

People protection:

Insights on empowering an agile workforce



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CHAPTER 1

Introduction



Introduction to the Agile Workforce Protection project



Flexible insurance solutions, and associated worker protections...



provided by **multiple stakeholders**...



tailored to individual career trajectories.

The new world of work is one characterized by flexibility and the potential for individual self-advancement. Changing employment relationships and technological advancements from the Fourth Industrial Revolution (4IR) – the advent of disruptive technologies with the potential to automate away many routine manual as well as physical work tasks – have undoubtedly brought positive developments and opportunities, but often come at the expense of individual workers' security. In particular, non-linear and fragmented career paths leave workers more exposed to shortfalls in income. Severing traditional dependent employment ties means that they are not protected against the costs associated with illness, disability, and unemployment. In the long term, retirement security poses an additional challenge.

Against this backdrop, both governments and employers have restricted or curtailed access to benefits, leaving much of the decision-making about insurance, savings, and pension products to the individual worker. Given the complexity of contemporary personal financial planning, this responsibility is too great for individuals to bear alone. Nor is it practical or feasible for a single company to do so on their behalf. Insurers undoubtedly have a part to play here, but historically they have focused on meeting specific contingencies. This fragmentation in product design no longer matches new patterns of work and retirement.

Taken together, these trends point to the need for **agile workforce protection**: flexible insurance and associated worker protection which is provided by multiple stakeholders and tailored to individual career trajectories, addressing various transition points in working lives.

Zurich Insurance Group and the Smith School of Enterprise and the Environment at the University of Oxford are responding to this need. We are examining the potential for lifelong, tailored, contemporary social protection under a three-year research program. This program builds on the success of the Income Protection Gaps project, a three-year research collaboration (2015-2018) focused on shortfalls in earned household income due to disability, illness, or the premature death of the main wage earner. In our current Agile Workforce Protection project, we have built on what we learned in our prior study to commission a second survey. This time, we took a more comprehensive view of workers' resilience in this new world of work and protection, and broadened the geographic scope to 16 countries.

Despite the amount of public discussion of the causes and likely effects of these labor market changes, workers' perceptions on these issues remain understudied. This raises three key questions:

1. Under what circumstances do individuals adapt their career and financial decisions to changing labor markets?
2. What are the main drivers or impediments to the ways in which workers can adapt?
3. What role does insurance play in individuals' long-term planning for an uncertain financial future?

To help find some answers to these questions, we designed a large online survey of the working-age population in 16 countries across Europe, Asia Pacific, North America, and Latin America. From February to March 2019, and again with follow-up fieldwork in July 2019, we gathered responses from nearly 18,000 individuals. Our findings should resonate with both those in need of protection in this new world of work, and those who can provide it to them.



The methodology behind the survey

We designed an online survey that was administered in February and March 2019 in Australia, the UK, Ireland, the U.S., Brazil, Mexico, Spain, Italy, Germany, Switzerland, the UAE, Malaysia, Hong Kong, Romania, and Japan, and then in Finland in July 2019. We gathered responses from approximately 18,000 individuals who are representative by gender and age of workers between the ages of 20 to 70 in each country.¹ Since this includes people at all stages of their careers, from the newest labor market entrants to those on the brink of retirement, we believe we have captured the most representative group of individuals to carry out a study on workers' attitudes to a changing labor market landscape.

In addition to socio-demographic data at the individual and household level, respondents provided us with detailed information about several aspects of their work life and financial circumstances:

- their work situation, and some of the reasons for their specific professional choices (e.g., reasons for entering new forms of self-employment);
- their perceptions of the disruptive power of technology and its consequences on their work situation;
- their perceptions of job security, and related willingness to acquire new skills, change career path, or move abroad for work;
- the reasons for their decisions about whether or not to purchase insurance protection products;
- their ability to process numerical information, along with perceptions of and attitudes toward time and risk;
- their preferences for income redistribution.

Our survey provides in-depth insights about how people understand the changing world of work and how they might respond to those challenges in the short term and the long term. We are in the position to give expression to individuals' employment and income expectations according to their age, gender, contract type, broad occupational skills, and earned incomes. We also examine their concerns about the future, whether about the impact of technology on their job security or their immediate and longer-term financial welfare.

Our preliminary results were published in June 2019 in the report [Perceptions on Protection: Surveying Workers to Build New Agile Solutions](#). These findings are echoed and elaborated upon here. In addition, we have dug deeper with our analysis, unearthing further novel findings in a number of areas.

¹ A quota system based on nationally representative demographic variables such as age, gender, region, and income level was used in sample selection phase to ensure the survey was a fair reflection of the populations of these countries.

What we found

In our previous reports,² we have consistently shown that people's country of residence is a key factor in explaining their attitudes and behaviors towards labor market change and financial decision-making. This means that country-specific patterns are apparent even after accounting for respondents' demographic and economic characteristics. These reflect national differences in labor market policies, systems of training and skill enhancement, and social protection.

While we have made space to discuss country difference here, ultimately we recognize that one key strength of our research equally lies in its international reach. We therefore contextualize standout country differences within the global significance of our findings – the highlights of which are below.

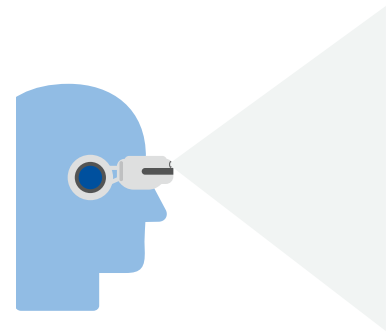
...people's country of residence is a key factor in explaining their attitudes and behaviors towards labor market change and financial decision-making.

Self-employment and freelancing

- Workers who become self-employed overwhelmingly tend to do so for reasons of flexibility, autonomy, and opportunity, rather than because they are forced to or due to economic necessity. Freelancing appears on balance to be a positive, active choice.
- Almost a fifth of respondents said they have plans to leave their job and become freelancers within the next 12 months. This is a strikingly high proportion: although this path certainly has its attractions, it also entails risks.
- Certain groups who tend to be more risk-averse, notably men, are more likely to plan to become freelancers. On the other hand, there is no consistent pattern across age groups when looking at the country level.

Losing and changing jobs

- Fear of involuntary job loss is widespread. A fifth of respondents were concerned about losing their job within 12 months, and 30% worried about losing their job to automation within five years. These are substantial proportions and, while they may not accurately reflect the real risks to these workers, they do suggest high levels of anxiety about job security.
- The experience of changing jobs in the past is a way of imparting confidence in the labor market. Those who had held a higher number of jobs over the course of their careers were more likely to have plans to leave their current job. They were also more willing to move abroad to pursue work opportunities.



Perceptions of technological change

- Workers whose jobs are at greater risk of elimination due to technological change tend to be less worried about job loss. Those whose tasks mainly consist of routine and especially manual-routine work express lower levels of concern. The same is true of older workers, whose skills tend not to keep pace with technological change at the same rate as those of their younger colleagues' do.
- Workers who were concerned about losing their jobs to automation within five years were more likely to have plans to leave their job voluntarily or become freelancers within 12 months. **However, their concerns about technological unemployment had no effect on their willingness to undertake skills training.**

² Zurich Insurance Group & University of Oxford (2016), Understanding Income Protection Gaps : Awareness, Behavior, Choices



Skills training

- When it comes to willingness to undertake voluntary skills training, those whose jobs are more vulnerable to structural change seem less willing to be flexible or proactive in their careers – a consistent theme in this report. Notably, older workers are much less likely to want to undertake training, while workers in knowledge-based creative jobs are more willing to retrain than those in manual and routine jobs.
- Respondents who felt they had a significant degree of control over how their daily work was organized were 25% more likely to express willingness to undertake skills training during their leisure time. This suggests that, contrary to what conventional wisdom might suggest, when people are given more freedom to develop their careers, they will take advantage of it.
- Concern that technology will replace one's job within five years increases people's willingness to be flexible by moving abroad for a job by 30%. And echoing a point above, workers who had changed jobs more than once over the course of their careers were also more willing to migrate across borders for work.

Financial (retirement) worries

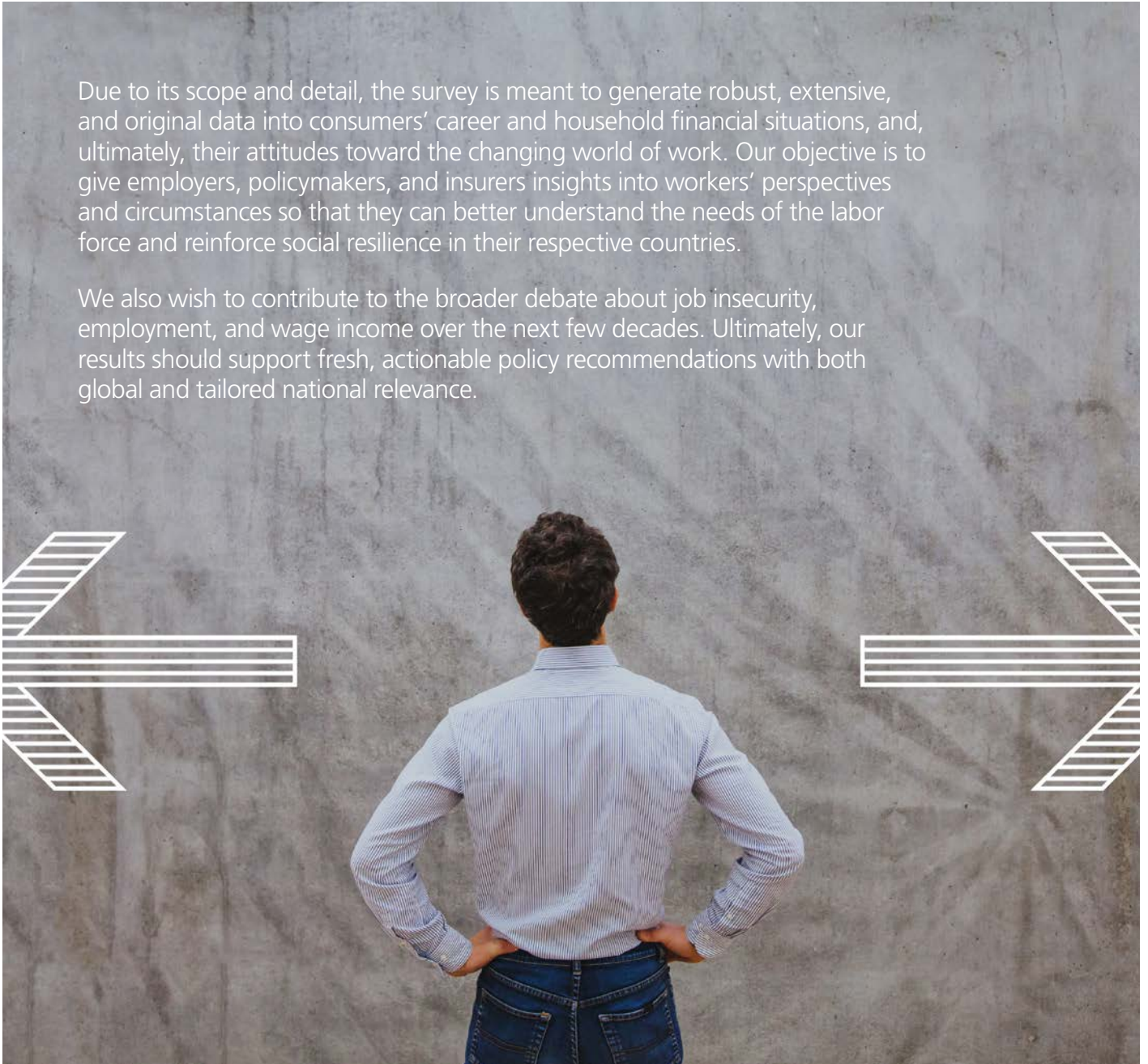
- The greatest financial worry for workers is retirement, and by a wide margin: 44% of respondents globally said it was their greatest concern, with paying monthly bills a distant second at 27%. This strongly indicates that although people are secure enough to look beyond making ends meet on a short-term basis – a difference from a decade ago – they still face significant and potentially complex long-term financial challenges.
- Even though concern for retirement rises across age groups, in absolute terms, younger people still report retirement security as their top financial concern in surprisingly high proportions.
- **Against expectations**, having experienced a significant health problem in the past makes people less concerned about retirement security. Such experiences may have enabled respondents to better understand the nature and scope of their income-related entitlements. They may also have been prompted to take self-protective measures in response to their experience with ill health prior to participating in the survey.
- Although the overall result that retirement security is people's top financial concern was strong across most countries, **there was still some national difference**. Notably, respondents in Brazil and Romania identified paying monthly bills as their greatest worry, with retirement coming second in both cases.

Demand for insurance

- We measured uptake of three protection products that are just about universally available in all 16 of the countries in our survey (term life insurance, personal pension products, and income protection insurance), as well as several more specialized products that are only available in some jurisdictions. **36% of the sample did not hold any type of insurance**. 54% of both Australian and Brazilian respondents had no insurance of any kind. The least uninsured jurisdiction was Hong Kong, followed by Malaysia.
- **More vulnerable workers are often in need of greater protection**. This is true of those with lower incomes and less ability to save money, those in atypical work, those with jobs that entail more routine work, women, and older people, all of whom are less likely to hold insurance.
- Having good knowledge of insurance products increases the likelihood of having income protection insurance across all 16 countries. This squares with the findings of our [Income Protection Gaps study](#), and as we noted there, a high level of knowledge is more likely a result of owning the products, rather than being a reason or precondition for buying them.
- More agile workers tend to have more personal insurance coverage. Moreover, workers who self-reported good to excellent knowledge of income protection and term life insurance, as well as personal pension products, were more flexible by measures of both intentions to freelance and willingness to move abroad.
- More risk-tolerant workers are also more likely to have more personal insurance coverage. This was true across all 16 countries and in nearly all cases for the three main products mentioned above (income protection, term life insurance, and personal pensions).

