2019 Deloitte Human Capital (HC) Trends
Government & Public Services (GPS) Industry Breakout
A walk through history...

50 years ago

The government mission attracted and energized many employees. They came to work with a sense of meaning and purpose—serving the public.¹

10-20 years ago

Many employees began leaving the government after a few years’ tenure, citing frustrations with bureaucracy, inefficiency, and disconnectedness from the mission.²

Today

With the latest advances, digital technology can remove many of the manual activities that frustrate government employees, allowing current and future employees to have a clearer line of sight to mission impact and meaning.³

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1. Partnership for Public Service, “History and Board,” accessed May 2019
Reinvent with a human focus

**WHAT**
Reinvention means foundational change that uses technology at the core

**WHY**
It all comes back to people—we need to bring the human element back to work

**WHERE**
We must focus on meaning at work
So what does this mean for the public sector?
Many public sector organizations are already addressing challenges to lead the social enterprise and reinvent with a human focus. They are looking internally and externally to help reignite meaning and serve the public.

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<th>Challenges</th>
<th>Opportunities</th>
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<td>Highly competitive talent market</td>
<td>• Revive and <strong>reconnect the organizational mission with the public servant</strong> to retain top employees and attract a new generation</td>
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<td>Pace of technological advancements</td>
<td>• <strong>Embed technology as a tool</strong> to enhance experience, enrich work, increase efficiencies, and serve the public</td>
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<td>Mandated policies and regulations</td>
<td>• <strong>Identify, understand, and rethink policies and regulations</strong> that can constrain progress</td>
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<td>Uncertain budgets</td>
<td>• <strong>Tap into resources like talent and technology</strong> to minimize impacts of budget constraints</td>
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<td>Increasingly complex missions</td>
<td>• <strong>Consider how to use technology, like automation, to decrease time spent on administrative tasks and increase time spent on societal impact and experiences</strong></td>
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2019 Human Capital Trends survey: GPS data and findings...

**Top 10 Human Capital Trends: The GPS Perspective**

- Learning in the flow of life: 84% Importance, 80% Readiness
- From employee experience to human experience: 38% Importance, 35% Readiness
- Talent mobility: 31% Importance, 73% Readiness
- Leadership for the 21st century: 35% Importance, 72% Readiness
- HR cloud: 33% Importance, 71% Readiness
- Accessing talent: 30% Importance, 68% Readiness
- From jobs to superjobs: 32% Importance, 65% Readiness
- Organizational performance: 23% Importance, 55% Readiness
- Rewards: 24% Importance, 55% Readiness
- The alternative workforce: 21% Importance, 34% Readiness

**Human Capital Trends Survey Demographics**

- Job Function: Non-HR 37%, HR 63%
- Organization Size: Small 46%, Medium 35%, Large 19%
- Organization Level: Mid-level 45%, Individual 41%, Vice Pres. 3%
- C-Suite 11%

Source: Unless otherwise indicated, all data referenced is from 2019 Deloitte Global Human Capital Trends report

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Future of the workforce
What we found...

**Future of the workforce:**
How organizations should adapt to the opportunities to restructure job and work design, the open talent economy, and collaborative workplaces

**The alternative workforce**
It’s now mainstream

**From jobs to superjobs**
Enabling focus on unique human capabilities

**Leadership for the 21st century**
The intersection of the traditional and the new

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It’s time for organizations to move beyond “managing” contractors and freelancers and turn to “optimizing” and “leveraging” the alternative workforce deliberately and well. 

79% of public sector respondents stated they are not completely prepared for an alternative workforce, with 64% believing they have inconsistent or little to no processes in place to manage such workers.

To take full advantage of increasing technology in the workplace, organizations should redesign jobs to find the human dimension of work.

57% of public sector respondents believed increased automation to be the most expected change within the next three years, but only 16% indicate they are ready for such change.

Effective 21st century organizations require leaders to pursue traditional mission goals by drawing on new critical competencies.

75% of public sector respondents believed leaders face new and unique business requirements, but only 28% indicate they are effective at identifying leaders to meet evolving challenges.
The existing workforce will be supported in the future by an alternative workforce that helps to address talent gaps

**Up to 40%**

of the United States workforce—composed of individuals that make up the public sector talent pool—works on a contingent basis.\(^5\)

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**Freelance/ independent workers:**

Workers who extend the core employee workforce and are typically paid by the hour, day, or other unit of time.

**Gig workers:**

Workers paid by the task (or microtask) to complete a specified piece of work.

