PARITY CONSULTING

PARITY CONSULTING'S

FY2022 MARKET INSIGHTS

Publish date May 2021

www.parityconsulting.com.au | info@parityconsulting.com.au | +61 2 8068 2016 | +61 3 9923 8081

TABLE OF CONTENTS

FOREWORD

12 months after the World Health Organisation (WHO) declared a global pandemic, we have seen much global tragedy, but comparatively, Australia has remained in good stead and has been praised globally for the way it has managed the impact of COVID-19 on its people and the economy.

These insights cover the current state of COVID-19 across Australia, the May 2021 Federal Budget (including changes to superannuation) and the impact on our large institutions and subsequent job recovery.

It also shares predictions and insights into the recruitment of Product, Pricing, Marketing & Digital professionals in FY2022.

I hope you find it insightful and of benefit not only to yourself but also to your organisation and team.

Victoria Butt
Founder and Managing Director
Wine Lover | Shark Diver

vbutt@parityconsulting.com.au
+61 402 418 326

PARITY CONSULTING

COVID-19 SUMMARY AND IMPACTS ON THE ECONOMY

As of March 2021, Australia's unemployment rate decreased to 5.6% which was a significant drop from August 2020 where it sat at 7.5%. This is not far off Pre COVID-19 unemployment rates which were 5.2%. As at March 2021, the Aussie ASX 200 was up around 2.4% for 2021, whilst the US S&P 500 was up 1.7%. The tech focused NASDAQ 100 was down over 4.5% since the start of the year, giving back some of the huge gains seen over the past 12 months. It still remains up 44% over the past 12 months.

Australia's COVID-19 numbers still stand as one of the lowest globally (less than 30,000 confirmed cases as at April 2021 with just over 905 deaths). With 16,000,000 tests administered, Australia has remained relatively unscathed compared to it's global counterparts. While the Aussie share market has remained strong, it's not yet clear the effect from other large economies on the Australian market.

The vaccine roll out has started, however as of early April, Australia has stalled administering Astra Zeneca to those under 50 years of age since reporting possible side effects. This means that the October deadline for the Australian population to be fully vaccinated as committed by the Morrison Government, will unlikely be met. We do not have enough of the alternative vaccine to cover all Australians at this point.

This vaccine hiccup coincides with the end of JobKeeper where some economists are predicting a significant market shift with many 'zombie' businesses going into administration. At one point, almost a third of Australian workers were on JobKeeper (3.6 million) which kept the unemployment rate from spiking. The number of employees receiving JobKeeper payments has fallen from 3 million to 1.5 million in December and now sits at 1.1 million in recent months.

2021-2022 FEDERAL BUDGET

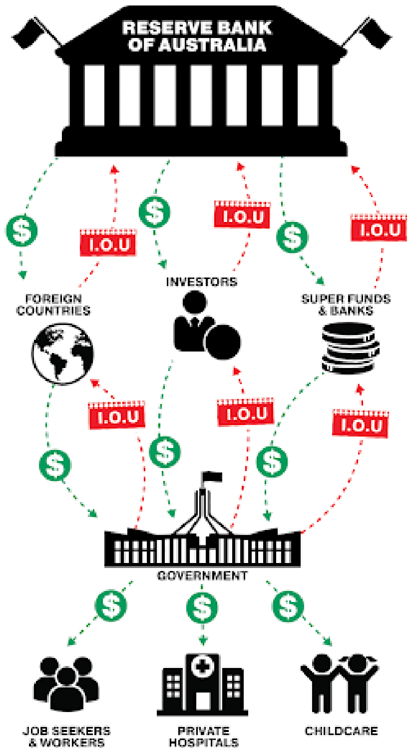
Introduction

On May 11 2021, the Treasurer, Josh Frydenberg, handed down the 2021-22 Federal Budget which was the second Federal Budget to be handed down during the COVID-19 pandemic. He announced that while the Australian economy has been faring well from the impact of COVID-19 relative to other advanced economies, this budget aims to secure Australia's economic recovery by investing in infrastructure and skills to create more jobs and provide incentives to businesses to hire, innovate and grow.

Speaking in parliament, Frydenberg said employment is at a record high, with 750,000 more Australian jobs than before the pandemic.

No new large-scale significant incentives were introduced in this budget, however many of the successful programs introduced in last year's October Federal Budget have been continued.

