ATLASSIAN

Return on Action

The new social contract for business

Australian Research report
March 2020

Report prepared by PwC Australia

Foreword

We believe we have reached a tipping point in how people view the role, responsibility, and ability of businesses to impact the world around them. Beyond just generating profits for their shareholders, there is a growing expectation for business to drive meaningful change in our society.

We decided to work with PwC to better understand the views of one of the most important stakeholders of business - the employee workforce. This research was conducted across Australia and the United States to find out where the line is between business influence and responsibility, and what the new social contract for business really is in a world where today's employee will guide leadership decisions and change our workplaces for the better.

Our research ultimately revealed that employees want businesses to ensure we are making the world better, not worse. Faced with government inaction on some of our biggest problems, it's the business community that can step up and act. The time for companies to focus solely on Return on Investment and shareholder profit is ending. This report reveals the potential Return on Action if we truly act on the key issues impacting our employees, communities, and society.

"As business leaders, we have an awesome responsibility. Employees want us to ensure we are making the planet better, not worse. Faced with government inaction on some of our biggest problems, it's the business community that can step up and drive meaningful change."

Mike Cannon-Brookes, Co-Founder, Co-CEO, Atlassian

"Many companies focus only on the Return on Investment and delivering profit for shareholders. But times have changed. As business leaders we should listen to the views of the workforce; focusing on our impact on society delivers a return of its own. It's now on us to respond "

Scott Farquhar, Co-Founder, Co-CEO, Atlassian

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A word from PwC Australia on the research

Society's expectations of business are changing. Against a backdrop of growing support for stakeholder capitalism, a stronger, 'always-on' public voice and an emerging workforce highly engaged in social values, there is a recognition that business, now more than ever, has the ability and influence to shape a better society.

Whilst much has been explored around the views of business leaders, consumers and the community, it is time to better understand how employees feel. PwC undertook the research to support Atlassian to complete the report that seeks to understand the priorities, expectations and behaviours of the Australian workforce - which societal issues matter most, where responsibility lies and what the implications are of business acting in or out of alignment with the values of a changing workforce.

Research was completed in December 2019 amongst 1,300 Australian employees as well as just over 2,500 US employees with representation across demographics, geographies and employment industries. This report summarises the findings for the Australian market.

"The challenges we are facing as a nation and across the globe have never been more complex and we can't rely on Governments alone for the solutions. Businesses must have a voice, contribute insights, take a position and innovate. It's what most employees expect of their employers and it's also the only way we are going to find the right solutions and build a secure and sustainable path for future generations"

Luke Sayers, CEO, PwC Australia

"This is the first time we've heard a cross-generational voice outline their expectations of business and its role in creating a better world. It's clear the Australian workforce is looking for strong leadership from business on societal issues"

Rosalie Wilkie, PwC Australia Partner, Social Impact

The research contained in this report has been completed with the advice and assistance of Pricewaterhouse Coopers Consulting (Australia) Pty Limited

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What matters

Cost of living, health and the environment are the most important issues for Australian workers, across all generations.

We are active. The workforce is personally engaged on the issues that matter most. The environment rates highly, with younger generations more likely to take action.

These workers transfer their own desire for action to their employers. Almost seven in ten believe businesses should treat societal issues as seriously as financial performance.

Socially engaged workforce	New mandate for business	Clear opportunity zones	Reward for action	Risk of inaction
75%	**69%**	**80%**	**72%**	**39%**
of employees have personally acted on an average of three social issues over the prior twelve months	of employees agree business should be just as concerned with their social impact as their financial performance	of Gen Z employees surveyed (aged 21 to 24) agree that business has the ability to improve the impacts of climate change if they act now	of Gen Z and 60% of Gen Y employees agree that businesses known for speaking out on issues important to them are more attractive as a future employer	of Gen Y employees agree that if their employer was to act in a way that did not align with personal values they would quit their job

Executive Summary

What Matters

What's next

Questions for business leaders

What's next?

How far is too far?

An appreciation of the societal issues which matter to employees is critical insight for business leaders. How far is too far? There is majority support for businesses which set policies on issues that align with employee values.

Collaboration is key.

The majority expect their employers to hold government to account on the big issues, as long as business and government also work together.

New rules of attraction.

A workplace that allows employees to have their say and takes action on important social issues is more attractive to employees. Communicating and measuring progress is critical to maintaining momentum and making a sustainable difference.

Walk the talk.

Most agree their current employer isn't active enough and inaction will drive some workers to leave. By demonstrating leadership and accountability, businesses can harness the energy of new generations.

Executive Summary

What Matters

What's Next

Questions for business leaders

Questions business leaders should be asking

How deeply do we understand the social issues that matter to employees, and how do they align with the core purpose and impact of the organisation I lead?

How are we involving our workforce in shaping our social impact strategy and in executing on social priorities? How can I create a two-way dialogue with employees to understand what matters to them?

What are we doing to make a difference? To what extent does the character and behaviour of the business I lead meet the expectations of all stakeholders?

Do we have the right infrastructure to drive, manage and communicate societal issues to our workforce? Are the actions taken impacting the employee culture in a meaningful and positive way?

How can I best use my voice and influence as a leader to hold myself and others to account on important societal issues? How authentically and effectively is progress being communicated to build confidence and trust of all stakeholders?

Four key takeaways

The Australian workforce is socially engaged

Cost of living, health, and the environment are the most important issues and employees are personally engaged in supporting the social issues that matter to them.

Page 8

Expectations for business action are high

Business should be accountable for their decisions and actions when it comes to social issues, and provide stronger leadership, particularly regarding action on economic and environmental issues.

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The emerging majority are less tolerant of inaction

Employees want business to speak up on the social issues that matter to them. The degree of alignment between values and business action is a powerful force in determining employer appeal.

Page 37

Opportunity emerges from heightened expectations

There is room to improve and employees are united in their support for business to drive change across key issues. The issue areas of greatest consensus support are clear opportunities for business to lead.

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The Australian workforce is socially engaged

To explore workforce expectations of business around social issues, this study honed in on key questions including:

- What are the social issues that matter most to Australian workers?

- How do employees assess the relative importance of issues relating to the environment, equality, the economy, health and human/ legal rights?

- How involved and personally active is the workforce around these issues?
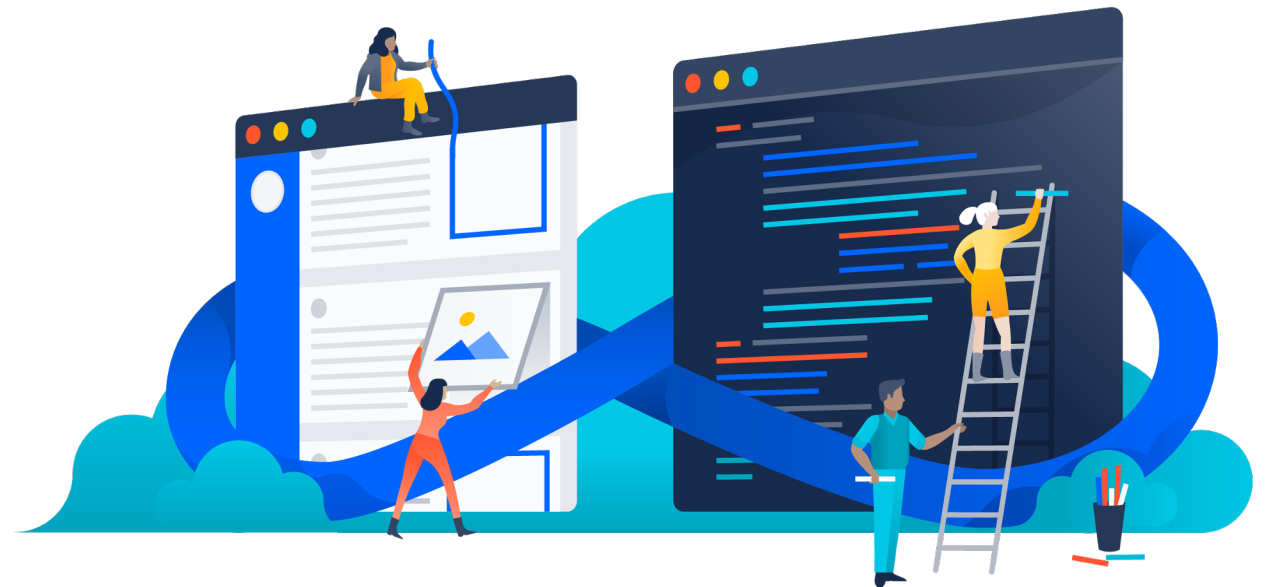
What are the social issues that matter most to Australian workers?

Our starting point is simple; what issues are most important to Australian workers?

Against a backdrop of low wages growth, strong property prices and the rising cost of energy, the issues that are most important are cost of living as well as access to health care and cost of health care (exhibit 1).

With Australia experiencing the hottest and driest year on record in 2019, environmental issues are a high priority. Drought and access to water is second highest in relative importance for employees. Waste and pollution, and climate change/ global warming also make the top ten issues of relative importance.
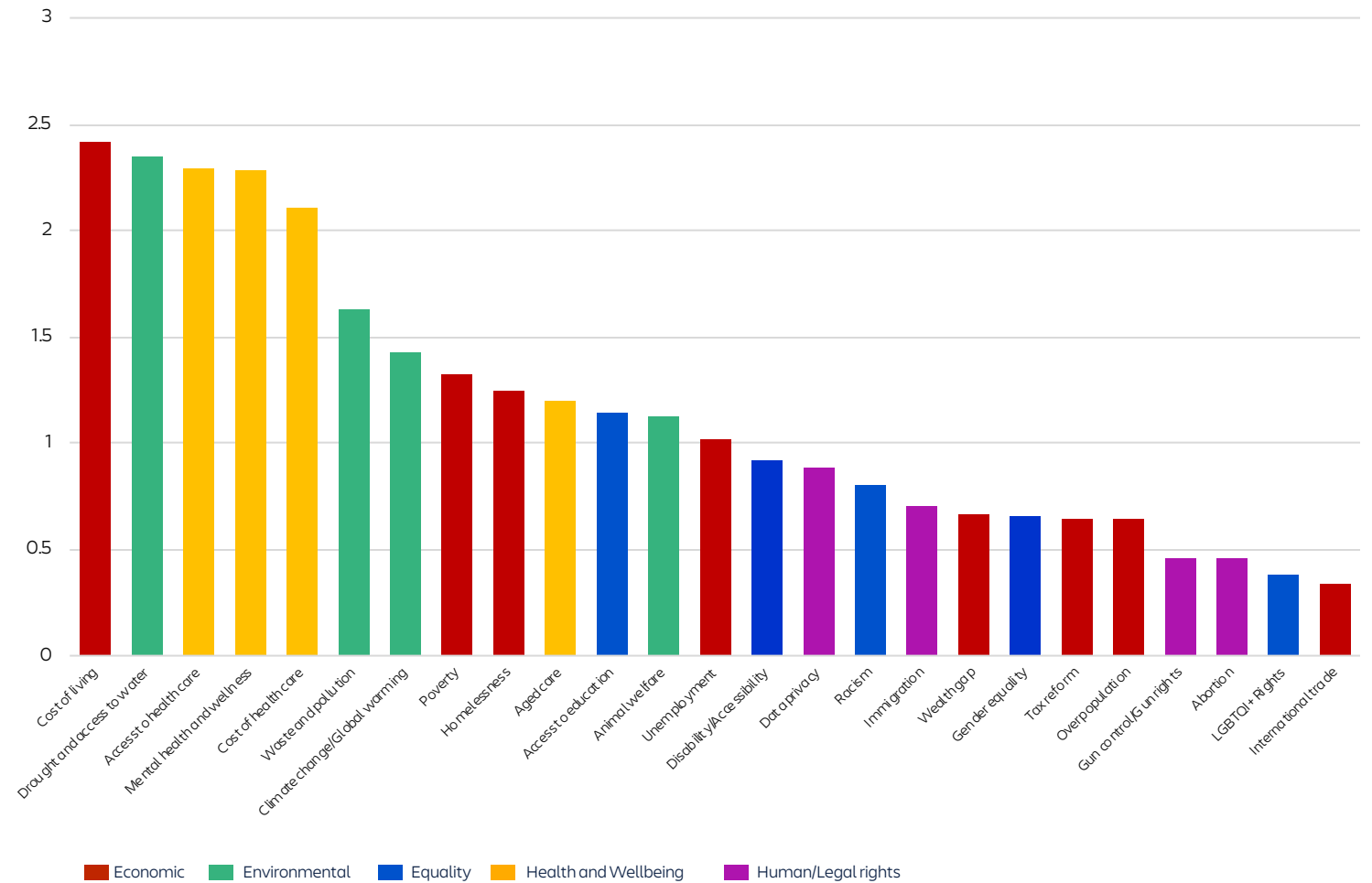
Cost of living, the drought and health related issues are most important to the Australian workforce

Exhibit 1

Considering your own personal values, please identify the issue that is most important to you, and the issue that is least important to your personally.

The scale of relative importance is a trade-off quantitative measure, where higher scores imply greater importance and lower scores imply lesser importance. For example, the most important item is 'Cost of living' which is about two and a half times as important as 'unemployment', and about five times more important than 'gun control / gun rights'.

Base: Total respondents n=1214 relative importance scores

Legend: Economic, Environmental, Equality, Health and Wellbeing, Human/Legal rights

Categories (left to right): Cost of living, Drought and access to water, Access to health care, Mental health and wellness, Cost of health care, Waste and pollution, Climate change/Global warming, Poverty, Homelessness, Aged care, Access to education, Animal welfare, Unemployment, Disability/Accessibility, Data privacy, Racism, Immigration, Wealth gap, Gender equality, Tax reform, Overpopulation, Gun control/Gun rights, Abortion, LGBTQI+ Rights, International trade

Australia's climate in 2019

2019 was Australia's warmest year on record, with the national average mean temperature 1.5°C above average, with significant heatwaves experienced in January and December.

2019 was also Australia's driest year on record, with much of the country affected by protracted drought, which was particularly severe in New South Wales and Queensland.

From September to November, Australia experienced the driest spring on record and the bushfire season officially began in October. The fieldwork for this study took place in early December at which time New South Wales and Queensland had been declared a State of Emergency, three people had died in the bushfires and US firefighters were deployed to Australia for the first time since 2010.

After the fieldwork completed, the fires continued to worsen.

