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2018 Human Capital Trends

**Courage required: Apply here to build
the Canadian social enterprise**

This year's 10 global trends

Deloitte's 2018 *Global Human Capital Trends report: The rise of the social enterprise* draws on a survey of more than 11,000 HR and business leaders around the world. Organizations today are judged for more than their success as a business; they're now being held responsible for their impact on society at large.

Well-being

Many employers are putting in place innovative programs for financial wellness, mental health, healthy diet and exercise, mindfulness, sleep, stress management, and more. The aim? To both increase worker productivity and meet new social expectations.

From careers to experiences

Rather than an orderly, sequential progression from job to job, 21st-century careers are expected to be a series of developmental experiences, each offering the opportunity to acquire new skills, perspectives and judgment.

People data

The use of workforce data to analyze, predict and help improve performance has exploded over the last few years. But as organizations start to use people data in earnest, new risks as well as opportunities are taking shape.

New rewards

Why have rewards remained stuck in the past, when almost every other aspect of HR has undergone transformative change? Leading companies are now undertaking the hard work of creating personalized rewards programs based on understanding each individual's needs.

The longevity dividend

People are living longer and organizations are shifting their attitudes toward older workers as a result. Organizations that can turn advancing worker age into an asset could gain a competitive advantage.

The symphonic C-suite

Senior leaders can't afford to work in silos in today's complex, dynamic environment. The goal is to act as a symphony of experts playing in harmony—instead of a cacophony of experts who sound great alone, but not together.

The hyper-connected workplace

Workplaces are being flooded with new and exciting communications tools, each promising to improve productivity. But management must still make important decisions about which tools to use and how to use them—including, perhaps, the decision not to use certain tools at all.

Citizenship and social impact

Stakeholders today are taking an intense look at the impact organizations have on society, and their expectations for good corporate citizenship are rising. In an effort to meet these expectations, leading organizations are making citizenship a core part of their strategy and identity.

AI, robotics, and automation

As artificial intelligence (AI) and other advanced technologies permeate the workplace, skills such as critical thinking, creativity and problem-solving gain in importance. Leading companies are recognizing that these technologies are most effective when they complement humans, not replace them.

The workforce ecosystem

The composition of the workforce is changing dramatically. As alternative work arrangements become more common, how can organizations appeal to, engage with, and drive value through workers of all different types?

Courage required: Apply here to build the Canadian social enterprise

There have been many seismic shifts in the business landscape recently, from the effects of new and innovative technologies to evolving workplaces and workforces. To be prepared for the myriad of challenges that Canadian organizations face, we must first understand them and the opportunities they bring. The annual Deloitte *Global Human Capital Trends* report is a look into the near future, and this year, the report highlights a major shift facing businesses: the rapid rise of the social enterprise.
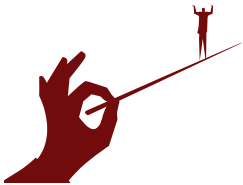
What is a social enterprise?

An organization whose mission combines revenue growth and profit-making with the need to respect and support its environment and stakeholder network. This includes listening to, investing in, and actively managing the trends that are shaping today's world. It is an organization that shoulders its responsibility to be a good citizen (both inside and outside the organization), serving as a role model for its peers and promoting a high degree of collaboration at every level of the organization.[1]

