



2023 Human Capital Trends: New Fundamentals in a Boundaryless World

A Public Sector Perspective

For decades, public sector jobs have been built around a set of assumptions, with well-established boundaries - office/home; humans/technology; management/workforce; core employee/non-traditional worker. Today those boundaries are blurring very quickly. As the ripple effects of a pandemic, societal changes, and technological changes continue to be felt across the country, public sector organizations must adjust to a new landscape where these conventional boundaries no longer exist.

The blurring of boundaries creates opportunities to show up in fundamentally different ways. Organizations and workers should challenge prior assumptions and adopt a new set of management and workplace fundamentals built for a dynamic, boundaryless world rather than the stable, compartmentalized one we are leaving behind.

As government organizations break down the traditional boundaries that kept their organization structured and orderly, they are learning to innovate and experiment as they define new fundamentals of work. As why we work, where we work, when we work, and how we work are being redefined, public sector leaders are helping to shape the future of their organizations by focusing on human outcomes and supporting the transition from a traditional work environment to a boundaryless world.

In a world where mission success is dependent on attracting and retaining the right talent, the public sector must rethink the traditional relationship it has with its workforce. Collaboration and co-creation between an organization and its workforce creates agility and a sense of ownership, commitment, and purpose that is essential to maintaining an engaged, productive, and successful workforce.

The rules of engagement are shifting, opening doors for greater and more meaningful collaboration and co-creation between organizations and workers.

Public sector organizations have always had Purpose and Mission at their core. By connecting the dots between workforce activities and purposeful, mission-driven outcomes, public sector organizations will inspire their workforce and create meaningful work that retains top talent while effectively and efficiently completing mission-critical work. Removing traditional boundaries supports the movement towards a purpose-driven organization by empowering workers to shape the work and environment in a meaningful way. To help usher in the “purpose unleashed” future, public sector leaders will need to challenge existing ideas around how the hierarchy of work is structured and adopt new workplace and management fundamentals that support a dynamic workplace.

The new fundamentals require organizations to: **(1) frame the challenge differently, *thinking like a researcher*** in how they approach their strategies, treating every roadblock as an experiment from which they can learn, adapt, and improve; **(2) chart a different path, *co-creating with their workforce*** in pursuit of new and evolving purpose, innovation, and reimagination; and **(3) design for impact, *prioritizing human outcomes*** and approaching strategies from a human lens

FRAMING THE CHALLENGE: THINK LIKE A RESEARCHER

Organizations and workers must activate their curiosity, looking at each decision as an experiment that will expedite impact and generate new insights. This encourages workers and organizations to challenge the status quo, collaborate, and learn from each other to refine the potential future ways of working. Three of the trends in this report exemplify this idea:



Navigating the end of jobs: *Skills replace jobs as the focal point for matching workers with work*

Powering human impact with technology: *Technology contributes to making work better for humans and making humans better at work*

Activating the future of workplace: *The work itself drives the definition of the workplace*

CHARTING A NEW PATH: CO-CREATE WITH THE WORKFORCE

To be successful, organizations and workers will need to learn how to reach the purpose unleashed future together, by co-creating new rules, boundaries, and relationships. Public sector organizations should look to share control of their ways of working and allow the worker to drive change. Three of the trends in this report exemplify this principle:



Negotiating worker data: *Organizations and workers vie for control of worker data when they should focus on mutual benefits*

Harnessing worker agency: *Organizations drive value and strengthen their relationship with workers by embracing rising worker influence*

Unlocking the workforce ecosystem: *Removing traditional employment distinctions unlocks access to a true workforce ecosystem—and with it, critical skills and worker potential*

DESIGNING FOR IMPACT: PRIORITIZE HUMAN OUTCOMES

To reach the purpose unleashed future, organizations must prioritize the human within the worker, and create inclusive and meaningful working environments. As the original social enterprise, creating value around broader social issues is at the core of public sector missions and should be infused into everyday work. Three of the trends in this report exemplify this concept:



Taking bold action for equitable outcomes: *Addressing systemic bias in all aspects of the talent lifecycle to achieve equitable outcomes*

Advancing the human element of sustainability: *Human sustainability rises to the fore of organizations' sustainability strategies*

Elevating the focus on human risk: *Opening the aperture and changing the lens on risks to focus on the human element*

LEADING IN A BOUNDARYLESS WORLD

A new brand of leadership will be required that focuses on where you show up and how you show up, and the mindset you adopt to drive work forward. Leaders will need to use experimentation to inform better solutions, foster learning, accelerate value, cultivate deep and intimate relationships with workers, and widen the aperture of decision making to understand the full impacts

Public Sector Survey Responses

As public sector organizations continue to expand their flexible work capabilities and renew their focus on worker wellbeing, leaders are facing a new task; how to ensure employee voices are heard and empowered. Across public and private sectors, employees are increasingly looking for more opportunity beyond where and how they work, but why they work. While last year's perspective focused on fostering a positive employee experience, this year's survey findings highlight why flexible work may only be the beginning to actualizing workforce potential.

