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Leading the social enterprise: Reinvent with a human focus

2019 Deloitte Global Human Capital Trends

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Introduction

Leading the social enterprise: Reinvent with a human focus

IN 2019, AN intensifying combination of economic, social, and political issues is challenging business strategies. Faced with the relentless acceleration of artificial intelligence (AI), cognitive technologies, and automation, 86 percent of respondents to this year's Global Human Capital Trends survey believe they must reinvent their ability to learn. After nearly 10 years of economic growth,[1] and despite a pervasive corporate focus on digital transformation, 84 percent of respondents told us they need to rethink their workforce experience to improve productivity. And in the face of new pressures to move faster and adapt to a far more diverse workforce, 80 percent believe they need to develop leaders differently.

While these may seem like timeless human capital problems, today they are arising in a whole new context: the social enterprise. In last year's *Global Human Capital Trends* report, we described the rise of the social enterprise—organizations whose mission combines revenue growth and profit-making with the need to respect and support its environment and stakeholder network. This year, we believe the pressures that have driven the rise of the social enterprise have become even more acute. They are forcing organizations to move beyond mission statements and philanthropy to learn to *lead* the social enterprise—and reinvent themselves around a human focus.

WHAT IS A SOCIAL ENTERPRISE?

A social enterprise is an organization whose mission combines revenue growth and profit-making with the need to respect and support its environment and stakeholder network. This includes listening to, investing in, and actively managing the trends that are shaping today's world. It is an organization that shoulders its responsibility to be a good citizen (both inside and outside the organization), serving as a role model for its peers and promoting a high degree of collaboration at every level of the organization.

Leading the social enterprise

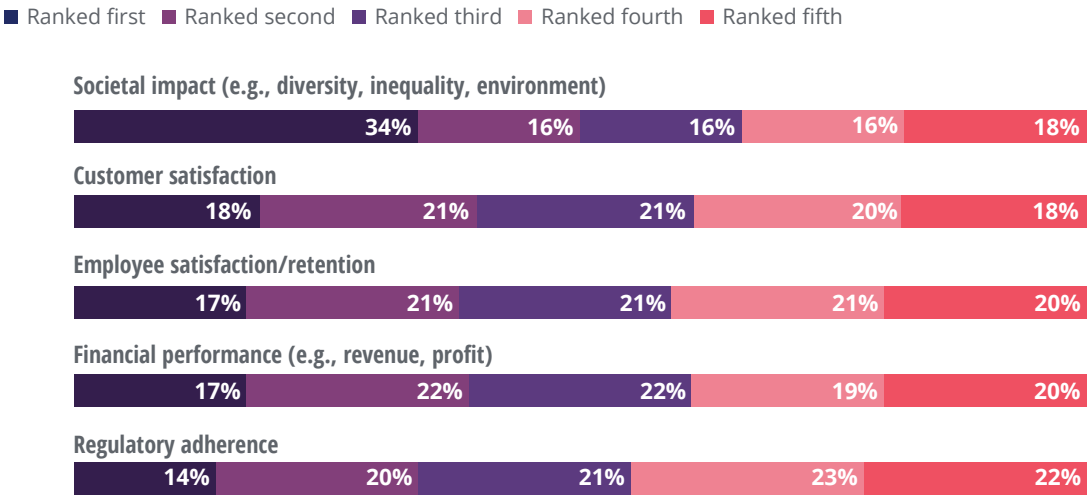
When CEOs were asked to rate their most important measure of success in 2019, the number-one issue they cited was "impact on society, including income inequality, diversity, and the environment,"[2] showing the urgency of this issue (figure 1).

But while CEOs have recognized the issue, they certainly haven't solved for it. That's because leading a social enterprise is not the equivalent of practicing corporate social responsibility. Nor is it about engaging in social impact programs or defining a purpose or mission statement—though all of these are also important in their own right. Leading a social enterprise is about recognizing that, while businesses must generate a profit and deliver a return to shareholders, they must do so while also improving the lot of workers, customers, and the communities in which we live. And in today's world, with today's societal challenges, fulfilling this aim requires reinvention on a broad scale.

We are not alone in this view. Deloitte's global research on leadership in the Fourth Industrial

FIGURE 1

Respondents cited societal impact most often as the top factor used to measure success when evaluating annual performance



Note: Percentages may not total 100 percent due to rounding.
Source: Deloitte and Forbes Insights, *Success personified in the Fourth Industrial Revolution: Four leadership personas for an era of change and uncertainty*, Deloitte Insights, January 20, 2019.

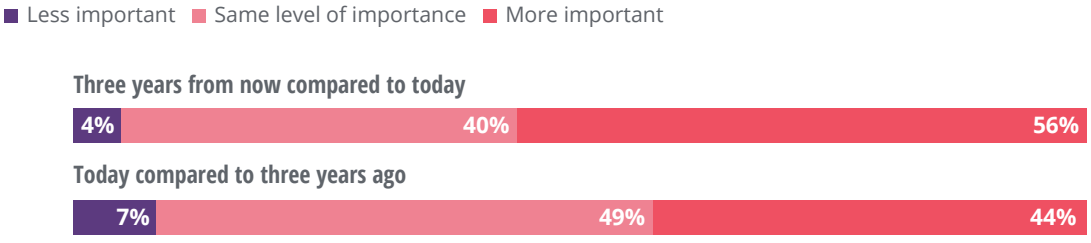
Revolution underscores the value CEOs and business leaders place on societal impact and connection, and its importance in measuring success when evaluating annual business performance.[3] And this year's Global Human Capital Trends survey, which polled nearly 10,000 respondents in 119 countries, not only confirmed this trend by showing accelerating growth in the role of the social enterprise (figure 2), but also supported the social enterprise's positive link to financial performance (figure 3).

Reinvent with a human focus

There is no question that the Fourth Industrial Revolution is bringing disruption to the political, economic, and social fabric—and this disruption is having an impact on work, workers, and employers as never before. Issues such as income inequality, wages, and the role of businesses in society are all under debate, and the tensions underlying the social enterprise are being reflected in labor, regulatory,

FIGURE 2

The social enterprise is becoming more important to organizations over time

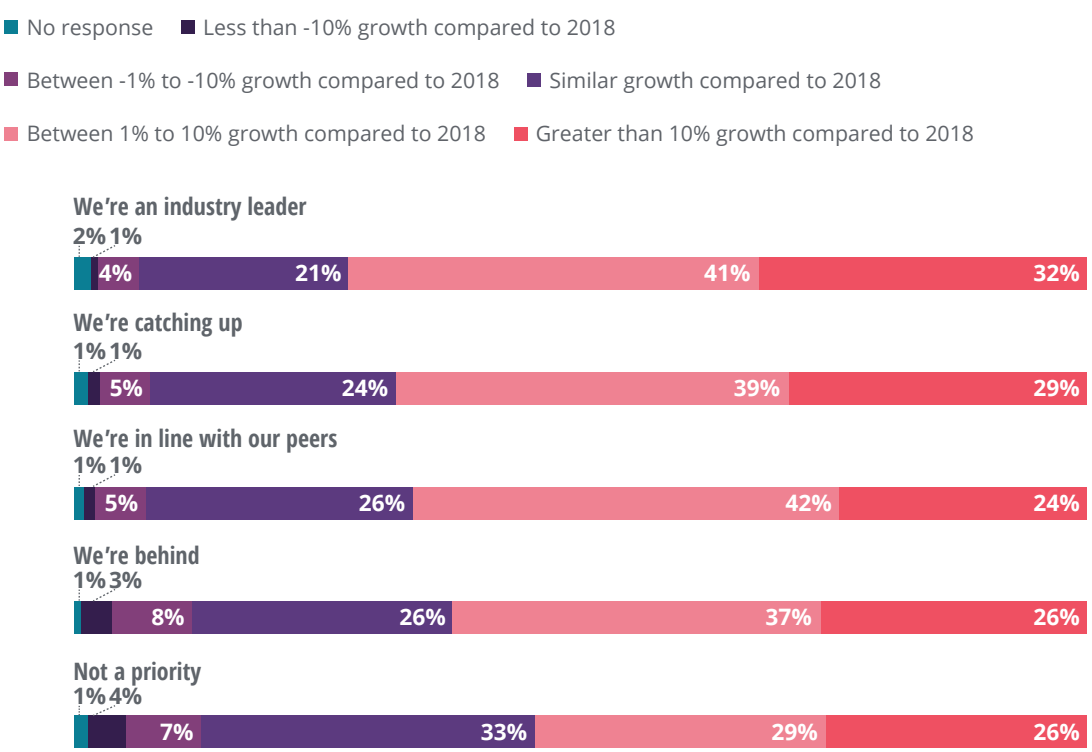


Source: Deloitte Global Human Capital Trends survey, 2019.

FIGURE 3

More-mature social enterprises anticipated greater growth in the year ahead

How mature is your organization as a social enterprise?



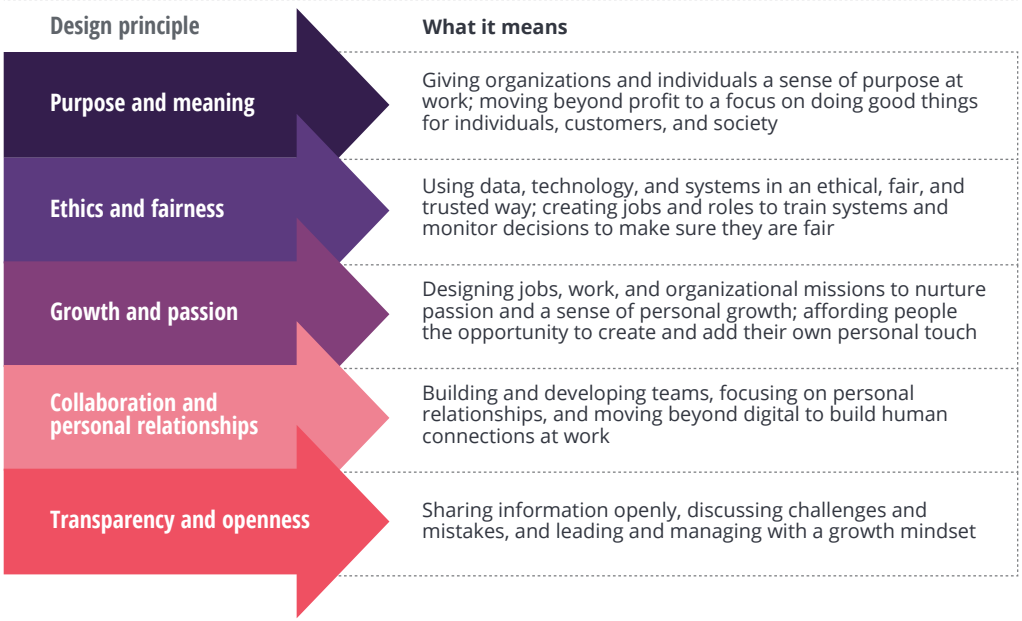
Note: Percentages may not total 100 percent due to rounding.
Source: Deloitte Global Human Capital Trends survey, 2019.

and community concerns around the world. For example, in 2018, the United States experienced 20 major work stoppages involving 485,000 workers—the most since 2007—with strikes in the education sector by far the most frequent.[4] Meanwhile, after more than 40 years of nominal pay growth in the United States, purchasing power after adjusting for inflation has barely budged.[5] Income inequality has increased in many developed economies, including the United States, where the bottom 90 percent of earners have only seen a 5 percent wage increase in the last 18 years,[6] and in China, where income inequality has grown rapidly.[7]

The magnitude of the disruptions to work, workers, and the workforce—and their consequent impact on employers—are why we have deliberately chosen the word "reinvent." Reinvention goes back to the core—the foundation of an organization. This is not about tinkering at the edges. Why? Because with regard to work, the workforce, and the workplace, there is much work to be done. Eighty-five percent of employees around the world are not engaged or are actively disengaged from their jobs.[8] People are working more hours, and problems of financial and mental stress seem to be at a peak. Some experts attribute the high suicide rate among young men in Japan to an increase in "precarious employment," in which young people are employed on short-term contracts.[9] Yet in the United States, more than 40 percent of the workforce now works on a contingent basis,[10] and more than two-thirds of millennial and Generation Z workers work "side hustles" to help make ends meet.[11] More than 50 percent of respondents to this year's Global Human Capital Trends survey told us that they thought their employees would have an easier time finding a new job with a new employer than within their current organization. And research now shows that the

FIGURE 4

Human principles for the social enterprise: Benchmarks for reinvention



Source: Deloitte Global Human Capital Trends survey, 2019.

No. 1 reason people quit their jobs is the "inability to learn and grow."[12]

Demographic changes are also driving a rethinking of who, exactly, employers need to engage for work. The birth rate in many developed countries is below replacement level[13] (in both the United States and the United Kingdom, the fertility rate is 1.9 children per woman),[14] and the fastest-growing segment of the workforce in the United States is now those above age 55.[15] Societies have benefited from an increase in life expectancy through the science of health, but we aren't sure what jobs, careers, or roles workers should have in these longer lives.

Finally, as automation becomes more prevalent in the workplace, we see a need to put meaning back into work. Whether it's algorithms figuring out what tasks workers should perform, nudges encouraging workers to behave a certain way, or data indicating who a worker is and what matters to them, technology has not only invaded the workplace, but is shaping and monitoring individuals' identities at work. In many ways, technology has leaped ahead of leaders and organizations, and the human element needs to catch up.

To help guide organizations through the reinvention, we posit a set of human principles for the social enterprise (figure 4). These five principles frame the "human focus" for the social enterprise and serve as benchmarks against which we can measure any action or business decision that could potentially affect people. Because the paradox of today is that while we live in a world of amazing technology, it is—and always will be—human potential that moves us forward.

2019's 10 human capital trends

The five design principles for the social enterprise give us the *why* for reinvention. But *where* can we direct our efforts in order to make a meaningful impact? To address this question, we have organized our human capital trends for 2019 into three actionable categories. The first deals with *the future of the workforce*: how organizations should adapt to the forces restructuring job and work design, the open talent economy, and leadership. The second deals with *the future of the*

organization: how teams, networks, and new approaches to rewards are driving business performance. And the third deals with *the future of HR*: how the function is stepping up to the challenge of redesigning its capabilities, technologies, and focus to lead transformation in HR and across the enterprise.

THE FUTURE OF THE WORKFORCE

The alternative workforce: It's now mainstream. For years, many considered contract, freelance, and gig employment to be "alternative work," options supplementary to full-time jobs. Today, this segment of the workforce has grown and gone mainstream even as talent markets have tightened, leading organizations to look strategically at all types of work arrangements in their plans for growth. Best practices to access and deploy alternative workers are just now being invented. If the economy continues to grow, organizations must be more flexible in adapting to these new work arrangements, and plan to use them in a strategic way.

From jobs to superjobs. A vast majority of organizations told us they expect to increase or significantly increase their use of AI, cognitive technologies, robotic process automation, and robotics over the next three years. As organizations adopt these technologies, they're finding that virtually every job must change, and that the jobs of the future are more digital, more multidisciplinary, and more data- and information-driven. Paradoxically, to be able to take full advantage of technology, organizations must redesign jobs to focus on finding the human dimension of work. This will create new roles that we call "superjobs": jobs that combine parts of different traditional jobs into integrated roles that leverage the significant productivity and efficiency gains that can arise when people work with technology.

Leadership for the 21st century: The intersection of the traditional and the new. Developing leaders is the perennial issue of our time. Eighty percent of survey respondents told us that leadership was an important or very important issue, and 80 percent of respondents said that "21st-century leaders" face unique and new requirements. To be effective in the 21st century, leaders must take a nuanced approach to pursuing traditional business goals: an approach that takes into account the new context in which such goals must be achieved, and that draws on critical new competencies—including leading through change, embracing ambiguity and uncertainty, and understanding digital, cognitive, and AI-driven technologies—to get there.

THE FUTURE OF THE ORGANIZATION

From employee experience to human experience: Putting meaning back into work. One of the biggest challenges we identified this year is the need to improve what is often called the "employee experience": Eighty-four percent of our survey respondents rated this issue important, and 28 percent rated it urgent. But the concept of employee experience falls short in that it fails to capture the need for meaning in work that people are looking for. We see an opportunity for employers to refresh and expand the concept of "employee experience" to address the "human experience" at work—building on an understanding of worker aspirations to connect work back to the impact it has on not only the organization, but society as a whole.

Organizational performance: It's a team sport. The shift from hierarchies to teams is well underway. Thirty-one percent of survey respondents told us they now operate mostly or almost wholly in teams, with another 65 percent saying they are mostly hierarchical but with some cross-functional team-based work. Yet most organizations have not yet refreshed leadership, job design, and rewards to adapt. Our research shows that many leaders do not know how to operate in teams and have not yet adopted the team model of engaging with each other. Deeper in the enterprise, many organizations are still struggling to build programs and incentives that support teaming as well. In 2019, technology is making team models of work easier: Organizations must now refresh the rest of our talent practices to keep up.

Rewards: Closing the gap. Organizations are exploring a dizzying array of perks and rewards to motivate their people. But they are not keeping up: In our 2019 survey, only 11 percent of respondents told us their rewards systems were highly aligned with their organizational goals, and 23 percent reported that they did not know what rewards their workers value. How can organizations develop

rewards that align with more agile models for performance measurement and management, and at the same time address workers' legitimate expectations and needs? A focus on building relationships with workers—and eschewing external benchmarking in favor of curating a differentiated suite of rewards—can help organizations close the gap.

THE FUTURE OF HR

Accessing talent: It's more than acquisition. In this 11th year of the economic recovery, recruiting has become harder than ever. As the job market remains competitive and organizations' skills requirements undergo rapid change, it's time for organizations to think about how they can continuously "access talent" in varying ways: mobilizing internal resources, finding people in the alternative workforce, and strategically leveraging technology to augment sourcing and boost recruiting productivity.

Learning in the flow of life. The number-one trend for 2019 is the need for organizations to change the way people learn; 86 percent of respondents cited this as an important or very important issue. It's not hard to understand why. Evolving work demands and skills requirements are creating an enormous demand for new skills and capabilities, while a tight labor market is making it challenging for organizations to hire people from outside. Within this context, we see three broader trends in how learning is evolving: It is becoming more integrated with work; it is becoming more personal; and it is shifting—slowly—toward lifelong models. Effective reinvention along these lines requires a culture that supports continuous learning, incentives that motivate people to take advantage of learning opportunities, and a focus on helping individuals identify and develop new, needed skills.

Talent mobility: Winning the war on the home front. As organizations globalize and compete aggressively for top talent, the importance of internal, enterprisewide talent mobility has become paramount. Organizations can no longer expect to source and hire enough people with all the capabilities they need; they must move and develop people internally to be able to thrive. A new set of norms governing internal mobility is needed to do this well. At leading organizations, mobility should be perceived as a natural, normal progression instead of as a major change in one's career; opportunities to move should be extended to workers at all levels, not just managers and team leaders; and technology should enable a streamlined mobility process for moves between functions, jobs, and projects as well as geographies.

HR cloud: A launch pad, not a destination. Cloud computing has gone mainstream, and organizations have spent millions on new platforms to make HR systems more engaging, personalized, and data-driven. Yet while cloud systems have gone a long way toward integrating the messy back office of HR, they aren't all that's needed to better support innovation, raise employee productivity, and lower cost. In 2019, organizations must rethink their HR technology strategy, considering cloud as a foundation and exploring innovative new platforms, automation, and AI-based tools to complement their core systems.

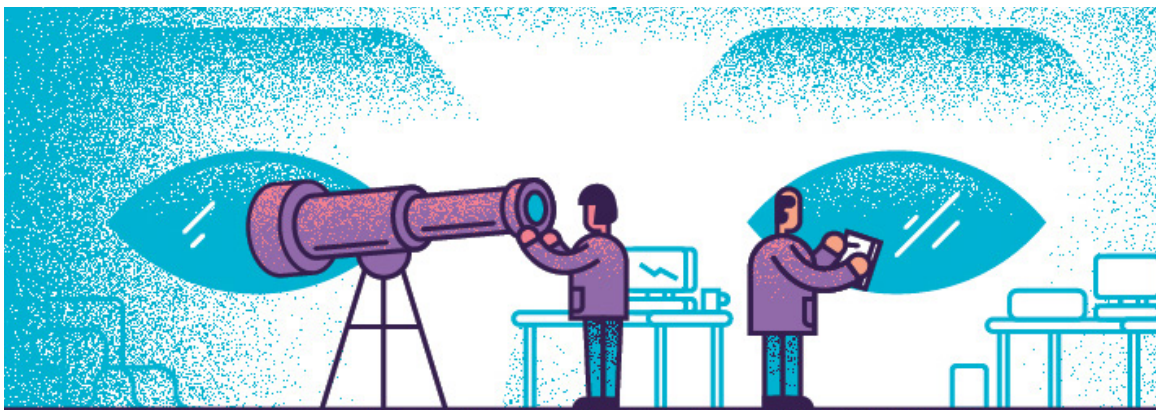
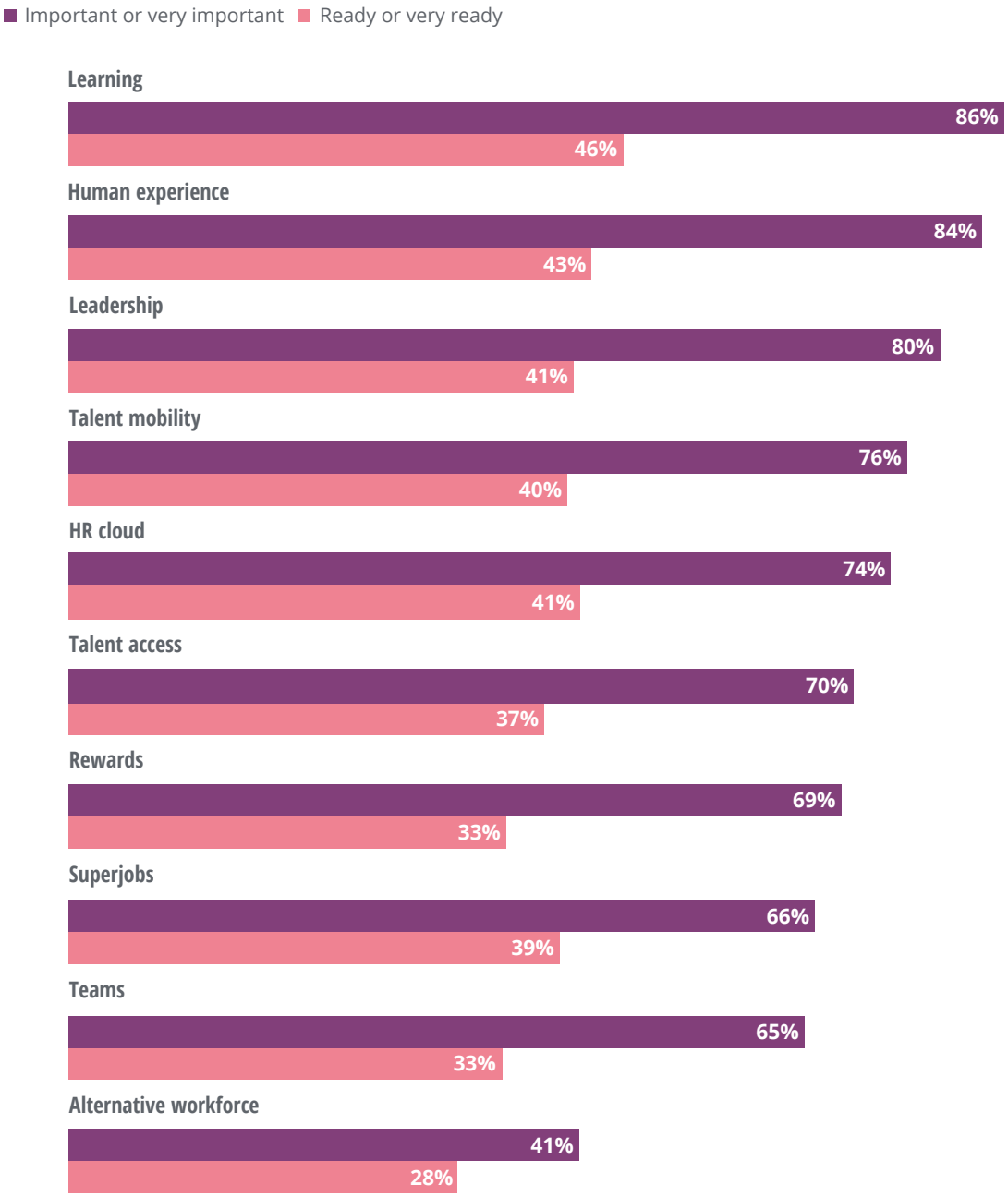


FIGURE 5

Importance outstrips readiness for all 10 trends



Source: Deloitte Global Human Capital Trends survey, 2019.

We recognize that reinvention can be a daunting prospect, especially when our survey shows that many organizations are not ready to address the changes our 10 trends describe (figure 5). That is why, this year, we have focused not only on the *why* and the *what*, but also the *how*. Depending on your organization's readiness and need to change, reinvention can happen in one of three ways. You can *refresh*: Update and improve the way things happen now. You can *rewire*: Create new connections that change the strategic direction. Or you can *recode*: Start over and design from scratch. Either way, there are two aspects of the reinvention that remain constant: (1) it must involve technology in some way—there is no path to reinvention without it and (2) it must be a bold enough change to meet the challenges that the social enterprise presents; remember, this is not about tinkering at the edges.

In each of the following chapters, you will find one of these three modes of reinvention noted as a suggested starting point. Which of these efforts is best to undertake in which domain for any particular organization is a conversation for leaders across the enterprise to have (figure 6). But regardless of the path taken, the aim should remain constant: a renewed human focus in a world where profits meet purpose, talent trumps technology, and the social enterprise reigns supreme.

FIGURE 6

Three domains for reinvention, three approaches to change



Source: Deloitte analysis.

Endnotes

1. The National Bureau of Economic Research, "US business cycle expansions and contractions," accessed February 20, 2019.
2. Deloitte and Forbes Insights, *Success personified in the Fourth Industrial Revolution: Four leadership personas for an era of change and uncertainty*, Deloitte Insights, 2019.
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4. Marisa Fernandez, "Teacher walkouts boosted strikes to highest level since 2007," Axios, February 24, 2019.
5. Drew Desilver, "For most US workers, real wages have barely budged in decades," Pew Research Center, August 7, 2018.
6. David Leonhardt, "We're measuring the economy all wrong," *New York Times*, September 14, 2018.
7. Sonali Jain-Chandra, "Chart of the week: Inequality in China," IMFBlog, September 20, 2018.
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10. Elaine Pofeldt, "Shocker: 40% of workers now have 'contingent' jobs, says U.S. government," *Forbes*, May 25, 2015.
11. Deloitte, *2018 Deloitte millennial survey*: *Millennials disappointed in business, unprepared for Industry 4.0*, 2018.
12. Josh Bersin, "New research shows 'heavy learners' more confident, successful, and happy at work," LinkedIn, November 10, 2018.
13. Elizabeth Bauer, "Will the fertility rate recover? Probably not, a new study says," *Forbes*, September 26, 2018; Julia Belluz, "The historically low birthrate, explained in three charts," Vox, May 22, 2018.
14. World Population Review, "Fertility rate by country 2019," accessed February 23, 2019.
15. US Bureau of Labor Statistics, "Labor force projections to 2024: The labor force is growing, but slowly," *Monthly Labor Review*, December 2015.