**Crowd workers:**

Workers who compete to participate in a project and are often only paid if they are among the top participants in a competition.

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**Case in Point**

The U.S. Department of Energy (DOE) utilized a crowdsourcing platform called Topcoder to solve a challenging solar energy problem. Using the platform, they asked consumers, entrepreneurs, startups, and energy companies to create solutions for the solar marketplace. After receiving 140 business cases, they selected 17 of the most promising and asked each group to build a minimum viable product (MVP), allowing the DOE to identify the features they liked and those that needed to be improved, added, or removed.\(^6\)

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**Rewire**

Connect the right talent to the right role

Determine how alternative workers can drive objectives

Connect parts of the enterprise, such as HR, business, and procurement

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**The alternative workforce:**

**It’s now mainstream**

Public sector organizations should strategically consider all types of work arrangements to take advantage of strengths, skills, and capabilities across work segments.

Only 3% of public sector respondents said that they have best-in-class processes to manage and develop their alternative workforce.

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2019 Deloitte Global Human Capital Trends Leading the social enterprise
In 2018, 63% of public sector respondents believed AI and cognitive technologies would impact their workforce by 2020—now, in 2019, many organizations are on the road to “superjobs”

**Superjobs** enable public servants to strengthen uniquely human capabilities—from data interpretation and problem-solving to design, empathy, and collaboration in their work.

**Case in Point**

In the future, Public Health and Safety Guardians (PHSGs) could use AI and predictive analytics to prevent potential food and safety violations. PHSGs could utilize trend-sensing tools to stay up-to-date on regulatory standards that might disrupt food industries and safety. In this new world, administrative and reporting activities would be handled by cognitive technology so that PHSGs would have more time to learn and develop others. With more time on their hands, they would potentially be able to coordinate community education programs on public health.

To integrate people and technology, organizations are overhauling:

- Job design
- Reskilling & upskilling
- Work reinvention
- Rigid roles to be flexible and evolving

**Recode**

Understand which tasks or functions your organization can automate

Evaluate available technology to drive tactical actions

Prepare public sector employees to work effectively in their new superjobs

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7. Josh Bersin, “The ugly side to today’s low unemployment rate,” Forbes, July 2018

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Leadership for the 21st century: The intersection of the traditional and the new

21st century leadership has new requirements, making it critical for organizations to extend leadership pipelines and to find and build leaders from within.

71% of public sector respondents believe leaders need to understand new technologies to be effective.

Disruptors like digital business models, augmented workforces, and team-based work challenge public sector leaders to show the way forward.

Effective 21st century public sector leaders will need...

**New competencies**
- Lead through more complexity and ambiguity
- Lead through influence
- Manage on a remote basis
- Manage a workforce where machines are augmenting human work
- Lead more quickly

**New context**
- New technologies
- Increased pace of change
- Changing employee expectations
- Changing customer expectations

...with a foundation of:

- Transparency
- Internal collaboration
- Performance management

**Refresh**

Understand the emerging competencies critical to success

Create experience-driven programs to build these skills at all leadership levels

Measure leadership success using a new lens
Future of the organization
What we found...

Future of the organization:
How teams, networks, and new approaches to leadership are driving business performance

From employee experience to human experience
Putting meaning back into work

There is a need to focus on enhancing the employee experience and adopting a human focus.

80% of public sector respondents believed that improving employee experience is important or very important, but only 36% believe they are ready to address the need.

Organizational performance
It’s a team sport

The shift from functional hierarchies to team-centric organizational models is underway.

75% of public sector respondents agreed the transition to a team-based organization has improved performance, but only 19% indicated their organization is making progress in moving towards a team-based model.

Rewards
Closing the gap

In an effort to accommodate varying needs across the workforce, companies are prioritizing tailored rewards programs.

Only 13% of public sector respondents believed that rewards systems are highly aligned with their organizational goals and 17% do not feel they know what rewards their employees value.
From employee experience to human experience:

**Putting meaning back into work**

Amid rapid change and disruption, organizations are bringing meaning back to the workplace and human identity back to the worker.

Only 7% of public sector respondents believe they are very ready to address this challenge of improving the employee experience.

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The idea of the employee experience has evolved beyond simply implementing new programs—it’s now about creating meaningful work for the employee.

### Case in Point

The Department of Homeland Security (DHS) was looking for new insight into the factors that drive employee engagement in order to improve the employee experience. They developed visualizations based on Federal Employee Viewpoint Survey data, facilitated sessions with representatives of the agency’s components to understand underlying issues and brainstorm solutions, and worked with DHS leadership to develop an engagement plan that provides employees with the career paths and experiences that they desire.

