PENDRAGON®



# THE NEW WORLD OF WORK

# FOREWORD: WHY PENDRAGON IS WRITING THIS BOOK

At Pendragon we consider ourselves to be on top of the latest trends in work. We love finding solutions to the problems the modern working world throws at us. In this book, we have gathered together the thoughts, ideas and predictions from some of the world's greatest thought-leaders to help showcase what the world of work will look like in the near future.

With close to 20 years of managing other organisations' contingent workforce, Pendragon recognises the next evolution in work and employment is here - and it will expand as the new wave of entrepreneurs start up macro and small businesses with a completely new set of rules for running a multimillion dollar company: no fixed office, no departments and most probably no employees! Everything can be outsourced and no one in the marketplace cares as long as the service or product is up to scratch and works for them.

Pendragon helps organisations remove the burden of compliance and simplifies the process of employing and being employed, and can help you become a leader in the New World of Work.

I hope you enjoy our look into the future - and the answers Pendragon has come up with to help you navigate what's ahead.



John Glover, Managing Director, Pendragon

# ARE YOU READY FOR THE EMPLOYMENT SHIFT?

Often the best way to predict the future is to look in the rear-view mirror. Back in the 1990s, the lens with which we viewed the internet was publishing - what would the internet do to how we shared, read and produced material?

The printing press was the closest comparison we had. Elizabeth Eisenstein's[1] analysis of the impact of the printing press identified five impacts that transformed the world[2]:

1. Expertise - experts come under pressure from new voices who adopt new technology early
2. Organisational transformation - new organisations emerge to deal with the social, cultural and political changes
3. Social and legal norms struggle to respond and revise quickly in response — especially in relation to intellectual property
4. Concepts of identity and community are transformed - new forms of language come into being

5. Education - educators are pressured to prepare their students for the newly emerging world

Using these five as lenses, we can understand the changes that are transforming the way that we work.

As Pendragon looks at its current salary management services - removing the burden of compliance to employers and contractors - we recognise one thing: the process of employing and being employed is shifting.

**Just as the printing press had significant impact upon society, so too will the emerging new world of work. In order to keep attracting the brightest and best talent, organisations must learn how to inhabit it.**

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# HOW MILLENNIALS ARE CHANGING THE WAY WE WORK - AND WHAT YOUR ORGANISATION NEEDS TO DO ABOUT IT.

## Identity & Community

The Millennial Generation has a variety of definitions but is generally considered to be those born between 1982 and 2002.[3] The millennial misunderstanding comes about because employers have not kept pace with how concepts of identity and community are different for a millennial worker. Historically, community and identity came through our work and workplaces - how many people used to stay for the gold watch? - but that is not true of a millennial. As the statements above show, a millennial worker brings more loyalty and less frustration than first assumed - but it does not mean work is their identity. Which is not a negative!

## A Millennial Misunderstanding

There are a whole lot of myths about the millennial generation. The following are statements that are considered to be true by many people, yet evidence suggests they are not:

| TRUE | FALSE |
|---|---|
| Millennials rely more on formal training and mentoring to develop their skills | Millennials care more about making a positive difference in the world through work |
| Millennials want informal feedback from their managers 50% more often than older peers | Achieving work/life balance is more important to millennials |
| | Finding personal meaning in their work is more important to millennials |
| | Meeting income goals is less important to millennials as long as they are learning and growing |



**"41% of executives think millennials are frustrated with manager quality"**

**"38% of executives think millennials will consider leaving their jobs due to learning and development"**



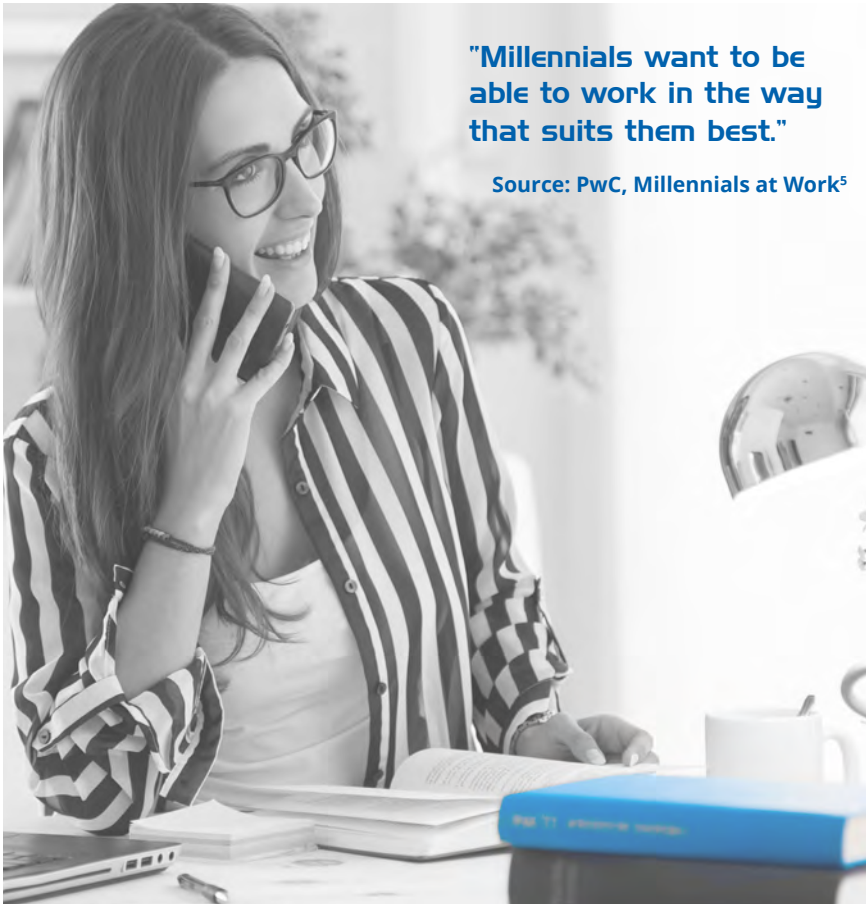
**"0% of millennials said they were."**

**"0% of millennials said they had done so."**

Source: Oxford Economics, Workforce 2020[4]