Appendix A

Trend importance and urgency

FIGURE 7

Trend importance by region

	All respon-dents	Africa	Asia	Central and Eastern Europe	Latin and South America	Middle East	Nordic countries	North America	Oceania	Western Europe
Learning	**86%**	90%	86%	84%	90%	88%	89%	88%	91%	81%
Human experience	**84%**	88%	86%	82%	89%	90%	86%	85%	85%	75%
Leadership	**80%**	85%	86%	81%	79%	84%	81%	83%	81%	72%
Talent mobility	**76%**	81%	79%	71%	81%	78%	74%	75%	78%	70%
HR cloud	**74%**	82%	75%	71%	78%	85%	68%	75%	77%	68%
Talent access	**70%**	79%	74%	67%	73%	77%	71%	68%	75%	64%
Rewards	**69%**	78%	75%	67%	79%	76%	54%	63%	65%	59%
Superjobs	**66%**	79%	72%	63%	70%	75%	55%	62%	61%	60%
Teams	**65%**	72%	65%	56%	74%	69%	63%	57%	71%	62%
Alternative workforce	**41%**	43%	45%	35%	52%	52%	28%	32%	44%	35%

Note: Percentages represent the percent of respondents who said the topic was important or very important to their organization's future success in the next 12 to 18 months.
Source: Deloitte Global Human Capital Trends survey, 2019.

FIGURE 8

Trend importance by industry

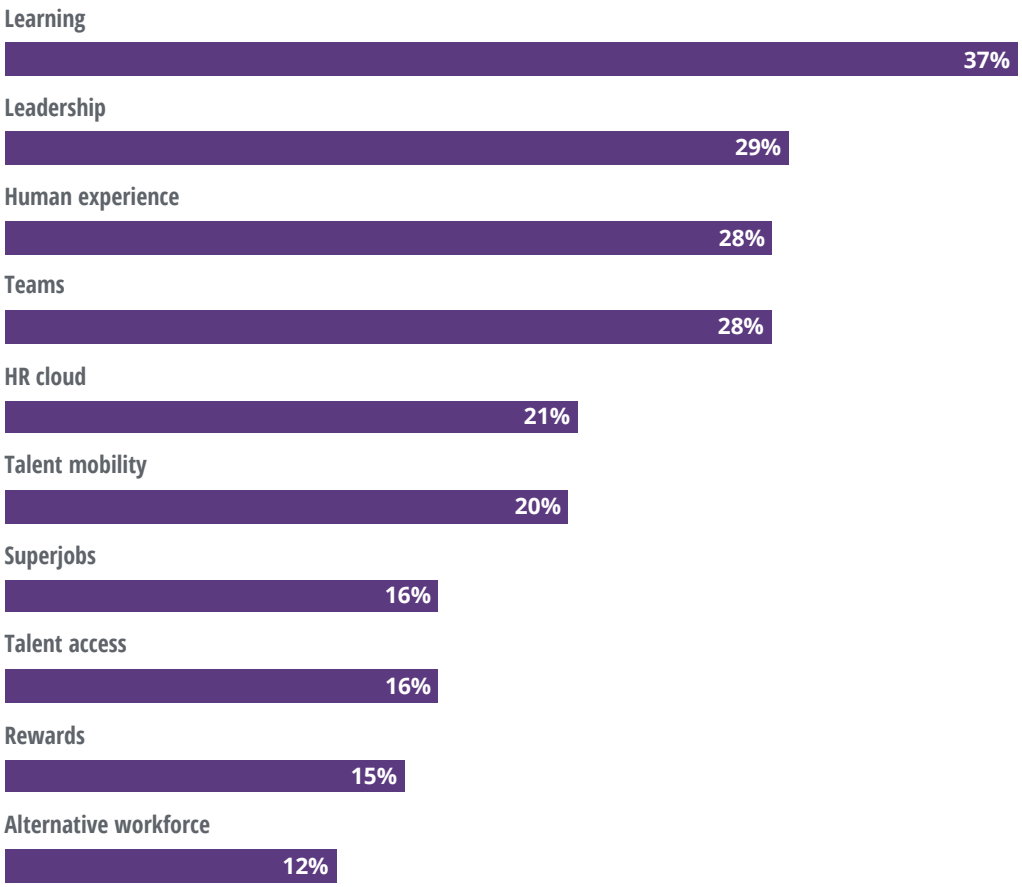
	All industries	Consumer	Energy, resources, and industrials	Financial services	Government and public services	Life sciences and health care	Professional services	Technology, media & telecom
Learning	**86%**	86%	85%	89%	84%	82%	87%	89%
Human experience	**84%**	85%	83%	86%	80%	83%	85%	85%
Leadership	**80%**	80%	81%	81%	72%	79%	79%	82%
Talent mobility	**76%**	75%	78%	80%	73%	75%	75%	79%
HR cloud	**74%**	76%	74%	79%	72%	70%	73%	76%
Talent access	**70%**	70%	67%	75%	69%	70%	71%	73%
Rewards	**69%**	72%	68%	72%	55%	67%	70%	72%
Superjobs	**66%**	69%	69%	68%	65%	63%	64%	65%
Teams	**65%**	63%	60%	71%	56%	60%	71%	70%
Alternative workforce	**41%**	38%	37%	38%	34%	34%	55%	44%

Note: Percentages represent the percent of respondents who said the topic was important or very important to their organization's future success in the next 12 to 18 months.
Source: Deloitte Global Human Capital Trends survey, 2019.

FIGURE 9

Trend urgency

Please select the three topics that are most urgent to your organization moving into 2019.



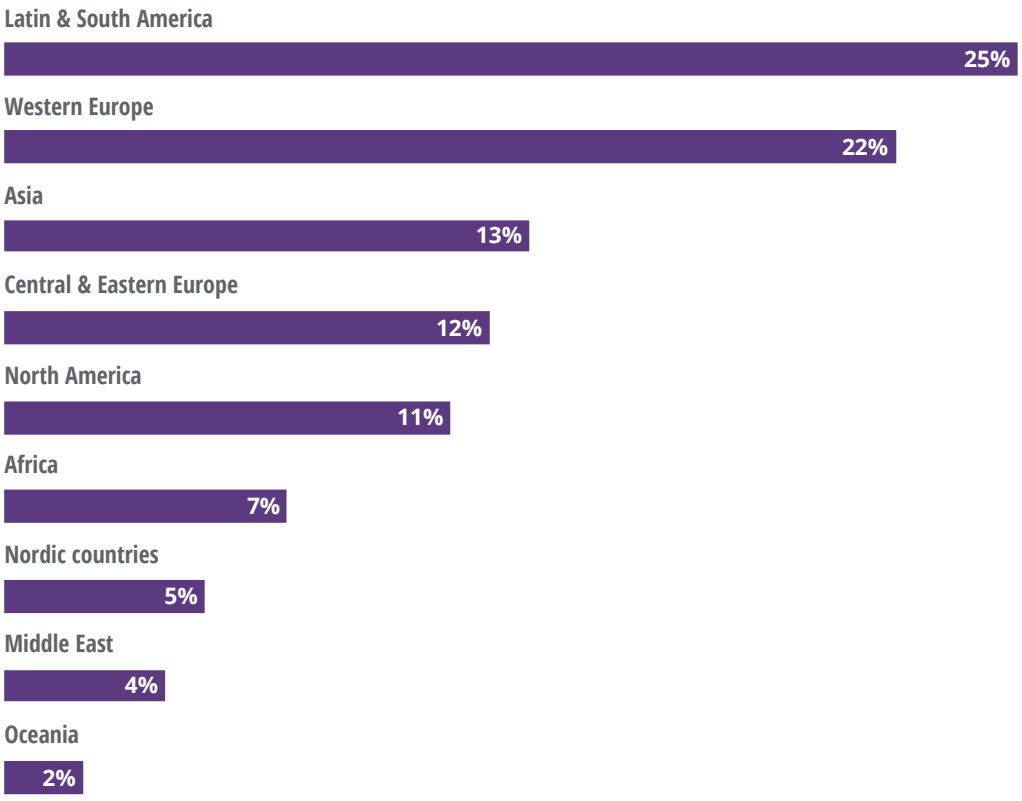
Note: Percentages represent the percent of respondents who indicated the topic was one of the three most urgent their organization is facing moving into 2019.
Source: Deloitte Global Human Capital Trends survey, 2019.

Appendix B

Demographics

FIGURE 10

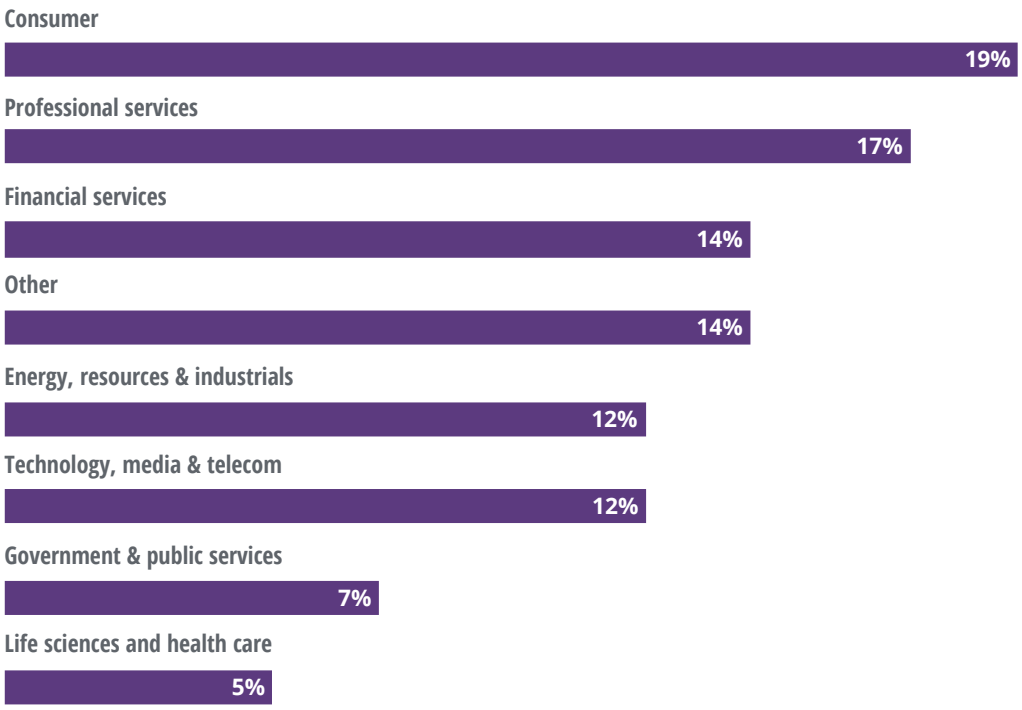
Respondents by region



Source: Deloitte Global Human Capital Trends survey, 2019.

FIGURE 11

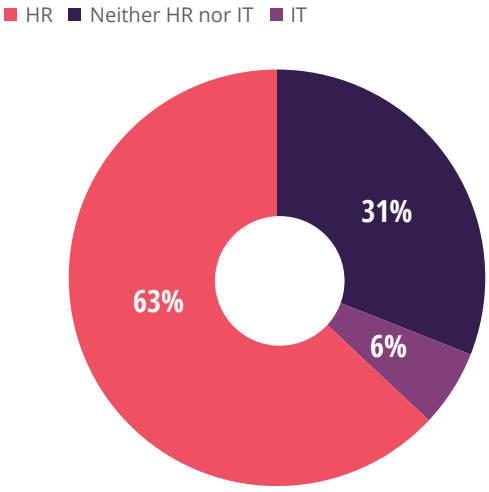
Respondents by industry



Source: Deloitte Global Human Capital Trends survey, 2019.

FIGURE 12

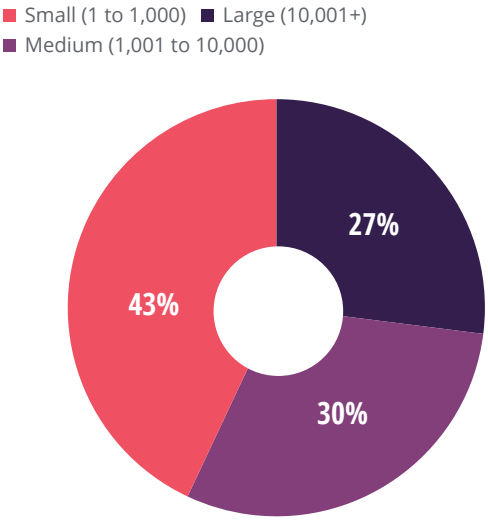
Respondents by function



Source: Deloitte Global Human Capital Trends survey, 2019.

FIGURE 13

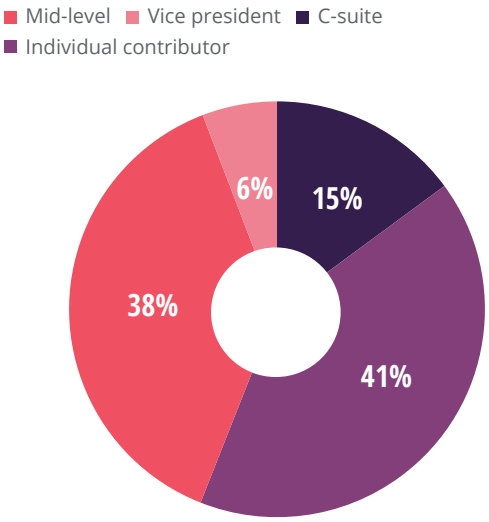
Respondents by organization size (number of employees)



Source: Deloitte Global Human Capital Trends survey, 2019.

FIGURE 14

Respondents by level



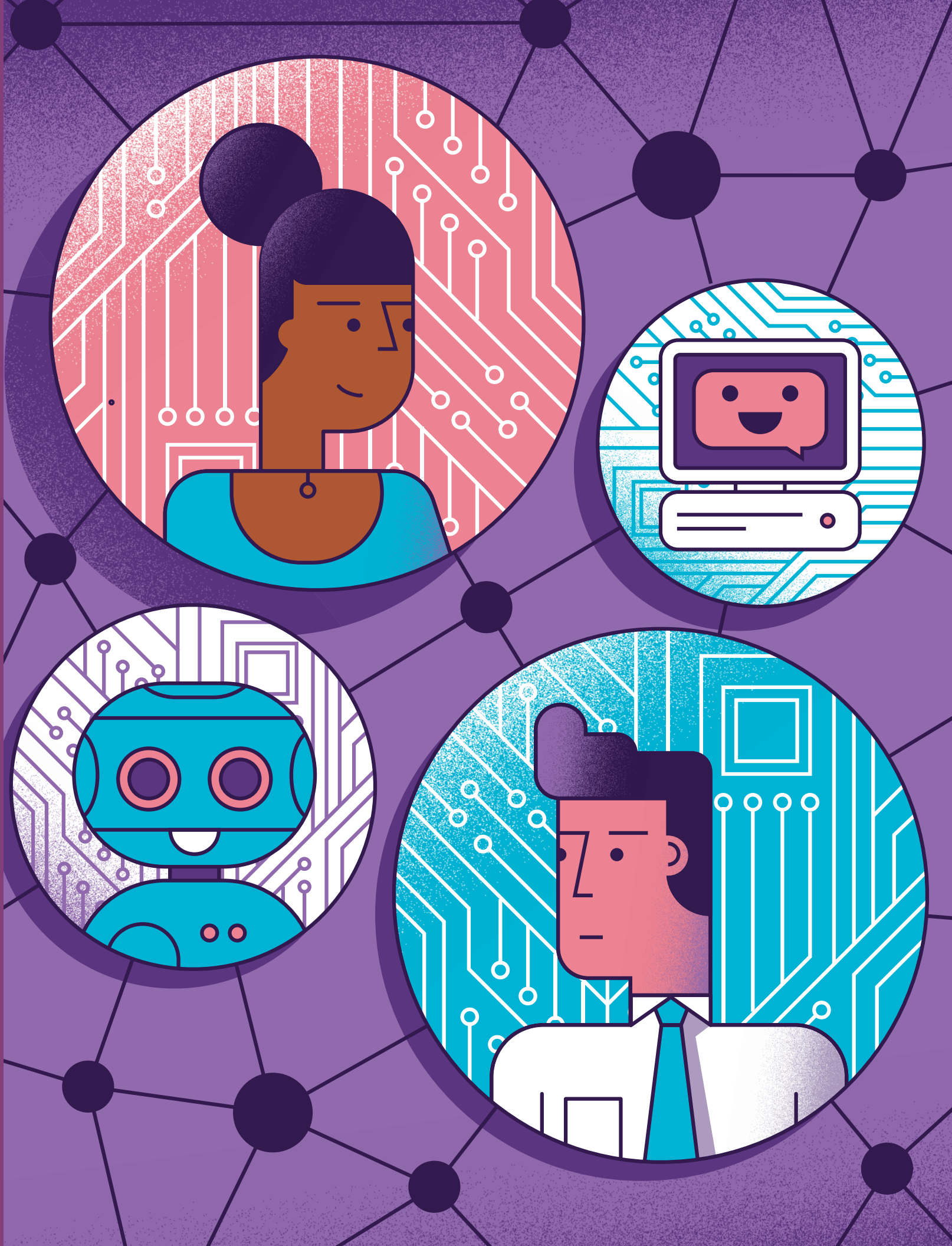
Source: Deloitte Global Human Capital Trends survey, 2019.

FIGURE 15

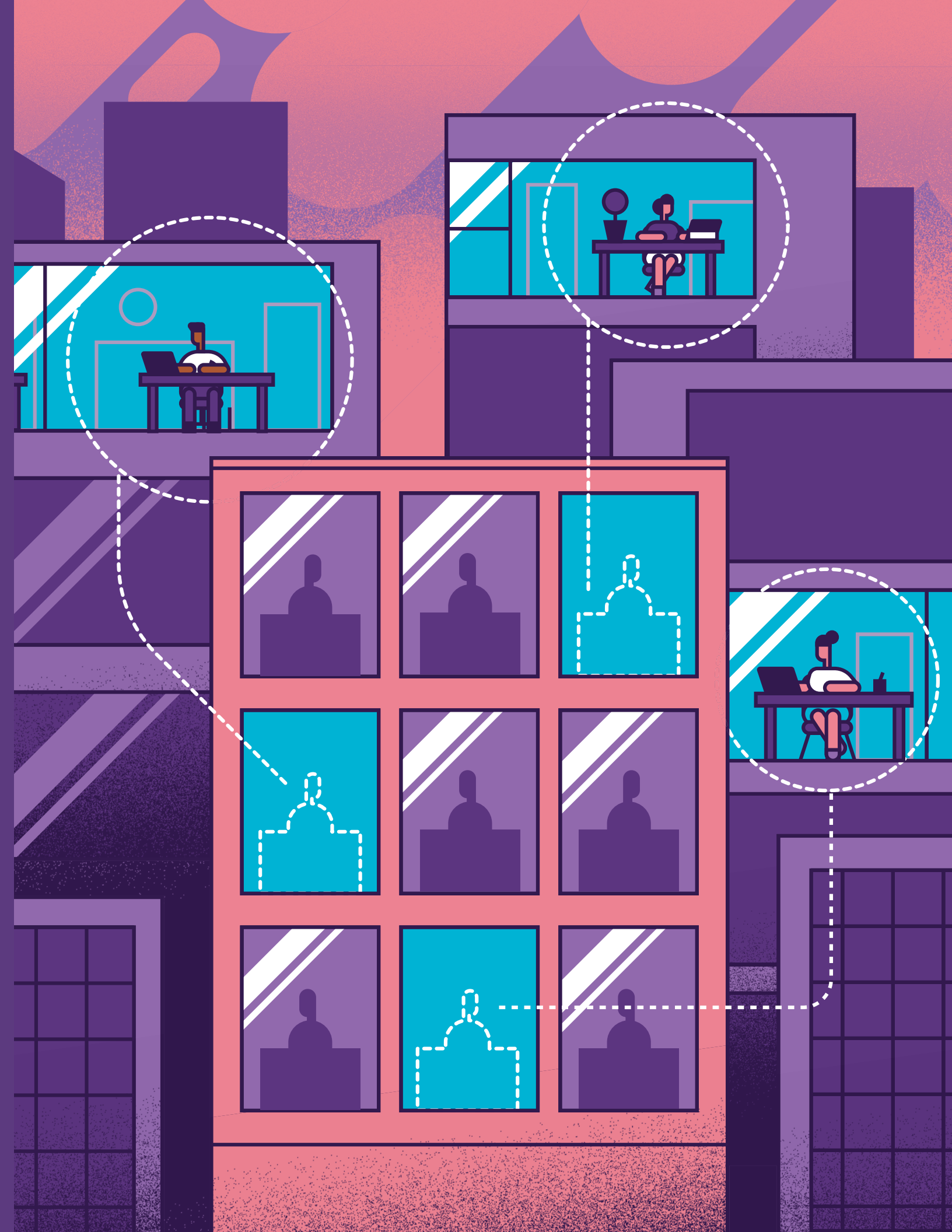
Respondents by country

	Number of respondents		Number of respondents		Number of respondents
United States	844	Chile	232	Turkey	164
Germany	606	Ukraine	232	Norway	148
Belgium	455	India	225	El Salvador	140
Japan	375	People's Republic of China	215	Peru	139
Mexico	368	Brazil	194	Guatemala	134
South Africa	345	France	189	Netherlands	134
Poland	300	Finland	188	Australia	122
Costa Rica	261	United Kingdom	185	Argentina	120
Ecuador	246	Colombia	184	Indonesia	116
Canada	240	Russian Federation	175	Denmark	113
				Others	2,064
				Total	**9,453**

Source: Deloitte Global Human Capital Trends survey, 2019.



Future of the workforce



The alternative workforce

It's now mainstream

For many years, people viewed contract, freelance, and gig employment as "alternative work," options considered supplementary to full-time jobs. Today, this segment of the workforce has gone mainstream, and it needs to be managed strategically. Given growing skills shortages and the low birth rate in many countries, leveraging and managing "alternative" workforces will become essential to business growth in the years ahead.

ORIGINALLY CONCEIVED OF as contract work, "alternative" work today includes work performed by outsourced teams, contractors, freelancers, gig workers (paid for tasks), and the crowd (outsourced networks). The world is seeing rapid growth in the number of people working under such arrangements. By 2020, for instance, the number of self-employed workers in the United States is projected to triple to 42 million people.[1] Freelancers are the fastest-growing labor group in the European Union, with their number doubling between 2000 and 2014; growth in freelancing has been faster than overall employment growth in the United Kingdom, France, and the Netherlands.[2] And many people are alternative workers part-time: Deloitte's latest millennial study found that 64 percent of full-time workers want to do "side hustles" to make extra money.[3]

For organizations that want to grow and access critical skills, managing alternative forms of employment has become critical. Many countries are seeing declining birth rates,[4] reducing the size of the labor pool. Forty-five percent of surveyed employers worldwide say they are having trouble filling open positions, the largest such percentage

ALTERNATIVE WORK COMES IN MANY SHAPES AND SIZES

- **Alternative workforce:** Includes contractors, freelance/independent workers, gig, and crowd workers.
- **Freelance/independent workers:** Workers who extend the core employee workforce and are typically paid by the hour, day, or other unit of time.
- **Gig workers:** Workers paid by the task (or microtask) to complete a specified piece of work.
- **Crowd workers:** Workers who compete to participate in a project and are often only paid if they are among the top participants in a competition.

since 2006. Among companies with more than 250 employees, the percentage struggling to find qualified candidates rises to 67 percent.[5]

At the same time, retirees are reentering the workforce, people are spending time caring for children and aging parents, and individuals are going back to school. These trends create more depth and scale across the range of alternative talent pools.[6]

The breadth of the alternative workforce

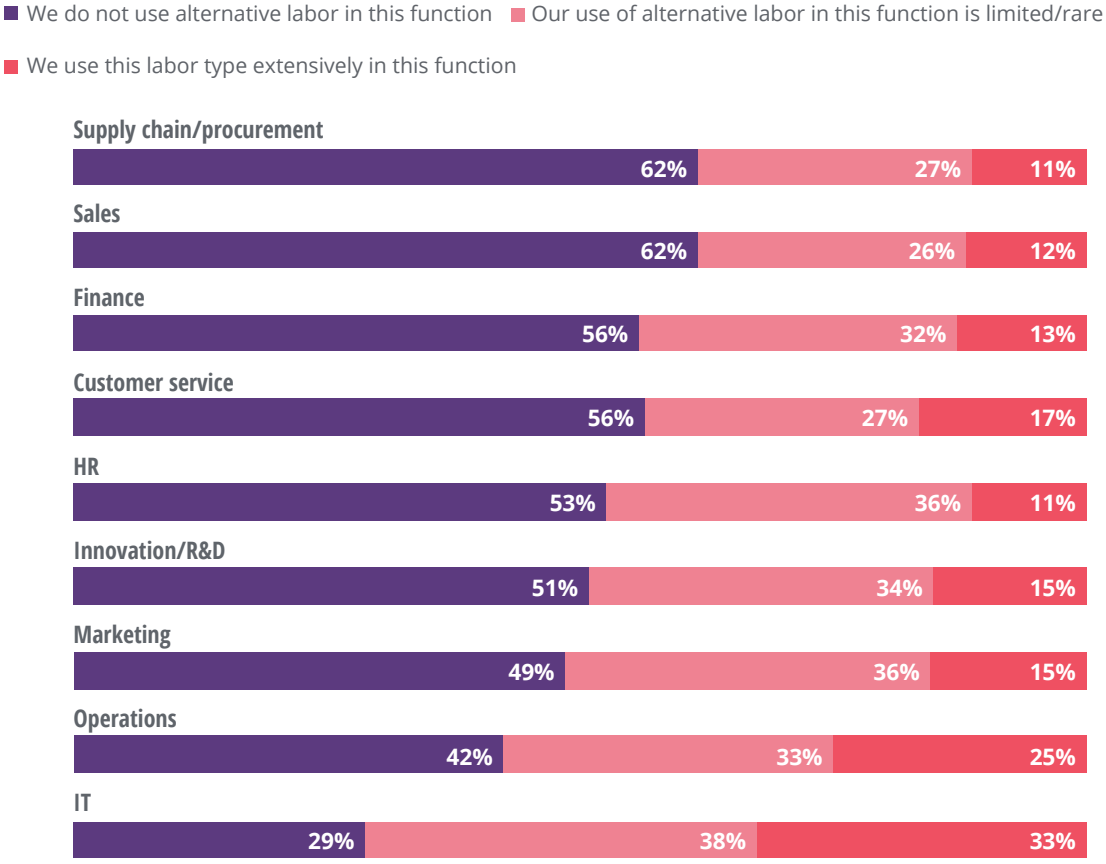
Once considered a workforce for information technology (IT) or other technical or repeatable tasks, today alternative workers perform a broad range of activities. In this year's Global Human Capital Trends study, 33 percent of respondents reported extensively using alternative arrangements for IT, 25 percent for operations, 15 percent for marketing, and 15 percent for research and development (figure 1). One of our pharmaceutical clients outsources all of its research, for example; others outsource product design, development, and support.

