

TRANSCRIPT OF PODCAST

WORK WITH PURPOSE EPISODE #53

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contentgroup

DAVID PEMBROKE: Hello, everyone and welcome to Work with Purpose, a podcast about the Australian Public Service. My name is David Pembroke. Thanks for joining me. I begin today's podcast by acknowledging the Traditional Custodians of the land from which we broadcast today, the Ngunnawal people, and pay my respects to their Elders past, present and emerging, and recognise the important and ongoing contribution they make to the life of this city and region.

DAVID PEMBROKE: Today, we discuss a topic on everyone's mind, the future of work. The COVID-19 pandemic threw the world into a tailspin and upended many things, including the way that many people work. Previously hard to access permissions to work from home went out the window and new norms and structures and behaviours emerged overnight as workers headed to their home offices, bedrooms and kitchen tables to keep the wheels of government and industry turning. Indeed, "you're on mute" became the most spoken phrase in English language.

DAVID PEMBROKE: But as vaccination rates increased, the warmer weather arrived and the immediate threat of a catastrophe subsides, the question has to be asked, where to from here? Joining me today are two of Australia's leading experts on the future of work. Michael Brennan is the Chair of the Productivity Commission and was previously Deputy Secretary of the Fiscal Group in the Federal Treasury where he held responsibility for budget policy, retirement incomes, Commonwealth state relations, social policy and infrastructure financing.

DAVID PEMBROKE: Before that important role, Michael was the Deputy Secretary in the Victorian Department of Treasury and Finance and has worked as an associate director in the economics and policy practice at PricewaterhouseCoopers. Michael Brennan, welcome to Work with Purpose.

MICHAEL BRENNAN: Thank you, David. It's great to be here.

DAVID PEMBROKE: Sue Williamson is an Associate Professor of Human Resource Management in the School of Business at the University of New South Wales Canberra. Her specialist research focuses on gender equality in the workplace and public sector human resources and industrial relations. She has recently researched how public sector employees worked from home during the pandemic and what the future of work in the public sector might look like post-pandemic. Sue won the 2021 Rosemary O'Leary Award for the best article published in 2020 on women and public administration, which was awarded by the International Research Society for Public Management. Sue was also the 2017 ACT Telstra Businesswoman of the Year or a finalist in that role in the academic and public sector role. Sue Williamson, welcome to Work with Purpose.

SUE WILLIAMSON: Hello, thanks very much.

DAVID PEMBROKE: Now, Sue, I might begin with you because as a researcher, I imagine you find these huge shifts, like moving an entire workforce to work from home overnight and their impact on behaviour, as absolutely fascinating. So what were the most prominent findings in that research that you did about public sector workers working from home?

SUE WILLIAMSON: Yes. Thanks very much. Yes, this is just a dream for researchers. It is such an exciting time to research in this space. So when COVID hit at early last year, we thought it would be a very good idea to have a look to see how public servants were working from home. So together with the Community and Public Sector Union, we surveyed 6,000 APS employees which included union members, but also about 20% were not union members, which is really important for our findings.

SUE WILLIAMSON: We found overwhelmingly that people enjoy working from home. We have rerun the survey and I have just got the results in in the last few days. So I'm having a look at those, but where our findings are holding that people still really enjoy working from home. A lot don't, of course, but many do and they want to keep working from home. Our respondents are telling us that their preferred amount of time to work from home is around three days a week and that's backed up by other research as well. A lot of international research is showing that employees want to work two to three days a week and our research has found that as well.

SUE WILLIAMSON: We're also finding that organisations are starting to think about two days a week working from home is kind of doable. So we're seeing a convergence of interests there. Moving on to productivity, which is Michael's area, we also found that both employees and managers felt they were just as productive, if not more productive, working from home during the pandemic. That finding has held over 2020 as well as 2021. As Michael will probably talk about, measuring productivity is very difficult so we tend to go on self-reported perceptions of productivity, but both managers and employees believe that they're just as productive if not more productive working from home.

DAVID PEMBROKE: So in terms of this concept of enjoyment about work, what was it that employees or what is it that public sector employees enjoy about working from home?

SUE WILLIAMSON: So they appreciated the lack of commuting time. Unfortunately, workers tend to use less commuting time to do more work, which isn't necessarily a good thing, but they do like commuting less. They also used it to work more flexibly. So employees could pop out and put a load of washing on, do those sorts of things. So it just enabled them to integrate home and work more effectively. We know that there are downsides to this as well in terms of gender equality and who does what in the home, but it does enable a higher degree of flexibility. Also, it can increase the span of hours so employees might just pop back on to work after dinner, which suits them. So there are downsides to this, but also a lot of positives.