Source: Bureau of Meteorology Annual Climate Statement 2019
www.bom.com.au
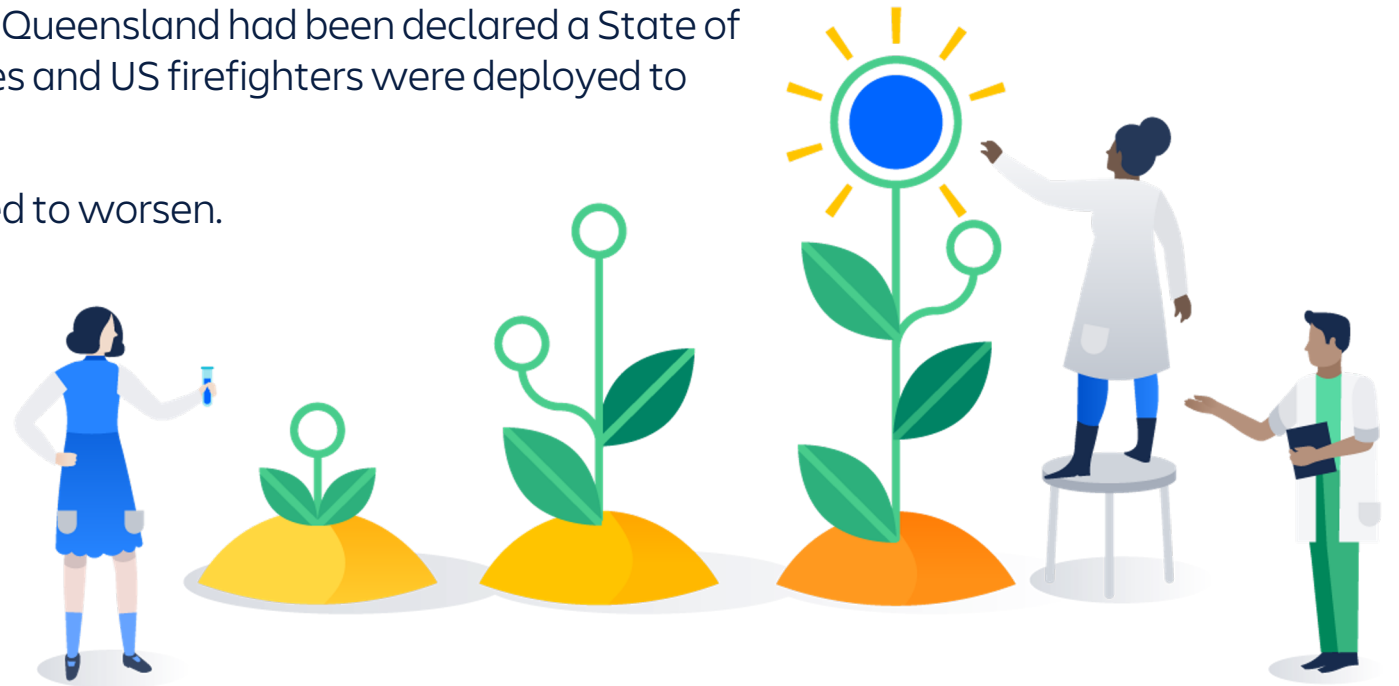
Mental health and wellness is most important to Gen Z, closely followed by climate change/ global warming
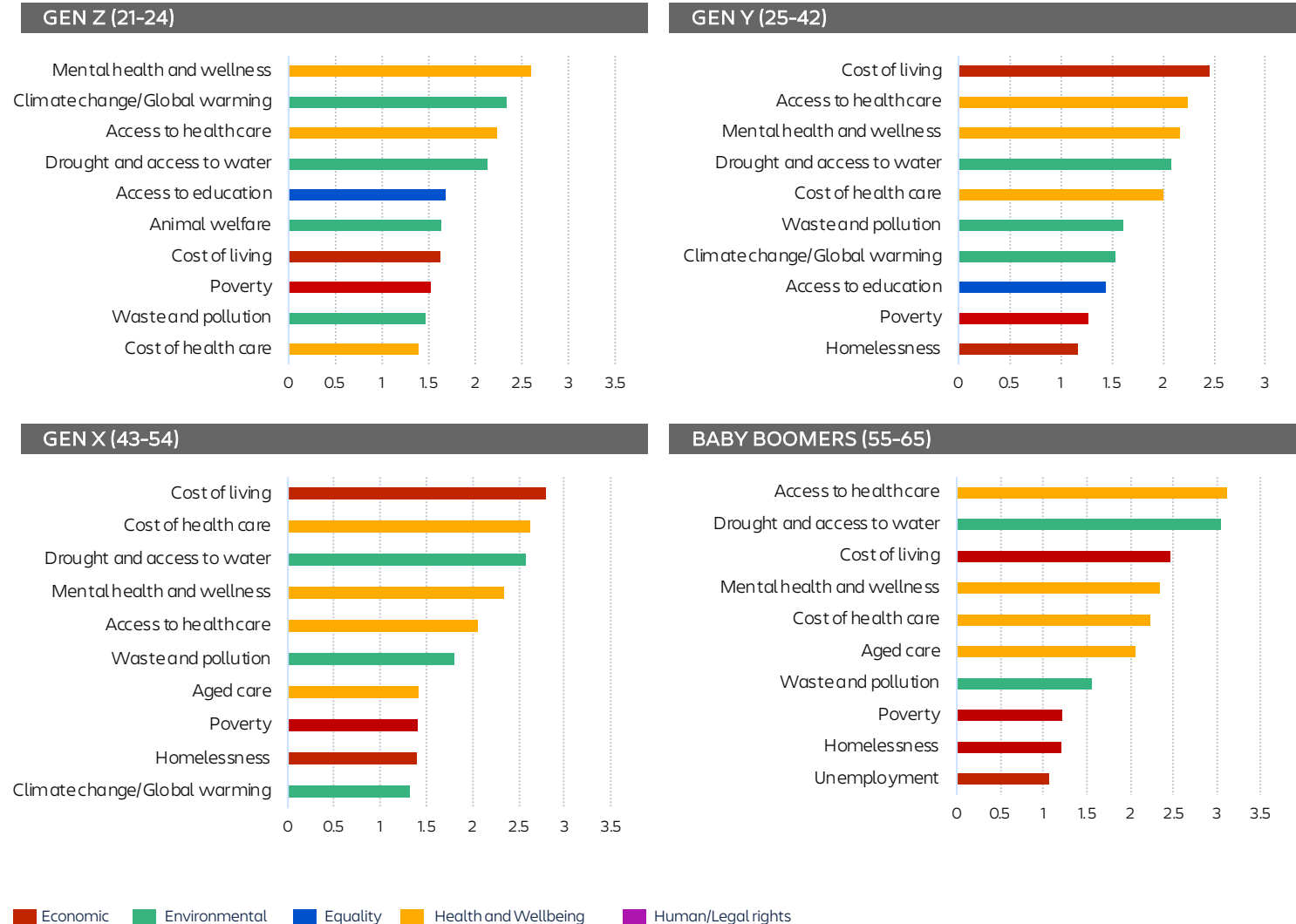
Exhibit 2

Considering your own personal values, please identify the issue that is most important to you, and the issue that is least important to you (Top ten shown)

Base: Gen Z n=126, Gen Y n=516, Gen X n=362, Baby Boomers n=210 relative importance scores

Across generations, health and environmental issues are the showstoppers, recording high levels of relative importance. (exhibit 2).

However, each group identifies in different ways. The most important health concern for Gen Z is *Mental health and wellness*. Gen Y places slightly higher importance on *Access to healthcare* (#2 importance behind *cost of living*). Gen X is more concerned with the *Cost of healthcare* (#2 importance behind *cost of living*), while for Baby Boomers *Access to healthcare* is of primary importance.

The environment reveals similar nuances. Gen Z places higher importance on *Climate change/Global Warming,* while Baby Boomers are more concerned about *Drought and access to water.*

GEN Z (21-24)

Issue	Score
Mental health and wellness	2.6
Climate change/Global warming	2.4
Access to healthcare	2.3
Drought and access to water	2.2
Access to education	1.7
Animal welfare	1.6
Cost of living	1.6
Poverty	1.5
Waste and pollution	1.45
Cost of health care	1.4

GEN Y (25-42)

Issue	Score
Cost of living	2.45
Access to healthcare	2.25
Mental health and wellness	2.2
Drought and access to water	2.1
Cost of health care	2.0
Waste and pollution	1.6
Climate change/Global warming	1.55
Access to education	1.5
Poverty	1.3
Homelessness	1.2

GEN X (43-54)

Issue	Score
Cost of living	2.8
Cost of health care	2.6
Drought and access to water	2.55
Mental health and wellness	2.35
Access to healthcare	2.05
Waste and pollution	1.8
Aged care	1.45
Poverty	1.45
Homelessness	1.4
Climate change/Global warming	1.35

BABY BOOMERS (55-65)

Issue	Score
Access to healthcare	3.15
Drought and access to water	3.1
Cost of living	2.5
Mental health and wellness	2.4
Cost of health care	2.35
Aged care	2.1
Waste and pollution	1.55
Poverty	1.15
Homelessness	1.15
Unemployment	1.05

Legend: ■ Economic   ■ Environmental   ■ Equality   ■ Health and Wellbeing   ■ Human/Legal rights

"

I care about mental wellbeing in our daily life both at home and work. I believe more and more people are suffering mental stress even though we are living in the world which is full of fantastic physical gadgets. If people can't deal with the stress properly, there will be tragic consequences ; for example drugs, broken family. In the beginning it can affect the individual involved, but in long run it can threaten the whole community

MALE, GEN X, ADELAIDE, WORKS IN MANUFACTURING INDUSTRY

The Australian workforce is personally engaged in social issues, with the environment the most common action area

So we know what issues are important to people, but what personal action do they take on those issues?

Three quarters of Australian employees have acted on one or more social issues in the past year. Actions could include donating money or time, showing public support, changing habits or public activism, to mention a few. Among those who have acted, an average of three different issues were supported over the year.

Gen Z (87%) and Gen Y (81%) are significantly more likely to act than Baby Boomers (61%), demonstrating greater active engagement with societal issues by younger people, who are a rapidly growing proportion of the workforce (exhibit 3).

Regardless of generation, gender or location, environment was the number one most acted on social issue area across the board.
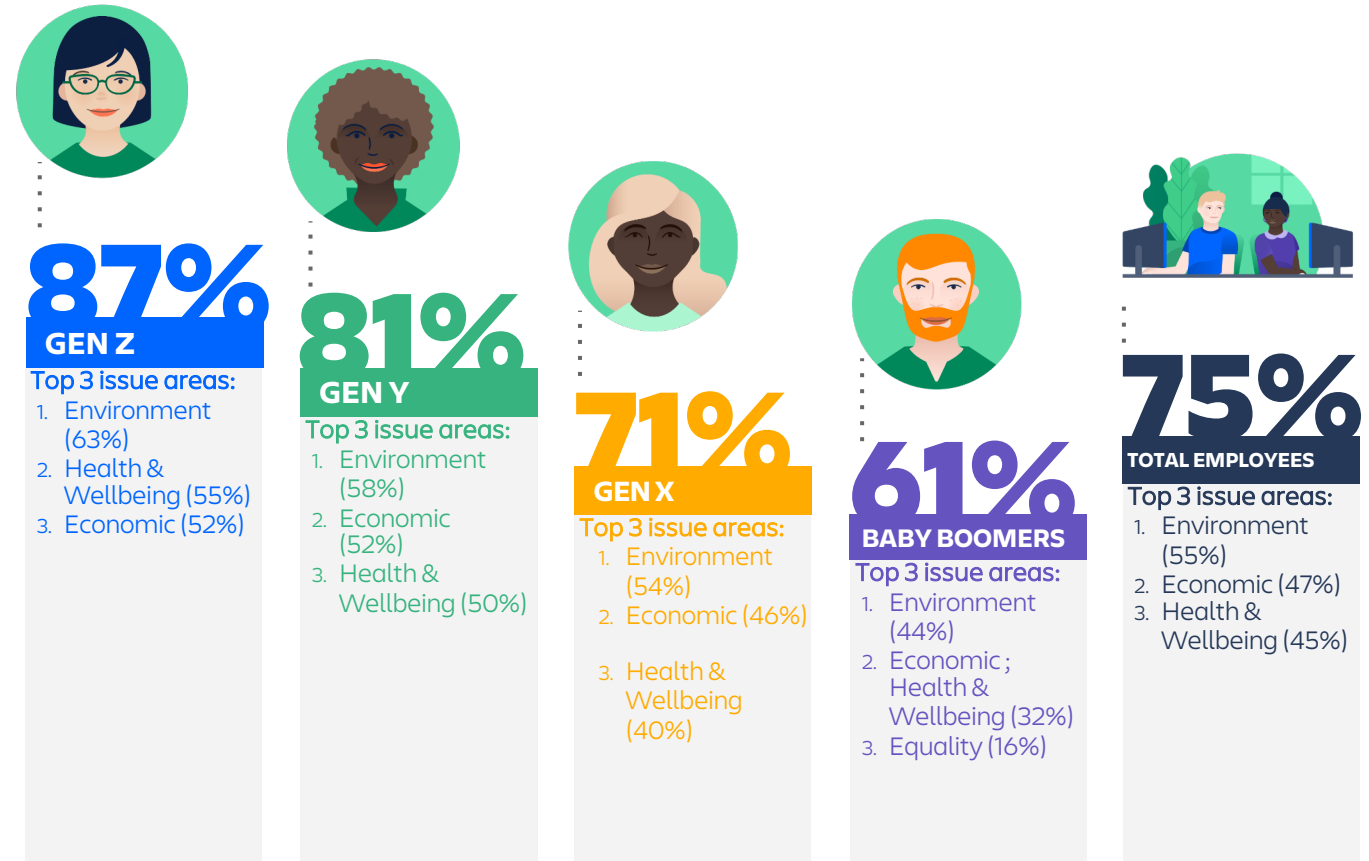
The Australian workforce is personally engaged in social issues, with the environment the most common action area

Exhibit 3

In the past twelve months which, if any of the following societal issues, have you acted on in a conscious way? Please select all that apply

% who have acted on one or more societal issues and the top 3 issue areas acted on

Base: Total respondents n=1214 Gen Z n=126, Gen Y n=516, Gen X n=362, Baby Boomers n=210

87%
GEN Z
Top 3 issue areas:
1. Environment (63%)
2. Health & Wellbeing (55%)
3. Economic (52%)

81%
GEN Y
Top 3 issue areas:
1. Environment (58%)
2. Economic (52%)
3. Health & Wellbeing (50%)

71%
GEN X
Top 3 issue areas:
1. Environment (54%)
2. Economic (46%)
3. Health & Wellbeing (40%)

61%
BABY BOOMERS
Top 3 issue areas:
1. Environment (44%)
2. Economic ; Health & Wellbeing (32%)
3. Equality (16%)

75%
TOTAL EMPLOYEES
Top 3 issue areas:
1. Environment (55%)
2. Economic (47%)
3. Health & Wellbeing (45%)

Levels of personal support for social issues generally reflect relative importance

Exhibit 4

Vertical axis: Considering your own personal values, please identify the issue that is most important to you, and the issue that is least important to you

Horizontal axis: In the past twelve months which,
**if any of the following societal issues, have you acted on in a conscious way**

Personal relative importance scale from 0 to 2.5
Personal Action Scale from 0% to 35%
Base: Total respondents n=1214

If an issue is deemed important, people will generally do something about it.

In fact, the more important the issue, the more likely a person will act – unless it's an environmental concern where action outweighs importance i.e. *animal welfare* and *climate change/global warming* are two of the most highly supported social issues and ranked 12 and 7 in importance (exhibit 4).

High Relative Importance

Low Relative Importance

Low personal action

High personal action
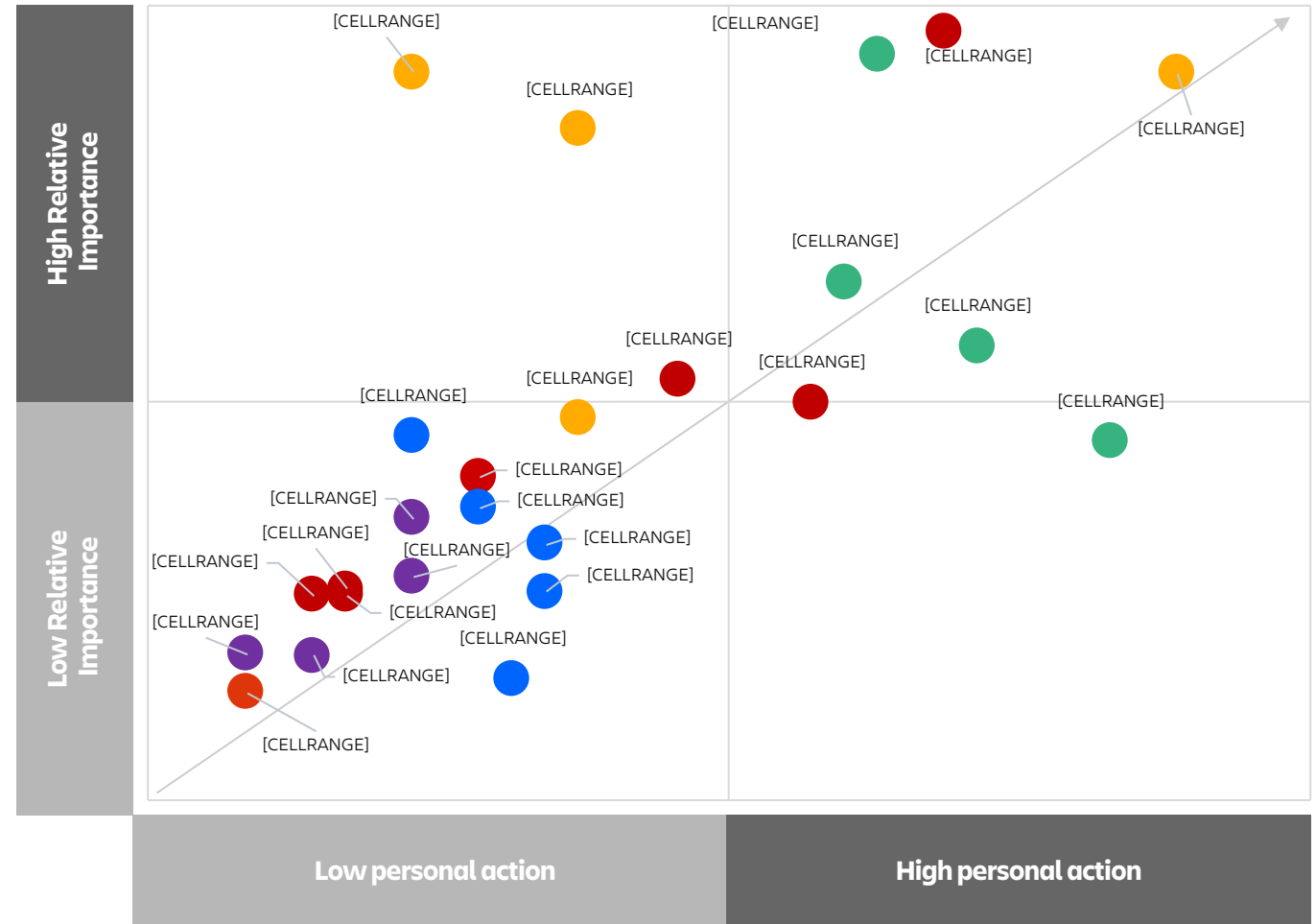
Health and Wellbeing · Equality · Economic · Environmental · Human Rights / Legal

> "A social issue which probably occupies my thoughts the most is global warming and the environment in general. This is because my kids have to grow up in this world and seeing how wasteful we are being and the effect this has is very scary. Also the economy and cost of living, because it's all very expensive and a worry to pay bills and still have a good life

FEMALE, GEN Y, PERTH, WORKS IN MANUFACTURING INDUSTRY

Questions for business leaders

How deeply do you understand the social issues that matter to your employees, and how do they align with the core purpose and societal impact of your organisation?