If we look at this market around the world, we find many sources for these workers. Traditional contingent staffing firms, such as Allegis and others, make up the core of the market, but new talent networks (such as UpWork, Fiverr, 99designs, and

FIGURE 1

The use of alternative labor is spreading beyond the IT function

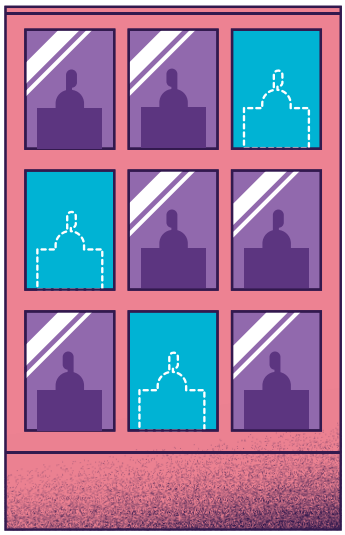
Please select the extent to which you use alternative workforce in each of the following functional areas.



Note: Percentages may not total 100 percent due to rounding.
Source: Deloitte Global Human Capital Trends survey, 2019.

more) are growing quickly. We are even starting to see talent networks focused on specific segments of the workforce ranging from working parents to active military and veterans (The Mom Project, The Second Shift, WeGoLook, and more). Research shows that these types of talent networks now manage over US$2 billion in outsourced activity,[7] employing hundreds of millions of people in every geography of the world.

A major acquisition underscores the alternative workforce's increasing economic importance. In 2017, Google acquired Kaggle, one of the world's largest networks of data science professionals.[8] As one of the world's biggest technical communities, Kaggle's attractiveness to organizations seeking freelance or contract-based technical talent has enormous potential for growth. Platforms and talent marketplaces like Kaggle—and their prospects for generating tangible returns—are evidence of the potential and value offered by alternative workforce strategies.



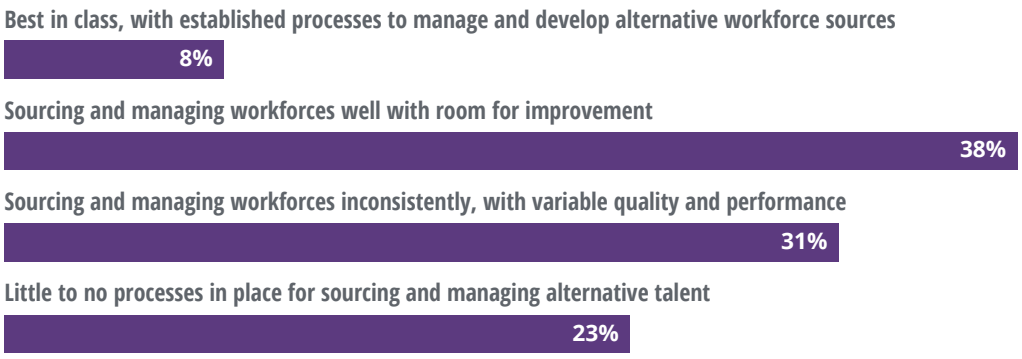
Most organizations are using alternative workers transactionally, not strategically

How fully are organizations capitalizing on the alternative workforce today? Our survey results suggest that many could be doing more. Forty-one percent of our survey respondents told us they considered this issue important or very important—but only 28 percent believe they are ready or very ready to address it. In fact, our research suggests that most organizations look at alternative work arrangements as a transactional solution, not as a strategically important source of talent. Only 8 percent of our respondents, for instance, said that they had established processes to manage and develop alternative workforce sources (figure 2); fully 54 percent of respondents said they either managed alternative workers inconsistently or had few or no processes for managing them at all. These organizations are using

FIGURE 2

Few respondents have established processes for managing the alternative workforce

How would you evaluate your company's effectiveness in sourcing and managing alternative workforce sources?



Source: Deloitte Global Human Capital Trends survey, 2019.

alternative work tactically as a way to "fill slots," not strategically as a long-term solution for the future.

What's more, our 2019 survey showed that using alternative workers can enhance organizational performance (figure 3). This is the real reason that managing alternative work and workers well is strategically important: It enables an organization to put the right talent in place where and when it's most needed to get results, in a labor market where traditionally on-balance-sheet talent is becoming ever harder to find.

For instance, the German company Robert Bosch GmbH has created an entire subsidiary—Bosch Management Support GmbH—to manage its on-call contingent workforce of more than 1,700 former and retired Bosch employees worldwide. These "senior experts" are brought in to consult and work on projects at Bosch on an as-needed basis, often at short notice, in functions as varied as research and development, production, purchasing, finance, and sales and marketing. Bosch claims a 92 percent satisfaction rate among these workers' customers, who value them both for the work they perform and for the coaching and development opportunities they bring to younger Bosch associates.[9]

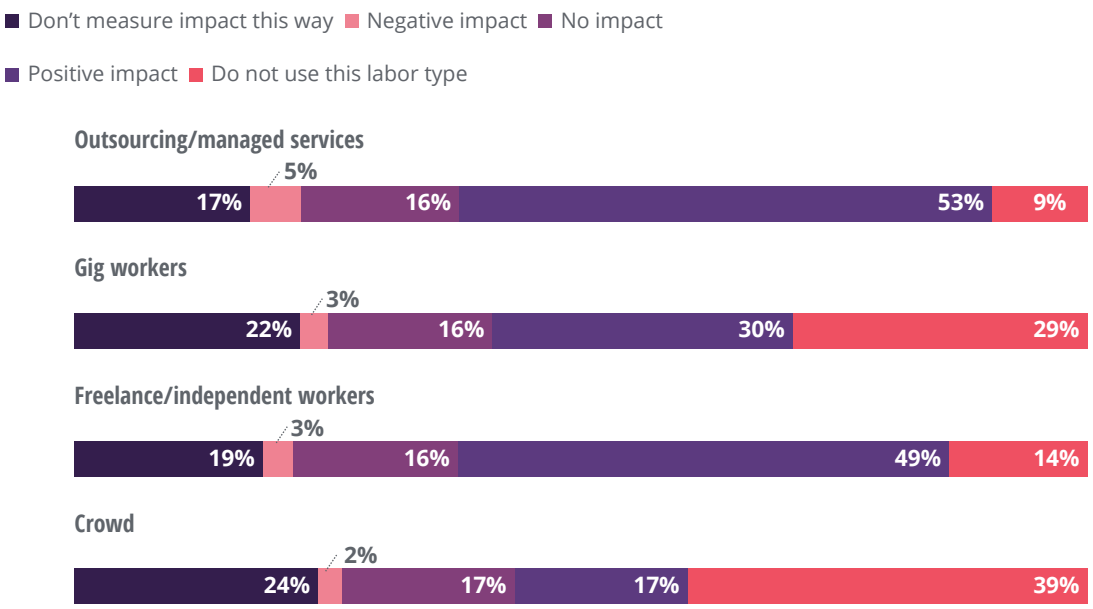
Rewiring the approach to the alternative workforce

Engaging alternative workers strategically is harder than it looks. To do so, companies have to move beyond "managing" contractors and freelancers to "optimizing" and "leveraging" the alternative workforce deliberately and well. Not many do. Even among companies with policies and standards, our experience suggests that a strategic, enterprisewide approach is rare. What is needed is a wholesale rewiring of how organizations operate as it relates to alternative labor—one that allows it to connect the appropriate talent with the appropriate roles no matter how that talent is sourced. Part of the answer lies in connecting the various parts of the enterprise involved, often in a fragmented manner, in hiring alternative workers. This includes procurement, IT, and, increasingly, HR.

FIGURE 3

The use of alternative labor often improves organizational performance

How is the use of each workforce category impacting your organization's business performance?



Note: Percentages may not total 100 percent due to rounding.
Source: Deloitte Global Human Capital Trends survey, 2019.

The good news is that, at many organizations, HR is indeed stepping up in this area. Seventy-five percent of this year's survey respondents indicated that HR supports sourcing alternative workers; 66 percent reported HR is involved in training them, 65 percent said HR negotiates work arrangements, and 63 percent reported HR is involved in benefits management. And investments to expand HR strategies to the alternative workforce are also rising. More than half of our respondents (51 percent) reported that their organization has specific plans to address recruitment strategies for the alternative workforce. Further, 31 percent of respondents now have learning and development plans for alternative workers, 23 percent survey them for feedback, and 22 percent award them bonuses and other types of incentive pay.

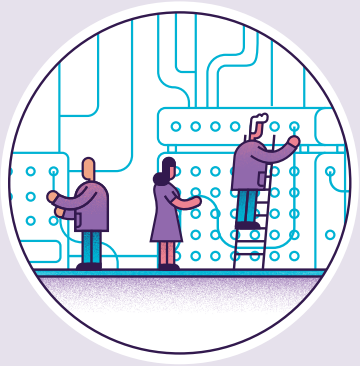
A parallel step for organizations to consider is to take advantage of the growing portfolio of alternative workforce management tools that are coming on the market. In 2018, Workday acquired Rallyteam, a gig work platform,[10] and ADP acquired WorkMarket, a leading contingent and gig work platform.[11] ADP had previously acquired a company called Global Cash Card to provide real-time pay and cash-based pay solutions for gig workers.[12] SAP acquired FieldGlass with the same functionality goals.[13] Vendors like Fuel50 now offer standalone company career and gig work platforms.[14] And Legion, a startup in the San Francisco area, is building an entire workforce management platform under the assumption that some people will always work for multiple employers at once.[15] These alternative workforce management tools are designed to fill a gap in the market and enable new connections among those managing various workforce segments and types, thereby finally enabling a total workforce view.

Alternative workers, mainstream respect

Remembering our principles for human capital reinvention, businesses must consider issues of inclusion, diversity, fairness, and trust when constructing organizational systems around alternative work. Alternative workers can have different backgrounds and cultures than many traditional workers, and these individuals are often accessed in different ways. Can managers lead a team with a diverse mix of people from both traditional and alternative talent pools, when each may come to work with a different set of motivations? Can the organization engage the alternative workforce in a way that promotes the organization's brand as a social enterprise?

It's important that the entire workforce, both alternative and traditional, be treated with respect with regard to culture, inclusion, and work assignments—and that perceptions on all sides reflect these values. While the greater risk is arguably that alternative workers will feel they are treated as outsiders—thus potentially damaging an organization's overall employment brand—it's also possible for the knife to cut the other way. At one major European bank, for example, as part of a movement to create more flexible access to talent in various technology-related fields, managers in the IT department started working systematically with contractors, freelancers, and consultants. But over time, leaders realized that the function's on-balance-sheet employees, who worked almost solely on legacy systems, felt "penalized" compared to these external workers, who were hired for more-interesting projects with "cool," newer technologies. The bank's IT leadership took steps to rebalance the mix—and the experience has now enabled the bank to more effectively access and use alternative labor pools in its IT function.[16]

Risks and challenges like these are not insurmountable, and the alternative workforce is now a critical mainstay of the workforce for a growing number of employers. Organizations that take this workforce seriously can build strategies and programs to access and engage talented people wherever they may sit in the labor pool, driving business growth and extending the diversity of the workforce.



Level of effort: The alternative workforce

REWIRE

As the alternative workforce moves into the mainstream, organizations need to take a strategic approach to tapping into this important source of talent. Organizations can use innovative approaches to move beyond "managing" these people to "optimizing" and "leveraging" them, creating new connections among HR, the business, procurement, and IT, among others, to do so effectively.

Acknowledgments

The authors would like to thank **Steven Hatfield** and **Sarah Cuthill** for their contributions to this chapter.

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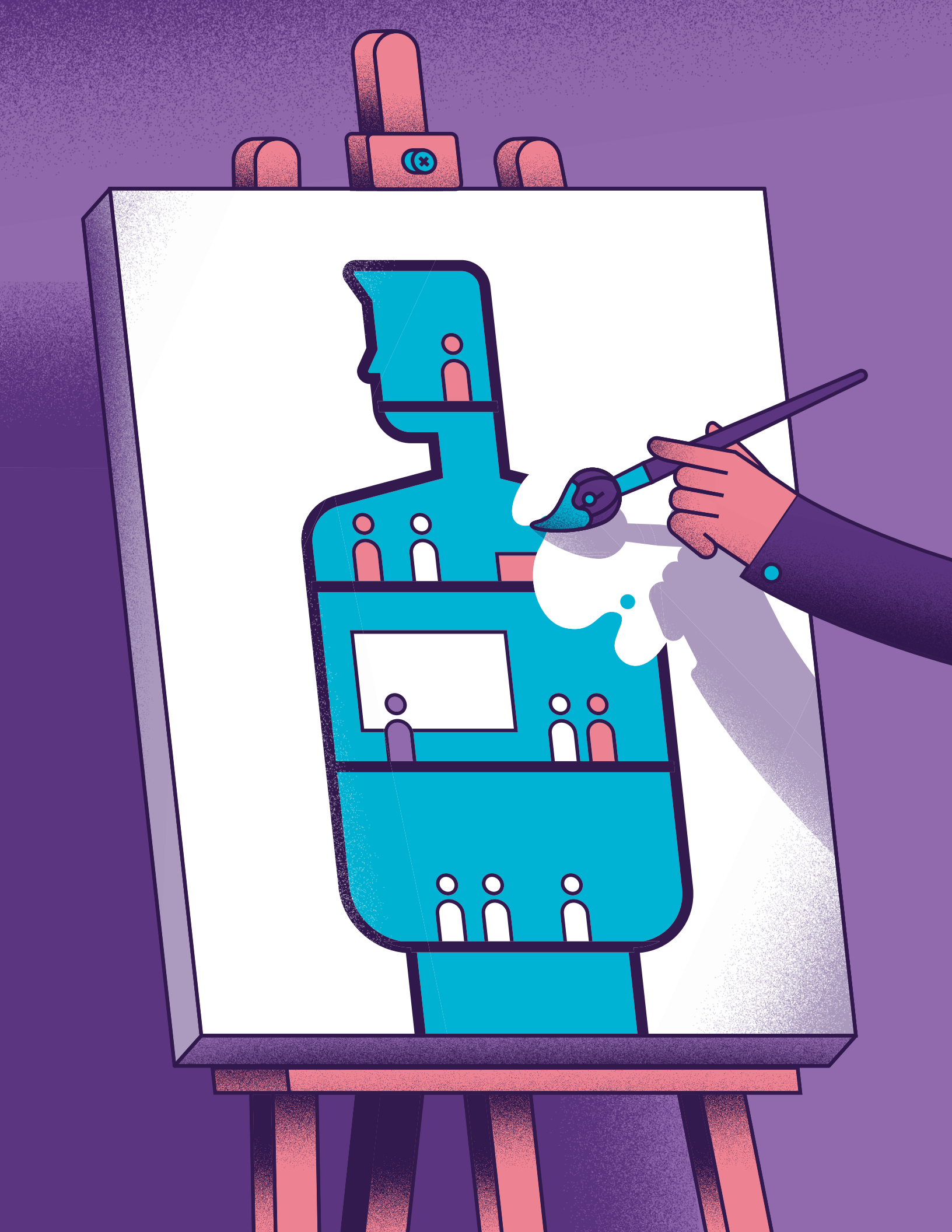
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From jobs to superjobs

The use of artificial intelligence (AI), cognitive technologies, and robotics to automate and augment work is on the rise, prompting the redesign of jobs in a growing number of domains. The jobs of today are more machine-powered and data-driven than in the past, and they also require more human skills in problem-solving, communication, interpretation, and design. As machines take over repeatable tasks and the work people do becomes less routine, many jobs will rapidly evolve into what we call "superjobs"—the newest job category that changes the landscape of how organizations think about work.

DURING THE LAST few years, many have been alarmed by studies predicting that AI and robotics will do away with jobs. In 2019, this topic remains very much a concern among our Global Human Capital Trends survey respondents. Almost two-thirds of this year's respondents (64 percent) cited AI and robotics as an important or very important issue in human capital. But are fears of net job losses to technology realistic? And what additional implications does the growing adoption of these technologies in the workplace hold?

First, let's discuss the technology. The market for technologies such as robotic process automation (RPA)—software to automate manual tasks—is growing at 20 percent per year and is likely to reach US$5 billion by 2024.[1] Reflecting this growth, 41 percent of respondents to our 2019 Global Human Capital Trends survey say they are using automation extensively or across multiple functions. Among the various ways they are automating work, RPA is

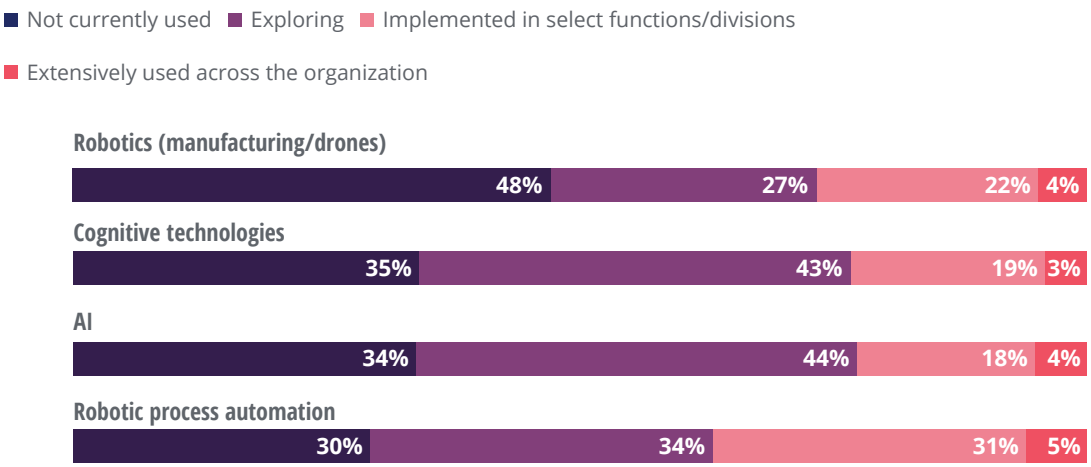
THE LANGUAGE OF AUTOMATION

- **Automation:** Includes robotics, cognitive, and AI.
- **Robotics:** Includes physical robots (such as drones and robots used for manufacturing) and robotic process automation (technology that automates highly standardized routines and transactions).
- **Cognitive technologies:** Include natural language processing and generation (machines that understand language), and machine learning (pattern recognition).
- **AI:** Machines that can make predictions using deep learning, neural networks, and related techniques.

FIGURE 1

Many organizations currently use various automation technologies

Please indicate how extensively your organization is using each type of automation today.



Note: Percentages may not total 100 percent due to rounding.
Source: Deloitte Global Human Capital Trends survey, 2019.

the most prevalent, but 26 percent of respondents are using robotics, 22 percent are using AI, and 22 percent are using cognitive technologies as well (figure 1). And their use is expected to spread. In our survey, 64 percent of respondents saw growth ahead in robotics, 80 percent predicted growth in cognitive technologies, and 81 percent predicted growth in AI. Now that organizations are using these technologies, it appears they are seeing the benefits and investing heavily in them.

Given this growth in adoption, our survey also shows that the level of "fear" and "uncertainty" around these technologies is growing. Only 26 percent of respondents stated that their organizations were "ready or very ready" to address the impact of these technologies. In fact, only 6 percent of respondents said that their organizations were "very ready," suggesting that organizations are now beginning to understand the scale and the massive implications for job design, reskilling, and work reinvention involved in integrating people and automation more extensively across the workforce.

The jobs they are a-changin'

Are jobs going away due to technology? While some may be eliminated, our view is that many more are changing. The unemployment rate remains low in the United States, and the labor market is tight for new and critical skills around the world. Furthermore, only 38 percent of our survey respondents told us that they expect technology to eliminate jobs at their organizations within the next three years, and only 13 percent believe automation will eliminate a *significant* number of positions, far different from our findings on this score only a few years ago.

Earlier research by Deloitte posited that automation, by removing routine work, actually makes jobs more human, enabling the role and contribution of people in work to rise in importance and value. The value of automation and AI, according to this research, lies not in the ability to replace human labor with machines, but in augmenting the workforce and enabling human work to be reframed in terms of problem-solving and the ability to create *new* knowledge. "It is [the] ability to collectively make sense of the world that makes us uniquely human and separates us from the robots—and it cuts across all levels of society."[2]

The ways our survey respondents tell us they are using automation, and their efforts to redesign work as a corollary to automation, speaks to this idea. This year, while 62 percent of respondents are using automation to eliminate transactional work

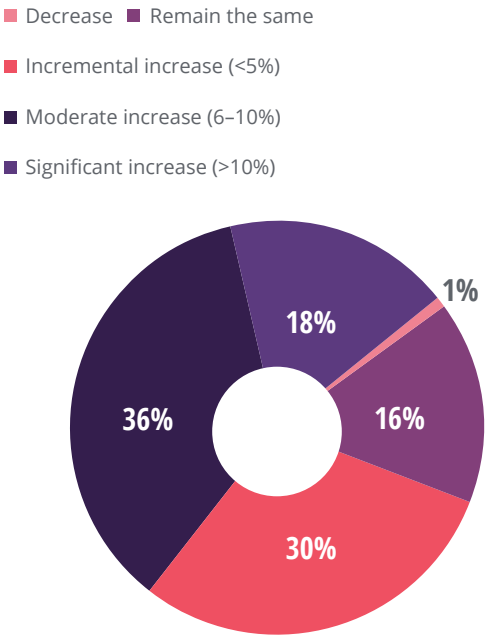
and replace repetitive tasks, 47 percent are also augmenting existing work practices to improve productivity, and 36 percent are "reimagining work." Many respondents also told us they were doubling down on reskilling: Eighty-four percent of the respondents who said that automation would require reskilling reported that they are increasing funding for reskilling and retraining, with 18 percent characterizing this investment as "significant" (figure 2).

The picture that emerges from these findings is that, as machines replace humans in doing routine work, jobs are evolving to require new combinations of human skills and capabilities. This creates the need for organizations to redesign jobs—along with their business and work processes—to keep pace.

FIGURE 2

Many organizations are increasing investments in reskilling their workforce

What additional investment are you anticipating to accommodate workforce reskilling?



Note: Only respondents who said that automation would require reskilling at their organizations answered this question.
Source: Deloitte Global Human Capital Trends survey, 2019.

The advent of "superjobs"

In traditional job design, organizations create fixed, stable roles with written job descriptions and then add supervisory and management positions on top. When parts of jobs are automated by machines, the work that remains for humans is generally more interpretive and service-oriented, involving problem-solving, data interpretation, communications and listening, customer service and empathy, and teamwork and collaboration. However, these higher-level skills are not fixed tasks like traditional jobs, so they are forcing organizations to create more flexible and evolving, less rigidly defined positions and roles.

These new types of jobs, which go under a variety of names—"manager," "designer," "architect," or "analyst"—are evolving into what we call "superjobs." New research shows that the jobs in highest demand today, and those with the fastest acceleration in wages, are so-called "hybrid jobs" that bring together technical skills, including technology operations and data analysis and interpretation, with "soft" skills in areas such as communication,service, and collaboration.[3] The concept of superjobs takes this shift one step further. In a superjob, technology has not only changed the nature of the skills the job requires but has changed the nature of the work and the job itself. Superjobs require the breadth of technical and soft skills that hybrid jobs do—but also combine parts of different traditional jobs into integrated roles that leverage the significant productivity and efficiency gains that can arise when people work with smart machines, data, and algorithms.[4]

For instance, the Cleveland Clinic, a leading US medical center facing new competition from for-profit hospital systems that had moved into the Cleveland area, underwent a fundamental rethinking and redesign of its entire enterprise—including job definitions. Not a single role was left untouched: Whether clinical or not, whether licensed or not, each position had to be evaluated and considered for potential gains in efficiency, skill level, and viability. In this process, the clinic realized that specialist roles in medicine had to become more flexible and dynamic. It became clear that doctors had to be responsible not only for deep medical domain understanding but also for understanding broad issues of patient care. One result of this effort was an increased awareness of the hybrid

THE EVOLUTION OF JOBS

- **Standard jobs:** Roles that perform work using a specified and narrow skill set. Generally organized around repeatable tasks and standard processes.
- **Hybrid jobs:** Roles that perform work using a combination of skill sets drawing on both technical and soft skills. Historically, these types of skills have not been combined in the same job.
- **Superjobs:** Roles that combine work and responsibilities from multiple traditional jobs, using technology to both augment and broaden the scope of the work performed and involve a more complex set of domain, technical, and human skills.

roles played by nurses and other care providers—and an increased investment in training them in "care and case management" to broaden their skills beyond their technical specialties.[5]

From redesigning jobs to recoding work

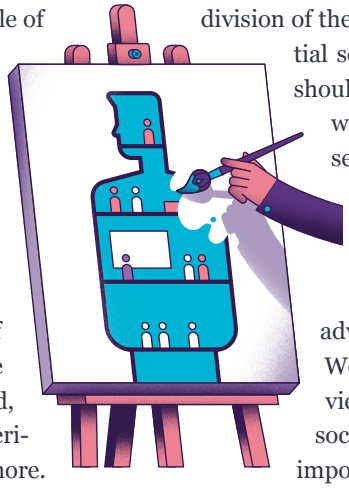
The creation of superjobs—and the decomposition, recombination, and expansion of new roles as part of their creation—requires organizations to think about work design in new ways. If organizations take existing tasks and simply automate them, there will likely be some improvement in throughput—but if the jobs and the work are redesigned to combine the strengths of the human workforce with machines and platforms, the result can be significant improvements in customer service, output, and productivity.[6] The shift from the redesign of jobs to the recoding of work—integrating machines and humans in the flow of work and creating meaningful roles for people—is a substantial challenge in front of every business and HR leader. It will require fresh thinking and high levels of collaboration across the business, including among the IT, finance, and HR functions, among others. And it will take a deliberate plan to get in front of the challenge.

Recoding work for the future demands a new approach: not just rewriting job descriptions, but rather starting with a broader canvas and then composing the work so it can take advantage of machines, workers in alternative work arrangements, and—most importantly—unique human capabilities such as imagination, curiosity, self-development, and empathy. This contrasts with the traditional approach to creating job descriptions, which have typically been defined by a narrow view of the skills, activities, tasks, and expectations of workers in highly specific roles. In many organizations, this has led to a proliferation of hundreds of very detailed and formulaic—and some would say deadening and uninspiring—job descriptions and profiles. A job canvas, on the other hand, takes a more expansive, generative, and meaningful view. In the future, work will be defined by:

- The outputs and problems the workforce solves, not the activities and tasks they execute;
- The teams and relationships people engage and motivate, not the subordinates they supervise;
- The tools and technologies that both automate work and augment the workforce to increase productivity and enhance value to customers; and
- The integration of development, learning, and new experiences into the day-to-day (often real-time) flow of work.