DAVID PEMBROKE: Now, Michael Brennan, the Productivity Commission's mission is to provide independent research and advice to the government on economic, social and environmental issues affecting the welfare of Australians. So no surprise that you got in on the act as well and you just didn't leave it to Sue and her team to research this topic. What did your researchers find? Or is it perfectly in line with what Sue has just described?

MICHAEL BRENNAN: So many of our findings, David, are very similar. In one sense, when we set out on this journey, part of what we felt was that this was a topical and important issue, and one about which a lot was being written, but often from a different perspective. You had a lot of consultants and other commentators out there writing out the circumstances of individual workers or what advice for firms as to how they might handle a remote workforce or a hybrid model and what might work for individuals. In a sense, our remit is to think about these issues from a whole of economy point of view.

MICHAEL BRENNAN: So from the outset, we were trying to think about a scenario where post the COVID pandemic or as it starts to subside, as we start to experience some semblance of a new normal, if we see higher levels of working from home than we had in 2019 before the pandemic, what might that mean for productivity for a whole range of policy areas like planning, what might it mean for our cities, what might it mean for things like work health and safety regimes, for workplace relations? Do all of those regulatory areas, those policy areas remain fit for purpose?

MICHAEL BRENNAN: It's been fascinating, to go back to your original point and question of Sue, it is a fascinating area to think about partly because this is a very dramatic change in the way we work. During the pandemic, we estimate that the percentage of us worked immediately prior was somewhere in the vicinity of 2% to 5% of house work were done at home. Then in March of 2020, that shot up to around 40% and that is a very dramatic change. We've seen big changes in the labour force and big changes in the way we work over the last few decades, but they've all tended to be gradual, right?

MICHAEL BRENNAN: So the increase in female workforce participation or the rise of computing or the rise of service employment as opposed to manufacturing, this was almost literally overnight and so a really dramatic change. Even if assuming that it'll be the case that working from home eventually settles somewhere between where it was before the pandemic and where it was in the height of lockdown, it's still a pretty significant change. So we just wanted to kind of stress test some of the policy areas that one might want to think about.

DAVID PEMBROKE: So that really would've crossed pretty much every area of the economy, wouldn't it, when you consider the scale of this change that really every part of the way that the economy is going to work is going to be impacted, be it town planning, transport planning, commercial office buildings, the operation of businesses in cities. How does anyone come to a position of being able to have any sort of certainty about what's going to take place if we are still letting this change settle down, this dramatic change settle?

MICHAEL BRENNAN: Well, we picked a few highlights. So you're right, it's a pretty broad based change, a pretty broad based, if you like, shock to the economy. But we focus on a few things. So we wanted to have a look at what we felt it might mean for productivity for cities and a couple of areas of regulatory policy. So we really singled out work health and safety and workplace relations. We had a little bit to say about urban planning as well.

MICHAEL BRENNAN: For the most part, I've got to say, although this is a pretty significant change and a very sudden change, if I had to sum up the general view that we had on most of those policy areas, it was that we don't feel that this is in need of a big policy response right now, certainly nothing to panic about. It's not as though we need to radically reimagine cities or we need to radically reimagine things like work health and safety. We need to monitor some of these things and see how it goes.

MICHAEL BRENNAN: But for the most part, a lot of these regulatory arrangements are pretty flexible and principles based. In relation to cities in particular, we really got the sense that most of the more outlandish predictions about the real hollowing out of central city areas and that sort of thing were a bit overdone, a bit over the top.

DAVID PEMBROKE: But we don't know that yet, do we really? Because at the moment, we're only starting to see this return to work taking place now. I know from my own experience here in Canberra, the middle of Canberra is still very lightly populated compared to what it was prior to the pandemic.

MICHAEL BRENNAN: No, that's absolutely right. We don't know for sure. So much of what we were doing was looking at what evidence was available and then making a judgement premised on that evidence. But the evidence is not yet in. The other point, of course, is that it's easy at the moment to conflate the effect of working from home, which might be an ongoing result of what people have learned during the pandemic and the pandemic itself.

MICHAEL BRENNAN: Obviously, the result of the pandemic, the COVID pandemic lockdowns, restrictions and the ongoing concerns people will have even as we open up about their own health and safety, that will have some effect on use of public transport, it will have an effect on the people's willingness to go into the office, which is a bit distinct from where we think this all might settle and it is easy to conflate those two. I mean, CBDs have really been hit for six as a result of restrictions and lockdowns in our main capital cities, no question. The debate really is how resilient will they be as we can kind of return to some sort of normal.