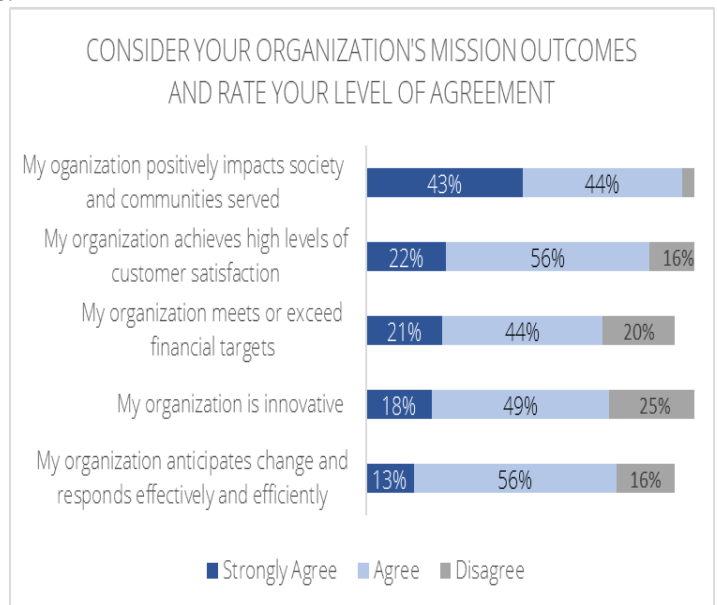


Source: Deloitte 2023 Global Human Capital Trends Survey

Although respondents expressed that capitalizing on leadership capabilities and effectiveness was the most important aspect of their future success, enabling workers to match their skills with organizational priorities and embedding DEI into everyday ways of working were a close second. In other words, as organizations look to grow their success and influence, focusing on the unique skills and identities of their workers is a key element to thriving in a new era of work.

While organizations may have their priorities clear, the survey found that their level of organizational readiness, tells a different story. For issues that were top of mind for public sector leaders, over a third of our respondents said their organization was *not ready* to address issues that were top of mind for employees such as increasing worker influence and inclusively leading an expanding workforce. This gap highlights the growing need for the C-suite to actively strategize and develop a path that embeds the empowering of the workforce on an organizational level. Adopting a proactive mentality to include the voice of the workforce on a holistic level will separate the organizations that revert to pre-pandemic ways of working, from the organizations that thrive.

There is one crucial factor that uniquely positions public sector organizations for success in comparison to other entities: the positive impact on society and communities served. Compared to private sector organizations, survey respondents were nearly one and a half times more likely to feel the unique impact that public sector organizations have on society. This data point is buttressed by similar findings in Deloitte's Gen Z and Millennial survey which reported that nearly 2 in 5 respondents turned down a job if it was not aligned to their values. As public sector organizations contemplate strategic efforts in attracting, keeping, and growing their workforce, remaining committed to their mission and values will go a long way.



Source: Deloitte 2023 Global Human Capital Trends Survey

Navigating the End of Jobs

Summary

Organizations are seeing the value of moving towards a skills-based approach to managing work and workers – it delivers business agility and worker autonomy, and it enables work to be performed beyond formal job boundaries. With a skills-based approach, workers are not viewed narrowly as job holders performing pre-defined tasks; instead, they are viewed holistically as unique individuals with a portfolio of skills that can shift and grow. In switching to a skills-based model, organizations create agility to meet mission demands while impacting all workforce practices throughout the talent lifecycle – from hiring to career development to performance management to rewards based on the skills an employee has, as opposed the strict job title they hold or their position.

By the Numbers

65% of public sector respondents noted that their organizations expect to experience shortages for critical worker skills over the next two years. Anticipating how to fill these jobs pose a barrier as well with only 13% *strongly agreeing* that their roles were dynamic enough to keep pace with evolving work responsibilities

How this trend applies to the public sector

Private sector organizations have shown that switching away from jobs to a skills-based approach sets organizations up for greater flexibility and resiliency in the future. However, the public sector also has a critical need for a flexible workforce that can provide agility as organizations face ongoing changes to mission requirements, technology needs, and fiscal limitations. For the US Federal Government, Executive Order 13932 (passed in May 2022), was a step in the right direction; it pushed many government organizations to make roles more accessible to candidates from non-traditional backgrounds by shifting recruiting strategies to focus more on skills and competencies. Yet, despite this, many government organizations have struggled with putting skills-based approaches into practice due to cultural resistance and existing rules and regulations that pose significant challenges to employers as they work to adopt new practices.

In order to compete with the private sector, Government organizations need to shift away from rigid jobs structures, departments, and roles and focus on strategies that allow them to be more flexible. The flexibility that comes from switching to a skills-based approach will open up more opportunity for public sector employers to focus on meeting mission demands while maintaining overall engagement and workforce development. For employees, the shift to a skills-based approach will allow them to have a more flexible, diverse career experience because they are not tied to one specific position or waiting for the person ahead of them to retire. Employees are then able to navigate their careers based on their skills and continue to develop skillsets they are interested in.

Government organizations, and the departments within them, can begin by implementing pilots to pressure test skills-based approaches, such as implementing new interviewing practices and hiring people from alternative talent pools based on their skills, as opposed to their degrees and certifications. It is also imperative that government organizations with cross-governmental jurisdiction, such as the Office of Personnel Management (OPM) and General Services Administration (GSA), create policies in which public sector employers can successfully transition to a skills-based approach to be more flexible and resilient in an effort to achieve the stability they may need in the future.

Path Forward for Public Sector Organizations

Conduct an internal audit of the current workforce and create an inventory of existing skills and interests based on their current role as well as previous work and educational experiences.

Create tiger teams to pilot the switch to a skills-based approach, work on developing strategies to fill in any gaps while continuing to expand tiger teams to other departments.

Create an operating model for the work and workplace that places skills, more than jobs, at the center. It should outline an initial operating capability (IOC) and full operational capability (FOC), allowing time to refine the strategy over time.

