



2021 Global Human Capital Trends Special Report: Part 2

Hosts: **David Mallon**, chief analyst, Research & Sensing, Deloitte Consulting LLP
Burt Rea, managing director, Research & Sensing, US Culture Transformation leader, Deloitte Consulting LLP

Burt Rea: Welcome to the Capital H Podcast, where we explore the latest trends and insights at the intersection of work, workforce, and workplace. I'm your host Burt Rea, leader of Deloitte Consulting's US Culture Transformation offering, and host of Deloitte's Human Capital HR Executives Debrief Series.

In part 2 of our 2021 Global Human Capital Trends report podcast series, I'll be joined by my co-host, David Mallon, chief analyst of Deloitte's Research and Sensing team, to reflect on part 1 and dive into some of the response strategies from the report.

If you haven't yet listened to part 1, I welcome you to stop, and then come back after you've heard from colleagues Kraig Eaton and Nic Scoble-Williams.

David, we've heard some really great explanations of the four futures from Kraig and Nic. Let's talk about what this means for our clients and how they can react if they find themselves in any one of these scenarios. Maybe you could give us your perspective on the "so what?" behind each of these?

David Mallon: Well, this is all about setting direction in a world of uncertain futures. As was said already and deserves kind of

an emphasis, there is no single future here. There's only a multitude of possibilities. The four that we talk about in this report are four of many. The important thing here is the questions that these futures force us to ask ourselves when it comes to this relationship between the worker and an employer. It helps us to think more clearly about what we want this relationship to be, to pick a point on the horizon to aim for.

If you're thinking, "You know what? The world today is just too disruptive to think too much about the future," that's a trap. It's especially important at a time like now that we can lift our gaze up to the horizon, sort of see the

forest for the trees. Obviously, deal with the very acute challenges today, but think clearly about what we want that worker-employer relationship to be into the future and using that to guide our decisions now and going forward.

Burt: I think that's really right. And it's interesting because when I first dug into this report, I was thinking to myself, okay, these are four possible futures. What do I need to do as a leader to set my course? These are four possible scenarios, and you need to be prepared for whichever one circumstances and external forces like government action and the elasticity of the talent market are gonna place you in.

So, David, what's been the reaction that you've been getting from people as you talk about this report, when it sort of dawns on them that this isn't about choosing, it's about responding and thriving in any one of these four scenarios?

David: Well, I think you used the word there, thrive. You're right. You're not going to choose your future. This is not about which one you might prefer to be in. And in fact, most organizations are going to find themselves in all four at some point. It is about what you want that relationship between worker-employer to be and recognizing that there are some things you can do that are about surviving, that are about just responding and reacting to what's happening around you.

But there are paths forward. There are ways to thrive. There are ways to differentiate. If you found yourself, for example, in that work as fashion future, and you were suddenly needing to compete with other organizations for scarce talent, and you sort of feel like you're constantly having to listen to your current employees, your prospective employees, what your competitors are doing, and you feel like maybe constantly having to bend to what you think are almost sort of whimsical needs, there's still ways to anchor what you offer, the value proposition you have with your employees, to things that matter to you, to differentiate based things that matter to your organization.

There're still ways to define an experience that is differentiated based on things that you want to be differentiated on, not just by essentially chasing fads. There're ways to thrive in all of these futures.

Burt: I keep coming back to this idea that these will be four of several or many different possible futures, but these are the ones that our research have led us to conclude will be the most likely. But this idea of being able to anticipate, to plan a bit, to say, I'll have contingencies available to me to operate within any of these different possible futures. And it gives me a sense of agency and control over my destiny.

This is the first time in the 11-year history of the report that we've brought in the worker perspective. Traditionally, we've surveyed and interviewed and spoken with HR leaders and business leaders to get their perspective. What can you tell us about that, and how did it affect the research?

David: So, if you'll indulge me, let me tell a little story about how this research has happened. The 2020 report, it came out in May of 2020. Full disclosure, that's not when we intended that report to come out. It was supposed to come out closer to the beginning of 2020. But closer to the start of 2020, something else happened in the world, which is the pandemic. And it forced us to press pause on that release and to ask ourselves, well, first and foremost, did what we write, did what we found in that research, was it still applicable? Was it still valid in the context of what was a fairly rapidly changing world?