DAVID PEMBROKE: Now, this is a question for both of you, but perhaps to Sue you first. It's about the attitude of workers towards their employers. Did you pick up in your research at least, and obviously Michael from your analysis around workplace relations, has there been a shift in attitude between employees and employers as a result of this working from home? I tend to get this sense that employees are now thinking differently about their relationships with their employers, and that's just anecdotal from what I'm seeing and hearing. But did you see any of that in your research, Sue?

SUE WILLIAMSON: Yes. We're finding that there is a change, that managers are becoming more supportive of working from home and flexible working arrangements generally. So last year with our survey, we found a big increase in managers supporting employees working from home, whereas pre-pandemic, managers were generally not all that supportive of employees working from home because they couldn't see what they were doing, they didn't trust them in a lot of cases, they weren't sure if employees

were actually working. The pandemic has swept that out of the window and now managers know that employees do work from home and they can be very productive.

SUE WILLIAMSON: So that has been a seismic shift in the way that managers look at working from home. Employees are also wanting to continue from home. We're finding that they're saying if their organisation won't let them continue working from home, they're seriously thinking about moving on or looking for another job. This feeds into the debates that are going on around the moment around the Great Resignation. So other reports have found that about 40% of employees are thinking of changing their jobs in the next 12 months. The findings that we have that have just come in show that about 45% of APS employees are also thinking of changing their jobs if they can't continue to work flexibly.

SUE WILLIAMSON: So people are talking about that it's an employee's market at the moment, and employees, they've got the power. We'll see about that. So this needs to play out. I think the other interesting aspect is that the research is showing that there is an increased level of trust between managers and employees and that makes sense. When you think about if managers now know that employees can work productively from home and employees are quite happy to do that, that trust is increasing as well, which is good for organisations as well as managers and employees.

DAVID PEMBROKE: So Michael, if this comes to pass, this Great Resignation, and those numbers are extraordinarily high, what are the impacts or the potential impacts on productivity if that indeed comes to pass?

MICHAEL BRENNAN: Well, our sense is that they are at worst neutral and possibly mildly positive. I mean, the point here is that this is, when you think about it, although we think of this as being kind of caused by the pandemic, in reality, it's a little deeper than that. There's been an underlying technological shift going on for some time. It's been getting harder and harder and more and more costly to move people around the city due to congestion. But it's gotten radically cheaper to move information, including via Zoom and Teams. It's as though we hadn't quite realised the extent to which that was true until the pandemic forced that realisation upon us and it forced the experiment and we've learned a great deal from it.

MICHAEL BRENNAN: But I distinguish that in this respect that unlike a lot of other technology that has come along over the course of the 20th century that made working more efficient. Often, that was technology that was largely in the hands of the employer so there was the ability to get cheaper energy or the ability to bring in some automation or some other computing, some ICT that would change the way people worked in the workplace to boost efficiency. This is really a technological change whose benefit initially landed in the lap of the employee. In other words, they got the benefit of being able to avoid the commute, or as Sue put it earlier, the ability to be more flexible and combine work tasks with those non-work tasks.

MICHAEL BRENNAN: Hence, it has to be a bit of a negotiation. The worker has this benefit, but it's the employer who has to determine a policy about how much work from home they're

going to allow in their workplace. In our sense, when we looked both at the survey evidence and just talked to employers and the anecdotal sense we got was that on balance, notwithstanding the point Sue makes about a pretty significant thawing of the view of employers in favour of some work from home, it was still the case and remains the case that employees still want work from home or want to work from home a little more than their employers are probably willing to allow. There are certainly some employees who say they'd love to work from home five days a week and there aren't that many employers who are willing to extend that across the board.

MICHAEL BRENNAN: So there can be a little bit of tension in that negotiation. I guess the key thing at the moment is, the key contextual point is that all this happens at a time when the labour market is pretty tight. I do think you will, as a result, see a bit of that reallocation of labour. Is it good for productivity? I think part of the reason I'm positive or sanguine about that is that you would expect in this world, if it's a really important thing to most employees, and you've got a bit of a mismatch potentially between some employers saying they want everybody back in the office five days a week, many seeking some sort of hybrid model but perhaps only one to two days a week, and some employees wanting something different, it's natural that employees are going to want to shop around.