Survive

Thrive

Drive

Trend in Action:

To ensure its workforce has flexibility to address key emerging policy areas, the **Department of State** has analyzed workforce gaps and is working to adopt a “training float” concept. The training float will provide training to current and future employees that will increase their ability and skillset in growing diplomacy areas. This program will also allow employees to receive training without disrupting their ability to meet the goals of their everyday work.

Powering Human Impact with Technology

Summary

Technology is becoming a teammate, performing work alongside human workers to create better outcomes. In the next evolution of the tech-human relationship, tech isn't just working on the work, it's working on the worker. This is more than just wearables.

Technology is intervening in a myriad of ways at both the individual and team levels to prompt behaviors, nudging workers to be their best selves. This elevates tech's impact beyond productivity, to performance, as tech aids workers in becoming better humans, and better humans do better work.

How this trend applies to the public sector

Until recently, government and public sector organizations have typically used technology platforms and tools in more straightforward ways to ensure mission delivery. The COVID-19 pandemic and shift to the virtual work environment accelerated the uptake of new technologies, and organizations had to deploy their existing technologies on a bigger scale to accommodate more remote workers and their experiences. However, only 40% of leaders said that they're using technology to collaborate with teams in creative ways like nudging workers toward development and performance goals or using technology to help humans have more opportunities to use human capabilities (e.g., creativity). This is where the true opportunity lies – adopting technology that augments human performance, not just automate it. Currently, leaders surveyed reported that their number one collaborative area between technology and teams is collaboration tools like Zoom or Skype (67%). Organizations should now assess where technology can intervene and enhance worker experience, either by fully leveraging preexisting technologies or adopting cutting edge platforms. For example, a virtual meeting platform like Microsoft Teams can be configured to provide live feedback on participation and lead the meeting host to engage quieter participants. By taking advantage of existing technologies, a future of enabling humans to work better is closer than previously thought.

Public sector organizations may face high resistance to change from their workforce. Leaders stated that the biggest barriers to technology, humans, and teams collaborating to achieve better outcomes were the technology itself (34%), culture (35%), and ways of working (29%). Government agencies face unique challenges relative to the commercial sector as recent OPM data shows that only 10% of the federal civilian workforce is between the ages of 20-34, while 34% of the workforce is between the ages of 50-64. When exploring tools to improve workers' performance and experience, organizations must ensure leadership buy-in to new technology and commitment to robust change management. At the onset of adopting a new technology, organizations should start with top-down change management to secure leadership buy-in. Leaders can build and grow their own tech acumen not only to understand the potential cost savings and performance improvements, but also to articulate the benefits of using technology as a teammate and socialize the positive impact to their workforce.

Public sector leaders should recognize that technology is not replacing their workforce, but rather enabling them to deliver the work and outcomes that they are equipped to do. Now more than ever, public sector organizations should take a holistic approach to technology to deliver on a workforce experience that enables workers to thrive and fulfill the mission as their best selves.

Path Forward for Public Sector Organizations

Identify success metrics for teams and individuals and update existing technology with add-ons to help meet these goals.

Examine historical performance data and create a long-term plan to update your technology suite to provide nudge to individuals and teams towards optimal outcomes.

Examine current training programs and adopt cutting edge technology like virtual reality to improve the worker experience, in turn improving worker performance.

Survive

Thrive

Drive

Trend in Action:

The **Veteran Benefits Administration (VBA)** adapted artificial intelligence-enabled systems to cut down on mail processing time. By applying AI that could sort incoming claims more quickly, VBA was able to reduce the time spent sorting claims from 10 days to less than a day. This savings will allow employees to focus less on manual tasks that could be completed with technology and direct more of their attention toward human centered tasks like claim disputes.

By the Numbers

The number one observed benefit to technology was maintaining worker engagement, with 28% of public sector executives surveyed reporting it as their largest benefit. 26% also highlighted the possibility of increased worker engagement as a key benefit. Over 30% of public sector leaders surveyed anticipate that changing organizational culture and ways of working would remain the most significant barriers in maximizing the potential of new technology.

Activating the Future of the Workplace

Summary

The workplace is no longer one location, or necessarily a location at all – it has become anywhere, physical or digital, that work gets done. Workplace is, at its core, an input to the work itself. Many public sector organizations adapted on the fly to increased telework, and telework policy has and may continue to change with administrations. Government organizations may have workforces that are no longer centrally located, but the work that needs to be done has stayed the same throughout the course of the changing times. The experience for remote employees and in-person employees will be diverse, but it is imperative that standards for work be equitable for all parties. Rapid advancements in new technologies, growing worker agency, and broader organizational objectives will advance this trend even further, not just among knowledge workers, but among all workers.

How this trend applies to the public sector

Many of the public sector workplaces were originally created to house substantial in-person workforces. Now, most workplaces possess resources available in the average telework environment. Traditional workspaces are no longer a necessity to the productivity of the workforce, as technology has pushed hybrid work environments to the forefront in terms of overall efficiency and individual well-being. Despite increasing demands to return to physical offices, the future of the workplace will not be the static environment it was previously. Looking forward, government organizations must reimagine workplaces to fit a more hybrid-focused culture and demonstrate that the government workplace can be an attractive environment to the newest generation entering the workforce. There is no a one-size-fits-all remedy, as not every government organization has the ability to holistically accommodate telework; however, change is feasible as only 8% of organizations responded as resistant to changing workplace strategy. Public sector workplaces are researching and experimenting with how to utilize existing office space to maximize value for mission delivery.