"Employers need to beware of unconscious bias from older workers and take care that they judge millennials on results rather than preconceptions."

Source: PwC, Millennials at Work[5]



"Millennials want to be able to work in the way that suits them best."

Source: PwC, Millennials at Work[5]

## Expertise

Millennials bring new voices and adopt new technology early. It's a new sort of expertise that can be threatening to older managers if still viewed through the 'old' lens of manager: worker. Instead,

"Companies will need a new generation of entrepreneurs, engineers, mathematicians and technologists to harness technology and drive innovation." and  is a key finding from PwC's 19th Annual Global CEO study.

- 2016 CEO Priorities[6]

## A Desire For Flexibility Does Not Mean Disloyalty

Organisations - and their HR departments - must prepare for increasing diversity, changing employee demographics and evolving definitions of work. There is a great shift in generational thinking with the nature of employment itself undergoing a transformation.

A freelancing boom is underway. Various estimates of the freelancing market indicate that nearly one third of the workforce has taken part in some freelancing work in the past year.

This impacts on recruitment, HR, organisational culture, leadership and

management style. How do you recruit this new generation of talented workers? How is your organisational culture impacted as freelancers 'fly in fly out'? As a new generation joins the market and employment options evolve in an increasingly global and knowledge-based economy, having an effective workforce is a strategic imperative. Opportunities abound in this new environment, for both employers and employees - but so do risks. It requires a new way of working, looking at 'traditional' HR models with a new lens.

## HR & Recruitment

"Generation Z engage through social media, so attracting and targeting talent through social media will be a key theme."

- Phillip Szilagyi[7]

"On-boarding and off-boarding need to be handled differently with rapid 'turnover' of teams, such as contractors and freelancers."

- John Glover, Pendragon

"Strategies to increasingly deliver HR services through a mobile device"

- Phillip Szilagyi[8]

On boarding, off boarding now needs to be anywhere, anytime.


"When HR is out of touch with workers and out of the loop with business leaders, overall business performance suffers as well."
- Phillip Szilagyi[9]

## Culture, leadership and management style

Organisations will need to investigate how to change their leadership training to reflect the style of Gen Y, as well as work out how baby boomer knowledge can be transferred to Gen Y/Z

"There is widespread agreement that the generation entering the workforce is different in key ways - but our research shows that executives do not really understand what these differences are."

- Phillip Szilagyi[10]

"Alternatives to the traditional relationships between employer and employee grow in popularity."

This "requires companies to manage workers in new ways."

"While more than half of executives say workforce development is a key differentiator for their firms, they do not have the technology and organisation to back it up."

"Diversity is another pressing issue. The 2020 workforce will be made up of a wider group of ages and nationalities than ever before, so companies will need to have a broad understanding of their people and the markets in which they operate."

"These changes are very much on the minds of executives, who cite

globalisation and millennials entering the workforce as their top business concerns.

- Oxford Economics[11]

"At least three generations working together in the modern workplace - bringing with it some challenges but also many advantages."[12]

"Most (millennials) are intensely ambitious and are looking for rapid career progression - 56% of those questioned said they felt they could rise to the top with their current employer. But with so many aiming for the top it's inevitable that many will eventually be disappointed and employers should be careful to manage expectations and identify and reward the young talent that they are keen to keep and develop."

"The most valued opportunity was the chance to work with strong coaches and mentors. Millennials relish the opportunity to engage, interact and learn from senior management. Mentoring programmes can be particularly effective and also help to relieve tensions between generations."[13]

"Employers need to be aware of unconscious bias from older workers and take care that they judge millennials on results rather than preconceptions."

- PwC, Millennials at Work[14]

## Technology and your organisation: digital devices and assets

The 2020+ workforce will become increasingly flexible. BYOT and BYOD (Bring Your Own Technology/Device) is normal in schools, and will become the standard in the workplace. Similarly, artificial intelligence will become increasingly widespread.

Already the legal world is exploring the new world of work, with a 2016 poll of more than 300 attendees at the Law Society's Robots and Lawyers conference found that 48% of respondents' firms already use some form artificial intelligence (AI) — though only 4% agreed that lawyers will eventually be replaced by robots.[15]

Will the 4% be challenged by ROSS, a 'new hire' at the law firm Baker & Hostetler, which handles bankruptcy cases?

Based on ROSS Intelligence's artificial intelligence legal research product, lawyers ask ROSS their research question in natural language, as they would a person, then ROSS reads through the law, gathers evidence, draws inferences and returns highly relevant, evidence-based candidate answers. ROSS also monitors the law around the clock to notify users of new court decisions that can affect a case. The program continually learns from the lawyers who use it to bring back better results each time.[16]

Yet as the new world of work embraces even greater levels of technology

and supplements teams with artificial intelligence, the workforce cannot afford to become so IT-focused it forgets the other side of the human brain.

