Pressure points

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Story by:
Ewin Hannan

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Hotels and taxis aren't the only industries to experience disruption – almost no sector is safe

A decade ago, Paul Schmeja was managing the whims of rock stars and celebrities luxuriating in five-star hotels. Then he walked away to pioneer a high-end concierge business that today is disrupting not one but three industries.

As chief executive of First Contact, Schmeja has exploited his insider knowledge as a former Melbourne hotelier to poach skilled personnel and employ them as front-of-house staff in blue-chip companies and premium office buildings.

Securing elusive concert tickets, making restaurant bookings, organising flowers for executives' partners – the iPad-wielding, immaculately groomed workers offer premium customer service to commercial clients and office staff.

"If you go back seven to 10 years, a corporate environment would typically be a concierge desk manned by either a security company or somebody employed by management," Schmeja says. "Why would a billion-dollar organisation want that as the front line of their building, and therefore their corporate brand?

"Our background was in five-star hospitality running receptions and concierge for five-star hotels around the world, so we just knew there was a better way to service clients."

Having expanded from 16 to 180 staff across 50 locations, including the ANZ headquarters at Melbourne's Docklands, Schmeja says the company is disrupting the security, hotel and commercial property sectors. "Security is very important in these buildings but its place is not as the first point of contact for visitors and staff coming into the building," he says.

"We have disrupted in the way we have recruited. We offer a lifestyle and benefit package that is superior to what employees in the hotel industry can get. Primarily, they are working a Monday-to-Friday corporate schedule so they are not having to do weekends, night shifts or public holidays. It makes it a very attractive employment proposition."

He is also shaking up the commercial property industry.

"The whole industry has had to lift its standards. Where seven years ago what we were doing was a very unique service, it's now an expectation in a premium commercial building to have a genuine concierge service, not a concierge service with a security badge."

Commercial property, historically underpinned by long-term leasing arrangements with stable tenants, faces disruption from organisations offering flexible workspaces to cost-conscious

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start-ups. Dexus Property Group this month opened its latest hi-tech collaborative work and conference space in Sydney. It offers executive boardrooms, project and training rooms and an auditorium that seats up to 80 guests, or 125 when booked with an adjacent training room. Companies can book premium spaces, attended by a concierge, for meetings, use it as an off-site facility for sensitive legal discussions, or host functions on an outdoor terrace.

"There's been an evolution of the relationship that the consumer has with their landlord," says Dexus executive general manager Deborah Coakley. "I think historically the relationship has been about, 'I need space and you have some. I will just pay rent and when I am consuming that space, when I am in it, I will do as I like, I will do my own fitout, I will do my own corporate culture and I will attract my own talent.'

"Where that relationship is moving, and quite quickly, is the customer having deeper discussions with their landlord about other opportunities to partner together to create better workspaces. The traditional long lease, the long relationship, is being disrupted by agility, about how agile an organisation can be at different times."

Few sectors appear immune from disruption. Barely a day passes without a sharing economy announcement, some with potentially far-reaching ramifications for traditionally run industries. Qantas recently unveiled a world-first deal with Airbnb that will allow the airline's 11.4 million frequent flyers to earn points when they book accommodation with the home-sharing marketplace. The agreement infuriated hotel groups and the tourism accommodation sector, which complained that Qantas was supporting an unregulated operator not hampered by the taxes, insurance and regulations that apply to hotels.

Even the public service is unlikely to escape the impact of digital progress. Thousands of public sector workers are employed in huge call centres that provide services on behalf of major government departments.

"The community and business demands from us a service they are accustomed to getting from banks, travel agencies, ticketing firms or whatever," says John Lloyd, the Australian Public Service Commissioner. "I would say digital opportunities going forward are going to present us with opportunities to work more efficiently and effectively. There's no doubt about that. Like other industries, I suspect there will be some disruption. The public sector won't be immune to that, in my view."

Recent analysis of the likely impact of the growing digital economy suggests technological disruption will kill off up to 40 per cent of existing jobs by 2030. Research by the Foundation for Young Australians found 70 per cent of young people are getting their first job in roles that will either look very different or be completely lost in the next 10 to 15 years. Almost 60 per cent of students are studying or training for occupations where at least two-thirds of the jobs will be automated. More than 50 per cent of future jobs will require significant digital skills yet students are often not learning them in schools.

Data released by the Department of Employment shows that the manufacturing and mining sectors alone will lose an extraordinary 77,000 jobs over five years to November 2020, with the department citing car plant closures and falling commodity prices as reasons for the job losses. Technological advances are also cited in relation to the 9000 jobs to be lost in agriculture, forestry and fishery.

Due to an ageing population, increased childcare and home-based services, and the implementation of the National Disability Insurance Scheme, healthcare and social assistance is forecast to be the biggest employment contributor, creating 250,000 jobs by 2020. Professional, scientific and technical services are projected to grow by 151,200, education and training by 121,700 and retail trade by 106,000. Bricks and mortar retail, under pressure from online competitors, is one sector that must transform to thrive.

