The social enterprise at work: Paradox as a path forward

2020 Deloitte Global Human Capital Trends

Contents

Prologue
How did we get here?

VIEWED THROUGH THE LENS OF PEOPLE AND BUSINESS, THE PAST DECADE HAS BEEN ONE OF TREMENDOUS CHANGE—WITH MORE TO COME.

THE WORLD TODAY looks remarkably different from the one in which we launched the first *Global Human Capital Trends* report in 2011. The past decade has been marked by radical change, by a "newness" that has evolved at a pace that can only be described as exponential. Technology invaded the workplace at a speed that would have been unimaginable a decade prior. Workforce demographics shifted substantially, with five generations in the workforce, a decline in working-age populations in many advanced economies, and an increase in the focus on equality for all workers as it relates to pay and treatment.[1] And as the workforce evolved, so did worker expectations—with calls for organizations to do more to help improve individuals' lives, address societal problems, mitigate technology's unintended consequences, and act equitably and ethically.

Throughout these significant changes, our annual *Global Human Capital Trends* report has offered readers an opportunity to understand each moment in history, viewing the current economic, cultural, and technological landscape through the perspective of people and business. Before launching into the 2020 report, we reflect on the forces that have shaped the world of work over the past decade.

The early decade: Emerging from the shadow of the recession

When we wrote our first report in 2011, the world was gaining a sense of economic stability following the Great Recession of 2007–2009. Global financial markets were showing signs of recovery after the downturn of the previous few years, with the Standard & Poor's (S&P) 500 Index rising to

within 200 points of the precrash high by the middle of 2011.[2] Governments, looking to mitigate future risk, were introducing new regulations such as Dodd-Frank and global standards like Basel III. Our 2011 report commented on the impact new regulations had across all industries, with governments playing a greater role in shaping business plans than ever before.[3]

Amid these regulations, organizations buckled down with a renewed focus on cost and compliance. We saw an emphasis on getting the core right across both technology and operations— an undertaking that became more challenging as organizations grew more complex and more diverse. Leaders were tasked with driving operational efficiency in their divisions and teams, often leading to a siloed approach to enterprise issues as each leader focused on their specific area of the business with very little crossover or collaboration.

The beginning of the decade also brought the emergence of revolutionary technologies. Artificial intelligence had reached the point where it could now beat humans at tasks ranging from recognizing traffic signs to answering trivia questions.[4] Cloud was transforming business models by offering organizations a lower cost of entry, faster speed to solutions, and greater adaptability. And the explosion of data in the workplace exposed new business priorities and challenged conventional decision-making.

By 2013, something had changed. In that year's report, *Resetting Horizons*, we explored how leading organizations were pivoting away from the Great Recession to new horizons of talent, globalization, growth, and innovation.[5] And while continued business uncertainty seemed inevitable, there was an openness to harnessing this uncertainty and turning it into a competitive advantage.

We began to see a new, untethered optimism in business that had not been present in the five years since the recession. The economy experienced an accelerated rebound; the S&P 500 rose almost 30 percent over 2013 with no major periods of correction.[6] The EU debt crisis seemed to be calming following the European Central Bank's late 2012 announcement that it would provide additional support to eurozone countries involved in a sovereign state bailout/precautionary program.[7] The expansion of globalization furthered the expansion of business in Asia: The number of Chinese companies on the global Fortune 500 list rose from 47 in 2010 to 95 in 2014.[8] In short, the global business world seemed to be on the verge of writing a new chapter in history.

The mid-decade: The future of work arrives

As we entered the middle of the decade, the world was not the same place that it had been just a few years prior. Technology, which continued to transform the day-to-day lives of people around the world, had also come to work. While the foundations of digital—mobile, cloud, social media—were established early in the decade, by the middle of the decade this shifted to a world in which technology was viewed as a driver and enabler of every aspect of work. Even in emerging markets such as China, where the fast-growing online economy had created 282 million internet users under age 25 alone,[9] the digital organization was often becoming a C-suite topic. Humans and technology had become coworkers in ways that would have been difficult to predict even a few years prior.

Yet, despite the explosion of new technology, productivity was the lowest it had been since 1970.[10] Furthermore, negative side effects from the explosion of technology started to appear. As we

wrote in our 2014 discussion of *The overwhelmed employee*, "Information overload and the always-connected 24/7 work environment were overwhelming workers, undermining productivity, and contributing to low employee engagement."[11] In the race to take advantage of the promise of new technology, many organizations had failed to consider what other changes would be necessary in order to unlock the real potential of bringing new technologies into the world of work.

The magnitude of this challenge started to come into focus in our 2016 report, *The new organization: Different by design*, which explored the possibility that companies would need to transform themselves to handle an emerging "new social contract" between employers and workers.[12] By 2017, as the tensions between humans and technology continued to accelerate, it became clear that an even more radical transformation would be required to enable humans and technology to work productively together. In that year's report, *Rewriting the rules for the digital age*, we questioned whether some traditional structures and orthodoxies were holding some organizations back from the expected technology-driven productivity gains.[13] We suggested that organizations needed to "rewrite the rules" to navigate the exponential change that arrived with the full onset of the digital age.

Those new rules would require more than merely inserting technologies into existing structures and processes. Instead, organizations needed to think about how to redesign jobs and redesign work in ways that represented a fusion of, rather than a trade-off between, humans and technology. With the recognition that technology, human, and business issues are not separate but intertwined came the realization that these issues would have to be approached in new ways. They would need to reconfigure themselves to work in networks of teams that included both people and machines,

drawing on adaptable organizational structures to drive greater agility. They would also need to work differently as leaders—bringing an integrated enterprise mindset at every turn. We found ourselves then at the epicenter of the future of work, beginning the journey to fundamentally reinvent work, workforces, and workplaces.

The late decade: Enter the social enterprise

In the late decade, it became clear that a critical aspect of the "new organization" was often still missing if organizations hoped to unlock the power of humans and technology together. While organizations were beginning to redesign work around technology, new social forces were also playing a pivotal role.

Despite the economic recovery the world had seen since 2008, many people remained frustrated that financial gains failed to improve individuals' lives and address larger societal problems. Earlier in the decade, we saw the power of social movements in an increasingly connected world, such as Black Lives Matter (2013), Love Wins (2015), Brexit and the Remain Campaign (2016), and Me Too (2017). As a result, many individuals started to turn to businesses even more than governments to help fill a widening leadership vacuum in society.[14]

These factors led to a call for an even more radically different type of organization. In our 2018 report, we introduced the concept of the social enterprise:

> A social enterprise is an organization whose mission combines revenue growth and profitmaking 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
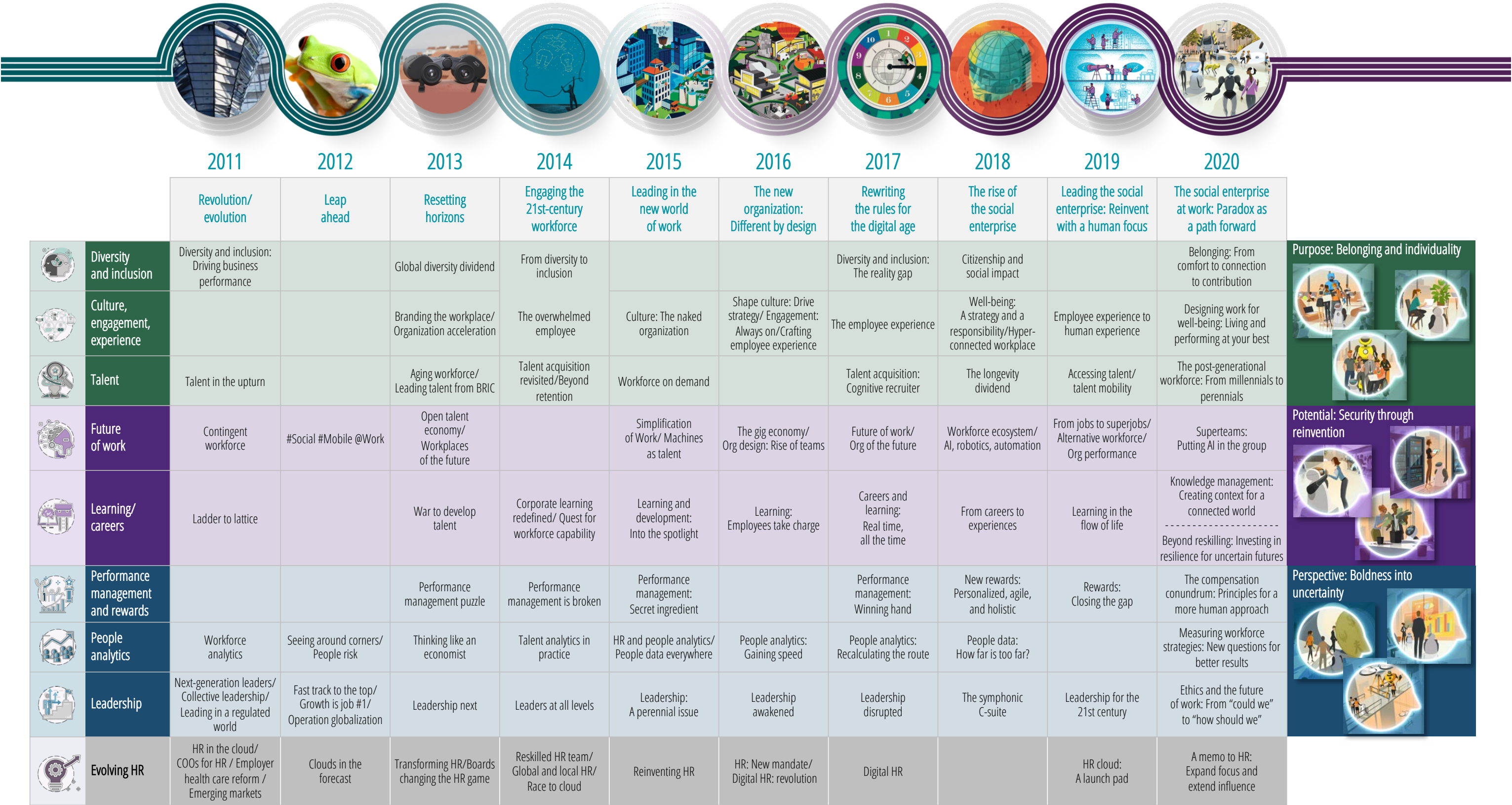
today's world. It is an organization that shoulders its responsibility to be a good citizen (both inside and outside the organization), serving as a role model for its peers and promoting a high degree of collaboration at every level of the organization.[15]

The social enterprise clarified and expanded on the "new social contract" that we posited in 2016, proposing a more human-centered rewiring of the relationships between the individual and organization and the organization and society, with a goal of providing stability in a world that was quickly changing. Becoming a social enterprise, we wrote, was about much more than corporate social responsibility. It was about shifting the ways organizations worked to balance the concerns of the organization with those of the broader ecosystem. This need prompted a new way of orchestrating teams of leaders. The concept of the "Symphonic C-suite" was our top-ranked trend for importance that year, reflecting organizations' recognition that having an enterprise mindset was more than nice to have, but often essential to deal with the challenges that the social enterprise now faced: the integration of humans and technology, the combination of shareholder and stakeholder needs, and the ability to balance profit and purpose.

The 2018 report was part trends, part blueprint, and part call to action, challenging today's business, nonprofit, and government enterprises to understand the shift represented by the social enterprise and helping to play an active role in making this new type of organization a priority. And the 2019 report continued the discussion with the point that the social enterprise is essentially human in both design and operation. In that report, we offered five human principles for the social enterprise as "benchmarks for reinvention"— an acknowledgment that there would be no one playbook for organizations who embarked on this transformation.[16]

Looking ahead, much in the same way that we started the decade in uncertainty, we appear to be headed back into a period of uncertainty. Some of the drivers, such as demographics, are systemic; some, such as the rise of nationalism and restrictions on free trade, are political; and some, such as the rate at which exponential technologies continue to change the business landscape, are technological. Whether this uncertainty is a hinderance or a push forward depends on how we approach some of the inherent conflicts that are emerging. The good news is that we will approach these challenges with a very different mindset than the one we had at the start of the decade—the mindset of the social enterprise.

A decade of Human Capital Trends

	2011 Revolution/ evolution	2012 Leap ahead	2013 Resetting horizons	2014 Engaging the 21st-century workforce	2015 Leading in the new world of work	2016 The new organization: Different by design	2017 Rewriting the rules for the digital age	2018 The rise of the social enterprise	2019 Leading the social enterprise: Reinvent with a human focus	2020 The social enterprise at work: Paradox as a path forward
Diversity and inclusion	Diversity and inclusion: Driving business performance		Global diversity dividend	From diversity to inclusion			Diversity and inclusion: The reality gap	Citizenship and social impact		Belonging: From comfort to connection to contribution
Culture, engagement, experience			Branding the workplace/ Organization acceleration	The overwhelmed employee	Culture: The naked organization	Shape culture: Drive strategy/ Engagement: Always on/Crafting employee experience	The employee experience	Well-being: A strategy and a responsibility/Hyper-connected workplace	Employee experience to human experience	Designing work for well-being: Living and performing at your best
Talent	Talent in the upturn		Aging workforce/ Leading talent from BRIC	Talent acquisition revisited/Beyond retention	Workforce on demand		Talent acquisition: Cognitive recruiter	The longevity dividend	Accessing talent/ talent mobility	The post-generational workforce: From millennials to perennials
Future of work	Contingent workforce	#Social #Mobile @Work	Open talent economy/ Workplaces of the future		Simplification of Work/ Machines as talent	The gig economy/ Org design: Rise of teams	Future of work/ Org of the future	Workforce ecosystem/ AI, robotics, automation	From jobs to superjobs/ Alternative workforce/ Org performance	Superteams: Putting AI in the group
Learning/ careers	Ladder to lattice		War to develop talent	Corporate learning redefined/ Quest for workforce capability	Learning and development: Into the spotlight	Learning: Employees take charge	Careers and learning: Real time, all the time	From careers to experiences	Learning in the flow of life	Knowledge management: Creating context for a connected world / Beyond reskilling: Investing in resilience for uncertain futures
Performance management and rewards			Performance management puzzle	Performance management is broken	Performance management: Secret ingredient		Performance management: Winning hand	New rewards: Personalized, agile, and holistic	Rewards: Closing the gap	The compensation conundrum: Principles for a more human approach
People analytics	Workforce analytics	Seeing around corners/ People risk	Thinking like an economist	Talent analytics in practice	HR and people analytics/ People data everywhere	People analytics: Gaining speed	People analytics: Recalculating the route	People data: How far is too far?		Measuring workforce strategies: New questions for better results
Leadership	Next-generation leaders/ Collective leadership/ Leading in a regulated world	Fast track to the top/ Growth is job #1/ Operation globalization	Leadership next	Leaders at all levels	Leadership: A perennial issue	Leadership awakened	Leadership disrupted	The symphonic C-suite	Leadership for the 21st century	Ethics and the future of work: From "could we" to "how should we"
Evolving HR	HR in the cloud/ COOs for HR / Employer health care reform / Emerging markets	Clouds in the forecast	Transforming HR/Boards changing the HR game	Reskilled HR team/ Global and local HR/ Race to cloud	Reinventing HR	HR: New mandate/ Digital HR: revolution	Digital HR		HR cloud: A launch pad	A memo to HR: Expand focus and extend influence

Purpose: Belonging and individuality

Potential: Security through reinvention

Perspective: Boldness into uncertainty

Acknowledgments

Endnotes

1. Drew Desilver, "5 Ways the U.S. workforce has changed, a decade since the Great Recession began," Pew Research Center, November 30, 2017.

2. Macrotrends, "S&P 500 index—historical annual data chart," accessed March 13, 2020.

3. Jeff Schwartz et al., *2011 Human Capital Trends: Revolution/evolution*, Deloitte, 2011.

4. Gil Press, "A very short history of artificial intelligence (AI)," Forbes, December 30, 2018.

5. Jeff Schwartz et al., *2013 Human Capital Trends: Resetting horizons*, Deloitte, 2013.

6. Macrotrends, "S&P 500 index—historical annual data chart."

7. Nordine Abidi and Ixart Miquel-Flores, *Who benefits from the corporate QE? A regression discontinuity design approach*, European Central Bank (ECB) Working Paper Series No. 2145, April 2018.

8. Grind GIS, "10 Years data, map and charts of global Fortune 500 companies," February 26, 2015.

9. Longmei Zhang and Sally Chen, *China's digital economy: Opportunities and risks*, International Monetary Fund (IMF) Working Paper WP/19/16, January 2019.

10. Organisation for Economic Co-operation and Development (OECD), "Growth in GDP per capita, productivity and ULC," accessed March 13, 2020.

11. Jeff Schwartz et al., "The overwhelmed employee," *Deloitte Insights*, March 7, 2014.

12. Jeff Schwartz et al., *2016 Global Human Capital Trends: The new organization: Different by design*, Deloitte University Press, 2016.

13. Jeff Schwartz et al., *2017 Deloitte Global Human Capital Trends: Rewriting the rules for the digital age*, Deloitte University Press, 2017.

14. Edelman, *2020 Edelman Trust Barometer,* January 19, 2020.

15. Dimple Agarwal et al., *2018 Deloitte Global Human Capital Trends: The rise of the social enterprise,* Deloitte Insights, 2018.

16. Erica Volini et al., *2019 Deloitte Global Human Capital Trends: Leading the social enterprise: Reinvent with a human focus*, Deloitte Insights, 2019.

Introduction

The social enterprise at work: Paradox as a path forward

THE POWER OF THE SOCIAL ENTERPRISE LIES IN ITS ABILITY TO BRING A HUMAN FOCUS TO EVERYTHING IT TOUCHES, EMPOWERING PEOPLE TO WORK PRODUCTIVELY WITH TECHNOLOGY TO CREATE LASTING VALUE FOR THEMSELVES, THEIR ORGANIZATIONS, AND SOCIETY AT LARGE.

N JUST A few short years, the concept of the social enterprise—an organization whose mission combines revenue growth and profit-making with the need to respect and support its environment and stakeholder network—has grown from an intriguing new idea into a concrete business reality. BlackRock Chairman and CEO Larry Fink made headlines in 2018 when, in his annual letter to CEOs, he asserted that "society is demanding that companies, both public and private, serve a social purpose."[1] Barely two years later, the Business Roundtable, in a letter initially signed by the CEOs of 181 of the world's largest companies that has continued to gain signatures since, redefined the purpose of a corporation as serving all stakeholders, not just shareholders.[2] And at the 2020 World Economic Forum, purpose and ethics were central themes on the agenda.[3] In fact, 50 percent of respondents in this year's Global Human Capital Trends survey, which polled nearly 9,000 business and HR leaders in 119 countries, categorized their organization's purpose as broadening extensively to include all stakeholders, including the communities they serve and society at large.

Driving the social enterprise's accelerating momentum has been a continuing societal shift toward individual empowerment and advocacy in workers' relationships with their employers. In 2018 and 2019, people went on strike in numbers not seen since the 1980s[4] to demand changes ranging from better working conditions to gender pay equity.[5] Concerns about access to employment, wage inequality, and organizations' impact on communities continue to make headlines.[6] These mounting societal expectations—combined, in many countries, with greater worker power due to low unemployment rates—have put human concerns front and center for organizations and society.

At the same time as these human concerns were playing out, another equally powerful phenomenon was underway: an intense focus on technology as a primary driver, if not *the* primary driver, of enterprise value. "Every company is a technology company" became a common mantra as organizations invested billions in "digital transformation" efforts intended to turbocharge value creation through innovative technological applications.

However, through it all, most organizations viewed their efforts to address human and social concerns as wholly separate from their efforts around technology—the two conversations ran on separate tracks. Even today, pundits who connect the two realms often portray human interests not only as separate from, but as antithetical to, organizations' interest in capitalizing on technology to its fullest. Many individuals have come to subscribe to this latter view as well, most obviously in the belief that AI and robotics are an imminent threat to human employment.

Now, however, it's time to challenge the view that technology and humanity are distinct domains, or even fundamentally at odds. We believe that the greater value often comes from a fusion of the two.

Last year, we put out a call to action on this front by asking organizations to "reinvent with a human focus." But as we enter into a new decade, we have realized that that we need to go one step further. Instead of asking how to humanize a work environment inundated by technology, the deeper question for organizations is how they can leverage the environment that technology creates to humanize the world of work. By recognizing the possibilities of that environment, organizations can chart a path forward to embrace one of the greatest paradoxes they face today: Can organizations remain distinctly human in a technology-driven world?