The idea of a surplus has well and truly been abandoned, however it was announced that this year's deficit of $106.6 billion is $6 billion better than the government predicted a year ago. The government is projecting an improvement to the bottom line with a deficit of $57 billion in 2024-2025, but there is no expected return to surplus for at least a decade.



Increase to Superannuation Guarantee Contributions (SGC)

Superannuation accounts for almost $3 trillion in retirement savings on behalf of 16 million Australians and this will likely reach $5 trillion by 2034. The 2020 Federal Budget included measures aimed at reducing duplicate super accounts, making it easier for people to compare super funds, and targeting under-performing funds. There has also been a retirement income review and much debate over the pros and cons of increasing SGC from the legislated 9.5% to 12 % over the next five years. The increase to 10% SGC is due to take place from 1st July 2021 and then increase by 0.5% over the next four years. There was no change announced to the increase in SGC in the 2021-22 Budget and as such, employers need to be prepared for the SGC rate to increase from 9.5% to 10% on 1 July 2021 and to factor subsequent increases into their planning processes.

See our summary on the proposed superannuation changes here

Extending access to downsizer contributions

Expected to commence from 1 July 2022, the Government will reduce the minimum eligibility age for downsizer contributions from 65 to 60 years of age.

"This gives Australians more flexibility to contribute to their superannuation, especially women and those with moderate balances. Around 55 per cent of those who have used the downsizer contribution to date are women, and 73 per cent have balances less than $500,000," the Women's Budget Statement reads.

Repealing the work test for voluntary super contributions

This measure will allow those aged 67 - 74 years to make or receive non-concessional and salary sacrifice contributions without meeting the work test, subject to existing contribution caps.

Removal of the $450 per month threshold for the superannuation guarantee eligibility

Commencing from 1 July 2022, the Government will remove the current $450 per month minimum income threshold, under which employees are not eligible to receive superannuation guarantee contributions from their employer.

HOW OUR INSTITUTIONS LOOK IN FY2022

A large portion of institutions took an early stance to assure their staff there would be no COVID-19 related cuts/job losses and redundancies. Planned restructures were tabled and we saw a significant push from leadership to put their people first (over shareholder profits). Now that we know more about COVID-19 and its staying power, businesses have started to restructure and reshape their businesses. Some have been able to adhere to their promises and others have not fared as well.

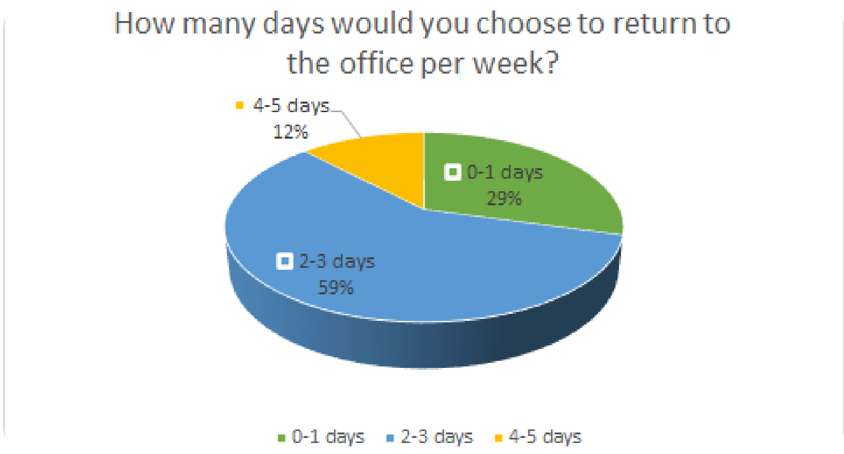
At the height of the pandemic, we saw a trend towards the implementation of redeployment strategies in the workplace in an attempt to retain as many staff as possible. Thanks to JobKeeper, many organisations were able to keep staff employed and those employees that were willing to be versatile discovered some hidden talents. Dynamic businesses used this quiet time to redefine their strategies, improve their processes and streamline their Business Management Software. It was an ideal time to revisit the backlog of projects - such as CRM clean ups, running system upgrades, website updates in preparation for 'business as normal'. Enforced leave became normalised with as much as 15 days annual leave requested to be taken over December 2020 and January 2021.

As COVID-19 restrictions ease around Australia, organisations are beginning to invite their staff back into the office and cities are slowly returning to life. However, bringing staff back to work has not been as simple as it sounds and provisions will need to be made for safe distancing, managing the flow of people in and out of buildings and clear communication around the new ways of working post COVID-19. People will have different levels of anxiety around returning to work, travelling on public transport and socialising, and managers will need to be empathetic around this.