Due to its scope and detail, the survey is meant to generate robust, extensive, and original data into consumers' career and household financial situations, and, ultimately, their attitudes toward the changing world of work. Our objective is to give employers, policymakers, and insurers insights into workers' perspectives and circumstances so that they can better understand the needs of the labor force and reinforce social resilience in their respective countries.

We also wish to contribute to the broader debate about job insecurity, employment, and wage income over the next few decades. Ultimately, our results should support fresh, actionable policy recommendations with both global and tailored national relevance.



CHAPTER 2

Flexibility and empowerment: views on agile work



While the pace and scope of change in the labor market may **provoke anxiety** in many workers, **others are embracing change** and look to the future with optimism. People increasingly **want to be empowered to develop their own careers** – a desire that can take precedence over job security.

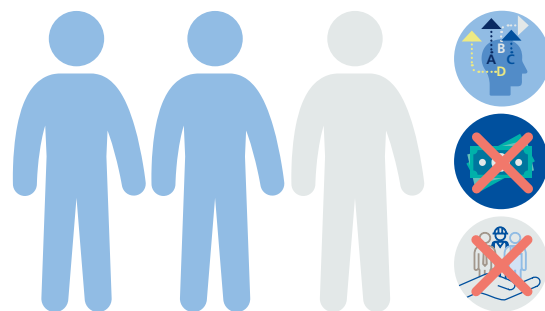
Whether it is changing jobs more often, making a career shift, or becoming self-employed, there is no doubt that an agile world of work requires people to be flexible. Yet not all workers are proving adaptable in the new world of work. Lack of awareness or resources can be real obstacles for many.

In this chapter we look at which workers are embracing change and taking action to shape their career trajectories. We take up this part of the story by looking at some of the main ways our survey respondents are willing to be flexible in the face of labor market change. They may value the autonomy and opportunities afforded by freelancing. Others are willing to develop their skills continuously by taking advantage of adult education and other training programs. Still others may be geographically mobile, willing to move abroad to further their careers.

Self-employment

For reasons laid out in our first report on [agile workforce protection](#), changing work patterns are not wholly detrimental for workers. In particular, self-employment can be a positive, active choice in a world where pre-defined, lifelong career paths are eroding. Across all OECD countries, 16% of workers are self-employed,³ compared with 12% across our survey sample.⁴ In both cases, 'self-employment' covers multiple different situations, ranging from the owner/director of a small business or professional independent to those working freelance or on demand.

Our survey shows that the main reasons for preferring self-employment do indeed largely stem from a desire for well-documented preferences for autonomy over working life.⁵ Specifically, the top four reasons for respondents' decision to become a freelancer⁶ were to have a flexible schedule (20%), independence from their employer (18%), control over their work schedule (13%), and control over their workload (10%). Together with a preference for variety (6%), this means that two-thirds of the freelancers in our survey chose this route for reasons of autonomy rather than finances or job security.



...two-thirds of the freelancers in our survey chose self-employment for reasons of autonomy rather than finances or job security.

³ OECD (2018) The Future of Social Protection: What Works for Non-standard Workers?, <https://doi.org/10.1787/9789264306943-en>

⁴ Although the sharing economy has attracted extensive attention from politicians, the media, and academics alike, we did not specifically ask respondents in our survey whether they participate in it: instead, we asked more broadly whether they work 'on demand', be it via an online platform or otherwise. We suspect that even if we had asked for this distinction, we would not have had a meaningful representative respondent base to report on, as the numbers would be far too small. Although statistics are difficult to come by, reliable estimates put current employment in the sector at 0.4% of the workforce in the USA in 2016 and 3% in the UK (ILO 2017). See ILO (2017) Strengthening social protection for the future of work, pp.13-14.

⁵ Eurofound (2017), Aspects of non-standard employment in Europe, Publications Office of the European Union, Luxembourg.

⁶ Recall from our previous report that the specific wording of this and related questions in the survey referred to 'working on demand'. This was intended to cover a wide spectrum of situations including what is conventionally thought of as freelancing, as well as agency work and participation in the sharing economy, but has in common that workers complete tasks or projects for at least one client and are not in a dependent employment relationship. It is distinct from what we called 'traditional self-employment', meaning a small business owner.

Given that current freelancers tend to cite numerous advantages to their working arrangements, a natural assumption would be that others might be thinking of taking this route. We therefore asked our respondents who were not already self-employed whether they had plans to leave their current job and become a freelancer within the next 12 months. Across our entire sample, 18% expressed this intention. This is a striking result in itself. There was a great deal of country-level variation (see figure 2 below) in that countries with least social protection attached to traditional employment contracts are most likely to express an intention to take on freelance status.

Notice that we have not asked a very general question without a time horizon – for example, “Would you be interested in leaving your job to become a freelancer at some point in your career?” Rather, we deliberately included a time frame which is short enough for most people to visualize but also long enough to potentially capture meaningful change in a person’s life. This is one way to narrow the gap between “stated” and “revealed” behaviors – the difference between what people say they do (or want to do) and what they actually do.

Of course, while becoming a freelancer is a form of career flexibility, it also entails risks. One factor that might encourage people to take such a risk is the experience of changing jobs in the past. [Our previous study on Income Protection Gaps](#) demonstrated the value of experience in informing people’s financial decisions.⁷ If people have already had to leave one job and search for another, with all of the uncertainty and risk that process entails, it can give them confidence that they will be able to do so again without negative repercussions for their finances and well-being.⁸ And indeed, we found here that in several of the countries in our survey – namely Germany, Ireland, Malaysia, Australia, Switzerland, Romania, and the USA – people who declared that they were very likely to become freelancers within the next 12 months had on average held a higher number of jobs through their careers.

Figure 1 – Main reason for working on demand

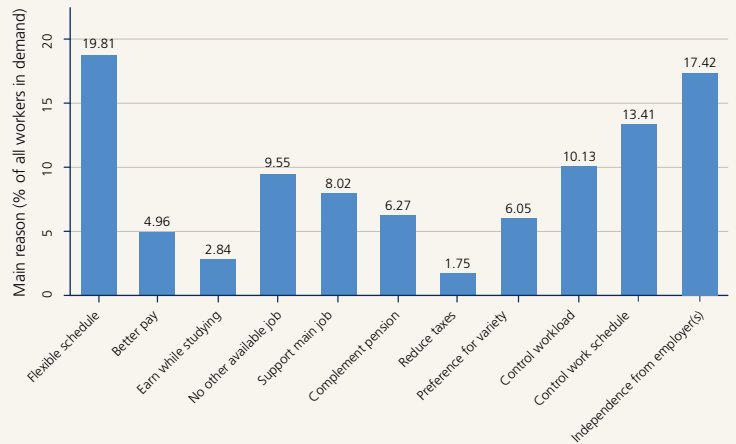
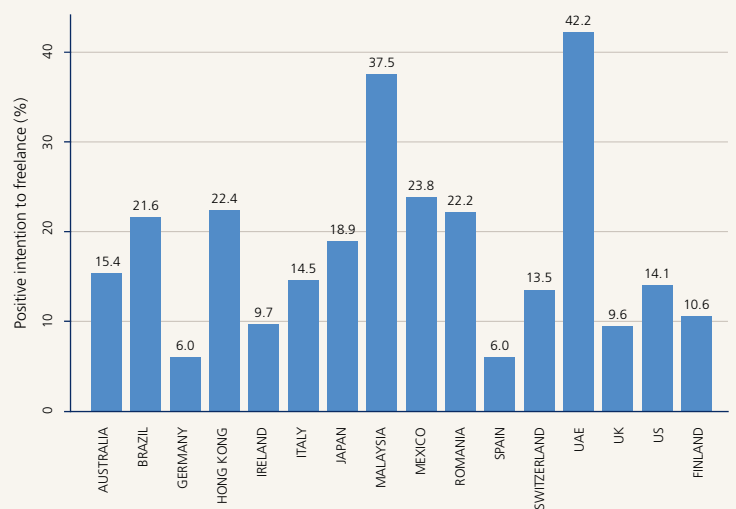
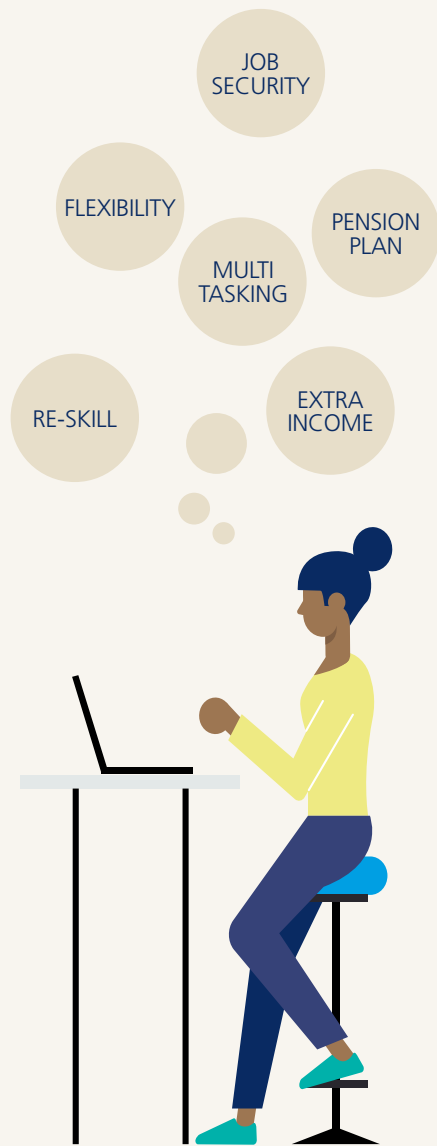
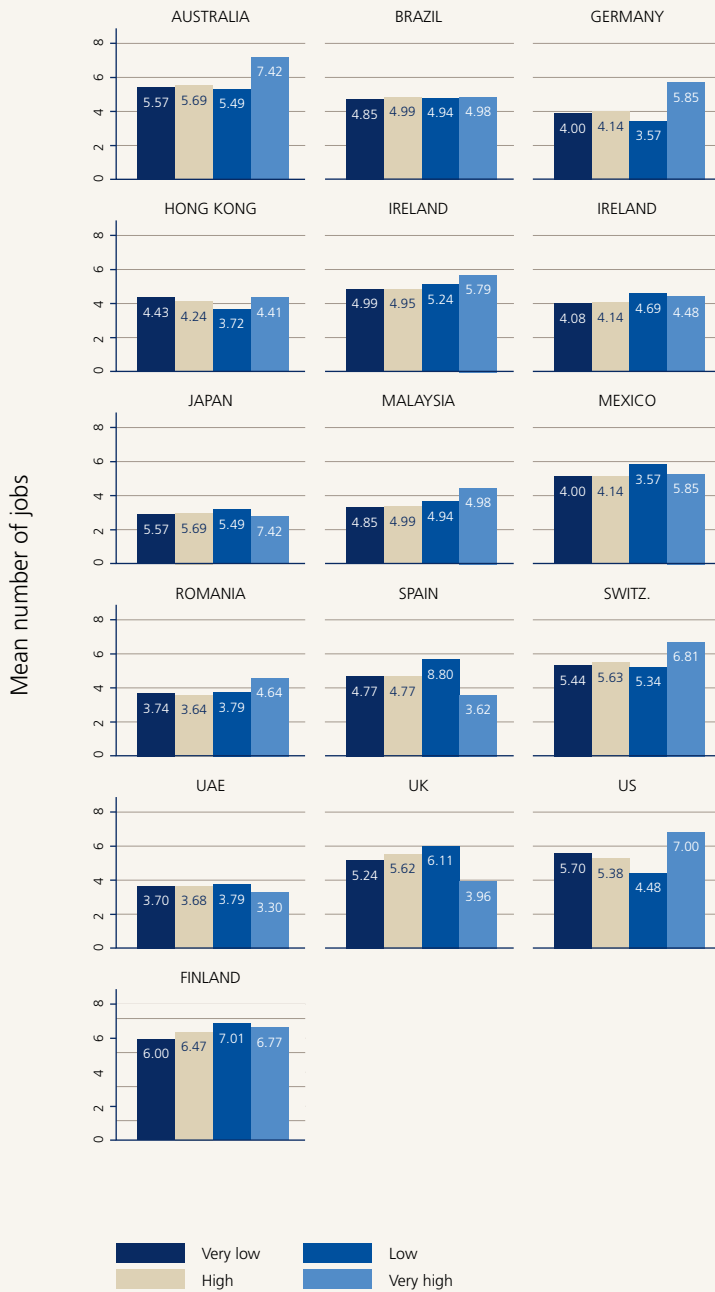


Figure 2 – Intention to go freelance by country



We therefore asked our respondents who were not already self-employed whether they had plans to leave their current job and become a freelancer within the next 12 months. Across our entire sample, 18% expressed this intention. This is a striking result in itself.

