers won't be so spoilt for choice as before. A skills shortfall is coming; in particular, a dearth of young people qualified in the vocational and technology skills modern employers need.

Engineering and cloud-based data management are cases in point; huge growth areas, requiring new skills that aren't much in evidence in any substantial way within our educational system. As choice becomes constrained across the workplace, employers may reassess their view of the older workforce, even if it means teaching these old dogs a few new skills.

© 2013 KPMG LLP, a UK limited liability partnership, is a subsidiary of KPMG Europe LLP and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative, a Swiss entity.

They will be pushing against an open door. The much publicised issues around pension provision mean that plenty of older workers will need to carry on working whether they want to or not.

What if they could shift ingrained senior team attitudes regarding the supposedly diminished productivity of older employees? And what if they could push that altered thinking down through the corporate culture and even into employment offers and terms and conditions of employment?

The resulting proposition would resonate powerfully with a whole swathe of the workforce which is about to gain dramatically in importance. It could also create a tangible competitive advantage in an aging market workforce.

Personally, I also think there's huge value in having an age-diverse workforce; younger employees can really benefit from working alongside older, more experienced counterparts.

What if they could shift ingrained board attitudes regarding the supposedly diminished productivity of older employees? And what if they could push that altered thinking down through the corporate culture and even into employment offers and terms and conditions?

The resulting proposition would resonate powerfully with a whole swathe of the workforce which is about to gain dramatically in importance. It could also create a tangible competitive advantage.

Personally, I also think there's huge value in having an age-diverse workforce; younger employees can really benefit from working alongside older, more experienced counterparts.

This isn't as huge a task as it sounds. The typical perception of an older worker is too often based on lazy stereotyping in a workforce dominated by youth. Does the average 50-year-old really have less appetite for work than someone 20 years their junior? I doubt it. And I doubt they'll feel much different at age 65.

As workers get older, do they want something radically different from their employer in terms of T&Cs? Not necessarily, but they might appreciate something tweaked towards their shifting personal priorities. Especially those thousands that only work because they cannot afford to retire.

£15 BILLION

The potential contribution to the UK economy if working life was extended by 18 months.

Source: Malcolm Fisk, Huffington Post

© 2013 KPMG LLP, a UK limited liability partnership, is a subsidiary of KPMG Europe LLP and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative, a Swiss entity.

In fact, building in such concessions may even help create a more flexible workforce. For example, senior employees could commit to shorter working hours on the understanding that those hours can be called on when needed.

However, if employers were to proactively recruit more older employees, they would need to think smart. The offer they put on the table and their process of attracting, rewarding and motivating employees could vary quite a lot. What works for an unemployed 50-year-old may be less successful for someone who's 65 and only working because they have to.

63.8 to 64.6 years

Change in men's average age of retirement between 2004 and 2010.

Source: ONS Survey

There is nothing radical on the table here.

But even if there was, so what? Decades of protest about gender discrimination in the workplace have only recently been formally addressed in the UK. Why not do the same for the last employment barrier: age?

Were it not for the catalyst provided by changing demographics and pension-based economics, ageism would probably continue to have a low profile.

As it is, government will want to swerve the social time-bomb of a workforce coerced into inappropriate, lower skilled employment and a mass of impoverished pensioners. The national economy will need those older members of society in gainful employment.

For all these reasons, I believe further age-related employment legislation will follow in the next few years. Where the Equality Act outlawed discrimination on the basis of age, future legislation could even mandate recruitment quotas for older hires.

I have repeatedly referenced 65-year-olds in this piece – because I believe they will be the primary focus of any such legislation. After all, everyone knows that longevity is on the rise; this is a natural side-effect of that rise.

Employers do not have time to muse at length over how to incorporate older people into their workforce. They must address this matter as a priority, before further legislation compels them to do so.

© 2013 KPMG LLP, a UK limited liability partnership, is a subsidiary of KPMG Europe LLP and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative, a Swiss entity.