"A millennial friendly environment may be fully digital, but it also needs to be comfortable and creative."

- PwC, Millennials at Work[17]

## THE PENDRAGON POSITION

- **Understand this millennial generation and their skills and values**
- **"Get the 'deal' right":**
  - It is important for employers to explain what they are offering a potential employee, but also what they expect in return.
  - Think creatively about reward strategies and what motivates millennials
- **Help millennials grow. Managers need to really understand the personal and professional goals of millennials**

- Give them assignments that make them feel like they are moving ahead in their career.
- Take every opportunity to mix them in teams with other generations.

- **Feedback**
  - Give honest feedback in real time - and highlight positive contributions or improvements on key competencies.
- **Set them free - Millennials want flexibility**
  - Set deadlines and if they meet them don't worry so much about their tactics and the time they clock in and out.
- **Encourage learning - Millennials want to experience as much training as possible.**
  - Let them connect, collaborate, build their networks - and most of all, innovate.
- **Allow faster advancement**
  - They want career advancement much quicker than older generations are accustomed to.
  - A relatively simple solution, such as adding more levels, grades or

other 'badges' could be enough to meet their expectations.

- **Expect millennials to go.**
  - It's inevitable that the rate of churn among millennials will be higher than among other generations.This should be built into your plans.

Source: PwC[18]



**John's Wrap**

"The key is taking a walk in a millennial's shoes. If you can understand where they're coming from, even if you don't agree with them, the discussions over freedoms or privileges are far more amicable. Managing their expectations is also important – you may be willing to give them freedom in their work but clearly outlining the results you expect is crucial."

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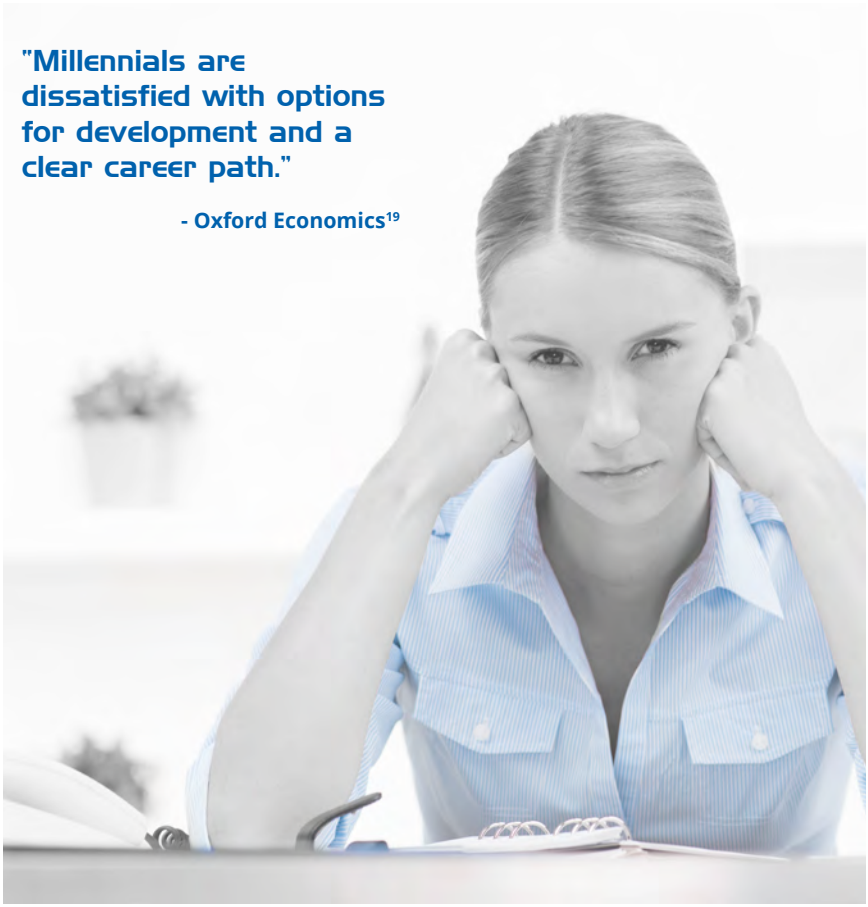
# BRAND SELF AND EMPLOYER BRANDING

## Brand Self: Sourcing Loyal Talent When They Want Their Freedom

An American bullhorn survey reported that 39% of recruiters believe that the single biggest obstacle for an unemployed candidate in regaining employment is having a history of job hopping or leaving a company before they have been at a company for a year.

Many people, especially millennials, want to be employed whilst also having the perks of someone who is self-employed. This strikes many as selfish, but it comes with many benefits if managed correctly.

**In the future of work, the way or how you are employed/engaged does not matter, as long as the conditions of employment are met. This becomes an opportunity to engage in the new way of working, to attract great talent whilst offering them flexibility, reward and recognition.**


"Millennials are dissatisfied with options for development and a clear career path."
- Oxford Economics[19]

"Millennials tend to be uncomfortable with rigid corporate structures and turned off by information silos. They expect rapid progression, a varied and interesting career and constant feedback."[20]

"Set deadlines and if they meet them don't worry so much about their tactics and the time they clock in and out."[21]

Source: PwC

With 91% of millennials expecting to stay in a job for less than three years, this has ramifications for organisations and individuals. Job instability on a resume could come at the cost of the dream job for individuals but 'job-hopping' - accumulating as much experience as possible - can speed job advancement - and brings significant experience advantages to an employer. The trick for the employer in this New World of Work is unlocking all that experience and leveraging it for organisational good.