Figure 3 – Average number of past jobs by willingness to become freelance



⁷Zurich Insurance Group & University of Oxford 2016.

⁸Of course, this can cut both ways. Having held multiple jobs previously may entail endemic job insecurity and thus an expectation that managing insecurity personally (or for tax reasons, e.g. in Australia and Ireland) might be preferable to sustaining a quasi-casual status.

Retraining

There is widespread consensus that one of the most effective ways of making the global workforce agile is through training and further education. This is not only a priority in order to help people 'future-proof' their careers. Even the current skills deficiencies in the workforce can be stark. For instance, 6 out of 10 adults in developed countries lack basic ICT skills or have no computer experience.⁹

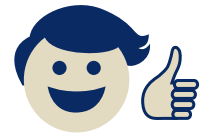
A key question in our survey asked respondents whether they would be willing to give up one evening of their leisure time per week for six months in order to undertake skills training. The question deliberately left the type of training unspecified, emphasizing instead that respondents would need to undertake training voluntarily, and outside of work hours. This means that any skills or qualifications they

might gain would not necessarily be directly tied to a reward (a promotion, salary increase, bonus, or otherwise) in their current job. Rather, it would require personal initiative and a sacrifice of resources for a future payoff which might be uncertain or hard to measure. This shifts the focus onto behavior and personality traits like self-motivation, rather than extrinsic factors like selection by an employee's line manager.

Perhaps the strongest determinant of openness to undertake training, not surprisingly, is age. Older workers are substantially less likely and less willing to undertake skills training than those in their 20s and 30s. Even those who are willing in principle tend to cite obstacles to doing so, notably constraints on their time.¹⁰



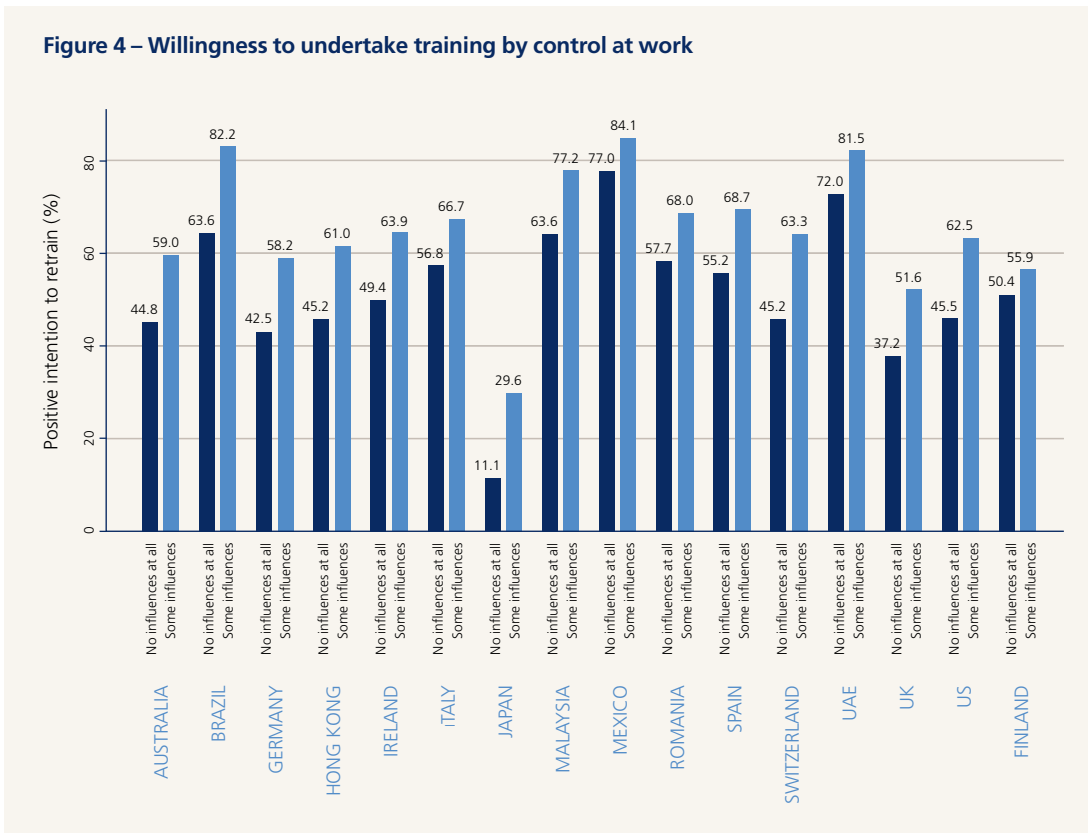
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⁹ OECD (2019) OECD Employment Outlook 2019: The Future of Work.

¹⁰ OECD 2019.

Figure 4 – Willingness to undertake training by control at work



Echoing a theme that is apparent through many of our results – **that those whose jobs are more vulnerable to structural change are less likely to take steps to protect their careers** – respondents in knowledge-based creative jobs are more willing to retrain than those in manual and routine jobs. Otherwise, workers’ occupations have less to do with their willingness to undertake training than one might assume. For example, their contract type as well as the size of their organization made no difference.



Those whose jobs are more vulnerable to structural change are less likely to take steps to protect their careers.

However, one other aspect of a job does seem to exert a notable effect on people’s willingness to upskill: the degree to which they already feel empowered at work. The greater the degree to which respondents felt they had control over how their daily work was organized, the more likely they were to express willingness to undertake skills training during their leisure time. In fact, those who said they had independence in their daily activities were 25% more likely to say they would do so.

This is a novel finding. In contrast to what other research – and intuition – suggests,¹¹ people are not necessarily motivated to upskill by a desire to escape a constraining job via a promotion or leaving their organization. Instead, **when people are given more freedom to develop, they will take advantage of it.** There is undoubtedly an element of self-selection here, in that those with independence in their jobs may have been granted it because they have shown initiative in the first place. On the whole, though, **we suspect that worker independence is a virtuous cycle: if employees are empowered to be flexible in their jobs now, they tend to become more flexible throughout their careers.**



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¹¹ OECD (2019b) Getting Skills Right: Future-Ready Adult Learning Systems, <https://doi.org/10.1787/9789264311756-en>

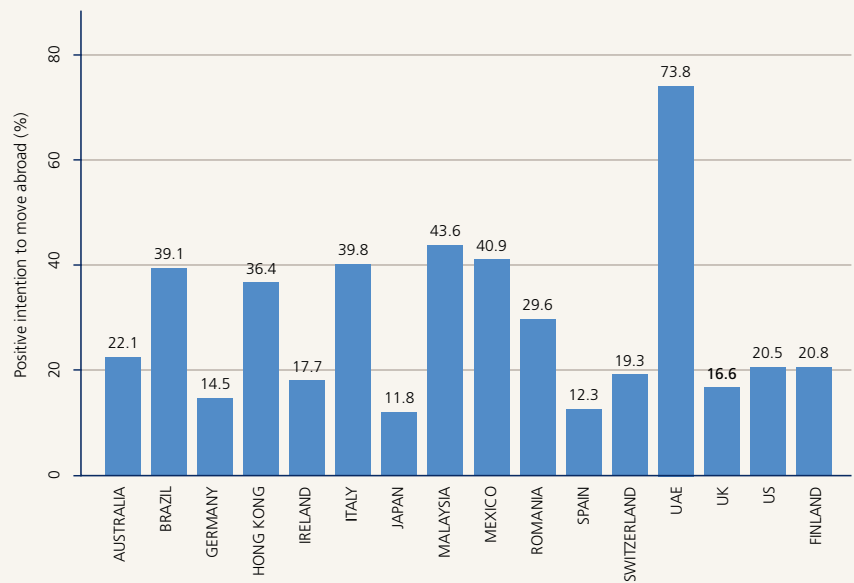
Migration

In some ways, the greatest form of labor market flexibility is a willingness to cross borders for work. This (geographical and career) move can be risky and disruptive, so it is notable that 29% of our respondents said they would be likely to move abroad for a job. Those with families were as likely as those without children to say so, and willingness to move was also consistent regardless of educational attainment. Unsurprisingly, those with plans to leave their job voluntarily within a year also tended to be more flexible in this respect. On the other hand, and in line with what is generally found in research on these issues, women and older workers were more risk averse, being more likely to remain in their country of residence.



In keeping with a key theme apparent in our results, concerns that technology would replace one's job within five years significantly increased people's willingness to be flexible by moving abroad.

Figure 5 – Willingness to move abroad by country



In keeping with a key theme apparent in our results, concerns that technology would replace one's job within five years significantly increased people's willingness to be flexible by moving abroad. Once again, this concern was a powerful motivator: a respondent who was somewhat or very worried about automation was 30% more likely to express an intention to migrate than someone who did not fear the advent of automation. Likewise, those who were more generally worried about short-term job loss were more likely to be willing to move abroad. This effect was particularly strong in the UAE, where one might assume the bulk of respondents were migrant workers on short-term contracts, i.e. working for multi-national companies in the Emirates.

This effect was not consistent across countries, however. We might expect residents of EU/EEA countries to be more willing to move across borders given that they have greater freedom of movement. This was indeed the case in most of the relevant countries in our survey: namely Germany, Ireland, Italy,

Switzerland, and the UK. However, it was not true of Finland or Spain. This is particularly surprising given Spain's economic performance over the past decade or so. In many ways, however, Spain operates in a world of other Spanish-speaking countries and a move to Latin America would be a significant undertaking. For its part, Finland has a (conventional) policy of job preference for Finnish citizens. Otherwise, workers in (at least partly English-speaking) Australia, Hong Kong, and the USA, along with the UAE, are more likely than average to be geographically mobile.

As noted above, the experience of changing jobs in the past is a way of imparting confidence when making career moves that are potentially risky but also have a potentially high future payoff. Accordingly, the greater number of jobs a respondent had held in the past, the more likely they were to be willing to move abroad for a new job. This is an encouraging sign: **in a labor shortage economy**, which many of the countries we surveyed have been experiencing of late, **confidence in the face of (calculated) risks gives workers an edge.**



CHAPTER 3

The Fourth Industrial Revolution: anxieties and responses



Many discussions about the changing world of work tend to be motivated by fears of ‘technological unemployment’ – the idea that technological change, and particularly automation, will eliminate jobs or even entire professions across industries.

Where once these concerns were largely confined to manufacturing jobs, they now extend to professional occupations as well. Even if there is no definitive evidence that the Fourth Industrial Revolution (4IR) has affected aggregate job destruction, much of the public certainly believes that it does..

With so much of the global labor market affected, finding out whether people see career obstacles or opportunities in technological change was a key goal of our survey. This is especially important given the tenor of public discussions about these issues, which can be alarmist and misleading.

In this chapter, we explore the nature and scope of workers’ concerns about their risk of losing their job to automation in the medium term. Gauging whether, and in what ways, our respondents are optimistic or pessimistic about these issues will be essential to understanding their appetite for ‘future-proofing’ their careers. Accordingly, and following on from many of the themes explored in Chapter 2, we also look at some of the ways in which concerns about automation motivate workers to become more flexible in the labor market.

Fears of technological unemployment vary by country

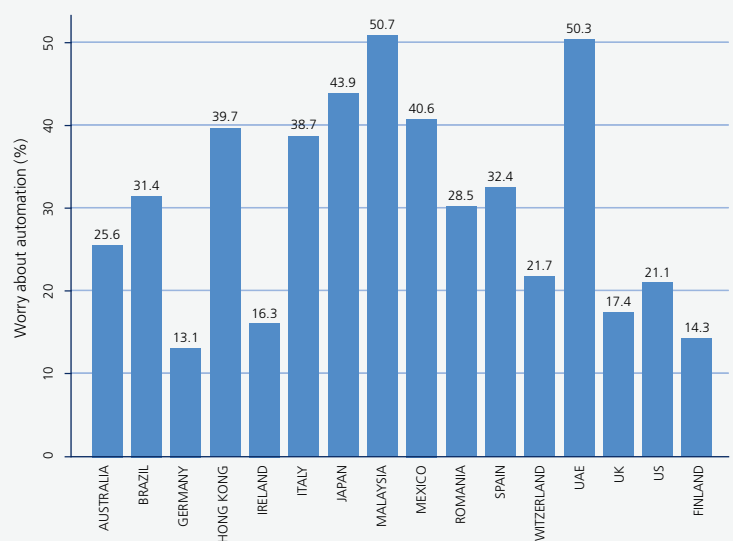
A highly publicized recent piece of research¹² estimated that 47% of jobs in the USA are at high risk of automation in the relatively near future. When it was first published about five years ago, the headline finding of the study went viral. In many ways it has set the tone for discussions about the 4IR and the future of work in the media as well as in academia and policymaking circles – and continues to do so, despite efforts to clarify or refine its findings.

For example, more recent estimates put the ‘at high risk’ figure at 14%, with a further 32% likely to ‘radically transformed’¹³ – still a sizable chunk of the workforce, but clearly lower. In either case, we must account for a critical caveat here: none of the aforementioned studies specify a timeframe over which the risk of job automation is present. Instead, they loosely suggest that any risk to these jobs *might* come within the next decade or two.

Unfortunately, however, it is the 47% figure that has stuck in the public imagination and even been turned into something of a rallying cry. As the authors and many others have been at pains to explain, this figure has been taken out of context and distorted. Yet even if we view this as a form of doomsaying, we cannot ignore public perception. How pessimistic were our respondents about the medium-term effects of the 4IR on their job security?

