



2018 Deloitte Global Human Capital An Oil & Gas Perspective

Introduction

Seismic changes are taking place in today's workforce, workplace, and the technologies used to do work. Results from the *Deloitte 2018 Global Human Capital Trends Survey* of more than 11,000 business and human resources (HR) leaders, as well as our interviews with executives from some of today's leading organizations, show that a fundamental shift is underway: Organizations are no longer being assessed solely on traditional "hard" metrics such as financial performance or the quality of their products or services; increasingly, they are also being judged on their relationships with their workers, customers, and communities, as well as their impact on society at large—transforming them from business enterprises into social enterprises.

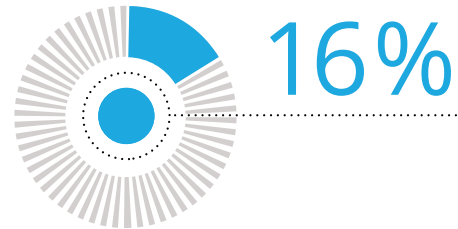
In many ways, social capital is achieving newfound value alongside financial and physical capital. To enable success, today's businesses should identify and address trends, and build and maintain positive relationships with a variety of stakeholders. Forging these relationships demands that business leaders listen closely to constituents, communicate clearly and frequently, act transparently and consistently, break down silos to enhance collaboration, and demonstrate credibility to build trust. Doing so is critical to maintaining an organization's reputation; to attracting, retaining, and engaging workers; and to cultivating customer loyalty.

This paper provides an Oil & Gas (O&G) industry-specific perspective on the *2018 Global Human Capital Trends Survey* report. Of the 10 trends presented in the full report, three are of utmost importance to the survey's Oil & Gas respondents. Chief among them is a focus on creating and fostering a social enterprise, an organization

whose mission combines revenue growth and profit-making with the need to respect and support its environment and stakeholder network. Other high-priority trends are developing personalized and flexible rewards programs, and preparing for the longevity dividend brought about by the aging workforce. 2018's survey findings, in large part, echo those of previous years, in which we have noted many organizations moving towards a "network of teams" operating model that aims to enable greater collaboration and internal agility. This movement now has been joined by a growing shift from an internal, enterprise focus to an external, ecosystem view. Organizations on the leading edge of these changes embody our concept of the social enterprise—one that is alert enough to sense, and responsive enough to accommodate, the complex range of current and emerging stakeholder expectations and demands.

As part of Deloitte's ongoing examination and discussion of the evolving field of human capital, we present 2018 key survey findings and considerations to help HR leaders get started in addressing the challenges and opportunities of the social enterprise. Our goal is to provide suggestions 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 thinking as you explore opportunities to innovate and improve.

Top three trends in Oil & Gas



There are over 77 million¹ formally identified freelancers in the United States, Europe, and India. Yet, only 16 percent of Oil & Gas survey respondents said their organizations have a well-defined strategy and established policies for the hybrid workforce.

THE WORKFORCE ECOSYSTEM: MANAGING BEYOND THE ENTERPRISE

The Oil & Gas industry has been a longtime proponent of freelance work and contractor employment. However, O&G leaders often have taken a siloed view of talent pool management, with the Supply Chain function typically responsible for contractor procurement. Increasingly, O&G business leaders and chief human resources officers (CHROs) recognize the need to actively and strategically manage relationships with both traditional and alternative workers and to integrate effective management practices into every facet of the organization.



Considering workforce brand and incentive programs that cover the range of ecosystem workers

What can alternative workers do to make more money? What skills and capabilities should they develop? How will they be measured? HR should formalize these practices for the ecosystem rather than waiting for procurement to do it.

The growth of new workforce models is redefining the employer-worker relationship. Many O&G organizations are able to draw upon today's multifaceted labor market; their leaders should proactively form intracompany alliances—especially between HR and procurement—to develop integrated workforce strategies and programs designed to take advantage of the breadth of workforce options available today.