Organizations today are no longer judged solely on the basis of their ROI, growth, or other traditional metrics, but on their relationships with their workers, their customers, and their communities, as well as their impact on the environment and society at large.
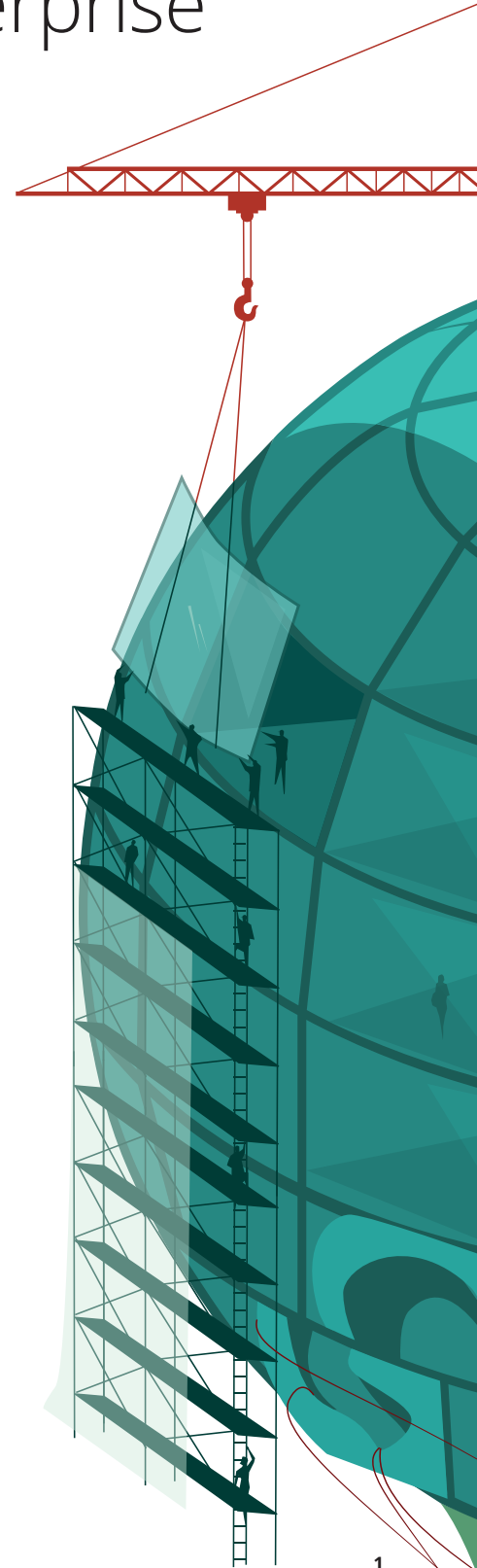
The global report outlines 10 human capital trends that, when viewed together, create an integrated and in-depth view of the social enterprise, what it means for organizations, and how they too can become one. These trends can be viewed through the following four areas that enable and drive the urgency of the rise of the social enterprise:

The symphonic C-suite
In order to behave as a social enterprise, C-suite executives must operate as a high-functioning team, with cross-functional connectivity and collaboration, to manage macro trends in both external and internal ecosystems.
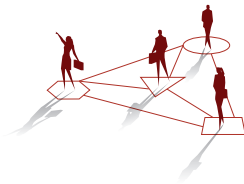
The power of the individual
As the power of the individual grows in society, organizations must listen to employees, and the larger community, in order to build relationships with and tailor approaches to the new workforce ecosystem, both inside and outside the company's walls.

Social impact
There is a perception that political systems are becoming less effective at meeting social challenges, and businesses are expected to fill this void. Leading organizations are developing strategies that address societal concerns beyond the organization.
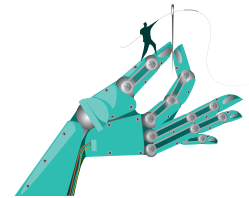
Leveraging technology
New tools and applications can redesign work and lift productivity to new heights, but a balance must be struck between the benefits of technology and mitigating potential workforce impacts and risks.

This paper explores the *Global Human Capital Trends* report findings across these four areas within the Canadian context. The Canadian findings, which are closely aligned with the global ones (see page 7 for Canada's importance and readiness by trend), are based on input from over 300 Canadian business and HR leaders. Although Canada is well positioned to foster social enterprises, it risks losing this edge if leaders cannot find the courage to make the changes necessary for this shift.

The rise of the social enterprise requires a determined focus on building social capital by engaging with diverse stakeholders, accounting for external trends, creating a sense of mission and purpose throughout the organization, and devising strategies that manage new societal expectations.[2]

The symphonic C-suite
Creating CXO harmony in Canada

The 2018 report emphasizes that becoming a social enterprise demands an unprecedented level of connectivity and collaboration among the C-suite leaders. Globally, respondents from organizations where C-suite executives regularly collaborate on long-term interdependent work were the most likely to anticipate growth of 10 percent or more during the next year. Unfortunately, only 30 percent of Canadian survey respondents (27 percent globally) stated that "CXOs regularly collaborate on long-term interdependent work." That said, almost 40 percent (43 percent globally) indicated that while they manage their functions independently, they collaborate to share ideas or troubleshoot problems. It's clear that leaders need to work together on many different levels to enable a shift toward becoming a social enterprise.