A view that fuses the human and the technological—one that calls us to work *with* a world shaped by technology—can enable people and organizations to transcend the most challenging conflicts that exist in organizations today by making three bold shifts:

- **Fostering belonging amid a desire for individuality.** Technology creates a world where anything and everything can be individualized; yet humans desire a sense of

belonging to a larger whole. Our survey results reinforce that belonging is a concern: Seventy-nine percent of respondents said that "fostering a sense of belonging in the workforce" was important or very important to their organization's success in the next 12 to 18 months. What if, instead of creating divisions, individuality could become a source of strength born of bringing together unique, complementary abilities in the pursuit of shared goals? *To be able to do this, organizations need to optimize the power of individuals by connecting them with each other through their* **purpose** *at work.*

- **Creating security in a world of reinvention.** Technology creates the need for people to constantly reinvent themselves; yet humans still desire a sense of security. This year's survey results highlight the need for reinvention: Fifty-three percent of our respondents said that between half and all of their workforce will need to change their skills and capabilities in the next three years. What if, instead of being perceived as a threat, reinvention could become the means for finding security in the midst of ongoing change? To be able to do this, *organizations need to leverage reinvention as a way to increase their people's* **potential** *for long-term success in work.*

- **Taking bold action in an age of uncertainty**. Technology creates a sense that anything that can change, will; yet humans desire a sense of certainty to support bold steps forward. Here, our survey illustrates the uncertainty many organizations feel about their ability to navigate rapid change: Ninety percent of respondents said that the accelerating need for organizations to change at scale and speed was important to their success over the next 10 years, yet only 55 percent felt that their organizations were ready to change at the scale and speed required. But what if, instead of

prompting doubt, uncertainty could give rise to new possibilities: the opportunity to shape the future through decisive action? To be able to do this, organizations need to *transform uncertainty into an informed* **perspective** *that helps them confidently navigate the future of work.*
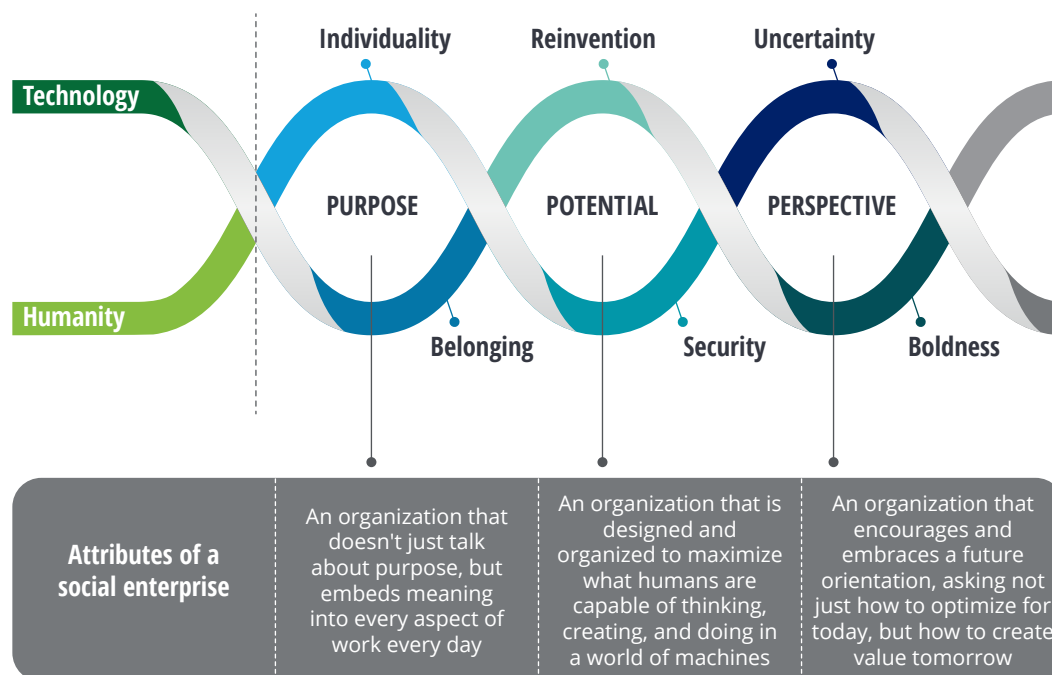
These three shifts represent a new set of attributes that characterize what it means to truly become a social enterprise at work (figure 1):

- Purpose: An organization that doesn't just talk about purpose, but embeds meaning into every aspect of work every day

- Potential: An organization that is designed and organized to maximize what humans are

capable of thinking, creating, and doing in a world of machines

- Perspective: An organization that encourages and embraces a future orientation, asking not just how to optimize for today, but how to create value tomorrow

To embody these attributes takes a high degree of change—one that extends beyond broad cultural descriptions and lofty purpose/mission statements to the tactical processes, programs, and structures that bring an organization's culture, purpose, and mission to life. To help you think through these changes, we have used the framework of purpose, potential, and perspective to organize our discussion of this year's human capital trends. These trends look across the components of an organization's infrastructure—from the systems

FIGURE 1

The social enterprise at work embodies a new set of attributes: purpose, potential, and perspective

| Attributes of a social enterprise | An organization that doesn't just talk about purpose, but embeds meaning into every aspect of work every day | An organization that is designed and organized to maximize what humans are capable of thinking, creating, and doing in a world of machines | An organization that encourages and embraces a future orientation, asking not just how to optimize for today, but how to create value tomorrow |

Source: Deloitte analysis.

that guide process execution to the metrics that track and measure strategic progress—and offer suggestions on ways to embed purpose, potential, and perspective into the very core of how they are designed and executed.

Purpose: Belonging amid individuality

Organizations that can harness their people's complementary strengths in the service of a common goal can benefit from diversity to drive higher performance. We explore three ways that organizations can transform individuality into collective value: by fostering belonging through a sense of contribution; by supporting worker well-being through the thoughtful design of work; and by formulating workforce strategies based on a nuanced understanding of people's attitudes and values.

Belonging: From comfort to connection to contribution. Organizational efforts to foster belonging have primarily focused on making every individual feel respected and treated fairly in an inclusive work environment. While this remains critical, leading organizations are forging a stronger link between belonging and organizational performance by strengthening workers' connections with their teams and fostering their sense of contribution to meaningful shared goals. When teams are united by a common purpose, differences in opinion on matters unrelated to that purpose become less relevant—and differences in opinion in how to achieve that purpose become grounds for reasonable debate rather than a source of divisiveness.

Designing work for well-being: Living and performing at your best. Worker well-being is a top priority today, largely because of the widespread belief that it supports organizational performance. But how can organizations take something as personal as well-being and translate

it into something that can have a broader impact beyond the individual? We believe the answer is to focus on the individual *in* work, not just the individual *at* work. To create a sense of contribution that translates into true organizational performance, organizations should expand their focus from programs adjacent to work to designing well-being into the work itself. By doing so, organizations can restructure work in ways that help workers not only *feel* their best but *perform* at their best, strengthening the tie between well-being and organizational outcomes and fostering a greater sense of belonging overall.

The postgenerational workforce: From millennials to perennials. Organizations have traditionally leaned heavily on workers' age and generation to inform and differentiate their talent strategies. But today's workforce is more complex than ever, making any single demographic lens of limited value. Forward-looking organizations are shifting their approach to better understand the workforce's attitudes and values. Based on these insights, organizations have an opportunity to understand individuals' distinct characteristics to bring them together in ways that can promote a greater sense of belonging. This, in turn, can help workers to maximize their contribution at work, derive enhanced meaning in their careers, and, ultimately, better align themselves with the purpose of the organization—one that not only understands what they can contribute, but how they uniquely can do so.

Potential: Security through reinvention

An organization that can help its people find security through reinvention can gain an advantage through its ability to embrace productive change. We highlight three areas where organizations have opportunities to capitalize on change: the integration of artificial intelligence (AI) into workgroups and superteams; the transformation of

knowledge management through technology; and the cultivation of, and investment in, workforce resilience.

Superteams: Putting AI in the group. Despite dire predictions about workers being replaced by intelligent machines, leading organizations are taking a new tack: actively searching for strategies to integrate AI *into* teams to help produce transformative business results. These "superteams" hold the promise of allowing organizations to reinvent themselves to create new value and meaning, while giving workers the potential to reinvent their careers in ways that increase their value to the organization and the broader talent market.

Knowledge management: Creating context for a connected world. The power of people and machines working together offers the greatest opportunity for creating knowledge in human history. Advanced technologies are now able to automatically index, combine, tag, and organize information across multiple platforms. But to capitalize on these tools, organizations should also address the human element by creating a culture that helps people recognize that sharing their knowledge—contributing to personal and organizational reinvention—increases their value to the organization, ultimately offering them a greater sense of security at work.

Beyond reskilling: Investing in resilience for uncertain futures. Renewing workers' skills is a tactical necessity, but reskilling is not a sufficient path forward by itself. Organizations should consider an approach that treats workforce development as a strategy for building worker and organizational *resilience*—equipping workers, and thus the organization, with the tools and strategies to adapt to a range of uncertain futures in addition to reskilling them for near-term needs. Through a resilience lens, reinvention shifts from something that may threaten worker security to the very thing that defines it: Workers who are able to constantly

renew their skills and learn new ones are those who will be most likely to find employment in today's rapidly shifting job market.

Perspective: Boldness into uncertainty

Organizations that view uncertainty as offering possibilities rather than threats can position themselves to take decisive action to shape an unknown future. There are three areas where organizations should move boldly ahead to create a future in which all stakeholders can thrive: Compensation, where taking a human-focused approach can help organizations meet emerging challenges; governing workforce strategies, where asking and answering new questions can help guide better strategic decisions; and ethics and the future of work, where organizations should examine their actions' ethical implications to maintain their license to operate in a more transparent world.

The compensation conundrum: Principles for a more human approach. Considering how much time and money organizations spend on compensation strategies, processes, and programs, *any* change to compensation practices represents a significant decision. Yet many organizations are stuck in a seemingly endless cycle of compensation reviews, reforms, and rollouts. To take bold action in the face of uncertainty, organizations need a new path forward that is anchored not only in data and benchmarks, but also in a set of human principles that reflects the fact that compensation is more than a set of numbers—it's a reflection of how organizations value individuals and how individuals value organizations.

Governing workforce strategies: New questions for better results. As workforce strategies have evolved over the past decade, workforce metrics and governance have not kept pace. Today, organizations need forward-looking insights on every trend shaping human capital.

Organizations should begin to ask fundamentally new questions that can inform bold decisions around critical human capital risks and opportunities, even as uncertainty about the future of work, the workforce, and the workplace persists.

Ethics and the future of work: From "could we" to "how should we." As the future of work rapidly evolves and organizations integrate people, technology, alternative workforces, and new ways of working, leaders are wrestling with an increasing range of ethical challenges. These challenges are especially pronounced at the intersection between humans and technology. In the face of increasing ethical challenges, organizations should make intentional and bold choices. Those choices need to be framed by a change in perspective: a shift from asking only "could we" to also ask "how should we" when approaching new ethical questions.

For the last chapter of this year's report, we address HR directly. As the fusion of humans and technology at work accelerates, the future of HR is one of expanded focus and extended influence. HR should look to broaden its focus from employees to the organization and to the entirety of work and the workforce. And HR should increase its sphere of influence beyond the traditional lines of the function to the enterprise and to the business ecosystem as a whole.

The attributes of purpose, potential, and perspective are admittedly complex. Organizations have tended to view the conflicts within each as trade-offs: belonging *or* individuality, security *or* reinvention, boldness *or* uncertainty. But part of embracing the seeming paradox of fusing the technological with the human is to look beyond trade-offs to find ways to integrate these seemingly opposed pairs. In each of the following chapters, we show how organizations can work within an environment shaped by the fusion of technology and people to embed purpose, potential, and perspective into the DNA of how they operate. For the power of the social enterprise lies in its ability to bring a human focus to everything it touches, empowering people to work productively *with* technology to create lasting value for themselves, their organizations, and society at large.

The social enterprise at work: Paradox as a path forward

FIGURE 2

Perceived importance exceeded organizational readiness for all of this year's trends

■ Very ready　■ Ready　■ Important or very important

Well-being

80%

12%　38%

Belonging

79%

13%　36%

Knowledge management

75%

9%　33%

Ethics and the future of work

75%

14%　37%

The evolving role of HR

75%

11%　34%

Reskilling

74%

10%　32%

Governing workforce strategies

71%

8%　33%

The postgenerational workforce

70%

10%　33%

Compensation

69%

9%　31%

Superteams and AI

59%

7%　24%
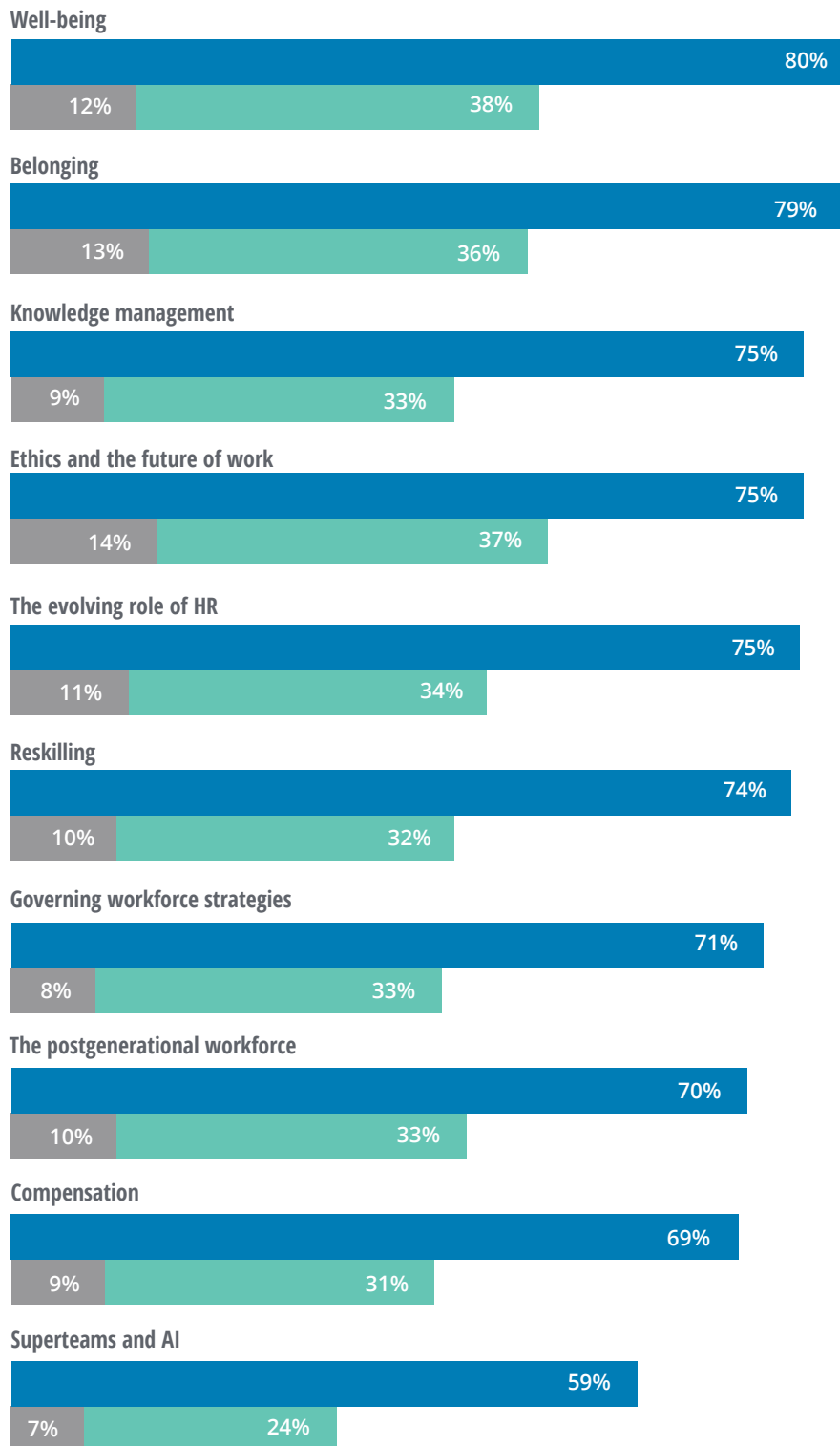
Source: Deloitte Global Human Capital Trends survey, 2020.

FIGURE 3

Trend importance by region

	All respondents	Africa	Asia	Central and Eastern Europe	Latin and South America	Middle East	Nordic countries	North America	Oceania	Western Europe
Creating and preserving knowledge	75.1%	76.3%	83.2%	73.0%	81.7%	80.7%	64.1%	70.4%	71.3%	72.1%
Ethics and the future of work	74.9%	84.0%	83.2%	68.4%	88.2%	76.7%	70.4%	70.3%	70.4%	66.8%
Belonging	79.0%	84.8%	83.0%	78.4%	86.2%	85.8%	75.0%	73.6%	86.1%	73.1%
Measuring workforce strategies	71.3%	75.6%	82.8%	73.2%	78.7%	72.7%	56.9%	64.4%	73.1%	65.8%
Postgenerational workforce	69.9%	75.7%	81.0%	65.0%	81.6%	77.8%	57.2%	65.1%	62.0%	63.5%
Reskilling	74.2%	80.0%	88.7%	63.1%	84.8%	79.0%	66.4%	66.9%	73.1%	70.7%
Compensation	69.4%	73.5%	80.4%	75.7%	78.6%	76.7%	42.8%	63.8%	55.6%	62.3%
HR's evolving role	74.6%	78.7%	87.1%	72.8%	84.0%	78.4%	64.7%	67.2%	75.0%	68.6%
AI and superjobs	59.3%	59.8%	75.0%	54.0%	72.4%	65.3%	47.1%	55.3%	50.9%	52.2%
Well-being	79.9%	83.3%	84.0%	77.0%	87.2%	84.1%	76.4%	73.9%	86.1%	76.7%

Note: Figures represent the proportion of respondents rating each trend "important" or "very important."
Source: Deloitte Global Human Capital Trends survey, 2020.

FIGURE 4

Trend importance by industry

	All industries	Consumer products	Energy, resources, and industrials	Financial services	Government and public services	Life sciences and health care	Professional services	Technology, media, and telecom
Creating and preserving knowledge	75.1%	74.4%	77.7%	72.8%	70.4%	75.8%	75.5%	78.1%
Ethics and the future of work	74.9%	74.7%	75.7%	73.5%	69.0%	74.6%	78.9%	72.1%
Belonging	79.0%	78.5%	79.4%	78.2%	74.6%	80.3%	79.7%	81.5%
Measuring workforce strategies	71.3%	72.1%	73.8%	69.7%	66.2%	73.0%	70.4%	73.6%
Postgenerational workforce	69.9%	70.6%	71.8%	67.8%	68.5%	70.0%	70.2%	69.8%
Reskilling	74.2%	74.6%	75.9%	75.1%	68.9%	77.2%	73.8%	74.3%
Compensation	69.4%	71.6%	68.9%	69.0%	61.6%	70.0%	68.5%	72.7%
HR's evolving role	74.6%	77.7%	76.1%	75.6%	70.7%	73.9%	71.4%	76.3%
AI and superjobs	59.3%	57.5%	57.1%	63.5%	47.4%	58.2%	63.2%	65.6%
Well-being	79.9%	79.0%	80.3%	79.3%	79.2%	80.8%	80.7%	80.6%

Note: Figures represent the proportion of respondents rating each trend "important" or "very important."
Source: Deloitte Global Human Capital Trends survey, 2020.

FIGURE 5

Respondents by region

Western Europe

26%

Latin and South America

19%

North America

14%

Central and Eastern Europe

14%

Asia

9%

Africa

9%

Nordic Countries

5%

Middle East

3%

Oceania

2%
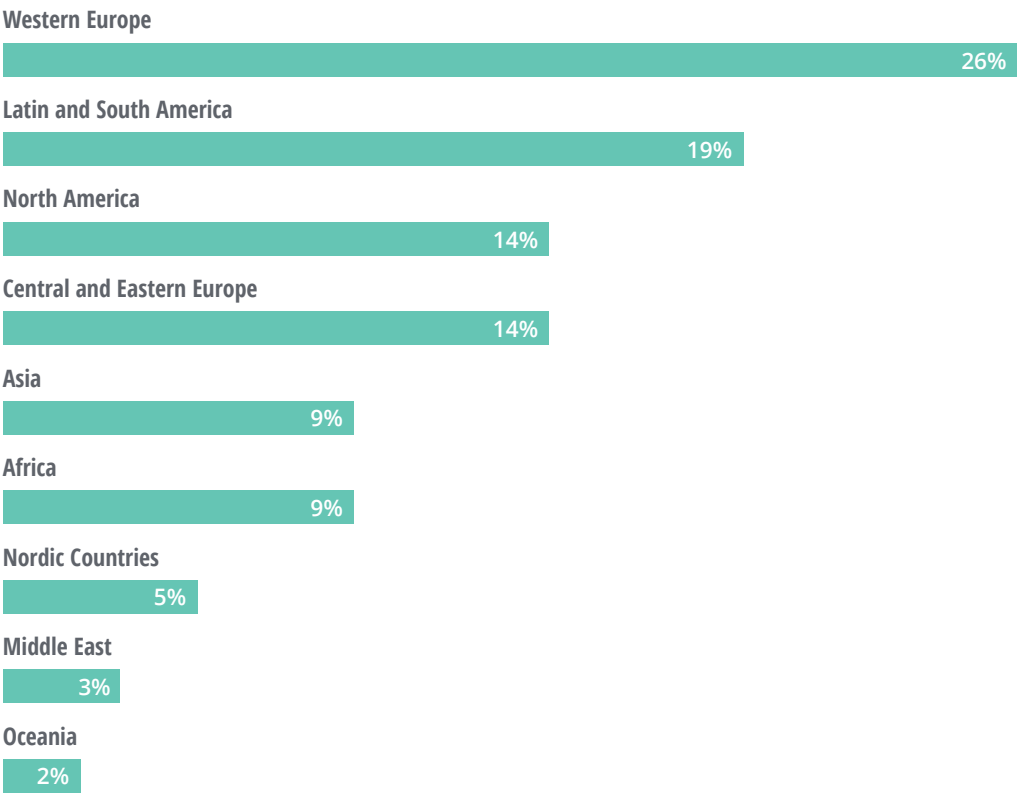
Source: Deloitte Global Human Capital Trends survey, 2020.

FIGURE 6

Respondents by industry

Consumer products

19%

Professional services

17%

Other

14%

Technology, media, and telecom

14%

Financial services

13%

Energy, resources, and industrials

11%

Government and public services

8%

Life sciences and health care

6%
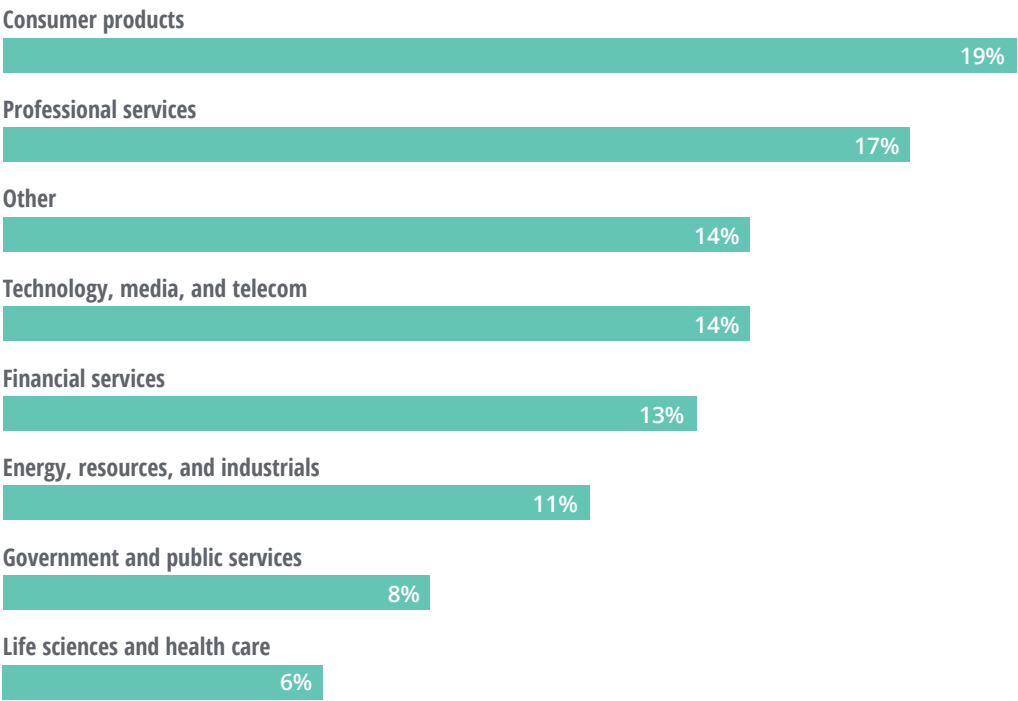
Source: Deloitte Global Human Capital Trends survey, 2020.