*"The reality is workers today know they could be laid off at any time - after all, they've seen it happen to family and friends - so they plan defensively and essentially consider themselves free agents. The solution is to allow them to be free agents while keeping them loyal and engaged with your organisation. It can be done, if you think about payroll, contractor management and salary packaging in the New World of Work way."*

**- John Glover, Pendragon**

## New World of Work: Think playpackets, not paypackets

Employers need to attract talent in the new world of work beyond pay. Yet it can be a legislative nightmare: add in the legislative burden of people wanting freedom and flexibility, and it results in organisations needing a new way of paying, engaging and rewarding new workers. The New World of Work requires a new vision.

## Attracting Brand Self With Employer Branding

How can you position your company so it becomes attractive to brand self? In order to attract talented employees, you have to be perceived as a great place to work.

In the next five to ten years, requesting talent will be unnecessary - talent will just show up. The rise of linguistic matching means recruitment will change.

"There will be an absence of recruiters 10 years from now. Even interviews would go away, as there would be enough data and powerful analytical matching to replace them."

- Andrew Karpie[22]

The power of employer branding will take centre stage. Great talent may

just 'show up' but organisations need to ensure talent is showing up at their door, not their competitors.

As work becomes portable, as technology delivers freedom, as people seek employment with self-employment freedom "businesses are seeing a marked change in employee ideals and are scrambling to put in place retention strategies that can encourage workers to stay for the long haul.

"The savviest employers are able to adjust their retention strategies to help young workers find meaning and satisfaction in their work."[23]

In response, workplace culture and behaviour are key areas where CEOs are placing their greatest focus:

"Having the right culture within an organisation is required for developing businesses geared towards innovation and growth."

82% of CEOs believe business success in the 21st century will be defined by more than financial profile.

78% of CEOs see more threats today than three years ago. Of those, 65% selected availability of key skills as a key threat.


"Top talent want to work for companies with social values that align with their own."[25]

## Managing employees' personal branding

Personal branding experts tell everyone that "a personal brand is the secret to better jobs and better pay"

"An employee with a personal brand is always looking for opportunities to expand upon it. Handled correctly, that can lead to an ambitious employee stepping up and taking on bigger projects."

"There are also concerns that if an employee has access to an audience, through blogging, social media or other strategies he can also cause harm to your business."

"Telling them (employees) that personal branding is not an option is just a way to speed up their decision to go job hunting."

"If you can make it a win-win situation, you may just wind up known as the business owner who has snagged some excellent (and well-known) employees."

"It makes sense to read up on personal branding, especially the techniques that many experts on the topic recommended, so that you know what to expect from your employees and you can set clear policies ahead of time."

- American Express[24]

## What does management have to do with happy staff?

"Look for talent no matter where it lies, and skilled candidates will start looking for you."

"No matter what kind of company you are, there's always something you can do to make yourself a more attractive employer."

- Nikki Floyd[26]

"The motto of successful CEOs: People First, strategy second"

- Ram Charan, Author of Boards at Work[27]

For six consecutive years 'stress level', 'quality of management' and 'lack of feedback and appreciation' are the aspects of a job that Australians hate the most.

- Seek[28]

## Why does staff loyalty have nothing to do with money?

"Good news for businesses is that in most cases, staff loyalty in business has nothing to do with money...If you don't capture the hearts and minds of an employee, no amount of money will keep them long-term."

- Source: Dennis Orme[29]

## What does a great place to work look like?

Combining the survey of 20,000 employees with the analysis of HR practices and CEO interviews has resulted in the development of the Anatomy of a Great Workplace© model. Great workplaces come in all shapes and sizes, however they share four characteristics:

- They are values-based organisations with a very clear vision of the future
- They have created a sense of community, where people feel a strong sense of belonging and optimism in the future
- They have development strategies to help realise their full potential
- They have created a performance culture where high standards of performance are set, and demanded

Source: John Robertson Associates[30]

Stock prices of companies with high morale outperformed similar companies in the same industries by more than two to one in 2004. The research found that companies with low morale lagged behind their industry competitors by almost five to one. The global study focused on 28 publicly traded companies with a total of more than 920,000 employees. Stock prices of these companies were compared to the industry average for more than 6,000 other companies in the same industries. It found that high-morale

companies provide the three main things that matter most to employees: fair treatment; a sense of achievement in their work and pride in their employer; and good, productive relationships with other employees. High morale accompanies high stock.[31]

## What does an 'Engaged Employee' look like?

Engaged Employees work with passion and feel a profound connection to their company. They drive innovation and move the organisation forward. Engaged Employees made up only 18% of the Australian workforce and 25% of the New Zealand workforce.

- The Gallup Organisation (AU)[32]

## What does a 'Not-Engaged Employee' look like?

Not-Engaged Employees are essentially "checked-out". They're sleepwalking through their workday, putting time – but not energy or passion – into their work. Not Engaged Employees made up 61% of the Australian workforce and 64% of the New Zealand workforce.[33]

## How much does having Disengaged Employees cost businesses?

Disengaged employees are more likely to leave and take less pride in their workplace. They are also less likely to be advocates of their workplace or the products and services they represent. This obviously comes at a significant cost to Australian businesses. In fact the Gallup Organization estimates that actively disengaged employees cost Australian businesses between AUS $33.5-$42.1 billion per annum and New Zealand businesses around NZ $5.6-$5.96b billion per annum.