Expectations for business action are high

Expectations for business action are high

So we've learned that the Australian workforce is engaged. What then, do they expect from businesses and their leaders? The response is clear – they expect action across a range of issues. To identify the gaps and opportunities, our survey explored:

- Who is perceived as primarily responsible for addressing these important issues?

- Who should be doing more?

- How much do Australian employees agree to a number of pointed attitude statements around business and business leader involvement?
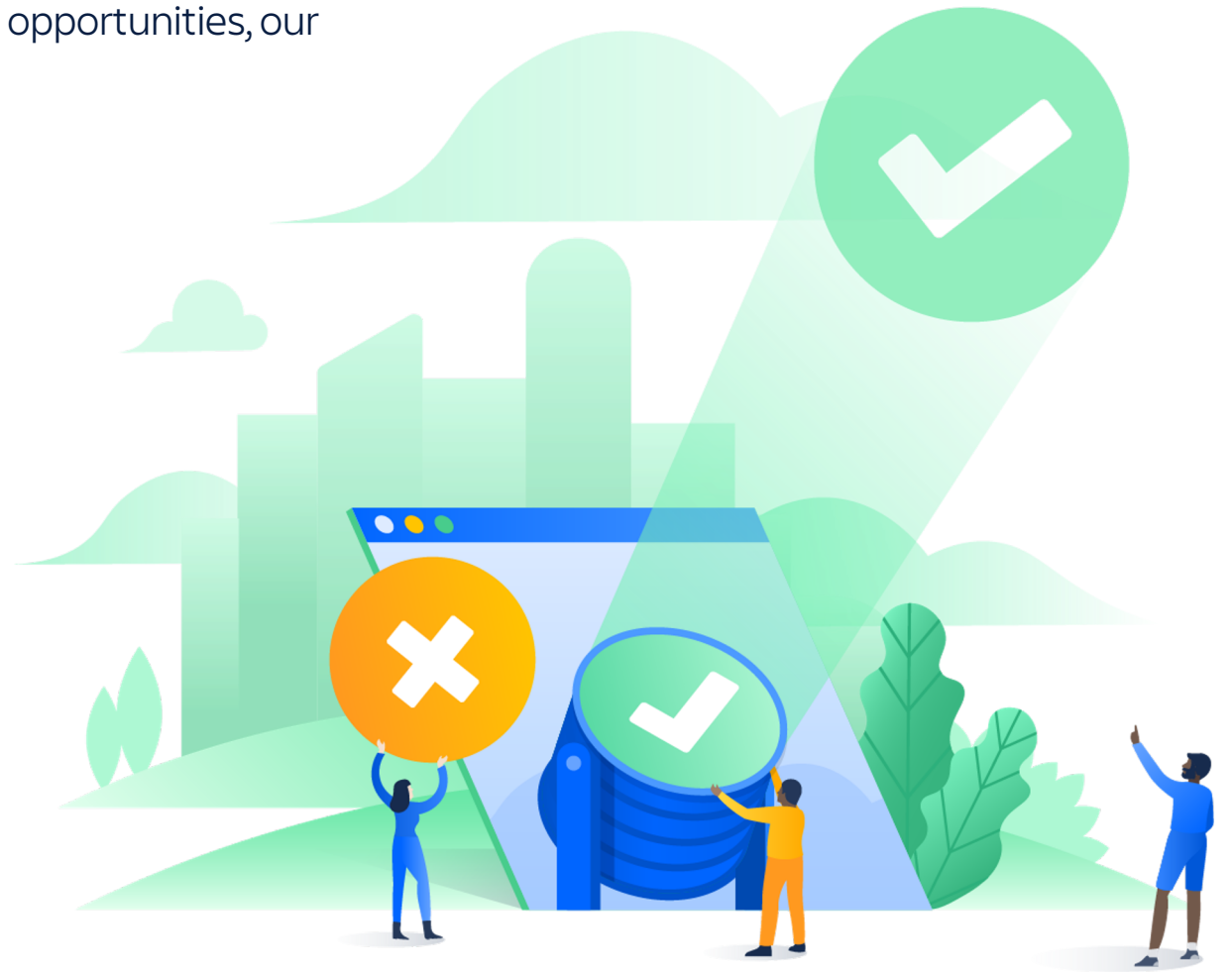
Most Australian workers want business to be accountable for their societal impact

The majority of Australian workers surveyed want business to be accountable. They want a company's impact on society to be treated as seriously as its financial performance. And environmental impact again emerges as a crucial issue.

65% of employees agree or strongly agree with the statement "*the impact of climate change will become significantly worse in the next five years*". Whilst there is majority agreement across the board, there are some notable variances across the age spectrum with just over half (57%) of Baby Boomers in agreement, compared nearly three-quarters (72%) of Gen Z.

An overwhelming majority of survey participants (78%) agree with the statement "*businesses need to take full responsibility for their environmental impact*" and this perception is held across generations, regions, and industries of employment.

At a time when many companies are adopting targets of net zero emissions by 2050, three quarters (74%) of all respondents agree that "*business should invest in and use renewable energy instead of fossil fuels like oil and coal*". Agreement is strongest among employees in WA (84%) and younger generations (Gen Z 79%).
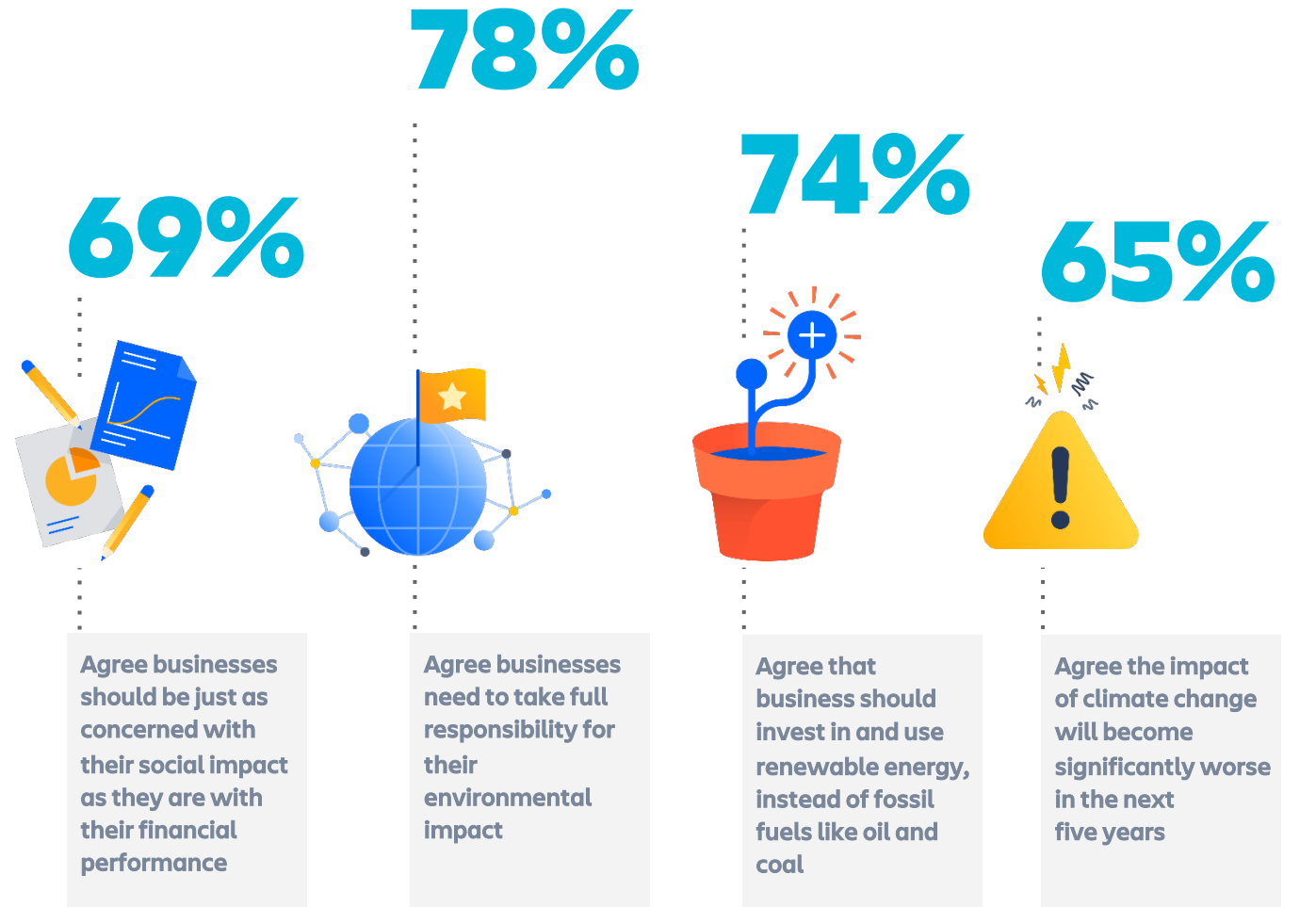
Most employees agree business should be accountable, particularly with regard to their environmental impact

Exhibit 5

Please indicate how much you agree or disagree with the following statements

% agree or strongly agree

Base: Total respondents n=1214 . Sample breakdown details provided on page 64.

78%

74%

69%

65%

Agree businesses should be just as concerned with their social impact as they are with their financial performance

Agree businesses need to take full responsibility for their environmental impact

Agree that business should invest in and use renewable energy, instead of fossil fuels like oil and coal

Agree the impact of climate change will become significantly worse in the next five years

PwC's 23rd annual CEO Survey

The top-of-mind nature of environmental issues across the workforce is supported by CEOs in Australia and around the world. In a recent survey of over 1500 CEOs globally, growing concern was expressed over the potential threat of climate change and environmental damage to their organisation's growth prospects.

For the first time in the survey's history, Australian respondents rate climate change and environmental damage in the top ten threats to organisational growth prospects. Globally, 24% of CEOs cite extreme concern about climate change and environmental damage, up from 19% the previous year.

In addition, more CEOs are recognising the benefits of investing in climate change initiatives, with 30% of CEOs globally strongly agreeing with the statement "Our response to climate change initiatives will provide a reputational advantage for my organisation among key stakeholders, including employees".

Source: PwC's 23rd Annual CEO Survey, 2020

Government is seen to be primarily responsible for social issues, yet expectation of business to do more is disproportionately high

The majority of the Australian workforce believes government is primarily responsible for addressing social issues. Government is expected to set the legislation which provides the direction and guidelines to facilitate other institutions to change;

"I expect government to take the issue (climate change) seriously and make more policies which will be more environmental because it's a trickle down effect. If the government make laws and are serious then citizens and businesses have to be."

– Female, Gen Y, Adelaide, works in the Health industry

Government also carries the greatest weight of expectation to do more. While business is ranked third for overall responsibility, it's ranked second for expectations to do more. After government, employees look mostly to business to address social concerns (exhibit 6).

Government is seen to be primarily responsible for social issues, yet expectation of business to do more is disproportionately high
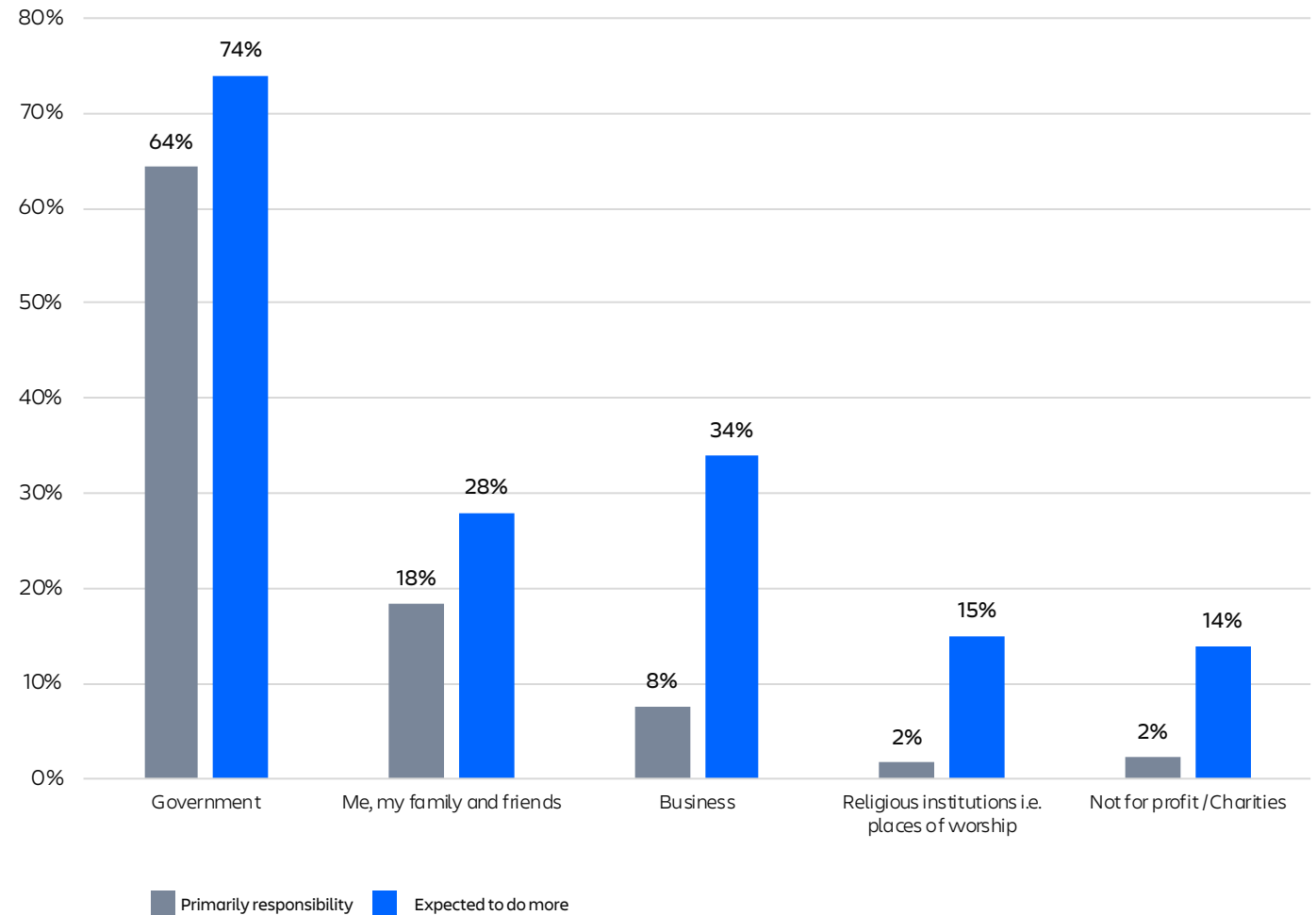
Exhibit 6

In your opinion, who is primarily responsible for addressing each issue? Please select the institution you believe is most responsible per issue area.

Which of these institutions should be doing more to address each of these societal issues? Please select all that apply per issue area.

% scores are the net average across the five issue areas, with 'I don't know' responses not shown. Note: 'primary responsibility' is single choice response and 'expected to do more' is multiple choice response.

Base: total respondents n=1214

Legend: ■ Primarily responsibility ■ Expected to do more

Institution	Primarily responsibility	Expected to do more
Government	64%	74%
Me, my family and friends	18%	28%
Business	8%	34%
Religious institutions i.e. places of worship	2%	15%
Not for profit / Charities	2%	14%

Businesses are expected to take some form of specific action

Exhibit 7

We would now like you to consider the relationship between business and each of the broad societal issues. What should businesses be doing to address these issues?

% agree business should take some specific actions (i.e. excluding 'no action', 'don't care' or 'don't know'), net average across the issue types (equality, health and wellbeing, environmental, economic, human rights/legal).

Base: Total respondents n=1214, Gen Z n=126, Gen Y n=516, Gen X n=362, Baby Boomers n=210

The overwhelming majority believe business should take specific actions to address important social issues.

On average 75% of employees agree businesses should take some form of action. This was determined by prompting respondents with a spectrum of behaviours (from symbols of support to overt activism including support of public demonstrations or product boycotts) and asking what businesses should be doing across the range of issues including equality, health and wellbeing, environmental, economic, and human rights/legal. Levels of agreement are fairly consistent across issue types.

Gen Z are most supportive of business action with an average of 82% who agree to specific business actions across the issue types (exhibit 7).