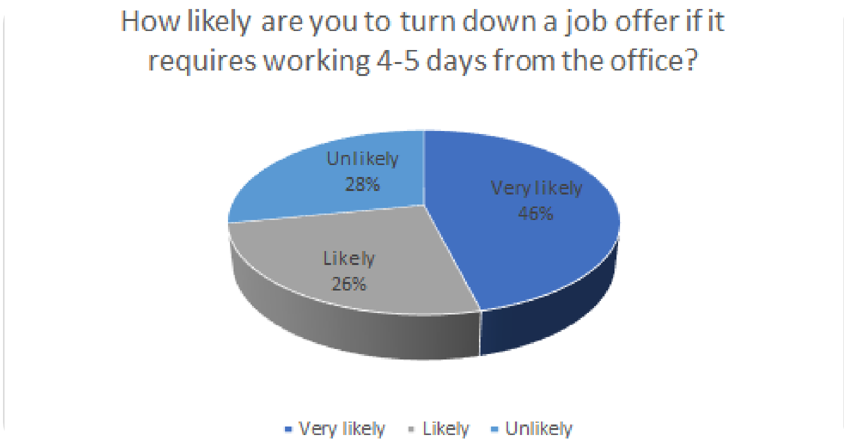
Many organisations we work with have encouraged their teams to return to the office at least 3 days a week. There is the option for staff that need to come in 5 days to do so however this seems quite unusual. Only time will tell if 5 days per week in the office will ever be considered the norm again. Organisations are taking this opportunity to re-write their flexible working policies.

HOW OUR INSTITUTIONS LOOK IN FY2022 (CONT.)

In a recent poll on LinkedIn, we asked our followers and networks to share how many days they would choose to return to the office. Of the 500 respondents, 29% stated they would choose to return between 0-1 days per week, 59% opted for 2-3 days per week and only 12% would choose to return 4- 5 days per week.



When asked how likely they were to turn down a job offer if it required working from the office 4-5 days per week, a staggering 72% said they were very likely or likely to turn down the offer, with only 28% saying they would accept the offer. Given this, flexibility and working arrangements are going to be high on the agenda for organisations and very important when it comes to attracting and retaining talent.



We have also seen organisations reflect on the impact working from home arrangements have had on their staff. More than ever, organisations will need to be aware of the mental health and wellbeing of their employees, with appropriate checks taking place to ensure the home is a safe and suitable environment for them to work.
View our 'Mental Resilience In Times of Change' webinar here

There are organisations that have fared well during the pandemic. For example, Atlassian's business has grown rapidly with its software that allows developers and IT Teams to collaborate remotely. DocuSign is another organisation that has profited by an immediate requirement to automate contract management. Cyber Security organisations, Digital Payments companies and Food delivery services all prospered as did pet related products due to an increase in demand for pets.

RECRUITMENT IN FY2022

There has been a significant bounce back in both permanent and contract recruitment across the financial services industry since the end of 2020 and signs are already very encouraging for the year ahead. But while the rate of hiring is accelerating, organisations are also pausing to reflect on a key lesson of 2020 – that of putting people first.

FY2022 is likely to be a year of deliberate cultural transformation to find new ways of working together to create safer and more inclusive working environments.

Some of the key reasons for the increase in hires both on a permanent and contingency basis are below:

COVID-19 has been reshaping the working environment for over a year

It will be critical for organisations to focus on agility in the coming months and beyond to ensure they have the right mix of resources internally to handle regulatory demands and remain compliant. The extra resources will be vital to ensuring teams are being supported adequately with the BAU components of their roles, whilst simultaneously being able to take on ad hoc project work as it arises. The COVID-19 pandemic has forced businesses to accelerate their transformation to adapt to new realities.

Regulatory Pressure

Regulatory compliance challenges are widely expected to continue causing heavier workloads and an increase in hiring across the financial services industry. Regulatory pressure has touched most Financial Services companies in 2019/2020 and will continue firmly into 2021/2022. The major governing bodies continued demands on the Industry will result in companies requiring new project teams and extra resources in the governance and compliance areas. These projects will second resources from the BAU teams and subsequently backfill with external project resources. Executives must balance compliance demands in equal measures with profitability goals.

