The Changing Workplace of the 21st Century –
Global Human Capital Trends 2014

CEOs and HR managers agree: talent is a critical factor for any company’s success and growth. However, talent management takes many forms. Which developments should companies pay particular attention to and where should they deploy more resources? The following 12 trends will set the agenda for 2014/2015:

**Lead and develop**

**Develop leaders at all levels**
Develop leaders at all levels remains the top human capital concern. Leaders need to develop better and to be developed faster.

**Attract and engage**

**Talent acquisition revisited**
New approaches in talent acquisition and recruiting are challenging companies to leverage social media and aggressively market their employment brand. In addition, re-recruiting employees every day is no longer optional.

**Transform and reinvent**

**Reskill and restructure the HR team**
HR needs an increasingly wide range of skills, not only in talent areas but also in understanding how the business works, makes money, and competes – so that they can support company’s leadership and contribute to added value.

**Corporate learning redefined: Prepare for a revolution**
It’s a new age for learning & development: Online courses, social media and new ways of collaboration now fuel a training model where employees own their development and experts share knowledge freely.

**Move beyond retention**
Retention and engagement of employees needs to be rethought. Professional meaning and fulfilment are key elements in motivating and retaining employees.

**HR and talent analytics**
Analytics is an exciting and fast-growing area of human resources, but many companies are lagging. HR needs to deliver “big data” and above all use it wisely.

**Performance management is widely broken**
The traditional performance management based on rigid rating systems and forced ranking are about to disappear. This is too expensive, complex and does not achieve the desired results. HR should actively look for alternatives.

**Shift from diversity to inclusion**
The world has become highly diverse, but many companies have not. It is high time to consider diversity as a success factor of the business strategy.

**Way into the cloud**
Cloud-based HR technology promises to integrate people systems, enable learning and talent management, and potentially reengineer recruiting. But massive adoption of new software is harder than it seems.

**The quest for global workforce capability**
Organisations now face global competition for scarce technical and professional skills. Which new ways should HR consider to locate and/or develop their talents?

**Rescue the overwhelmed employee**
Technology and too much access have turned us into “overwhelmed” employees. Nearly every company sees this as a challenge to individual productivity and overall performance, but struggles to handle it.

**“Glocalise” the HR function**
A new model of “high-impact” HR blends globalized talent practices for consistency and mobility with localised flexibility to attract, retain, and manage people appropriately.
In the last quarter of 2013, Deloitte conducted one of the most extensive studies in the world on the subject of Human Capital. 2’532 leaders in 94 countries were questioned about the main challenges affecting the areas of HR and talent.

The survey clearly showed that the majority of the organisations surveyed are not (yet) ready and able to adequately address the most urgent Human Capital trends. Nevertheless, these trends are set to bring about some far-reaching changes in the 21st century workplace. CEOs and HR managers need to react, invest and take focused action. This study provides indications of expected developments over the next twelve to eighteen months.

This report concentrates on the Swiss survey results. You can download a digital copy of the global study from our website www.deloitte.com/ch/hctrends2014 at any time. We also invite you to use the dashboard to view additional information for specific industries or countries.

Sarah Kane
Partner Human Capital
Deloitte Consulting AG
Human Capital Trends 2014: Main results for Switzerland

Our survey started by presenting the twelve Human Capital ‘megatrends’ (see Fig. 1), based on our own research and market observations over the last fifteen years. Respondents were then asked to assess; firstly, the relevance of these trends for their organisation and; secondly, its readiness to adequately address these challenges. As well as highlighting current priority areas at an international level, this study therefore also provides important pointers in terms of the steps CEOs and HR managers can take to align the design and development of their talent management and HR agenda with future needs.

This report concentrates solely on the Swiss survey results and as such provides an interesting addition to the global study. Close to 50 leaders from Swiss companies across all industry sectors took part in the survey, allowing a comparison to be made between local and global Human Capital trends. A detailed breakdown of the Swiss respondents can be found in the appendix.