In total, 30% were at least to some extent concerned about losing their job due to automation within the next five years. Of these, 8% said they were ‘very worried’ about job loss, compared with 22% who were ‘relatively worried’. This perception is much more in line with the more conservative available estimates of the objective risks of technological unemployment across the workforce.

Figure 6 – Fear of losing job due to automation in the next 5 years



¹² Frey, C.B. and Osborne, M.A. (2017) The Future of Employment: How Susceptible Are Jobs to Computerization? Technological Forecasting and Social Change, 114, pp.254-280.

¹³ OECD (2019).

In some countries, overall levels of concern were considerably higher. In Japan, for instance, 44% of workers are at least somewhat worried about automation, which perhaps reflects the insecurity of those without lifetime employment in a ‘two-speed’ labor market (i.e. a labor market that is bifurcated between permanent and insecure employment), combined with high awareness of the role technology already plays in offsetting the shrinking of the workforce.

Meanwhile, Mexico and the UAE have the highest proportion (15%) of respondents who say they are very worried about automation, followed by Brazil and Malaysia (13%). In all

cases, this is likely at least partly a reflection of the fact that these economies have greater scope for technological adoption than do developed countries. Conversely, the UK, Ireland, Germany, Switzerland, and the USA have lower overall levels of concern, with very few people (2-4%) reporting that they are very worried about automation. All of these countries have experienced relatively strong growth rates of late, and the outlook for labor demand remains robust, so it stands to reason that their workers tend to be more optimistic in this regard.

... the UK, Ireland, Germany, Switzerland, and the USA have lower overall levels of concern (of losing their jobs to automation).



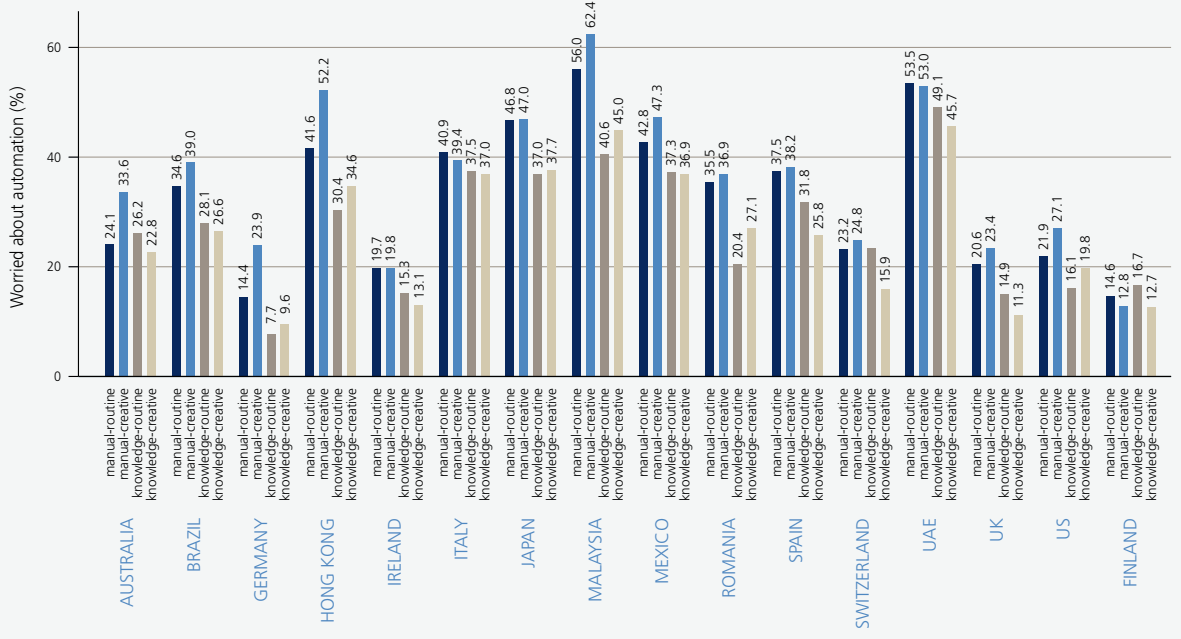
Concerns about technological unemployment don't always reflect the real risks

One useful way to explore this issue in more depth is to look at the broad task composition of our respondents' jobs. As noted in [our previous report on these survey results](#), we wanted an updated and more nuanced way of categorizing the work people do than simply sorting them into ‘blue collar’ and ‘white collar’ groups. Instead, we use four worker categories based on whether respondents said the tasks they typically performed at work mainly entailed manual or knowledge-based skills, and whether these tasks were routine or creative.¹⁴

If people had accurate perceptions of risk, those whose jobs mainly consisted of routine (rather than creative) work might be expected to worry about technological unemployment. 38% of manual-creative workers in our survey are at least somewhat worried about imminent job loss, compared to 27% of workers with knowledge-creative jobs at the low end (and 32% of manual-routine workers).¹⁵ What is striking here is that in most countries, this concern most affects those who are objectively at least risk of losing their jobs to automation.

This does not seem to be a matter of education. One possibility is that advances in artificial intelligence are happening at a faster pace, and spreading to more applications, than many observers had anticipated just a few years ago. In that case, while they may be broadly informed about the ways the 4IR is affecting labor markets, knowledge-based workers may simply not think that automation will affect them personally in the foreseeable future.

Figure 7 – Fear of losing job due to automation in the next 5 years by task type



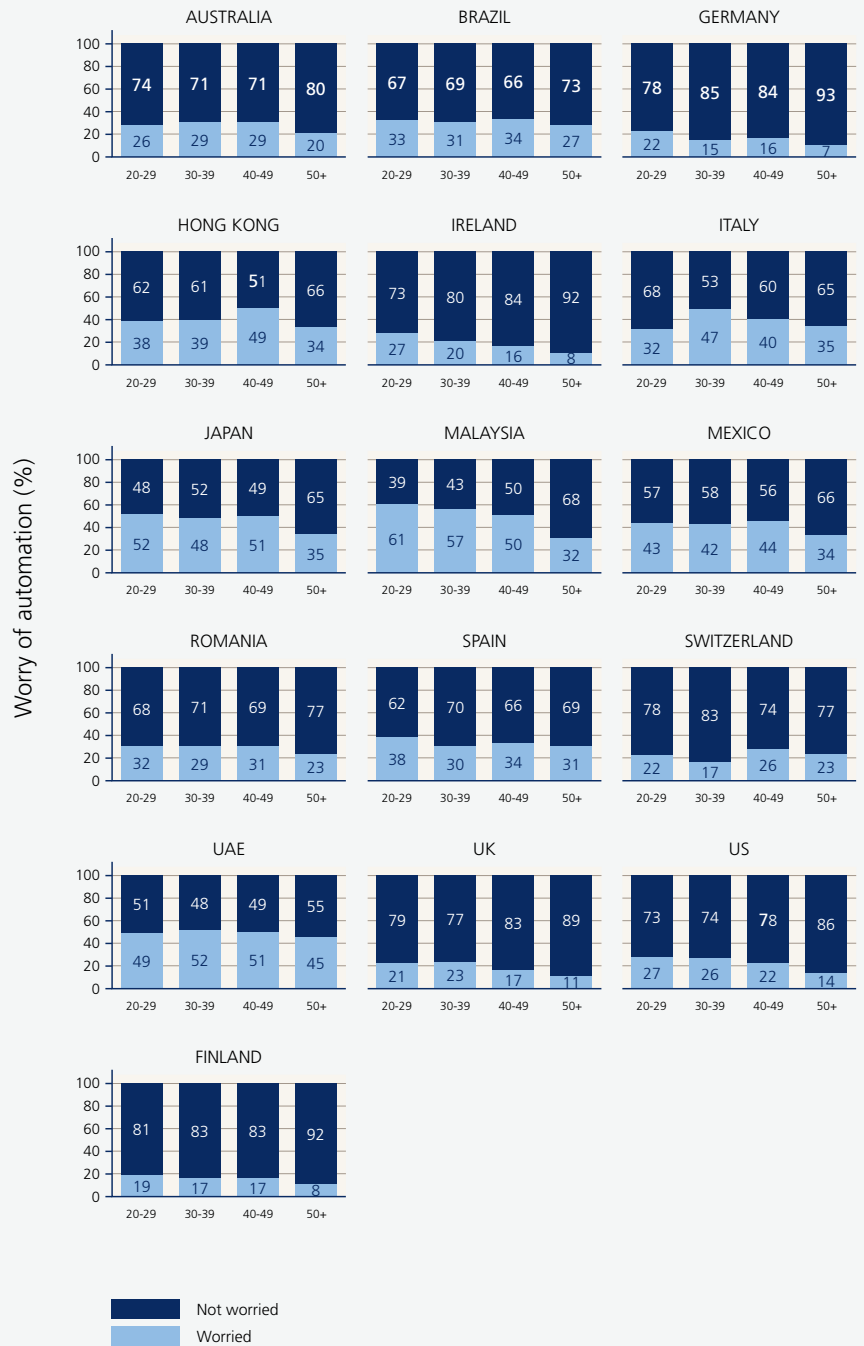
¹⁴ This classification comes from Acemoglu, D. and Autor, D. (2011) ‘Skills, Tasks and Technologies: Beyond the Canonical Model’, in Ashenfelter, A. and Card, D. (eds.), Handbook of Labor Economics, vol. 4b, Amsterdam: North Holland.

¹⁵ Elsewhere, we found that in most countries, it is workers with jobs that consist mainly of creative and manual (rather than knowledge-based) work who are most concerned. At the global level the differences are not dramatic: 24% of manual-creative workers are at least somewhat worried about imminent job loss, compared to 18% of knowledge-routine (and 21% of manual-routine) workers.

Another result that suggests people don't always have an accurate perception of risk concerns age. It is generally known that older people jobs tend to face a greater threat of technological unemployment due to skills obsolescence. Yet across all the countries in our survey, fear of automation is most pronounced amongst the middle age brackets, with a peak around the mid-30s to mid 40s. This may be because family formation occurs at this stage of life, so job instability is least welcome. At the same time, older people may be less concerned in the knowledge that they can rely on more generous redundancy pay, or they may simply be less aware of 4IR-related trends.



Figure 8 – Fear of losing job due to automation in the next 5 years by age (by country)

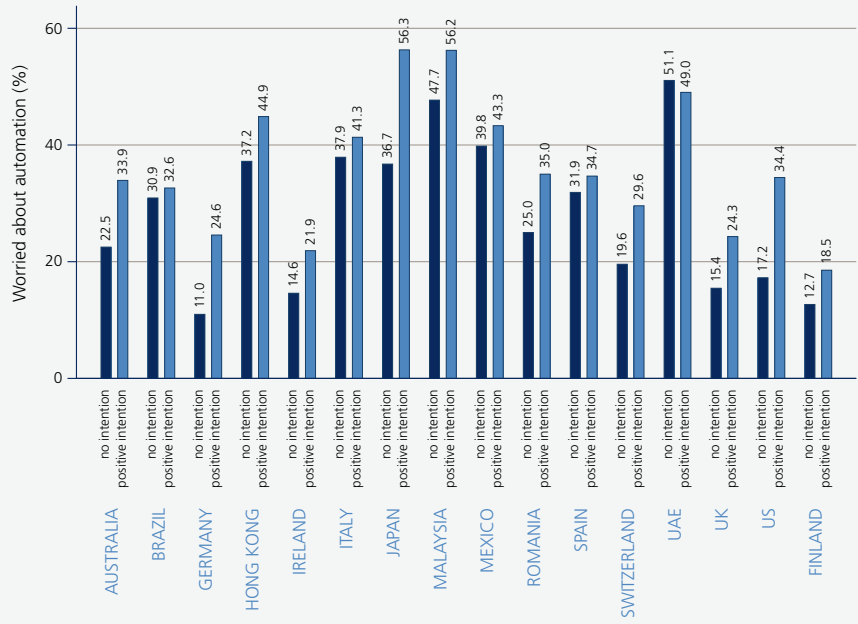


How perceptions of automation influence career flexibility

As suggested in the previous chapter, workers can adopt a number of strategies to increase their flexibility in the labor market. Looking more closely at the one-third of workers who said they are 'somewhat' or 'very' worried about losing their jobs to automation in the next five years reveals whether, and in what ways, this type of concern encourages people to become more adaptable.

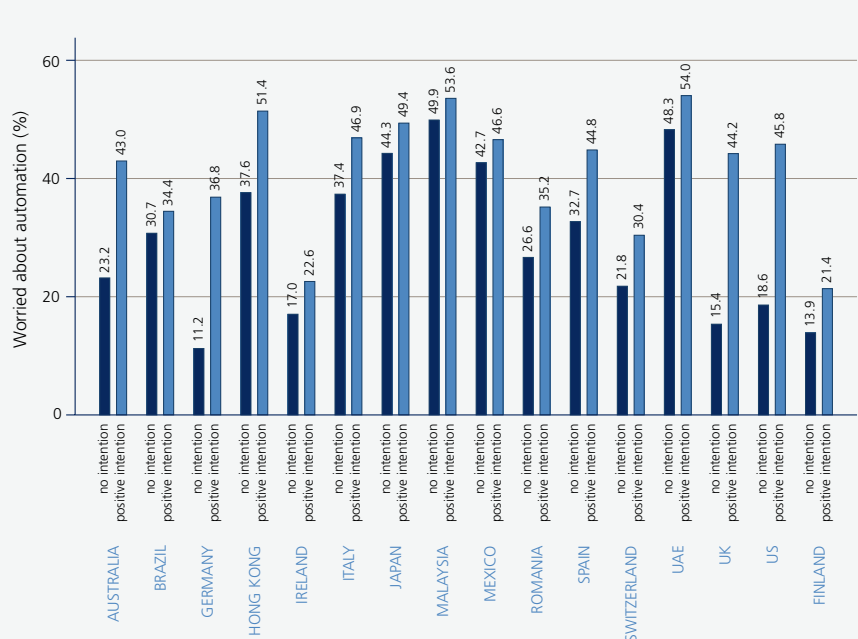
One key question is whether those worried about losing their jobs to automation were more likely to have plans to leave their job voluntarily within the next year. This is certainly true in the majority of the countries in the survey (see figure 9). Concerns about automation seemed to be an especially strong motivator in Australia, Germany, Japan, and the USA.