So we did hold it, and we held it until May. And that gave us time to dig in and to realize that, yes, in fact, the trends that were covered in that report were still very much valid and valuable, and probably even more so in the middle of pandemic world.

Fast-forward, and we started the process for what was 2021. We didn't think it a good idea to do what has been our normal mode of operation.

Instead, we thought it would be much more valuable to go deeper on the ones that that we wrote about for May of 2020, and look at how they were playing out in the context of this disrupted world. We published the first of two special reports back in December that looked at how notions of preparedness, how companies and organizations are responding to this world, how that might be shifting. So, that was December's report. And that led us to realize that this central focal question of *how is the worker-employer relationship changing now and into the future* deserved its own special attention. And that's what became this particular special report that's just now come out in July.

Now, you referenced what kind of data we collected. In these special reports, we chose not to do a big net new survey. In the December report, we chose to do a more pointed survey that focused on a larger business executive audience telling us what they thought was different now about preparedness.

And in this June report, we decided to go broader and wider. We did a number of focus groups where we used machine learning methods to kind of qualitatively gather a lot of perspectives about this change in relationship. And we did a small but pointed and intentional survey of rank and file workers in select countries all around the world, asking them to talk about how they perceived this relationship, how they perceived what their employers were doing in context of this disrupted world, and how they imagined the relationship shifting over time.

Burt: Interesting. I think it's really brought a lot of insight to the conversation to have that perspective. Maybe we could talk a little bit about the four futures and some takeaways for our audience as to what to do if you find yourself in any one of these scenarios. So, for work as work, the future where what happens at work is about work and I self-actualize and find my social engagement in other pursuits or other activities outside of work, what's the employer response to that scenario?

David: So, in work as work, it's interesting. First off, it's easy to fall into the trap of thinking that this is somehow associated with engagement, that the workforce is just not engaged. That's not true at all. They can be highly engaged. A reason I bring that up is because the sort of instinctual response is to do nothing. This is how work has always been.

Of course, that's not sufficient. Even just the notion that you're gonna ask your workforce not to bring home into work probably already not realistic.

We talk about a few things in the report in the context of survive and thrive. Survive, at least just define the ground rules. At least help your employees to understand what is okay. Just at least set really good ground rules and create space for people to be themselves.

But if you want your employees to thrive in this world, help them find value in the work itself. So they've chosen not to wrap their identity around you as an organization. They've chosen not to feel like they need you to provide them meaning. They can still find meaning in the work. They can still enjoy what they do, even if they aren't necessarily attached to your organization in some more deeper way. And that's a path to getting greater value for them and for you.

Burt: Makes sense. So, work as fashion. We're finding ourselves in a highly volatile talent market. We're not getting a lot of government/societal support, and we've really got to play to the fast game of attracting talent with the latest cool benefits, the latest cool bright, shiny object. What are the strategies in that future?

David: So you might overreact by just feeling like you have to listen to everything. Like, you have to collect lots and lots of data, survey, talk to your employees constantly, constantly monitor the market. Whatever the poll says is what you should do. The risk there is, there's a few different. One, there's no differentiation there. You're a weathervane that's constantly spinning. And to some degree, especially in today's world,

you might be over-listening. The listening itself just, we talk about it in the report, becomes surveillance.

Survive here is at least ask deeper questions. Actually kind of try to understand the why behind those needs and wants, and to look at how you can help your workforce actually kind of take care of some of their own needs or build some empowerment into the system.

Thrive here is not just the methods. Look, one of the benefits of potentially of being in this future is developing a very strong ability to sense and listen to your employees and to the market. That's useful. The thrive answer here is sort of, what do you do with that?

How do you make this not necessarily about the latest breakroom fads? How do you make this about things that you want to be known for and by. That whatever it is that you're offering that workforce to convince them to come to you and stay with you, that you're differentiating on things that are part and parcel of who you want to be as an organization, your brand, your mission, your values, and so on.

Burt: Interesting. And again, I think this continues to reinforce this idea that our agency in this world, our choice points are survive or thrive, and that we can make intentional trade-offs between those two alternate responses.

So, third future is the war between talent. The idea that talent is plentiful, that employees are gonna be a bit competitive amongst each other to ensure their success. And then vice versa, it's a buyer's market for employers, and they can pick and choose among interchangeable employees, and they don't necessarily have to make a lot of effort to keep those employees. What other strategies can you offer for employers to survive or thrive in that future?