01

FUTURE OF WORK

DAVID KNIGHT
ASSOCIATE PARTNER
KPMG IN THE UK

+44 012133 52709
david.knight@kpmg.co.uk

This is from the Future of Work edition of SLANT. For more, please visit: kpmgslant.co.uk

The information contained herein, is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information, without appropriate professional advice after a thorough examination of the particular situation.

©2013 KPMG LLP, a UK limited liability partnership, is a subsidiary of KPMG Europe LLP and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative, a Swiss entity. All rights reserved.

The KPMG name, logo and 'cutting through complexity' are registered trademarks or trademarks of KPMG International.

© 2013 KPMG LLP, a UK limited liability partnership, is a subsidiary of KPMG Europe LLP and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative, a Swiss entity.

01

FUTURE OF WORK

BY THE NUMBERS: CLASH OF THE GENERATIONS

CAN GENERATION Z AND THE BABY BOOMERS WORK TOGETHER?

MARK WILLIAMSON
PARTNER,
KPMG IN THE UK

KPMG
cutting through complexity

BY THE NUMBERS: CLASH OF THE GENERATIONS

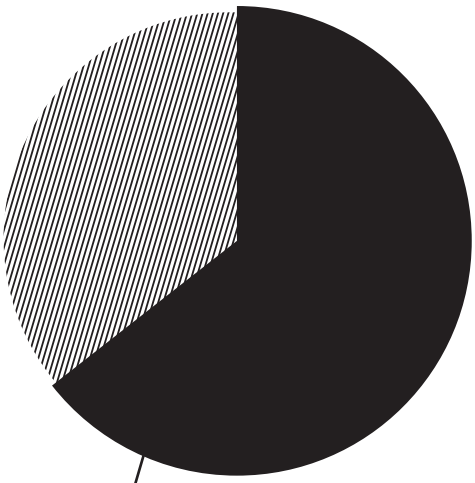
MARK WILLIAMSON
PARTNER,
KPMG IN THE UK

As the number of over 65s in the labour force tops one million, KPMG's Future of Work survey, conducted through OnePoll, interviewed 1,500 people across all generations. The results highlighted growing unease among the UK's youngest workers about the continued presence of much older people in the workplace.

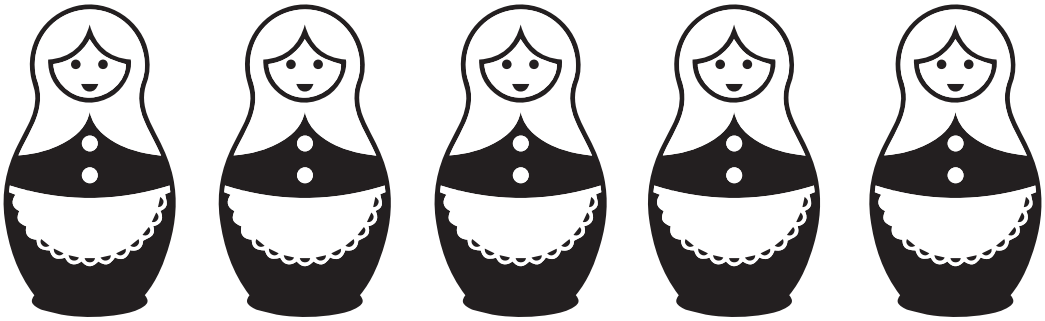
THE IMPACT OF LONGER LIFESPANS

81%

of those polled agree that, as a result of living longer, more people will end their lives in poverty.



While two-thirds believe that many may be forced to work until they die.