Figure 2. Human Capital Trends by relative urgency

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<tr>
<th>Topic</th>
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<th>Somewhat important</th>
<th>Important</th>
<th>Urgent</th>
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<tbody>
<tr>
<td>Talent Acquisition &amp; Access</td>
<td>7%</td>
<td>11%</td>
<td>51%</td>
<td>31%</td>
</tr>
<tr>
<td>Leadership</td>
<td>3%</td>
<td>17%</td>
<td>26%</td>
<td>54%</td>
</tr>
<tr>
<td>Reskilling the HR function</td>
<td>6%</td>
<td>20%</td>
<td>52%</td>
<td>22%</td>
</tr>
<tr>
<td>Global HR &amp; Talent Management</td>
<td>9%</td>
<td>18%</td>
<td>58%</td>
<td>15%</td>
</tr>
<tr>
<td>HR Technology</td>
<td>6%</td>
<td>27%</td>
<td>36%</td>
<td>31%</td>
</tr>
<tr>
<td>Workforce Capabilities</td>
<td>11%</td>
<td>22%</td>
<td>49%</td>
<td>18%</td>
</tr>
<tr>
<td>Learning &amp; Development</td>
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<td>29%</td>
<td>50%</td>
<td>16%</td>
</tr>
<tr>
<td>Talent &amp; HR Analytics</td>
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<td>29%</td>
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</tr>
<tr>
<td>Retention &amp; Engagement</td>
<td>13%</td>
<td>26%</td>
<td>39%</td>
<td>22%</td>
</tr>
<tr>
<td>The “Overwhelmed Employee”</td>
<td>18%</td>
<td>23%</td>
<td>36%</td>
<td>23%</td>
</tr>
<tr>
<td>Diversity &amp; Inclusion</td>
<td>14%</td>
<td>29%</td>
<td>39%</td>
<td>18%</td>
</tr>
<tr>
<td>Performance Management</td>
<td>22%</td>
<td>25%</td>
<td>44%</td>
<td>9%</td>
</tr>
</tbody>
</table>

Overview: Top 5 Swiss Human Capital trends

Figure 2 shows how respondents rate the twelve human capital megatrends based on their importance and urgency. They were asked to rate each trend as not important, somewhat important, important or urgent.

The Top 5 Human Capital trends that Swiss respondents viewed as being particularly important or urgent were:

- Talent Acquisition & Access
- Leadership
- Reskilling the HR function
- Global HR & Talent Management
- HR Technology
This graph shows how respondents rate the twelve Human Capital trends according to their importance or urgency (based on frequency of answers without weighting).
Top 5 Swiss Human Capital trends in detail

**Talent acquisition**

**Talent acquisition and access** is one of the most important challenges facing the Swiss economy. This will most likely intensify further pending the implementation of the Swiss mass immigration initiative. In the age of the global knowledge society and skills shortage, a company’s success depends, to a greater extent than ever before, on its ability to find, recruit and rapidly deploy skilled personnel. However, globalisation of the labour market, technological progress, changing employee expectations and the greatly reduced half-life of knowledge and skills are already pushing traditional talent acquisition strategies and methods to their limits. Social media such as Facebook, LinkedIn and Twitter are driving the transformation of a previously rather administrative recruitment function. The talent acquisition of the future is a strategic function with international reach and a strong focus on marketing and branding, supported by a sound grasp of new tools and technologies.

However, external recruitment is just one of several pieces of the talent acquisition jigsaw. A successful talent strategy actively involves other HR areas such as global mobility and workforce planning in the implementation of talent and business strategies. To access the best talent both internally and externally, HR teams of the future will need to fulfil the following requirements:

- Management advisor: allocating resources for the implementation of strategic priorities;
- Identifying gaps in performance and skills (capability gaps);
- Creating a global talent pipeline to rapidly close critical capability gaps;
- Maintaining existing talent pools and developing new ones; and
- Providing decision-support for leaders with issues such as evaluations of benefits or their potential drawbacks, synergies and the required compromises when deploying specialists to take up expert roles in other countries or areas of the company.

**Leadership**

**Building up global leadership capabilities** are at the very top of the list of Human Capital trends both in Switzerland and internationally. However, Swiss respondents appear to view this issue as even more urgent in comparison with their international counterparts. Fifty-four percent of Swiss respondents (compared with 38% internationally) rate this issue as urgent.

A global shortage of leadership capabilities is currently regarded as one of the greatest impediments to growth. Companies perceive a need to develop leadership at all levels:

- Future leaders must be prepared faster and more effectively to take up leadership roles;
- Leadership capabilities must be developed globally;
- Experienced leaders must play a greater and longer term role in the process of developing successors;
- Changing expectations of leadership further to the arrival of “Millennials” in leadership positions must be considered.