David: Sure. What we talk about in the study as the sort of instinctual response is if your workforce's commodity is to sort of maximize the commodity, to get the most value for the lowest amount of cost, that has lots of risks. You're going to miss out on

the innovation potential that your workforce could provide for you. You're doing nothing to encourage them to attach to you in any deeper way. And you may find it particularly hard to fill talent for certain key roles, because you're not doing anything to encourage an employer brand, for example.

Surviving here is at least make the process a little more palatable. So, for example, things like onboarding, the overall talent life cycle. And certainly invest in those areas where you need that greater employment and brand. So where there are certain roles or skills that are just going to be harder to find in the market, you're gonna need to invest in those.

Thrive, however, is about, okay, there may be a reasonably healthy supply of talent. You may be able to find what you need in the market. That's fine. But you can still improve your bottom line by the degree to which you are focusing on a better work experience, better kinds of jobs, and even investing in some of your current talent, but not necessarily for their sake, but because these are ways to get a greater output from that workforce.

We talk in the study about research that's been done at MIT that focused on the retail sector that found it's in actually some of the industries where you have the most high-volume hiring and turnover where they've realized it's actually in their best interest to create better jobs. They get better results out of the workforce in those better jobs, because they focus on making those jobs less cog in the wheel.

Burt: Interesting. So, final future, work as purpose, where companies and social objectives, business objectives, align. What's our scenario to thrive and survive in that environment?

David: Sure. This is one that I think has gotten a lot of attention. When purpose becomes something that your employees start talking about a lot or becomes something that is seemingly very important in your particular part of the world, organization, industry, sector, geography, it's easy to very quickly lean into this and to do it in very visible ways.

So, perhaps your CEO starts talking about purpose in the media. You hire somebody who has a fancy title, like chief purpose officers, or otherwise. The risk, if it's just that, is that it's very easy for your workforce and for the market to see through it, if your statements to your employees or to the market don't have a lot of substance to back them up. They can also come with unintended consequences, if you suddenly find yourself having made commitments that you're not prepared to keep.

The survive strategy here is if you're going to lean into it, at least build it more into the scaffolding or the DNA of the organization. Make sure that it shows up in your decision rights and governance processes. Make sure it shows up in your talent programs. Make sure that it's modeled at each level of the organization, and that there are clear accountabilities, and that you can talk to and report out to your stakeholders inside and outside the organization. That at least makes sure that it's more part and parcel to who you are as an organization. And you can more effectively live up to it over time.

Thriving here is going further, is recognizing that we live in a constantly changing, constantly disrupted world. You and your workforce are going to need to constantly share in the evolution of that purpose over time. And that's about co-creation.

That's about being willing to take the risk of inviting your workforce to co-create what purpose means to you over time. And to adopt what we call in our research a creator's mindset,

in which the workers have an understanding that the future of the organization is as much theirs to author as it is the leadership of the organization. And that has benefits both kind of short-term in terms of performance and loyalty and engagement, but it has long-term benefits in ensuring that your purpose doesn't become sort of a prison that kind of boxes you in to decisions you don't want to make, given the changing world around you.

Burt: Makes sense. And I think it's intriguing, this fourth future. Really interesting. And not necessarily preferred, as you said before. They're all equally valuable.

David: They each come with their risks and each come with their benefits, yes.

Burt: Yeah, yeah. It's almost like we can't assign value. It is what it is.

Well, David, thank you. As one of the co-authors of our study, thanks for sharing your insights, and especially the behind-the-scenes perspectives. That was most interesting. I think that's all the time we have. How about a few words to wrap us up?

David: In our current world, where uncertainty is the norm, the concept of scenario planning becomes even more important. One of the biggest opportunities—and challenges—that organizations face is that all of these futures we've laid out are possible and likely co-exist. No future is better than the other. It's a matter of being intentional and deliberate in this call to action to create a vision and a strategy for this essential

relationship. And we hope the insights and guidance that the report brings can help. You are really designing a differentiated and sustainable employee value proposition moving forward.

Burt: In addition to tuning into our podcast series, you can read our full 2021 Global Human Capital Trends Special Report online at deloitte.com/insights. Thanks for listening. Have a great day.



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