The rise of the social enterprise

A Government and Public Services Perspective
Where we left off: businesses are responding to the Digital Revolution by looking inward to solve for productivity gaps...
Today, organizations have increased pressure from the external environment.

**The power of the individual is growing**

86% of millennials think that business success should be measured by more than just financial performance.¹

**Businesses are expected to fill a perceived leadership gap in society**

According to the Edelman Trust index, people worldwide place 52% trust in business to “do what is right” versus 43% in government.²

**Technological change is having unforeseen impacts on society**

87% of C-level executives say that Digital Revolution will lead to more equality, stability, and – more than government – the ability to influence the future.³

---

2: Edelman, 2018 Edelman Trust Barometer: Global Report, 2018
And now...

these macro trends are pressuring organizations to move from the inside out to the outside in.
Introducing the social enterprise
A social enterprise...

...combines fiscal responsibilities with the need to respect and support its environment and stakeholder network

...listens, advances, and manages the change that shapes today’s world

...has a responsibility to be a good citizen, role model, and promote collaboration
So what does this mean for the public sector?
Revitalizing the \textit{original} social enterprise in the Public Sector

As the private sector gives rise to the social enterprise, the public sector has an opportunity to revitalize its role as the “original” social enterprise – \textit{institutions dedicated at their core to serving society at large}
Identified Public Sector Challenges & Opportunities
Many career public servants are already addressing challenges to embody the concept of the social enterprise. They are looking to lead in collaboration with the private sector to help accomplish common societal goals.

**Challenges**

- Mandated policies and regulations
- Uncertain budgets
- Increasingly complex missions

**Opportunities**

- Identify and re-think policies and regulations that can constrain progress
- Foster public-private partnerships that more effectively and efficiently serve the public
- Share public sector successes, tools, and lessons learned with businesses and social enterprises
Public sector organizations are affected by the external environment

There is a perceived leadership gap in society

Government is facing challenges in attracting and retaining top talent in a highly competitive job market, and only 27% of federal agencies are seen as having a plan to attract talent from outside the Federal government.5

Technology change is having unforeseen impacts

75% of public sector organizations see digital technology disrupting the public sector; and nearly all, 96%, characterized the impact on their domain as significant.6

The power of the individual is growing

Millennials currently account for 18% of the federal workforce, compared to 32% of the overall US workforce.

---

4: Digital Organizations: The public sector’s millennial opportunity, 2017
5: State of Federal Career Senior Leadership, 2017

Copyright © 2018 Deloitte Development LLC. All rights reserved.
Increased internal agility can enable public sector organizations to more effectively respond to and engage with the external ecosystem, thereby helping to overcome barriers to their mission.

**Ecosystem** (External focus)

Increased engagement
With key stakeholders and constituents

**Traditional Public Sector Organization**

**Functional**
(Siloed operating model)

**Symphonic**
(“Network of teams” operating model)

**The Public Sector Social Enterprise**

Overcoming barriers to meet the mission

Increased collaboration
Amongst leadership and between organizations

**Level of External Focus**

**Level of Collaboration and Agility**
Call to action

Public sector organizations should have a determined focus on building social capital by engaging stakeholders, accounting for external trends, revitalizing a sense of mission and purpose for their people, and managing societal expectations.

Social Capital = Human Capital
So, how are leading organizations responding?

2018 Global Human Capital Trends
The largest global longitudinal Human Capital survey on record with over **11,000** respondents across **124** countries

**800+** global public sector respondents
Three numbers tell the story...

1 Leadership mindset

The symphonic C-Suite

2 The power of the individual

3 Filling society’s perceived leadership gap

4 Leverage technology for sustainable mission delivery

5

6

7

8

9

end seeks
The symphonic C-Suite
The Symphonic C-Suite
Behaving as a social enterprise demands an unprecedented level of cross-functional vision, connectivity, and collaboration from C-suite leaders.