82% GEN Z

78% GEN Y

74% GEN X

66% BABY BOOMERS

75% TOTAL EMPLOYEES
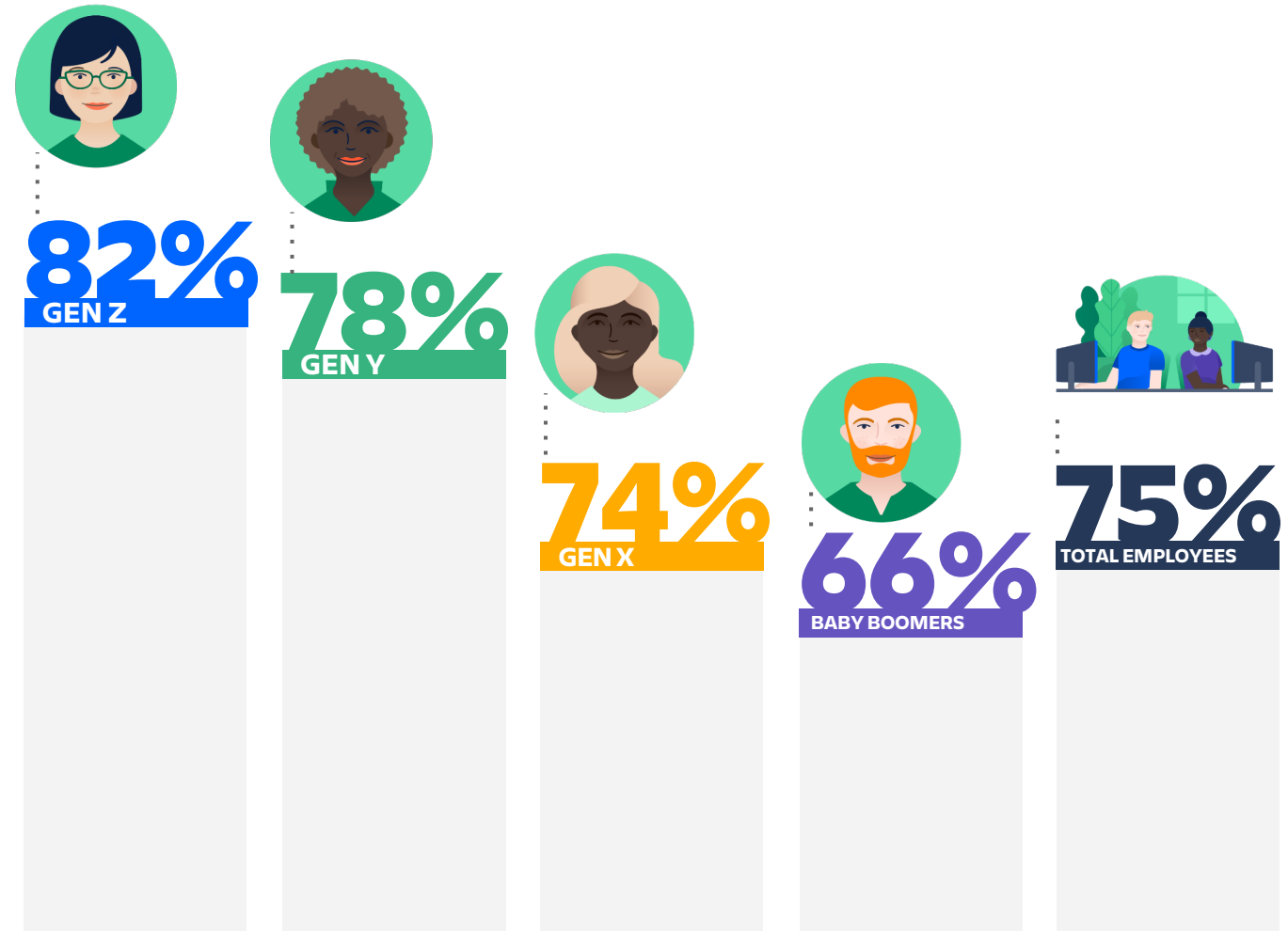
Expectations of business action are greatest for economic and environmental issues

Exhibit 8

In your opinion, who is primarily responsible for addressing each issue? Please select the institution you believe is most responsible per issue.

Which of these institutions should be doing more to address each of these societal issues? Please select all that apply per issue.

% shown for responses relating to selection of Business only. 'I don't know' responses not shown

Base: Total respondents n=1214

The economy and the environment came out on top in terms of where the Australian workforce believes business should be doing more (exhibit 8).

Businesses are seen to be major contributors to environmental waste and pollution and therefore responsible to take ownership for their environmental footprint.

■ Business primarily responsible   ■ Business expected to do more

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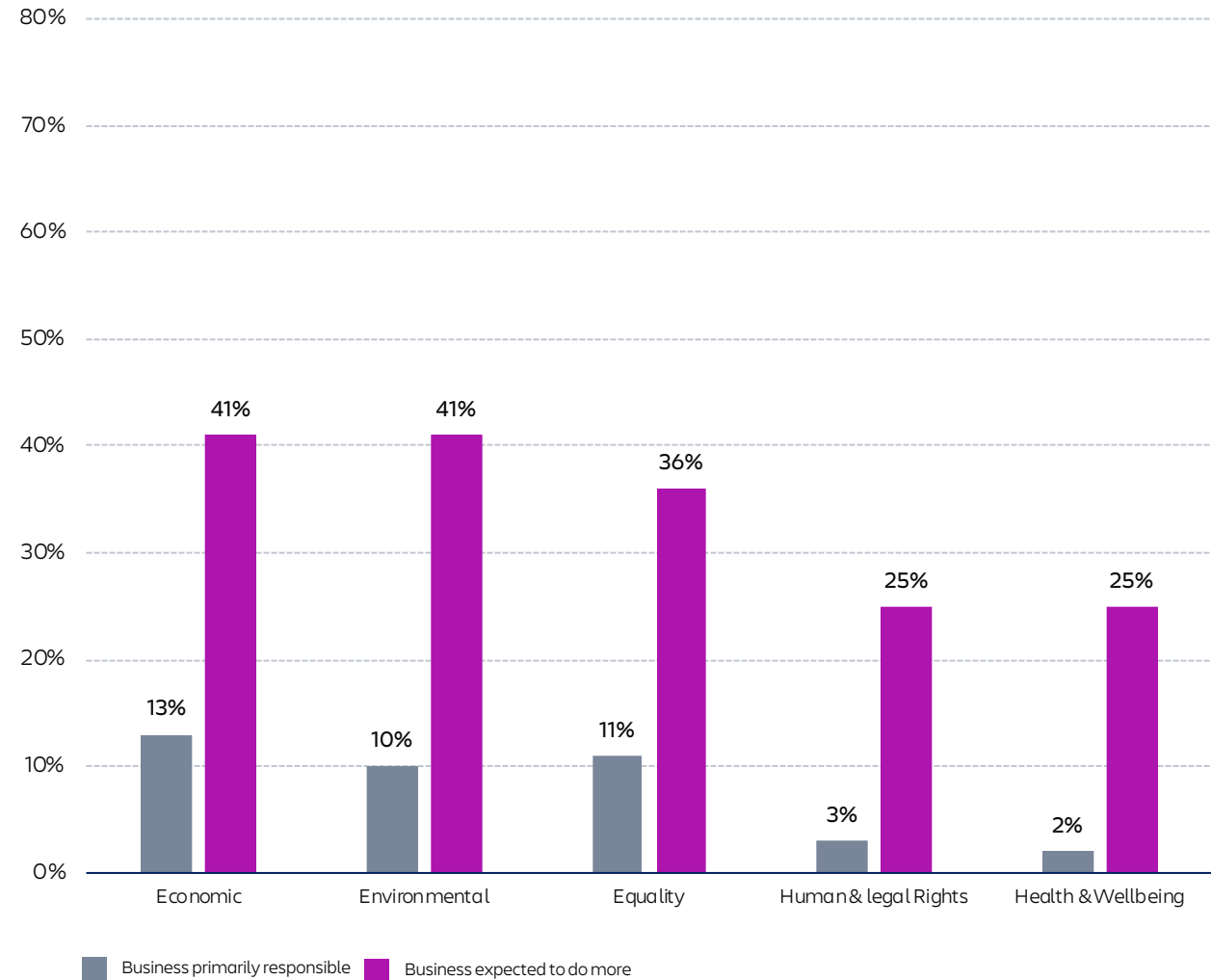
Business operations affect ecosystems with dumping of rubbish, not using eco-friendly or recyclable materials, using coal instead of cleaner energy etc. From a business perspective, being sustainable would improve their image and encourage people to use their brand. It would increase employee morale to know their company is concerned and doing something for the environment. In addition, people are part of a business at all levels, at this stage anyway, so by harming the environment, they are ultimately harming themselves and the future lives of their children

FEMALE, BABY BOOMER, SYDNEY, WORKS IN THE PROFESSIONAL, SCIENTIFIC AND TECHNICAL SERVICES INDUSTRY

Knowledge workers have higher expectations of business to do more around social issues, particularly relating to the environment and equality

Exhibit 9

Which of these institutions should be doing more to address each of these societal issues? Please select all that apply per issue.

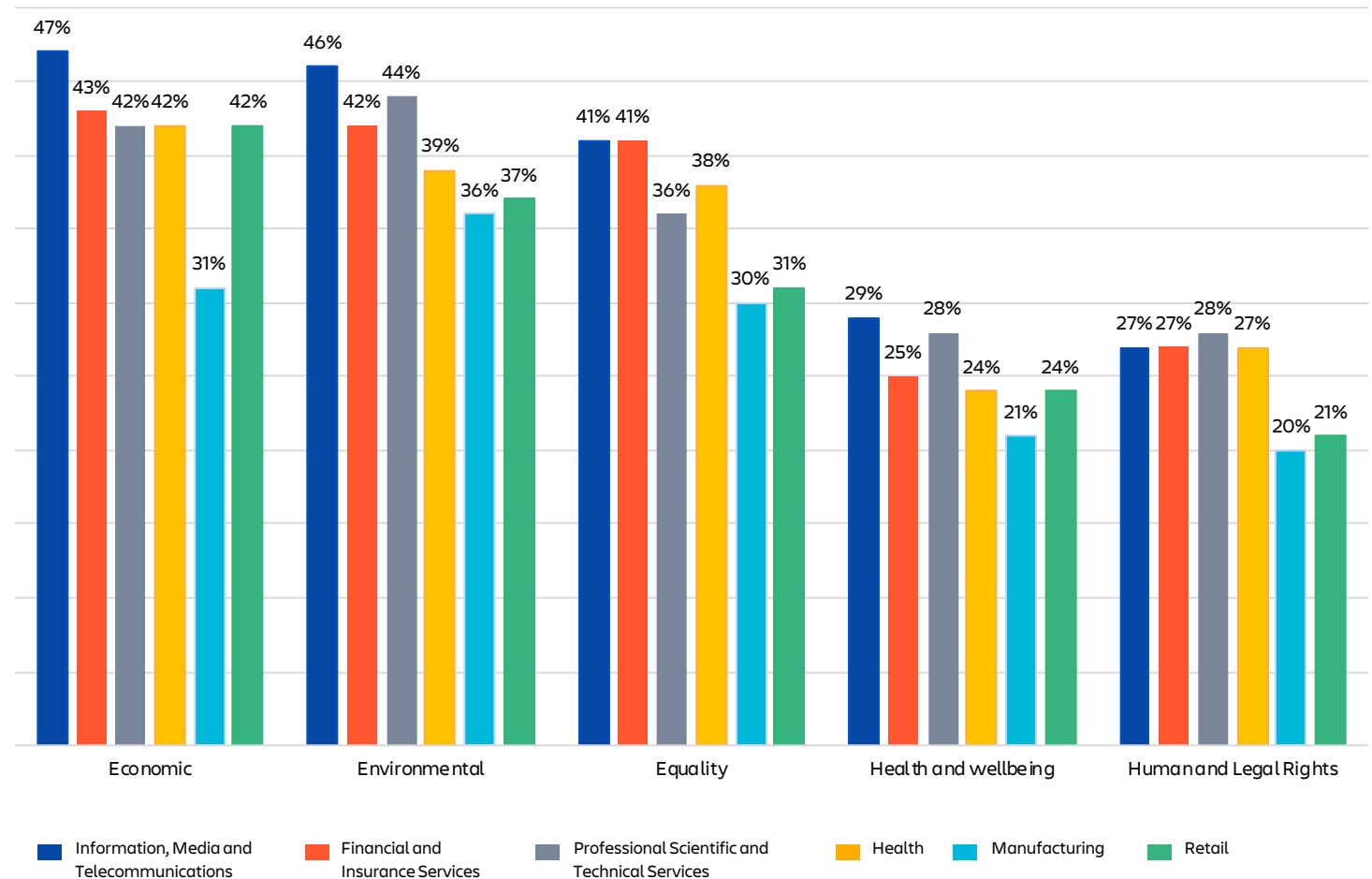% shown for responses relating to selection of Business only

Base: Total respondents n=1214. Demographic and employment group base size available on page 64

Which workers want more?

Employees of information, media and telecommunications, financial and insurance services, professional and scientific services, and health, are more likely to think businesses should do more when it comes to social issues, particularly relating to the environment and equality.

The Collins dictionary defines knowledge workers as people employed to produce or analyse ideas or information. They are well represented in these industries where expectations of business are higher.

The differences in scores across industry (exhibit 9) could be a reflection of differing levels of expectation, and/or differing levels of satisfaction around the action taken by business within the industries in which they are employed.

Chart legend:
- Information, Media and Telecommunications
- Financial and Insurance Services
- Professional Scientific and Technical Services
- Health
- Manufacturing
- Retail

Issue	Information, Media and Telecommunications	Financial and Insurance Services	Professional Scientific and Technical Services	Health	Manufacturing	Retail
Economic	47%	43%	42%	42%	31%	42%
Environmental	46%	42%	44%	39%	36%	37%
Equality	41%	41%	36%	38%	30%	31%
Health and wellbeing	29%	25%	28%	24%	21%	24%
Human and Legal Rights	27%	27%	28%	27%	20%	21%

Australian employees believe business has the ability to significantly improve the impact of climate change if immediate action is taken

Exhibit 10

Please indicate how much you agree or disagree with the statement 'Business have the ability to significantly improve the impacts of climate change if they act now'

% agree or strongly agree shown

Base: Total respondents n=1214, Gen Z n=126, Gen Y n=516, Gen X n=362, Baby Boomers n=210

Almost seven in ten (69%) Australian employees support business action on climate change and believe business has the ability to propel change. This response is consistent across employment industries, business sizes and roles.

Gen Z is significantly more optimistic than Gen X or Baby Boomers on the ability for business to make a difference if they take immediate action on climate change.

"Business can evoke change within its own microculture much faster than government. The workplace is also where most of these issues arise" – Female, Gen Y, Melbourne, works in the Health industry

80% GEN Z

70% GEN Y

68% GEN X

64% BABY BOOMERS

69% TOTAL EMPLOYEES
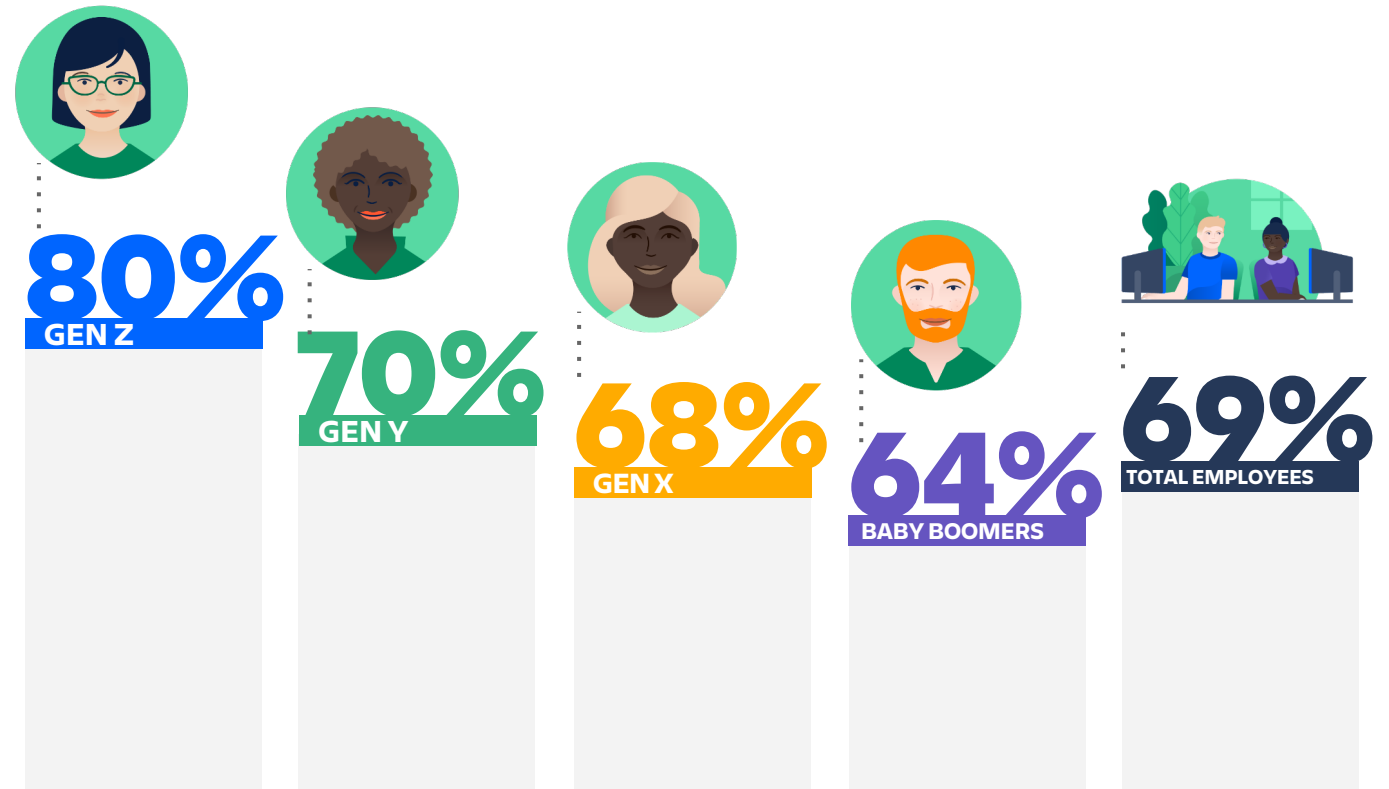
The changing face of the Australian workforce

Five generations now co-exist in the Australian workforce, giving rise to a range of varying preferences and expectations around how business should act with regard to social issues. By 2025, Generation Y will comprise 75% of the workforce, and Baby Boomers will comprise less than 10% of the workforce.

