

**Deloitte.**



**Rewriting the rules  
for the digital age**

**2017 Deloitte Global  
Human Capital Trends**  
An Oil & Gas perspective



# Introduction

The workforce is changing in its demographics, diversity, motivations, and goals. At the same time, organizations face a radically shifting context for their employees as a result of digital, analytics, the cloud and a host of new technologies and business capabilities. Although the wheel of progress always turns, today it is spinning at an unprecedented rate. This accelerated pace of change is rewriting the rules for business and HR. The new rules put employees at the center, which has profound implications for HR organizations. As a result, the HR function is undergoing a significant identity change—all while it scrambles to keep up with technological advances. During this transformation, HR leaders have a tremendous opportunity to reorient themselves and to take the lead in developing practices, platforms, and tools that will create and sustain value over time. Even more, they can help people adapt to new models of work and careers, even as they assist the enterprise in defining what these new models should look like.

This executive summary provides a focused perspective on Deloitte's [2017 Human Capital Trends report](#) specific to the oil and gas sector. Of the 10 trends presented in the full Human Capital Trends report, this piece emphasizes the three trends of utmost importance to oil and gas respondents. Chief among them is a focus on the organization of the future. Careers and learning and employee experience also emerged as top priorities for the sector. This marks a departure from last year's

findings, which emphasized leadership as the focal point. Why has this shift occurred? The rapid and ongoing infusion of digital technology into the oil and gas value chain demands new skills and capabilities along with new ways of working. A traditional industrial-age organizational structure, which is hierarchical and siloed, simply cannot keep pace. Many HR and other C-level executives within oil and gas organizations today are worried about whether they have the right talent to continuously integrate digital technologies, such as smart sensors, augmented reality, and automated solutions, into the oil and gas value chain. They are also concerned about whether they have the right skillsets needed to exploit the volumes of data produced by these technologies, along with the innovative mindsets necessary to become more agile and rethink their operating models.

The following synopsis presents key findings and considerations to help HR organizations get started in addressing these concerns. As with each edition of our annual Human Capital Trends report, this is part of an ongoing discussion in an ever-evolving field. Our goal is to provide you with pointers to better engage employees, gain insight into the organization of the future, and position HR more effectively as a strategic partner to the business. We hope these ideas will help inform and guide your thinking as you explore opportunities to innovate and improve.

# Deloitte 2017 Global Human Capital Trends



## The future of work: The augmented workforce

Automation, cognitive computing, and crowds are paradigm-shifting forces reshaping the workforce. Organizations must experiment and implement cognitive tools, focus on retraining people to use these tools, and rethink the role of people as more and more work becomes automated.

- Jobs and tasks are being redesigned to use more essential human skills and are augmented by technology (augmentation)
- The focus in workforce planning shifts to start with work and analyzing options across multiple workforces and technologies
- Integrating people and technology is a multidisciplinary task



## Diversity and inclusion: The reality gap

Fairness, equity and inclusion are now CEO-level issues, but continue to be frustrating and challenging. Training and education are not working well enough. The new rules focus on experiential learning, process change, data-driven tools, transparency, and accountability.

- Diversity and inclusion is a CEO-level priority and considered important throughout all levels of management
- Companies measure inclusion, diversity, and lack of bias in all recruitment, promotion, pay, and other talent practices
- Diversity and inclusion goes beyond education to focus on debiasing business processes and holding leaders accountable for inclusive behavior



## People analytics: Recalculating the route

No longer is analytics about finding interesting information and flagging it for managers: It is now becoming a business function focused on using data to understand every part of a business operation and embedding analytics into real-time apps and the way we work.

- People analytics is viewed as a business analytics team that works across the business to drive business results
- The people analytics team operates at a senior level, reports to the CHRO, and serves business leaders across the company
- People analytics focuses on the entire workforce, including employees and contingent labor



## Digital HR: Platforms, people, and work

HR leaders are being pushed to take on a larger role in helping to drive the organization to “be digital,” not just “do digital.” As digital management practices and agile organization design become central to business thinking, HR is focusing on people, work, and platforms.