## What are the 'key drivers' of employee engagement?

There are four contributors to employee engagement. All need to work in harmony to create a powerful relationship with employees.

- Career aspirations – personally rewarding or major achievement
- Career opportunities – sees future opportunity, growth and advancement
- Recognition – perceptions of favourable acknowledgement from others for their work/accomplishments
- Brand – consistency between the promise an organisation makes to its

employees about working at that organisation and the work experience

- Aon Hewitt[34]

## KEY CHAPTER TAKEAWAYS

- **Offer Workplace Flexibility**
  - "Flexible hours and generous telework policies are even more important to younger workers than is salary."
  - "To keep employees around for more than a year, give them the chance to adjust their schedules when the situation calls for it."
- **Communicate the company's mission and values**
  - "Employees want to work at a company whose values match their own."
  - "If applicants know what they're signing up for when they pursue positions at your company, the ones who would leave due to value differences will weed themselves out."
- **Think about outsourcing differently**
  - Manage contractors or your full time team via a third party and

reduce your overheads

- Handle workers flexibility and portability through a third party, taking away the nightmare of workers' compensation and professional indemnity
- Encourage employer brand loyalty by making use of salary management services that allow your people to take home more without additional business costs
- Bring the right people aboard - locate the right candidate globally and let a third-party handle the rest

- J. Meister[35]



**John's Wrap**

"The New World of Work will work for you by giving you an alternative employment arrangement but still staying within the law of the land. In fact, it could effectively produce a situation that increases the individual's take home pay - they feel they are being better looked after by you and you are offering them a chance to play with their own financial destiny within your organisation. This is how loyalty will be built."

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# THE FOUR F'S OF THE NEW WORKING WEEK: FEARLESS, FREEDOM, FLEXIBLE, FUTURIST

The power of employer branding and the ability to attract great talent comes into play even further when organisations realise the 4Fs of the Future of Work:

- Fearless
- Freedom
- Flexible
- Futurist

Work is no longer a location, or a central place where a workforce gathers. Organisations need to begin to think more broadly about the new working week.

## Flexible, Futurists

"2020 workforce will be increasingly flexible. 83% of executives said they plan to increase use of contingent, intermittent or consultant employees in the next 3 years, forcing change on companies."

"Employees say their top concern is their position changing or becoming obsolete."

"The need for technology skills will grow over the next three years, especially in analytics and programming/development."

"Ample training on essential technology is in short supply, as is access to the latest technology."

"Technology skills will continue to lag" if this is not rectified across the board."

Source: Oxford Economics[36]

## Freedom: of place, of space, of thinking

"The location of work will vary widely."

"Offices will serve as temporary anchor points for human interaction rather than daily travel destinations."


"Smart systems will emerge and collaborate with humans - this will change the nature of work and drive a reimagination of work content and process."[37]

"Dynamic and agile team structures will become the norm."

"Companies will use a myriad of hiring practices, travel and colocation strategies to enable teamwork, trust-building, and serendipitous innovation."

"Virtual colocation is expected to include a combination of technologies that will enable people to be virtually present when they can't be there physically."

"Once workers arrive at the office, employers will want optimum worker productivity. Physical space will be configured based on the type of task, the role of the job, and even the personality of the worker. In some cases, this will mean open environments designed for group collaboration and opportunistic encounters. In other cases, it will include private areas that allow for quiet thinking or heads-down engineering."

- Intel Corporation[37]

"In 2020, multiple generations working together will have different skills, experiences, habits and motivations - and more of these workers will be freelancers and contractors."

"85% of australian companies say they are increasingly using contingent, intermittent, seasonal, or consultant employees and 49% say that this requires increased investment in training. Overall, executives are rethinking compensation, training and HR technology."

- Oxford Economics[38]

"The new world of workers will combine the freedom of freelancers and contractors, but with the loyalty of long-term employees if treated correctly."

- John Glover, Pendragon.

"Do you have a change-capable organisation - one that is able to drive transformation?"

"How are you building a portfolio of future transformation leaders that fits what is required for the next wave of change?"

- 2016 CEO Priorities[39]

Traditional office spaces are becoming a thing of the past.

"Shared office spaces will double in number and the traditional office will become a thing of the past."

"Jobs of the future are likely to be more flexible, agile, networked and connected"

There will be flatter management structures as well.

"With fewer levels of management, companies with a flat organisational structure tend to have short lines of communication enabling the company to make decisions quickly and be fairly responsive to change."

Digital literacy is now not only important but it is necessary to enter the workforce.

- Anna Patty[40]

## Fearless freedom workers

What is contributing to the shift into the new world of work?