A recent global survey of more than 1,200 business and HR leaders from 79 countries was conducted by PwC in collaboration with Lynda Gratton, Professor of Management Practice at London Business School. One of the focus areas of the survey was to identify the most important organisational capabilities that businesses need to consider when preparing for tomorrow's work, workers and workplaces.

Interestingly, the number one capability was 'Trusted by Society: we are an organisation that is trusted by society, our customers and employees', with 91% of respondents nominating this capability as being of extremely high or very high importance.

Source: PwC, 'Workforce of the Future: The Competing Forces Shaping 2030', published 2018

Employees are broadly supportive of business leaders encouraging government to act, and holding politicians to account

While workers want business to do more, especially on environmental and economic issues, the majority also want business leaders to encourage government to act.

Two in three employees (67%) agree business leaders should play a role in encouraging government to take action on major social issues, with employees in the health sector in stronger agreement (74%) relative to employees in the financial services and insurance industry (60%), and respondents with children significantly higher (71%) than those without children (63%).

Further, two in three employees (67%) agree that business leaders should hold politicians to account on major social issues, with Queensland employees more likely to agree (75%) relative to their NSW/ACT (64%) and Victorian (64%) counterparts.

Despite individual institutional responsibility, there is great power in effective collaboration. The qualitative phase of this research indicated that business and government have different yet complementary strengths, optimised by collaboration.

Employees are broadly supportive of business leaders encouraging government to act and holding politicians to account
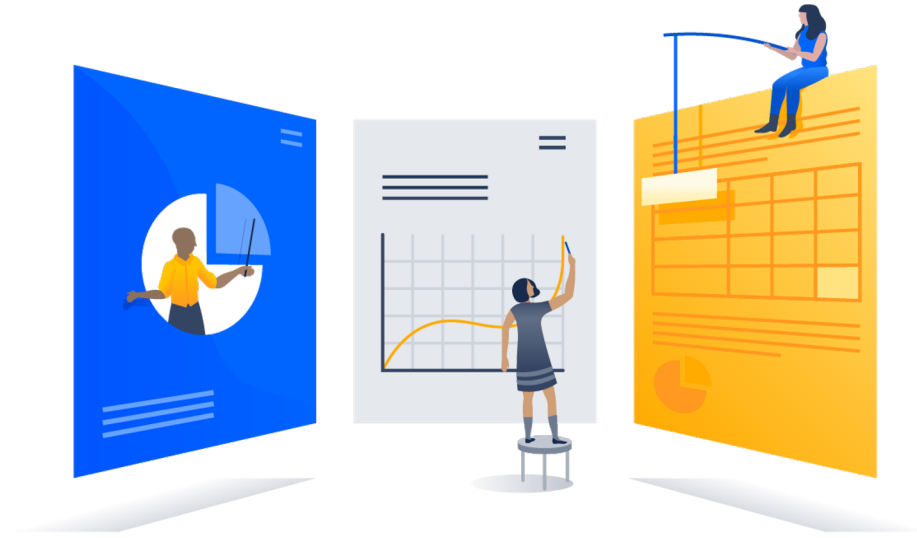
Exhibit 11

Please indicate how much you agree or disagree with the following statements:

'Business leaders should publicly encourage government to act on societal issues which are important to the community'

'Business leaders should hold politicians to account on major issues'

% agree or strongly agree shown

Base: Total respondents n=1214

67%
Agree business leaders should publicly encourage government to act on social issues which are important to the community

67%
Agree business leaders should hold politicians to account on major issues

"

I believe that the most important issue facing the world is climate change and, in particular, the effects of man and industry on the world. I believe it is up to all responsible people to advocate for change – to do what they can to reduce, reuse, recycle, repurpose – but large corporations and governments must work together to make real change. As consumers we need to stop choosing products that add to the problems. But Governments need to sponsor change and help new and existing companies to change the way they produce things and look for ways to reuse or repurpose items

FEMALE, BABY BOOMER, ADELAIDE, WORKS IN THE FINANCIAL AND INSURANCE SERVICES INDUSTRY

Questions for business leaders

How are you involving our workforce in shaping your social impact strategy and executing on social priorities?

Are you creating a two-way dialogue with employees to understand what matters to them?

The emerging majority will be less tolerant of inaction

The emerging majority will be less tolerant of inaction

The workforce will soon be dominated by Gen Z and Y. They want their voices heard. In addition, there are risks for employers who do not behave in ways that align to their values. To understand the behaviours expected of employers and associated risks, this research explored:

- Which issues business should, or should not, support and why?

- What specific behaviours should business undertake to address social issues?

- How much do employees agree to a number of pointed attitude statements around expectations of employees and consequences for employers?
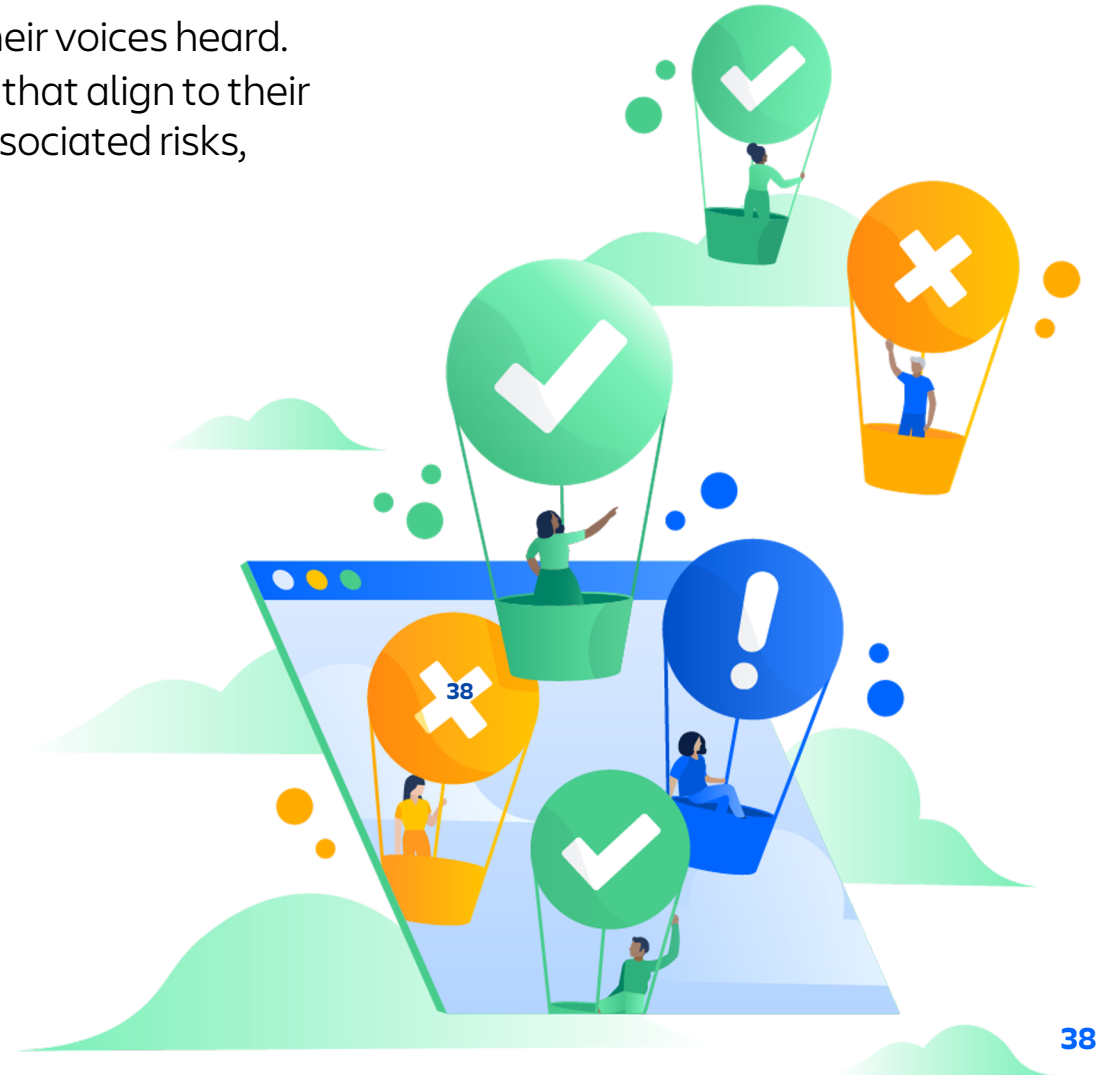
Employees want to be heard in the workplace, and have employers advocate on issues they care about

The majority (67%) of the workforce agree that *'it is important for businesses to speak up/act on societal issues their employees care about/that impact them'*. This sentiment is felt even more strongly among females (71%) compared with males (63%) and workers in health (77%) compared with manufacturing (64%) and retail (61%).

Gen Z in particular, wants to be heard in the workplace. Compared with other generations, this group is significantly more likely to agree that *'employees should be allowed to voice their opinions on political and societal issues that matter to them'* (75%) compared to other generations. In addition to having a voice, younger generations desire influence. They are also most likely to want to have a say in what social issues their employer takes action on.

Whilst the majority of Baby Boomers agree with the statements *'it is important for businesses to speak up/act on societal issues their employees care about/that impact them'* and *'employees should be allowed to voice their opinions on political and societal issues that matter to them'*, levels of agreement are significantly lower compared with other generations. This may indicate that the importance of the employee voice will only become more prevalent in the future as the younger generations come to dominate workforce proportions.

Employees want to be heard in the workplace and have employers advocate on issues they care about

Exhibit 12

Please indicate how much you agree or disagree with the following statements

% agree or strongly agree shown

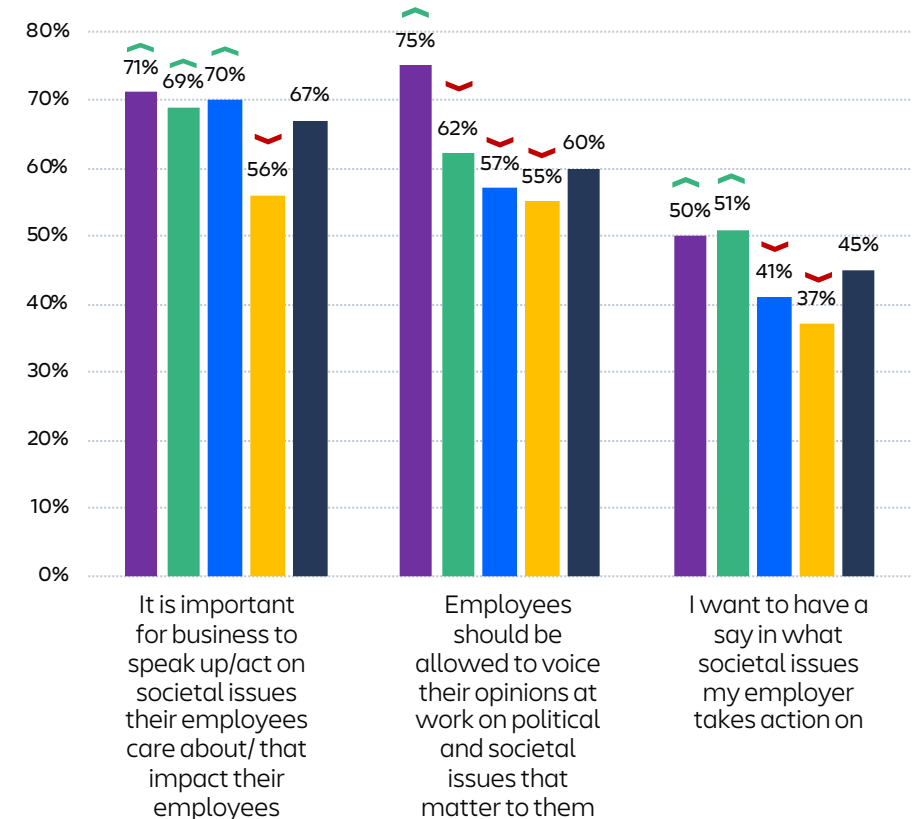Total respondents n=1214, demographic and employment group base size available on page 64

71% of Gen Z agree it's important for business to speak up

75% of Gen Z agree they want to be heard

50% Of Gen Z want to influence the action decisions

Legend: Gen Z | Gen X | Gen Y | Baby Boomer | Total

It is important for business to speak up/act on societal issues their employees care about/ that impact their employees
- Gen Z: 71%
- Gen Y: 69%
- Gen X: 70%
- Baby Boomer: 56%
- Total: 67%

Employees should be allowed to voice their opinions at work on political and societal issues that matter to them
- Gen Z: 75%
- Gen Y: 62%
- Gen X: 57%
- Baby Boomer: 55%
- Total: 60%

I want to have a say in what societal issues my employer takes action on
- Gen Z: 50%
- Gen Y: 51%
- Gen X: 41%
- Baby Boomer: 37%
- Total: 45%

Arrows indicate statistically significantly higher or lower than the cohorts identified (95% confidence level)

Gen Z is least tolerant of inaction and expect multiple forms of action from their employer

Exhibit 13

We would now like you to consider the relationship between business and each of the broad societal issues. What should businesses be doing to address these issues.

% average across issue areas
Base: n =1214, Gen Z n=126, Gen Y n=516, Gen X n=362, Baby Boomers n=210

The range of actions business is expected to take is broad – from changing core company values and behaviours, to investment of time or funds, and public displays of support and/or political alignment.

Gen Z is least likely to accept inaction with only 18% saying 'no action', 'I don't know' or 'I don't care', when asked what businesses should do, compared with 34% of Baby Boomers (exhibit 13).

Overall Gen Z is most likely to expect businesses to undertake each of the behaviours, compared with other generations, which further supports the finding that this generation is most optimistic about the ability of business to positively drive change (exhibit 10).

