



## 2018 Deloitte Global Human Capital

### A Power & Utilities 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: Most 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 succeed, today's businesses need to identify and address trends, and maintain positive relationships with a variety of stakeholders. Forging these relationships requires business leaders to listen closely to constituents, communicate clearly and frequently, act transparently and consistently, break down silos to enhance

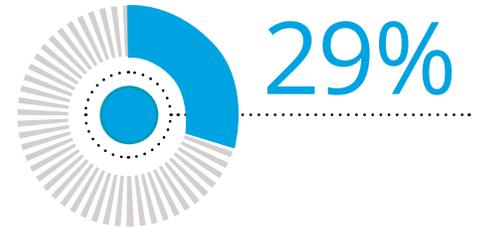
collaboration, and demonstrate credibility to build trust. Doing so is critical to maintaining an organization's reputation; to attracting, retaining, and engaging workers; and to cultivating customer loyalty.

This paper provides a Power & Utilities (P&U) 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 Power & Utilities 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 managing the new workforce ecosystem 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 Power & Utilities



There are over 77 million<sup>1</sup> formally identified freelancers in the United States, Europe, and India. Yet, only 29% of Power & Utilities 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 Power & Utilities industry has been a longtime proponent of freelance work and contractor employment. However, rapid changes in the nature of the utilities industry and in the technology it uses, are requiring utilities to identify, hire, and retain highly technical and skilled short-term labor to augment full-time staff. Increasingly, P&U business leaders and chief human resources officers (CHROs) recognize the need to actively and strategically manage relationships with both traditional and alternative workers because doing so affects how an organization delivers services and interacts with customers.



**Develop an ecosystem for how, where, and who will perform work in the future**

HR can take the lead in working with other part of the Utility to determine how smart machines (e.g., bots, cognitive bots, drones, etc.), traditional employees, and alternative workers will work together in the future and start to extend the ecosystem accordingly.



**Extend talent management approaches to workers across the entire ecosystem**

HR teams should work with legal and IT to give gig and contract workers clear performance goals, secure communication

systems, and appropriate training and support to make them productive and aligned with the company's strategy.



**Involve HR more in sourcing and selection decisions for alternative workers**

Unlike traditional utilities contractors, the modern freelance worker or contractor may not be subject to cultural, skills, and other assessments used for full-time employees.



**Consider 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 utility companies 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 to take advantage of the breadth of workforce options available today.*



of P&U survey respondents stated that the primary purpose of their CSR program was to support employee recruitment and improve employee branding.

## CITIZENSHIP AND SOCIAL IMPACT: SOCIETY HOLDS THE MIRROR

Across industries, corporate citizenship and social responsibility have a direct, increasingly important bearing on an organization's core identity and strategy. Engaging with stakeholders on topics such as diversity, gender pay equity, income inequality, immigration, and climate change can lift financial performance and brand value; failure to engage can destroy reputation and deter top talent from seeking employment. Utilities traditionally have a long history of active citizenship and social impact in their communities. This Trend plays to a core strength of many utilities.



### Make corporate social responsibility a C-suite priority

Corporate citizenship is more than a corporate social responsibility (CSR) program, a marketing initiative, or a program led by the CHRO. It is a CEO-level business strategy that should define and display an organization's true identity.



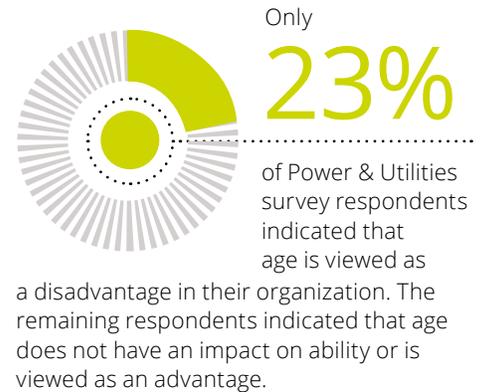
### Identify the impact corporate citizenship has on corporate brand

Corporate citizenship directly impacts corporate brand. A recent Nielsen study found that 67 percent of employees prefer to work for socially responsible companies.<sup>1</sup> A Deloitte study found that millennial employees who believe that their employer supports the local community are 38 percent more likely to stay at that employer for five years. What you choose as your focus for corporate citizenship should tie to your mission and values.<sup>2</sup>

*In today's era of the social enterprise, stakeholders are taking an intense look at P&U organizations' impact on society; whether it is how a power plant affects the community or how employees feel about their jobs. This mirror—held up to businesses by society—reflects an organization's identity for all to see. Polishing that reflection is now vital for success.*



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

Power & Utilities organizations 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 requires innovative practices and policies to support extended careers, as well as collaboration between business leaders and workers, to tackle shared challenges such as age bias and pension shortfalls.

**Tap 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. P&U 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 making room for ambitious younger workers.

**Experiment with workplace changes to help older employees remain in the workforce**

Flexible work arrangements (i.e., 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 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 Power & Utility industry—creating and fostering a social enterprise, managing the new workforce ecosystem, and preparing for the longevity dividend brought about by the aging workforce—will require C-Suite executives and HR employees to 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, Power & Utilities 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. Nielsen, *Doing well by doing good: Increasingly, consumers care about corporate social responsibility, but does concern convert to consumption?*, June 2014, p. 2.
2. Deloitte, The 2017 Deloitte millennial survey.

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