FIGURE 7

Respondents by function

■ HR ■ IT ■ Neither HR nor IT

9%

55%

36%
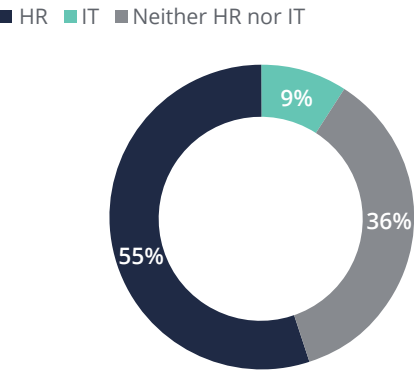
Source: Deloitte Global Human Capital Trends survey, 2020.

FIGURE 8

Respondents by organization size (number of employees)

■ Large (10,001+) ■ Medium (1,001 to 10,000)
■ Small (1 to 1,000)

22%

27%

51%
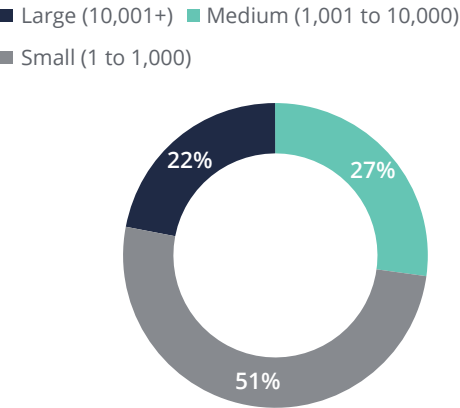
Source: Deloitte Global Human Capital Trends survey, 2020.

FIGURE 9

Respondents by level

■ Mid-level ■ Vice president ■ C-suite

■ Individual contributor
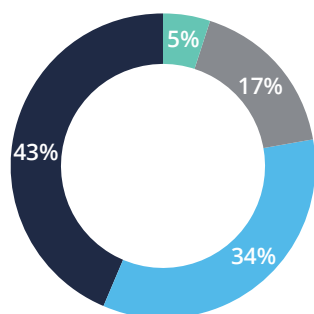
Source: Deloitte Global Human Capital Trends survey, 2020.

FIGURE 10

Respondents by country

	Number of respondents
Germany	862
United States	688
Canada	594
Ukraine	579
Belgium	492
Costa Rica	403
South Africa	339
Brazil	296
Japan	228
Norway	217
People's Republic of China	209
India	186
Ecuador	184
Poland	180
Israel	167
Spain	158
Austria	156
Uruguay	153
Mexico	145
Colombia	142
France	140
Italy	134
United Kingdom	122
Guatemala	108
Finland	99
Russian Federation	91
Peru	88
Australia	86
Argentina	78
Ivory Coast	77
Other	1548
Total	8949

Source: Deloitte Global Human Capital Trends survey, 2020.

Endnotes

1. Larry Fink, "Larry Fink's 2018 letter to CEOs: A sense of purpose," BlackRock, accessed March 18, 2020.

2. Business Roundtable, "Business Roundtable redefines purpose of a corporation to promote 'an economy that serves all Americans,'" August 19, 2019.

3. Colin Mayer, "It's time to redefine the purpose of business. Here's a roadmap," World Economic Forum, January 7, 2020.

4. Olivia Raimonde, "The number of workers on strike hits the highest since the 1980s," CNBC, October 21, 2019.

5. Joe DeManuelle-Hall and Dan DiMaggio, "2019 year in review: Workers strike back," Labor Notes, December 20, 2019.

6. International Labor Organization, "Insufficient paid work affects almost half a billion people, new ILO report shows," *YubaNet.com*, January 21, 2020.

Belonging
From comfort to connection to contribution

ORGANIZATIONAL EFFORTS TO FOSTER BELONGING HAVE HISTORICALLY AND PRIMARILY FOCUSED ON MAKING EVERY INDIVIDUAL FEEL RESPECTED AND TREATED FAIRLY IN AN INCLUSIVE WORK ENVIRONMENT. WHILE THIS REMAINS FOUNDATIONAL, LEADING ORGANIZATIONS ARE FORGING A STRONGER LINK BETWEEN BELONGING AND ORGANIZATIONAL PERFORMANCE BY STRENGTHENING WORKERS' CONNECTIONS WITH THEIR TEAMS AND FOSTERING THEIR SENSE OF CONTRIBUTION TO MEANINGFUL SHARED GOALS.

Current drivers

Belonging, along with well-being, is at the top of this year's Global Human Capital Trends survey as one of the most important human capital issues. Seventy-nine percent of survey respondents said that fostering a sense of belonging in the workforce was important to their organization's success in the next 12–18 months, and 93 percent agreed that a sense of belonging drives organizational performance—one of the highest rates of consensus on importance we have seen in a decade of *Global Human Capital Trends* reports.

Of course, belonging—including the sense of feeling respected and treated fairly—has been an organizational priority for some time. Promoting respect and fairness for all is a large part of many organizations' diversity and inclusion efforts, and those efforts, when effective, pay off. A 2019 study by BetterUp found that workplace belonging can lead to an estimated 56 percent increase in job performance, a 50 percent reduction in turnover risk, and a 75 percent decrease in employee sick days. The study found that a single incidence of

THE READINESS GAP

Seventy-nine percent of organizations say fostering a sense of belonging in the workforce is important or very important for their success over the next 12 to 18 months, but only 13 percent say they are very ready to address this trend.

"micro-exclusion" can lead to an immediate 25 percent decline in an individual's performance on a team project.[1]

Why has belonging at work become a top organizational priority now? Some of it is external. Many people feel the world is becoming less stable, more polarized, and more volatile. In many countries, political polarization, tribalism, and populism are on the rise.[2] The World Economic Forum has observed increased "public frustration with the status quo, populist insurgencies, [and] the division of groups into 'us-vs-them'" in countries as diverse as the United States, France, Germany, the United Kingdom, Italy, Hungary, Austria, Sweden, Poland, Brazil, the Philippines,

and others.[3] A recent study of six of those countries uncovered that these divisions are likely "more than just shifts in public opinion about specific issues," but instead may reflect a deepening distrust in society "with growing tribalism and intolerance of those with different beliefs and background."[4] These divisions may be leading some individuals to turn to the workplace to find the sense of meaning and solidarity that is often becoming more and more difficult to achieve with society at large.

Even in the workplace, that solidarity can sometimes be hard to find. The Society for Human Resource Management's (SHRM's) Politics at Work survey found that 42 percent of US employees surveyed had personally experienced political disagreements in the workplace, and 34 percent said that their workplace is not accepting of differing political perspectives. SHRM notes that, while companies "can't, and shouldn't try to, quash these conversations … [they can] create inclusive cultures of civility where difference isn't a disruption."[5]

And many organizations are struggling with fostering belonging in a polarized world. Even organizations that are known for their emphasis on psychological safety and openness have needed to issue new guidelines to reduce disruptive workplace discussions. In one example, a company circulated a memo asking workers to avoid any conversations that might be disruptive to the workplace or lead to divisions among employee groups. The organization scaled back weekly meetings where employees could previously discuss anything—including political issues—with senior leaders and shifted their focus instead to monthly sessions focused on business strategy.

External factors aren't all that is driving belonging's importance; what's happening within the organization is having an impact as well. Shifts in workforce composition are one growing challenge. With alternative work arrangements on the rise, many workers may not formally "belong" to the organization they work for—which can make it harder for them to feel a sense of belonging at work and can make it harder for people in traditional work arrangements to feel a sense of unity with them. Workplace technology is also a contributing force. While technology enables instantaneous communication with virtually anyone, the way people use that technology can—paradoxically—contribute to increased feelings of isolation. Many virtual workers cite loneliness as one of remote working's challenges.[6] It's a challenge faced by an increasing number of workers: In the United States, the number of people who regularly work from home has grown by 173 percent since 2005.[7]

These forces are playing out against a backdrop where many people are working longer hours. As work consumes more waking hours than ever before, people are looking to work to provide more than just a paycheck. Since the Great Depression in the 1930s, the average American workweek has risen from about 35 hours to a standard 40, and many people log more than that:[8] Workers in full-time jobs in the United States worked just over 9.3

hours on an average weekday in 2017.[9] Some observers note that, as working hours have lengthened, people are increasingly looking to work for personal fulfillment and satisfaction[10]—which can include, among other things, a sense of belonging.

Our 2020 perspective

Our view is that creating a sense of belonging at work is the outcome of three mutually reinforcing attributes. Workers should feel *comfortable* at work, including being treated fairly and respected by their colleagues. They should feel *connected* to the people they work with and the teams they are part of. And they should feel that they *contribute* to meaningful work outcomes—understanding how their unique strengths are helping their teams and organizations achieve common goals.

Our 2020 Global Human Capital Trends survey results offer support for this view. Twenty-five percent of survey respondents identified fostering

an environment where workers feel they are treated fairly and can bring their authentic selves to work—comfort—as the biggest driver of belonging. Thirty-one percent said that having a sense of community and identifying with a defined team—connection—was the biggest driver. And 44 percent, a plurality, reported that feeling aligned to the organization's purpose, mission, and values and being valued for their individual contributions—contribution—was the biggest driver of belonging at work (figure 1).

The progression from comfort to connection to contribution is an additive one, with each step building on the one before. Many organizations have already made great progress on comfort—creating an inclusive environment where workers feel respected and treated fairly. Organizations that establish this kind of inclusive culture are twice as likely to meet or exceed financial targets, three times as likely to be high-performing, six times as likely to be innovative and agile, and eight times more likely to achieve better business outcomes.[11]

FIGURE 1

Contribution and connection drive belonging more than comfort alone

Which of the following is the biggest driver of creating belonging in your organization?

- Workers who can bring their full, authentic selves to the workplace
- Workers who are treated fairly
- Workers who can identify with a defined team (e.g., function, department, geography, etc.)
- Workers have a sense of community and feel connected to others in the organization
- Workers who are valued for their individual contributions
- Workers who feel aligned with the organization's purpose, mission, and values

Comfort
9% 16% **25%**

Connection
10% 21% **31%**

Contribution
16% 28% **44%**
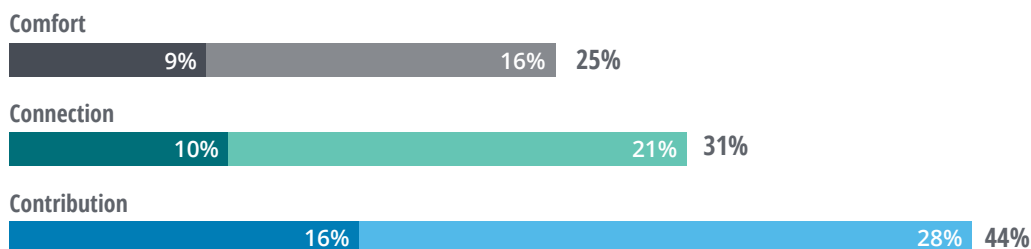
Source: Deloitte Global Human Capital Trends survey, 2020.

BELONGING THROUGH THE YEARS IN GLOBAL HUMAN CAPITAL TRENDS

This year's "Belonging" chapter explores the evolution from comfort to connection to contribution—suggesting that workers can find purpose and value in work when they are able to identify the impact they are making on organizational objectives and goals. This year's point of view builds on a decade of research that first showed how diversity and inclusion drive business performance in 2011; pointed to the importance of diversity of thinking, insights, and ideas in 2013; and emphasized the need to combine diversity with an inclusive culture to truly drive value in 2014. Our 2017 chapter "Diversity and inclusion: The reality gap" reinforced the importance of connection when we wrote about the importance of creating diverse, inclusive teams in which people feel able to speak up and contribute to drive organizational performance. The move from connection to contribution, however, depends on another factor: meaning. In last year's "From employee experience to human experience" chapter, we wrote about the importance of embedding meaning into work and enabling employees to contribute in the most positive, supportive, and personal ways. This year, we build on that conversation to show that organizations that wish to be inclusive must move beyond making people feel comfortable at work; they should also foster a sense of belonging by giving workers the ability to contribute in meaningful ways to advance team and organizational outcomes.

Connection, the next step, occurs on two levels: when workers feel they have meaningful relationships with coworkers and their teams, and when they feel connected with the organization's purpose and goals. The advent and continuing popularity of business resource groups—groups aimed at connecting and empowering people with similar backgrounds and social identities—is one example of how organizations have promoted stronger connections among workers. One example of the power of workers feeling connected with a broader purpose can be seen in Unilever's "Brands with a Purpose" initiative, which creates products that are both affordable and commercially viable for consumers in rural villages. People working on Brands with a Purpose teams have the highest engagement scores at the company, and the brands themselves are growing 69 percent faster than the rest of the business.[12]

The third step, contribution, takes comfort and connection still further. When workers feel a sense of contribution, they can not only feel respected and treated fairly at work and have strong relationships with their colleagues and teams, but workers can also see how their individual talents and efforts make a meaningful difference in advancing team and organizational outcomes. To put it simply, they can see how what they do truly matters in the pursuit of common valued goals. Our survey results support the link between a feeling of contribution and a feeling of belonging: Sixty-three percent of our survey respondents, when asked *how* creating a sense of belonging supports organizational performance, answered that it does so by enhancing alignment between individual and organizational objectives.

One example of an organization that strives for a culture in which everyone feels able to contribute to meaningful work outcomes is Alibaba. Says Alibaba CEO Zhang Yong: "The essence of Alibaba's culture is that we have faith in each one of us." Alibaba recognizes that making it safe for workers to express their views and opinions is the only way to drive the kind of meaningful collaboration that can translate its workforce's incredible diversity into business value.[13]

An appreciation of one's contribution to the work can help foster belonging in a more diverse and even polarized world. Belonging based on contribution does not require people to agree on (for instance) their political views or conform to a

single cultural template. Instead, it celebrates individuals' and teams' diversity of thought in ways that promote their commitment to shared outcomes, enabling them to engage in discussions that consider a variety of perspectives with the aim of coming to an agreement. When teams are united by a common purpose, differences in opinion on matters unrelated to that purpose can become less relevant—and differences in opinion on how to achieve that purpose become grounds for reasonable dialogue rather than a source of divisiveness.

Our Global Human Capital Trends survey suggests that three factors most influence an organization's ability to navigate the evolution from comfort to connection to contribution: organizational culture, leadership behaviors, and personal relationships (figure 2).

Organizational culture refers to the system of values, beliefs, and behaviors that shapes how work gets done within an organization. In a culture of belonging, that means an environment that supports all three elements of comfort, connection, and contribution. Workers should feel their perspectives are respected and valued; the culture should be one that encourages everyone to be authentic, share their diverse perspectives, and align to the team's and organization's purpose. And workers need clear mechanisms, such as incentives and peer/supervisor feedback, to show them how their work makes a difference in the pursuit of broader shared goals.

Such an organizational culture is built on leadership behaviors that reinforce organizational values of fairness, respect, and psychological safety on teams and inspire workers to perform at

FIGURE 2

Culture, leadership, and personal relationships are the biggest factors influencing an organization's ability to create belonging

What factors most influence your organization's ability to create a sense of belonging?
Select up to two.

Organizational culture
43%

Leadership behaviors
33%

Personal relationships
24%

Organizational purpose
20%

Opportunity and growth
15%

The nature of the work
14%

Fairness
8%
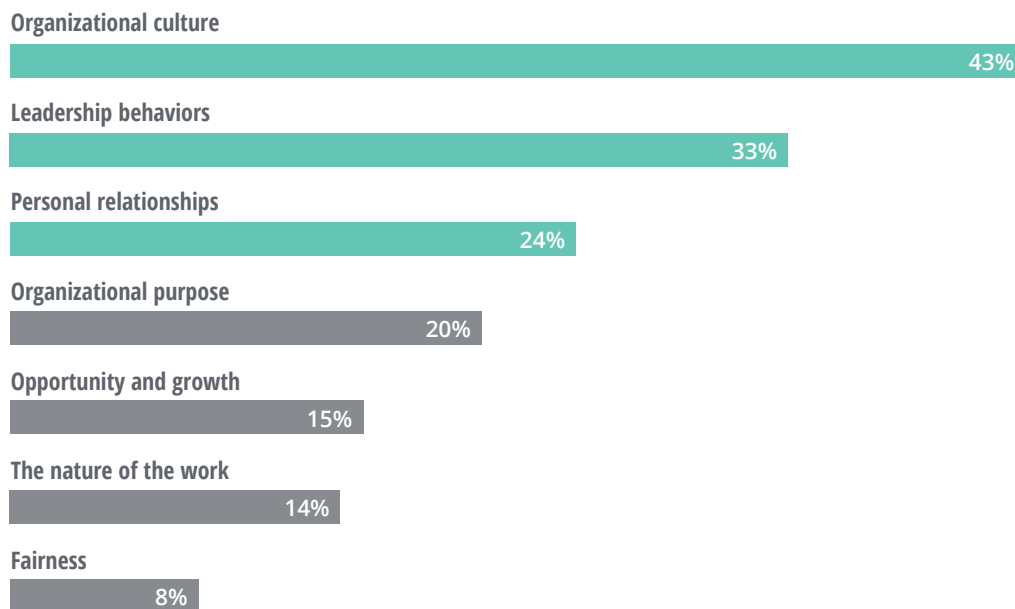
Source: Deloitte Global Human Capital Trends survey, 2020.

their best. Deloitte's "As One" research program, which studied the structure and productivity of different types of teams, found three types of team leaders were able to build a stronger sense of contribution amongst their teams: "sports team captains," "community organizers," and "senators."[14] Characteristically within these archetypes, the leaders united the teams through common goals rather than by top-down rules, and team members had the autonomy to make decisions and provide input instead of following a command-and-control structure.

Finally, the quality of the relationships among team members is critical. Again, comfort and connection are important in facilitating contribution here. Teams where workers feel psychologically safe bringing their views to the table, and where their relationships with other team members are strong enough to allow them to do so in an assertive yet constructive way, will be well positioned to engage in productive friction—the ability to draw out conflict and learn from disagreements to generate new insights.[15]

Learning by example

Examples of organizations' efforts around comfort, connection, and contribution illustrate the value of each of these attributes to an organization's performance. The life sciences company Gilead Sciences recently undertook an effort to increase comfort among its teams in Asia, aiming to instill a sense of psychological safety where workers felt safe to speak up, make mistakes, and be themselves without fear of punishment or judgment. The company worked with its leaders in the region to build inclusive leadership skills and help them understand how to reduce the effects of their own status bias (such as by giving team members opportunities to raise concerns). The objective of this effort is to build a culture in the region where workers can feel empowered to respectfully challenge norms,

allowing them to proactively rather than reactively identify issues and opportunities. Gilead is aiming for higher performance and greater innovation by breaking the culture of conformity and encouraging team members to be different and express divergent views.[16]

Horizon Therapeutics established connection in its organization with a series of efforts intended to promote and celebrate the importance of inclusive thinking and actions. The company explicitly promotes "allyship" in the workplace by identifying and supporting workers who exemplify inclusive behaviors in their daily interactions with diverse colleagues and teams. Horizon looks for four characteristics in its allies: "Being good at learning and listening, feeling comfortable speaking up and speaking out, owning and sharing their own story, and modeling positive, inclusive behaviors."[17] These efforts are paying off in terms of workplace culture. In addition to being recognized for several years as one of the "Best Workplaces in Health Care and Biopharma" by *Fortune* magazine and the organization Great Place to Work,[18] Horizon is credited with creating a familial environment where employees feel connected to the work and

their coworkers, as well as believe they have a voice in decision-making.[19]

Finally, the United States' National Aeronautics and Space Administration (NASA) continues to cultivate belonging based on a sense of contribution. Robert Gibbs, associate administrator for the Mission Support Directorate, told us, "From an astronaut to an accountant, we're all pulling on the same rope, in the same direction, trying to achieve the same thing."[20] As it works to land the first woman and next man on the moon by 2024, NASA maintains a strong sense of mission across its entire workforce, even though its workforce's composition includes a broadly distributed range of workers, including federal employees as well as a high percentage of contract workers, commercial partners, and partners from international cooperative agreements. NASA remains one of the aerospace industry's most sought-after employers, and leaders attribute much of its success—and astonishingly low 3 percent attrition rate—to its ability to highlight each individual's role in achieving a clear and compelling organizational purpose. Regardless of their job or employment arrangement, everyone at NASA can see how their individual talents contribute to their team and how that work, combined, moves NASA forward.[21]

Pivoting ahead

Organizations have and continue to invest enormous amounts of leadership focus, energy, and resources to ensure people feel respected and are treated fairly at work. Now, leaders have the opportunity to build on comfort to encourage connection and contribution as well, enabling a sense of belonging that can improve organizational performance. Implementing these types of belonging strategies will not be easy. It will require organizations to have a diversity lens to help make sure they are creating the opportunity for *everyone* to contribute *equitably*. When workers see and appreciate how their individual work helps to advance goals they support and find meaningful, they will likely be more engaged, more motivated, and more likely to perform at a high level to drive gains in organizational performance.

Acknowledgments

Endnotes

1. BetterUp, *The value of belonging at work: The business case for investing in workplace inclusion*, accessed March 20, 2020.

2. Thomas Carothers and Andrew O'Donohue, "How to understand the global spread of political polarization," Carnegie Endowment For International Peace, October 1, 2019.

3. Laura-Kristine Krause and Jérémie Gagné, *Fault lines: Germany's invisible divides*, More in Common, 2019; Tim Dixon, "Here's how we solve the global crisis of tribalism and democratic decay," World Economic Forum, January 9, 2019.

4. Ibid.

5. Beth Mirza, "Political discord is disrupting the workplace," SHRM, November 5, 2019.

6. Hailley Griffs, "State of remote work 2018 report: What it's like to be a remote worker in 2018," Buffer, accessed March 20, 2020.

7. Global Workplace Analytics, "Telecommuting statistics," accessed March 20, 2020.

8. Vicki Robin and Joe Dominguez, "Humans once worked just 3 hours a day. Now we're always working, but why?," Big Think, April 6, 2018.

9. United States Bureau of Labor Statistics, "American Time Use Survey (ATUS)," accessed October 31, 2018.

10. Derek Thompson, "Workism is making Americans miserable," *Atlantic*, February 24, 2019.

11. Juliet Bourke and Bernadette Dillon, "The diversity and inclusion revolution: Eight powerful truths," *Deloitte Review* 22, January 22, 2018.

