The rise of the social enterprise

2018 Deloitte Global Human Capital Trends
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The rise of the social enterprise
This year’s 10 trends

The 2018 Deloitte Global Human Capital Trends report, drawing on a survey of more than 11,000 HR and business leaders globally, describes the emergence of the social enterprise as a response to heightened societal expectations and rapid technological change—and the human capital implications for organizations to address today.

**THE SYMPHONIC C-SUITE: TEAMS LEADING TEAMS**
Senior leaders can’t afford to work in silos in today’s complex, dynamic environment. The goal is to act as a symphony of experts playing in harmony—instead of a cacophony of experts who sound great alone, but not together.

**THE WORKFORCE ECOSYSTEM: MANAGING BEYOND THE ENTERPRISE**
The composition of the workforce is changing dramatically. As alternative work arrangements become more common, how can organizations appeal to, engage with, and drive value through workers of all different types?

**NEW REWARDS: PERSONALIZED, AGILE, AND HOLISTIC**
Why have rewards remained stuck in the past, when almost every other aspect of HR has undergone transformative change? Leading companies are now undertaking the hard work of creating personalized rewards programs based on understanding each individual’s needs.

**FROM CAREERS TO EXPERIENCES: NEW PATHWAYS**
Rather than an orderly, sequential progression from job to job, 21st-century careers can be viewed as a series of developmental experiences, each offering the opportunity to acquire new skills, perspectives, and judgment.

**THE LONGEVITY DIVIDEND: WORK IN AN ERA OF 100-YEAR LIVES**
People are living longer, and organizations are shifting their attitudes toward older workers as a result. Organizations that can turn advancing worker age into an asset could gain a competitive advantage.

**CITIZENSHIP AND SOCIAL IMPACT: SOCIETY HOLDS THE MIRROR**
Stakeholders today are taking an intense look at organizations’ impact on society, and their expectations for good corporate citizenship are rising. In an effort to meet these expectations, leading organizations are making citizenship a core part of their strategy and identity.

**WELL-BEING: A STRATEGY AND A RESPONSIBILITY**
Many employers are putting in place innovative programs for financial wellness, mental health, healthy diet and exercise, mindfulness, sleep, stress management, and more. The aim? To both increase worker productivity and meet new social expectations.

**AI, ROBOTICS, AND AUTOMATION: PUT HUMANS IN THE LOOP**
As AI and other advanced technologies permeate the workplace, skills such as critical thinking, creativity, and problem-solving gain in importance. Leading companies are recognizing that these technologies are most effective when they complement humans, not replace them.

**THE HYPER-CONNECTED WORKPLACE: WILL PRODUCTIVITY REIGN?**
Workplaces are being flooded with new and exciting communications tools, each promising to improve productivity. But management must still make important decisions about which tools to use and how to use them—including, perhaps, the decision not to use certain tools at all.

**PEOPLE DATA: HOW FAR IS TOO FAR?**
The use of workforce data to analyze, predict, and help improve performance has exploded over the last few years. But as organizations start to use people data in earnest, new risks as well as opportunities are taking shape.

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From careers to experiences
New pathways

In the 21st century, careers are no longer narrowly defined by jobs and skills but through experiences and learning agility. The ongoing transformation of work, the need for people and organizations to constantly upgrade capabilities, and shifts in employee preferences demand new approaches to learning, job design, performance management, and career development.

As rapidly advancing technologies and team-centered business models drive organizations to redesign themselves, leaders are also struggling to create new career models and build new skills across the workforce. In this year’s Global Human Capital Trends survey, “building the 21st-century career” emerged as the third-most-important trend; 47 percent of respondents described it as very important. Yet only nine percent of respondents are very ready to address this trend, demonstrating the challenge’s urgency.

What is a 21st-century career? We define it as a series of developmental experiences, each offering a person the opportunity to acquire new skills, perspectives, and judgment. Careers in this century may follow an upward arc, with progression and promotion at various times—but they will look nothing like the simple stair-step path of generations ago.

This year, 61 percent of our survey respondents told us they are actively redesigning jobs around artificial intelligence (AI), robotics, and new business models, and 42 percent believe automation will have a major impact on job roles over the next two years. This disruptive change has huge implications for workforce needs, including skill development. However, many learning and development (L&D) departments are falling behind. A separate 2017 employer survey found that more than half of the respondents did not have learning programs to build the skills of the future.¹

The skills of the future may not be what you think

As technology advances, skills are becoming obsolete faster than ever. But—contrary to conventional wisdom—the greatest value now lies beyond purely technical skills. In fact, the most valuable roles are those that enable machines to pair with skilled, cross-disciplinary thinkers to innovate, create, and deliver services.²

Many of today's fastest-growing jobs are in fields such as health care, sales, and professional services that are essentially human, but can be aided and augmented by machines. Indeed, the most in-

demand technical roles have shifted from STEM to STEAM, where the “A” stands for arts. A recent Burning Glass study found that even data and analytics jobs now require skills such as writing, research, problem-solving, and teamwork. Scott Hartley writes in his book, The Fuzzy and the Techie, that the best technology and products come from innovations that blend the arts and sciences together: “We need both context and code, data literacy and data science.”

Organizations are beginning to understand this new skills landscape. In this year’s survey, companies list complex problem-solving, cognitive abilities, and social skills as the most needed capabilities for the future. Businesses are clamoring for workers with this blend of skills, not pure technical competency.

A DISCONNECT BETWEEN DEVELOPMENT PROGRAMS AND TODAY’S CAREER PATHS

Though nearly three-quarters of respondents indicate that career paths in their organization are not based on a traditional organizational hierarchy, almost half still base their development program on the skills needed for these defined paths.