It is not simply a case of a current shortage of leaders; existing leaders also lack the required skills. In a world where knowledge doubles every year and functional or technical skills have a half-life of just 2.5 to 5 years, leaders need continuous development. This ongoing need for development is intensified by rapidly changing market requirements, with advancing globalisation and an accelerated pace of technological innovation being just two examples. Employees’ changing expectations of leaders, due in part to the arrival of “generation Y” employees in the labour market, is another contributory factor.
Reskilling the HR function

Both Swiss and international survey respondents agree that the traditional “HR department” has become outdated. The **HR function now urgently needs to realign its focus and develop new skills** to be able to adequately address current challenges. The high number of transformation projects indicates the changing face of HR across all industry sectors. Companies can no longer afford, and no longer wish, to employ traditional HR administrators and are instead focusing on a strategic realignment of the HR and Talent function. Specifically, companies are switching the emphasis from HR administration to enabling the implementation of business strategy and managing employee performance.

However, simply moving and renaming positions on the HR organisation chart is not enough. What is needed is a long-term restructuring of HR and management relationships, and an alignment to market forces. This calls not only for new definitions of the HR organisation and revised descriptions of roles and functions, but above all a critical examination of existing and required skills. Personnel administrators are not HR strategists. Forward-looking companies are therefore urgently working to drive reskilling and training of existing HR employees in parallel to external recruitment of new HR skills.

Our work on HR transformation with Swiss companies confirms the results of a study published recently by Deloitte Consulting LLP in the United States on the changing perception of the HR function. CEOs are increasingly viewing Human Capital as the key to their company’s growth and success. The HR function is being made more accountable for the achievement of business goals; calling for innovative methods of talent acquisition, development of employees and leaders, as well as employee retention and engagement.

Given this context, it comes as no surprise to find that the role of the Chief HR Officer (CHRO) is also changing. The repositioning of the HR function is now giving rise to an essential need for sound data analysis skills as well as MBA-level business and industry knowledge. To become effective business partners, HR teams will need to:

- Acquire the analytical skills required for the performance of their leadership and advisory duties;
- Develop an understanding of the needs and expectations of 21st-century employees;
- Learn how to work proactively and on an equal footing with management, in the role of competent advisors.

Global HR & talent management

In terms of **global HR & talent management**, Swiss respondents’ assessments are in line with the global average: 58% feel that this trend is important; with 15% even going so far as to rate it as urgent. In particular, large Swiss companies operating internationally in sectors such as finance, pharmaceuticals or manufacturing perceive an urgent need for action.

The prevailing view appears to be that talent needs to be managed “glocally”. On the one hand, international companies need a global HR function to handle issues such as setting standards and to generate economies of scale through the use of shared IT platforms or shared services. On the other hand, to succeed in local markets, for example in emerging countries, companies also need to be able to recruit, train and develop staff locally. The challenge therefore consists of developing an integrated global HR and talent model that allows sufficient scope for local adaptations of the global talent strategy in terms of its implementation and optimisation.

HR technology

**HR technology** is in fifth place in the Swiss ranking of Human Capital trends. The Swiss are rapidly replacing their old systems with integrated and increasingly cloud-based talent and HR systems. The race for the cloud has also started in Switzerland. As shown below, in terms of the challenge of HR technology, Swiss companies feel that they are relatively well positioned in comparison with other countries.
Need to act versus ability to act: the Swiss Human Capital capability gap

Figure 3 shows the Swiss Human Capital capability gap compared with international results. This index measures the HR function’s readiness and ability to adequately address the identified issues.

With the exception of HR technology, in their own estimation, Swiss companies are rather poorly positioned in many of the Human Capital areas identified as very important or urgent. The biggest capability gap relates to leadership and leadership development. Although this is identified as an urgent priority, HR departments do not feel that they are ready or equipped to adequately address this issue. Once again, this raises the question of how closely HR departments’ skills are aligned with company and market requirements. These results further emphasise the need for reskilling of the HR function.

Figure 3 shows an assessment of HR trends based on their importance (green dot) and the organisation’s readiness or ability to adequately address this trend (blue dot). The answers are weighted. The difference between these two values shows the relative capability gap (blue bar). The greater the capability gap, the less able companies are to react to very important trends.
Swiss survey respondents consequently allocate low scores for their organisations’ HR and its programmes. With an average score of D+ (getting by), Swiss HR is slightly below the international average of C- (adequate). On the basis of the available data, it is not possible to determine whether Swiss HR organisations are actually underperforming in comparison with their international counterparts or are simply more self-critical.