Repurposing and downsizing physical spaces is an emerging theme as government organizations look to create successful work cultures that can enable both in-person and remote employees; already 72% of organizations have begun redesigning their existing processes to better consider use of technology. Leveraging hybrid environments to best distribute what work is done by humans and what is resolved with technology will be the difference maker between organizations prepared for the future and those who fall behind. The workplace is not limited to physical and technological changes; many workers never experienced telework even at the height of the pandemic, yet accommodating these employees into modern workplaces will shape the already competitive market for talent. 34% of public service leaders have noted hybrid models have led to an increase in employee management and well-being needs. Therefore, hybrid environments will likely require procedural changes to traditional management practices such as reliance on virtual meetings and flexible approaches to performance evaluation. Organizational leaders must listen to the people across their workforce to better monitor and adapt to the evolving needs and preferences of their employees to ensure that they can continue to attract and retain top talent.

Path Forward for Public Sector Organizations

Provide equitable standards for both in-person and remote workers, and ensure technology supports a hybrid workforce

Optimize the use of technology to replace physical task with virtual options. Address stakeholder tensions that affect policy surrounding remote work

Establish a hybrid culture that accounts for the new era entering the workforce. Invest in new technology and upskill employees to ensure they have the necessary skills to succeed in new hybrid environments.

Survive

Thrive

Drive

Trend in Action:

Division of TennCare, the State of Tennessee's managed Medicaid agency, used a productivity study to evaluate the future of their workplace. Productivity improved in the remote environment but there were still tasks that needed to be done in-office. As a result, TennCare adopted a hybrid work policy allowing employees to choose to work in office as needed. TennCare also worked to balance the in person and telework experiences by providing employees with a home office equipment subsidy and by transforming their office spaces into one collaborative workspace with unassigned sets.

By the Numbers

Second only to improving leadership qualities and capabilities, 34% of public sector survey respondents expressed that improving and increasing ways of working was most *important* to creating a workplace where employees can thrive. In fact, a global Deloitte survey found that most Gen Zs (75%) and millennials (76%) would prefer working patterns where they either split their time between remote and on-site work or work entirely from home. Less than half of Gen Z and Millennial respondents across the private and public sector have the option to do so.

Negotiating Worker Data

Summary

Data has become more valuable than ever, with organizations collecting more types of data from more of their workforce and using it to improve organizational performance, workforce experience, and outcomes for stakeholders. However, ownership of that data has become complex, particularly data that pertains to the public sector workforce, especially as workers have gained increasing influence on the use of their own information, bolstered by regulation handing the decision rights to the worker. Organizations must establish trust with workers by being transparent about the data they are collecting, ensuring data privacy, and ensuring their workers experience the mutual benefits of the use of their own data.

How this trend applies to the public sector

Large scale data collections of personal data by the public sector, like the decennial Census, are often justified by the benefits gained by constituents. However, despite the experience of the public sector in delivering at the national level, the government has been unable to replicate this relationship with much of its own workforce. Government employees often lack the same expectations of personal data privacy as their commercial sector counterparts. Public sector workforces are left unaware of what types of personal data are collected by their employer, where it is stored and protected, and how it may be used to advance their organization's mission or their own workplace experience. Given the security requirements for certain government work, many agencies require a cleared workforce to establish trust when handling sensitive data, which requires that employees surrender large amounts of personal data as a condition of employment. Despite the volume and sensitivity of such information, there are few norms and stewardship practices in place. An [OPM data breach](#) involving more than 21 million Social Security numbers stolen from background check databases was [recently settled for \\$63 million dollars](#). Government workforce data is so highly valued that malicious actors are willing to engage in cybercrimes to obtain it.

The public sector must now establish trust with its own workforce. Personal data is a currency for the workforce that workers are unlikely to share without a clear understanding of how it is used for their own personal benefit. Ninety percent of employees surveyed say they are willing to let their employers collect and use their data for their work, but only if they benefit in some way. For example, consumers that accepting browsing "cookies" benefit from tailored advertisements, and vendors benefit by gleaning information on the spending habits and internet activity of their customers. Government workers who provide their address benefit from locality pay adjustments and more competitive compensation commensurate with their community, and agencies gain insight into the geographical distribution of their workforce. Reinforcing this connection between worker data and workforce experience improvements is crucial. Organizations of all data ownership maturity levels should clearly communicate tangible benefits derived from the collection of employee data, and if they are unable to convey this linkage easily, perhaps it is a sign it they are not doing enough. Only once this critical step has been accomplished may the government make meaningful improvements to workforce experience.

Path Forward for Public Sector Organizations

Protect and manage sensitive personal data, and ensure robust data security

Instill a culture which values and prioritizes responsible stewardship of personal data, and increase transparency with employees with respect to their data that is collected

Develop an improved workplace experience and implement programs and initiatives which leverage workforce data for the benefit of both the workforce and the broader organizational mission

Survive

Thrive

Drive

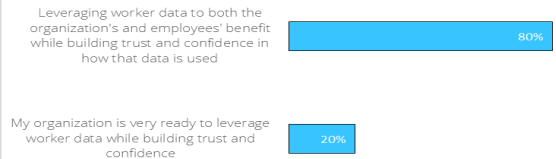
Trend in Action:

USAID enhanced the Foreign Service Assignments process by building an employee profile populated with employees' personal data and historical personnel information, as well a position solution that defines the positions to inform planning. USAID matched position criteria to employee profiles to control for eligibility and fit to inform assignment decisions across the agency. By expanding position criteria and the available employee data – including language proficiency, level, education and certifications, positions held, family details – USAID was able to build workforce planning models to ensure that employees were placed in positions that both matched their personal preferences and address mission critical needs.

By the Numbers

80% of surveyed public sector leaders believe that leveraging worker data is *important or very important* to their organization's success. Yet only 20% believe they are *very ready* to do so.