Legend: Gen Z (21-24), Gen Y (25-42), Gen X (43-54), Baby Boomer (55-65)
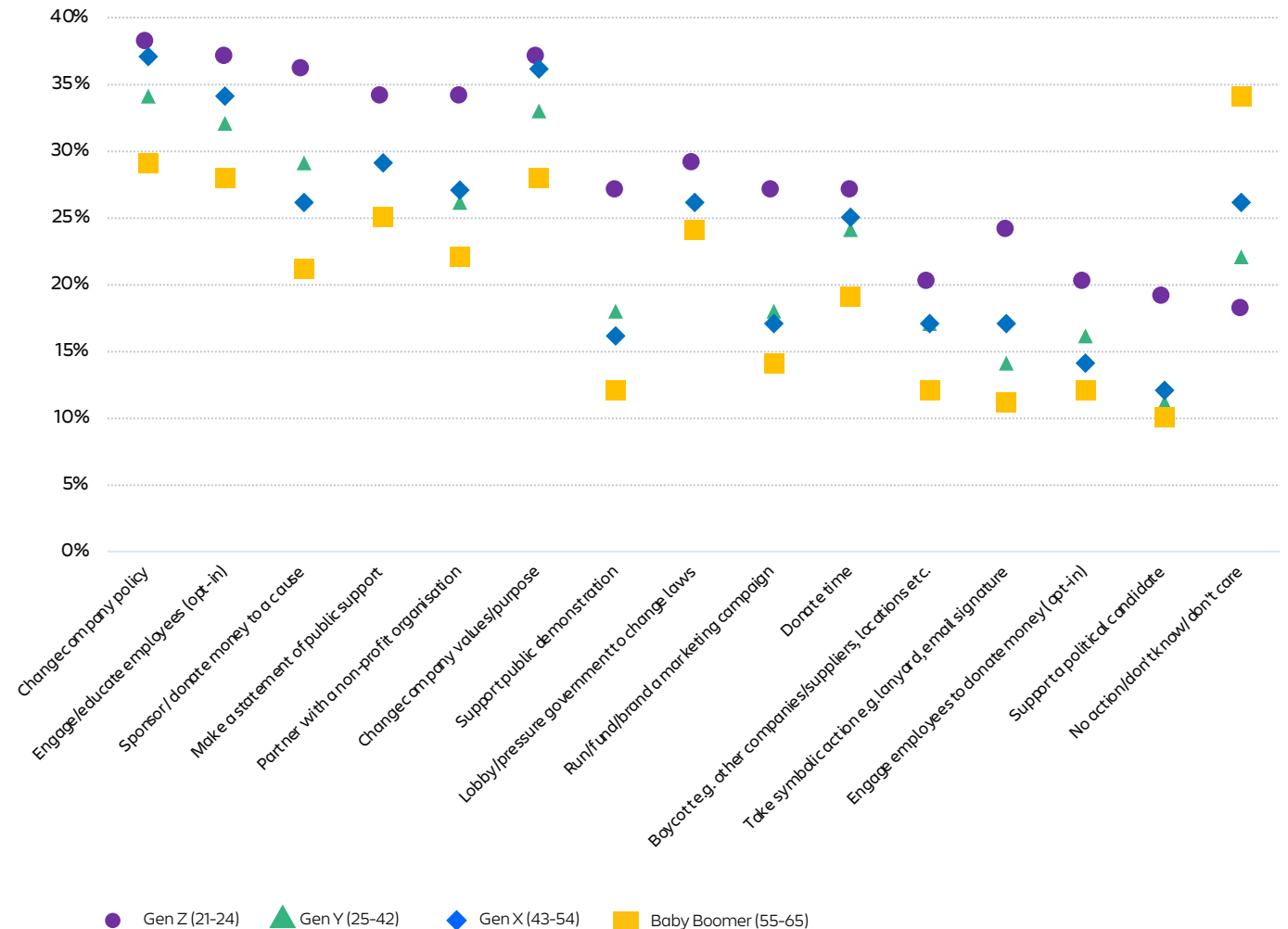
As the war for talent increases, advocacy for social issues is a drawcard for many

Exhibit 14

Please indicate how much you agree or disagree with the statement 'a business known for speaking out on issues that are important to me, is more attractive as a future employer'
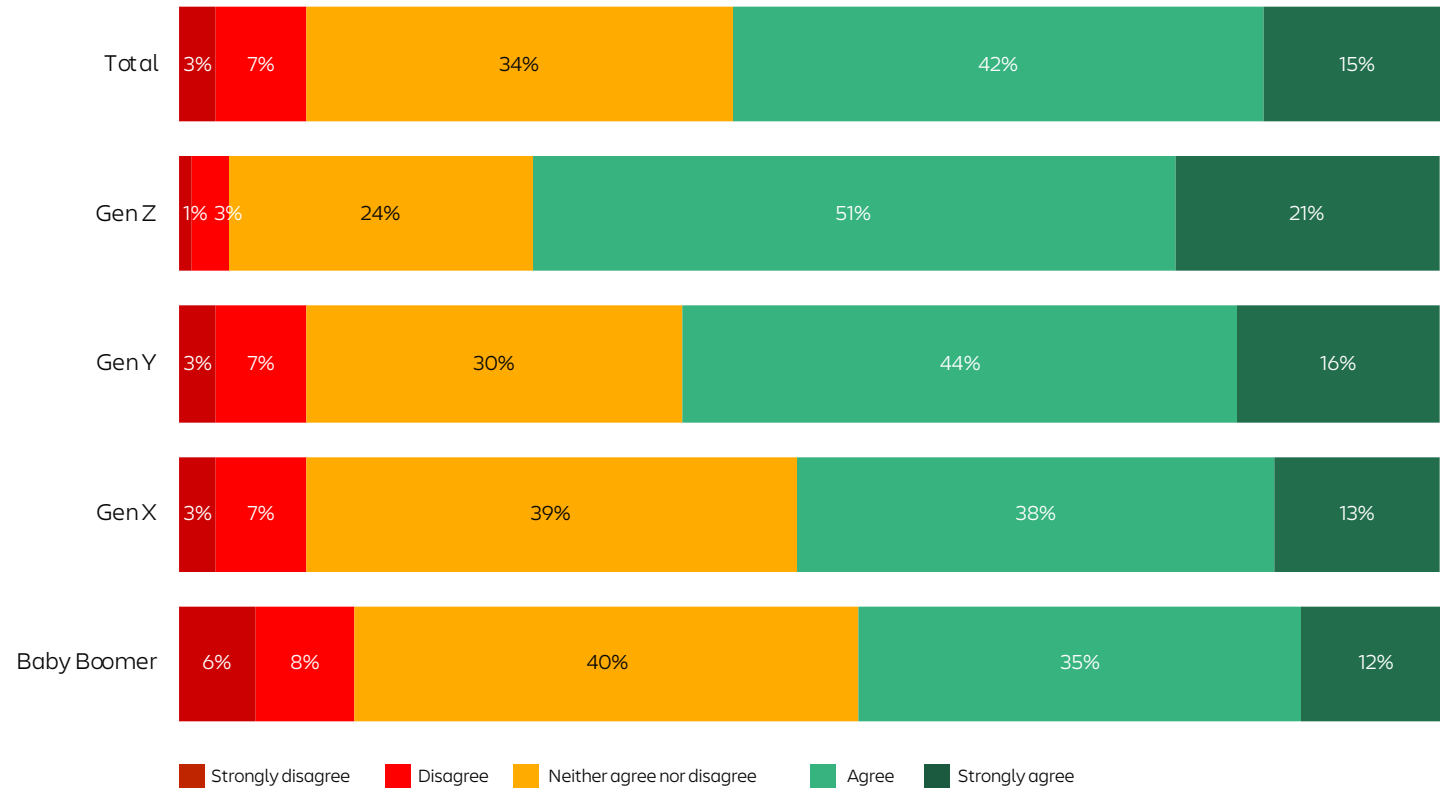
Total respondents n=1214, Gen Z n=126, Gen Y n=516, Gen X n=362, Baby Boomers n=210

The war for talent is a genuine concern for businesses around the world. In many developed and developing economies, it is not poss*ible to recruit enough skilled people to fill the available jobs*[1].

In this environment, values and advocacy are critical drawcards.

For example, 72% of Gen Z agree that "a business known for speaking out on issues that are important to me, is more attractive as a future employer". The strength of agreement among Gen Z and Gen Y suggests the increasing importance of values alignment to the emerging workforce (exhibit 14).

[1] PwC The case for change: New World. New Skills 2020

	Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree
Total	3%	7%	34%	42%	15%
Gen Z	1%	3%	24%	51%	21%
Gen Y	3%	7%	30%	44%	16%
Gen X	3%	7%	39%	38%	13%
Baby Boomer	6%	8%	40%	35%	12%

"

Especially in this competitive world, having a set of specific core values that speak to the public is definitely a competitive advantage.

The values are becoming primary recruiting and retention tools. With the ease of researching companies, job seekers are doing their homework on the identities of the companies they are applying for and weighing whether or not these companies hold the values that the job seekers consider as important.

Many companies make the mistake of picking core values out of thin air and trying to fit them into their organisation; core values are not "one size fits all" or the "best practices" in the industry. True, you can hold the same core values as your competitors, as long as it is authentic to your company and your employees

MALE, GEN Y, SYDNEY, WORKS IN HEALTH

Appropriate action for the right reasons, even when it is not directly related to the core business, generates public esteem

The new social landscape for business is multi-layered and deep. It is a world in which advocacy on key social issues is expected.

But more than that, action doesn't have to relate to a core business function. Three in five employees (60%) applaud a company for having a public stand on important societal issues not directly related to their business (exhibit 15).

Qualitative research highlighted the importance of employees, their personal values, and their role in business advocacy. Businesses are expected to respect individuals and what's important to each of them, and to stand up for what is right;

"It depends on the business. I'm a big fan of businesses taking on many societal issues. Things like taking a stand against racism, cyber bullying, environment, for same sex issues. And not just because it's the "thing to do" but because it affects their customers and staff. For example Golden Gaytime have their rainbow ice cream in support of same sex marriage which is very brave as still a lot [of people are] against it"

– Female, Gen Y, Melbourne, works in Retail industry

Appropriate action for the right reasons, even when it is not directly related to the core business, generates public esteem

Exhibit 15

Please indicate how much you agree or disagree with the statement I applaud a company for having a public stand on important societal issues not directly related to their business

% agree or strongly agree

Base: Total respondents n=1214, Gen Z n=126, Gen Y n=516, Gen X n=362, Baby Boomers n=210

65% GEN Z

61% GEN Y

61% GEN X

52% BABY BOOMERS

60% TOTAL EMPLOYEES
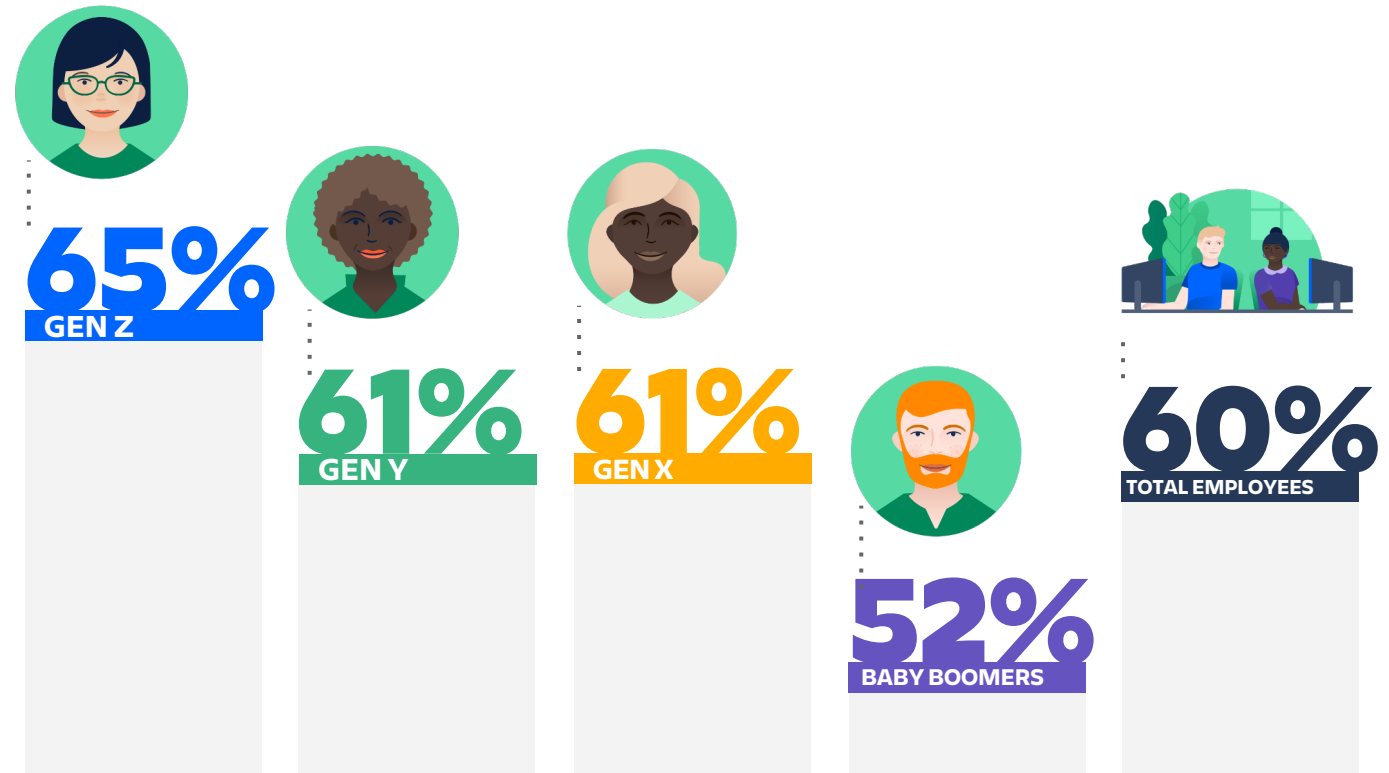
If companies fail to act in a way that aligns with the values of their people, they will lose some of them

Exhibit 16

Please indicate how much you agree or disagree with the statement If my employer were to act in a way that didn't align with my values I would quit
my job

% agree or strongly agree

Base: Total respondents n=1214, Gen Z n=126, Gen Y n=516, Gen X n=362, Baby Boomers n=210

In the context of the war for talent, we've already witnessed the importance of action on key social issues.

We now know that the wrong steps will drive some employees away.

One in three (31%) employees say they would quit their job if their employer were to act in a way that didn't align with their values.

This proportion is significantly higher among Gen Y (39%) compared with Gen X (25%) and Baby Boomers (22%). The strength of agreement among Gen Y is sizeable relative to the workforce they represent.

29% GEN Z

39% GEN Y

25% GEN X

22% BABY BOOMERS

31% TOTAL EMPLOYEES
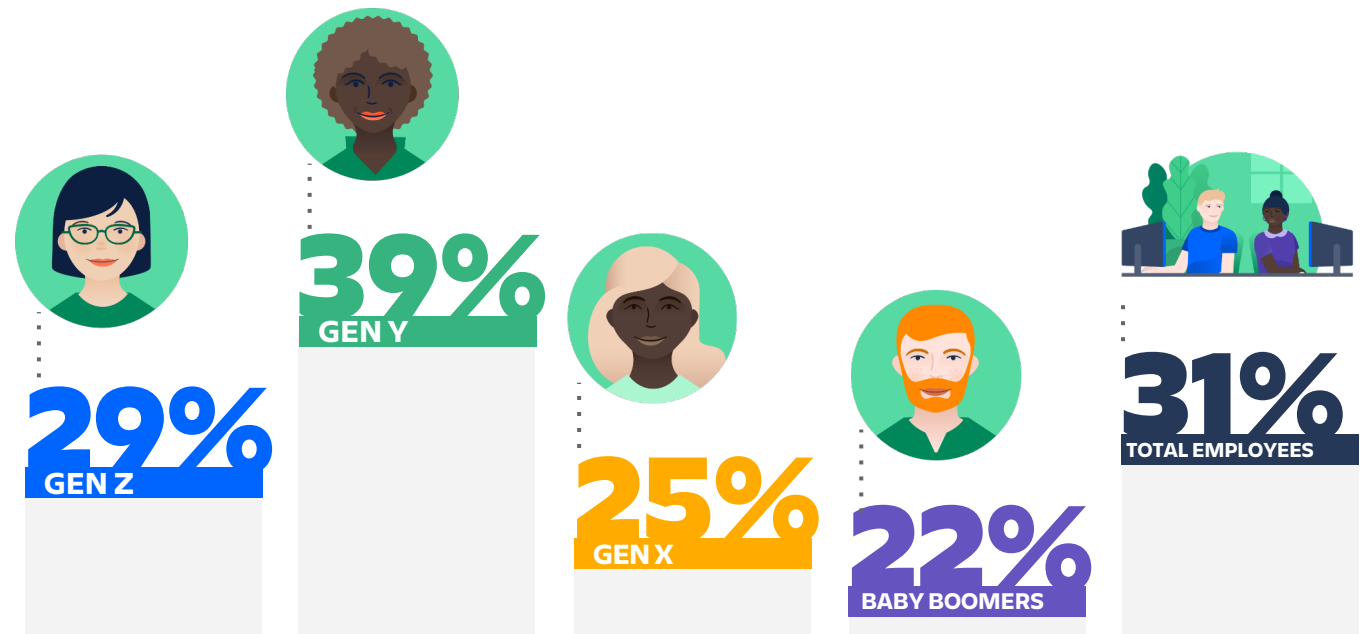
Questions for business leaders

What are the actions we are taking and how are they making a difference?

To what extent does the character and behaviour of the business I lead meet the expectations of all stakeholders?

Opportunity emerges from heightened expectation

Opportunity emerges from heightened expectation

How do businesses navigate the new social contract?