- Technology advancement
- Global capabilities
- Diverse demographics
- Economic changes
- Social media

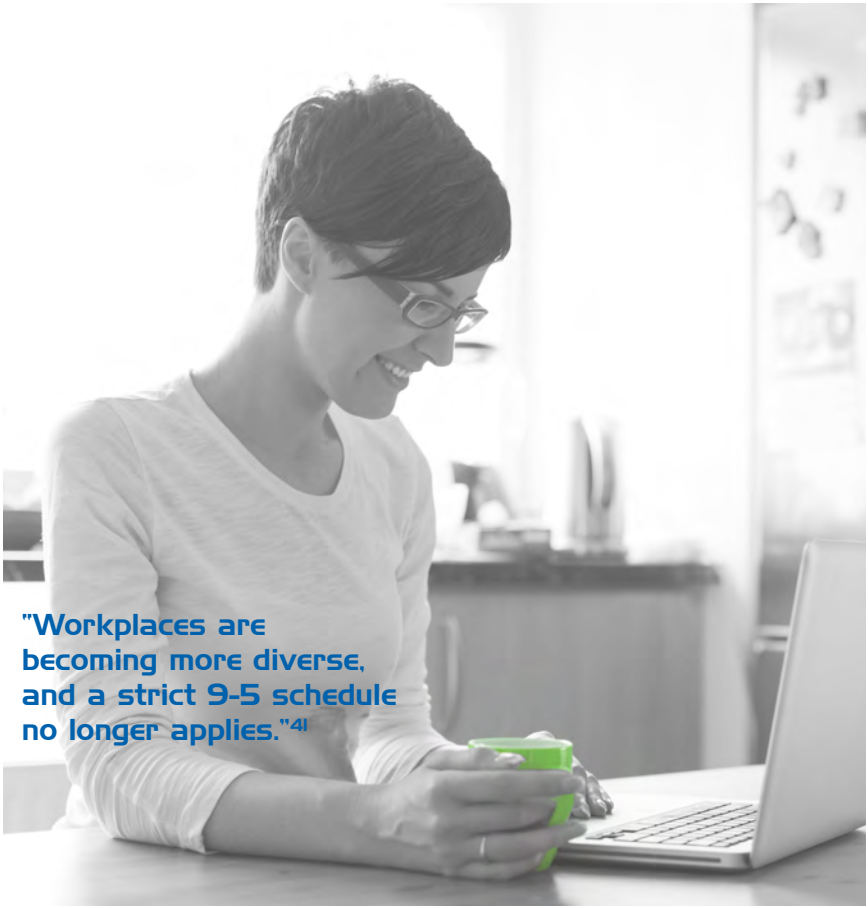
“Personal values and attitudes to work and life in general have changed.”

Be your own boss! Most contractors/self employed “have their own vision and have planned their mission in detail.”

Love your job, love your life - “running your own business means you decide what’s right for you”

The characteristics of the self-employed “independence, ambition, empowerment, resilience, entrepreneurial, highly skilled with an ability to self-govern.”

“Generation Y workers are redefining the way things are done.”


"Workplaces are becoming more diverse, and a strict 9-5 schedule no longer applies."[41]

"Workers are much more mobile than before, and relocating to another city or even another country is now a common career move."[42]

## KEY CHAPTER TAKEAWAYS

- The new world model of employment is actually not about employing anyone ... you contract who you need or outsource the job that's required to be done to another entity.
- The traditional way = 'wage and salary workers'
- The New World = 'independent salary workers' - same as the old workers but they have the flexibility to run their own show with regards to their income and they feel more in control of their individual future.
- These 'independent salary workers' can be employed by but not paid by their employer! Instead they will be paid by a 'salary management' company to whom the employer has outsourced the work - yet the independent salary worker is still treated and seen as an employee of that company.

- Culture is vital.
- Build loyalty through freedom - the new workers may seek freedom and flexibility, but organisations need to capture their hearts and minds to keep them loyal despite their freedom of choice.



**John's Wrap**

"It's a total mind shift in the way individuals are employed. Yet the loyalty and employer branding remains strong because the employer is actually giving more benefits than they would be able to if they were employing the individual directly, thanks to the salary management and packaging benefits they can offer by using a salary management company."

# WHAT? YOU STILL PAY PEOPLE VIA THEIR BANK ACCOUNTS?

## Welcome to the new world of payroll and contracts: Blockchain

If you're not familiar with the blockchain, and it's still a relatively new concept in the world of electronic finance, you no doubt will have heard of Bitcoin. Bitcoin is a peer-to-peer electronic cash system, also known as "cryptocurrency", which basically allows people to make instant, anonymous transactions online. Bitcoin records every single transaction made on its network in a public record. This is known as the "blockchain".

Bitcoin and Blockchain have the potential to change how future workers are paid - and the portability of that currency, falling under three lenses of transformation.

### How does Bitcoin work?

Bitcoins have to be “mined” using specialist mining software, which then carries out a series of intensive calculations to find a certain data sequence, or “block”. The block produces a specific data pattern when the Bitcoin “hash” algorithm is applied to the data. Whoever manages to do this will basically win bitcoins, which they can then spend in a range of places online and off.

### So how often is the blockchain added to?

A new blockchain is generated around every ten minutes and then shared throughout the network. This means it’s constantly growing as completed “blocks” are made and added to the public ledger.

### So it’s a bit like the way conventional banks have a full history of its customers’ transactions?

Exactly. All Bitcoin transactions are entered chronologically in a blockchain, similarly to how typical bank transactions are recorded. You can think of the different blocks, then, like individual bank statements.

### Can Bitcoin transactions be traced easily on the blockchain?

Yes. All the blocks are added to the blockchain in a linear, sequential order. Each block contains a hash of the previous block, creating a linked series from the “genesis” block right the way through to the current one. As every Bitcoin user must have a Bitcoin address -- a unique identifier that allows them to receive Bitcoins -- the blockchain contains a complete set of information about every address using Bitcoin and their balances at any point in history.