Imagine this construct in the context of the HR organization. Today, HR roles are shifting dramatically due to the influx of technology, from chatbots to automated workflows. A redesigned job could use technology to increase the range of questions an HR shared services representative could answer. But while doing this would add some value, a more powerful opportunity to increase productivity and value would be to start with a broader canvas of what HR

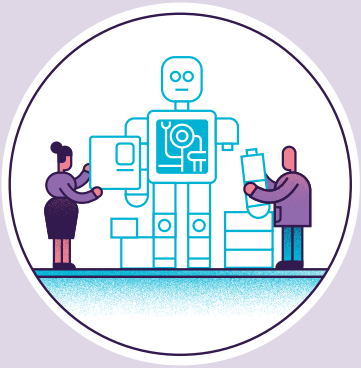
shared services can be. Given that technology can provide real-time insights on worker sentiment and behavior across the enterprise, is there a way to combine these insights with the human skills needed to work in HR shared services—problem-solving, communication and listening, customer service and empathy, and teamwork and collaboration—to craft an entirely new role of an HR "experience architect"? The person in such a superjob would take advantage of technology to automate answering routine questions, while focusing primarily on the outcome of delivering an effective workforce experience. It would not be a redesigned HR shared services job, but one in which the work itself has been recoded to encompass more possibilities, greater productivity, and, ultimately, a more meaningful experience for workers who are looking for more.



The potential for backlash

The advent of superjobs carries with it the potential for societal backlash. The flip side—some would say the darker side—of the creation of superjobs is growth in commodity jobs, service jobs, and microtasks. Already, commentators are seeing a bifurcation of some work and jobs into highly augmented, complex, well-paid jobs on the one hand, and lower-wage, lower-skilled work across service sectors on the other. Recent research is capturing the impact of technology and automation on the division of the job market.[7] In the face of the potential social consequences, business leaders should challenge themselves to reimagine work to meet the needs of all workforce segments in all job types—service and gig workers as well as those with superjobs.

Clearly, the full story has yet to unfold with regard to technological advances and their impact to work. We believe that organizations need to view these trends in the context of the social enterprise—and the increasingly important connections between organizations and society. Augmenting workers with technology will, no doubt, lead to work being done in new ways. The challenge before organizations now is to execute this reinvention in a manner that leads to positive results for themselves, their workers, and the economy and society as a whole.



Level of effort: From jobs to superjobs

RECODE

Reimagining work and jobs to integrate new technologies is among business and HR leaders' most important and growing priorities. To remain sensitive to stakeholder and societal expectations, organizations will be challenged to reimagine work in ways that meet the needs of workers in all types of jobs—including service and gig workers as well as those with superjobs.

Acknowledgments

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Leadership for the 21st century

The intersection of the traditional and the new

In a world of disruptive digital business models, augmented workforces, flattened organizations, and an ongoing shift to team-based work practices, organizations are challenging their leaders to step up and show the way forward. CEOs are being pressured to take a position on social issues; C-suite executives are being asked to work more collaboratively across functions; line leaders must learn to operate in networks of teams. But our research shows that while organizations **expect** new leadership capabilities, they are still largely promoting traditional models and mindsets—when they should be developing skills and measuring leadership in ways that help leaders effectively navigate greater ambiguity, take charge of rapid change, and engage with external and internal stakeholders.

YEAR AFTER YEAR, organizations tell us they struggle to find and develop future-ready leaders. In this year's Global Human Capital Trends survey, 80 percent of respondents rated leadership a high priority for their organizations, but only 41 percent told us they think their organizations are ready or very ready to meet their leadership requirements.

We see leadership pipelines and development at a crossroads at which organizations must focus on both the traditional and the new. Organizations know that they must develop leaders for perennial leadership skills such as the ability to manage operations, supervise teams, make decisions, prioritize investments, and manage the bottom line. And they know that they must *also* develop leaders for the capabilities needed for the demands of the rapidly evolving, technology-driven business environment—capabilities such as leading through ambiguity, managing increasing complexity, being tech-savvy, managing changing customer and talent demographics, and handling national and cultural differences.

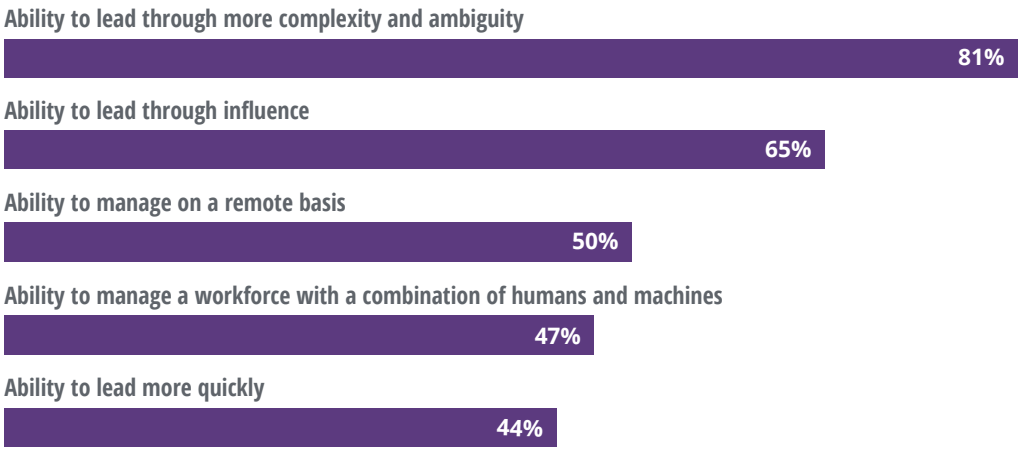
Leadership in a new context

It's clear that many people believe that organizations have new leadership needs (figure 1). Eighty percent of the respondents to this year's global survey told us they think that 21st-century leadership has unique and new requirements that are

FIGURE 1

Many respondents believe that organizations have new leadership needs

What do you believe are the unique requirements for 21st-century leaders? Select all that apply.



Note: Only respondents who believed that 21st-century leaders faced new and unique requirements answered this question.
Source: Deloitte Global Human Capital Trends survey, 2019.

important or very important to their organization's success. Topics such as inclusion, fairness, social responsibility, understanding the role of automation, and leading in a network were not part of the leadership manifesto a decade ago. And in the midst of these changes, many organizations are not satisfied with their leadership programs. Only 25 percent of our respondents say they are effectively building digital leaders, and only 30 percent say they are effectively developing leaders to meet evolving challenges.

Yet even though many organizations have built digital leadership models, updated their frameworks, and invested in new leadership programs, we believe the greater need may lie in the combination of developing new competencies *and* putting them in a new context (figure 2). That new context is the changing set of social and organiza-

FIGURE 2

The 21st century creates a new context for leadership

Why do you think there is a difference (in the unique requirements for 21st-century leaders)? Select all that apply.



Note: Only respondents who believed that 21st-century leaders had new and unique requirements answered this question.
Source: Deloitte Global Human Capital Trends survey, 2019.

tional expectations for how leaders should act and what outcomes they should aim for. In the era of the social enterprise, people no longer believe that financial results are the only or primary measure on which a business's success should be judged; they also judge organizations for the impact they have on the social and physical environment, as well as on their customers and the people who work for and with them. As a result, leaders that focus only on running a tight ship and competing relentlessly in the marketplace can be viewed as too narrow and not fully engaged with the challenges of the broader business and social environment.

New competencies, new context

Traditional leadership expectations and outcomes still have a place in today's new world of work, but they should be combined with a set of new competencies and recognition of a new context to round out how leadership is defined for the 21st century (figure 3).

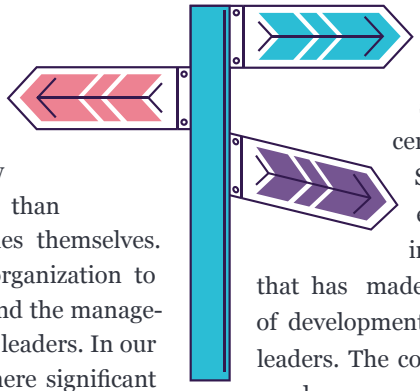
Where are the biggest gaps?

Developing leaders with new competencies requires more than an evolution in the competencies themselves. Equally paramount is for the organization to have the culture, the structure, and the management processes to cultivate these leaders. In our survey, we found three areas where significant gaps exist within many organizations.

Transparency. In today's world of the social enterprise, transparency is the most valuable organizational currency. It helps engender trust and respect in a world where many may question an organization's true intent. Yet as important as transparency is, only 18 percent of our survey respondents believed they have a transparent and open model; 37 percent were worried about their ability to create trust, 60 percent were worried about their employees' perception of transparency, and 27 percent believed that a lack of transparency was creating a competitive disadvantage.

Internal collaboration. As organizations move into service-center business models, they're able to benefit when C-suite leaders shift their focus beyond their narrow towers of responsibility and work more closely with one another. As we discussed in last year's report, the C-suite's roles and work are becoming much more complex and more integrated. Yet eighty-three percent of respondents told us their C-suite executives rarely collaborate or do so only on an ad hoc basis; only 17 percent said C-suite executives at their organization regularly collaborate.

Performance management. How individuals' success is measured remains a powerful way to shape behavior. However, despite organizations' strong desire to elicit different, more 21st-century behavior from their leaders, respondents described a very traditional approach to how they evaluate top leaders. The top three criteria organizations used to measure leadership success were driving strategy (63 percent), delivering financial results (58 percent), and managing operations well (44 percent).



Putting different performance measures in place for leaders can go a long way toward establishing a culture that supports competencies such as the ability to manage uncertainty and lead through change. Sasol, an integrated chemicals and energy company with operations in 32 countries, is one company that has made progress in establishing a culture of development through the way it measures its leaders. The company evaluates leaders based on employee engagement feedback, leadership capability assessments, and the ways in which leaders align themselves with the company's leadership principles. These practices contribute to reinforcing a culture where leaders are encouraged to embrace change and recognize opportunities to innovate and pursue excellence.[2]

If organizations want leadership that is ready for the 21st century, they should first look at their own attributes to create the type of environment that will give rise to leaders' success. Transparency, internal collaboration, and performance management are good places to start that process.

FIGURE 3

Leadership today involves a combination of traditional expectations and new competencies

Traditional leadership expectations and outcomes		New leadership competencies	New context
Focus on individual leaders and their personal performance	+	Focus on leaders as members of leadership teams (the symphonic C-suite) and their ability to develop and foster team performance	The *pace of change* demands that leaders work more closely with one another to be able to come up with integrated solutions in a more rapidly moving environment
Business financials and shareholder returns are the primary outcomes	+	Pursuing business success as part of the broader social context; ability to create and communicate purpose to multiple stakeholders	*Changing demographics and employee expectations*, in particular among millennials,[1] have challenged organizations to focus on profits and purpose instead of just profits
Executing financial and investment stewardship	+	Ability to set direction and adapt to fast-changing markets and conditions through sensing	The *pace of change* demands that organizations be able to sense, lead, and extend their capabilities to meet and exceed financial goals
Delivering consistent and stable results	+	Confidence leading in complex and ambiguous situations	The constant *influx of new technologies* means that organizations need to be able to operate and lead in an environment of continuous innovation where what is coming next is often uncertain
Executing marketing and customer service	+	Staying up to date and anticipating changing customer and market expectations	*Changing customer expectations* are prompting organizations to create a distinctly human experience that creates a personal connection to the customer beyond the product or the brand
Maintaining operational efficiency and performance	+	Innovating to constantly improve operations and products/services	The rapid *pace of change* across industries is forcing organizations to innovate and improve in a constant cycle that never turns off
Managing structured career and talent programs	+	Motivating a diverse workforce, both on and off the balance sheet; curating new experiences and nonlinear career portfolios to appeal to the new expectations of today's talent	*Changing demographics and employee expectations* have challenged organizations to appeal to a diverse range of workers through lifelong learning, movement among and between jobs, and bringing meaning to work
Supervising technology programs that enable common processes	+	Constantly increasing one's own tech-savviness to take advantage of digital, data, and AI opportunities	The *influx of new technologies* demands that leaders be tech-savvy regardless of their current position
Managing risk and quality	+	Integrating and deepening a focus on risk and quality at every level of the workforce	*Changing customer expectations* are forcing a higher focus on risk and quality, as any single issue can quickly erode the value of an organization's brand

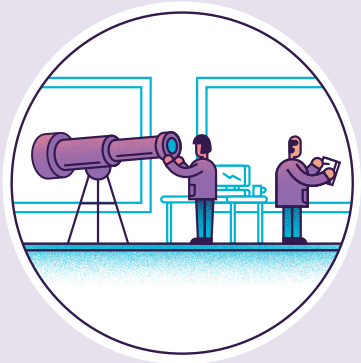
Source: Deloitte analysis.

Refreshing leadership from within

Setting a new context, identifying new leadership competencies, and putting the right culture in place are all vital parts of an effective leadership strategy. The final step is to find and develop the individuals who will serve as the leaders themselves. But where can organizations find them?

Today, the idea that organizations can simply go out and "hire" new leaders is being called into question. Rather than searching to find and hire great leaders from the outside who may or may not succeed in the organization's corporate culture, most organizations would do well to explore new approaches and to invest more in developing the potential leaders they have. In today's fast-paced environment, people learn by doing—and trying. To cultivate needed leadership competencies, organizations can give people more diverse, developmental assignments; promote people into leadership roles both earlier and later in their careers; give leaders with less traditional experience the opportunity to run businesses and initiatives; and honor the ability of their workers and leaders at every level, from early to late in their careers, to rethink, challenge, and develop the business they're in.

Many organizations continue to struggle to put leaders in place with the experience, capabilities, and motivation to take on both old and new business challenges. We suggest starting by taking a fresh look at the context in which leaders need to operate today, as it offers a key to cultivating the leaders of tomorrow.



Level of effort: Leadership for the 21st century

REFRESH

Effective leadership in the 21st century means operating in a new context characterized by changing demographics and customer expectations, the influx of new technologies, and a rapid pace of change. Refreshing one's view of this context is essential to determine how leaders can combine traditional expectations with new leadership competencies to help their organization pursue success.

Acknowledgments

The authors would like to thank **Pushp Gupta** and **Stacey Philpot** for their contributions to this chapter.

Endnotes

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Future of the organization



From employee experience to human experience

Putting meaning back into work

Organizations are investing in many programs to improve life at work, all focused on improving the day-to-day experience workers have. While there is much that can be done to improve work/life balance, research shows that the most important factor of all is the work itself: making work meaningful and giving people a sense of belonging, trust, and relationship. We believe organizations should move beyond thinking about experience at work in terms of perks, rewards, or support, and focus on job fit, job design, and meaning—for all workers across the enterprise.

ONE OF THE biggest challenges we identified this year is the need to improve what is often called the "employee experience." Eighty-four percent of our survey respondents rated this issue important, and 28 percent identified it as one of the three most urgent issues facing their organization in 2019. It's hard to question why: MIT research shows that enterprises with a top-quartile employee experience achieve twice the innovation, double the customer satisfaction, and 25 percent higher profits than organizations with a bottom-quartile employee experience.[1] Yet as important as it is, only 9 percent of our respondents believed they were very ready to address this issue, making it a massive priority for organizations around the world.

Unpacking the issue

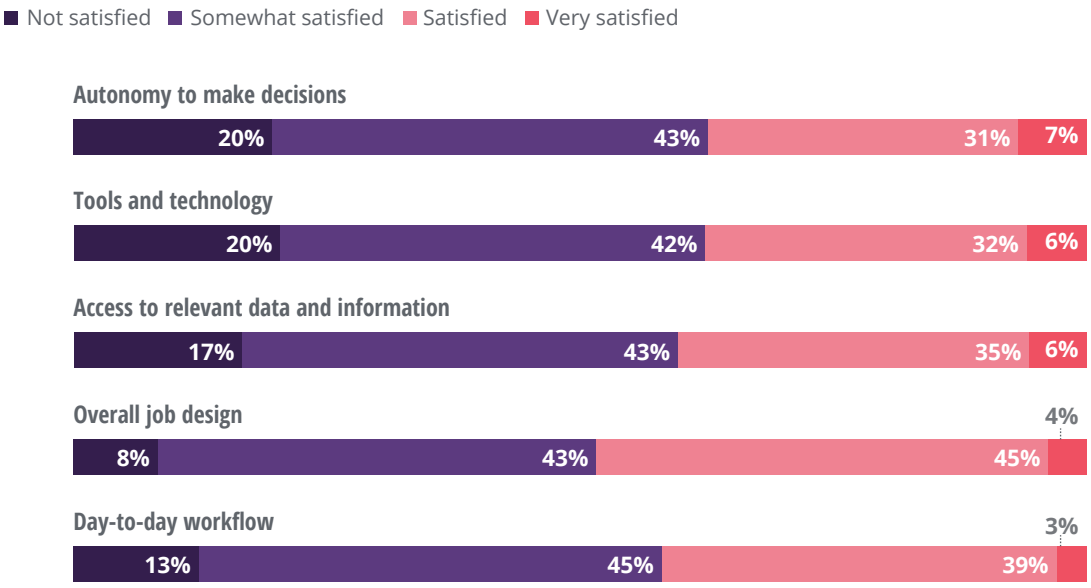
Over the last five years, issues related to productivity, well-being, overwork, and burnout have grown.[2] The digital, always-on world of work has been challenging for people (as we discussed *last year* and *in 2014*), and organizations have become increasingly concerned. And based on the results from our study, it's clear that those issues have resulted in significant dissatisfaction with the job itself. This year, we found that only 49 percent of respondents believed that their organizations' workers were satisfied or very satisfied with their job design. Only 42 percent thought that workers were satisfied or very satisfied with day-to-day work practices, only 38 percent said that they were satisfied or very satisfied with work-related tools and technology, and only 38 percent thought that they have enough autonomy to make good decisions (figure 1).

And when we looked past the attributes of the individual job and toward the overall work environment, the results were still mixed. Only 53 percent felt their organizations were effective or very effective at creating meaningful work, and only 45 percent thought that they were effective or very effective at delivering supportive management.

FIGURE 1

Many respondents perceived worker satisfaction to be low related to key aspects of work

How satisfied are employees in your organization with the design of their jobs (including the workflow and technologies)?



Note: Percentages may not total 100 percent due to rounding.
Source: Deloitte Global Human Capital Trends survey, 2019.

Fifty-nine percent thought that their organizations were effective or very effective at creating a positive work environment, but only 43 percent thought they were effective or very effective at providing the right opportunities for growth. When asked about their workers' trust in leadership, only 46 percent rated their organizations effective or very effective (figure 2).

Overall, it is clear that the employee experience has a long way to go.

The history of experience: From customers to employees

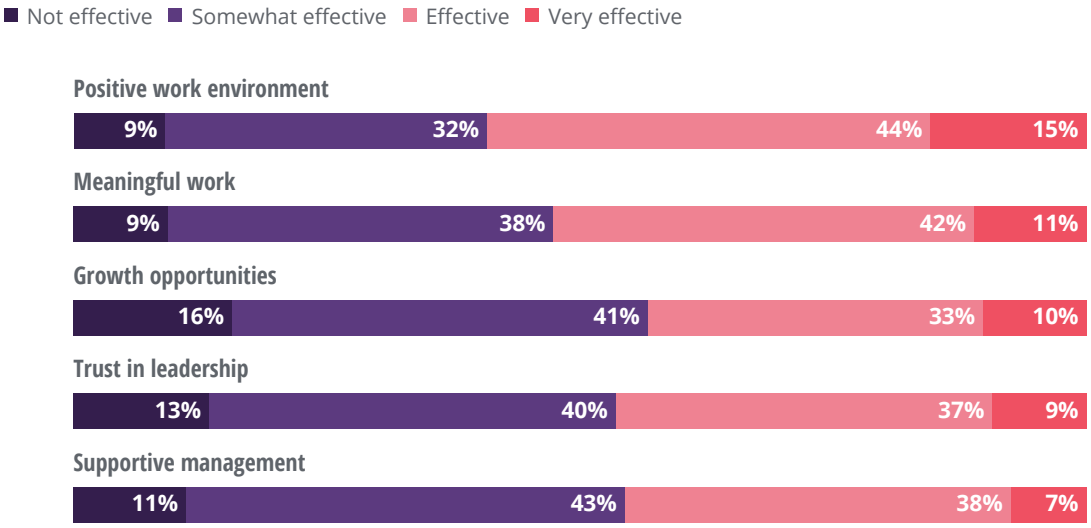
To understand the challenges with employee experience, we need to first start with the history of how it came to be in the first place. The term "employee experience," and the concept, originated as a parallel to the customer experience. An HR leader at a travel services company was using design thinking to study the guest and host experience—and realized that this approach could also be applied to all of the activities going on internally. The company had outsourced many internal functions, making the employee experience inconsistent; in fact, it had never been completely designed. So the leader took on the newly created role of "global head of employee experience," applied design thinking to the problem, and the idea and role took off.[3]

Sometimes, organizations explicitly model their workforce experience efforts on their customer experience practices. For instance, MTN, the largest mobile telecommunication company across Africa and the Middle East, has long emphasized customer experience strategies with its heaviest users. At MTN, both the customer experience and employee experience strategies are anchored on the "EPIC" principle, aiming to deliver "*e*asy, *p*ersonalized, and *i*n-control *c*onnections" with customers and employees alike. This strategy is applied through a series of curated "high-volume journeys" targeted

FIGURE 2

Many respondents rated their organizations only somewhat effective or not effective on a number of factors related to experience

How effective is your organization in engaging workers in the following areas?



Note: Percentages may not total 100 percent due to rounding.
Source: Deloitte Global Human Capital Trends survey, 2019.

at generating a unique and continuous stream of human experiences that create lasting connections with the organization.[4]

However, as we've learned about the employee experience over the last few years, several new concepts have become clear. First, employees are different from customers: They have an enduring, personal relationship with their employers, unlike customers who can stop buying an organization's products at any time. Second, the employee experience is social: It is built around culture and relationships with others, moving well beyond a focus on an individual employee's needs. And third, and most relevant to the issue at hand, employees want more than an easy set of transactions; they want a career, purpose, and meaning from their work.

So where can you go from here?

In order to create an enduring relationship, be social in nature, and create meaning, experience must come from and be focused on the individual. And that's where prior attempts at addressing this issue have fallen short and where a future path can be forged.

When experience *comes from the individual (bottom-up)*, it is designed starting with the employee's preexisting tendencies to enable them to do their best work in the way that works for them. When experience is *focused on the individual (personal)*, it is designed to incorporate all of the psychological needs that must be met in order for someone to perform their work well. At the intersection of both is where the optimal experience can be found—something that few, if any organizations, have yet to achieve (figure 3).

When applying this framework to the way in which organizations have tried to address the concept of experience in the past, it becomes easy to see where both prior and current efforts have fallen short. *Work/life balance*, which one could argue was the organization's first attempt to create "experience" in the workplace, was designed by organizations to recognize that individuals needed to carve out time allocated to work for other aspects

FIGURE 3

Experience should be both bottom-up and personal



Source: Deloitte analysis.

of life. Not only was it a top-down attempt at experience, thereby limiting the ownership a given employee could feel, but it was also centered around work—trying to find time for nonwork activities, but in the context of a work-first mentality.

That changed when the concept of employee engagement arose. *Employee engagement* recognized all of the basic psychological needs that must be met in order for a person to perform work well. It included emotional and social needs such as doing work that one was good at and connecting work with a higher purpose. As a result, it was centered around the employee and was very personal in nature. However, it remained a top-down philosophy: It relied on the organization's hope that employees would choose to engage with the company's ideas, culture, work, and results.[5]



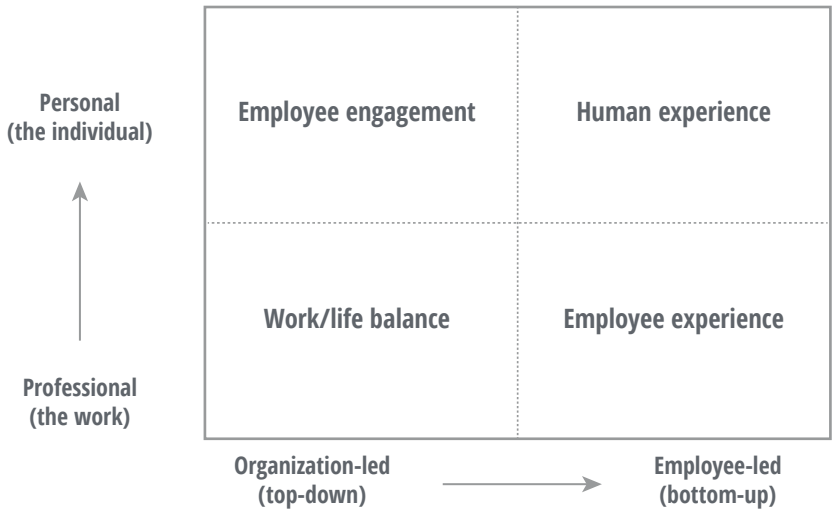
The shift from a top-down initiative to one that is bottom-up in nature came with the introduction of employee experience. Employee experience is a bottom-up concept—where processes, places, and workflow are designed around employees' preexisting tendencies. Employee experience recognized that the employee, not the employer, must be at the center.

With this shift, why are people still not seeing better results? Because while employee experience *comes from* the individual, it is still focused primarily on the work itself. Last year, Bersin™ research confirmed this when asking workers what their organizations had done to improve their employee experience. The top three actions respondents identified were: (1) perks and events, (2) rewards, and (3) work/life balance. All, without question, are important aspects of work, but none truly capture the personal meaning that employees are looking for. Perhaps the research put it best by saying that many employers fall short by failing to capture the human side of workers.[6]

Where does that leave us? We see an opportunity to reframe and elevate the employee experience and have expanded the terminology to capture what we're calling the *human experience*. Human experience builds upon the foundation of the employee experience, but extends beyond work processes to focus on the meaning of the work itself, thereby targeting the most

FIGURE 4

When experience is bottom-up and personal, it becomes focused on "human experience"



Source: Deloitte analysis.

personal question that can exist in the workplace: Am I making a difference? (Figure 4.)

Bringing a refreshed sense of meaning to work

Meaning is an aspirational driver that seeks to support others in making a difference that matters and motivates people to continue to do better. To start, it's about more than creating a qualitative mission statement or purpose. Also, it goes beyond corporate social responsibility, and it does not necessarily equate to doing something "good" or socially desirable. It starts by asking, *What are the aspirations of our customers, employees, and partners?* Meaning refers to connecting work back to a deeper understanding of the participants involved—customers, workers, and other stakeholders—and the bigger impact the work will have on helping them achieve their aspirations.

Wharton management professor Adam Grant found that call center employees were 171 percent more productive when they had the opportunity to spend time learning about the impact their services were having on the end customer.[7] For instance, the simple act of putting a face to a name can help create meaning in an otherwise routine job. At the same time, meaning also derives from the day-to-day work: Am I using my strengths and capabilities? *Am I working with people I respect to deliver something of value?*

Understanding and driving meaning is critical because it is a key motivator and helps sustain effort over time. If an organization can articulate a purpose that matters across stakeholders, it will get an impact, but if it can also tap into the purpose and meaning for the workforce and connect to what matters for the customer, the effect will amplify. The catch here is that meaning is more nuanced than cost or even value—it cannot easily be pushed; the individual worker or customer will ultimately decide if something is meaningful. The goal for business and talent leaders is to explicitly consider what meaning can be derived by workers and customers based on the design of products, services, and jobs.[8]

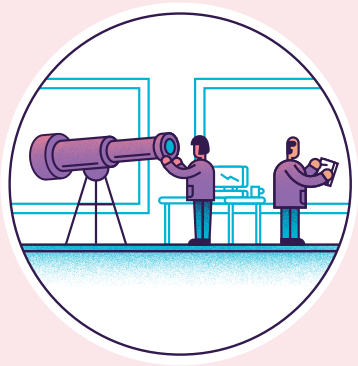
Owning the experience symphonically

To create the human experience at work warrants an end-to-end focus similar to the way

organizations think about their customer experience. Traditional HR responsibilities such as hiring, onboarding, job design, rewards, and development don't fully address issues with the work itself, which means a multifunctional focus is needed. In fact, we believe that HR organizations must partner closely with the business, IT, facilities, finance, and even marketing to make an impact in this area.