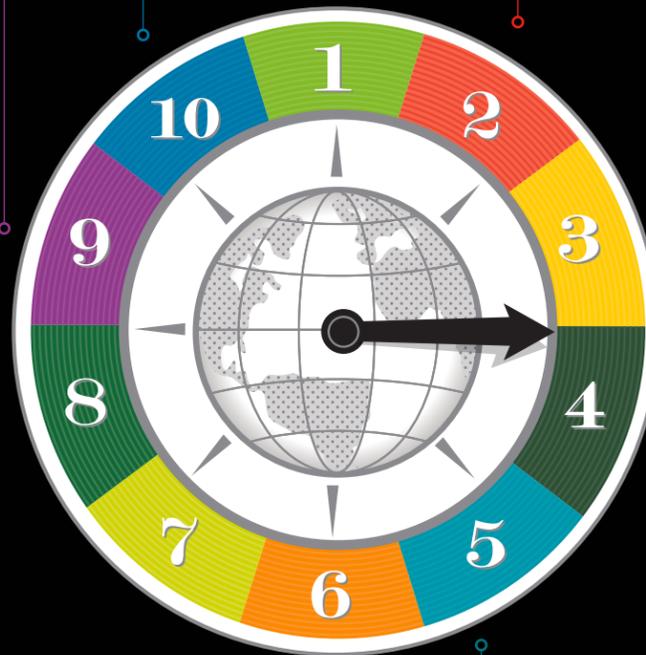
- HR departments focus on optimizing employee productivity, engagement, teamwork, and career growth
- HR technology team moves beyond ERP to develop digital capabilities and mobile apps with a focus on “productivity at work”
- HR builds an integrated “employee experience platform” using digital apps



## Leadership disrupted: Pushing the boundaries

In 2015, we termed leadership the “perennial issue” that never seems to go away. This year we see a radical shift. Today, as never before, organizations do not just need more strong leaders, they need a completely different kind of leader—younger, more agile, and “digital ready.”

- Leaders are assessed early in their careers for agility, creativity, and ability to lead and connect teams
- Leadership development focuses on culture, context, knowledge-sharing, risk taking, and exposure to others
- Leaders lead teams, projects, and networks of teams



## The organization of the future: Arriving now

As organizations become more digital, they face a growing imperative to redesign themselves to move faster, adapt more quickly, learn rapidly, and embrace dynamic career demands. Leading organizations are moving past the design phase to actively build this new organization.

- Organized for learning, innovation, and customer impact
- Structure based on work and projects, with teams focused on products, customers, and services
- Teams and responsibilities clearly defined, but roles and job titles change regularly



## Careers and learning: Real time, all the time

As companies build the organization of the future, continuous learning is critical for business success. The new rules call for a learning and development organization that can deliver learning that is always on and always available over a range of mobile platforms.

- Employees decide what to learn based on their team's needs and individual career goals
- Corporate L&D curates development and creates a useful learning experience
- Learning content is provided by everyone in the organization and curated by employees as well as HR



## Talent acquisition: Enter the cognitive recruiter

Recruiting is becoming a digital experience as candidates come to expect convenience and mobile contact. Savvy recruiters will embrace new talent acquisition technologies to forge psychological and emotional connections with candidates and constantly strengthen the employment brand.

- Employment brand has a complete strategy, reaching into all possible candidate pools and channels
- Recruiters partner with hiring managers throughout the search process, leveraging their networks, cultural needs, and success criteria
- Companies have talent acquisition technology platforms that manage sourcing, video interviewing, interview management, candidate relationship management, and onboarding



## The employee experience: Culture, engagement, and beyond

Rather than focus narrowly on employee engagement and culture, organizations are developing an integrated focus on the entire employee experience. A new marketplace of pulse feedback tools, wellness and fitness apps, and integrated employee self-service tools is helping.

- Employee experience defined as a holistic view of life at work, requiring constant feedback, action, and monitoring
- Compensation, benefits, rewards, and recognition designed to make people's lives better and balance financial and nonfinancial benefits
- The employee experience platform is designed, mobile, and includes digital apps, prescriptive solutions based on employee journeys, and ongoing communications that support and inspire employees



## Performance management: Play a winning hand

Across all industries and geographies, companies are reevaluating every aspect of their performance management programs, from goal setting and evaluation to incentives and rewards. They are aligning these changes to business strategy and the ongoing transformation of work.