### So how do you keep track of all your bitcoins?

You’ll basically need something called a Bitcoin wallet: a free online wallet which you can use to make worldwide Bitcoin payments on your mobile or desktop.

### How can I get a Bitcoin wallet?

You’ll need to visit Blockchain.info to create your wallet. You’ll need to enter your email address and create a password, but it only takes a few seconds -- and you can then send and receive Bitcoin payments immediately.

### Does this mean the Bitcoin blockchain works like a bank then?

No. You're essentially your "own" bank; you have complete ownership over your currency and only you can check your Bitcoin balance, view your transactions and make payments.

Source: Wired[43]

### What can Blockchain do?

"Enabling a larger number of friction-free transactions."

"Due to lower transaction costs, more people around the world will have access to goods and services that were previously out of reach."

"When assets exchange hands it is easier to prove who owns what."

"Think of the economic opportunity that will open up for individuals and businesses if they are able to access financial services such as saving accounts and loans. You would be more likely to do business with them if you could assess the true risk of lending to, or transacting with, them."

"Just as we never envisioned a world where we would carry around fully connected supercomputers (smartphones) in our pockets a mere 20 years

ago, we can't imagine all of the applications of the Blockchain."

"A Blockchain-enabled world will be one that creates trust between transacting parties without the need to know them personally."

"A Blockchain world will not only allow faster, cheaper and truly global transactions but will also allow each of us to control and track the distribution of our own data."

Source: Coindesk[44]

Dropping the cost and complexity of financial transactions, making the world's unbanked a viable new market, and improving transparency and regulation."

"Blockchain technology can also take networked business models to a new level by supporting a whole host of breakthrough applications native payment systems that run without banks, credit card companies and other intermediaries."

"If every employee had their own elaborate profile, which they owned and controlled, employees and companies would be able to keep their data, rather than give it to large social network companies."

Source: Alex and Don Tapscott[45]

"There are thousands of banks in the world using similar databases - all separately maintained. That's quite expensive. If we were using Blockchain, it could be universal - and used by many institutions - bringing much more efficiency and also helping to bring various systems closer together."

- Finextra & IBM[46]

"Payments, especially international payments, are very ripe for a change and an improvement in terms of costs, quality of service, making the process more transparent and continuous."

- Finextra & IBM[47]

"Our insight is that Blockchain will allow entire industries to optimise business processes by sharing data between businesses that have different or competing economic objectives."[48]

"Compared to the other trends, blockchain ranks lower on the agendas of survey participants. While a majority of respondents (56%) recognise its importance, 57% say they are unsure or unlikely to respond to this trend. This may be explained by the low level of familiarity with this new technology."[49]

"The most effective companies thrive by incorporating them [disruptive technologies] into the way they do business."[50]

"We recommend a pro-active approach to identify and respond to the


"This lack of understanding may lead market participants to underestimate the potential impact of blockchain on their activities."[51]

various threats and opportunities that this transformative technology presents."

Source: PwC [52]

## Blockchain beyond payroll: realising organisational efficiencies

Organisations such as JP Morgan see BlockChain as a game-changer far beyond payroll, impacting operations, IT, portfolio management and finance in particular. The benefits predicted include:

- Improved data management transparency
- Retirement of redundant infrastructure
- New and improved client services
- Improved liquidity
- Reduction in frictional trading costs
- New product structures

Nor is it that far away: with initial impact between 2017-19 and full benefit as early as 2023.

Source: J.P Morgan[53]

"Blockchain will impact payroll, time sheets, contracts and processes globally, which in turn will impact, amongst others, lawyers, brokers, banks and finance companies."

- John Glover, Pendragon

## KEY CHAPTER TAKEAWAYS

- **What to do about Blockchain?**
  - Experiment - work out the strengths and weaknesses, how it can bring your business value and how it will work for you and your customers.
  - Contribute to the development of standards
  - Know when to use Blockchain and when to not - it can't solve all the problems that you will face but it can be helpful and you need to know when that is the case.
  - Prepare for the impact it will have on you in the future - the change won't happen overnight but not thinking about the impact or not being ready for it is foolish.

Source: Finextra[54]



### John's Wrap

"Imagine you have a wonderful, talented employee who wants to travel. Rather than lose their talent, you could trial their working from a new country. Wouldn't you rather keep them engaged - doing a great job for you - in a different country? With the New World of Work, rather than having the headache of exchange rates, money transfers, fees, payment delays, all you need do is add them into your BlockChain/Bitcoin infrastructure. Suddenly talent portability - and talent payment - is easier than you think."



6

# LOOKING AHEAD INTO THE NEW WORLD OF WORK

## - WITH JOHN GLOVER, MD, PENDRAGON

**John, why did you create The New World of Work book?**

At Pendragon we consider ourselves to be on top of the latest trends in work and we love finding solutions to the problems the modern working world throws at us – so why not share our thoughts, ideas and predictions for what the world of work will look like in the near future?

**What is your advice to the organisation seeking to manage millennial talent seeking freedom?**

The key is taking a walk in their shoes. If you can understand where they're coming from, even if you don't agree with them, the discussions over freedoms or privileges are far more amicable. Managing their expectations

is also important – you may be willing to give them freedom in their work but clearly outlining the results you expect is crucial.