Behaving as a social enterprise will require unprecedented levels of C-suite connectivity and collaboration.

The power of the individual

The rising influence of individual Canadians

The relationship between Canadian employers and their employees is evolving. With growing individual power, in an increasingly transparent environment where people can easily access and share information about organizations, listening and responding to workforce needs is as important as ever. Only 57 percent of Canadian workers feel loyalty to their employer, far below the 70 percent global average.[3] In order to attract and retain the best employees, leaders must strive to understand and align with worker expectations.

For example, given Canada's diverse population, using and supporting the diverse expectations of our workforce is of heightened importance. Inclusivity is a must-have when 47 percent of millennials consider diversity and inclusion an important job-search criterion.[4] Looking beyond talent attraction, inclusive businesses are more likely to grow faster, invest in research and development, and orient themselves globally.[5]

Additionally, disruptive technologies, such as AI and automation, are changing the nature of work and in turn the workforce and workplace, and emerging workforce segments (e.g., gig economy, contingent workforce) are becoming more prevalent. Leaders will need to engage and build relationships with this broader workforce ecosystem. Respondents to this year's survey expect an increase in their organizations' use of non-traditional labour over the next two years. Forty-three percent of Canadian respondents anticipate they will increase their use of contract workers by 2020. Furthermore, they anticipate an increase in their use of freelancers and gig workers, by 25 percent and 20 percent respectively.

As social enterprises, we need to listen to, invest in, and actively manage the needs of employees and the broader workforce ecosystem.

Read more about the related trends in the 2018 *Global Human Capital Trends* **report:**

- The workforce ecosystem: Managing beyond the enterprise
- New rewards: Personalized, agile, and holistic
- From careers to experiences: New pathways

Social impact

Being a Canadian social enterprise is the right and the smart choice

How we determine organizational success is changing: 86 percent of millennials think that the success of a business should be measured in terms of more than just financial performance.[6] Now, success is also based on factors such as purpose, sustainability, inclusivity, and broader social impact. For example, according to one study, 68 percent of Canadians would choose a job in an environment with a strong volunteering culture over others.[7]

People are looking to their employer to fill a void with respect to their social concerns. Canadian organizations are well positioned to take on this responsibility, as they have high degrees of trust: Businesses whose country of origin is Canada are the most trusted in the world, at 68 percent, according to the Edelman Trust Barometer.[8] Although we have a high degree of trust in business, and 78 percent of Canadian respondents to the *Global Human Capital Trends* survey consider corporate citizenship

and social impact important, only 16 percent of Canadian respondents indicate social responsibility is a top priority reflected in organizational strategy. In order to become social enterprises, organizations need to play a larger social role in the lives of their employees and the wider community, and they can do so by addressing employee needs, fostering a healthy culture within their walls and creating broader impact outside them.

As social enterprises, we need to play a role in societal concerns beyond the organization.

Read more about the related trends in the 2018 *Global Human Capital Trends* **report:**

- The longevity dividend: Work in an era of 100-year lives
- Citizenship and social impact: Society holds the mirror
- Well-being: A strategy and a responsibility

Leveraging technology
How Canadian companies can drive change

Technology provides opportunities to redesign work, enhance connectivity and collaboration, and drive inclusive growth, and is an important topic for Canada. Most of Canada's business leaders, 88 percent, report placing an emphasis on leveraging technology for success, enabling their employees to collaborate with each other regardless of their physical location.[9] Additionally, two-thirds of Canadian respondents to this year's survey indicated that the integration of people, AI, and robotics is an area of importance.

Fortunately, Canada is well positioned in this area. It boasts a robust technology sector, and a highly skilled and educated workforce to propel the sector to new heights. Regional hubs driving technology innovation, such as in Southwestern Ontario, are good evidence of Canada's commitment to investment in a knowledge- and technology-driven economy.