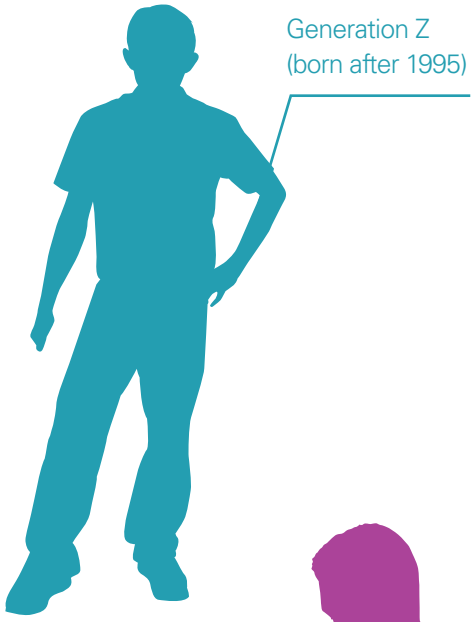


As older people stay on at work to avoid poverty, within 10 years, we could see up to five generations coexisting in one organisation.

© 2013 KPMG LLP, a UK limited liability partnership, is a subsidiary of KPMG Europe LLP and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative, a Swiss entity.

INTER-GENERATIONAL CONFLICT

Generation Z said that their career prospects could be stifled by the later retirement of older colleagues, the so called Baby Boomers.



60%

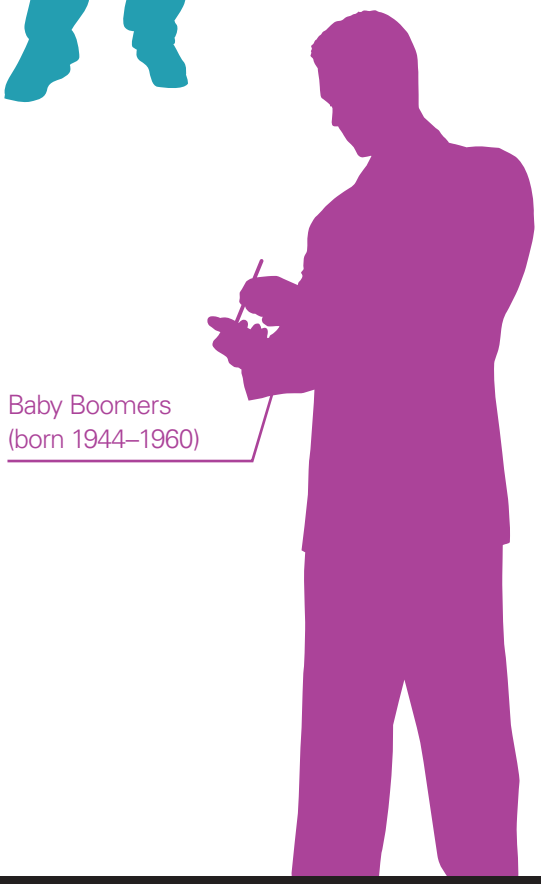
of Generation Z believe a much older workforce would damage productivity. Only 30 percent of Baby Boomers share this view.

46%

believe that older members of staff need to retire so that younger workers have a genuine chance of career progression.

20%

of respondents believe that employees will want to retain older workers to learn from their experience.



"The reality is that wet-behind-the-ears teenagers could be standing shoulder to shoulder with grizzled 68-year-old veterans of the shop floor. This may cause some to think that younger workers will lose out, but this need not be the case."