### What do you mean by the term salary management?

Salaries are so often taken at face value, but with the idea of a 'normal job' flying out the window, a 'normal salary' seems unnecessary. Our idea of salary management involves looking closely at your salary, knowing how all the pieces fit together and rearranging them so that you end up keeping more in your wallet by the end. It's all about thinking strategically and effectively.

### How can someone be employed by one company, yet paid by another? Doesn't that impact on employee loyalty?

Not at all, actually it can increase loyalty. Pendragon has been in the salary management marketplace for some considerable time and, for us, this contingent workforce management of the 'New World of Work' is a piece of cake.

We look after and payroll the individuals for you, we cover the insurances

and make sure the relevant taxes and superannuation are paid in accordance with the HR laws of Australia or internationally if that's where individual wishes to operate.

This means the employer can employ who he wants when he wants and for as little or long he wants as long as the minimum wages and relevant employment laws are being adhered to.

They can be employed under a contingent workforce contractor contract but be paid in accordance with what the contracts states, eg: they can be on a fixed monthly 'salary' with holidays, sick leave and even redundancy built in, but the onus of the payroll, taxes and insurances payments is that of the salary management company not the employer.

Or they can pay over a daily rate taking into account all of the above within the daily rate, the employer pays over the full amount including all the on costs and the management company takes care of the rest. Leaving both the company (employer) and the individual (employee) the flexibility and freedom they would like to have in the 'New World of Work'.

The individual can then look at legally structuring how they deal with the income to maximise his or her take home pay and superannuation contributions in accordance with the local laws.

This can be used by the employer to provide an alternative pay mechanism that adds a lot of value to the individual employee with minimal cost to the employer.

Everyone wins and it's what the 'New World of Work' is looking for: a total mind shift in the way individuals are employed. Yet the loyalty and employer branding remains strong because the employer is actually giving more benefits than they would be able to if they were employing the individual directly, thanks to the salary management and packaging benefits they can offer by using a salary management company.

## How can an employer give someone a pay-rise with little to no cost to the organisation?

Beyond salary packaging or salary sacrifice, the New World Of Work which takes the individual into a more self-employed arena but still gives them the security blanket of consistent employment, sick leave and holiday pay with minimal or no extra cost to the entity or the individual. It's the flexible option: but without the hassle of running their own company or individual ABN and also being comfortable that sick leave and holidays are covered, whilst knowing they are maximising their net take home pay.

### Why is workplace freedom and flexibility so important?

Your workplace will inevitably become more diverse as time goes on. Not only will this diversity include different races, genders and ages but it could also include people with additional needs, or at different stages of their lives, which require a little more flexibility. Having a flexible workplace and being confident in moving away from the traditional workplace setups can be invaluable – it allows you to welcome in a diverse workforce in a way that can be convenient and comfortable for them, so they can get results of the highest standard. Having a flexible mindset when hiring and placing employees, means that your business can speed up or slow down, depending on what the situation calls for.

### Won't all this freedom impact on loyalty? Won't it be easier for people to leave?

Just because you employ someone directly does not hold anyone to stay with you... As long as they give you the statutory notice period, as per their contract, they can leave at any time. The skill today is to be able to hold onto good staff... which comes down to the power of your employer branding and building loyalty in your teams.

The New World of Work will work for you by giving you an alternative employment arrangement but still staying within the law of the land. In fact, it could effectively produce a situation that increases the individual's take home pay and hence they feel they are being better looked after by you and that you are offering them a chance to play with their own financial destiny within your organisation. Which is how loyalty will be built.

Obviously with new recruits it's an option that you can put on the table. You most probably are already looking at or offering flexible work hours, working from home or from the remote working hubs that are popping up everywhere. The 'New World of Work' will just be another add on to the ever evolving employment world. You still have total control, you still have KPI's, targets, employment rules of engagement within your organisation, cultural fit etc. but the individual feels they are freer in how they work. You won't lose loyalty, in fact the loyalty factor will most probably improve as you are working with them to make their work experience as good as it can be.

**You've gone into BlockChain in great detail, do you really think it will impact on employee portability?**

Apart from its profound effect on contracts, time sheets and payroll systems you have to remember about millennial talent seeking freedom. Imagine you

have a wonderful, talented employee who wants to travel. Rather than lose their talent, you could trial their working from a new country. Recall the time, effort and money you have invested in that employee. Wouldn't you rather keep them engaged - doing a great job for you - in a different country? With the New World of Work, rather than having the headache of exchange rates, money transfers, fees, payment delays, all you need do is add them into your BlockChain/Bitcoin infrastructure. Suddenly talent portability - and talent payment - is easier than you think it is.

## How does Pendragon help organisations navigate the 'New World of Work'?

With close to 20 years of managing other organisations' contingent workforce, Pendragon recognises the next evolution in employment is here - and it will expand as the new wave of entrepreneurs start up macro and small businesses with a completely new set of rules for running a multimillion dollar company: no fixed office, no departments and most probably no employees... everything can be outsourced and no one in the marketplace cares as long as the service or product is up to scratch and works for them.

We help organisations remove the burden of compliance and simplify the process of employing and being employed, and help you become a leader in the New World of Work.

## WANT TO KNOW MORE ABOUT THE NEW WORLD OF WORK?

**Visit pendragon.net.au or call 02 9407 8700 for an obligation-free discussion.**





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