12. Unilever, "Unilever's purpose-led brands outperform," press release, June 11, 2019.

13. Observations by Deloitte professionals interacting with Alibaba.

14. David Brown, "As one: Better collaboration where it counts the most," *Deloitte Review* 12, January 31, 2013.

15. John Hagel et al., *Beyond process: How to get better, faster as "exceptions" become the rule*, Deloitte Insights, November 13, 2017.

16. Conversations with company executives by the authors; Caitlin Gray, "How to build psychological safety as a leader: An interview with a global leader from Korea," Deloitte, October 16, 2019.

17. Conversations with Horizon Therapeutics executives by the authors.

18. Horizon Therapeutics, "Horizon Pharma plc named one of the 2019 best workplaces in health care and biopharma by FORTUNE and Great Place to Work," press release, April 11, 2019.

19. Conversations with Horizon Therapeutics executives by the authors.

20. Conversations with NASA leaders by the authors.

21. Ibid.

Designing work for well-being
Living and performing at your best

WORKER WELL-BEING IS A TOP PRIORITY TODAY, LARGELY BECAUSE OF THE WIDESPREAD BELIEF THAT IT SUPPORTS ORGANIZATIONAL PERFORMANCE. YET MANY ORGANIZATIONS ARE MISSING THE BIGGEST OPPORTUNITY FOR WELL-BEING TO DRIVE PERFORMANCE: INTEGRATING WELL-BEING INTO THE DESIGN OF WORK ITSELF. BUILDING WELL-BEING INTO WORK TAKES AN ORGANIZATION'S FOCUS BEYOND INTERVENTIONS TO SUPPORT INDIVIDUAL WELL-BEING TO ADDRESS WELL-BEING FOR THE BROADER TEAM AND FOR THE ORGANIZATION AT LARGE. BY DOING SO, ORGANIZATIONS CAN RESTRUCTURE WORK IN WAYS THAT HELP WORKERS NOT ONLY *FEEL* THEIR BEST BUT *PERFORM* AT THEIR BEST, STRENGTHENING THE TIE BETWEEN WELL-BEING AND ORGANIZATIONAL OUTCOMES AND FOSTERING A GREATER SENSE OF BELONGING OVERALL.

EIGHTY PERCENT OF respondents to this year's *Global Human Capital Trends* survey identified well-being as an important or very important priority for their organization's success, making it the year's top-ranked trend for importance. And it's clear that organizations around the world have taken notice. Large employers in the United States spent an average of US$3.6 million on well-being programs in 2019, at a cost of US$762 per employee.[1] The global corporate well-being market has grown at an accelerated 7 percent CAGR, and is likely to continue growing, rising from US$53.6 billion in 2018 and expected to reach US$90.7 billion by 2026.[2]

The investments made in the well-being space are for good reason. Ninety-five percent of HR leaders agree that burnout impacts employee retention,[3] and a Limeade and Quantum Workplace study found that employees with higher well-being are

THE READINESS GAP

Well-being had the largest gap between importance and readiness across this year's trends, with 80 percent of organizations saying worker well-being is important or very important for their success over the next 12–18 months, but only 12 percent saying they are very ready to address this issue.

more likely to feel engaged at work, enjoy their work, and recommend their organization.[4] In our own survey this year, 94 percent of respondents agreed that well-being drives organizational performance to some extent.

However, a closer look at our survey findings reveals that the return on investment (ROI) in worker well-being may not be as strong as it could be. Sixty-one percent of our survey respondents

FIGURE 1

Well-being drives improvements in workforce experience more often than any other business outcome

Which of the following are most (positively) impacted by your well-being strategy? Select all that apply.

Workforce experience

62%

Reputation in market

42%

Customer experience

40%

Financial outcomes

38%

Innovation and adaptability

34%
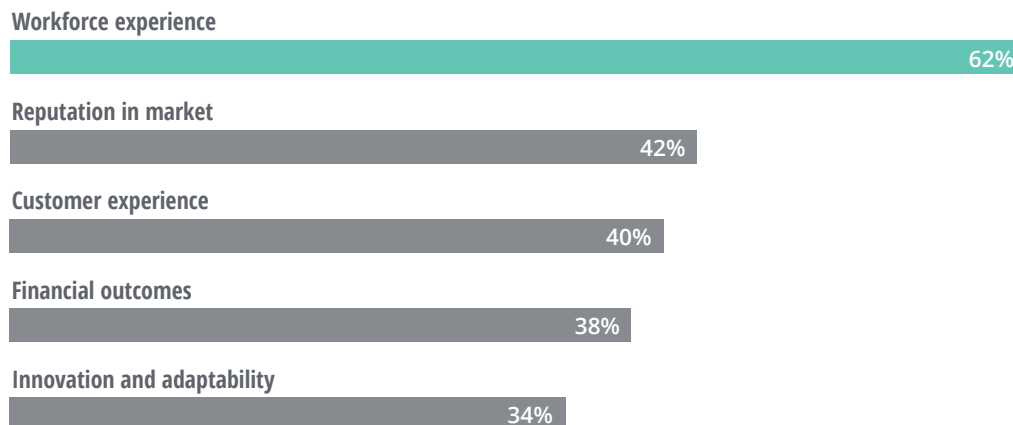
Source: Deloitte Global Human Capital Trends survey, 2020.

said that their organizations are not measuring the impact of well-being on organizational performance at all, and those respondents whose organizations *did* measure well-being's impact on performance were most likely to report that that impact lay largely in improving the workforce experience (figure 1). Fewer than half believed that their well-being strategy was positively affecting other business outcomes, such as the organization's customer experience, financial outcomes, reputation, and innovation and adaptability.

Why this gap in ROI? Let's start with the fact that addressing well-being effectively isn't a simple undertaking. While modern well-being strategies have historic roots in the occupational health programs established in the 19th century designed to make work safe, they have since evolved to encompass a wide set of programs around workers' physical, financial, and even emotional health. The good news is that our survey respondents have recognized this shift, with the majority of respondents indicating that their well-being strategies focus, at a minimum, on the physical, mental, *and* financial health of their employees (figure 2).

But the impact of modern careers and the rise of phenomena such as workplace stress have raised the question of whether employers should be doing even more. A study of workers in the United States and the United Kingdom found that 94 percent report feeling stress at work, with one-third saying their stress level is high to unsustainably high.[5] Fifty-four percent of workers report that their home life is negatively affected by work at least once a week, and more than 50 percent report sleep loss.[6] This workplace stress brings physical health consequences as well, leading the World Health Organization to classify burnout "resulting from chronic workplace stress that has not been successfully managed" as a diagnosable health condition.[7]

Given the level of the investments that are already being made, and the fact that 96 percent of our respondents agreed that well-being was an organizational responsibility, it's clear that this is an area that needs some additional focus and attention. The question is: Where should organizations go from here?

FIGURE 2

Most respondents' well-being strategies take a broad view of well-being

Which statement best describes your organization's well-being strategy?

Our well-being strategy is comprehensive and integrated into the way we design work and develop our workforce experience to provide purpose and meaning

21%

Our well-being strategy focuses on the physical, mental, and financial health of our employees

34%

Our well-being strategy focuses on the physical health of our employees

13%

Our well-being strategy is focused on managing occupational safety

15%

We do not have a well-being strategy

17%

Source: Deloitte Global Human Capital Trends survey, 2020.

Our 2020 perspective

Unlike in prior years of *Global Human Capital Trends*, this year, we had two trends that rose to the top with almost identical importance scores: well-being and belonging. We believe that both of

these topics rose to the top because they pointed to a real challenge that many organizations are grappling with in the age of the social enterprise: How can they take something so personal and translate it into something that can have a broader impact beyond the individual?

WELL-BEING THROUGH THE YEARS IN GLOBAL HUMAN CAPITAL TRENDS

What started the decade as a concern about worker overload has evolved into a complex discussion about the role of organizations not only in driving well-being, but in optimizing business performance by integrating well-being into the design of work. In 2014, our chapter on "The overwhelmed employee" explored ways to improve employee satisfaction, teamwork, and productivity by simplifying work in an always-on world. By 2018, we had seen an explosion in the digital well-being market, with more than US$2 billion in venture capital invested between 2016 and 2018.[8] Our chapter on "Well-being: A strategy and a responsibility" examined the expansion of well-being into a diverse set of programs designed to protect employees' health, social well-being, and emotional well-being, speaking to the growing recognition of well-being as a driver of organizational performance. That same year, "The hyper-connected workplace" began exploring the intimate link between work and well-being, including management's decision to potentially *not* use certain digital tools based on their anticipated impact on culture and pace of communication within the organization. This year, we discuss how building well-being into work can not only yield increased benefits in productivity and organizational performance, but also drive the creation of meaningful work (a call to action in last year's "From employee experience to human experience" chapter) and strengthen the relationship between the individual and the organization.

In our chapter on belonging, we reported that our survey found that organizations need to foster belonging on three levels: comfort, where workers feel respected and treated fairly; connection, where workers have strong relationships with colleagues and teams; and contribution, where workers can see and appreciate the impact they are having on the organization's goals at large. We believe there is an opportunity to look at well-being through a similar lens. While comfort has been enabled with a focus on occupational health and safety, and a connection to the workplace has been made by bringing a focus on life to work, contribution remains unresolved overall. That is because well-being programs often focus on the individual *at* work, rather than the individual *in* work. To be able to create a sense of contribution that translates into true organizational performance, organizations need to expand their focus from programs adjacent to work to designing well-being into the work itself.
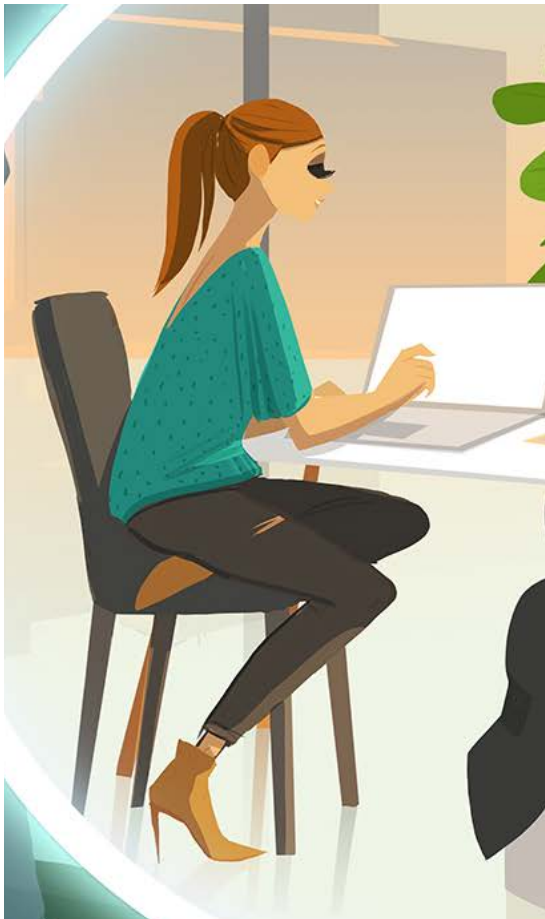
Redesigning work around well-being can yield impressive results. Microsoft Japan is an early example of an organization that experimented with this, reducing its work week from five days to four—with results that challenge the common perception that well-being and productivity are at odds. In addition to shortening the work week, Microsoft Japan changed certain aspects of the way its people worked: Employees were asked to use a digital chat tool rather than email and to limit meetings to just 30 minutes and five people.[9]

The changes that Microsoft Japan put into place are only one of the many ways in which organizations can design work for well-being. Our research shows that a focus on well-being can be achieved by making thoughtful adjustments to how, when, where, and by whom the work is done. It could mean structuring work so that performance does not depend on any single individual, making it possible for all workers and leaders to take meaningful leaves of absence. It can mean giving workers more control over when and where they work so that they can work at the times and places that they feel most productive. And it could mean giving workers access to additional human or material resources in situations where stressors, whether physical or mental, could compromise individual or team performance.

Our survey results revealed a number of different tactics that organizations use today to bring well-being more to the forefront (figure 3). But despite the options available, relatively few organizations have recognized or acted upon them as part of an integrated strategy. Seventy-nine percent of this year's respondents report that their organization's strategy does not explicitly seek to integrate well-being into the design of work—representing a huge missed opportunity.

FIGURE 3

Organizations identified a variety of tactics to redesign work around well-being

How have you redesigned work to promote well-being in your organization? Select all that apply.

Giving workers more autonomy in how they do their work
45%

Using technology to promote more connectivity and collaboration
41%

Increasing flexible and/or predictable scheduling
39%

Increasing remote work opportunities
38%

Introducing wellness behaviors in day-to-day work
38%

Redesigning the physical workspace (e.g., standing desks)
33%

Providing part-time and gig opportunities
16%

Not redesigning work to enhance well-being
14%

Source: Deloitte Global Human Capital Trends survey, 2020.

To start the process of integrating well-being into the design of work, we believe there are three critical steps to consider. First, organizations should establish the right level of ownership for well-being—ownership by the group that has the greatest ability to influence the design of work. Second, organizations should spend the time to understand their workforce's well-being needs—starting with the organizational and HR data that is now at their fingertips. And third, organizations should put processes in place to engage employees in work design deliberations—recognizing that the more that individuals are involved in the design process, the greater the chance that the changes made will have a positive, long-lasting impact.

With regard to ownership for well-being, our survey responses revealed a mixed bag (figure 4). While HR was the most often-cited owner,

organizations also reported ownership of well-being by frontline managers, functional or department leaders, and, in some cases, even the C-suite. While there will never be a one-size-fits-all approach to ownership, our survey results show that ownership of well-being by HR is a solid strategy: When we looked at organizations that were more and less mature with respect to well-being, we found that the organizations with the most mature well-being strategies were those where HR was the primary owner.[10] Regardless of who owns well-being, it's critical that they have the ability to influence the design of work as well. As indicated in our closing chapter—"A memo to HR"—we believe that the ownership of work is a huge opportunity for HR to expand their impact and shift from a focus on cultivating the talent of today to imagining the work of tomorrow.

FIGURE 4

HR is most often cited as the party responsible for well-being

Who is primarily responsible for driving well-being within your organization?

HR
35%

Front line managers
22%

Functional or department leaders
18%

C-suite
14%

Individual workers
11%
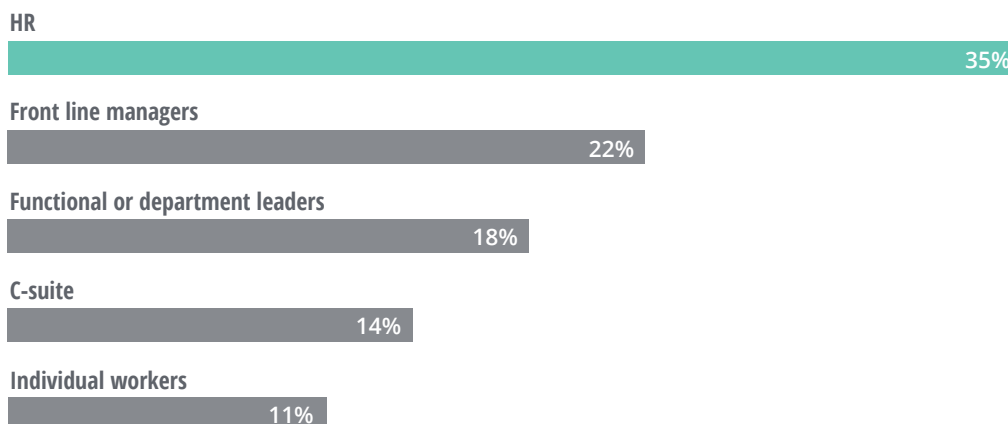
Source: Deloitte Global Human Capital Trends survey, 2020.

With all of the HR, employee, and organizational data available today, there is a great opportunity to gain insights into workers' needs related to well-being and to build those needs into the design of work. A global footwear and apparel company did just that when it analyzed its global employee engagement survey results and recognized a growing need for workers to have more and better access to rest and recovery. In response, the company increased workers' autonomy over work by introducing a new flexible time-off program. The program, which gave employees more jurisdiction over their work schedules, had a positive effect on corporate culture and improved collaboration and teaming across the organization.[11]

Other organizations are developing new tools to collect workforce well-being data. Researchers at the Mayo Clinic developed a Well-Being Index that measures multiple dimensions of well-being among doctors, nurses, medical students, and other health care workers.[12] The tool, which assesses dimensions of distress and well-being such as likelihood of burnout, meaning in work, and work-life integration, has been used with more than 120,000 providers, allowing organizations to improve the workplace based on "data, not guesses."[13]

Finally, worker input is critical to understand what changes to work practices may have the greatest impact on well-being. In Germany, labor unions have started to promote "health circles"

—systematic, structured workshops where workers discuss ways to minimize or eliminate health risks and other stress factors in their day-to-day work. These health circles are already being used in German governmental administration units, manufacturing organizations, and public institutions, empowering employees to redesign their own work to maximize both well-being and performance.[14] In one German hospital system, workers' feedback guided key work changes to mitigate common sources of stress, including better scheduling, new systems for clearer communication, empowering employees to make decisions, and changes to avoid overloading short-staffed teams. A study found that these efforts improved both work quality and worker health.[15]

Learning by example

One example of an organization that has integrated well-being into the design of work is the early childhood education company Learning Care Group. Learning Care Group recognized a need to support teachers' well-being as they handle stressful situations in the classroom—especially given that 95 percent of the behaviors that teachers consider to be challenging are developmentally appropriate.[16] To do this, Learning Care Group implemented a series of changes—including changing the physical design of classrooms to enhance teacher-child interactions, updating the curriculum with new content, and offering new or

refreshed resources to teachers—to create a more positive work environment. Learning Care Group even introduced new technologies into the classroom, including an app, myPath, that provides on-demand resources and strategies when teachers encounter challenging student behaviors such as hitting and biting. Not only have these changes built resilience among its teachers to handle high-stress situations, but Learning Care Group has also seen lower disenrollment of children and higher teacher retention since making these changes.[17]

Pivoting ahead

Given the immense pressure on organizations to promote worker well-being, it's no surprise that organizations have grasped at a large number of levers to do so. But to date, almost all of these efforts have focused on the health and well-being of individuals, rather than the well-being of the entire worker population through the redesign of work. Organizations that integrate well-being into work may find that it reduces the need for remediation of work's negative effects, freeing up resources to invest in other areas and increasing individual and team contributions to organizational outcomes. In this way, building well-being into the work becomes an effort that can yield immediate benefits in productivity while paying ongoing dividends by driving meaningful work, greater worker resilience, and higher organizational performance, setting the stage for long-term success.

Acknowledgments

Endnotes

1. Jessica Kent, "Large employers to average $3.6M on wellness programs in 2019," *HealthPayerIntelligence*, April 23, 2019.

2. Grand View Research, *Corporate wellness market size, share & trends analysis report by service (health risk assessment, fitness, smoking cessation), by end use, by category, by type, by delivery model, by region, and segment forecasts, 2020–2027,* February 2020.

3. Kronos, "The employee burnout crisis," survey brief, 2017.

4. Limeade and Quantum Workplace, *2016 well-being & engagement report*, 2016.

5. Brianna Hansen, "Crash and burnout: Is workplace stress the new normal?," *Wrike*, September 6, 2018.

6. Ibid.

7. World Health Organization, "Burn-out an 'occupational phenomenon': International classification of diseases," May 28, 2019.

8. Global Wellness Institute, "Global Wellness Institute releases report and survey on 'the future of wellness at work,'" press release, February 17, 2016.

9. Kazuaki Nagata, "Four-day workweek boosted productivity by 40%, Microsoft Japan experiment shows," *Japan Times*, November 5, 2019.

10. Mature organizations were defined as those whose respondents said that their well-being strategy was comprehensive and integrated into the way the organization designs work and develops its workforce experience to provide purpose and meaning.

11. Work performed at global footwear and apparel company by Deloitte.

12. Mayo Clinic, "Go beyond burnout: Well-being index," accessed March 10, 2020.

13. Ibid.

14. Unfallversicherung Bund und Bahn (UVB), *Gesundheitszirkel*, April 2015; Ulrich J. Wilken and Gregor Breucker, *Mental health in the workplace*, International Labour Office Geneva, 2000.

15. Lumity, Inc., "Job design: The missing link for employee well-being," February 11, 2019.

16. Lydia Cisaruk, "Positive behavior support app tackles the tantrum, puts help in quick reach," press release, Learning Care Group, November 20, 2019.

17. Judy Fimiani (CHRO, Learning Care Group), interview with the authors, February 6, 2020.

The postgenerational workforce
From millennials to perennials

ORGANIZATIONS HAVE LEANED HEAVILY ON WORKERS' AGE AND GENERATION TO HELP INFORM AND DIFFERENTIATE THEIR TALENT STRATEGIES. BUT TODAY'S WORKFORCE IS MORE COMPLEX THAN EVER, MAKING ANY SINGLE DEMOGRAPHIC LENS OF LIMITED VALUE. FORWARD-LOOKING ORGANIZATIONS ARE SHIFTING THEIR APPROACH IN AN EFFORT TO BETTER UNDERSTAND THE WORKFORCE'S ATTITUDES AND VALUES, WHILE HARNESSING TECHNOLOGY TO ANALYZE AND CREATE NEW, MORE RELEVANT INSIGHTS INTO WORKERS' NEEDS AND EXPECTATIONS. BASED ON THESE INSIGHTS, ORGANIZATIONS HAVE AN OPPORTUNITY TO DESIGN AND IMPLEMENT WORKFORCE STRATEGIES AND PROGRAMS THAT ARE MORE TARGETED TOWARD WORKERS' INDIVIDUAL ATTRIBUTES. THIS PERSONALIZATION ENABLES WORKERS TO MAXIMIZE THEIR CONTRIBUTION AT WORK, DERIVE ENHANCED MEANING IN THEIR CAREERS, AND, ULTIMATELY, BETTER ALIGN THEMSELVES WITH THE PURPOSE OF THE ORGANIZATION—ONE WHICH NOT ONLY UNDERSTANDS WHAT THEY CAN CONTRIBUTE BUT ALSO HOW THEY UNIQUELY CAN DO SO.

Current drivers

For many years, age and generation has been a popular lens through which many organizations have viewed their workforce. More than half of this year's survey respondents (52 percent) say they consider generational differences to some or a great extent when designing and delivering workforce programs. But as the workforce grows more complex, generational differences may not be the right anchor point. Today's workforce spans five generational categories, with Generation Z, the United States' largest demographic cohort at more than 90 million strong, about to join in.[1] Only 6 percent of our survey respondents strongly agree that their leaders are equipped to lead a multigenerational workforce effectively. This raises the question of whether traditional workforce

THE READINESS GAP

Seventy percent of organizations say leading multigenerational workforces is important or very important for their success over the next 12–18 months, but only 10 percent say they are very ready to address this trend.

segmentation approaches, anchored in generation, should remain the focus of future workforce strategies.