MARK WILLIAMSON
PARTNER, KPMG IN THE UK

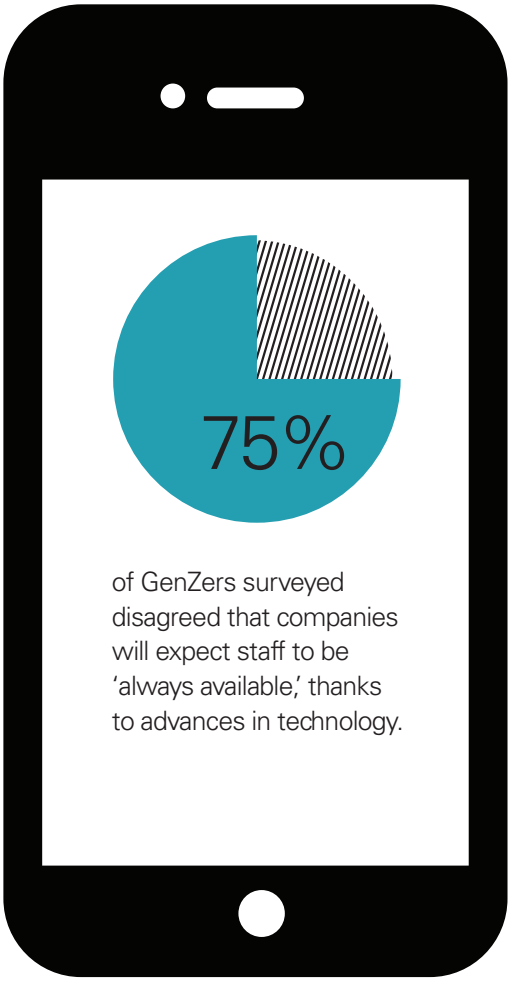
© 2013 KPMG LLP, a UK limited liability partnership, is a subsidiary of KPMG Europe LLP and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative, a Swiss entity.

OTHER POINTS OF DIFFERENCE

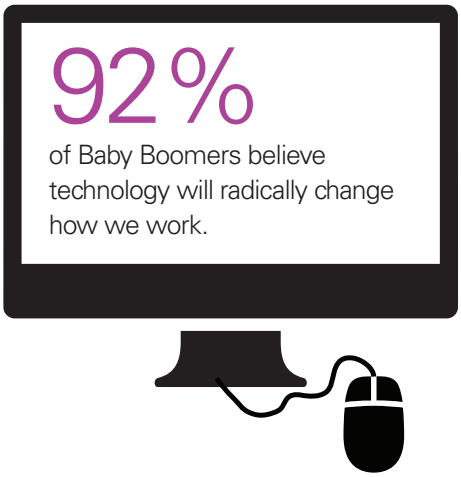
Younger workers will drive change

When Generation Z enter the world of work they will not pander to growing expectations from employers and will demand work flexibility.

Surprisingly, Baby Boomers were the more positive about the influence of technology in the workplace.



of GenZers surveyed disagreed that companies will expect staff to be 'always available,' thanks to advances in technology.

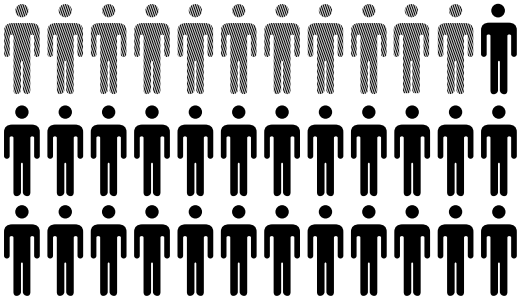


92%

of Baby Boomers believe technology will radically change how we work.

"The younger generations seem less willing to play the game of 'presenteeism' and 24/7 availability. It won't be enough to say: 'This is how it's always been'. Some employers may be concerned, but good leadership is about challenge. Employers should accept that in the long term, today's challengers will be tomorrow's leaders."

MARK WILLIAMSON
PARTNER, KPMG IN THE UK



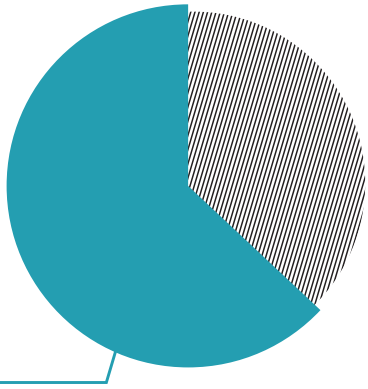
82% of Baby Boomers also believe that working together in a physical sense will decrease.

© 2013 KPMG LLP, a UK limited liability partnership, is a subsidiary of KPMG Europe LLP and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative, a Swiss entity.