Figure 4. Scores for HR departments and programmes

**Switzerland**

- 7% Good
- 33% Adequate
- 17% Getting by
- 30% Just enough
- 13% Under performing

Number of responses:
- 3
- 15
- 8
- 14
- 6

Average score: 1.3 (D+)

**EMEA**

- 4% Good
- 30% Adequate
- 34% Getting by
- 23% Just enough
- 9% Under performing

Number of responses:
- 48
- 348
- 390
- 269
- 107

Average score: 1.5 (C-)

**Global**

- 5% Good
- 30% Adequate
- 31% Getting by
- 24% Just enough
- 10% Under performing

Number of responses:
- 121
- 762
- 794
- 610
- 245

Average score: 1.5 (C-)

What are the 7% of HR organisations rated as ‘excellent’ doing differently? Comparing the HR self-assessment with the rating of the 12 Human Capital trends shows that excellent organisations assign significantly greater urgency to the top trends than – for example – average HR departments. We could therefore speculate that these organisations have correctly identified the main priorities for action at an early stage and are deploying resources to these specific areas.
Planned HR investments over the next twelve to eighteen months

Forty-eight percent of Swiss respondents state that they expect their HR expenditure to stay the same over the next twelve to eighteen months. Just 11% are expecting a significant increase (more than 5% in comparison with the previous year). This results in a Swiss average of +1.17%. Although the rise in expenditure is very moderate, it nevertheless shows that Swiss companies are aware of the need for as well as the added value of these investments.

However, the Swiss investment forecast is slightly below the international average (see Figure 5).

Figure 5. Planned HR investments over the next 12-18 months

Switzerland

<table>
<thead>
<tr>
<th>Outcome</th>
<th>Number of responses</th>
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<tr>
<td>Significantly increase (more than 5%)</td>
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<tr>
<td>Increase (1-5%)</td>
<td>33%</td>
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<tr>
<td>Remain the same</td>
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<td>Decrease</td>
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<tr>
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Average growth in expenditure + 1.17%

EMEA

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</tr>
</thead>
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<tr>
<td>Increase (1-5%)</td>
<td>33%</td>
</tr>
<tr>
<td>Remain the same</td>
<td>39%</td>
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<tr>
<td>Decrease</td>
<td>8%</td>
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<td>Significantly decrease</td>
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Average growth in expenditure +1.18%

Global

<table>
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<th>Outcome</th>
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<tbody>
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<tr>
<td>Increase (1-5%)</td>
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<td>Remain the same</td>
<td>39%</td>
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<td>6%</td>
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<td>Significantly decrease</td>
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<tr>
<td>Not stated</td>
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Average growth in expenditure +1.32%
Would you like to find out more? Would you like to talk about the challenges facing your organisation in light of these results? We will be happy to discuss the results in more detail with you.

Sarah Kane  
Partner Human Capital  
Deloitte Consulting AG  
+41 58 279 68 73  
sakane@deloitte.ch

Oliver Gruber  
Director HR Technology  
Deloitte Consulting AG  
+41 58 279 91 26  
ogruber@deloitte.ch

Myriam Rosenkranz  
Director Organisation & Change  
Deloitte Consulting AG  
+41 79 682 02 43  
myrosenkranz@deloitte.ch

Elena Jäger  
Senior Manager Organisation & Change  
Deloitte Consulting AG  
+41 79 501 34 30  
ejaeger@deloitte.ch

Tanguy Dulac  
Manager Organisation & Change  
Deloitte Consulting SA  
+41 79 938 04 16  
tadulac@deloitte.ch
Appendix

**Swiss survey respondents**

A total of 46 leaders from mainly large and medium-sized companies took part in the survey; 91% of respondents were from HR functions. They represented all relevant sectors in Switzerland, with a particularly high proportion of respondents from the public sector (26%).

### Company size

<table>
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<tr>
<td>Medium (1'001 to 10'000)</td>
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</tr>
<tr>
<td>Small (1 to 1'000)</td>
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### Function

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<td>Non HR</td>
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### Respondent’s position within his or her company

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<td>C-Suite</td>
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<td>Director</td>
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<tr>
<td>Senior Manager</td>
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<tr>
<td>Manager</td>
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<tr>
<td>Specialists</td>
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### Sector

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<td>Life Sciences &amp; Health Care</td>
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<tr>
<td>Manufacturing</td>
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<tr>
<td>Other</td>
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<tr>
<td>Professional Services</td>
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</tr>
<tr>
<td>Technology, Media &amp; Telecommunications</td>
<td>3</td>
</tr>
<tr>
<td>Energy &amp; Resources</td>
<td>2</td>
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</tbody>
</table>
Notes
Notes
To start a new section, hold down the apple+shift keys and click to release this object and type the section title in the box below.