The concept of "perennials," first articulated by Gina Pell, captures the increasing importance of moving beyond broad demographic categories to understand people on a more meaningful level. As Pell puts it, "Perennials ... describe[s] an ever-blooming group of people of all ages, stripes, and

types who transcend stereotypes and make connections with each other and the world around them." These are "people of all ages who continue to push up against their growing edge, always relevant, and not defined by their generation."[2]

Why is generation becoming less relevant as a way to understand the workforce? The starting point is that careers have become more dynamic and complex, loosening the historic correlation between age and career progression. Rapid technological and organizational change means that workers must now reinvent themselves multiple times throughout their working lives; at the same time, the broader business culture has shifted to make it acceptable, sometimes even desirable, to promote younger individuals into leadership positions. The upshot is that 65-year-old interns can today be found working side by side with 25-year-old managers, calling into question the assumption that age is a reasonable proxy for understanding people's workplace challenges and needs.

The diminishing relevance of generation is also being supported by the fact that *all* workers are becoming more vocal about their needs—and those needs, it turns out, are more similar than many may have previously thought. Many preferences once associated with millennials—from the desire to work for an employer that reflects their values to the preference for flexible schedules—hold true across all generations.

In fact, the deeper we dug into generational differences in our research, the more they disappeared. Despite the fact that 59 percent of our 2020 survey respondents agreed with the general statement that generational differences were expanding, when we dug deeper on attributes that relate to careers, we found the exact opposite in areas such as work-life flexibility, expectations of loyalty and job security, and expectations of advancement (figure 1).

Leading generational expert Lindsay Pollak put it well in her 2019 book *The Remix—How to Lead and Succeed in the Multigenerational Workplace*: "The longer I study generations in the workplace, the more similarities I find in what people want out of work. Those fundamentals—meaning, purpose,

FIGURE 1

Respondents indicate a shrinking gap in generational differences related to work and careers

What do you see as the biggest differences across generations today?
What do you think will be the biggest differences in three years?

■ Today ■ In three years

Views on work/life flexibility
- 55%
- 47%
- -8%

Expectations of loyalty/job security
- 41%
- 31%
- -10%

Expectations of advancement
- 34%
- 26%
- -8%
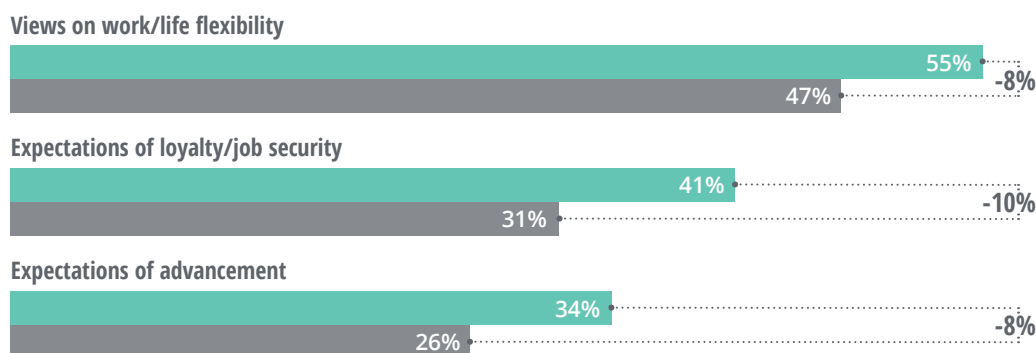
Source: Deloitte Global Human Capital Trends survey, 2020.

good leaders, professional growth—don't change. What changes is how each generation expresses these needs and what expectations we have about our employers' fulfillment of them."[3]

Compounding the diminishing relevance of generation is the fact that the generation that has been the greatest beneficiary of a generational focus—millennials—is often not happy at work. The external Deloitte Global Millennial Survey 2019 found that 49 percent of millennials surveyed say they would quit their current job in the next two years if given the choice—the highest share in the survey's history. Their reasons for wanting to quit ran the gamut of human capital focus areas: pay/financial rewards (43 percent), lack of opportunities to advance (35 percent), lack of learning and development opportunities (28 percent), not feeing appreciated (23 percent), work-life balance (22 percent), boredom (21 percent), and culture (15 percent).[4]

Taken together, the evidence suggests that there has never been a greater opportunity to look beyond generation to reimagine how to segment the workforce for the future.

Our 2020 perspective

Developing talent strategies to suit workers' needs will involve more deeply understanding workers' individual expectations. This entails gaining complex insights into the workforce on matters such as their interests, values, preferences, and opinions.

It's instructive to look at the consumer product industry's recent efforts around customer segmentation as a guide, given that workers are increasingly expecting their work experiences to be as personalized as their customer experiences. Over the last decade, many consumer product and retail companies have shifted from a heavy reliance on demographic information to a focus on microsegmentation—targeting individual customers at individual moments in time. However, as the use of microsegmentation spread, these companies found that microsegmentation alone had limited value without also understanding customer values and preferences.[5] Leading organizations in this space are now experimenting with moving beyond microsegmentation to understand their customers' underlying values— their attitudes, opinions, and interests—to help

predict broader patterns and deliver more targeted and higher-value experiences.

Taking a value- or attitude-based approach to understanding the workforce will be a shift for organizational leaders, many of which, according to our 2020 survey, still rely largely on demographic indicators to inform their talent strategies. Besides generation, 53 percent of this year's respondents said that they consider tenure and level in designing workforce strategies; 44 percent said they consider personal demographics such as gender, and 41 percent said they consider organizational demographics such as function and geography. Far fewer are collecting and using data that reflects individual behaviors and characteristics, even though many believe that such data would be valuable. For instance, 42 percent of respondents believed that work behaviors such as whether a person is a maker, a doer, or a manager

will be most important for segmenting the workforce in three years—but just 27 percent said their organizations are currently segmenting the workforce this way. Similarly, 41 percent of respondents said that personal attributes such as introversion, extroversion, or propensity to be an individual contributor or a team player will be most important in three years—but just 22 percent of organizations are currently taking this approach (figure 2).

When organizations look at a broader set of attributes, they have an opportunity to understand individuals' distinct characteristics to bring them together in ways that can promote a greater sense of belonging. Research from MetLife offers a view of how this can happen. MetLife identifies five factors that organizations should consider in workforce segmentation:

FIGURE 2

Demographic-based segmentation is far more prevalent than segmentation based on personal or work behaviors

Which attributes are being used to segment the workforce today? Select up to three.

Work-related demographics (e.g., tenure, level, etc.)
53%

Personal demographics (e.g., generation, gender, etc.)
44%

Organizational demographics (e.g., function, geography)
41%

Employment-related demographics (e.g., full-time worker, gig worker, etc.)
36%

Work behaviors (e.g., makers/doers/managers)
27%

Personal behaviors (e.g., introvert/extrovert, individual contributor/team player)
22%

We do not/will not need to segment the workforce
10%

Source: Deloitte Global Human Capital Trends survey, 2020.

- **Demographics** such as age, gender, income, education, and life events

- **Firmographics** such as job tenure, company size, industry, role, and blue vs. white collar

- **Attitudes toward life** such as optimism toward the future, future vs. present orientation, orientation toward change, and sources of pleasure/stress

- **Attitudes toward work** such as work-life balance, attitudes toward retirement, and motivations for staying at the job

- **Needs from employer** such as career development support, salary, benefits, work culture, and work subject matter

MetLife says that segmenting based also on mindsets and attitudes enables a "more personalized, customized, and authentic" understanding of the workforce that can help leaders "focus dollars where they're most impactful, because they know these programs have a direct emotional link to employee satisfaction."[6]

So where should organizations focus this new segmentation? Our 2020 survey data gives us some clues. Based on the research, we found that generation is, on average, used twice as often to inform policies and programs related to careers and learning compared to areas such as performance management, compensation, benefits, and well-being (figure 3). And that tells us a lot about where the biggest opportunities exist.

FIGURE 3

Generation currently is more likely to inform programs focused on workforce groups than programs focused on individuals

Which of the following programs are designed with generational attributes in mind? Select all that apply.

Talent acquisition
46%

Career development
45%

Leadership development
42%

Learning
38%

Well-being
30%

Performance management
28%

Benefits
27%

Compensation
22%
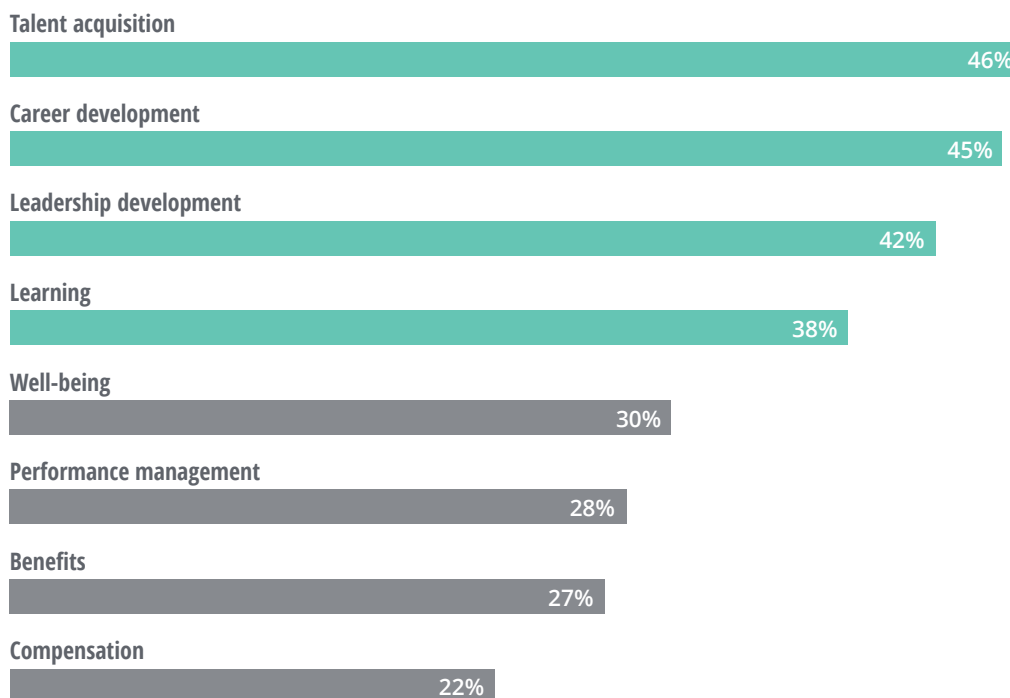
Source: Deloitte Global Human Capital Trends survey, 2020.

THE POSTGENERATIONAL WORKFORCE THROUGH THE YEARS IN GLOBAL HUMAN CAPITAL TRENDS

Over the past decade, careers have become more dynamic and complex. People are living longer and working longer, and the rapid pace of change in the workplace has resulted in the need for workers to reinvent themselves multiple times throughout their careers. A key component to this has been the role of older generations of workers in the workplace. In 2013's chapter, "The aging workforce: Finding the silver lining in the talent gap," we recommended that organizations find ways to retain mature talent that create value for the organization without creating a "gray ceiling" that limits advancement opportunities for younger workers. We suggested that organizations look for opportunities to apply principles of workforce flexibility and career customization. Five years later, in "The longevity dividend: Work in an era of 100-year lives," our call to action was the same: Organizations had an important opportunity to engage workers across generations through the creation of meaningful, productive multistage and multidimensional careers. This year, we suggest that to most effectively create those multistage and multidimensional careers, organizations should reconsider workforce strategies and programs based solely on age or generation and instead consider workers' interests, values, preferences, and opinions to better tailor opportunities to workers' individual attributes.

Well-being, performance management, benefits, and compensation have historically been focused on individual needs. Because of this, generational perspectives have been less relevant in the design of these programs. On the other hand, talent acquisition, career development, leadership development, and learning, which use workforce groupings and assumptions about demographics in their design and application, have relied much more heavily on generational perspectives. But as prior common stereotypes and assumptions—such as that older workers want to retire as early as possible, people require a certain number of years of experience to be a leader, or workers no longer need to develop once they have reached a certain tenure—increasingly prove incorrect, the proxy of generation becomes less relevant in these areas as well, providing an opportunity for new segmentation strategies and greater personalization.

When learning, leadership development, career development, and talent acquisition become more personal and more dynamic, their impact on business outcomes can be greatly enhanced. Imagine if, for example:

- Organizations designed career programs around work behaviors, enabling people who might be "makers" or "doers" (rather than managers) to still have robust career paths ahead of them. This can help organizations to retain their top talent at a time when the rate of disruption has made it more important than ever to retain individuals with the institutional knowledge to inform go-forward business strategies.

- Organizations created learning programs centered around workers' learning styles and preferences, such as whether they learn best by experience, in the classroom, on their own, or in teams. This would enable them to develop in ways suited to their preferences—helping them to reskill and upskill faster to meet changing business needs.

- Talent acquisition programs recruited people based on their capabilities and attitudes toward work-life balance and where they are in *their* careers. This would help organizations broaden their talent pool by bringing in people at different ages and stages for different business and skill priorities, which is becoming increasingly important in today's tight talent market.

- Leadership programs were organized around evolving individual capabilities, needs, and expectations, enabling more fluid movement across roles. This would help create the type of adaptable, team-oriented organization that aligns leaders to the way that work gets done, helping improve organizational outcomes and increase business success.

This perspective mirrors what London Business School professors Lynda Gratton and Andrew Scott wrote in *The 100-Year Life*, where they talked about the move from age to stage.[7] Understanding workers' values, attitudes, behaviors, and interests—and finding cross-cutting patterns that identify similar groups of workers—requires a nuanced approach that tailors workforce strategies through many different lenses. It demands that organizations find ways to measure, track, and respond to individual characteristics that are invisible to most organizations today. And it means equipping leaders to manage a far more complex segmentation than most organizations have historically maintained.

Learning by example

New research and profiling tools are disproving previous assumptions that certain work characteristics are tied to specific generations. For instance, enterprise software company Swarm Vision has created a psychographic profiler that can measure worker innovation talent based on eight skill clusters. Swarm Vision's extensive research into the correlation between innovation, talent, and positive business results revealed an interesting finding—that age is *not* a driving factor of innovation scores. In fact, its research revealed very little (less than 5 percent) difference between age groups, proving that this demographic lens is not an appropriate proxy for understanding characteristics related to innovation.[8] Applying a psychographic lens to talent in an organization's workforce segments and teams and using that

information to design new teams and upskilling programs could help to increase innovation output and ROI.

New technologies and techniques for collecting and analyzing workforce data will be critical to understanding distinct employee archetypes. A global energy company provides an example of how advanced analytics can help organizations segment the workforce in different and productive ways. The company used unsupervised learning algorithms to identify unique segments in its leadership population, looking for meaningful clusters (such as leaders with deep networks, high adaptability, or strong analytical capability) that cross-cut demographic categories. The company then compared these clusters to its high-potential leadership pipeline to determine whether certain geographies or employee cohorts were underrepresented in its leadership programs.[9]

Pivoting ahead

In large part, the millennial generation's views and expectations were what originally pushed organizations to focus on generation as a way of understanding the workforce. Ironically, that understanding is now leading many organizations to the conclusion that segmenting by generation—or by any single demographic attribute—is an oversimplification. Organizations today have the opportunity to apply consumer marketing insights and data analytics to design workforce management practices based on a deep understanding of individual behaviors, values, and attitudes, as well as demographics and career and life stages. This postgenerational approach holds the potential for organizations to meet workers' needs and expectations in ways that are more meaningful to them and more beneficial to the enterprise, paying ongoing dividends in enhanced engagement and performance.

Acknowledgments

Endnotes

1. Laura Gayle, "How Generation Z is transforming the workplace," Financial Executives International, August 22, 2019; Erin Duffin, "U.S. population by generation 2017," Statista, August 9, 2019.

2. Gina Pell, "What is a perennial?," presentation, UC Berkeley Arts + Design Lecture Series, March 5, 2018.

3. Lindsay Pollak, *The Remix: How to Lead and Succeed in the Multigenerational Workplace* (New York: Harper Business, 2019).

4. Michelle Parmalee, *A generation disrupted: Highlights from the 2019 Deloitte Global Millennial Survey*, Deloitte Insights, May 17, 2019.

5. Conversations with Deloitte leaders.

6. MetLife, *Building stronger engagement through employee segmentation*, 2018.

7. Lynda Gratton and Andrew Scott, *The 100-Year Life: Living and Working in an Age of Longevity* (London: Bloomsbury Information, 2016).

8. Suzan Briganti (founder, CEO, and head of product, Swarm Vision), interview with the authors, February 10, 2020.

9. Based on work performed by Deloitte at a global energy client.

Superteams

Putting AI in the group

THE WAIT IS OVER: ARTIFICIAL INTELLIGENCE (AI) IS HERE. AND DESPITE APOCALYPTIC PREDICTIONS ABOUT WORKERS BEING REPLACED BY INTELLIGENT MACHINES, LEADING ORGANIZATIONS ARE TAKING A NEW TACK: ACTIVELY SEARCHING FOR STRATEGIES TO INTEGRATE AI INTO TEAMS TO PRODUCE TRANSFORMATIVE BUSINESS RESULTS. THESE "SUPERTEAMS" HOLD THE PROMISE OF ENABLING ORGANIZATIONS TO REINVENT THEMSELVES TO CREATE NEW VALUE AND MEANING, WHILE GIVING WORKERS THE POTENTIAL TO REINVENT THEIR CAREERS IN WAYS THAT HELP INCREASE THEIR VALUE TO THE ORGANIZATION AND THEIR OWN EMPLOYABILITY. FOR ORGANIZATIONS THAT STILL VIEW AI MAINLY AS AN AUTOMATION TOOL TO REDUCE COSTS, CONNECTING THEIR AI INITIATIVES WITH THEIR EFFORTS TO CRAFT MORE EFFECTIVE TEAMS IS A FIRST STEP TOWARD ENABLING HUMANS AND MACHINES TO WORK TOGETHER IN NEW, MORE PRODUCTIVE WAYS.

Current drivers

After years of hype and speculation, AI has finally left the realm of science fiction to become a clear and present organizational priority. In our *Global Human Capital Trends* survey, 70 percent of respondents said that their organizations were exploring or using AI at some level. And in Deloitte's 2020 global technology leadership study, more than 1300 CIOs and senior technology leaders said that analytics and cognitive will have the second-largest measurable impact on the organization in the next three years.[1] And no wonder organizations are paying attention: AI is projected to add US$13 trillion to the global economy over the next decade.[2]

THE READINESS GAP

Fifty-nine percent of organizations say the redesign of jobs to integrate AI technology is important or very important for their success over the next 12 to 18 months, but only 7 percent say they are very ready to address this trend.

As AI enters the workforce, the critical question is not *whether* it will affect jobs, but *how*—a question that is prompting an increasing amount of discussion about AI's role at work. For years, predictions have been grim, with headlines playing seemingly endless variations on "robots are coming for your job."[3]

Yet cutting costs by eliminating jobs is not the only path available for AI. Organizations face a fundamental choice: whether to use AI solely to automate tasks formerly performed by people, or to use it to assist workers as well. The good news is that our survey respondents are reporting that they are leaning toward the latter. Only 12 percent of respondents said their organizations are primarily using AI to replace workers, while 60 percent said their organization was using AI to assist rather than to replace workers (figure 1). Furthermore, the majority of our respondents believed that the number of jobs would either stay the same or increase as a result of AI's use (figure 2).

The bad news is that our data is showing some gaps in how organizations are using AI to assist and augment their workforce. One is that the way

organizations report using AI to assist workers is limited, focusing more on increasing consistency and productivity than on increasing value. More than half of the organizations in our survey are using AI mainly to help improve consistency and quality, and about a quarter more are using it primarily to boost productivity. Only 16 percent of respondents say that their organizations are using AI primarily to assist workers in developing insights (figure 3).

The second gap is that organizations are not making enough investments in training: Only 17 percent of respondents said that their organizations are making "significant" investments in reskilling to support their AI strategy—which raises the question of how these organizations expect to prepare their workforce for the changes in

FIGURE 1

Respondents were much more likely to use AI to assist rather than to replace workers

What is the primary reason your organization uses AI?

- ■ To assist workers ■ To oversee workers
- ■ To replace workers
- ■ My organization does not use AI

4%
12%
60%
24%

Source: Deloitte Global Human Capital Trends survey, 2020.

FIGURE 2

Most respondents believed that the number of jobs at their organizations would either stay the same or increase as a result of AI

What impact do you expect AI to have on the number of jobs in your organization in the next three years?

- ■ The same number of jobs, but the nature of jobs will change
- ■ No change in jobs ■ A net increase in jobs
- ■ A net decrease in jobs

9%
12%
54%
25%
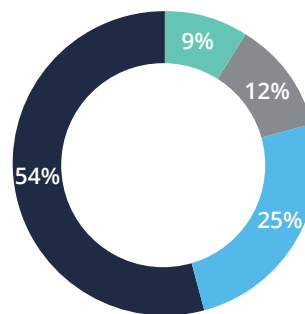
Source: Deloitte Global Human Capital Trends survey, 2020.

Organizations use AI mainly to improve consistency, quality, and productivity

How is AI used to assist workers in your organization?

Improve consistency and quality

58%

Improve productivity

26%

Improve insights

16%
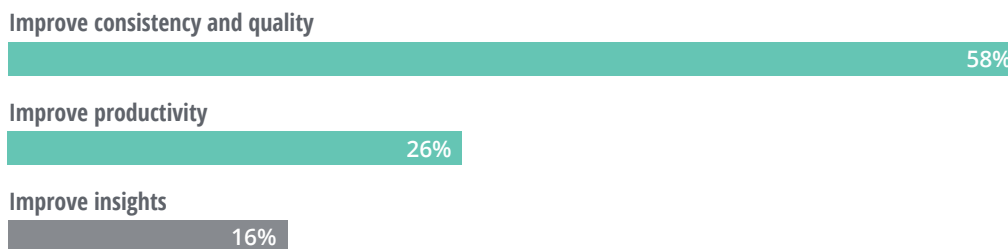
Note: Figures represent the percentage of respondents who ranked each activity as the most prevalent of the three. Only respondents who reported that their organizations used AI primarily to assist workers answered this question.
Source: Deloitte Global Human Capital Trends survey, 2020.

their jobs that our respondents think AI will drive. Taken together, these results suggest that many organizations may have yet to think through the full implications of AI's impact on the workforce.