Figure 9 – Concerns about losing job to automation by plans to leave job voluntarily



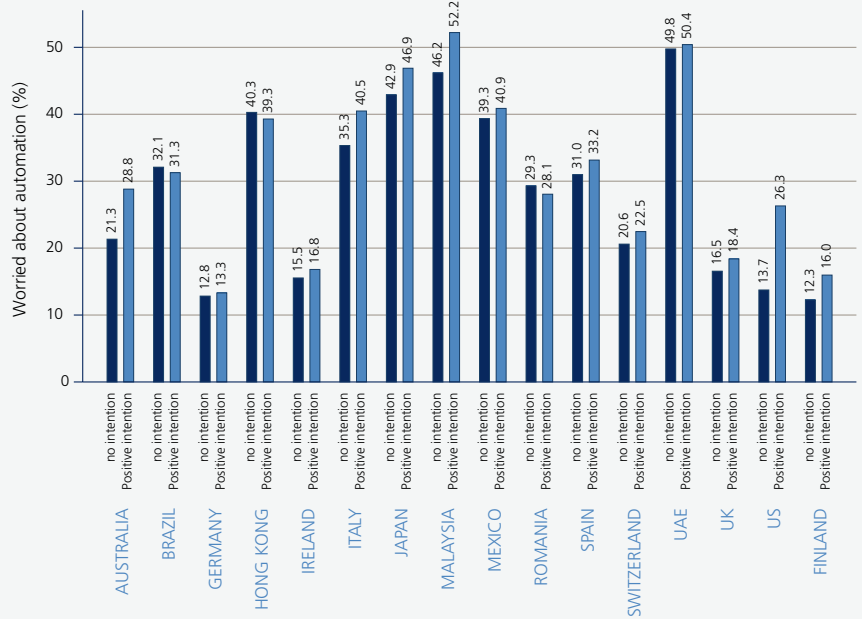
Furthermore, looking specifically at respondents who were both concerned about the effects of automation on their job security and had plans to become freelancers within a year revealed a similar pattern. Concerns about automation were again a strong influence in Australia, Germany, and the USA, as well as Hong Kong, Spain, and the UK.

Figure 10 – Concerns about losing job to automation by plans to go freelance

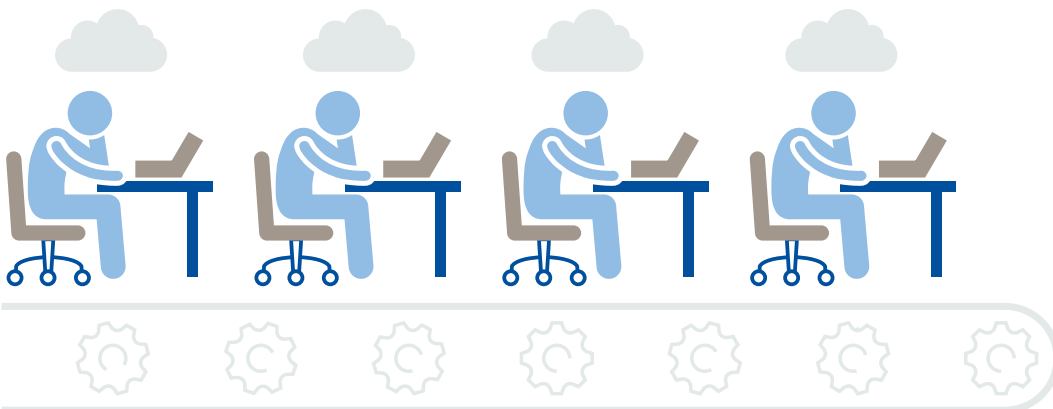


While fear of automation seems to motivate people to change jobs or even careers in the short term, it has no significant impact on their willingness to undertake skills training. This is true in all countries except the USA and, to a lesser extent, Australia. This is surprising, both in itself and in light of the results on changing jobs. Although it very broadly fits a pattern already seen earlier – that manual-routine workers whose jobs appear to be most threatened by automation are least flexible overall¹⁶ – the difference here is that people expressly perceive the risks of technological unemployment. Furthermore, while many of them are willing to undertake a significant life change by switching jobs or going freelance, very few would take measures that are arguably less disruptive in the short term but more effective for future-proofing their careers in the longer term.

Figure 11 – Concerns about losing job to automation by willingness to undertake training



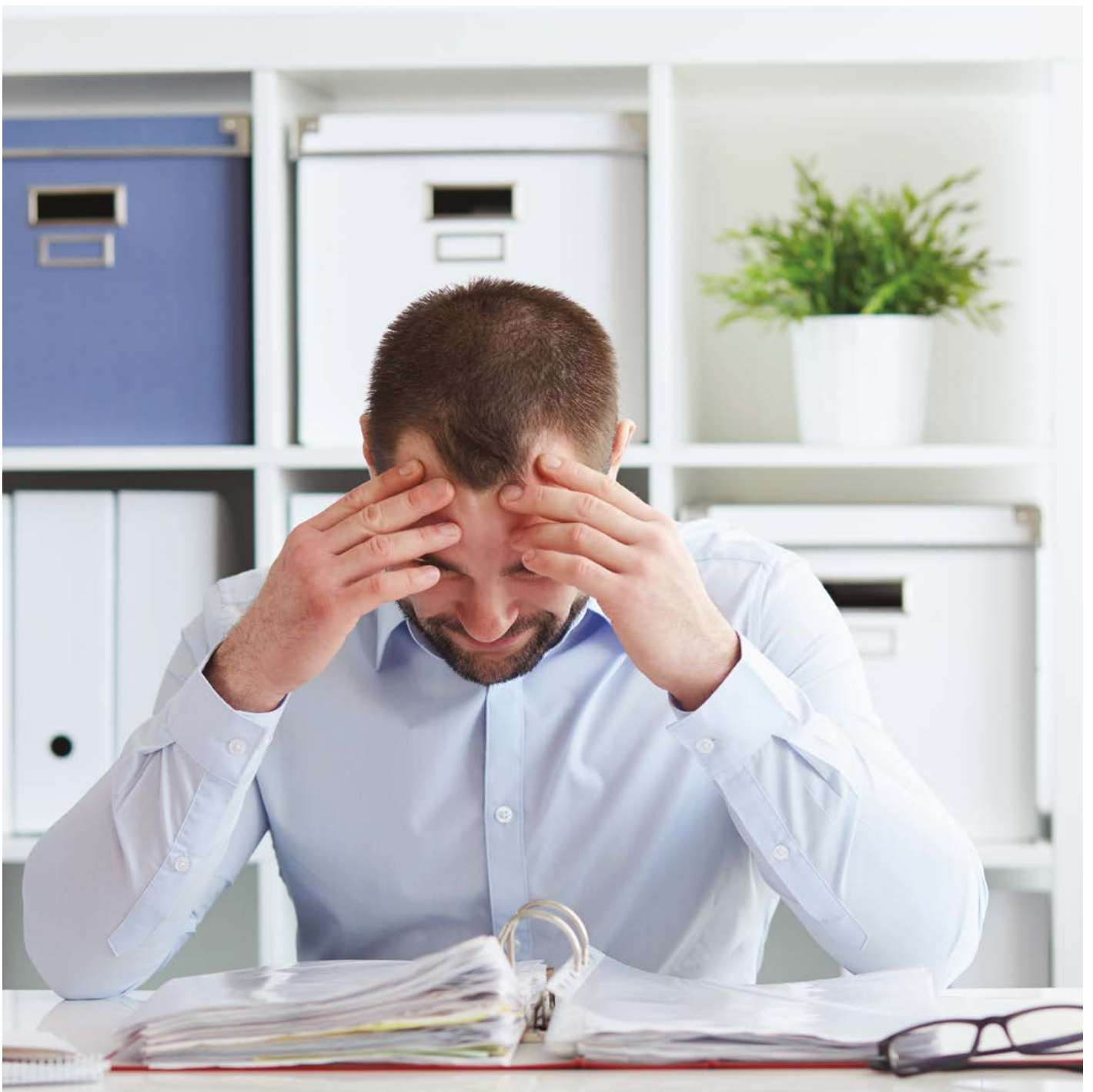
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¹⁶ This also squares with the OECD's (2019) finding that workers whose jobs are at high risk of automation are 30% less likely to participate in job-related training than those whose jobs are at low risk.

CHAPTER 4

Retirement: the new financial worry



For at least the past decade, households' top financial worry has tended to be short-term in nature. Being able to pay monthly bills, including consumer debts, has dominated their concerns. This has been especially true since the onset of the 2008 global financial crisis.

As we have already seen, changes in the world of work have left many workers concerned about their future competitiveness in the labor market. And although the global employment situation has improved markedly over the past ten years, lately the prevailing sentiment about the national or regional economic outlook in many countries has been pessimistic. It's no wonder that people are looking down the road to their long-term security.

Our survey strongly reflects this shift in workers' attitudes towards their finances. Across the board, people reported that their top financial concern was 'having enough money for a comfortable retirement'. On average, 44% of our global sample said so, with 'paying monthly bills' a distant second, at 27%.

Although this result is not absolutely universal across all 16 countries, it comes close: in 14 out of 16 countries, retirement security is top of mind when it comes to personal finances. This suggests an important shift over the past decade: as workers are generally becoming relatively more secure in the short term, many of them are turning their minds to more distant, but no less important, questions about financial planning over the long term.

Looking beyond making ends meet

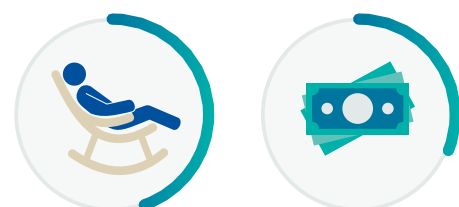
We asked people to select their biggest financial concern from a list that included paying monthly bills; having enough money for a comfortable retirement; burdening family

and friends in the case of premature death; paying off or reducing credit card debts; or another source of worry that they could specify. We designed this question to make a departure from a highly influential body of research about households' vulnerability to unexpected spending shocks.¹⁷

To our knowledge, these studies tend to question respondents about short-term as opposed to long-term financial issues separately.¹⁸ In fact, many studies focus exclusively on either short- or long-term household financial issues. Arguably, however, it is often difficult for people to consider each set of concerns in isolation. In contrast, by integrating short-term and long-term financial concerns into a single question, our survey is (to the best of our knowledge) the first to directly test people's worries about both types of issue relative to each other.

Moreover, many of these previous studies were designed and conducted during or just after the onset of the global financial crisis of 2008 and the Euro crisis of 2011. Given improvements in global economy since then, we suspected that many workers today would be in a better position overall, and therefore might be able to look beyond their immediate financial situation. At the same time, advances in the 4IR over the past decade have brought changes to many industries and continue to influence the medium-term outlook for various segments of the economy. In sum, we are interested in the relative importance of short-term exigencies compared to long-term welfare.

Accordingly, two of the answer options in our question were about immediate concerns that could affect the financial solvency of the individual and/or their family and dependents. By contrast, the issue of not "burdening my family" is more likely a longer-term issue. Likewise, "having enough money for a comfortable retirement" is very much about the probable long-term (comfortable) welfare of the individual and their dependents.



Retirement **44%**

Paying monthly bills **27%**

Our survey strongly reflects this shift in workers' attitudes towards their finances. Across the board, people reported that their top financial concern was 'having enough money for a comfortable retirement'. On average, 44% of our global sample said so, with 'paying monthly bills' a distant second, at 27%.

¹⁷ Specifically, our question is a variation on a related question found in other academic and industry studies that asks whether, in the event of an emergency, (American) respondents could produce several hundred to a few thousand dollars on short notice. See, for example, Lusardi, A., Schneider, D., and Tufano, P. (2011) Financially Fragile Households: evidence and implications, Brookings Papers on Economic Activity, Economic Studies Program, The Brookings Institution, vol. 42(1), pp. 83-150.

¹⁸ One notable recent example is the OECD's 'Risks That Matter' survey. OECD (2018) Risks That Matter: Main Findings from the 2018 OECD Risks That Matter Survey.

Countries still matter

National differences in pension eligibility criteria reinforce our expectations of differences between countries when it comes to overall levels of concern about retirement welfare. Furthermore, ongoing policy changes have tightened access to benefits in various ways. Notable changes include raising the official age of retirement, reducing unearned retirement benefits for women, and discounting the tax advantages to families over individual income earners.

More generally, public discussion of pension reforms has raised awareness of the issue of retirement security in the countries concerned.

