The readiness gap for leveraging worker data



Source: Deloitte 2023 Global Human Capital Trends Survey

Harnessing Worker Agency

Summary

The balance of power is shifting from the employer to the worker as workers across the world are demanding more autonomy and latitude to make choices about how, where, and when they work. This rise in worker agency means that employees have newfound influence over the actions, decisions, and policies of their employers. Organizations that harness the power of worker agency and commit to integrating workers perspectives into their business practices will not only see positive impacts on culture and employee retention, but they will also achieve greater innovation, efficiency, and integration that comes from an engaged and empowered workforce.

How this trend applies to the public sector

There has been significant movement in select organizations around worker agency in the public sector as some are taking large strides to involve the workforce in strategic decisions. Some public sector organizations are giving their workforce more flexibility and autonomy, particularly in terms of their workplace, and OPM has released statements that federal workers are “agency-hopping”, moving away from agencies with strict office re-entry policies towards agencies where they perceive greater choice and flexibility over their workplace arrangements. Public sector leadership is also faced with a difficult challenge; [just over 7%](#) of all permanent, full-time federal civilian employees are currently under the age of 30, compared to more than 19.7% of all private sector employees. The data shows that public sector organizations are struggling to attract the younger, digitally savvy generation of talent, and to solve this challenge, leaders need to rethink their approaches to attracting a generation of talent that is demanding more autonomy and choice in their work. Public sector organizations will need to overhaul their governance and transform their cultures to create work environments that are attractive to young, diverse workers. This will require leaders to listen to their workers’ wants and needs and move away from purely hierarchical, top-down approaches to leadership that are in stark contrast with the expectations of many in the future workforce. Reorienting to emphasize collaboration, co-creation, and shared governance—fueled by diverse backgrounds and perspectives—builds cultures that engage and retain talent and align with the emerging way of working.

Organizations should take concrete steps to create opportunities for workers to share their preferences and opinions—through decision-making forums, worker councils, or even crowdsourcing—and then integrate workers’ perspectives into business practices. Government leaders can also invest in resources such as internal talent marketplaces—forums where employees can look for rotations, projects, or new roles within the organization—to provide a mechanism for employees to engage in projects they are passionate about or where they can gain experience in different roles. By empowering these workers and providing them with more agency to choose how and where to work in the way that makes them most productive, organizations will not only see positive impacts on hiring and retention, but they will see the positive effects on innovation, efficiency, and implementing digital solutions as these workers harness their passion and turn it into productivity.

Path Forward for Public Sector Organizations

Collect worker sentiment through the use of survey-based, digital tools that capture and visualize worker input and make the results transparent back to the workforce.

Create structures and processes that directly involve workers and their representation (i.e., councils, labor unions, communities) into decision-making forums where workers have a seat at the table.

Grant autonomy in work by letting workers flow to projects, tasks, problems to be solved. If data can prove that workers are helping achieve the goals of the organization, they can have more autonomy over how they achieve it.

Survive

Thrive

Drive

Trend in Action:

The Executive Branch of the Commonwealth of Massachusetts Future of Work program, led by the Administration and Finance Secretariat, is moving its office-based workforce towards a hybrid operating model. Employees were convened to hear about opportunities, challenges, and successes, and to learn how to better manage and support employee performance. Change management, communications, data analytics and process improvement support were also provided during the transition.

By the Numbers

85% of respondents said that worker agency was either *important or very important* for their organization’s success, yet only 14% said they were very ready to address issues of worker agency within their organization. This gap is felt by employees as well. Our survey found that 32% of Gen Zs and 33% of Millennials say decisions are made from the top down within their organizations and employee feedback is not often acted upon.

Unlocking the Workforce Ecosystem

Summary

Organizations increasingly rely on non-traditional workers for skills and activities that are strategically important, yet their strategies and policies are still designed for traditional workers. To unlock the full potential of their workforce ecosystem, organizations need to focus on creating an inclusive, integrated, and equitable talent experience for all workers, regardless of their source (public sector employee, contractor, consultant, gig worker). This requires workforce strategies, processes, and programs that maximize the unique contributions of different worker types while supporting them all in a more consistent way. A true workforce ecosystem will ultimately elevate the worker experience and lead to improved business agility and scalability, expanded access to talent, and improved worker productivity and performance.

How this trend applies to the public sector

Working with external partners and workers is not a new concept for public sector organizations. For decades, agencies and departments have enlisted contractors, consultants, specialists, and others from various talent pools to supplement their traditional, full-time workforce in achieving their mission. However, now is the time for public sector organizations to think differently about how they administer and embrace their full workforce ecosystem to reap the benefits of innovation and agility that come from an integrated, engaged, and empowered workforce. Incorporating all workers into your organization's workforce and culture rather than just viewing external workers as supplemental allows for a more fluid work experience between workers which could lead to more innovation and sharing of crucial skills. Organizations need to break down the silos and boundaries across workforce segments and provide all employees, regardless of their workforce category, with an equivalent talent experience that unlocks their full potential.

A first step for many organizations is to conduct an assessment of the skills needed to achieve the mission and then determine which workforce type, or individual worker, is best suited to meet those needs. For example, in certain fields, such as engineering and data science, the public sector has long lost out on the best candidates to a private sector that can better support fast-evolving fields. Organizations that have embraced and integrated a workforce ecosystem approach would have the tools and infrastructure in place to engage with workers in such fields. Instead of only approaching candidates as a full-time traditional hire, positioning roles as apprenticeships or internships could bring critical talent into those key fields, at least for some time. However, the biggest challenge for public sector organizations as they look to the future will be to think beyond who is getting the work done and begin thinking about how, as an organization, they can bring the right worker into the fold and make them as productive and empowered as possible. This includes addressing the cultural and technological barriers between the different types of workers and working to break them by focusing on inclusivity in language, policies, and practices.