Our 2020 perspective

How can organizations unlock AI's potential to transform work and jobs in ways that generate value and net new jobs? We propose that to be able to do this effectively, organizations must find ways to thoroughly integrate AI into workplace teams. Integrating AI into teams is critical to creating value because teams are the fundamental unit in which most work is accomplished in today's organizations. Our 2019 research revealed that 65 percent of organizations view the shift from functional hierarchies to team-centric and network-based organizational models as important or very important. Those whose organizations were already operating in teams were seeing the benefits, with 53 percent saying the transition resulted in a significant improvement in performance.[4]

The concept of "superjobs" offers a clue into what integrating AI into teams could look like. As we wrote last year, superjobs combine work and responsibilities from multiple traditional jobs, using technology to broaden the scope of the work performed. For innovators that view AI as a means to transform work, superjobs combine what humans and machines do best to improve business outcomes.[5] At one company that employs both humans and robots at its warehouse-distribution

centers, for instance, the center manager's role has evolved from simply overseeing shifts to determining when the people and the robots should hand off work to each other, which takes a different kind of technical and business expertise.[6]

"Superteams"—combinations of people and machines leveraging their complementary capabilities to solve problems, gain insights, and create value—extend this concept beyond the individual to the group. This framing builds on the work of Thomas Malone, the founding director of the MIT Center for Collective Intelligence, whose book, *Superminds: The Surprising Power of People and Computers Thinking Together*, explores how groups of humans and machines can work together to achieve new levels of intelligence.[7] Malone summarizes his thinking on the topic with the phrase "from humans in the loop to computers in the group": creating teams where computers and

SUPERTEAMS THROUGH THE YEARS IN GLOBAL HUMAN CAPITAL TRENDS

This year's "Superteams" trend builds on two evolutions over the last decade: the rise of teams, and the growing adoption of artificial intelligence in the workplace. These evolutions, which are pivotal forces in the future of work, have set a stage on which organizations will thrive or risk being left behind in the face of unprecedented disruption.

As organizations became more digital over the past decade, they faced an imperative to redesign themselves to move faster, adapt more quickly, facilitate rapid learning, and embrace their workforces' dynamic career needs. The result was a deconstruction and redesign of organizations into networks and ecosystems built for speed, agility, and adaptability, as we explored in our 2016 and 2017 reports. Last year, in "Organizational performance: It's a team sport," we discussed how the shift to teams is critical to business performance as well—with 74 percent of our respondents saying their transition to a team/network-based organization has resulted in improved performance.

Artificial intelligence adoption faced a similar trajectory: What was an early concept at the beginning of the decade evolved into an imperative for business performance. Our 2015 chapter on "Machines as talent" introduced the idea that machines could be collaborators, rather than competitors, in the workplace. Just two years later, AI and cognitive technologies had taken hold in the workforce, with 41 percent of our survey respondents saying they had fully implemented or made significant progress in adopting cognitive and AI and another 34 percent piloting programs. However, our 2017 report also revealed a critical gap. Despite the widespread adoption of these technologies, only 17 percent of respondents reported that they were ready to manage a workforce with people, robots, and AI working side by side—*the lowest readiness level that had ever been reported* in our *Global Human Capital Trends* surveys. Our call to action was clear: Organizations should expand their vision of the workforce and redesign jobs to accommodate tasks that can be automated and outsourced and the new role of human skills. This discussion culminated in last year's "From jobs to superjobs," in which we explored the emergence of "superjobs" that bring together technical and soft skills into integrated roles that combine parts of different traditional jobs, leveraging the productivity that can arise when people work with smart machines, data, and algorithms.

This year, the rise of teams and the adoption of artificial intelligence come together in our "superteams" discussion, which shows how putting AI onto teams can enable organizations and individuals to reinvent themselves and work together in new, more productive ways.

people each use their complementary strengths to achieve a common goal.[8]

Superjobs and superteams illustrate how the relationship between technology and people is evolving from a focus on automating work to replace workers, to augmenting workers with technology to create superjobs, to collaborating with technology to form superteams at the group level (figure 4). Our contention is that, as organizations progress further along this spectrum, the degree to which technology can transform organizational outputs increases. At the first stage, substitution, the new outputs allow for reduced costs and improved efficiency. At the second stage, augmentation, a greater degree of transformation drives greater value and expanded opportunities, as well as reducing costs and improving efficiency. And at the third stage, collaboration, a still greater degree of transformation enables the work and the outputs to take on more meaning for workers and

customers—as well as driving greater gains in costs, efficiency, and value.[9]

We also believe that efforts focused on augmentation and collaboration can potentially free up much more workforce capacity than simply substituting intelligent machines for human workers, even though freeing up capacity may not be these efforts' end goal. This is because effective augmentation and collaboration strategies use AI to reimagine the nature of the work rather than to continue doing the same old work, only with different actors.

Moving from a substitution mindset toward augmentation and collaboration will require reinvention at multiple levels, both by workers and by organizations. Figure 5 suggests some steps that can help drive this reinvention at each of the five levels that we consider essential to effective teaming.[10] Common across all these steps is the concept of creating security through reinvention: Using the reinvention that AI drives to encourage

FIGURE 4

Putting AI on teams can allow organizations to both transform the nature of the outputs and free up capacity among the workforce
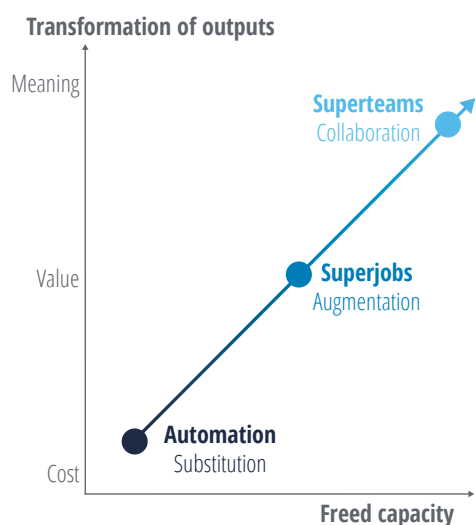
Source: Deloitte analysis.

FIGURE 5

Integrating AI into teams involves action across five domains

Domain	Steps toward integrating AI
Individuals	• Invest in building human capabilities that are paramount when working with AI on teams, including critical thinking and observation, cultural sensitivity, social intelligence, conflict resolution, and teamwork and collaboration. • Look for experiences that bring these capabilities to the forefront.
Leaders	• Learn to identify workers who have the right human capabilities to work effectively with AI. • Learn how to develop new workers with these capabilities. • Lead with a high degree of emotional intelligence and empathy.
Teams	• Reframe teams to include both humans and machines instead of relegating either to the sidelines. • Improve the ability to form and disband teams composed of local talent, virtual talent, and AI. • Align processes and performance management to adjust for AI's inclusion on the team.
Organizations	• Bring together the organization's agile or other team initiatives with its AI initiatives to undertake transformation efforts to pursue new and better outputs. This entails looking beyond cost to value as the goal and deliberately adopting augmentation and collaboration as the means. • Invest in experiential leadership development over an extended time frame to give leaders appropriate experiences to lead collaborative AI-human teams. • Develop a culture of doing the right thing to enhance workers' ability to anticipate AI's ethical impacts on the workplace and the organization's customers and reputation.
Ecosystems	• Identify potential partnerships with AI vendors and talent marketplaces and platforms to maintain access to both the technologies and the workforces needed to execute the organization's reimagined work.

Source: Deloitte analysis.

individuals and organizations to grow in new directions that can make them more successful in the future of work.

Learning by example

Forward-thinking organizations across industries are showing how they are incorporating AI at each of the three levels of substitution, augmentation, and collaboration. Several utility companies, for instance, are exploring remote sensing, cloud, data analytics, and AI to fundamentally transform how infrastructure is managed. Remote sensing involves drones, helicopters, satellites, and various sensors to collect information on asset conditions and situational awareness. Compared to a manual infrastructure inspection process, remote sensing is much faster, more efficient, and data-rich. These massive loads of unstructured data require cloud and advanced data analytics for storage and curation. From there, AI is being deployed to initially augment humans in identifying defects.[11] Over time, human involvement will be significantly reduced while accuracy and operational efficiency will climb. The future of infrastructure management will be delivered by robots in the field, data analytics in the cloud, and AI embedded in the process. This will allow companies to refocus people on making better decisions faster.

Other AI applications demonstrate the value that can arise from augmentation, which combines AI and humans' complementary abilities. A recent

MIT Sloan Management Review article describes how organizations in industries ranging from insurance to media to hospitality are using chatbots to assist customer service representatives. Often, this takes the form of the chatbot fielding common questions with well-defined answers that can be easily retrieved from existing databases, leaving the humans to deal with situations that require more empathy or that lack clearly codified responses.[12] But some organizations are taking chatbots beyond just using them to deliver rote responses. The marketing service company HubSpot, for instance, uses a chatbot to qualify leads before it connects potential customers with a human salesperson. These machine-qualified leads are 40 percent more likely to be willing to talk to the salesperson.[13]

AI's power to augment human capabilities is becoming even greater as it evolves to communicate with people in new ways. For instance, the AI-powered writing tool Textio, which can be built into enterprise email and writing programs, provides real-time data and suggestions to help people understand how their words will be perceived. Textio can also write *with* people. A human author can drop rough ideas into a Textio-enabled program, and the software will recommend language to express what he or she is trying to say—cocreating with the human based on his or her ideas.[14]

These new ways of interacting with AI pave the way to true collaboration with intelligent machines. For instance, some organizations are using Textio collaboratively within teams to reimagine talent acquisition and attraction. These organizations had found that, due to the collaborative process of writing job descriptions, final job descriptions were often written in ambiguous language that lost the original intent of the role or that reflected organizational biases and norms. By equipping talent and business teams with a Textio application that suggests new language and highlights biased or gendered

language, the organizations were able to improve both the job description process and the outcomes it drove. After adopting Textio, Procter & Gamble saw a 30 percent increase in its number of qualified applicants,[15] and NVIDIA found that job descriptions with a Textio score of 90 or higher had 28 percent more women apply and were 50 percent faster to fill.[16]

In an even more striking example, DLR, Airbus, and IBM worked together to develop an intelligent robot, called the crew interactive mobile companion (CIMON), to team with astronauts on the International Space Station. Based on various IBM Watson™ services, the first version of CIMON was designed to support astronauts' research experiments, saving time by finding and providing the correct information in the correct context to support their procedures. The second version, CIMON 2, is additionally equipped with the IBM Watson™ Tone Analyzer for linguistic analysis to detect emotions in its conversations with astronauts. The goal is for CIMON 2 to become a true companion to the crew, helping to mitigate phenomena such as isolation and groupthink that can affect people in space.[17]

Pivoting ahead

We believe that organizations are at a crossroads with respect to AI strategy. Organizations that continue to manage AI and humans on parallel tracks will continue to be able to make moderate gains in efficiency, while organizations that choose to integrate humans and AI into superteams can realize much greater value by redesigning work in transformative ways. The second path, while likely more difficult, is also where the larger opportunity lies. Organizations that meet the challenges head-on and build workforce security through reinvention will be those that are well-positioned to capitalize on AI's potential to drive enterprise value and create meaningful jobs.

Acknowledgments

Endnotes

1. Research conducted as part of Deloitte's 2020 technology leadership survey, forthcoming in May 2020.

2. Tim Fountaine, Brian McCarthy, and Tamim Saleh, "Building the AI-powered organization," *Harvard Business Review*, July-August 2019, pp. 62–73.

3. A Google search for this exact phrase yields 20 pages of results from the year 2019 alone.

4. Erica Volini et al., *Organizational performance: It's a team sport*, Deloitte Insights, April 11, 2019.

5. Erica Volini et al., *From jobs to superjobs*, Deloitte Insights, April 11, 2019.

6. Andrew R. McIlvaine, "How tech is giving rise to the 'Super Job,'" *HRM Asia*, October 27, 2019.

7. Thomas W. Malone, *Superminds: The Surprising Power of People and Computers Thinking Together* (New York: Little, Brown Spark), May 15, 2018, https://cci.mit.edu/superminds/.

8. Jim Guszcza and Jeff Schwartz, *Superminds: How humans and machines work together*, Deloitte Insights, January 28, 2019.

9. Jeff Schwartz et al., "Future of work initiatives promise lots of noise and lots of activity, but to what end?," *MIT Sloan Management Review*, February 20, 2019.

10. Deloitte, "The adaptable organization," last accessed March 11, 2020.

11. Observations by Deloitte professionals serving the utility industry.

12. P.V. Kannan and Josh Bernoff, "The future of customer service is AI-human collaboration," *MIT Sloan Management Review*, May 29, 2019.

13. Ibid.

14. Michal Lev-Ram, "Textio's new tool will take the words right out of your mouth—and maybe improve them," *Fortune*, April 23, 2019.

15. Tim Halloran, "Procter & Gamble looks to the future with augmented writing," Textio, June 19, 2018.

16. Marissa Coughlin, "NVIDIA chalks up major hiring gains to augmented writing technology," Textio, February 22, 2018.

17. Conversations with IBM executives by the authors.

Knowledge management
Creating context for a connected world

KNOWLEDGE HAS BEEN AND WILL CONTINUE TO BE A KEY COMPETITIVE DIFFERENTIATOR WHEN IT COMES TO DRIVING ORGANIZATIONAL PERFORMANCE. THE POWER OF PEOPLE AND MACHINES WORKING TOGETHER OFFERS THE GREATEST OPPORTUNITY FOR CREATING KNOWLEDGE IN HUMAN HISTORY. HOWEVER, ADVANCED TECHNOLOGIES, NEW WAYS OF WORKING, AND SHIFTS IN WORKFORCE COMPOSITION ARE RENDERING TRADITIONAL VIEWS OF KNOWLEDGE MANAGEMENT OBSOLETE. TO CAPITALIZE ON THESE CHANGES, MANY ORGANIZATIONS NEED TO REDEFINE HOW THEY PROMOTE KNOWLEDGE CREATION TO HELP MAXIMIZE HUMAN POTENTIAL AT WORK.

Current drivers

Technology is undoubtedly a big part of the growing need for more effective knowledge management. In the digital, hyperconnected era, organizations are collecting and generating a "tsunami of data,"[1] but few are able to capitalize on its full potential. According to Statista, more than 293 billion emails were sent and received each day in 2019.[2] Yet according to a global survey of 1,300 business and IT executives, an average of 55 percent of enterprise data goes unused.[3]

Technology has also spawned new ways of working that make the knowledge management need more urgent. With the explosion of workforce conversations on digital collaboration tools, knowledge no longer sits in databases waiting to be accessed but flows dynamically across the digital communications channels that now define working relationships. As a case in point, Microsoft Teams and Slack, two digital communications tools used

THE READINESS GAP

Seventy-five percent of surveyed organizations say creating and preserving knowledge across evolving workforces is important or very important for their success over the next 12–18 months, but only 9 percent say they are very ready to address this trend; this represents one of the largest gaps between importance and readiness across this year's trends.

in many workplaces today, report 13 million and 12 million daily active users, respectively.[4]

New ways of working have also increased worker mobility. Workers in both traditional and alternative work arrangements are moving across jobs, projects, teams, geographies, and organizations more than ever before, taking critical knowledge with them. In this year's Global Human
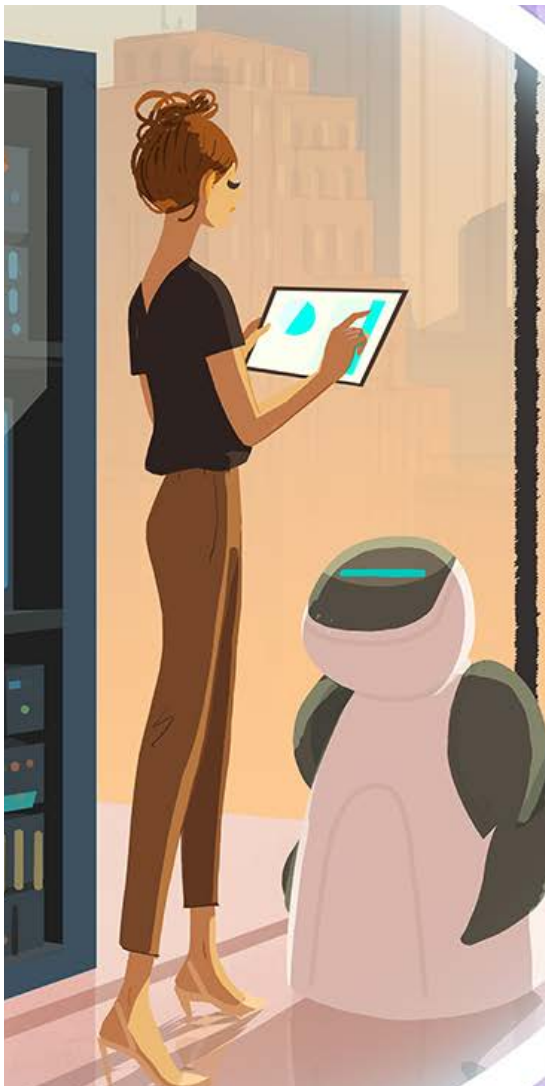
Capital Trends survey, 52 percent of our respondents said that workforce movement is driving them to proactively develop their knowledge management strategies. And 35 percent said that the frequent shifting of which people are in what roles at what time is a barrier to effective knowledge management.

And yet, despite an acknowledgment that the ways in which work is happening have shifted, many organizations' approaches to knowledge management have not kept pace. Our survey shows that almost half of the respondents do not provide members of the alternative workforce access to knowledge-sharing tools and platforms, and only 16 percent see integrating knowledge management across off- and on-balance-sheet workers as a key factor to consider in proactively developing their knowledge management strategies. In a world where the use of the gig economy continues to expand, this could become a significant barrier to creating knowledge in the future.

Our 2020 perspective

Our research this year shows that many organizations remain focused on—and struggle with—the basics of knowledge management. More

KNOWLEDGE MANAGEMENT THROUGH THE YEARS IN GLOBAL HUMAN CAPITAL TRENDS

Knowledge management has evolved in leaps and bounds over the last decade with the emergence of new technologies that capture and disseminate information at rapid speeds. Our *Global Human Capital Trends* reports have reflected that journey, acknowledging the importance of employee knowledge-sharing to business success in 2014, discussing the development of internal knowledge-sharing programs in 2016, and marking the emergence of new learning and knowledge-sharing systems in 2018 that curate both internal content and open-source content for worker use and development. In 2019, our top-ranked trend was "Learning in the flow of life," in which we discussed the shift from knowledge-sharing and learning as something that happens separately from work to something that is integrated into workflows in small doses, almost invisibly, throughout the workday. This year, we build on that perspective, describing ways that organizations should leverage new technologies that can not only contextualize information, but push it through an organization's systems to teams in ways that support problem-solving and help workers innovate and uncover new insights.

than half of the respondents to this year's Global Human Capital Trends survey (55 percent) still define knowledge management as the simple documenting and disseminating of knowledge. Far fewer link knowledge with action to drive value (36 percent), while less than half (43 percent) see creating knowledge as a key to developing new products, services, or solutions (figure 1).

The overwhelming majority of organizations understand they are falling short. Eighty-two percent of our respondents said their organizations need to do a better job of tying knowledge to action, while 79 percent admitted that they must be more effective at creating knowledge to jump-start innovations and launch new products and services.

For organizations that are struggling, the good news is that technology is offering up solutions that can help. Emerging AI capabilities such as natural language processing and natural language generation can automatically index and combine content across disparate platforms. These same technologies can also tag and organize information, automatically generating contextual metadata without human intervention and eliminating a major barrier to actually *using* the knowledge that

an organization's people and networks create. And in the most advanced applications, AI technologies can take that contextualized information and push it to an organization's different teams and systems, allowing the intelligence to flow through networks of people as they work to uncover insights and solve problems in real time.

Microsoft's Project Cortex, for instance, uses AI to analyze large amounts of content, organize it into different topics, extract important information, and create "knowledge networks" that connect people with topics and content.[5] A worker who sees an unfamiliar project in an email can access a "topic card" that describes the project, relevant experts and people, related resources, and other useful information. Cortex also enables workers to create personalized "knowledge centers," where they can keep abreast of trending topics that are relevant to their work.[6]

In this way, technology becomes embedded into the organization's teams in ways that help advance their collective intelligence—an example of "putting computers in the group" to create what we call "superteams."[7] As a key application of superteams, knowledge management is evolving far beyond an

FIGURE 1

More respondents view knowledge management as sharing or preserving knowledge than as creating or deriving value from knowledge

How does your organization define "knowledge management"? (Select all that apply.)

Sharing knowledge: Documenting and disseminating knowledge
55%

Preserving knowledge: Maintaining knowledge for future access and use
44%

Creating knowledge: Developing new services, solutions, products, or processes
43%

Deriving value from knowledge: Tying knowledge to action
36%
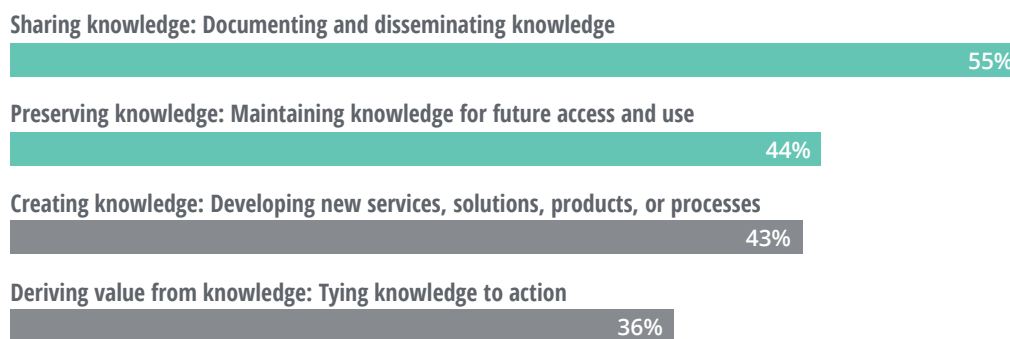
Source: Deloitte Global Human Capital Trends survey, 2020.

internal database that workers occasionally visit to look for information. Instead, it connects all of an organization's different teams, systems, and networks, elevating and honing everything the organization does. It proactively pushes the right information to the right person at the right time, and it accelerates learning by automatically delivering the expertise that people need to be able to develop key skills and capabilities.