Some organizations are already taking steps toward integrating the ownership of experience. For instance, Arm, a global semiconductor and software design company, has brought the elements of its workforce experience—such as workspaces, people technology, shared services, and mobility and travel—under a single function to help build a consistent and holistic experience for its employees.[9] Apple has gone even further in this direction by recently asking its vice president of people, Deirdre O'Brien, to take on an expanded role as "senior vice president of retail and people."[10] As part of the announcement of O'Brien's new role, Angela Ahrendts, Apple's departing head of retail operations, said: "I look forward to watching how this amazing team, under her leadership, will continue to change the world one person and one community at a time."[11]

While the employee experience journey may start with a focus on the workplace, perks, and rewards, in time it must focus on the more human elements of the work itself to truly create meaning. A true human experience is one that embeds meaning into work and enables every employee to contribute in the most positive, supportive, and personal way.



Level of effort: The human experience

REFRESH

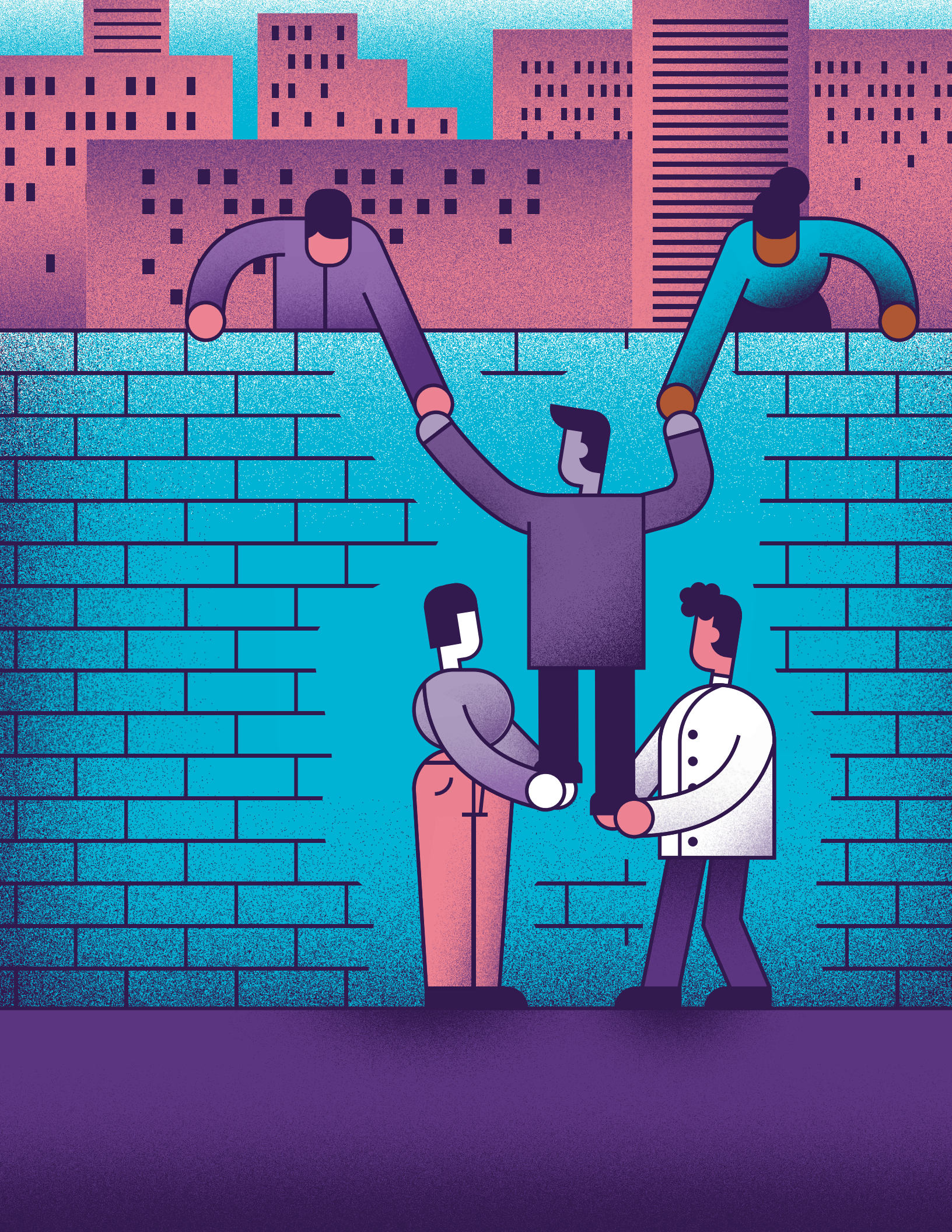
Organizations have an opportunity to refresh and expand the concept of "employee experience" to address the "human experience" at work—building on an understanding of worker aspirations to connect work back to the impact it will have on helping people achieve their aspirations.

Acknowledgments

The authors would like to thank **Art Mazor** and **Jannine Zucker** for their contributions to this chapter.

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Organizational performance

It's a team sport

The shift from hierarchies to cross-functional teams is well underway. Our data shows that adopting team structures improves organizational performance for those that have made the journey; organizations that have not risk falling further behind. These organizations can look at several ways to drive progress, such as educating leaders on how to operate in cross-functional teams and reconfiguring rewards and performance management to support team performance.

ONE OF THE fundamental changes in business today is the steady shift away from hierarchical models of management. Over the past few years, the terms "digital," "agile," and "network" have become commonplace. In our 2017 Global Human Capital Trends survey, "building the organization of the future" was the No. 1 trend respondents identified, with 88 percent viewing it as important or very important. Eight percent of this year's survey respondents told us they now operate almost wholly in teams, with another 23 percent saying that most work is done in teams within a hierarchical framework (figure 1). And 65 percent of our respondents rated the ability to lead through influence as a requirement for 21st-century leadership, building management models around persuasion.

Teams and performance: A proven link

Our research this year suggests that shifting toward a team-based organizational model improves performance, often significantly (figure 2).

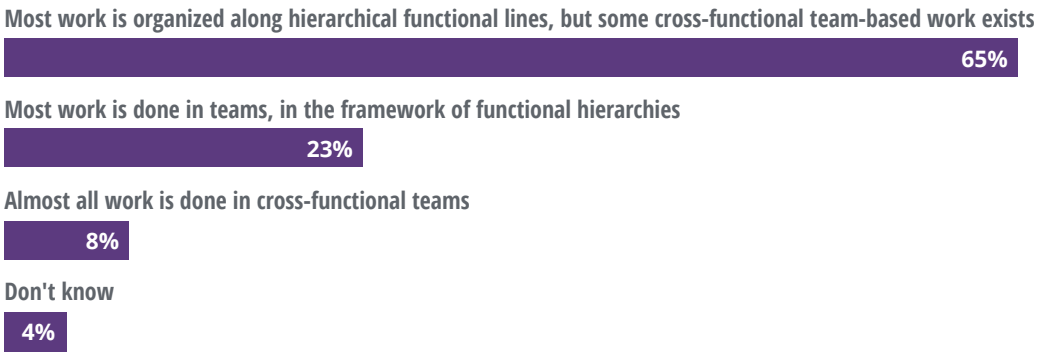
Indeed, the shift toward teams is paying off for many organizations that are executing it well. If we look at some high-performing organizations such as Cisco, Google, and others, they are promoting teaming and networking within their organizations.[1] While they have many senior leaders and functional departments, they move people around rapidly, they spin up new businesses quickly, and they have the ability to start and stop projects at need, moving people into new roles to accommodate.

Case in point: At Liberty Mutual Insurance, teams developing customer-facing products sought to pool talent from different functions, thereby enabling a more agile approach to developing products and onboarding customers. In these efforts, marketing professionals design onboarding collateral, call center professionals give input on what they are hearing from customers, and finance professionals provide insights into different payment methods.[2] Liberty has found that the teaming leads to improved products, and the team itself feels more empowered. To facilitate this type of teaming across its organization, Liberty Mutual Insurance has built

FIGURE 1

Thirty-one percent of respondents say that "most" or "almost all" work is done in teams

How far along are you in the process of moving to a team/network-based organization?



Source: Deloitte Global Human Capital Trends survey, 2019.

an entire management system, called the Liberty Management System, to support teams. It specifies how teams are formed, how teams operate, how they measure themselves, and how they communicate with others.[3]

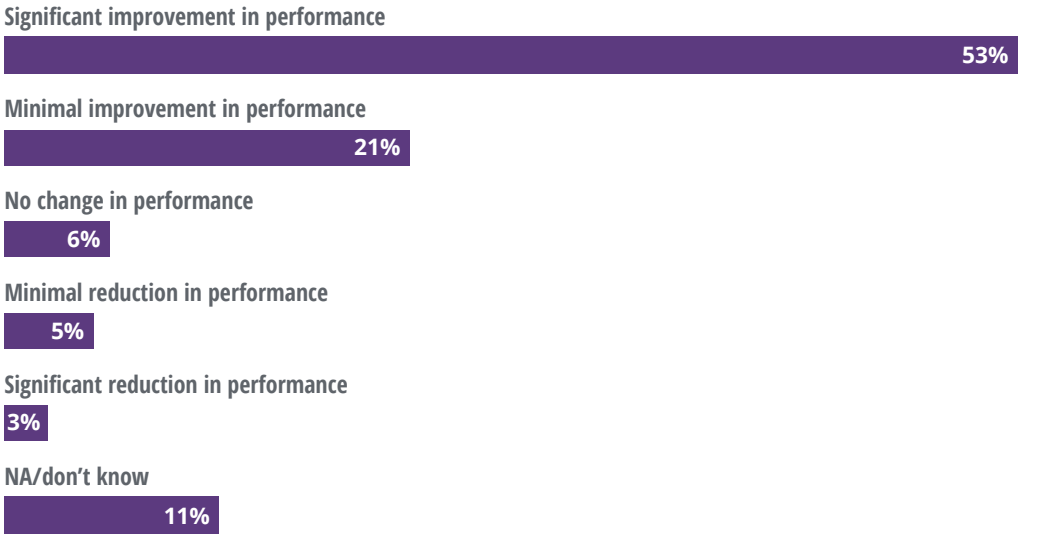
A new set of challenges has emerged

While many organizations understand the opportunities that a shift toward teams presents, there is much more work to do. Sixty-five percent of this

FIGURE 2

Shifting to a team-based model improves performance

What impact are you seeing from the transition to a team/network-based organization?



Note: Only respondents whose organizations worked at least partially in cross-functional teams answered this question.
Source: Deloitte Global Human Capital Trends survey, 2019.

year's survey respondents viewed the shift from "functional hierarchy to team-centric and network-based organizational models" as important or very important—but only 7 percent of respondents felt very ready to execute this shift, and only 6 percent rated themselves very effective at managing cross-functional teams. Despite hundreds of articles on agile methodologies and the broad adoption of agile and team-oriented tools for software engineering, getting work done through high-performing teams across large organizations is still proving to be difficult and complex.

In the early days of experimentation on this front, many organizations were nervous about making the shift to teams. As a result, early networks of teams staffed these "special" teams with only elite talent to mitigate risk. Unsurprisingly, these organizations observed sharp improvements to engagement, net promoter scores, and other relevant measures, but that improvement proved temporary in nature and it was difficult to distinguish between what extraordinary individuals were delivering versus the networks of teams design.

Over time, it has become clear that managing people and work in a network is not just a matter of creating agile workplaces and scheduling standup and scrum meetings. It also means changing the way organizations allocate budgets, train people, and reward workers. It means cultivating greater collaboration at senior leadership levels, including among the C-suite. And it means radically changing career models to facilitate employee mobility within the organization to put the right people on the right teams at the right time—no matter where they may sit.

To tackle these challenges, organizations need to embed team-based thinking internally as well as in the broader ecosystem in which today's social enterprise finds itself. To help accomplish this, there are five layers in which team-based thinking should be embedded:

- **The ecosystem.** Define purpose-driven teams in the context of the missions they serve within the organization and externally relative to customers, partners, and society at large.
- **The organization.** Design "front-led" networks of teams that promote multidisciplinary collaboration and empowered decision-making.
- **The team.** Build teams that demonstrate new agile and collaborative ways of working.
- **The leader.** Select and develop team leaders who have a growth mindset that creates the conditions for teams to be iterative, open, inclusive, and effective.
- **The individual.** Challenge conventional talent management interventions, from succession and performance management to rewards and learning, to enable individuals to change their focus from "climbing the ladder" to growing from experience to experience.

Rewarding the right behavior

This mindset shift must start at the top. A frequent challenge to establishing a team-based culture and structure is that the C-suite itself is not yet designed to operate as an integrated team. As we discussed in the *2018 Global Human Capital Trends* report, the most senior executive jobs are often functional in nature—chief marketing officer, chief technology officer, chief financial officer, and so on—yet daily operations and long-term strategies cross these functional boundaries. Our research this year found that only 17 percent of C-suite executives "regularly collaborate on long-term interdependent work," down from 34 percent in 2018; 44 percent of our respondents said that their C-suite executives operate totally independently or only occasionally partner on ad hoc initiatives. This may partly be due to outdated incentive structures: Thirteen percent of the C-suite executives in our survey identified "CxOs' compensation incentives do not reward collaboration" as the most significant barrier to C-suite collaboration. The whole definition of a C-suite executive has changed, yet many organizational leaders are still struggling to make the shift.

This challenge with rewards doesn't stop at the C-suite. Often, a team-based organization will promote functional and project management experts into senior roles, rewarding people for their followership, relationships, credibility, and teaming skills. To be effective, these leaders must promote inclusion, fairness, and transparency so that teams can operate well.

A team-based organization also pays people based on their influence and impact, not only their job level, tenure, or title. This aspect of encouraging teaming remains difficult for many, however. One way to reward and pay people for their performance on teams, though not without challenges, is to reconfigure performance management around team-based goals; 28 percent of our respondents said that their organizations awarded performance rewards based on "achievement of measurable team metrics" (figure 3). Recent Bersin™ performance management research has found that high-performing organizations are more than twice as likely as their low-performing counterparts to include overall team performance in their evaluations.[4]

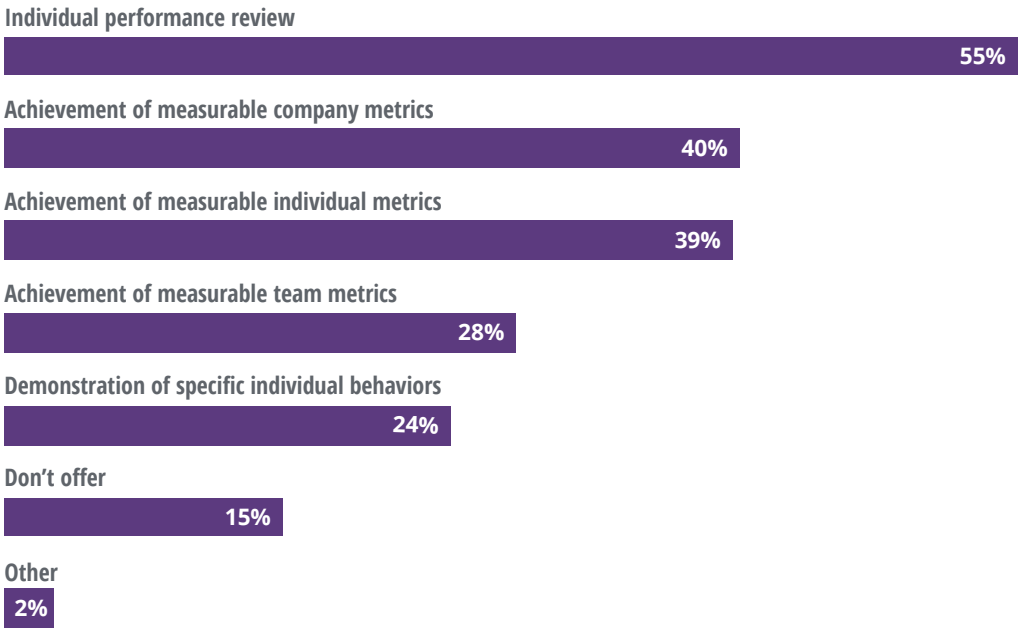
Taking a refreshed look at teaming

Organizations are not without means to address such challenges. Practices such as organizational network analysis (ONA) to examine team behavior and effectiveness are starting to take hold. Network data can easily be collected through brief surveys. Many vendors are also starting to embed network algorithms into email systems, giving organizations the ability to use people's "digital exhaust" to understand how their networks operate and where the hierarchy might be helping or hindering their ability to get work done. While some regions have restrictions on collecting the data needed for ONA—in the European Union, for instance, the General Data Protection Regulation (GDPR) requires workers to

FIGURE 3

Most performance rewards are still based on individual performance

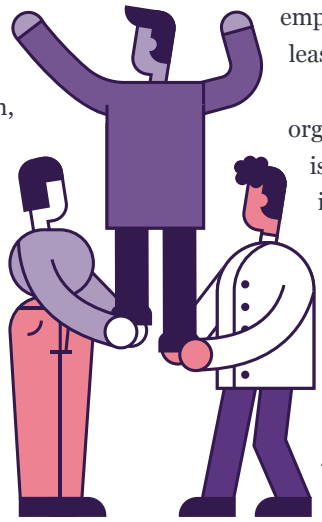
What is the basis of performance-based rewards in your organization? Select all that apply.



Source: Deloitte Global Human Capital Trends survey, 2019.

provide permission[5]—the power of this technique makes it worth exploring.

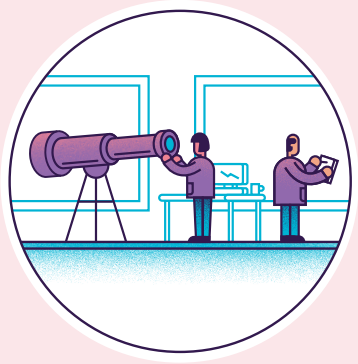
At one company in the technology sector, for instance, which wanted to simplify its organizational design in an effort to become more customer-centric and proactive, ONA on data collected through survey questions discovered something unexpected: Although the company was functionally organized into 14 vertical structures, its people were actually operating in only four distinct teams. This insight informed the company's organizational redesign, allowing it to proceed in a way that took into account its existing organization and stakeholder relationships.



In another example, a retailer with tens of thousands of employees used ONA to test whether their networks of teams were operating as designed. The analysis compared the "number of steps" it took for employees to get to the people they needed to make customers happy informally versus formally (through the hierarchy). By identifying the gaps, the organizations were able to make adjustments in team design based on performance and effectiveness data. This comparison between formal and informal ways of accomplishing work is a major leap in the field of team and organization design, and it is enabling evidence-based decision-making in the adoption of collaborative teams.

Efforts like these highlight human-focused reinvention at its finest. By leveraging technology to evaluate the organic way in which people interact and operate, organizations can not only improve their performance by moving toward a more team-based environment, but simultaneously empower their workforce, thereby unleashing their full human potential.

The global trend toward team-based organizations is growing for a reason: It is a more effective model for operating in the dynamic, unpredictable business environment typically seen today. In the long term, we believe there will be no leading organization that does not work primarily on the basis of teams. However, we recognize this will be an incremental journey for many. "Agile at scale" or other frameworks that push all teams in the organization toward multifunctional networks may be one step too far for some. Striving for a culture of collaboration and aligning incentives with team performance can enable organizations to take the first step, build adaptive muscle and confidence, and start their journey toward becoming a true team-based culture.



Level of effort: Organizational performance and teams

REFRESH

New mindsets and technologies are easing the shift to new team-based models of work. However, many leadership and talent practices and behaviors continue to raise significant barriers to fully supporting a team-based operating model.

Acknowledgments

The authors would like to thank **Amir Rahnema, Tiffany McDowell,** and **Don Miller** for their contributions to this chapter.

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Rewards

Closing the gap

Rewards programs are falling behind both internal and external expectations. For workers, rewards mean more than money. They are looking for personalized rewards that meet their needs—and yet most organizations have been guessing and don't know what their people want or value. Meanwhile, rising social pressures on organizations, driven in part by disparities in wealth and the gains from economic growth, mean more organizations need to account for how their own pay and rewards systems stack up against broader worker and societal expectations. In the domains of learning, leadership, teams, and career development, rewards have to be adjusted to drive the desired outcomes. There are gaps and growing frustrations across the board.

AS ORGANIZATIONS COMPETE for talent by touting organizational purpose, the workforce experience, career growth and fulfillment, and a wide variety of development programs, one critical component of the equation has fallen behind: rewards. This year, only 33 percent of respondents to our Global Human Capital Trends survey felt that their organizations were ready or very ready to address this issue, and only 11 percent of respondents believed that their rewards strategy was highly aligned with their organization's goals (figure 1). Why is this area of business so hard to manage?

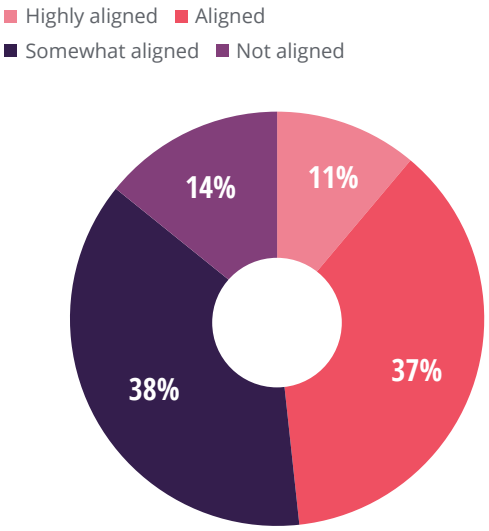
First, let's consider the economy. It has now been 10 years since the global financial crisis, and many economies around the world have recovered.[1] Corporations are reporting record profits,[2] and in the United States, the unemployment rate fell to its lowest level in nearly five decades.[3] Globally, many advanced economies, with a few exceptions, are also seeing unemployment numbers lower than in a decade or more.[4] In 2018, Japan, the United Kingdom, Germany, and others saw their unemployment rates fall to lows not seen in years;[5] and China's unemployment rate hit 3.8 percent.[6]

Wages, on the other hand, are not keeping up with inflation, despite a small uptick at the end of 2018.[7] Why aren't wages growing with the economy? Our research shows that even in today's highly competitive labor market, many organizations are reluctant to raise wages, with many extending noncash benefits to their workers instead. The well-being market, for example, is now a US$45 billion industry, and organizations are increasing spending

FIGURE 1

Fewer than half of our respondents felt that their rewards strategy was aligned or highly aligned with overall organizational goals

To what extent is your rewards strategy aligned to your overall organizational goals?



Source: Deloitte Global Human Capital Trends survey, 2019.

on well-being by more than 7 percent this year.[8] Organizations have offered flexible work hours, free lunches, unlimited vacation, and many other fringe benefits in efforts to make the workplace better. It seems that employers are willing to throw almost anything at their people to try to improve the workforce experience, as long as it doesn't involve above-market raises in base pay.

We believe that many organizations are stuck in old-fashioned thinking: They see labor as a cost, not an asset, so they keep wages and associated spending on labor down.[9] This philosophy might help organizations meet short-term financial targets. But as our global survey shows, the need to reskill people, restructure work, and improve the workforce experience is now paramount. This means that a broader view of rewards is becoming more important than ever as organizations look for effective ways to motivate their people. Increasingly, it makes good business sense to view all human capital spending as an investment, not an expense, and rewards are no exception.

Rewards to relationships

When we ask workers what's important to them, the No. 1 answer is not money but the value of the work to them.[10] A recent study that asked 2,400 professionals what inspired them most at work found that "the nature of the work itself" came in first, followed by "the ability to learn, grow, and progress."[11] This shift from rewards to relationships is critical to creating and embedding a workforce experience that stands alone as a differentiator in attracting and retaining the high talent workers of tomorrow (figure 2).

And this mindset around the workforce experience doesn't just apply to full-time employees. Respondents to this year's survey ranked compensation, flexibility, learning and development, and health and well-being benefits as the most important rewards in engaging the alternative workforce. It is critical for organizations to decide how to apply rewards practices not only to full- and part-time workers but also to gig workers, contractors, and crowdsourced talent who fall outside the traditional bounds of the employer-worker relationship. With the expanding challenges of maintaining compliance with labor market regulations and expectations, however, it's easy to see why many organizations have struggled to achieve harmony between their rewards strategies and the greater range of worker types (figure 3). Most haven't explored the issue in depth.

Best fit, not best practice

Just like the shift in the composition of the workforce, almost nothing about work and workplaces is the same as it used to be. People are looking for different things from their jobs beyond a paycheck, a retirement plan, and insurance. The workforce and its needs are more diverse. And above all, workers today can easily search employer reviews and ratings, find and compare rewards offerings across organizations, and decide for themselves their relative value. As a result, the old, standard method of determining the competitiveness of rewards—benchmarking compensation and

benefits by industry and geography—holds little weight. Formal benchmark data quickly becomes outdated, which essentially means organizations are looking at where someone else has been to determine where they should go next.

Rather than rely on benchmarking, we believe that organizations should ground their rewards strategies in their organization's unique culture and objectives and focus on curating employment brands that highlight how their rewards are different from

FIGURE 2

Employers should focus on cultivating relationships with workers—not just giving them rewards

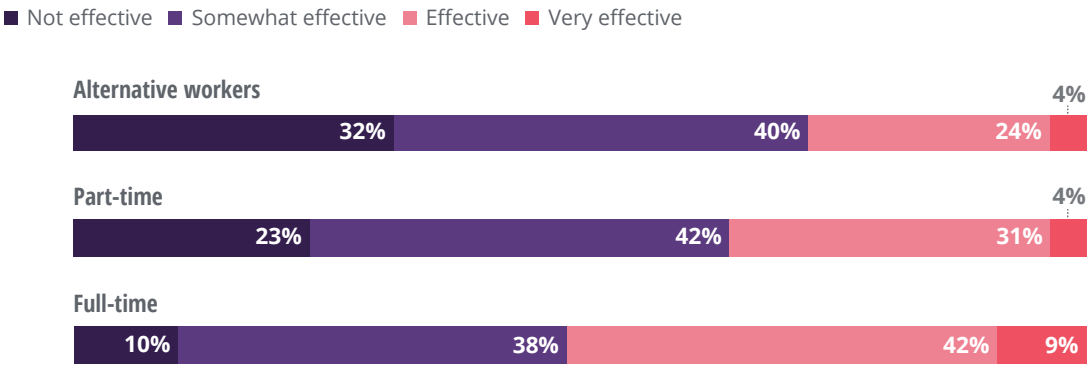
Rewards	Relationships
Employers viewed compensation and benefits primarily as rewards in recognition of service and effort	Employers are reframing rewards as a way to reinforce achievement and motivate high performance
Employers took a one-size-fits-all approach to benefits for the workforce	Employers are exploring a more tailored approach responsive to workers' individual needs and wants
"Total rewards" was defined as the accumulated value of compensation and benefits	"Total rewards" encompasses compensation, benefits, well-being, development, and recognition
Workers depended on information given by employers to assess the competitiveness of their rewards	Workers create their own perspective of relative value through social media and other publicly available information
Rewards was managed as a separate and distinct competency within HR	Rewards is part of a broader focus on experience, often combined with learning, development, and career progression

Source: Deloitte analysis.