MICHAEL BRENNAN: You would hope that you could get a better alignment between the wishes of employers and employees in each case. So maybe they are people who care a little bit less about the ability to work from home and they might be quite happy working for an employer who really wants their staff in the workplace, the central workplace five days a week. There will be others who are quite happy with an all remote workforce model, both the employers and employees. It's actually quite good for the economy to see a bit of that reallocation so that you can get workers and bosses kind of on the same page. So I think on balance, seeing a bit of that movement across the economy, a bit of that reallocation, that's generally probably going to be a good thing for productivity.

DAVID PEMBROKE: Okay. Now, Sue, I know that predicting the future is notoriously difficult business. But can you paint a picture of where you think we might be in three to five years as to how indeed this might settle, and if indeed you think it may take about that amount of time before we reach a sort of equilibrium of sorts?

SUE WILLIAMSON: Yes, I do think it will take a few years to play out. We know that hybrid working is popular and I think hybrid working is here to stay. So a couple of years down the track, we may find that many, the majority of employees are working from home a couple of days a week. The other interesting point to note is that organisations, including public sector organisations, are looking at the whole range of flexibility. So it's not just working from home, but it's also other forms of remote working and different ways of working as well.

SUE WILLIAMSON: So pre-pandemic, some state governments had experimented with remote working hubs where the main office is in the CBD and then there's satellite centres where employees can go into. They've also experimented with activity-based working. A lot

of APS agencies are engaged in activity based working. When the pandemic hit, commentators said activity-based working won't be here to stay because of hygiene reasons. Now, it looks like that it is, and activity-based working is where people work on different projects in different workspaces.

SUE WILLIAMSON: So if you're working on policy, you go to a quiet space. If you are being creative, you might work in a louder space with your colleagues. So organisations are looking at a wider range of flexibilities apart from just working from home and hybrid working. So we may end up with more dispersed workforces across the public sector in a few years to come.

DAVID PEMBROKE: Michael, for you, when do you see that we may settle into some sort of known equilibrium of what a future state might look like? What's your view on that three to five of year horizon as to what the future of work looks like in Australia with the particular emphasis on the public sector?

MICHAEL BRENNAN: So I know it's a cop out, but I think it is anyone's guess. It is clearly going to be some time before we settle into a "new normal" because living with COVID is going to be something that means we're going to be seeing the effects of the pandemic continuing on to some extent. As I've mentioned earlier, the work from home effect kind of intermingle with an ongoing pandemic effect. I think we'll see that for some time yet.

MICHAEL BRENNAN: Where could it go? I mean, we had to think about what could the scenarios be. I'll give you two. I think there are two kind of plausible scenarios. One is that having kind of broken the seal on working from home, it just continues to grow and grow, right? So this would be a scenario whereby we settle somewhere between the pre-pandemic level of working from home and the lockdown level, somewhere between that 5% and the 40%. Then what we observe is that people and businesses get better at the practice of working from home and that technology continues to improve.

MICHAEL BRENNAN: Perhaps that there are some occupations now, we estimate that about two-thirds of the jobs in the economy can't actually be done from home, but it's possible that we get better at that. Maybe in those jobs, you get better at segmenting the tasks into the ones that can be done remotely and the ones that can be done centrally. So the momentum kind of builds on itself and there's a cultural shift and we continue to see the level of working from home rising. That's one scenario.

MICHAEL BRENNAN: I think there is a second scenario that's plausible enough, which is to say that we kind of arrive at that big point somewhere between where we were and where we have been during the pandemic and we don't really move much from there. That would be a scenario where effectively what we would've done is realised what had been the untapped potential that we hadn't quite realised was there but we found and discovered during the pandemic.

MICHAEL BRENNAN: But we've sort of also reached the limit and that there are jobs that just can't be done from home and we realise that it's quite important to spend say two to three, for most workplaces, two to three days in some sort of physical proximity within person interaction just to develop that collaboration and culture and creativity and onboard

new starters, to be noticed by the boss, all of those things that in-person interaction gives you, and that we really don't push on much more from there. I think you could see both of those scenarios playing out. Or maybe a kind of combination of the two would be that we sort of settle into that new equilibrium and maybe there's a bit of incremental growth from there.

DAVID PEMBROKE: Now, a final question to both of you and that's really in the advice realm. What advice do you have to employees, what advice do you have to employers to make the most of what is a very uncertain outlook? We all know that uncertainty isn't great for productivity. So what advice would you have, Sue to you first, for employees and employers to manage this most effectively?

SUE WILLIAMSON: Okay. So my main piece of advice to organisations and to managers is the importance of communication. So a lot of APS organisations are starting to talk to their workforces about bringing them back now that we're settling into some kind of COVID normal scenario. A lot of them also don't seem to be talking to employees and making unilateral decisions about the number of employees that should be in the office or which jobs needed to be performed in the regular pre-COVID workplace.