Many workers thus have clear reasons to be concerned about their future retirement welfare, even if older people also have reason to believe they may be able to keep their past entitlements in any pension reform.

The answer option “having enough money for a comfortable retirement” was ranked as the #1 concern in 14 of the 16 countries. In Japan and Germany, it was more important than all other answer options combined. Japan’s ‘two-speed’ labor market means that the substantial proportion of workers without lifetime job security are much less protected in retirement, while the restructuring of state

pensions in Germany has affected the entire population. Meanwhile, a comfortable retirement was as much a concern as all the other answer options combined in Hong Kong, which has never run a public pension scheme, and Italy, which has made broadly similar pension reforms to Germany: a shift to funded alternatives to state schemes which have been extensively restructured to eliminate early retirement in key industries and the public sector.

In a number of countries, retirement security was rather less important than the other answer options combined: notably, Romania, Brazil, Malaysia and the USA.¹⁹

Figure 12 – Ranking of top financial worry by country*

Country	Monthly Bills	Comfortable Retirement	Burdening Relatives	Credit Card Debt	Other
 Australia	2	1	4	3	5
 Brazil	1	2	4	3	5
 Finland	2	1	3	4	5
 Germany	3	1	2	4	5
 Hong Kong	2	1	3	4	5
 Ireland	2	1	4	3	5
 Italy	3	1	2	4	5
 Japan	3	1	2	4	5
 Malaysia	3	1	2	4	5
 Mexico	2	1	4	3	5
 Romania	1	2	4	3	5
 Spain	2	1	3	4	5
 Switzerland	2	1	3	4	5
 UAE	2	1	3	4	5
 United Kingdom	2	1	4	3	5
 United States	2	1	4	3	5

*where 1 = highest ranked element.

¹⁹ The option “other, please specify” was rarely identified as the “biggest financial concern”. Just 0.63% of Japanese respondents ticked this option (the lowest of the countries represented in the survey) while 3.94% of German respondents did (the highest of the countries represented in the survey).

The only countries where workers were not most worried about retirement were Brazil and Romania. In both of these cases, the issue of most concern was “paying off monthly bills”.²⁰ For Brazil, there was a large difference between the proportions of respondents who identified paying off monthly bills as the issue biggest concern and those who were concerned about having enough money for retirement (44% versus 34%). In a way this is surprising, given that the new state pension was recently scrapped by the incoming government, although economic instability remains an overarching concern. In Romania, the difference was less marked (37% as opposed to 32%). Here again, economic instability is an issue, along with labor market restructuring and high levels of out-migration.

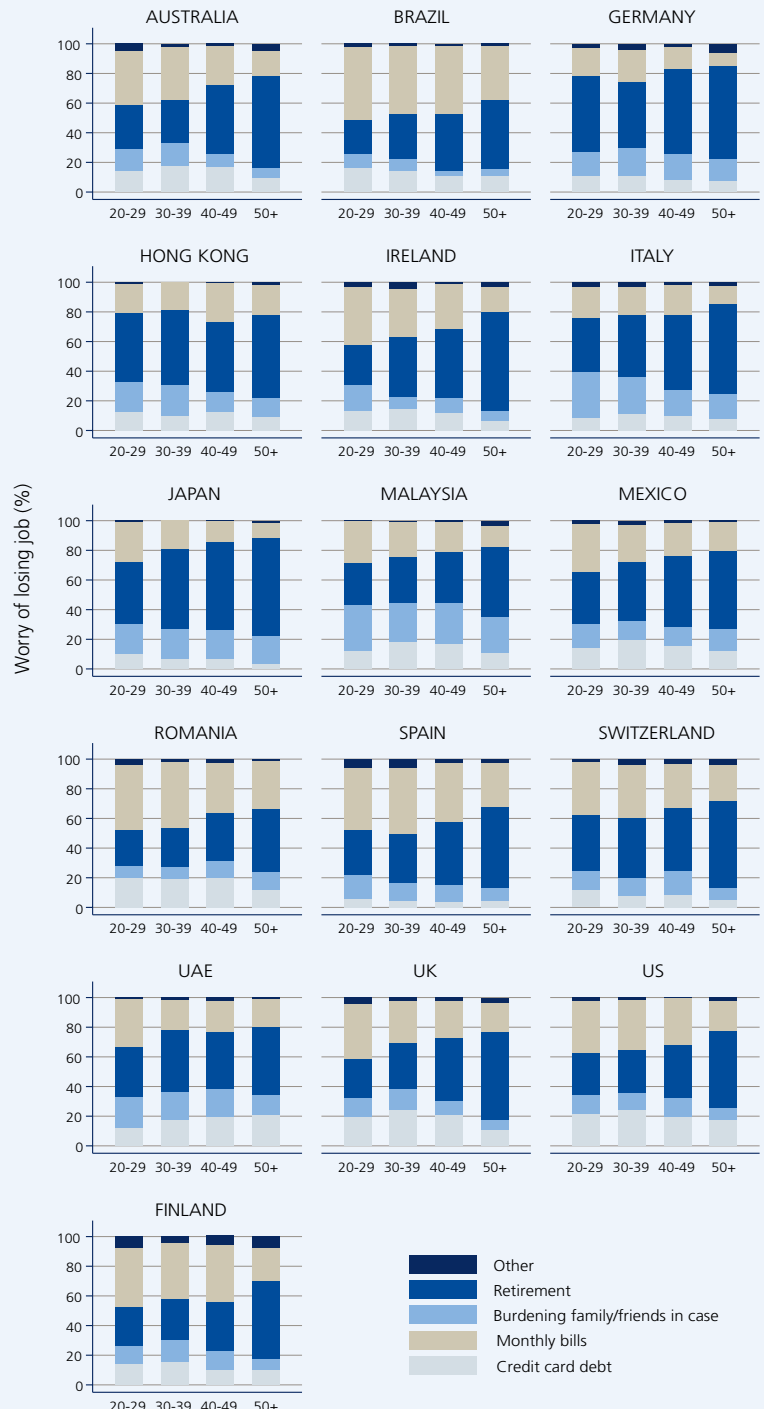
The older the worker, the more they worry

It seems intuitive that older workers – for whom retiring is no longer a distant abstraction – would generally tend to worry more about their financial security in retirement. We know from abundant past research in industry, policy, and academia alike that many people discover relatively late in their working lives – indeed, often belatedly – that they have not saved or invested enough to retire comfortably.

On the other hand, older workers may be less concerned because they can accurately estimate what their entitlements are likely to be, and whether they will have saved enough by their expected date of retirement. Older people may also have greater confidence that they will be able to claim their pension entitlements in the first place. Constraints on government expenditure may affect the entitlements of future generations rather than near-term entitlements.

As it turns out, being older does have a marked impact on retirement concerns amongst our survey respondents: the older the worker, the more likely they are to say that having enough money for a comfortable retirement is their top financial worry. Nearly three-fifths (59%) of the oldest workers in our sample (age 55-70) say this is the case. By comparison, 46% of the second-oldest age bracket (age 40-54) gave the same answer.

Figure 13 – Financial concerns by age



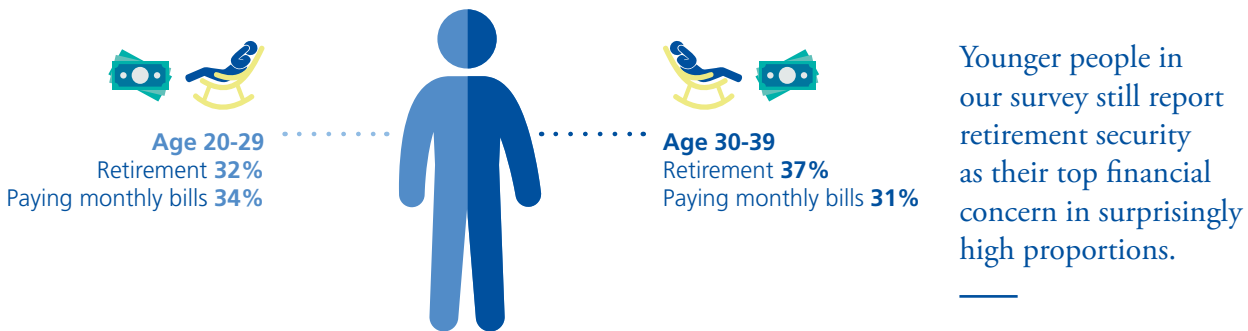
²⁰ Paying off monthly bills was the second-ranked financial issue of concern overall. This answer was ranked #2 in most countries, while it was #3 for Germany, Italy, Malaysia, and Mexico. On the whole, concern about “burdening my family in the event of premature death” was ranked #3, while paying off debt was ranked #4. In countries where paying off debt was ranked #3, the #2 ranked concern was “burdening my family”. There may be some overlap between “having enough money for a comfortable retirement” and “burdening my family and friends” in that in some countries, government and employer-sponsored retirement programs include a death benefit for surviving relatives (normally the surviving spouse). Concern about the latter could be absorbed into the former.

At the same time, it's far from the case that younger people aren't at all concerned about their long-term financial future. On the contrary, in absolute terms, younger people in our survey still report retirement security as their top financial concern in surprisingly high proportions. Even those in their 20s were nearly as likely to say that they were most worried about a secure retirement (32%) as about paying their monthly bills (34%). The balance

already tips towards retirement for those in their 30s, with 37% reporting retirement as their top concern compared with 31% for monthly bills.

If there is a silver lining to all of this, it is that so many younger people are already learning to think so far ahead when it comes to their finances. Younger workers arguably have even more reason for concern about their long-term

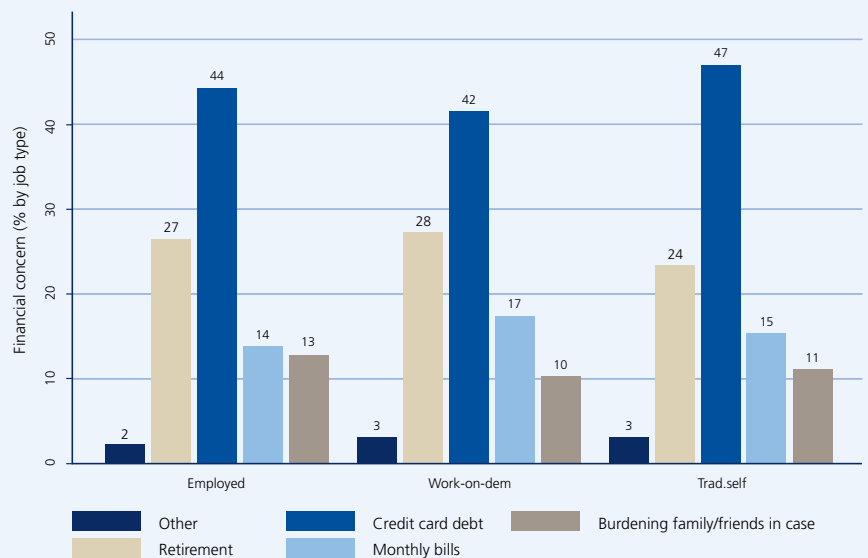
welfare than their elders do. For one thing, younger people can no longer be confident about their future entitlements, particularly from the state. For another, without a foothold in traditional permanent employment, their long-term labor market status tends to be less certain. As such, they may be more concerned than older people because they are unable to estimate with any confidence their future earnings or benefits.



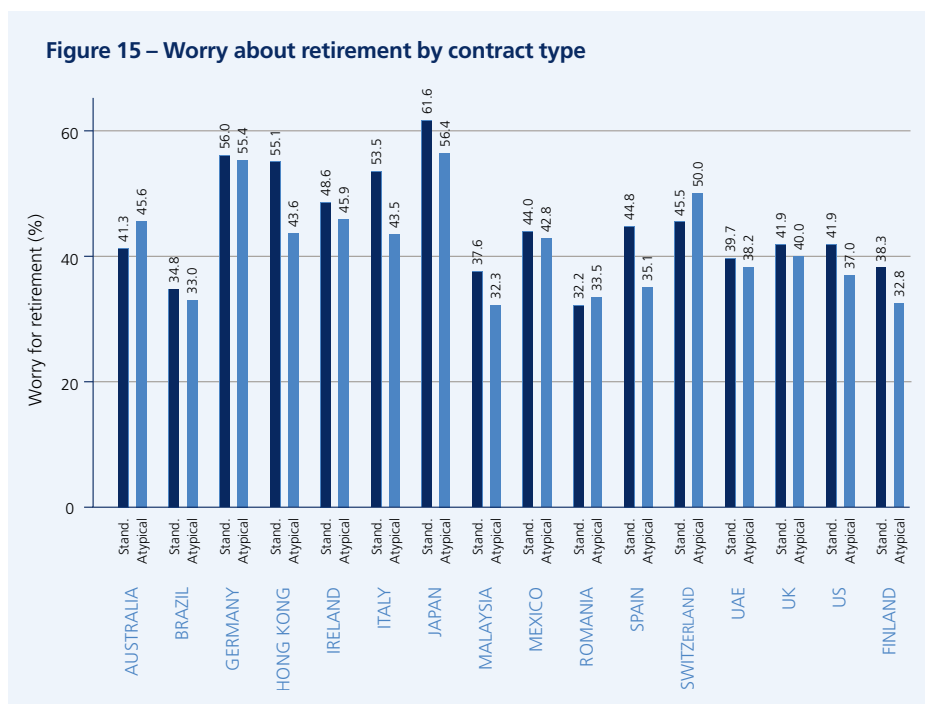
Concern is mainly independent of job tenure

We might expect people in traditional, permanent jobs to worry less about having a comfortable retirement. Interestingly, however, when we compare the top-ranked concerns of those in traditional employment against those who are self-employed business owners and freelancers, the results are very similar.

