Leading the social enterprise: Reinvent with a human focus

2019 Deloitte Global Human Capital Trends
An Industrial Products & Construction Perspective

2019’s 10 human capital trends

This year’s selected human capital trends leverage findings from Deloitte’s 2019 Global Human Capital Trends survey, which had nearly 10,000 respondents across 119 countries. The 10 individual trends align to the theme of leading the social enterprise with a human focus, and are bucketed into three categories:

The future of the workforce: How organizations should adapt to the forces restructuring job and work design, the open talent economy, and leadership

The future of the organization: How teams, networks, and new approaches to rewards are driving business performance

The future of HR: How the function is stepping up to the challenge of redesigning its capabilities, technologies, and focus to lead transformation in HR and across the enterprise.
The 10 individual human capital trends for 2019 are bucketed into three categories:

<table>
<thead>
<tr>
<th>Three Categories</th>
<th>2019 Human Capital Trends</th>
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| **The Future of the Workforce** | The alternative workforce:  
It's now mainstream  |
|                   | From jobs to superjobs    |
|                   | Leadership for the 21st century:  
The interaction of the traditional and the new |
| **The Future of the Organization** | From employee experience to human experience:  
Putting meaning back into work |
|                   | Organizational performance:  
It's a team sport |
|                   | Rewards:  
Closing the gap |
| **The Future of HR** | Accessing talent:  
It's more than acquisition |
|                   | Learning in the flow of life |
|                   | Talent mobility:  
Winning the war on the home front |
|                   | HR cloud:  
A launchpad, not a destination |
Executive summary

The top human capital issues facing the Industrial Products & Construction (IP&C) industry are arising in a whole new context: the social enterprise. In 2018’s Global Human Capital Trends report, we described the rise of the social enterprise—organizations whose mission combines revenue growth and profit-making with the need to respect and support its environment and stakeholder network. This year, we believe the pressures that have driven the rise of the social enterprise have become even more acute. They are forcing organizations to move beyond mission statements and philanthropy to learn to lead the social enterprise—and reinvent themselves around a human focus.

While many IP&C industry leaders have recognized the issue, most haven’t solved for it. That’s because leading a social enterprise is not the equivalent of practicing corporate social responsibility. Nor is it about engaging in social impact programs or defining a purpose or mission statement—though all of these are also important in their own right. Leading a social enterprise is about recognizing that, while businesses must generate a profit and deliver a return to shareholders, they must do so while also improving the lot of workers, customers, and the communities in which we live. And in today’s world, with today’s societal challenges, fulfilling this aim demands reinvention on a broad scale: This is not about tinkering at the edges. Why? Because with regard to work, the workforce, and the workplace, there is much work to be done.

This paper provides an IP&C industry-specific perspective on the 2019 Global Human Capital Trends report. Of the 10 trends presented in the full report, four are of utmost importance to the survey’s IP&C respondents. The highest-rated trend is weaving learning into every facet of employees’ lives, both at work and at home. Other high-priority trends include addressing the human experience by connecting employees’ work to the impact it has on the organization and society as a whole; enabling talent mobility; and developing leaders who can draw on critical new competencies to lead through change, embrace ambiguity and uncertainty, and understand digital, cognitive, and AI-driven technologies.

We recognize that reinvention can be a daunting prospect, especially when our survey shows that many organizations are not ready to address the changes our 10 trends describe. That is why, this year, we have focused not only on the why and the what, but also the how. Depending on your organization’s readiness and need to change, reinvention can happen in one of three ways. You can refresh: Update and improve the way things happen now. You can rewire: Create new connections that change the strategic direction. Or you can recode: Start over and design from scratch. Either way, there are two aspects of the reinvention that remain constant: (1) it must involve technology in some way—there is no path to effective reinvention without it; and (2) it must be a bold enough change to meet the challenges that the social enterprise presents.
Top human capital trends in Industrial Products & Construction

The global longitudinal Human Capital survey included 1,157 Energy, Resources & Industrials (ER&I) industry respondents across 100 countries, of which 396 were Industrial Products & Construction respondents across 60 countries.


The global longitudinal Human Capital survey included 396 IP&C respondents across 60 countries.

IP&C survey participants identified four 2019 trends that are of utmost importance to their organizations.

The Future of the Workforce
• Leadership for the 21st Century: The intersection of the traditional and the new

The Future of the Organization
• From Employee Experience to Human Experience: Putting meaning back into work

The Future of HR
• Learning in the Flow of Life
• Talent Mobility: Winning the war on the home front

Digital technology is the common denominator in all of these trends. Its disruptive nature and frequency of change continue to propel organizations forward in their efforts to better understand, transform, and strengthen their core to support future growth.
The Future of the Workforce

Leadership in the 21st century: The intersection of the traditional and the new

Three-quarters of IP&C survey respondents said that 21st century leaders face unique and new demands: They must take a nuanced approach to pursuing traditional business goals and draw on critical new competencies, including leading through change, embracing ambiguity and uncertainty, and understanding digital, cognitive, and AI-driven technologies.