Figure 1. Traditional skill development vs. nontraditional career paths

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This demand means that companies should not just reform their L&D programs, but may also need to fundamentally reshape their career models. That starts with scrapping the traditional “up or out” career ladder in favor of careers where people can continuously reskill, gain new experiences, and reinvent themselves at work. Careers today can last as long as 70 years, so individuals must be able to pivot throughout this journey to align with evolving jobs, professions, and industries.

Although organizations are recognizing this shift and responding, many challenges remain. Nearly three-quarters of our survey respondents (72 percent) indicate that career paths at their company are not based on the organizational hierarchy, simple moves up the organization chart. Still, only
20 percent said that their organizations develop people through experiential learning, and just 18 percent feel they give employees the ability to actively develop themselves and chart new pathways for their careers. More than half of the respondents (54 percent) said that they had no programs in place to build the skills of the future, and internal mobility is still often driven by tenure, title, and internal politics.

This fundamental mismatch between career pathways and the development employees need to be successful leaves people feeling frustrated and powerless. Not surprisingly, nearly 60 percent of respondents this year rated their organizations as only somewhat effective or not effective in empowering people to manage their own careers.

Solutions will not come from the education industry, leaving the responsibility squarely with organizations. While educational institutions are developing more multidisciplinary degrees, research shows that degrees are not all that matters. High-performing organizations evaluate and hire candidates for attributes such as work ethic, values, and potential as well as for their experience and skills.7

Learning reinvented

One significant enabler of a 21st-century career is an organizational focus on building a culture of learning. According to research, companies that practice a growth mind-set, create “designed growth” and stretch assignments, and openly discuss mistakes to promote learning are three times more profitable and have up to four times better retention than those that do not.8

The corporate learning market is shifting to help companies find and deliver these solutions. A vast array of new self-directed learning tools have entered the market, enabling employees to find content, take courses, and share information like never before.

Building on these tools, companies such as Visa, Ingersoll Rand, IBM, Walmart, and others are creating learning networks and knowledge-sharing systems, using new platforms to curate content sourced both internally and from massive open online courses (MOOCs).9 Salesforce, SAP, and other large vendors are now opening up their content to workers for free, helping people find the training they need with the click of a mouse.10

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Others are pushing further, applying advanced technologies such as augmented reality (AR) and virtual reality (VR). For example, BMO uses an AR application that allows employees to interact with a digital layer over their physical workplace, providing on-demand access to learning materials and using gamification to encourage exploration.

Companies like Shell are transforming their careers and learning capabilities into interactive digital experiences that use both AR and VR to accelerate knowledge and augment the job experience. Shell is also responding to the increased pace of change by emphasizing experiences early in employees’ careers. “We cannot foresee what campus hires will be doing five years from now but we do know we will always need the best talent for our business, so we are focused on accelerating development to innovate, collaborate, and make a business impact” says Jorrit van der Togt, Shell Executive Vice President, HR Strategy and Learning.

The new imperative: Reinvention within organizations

Successful organizations are providing tailored solutions that empower individuals to reinvent themselves within the company. This is key both to enabling workers to navigate 21st-century careers and to allowing employers to access the skills of the future.

Some employers are targeting both goals at once through means such as using data-driven career development tools to identify the best “next move” for employees. For instance, IBM has created AI-based self-assessment tools to help employees find training, job openings, and career paths most relevant to their personal needs.

When effective, programs like these will allow employees to find, pursue, and excel in the kinds of experiences they need to grow. This helps organizations to retain employees and equip them to meet current and future work demands, powering a new career pathway that benefits both the individual and the organization.
Table 1. What role does the C-suite play in enabling today’s careers? How can individuals adjust?

<table>
<thead>
<tr>
<th>Role</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>CHRO</td>
<td>Work with the business to understand what new skills will be required to work differently in the future. Identifying these skills can help you plan ways to transform your organization's offerings and programs—from its learning infrastructure to its career architecture—to create a better, more attractive experience for today's top talent.</td>
</tr>
<tr>
<td>CIO</td>
<td>Work with HR to embed digital technologies into the learning process in ways that allow learning experiences to extend beyond the classroom and align with workforce expectations around accessibility and availability. Learning can also be a great opportunity to experiment with new advancements in AI and cognitive technologies.</td>
</tr>
<tr>
<td>Chief risk officer</td>
<td>While considering criteria such as passion, cultural fit, and learning agility when evaluating job candidates can result in better long-term hiring decisions, it can also open up the organization to significant risk. Review hiring policies and practices to manage potential downstream risk.</td>
</tr>
<tr>
<td>Chief marketing officer</td>
<td>Offering new career models and experiences can help bolster an organization's employment brand, especially considering that many millennials say they place a high value on continuous learning and career development. Think beyond marketing's typical role to leverage your skill set toward promoting your employment brand and increasing your competitiveness in the talent market.</td>
</tr>
<tr>
<td>Individuals</td>
<td>Drive your own career advancement by broadening your focus beyond traditional career paths to also consider alternative career experiences that may increase your overall value to employers. Seek opportunities to build “essentially human” skills such as creativity and problem-solving even if you hold a more technical role.</td>
</tr>
</tbody>
</table>

Source: Deloitte analysis.
ENDNOTES


4. Ibid.


11. Salesforce, “Welcome to Trailhead,” accessed March 2, 2018; conversations with SAP CHRO.

12. Based on client work performed by Deloitte.

13. Jorrit van der Togt, executive vice president, HR strategy and learning, Shell, interview with the authors, February 16, 2018.


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