M&A activity

There continues to be an increase in the amount of M&A activity in the financial services industry, leading to significant projects impacting all areas of the businesses. Additional resources will be required on a permanent and contract basis in the areas of IT, Product Governance, Change Management, Project Management, Digital and Communications.

While some roles may have duplicates, in our experience it's large merges that create new opportunities for internal and external talent in the areas we recruit.

RECRUITMENT IN FY2022 (CONT.)

Separation Activity

Where businesses are separating from their parent company, there will need to be investment in projects to separate operating systems. In addition, there is increased complexity when separating financial assets and customer portfolios. These projects can be very complex and require large project teams which consist of IT, Change Management, Communications, and Product Owners (amongst other functions).

New Product Development

The Wealth Management and Banking industries are evolving quickly as factors such as new entrants to the market heightening competition, and the need to be customer focused to maintain relevance, encourage new product development. Product providers will aim to breathe new life into their products through leveraging emerging technologies such as AI to improve efficiency, agility, flexibility and customer centricity.

Whilst there will continue to be a major focus on compliance within the Industry for the year ahead, organisations will still need to be innovative in their approach to new product development to have that competitive edge when the dust finally settles on the regulatory changes.

Customer Retention

Financial services providers are quickly realising that customer-focused initiatives are critical to retain and not just acquire new customers. This will inevitably lead to a significant investment in customer experience, propositions, communications and customer engagement in FY2022.

Digital Transformation

Digital transformation initiatives within financial services organisations have traditionally been focused on driving efficiency and automating manual processes in the back office. However, the ongoing COVID-19 pandemic has significantly accelerated the pace of digital transformation when it comes to customer facing technologies.

Pricing

M&A activity, NPD, Business Transformation and Regulatory changes all require commercial resources to forecast, attribute and predict the impact of these changes. The pricing/actuary function has been recession-proof in the past and this trend will inevitably be consistent for the long term. The competition between financial services firms to both attract and retail this talent pool will remain tight.

PRODUCT MANAGEMENT/DEVELOPMENT PREDICTIONS IN FY2022

The Product Management function is well known and respected across industries where it has seen consistent growth over the last few years. More people have been trained in Product Management than ever before according to Brainmates.

Product teams are increasingly being used as a proactive, strategic function rather than for operational issues/incidents. This evolution of Product Management is due to more domestic and global training, collaboration at virtual or in-person meetups and conferences and due to the rate at which companies are evolving to meet their customers' needs. Pre COVID-19, Product Management consulting groups were recording some of their largest revenues in 10 years.

The new way we work

COVID-19 has meant that there is a significant shift in terms of how we will work in the future. The mix of office based and work from home arrangements has seen an increase in collaboration tools, more autonomy and a significant shift in how we communicate with our colleagues and stakeholders.

Organisations will continue to work through how they can best strike the right balance between their expectations and their staff's expectations on the number of days work is performed in the office. We envisage that in the immediate future this will be fluid, however as we move towards the end of the pandemic, the number of expected days in the office will start to be mandated.

Risk

Whether it's increased cyber security or regulatory pressure, balancing risk management with Product Enhancement/New Product Development (NPD) will continue to be a tough road to travel. There will be slower NPD initiatives due to lengthy decisioning committees and larger organisations will likely experience much slower market responses.

The power of Product

10 years ago, Product used to sit under Operations, Marketing or Sales, however now we are increasingly seeing Product at the head of the table. What most Product professionals agree on is that Product should own the customer journey from end to end and sit alongside Operations, Sales and Marketing executives. Product is now a strategic function with full P&L responsibilities and large teams of Customer Experience (CX) and Agile/Lean professionals.

More discovery, less delivery

With less money available and increased risk frameworks, the Product discovery phase will be longer and more thorough. Building great Products through excellent discovery processes and commercially sound analysis means that the likelihood of them being successful will be higher. For established products, getting the basics right will be increasingly important. Commercial acumen and strategic thinking will be a priority where hypothesis testing and lean approaches to discovery will become best practice.

Data and technology focus

Building great technology has been at the forefront of Product professionals' minds for many years, however now more than ever, great technological experiences are critical to success. When using a product, customers are looking for a seamless experience whilst being assured that their data is protected. The focus is all about the digital experience and how this needs to be improved to meet customers' needs.