Figure 14 – Financial concerns by job type



Likewise, when comparing those with permanent jobs against those with fixed or short-term contracts, what we find is that being in a job without a permanent contract generally makes people less worried about retirement. This may primarily be a relative rather than absolute effect, because the lack of job security in the shorter term focuses people’s concerns on the near term rather than the future. In any case, the difference is only pronounced in Hong Kong and Spain.



Smaller households are more worried

In our previous research on income protection gaps, we found that respondents with more dependents are more likely to be conscious of their long-term well-being²¹. One possible explanation is that – to put it baldly – dependents are expensive, and so having many of them can curb a breadwinner’s ability to save for the future.

Counterintuitively, however, **survey respondents with smaller families are more likely to place a secure retirement at the top of their list of financial concerns. One interpretation is that children can be viewed as a form of insurance against old age, matching traditional notions of intergenerational solidarity within families and communities.** (This also squares with our finding elsewhere that although women are less likely to have a permanent, full-time job, they are about as worried as men for their retirement security: **it may reflect a similar ‘household effect’ or ‘family effect’** whereby people can rely on a partner’s income or benefits.)



²¹ Innocenti, S., Clark, G.L., McGill, S., and Cuñado, J. (2019) The effect of past health events on intentions to purchase insurance : evidence from 11 countries, Journal of Economic Psychology 74

This link between concern and family size varies geographically, with an effect being discernible in half the countries in our survey: Finland, Germany, Ireland, Malaysia, Romania, Switzerland, the UK, and the USA. The mobility of the middle classes (or emerging middle classes) means that grown children are more likely to move farther away from home, increasing the risk of insecurity in old age for their families. Conversely, some countries have created welfare systems based primarily on family rather than individual well-being. It may also be because family is a de facto form of insurance where state benefits fall short. In other words, the status of the family varies by country such that the family can be a unit of benefit and a means of self-insurance.



The status of the family varies by country such that the family can be a unit of benefit and a means of self-insurance.

Experience = resilience?

One of the key findings in our [2016 survey on income protection gaps](#) was that personal experience of a negative health event made workers more likely to purchase income protection insurance. This suggests that people who have experienced an adverse and significant health event are more conscious of their long-term vulnerability. In this research project, then, we initially expected that having had experience of such an event increases the likelihood that those affected are concerned about their retirement welfare.

Against expectations, though, having had a significant health-related event dampens respondents' concerns about the future. It is possible that having had a negative health-related experience enables respondents to better understand their income-related entitlements, be they public or private, and so have more confidence about the future. A health-related event may enable the individual to get a higher pension on retirement as an 'impaired life' annuity, for instance. As we will see in the following chapter, too, and closely related to [our Income Protection Gaps research findings](#), it may also be the case that they have already taken self-protective measures in response to their experience with ill health.



Against expectations, though, having had a significant health-related event dampens respondents' concerns about the future.



CHAPTER 5

Protection: insurance for agile careers



In the previous chapter, workers' concerns and fears were again the focus. In this chapter we move from anxiety to action, looking more broadly at whether people have taken measures to protect their household finances in both the short and long term.

We already know that three of the strongest 'universal' predictors of demand for personal insurance are income and knowledge of the products, as well as country of residence.²² We also know a great deal about which groups of workers are more likely to protect themselves. For instance, men are more likely to own various types of insurance and savings products, as are those with families. In many other respects, workers who are more vulnerable – those with lower incomes and those who are less optimistic about their financial and physical well-being, for example – are less likely to have protection.

We've seen many of these patterns repeated here,²³ so both sets of evidence are mutually reinforcing. At the same time, the new survey expands the scope of different types of protection workers can adopt while generating a number of new findings.

Who has insurance?

In addition to three protection products that are (nearly) universally available across all 16 countries in the survey²⁴ – namely term life insurance, personal pension products, and income protection insurance – we gauged uptake of a number of

specialist protection products that are only available in some places. These include products related to illness (e.g. critical illness, cancer insurance), disability (disability insurance), ageing (e.g. long-term care insurance), as well as various types of life insurance (e.g. endowment plans, investment-linked insurance) and related retirement solutions. Although it is difficult to generalize, what is apparent is that **some countries are better insured than others**, as the graphs on the following pages show.



²² Zurich Insurance Group & University of Oxford 2016.

²³ Zurich Insurance Group & University of Oxford (2019) Perceptions on Protection: Surveying Workers to Build New Agile Solutions.

²⁴ The two exceptions are that personal pension solutions are not offered in Australia, as the Superannuation scheme obviates this need, and that term life insurance is not available in Finland.

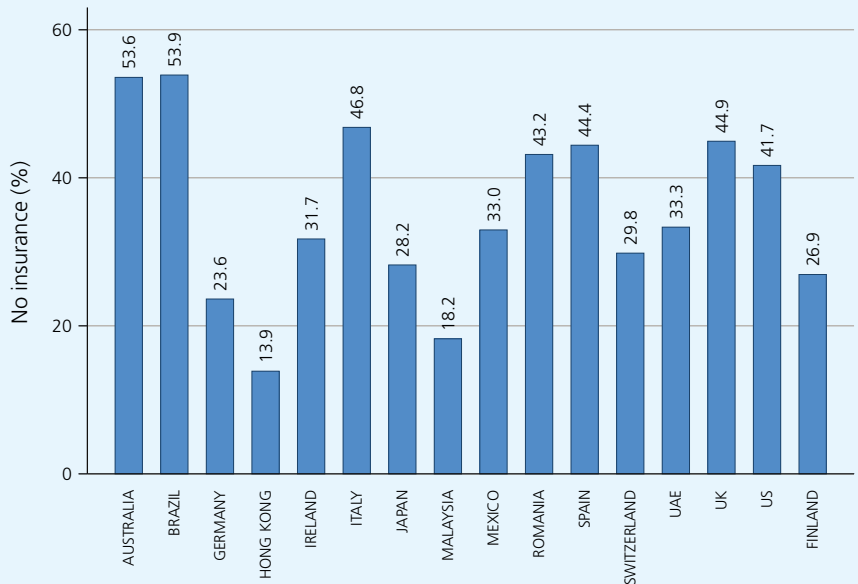
Figure 16 – Ownership of all types of insurance by country

	Australia	Brazil	Finland	Germany	Hong-Kong	Ireland	Italy	Japan	Malaysia	Mexico	Romania	Spain	Switzerland	UAE	UK	USA
Term life insurance	26%	8%		25%	35%	24%	20%	21%	31%	14%	19%	9%	14%	28%	14%	30%
Income protection insurance	27%	4%	16%	3%	15%	20%	7%	7%	21%	40%	7%	6%	38%	14%	8%	8%
Disability insurance	28%	12%	60%	37%	20%		6%	5%	32%	24%	8%	13%	31%	16%	3%	26%
Whole of life insurance		26%	37%	11%	44%	28%	13%	41%	46%	25%	14%	24%	26%	33%	17%	27%
Long-Term care insurance		3%	15%	29%	19%		3%	3%			5%	1%	14%		3%	17%
Personal pension product		20%	14%	43%	33%	43%	33%	28%	25%	14%	41%	30%	36%	20%	37%	16%
Critical illness insurance	11%	4%	19%	1%	40%	23%	9%	22%	47%	23%	8%	7%	4%	25%	14%	12%
Endowment plan		1%		27%	9%		4%	12%	17%	1%	3%	2%	9%		5%	3%
Investment-linked insurance		4%	7%	6%	28%		10%	3%	32%	13%	7%	13%	9%	16%	3%	7%
Cancer insurance		3%	5%	0%	23%	3%	2%	36%	13%	3%	2%		1%	6%		6%
Basic ability insurance				2%												
Residual debt insurance				7%												
Immediate annuity				1%												
None of the above	54%	54%	27%	24%	14%	33%	47%	28%	18%	33%	43%	44%	30%	33%	45%	42%

Although it is difficult to generalize, what is apparent is that some countries are better insured than others.

Meanwhile, 36% of the sample did not hold any type of personal insurance. Over half (54%) of both Australian and Brazilian respondents had no insurance (though importantly, in the case of Australia this does not account for Superannuation coverage); nor did more than two-fifths in Italy, Romania, Spain, the UK, and the USA. On the other hand, the least uninsured jurisdiction by this measure was Hong Kong, followed by Malaysia. This likely reflects the fact that workers in both places all have personal provident funds, or government-backed individual savings and retirement funds, which come with a range of add-on investment products that participants can opt to buy. **Indirectly, it probably also reflects an overall culture of personal savings and investment, which may largely be fostered by mandatory participation in these funds.**²⁵

Figure 17 – Proportion of respondents with no type of insurance by country



More vulnerable workers have less protection

One of the headline results of the Income Protection Gaps research was that, across all of the 11 countries in that survey, income was one of the strongest predictors of who held income protection insurance. Closely related to this, people with positive economic prospects were also better protected. Likewise, in this Agile Workforce Protection survey, it is clear that disposable income matters for who has income protection (IP) insurance. This is evident from the fact that those who were able to save part of their income during the previous year are also more likely to have IP insurance. This ‘savings effect’ was particularly strong in Australia, Hong Kong, Ireland, Malaysia, Romania, and the UAE.

As we also saw in [the Income Protection Gaps survey](#), those who expected their income to increase in the future are also more likely to have insurance. It could be that a higher income enables people to purchase and hold such a product over the long term, just as secure job tenure enhances respondents’ confidence in realizing the expected benefits of supplementary savings products. It could also be that those with higher incomes have more to lose upon retiring, in that their disposable income would drop to the point of affecting their lifestyle. Conversely, those on lower and less stable incomes can depend almost entirely upon government benefits without significantly impacting their standard of living.

Closely related to people’s material circumstances is their degree of job security. People who have a permanent contract are significantly more likely to have both a pension product and IP insurance than non-permanent employees. The difference in ownership levels was most noticeable in Australia, Ireland, Italy, Mexico, Switzerland, and the USA. This is to be expected, as income protection is often part of a benefits package provided by one’s employer along with a permanent job. However, when it comes to objective financial needs, workers without the financial security that comes with an open-ended contract arguably have a greater need for a safety net.

Meanwhile, people whose jobs mainly consist of creative rather than routine work hold insurance at higher rates than do those with routine jobs, regardless of whether their work is largely manual or knowledge-based. Once again, we see a recurring theme: even though routine jobs are at much greater risk of restructuring or elimination due to advances in automation, workers in these occupations appear not to be aware of their personal risk of technological unemployment. Not only are they doing less to adapt their careers; they are also less likely to take measures to protect themselves against financial risks.



Even though routine jobs are at much greater risk of restructuring or elimination due to advances in automation, workers in these occupations appear not to be aware of their personal risk of technological unemployment. Not only are they doing less to adapt their careers; they are also less likely to take measures to protect themselves against financial risks.

²⁵ Whiteside, N., McGill, S., Fernandez, R., and Deng, P. (2015) Income Protection Gaps: A Report Prepared for Zurich Insurance Group. We also saw this effect strongly in the 2016 Income Protection Gaps survey.

Age is a further factor with important effects on people's need for protection, but here again, **it is often those with a greater need who have less coverage**. In the countries with the lowest rates of ownership – Romania, Brazil, and Spain – it is both the youngest and the oldest workers who are most likely to have IP insurance. This may be because many older workers enjoy 'legacy' benefits packages – which are holdovers from an era when employee protections were more comprehensive across the board – while recent economic events have taught new entrants to the labor market that their best means of insurance is self-insurance.

In most of countries with much higher rates of ownership – Australia, Hong Kong, Japan, Malaysia, the UAE, and the UK – workers in the middle stages of their careers are the most protected, while ownership declines steadily with age. Those in their 30s and 40s are of course in the midst of family formation years, while older workers are more likely to have health problems, so acquiring insurance is generally more difficult and expensive for them.

Do knowledge and awareness matter?

A further headline finding from the [Income Protection Gaps survey](#) was that in all countries, having good knowledge of insurance products increases the likelihood of having income protection insurance. The same holds true here, and it holds strongly across all 16 countries in the survey. We have no way of knowing whether knowledge of these products encourages people to buy them in the first place, or conversely whether knowledge comes from owning them. (Note that 'knowledge' refers to self-reported knowledge rather than a level of understanding tested by some objective or external measure.)

Although having at least a basic familiarity with insurance products is a precondition to buying them (or opting into them for certain workplace-based schemes), a detailed understanding of the products more often than not comes from owning them.²⁶ However, this in itself raises an important point for insurance providers. When comparing workers with and without a permanent job, the 'knowledge effect' is even more evident for those with tenure. An implication is that informing workers with a short-term employment contract about the types of insurance that they, in particular, need could increase uptake.

Not unlike labour market flexibility, attitudes towards financial risk-taking also had a bearing on insurance uptake. Using well-defined indicators of risk attitudes²⁷ shows that **those who are more risk tolerant are also somewhat more likely to own income protection, term life insurance, and a personal pension product. For all three types of product, this result is nearly universal across all 16 countries.**²⁸ 'Risk tolerant' should not be taken to mean 'reckless': on the contrary, these individuals are probably better informed about the nature of the risks they face, and so, having equipped themselves with appropriate protections, feel more secure in taking them.