As one example, Philips has launched a new knowledge management platform as part of its effort to transform from a product-based company to a solution-based company, aiming to save workers' time and break down silos across its nearly 80,000 workers, 17 markets, and more than 30 businesses. The platform's tagging mechanisms easily connect workers with articles, white papers, tips and tricks, public communities, and experts based on their specific interests and needs. This delivers huge time savings: Account managers and sales engineers now spend fewer hours per week searching for information.[8]

Honda took a similar approach in 2019 when it worked to better understand driver behavior in an effort to improve the driver experience. By using an AI tool called Watson Discovery from IBM Watson, Honda was able to create new knowledge from analyzing complaint patterns from drivers, enabling engineers to respond to quality challenges in vehicles more efficiently. This improved not only their own work experience, but the experience of Honda's customers as well.[9]

Many organizations may need to solve technical challenges to seize the opportunity to put "computers in the group" for knowledge management. Thirty-six percent of our survey respondents said that the lack of an adequate technology infrastructure constrains knowledge management at their organization. And nearly seven in ten (67 percent) of our survey respondents have yet to incorporate AI into their knowledge

FIGURE 2

Sixty-seven percent of respondents have yet to incorporate AI into their knowledge management strategy beyond a small extent

To what extent is AI being incorporated in your organization's knowledge management strategy?

■ To a great extent ■ To some extent
■ To a small extent ■ Not at all
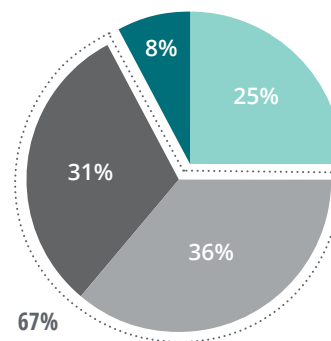
Source: Deloitte Global Human Capital Trends survey, 2020.

management strategy beyond a limited extent (figure 2).

Yet while the lack of technology infrastructure was noted as a common barrier, it was only one of the top barriers to effective knowledge management. The other barriers identified in our 2020 survey focused not on the technological, but instead on the human side of the knowledge management equation (figure 3). Barriers such as organizational silos (55 percent), lack of incentives (37 percent), and lack of an organizational mandate (35 percent) point to the fact many organizations need to do more than provide the infrastructure to share and create knowledge; they need to redefine the value associated with it as well.

In a world where knowledge equals power, many workers feel that holding on to their specialized knowledge allows them to safeguard their worth. To combat this, organizations can cultivate an ethos that helps people recognize that sharing their

FIGURE 3

The human side of knowledge management presents challenges for many organizations

What do you identify as the barriers to effective knowledge management in your organization? (Select up to three.)

Organizational silos

55%

Lack of incentives

37%

Lack of technology infrastructure

36%

Lack of organizational mandate

35%

Frequent shifting of which people are in what roles at what time

35%

Compliance headwinds

13%
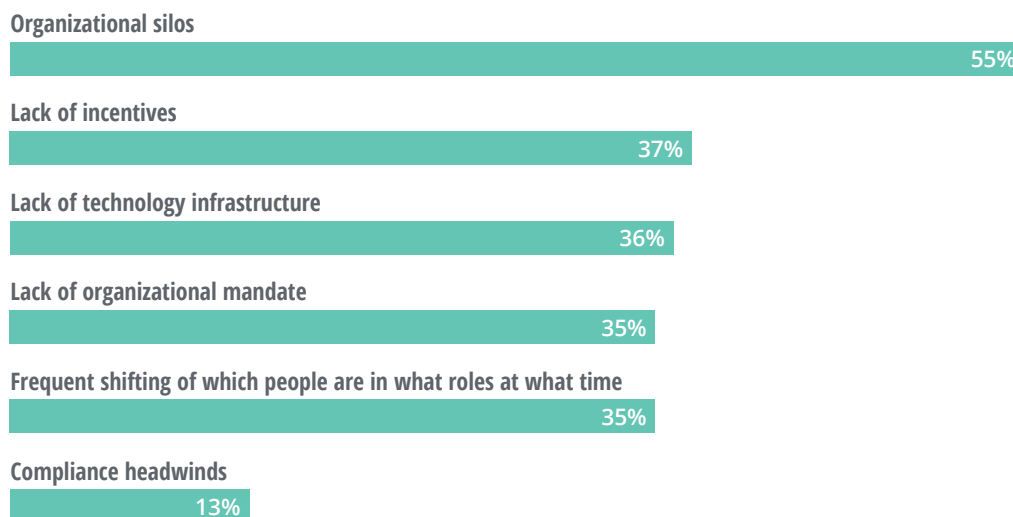
Source: Deloitte Global Human Capital Trends survey, 2020.

knowledge makes them more relevant, not less. Sodexo, for instance, worked to build an organizational culture that recognizes the value of knowledge-sharing. They launched a digital campaign to encourage their nearly 500,000 employees to join active knowledge-sharing communities and encouraged participation by marketing the importance of the communities, measuring usage, and recognizing active users. To further embed the knowledge-sharing mindset in their organization, Sodexo integrated its knowledge communities into other organizational systems to make them easily accessible through daily workflows. Their efforts are already paying off. Neta Meir, Sodexo's digital and innovation HUB director, reported that Sodexo is already seeing "more and more adoption of new behaviors, like sharing, collaborating, and consuming knowledge." Meir said, "I do believe that we are in the right direction to break silos, work more collaboratively, and perform better as [our employees] understand that knowledge-sharing is power."[10]

An effective knowledge management approach can give workers a larger platform to build on each other's knowledge and expertise, helping to increase a worker's value to the organization and ultimately offering them a greater sense of security at work. In a world where innovation and growth depend on synthesizing information and finding patterns that no single human eye can see, job security and organizational status come from one's contributions to personal and organizational reinvention—not from keeping information siloed for individual use only. Some organizations are accelerating the process of breaking organizational silos by leveraging organizational network analysis to identify topics and experts in an effort to better understand how they interact with one another. Doing so allows organizations to generate conceptual knowledge networks that help them visualize the knowledge hubs within their organization.[11]

Learning by example

Our survey's knowledge management leaders[12] differ from the rest of our respondents in several ways, most notably in their definition of knowledge management. These leaders view knowledge management as more than a way of capturing and disseminating information; instead, they view it as a way of creating knowledge to develop new products, services, or solutions. By redefining the value of knowledge management, these organizations are able to break down cultural barriers that have prevented other organizations from taking a similar path.

Philips, for example, did not just use knowledge management to reduce the time it took account managers and sales engineers to search for information. It leveraged a knowledge management ecosystem to create new ways of engineering solutions for its customers. This shift in focus occurred when leaders realized that opportunities were lost by not sharing new services and solutions across markets. A service might be successful in the United States while account managers in Europe were not aware about its existence and success. Despite the fact that knowledge about Philips products was available on the company's internal sites, the company did not have a way of embedding that knowledge at the right point in its engineering process. Now, at the start of any new project, engineers check the knowledge management site, which uses AI to immediately search for other projects that may be similar and connect the individuals running those projects. Instead of duplicating efforts, those teams can

collaborate up front, creating new knowledge and ultimately getting their innovations to market faster.[13]

A leading biopharmaceutical company took a similar approach. It used knowledge management to extract the lessons learned from the multiple early-stage trials that their products went through, combining those lessons into new knowledge that would enable the company to advance its solutions to market in a more effective way. This was quite a challenge in an organization where information had historically been shared on a need-to-know basis only. But by taking a step back to understand how and where knowledge could be pushed to create value, the company was able to break down those cultural norms.[14]

Pivoting ahead

Rapid technological advances have poised knowledge management to evolve from a static, back-office activity focused on documenting and warehousing information to a dynamic, AI-powered platform that enables organizations to create, understand, and act on knowledge more effectively than ever before. To be able to take advantage of these emerging technologies, organizations need to marry two critical elements: the physical systems and infrastructures to support the technology, and the processes, incentives, and culture that encourage people to use it. Organizations that succeed on both fronts will be well positioned to create and act on knowledge in ways that drive tangible results.

Acknowledgments

Endnotes

1. Natalie Steers, "Chris Boorman, Informatica: 'A tsunami of data is hitting enterprises'," MYcustomer.com, April 2, 2012.

2. Statista, "Number of sent and received emails per day worldwide from 2017 to 2023 (in billions)," accessed February 14, 2020.

3. Splunk, *The state of dark data: Industry leaders reveal the gap between AI's potential and today's data reality*, 2019.

4. Rosalie Chan, "Slack says that while its user numbers still lag Microsoft's, what really matters is that users love its app a lot," *Business Insider*, October 11, 2019.

5. Seth Patton, "Introducing Project Cortex," Microsoft, April 11, 2020; SyncedReview, "Microsoft Ignite 2019: Project Cortex AI builds enterprise knowledge networks," Medium, November 8, 2019.

6. Ibid.

7. Erica Volini et al., *Superteams: Putting AI in the group–Deloitte Global Human Capital Trends*, Deloitte Insights, 2020.

8. Hans Visschers (global head of knowledge management, Philips), interview with the authors, January 15, 2020.

9. Phil Anderson, "IBM announces new industry-leading NLP features inside Watson Discovery," IBM, December 4, 2019.

10. Conversations with company executives by colleagues of the authors.

11. Eric Gladstone, "Conceptual knowledge networks," interstito, April 27, 2017.

12. We defined "knowledge management leaders" as respondents who said that their organizations were effective or very effective in all four key knowledge management activities: sharing knowledge, preserving knowledge, creating knowledge, and deriving value from knowledge.

13. Visschers, interview.

14. Conversations with company executives by colleagues of the authors.

Beyond reskilling
Investing in resilience for uncertain futures

RESKILLING ALONE MAY BE A STRATEGIC DEAD END. RENEWING WORKERS' SKILLS IS A TACTICAL NECESSITY, BUT RESKILLING IS NOT A SUFFICIENT PATH FORWARD BY ITSELF. THE SKILL SHORTAGE IS TOO GREAT. THE INVESTMENTS ARE TOO SMALL. THE PACE OF CHANGE IS TOO RAPID, QUICKLY RENDERING EVEN "SUCCESSFUL" RESKILLING EFFORTS OBSOLETE. WHAT IS NEEDED IS A WORKER DEVELOPMENT APPROACH THAT CONSIDERS BOTH THE DYNAMIC NATURE OF JOBS AND THE EQUALLY DYNAMIC POTENTIAL OF PEOPLE TO REINVENT THEMSELVES. TO DO THIS EFFECTIVELY, ORGANIZATIONS SHOULD FOCUS ON BUILDING WORKERS' RESILIENCE FOR BOTH THE SHORT AND THE LONG TERM—A FOCUS THAT CAN ALLOW ORGANIZATIONS TO INCREASE THEIR OWN RESILIENCE IN THE FACE OF CONSTANT CHANGE.

Current drivers

Organizations are struggling to navigate the fast-changing skills landscape. In our 2020 Global Human Capital Trends survey, 53 percent of respondents said that *between half and all* of their workforce will need to change their skills and capabilities in the next three years. It will be no easy feat for organizations to navigate this explosive rate of change effectively. They are up against a dramatically changing business landscape with constantly shifting skills and capability needs, greater expectations of organizations to respond to workforce development needs, and a lack of insights and investment to pave a clear path forward.

Today, the qualities that workers—and organizations—need to survive and thrive are very

THE READINESS GAP

Seventy-four percent of organizations say reskilling the workforce is important or very important for their success over the next 12–18 months, but only 10 percent say they are very ready to address this trend.

different from those they needed in the past. One reason for this is that economies are shifting from an age of production to an age of imagination. In the past, business success relied mainly on deploying precisely calibrated skills to efficiently construct products or deliver services at scale. Today, success increasingly depends on innovation, entrepreneurship, and other forms of creativity that rely not just on skills, but also on less quantifiable capabilities such as critical thinking, emotional intelligence, and collaboration.[1]

Amid this pressure to adapt their business models to capitalize on the age of imagination, organizations are also facing pressure from their workforces to help them keep their skills and capabilities up to date. Seventy-three percent of our survey respondents identified organizations as the entity in society primarily responsible for workforce development—outranking the responsibility of workers themselves, and far exceeding the deemed responsibility of educational institutions, governments, or professional associations and unions (figure 1). In light of this expectation, there is growing scrutiny and societal pressure on organizations to address workers' long-term employability[2]—with the potential for significant backlash when they lay off workers after automating their jobs.

Yet despite the expectation of organizations to do more to address skills and capabilities shortages, our survey shows that most organizations do not have the insights they need to get started. Fifty-nine percent said they need additional information to understand the readiness of their workforce to meet new demands, and 38 percent said that identifying

More respondents identified organizations as the entity responsible for workforce development than identified any other stakeholder

Which entities in society do you think are primarily responsible for workforce development? Select up to two.

Organizations
73%

Individuals
54%

Educational institutions
19%

Governments
10%

Professional associations/unions
8%
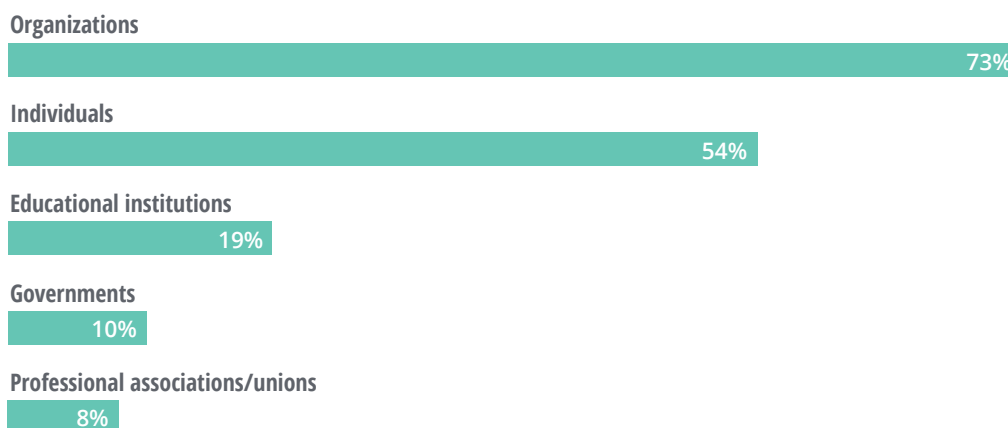
Source: Deloitte Global Human Capital Trends survey, 2020.

TIPPING POINT

In the past year, the skills race has jumped into the spotlight as both a business imperative and a social expectation. Organizations including Deloitte,[3] Accenture,[4] IBM,[5] JPMorgan Chase,[6] PricewaterhouseCoopers,[7] and SAP[8] announced major worker skilling investments in 2019.

Perhaps the most publicized of these efforts has been Amazon's pledge of US$700 million to upskill 100,000 of its US workers by 2025. The program reflects Amazon's ongoing commitment to building resilience in its workforce through a variety of programs that offer opportunities for different workforce segments, technical groups, and communities. Some of the programs, including Amazon Technical Academy, Associate2Tech, and Machine Learning University, target the development of technical skills for in-demand jobs, helping to keep workers current in both the theory and application of emerging technologies. In addition, Amazon is also helping workers find adjacent or related roles in their communities. The company offers a prepaid tuition program, Career Choice, that supports fulfillment center associates looking to move into high-demand occupations. Since 2012, 25,000 workers have used this program to launch new careers in aircraft mechanics, computer-aided design, machine tool technologies, medical lab technologies, nursing, and other fields. Amazon workers who participate in the program are rewarded with an immediate pay bump and see longer-term benefits in both earnings and career mobility. The Career Choice program is also contributing to the health of the broader ecosystem by introducing new career pathways and building talent pipelines for local in-demand roles, resulting in greater local business growth, increased household incomes, and a higher average wage in local communities.[9]

workforce development needs and priorities is their *greatest* barrier to workforce development. With jobs becoming increasingly dynamic, the skills landscape is shifting drastically and rendering exercises to define needed skills of limited use and longevity. Not surprisingly, only 17 percent of our survey respondents believed that their organization could to a great extent anticipate the skills their organizations will need in three years.

Even if organizations acquire the information needed to better understand workforce development priorities, our survey shows that many organizations will face another barrier: difficulty obtaining the necessary investments. While 84 percent of respondents agreed that continual reinvention of the workforce through lifelong learning is important or very important to their development strategies, only 16 percent expect their organization to make a significant investment increase in this area over the next three years. In fact, 68 percent of our survey respondents told us that they are currently making only

moderate investments in reskilling or no investment at all as it relates to AI, one of the biggest areas of reskilling required. And 32 percent of our respondents identified lack of investment as the greatest barrier to workforce development in their organization.

Given these findings, the fact that most of our respondents—75 percent—expected to source new skills and capabilities primarily by reskilling their current workforce seems unlikely to play out exactly as planned.

Our 2020 perspective

How can organizations find a way to navigate this radically changing business and skills environment? We suggest an approach that treats workforce development as a strategy for building worker and organizational *resilience*—equipping workers, and thus the organization, with the tools and strategies to adapt to a range of uncertain

RESKILLING THROUGH THE YEARS IN GLOBAL HUMAN CAPITAL TRENDS

Our calls early this decade for organizations to focus on talent development have evolved into a full-blown business imperative for those hoping to survive in an age of constant disruption. In 2013, we wrote about how the talent management pendulum was swinging from recruitment to development. Our chapter on "The war to develop talent" talked about how global talent shortages, escalating turnover costs, and workers' desire for lifelong development were putting a spotlight on how organizations designed talent networks, planned for workforce development, built learning programs, and developed leaders. By 2014, workforce capability was becoming an increasingly more critical issue, with 75 percent of our survey respondents rating it as urgent or important, but only 15 percent believing they were ready to address it. In "The quest for workforce capability," we called attention to the need for organizations to create a global skills supply chain to examine expected capability gaps at all levels and develop workforce capabilities using a systematic, continuous process rather than as a "one and done" annual event. We reaffirmed that theme in our 2015 and 2016 reports, which focused on learning as a key vehicle for organizations to obtain badly needed skills. By 2017, a trend was emerging that would define the late decade of reskilling: the declining half-life of skills. In "Careers and learning: Real time, all the time," we wrote that "the concept of career is being shaken to its core" by the simultaneous increase in the length of careers and the decline in the half-life of skills. This dichotomy between the length and dynamic nature of jobs has continued to sharpen, leading us to ask this year's critical question: How can organizations increase their own resilience and their workers' resilience in the face of constant change?

futures in addition to reskilling them for near-term needs. Through a resilience lens, reinvention shifts from something that could threaten worker security to the very thing that defines it: Workers who are able to constantly renew their skills and learn new ones are those who will be most able to find employment in today's rapidly shifting job market.

Investing in worker reinvention may feel risky to organizational leaders who worry that their newly reskilled workers will walk out the door, but that need not be the case. The effective social enterprise recognizes that key to success are the capability and viability of the workforces available to it, and its attractiveness to new workers and alumni across its entire internal and external ecosystem. An organization that helps its workers become more resilient can be an attractive employer indeed—one that is well positioned to compete for both existing and new talent.

Based on this year's Global Human Capital Trends survey, we see five areas where organizations can challenge their thinking to build resilience (figure 2). These shifts capture how organizations can think about *what* their workers should be learning (cultivating capabilities and engaging in unseen and future problems), *how* they should be learning (in the flow of work and motivated by rewards), and *where* they should be looking to apply what they learn (future opportunities both inside and outside the organization).

FIGURE 2

Five shifts that can help organizations build resilience

From	To	Survey says …	Our perspective
Building skills	Cultivating capabilities first, skills second	Our survey respondents are split on this topic, with 48 percent saying that their workforce strategy is anchored upon hiring people with technical skills needed for jobs today, versus 52 percent saying their strategy is to hire great learners who can develop to meet multiple positions and future needs.	In an environment of constant disruption, a focus on capabilities gives organizations greater flexibility to meet both today's and tomorrow's needs. Over time, capabilities will help individuals continuously develop the skills to remain relevant, helping organizations continue to develop the workforce they need. A focus on capabilities is increasingly important as technology demonstrates the ability to do work often associated with technical skills.
Developing specific workforce skills to meet short-term needs	Leveraging workers' "passion of the explorer" to engage them in solving unseen and future problems	Our survey clearly highlights workers' desire to learn and grow. Fifty-four percent of our respondents believe individuals are responsible for their own workforce development—putting workers in the driver's seat to own their careers. And organizations acknowledge that lack of workforce interest is *not* a barrier to workforce development. In fact, lack of workforce interest was the least commonly cited barrier, with only 19 percent of our survey respondents identifying it as an issue.	Organizations should be encouraged by research that shows that the workforce is often far more adaptable than management believes and, in many cases, can sense disruptive forces sooner than senior leaders. By exploring new domains and learning from others both within and outside the organization, workers can identify gaps and reinvent themselves to fill them—reducing the need for top-down mandates.
Focusing on formal training and traditional education methods	Supporting learning in the flow of work	In last year's *Global Human Capital Trends* report, we called out learning as the top-rated challenge for organizations. This year, it continues to be a major concern, with 92 percent saying they will prioritize learning in the next 3–5 years but only 61 percent feeling ready to meet the challenges associated with it. We believe this gap can largely be attributed to many organizations' inability to meet workers in their place and time of need.	Research shows that learning through experience yields better learning gains and retention than traditional classroom instruction. Organizations should work to provide workers with guidance and information in the flow of their work and look for opportunities to help workers learn through experiences.
Rewarding based on work output	Rewarding based on capability development	Workforce development investments and rewards are not usually structured to support long-term organizational goals. Only 45 percent of our survey respondents said that their organizations reward workers for developing skills and capabilities. Even fewer, 39 percent, are rewarding leaders for developing skills and capabilities on their teams.	Given the importance of continual reinvention to an organization's business strategy, organizations need to create incentives that motivate people to continuously learn, adapt, and improve, both at the individual level and the team level.

FIGURE 2

Five shifts that can help organizations build resilience, cont.

From	To	Survey says …	Our perspective
Preparing the workforce with an internal focus	Preparing the workforce with an eye toward what benefits both the organization and society	Forty-six percent of our respondents agree that the purpose of the organization is expanding extensively to include all stakeholders, including the communities that organizations serve and society at large.	The most effective organizations will employ an approach to workforce capability building that considers not only their business needs but the needs of the workers, customers, and communities in which they operate. This will especially be true as workforce compositions continue to shift and organizations need to rely more on the health of their overall ecosystem.

Sources: Joseph B. Fuller et al., "Your workforce is more adaptable than you think," *Harvard Business Review*, May–June 2019: pp. 118–26; Caitlin Anderson, "New research shows students learn better when interacting with classmates," *Minnesota Daily*, November 14, 2018; John G. Richardson, "Learning best through experience," *Journal of Extension* 32, no. 2 (August 1994); John Hagel, John Seely Brown, and Maggie Wooll, *Skills change, but capabilities endure*, Deloitte Insights, August 30, 2019.