FIGURE 3

Many respondents rated their organization's rewards ineffective at accommodating alternative workers' needs

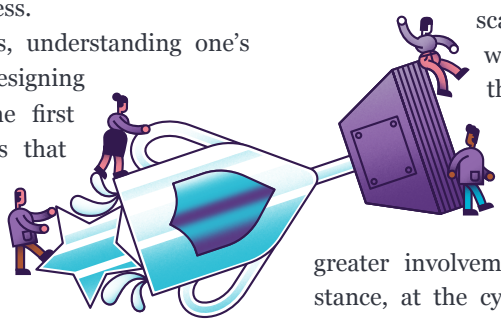
How effective are your organization's rewards at accommodating the diverse needs of different types of workers?



Note: Percentages may not total 100 percent due to rounding.
Source: Deloitte Global Human Capital Trends survey, 2019.

those of their competitors. For example, organizations that need to attract large numbers of highly educated early-career workers might promote their innovative approaches to helping employees deal with student debt. An organization with a business model built on agility, meanwhile, might highlight its frequent compensation review cycles and agile rewards offerings compared to organizations with a more typical year-end process.

Whatever the design is, understanding one's own workforce and designing rewards accordingly is the first step to providing rewards that not only motivate performance but encompass the broad workforce experience organizations are trying to create. That said, staying attuned to workers' expectations and needs can prove a challenge: In this year's survey, respondents identified "Not understanding what's most important to employees" as the top barrier to changing their organization's rewards strategy (figure 4).



Starting from a refreshed slate

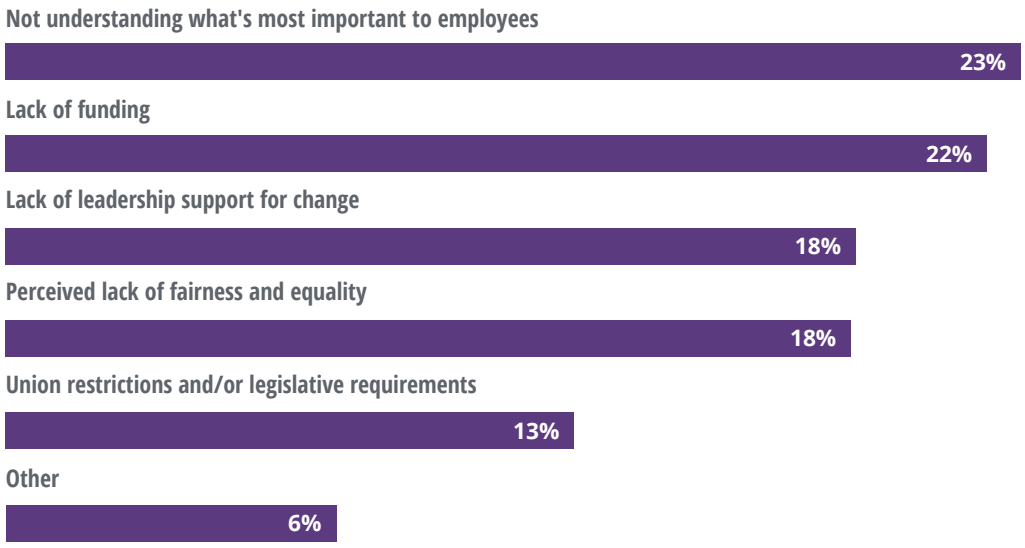
The frequent lack of alignment between organizational strategy and rewards means that many organizations must step back and refresh their rewards approach. The advantage of getting this right—of providing the best rewards for an organization's workers—is particularly apparent now, when the labor market is tight and skilled workers are scarce. Providing the right rewards will enable organizations to retain them and keep them producing at high levels.

To understand what rewards are "right" for a given organization's workers may require greater involvement from the business. For instance, at the cybersecurity company Avast, the business leaders have primary responsibility for total rewards, owning the rewards budget and allocating it as they see fit to encourage retention, worker performance, and other desired outcomes. HR plays a supporting, coaching role, offering advice and guidance but leaving final rewards decisions to the business.[12]

FIGURE 4

Understanding what workers value is a frequent challenge

What is the greatest barrier you perceive to changing your company's rewards strategy?



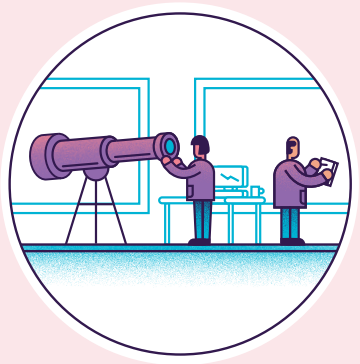
Source: Deloitte Global Human Capital Trends survey, 2019.

In other cases, organizations have gone directly to their workers to find out what they want. N6A, a public relations firm, offers traditional benefits to its workers, but now also allows workers to customize their rewards in a program called Pace Points. The perks and rewards workers value most—whether cash, health club membership, travel, housing, nutrition and meal services, or other items and services—can be obtained by earning "Pace Points" for individual, team, and companywide achievements.[13]

And these organizations aren't alone. In fact, the latest research by Bersin™ tells us that high-performing organizations are six times more likely to use data and analysis to understand the rewards preferences of their workers compared with their lower-performing counterparts.[14]

But transparency needs to go both ways. While understanding what workers want is one part of the equation, the other part of a winning rewards strategy is to make sure that people understand what they're getting. Here, organizations need to do a better job of explaining their rewards to workers—and to articulate that rewards may change as people migrate through different roles, sometimes up, sometimes down, and sometimes across the enterprise. Such transparency about pay runs counter to common practice: Only 18 percent of the respondents to our survey believe that they have a "very transparent" model to communicate pay information. But as risky as being open about pay and other rewards may seem, it is an essential part of the dialogue around rewards that organizations should maintain with their workers to understand their needs and articulate the organization's efforts to meet them.

In the world of the social enterprise, where workers are seeking deeper meaning in their work and organizations are striving to create a greater human connection with their workers, rewards can either be an incredible motivator or a topic of contentious debate. To help avoid the latter, organizations must expand their view of rewards, engage their workers, and enter a new world of work where perks and pay are just the beginning.



Level of effort: Rewards

REFRESH

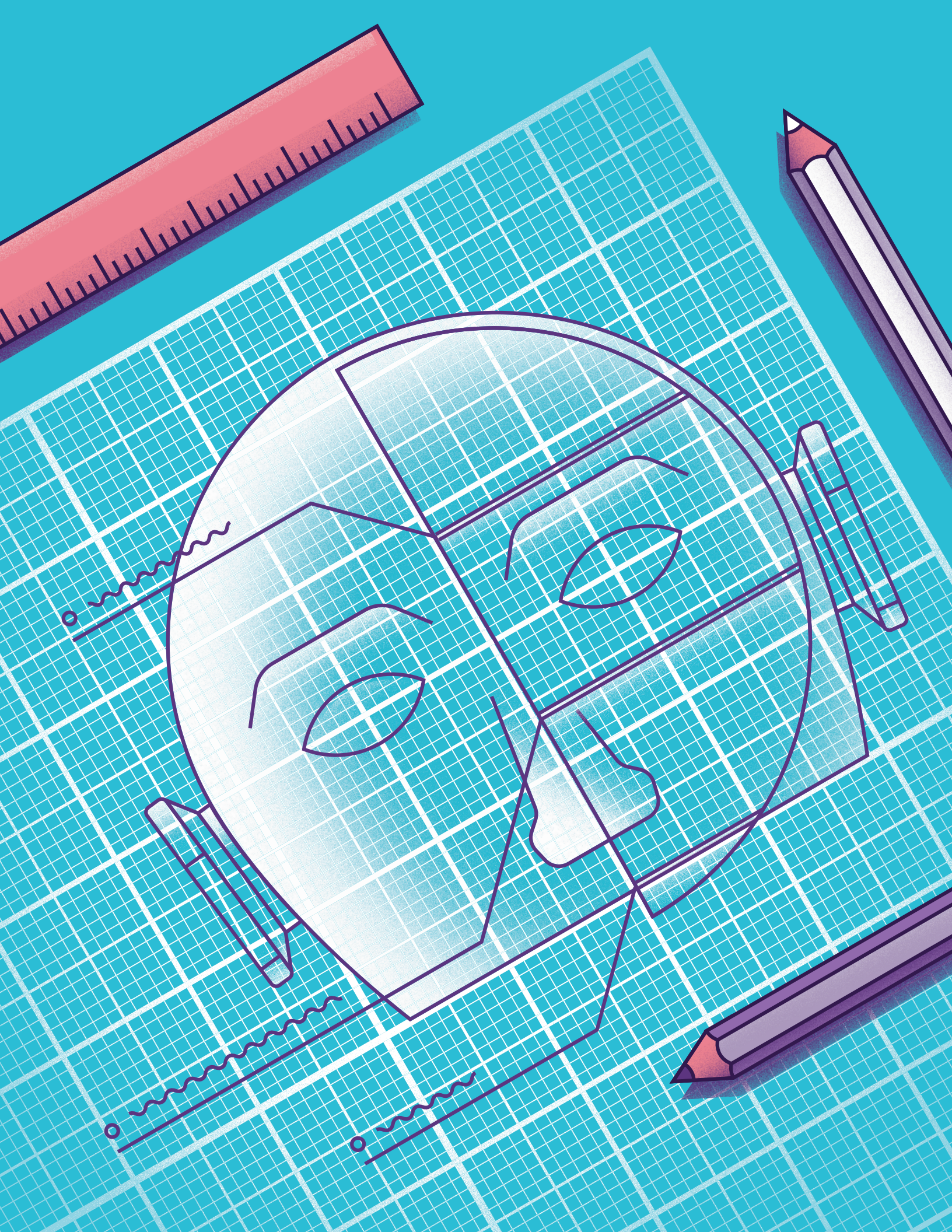
In a world of evolving worker expectations, high-performing organizations go beyond aiming to meet industry and regional benchmarks for compensation and benefits. They focus on building relationships with workers to understand their values and needs, and delivering rewards that address these values and needs in ways that support teaming and motivate performance.

Acknowledgments

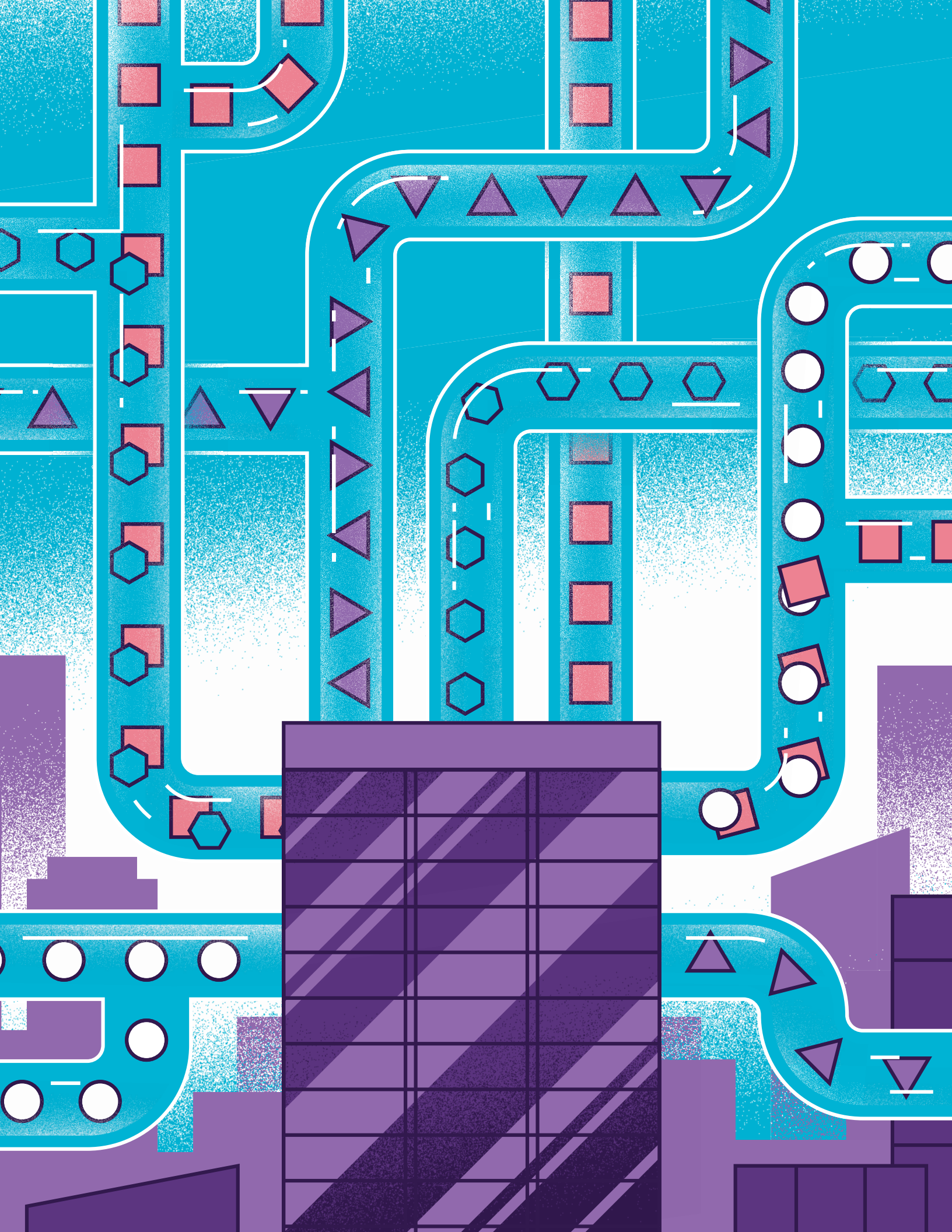
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Future of HR



Accessing talent

It's more than acquisition

During the last decade of economic expansion, organizations have focused on finding the right talent to drive business growth. But with record-low unemployment rates and skills shortages in many technical areas, recruiting has gotten harder, leading to an escalating war of employment brands, recruitment marketing campaigns, and artificial intelligence (AI)-driven tools to deliver recruiting excellence. In 2019 and 2020, as the economy is likely to slow,[1] we think a new approach is needed. Rather than automatically opening a job requisition when a manager needs a role filled, it's time to think about how organizations can continuously "access talent" in varying ways: mobilizing internal resources, finding people in the alternative workforce, and strategically leveraging technology to augment sourcing and boost recruiting productivity.

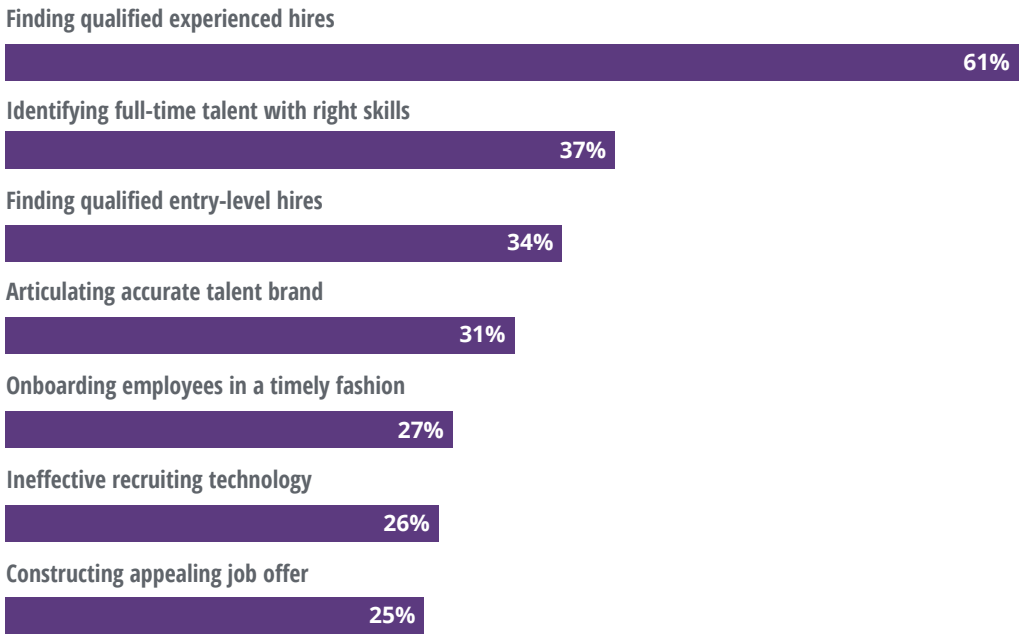
AS THE ECONOMY continues to grow and unemployment remains low in developed countries, recruitment has become harder than ever. This year, 70 percent of respondents to the Global Human Capital Trends survey cited recruitment as an important issue, and 16 percent told us it was one of the three most urgent issues their organization would face in 2019. Economic data points out the issue: In the summer of 2018, the quit rate in the United States, the percent of employees who leave their jobs each month, rose to 2.4 percent, the highest it has been since 2001.[2] On an annual basis, this means that more than 25 percent of the US labor force changes jobs each year. Elsewhere, leading economies including Japan, the United Kingdom, Germany, and others saw their unemployment rates fall to lows not seen in decades;[3] China's unemployment rate hit 3.8 percent in the fourth quarter of 2018.[4]

Beyond high rates of employee-initiated turnover and lower rates of unemployment, other challenges unique to today also exist. The accelerating adoption of automation is creating intense demand for technical skills that don't widely exist in today's workforce. And many employers believe that large numbers of college graduates are missing skills in complex thinking, collaboration, teamwork, and communication.[5] All of these challenges make finding qualified talent particularly difficult (figure 1).

FIGURE 1

Finding qualified talent is among recruitment's biggest challenges

What are the biggest challenges with the talent acquisition process? Select all that apply.



Source: Deloitte Global Human Capital Trends survey, 2019.

The right capabilities may be right under your nose

In this talent-constrained environment, we see three main sources of capabilities that can be leveraged more strategically. While each of these tactics may seem obvious on the surface, none of them have been tapped to their fullest potential to date, making them some of the most promising ways for organizations to go after needed talent.

First and foremost, organizations should look much more strategically at moving current employees into available opportunities across the enterprise. This is a key differentiator for both recruiting and talent; in fact, it is so important that we have written a separate chapter about it in this year's report. An internal hire need not be a "perfect" fit for a role to be afforded an opportunity for growth or skills development. Studies show that reskilling an internal hire (such as teaching a math major to code) may take a year or so, but it can be done for as little as one-sixth the cost of hiring an external candidate.[6]

While internal talent mobility may not be a new idea, it's certainly an area where organizations have much room for improvement: Forty-five percent of this year's survey respondents said that their employees lack information on available roles inside their organization. With that statistic as the starting point, it's perhaps not surprising that 56 percent of our respondents told us that it was easier for people to find a new job at an outside organization than with their current employer.

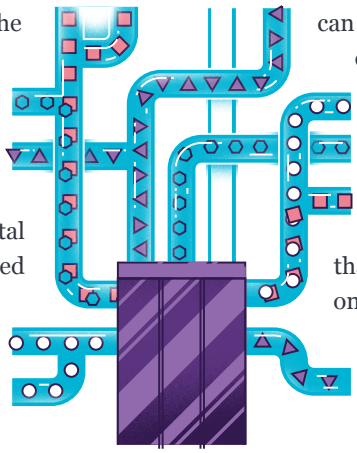
The second source of talent is the "alternative workforce"—people who work in gig arrangements, as contractors, as contingent workers, or in other nontraditional arrangements. This tactic appears to be especially relevant for companies looking for ways to flex their workforces in response to changing business conditions. It can also be an important factor for employers in countries where strict labor laws, high severance requirements,

company-specific agreements with workers' councils, and other factors create an environment where hiring full-time employees is often less appealing due to difficulties with layoffs as business conditions change.

As we discuss in our chapter on the alternative workforce, the number of people in alternative work arrangements is on the rise around the world. The availability of these types of workers is an opportunity for organizations that want to immediately bring capabilities into the organization that can deliver on specific outcomes.

Rewiring how organizations use technology to recruit

The third, and the potentially most transformational, way to find more qualified talent is to leverage new technology. Why the most transformational? Because it is the area where recruitment organizations are the furthest behind. Consider these statistics:



- In this year's Global Human Capital Trends survey, when we asked respondents to rate their recruitment functions, we found that only 6 percent believed they had best-in-class processes and technology.

- Eighty-one percent of our survey respondents believed their organizations' recruitment processes were standard or below standard.

- In a separate Bersin™ study, only 12 percent of respondents reported having strong sourcing technology, and only 9 percent said they had strong screening technology.[7]

In addition, a large proportion of this year's Global Human Capital Trends survey respondents see the role of technology increasing across a range of recruiting processes over the next three years (figure 2). These findings lend support to the latest Bersin™ research on talent acquisition, which shows that optimizing technology—using data to find, source, and select candidates more efficiently and taking a data-driven, expedited approach to hiring—is one of the recruiting function's biggest opportunities.[8]

The good news here is that technologies are available today that can revolutionize recruiting. A decade ago, organizations invested in applicant tracking systems as the core platform to help collect, catalog, manage, and track candidates. More recently, an explosion of new tools, many powered by AI, have come on the market to make that process more scientific, scalable, and effective. Mature organizations now use AI-driven chatbots to enable a more streamlined approach to the application process; video interviews can screen and assess candidates for their fit to a particular role and the organization; and many new tools can help with targeted job advertising and expansive candidate searches. Tools are available, for instance, that combine publicly available data with machine learning capabilities to create a complete picture of the candidate, then highlight factors that differentiate each candidate based on their fit for the role.

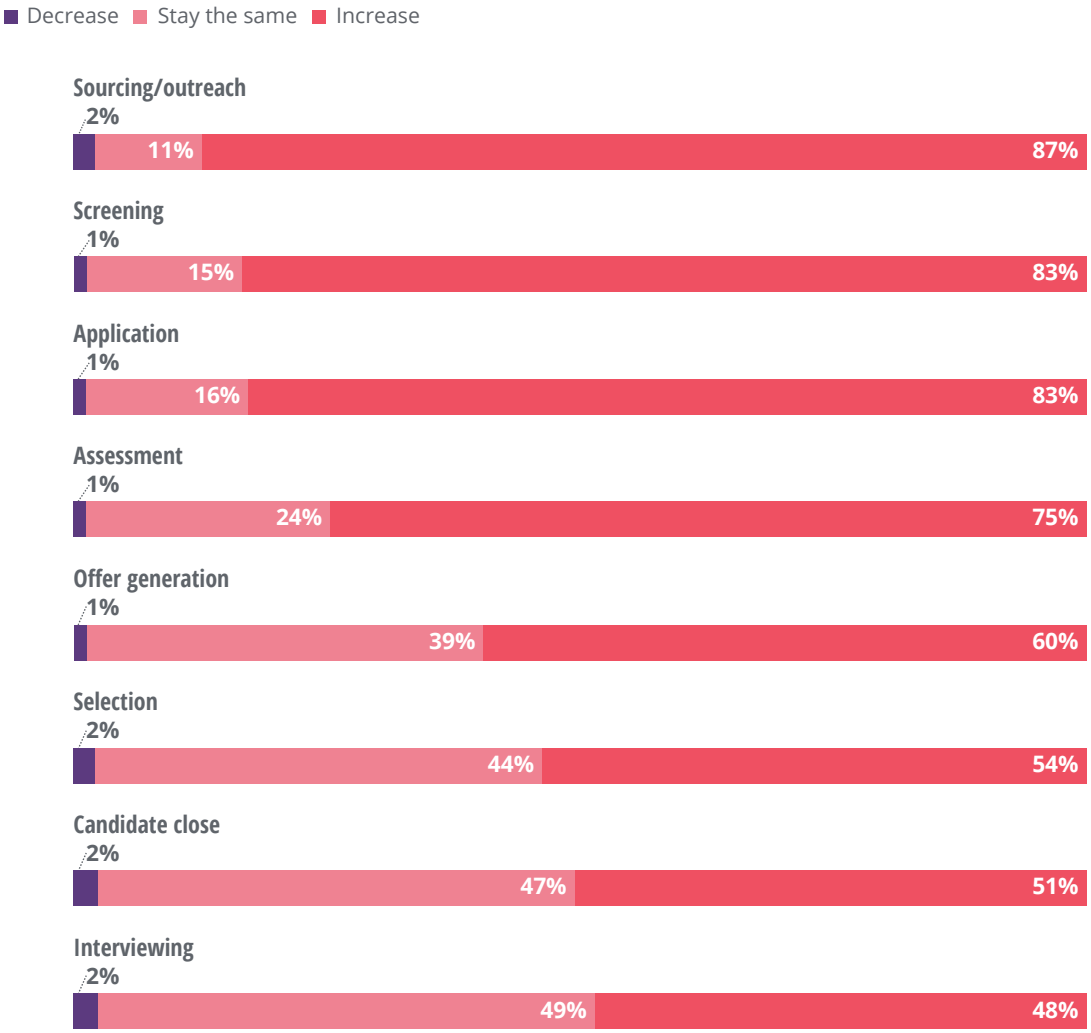
Consider a simple example. A new AI-based assessment system from Pymetrics can assess a wide variety of human traits and skills, and map them directly against the characteristics of the highest-performing people in various roles.[9] By using the tool, organizations such as Unilever and others have dramatically expanded their aperture for recruitment, hiring people who may not have expensive college pedigrees but are competent, ambitious, and ultimately able to succeed.[10]

As another example, Mya, one of the leading providers of AI-based chatbots for recruiting, has been able to reduce the time it takes to screen candidates by 30–50 percent or more, often giving recruiters days or a week of extra time to spend on outbound recruiting, interviewing, and other high-value activities.[11] And IBM's new Candidate Assistant automatically matches candidates to the

FIGURE 2

Most respondents expect technology to play an increasing role in recruiting activities in the next three years

As the use of technology increases, how do you expect the role of technology to change across recruiting activities in the next three years?



Note: Some percentages may not total 100 percent due to rounding.
Source: Deloitte Global Human Capital Trends survey, 2019.

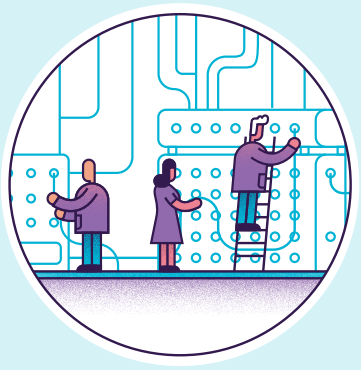
right jobs, increasing quality of hire by orders of magnitude.[12]

Accessing talent in the social enterprise

Beyond the obvious link that effective sourcing provides to productivity and business performance, there is a social aspect that cannot be forgotten. Just as new approaches are enabling organizations to find talent more efficiently and effectively, they are also enabling organizations to expand their view of talent. As mentioned above, Pymetrics has enabled Unilever to greatly expand its candidate pool by identifying candidates without college degrees that have become highly effective marketing managers.[13] Job networks like The Mom Project help companies

find highly skilled people who want to come back to work. And talent networks such as UpWork, Fiverr, 99Designs, Catalant, and others provide validated access to highly skilled candidates that might not otherwise be on the corporate talent radar. In the social enterprise, organizations that broaden the lens through which they view capabilities can not only provide opportunities to individuals whom a more conventional approach may have missed but also change their talent brand in the process.

