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The future of the frontline workforce

A roadmap for the transportation
and hospitality industries



Insights from Deloitte's 2024 Human Capital Trends designed to help enhance the frontline talent experience and drive business outcomes

Frontline workers are the backbone of the transportation, hospitality, and services (THS) sector, driving customer interactions and guest experiences daily while also delivering critical services designed to enable business operations. These workers are essential both to individual companies' operations and the functioning of the global economy. Yet as an hourly, often entry-level workforce prone to high turnover, frontline talent can take a back seat to longer-term, salaried workers in organizational strategy.

Our [2024 Global Human Capital Trends](#) research highlights opportunities for a more productive path forward, based on the simple observation that when people thrive, business thrives. Three of these trends—the importance of trust and transparency; the need for a new approach to measuring worker performance; and the importance of leadership to worker well-being—are particularly relevant to THS organizations, according to our quantitative and qualitative insights. Each underscores the human *and* business value of enhancing the frontline worker experience and thereby strengthening customer relationships. Together, the trends form a roadmap for THS organizations as they consider their strategies in 2024 and beyond.

Trust and transparency

While THS organizations are approaching pre-2020 levels of employment, turnover rates remain high and well above the average for other industries. Annual turnover is 73.8% in hospitality, 56.7% in transportation, and 21.9% in professional and business services, compared to the national average for annual turnover of 13%.¹ Managing these metrics, especially among frontline workers, is of critical importance: The frontline workforce can make or break the customer experience, and dissatisfied workers who are preoccupied with looking for their next job are unlikely to deliver top-notch service.

Trust can play a critical role in changing these dynamics, as greater trust creates meaningful improvements in the relationship between workers and organizations. When they know their organization delivers on expectations, employees are 2.9 times more likely to go above and beyond minimum performance expectations.² And a degree of transparency is foundational to trust: Employees'

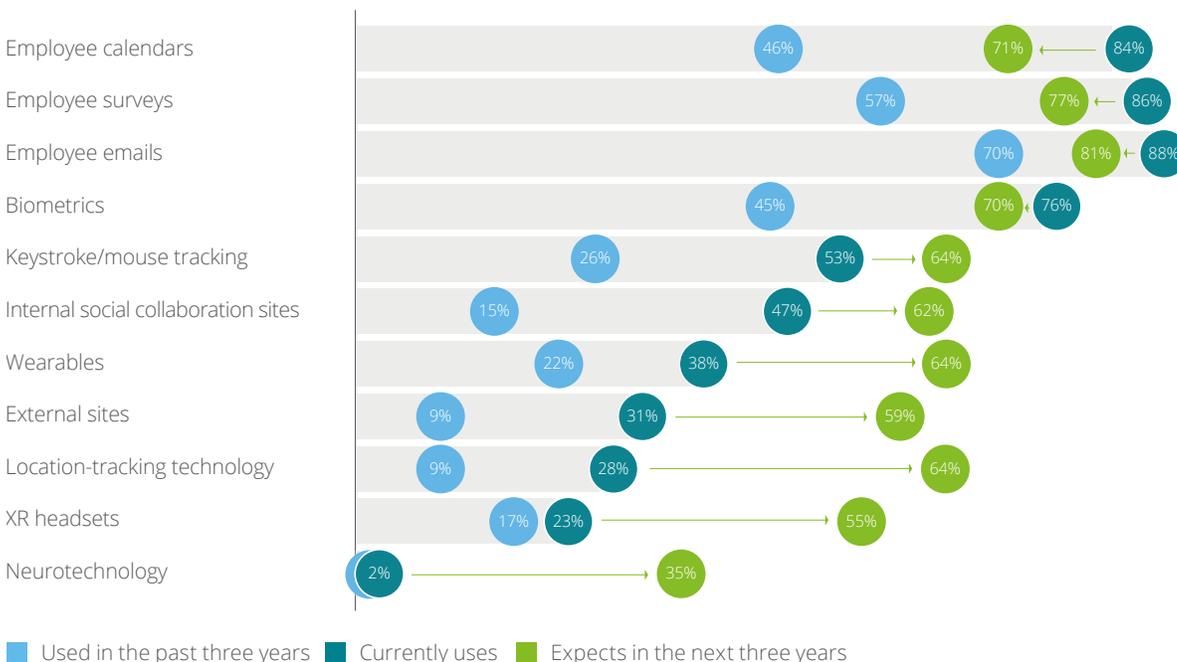
likelihood of satisfaction with their compensation and benefits doubles in establishments that openly share information, motives, and choices in plain language.³

Organizations largely understand the critical role of trust. Within THS, 97% of leaders surveyed recognize that increasing their focus on trust and transparency between workers and the organization is important to the organization's success. Yet the gap between knowing and doing is large: Only 12% say they are doing enough to make meaningful progress.⁴

At the same time, organizations are embracing new technologies that could alter their relationships with the frontline workforce, especially as related to trust and transparency. Consider the technologies organizations surveyed across all sectors are already using, or plan to use, to collect workforce data (figure 1).

Figure 1. Advancing technologies are making work and workforce data more transparent

Which of the following technologies and sources has your organization used to collect workforce data in the past three years? Today? In the next three years?



Source: 2023 Deloitte Quantified Organization research.