We identify opportunities to improve and the guidelines for business to start their journey through:

- Understanding the current landscape of what businesses are doing now
- Determining current levels of staff satisfaction
- The issue areas of consensus for businesses to support; and
- Behaviours employees will support
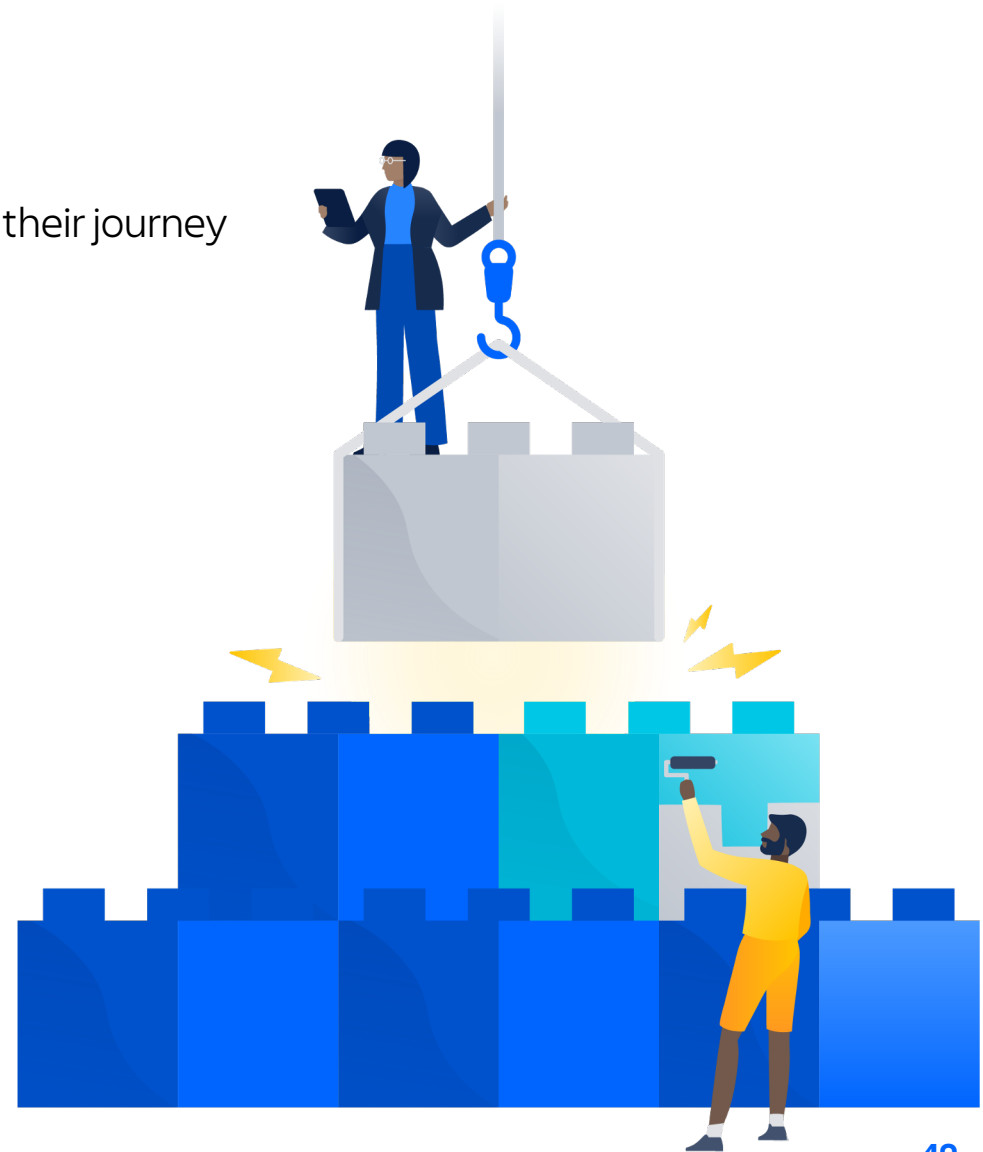
One in three employees are satisfied with their employer's level of action in addressing social issues

Exhibit 17

To what extent are you satisfied with the level of action your employer takes in regard to addressing societal issues? Where 1 is extremely dissatisfied and 10 is extremely satisfied.

Satisfied (rated 8-10), neutral (5-7), dissatisfied (1-4)

Base: Total respondents n=1214, demographic and employment group base sizes available on page 64

It's clear that many employees don't believe their employers are doing enough. Only one-third (34%) of employees are satisfied with the level of action taken by their employer in regard to social issues.

Most Australian employees (53%) are neither satisfied nor dissatisfied with the level of action taken by their employer to address social issues.This highlights an opportunity for business to improve.

Satisfaction with employer action is highest among Gen Y (39%), those who work for small companies of 5-19 employees (38%), workers in information, media and telecommunications (37%), and health (37%)

Satisfaction is lower among Baby Boomers (27%).

34% satisfied

53% neutral

13% dissatisfied

Satisfaction by demographic and employment groups (Satisfied)		%
Age	Gen Z	33%
	Gen Y	39%
	Gen X	32%
	Baby Boomers	27%
Work Area	Metropolitan	37%
	Suburban	32%
	Regional /Rural	31%
Business Size	5 - 19 employees	38%
	20 - 199 employees	35%
	200+ Employees	32%
Industry	Info, Media and Telco	37%
	Financial and Insurance services	33%
	Professional, scientific and technical services	33%
	Manufacturing	32%
	Retail	34%
	Health	37%

The most commonly cited issues employers advocate for are mental health and wellness, and gender equality

Exhibit 18

Thinking about your own employer, which if any, societal issues are you aware of that your company advocates for or takes action to address? Please select all that apply
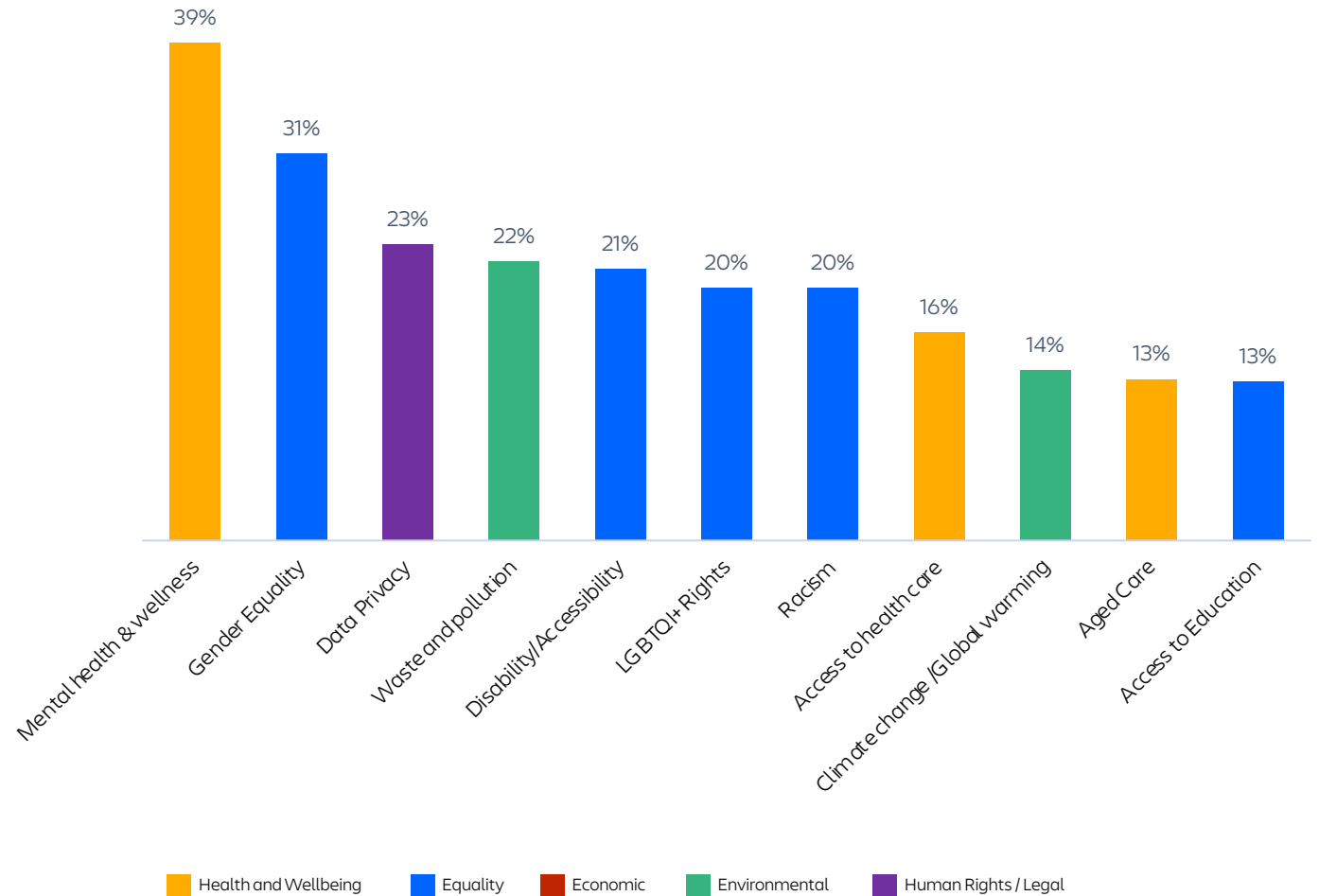
Top 10 % selected "yes" excluding none (15%)

Base: Total respondents n=1214, demographic and employment group base size available on page 64

Levels of awareness for employer action remain low when we break down the issues.

Employers are recognised for most commonly acting on mental health and wellness (39%) and gender equality (31%) and scores taper across the other issue areas.

Gen Z (44%) and Gen X (42%) are significantly more aware of mental health actions taken compared with Baby Boomers (31%). This also applies to females (42%) when compared with males (36%).

Employees in Metro areas are more likely to be aware of employer actions on gender equality (Metro 37% vs. Suburban 24% vs Regional 27%) and climate change/global warming (Metro 17% vs Suburban 12% vs Regional 8%).

Bar chart data:
- Mental health & wellness: 39%
- Gender Equality: 31%
- Data Privacy: 23%
- Waste and pollution: 22%
- Disability/Accessibility: 21%
- LGBTQI+ Rights: 20%
- Racism: 20%
- Access to healthcare: 16%
- Climate change /Global warming: 14%
- Aged Care: 13%
- Access to Education: 13%

Legend: Health and Wellbeing | Equality | Economic | Environmental | Human Rights / Legal

Australian workers are united in their support for businesses to drive change across key issues

Australian workers are united in their support for businesses to drive change across key issues. The strongest support for action is found in areas such as:

- Waste and Pollution

- Unemployment

- Data Privacy

- Mental Health and Wellness

The strong agreement for business support of waste and pollution is consistent with earlier findings of strong agreement for businesses to take responsibility for their environmental impact.

The polarisation zone shows the issues where fewer than 50% of employees agree businesses should support and 40% or more disagree. The disagreement zone includes issues where fewer than 40% agree businesses should support and more than 50% disagree. The issues of lower agreement for business action are also of lower relative importance.

Support for employer action varies by issue with clear zones of consensus and relatively few where opinion is divided

Exhibit 19

Which of these specific societal issues do you believe businesses should use their resources and influence to support and drive change for?

% yes and % no – 'don't know' excluded
Base: Total respondents n=1214

Agreement · Polarisation · Disagreement

X-axis categories: Waste and pollution, Unemployment, Data Privacy, Mental health & wellness, Disability/Accessibility, International Trade, Climate change/Global warming, Gender Equality, Racism, Cost of living, Drought and Access to Water, Wealth Gap, Poverty, Tax Reform, Access to health care, Access to Education, Cost of health care, Homelessness, Animal welfare, LGBTQI+Rights, Aged Care, Immigration, Overpopulation, Gun Control/Gun Rights, Abortion

▲ Yes   ■ No

Industry of employment is associated with varying levels of support for business action around a range of social issues

As detailed in exhibit 20, we found significantly higher support for business action on:

- Mental health and wellness among employees of health (82%), retail (79%) and finance and insurance services (78%), compared with professional, scientific and technical services (66%).

- Disability/accessibility among employees of health (82%) compared with information, media and telecommunications (66%), professional, scientific and technical services (68%) and manufacturing (67%).

- International trade among employees of manufacturing (81%) compared with information, media and telecommunications (67%) and finance and insurance services (69%).

- Gender equality among employees of finance and insurance services (79%) compared with all industries except health, for example, information, media and telecommunications (68%), professional, scientific and technical services (65%), manufacturing (67%), retail (67%).

- Access to health care among employees of retail (59%) and health (59%) compared with finance and insurance services (45%).

- Access to education among employees of manufacturing (56%) and health (59%) compared with information, media and telecommunications (43%) and finance and insurance services (43%).

Industry of employment is associated with varying levels of support for business action around a range of social issues

Exhibit 20

Which of these specific societal issues do you believe businesses should use their resources and influence to support and drive change for?

% yes
Base: Total respondents n=1214

Legend: Info, Media and Telco | Fin and insurance services | Professional, scientific and technical services | Manufacturing | Retail | Health
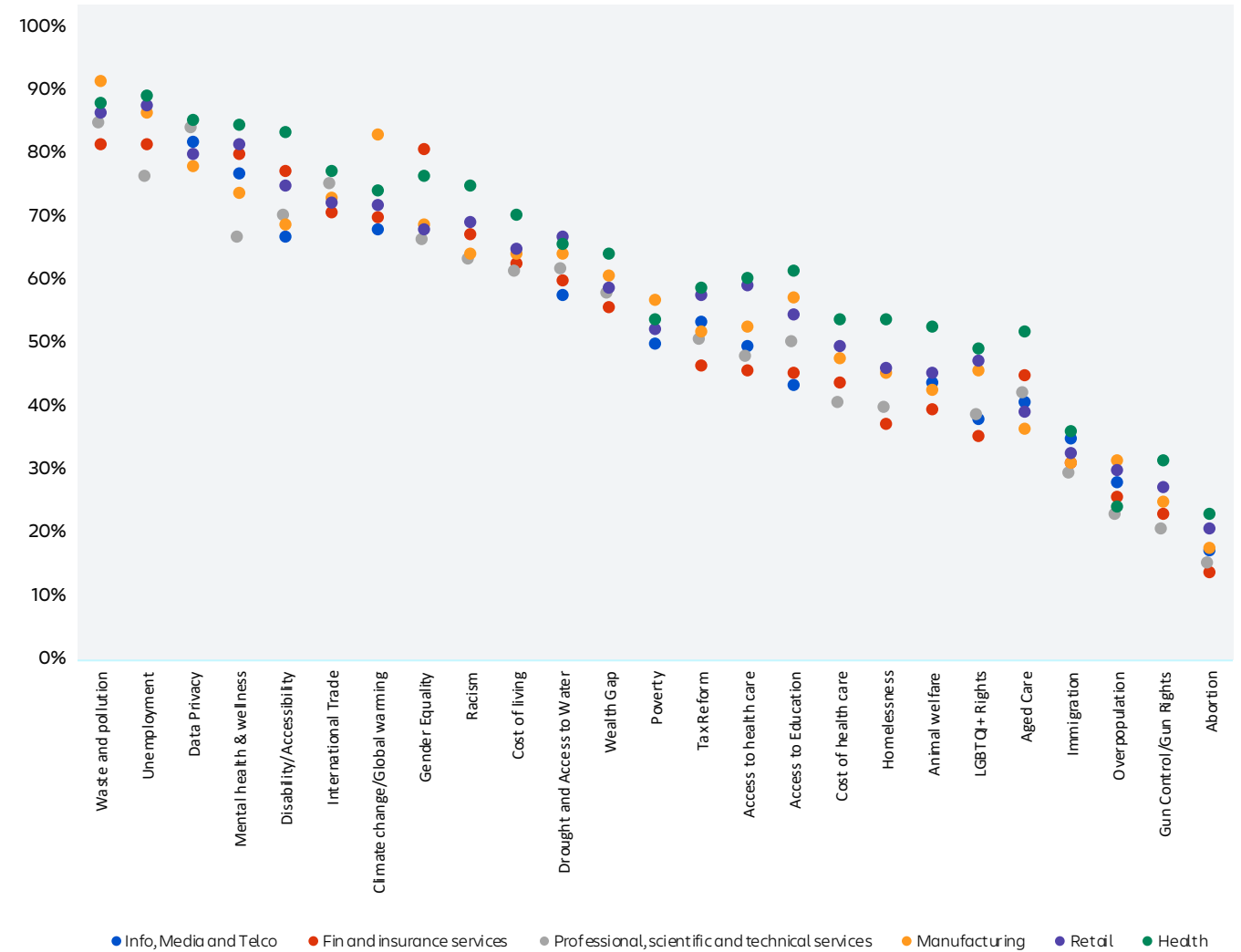
Views on why business should not be involved in supporting specific social issues are varied

Exhibit 21

You mentioned that businesses should not get involved in [INSERT 1 "No" ISSUE]. Which of the following best describes your reasons why? Please select all that apply.

% of total respondents; n = 1214

For those employees who don't want businesses to act on particular societal issues, we asked why. Some cite a lower perceived importance of a particular issue, some say business should focus on business, and others believe some issues are too politically charged.