But Canadian organizations cannot rest on our country's unique position. Though leaders embrace technology, the speed at which new technology emerges outpaces the rate at which organizations adopt them. In order to benefit from Canada's strong technology sector, organizations will have to determine how to work effectively alongside new technologies (such as AI and robotics), and capitalize on them to connect diverse workforce segments within and outside the organization. In addition, leaders will need to remain vigilant for unforeseen impacts of technology.

As social enterprises, we need to leverage technology and the opportunities it presents for work and connectivity, while managing its risks.

Read more about the related trends in the 2018 *Global Human Capital Trends* **report:**

- AI, robotics, and automation: Put humans in the loop
- The hyper-connected workplace: Will productivity reign?
- People data: How far is too far?

Importance and readiness findings for the 10 human capital trends

	Canada		Global	
	Percentage of total responses		Percentage of total responses	
	Importance	Readiness	Importance	Readiness
Well-being	86%	43%	84%	49%
The symphonic C-suite	86%	44%	85%	46%
From careers to experiences	84%	27%	84%	37%
The hyper-connected workplace	83%	36%	82%	45%
People data	82%	35%	85%	42%
Citizenship and social impact	78%	48%	77%	51%
New rewards	69%	27%	77%	37%
AI, robotics, and automation	66%	22%	72%	31%
The longevity dividend	58%	27%	69%	34%
The workforce ecosystem	56%	21%	65%	30%

Source: *Global Human Capital Trends* survey, Deloitte, 2018.

Being a social enterprise demands courage

For Canada to be a leader in building the social enterprise, Canadian organizations will need to be courageous. Their leaders will need to work collaboratively to meet their business and financial goals, while at the same time acting with social responsibility both inside and outside the organization. They also need to ensure they are listening to, investing in, and actively managing the trends that are shaping today's world.

Yet, in Deloitte's *The future belongs to the bold* report, most Canadian businesses were found to be lacking in courage. Only 11 percent of those surveyed could be considered truly courageous, although 30 percent were on the cusp. So, what is courage and how can businesses nurture it? Deloitte has identified the five following elements of courage: Take calculated risks, challenge the status quo, start with yourself, unite to include, and do what is right.[10]

By having the courage to become social enterprises, organizations can not only attend to their bottom line, but rise above it to create an organization that their employees are proud of and that can positively affect their communities and the world at large.

Endnotes

1. Deloitte, *The rise of the social enterprise: 2018 Deloitte Global Human Capital Trends*, 2018

2. Ibid

3. ADP, *Evolution of Work 2.0: The Me vs. We Mindset*, 2018, https://www.adp.ca/-/media/Canada%202015/insights%20assets/Evolution%20of%20Work%202/ADP_EvolutionofWork2_eBook.ashx, accessed May 7, 2018

4. Weber Shandwick, Institute for Public Relations (IPR), and KRC Research, "Millennials@Work: Perspectives on Diversity & Inclusion", http://www.webershandwick.com/news/article/millennials-at-work-perspectives-on-diversity-inclusion, accessed May 7, 2018

5. Deloitte, *Outcomes over optics: Building inclusive organizations*, 2017

6. Deloitte, *The 2017 Deloitte Millennial Survey: Apprehensive millennials: Seeking stability and opportunities in an uncertain world*, 2017

7. Volunteer Canada, *Recognizing Volunteering in 2017, Summary Report*, 2017, https://volunteer.ca/vdemo/engagingvolunteers_docs/RecognizingVolunteeringIn2017_VolunteerCanada.pdf, accessed May 7, 2018

8. Edelman, *2018 Edelman Trust Barometer, Global Report*, 2018, https://www.edelman.com/trust-barometer/, accessed May 7, 2018

9. Microsoft, *Navigating the Modern Workplace: New Research from Ipsos*, www.microsoft.com, January 18, 2018, https://enterprise.microsoft.com/en-ca/articles/canadian-leadership-hub/navigating-the-modern-workplace-new-research-from-ipsos/?wt.mc_id=AID642220_QSG_221179, accessed May 7, 2018

10. Deloitte, *The future belongs to the bold: Canada needs more courage*, 2017

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