According to Deloitte Global's *Quantified Organization* research, many workers and organizations are surprisingly aligned on some of the positive possibilities these tools can enable. Both agree that a variety of newly transparent data can help drive improvement in areas from worker performance and job satisfaction to worker safety and career development to innovation and organizational agility.⁵ But whether this newfound transparency is helpful or harmful will depend on how it is used. For example, forced transparency that is used as surveillance, with punitive consequences, can damage trust. And when workers see personal benefits to transparently sharing their data, they are more likely to embrace it. A study by Gartner found that 96% of workers would accept more data monitoring in exchange for benefits like training and increased career development opportunities⁶—a finding that could have positive implications for organizations that depend on frontline workers.

This data emphasizes why THS organizations should consider thoughtful change management and frontline engagement strategies to help foster trust as they [adopt new technologies](#). As organizations determine *what* and *why* information should be made transparent, to *whom*, and *how*, their goal should be to build trust with the frontline workforce. Communicating clearly can help build a trusting relationship, which may make frontline workers more willing to go above and beyond for the organization.

New ways of measuring frontline workforce performance

Among other benefits, new technologies can help frontline workers do their jobs more efficiently and more safely, resulting in important advantages for workers, organizations, and customers. However, THS organizations currently face bottlenecks in preparing their frontline talent to make the most of tech tools, such as Generative Artificial Intelligence.

Many new technologies introduce fundamental changes to ways of working and, thus, frontline talent responsibilities—think of touch-screen menus that enable customers to input their own orders at fast food restaurants, cognitive analytics that assists call center agents, or the rollout of self-driving cars in the transportation sector, aided by intelligent automation. As a result, THS organizations implementing them also should rethink how to measure workforce performance and value as part of their frontline talent management strategy. For example, as AI and other technologies replace some repetitive tasks that previously served as indicators of productivity, organizations can focus instead on human-centered, creative metrics—those that drive customer experience or brand loyalty, for example.

The vast majority—93%—of THS leaders surveyed are attuned to this shift, recognizing the importance of moving beyond traditional productivity metrics. However, only 8% indicate they are doing great things in this area.⁷

But the shift to human performance metrics may be less complex than organizations anticipate. For example, call center productivity is typically measured by indicators like the amount of time per call or the number of sales made. But when human performance becomes the primary focus, metrics like customer satisfaction, retention, and upselling—which may already be tracked—could give a call center manager a better picture of how workers are performing.

This performance management approach is important for transportation, hospitality, and services organizations, in which much of the customer experience is shaped by frontline workers. For example, one hotel chain tracks employee satisfaction as a key metric of employee engagement, in recognition of the important role that frontline workers play in the guest experience. The chain observed a correlation between its high employee engagement and an abnormally low turnover rate—just 18%,⁸ compared to the hospitality average of 74%.⁹ The chain also found that, as studies have shown, higher employee engagement leads to lower management turnover, fewer safety incidents, and higher profitability and productivity.¹⁰ The metrics on which frontline workers are evaluated should reflect that fact.

An expanded leadership focus on worker well-being

For the frontline workforce, new ways of working are often both high tech and human-centered. Creating value for people as human beings can be important to unlocking human performance—and leaders are in a unique position to help guide their organizations to a future oriented toward human sustainability.

One of the challenges they may face is that the workforce today consists of four generations, each of which has different perspectives and priorities (**e.g., when it comes to career development, flexibility, and purpose**). Workplace norms have changed, too, with work/life balance and additional work options ranging from onsite to remote to hybrid gaining prominence in a post-pandemic world.¹¹

In response to the new ways of working, transportation, hospitality, and services leaders should consider evolving the role of managers and management. Leaders across the sector agree: 85% of THS leaders in our research say it's very important or of critical importance to do so, and 80% have at least begun exploring ways to put this strategy into action. It's also worth noting that a significant minority—42%—say internal constraints such as work culture are a barrier to evolving managers' and management's role.

Managers often play a critical role in the experiences of the frontline workforce, whose job satisfaction has a direct connection to business success. Employees who believe that their organization genuinely cares about their experience and well-being are four times as likely to feel motivated to work, and companies with happy employees outperform their competition by 20%.¹²

One way leaders can engage frontline workers is to look beyond pay to consider other factors the frontline workforce values. Across the board, modern workers consider work/life balance to be one of the most important factors when considering a new job.¹³

But broad-based data alone won't provide the insights necessary to drive satisfaction with frontline THS workers. Instead, THS managers and leaders should get to know their frontline workforce, seeking to understand what specific factors they value that might make a difference in their satisfaction and performance. Consider focus groups or town halls with your frontline workforce population to learn about common stress points or preferences for rewards and benefits—whether advanced insight into scheduling, easy of switching shifts, childcare support, or learning opportunities.

Frontline workers are critical to organizational success. By cocreating transparency practices, focusing on human performance metrics, and prioritizing worker well-being even as new technologies change how frontline workers do their jobs, leaders in the travel, hospitality, and services sectors can improve frontline operations and the frontline worker experience. One end result: more engaged workers and stronger customer relationships—a win-win for organizations and their stakeholders.

Work to ensure your frontline talent strategy aligns with your technology investments and your overall business strategy. Connect with our team to discuss these trends and learn about Deloitte's industry-specific frontline talent solutions.

Authors

If you're looking for fresh ideas to address your challenges, let's talk.



Danielle Hawkins
Principal
US Transportation,
Hospitality, and Services
Human Capital Leader
dahawkins@deloitte.com



Andrew Bromberg
Senior Manager
Transportation, Hospitality,
and Services
abromberg@deloitte.com

Endnotes

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