### Refresh

- Understand the aspirations of the public servant
- Start by focusing on the employee experience journey
- Enable public servants to better connect their aspirations to work

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*9: Based on conversations with Deloitte Government & Public Services leaders in 2018 and 2019*
Collaboration is here to stay—teamwork needs to be embedded across all parts of an organization’s culture

**Case in Point**
The Commonwealth of Pennsylvania has started implementing a “team-based” or “cluster-based” approach to work by creating digital officers across different parts of the organization (e.g., IT, Finance).10

56% of public sector respondents viewed the shift from “functional hierarchy” to “team-centric and network-based organization models” as important or very important, but only 3% feel very ready to execute this shift.

To tackle these challenges, organizations should embed team-based thinking into five different layers of the organization:

- **The ecosystem**
- **The organization**
- **The team**
- **The leader**
- **The individual**

Examine team behavior and effectiveness

Establish fair, inclusive, and transparent team environments

Reward team impact and performance

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10: Based on conversations with Deloitte Government & Public Services leaders in 2019
11: Data from 2017 Deloitte Global Human Capital Trends, February 2017
12: Data from 2018 Deloitte Global Human Capital Trends, April 2018
For workers, rewards mean more than money—they are looking for personalized rewards systems that meet their needs

For public sector organizations, this means shifting from **rewards to relationships**

**In 2018...**
**Only 4%** of public sector respondents indicated they have flexible rewards that are aligned to employee preferences\(^{13}\)

**In 2019...**
**23%** of public sector respondents do not feel they know what rewards their employees value

Rewards are about **best fit**, not best practice. Organizations should ground their rewards strategies in their unique culture and objectives.

**Case in Point**
An intelligence agency has been redesigning its performance management processes to better incentivize employee engagement and building out technology to facilitate the new process. These improvements will provide the agency with direct access to metrics and analyses that will measure how performance management contributes to mission attainment.\(^{14}\)

**Refresh**

- Understand employee values and needs
- Take a deeper look into organizational policies
- Align rewards to individual, team, and organizational performance

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\(^{13}\): Data from 2018 Deloitte Global Human Capital Trends, April 2018
\(^{14}\): Based on conversations with Deloitte Government & Public Services leaders in 2019
Future of HR
What we found...

**Future of HR:**
How the function is stepping up to the challenge of redesigning its capabilities, technologies, and focus on leading transformation in HR and across the enterprise

**Accessing talent**
It's more than acquisition

As the job market remains competitive and skills requirements undergo rapid change, organizations must think about how they can continuously “access talent.”

93% of public sector respondents described their talent acquisition capabilities as basic or standard, yet 78% believe it is important for recruiters of the future to be comfortable with data science.

**Learning in the flow of life**
Reinventing the way people learn

Learning is becoming more integrated with work and more personal, and it is shifting toward lifelong models.

88% of public sector respondents viewed learning as an important component of employee engagement, yet 54% rate their organization’s learning culture as only fair or inadequate.

**Talent mobility**
Winning the war on the home front

Organizations can no longer expect to source and hire enough people with all of the capabilities they need; they should move and develop people internally to thrive.

66% of public sector respondents expected an increase in internal mobility opportunities in the next three years, yet 68% rate their effectiveness at enabling talent mobility as only fair or even inadequate.

**HR cloud**
A launch pad, not a destination

Organizations must rethink their HR technology strategy, considering cloud as a foundation and complementing it to better support innovation, enhance employee productivity, and help lower cost.

77% indicated that their core HR technologies are only fair or inadequate to meet the needs of their full-time employees, yet 33% of public sector respondents indicate that they are currently using a cloud-based HR system.
With the economy projected to slow down in 2019 and 2020, public sector organizations will need a new approach to continuously access talent in varying ways\(^\text{15}\)

In a talent-constrained environment, public sector organizations can more strategically leverage three main sources of capability:

1. **Current employee**
   - Studies show that reskilling an internal hire can be done for as little as one-sixth the cost of hiring an external candidate\(^\text{16}\)

2. **Alternative workforce**
   - Gig workers can deliver specific outcomes quickly and in response to changing business conditions

3. **New technology**
   - Optimizing technology—using data to find, source, and select candidates more efficiently and taking a data-driven approach to hiring—is one of the recruiting function’s biggest opportunities\(^\text{17}\)