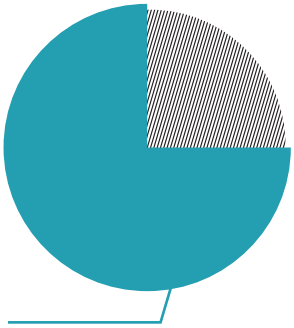
There were marked differences on Social Responsibility too.

<50%

In seeking their ideal job, less than 50 percent of Baby Boomers prioritise the social responsibility of the company.



Yet this was a key consideration for 65 percent of Generation Z.



75 percent of Gen Z also believe that good values and ethics will be more important in the workplace.

"The savvy employer should stop trying to understand the differences – or trying to iron them all out. Instead, they should focus on how they create a harmonious, efficient and productive workforce."

MARK WILLIAMSON
PARTNER, KPMG IN THE UK

CONCLUSION

"Differences between the generations are easily exaggerated; and pay continues to matter most.

However, in order to attract and retain the most talented and ambitious youngsters, employers must harness the growing entrepreneurial impulse in the workplace by recognising and financially rewarding new ideas.

Tomorrow's successful companies will take advantage of older workers' experience and their ability to coach or mentor those entering the workplace. These enlightened employers can help Baby Boomers to be enablers for the young rather than blockers."

MARK WILLIAMSON
PARTNER, KPMG IN THE UK

© 2013 KPMG LLP, a UK limited liability partnership, is a subsidiary of KPMG Europe LLP and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative, a Swiss entity.

01

FUTURE OF WORK

MARK WILLIAMSON
PARTNER,
KPMG IN THE UK

+44 (0)20 7311 8693
mark.williamson@kpmg.co.uk

This is from the future of work edition of SLANT. For more, please visit: kpmgslant.co.uk

The information contained herein, is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information, without appropriate professional advice after a thorough examination of the particular situation.

©2013 KPMG LLP, a UK limited liability partnership, is a subsidiary of KPMG Europe LLP and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative, a Swiss entity. All rights reserved.

The KPMG name, logo and 'cutting through complexity' are registered trademarks or trademarks of KPMG International.

© 2013 KPMG LLP, a UK limited liability partnership, is a subsidiary of KPMG Europe LLP and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative, a Swiss entity.

01

FUTURE OF WORK

A GENERATION Z RESPONSE TO KPMG'S FUTURE OF WORK

THERE IS SO MUCH MORE CAREER CHOICE TODAY, IT'S DIFFICULT TO KNOW WHERE TO START AND I DO FEEL SLIGHTLY OVERWHELMED. ON THE OTHER HAND, THE IDEA OF NOT KNOWING WHAT I WANT TO DO CARRIES SO MUCH POTENTIAL.

OSCAR COOPER
WORK EXPERIENCE
AT KPMG IN THE UK

KPMG
cutting through complexity

I find talking about the subject of my future job prospects both daunting and exciting. There is so much more career choice today, it's difficult to know where to start and I do feel slightly overwhelmed. On the other hand, the idea of not knowing what I want to do carries so much potential. I look forward to taking any opportunity that comes my way, so I can expose myself to many different experiences and develop a wider set of transferable skills that should result in me being more flexible within the labour market, and ultimately more employable.

Happiness sometimes comes at a cost

However, despite my indecision in picking a career path, experiences and skills development are still very important to me. Many times, I've been told by my elders that it doesn't matter what you do, or how much you earn, just as long as you are happy. I do not entirely agree. Although happiness is very important, I am still motivated by the potential income I could earn. Doing things you enjoy, such as scuba diving and skiing in my case, come at a cost. More money means you can take part in those activities more often. So I see a higher income as a means for me to do more of the things I love.