Path Forward for Public Sector Organizations

Develop strategies and processes that reflect the contributions of all employment types and update regularly to ensure they meet the needs of the organization.

Survive

Address the cultural and technological barriers between the different types of workers and work to break them by focusing on inclusivity in language, policies, and practices.

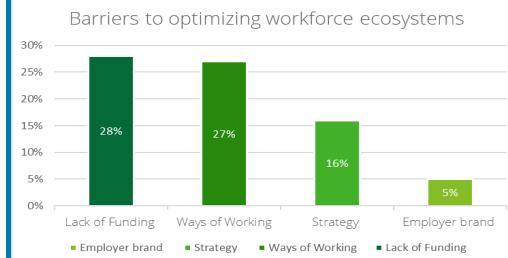
Thrive

Partner with outside entities, including universities, to identify needed skills for the future workforce so new workers can be better prepared for internships and employment within the sector.

Drive

By the Numbers

Nearly 30% of public sector survey respondents expressed that barriers to optimizing their workforce ecosystem were both operational and cultural.



Source: Deloitte 2023 Global Human Capital Trends Survey

Trend in Action:
The **U.S. Air Force** considering recruiting commercial pilots from private sector to improve the military pilot shortage. This shared ecosystem will allow USAF to leverage the aviation training and experience of commercial pilots with FAA certifications and in turn accelerate the civilian pilot's path to military 'wings' and aviation certifications. This could increase access to pilots at a faster pace. The strategy of acquiring private sector talent, while continuing to encourage current USAF pilots to recommit can help both the USAF mission and pilots across public and private sectors.

Taking Bold Action for Equitable Outcomes

Summary

Organizations have put dedicated focus on Diversity, Equity & Inclusion (DEI) initiatives to treat these three topics as a single, isolated objective. DEI progress has traditionally been measured based on activities and metrics, often with little consideration for actual outcomes achieved. Instead, many organizations with more mature DEI programs integrate their DEI objectives into their overall mission, with diversity and inclusion initiatives acting as prerequisites to obtaining equitable outcomes. No matter how organizations are investing in DEI initiatives, they need to consider how those initiatives are enabling achievement of equitable outcomes for their employees, to demonstrate real impact and create a sense of belonging. DEI actions should be in service of achieving equitable outcomes in the workforce—and broader society—while boosting an organization’s innovation, competitiveness, and long-term success.

How this trend applies to the public sector

Equitable outcomes are achieved when all people have fair access, opportunity, resources, and power to thrive, with consideration for and elimination of historical and systemic barriers and privileges. Equitable outcomes are only possible with the removal or redesign of systems, policies, practices, attitudes, and cultural messages that reinforce differential outcomes by identity or that fail to eliminate them. Over the past few years, public sector organizations have made substantial, public DEI commitments and pledges to DEI initiatives. These commitments have resulted in the rise of new DEI initiatives across organizations, including developed leadership programs for marginalized communities to increase gender and racial diversity within leadership positions. However, actions and programs that are diversity- or inclusion-focused do not always result in equitable outcomes because organizations may not update their performance management processes, like recruiting and hiring practices, that may serve as barriers to equitable advancement within all communities in the organization. Organizations can not only address one element of the talent lifecycle or solely invest in Inclusion boards to achieve DE&I objectives. Organizations should address systemic bias in each phase of the talent lifecycle for equitable outcomes to be achieved.

In order to achieve equitable outcomes, public sector organization should focus on redesigning all parts of the organization’s operations across the talent lifecycle. Dedicated programs that enable diverse leadership that reflects the organizations’ makeup of gender, race, and professional backgrounds, and ensuring recruiting tactics can reach employees with diverse backgrounds, will help achieve equitable outcomes. All resources in the organization should be accessible to all employees of the organization no matter their background, and outcomes of DEI practices need to be as transparent as possible.

By striving to achieve equitable outcomes, public sector organizations can create a sense of belonging and shared culture within the organization, which will increase retention and make employees feel supported. This will also help to breakdown boundaries within the workplace by allowing all communities within the organization to feel supported and included. By maturing on their DEI journey, and attracting diverse candidates, public sector organizations can reach a place where equitable outcomes become the norm. By working towards equitable outcomes, public sector organizations can support the creation of a boundaryless world, by breaking down the old way of thinking about DEI and creating systemic changes throughout their talent lifecycles.

Path Forward for Public Sector Organizations

Public sector organizations can comply with federal or state and local policies to remain compliant on DEI, including meeting R&H metrics and workforce metrics.

Public sector organizations should implement DEI practices within their day-to-day work and be transparent with their outcomes and data to constituents and employees.

Public sector organizations should fully integrate DEI practices, reduction of bias, and objectivity into their entire talent model to decrease unconscious and conscious bias and support equitable outcomes.

Survive

Thrive

Drive

Trend in Action:

The **Department of State** released their 5-year DEIA strategic plan. The plan differentiates from previous efforts by using data and evidence-based research to determine the barriers faced by their workforce regarding equitable career outcomes, including DEIA advancement as a performance metric, targeting underrepresented groups in recruitment efforts, enhancing reasonable accommodations, and developing a retention unit to investigate key causes of attrition within the Department.