A CSIRO report examining trends and changes in the workforce over the next 20 years looked at how the role of the retail manager – currently the nation's third largest occupation with 235,000 employed – is likely to change by 2035.

The report imagines how retailers will adapt over the next decade in the face of global competition from low-cost online stores. Floor space will be reduced, sales staff will be shed. By 2030, online shopping, the report says, will be the norm. Retail managers will make up a much smaller proportion of the workforce and their job will focus on delivering memorable "retail experiences" to shoppers. Key performance indicators will centre on the long-term brand loyalty the manager can build with store visitors.

"(In 2035), quality retail employees now excel at the theatre of creating positive memories around a shopping experience," the report predicts. "Although online stores represent the majority of sales globally, bricks and mortar coupled with a quality shopping experience are still powerful tools for building brand loyalty."

Coinciding with this change will be the rise of so-called customer experience experts. The CSIRO report predicts CEO and COO ranks will be complemented by the emergence of chief experience officers (CXOs) and chief customer officers (CCOs). They will be accompanied by teams of staff with skills in psychology, marketing, design and a depth of understanding about what customers want.

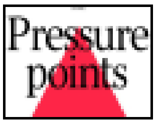
Imagining a supermarket in 20 years, the report's authors suggest supply chains will have become so quick and efficient that hardly any items are purchased instore, but delivered to homes by couriers. "The supermarket has not disappeared but become a showroom, with advisers and consultants seated at desks advising coffee-sipping customers about the merits of food, clothing and household products based on their health and lifestyle needs," it says.

"If this happens, the supermarket of the year 2035 has become a lifestyle and learning environment. The CCOs and CXOs, and their departments, have removed all of the annoying and unpleasant aspects of shopping – finding a park, getting a trolley, finding the toothpaste – and have delivered on experiential goods, e.g. learning about how to make an authentic Valencian paella and whether or not red wine is actually good or bad for health and in what quantity."

The CSIRO report suggests this future supermarket model will also operate in shopping malls, banks, hardware stores and even hospitals. If this eventuates there will be major labour force implications, including significantly reduced job opportunities for retail employees, particularly for the thousands of young people employed by the major supermarket chains.

University of Adelaide law professor Andrew Stewart is doubtful that this extreme retail scenario will eventuate, noting many past predictions about the radical impact of technological growth have been wrong.

"Very often there's an assumption that if something can



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happen or could happen, that it will happen," says Stewart, an expert in employment law. "When the CD came along that was supposed to completely replace vinyl, yet there's a lot of vinyl being produced now because people like the old way of doing things. Online music was also supposed to replace any other types of sales of music but it hasn't, of course.

"You would be a fool to think the retail world won't be different in 20 years' time. Of course it will. But the idea that what we will necessarily see is the entire replacement of one form of a retail operation with another just seems to me to be a very bold assumption.

"Will there be fewer jobs in shops? Almost certainly. But to suggest there will be no shops and no shop workers, only online stores and customer experience officers – commercial evolution and evolution of the labour market just simply doesn't happen in that straightforward linear fashion. These documents are very important. They give us signposts. They highlight where we might end up, but we shouldn't mistake them for being blueprints for a future that will inevitably happen that way."

An issue on Stewart's radar is the labour market challenges thrown up by the ascension of digital start-ups, including odd-jobs platform Airtasker, which claims to have almost half a million users on its books. At Airtasker, workers are split across three groups: university students, 28- to 45-year-old professionals, and workers over 60. About 40 per cent are paid an hourly rate, earning, on average, $28 an hour. Beyond wages, all entitlements are the responsibility of the worker.

Airtasker chief executive Tim Fung has speculated about the potential for a major shift in the world of work where employees no longer expect full-time jobs or have access to what Australians have long regarded as basic entitlements including sick leave and employer-funded superannuation.

Australian Council of Trade Unions secretary Dave Oliver says the union movement is concerned that "digital platforms will be used to operate entirely outside the industrial relations framework, and that this will leave workers without OHS protections, penalty rates, worker's compensation, minimum wages, superannuation and leave entitlements".

"The federal government and regulators need to get out in front of this and make sure that these entitlements are not eroded," Oliver says. "We are rapidly approaching a situation where huge numbers of people will spend significant portions of their working lives not accruing any super, and this will have disastrous implications for their quality of life in retirement.

"All Australians understand that if you work, either full or part time, you get leave, OHS standards, worker's comp, minimum wage, you get super. The nature of that work should not change the basic facts of employment in this country, and the government needs to find ways to ensure that people working for these companies are not left behind."

In a recent paper, Unions NSW argued Airtasker was using the cloak of "innovation" to pursue archaic labour practices. It accused Airtasker of trying to circumvent the payment of minimum wages, workers compensation and a basic safety net.

Unions NSW assistant secretary Thomas Costa says Airtasker should have to explain why work performed through its website should not have to comply with workplace laws.

"The online space has turned into the wild west of workplace relations," Costa says. "People think if you put up a website you don't need to follow the law. That's what we are trying to stop."

But while Unions NSW has flagged potential legal action against Airtasker, Stewart says that "on the face of it, it seems to me that what they are doing is a lot closer to a recruitment firm than a labour hire agency".

