Rewriting the rules for the digital age
2017 Deloitte Global Human Capital Trends
A Travel, Hospitality & Services perspective
Introduction

The workforce is changing in its demographics, diversity, motivations, and goals. At the same time, organizations face a radically shifting context for their employees as a result of digital, analytics, the cloud and a host of new technologies and business capabilities. Although the wheel of progress always turns, today it is spinning at an unprecedented rate. This accelerated pace of change is rewriting the rules for business and HR. The new rules put employees at the center, which has profound implications for leaders across the organization, as well as HR functions. As a result, the HR function is undergoing a significant identify change—all while it scrambles to keep up with technological advances and evolving business demands. During this transformation, Business and HR leaders have a tremendous opportunity to reorient themselves and to take the lead in developing practices, platforms, and tools that will create and sustain value over time. Even more, they can help people adapt to new models of work and careers, even as they assist the enterprise in defining what these new models should look like.

This executive summary provides a focused perspective on Deloitte’s 2017 Human Capital Trends report specific to the Travel, Hospitality and Services (TH&S) sector. Of the 11 trends presented in the full Human Capital Trends report, this piece emphasizes the four trends of utmost importance to TH&S respondents.

Of greatest importance, TH&S companies are heavily focused on evolving how leaders lead in a digital world and what the organizations’ operating models, work efforts, and structures should look like to achieve the expected business results. This emphasis reflects one of the distinct characteristics of the TH&S sector, mainly its heavy blend of both strategic activities (i.e., designing the customer experience) and operations (i.e., delivering that experience consistently and efficiently in a cost-effective manner). These objectives are sometimes at odds when it comes to designing the organization of the future and developing the next generation of leaders. TH&S companies also have a disproportionate number of tenured personnel who rose up through the ranks on the operational side of the business. These experienced employees often have a wealth of knowledge in managing the vast complexity of TH&S businesses but many are reluctant to embrace new ways of working, particularly if it involves changing the organizational structure, redesigning processes and enabling them through digital means. This preference for the status quo has left many TH&S organizations with talent gaps at senior leadership levels, real concerns about replacing the impending retirements of baby boomers with tremendous institutional knowledge, and for redesigning themselves to deliver a seamless customer experience.

Digital HR platforms and talent acquisition also emerged as top priorities for the sector. These concerns speak to rapidly changing employee expectations and the sector’s pressing need to recruit and develop new talent. Both cultural and technological transformation will be required to attract younger digitally-savvy candidates and to meet their expectations for collaboration, information access and mobile learning. At the very least, TH&S companies should start integrating digital tools, such as social media and video chat, into their recruitment processes, as traditional job fairs become less effective in attracting and screening candidates, particularly in a geographically dispersed work environment. They will also need to rethink the employee experience, putting it on par with the customer experience in terms of focus and attention.

The following synopsis presents key findings and considerations to help HR organizations get started in addressing these concerns. As with each edition of our annual Human Capital Trends report, this is part of an ongoing discussion in an ever-evolving field. Our goal is to provide you with pointers 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 your thinking as you explore opportunities to innovate and improve.
The future of work: The augmented workforce

Automation, cognitive computing, and crowds are paradigm-shifting forces transforming the workforce. Organizations must experiment and implement cognitive tools, focus on retraining people to use these tools, and rethink the role of people as more and more work becomes automated.

- Jobs and tasks are being redesigned to use more cognitive tools and are augmented by technology (augmentation).
- Leadership workforce planning shifts to start with work and analyzing options across multiple workforces and technologies.
- Integrating people and technology is a multidisciplinary task.

Diversity and inclusion: The reality gap

Fairness, equity, and inclusion are now CEO-level issues, but continue to be frustrating and challenging. Training and education are not working well enough. The new rules focus on experiential learning, process change, data on team views, transparency, and accountability.

- Diversity and inclusion is a CEO-level priority and considered an important aspect of all levels of management.
- Companies measure inclusion, diversity, and lack of bias in all recruitment, promotion, pay, and other talent practices.
- Diversity and inclusiveness go beyond recruitment to focus on developing business processes and holding leaders accountable for inclusive behavior.

People analytics: Recalculating the route

No longer is analytics about finding interesting insights and flagging for managers a new way of being a business function focused on driving digital transformation, embedding analytics into real-time apps and the way we work.

- People analytics is viewed as a business analytics team that works across the business to drive business results.
- People analytics focuses on the entire workforce, including employees and contingent labor.

Digital HR: Platforms, people, and work

HR leaders are being pushed to take on a larger role in helping to drive the organization to “be digital,” not just “do digital.” As digital management practices and agile organization design become central to business thinking, HR is focusing on people, work, and platforms.

- HR departments focus on optimizing employee productivity, engagement, teamwork, and collaboration.
- HR technology team moves beyond ERP to develop digital capabilities and mobile apps with a focus on “productivity at work.”
- HR builds an integrated “employee experience platform” using digital apps.

Leadership disrupted: Pushing the boundaries

In 2015, we termed leadership the “paranoid issue” that never seems to go away. This year we see a radical shift. Today, as never before, organizations do not just need more strong leaders, they need a completely different kind of leader—younger, more agile, and “digital ready.”

- Leaders are assessed early in their careers for agility, creativity, and ability to lead and connect teams.
- Leadership development focuses on culture, context knowledge-sharing, risk-taking, and exposure to others.
- Leaders’ lead teams, projects, and networks of teams.

The organization of the future: Arriving now

As organizations become more digital, they are demoting or redesigning roles to design themselves to move faster, adapt more quickly, learn rapidly, and embrace dynamic career demands. Leading organizations are moving past the design phase to actively build this new organization.

- Organized for learning, innovation, and speed.
- Structure based on work and projects, with teams focused on projects, product, customers, and services.
- Teams and responsibilities are clearly defined, but roles and job titles change regularly.