By the Numbers

The survey found that while 50% of public sector organizations measure their Inclusion efforts by workforce outcomes, only 30% measure outcomes for Diversity and Equity efforts. This data point highlights that organizations are more focused on measuring DEI efforts with employees that are already part of the organization, than focusing on outcomes in their hiring and recruiting operations.

Elevating the Focus on Human Risk

Summary

When organizations think about human-related risks, they typically focus on the risks that workers pose to the organization, and not the risks that our society and environment pose to their workforce. Some of the external risks that have an impact on the workforce include climate change, racial injustice, technology, health risks, political, or economic risks. Public sector organizations have often looked at these external risks and their impact to their organizations separately from the way these risks impact their workforce. Looking at disruptive risks through a human lens enables a deeper understanding of root causes and secondary effects of how human risks impact the organization, leading to more complete, effective and humane solutions for mitigating disruptions to the workforce. Human risks in this context are the risks that affect the workforce and their outputs. Public sector organizations cannot attract and retain top talent if leaders do not focus on mitigating risks to the employee.

How this trend applies to the public sector

Public sector organizations have typically thought through external risks and their workforce as separate entities. Public sector leaders have typically not thought of environmental risks, the impacts to their workforce, and the role their organization has in protecting their workforce against these external risks. Public sector organizations are responsible for both setting mission driven policies to mitigate human risks and setting the same standards within their own organizations for their own workforce to follow. Public sector organizations can use predictive information to ensure their workforces are protected from these different risks and can take a top-down human centered approach to understanding and mitigating human risks. This will help breakdown the previous boundary of thinking of external risks and the workforce as separate entities and instead use a human lens to view these as two connected entities.

Prioritizing taking a human centered approach to risks can help mitigate them by increasing employee satisfaction in the workforce and creating a human connection between leaders and workers. Public sector organizations can take a human centered approach by analyzing the values of their workforce and incorporating these values into the employees' everyday work. For example, building strong mentorship and career coaching programs to increase employee satisfaction and workforce retention can help mitigate worker burnout and support workers' mental health. By taking a human centered approach, public sector organizations can preemptively solve for human risks to their workforce since workers will feel supported by the organization.

One of the largest human risks to public sector organizations is the lack of support to employees' mental health. Organizations that prioritize well-being and mental health support will decrease burnout within their workforce and create a stronger workplace culture. Public sector organizations should begin to evaluate how strong mental health within their workforce will improve the employee experience and strengthen their organization. By ensuring mental health is at the forefront of leaders and employees' minds, this will support a boundaryless world by breaking down pre-conceived notions of mental health in the workplace.

Path Forward for Public Sector Organizations

Public sector organizations must prepare to identify external human risks and become proactive in their response to external risks by regularly collecting data that will help inform decisions.

Survive

Public sector organizations must use data both to predict external risks and predict behavior, insider threat, attrition, and burnout within their workforce.

Thrive

Public sector organizations must use data to be predictive of external risk and workforce behavior, and then implement mitigation solutions before risks occur.

Drive

By the Numbers

Public sector survey respondents identified the top three human risks affecting their workforces today to be Government intervention, workforce viability, and economic inequity. The future, however, raises different risks for public organizations. Education and political instability were the top two forecasted risks, with just 22% of respondents anticipating a risk related to an ageing and shrinking workforce. This challenged the assumption that an ageing and shrinking workforce would be the top risk associated with future growth and success.

Trend in Action:

The Department of Defense (DOD) recently expanded its Military Leave Program. To support the development of military families, DOD recognizes that service members need to be able to care for their families. The previous policy allowed 6 weeks of leave for primary caregivers and 3 weeks for secondary. The update will allow for 12 weeks of leave after a new birth, adoption or accepting a foster child. The expansion helps members balance their unit responsibility with the needs of their families.

Advancing the Human Element of Sustainability

Summary

Organizations have been making strides in making more sustainable decisions, such as reducing carbon emissions, but they are missing the human element of sustainability. For many organizations, making these sustainable decisions are driven by public relations or brand defense as opposed to meaningful outcomes. For organizations to truly create lasting fundamental change, they need to focus on their people and culture. Environmental, Social, and Governance (ESG) is a framework used by organizations across the globe to report progress against their sustainability agenda, including impacts on the planet (environmental) and their workforce (social), as well as the role that their decision-making processes and transparency play on the ecosystem (governance). Sustainability is meeting the needs of the present without compromising the ability of future generations to meet their own needs. Organizations are developing or looking to develop unified, cohesive strategies for integrating sustainability into their purpose, strategy, and culture. To embed sustainability within their workforce, organizations must take a holistic approach by planning strategically for sustainable skills needs, making work better for humans, and designing for human sustainability. Advancing the human element of sustainability is key to maintaining a workforce that feels valued and where the workforce's values are aligned with the organization.

By the Numbers

Over 70% of public sector leaders reported ESG as *important* to their organization's success. Yet, ownership of ESG priorities remains a challenge. 42% of public sector survey respondents – all coming from a variety of different levels and roles – said their function has no role in the organization's sustainability or climate goals.

How this trend applies to the public sector

Most public sector organizations have been prioritizing sustainability for years, even if not explicitly bucketed under a formal ESG strategy. Explicitly infusing the human element of sustainability into mission-driven work and culture can help attract and retain top talent, ultimately helping public sector organizations enhance their impact. The public sector, particularly the government, is unique when it comes to sustainability because not only is sustainability important for organizations to implement from within, but the government also needs to lead by example to all organizations. Many government agencies set sustainability standards for organizations operating in the US and across the globe. For example, the federal government lays the foundation for ESG mandated reporting to the Securities and Exchange Commission. To lead by example, public sector organizations must implement policies within their organization around sustainability, including environmental justice and racial equity. By upholding the values of keeping the earth habitable and creating a diverse, equitable, and inclusive workplace, public sector organizations will be able to attract and retain top talent.