Salary will always reflect talent

I therefore believe the statement 'that future generations will no longer equate salary to personal worth' made by David Fairs could be interpreted as being a little too idealistic. Whilst there may be a growing number of people who care more about the non-pecuniary factors of a job rather than the salary, there is still, and will continue to be, a large number of people who want to earn more, as salary reflects talent, experience and skill and I don't think that's going to change.

"ALTHOUGH HAPPINESS IS VERY IMPORTANT, I AM STILL MOTIVATED BY THE POTENTIAL INCOME I COULD EARN."

© 2013 KPMG LLP, a UK limited liability partnership, is a subsidiary of KPMG Europe LLP and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative, a Swiss entity.

The demographic time bomb

I would like to think that I will have the means to retire before receiving my state pension. In reality and as David Fairs suggests, this may never be achievable. The issue my generation will face is the fact that we will have to pay for the Baby Boomers' state pensions. As a result, it will most likely mean higher taxes taken from the working population to make sure everyone who can receive a state pension actually gets enough. If this is the case, I believe that the UK will lose skilled workers, and become less productive, as the labour force moves to different countries in search of better tax rates. Some people refer to this as the 'demographic time bomb' and for me this phrase is very true. The prospect of having to pay higher taxes in the future is a large disincentive for me to stay in the UK.

Hot money chases interest rates

As a result of higher taxes, I think that a new way of working will emerge in the form of a global labour force, with people moving very quickly around the world in search of the best rates for tax and lowest cost of living. Each country will have to work hard to stay internationally competitive, which is where I see the UK failing. Although there is still a large number of people migrating into the UK, I think this will slow and eventually flip, resulting in more people leaving the UK than entering it.

I can also see a rise in portfolio working, but to a lesser extent than Kate Holt is predicting. People would obviously like the idea of moving around organisations easily and working on a wider range of projects to develop new skills. Nevertheless, portfolio working will only work if lots of companies create shorter job opportunities. I think many would find the uncertainty of such a free labour force too much of a risk to implement lots of project work.

© 2013 KPMG LLP, a UK limited liability partnership, is a subsidiary of KPMG Europe LLP and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative, a Swiss entity.

Not everyone can afford a moral code

Kate also speculates that employees of the future will 'actively seek out employers whose beliefs match their own' but I think this could be seen as being unrealistic by some. Whilst it's great to push this type of thinking within a workforce, in reality, I do not think this would apply to your average Joe: if you are tight for cash and there are bills to pay, he would not turn down a job just because it conflicts with his moral code. Maybe higher skilled workers will be able to make these choices, as they are more employable throughout the economy, but certainly the average blue collar worker hasn't this ability, or financial stability to be so picky.

It's difficult to really know what I am going to do with the rest of my life. The future world of work will change so much, even through my lifetime; affecting my choices and even dictating my career path. I hope that by going to university and undertaking work placements during my degree will allow me to bide some time to think about what I want to do and develop and cultivate new skills, which will hopefully equip me for the future world of work.

"THE PROSPECT OF HAVING TO PAY HIGHER TAXES IN THE FUTURE IS A LARGE DISINCENTIVE FOR ME TO STAY IN THE UK."

© 2013 KPMG LLP, a UK limited liability partnership, is a subsidiary of KPMG Europe LLP and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative, a Swiss entity.

01

FUTURE OF WORK

This is from the Future of Work edition of SLANT. For more, please visit: kpmgslant.co.uk

DAVID FAIRS

PARTNER,
AT KPMG IN THE UK

+44 207 311 3103
david.fairs@kpmg.co.uk

The information contained herein, is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information, without appropriate professional advice after a thorough examination of the particular situation.

©2014 KPMG LLP, a UK limited liability partnership, is a subsidiary of KPMG Europe LLP and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative, a Swiss entity. All rights reserved.

The KPMG name, logo and 'cutting through complexity' are registered trademarks or trademarks of KPMG International.

© 2013 KPMG LLP, a UK limited liability partnership, is a subsidiary of KPMG Europe LLP and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative, a Swiss entity.