The war for talent is raging more fiercely than ever. To win requires more than execution; it demands reinvention—not just of the talent acquisition process, but of the talent acquisition mindset. To do this, organizations should rethink how to access existing internal talent, reset traditional expectations on where talent can be found and what it looks like, and rewire the recruiting process by taking advantage of advanced technologies like AI. The talent is out there if you know how to look.



Level of effort: Accessing talent

REWIRE

Talent acquisition is shifting beyond a predominant focus on recruiting full-time hires to accessing people with the right capabilities in new ways. Looking to internal mobility, the alternative workforce, and new technologies to facilitate access to talent is essential.

Acknowledgments

The authors would like to thank **Steven Hatfield**, **Sarah Cuthill**, **Bill Cleary**, and **Denise Moulton** for their contributions to this chapter.

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Learning in the flow of life

Learning is the top-rated challenge among 2019's Global Human Capital Trends. People now rate the "opportunity to learn" as among their top reasons for taking a job,[1] and business leaders know that changes in technology, longevity, work practices, and business models have created a tremendous demand for continuous, lifelong development. Leading organizations are taking steps to deliver learning to their people in a more personal way, integrating work and learning more tightly with each other, extending ownership for learning beyond the HR organization, and looking for ways to bring solutions we use in our daily lives into the learning environment at work.

OUR TOP-RATED TREND for 2019 is the need to improve learning and development (L&D). Eighty-six percent of respondents to our global survey rated this issue important or very important, with only 10 percent of respondents feeling "very ready" to address it. Why are we seeing such high levels of concern?

Evolving work demands and skills requirements are one big reason. Our conversations with business leaders reveal that they, as well as workers themselves, are worried about how technologies such as robotics and AI could change jobs and how people should prepare to do them. Their concern is warranted: While some jobs are disappearing due to technology—38 percent of our survey respondents expect to eliminate certain jobs due to automation over the next three years—many more are being transformed. In fact, the most significant workforce and talent issue for C-suite executives that our respondents identified this year was "transitioning to the future of work" (28 percent), followed by the need to redesign work (25 percent) and reskill the workforce (24 percent). Moreover, 90 percent of our survey respondents told us their organizations are redesigning jobs, and 32 percent are doing it substantially. Given that many jobs are changing, it may come as no surprise that, according to a recent World Economic Forum report, more than half (54 percent) of *all* employees will require significant reskilling and upskilling in just three years.[2]

Reskilling has become a growth imperative for organizations, many of which have seen positions go unfilled for months or years for lack of the right talent to fill them. It's become increasingly apparent that organizations in today's tight talent market cannot depend solely on recruitment to find people for those roles. Low unemployment rates and tight labor markets for skilled workers in many countries

have made it difficult to hire "ready-made" workers in a timely manner (it takes an average of 42 days to fill an open job today).[3]

Our survey respondents appear well aware of the major role learning must play in obtaining badly needed skills. When we asked them how they will deal with issues of job redesign, more leaned toward training than toward hiring as a way to obtain the talent they need (figure 1). Eighty-four percent also said that they were increasing their investment in reskilling programs, with 53 percent saying that they would increase this budget by 6 percent or more. And 77 percent of organizations are increasing their learning team's head count, elevating learning to the second-fastest-growing role in HR.[4]

But despite the efforts and investments being made, our survey results suggest that L&D teams are not moving the needle far enough. Yes, many L&D groups are taking positive steps such as adopting agile and self-directed learning models, acquiring new libraries of content, and moving L&D closer to the business. But while 50 percent of our respondents reported that their L&D departments were evolving quickly, 14 percent said that this evolution was not happening fast enough. And with regard to learning culture, only 11 percent of our respondents—one in nine—said that it was "excellent," with a further 43 percent rating it as good. The call to action is clear: Organizations must work to instill an end-to-end cultural focus on learning, from the top of the organization to its bottom, if they want to meet the talent challenges that lie ahead.

Learning and work: The new organizational ecosystem

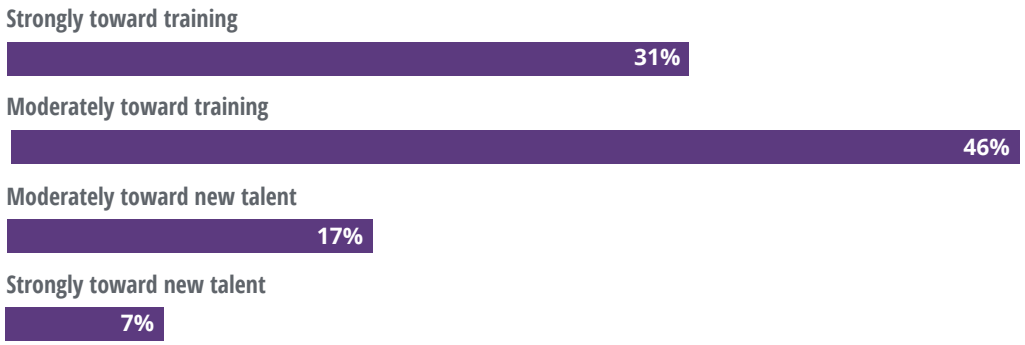
Rapid and ongoing changes in the nature of work itself are changing the relationship between learning and work, making them more integrated and connected than ever before. This creates a challenge and an opportunity to build robust work-centered learning programs, helping people consume information and upgrade their skills in the natural course of their day-to-day jobs.

To help accomplish this, we believe a new model may emerge which takes inspiration from the evolution in information technology development we have seen in recent years. As the pace of technological change has increased, IT teams have evolved from sequential, "waterfall" design-develop-test-operate models to new agile models, sometimes known as "DevOps," that integrate system design, development, security, testing, and operations into a team-based, connected process. In similar fashion, we anticipate new approaches to integrating learning and work to arise, perhaps combining development and work into "devwork"—building on the realization that learning and work are two constantly connected sides of every job.

FIGURE 1

More respondents lean toward training than toward hiring

Given the choice between accessing new talent and training existing employees, where are you leaning?



Source: Deloitte Global Human Capital Trends survey, 2019.

To help enable the creation of this "devwork" environment, we anticipate that business and HR leaders will need to:

- Seek out opportunities to *integrate real-time learning and knowledge management into the workflow*. With cloud-connected mobile and wearable devices becoming almost omnipresent, and the introduction of augmented reality devices, organizations will be able to explore new approaches to virtual learning in which learning occurs in small doses, almost invisibly, throughout the workday.

- Make learning more personal so that it is targeted to the individual and delivered at convenient times and modes so that people can learn on their own time. Here, technology can play an important role. With growing numbers of learning providers now offering video, text, and program-based curricula in smaller, more digestible formats, organizations have an opportunity to *craft approaches that allow their workers to learn as and when they see fit*.

- Integrate learning with the work of teams as well as individuals. As teams become more important in the delivery of more types of work, organizations will *offer learning opportunities that support individuals as members of teams*, providing content and experiences specific to the context of a worker's team.

Joint ownership, joint accountability

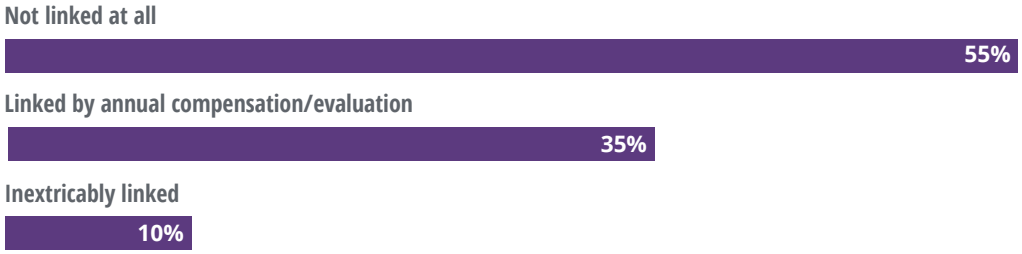
Just as "DevOps" combined software development and IT operations, "devwork" must also look to shared ownership to enable success. There is a growing view, reflected in our survey, that the responsibility for learning and development should be coowned: between workers and their organizations, between HR and the business, and among organizations, educational institutions, and governments. In our survey, 38 percent of respondents said they felt that L&D and the business should share responsibility for learning; of those who said that learning at their organization was not currently positioned for success, 48 percent said that it should move to being a shared responsibility between L&D and the business.

This shared responsibility does more than create joint ownership; it enables joint accountability for success—an area that our survey suggests remains a significant gap in most organizations. Despite often major investments in learning, many organizations are not linking performance incentives to their learning programs, increasing the risk that their learning investments may go unused and unappreciated. It is sobering in this regard that 55 percent of this year's survey respondents said that incentives were "not linked at all" to the acquisition of new skills (figure 2), suggesting that ample opportunity exists to create and strengthen this connection. Organizations that put incentives in place to help

FIGURE 2

Incentives are often not linked to the acquisition of new skills

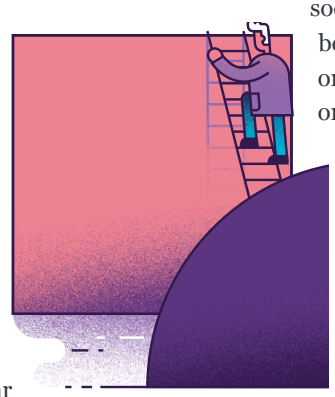
How closely is the acquisition of new skills tied to workforce incentives?



Source: Deloitte Global Human Capital Trends survey, 2019.

make sure that managers support learning, and that employees find learning opportunities practical to pursue, are likely to reap benefits both in terms of new skills learned and in terms of encouraging a learning culture.

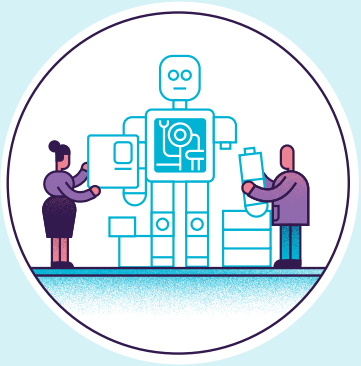
Recoding learning into the flow of life



Integrating learning and work may not be the last challenge that organizations—and individuals—face. Consider that one in four workers in the United States will be 55 or older by 2024.[5] (To put this in context, in 1994, workers over age 55 accounted for only about one in 10 workers.[6]) Business and talent leaders, not to mention workers themselves, now need—for the first time—to plan for careers that can span 50–60 years out of a potential 100-year life.[7] Longer life expectancies, combined with frequent job changes and the accelerating rate of skills obsolescence, call for significantly new approaches to creating diverse portfolios of learning and work experiences to support people who may work in many different fields and disciplines during their working lives. The challenge may be nothing less than to integrate ongoing learning into the flow of life.

If that is the challenge, then the solution must not only be embedded into the ways in which we work, but the ways in which we live. Enter the emergence of learning experience platforms (LXPs), the latest and possibly most pervasive trend in the area of learning technology. LXPs represent a much-needed evolution from today's traditional learning management systems (LMSs). Where LMSs have historically been focused on business rules, compliance, and catalog management, LXPs are true content delivery systems whose functionality mirrors common technologies people use in their day-to-day lives such as streaming video and social media.[8] With LXPs, content can be integrated into any system to offer on-demand learning; material can be organized into channels or playlists based on specific topics, skills, or learning objectives; and users can share and rate content, leave comments, and receive recommendations using dynamic social settings.[9] In this way, the LXP becomes not just a tool for how people learn at work, but a solution for how people learn in life.

In a world where technology is changing jobs and people are living longer lives with more diverse careers, organizations have not only an opportunity, but a responsibility, to reinvent learning so that it integrates into the flow of work—and life. In the age of the social enterprise, organizations will realize that creating and maintaining a culture of lifelong learning is not just part of their mission and purpose but is what gives their workers meaning both in and out of the workplace. And nothing is more personal than that.



Level of effort: Learning in the flow of life

RECODE

Integrating learning into the flow of work and life, and empowering people to actively develop throughout their lives, are significant challenges that will require leaders to dramatically rethink their approaches to learning, reskilling, and capability development.

Acknowledgments

The authors would like to thank **Bernard van der Vyver** and **Michael Griffiths** for their contributions to this chapter.

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Talent mobility

Winning the war on the home front

Organizations have historically focused on external recruiting to find people for new roles, but with growing skill shortages and low unemployment rates, they are now finding that acquisition alone isn't enough to access the capabilities they need. To fuel growth, organizations need to more effectively tap their current workforce to identify and deploy people with the required skills, capabilities, motivation, and knowledge of the organization, its infrastructure, and its culture. Creating better programs to facilitate internal mobility can pay off in multiple areas: growth, employee engagement, and business performance.

AS TALENT MARKETS get tighter and the world becomes more connected, a major new trend has emerged from our research: the need to improve internal talent mobility to more effectively move people among jobs, projects, and geographies. This year, internal talent mobility has become a C-suite-level topic, with 76 percent of our survey respondents rating it important and 20 percent rating it one of their organization's three most urgent issues.

It's not hard to understand why. For many organizations, their biggest potential source of talent is to access the enterprise's own workforce and internal talent market. Surprisingly, however, that market is often undervalued and even overlooked, and many organizations find it amazingly difficult to access. The sad and maddening reality is that employees generally find it easier to find new—and more attractive—opportunities in another organization than to explore and move to new roles at their current employers.[1] In this year's Global Human Capital Trends survey, more than 50 percent of respondents told us that it was easier for employees to find a job outside their organization than inside (figure 1), a situation that leaders would do well to address.

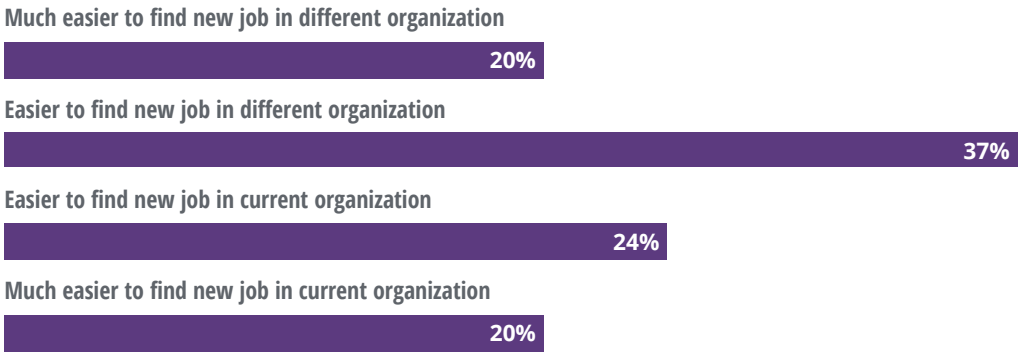
Why is internal mobility important?

Organizations have many reasons for starting to explore internal mobility in earnest. Hiring people with critical skills is highly competitive; workers who want to reinvent themselves don't necessarily want to leave their current employer; internal mobility

FIGURE 1

Most respondents believed that it would be easier for an employee to find a new job with another employer than with their current organization

Is it easier for employees in your organization to find a new job with another organization or to move jobs internally within your organization?



Source: Deloitte Global Human Capital Trends survey, 2019.

can be a way to embed collaboration and agility into an organization's culture, which is one of the key attributes of becoming a true social enterprise; and agile organizations and career models dramatically improve employee engagement and commitment. Ingersoll Rand, for example, developed a robust internal career program to help employees reskill themselves for new positions within the organization, and invested in an interactive, analytics-based technology solution that allows them to explore and access alternative roles and career paths across the company. The result: a nearly 30 percent increase in employee engagement.[2]

Another major driver for internal mobility is the need for many organizations to globalize their operations as they expand into the fast-growing economies of Asia, the Middle East, and Africa. Schneider Electric, one of the largest French manufacturers of electrical systems and components, changed its structure from being a Paris-based, centralized operation to having four global headquarters: one in France, one in the United States, one in China, and one in India. The company now develops and markets products in each of these geographies, requiring the organization to create a culture of mobility, diversity, and inclusion. By creating four headquarters, the company can now offer roles in all four places that were available in only one location before, which increases both the need and the opportunity for employees to develop and grow into new roles. Schneider is now investing in new technology solutions to create more mobility options for its expanded organizational talent markets around the world.[3]

The shift toward flatter organization models also creates a greater need for internal mobility. As organizations start to operate in teams and networks, managers are realizing that open access to the diverse skill sets, backgrounds, and experiences held by the organizations' own people is essential for success. To staff projects and programs as they grow, team leaders have to find expertise throughout the network, which is difficult if the organization lacks an active and open internal mobility process.

Why is internal mobility hard?

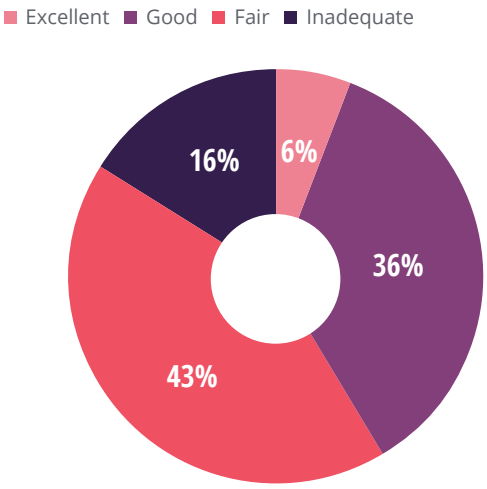
Although internal mobility is a high priority, it's not easy to do well. Only 6 percent of respondents told us they believe they are excellent at moving people from role to role; 59 percent rate themselves fair or inadequate (figure 2).

One reason internal mobility is difficult is that most organizations are modeled around hierarchical structures: systems that people enter at the

FIGURE 2

Few respondents believed their organizations were excellent at enabling internal talent mobility

How effective is your organization today at enabling internal talent mobility?



Note: Percentages do not total 100 percent due to rounding.
Source: Deloitte Global Human Capital Trends survey, 2019.

bottom and spend years working their way up to increase their influence, impact, and rewards. But while organizations have spent decades building career and promotion models to help people move *up* the pyramid, that's not the same thing as having a vibrant, easy-to-navigate internal mobility market and culture *across* the entire organization. Only 32 percent of this year's survey respondents believed that their organization's employees have opportunities to move between operating divisions. Forty-nine percent of respondents, the largest proportion, identified the lack of processes to identify and move employees as a top-three barrier to internal talent mobility (figure 3). Siloed organizational models make it hard for managers to look for talent outside their own fiefdom, and block employees' views into opportunities elsewhere in the enterprise.

What's more, incentives are rarely set up to encourage hiring from within. Unless hiring managers are actively encouraged and rewarded for hiring internal candidates, they may pass over existing employees looking for development. Equally problematic, an internal candidate's current manager may resist other departments' or managers' efforts to recruit the person unless incentives are in place to encourage managers to develop subordinates' skills and support their growth. Indeed, 46 percent of this year's survey respondents told us that managers resist internal mobility. Team leaders who are rewarded for producing results but not for promoting internal mobility have no reason to welcome the prospect of losing a high-performing team member—creating an obstacle to mobility, no matter how hard HR promotes mobility programs.

Culture is also a barrier in many organizations. Seventy percent of respondents told us that talent mobility expectations, the culture around talent-sharing, and decision-making around mobility were inadequate or only fair at their organization. Technology and systems around internal mobility, too, are often lacking. Forty-nine percent of respondents told us that they have few, if any, tools to identify and move people into new internal roles. Forty-five percent said their employees lacked visibility into internal positions. And in our conversations with clients, many HR leaders tell us that employees find it easier to quit and be rehired than to change positions within the organization because of the lack of systems to enable and promote internal moves.

A source of competitive advantage

Are the problems worth overcoming? Our respondents think so. Beyond looking at internal mobility to fill open positions, our respondents cited several other strategic business reasons for urgently focusing on this issue. Thirty-eight percent are looking at internal mobility to build better leaders, 31 percent cite the need to expand the business, and 32 percent believe mobility is required to increase employee engagement.

At one global engine manufacturing leader, encouraging internal talent movement stems from a firm belief that learning through experience is extremely powerful. One employee we spoke with said that this emphasis makes the company a "playground for learning" and praised "the number of cross-functional moves that take place and how open leaders are to considering high performers for any number of assignments regardless of their tech-

FIGURE 3

Respondents identified various roadblocks to internal talent mobility

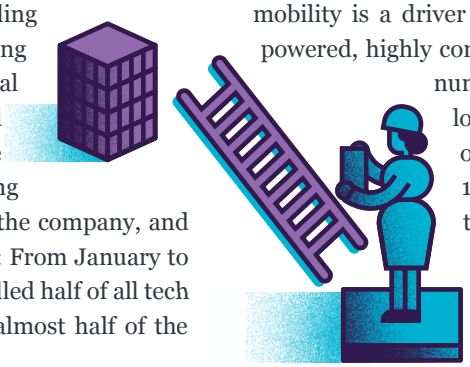
What are the most challenging barriers to internal talent mobility for the business? Select the top three.



Note: Only the top four responses are shown here.
Source: Deloitte Global Human Capital Trends survey, 2019.

nical background." Not surprisingly, enabling these experiences not only provides learning opportunities, but also raises employee engagement.[4]

Other organizations that have made substantial investments in internal mobility are also seeing these investments pay off. To take a well-known example, AT&T has spent hundreds of millions of dollars since 2013 on upskilling its employees, both by providing direct education and professional development programs and through tuition assistance. The program's goal is to fill existing openings with people already at the company, and by that measure, it is succeeding: From January to May 2016, upskilled employees filled half of all tech management jobs and received almost half of the available promotions.[5]



A global bank offers another illustration of the types of talent market and mobility initiatives organizations are exploring and launching. The bank is building a new function for internal mobility that integrates talent acquisition with career mobility and takes an enterprisewide view and scope. Not only are internal mobility initiatives moving beyond new programs and processes, but leaders' mindsets are changing to view the company's entire workforce as a talent market that allows for multidirectional careers. This, in turn, is influencing how leaders think about operating models and organizational structures as internal boundaries become less important and enterprise teams and internal capability markets increase in importance and impact.

Companies like these have caught on to what is becoming more and more self-evident: Internal mobility is a driver of growth in today's digitally powered, highly competitive global economy. The numbers tell the story: When we looked at the fastest-growing organizations (those growing at 10 percent or more compared to the prior year) in our survey, they were twice as likely to have excellent talent mobility programs than organizations that were not growing at all, and more than three times more likely than organizations whose revenues were shrinking.

Recoding the norms

As organizations reexamine how they approach internal mobility, they need to address a fundamental issue: Internal mobility today is governed by a set of (often unwritten) norms that are outdated

FIGURE 4

Recoding the norms governing internal mobility

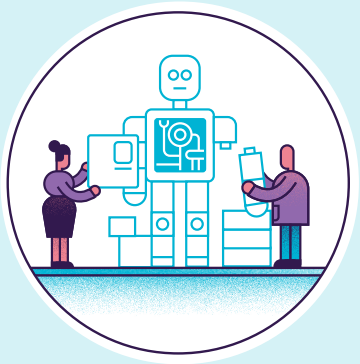
Today	Tomorrow
Limited to the executive ranks	Applicable to employees at every level in the organization
Focused primarily on geographic moves	Can be moves between functions, jobs, projects, etc.
Requires an application process that mirrors external hiring	Has a streamlined process that reinforces the belief that the organization already knows you as a candidate
Is highly manual and paper-based, and often lacks a uniform process	Is facilitated by user-friendly technology that makes the well-documented process "one click"
Is perceived to be a major change in one's career	Is perceived as a natural and normal career step for a lifelong learner

Source: Deloitte analysis.

and need to be fundamentally recoded for the future needs of today's workers and organizations (figure 4). It is only through this reinvention that organizations may be able to unlock the potential hidden within its existing workforce.

Not surprisingly, the earliest adopters of this shift have come from the technology industry. Spotify and Facebook are leading examples. At Spotify, internal mobility has become such a core cultural element that employees take on a new role, on average, every two years.[6] And at Facebook, employees and managers have conversations about career progression with internal mobility understood as an accepted element.[7]

Internal mobility, in short, can be a major source of critical talent and competitive advantage. To do it well requires investment and a focus on culture, infrastructure, and incentives—but it's an investment well worth considering for leaders looking for ways to bridge the talent gap. In an economy where outside talent is becoming more and more difficult to find and attract, looking within can make the crucial difference between struggling and succeeding.



Level of effort: Talent mobility

RECODE

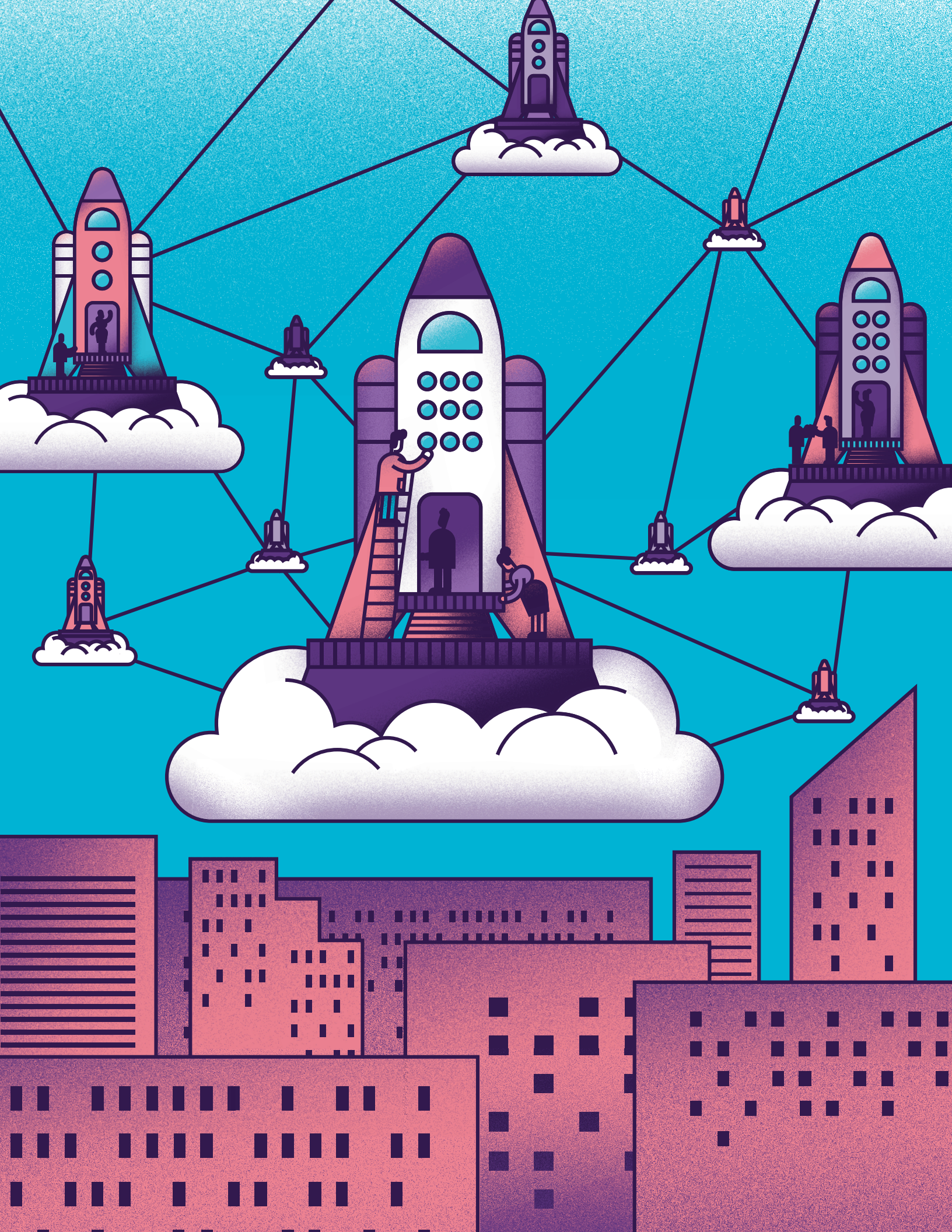
To create an internal talent and career market that is competitive with dynamic external talent markets, many organizations need to completely reimagine and rebuild their internal mobility and career strategies and programs. A starting point is to recode prevailing norms about mobility to support movement between teams, jobs, functions, and geographies as a natural step in a worker's career.