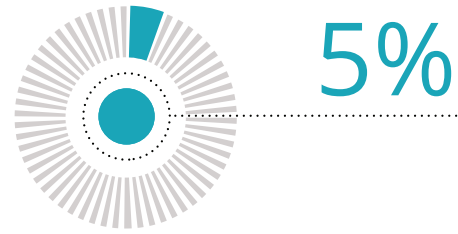
Extending talent management approaches to workers across the entire ecosystem

HR teams should work with division leadership, legal, and IT to give contract workers clear performance goals, secure communication systems, and appropriate training and support to help them be productive and aligned with the company's strategy.



Involving HR more in sourcing and selection decisions for alternative workers

The modern freelance worker or contractor, selected for deep technical or sectoral knowledge, may not be subject to cultural norms and other assessments used for full-time employees.



Only five percent of O&G survey respondents described their organization's rewards as innovative and flexible in regard to type and frequency, personalized to employee preferences, and aligned to incent specific behaviors.

NEW REWARDS: PERSONALIZED, AGILE, AND HOLISTIC

Historically, O&G companies have been known for rich rewards programs that value and benefit long-tenured or senior employees. While this approach has worked in the past, the newest generation of employees are demanding that organizations expand their offerings to include a wide range of programs for physical, mental, financial, and spiritual health. Expanding reward programs to accommodate for these preference shifts is becoming important to attracting and retaining top talent.



Aligning rewards with employee preferences

Revamping rewards programs to make them more varied and personalized is seeing positive results. Steps include taking creative approaches to achieve greater alignment among rewards strategy, individual preferences, and company goals.



Keeping rewards personal

Rewards are perhaps the last area of human capital to become personalized, even though individual preferences may be the most important aspect of the practice. O&G companies that personalize rewards—or better yet, create an individual relationship around rewards with each worker—can seize a distinct advantage in the talent market.

Many O&G organizations recognize the need to reshape their rewards programs by using a more personalized, agile, and holistic approach that matches other talent management strategies. There remain considerable opportunities for organizations to experiment and test new tools in the effort to boost rewards program efficacy.



Only 17 percent of Oil & Gas survey respondents indicated that age is viewed as a disadvantage in their organization. The remaining respondents indicated that age does not have an impact on ability or is viewed as an advantage.

THE LONGEVITY DIVIDEND: WORK IN AN ERA OF 100-YEAR LIVES

Oil & Gas companies are bracing for the anticipated retirements of many highly skilled, long-term employees. However, forward-looking organizations see this “retirement cliff” as an opportunity; a longevity dividend that can help them address a looming societal issue and leverage a proven, committed, and diverse set of workers. However, doing so involves innovative practices and policies to support extended careers, as well as collaboration between business leaders and workers, to enable the transition of critical experiential knowledge to the next generation.



Tapping into the older talent pool by extending their available career models

Proactive organizations are tapping into the older talent pool by extending their career models, creating new development paths, and creating roles to accommodate workers in their 50s, 60s, and 70s. O&G organizations can find great value in older workers’ ability to serve as mentors, coaches, and subject experts. Taking on these kinds of roles allows older workers to “pass the baton” to subsequent generations while accommodating ambitious younger workers.



Experimenting with workplace changes to help older employees remain in the workforce

Flexible work arrangements (e.g., part-time employment) and simple changes to the physical work environment have had proven, positive impacts on aging workers’ productivity and well-being.

Staying competitive in an era of increasing longevity demands that organizations adopt new strategies to engage effectively with older talent. Traditional assumptions—that learning ends in one’s 20s, career progression ends in the 40s, and work ends in the 60s—are neither accurate nor sustainable. Rethinking workforce strategies across multiple generations to account for longer lives will require open minds and fresh approaches.

Summary

The collective impact of the three human capital trends most affecting the Oil & Gas industry—creating and fostering a social enterprise, developing personalized and flexible rewards programs, and preparing for the longevity dividend brought about by the aging workforce—demand that C-Suite executives and HR employees stay on top of their people strategies and continuously align them with business goals and objectives.

In an era where human capital is inextricably tied to social capital, Oil & Gas companies can leverage core strengths to account for the 2018 trends—and how they prepare for the human capital challenges of the future.

Learn more



Experience Deloitte's Global Human Capital Trends like never before. Access the new HC Trends app featuring exclusive content.

Endnotes

1. Ben Matthews, "Freelance statistics: The freelance economy in numbers." www.benmatthews.com, January 8, 2017.

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