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Press Release

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Deloitte survey: Digital world of work is forcing companies to radically change organizational structure and talent strategies

Digital technology, changing workforce demographics and speed of innovation are causing companies to redesign organizational structure, evolve leadership models, and drive an employee-centric culture and experience

New York, Moscow, 3 March 2016 — Responding to disruptive changes in digital technology, business models and workforce demographics, 92 percent of business and HR leaders have identified the critical need to redesign their organization to meet global business demands. This is according to Deloitte's fourth annual report, "[Global Human Capital Trends 2016: The new organization, Different by design](#)." Yet, only 14 percent of executives believe their company is ready to effectively redesign their organization.

Conducted among more than 7,000 HR and business leaders in 130 countries, Deloitte's Global Human Capital Trends 2016 survey is one of the largest ever global studies of workforce, leadership and HR challenges. In the first three years of the study, companies placed a high priority on increasing employee engagement and retention, improving leadership, and building a meaningful culture. The 2016 study found, for the first time, nearly half of respondent companies (45 percent) are either in the middle of a restructuring (39 percent) or planning one (6 percent).

"Businesses need to keep pace and meet the demands of this rapidly-evolving business ecosystem," said [Josh Bersin](#), principal, [Bersin by Deloitte](#), [Deloitte Consulting LLP](#). "By empowering teams, creating a new management model, and developing a younger and increasingly inclusive leadership structure, organizations are reinventing themselves to innovate, compete and thrive."

Technology and business disruption are fueling the demand for a "new organization"

This year's research clearly indicates that companies are overhauling their organizational structure and shifting away from hierarchical, functional business models toward cross-functional "networks of teams," in an effort to become more agile, collaborative and customer-focused. Despite the enormous interest in this shift, however, only 21 percent of business and HR executives feel expert at building cross-functional teams, and only 12 percent understand the way their people currently work together.

In addition, generational diversity is increasing as millennials with high expectations for personal growth, work side-by-side with baby boomers, many of whom are delaying their retirement. A new social contract, driven by demands for rapid career growth, flexible work arrangements and an increase in the number of contract and part-time workers, is dramatically changing the employer-employee relationship.

The new digital world of work is further fueling these changes. Almost three-quarters of executives (74 percent) have identified digital HR – the complete redesign of HR tools and services around digital technology – as a top priority. Forty-two percent of companies are redesigning their HR systems to support

mobile, just-in-time learning and 59 percent are shifting their back-office HR systems to mobile in an effort to make them easier to use by employees.

Design thinking, a developing new discipline focused on employee-centric strategies, has emerged as a major new trend that is transforming companies' approach to managing, supporting and training their workforce. Looking beyond the focus on transactions and processes, companies are studying employees' behaviors to help develop interventions, applications and tools that are intuitive and easy to use, mitigate stress and boost their productivity. In fact, 79 percent of executives rank design thinking as a top priority for 2016.

Catering to the employee experience is a top priority for business and HR leaders

The balance of power continues to shift in favor of the employee, causing business and HR leaders to focus on enhancing the employee experience to help attract and retain top talent. Nearly 9 in 10 respondents (86 percent) rate challenges with corporate culture as “important” or “very important.” In addition, 85 percent rate challenges with employee engagement as “important” or “very important.”

To address these issues, new roles are emerging within the HR function such as “chief experience officer” and “chief listening officer,” and companies are working on improving learning opportunities for all employees and closing the skills gap within the HR function. Four in 10 executives report their companies are ready to address the skills gap in HR – an increase of 25 percent since 2015. Moreover, people analytics is gaining speed to help improve this culture and engagement crisis. This year, the percentage of executives that believe they are fully capable of developing predictive models doubled from 4 percent in 2015 to 8 percent in 2016, indicating rapid growth in analytics as a core discipline within HR.

In terms of learning, forward-thinking organizations are putting the employee at the center and adopting new, open learning technologies. The percentage of companies that feel comfortable incorporating massive open online courses (MOOCs) into their learning platforms rose to 43 percent from 30 percent last year. In connection with the growing adoption of MOOCs, Deloitte, together with Columbia University’s School of Professional Studies and Dean Jason Wingard, Ph.D., is collaborating on offering a [MOOC](#) later this year to help HR and business professionals deepen their awareness and knowledge of the topics in Deloitte’s Global Human Capital Trends 2016 report.

“Signs of real innovative change and progress are evident in this year’s Global Human Capital Trends report,” said [Jason Geller](#), principal, Deloitte Consulting LLP, and national managing director of the [U.S. human capital practice](#). “HR teams are learning to experiment with new ideas; they are making significant steps to upgrade skills; and a new generation of younger, more business-savvy and technology-empowered people are entering the profession. All of this will lead to stronger, more globally competitive organizations.”

Leadership models are changing – companies are dismantling the classic management pyramid

Deloitte's report reveals the traditional leadership pyramid is not producing leaders fast enough. Fifty-six percent of respondents report their companies are not ready to meet their leadership needs, and more than 1 in 5 respondents (22 percent) report having no leadership programs for millennials. To address this issue, the large majority of executives (89 percent) cite strengthening, reengineering and improving organizational leadership as an important priority in the year ahead.

“Running faster on the traditional leadership development track will not solve this perennial challenge,” said [Brett Walsh](#), [global human capital](#) leader, Deloitte Touche Tohmatsu Limited. “Companies must make and sustain investments in identifying and nurturing leaders earlier in their careers. Turning the traditional corporate hierarchy on its head, in a disciplined way, will help develop networks of teams and spawn leadership. Senior leaders and traditional organization structures will need to evolve to take full advantage of a re-energized leadership pipeline.”

Access the full report [here](#) and infographic [here](#).

Please join [@Josh Bersin](#) and [@JasonGeller](#) on March 8 at 2 p.m. ET (11 a.m. PT) for Deloitte's [#HCTrends](#) chat. Follow [@DeloitteTalent](#) for further insights from Deloitte's Global Human Capital Trends Report 2016 and to participate in the [#HCTrends](#) conversation.

[Register](#) to join Josh Bersin as he shares additional insights with more than 600 HR, talent and learning leaders at IMPACT 2016 Different by Design: The New Organization, a research-based executive conference, April 25-28 in Hollywood, Florida.

About Deloitte's Human Capital Practice

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