Related to this, an obvious question arises from the previous chapter: **are those who are more concerned about their retirement security more likely to take measures to protect their long-term finances? The short answer is: not necessarily.** Ownership of pension products among those who are most concerned about retirement follows the same broad patterns as income protection ownership described above: on-demand workers, those with lower incomes and less ability to save more than they spend, and those who are less familiar with the products are less likely to own them.

²⁶ Zurich Insurance Group & University of Oxford 2016.

²⁷ Risk attitudes were measured based on answers to the following questions (note that currencies and monetary amounts were adjusted to locally appropriate circumstances for each country):

"Today you unexpectedly received \$1,000. You can choose to keep it yourself or donate it (in part to a good cause). How much of this amount would you donate to a good cause?"

And

"Imagine there is a 5% chance that you will fall sick next year. If you get sick you will lose \$5,000 of your annual income as a consequence. How much would you be willing to pay for a policy which protects you against this risk for the next year?"

In each case respondents could choose any amount ranging from 0 to the full amount mentioned in the question.

²⁸ The only exceptions were as follows: in Ireland the risk-tolerant and the risk-averse had income protection insurance in equal proportions; for term life insurance, the differences were negligible in Switzerland; and for personal pension products, there was no difference in ownership rates across the two groups in Mexico, while in Ireland and Switzerland the differences were not statistically significant.

Do more agile workers have agile solutions?

In keeping with the overarching theme of our project, it makes sense to ask whether workers who are more flexible in their careers have already taken steps to protect their income. As seen in Chapter 2, by many measures a high proportion of survey respondents have plans to embark on more flexible work arrangements. Of course, these workers are in greater need of pension and insurance solutions that can follow them across jobs and borders. It is therefore important to know not only the rates at which they tend to already have products such as income protection, term life insurance, and a personal pension, but also their level of familiarity with these products.

It turns out that in general, those who have income protection insurance tend to be more likely to freelance and move abroad. The gaps are not dramatic, but they do exist, as do country differences.

When it comes to willingness to freelance, the difference at the global level is not large: 19% of respondents who were at least somewhat likely to leave their jobs for on-demand work have income protection compared to 14% of those without such plans. In many countries, these differences were not significant, but in all but a couple of cases the overall pattern held. Notably, insurance ownership rates were exactly the same across the two groups in Brazil (where insurance uptake overall was very low to begin with), while in Switzerland, employees without plans to become freelancers were more likely to have income protection (38% compared to 33% of aspiring freelancers).

A similar pattern can be observed when it comes to workers' willingness to move abroad for a job. 19% of the geographically mobile had income protection insurance compared with 13% of the less mobile. Again, this pattern generally held across countries, except in Spain and Switzerland.

Likewise, when it came to term life insurance, ownership rates were slightly higher among those with both intentions to freelance (25% vs. 21%) and those with greater willingness to move abroad for a job (24% vs. 20%). Cross-country patterns were clearer for the geographically mobile, although Germany, Hong Kong, Ireland, and the USA were the exceptions.

Conversely, pension product uptake was slightly (if not significantly) lower among respondents with more flexible attitudes to work. Although patterns by country were not clear or often (statistically) significant, we can say, for example, that 28% of would-be freelancers had a pension product compared with 30% of those without such plans. Similarly, 27% of people with at least some degree of willingness to move abroad had a private pension compared with 30% of the less mobile.



CHAPTER 6

Implications



New technologies, changes in patterns of globalization, and demographic shifts are driving significant changes in global labor markets. This environment increasingly demands flexibility on the part of workers. For many, flexibility is a means of realizing a premium on their productivity.

For others, flexibility translates less into a choice than a search for opportunities in a highly competitive labor market. Their skills may no longer be required, their jobs may be at risk, they may lack the protections afforded to those in secure employment or with higher incomes – and their long-term career prospects and financial security will be in jeopardy as a result. Younger workers face a challenging future; older workers are seeking to realize the benefits of their skills and experience, at times in a labor market that is biased against them, while anticipating retirement with some anxiety.

These issues are reflected in our global findings, and they have important implications for policy and organizational priorities, and ultimately for national and global economic growth. Our survey revealed that many groups of workers are

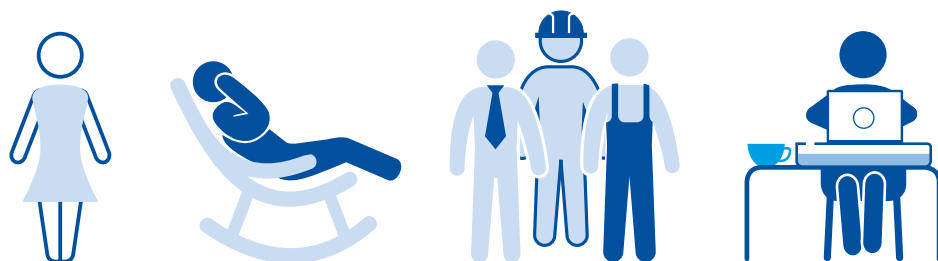
vulnerable to labor market and financial risks: women, older people, atypical workers, and those whose jobs consist mainly of routine and manual work, for example.

A recurring theme through this report has been that these groups are more vulnerable for at least one of three main reasons: they are less knowledgeable about the risks they face; they are less protected against even the risks of which they are aware; and/or they are less flexible (whether by circumstance or by choice) in their working lives.

At the same time, many groups perceive themselves to be at risk of problems such as short-term involuntary job loss or longer-term technological unemployment. These perceptions may have been exaggerated for some of our respondents, but all the same, the anxieties they provoke still negatively impact individual and societal well-being.

A growing skills shortage points to a need for adult education and training systems that cater to all levels of the workforce, and is available to workers throughout their careers. The prevalence of atypical employment makes evident that labor market activation policies and social protection alike should be remodeled around new career trajectories.

Continuing the status quo on these issues will simply contribute to growing unemployment and socioeconomic inequality. As well as jeopardizing economic growth, it will only exacerbate the very anxieties that have been so evident in our survey, ultimately with political consequences (some of which are already apparent).



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Of course, country-level perspectives matter a great deal when it comes to distinguishing patterns of response on these issues. It is beyond the scope of this report to make definitive, detailed recommendations – we leave this to future project reports. For now, though, we do draw out implications for four key stakeholder groups: individuals, governments, employers, and insurers:



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- Leveraging experience:** Research has shown time and again that ‘experience is a powerful teacher’, and both this and [our previous study on Income Protection Gaps](#) further validate this claim. Here, we’ve shown it to be true with respect to both positive change, such as switching jobs or moving abroad for work (chapter 3), and for negative events, such as illnesses that prompt people to get to grips with their benefit entitlements (chapter 5). We also reinforced our previous finding that a good understanding of insurance products more often than not comes from owning them in the first place. The challenge for all stakeholders is how to impart the wisdom of experience, whether directly or indirectly, ex ante (prior to a household financial shock) instead of ex post (after the fact). The fact that knowledge is important does not necessarily imply that traditional ways of imparting abstract, impersonal information are the most effective at improving people’s financial decision-making.²⁹ There is a great deal of scope here for **governments, employers, and insurers** alike to find more subtle but effective ways to educate people about the risks they face, and the measures they can take to mitigate them.
- Flexibility as empowerment:** In contrast to what other research suggests, we discovered an apparent positive feedback loop between workers’ independence at work and their level of initiative in their career development. For **employers** the implication is clear: granting employees greater autonomy over their shorter-term workloads has longer-term benefits that accrue to organizations in the form of greater productivity and staff retention as well as health outcomes. The career (and, abundant evidence suggests, health) benefits to **individuals** are also self-evident.

- Protecting long-term vulnerabilities:** Over the past decade, workers’ main financial concerns have shifted from short-term problems with making ends meet or paying off debts to their long-term financial security. Yet while **individuals** may know they have good reason to plan ahead for retirement, what is less clear is whether they always have the knowledge or resources to do so. (Those with higher incomes, who also express higher levels of concern about retirement as a group, will at least be more likely to have the means to pursue advice.) Given the complexities surrounding this issue – not least the multi-decade time horizons over which planning must take place – this is an obvious area where **governments, employers, and insurers** all have overlapping roles both in providing solutions and in guiding workers towards appropriate choices.
- Ensuring that self-employment remains a positive choice:** There is no denying that freelance work and other types of self-employment will continue to attract those with the resources and confidence to pursue them. Yet it remains the case that moving from traditional employment to freelancing entails risks that are currently borne largely by **individuals**. This reinforces a consistent theme in both our Income Protection Gaps as well as Agile Workforce Protection projects: the pressing challenge

of designing a benefits regime for the self-employed. For **insurers**, this means there are opportunities to innovate new products and services, as well as platforms through which they can be offered. Of course, this will also require strong partnerships – indeed, leadership – from **governments**, on whom it is ultimately incumbent to become the architects of a social safety net tailored to atypical workers of all kinds. Here, tax incentives or state sponsorship of personal savings and insurance plans will no doubt have a role to play. Platform and agency managers can also sponsor schemes on a much smaller (e.g. industry-wide) scale.

- Incentivizing adult education:** Recall that our survey asked about voluntary reskilling programs which would require participants to give up a certain amount of leisure time. In particular, we found that fear of technological unemployment doesn’t tend to motivate workers to undertake voluntary skills training. Other research has found that some vulnerable groups, notably low-income workers, are simply less willing to retrain, even though there is a clear return on investment for them.³⁰ This suggests that, at a minimum, incentives should be offered by both **employers** and **governments** for participating in such programs. In particular, the low overall willingness of older workers to take part in upskilling and retraining

²⁹ Zurich Insurance Group & University of Oxford 2016

³⁰ See e.g. Fouarge, D., Schils, T., and De Grip, A. (2012) Why do low-educated workers invest less in further training? *Journal of Applied Economics* 45(18) : pp.2507-2601.

³¹ Zurich Insurance Group & University of Oxford (2018) Social Protection : From Fragile to Agile

suggests this cohort would benefit from incentivized participation. In particular, it is incumbent upon **governments** to offer such programs as a complement to raising retirement ages: reskilling will be critical to ensuring that an ageing workforce remains productive.

- **Training and retaining staff:** Another part of the great skills challenge is that **employers** face a dilemma in offering training programs. On one hand, it is firmly in their interest to have a workforce whose abilities match their needs. Yet in a world where job hopping is the norm – a trend

reinforced by the intentions of so many of our survey respondents – there is a real risk that people will take advantage of reskilling opportunities in one organization and move to another thereafter. The perennial issue of offering training to employees only to watch them leave – taking their new skills with them – may lead some organizations to conclude that their investments are not worthwhile. Although there are few obvious easy answers to this conundrum, one of our previous reports³¹ pointed out the sound track record of corporate pensions and benefits as incentives for attracting and retaining skilled staff.



Conclusion: next steps for our research

The results of the Agile Workforce Protection survey have given us a wealth of insight into individual workers' attitudes towards a changing world of work and their place in it. The next step in our project will be to conduct research into employers' perspectives on these and related issues. We are interested in the priorities of employers across countries when it comes to protecting their workers, and the degree to which they feel accountable to providing various types of protection. We will also explore how they view the evolving role of the state in helping workers to navigate these changes, and the extent to which employers recognize worker risks as part of their broader management framework.

In the following and final phase of our project, we will put forward recommendations to governments, employers, insurers, and other financial institutions and intermediaries, as well as individuals and households. This will build

upon the findings of the current survey as well as the employer-based research.

We can identify three key issues or conclusions to guide commentary and debate about the research. First, individual country contexts – rather than geographic regions or shared institutional histories – matter a great deal in guiding responses to these issues. Second, there is evidence of optimism regarding the future, as reflected in a willingness to adjust to changing circumstances, just as there is evidence of concern or pessimism about the future. Third, in many cases, workers' employment contracts matter in framing their responses but, most importantly, this effect is dampened when we look beyond the short-term to the long-term.

Protecting those at risk while sustaining the benefits of technological innovation and economic growth requires a new agile

approach to sustaining workers' short-term and long-term welfare. **It means simultaneously promoting individual empowerment and protection.** It requires the close participation of employers, governments, and the insurance sector alongside individual workers. While individuals bear a certain level of responsibility for their own lives, they must have the firm support of institutions working in partnership to deliver both the preventative and mitigating solutions they require. A shared responsibility for social progress must be built across institutions, and between institutions and individuals.

All workers are vulnerable in the long term. All workers need systems of support and individual and social systems of insurance that can facilitate their efforts to adjust so as to make good on their aspirations for the future.

1 Individual country contexts

2 Optimism regarding the future

3 Workers' employment contracts

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Pavel Osipyants, Senior Media Relations Manager, Group Communications

Peter Pfeifer, Head of Measurement and Insights, Group Marketing

Alice Ratcliffe, Chief Editor, Group Communications

Gregory Renand, Head of Strategic Partnerships and Integrated Campaigns, Group Communications

David Swaden, Senior Speech and Content Writer, Group Communications

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Professor Gordon L. Clark, Senior Consultant and Emeritus Professor

Dr. Sarah McGill, Research Associate

Dr. Stefania Innocenti, Research Associate in Behavior, Finance and Social Statistics



Niek Hensen, PhD Senior Methodologist

Gwendolyn Stuitje, Research Consultant

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