"I think it's a bit of a reach to suggest they are really hiring out labour," he says. "I contrast them with an Uber. The difficulty with Uber is the very strength of their brand. People are getting in touch with Uber to provide them with a driver, not using a website or an app to get in contact with a bunch of people running their own businesses.

"It's a grey area, absolutely, but with Uber there's a very clear argument they are providing a transportation service, whereas Airtasker certainly have an argument they are doing no more than connecting people who want work done with people who are prepared to supply some work."

According to a Grattan Institute report released in April, the federal government should tighten "sham contracting" provisions in the Fair Work Act and require platforms to supply workers with more information about the risk and responsibilities of being a contractor.

"Platform contractors lack many of the protections of employees, and may have less predictable income. Some therefore argue that the rise of platforms could make many workers worse off," writes report author and economist Jim Minifie. "But platform work does offer benefits to many. Peer-to-peer workers seem to find that their roles suit them. Platforms can actually reduce income variability: some people work temporarily on platforms to fill gaps in their income from other sources. And others for whom conventional employment is a poor fit can find lasting work on platforms.

"Platforms may undercut firms whose employees benefit today from regulation or collective bargaining. Still, there is little evidence to date that such direct undercutting is occurring at large scale."

Stewart says further research is needed into crowd work. He says its rise has potential consequences for the federal budget if a growing number of workers are not receiving employer-funded superannuation and need to rely on pensions.

"At the moment, the strategy of successive governments going back to the Keating government has been to try and ensure as far as possible that people put away their own money to save for their own retirement but get a very, very substantial amount of assistance from employer contributions along the way," he says. "It's premised on the notion that you have an employer. If you don't have an employer you are not getting any superannuation guarantee contributions and therefore you are left making your own decisions. We know that young people, in particular, tend not to be very good about putting money away for their own retirement because it's so many years away.

"If we see a massive growth in the number of people who aren't employed – whether it's through crowd work or whether it's through employment simply being disguised as contracting, then there's a problem for the superannuation system and therefore there's a problem for the budget." **D**

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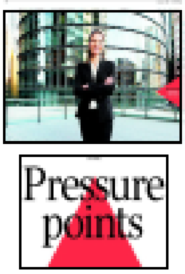

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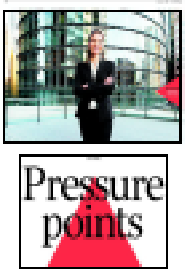

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Don’t panic: jobs aren’t changing any faster than before computers

Shock-and-awe claims that technology will decimate the Australian labour market by 2030 have dominated the disruption debate.

Doomsayers seize regularly on a Committee for Economic Development of Australia report last year that predicted 40 per cent of existing jobs – more than five million – have a moderate to high likelihood of disappearing in the next 10 to 15 years due to technological advancements.

But new analysis suggests the claims that robots will wipe out huge numbers of jobs are exaggerated.

Research by Melbourne University professor of economics Jeff Borland finds while computers have changed the types of jobs performed by workers, there is no evidence they have reduced the total hours of work done by humans.

His analysis says the aggregate amount of work available to Australia’s population per capita has remained stable since the 1960s. It says the main change in hours appears due to the business cycle, with declines occurring during recessions and an upward trend from the early 1980s to late 2000s.

“Certainly, there is no evidence of a long-run decline in the aggregate amount of work that matches the timing of the progressive introduction of computers to the workplace since the early 1990s,” Borland says. Demand for labour to perform routine tasks such as clerical and machine operating jobs declined in the 1990s and 2000s, but there was increased demand for labour to perform “abstract tasks” with a lift in demand for professional and managerial jobs.

He says the data shows the same trend in the 1970s and 1980s, before computers.

“In other words, viewed from a long-term perspective, there doesn’t seem much that is special about the effect computers are having on the composition of employment in Australia,” he says.

If computers were having a dramatic effect on the types of jobs being done, the rate of change in the composition of employment would be speeding up. But he says there has not been any increase in the pace of structural change in employment by occupation.

Borland says if computers were causing major disruption to the types of jobs being done, jobs should be lasting for short periods of time. In fact, the opposite has occurred.

Analysing proportions of workers classified by the durations of their jobs between 1982 and 2013, there has been no increase in the proportion of women or men in jobs lasting less than a year.

He says the most notable trend has been the increase in the proportion of female jobs that have lasted for 10 years.

Offering possible explanations why computers are not having a big effect on the amount of work being done, Borland says while technology might substitute some types of labour, it complemented others.

“At the same time as computers have replaced numerical clerks, they have created new jobs such as for software designers and increased the productivity of other jobs such as accountants,” he says. “Therefore, computers may change the types of jobs being done, but there is no definite reduction in the total amount of work.

“The pace of change in the composition of employment and in job turnover is no quicker today than in the period before computers. So while computers may be having some impact on the Australian workplace, most claims about their impact are vastly overstated.”

Ewin Hannan

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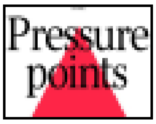

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