Developing 21st-century IP&C leaders isn’t solely about creating an executive pipeline; it’s also about providing employees at all levels with the tools and training they need to lead in the positions they hold today and tomorrow. For example, changing employee demographics call for training to recognize and understand generational differences that may influence individual, team and department dynamics, and impact overall corporate culture.

IP&C companies should be developing skills and metrics today that will help their leaders effectively engage with external and internal stakeholders and manage the workforce of the future.

Opportunities

• Identify a core set of skills and attributes that IP&C leaders will need to flourish in a rapidly changing, technology-enabled workplace.
• Provide curated and differentiated training experiences by level, team, and function to develop specialized leadership capabilities.
• Look to IP&C peer companies and other industries for innovative training programs.

New technology is the driving force changing leadership requirements, according to 78% of IP&C survey respondents.
The Future of the Organization

From Employee Experience to Human Experience: Putting meaning back into work

Improving what is often called the “employee experience”—building on an understanding of workers’ aspirations to connect work back to the impact it has on the organization and society as a whole—was rated as important by 82% of IP&C survey respondents. However, only 39% acknowledged their organization’s readiness to understand and apply the concept.

Opportunities

• Develop a roadmap to refresh and expand the concept of “employee experience” to address the “human experience” at work.

• Support efforts to reimagine, refresh, and rebrand the organization’s purpose to deliver innovative solutions that produce a meaningful and sustainable impact on employees, customers, industry, and society.

• Understand the potential impact of automation on further job loss or gain and how that impacts culture and employee satisfaction.

• Remove people, process, and technology obstacles so workers can perform their jobs effectively.

Half of IP&C survey respondents agreed that employee engagement and employee productivity are correlated. When asked who should drive employee engagement within their organization, 82% cited HR and business leadership.
Learning is becoming more integrated with work, more personal, and shifting—slowly—toward lifelong models. However, many IP&C organizations are behind in their efforts to understand and accommodate evolving learning needs and opportunities—85% of survey respondents ranked this trend highest in importance but just 42% indicated organizational readiness.

A large construction corporation that understands the importance of learning recently developed a state-of-the-art training center that focuses on developing game-changing skills—including targeted leadership training to enable leaders to understand and manage their organizations in today’s dynamic and disruptive environment.

What's usually missing is an end-to-end digital roadmap to help align learning across the enterprise. New platforms and tools that facilitate experiential learning on the shop floor, on the road, and at home can help IP&C organizations encourage learning in the flow of life.

**Opportunities**

- Establish a learning culture that motivates people to take advantage of learning opportunities, and a focus on helping individuals identify and develop new, needed skills.
- Align core learning and leadership development to business strategy.
- Develop programs to capture and share valuable knowledge accumulated by long-tenured employees before they leave the workforce.
- Put employees in control by providing access to training programs both inside and outside the workplace, and allowing them to choose the time, location, and pace of learning.

Survey results indicate that IP&C companies need to strengthen their learning culture: 50% of respondents stated that learning in their organization is not positioned for future success and only 5% said their company had an excellent learning culture.
By 2028, 2.4 million manufacturing jobs are expected to go unfilled, highlighting the urgency for IP&C organizations to address the industry’s widening talent gap. Yet, many companies are challenged to identify what their future staffing needs will be—especially since technology advances can reduce the shelf life of certain skill sets to a mere 2.5 years (or less).

As it is likely to become increasingly difficult for IP&C organizations to source and hire enough people with all the capabilities they may require, they must develop people internally to be able to thrive. Encouraging talent mobility—moving from one area to another versus moving up through the ranks in one area—can provide a cost-effective solution to future staffing challenges.

To encourage organization uptake, talent mobility should be positioned as a natural, normal progression rather than a major change in one’s career; opportunities to move should be extended to workers at all levels, not just managers and team leaders; and technology should enable a streamlined mobility process for moves between functions, jobs, and projects as well as geographies.

Opportunities

- Eliminate common barriers to talent mobility: lack of consistent processes for moving employees within the organization; lack of internal employees to fill roles; lack of willingness of current leader to move employees.
- Reward leaders for being talent exporters; encourage departments to share information on current talent needs and opportunities.
- Develop technology-enabled tools to help managers identify what capabilities their employees have and provide employees visibility into mobility opportunities (e.g., a gaming app for employees to find projects outside their scope of work).

Although 78% of IP&C respondents said that Talent Mobility is an important human capital trend, just 39% acknowledged their organization’s readiness to address the issue.

Many chemical companies in Europe have had success attracting broader generations of workers by focusing on their organizations’ contributions to more sustainable solutions and business approaches.
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Reinvention starts here

Visit the Deloitte Human Capital Trends app for exclusive access to the insights and tools you need to reinvent with a human focus.

Access the app by taking a picture of the QR code with your smart phone or access hctrendsapp.Deloitte.com.
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