Careers and learning: Real time, all the time

As companies build the organization of the future, continuous learning is critical for business success. The new rules call for a learning and development organization that can deliver learning that is always on and always available over a range of mobile platforms.

- Employees decide what to learn based on their teams’ needs and individual career goals.
- Corporate L&D curates development and always available learning on a range of mobile platforms.

Talent acquisition: Enter the cognitive recruiter

Recruiting is becoming a digital experience as candidates come to expect convenience and mobile contact. Savvy recruiters will embrace next talent acquisition technologies to forge psychological and emotional connections with candidates and constantly strengthen the employment brand.

- Employment brand has a complete strategy, with all possible candidate pools and channels.
- Recruiters partner with hiring managers throughout the search process, leveraging their networks, cultural needs, and success criteria.

The employee experience: Culture, engagement, and beyond

Rather than focus narrowly on employee engagement and culture, organizations are developing an integrated focus on the entire employee experience. A new marketplace of pulse tools, digital capabilities, and mobile apps, and integrated employee self-service tools is helping.

- Employee experience defined as a holistic view of life at work, requiring constant feedback, action, and measurement.
- Compensation, benefits, rewards, and recognition need to be more integrated, to better align with people’s jobs and employer success.

The employee experience platform is designed, mobile, and includes digital apps, prescriptive solutions based on employee journeys, and ongoing communications that support and inspire employees.

Performance management: Play a winning hand

Across all industries and geographies, companies are reevaluating every aspect of their performance management programs—from goal setting and evaluation to incentives and rewards. They are thinking about these changes in business strategy and the ongoing transformation of work.

- Check-ins conducted quarterly or more frequently; regular goal setting occurs in an open, collaborative process.
- Employees rated on a qualitative scale; ratings considered, not forced.
- Process is agile, faster, continuous, and lighter
Key trends for TH&S

Leadership disrupted: Pushing the boundaries

TH&S companies should define and invest in digital leadership; this includes developing digital capabilities that drive business transformation. Nearly two-thirds (63%) of TH&S companies believe they have an under-developed or non-existent leadership program. Digital leadership isn’t just about implementing digital technology. It’s about having people who can collaborate, respond rapidly, and engage each other frequently. Within TH&S, digital is forcing leaders to think and act differently, extending beyond the traditional operational mindset. Some will be able to make that leap; others won’t, but they all should be encouraged to learn how to engage employees and to assist in creating a pool of digitally capable talent.

- Only 37% of TH&S companies believe that leadership competencies are defined and understood by leaders across the organization.

The organization of the future: Arriving now

Ninety percent of TH&S respondents rated this theme as being important or very important; 84% listed customer-centricity as the most important characteristic of their organizations. Nonetheless, agility and the ability to address employee concerns are equally important, as they impact culture and employee engagement. TH&S companies should organize for speed, agility and adaptability. This means designing operating models and processes to deliver optimal customer and employee experiences, while maximizing operational efficiency.

- Only 5% of TH&S respondents described their organizations as being highly agile.

Digital HR: Platforms, people, and work

Employees increasingly expect an integrated, digital experience at work—one designed around teams, productivity, and empowerment—and HR is expected to deliver it. Digital enablers, such as mobile learning management systems and a platform through which employees can share ideas, have become table stakes for competitiveness. For some TH&S companies, putting employees through lengthy classroom-based training or to expect them to endure multi-step, manual processes to do routine tasks is neither financially viable nor operationally effective. Because the TH&S sector is relatively young, it hasn’t progressed through numerous technology and process maturity cycles in the way other sectors have. Consequently, some TH&S companies may be too far behind to catch up iteratively. Instead, they may need to leap into a modern HR platform, rather than attempting to update aging legacy systems.

- Thirty-one percent of TH&S companies have no mobile-enabled HR solutions.

Talent acquisition: Enter the cognitive recruiter

Ninety-four percent of TH&S companies do not use tools such as robotics, cognitive computing, and AI for applicant screening. Because of their intense operational focus, many TH&S companies have developed static employee experiences, with poor digital enablement around recruiting, career pathing, learning, and employee engagement. Employee expectations are changing as fast as customer expectations. When it comes to talent acquisition, TH&S companies should define what employee experience should look like, just as vigorously as they define what the customer experience should be.

- Thirty-eight percent of TH&S companies are currently re-evaluating talent acquisition strategies and programs.

- Invest in mobile technology and systems that are easy to use, allowing multi-dimensional communication at all levels of the organization.
- Embrace HR analytics and capabilities to better predict performance, turnover, and engagement.
- Refresh career models and company branding in the marketplace to attract the desired talent into the roles that support future-state business objectives.

Through an assessment, a major hotel chain quickly realized that its employees would feel more empowered to deliver exceptional customer experiences if its managers regularly engaged them, provided real-time performance feedback, and communicated openly about potential concerns. The company started by adding employee engagement to the management team’s performance evaluation, and communicated it to their annual bonuses. Then, it enabled leaders by training them on employee communication, providing them with real-time performance feedback forms on their mobile devices, and giving them local autonomy to meet employee scheduling needs. Within six months, engagement increased by 6% company-wide and customer satisfaction rose 3% during the same time period.

A major sit-down restaurant group realized that it needed to revamp the way it recruited employees across its brands. Traditionally, the company held open interview sessions for prospective candidates on the same day each week, selecting those that best exhibited the cultural aspects of the respective restaurant brand. By enabling its recruiters with digital sourcing and selection tools, the talent acquisition team was able to screen candidates in advance of the interview sessions, helping them target those who were a good fit. Through this effort, the HR group not only saved significant time but also improved retention rates by targeting candidates who had the right skill sets and best aligned with the company’s culture.