All work in the public sector should include an element of environmental justice, climate and workforce resilience, and racial equity. By embedding environmental and human sustainability into their work, public sector organizations are giving their workforce a better sense of purpose and belonging. To attract and retain workforce talent, the workers must feel that their work is valuable not only to the organization but also to the greater society. Shared values between employees and their organizations lead to a resilient workforce where the workers are excited to make an impact. The workers feel mentally and physically healthy to create a future that is better for themselves and future generations of society. To ensure public sector organizations are holding true to sustainability values, measures can be created to instill accountability, including tracking climate goals and implementing DEI targets.

Path Forward for Public Sector Organizations

Public sector organizations must align their leaders with a sustainability vision and communicate the goals to its workforce. A sustainability impact statement should be included in a recruiting strategy.

Public sector organizations must embed social and environmental sustainability in all elements of their work. They should be transparent and share the sustainability impacts with the workforce.

Public sector organizations must implement organization-wide data tracking metrics for its sustainability goals to increase accountability. Metrics can be tracked through dashboards, reports, and assessments.

Survive

Thrive

Drive

Trend in Action:

The US State Department, Bureau of Energy Resources (ENR) is implementing The Energy Resources Governance Initiative (ERGI) to promote sound mining sector governance and resilient energy mineral supply chains. This initiative enables ENR to advance robust governance principles and encourage partner countries to create a level playing field that attracts responsible investors. To streamline this process, ERGI created an online governance toolkit and related success stories for reference by partner countries and counterparts

Leading in a Boundaryless World

As a leader in the public sector, you are now facing a pivotal moment. The challenges you face with respect to your workforce, the workplace it inhabits, and the ever-changing technological landscape necessitate a creative, proactive approach to addressing the needs of your most important resource. Government has traditionally operated in a world where rigid structures, hierarchies, and job titles defined the organization, with leaders at the “top” of the organization. Your workplace was confined to monumental office buildings and only full-time direct hire employees were seen as your workforce. Contractors, grantees, and other worker types were seen as distinct entities ranging from partners to outsiders.

Now these traditional boundaries are blurring and breaking down. This departure from previously established norms presents you with a unique opportunity to provide a fresh and novel approach to leadership that is different from your predecessors. To galvanize a productive response to the human capital trends already in motion, you can embrace a broader, more inclusive definition of leadership as you pursue solutions to the challenges ahead that will set you and your organization up for continued success. In this new approach to leadership, there are three new fundamentals:

Think Like a Researcher: Making changes to where, how, and why the public sector does work may seem daunting, and certain difficulties and challenges are undoubtedly a function of these changes. However, you are also in a uniquely advantaged position because you have access to a greater wealth of data, tools, and information than any previous generation of public sector leadership. Given the gradual erosion of boundaries between leadership levels, you have far greater agency and autonomy to employ these tools for the benefit of your organization. Approach your organization and your leadership responsibilities as a researcher: implement strategies and solutions while assessing their efficacy based on outcomes and results. While you should aim to pursue what works for your organization, there is equal value in learning what does not. Adopting an empirical, data-driven approach to inform your decision-making and contemplating your organization’s biggest challenges with a methodical mind lays the groundwork for a robust strategy and evidence-driven decisions.

Co-Create the Relationship: A broad rethinking of your human capital strategy and a pivot to a data-driven mindset cannot be accomplished without the commitment and investment of your workforce. Your workforce now has greater agency, responsibility, and influence over the direction of your organization than ever before. As responsibility has become increasingly democratized throughout the ranks of the public sector, you are a partner in a complex dynamic upon which the success of your organization depends. Allow your workforce and stakeholders from all levels to become agents for positive change and recognize that a new generation in your organization brings with it a new set of motivations, skills and competencies. Collaborating with your workforce to shape programs, policies, and culture will yield positive outcomes for the overall effectiveness of your organization as well as from a talent management perspective. Allowing the workforce to weigh in on decisions that impact how they work and their own career journey is vital to the continued success and fulfillment of your organization’s mission. It is also the first step in reestablishing the faith and trust in the public sector that is currently under threat.

Prioritize Human Outcomes: As a dedicated public servant, you understand and support the critical nature of your organization’s mission, and face different concerns than leaders of commercial organizations. While you may not be concerned about shareholder value and market share, you have witnessed increased scrutiny from taxpayers and an erosion of trust in government, not only from the wider public but also from your own workforce. It is imperative that you focus on re-building and re-establishing that trust, which will require designing meaningful outcomes that benefit your organization, the American public, and even the global population. As a public sector leader, you serve as a conduit between the broader mission, the services rendered by the government, and the workforce that makes it possible. You must broaden your aperture to account for all of the factors that impact your organization’s ability to fulfill its mission. You can start by demonstrating a genuine care for the people that you lead in your actions inside and outside of work. This goes beyond empathy – you must demonstrate genuine care and concern for them in their work and in their lives to build meaningful connections and outcomes. If you, as a leader in your organization, can successfully hold yourself accountable to higher standards and prioritize human outcomes, then you can help your government organization get back on a path to rebuilding trust.

What do I do now?



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**For more information about how Deloitte can help
your organization take on the trends, please
contact:**

John Forsythe

Managing Director

Deloitte Consulting LLP

joforsythe@deloitte.com

+ 1 571 882 7994

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