Talk to customers differently

It will become more important than ever to adapt and change how an Organisation approaches their customers in a personalised (and emotive) way. Product Managers have limited time and it is a constant challenge to review and adapt priorities on a daily/weekly basis. Finding time to be more hands on with customer interactions and provide measurable business benefits is now a necessity.

MARKETING, COMMUNICATIONS & DIGITAL PREDICTIONS IN FY2022

The Marketing function has experienced a significant amount of disruption in the last decade given the evolving needs of customers. Professionals operating in this space have had to continually shift to keep up with emerging digital trends.

We are seeing that marketing roles are becoming less generalist over time as we move towards digitisation in a bid to keep up with consumer needs and expectations. Marketing teams continue to work closely with Product and Distribution divisions to bring financial products to market in a highly competitive and regulated industry and have become more strategic as a result.

The Communications function is one which has seen bolstering in the last 5 years and has provided many opportunities for professionals during COVID-19. With a number of regulatory reform projects underway and increased focus on keeping customers engaged and informed, communication teams have and will continue to operate at maximum capacity. Across Financial Services, Communication roles will continue to grow.

The new way we work

COVID-19 has significantly changed the way in which we work now, as well as how we will work in the future. The mix of office based and work from home arrangements have seen increases in collaboration tools, more autonomy and a significant shift in how we communicate with our colleagues and stakeholders. Many businesses have come to accept that moving forward, more and more employees may opt to work from home as their preference. Previous reports showed that many had indicated that they are unlikely to ever return to the office 5 days a week again.

COVID-19 has had the greatest impact on Event Management roles and we saw a large number of people displaced in this area. Social distancing measures have meant that many planned events did not take place in 2020 and early 2021, and organisations sought to cut costs in this area. The good news is that we have started to recruit for roles in the Events space, with organisations planning face-to-face events in advance for 2022/23, provided the COVID-19 situation stays stable.

Risk

Risk will continue to be an area of focus for all roles across financial services. There are clear measures in place to ensure all staff recruited have an understanding of the risk appetite of the organisation, as well as how their role can balance risk, whilst meeting the needs of their customers.

Risk Cont.

With constant changes in the industry not anticipated to slow down any time soon, we have seen an ongoing requirement for contract and project based communication professionals in this space.

Many of the contracts are longer term in nature and once complete, become embedded into the 'business as usual' activities of the relevant department. Given this, organisations look favourably on any candidate with experience in risk or remediation projects.

Information overload

Marketing content is everywhere you look, but it has now become a requirement with customers expecting information at their fingertips. As customer comfort levels with information overload increases, so does their demand for high quality content. This is now required to meet brand trust.

Customers continue to self-educate and are more and more adept at finding information they need via the internet. The challenge for marketing teams will be the building of a strong platform for their brand so that the content created allows self-starting customers to start their in-depth research from their site. In turn, trust for brands will grow. We predict a solid growth in roles requiring content creation for many years to come.

MARKETING, COMMUNICATIONS & DIGITAL PREDICTIONS IN FY2022 (CONT.)

Data and technology focus

Rapid change is the new normal, and more than ever, marketing teams need to make decisions quickly that are anchored on data. As a result, companies are pouring money into marketing analytics and will continue to do so. Analytics should shed light on interactions that drive revenue generation and therefore more than ever marketers are required to be both creative thinkers and analytical in nature to be successful in this arena.

The growth of roles in the digital space continues to rise with roles like Head of Digital, UX/UI Designer, SEO Specialist and Marketing Automation Specialist being some of the most common titles in 2021. Technology led roles will continue to be roles of the future.

Talk to customers differently

Organisations are realising the importance more and more of the need to adapt and change how they approach their customer so that it is more personalised. Customers expect to consume information in a digital fashion and as customers are watching more and reading less, marketing teams must ensure their visual content meets this shifting consumer habit.

Customer education is more important than ever, with many organisations putting in new marketing functions and looking at new strategies to engage, retain and educate their customers. Ensuring clear and concise messaging and information through various digital channels is key. Across Parity's Marketing division, 90% of the roles recruited for in the last 6 months have been digital in nature.

CONCLUSION

Australia's economy and recovery in the job market is looking positive, with Deloitte stating in their latest Deloitte Access Economics business outlook, that unemployment is down to 5.8%, and is forecast to continue to fall to 5.6% by late 2021, 5.3% by 2022 and 5.1% by 2023.