Acknowledgments

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HR cloud

A launch pad, not a destination

Over the last few years, significant progress has been made in HR's move to the cloud. But although cloud computing platforms have, in general, been wildly successful, many vendors have had challenges keeping up with innovative talent management practices, driving organizations to adopt best-of-breed solutions to fill the gaps. In addition, many of the organizations adopting cloud-based human capital management (HCM) systems are not placing enough emphasis on complementary transformational activities such as redesigning their operating model, data architecture, and user experience. This is leading to technology implementations that are not delivering their full potential. Nonetheless, cloud-based HCM is establishing a foundation for change and innovation, enabling organizations to shift their energies toward more pressing challenges.

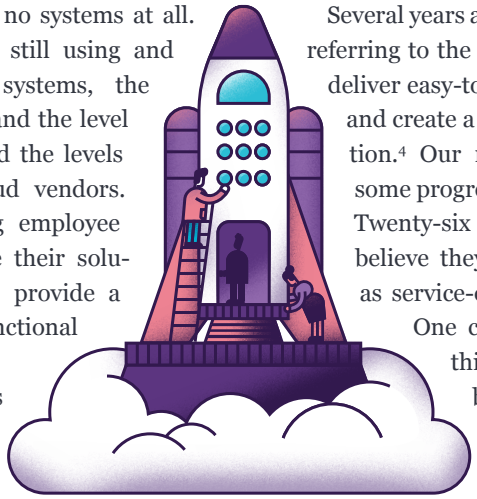
HR TECHNOLOGY CONTINUES to be a major challenge. In this year's Global Human Capital Trends survey, 74 percent of respondents rated the topic important or very important, and 21 percent called it one of the three most urgent topics their organizations faced moving into 2019. While billions have been invested in integrated cloud-based systems, many organizations tell us they are still not satisfied, and research shows that the average satisfaction with these systems is only 3.3 out of 5, a drop of 3 percent over last year.[1] Despite the intense interest in better data management, only 26 percent of respondents report effectively using technology and analytics, and only 6 percent believe their HR technology is excellent. In fact, after investing more than US$20 billion in HR technology over the last five years,[2] 65 percent of our survey respondents still report that their technology is inadequate or only fair at achieving its overall objectives.

The cloud: Expectations versus reality

One of the biggest HR trends in the last few years has been the adoption of subscription-based cloud systems, which were intended to reduce the

need for IT to maintain HR software, provide a more integrated suite of tools, improve data management, improve the user experience, and deliver faster innovation. Organizations have experienced varying degrees of success in each of these areas.

First, many organizations still have a mixed set of HR systems in place. Only 5 percent of this year's survey respondents told us they have a fully integrated HR cloud platform. Most of the others have some combination of cloud and on-premise software, and 29 percent have no systems at all. Since many organizations are still using and maintaining numerous HR systems, the quality of the user experience and the level of integration have not reached the levels often promised by HCM cloud vendors. Many organizations are using employee engagement layers to improve their solutions' overall usability and to provide a higher level of technical and functional integration.



Second, most cloud vendors have not been keeping up with rapid business innovation and technological advancements. The average HR department now has more than nine systems of record—up from eight a year ago—demonstrating that organizations continue to buy multiple solutions to meet their needs.[3] A huge proliferation of software by innovative new vendors has appeared in the talent management space, creating a new artificial intelligence (AI)-based talent management market with which many major enterprise resource planning (ERP) vendors are struggling to keep pace. Additionally, the market for, and the technology supporting, robotics and cognitive automation has grown quickly, outpacing the ERP vendors' product road maps and releases.

Third, cloud vendors have, in some cases, oversold their systems' capabilities. When we asked respondents to tell us what they expected versus what they realized from the cloud, the results were mixed (figure 1).

As the data in figure 1 shows, the cloud helps organizations consolidate data, create a single user interface, and improve access to data. But it also demonstrates that cloud, in and of itself, has not had a major positive impact on the employee experience, HR operations, or innovation.

Digital HR: Still aspirational

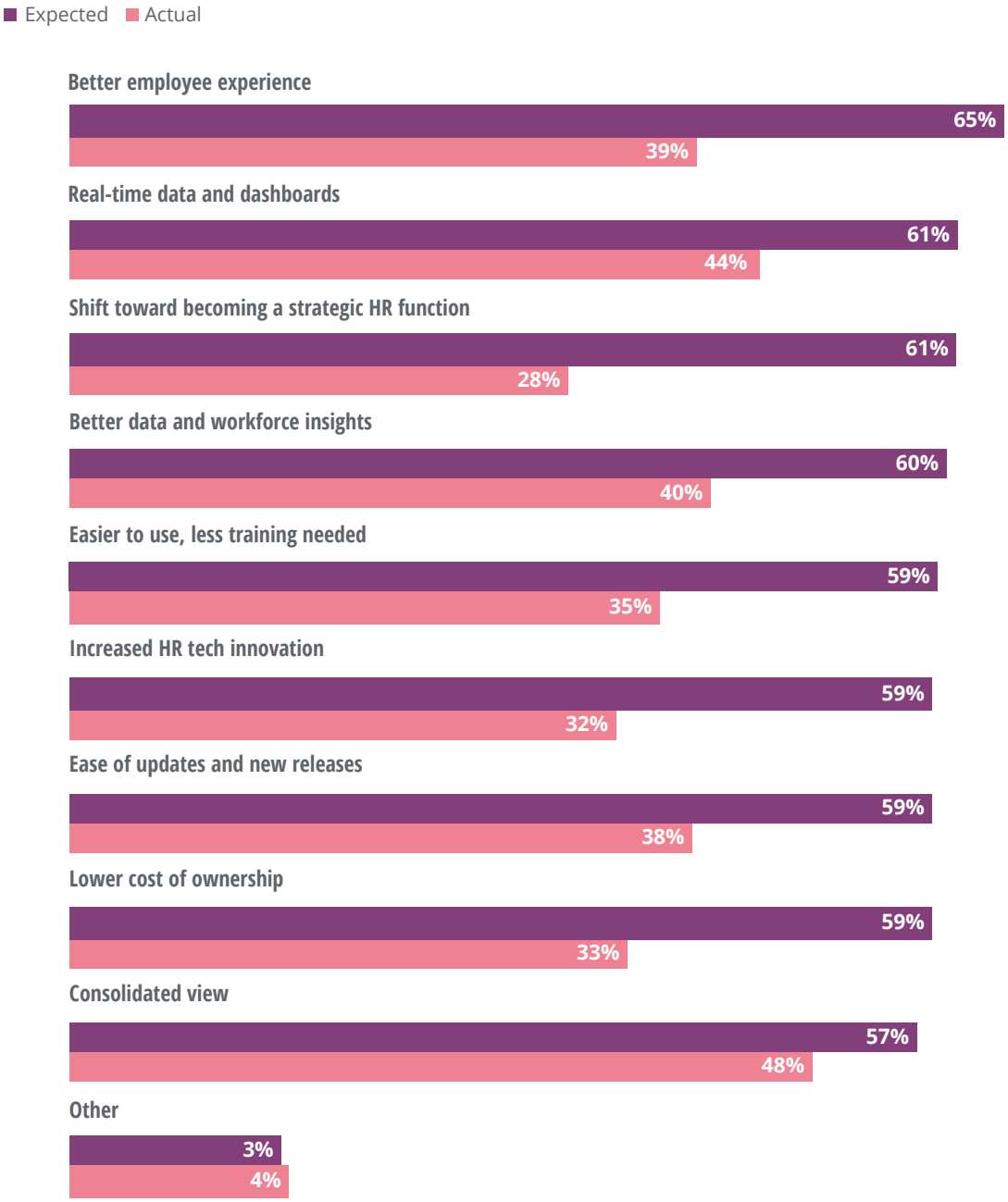
Several years ago, we wrote about "digital HR," referring to the desire to digitize HR processes, deliver easy-to-use mobile apps to employees, and create a more service-oriented HR function.[4] Our research this year shows that some progress has been made on this front: Twenty-six percent of survey respondents believe they have been better able to act as service-oriented HR business partners. One company that has advanced in this area is Tencent, an internet-based technology and cultural enterprise headquartered in China, which is launching a cloud-based HR platform featuring user-driven, open collaboration and lightweight, convenient HR solutions and services.[5] And a global retailer has recently deployed an integrated online HR experience for employees and HR that incorporates advanced capabilities such as chatbots and automation.[6]

Yet our survey also shows that there is much work still to do. Overall, only 5 percent of respondents believed that their HR technology was doing an excellent job meeting full-time workers' needs—and only 2–3 percent believed that it was excellent at meeting the needs of alternative or part-time workers. In the areas of general productivity and information tools, many organizations are also still behind. When we asked respondents to rate their organizations' abilities to deliver the tools and technologies they need to do their jobs, only 35 percent were satisfied. In short, digital HR still has some major work ahead.

FIGURE 1

Organizations generally expected more than they actually got from their HR cloud systems

What did you expect/actually get from moving to a cloud HR system?



Source: Deloitte Global Human Capital Trends survey, 2019.

Intelligent tools and experience platforms: Coming on strong

The HR technology market is rapidly evolving to try to meet organizations' needs. Today, more than 1,400 HR technology vendors are in the market,[7] many focused on using AI, cognitive interfaces, advanced analytics, sentiment analysis, and other new technologies designed to make work easier.

The explosion of tools covers almost every imaginable area of HR. Vendors are developing tools for internal talent mobility; tools to help identify and reduce bias and discrimination in hiring and promotion; advanced benchmarking tools to help organizations compare their salaries and hiring practices with those of their peers; AI-based tools to coach employees, assess leaders, and give people well-being and developmental nudges to make work easier; and more. And major payroll vendors are rewriting their software to make it more real-time and flexible for part-time work. Some recent and anticipated coming innovations include:

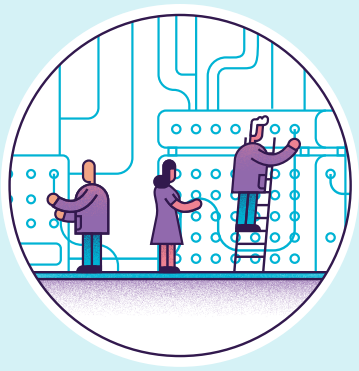
- Dozens of tools to deliver pulse surveys, give feedback, and measure engagement, often coupled with tools for performance management, to give organizations a better real-time view of the employee experience;
- Well-being tools that provide coaching and access to medical specialists, record real-time data about health and fitness, and promote mindfulness at work;
- Performance management and analytics tools to help organizations deliver real-time data to managers about employee sentiment, performance management, goal attainment, and ongoing development;
- A massive array of tools to support self-directed learning, curation and recommendation of learning programs, career management, internal mobility, and mobile and microlearning;
- New systems to find job candidates, create recruitment portals, help improve recruiting efficiency, and apply chat and AI-based tools to the assessment, screening, and interviewing process;
- Video- and AI-based tools to assess job candidates and evaluate employee sentiment and engagement; and
- Tools designed to identify bias and to enable employees to report grievances and problems, aimed at reducing harassment in the workplace.

Rewiring the connections

While HR has blazed new trails through its early adoption of cloud platform solutions, automating and enhancing HR with advanced digital solutions that reshape how work gets done is imperative. Many have begun to apply robotic process automation and even artificial intelligence technologies to traditional HR activities. The introduction of virtual reality, machine learning, and social collaboration can make it possible to truly reinvent rather than only automate.[8] This will enable organizations to rewire their people operations, creating new connections that can yield many benefits: a better workforce experience; a stronger connection among performance, learning and development, and rewards; and greater insights from using analytics across the enterprise.

Luckily, a new category of unified engagement platforms has emerged, focused on giving workers a single interface to find and access information in the heterogeneous HR market. These platforms are offering more than an improved worker experience; they are helping to create new connections that improve other aspects of HR service delivery. One example is the potential to integrate case management, knowledge management, and chatbots into a mobile experience that blends well with existing core human capital management platforms. Technologies like these promise to truly reinvent HR's relationship with the workforce, enabling HR to not only deliver a positive human experience, but also redirect its own time and attention to other emerging needs of the social enterprise.

The bottom line: While many of the challenges with HR technology remain, the pace of development has quickened, giving organizations a tremendous range of options in their plans for the future. The idea of a single, integrated cloud platform has not solved everything—but it has given organizations a solid foundation on which to build. Organizations are now deploying new architectural teams to identify and integrate new tools, and a new world of talent management software is emerging.



Level of effort: HR cloud

REWIRE

Organizations have made progress with implementing cloud-based HR systems. The next step is to integrate cloud platforms with cognitive technologies, AI, and robotics, and to deploy technologies that improve workers' digital experience by giving them a single consistent interface through which to access HR services and information.

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Looking ahead

Where is reinvention headed?

THIS YEAR'S *Global Human Capital Trends* report argues that, to create value as a social enterprise in today's dynamic and demanding environment, organizations must reinvent themselves—with a human focus—on three fronts: the workforce, the organization, and HR. The 10 trends we highlight in these areas are of immediate concern to business and HR executives, issues on which leaders are being pushed to act today. But where will they take organizations five or 10 years from now, when the forces now at work have had more time to play out?

To set priorities for reinvention, we suggest that leaders first "zoom out" to envision their organization, its challenges, and its place in society in 10 years' time, considering where they want the organization to be as well as the factors that may help or hinder its progress. Accordingly, we invite readers to "zoom out" with us to think about what each of the three areas for reinvention—the workforce, the organization, and HR—might look like, or *should* look like, a decade ahead. Then, leaders can "zoom in" to identify two or three key initiatives in one or more of these areas that they can undertake within the next six to 12 months. These initiatives should be designed to solve short-term problems in a manner that will accelerate the path to the organization's long-term destination.[1]

The future of the workforce

Over the next 10 years, perhaps less, many organizations will redesign jobs to better enable their people to work alongside smart machines, robots, and new forms of off-balance-sheet talent (from freelancers to gig workers to crowds). Organizational leaders and public sector policymakers should ask a range of critical questions to help guide and govern this reinvention of the workforce, including:

- What are the current and future work outcomes that organizations need to deliver?
- How can we reimagine and recompose:
  - *Work*, to automate work and augment the workforce with robotics and AI?
  - The *workforce*, to effectively access and deploy talent using the full range of traditional and alternative work arrangements?
  - The *workplace*, to extend where and how work is performed using virtual collaboration platforms, remote communications tools, digital reality, and other technologies?
- To what end are we redesigning work? For efficiency and cost improvement? To create new value for customers? To create meaningful work for employees and the extended workforce?[2]
- How can an organization activate its leaders, its culture, and its talent processes to manage a redesigned workforce that integrates people and machines into a new way of working?
- What are the organizational and social implications of a potential bifurcation of work into "superjobs" and lower-skilled service sector jobs?

The future of the organization

Organizational strategies and cultures have been undergoing a dramatic shift from hierarchies

and "command and control" mindsets to people practices that use empowered networks of teams to enable enterprise agility. As this shift continues, we see several areas where organizational leaders may need to reinvent their strategies and structures:

- How does the organization integrate into, and differentiate its role in, the larger networks and platforms in its sector and industry—and even beyond? Where does your organization start and end with respect to others in the ecosystem?
- How can organizations create informal systems that take advantage of the way people naturally behave to drive experimentation, innovation, and idea generation, and to maintain a happy and productive workplace?
- How can teams be placed at the center of the organization's performance and development?
- How can organizations develop leaders who have the mindsets, attitudes, and experiences needed to create the conditions for teams to be iterative, open, inclusive, and, ultimately, effective?
- How can organizations design jobs, work experiences, and work environments that allow individuals to grow and find meaning in their work and in their relationships with the organization?

The future of HR

Work and organizations will still exist in 10 years, though likely in new forms. What about HR? How will the mission and work of HR evolve? A number of open questions can be posed about the future for HR and its role in people and workforce management:

- What will the future HR organization be responsible for? Will HR redesign jobs? Organize work? Drive growth? Deploy and develop teams? Integrate learning and work?
- What capabilities will HR require to carry out these responsibilities?
- How will HR cultivate workforce engagement? In a future defined by multiple talent models across multiple worker types, how will HR partner with business leaders to create integrated, meaningful, work and learning experiences for people whose careers may span 50 years in a 100-year life?
- With the rise of the social enterprise, how does the organization's talent brand relate to its corporate brand? What is the envisioned relationship between the HR, marketing, and customer experience organizations? Is there still a CHRO, CMO, and CCO, or do these executive roles morph into new ones?
- Given that HR models and operations have historically been based on stable business processes and staffing models, how will HR operations need to be reimagined in a world of constantly shifting networks and teams?
- How will HR operations need to change in order to access, curate, and engage a workforce that includes both traditional employees and a variety of alternative worker types?
- How will HR use technology, including AI technology, to reinvent itself? How can this enable HR to lead the reinvention of the business?
- Will HR continue to exist in its current form, or even at all?

Reinvention with a human focus offers a path forward through the challenges and uncertainties facing organizational and HR leaders. We see the future belonging to leaders who can look ahead and define a destination that works for their organizations, their customers, their people, and society at large. Zooming out and zooming in, and asking hard questions about the trends affecting organizations today and tomorrow, is critical to moving forward.

Endnotes

1. For more on the "zoom out/zoom in" method of strategic planning, see John Hagel and John Seely Brown, *Zoom out/zoom in: An alternative approach to strategy in a world that defies prediction*, Deloitte Insights, May 16, 2018.
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About the authors



ERICA VOLINI is the US Human Capital leader for Deloitte Consulting. Throughout her 20-year career, Volini has worked with some of the world's leading organizations to link their business and human capital strategies. She is a frequent speaker on how market trends are impacting HR organizations and the HR profession as a whole. Within Deloitte, she is a member of Deloitte Consulting's management committee.



JEFF SCHWARTZ, a principal with Deloitte Consulting LLP, is Deloitte's global leader for Human Capital Marketing, Eminence, and Brand and the US leader for the Future of Work. He is also the US leader of Deloitte Catalyst, Tel Aviv, linking the Israeli startup ecosystem with global clients. Schwartz advises senior business leaders at global companies on workforce transformation, organization, HR, talent, and leadership. He launched Deloitte's Global Human Capital Trends report in 2011.



INDRANIL ROY is an executive director in Deloitte Consulting's Human Capital practice in Singapore and serves as chief strategy officer for the global Deloitte Leadership practice. He advises clients on matters around innovation/digital, leadership, strategy, organization, and culture. His extensive experience includes working with organizations in the ASEAN member states, Brazil, Japan, China, India, South Korea, the United Kingdom, and the United States across a wide range of industry sectors, including financial services, IT, government, consumer products, and health care.



MAREN HAUPTMANN is the lead partner for the Organization Transformation & Talent service line within Deloitte's German Human Capital practice. She specializes in organizational design and transformation, strategic change management, and strategic talent advisory services. Hauptmann has 20 years of experience in strategy and human capital consulting and has supported German, European, and global companies in large organizational transformations and talent management.



YVES VAN DURME is a partner with Deloitte's Belgian consulting practice and the global leader of Deloitte's Strategic Change practice. He specializes in leadership and organizational development, as well as talent and HR strategy, in business transformation contexts. Van Durme has more than 20 years of experience as a consultant, project manager, and program developer on human capital projects for multiple European, Japanese, American, and Belgian multinationals, family businesses, and small and medium-size enterprises.



BRAD DENNY, a principal with Deloitte Consulting LLP, leads Deloitte's US Human Capital practice for the power and utilities industry and coleads the 2019 Global Human Capital Trends report. With almost 25 years of transformation, leadership, talent, and strategy experience, Denny has helped organizations navigate large-scale transformations in the United States, Canada, United Kingdom, Japan, and Poland.



JOSH BERSIN is a global industry analyst focused on all aspects of HR, leadership, organizational performance, and workforce technology. He founded Bersin & Associates, now Bersin™ (Deloitte Consulting LLP), in 2001 to provide research and advisory services focused on corporate learning. A frequent speaker at industry events and a popular blogger, he has been named one of HR's top influencers by multiple commentators. Bersin spent 25 years in product development, product management, marketing, and sales of e-learning and other enterprise technologies.

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Global Human Capital leaders

Global Human Capital leader
Heather Stockton
Deloitte Canada
hstockton@deloitte.ca

Global Human Capital leader, Marketing, Eminence, and Brand
Jeff Schwartz
Deloitte Consulting LLP
jeffschwartz@deloitte.com

Global Future of Work leader
Steven Hatfield
Deloitte Consulting LLP
sthatfield@deloitte.com

Global Employment Services leader
Nichola Holt
Deloitte Tax LLP
nicholt@deloitte.com

Global Organization Transformation and Talent leader
Dimple Agarwal
Deloitte MCS Limited
dagarwal@deloitte.co.uk

Global HR Transformation leader
Michael Stephan
Deloitte Consulting LLP
mstephan@deloitte.com

Global Actuarial, Rewards, and Analytics leader
Darryl Wagner
Deloitte Consulting LLP
dawagner@deloitte.com

Human Capital country leaders

AMERICAS

United States
Erica Volini
Deloitte Consulting LLP
evolini@deloitte.com

Canada
Jeff Moir
Deloitte Canada
jmoir@deloitte.ca

Argentina
Maria Soledad Ruilopez
Deloitte & Co. SA
sruilopez@deloitte.com

Brazil
Roberta Yoshida
Deloitte Consultores
royoshida@deloitte.com

Chile
Marcel Villegas
Deloitte Audit y Consult.
marvillegas@deloitte.com

Colombia and Peru
Alejandra D'Agostino
Deloitte & Touche SRL
aldagostino@deloitte.com

Costa Rica
Sofia Calderon
Deloitte & Touche SA
socalderon@deloitte.com

Dutch Caribbean
Regina Bakker-Sprangers
Deloitte Dutch Caribbean
ReBakker@deloitte.cw

AMERICAS (CONT.)

Ecuador
Roberto Estrada
Andeanecuador Consultores
restrada@deloitte.com

Mexico
Jorge Ponga
Deloitte Consulting Mexico
jponga@deloittemx.com

Panama
Jessika Malek
Deloitte Consultores
jmalek@deloitte.com

ASIA-PACIFIC

Asia-Pacific & China
Jungle Wong
Deloitte Consulting (Shanghai) Co. Ltd.
Beijing branch
junglewong@deloitte.com.cn

Australia
David Brown
Deloitte Touche Tohmatsu
davidbrown@deloitte.com.au

India
Gaurav Lahiri
Deloitte India
gauravlahiri@deloitte.com

Japan
Kenji Hamada
Deloitte Tohmatsu Consulting Co. Ltd.
kehamada@tohmatsu.co.jp

Korea
Eric Seok Hoon Yang
Deloitte Consulting
seoyang@deloitte.com

New Zealand
Sonia Breeze
Deloitte
sbreeze@deloitte.co.nz

Southeast Asia
Mark Maclean
Deloitte Consulting Pte. Ltd.
mmaclean@deloitte.com

EUROPE, MIDDLE EAST, AND AFRICA

EMEA
Ardie Van Berkel
Deloitte Consulting BV
avanberkel@deloitte.nl

United Kingdom
Will Gosling
Deloitte MCS Limited
wgosling@deloitte.co.uk

Africa
Pam Maharaj
Deloitte Consulting Pty
pammaharaj@deloitte.co.za

Austria
Christian Havranek
Deloitte Austria
chavranek@deloitte.at

Belgium
Yves van Durme
Deloitte Consulting
yvandurme@deloitte.com

CIS
Chris Armitage
CJSC Deloitte & Touche CIS
carmitage@deloitte.ru

Cyprus
George Pantelides
Deloitte Ltd.
gpantelides@deloitte.com

Czech Republic
Pavel Šimák
Deloitte Advisory s.r.o.
psimak@deloittece.com

Denmark
Morten Bramsen
Deloitte Denmark
mbramsen@deloitte.dk

EUROPE, MIDDLE EAST, AND AFRICA (CONT.)

East Africa (Kenya, Tanzania, Uganda)
George Hapisu
Deloitte & Touche Kenya
ghapisu@deloitte.co.ke

Finland
Eva Tuominen
Deloitte Oy
eva.tuominen@deloitte.fi

France
Philippe Burger
Deloitte Conseil
phburger@deloitte.fr

Germany
Udo Bohdal-Spiegelhoff
Deloitte Consulting GmbH
ubohdal@deloitte.de

Ireland
Valarie Daunt
Deloitte & Touche
vdaunt@deloitte.ie

Israel
Maya Imberman
Brightman Almagor Zohar & Co.
mimberman@deloitte.co.il

Italy
Drew Keith
Deloitte Consulting SRL
dkeith@deloitte.it

Luxembourg
Basil Sommerfeld
Deloitte Tax & Consulting
bsommerfeld@deloitte.lu

Middle East
Ghassan Turqieh
Deloitte & Touche (ME)
gturqieh@deloitte.com

Netherlands
Petra Tito
Deloitte Consulting BV
ptito@deloitte.nl

Norway
Eva Gjovikli
Deloitte AS
egjovikli@deloitte.no

Poland
Irena Pichola
Deloitte Business Consulting SA
ipichola@deloittece.com

Portugal
José Subtil
Deloitte Consultores SA
jsubtil@deloitte.pt

Spain
Joan Pere Salom
Deloitte Advisory SL
josalom@deloitte.es

Sweden
Josefine Liljeqvist
Deloitte Sweden
jliljeqvist@deloitte.se

Switzerland
Myriam Denk
Deloitte Consulting Switzerland
mydenk@deloitte.ch

Turkey
Cem Sezgin
Deloitte Turkey
csezgin@deloitte.com

West Africa (Nigeria and Ghana)
Joseph Olofinsola
Deloitte & Touche Nigeria
jolofinsola@deloitte.com.ng



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Editorial: Junko Kaji, Blythe Hurley, Nairita Gangopadhyay, Rupesh Bhat, and Abrar Khan

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Promotion: Alexandra Kawecki and Amy Bergstrom

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