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### Case in Point

The US federal government offers a number of “tour of duty” programs, including the United States Digital Service, 18F (the General Services Administration’s digital services agency), the Presidential Innovation Fellows program, ORISE (the Oak Ridge Institute for Science and Education), and more. Through these programs, tech talent can work on projects at various agencies on a limited-term basis.\(^\text{18+19}\)

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1. Steve Liesman, “US economic growth is likely to slow sharply this year and next, according to CNBC’s Fed Survey,” CNBC, March 2019
2. Josh Bersin study with General Assembly, forthcoming
3. Based on conversations with Deloitte Government & Public Services leaders, April 2019
5. Partnership for Public Service, Mobilizing tech talent, September 2018

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Accessing talent:

**It’s more than acquisition**

With record-low unemployment rates and technical skill shortages, recruiting the right talent has become more difficult for the public sector. Organizations need to think of new ways to access talent

Only 1% of public sector respondents believe their organization has best-in-class processes and technology to help attract the best talent
To be able to achieve the goal of lifelong learning, organizations must embed learning not only into the flow of work, but also into the flow of life.

Learning is the top-rated challenge among the 2019 Human Capital Trends, with 84% of public sector respondents rating this issue as important or very important.

Learning + Work → Integrated as two constantly connected sides of every job

Case in Point

The US Air Force is reshaping its pilot training program to incorporate virtual reality (VR) simulation. The system tracks factors such as stress levels and a pilot’s ability to strategize and plan. The program helps pilots gain a deeper understanding of new concepts and has already cut training time for a new pilot from more than a year to just six months using VR. As one of the designers of the system explains, “The AI will build a custom syllabus for each pilot based on what’s going on in their mind.”21, 22

Recode

Seek opportunities to integrate real-time learning into workflow

Craft learning approaches that allow workers to learn as and when they see fit

Offer learning opportunities that support individuals as members of teams

More than half of all employees will likely require significant reskilling and upskilling in just three years.20

22: Chris Davis, “How Austin startups are shaping the future of the military,” Kxan, June 2018
As the labor market tightens and the world becomes more connected, organizations have great opportunity with internal talent mobility.

In 2018, 79% of public sector respondents considered new career models with a diversity of experiences important.

Yet in 2019, 49% of public sector respondents said it was easier for people to find a new job at an outside organization than their current employer.

4% of public sector respondents said they believe their organization is excellent at enabling talent mobility.

Public sector respondents identified various roadblocks to internal talent mobility:

- Lack of processes to identify and move employees: 53%
- Current managers’ resistance to internal moves: 49%
- Lack of information for employees on available roles: 47%
- Availability of internal employees to fill roles: 42%

Leaders should shift from focusing on acquiring talent to accessing capabilities. Broadening the view of where skills can be found can pay dividends in today’s fast-paced and high-demand environment.

In the State of Michigan, a group of trained cybersecurity professionals (the Michigan Cyber Civilian Corps) can be called upon to volunteer their assistance if the governor declares a cyber incident an emergency. Especially given the limited availability of cybersecurity talent and the growing sophistication of cyberattacks, this model can greatly increase the state’s ability to respond during a crisis. Volunteers come from government, academia, and the private sector.

Case in Point

Evaluate effectiveness of internal job postings

Encourage managers to provide employees flexibility to change roles and teams

Challenge existing structures that limit talent mobility

23: Lucia Mutikani, “U.S. job openings surge, point to tightening labor market,” Reuters, May 2019
24: Data from 2018 Deloitte Global Human Capital Trends, April 2018
26: Michigan.gov website, accessed January 2018
Despite the investment in new cloud platforms to make HR systems more personalized and data-driven, most organizations have experienced varying degrees of success.

Only 2% of public sector respondents have a fully integrated HR cloud platform and 32% said they have no system at all. Cloud vendors are responding with new innovations that:

- Give a real-time view of the employee experience
- Provide access to medical and health and fitness resources
- Deliver real-time data about employee sentiment, performance management, and development
- Find and assess job candidates
- Identify bias and enable employees to report grievances and other problems

HR cloud: A launch pad, not a destination

Beyond mobility, organizations are finding that they need to look at the technology provided by the cloud as a launch pad, not a destination. 74% of public sector respondents report that their technology is inadequate or fair.

Rewire

Align HR cloud to overarching digital strategy
Integrate cloud platforms with cognitive technology, AI, and robotics
Provide employees a single, consistent interface through which to access HR services and information