2017

90% of all survey respondents were redesigning their organizations to be more dynamic, team-centric, and connected.

Today

78% of public sector respondents rated “C-suite collaboration” as important or very important—making it the top issue of 2018, while only

Tomorrow

21% of public sector respondents told us that their C-suite leaders actually worked together on projects or strategic initiatives.

A direct correlation between C-Suite collaboration and increased mission achievement.

Taking the next step...

Reimagine the C-suite as a team sport
Prioritize cross-functional projects
Create leadership development opportunities at every level
The power of the individual
What we found...

The Workforce Ecosystem

Organizations are revamping their approaches to workforce management. There are 77 million formally identified freelancers in Europe, India, and the US. Yet, only 15% of public sector organizations surveyed have a well-defined strategy for the hybrid workforce.

New Rewards

Rewards are transitioning from strictly standardized to highly personalized. 66% of public sector respondents rated rewards as very important or important, but only 4% indicated they have flexible rewards that are aligned to employee preferences.

Careers to Experiences

Organizations should build learning and experience to support a 21st century career. 78% percent of public sector respondents see “careers to experiences” as important or very important. Yet, only 30% feel their organizations empower them to manage their career.

The power of the individual

The rising power of the individual necessitates a holistic approach to work.

The Workforce Ecosystem: Managing beyond the enterprise

The nature and composition of the public sector workforce is rapidly changing. Non-traditional workers are already in use, and use of these labor types is expected to increase.

- But, more than 50% of public sector respondents rate their understanding of Human Capital assets as fair or poor, and 42% are not managing their performance.

What work can be done by smart machines and robots?

Increasing automation, cognitive and AI technologies, over the next 10 years...

Who can do the work?

Technological advancements enabling new models for interaction between organizations, employees, and customers...

Where is the work done?

Re-thinking combinations of talent, technology, and workplace...

Taking the next step...

Determine where and how to leverage the workforce ecosystem

Access new workforce capabilities

Consider the implications to your talent management approaches

The what, who, and where of work are changing – the public sector should embrace this and address it head on.
The workforce of the future demands highly personalized rewards

New Rewards: Personalized, agile, and holistic
The demand for new rewards is changing and the urgency to evolve is increasing. Public sector organizations are challenged to work creatively within the limits of legislation to shape their rewards programs to the individual needs of an evolving workforce.

- Only 4% of public sector respondents have innovative, flexible, and personalized rewards programs

Taking the next step...

Enhance rewards by considering what your workers value and expanding beyond monetary rewards

Yesterday
Total rewards

Design
... rewards that balance the preferences of the workforce plus the current needs and future direction of the organization

Deliver
... a flexible and relevant total rewards offering that engages the workforce and sustains organizational performance

Drive
... a Simply Irresistible™ culture of rewards throughout the organization

Today
Relationships

Copyright © 2018 Deloitte Development LLC. All rights reserved.
The 21st century career model will be about continuous reskilling and new experiences.

As the skills landscape and hiring criteria morphs to the essential human skills...

...so should career experiences and learning.

**Taking the next step...**

- **Require essential experiences as you redefine careers**
- **Utilize AI and other technologies to offer employees a better experience**
- **Help empower staff by providing roles in which they can practice leadership and ownership**

**Careers to Experiences:**

**New Pathways**

Organizations are challenged to create unique experiences for individuals. To embrace a “21st Century Career Mindset,” the public sector has an opportunity to embrace growth and development, diversity of experiences, and lateral rather than hierarchical movements across organizations.

- **79%** of public sector respondents consider new career models important, yet only **7%** are very ready for the challenge.
Filling society’s leadership gap
What we found...

**Filling society’s leadership vacuum**

Public sector organizations should engage with all stakeholders and demonstrate that they are worthy of trust as many citizens look to businesses to help fill the void on societal issues.

