



## Deloitte 2024 Human Capital Trends Energy, Resources & Industrials Industry Companion Report

ER&I Industry sectors

# Introducing the 2024 Global Human Capital Trends

## Human Sustainability



For true human sustainability, organizations need to create value for all people connected to them.

## Digital Playground



A mindset and an approach in which technologies are curated with intention and opportunities to use them are democratized; a safe space for workers to build confidence, learn new skills, and hone their human capabilities.

## Beyond Productivity



New sources of data and artificial intelligence can help organizations shift from measuring only what they can to what they should.

## Workplace Microcultures



Subtle variations in how work gets done in different teams, functions, and Geographies, while aligning to global values.

## Transparency Paradox



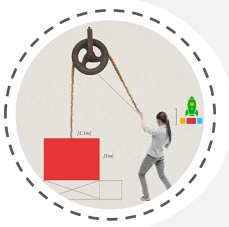
Technology can make almost everything and everyone in an organization transparent based on data from sensors, software, and systems.

## Boundaryless HR



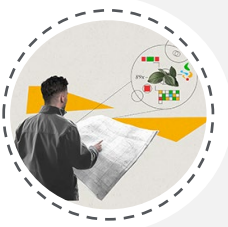
The shift of HR from a specialized function that owns most workforce responsibility to a boundaryless discipline, cocreated and integrated with the people, business, and community it serves.

## Imagination Deficit



Scaling human capabilities like curiosity and empathy can help organizations ensure an ample supply.

## Leadership



Leaders have an opportunity and a responsibility to help their organizations create new paradigms geared toward human performance.

# Industrial Products & Construction (IP&C)



# ER&I | Industrial Products & Construction

Quantitative and qualitative insights indicated that there were three trends of particular importance to organizations in the IP&C.



**Human Sustainability**



**Beyond Productivity**



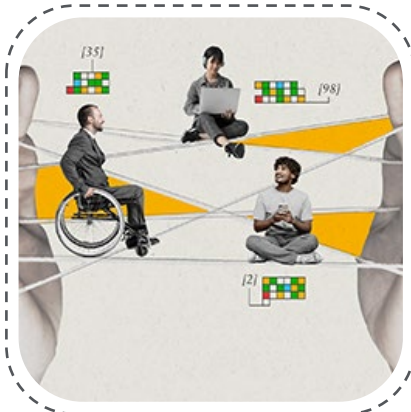
**Transparency Paradox**



**Imagination Deficit**



**Digital Playground**



**Workplace Microcultures**



**Boundaryless HR**



**Leadership**

# Executive Summary

Demographics | 4.54% of global respondents work in IP&C (N=391).

## Key Finding 1: Even Greater Imagination Deficit

- Given the multitude of competing needs and initiatives, IP&C companies are **deprioritizing encouraging their people to expand their imagination and curiosity at work.**
- However, in order to **reap the benefits of ongoing technology investments** and process improvements, IP&C companies must enable and **encourage these uniquely human skills** in areas of the business that will drive the most value.

## Key Finding 2: Unpacking Evolving Management

- More so than other industries, IP&C companies recognize that their **work is changing dramatically** and the role of management in weathering those changes and shaping the workforce is paramount.
- They are **concerned about their leaders' readiness to address these challenges.** To bridge this gap, IP&C companies should identify the skills needed for management to be successful in this dynamic environment, provide the right development opportunities for growth, and incentivize the behaviors that will drive business value.

## Key Finding 3: Gaps in Human Sustainability

- The **investments that IP&C companies** have made in local economies and building local talent pipelines are **viewed positively by the workforce only.** However, that **acknowledgment is not shared by IP&C executives,** nor do employees see the same investment being made internally to create more meaningful work for workers. IP&C companies should look to understand what work experiences their employees value.

# Imagination Deficit

## What the data shows...

● Ensuring that the imagination and curiosity of humans in the organization keep pace with the technological innovation, was **ranked lower for IP&C than other industries** due to competing, more pressing priorities.