SUE WILLIAMSON: So I think that it's really important to start to talk to employees around what they want, how it can be worked. As Michael said, it's a negotiation. So I think those common are very important and this is going to play out in the future as APS agencies start to commence enterprise bargaining, and we may well see working from home being a bargaining claim. So that's going to play out as well.

SUE WILLIAMSON: In terms of employees, I would emphasise the need to look after health and especially wellbeing. We know that quite often, working from home is not ergonomic. That's one of the downsides of working from home. It's also cost shifting to the employee so that they're paying the heating bills, all the other utility bills. So that's a downside. But as well as that, there's also the issues around physical and mental wellbeing. So I think that it's really important for employees monitor both physical and wellbeing to make sure that they're doing okay as they're working from home.

SUE WILLIAMSON: With the pandemic and everyone having to shift to working from home almost overnight, I think WHS issues were shelved a bit, but now that organisations are thinking about how do we keep this going, what does the future look like, workplace health and safety issues need to be given more considerations.

DAVID PEMBROKE: All right. Michael, your advice to employers and employees.

MICHAEL BRENNAN: So I'll say firstly to employers, I would say, make a hard-headed assessment about where you think working from home will work well for your employees. Every bit of evidence I've seen suggests that it's a highly individualistic thing. Some people are well set up at home. Some people will work well remotely. Others will need to be in the office. A lot of that is to do with how long they've been in their role and how much they might need to learn.

MICHAEL BRENNAN: For workers, I think it's important not to lose sight of the longer term. So it can seem perhaps seductively appealing to spend a lot of time working from home, but it may well be that the right balance has you in the workplace some of the time just to take advantage of the sort of serendipitous chance meetings, the things you wouldn't necessarily plan for yourself, but will result in a bit of growth, a bit of the unexpected. I think that will remain important for people's human capital development. But to both employers and employees, I would say the big thing here is that it's an ongoing experiment. We're all going to learn more and get a bit better at it.

MICHAEL BRENNAN: The hybrid model, whilst it's the obvious one to choose, but it's probably the hardest model to execute well because it is a bit of a mix, we all know that the hybrid meeting is a really tough thing to get right. I think it's just important to embrace that spirit of experimentation and just to think about we're all going to try things out, some are going to work, some are not. There's no shame in that. I think as workers we've already learned that you shouldn't work in your pyjamas, you shouldn't... You got to make sure you're doing a bit of incidental exercise or getting a bit of exercise. You've got to take active measures to ensure that you're switching off. There are all sorts of things that we learn about how to work effectively from home. I think we just have to kind of have to continue to embrace that experimentation and learning.

DAVID PEMBROKE: Michael Brennan, the chairman of the Productivity Commissioner and Associate Professor Sue Williamson at the University of New South Wales Canberra. Thank you so much for joining me on Work with Purpose today. A fascinating conversation and I look forward to you both coming back in maybe even just about let's say 12 months time. We might get you back to, as you sort of continue to look at this important cultural and economic shift and as we try to understand it a little bit more to be able to make sure that productivity continues to grow to help Australia's international and national competitiveness. So thank you so much for your time today.

SUE WILLIAMSON: Thanks, David.

MICHAEL BRENNAN: Thanks, David. Thanks, Sue.

DAVID PEMBROKE: And to you, the audience, thank you for coming back once again to listen to Work with Purpose. Today was episode 51, a milestone for the program as we continue to explore the important work of these very bright people who work with and for the Australian Public Service. Work with Purpose is part of the GovComms Podcast Network. If you would like to check out, GovComms, please type that name into your favourite podcast browser and it's sure to come up. If you do happen to come across the social media promotion for Work with Purpose, please pass it along to a friend by sharing it. Or indeed, if you are feeling generous, a rating or a review of the program will help us to be discovered.

DAVID PEMBROKE: Thanks also to our good friends and colleagues at IPAA and also to the Australian Public Service Commission for their support in putting these programs together. If, again, you haven't as yet heard or had the chance yet to listen to the Integrity Series, make sure you do, hosted by Rina Bruinsma of the Australian Public Service

Commission. It does feature a who's who of the Australian public sector having important conversations about the importance of ethics and integrity in the work of the Australian Public Service.

DAVID PEMBROKE: A big thanks also to the team at contentgroup for putting program together. Once more, my name is David Pembroke. We'll be back at the same time in two weeks, but for the moment, it's bye for now.

VOICEOVER: Work with Purpose is a production of contentgroup in partnership with the Institute of Public Administration Australia and with the support of the Australian Public Service Commission.