The intersection of politics and business concerns some employees.

"I do not think businesses should be involved in political campaigns or raising money for political parties, as this would show bias on their part." – Female, Baby Boomer, Melbourne, works in Health industry
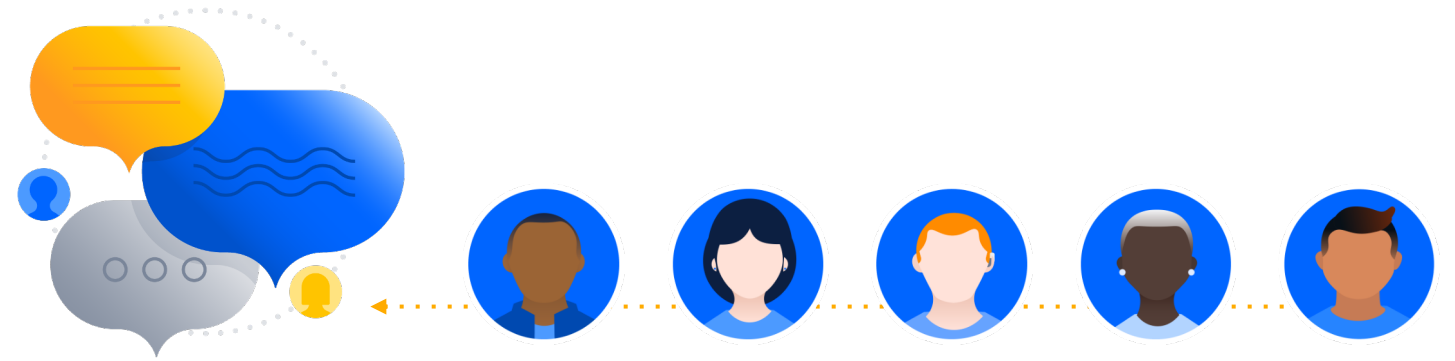
Top 5 Reasons not to get involved/ Issue	LGBTQI+ Rights	Climate change / Global warming	Wealth Gap	Immigration	Abortion
I don't believe this issue is important	10%	5%	2%	1%	1%
Businesses should focus on business, not societal issues	9%	6%	2%	3%	1%
This issue is too politically charged	9%	7%	5%	8%	3%
I believe businesses should address other societal issues	8%	5%	4%	7%	2%
Addressing this issue would divide employees, customers or others	6%	3%	2%	3%	2%

Questions for business leaders

Do we have the right infrastructure to drive, manage and communicate societal issues to our workforce?

Are the actions taken impacting the employee culture in a meaningful and positive way?

There is an opportunity for business to build trust by taking authentic positions on social issues

Exhibit 22

Please indicate how much you agree or disagree with the statement "I trust businesses to be genuine when speaking out on societal issues"

Base: Total respondents n=1214

Employees demonstrate goodwill to those businesses which take a stand on key societal issues. Only a minority register distrust.

Half of participants trust businesses to be genuine when speaking out on societal issues, and this is more than twice as many as those who don't. Trust is also higher among Australian employees compared with their US counterparts.

The qualitative research identified the importance of values alignment between employers and employees, and organisations and their leaders. The research highlights that a consistent approach is key to demonstrating authenticity and societal issue advocacy is generally acceptable when authentic.

49% Agree

32% Neither agree or disagree

19% Disagree

Agreement by demographic and employment groups (% agree and strongly agree)		%
Age	Gen Z	45%
	Gen Y	53%
	Gen X	48%
	Baby Boomers	42%
Work Area	Metropolitan	51%
	Suburban	47%
	Regional /Rural	48%
Business Size	5 - 19 employees	50%
	20 - 199 employees	51%
	200+ Employees	48%
Industry	Info, Media and Telco	49%
	Financial and Insurance services	45%
	Professional, scientific and technical services	42%
	Manufacturing	50%
	Retail	51%
	Health	56%

Where can businesses start?

Where can businesses start?

Comparing relative importance of issues at a personal level with expectations of where business should do more, we identify two opportunity areas for action.

The "sweet spot" of high relative importance and high expectation of business highlights a core opportunity of action on health and on the environment. Digging further, this is particularly true of mental health and wellness and waste and pollution. Business action for issues of health and the environment also observed highest existing awareness amongst employees, however, this remains on the low side.

The zone of lower relative importance yet high expectation of business highlights an area for businesses to differentiate themselves and lead. This applies to issues such as equality, data privacy and some economic areas such as unemployment and international trade.

Opportunity is strongest where there is alignment between importance to employees, and expectation of business action
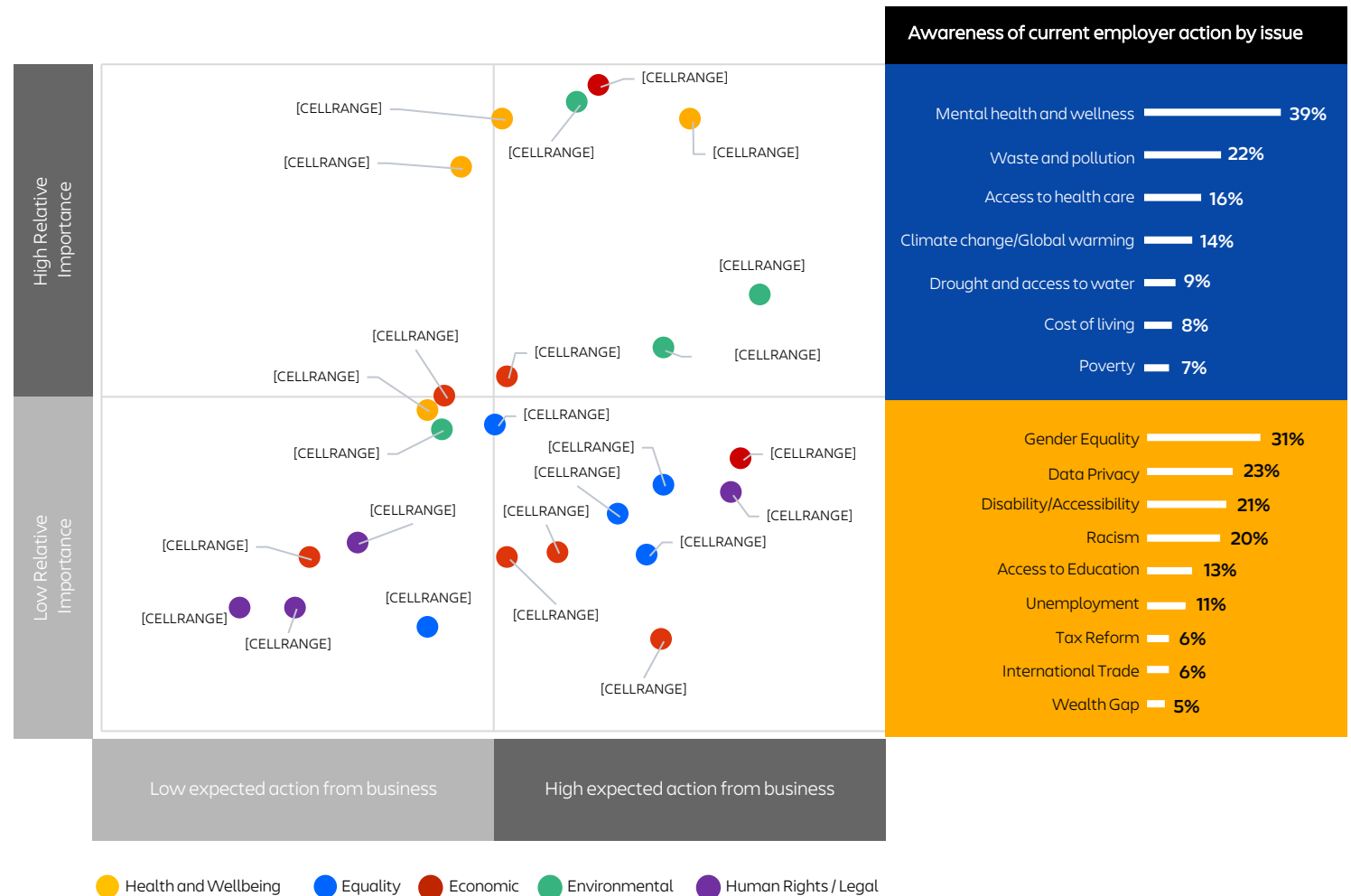
Exhibit 23

Vertical axis: Considering your own personal values, please identify the issue that is most important to you, and the issue that is least important to your personally (relative importance score)

Horizontal axis: Thinking about the specific societal issues. Which of these specific issues do you believe businesses in Australia should use their resources and influence to support and drive change for? (% Yes)

Call out boxes: Thinking about your own employer, which if any, societal issues are you aware of that your company advocates for or takes action to address (% aware)

Personal relative importance scale from 0 to 2.5
Expectations of Business action scale 0% to 100%
Base: Total respondents n=1214

Awareness of current employer action by issue

Issue	%
Mental health and wellness	39%
Waste and pollution	22%
Access to health care	16%
Climate change/Global warming	14%
Drought and access to water	9%
Cost of living	8%
Poverty	7%

Issue	%
Gender Equality	31%
Data Privacy	23%
Disability/Accessibility	21%
Racism	20%
Access to Education	13%
Unemployment	11%
Tax Reform	6%
International Trade	6%
Wealth Gap	5%

High Relative Importance
Low Relative Importance

Low expected action from business   High expected action from business

● Health and Wellbeing   ● Equality   ● Economic   ● Environmental   ● Human Rights / Legal

[CELLRANGE] (multiple scatter plot data labels)

Research methodology

PricewaterhouseCoopers Consulting (Australia) Pty Limited completed the research to support this work. The research aimed to deepen understanding of how societal issues are regarded by the Australian workforce in terms of:

- Relative importance and support

- Expectations of responsibility

- Risks and opportunities for business

This report takes a workforce perspective, exploring how views differ by segments such as demographics, industry and size of business. The aim is to contribute to a more nuanced understanding of how businesses can act to improve outcomes not only for society, but for their employees.

Qualitative Research

The purpose of the qualitative research was to generate initial exploratory insights to inform the direction and specific content of the quantitative survey. More specifically, the qualitative research validated the perceived importance of this topic amongst employees, explored values of a workplace and identified points of tension across societal issue importance, perceptions of institutional responsibility and business behaviours.

Research methodology (continued)

Qualitative Research (continued)

Two x three day online discussion forums were conducted by PricewaterhouseCoopers Consulting (Australia) Pty Limited with participants sourced and managed by a global market research panel provider. The qualitative research commenced in late October 2019 including a total of 69 Australian employees, aged between 21-65 years old, working across a cross section of industries in both metro and regional areas (further details on page 64).

Quantitative Research

In addition to addressing the research objectives (page 61), the quantitative research provided comparative analysis across demographics, regions, employment industries and other profile measures (as identified page 64). This allowed for the identification of:

- Which societal issues matter most, by how much and to whom

- Size of perceptual differences and gaps

The online survey was up to 15 minutes in length and conducted between 9/12/19 - 18/12/19 running simultaneously in both Australia and the US. Noting that this time was also when Australia was experiencing emergency level bushfires across multiple states.

Research methodology (continued)

Quantitative Research (continued)

N=1214 Australian employees participated in the survey, with representation across demographics, region and a cross section of employment industries. 'Employees' were defined as those employed on a permanent, part time or casual basis, who work at least 15 hours per week, have been employed by their current, main workplace for at least 3 months and work within one of 6 designated industries (identified page 64).

The survey analysis included a trade-off task known as Maxdiff or Best/Worst, to determine the relative personal importance of 25 issues identified as key concerns in the qualitative research. The exercise presented respondents with a subset of four (4) specific issues. They were asked, considering their own personal values, from each subset, to identify the issue that is most important to them and the issue that is least important to them personally. This task was repeated, showing each respondents 10 sets of issues, selected randomly.

The data in this report is significance tested to a 95% confidence level with a margin of error of 3% which means statistics are within 3 percentage points of the real population 95% of the time.
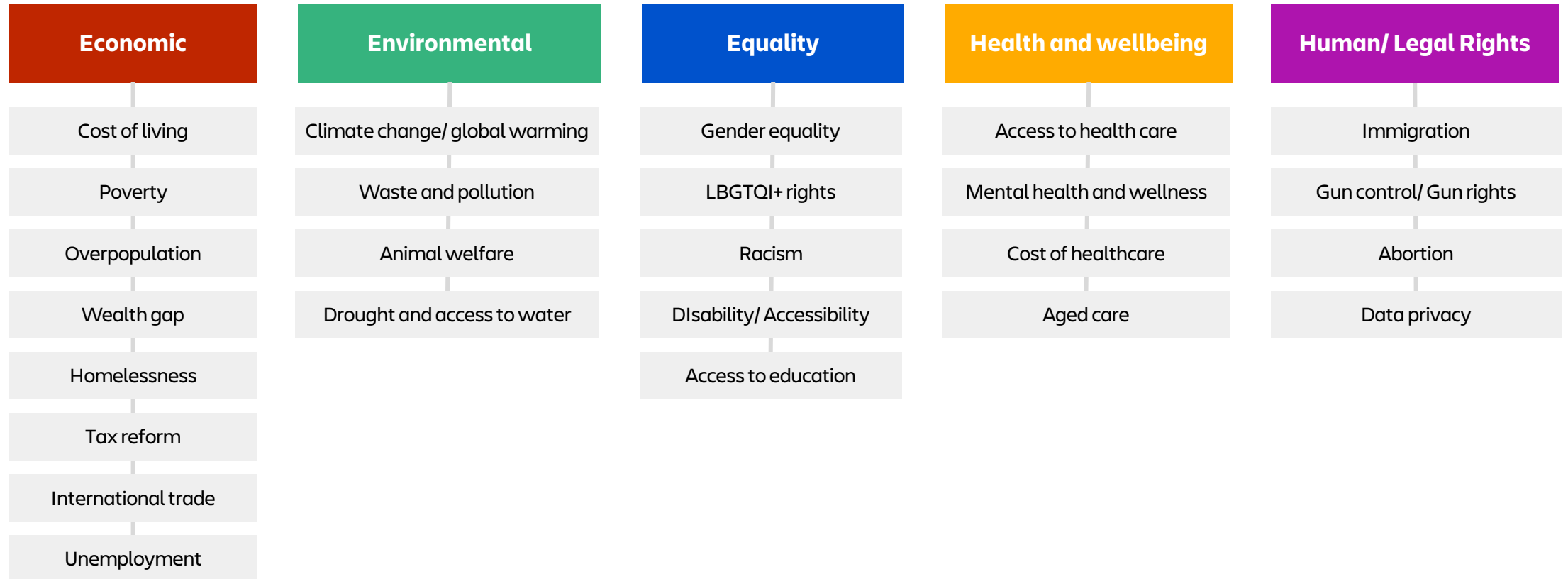
Qualitative and Quantitative Research Sample

Achieved- Australia					
Quantitative AUS (margin of error 3%)			**Qualitative**		
	N=1214	%		N=69	%
Gen Z (21-24)	126	10%	Gen Z (21-24)	3	4%
Gen Y (25-42)	516	43%	Gen Y (25-42)	34	49%
Gen X (43-54)	362	30%	Gen X (43-54)	21	30%
Baby Boomers (55-65)	210	17%	Baby Boomers (55-65)	11	16%
Male*	572	47%	**Male**	25	36%
Female	641	53%	**Female**	44	64%
NSW/ACT	387	32%	Sydney	19	28%
VIC	360	30%	Melbourne	22	32%
QLD	199	16%	Brisbane	7	10%
QA	154	13%	Adelaide	8	12%
SA/TAS/NT	114	9%	Perth	13	19%
Greater capital city areas	999	82%			
Regional areas	215	18%			
Information, Media and Telecommunications	200	16%	Information, Media and Telcommunications	4	6%
Financial and Insurance services	205	17%	Financial and Insurance services	10	14%
Professional, scientific and technical services	203	17%	Professional, scientific and technical services	20	29%
Manufacturing	204	17%	Manufacturing	9	13%
Retail	200	16%	Retail	5	7%
Health	202	17%	Health	21	30%
Employees of small 5-19	244	20%	**20 -199 employees**	28	41%
Employees of med 20-199	379	31%	**200+ employees**	41	59%
Employees of large 200+	591	49%			

*AU n=1 coded other

Twenty five social issues were explored as part of the research

Issues Placemat

Economic	Environmental	Equality	Health and wellbeing	Human/ Legal Rights
Cost of living	Climate change/ global warming	Gender equality	Access to health care	Immigration
Poverty	Waste and pollution	LBGTQI+ rights	Mental health and wellness	Gun control/ Gun rights
Overpopulation	Animal welfare	Racism	Cost of healthcare	Abortion
Wealth gap	Drought and access to water	DIsability/ Accessibility	Aged care	Data privacy
Homelessness		Access to education		
Tax reform				
International trade				
Unemployment				

Thank you

ATLASSIAN