- Check-ins conducted quarterly or more frequently; regular goal setting occurs in an open, collaborative process
- Employees rated on a qualitative scale; rankings considered, not forced
- Process is agile, faster, continuous, and lighter



# Top 3 trends for Oil & Gas

## The organization of the future: Arriving now

Rapid changes in technology are disrupting old ways of working and forcing oil and gas companies to become more agile and to rethink their operating models. These changes are also influencing the type of talent required and how organizations compete for the available talent pool. Yet, only 4% of oil and gas respondents believe that their current organizations are highly agile, suggesting much work needs to be done. Organizations are being challenged to re-organize themselves around teams and projects to promote speed, agility and adaptability as well as efficiency. Flexibility is also key to meeting the needs of a multi-generational workforce with different desires and values

- **Develop a more agile career model.** Millennials generally won't wait to move up the ladder like their parents did. Make talent mobility a core value.
- **Position your company as a technology company.** At its core, every oil and gas company is a technology company, but people don't think of it that way. Highly sought-after science, technology, engineering and math (STEM) talent may not want to work for a staid, industrial-age behemoth. Augmented reality, nanotechnology, renewables, and other "cool" cutting-edge advances are working their way into oil and gas fields. Promote them loud and proud.
- **Don't forget about automation and cognitive computing.** Consider how workers are being displaced by smart sensors, remote-controlled operations, robotics and other forms of automation. Plan for retiring, retraining and/or re-locating.

*Companies should ask themselves: in what circumstances would a team versus a functional structure be more appropriate? If the work is a step-by-step, linear process, with specialists along the way, then a traditional functional structure may still be the best option. But if the work isn't a linear process, requiring feedback cycles and real-time optimization and flexibility, then a team approach may be more effective.*

*Exploration and production and offshore are more ready than other segments (i.e., refining, petrochemicals, transportation, and fuels marketing) because they have always been project-centric.*

- **Seventy-seven percent of oil and gas respondents are either exploring or designing their organizations of the future, while only 4% have not yet started the journey.**

## Careers and learning: Real time, all the time

The half-life of a skill learned is approximately five years and the average time spent in a specific job position is about 4.5 years. Taking those things together, employees would just be learning a given skill as they're changing their jobs. That's problematic. Organizations are being challenged to adjust their learning models, rethink the types of skills and capabilities they need to embed into various jobs, and offer more career mobility. The goal is to help employees build careers from accumulated skills, even though their positions will likely change.

- **Create flexible, open career models.** Emphasize enriching assignments, projects, and experiences as opposed to static career progression.
- **Deliver learning on demand.** Break free of instructor-led training. Enable employees to learn real-time on mobile devices. Emphasize immediacy and relevance. Employ gamification to make learning fun and rewarding.
- **Employ design thinking.** Develop learning modules with the employee in mind. Define career paths that encourage inter-disciplinary skill development. Unbundle credentials and make them portable.

*Some companies are using virtual reality to deliver learning modules. This method of training can help field operations personnel to learn in a safe, protected, simulated environment before being exposed to the hazards and challenges of real-world situations.*

- **While 82% of oil and gas respondents rated careers and learning as a priority, only 37% are currently restructuring their career development models.**

# Top 3 trends for Oil & Gas (cont.)

## The employee experience: Culture, engagement, and beyond

Jobs in oil and gas span back-office and customer-facing functions as well as critical operational and maintenance roles (i.e., engineers and rig workers). Training and engaging these many types of employees is a challenge due to their diverse backgrounds and different desires. Generational differences complicate the picture since highly experienced workers in narrow functions may be resistant to new ideas.

- **Shift your lens from external to internal.** Use interviews and ongoing conversations to learn about the issues your employees face. Explore technologies and processes to make their lives easier.
- **Articulate the desired employee experience.** Make sure it speaks to all types of employees. Include work-life balance, incentives and career advancement options. Stay forward-looking: what will employees of the future need?
- **Measure more often.** Move beyond yearly engagement surveys to regular pulse surveys and open feedback systems.

*The oil and gas industry is mature, and in our experience, it is sometimes perceived as being stodgy and slow-moving. To attract and retain younger workers, many progressive companies are making development opportunities more transparent and giving younger employees higher levels of autonomy and authority than have been historically afforded—and they are using digital training methods to prepare them to handle these expanded responsibilities.*

- **To a great extent, only 18% of the respondents believe that the employee experience within their companies helps in attracting and retaining top talent.**

In closing, the aforementioned summary provides insight into some of the top human capital trends presently influencing the oil and gas sector. Collectively, they suggest that now, perhaps more than ever, HR executives are being called upon to stay on top of their people strategies, and continuously align them with business goals and objectives. Advanced technology, in the form of digital platforms,

cloud solutions, and robotic process automation, among others, will likely be key to building and shaping the organization of the future, which increasingly should be flexible, agile and aligned. This involves bringing together processes, technologies and the human aspects of the business. It should also involve a customer-centric orientation in areas such as talent acquisition, performance management,

and careers and learning. To be able to achieve such a transformation, it is likely that HR executives will first need to gain greater mindshare for their concepts among business leaders, since attention and resources can be challenging to secure amid the many competing demands facing oil and gas companies today.





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