**The Longevity Dividend**

- Organizations should adopt new strategies to help engage older talent and remain competitive.
- 80% of US employers believe workers 50+ are a valuable resource.
- Yet only 15% of public sector organizations are creating tailored roles for older workers.

**Citizenship & Social Impact**

- Organizations are expected to fill a widening leadership gap in society while improving productivity and performance.
- Similar to the private sector, 77% of public sector respondents see citizenship as important.
- Yet only 20% said it was a top priority reflected in their organizational strategy.

**Well-Being**

- Empowering employees’ well-being is a significant contributor to building social capital.
- 79% of public sector respondents view well-being as important.
- Yet only 20% are working on well-being initiatives at this time.
To engage a workforce that spans four to five generations, organizations should change their approach.

**Considerations:**
- Extending career models
- Creating new development paths
- Inventing new roles
- Updating workplace design
- Providing leadership development for younger workers
- Designing new wage policies and flexible rewards

**Case In Point: Lesson learned from the Private Sector - BMW**

*BMW increased productivity on an assembly line staffed with older workers by 7% in just three months.*

It took two changes:
1) Cushioned floors
2) Adjustable work benches

**Taking the next step...**

- Develop an engagement plan designed for older workers
- Make technology more approachable in the context of longevity
- Encourage workers to constantly evolve skills and competencies by evaluating and diversifying learning programs

**The Longevity Dividend: Work in an era of the 100-year lives**

A rapidly aging workforce and longevity of careers has implications for organizations and society. Staying competitive in a world of unprecedented longevity demands that organizations adopt new strategies to effectively engage with aging talent and consider them a strength.

- Only 15% of public sector organizations surveyed have created targeted roles for older workers to leverage their expertise
Citizenship and social impact is no longer a check-the-box, altruistic exercise—it is a executive-level strategy and a core part of an organization’s identity and mission.

Case In Point: Promoting Opportunities for Impact Outside of Daily Work

One socially-focused county is using technology to simplify employee jobs, allowing the employees more time to spend directly with county residents.

Taking the next step...

- Make community engagement a priority and enable employees to spend time volunteering in the community
- Advance the concept of social impact to help encourage experiential diversity and drive innovation
- Create ways for individuals to create a positive impact

Citizenship & Social Impact:
Society holds the mirror

Societal issues are playing a major role in shaping the culture and identity of organizations across the globe. Enterprise-wide efforts to drive activism and social change are directly impacting employee engagement, commitment, and retention.

- 80% of public sector respondents say that “citizenship and social impact” is not currently reflected in their organizational strategy
Well-being:

A strategy and a responsibility

The demand for comprehensive well-being programs is growing. For many organizations, this means expanding well-being beyond solely employee benefit programs. Well-being is now a strategy for organizational performance.

- **53%** of public sector leaders surveyed say stronger well-being programs improve employee retention

Organizations should look at a spectrum of well-being in order to help meet employee expectations.

**The definition of well-being is expanding**

- Flexible schedule
- Telecommuting
- Office space design
- Well-being expenses
- Healthy snacks
- Employee assistance
- Mental health counseling
- Wellness counseling
- Health monitoring
- Back-up daycare

Despite increased attention and investment in well-being, there is a gap between what employees value and organizations deliver.

**Taking the next step...**

Set the tone from the top – leadership support is critical for employees to know that well-being is a priority

Evaluate the needs of employees and align resources to areas of employee value

Develop digital and mobile initiatives to make well-being more accessible
Leverage technology for sustainable mission delivery
What we found...

Leveraging technology for sustainable mission delivery

New technologies are creating massive opportunities to realize sustainable, inclusive mission achievement, but simultaneously, there are unforeseen impacts that the social enterprise should address.

AI, Robotics, & Automation

Automation is here to stay. Organizations should rethink their work architecture.

63% of public sector respondents believe AI and cognitive technologies will have some or significant impact on their workforce by 2020. Yet only 31% use these technologies today.