● **“Knowing versus Doing” Gap:** While 70% of IP&C respondents consider this trend to be very or critically important to their organization’s success (and 93% consider it at least moderately important), only **24% are doing something about it** (-13% from organizations across other industries).

## Why this is happening...

**52%**  
of IP&C directors  
and above

say that one of the biggest barriers to addressing this trend is their inability to focus and too many other pressing needs.

30% higher than other industries

With IP&C companies emerging from supply chain challenges over the last few years, grappling with eroding margins, and facing significant talent acquisition and retention challenges, it is no surprise that fostering imagination and curiosity were deprioritized.

## The implications

To address shifts in supply chain and other market conditions, IP&C organizations have been heavily investing in new technologies or process changes with limited investment **in human skills development**. To truly recognize the benefits from these investments beyond cost-cutting measures, IP&C organizations **must advance the imagination and curiosity of their employees**, particularly for critical workforce segments whose human skills paired with advances in technology can spur significant business value (e.g., supply chain resiliency or product innovation).

# Leadership

## What the data shows...

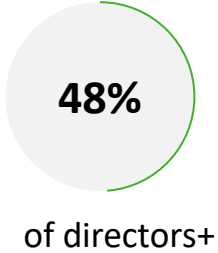
● IP&C respondents acknowledged the above trends to be **2 of the 3 most impactful trends** to their organizations' success, both this year and within the next three years.

More than any other industry

● Despite recognizing its importance, there is still a **significant "Knowing versus Doing" Gap**, with 82% of respondents claiming that **1** is very or critically important, with only 35% doing something to address it; and 79% respondents claiming that **2** is very or critically important, with only 41% doing something to address it.

### Trends...

- 1 Evolving role of managers/management practices to fit new ways of working
- 2 Readiness of leaders to manage the evolving demands of the work/workforce



## Why this is happening...

say insufficient understanding of the issue and how to best address this tidal wave of change is greatest barrier to addressing these trends.

With the increased responsibility of managers at IP&C companies to respond to shifting work and workforce needs, leaders and L&D efforts should be focused on getting managers ready, or they run the risk of losing talent and impacting business outcomes.

## The implications

To empower managers to lead during this period of changing work and workforce demands, IP&C companies should **identify the skills needed** and create **the right learning and development opportunities** to hone those skills, as well as stand-up reward structures to incentivize those showing the right initiative and leadership. Creating a strong talent pipeline and a focus on succession planning are even more critical for IP&C organizations throughout the next three years to establish leaders ready and able to respond to and shape the work and workforce experience.

# Human Sustainability

## What the data shows...

IP&C respondents have mixed perspectives on their organization’s commitment to driving human sustainability when compared to other industries.

NPS Scores	Executives (IP&C versus Other Industries)	Non-Executives (IP&C versus Other Industries)
Likely to recommend their organization for creating broader value for customers, communities, and societies	+2.5 vs. +17.6	+9.0 vs. +3.8
Likely to recommend their organization for consistently providing meaningful work to workers	-10.0 vs. +11.2	-8.3 vs. +3.8

IP&C executives are much less likely than executives from other industries to recommend their organization for creating broader value for customers, communities, and societies AND providing meaningful work to workers.

IP&C Nonexecutives are more likely than those across other industries to recommend their organization for creating broader value for customers, communities, and societies.

\*<https://wellbeing.hmc.ox.ac.uk/publications/does-employee-happiness-have-an-impact-on-productivity-2/>

## Why this is happening...

Those working within IP&C companies, particularly those in local plants, feel pride in the products being created and how they are driving value for customers. They also see how the presence of their plants impacts the local economy through community involvement and providing opportunities for local talent. However, that value has not translated internally into how IP&C organizations work.

## The implications

It will be critical for IP&C organizations to **reorient their organizations’ perspective** starting at the top around the idea of human sustainability and advance on the social dimension of environmental, social and governance (ESG)\*, as these are widely considered to be key drivers for financial business results (e.g., organizations that rank the highest on addressing human sustainability issues consistently outperform the Russell 1000). Especially with the increased concern across IP&C companies around talent acquisition and retention, **creating a strong commitment to providing more meaningful work to workers** can be a differentiator in the talent market.





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