



2018 Deloitte Global Human Capital

An Industrial Products & Construction 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.

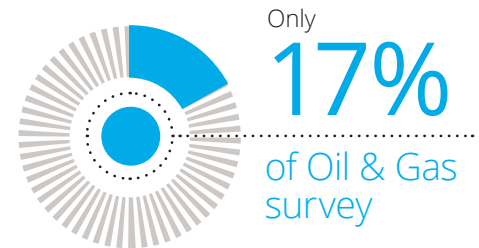
In many ways, social capital is achieving newfound value alongside financial and physical capital. To succeed, today's businesses need to identify and address trends, and maintain positive relationships with a variety of stakeholders. Forging these relationships requires business leaders to listen closely 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 an Industrial Products & Construction (IP&C) 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 Industrial Products & Construction respondents. Chief among them is preparing for the longevity dividend brought about by the aging workforce, as an increased number of workers are living longer and expecting more years of productive life ahead. Other high-priority trends are balancing new and innovative rewards for employees; and creating new career pathways that model the evolution of how workers are navigating their careers. 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 Industrial Products & Construction



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

Industrial Products & Construction companies are bracing for the anticipated retirements of many highly skilled, long-term employees—individuals who, during their careers, have gained a wealth of technical and company-specific knowledge, and typically fill many important organizational roles. 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. Doing so requires innovative practices and policies to support extended careers, as well as collaboration between business leaders and workers, to ensure critical experiential knowledge is being transitioned to the next generation.

 **Tap into the older talent pool by extending their available career models**

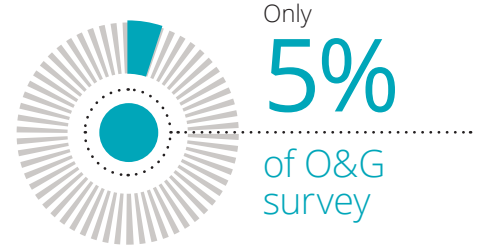
Proactive organizations are tapping into the older talent pool by extending their career models, establishing new development paths, and creating roles to accommodate workers in their 50s, 60s, and 70s. Industrial Products & Construction organizations can find great value in older

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.



respondents described their organization's rewards as innovative and flexible as to type and frequency, personalized to employee preferences, and aligned to incent specific behaviors.

NEW REWARDS: PERSONALIZED, AGILE, AND HOLISTIC

Attracting and retaining the next generation of Industrial Products & Construction workers will not be easy, especially when some companies in this sector battle perception issues. Potential candidates may fear future layoffs due to automation and foresee more opportunities for career growth in companies and industries that they perceive to have more rewards and perks aligned to their interests. To combat this challenge, progressive Industrial Products & Construction companies are getting creative with how they think about rewards and associated benefits.



Offer a broader range of rewards to meet the needs of next-generation employees

In addition to offering standard benefits (health insurance, sick leave, and overtime pay), consider expanding to include work schedule flexibility, training and development, and performance recognition. Also explore options to provide incentives for contractors and other off-balance-sheet workers.



Update rewards systems and timing

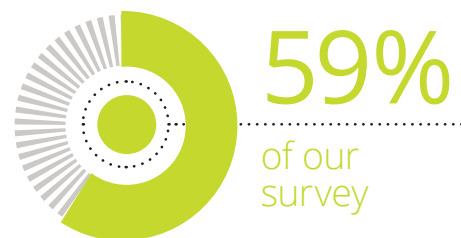
Consider providing raises, bonuses, or other financial incentives more often than a traditional once-a-year rewards system. Find ways to offer small rewards and conduct meaningful recognition activities to thank employees for a job well done.



Focus on continuous performance management

Align updated performance management processes with flexible remuneration programs. Broaden the focus beyond experience and tenure to include factors such as leadership potential and skills. A strategic shift like this requires listening to what employees want and experimenting with nontraditional models and tools.

Industrial Products & Construction companies should look beyond the norm and create rewards packages that can showcase the industry's stability and career opportunities.



respondents rate their organizations as not effective or only somewhat effective at empowering people to manage their own careers.

CAREERS TO EXPERIENCE: NEW PATHWAYS

Many Industrial Products & Construction companies' organizational structures are hierarchical, with a rigorous chain of command. Within this structure, career planning and progression typically are focused on a subset of the employee population, which may provide limited opportunities for other employees to explore different roles and promotion pathways. Industrial Products & Construction companies could benefit considerably from identifying ways to extend employee career flexibility across the organization.



Partner with older workers to develop new career models

Take advantage of tenured employees' wisdom and years of experience. They often have practical ideas about what may work well and what may be a challenge to implement.



Update practices and policies to enable a broader range of employees to explore career flexibility

Supporting career ownership may require shifts in company culture, work practices, and overall operational strategy. However, improvement in this area is critical to attracting new talent, especially as technology impacts the Industrial Products & Construction skills landscape.

Leading companies are developing strategies that address key employee concerns such as longevity and well-being—and doing this in ways that help improve productivity and performance, and build social capital to become a leading voice on key issues.

Summary

The collective impact of the three human capital trends most affecting the Industrial Products & Construction sector—preparing for the longevity dividend of an aging workforce; balancing new and innovative rewards for employees; and

creating new career pathways—will require C-suite executives and HR staff to continuously adapt and align their employee management strategies with evolving business objectives as 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.

Contact us

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