Hyper-connected Workplace

New tools, flexible workspaces, and integrated leadership, are powering a new world of work.

77% of public sector respondents see the hyper-connected workplace as important. Yet only 8% are very ready for the challenge to incorporate new communication tools in the workplace.

People Data

Organizations are investing heavily in programs to use data for workforce planning, talent management, and operational improvement.

79% of public sector respondents see people data as important. Yet only 6% use people analytics as an integral part of business and talent decisions.
Rather than eliminating jobs, cognitive technologies should serve to create new or augment existing jobs that are service-oriented, interpretive, and social.

**Case in Point: The Exponential Actuarial** – Lesson learned from the Private Sector – Life, Health, and Property & Casualty insurance companies

Automating work allows **highly skilled actuaries** to focus their time on **analysis & strategic initiatives** and helps:

- **Increase mission effectiveness**
- **Reduce costs**
- **Manage risks**

**Natural Language Generation Technology** used to create required documentation frees up capacity while reducing human error.

**Taking the next step...**

Have an open mind and be willing to think about work in a different way

Develop essential human skills as technology automation rises

Keep pace with innovation – automation is an evolution

AI, Robotics, & Automation:

**How can we maximize efficiency?**

Leading organizations increasingly recognize that cognitive and robotic technologies are most effective as a complement to humans, not a replacement. Advanced technology is essential for helping the public sector recruit and retain the best talent.

Leaders are placing a higher premium on essential human skills:

- Complex problem solving **60%**
- Cognitive abilities **46%**
- Social Skills **50%**
Personal connectivity can translate to organizational productivity when they adapt their practices to capitalize on the power of communication tools.

**Top tech companies** are announcing new:

- Instant messaging
- Chats
- Video communications

*including: Cisco, Microsoft, Facebook, Slack, Atlassian

**66%** of public sector respondents view connected work tools as a positive driver of productivity, but **40%** report their organization does not permit access to emerging communication channels.

Productivity comes from a combination of **technology, physical space design**, new **leadership approaches**, and new **work practices**.

**Taking the next step...**

- **Create a simple suite** of tools to focus on culture, collaboration, and workforce composition
- **Utilize workplace collaboration tools** to drive productivity
- **Leverage connected work tools** to provide employees with flexible work options

---

Hyper-connected Workplace: Will productivity reign?

Public sector organizations are starting to embrace work-based online collaboration and social media platforms as they view connected work tools as a positive driver of productivity and collaboration, and a crucial way to attract and retain talent.

- **36%** of public sector respondents believe face-to-face meetings will decrease and **64%** believe workers will spend more time on collaboration platforms

Copyright © 2018 Deloitte Development LLC. All rights reserved.
People Data:
How far is too far?

Public sector organizations know data analytics can be critical to meeting the mission. The avalanche of data carries heightened risk, and many organizations function at different levels of maturity depending on availability of data, capability of people, and accessibility of tools.

- Only 17% of public sector organizations surveyed believe they have “excellent” processes to safeguard data

The people data revolution has arrived, now organizations must balance risk and reward as they mature capabilities.

By protecting data from the inside-out, you can balance the potential data risk

Focus on the sensitive data itself
- Identify and maintain an inventory of critical assets
- Render compromised data useless
- Zero in on likely targets

Close access paths through fundamental security controls

Taking the next step...

Consider where your organization is located on the data maturity spectrum

Identify tools needed to achieve a data-driven mentality and build strong governance structures

Emphasize the value of people analytics by showcasing the impact on the customer experience

Copyright © 2018 Deloitte Development LLC. All rights reserved.
What is at stake for the public sector social enterprise?

Reputation, Relationships, and...

Success or Failure.
The time is now to **take action.**

**Listen** carefully to the external as well as the internal environment.

**Invest** in the broader social ecosystem, starting with your own employees.

**Actively manage** your position in the social ecosystem by engaging with stakeholders.
Now, the data is yours...