It is also important to note that there are industries and businesses that are expanding on the back of COVID-19, with a growing need for additional resources. One of the successes we saw come out of COVID-19 was the growth and development of team collaboration technology. Digital collaboration tools such as Slack, Zoom, Jira, Dropbox as well as signature solutions HelloSign and DocuSign have enabled teams around the globe to collaborate, communicate and work together successfully while working remotely. There will be many new businesses which will be launched in FY2022 on the back of COVID-19 which will pave our future in 5 years' time.

The number of people employed in financial services has risen to well above pre-pandemic levels and overall there has been an increase in job ads which points towards steps to recovery in the Australian employment market. But when it comes to attracting talent, the significance of COVID-19's impact on Australians' working lives can't be underestimated.

As we navigate through COVID-19, flexibility and job security remain two key considerations candidates keep in mind when deciding on whether to embark on a new opportunity. When navigating through the recruitment process, maintaining conversations that are open and transparent will ensure the expectations for both hiring organisations and candidates are met.

Due to the continued growth of the financial services market in 2021, we are now edging towards a candidate-short market - the war for talent has begun. We will continue to see an increased need for high calibre candidates in Product, Pricing, Actuarial, Marketing, Communications and Digital.

MEET THE TEAM

Victoria Butt
Managing Director and Founder
vbutt@parityconsulting.com.au
+61 402 418 326

Amanda Glacken
Division Lead
aglacken@parityconsulting.com.au
+61 450 291 368

Vanessa Lalani
Division Lead
vlalani@parityconsulting.com.au
+61 410 001 819

Agnes Villanyi
Senior Consultant
avillanyi@parityconsulting.com.au
+61 405 395 021

Trish Aspell
Senior Consultant
taspell@parityconsulting.com.au
+61 410 001 635

Edwina Stuckey
Senior Consultant
estuckey@parityconsulting.com.au
+61 405 383 550

Laura King
Senior Consultant
lking@parityconsulting.com.au
+61 405 538 707

Matt Armstrong
Specialist Consultant
marmstrong@parityconsulting.com.au
+61 451 966 243

Ai Iwami
Specialist Consultant
aiwami@parityconsulting.com.au
+61 451 193 774

Eva Nichols
Specialist Consultant
enichols@parityconsulting.com.au
+61 451 961 682

Hima Arafath
Specialist Consultant
harafath@parityconsulting.com.au
+61 452 089 967

Prue Officer
Specialist Consultant
pofficer@parityconsulting.com.au
+61 452 388 229

Mirjana Males
Business Manager
mmales@parityconsulting.com.au
+61 421 581 566

Paul Clarke
Finance Manager
accounts@parityconsulting.com.au
+61 2 8068 2016

REFERENCES

ABC February 2021, *Number of Australians on JobKeeper falling ahead of the scheme's end, new figures show*

ABC March 2020, *Josh Frydenberg on the $130 billion wage subsidy plan*

Australian Bureau of Statistics March 2021, *Labour Force, Australia.*

Australian Financial Review August 2020, *COVID-19 lockdown fuels mental health crisis*

Australian Financial Review January 2021, *The hidden jobs shift during COVID-19*

Australian Financial Review March 2020, *Coronavirus shutdown has human costs*

Canstar March 2021, *Superannuation Guarantee and rate changes: Key things for employees to know*

CoreLogic April 2021, *Combined capital cities record 80% auction clearance rate in March quarter*

Human Resources Director May 2021, *Federal Budget 2021: Treasurer announces jobs funding, childcare boost to kickstart economy*

Mortgage Business May 2021, *Budget 2021-22 handed down*

Seek 2020, *Job ads rise but candidates less optimistic*

The Guardian April 2021, *Australian Covid vaccine rollout in disarray as AstraZeneca doses given blood clot warning for under-50s*

Treasury 2021, *Retirement Income Review Final Report: Section 3*

PARITY CONSULTING

CONTACT US

SYDNEY
Level 2, 37 Bligh Street
Sydney, NSW 2000
+ 61 2 8068 2016
info@parityconsulting.com.au

MELBOURNE
Suite 310, 130 Cardigan Street
Melbourne, VIC 3053
+ 61 3 9923 8081
info@parityconsulting.com.au

Our Vacancies can be found here

Knowledge
We educate and empower through Parity *Plus* initiatives

Accountable
We do what we say are going to do

Fun
We love what we do and it shows in our results

Caring
True parity through investing in ALL our relationships

Invest
We understand individual needs by immersing ourselves in our market

Publish date May 2021