

Need for increased collaboration on human capital challenges

by  **Zuzana Kostiviarová**,
Country Leader
of Human Capital
Advisory Services,
Deloitte Advisory
Slovakia

Deloitte.

Organizations face skills gaps, workplace shifts, a more vocal and empowered workforce, and societal call to action, as nearly three-quarters of executives rate AI as a critical issue.

Amid concerns about automation, the need for new skills, an aging workforce and tightening labor markets, the make-or-break issue facing companies this year is the need for realignment among the C-suite to focus on the evolving role of business in society. In its 2018 Global Human Capital Trends report, "The Rise of the Social Enterprise", Deloitte examines the increasing expectations of the individual and the breathless pace at which technology is shaping organizations' human capital priorities.

This year's report is a wake-up call for organizations to look beyond their own four walls and reimagine their broader roles in society. Integrating the C-suite to build a more social enterprise will be a differentiator for businesses to attract the right talent, drive customer loyalty and sustain long-term growth.

With more than 11,000 HR and business leaders weighing in, the report is the largest longitudinal survey of its kind. Respondents overwhelmingly point to the need for a symphonic C-suite — a team-based, cross-disciplinary approach to tackling complex issues. Survey results show companies where C-suite executives regularly collaborate are one-third more likely to be growing 10 percent more than companies whose leadership operates in siloes. Despite being necessary to advance the enterprise, 73 percent say their executives do not regularly collaborate.

Filling society's leadership vacuum

Increased transparency and heightened political awareness have drawn widespread attention to the role of business in society as a driver of change. Organizations find they are increasingly expected to exercise their ability to do

social good, both externally for customers, communities and society, as well as internally for their employees. True social enterprises must take a total stakeholder approach to pressing public issues to maintain reputation and relevancy.

It's not about check-the-box CSR initiatives, but integrating citizenship, fairness, inclusion, and purpose as core values across work practices. We could clearly recognize the same trend also in our local region that customers and employees alike are holding companies to higher standards than ever before and rewarding companies who demonstrate socially-conscious behavior with unwavering loyalty.

Internal and external social forces are also driving attention to the aging global workforce. Extended life expectancies raise questions on how long careers will last and how aging workers will impact economies and public policy. Fifteen percent of survey respondents report that their organizational perspective is that older employees are getting in the way of rising talent. Despite the aging global workforce and the competitive advantages older talent offers, 49 percent of respondents indicate their companies have done nothing to help older workers find new careers as they age, and another 15 percent say older workers are viewed as an impediment to rising talent.

As constituencies look to how companies treat their own employees, tackling the alternative workforce takes center stage for socially-conscious organizations. By 2020, 37 percent of organizations expect a growth in contractors, 23 percent in freelancers, and 13 percent in gig workers. Despite this anticipated growth, only

16 percent said they have an established set of policies and practices to manage this variety of worker types. It is critical to successfully implement hybrid workforce strategies because they can have a significant impact on an organization's employment brand and external reputation.

The power of the individual requires a holistic approach to jobs and careers

In the past year, organizations have become laser-focused on how automation induced job shifts will impact individuals. The Deloitte research shows that more than four in ten companies believe automation will have a major impact on jobs, and 61 percent are now actively redesigning jobs around AI and robotics. Additionally, 72 percent of HR and business leaders rated the topic of AI as important or very important.

Against this backdrop, companies and individuals realize the traditional career model is becoming defunct. Forty-seven percent of those surveyed consider building new career models and skills as very important. More than 54 percent have no programs in place to build the skills of the future, and only 18 percent feel they give employees opportunities to develop themselves. Espousing their role as drivers of change in the social enterprise, companies need to work to develop and implement robust solutions to decrease the growing skills gaps.

In addition to investing in employees' professional development, organizations must also rethink how they invest in their employees on a personal level. According to research, only three percent of companies think their reward offerings are very effective at motivating

talent. In a new social enterprise, companies must explore more frequent rewards and other incentives like vacation time or student-loan forgiveness.

Personalized incentives and well-being strategies are key differentiators in talent acquisition and retention, particularly in a tight labor market. Once-a-year reviews and bonuses are table-stakes in today's enterprises. Expanding rewards and well-being strategies is critical for the C-suite if they want to attract and retain the right individuals.

Leveraging technology for sustainable growth

With the deployment of AI, robotics, automation, and people analytics showing no signs of slowing down, companies are reconciling a demand for human skills and the need for increased productivity. While 72 percent of respondents see this area as important, only 31 percent feel ready to address it.

Automation is here to stay and will improve scale, speed and quality. But it's important to remember that as routine work is automated, new jobs will be created — jobs that are more service-oriented, interpretive, social, and play to our essential human skills. Only companies whose C-suite embraces this transformation and redesign how work gets done to leverage these skills will be able to stay a step ahead of their competition.

As technology permeates the workplace, people analytics is at the top of executives' minds, with 84 percent of respondents rating it as important or very important, while only ten percent of respondents feel very ready to deal with this challenge. With 64 percent of companies actively managing legal liability related to their organization's people data, only 22 percent have excellent processes to safeguard this data, exposing them to additional risks that can threaten their status as a social enterprise if not proactively managed.