Learning by example

While not every organization may use all five of these tactics at once, some have already begun the journey to building resilience by distinguishing themselves as leaders in one or more areas.

Some organizations are shifting their focus from building skills to cultivating capabilities first. Latin American pharmaceutical company Megalabs, for instance, offers workers the opportunity to attend leadership academies to develop future-focused capabilities such as risk-taking and innovation to support leaders' preparedness, agility, and responsiveness for the future of work.[10] In another example, Banco Santander undertook a robust strategic workforce planning exercise to identify the skills the bank will need in 2025. Doing so required envisioning future roles and tasks, identifying the skills needed to execute those roles, and quantifying the future demand for each skillset by analyzing expected business and talent trends (such as the growth of digital business and the impact of AI technologies). This exercise revealed that Santander's workforce had the strong technical skills required to meet future demand but needed to focus on building capabilities such as communication, knowledge-sharing, and resilience. Throughout this process, the involvement and collaboration of the C-suite as champions of the project was key to its success, ensuring alignment with critical business needs. The bank launched an upskilling and reskilling plan to cultivate the required skills and critical capabilities and has activated strategic levers across HR to close these gaps (mobility, alternative workforce, and ways of working). The expectation is that cultivating these capabilities will not only prepare its workforce to better serve its customers, but also transform the company's culture and ways of working.[11]

American Water is piloting a leadership program to develop capabilities essential for being a leader in the "age of disruption" such as innovating, problem-solving, and leveraging diversity of thought and ideas. During the program, participants are challenged with identifying problems and collaboratively developing solutions to address issues they are facing in their daily jobs. So far, employees have been very engaged in the

program and have generated several forward-thinking ideas and potential work improvements.[12]

Other organizations are using experiential learning to help their people learn in the flow of work. A global petrochemical company is one such example. It developed an internal repository to help surface and develop workers' skills that were previously invisible to the organization. The repository connects employees to projects across the enterprise, allowing them to dedicate a portion of their time to new activities to build on existing skills or to develop skills in particular interest areas. Initial indications by employees in the pilot group have been very positive, especially by late-career employees who were looking for variety in their daily work.[13]

Organizations can reward workers for developing capabilities in a variety of ways. Some, for instance, are working with companies such as Guild Education to offer workers debt-free pathways to pursue degrees, certificates, and the option to receive school credit for on-the-job training. Guild Education connects employers to a network of educational institutions to enable workers engaged in training to earn credits toward professional certifications from nonprofit accredited universities. This allows workers who undergo training to be more successful in their current jobs while simultaneously helping them to gain a nationally recognized credential they can take anywhere. In one year at Walmart, 6,000 employees earned a total of US$17.5 million worth of college credits while paying only a little more than US$500,000.[14] Guild cites a US$2.44 return on investment for every US dollar spent:[15] At Chipotle, employees who participate in Guild's education benefits program have a 90 percent higher retention rate and are more likely to be promoted.[16]

Finally, two organizations provide examples of how leaders can shift their approach to training from an internal focus to an external, ecosystem one. US

home improvement retailer Lowe's, for instance, is deliberately aiming to support the health of its broader ecosystem through its training program. With the growing deficit of skilled trade professionals in its industry, Lowe's offers apprenticeship opportunities to customer-facing floor staff to help them launch careers in carpentry, plumbing, electrical, HVAC, or appliance repair. This program provides upfront tuition funding for trade skill certification, academic coaching and support, and placement support for Lowe's nationwide contractor network.[17] And in another example, Canadian bank RBC is working to grow the skills of its enterprise, community, and society. After commissioning a study that found that 4 million of the Canadians projected to enter the workforce over the next decade were not equipped with the right skills and capabilities for in-demand careers, RBC created a career tool called "Upskill" that identifies a young person's career-relevant skills, points him or her to personalized career options, and offers customized guidance that integrates data on job demand, projected growth, automation impacts, and earning potential.

Pivoting ahead

We believe that organizations may be ill served by the currently prevalent narrow approach to reskilling, which consists largely of attempting to precisely tally current skill needs, prescribing discrete training programs to suit, and then doing it all over again once the organization's needs change. A system that instead invests not just in workers' near-term skill needs but also in workers' long-term resilience, developing their capabilities as part of work and embracing a dynamic relationship with the organization's broader ecosystem, can help build long-term organizational resilience as well. In a world where the only constant is change, supporting workers in reinventing themselves offers organizations a sustainable path forward as they aim to equip their workforces to do the work of today—and the future.

Acknowledgments

Endnotes

1. John Hagel, John Seely Brown, and Maggie Wooll, *Skills change, but capabilities endure*, Deloitte Insights, August 30, 2019.

2. Lauren Weber, "Why companies are failing at reskilling," *Wall Street Journal*, April 19, 2019.

3. Joe Williams, "How Deloitte is spending $2 billion to train 4,000 workers on the hottest tech jobs of 2020," *Business Insider*, January 10, 2020.

4. Lauren Weber, "Accenture retrains its workers as technology upends their jobs," *Wall Street Journal*, June 23, 2019.

5. Morning Future, "IBM's reskilling: 'That's how you protect people's employability'," July 23, 2018.

6. JPMorgan Chase, "JPMorgan Chase makes $350 million global investment in the future of work," press release, March 18, 2019.

7. Richard Feloni, "'If you opt in, we will not leave you behind'—PwC's global chairman announces a $3 billion investment in job training," *Business Insider*, September 30, 2019.

8. Peter Gumbel and Angelika Reich, "Building the workforce of tomorrow, today," *McKinsey Quarterly*, November 2018.

9. Amazon, "Amazon pledges to upskill 100,000 U.S. employees for in-demand jobs by 2025," press release, July 11, 2019; Ardine Williams (vice president, workforce development, Amazon), interview with the authors, February 5, 2020.

10. Conversations with Megalabs executives by colleagues of the authors.

11. Conversations with Banco Santander executives by colleagues of the authors.

12. Conversations with American Water executives by colleagues of the authors.

13. Conversations with company executives by colleagues of the authors.

14. Conversations with Guild executives by the authors.

15. Ibid.

16. Ibid.

17. Lowe's, "Trades programs," accessed March 13, 2020.

The compensation conundrum
Principles for a more human approach

RAPID CHANGES IN THE NATURE OF WORK ARE ADDING NEW DEMANDS AND PRESSURES ON COMPENSATION STRATEGIES AND PROGRAMS. AS A CONSEQUENCE, MANY ORGANIZATIONS ARE STUCK IN A SEEMINGLY ENDLESS CYCLE OF COMPENSATION REVIEWS, REFORMS, AND ROLLOUTS. TO TAKE BOLD ACTION IN THE FACE OF UNCERTAINTY, ORGANIZATIONS SHOULD LOOK BEYOND COMPENSATION AS A "SPOT MARKET"—FOCUSED ON REWARDS TO DRIVE TALENT ACQUISITION AND RETENTION—TO VIEWING IT AS A LEVER TO MANAGE THE BIGGEST SHIFTS HAPPENING IN TODAY'S WORK ENVIRONMENT, INCLUDING CHANGES IN THE WAY WORK HAPPENS, THE EVOLVING EXPECTATIONS OF THE WORKFORCE, AND THE EXPANDED ROLE OF ORGANIZATIONS AS THEY BECOME SOCIAL ENTERPRISES. TO DO THIS EFFECTIVELY, ORGANIZATIONS MUST FOCUS ON A CORE SET OF HUMAN PRINCIPLES THAT WILL ENABLE THEM TO CRAFT COMPENSATION STRATEGIES DESIGNED TO STAND THE TEST OF TIME IN THE NEW WORLD OF WORK.

Current drivers

Compensation—salary and wages—is the largest component of an organization's total labor costs,[1] accounting for up to 70 percent of an organization's total costs.[2] And yet many organizations seem curiously uncertain about how to approach this significant area of spend. In our 2020 Global Human Capital Trends survey, most respondents said that their organizations were either in the middle of redesigning compensation or had changed their compensation strategy within the last three years (figure 1). What's more, 64 percent of respondents expected their organizations to redesign compensation *yet again* either this year or in the next three years.

Despite these continual efforts, our recent High-Impact Rewards study confirmed business

THE READINESS GAP

Sixty-nine percent of organizations say the changing nature of compensation expectations and strategies is important or very important for their success over the next 12–18 months, but only 9 percent say they are very ready to address this trend.

executives' general dissatisfaction with compensation, as it garnered an incredibly low net promoter score: negative 15—the second-lowest score for any HR-related practice in any prior study by our research group, exceeded only by performance management at negative 60.[3]

The uncertainty about how best to approach compensation and the lack of positive results is not surprising, given the rapidly evolving environment

FIGURE 1

Most respondents are currently redesigning or have redesigned their compensation strategies within the last three years

When did you last redesign your compensation strategy?

We are currently redesigning our compensation strategy

23%

In the last year

28%

In the last 1–3 years

28%

More than 3 years ago

14%

Never

6%
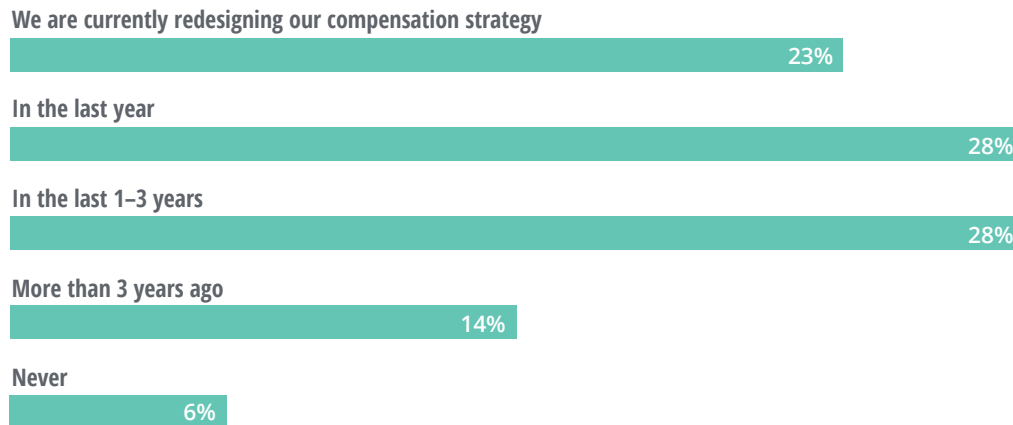
Source: Deloitte Global Human Capital Trends survey, 2020.

that compensation strategies need to address. To start is the change in radical shift in work and jobs. Not only is the "half-life" of individual skills diminishing, but *entire roles* are also changing as work is being redesigned to integrate human workers with robotics and AI. The World Economic Forum estimates that 42 percent of the skills required from the global workforce will change between 2018 and 2022, and that by 2022, no less than 54 percent of all employees will require significant reskilling and upskilling.[4] Our own analysis of 2018 Bureau of Labor Statistics Occupation Employment Survey data suggests that as many as one-half to two-thirds of jobs across industries are ripe for disruption in the future of work.

Another big shift is the desire for greater transparency that is raising pressure on organizations as it relates to their compensation practices. A poll of workers in the United Kingdom found that 56 percent would support making their income and tax return information publicly available.[5] And across the Atlantic, drivers for major ride-sharing companies launched strikes

across the United States to lobby for better pay transparency.[6] Such calls for greater transparency reflect a growing sentiment that organizations should bear greater responsibility for answering questions about whether compensation works—and for whom.

Compensation fairness is another significant challenge in the era of the social enterprise. As the inequality gap widens,[7] external stakeholders are zeroing in on compensation, taking some organizations to task for failing to pay a living wage.[8] Compensation also remains a focus point to help address potential workplace bias and improve diversity-related outcomes. New research draws a direct connection between perceptions of compensation fairness and employer brand, employee engagement, and workforce well-being. One study of workers in Sweden finds that perceived fair treatment led to higher employee motivation and healthier lifestyle decisions.[9] Another study in the United States reports that women experiencing compensation inequity were twice as likely to suffer from depression and four times as likely to suffer from generalized anxiety.[10]

To navigate these challenges effectively, organizations need a new path forward that is anchored not only on data and benchmarks, but also on a set of principles that reflects the fact that compensation is more than a set of numbers—it's a reflection of how organizations value individuals and how individuals value organizations. Considering how much time and money organizations spend on compensation strategies, processes, and programs—and the total cost of wages and salaries—*any* change to compensation practices represents a significant decision that needs to put the human element front and center to have the desired impact.

Our 2020 perspective

To move beyond the compensation conundrum—the continual reconfiguring and tinkering with rewards packages of compensation, incentive pay, and benefits—in 2020 and beyond, business leaders and workers have the opportunity to reinvent compensation for a world of changing jobs, work, skills, and expectations and values. As a starting point for compensation's reinvention, we return to the five principles for human design we introduced in last year's *Global Human Capital*

COMPENSATION THROUGH THE YEARS IN GLOBAL HUMAN CAPITAL TRENDS

Issues around compensation, rewards, and performance management—and the relationship among the three—appear to be a perennial challenge for HR and organizational leaders. 2014's "Performance management is broken" and 2015's "Performance management: The secret ingredient" suggested that organizations decouple performance management from compensation, focusing performance management on coaching and improvement while basing compensation on a worker's skills, their value to customers, and real-world market conditions. In spite of this suggestion, organizations' rewards practices generally remained "stuck in the past," as we wrote in 2018's "New rewards: Personalized, agile, and holistic." In 2019, we highlighted the continuing gap between current rewards practices and internal and external expectations in "Rewards: Closing the gap," encouraging leaders to view compensation and rewards in the context of cultivating lasting relationships with workers. This view of compensation as an essentially human activity continues to inform this year's discussion, as we examine how viewing compensation from the perspective of the social enterprise's five human-focused design principles can help organizations meet emerging challenges in this area.

Trends: Purpose and meaning; transparency and openness; ethics and fairness; growth and passion; and collaboration and personal relationships.

We used this year's survey data to evaluate organizations' approaches to compensation against these principles. What we found was a series of gaps between how compensation is designed and executed today—gaps that we believe hinder an organization's ability to align compensation to the new world of work. To help organizations address them, we have proposed actions aligned with each of the five principles that we believe are mutually beneficial, enabling organizations to reward their workers in meaningful ways and transform that meaning into quantifiable value (figure 2). These actions offer organizations an enduring foundation in which to ground their compensation strategies to break the endless cycle of compensation redesigns as changes in jobs and work continue to emerge.

FIGURE 2

Organizations can apply human-focused design principles to help align compensation with evolving organizational objectives

Actions	Survey says...	Our perspective
Purpose and meaning		
Value individual contributions	Eighty-seven percent of our respondents reported that valuing workers' individual contributions is important or very important, yet only 57 percent said that their organizations were effective or very effective at it. This was the single biggest gap identified as it relates to driving belonging in an organization.	With belonging rising to the top as one of this year's most important trends, it's critical that a compensation strategy be effective at valuing individual contributions. Contribution—along with comfort and connection—is integral to establishing belonging and, ultimately, to aligning an individual to an organization's purpose.
Transparency and openness		
Enable two-way input	Fifty-eight percent of our respondents reported that the workforce has little to no input in the organization's compensation strategy, with 24 percent reporting that workers have no input at all.	In a world that has seen continued growth in the power of the individual to affect organizations' reputation and brand and a rise in individuals sharing information traditionally kept private, it is important to establish processes that not only enable transparency in the distribution of information, but also allow for an open feedback loop from the impacted individuals.
Ethics and fairness		
Reward for expanded and changing responsibilities	Forty-six percent of our respondents reported that changes in jobs were not aligned with changes in compensation, and only 22 percent said that the increased use of automation and AI was one of the top three factors affecting their compensation strategy.	With automation and AI rapidly changing the nature of jobs, fairness can be determined based on how those shifts in role and responsibility are reflected in an individual's pay. This will demand a more agile process for evaluating job changes and rewards in tandem and with increased frequency.

FIGURE 2

Organizations can apply human-focused design principles to help align compensation with evolving organizational objectives, cont.

Actions	Survey says...	Our perspective
Ethics and fairness		
Apply procedural and distributive fairness	Our respondents identified fairness of pay as the second most common ethical concern related to the future of work, second only to the maintenance of privacy and control of workers' data.	Technology has brought an increased focus on ethics at work; as the topic of ethics continues to permeate discussions of future of work, it is important for organizations to have a consistent approach for how compensation is applied (procedural fairness) as well as a process for ensuring that work outcomes are rewarded consistently (distributive fairness) across all workforce segments.
Support a living wage	Less than 10 percent of our respondents believe that fairness of compensation related to a living wage is a top priority for the workforce. This reveals a critical gap between what our respondents believe and what the broader stakeholder community is calling for.	As the social enterprise takes hold, organizations may be measured on more than just shareholder value, but also on their impact on society as a whole. A broader set of stakeholders—including, but not limited to, employees—will likely have an increased focus on whether all workers are provided with compensation that maintains socially acceptable living standards.
Growth and passion		
Pay for skills acquisition and development	Forty-three percent of our survey respondents view and evaluate compensation, benefits, and skill development separately; only 45 percent of our survey respondents reward workers for the development of new skills.	In a world of work where at least half the workforce will likely require significant reskilling and upskilling, organizations are missing a huge opportunity if they do not find a way to partner with workers to incent skill development—one of the most significant issues and potential barriers in the achievement of future business strategies.
Incent entrepreneurial behavior	Only 34 percent of our respondents reward workers for entrepreneurial behavior, despite 84 percent saying that supporting the development of human capabilities such as problem-solving, communication, and creativity was important or very important to their workforce development strategy.	Deriving new value and meaning from work can be achieved when workers have the freedom and incentive to provide entrepreneurial and innovative ideas to how work can be done in the future.
Collaboration and personal relationships		
Reward at the team level	Only 37 percent consider team-based work in their compensation strategies. Only 39 percent of our respondents reward leaders for developing skills for their teams.	With a growing percentage of work in most organizations today being done in teams, the ability to set goals, motivate, develop, and reward at the team level is paramount to incenting behaviors that align with how work actually gets done.

Source: Deloitte analysis.

By considering these principles, an organization can evaluate its compensation practices for its fit with worker needs, its efficacy in supporting goals such as worker development and marketplace competitiveness, *and* its sustainability with respect to broader social norms and expectations. The desired end result: a compensation strategy that improves an organization's ability to accomplish its objectives while meeting stakeholder needs and expectations in a more transparent world.

Learning by example

A few examples show how some organizations are applying parts of the human-focused design principles to compensation. One example can be found in IKEA's efforts to equalize wages, benefits, and experience for its part- and full-time workers in Japan. Previously, local regulations required part- and full-time workers to have different compensation and benefits structures—but this presented challenges to IKEA's operations, as the company relies on a large share of part-time workers. In response, IKEA engaged Japan's government to improve the legal status and rights of part-time employees, leading to landmark legislation that enabled equal benefits for all Japanese workers. As a result of making changes consistent with the new law, IKEA significantly reduced turnover and received recognition as an Employer of Choice.[11]

As another example, Unilever explicitly made fairness and transparency key components of its global compensation strategies. It developed a "Framework for Fair Compensation" in 2015 in an effort to make pay transparent, fair, consistent, and explainable, based on a robust process for auditing, benchmarking, and setting performance targets. In

2017, a global audit against this framework discovered that 7,252 employees in 37 different countries were paid below the living wage specified by the framework. The company immediately responded, slashing this number to 611 employees in 16 countries by the end of 2018.[12]

Some organizations are taking transparency and openness even further through a process that focuses on collaboration. UK-based financial services company GrantTree enables its employees to set their own salaries through an iterative, collaborative process. Employees must make a case for their proposed salary, gathering information on the market rate for similar positions, their performance and growth, and what the company can afford to pay. Their colleagues then review the proposal, ask questions, and provide feedback, and the employee then chooses a salary level. While it might be expected that people would choose the highest possible compensation, at least two GrantTree workers have chosen to voluntarily reduce their salaries after their responsibilities changed.[13]

Pivoting ahead

Organizations are engaged in a constant cycle of adjusting and readjusting their compensation strategies in efforts to align compensation with changing talent and business challenges. We believe that this is because many are redesigning compensation in a reactive manner without basing their strategies on enduring principles that speak to the challenges organizations face today. Designing compensation this way can help organizations navigate an uncertain environment and make bold and effective forward-looking choices.

Acknowledgments

Endnotes

1. Scott Wooldridge, "Breaking down benefit costs: 6 charts that show where the money goes," *BenefitsPro.com*, January 28, 2019.

2. Paycor, "The biggest cost of doing business: A closer look at labor costs," December 10, 2019.

3. Peter DeBellis and Anna L. Steinhage, *High-impact total rewards*, Bersin and Deloitte Consulting LLP, 2018.

4. Till Alexander Leopold, Vesselina Ratcheva, and Saadia Zahidi, *The future of jobs report 2018*, World Economic Forum, 2018.

5. Richard Partington, "UK workers would pay transparency to fight inequality – poll," *Guardian*, June 3, 2019.

6. Faiz Siddiqui, "Uber and Lyft drivers strike for pay transparency—after algorithms made it harder to understand," *Washington Post*, May 8, 2019.

7. Taylor Telford, "Income inequality in America is the highest it's been since Census Bureau started tracking it, data shows," *Washington Post*, September 26, 2019.

8. Ethical Trading Initiative, "A living wage for workers," last accessed March 13, 2020.

9. University of East Anglia, "Fairness at work can affect employees' health," press release, May 11, 2016.

10. Cassie Werber, "America's wage gap is making women sick," *Quartz*, January 7, 2016.

11. Fair Wage Network, "Fair wage global strategy applied in different segments and markets," IKEA case study, last accessed March 13, 2020.

12. Unilever, "Fair compensation," accessed March 13, 2020.

13. Felicity Hannah, "My boss lets me set my own salary," BBC, September 13, 2020.

Governing workforce strategies
New questions for better results

AS WORKFORCE STRATEGIES AND OPERATIONS HAVE EVOLVED OVER THE PAST DECADE, MANY WORKFORCE METRICS AND GOVERNANCE HAVE NOT KEPT PACE. TODAY, NEW METRICS ARE NEEDED TO ENABLE FORWARD-LOOKING INSIGHTS ON EVERY TREND SHAPING HUMAN CAPITAL IF LEADERS ARE TO GAIN THE PERSPECTIVE THEY NEED TO BE ABLE TO ANTICIPATE AND MEET THE CHALLENGES POSED BY TODAY'S RAPIDLY CHANGING ENVIRONMENT. ORGANIZATIONS MUST BEGIN TO ASK FUNDAMENTALLY NEW QUESTIONS TO FIND RELEVANT, ACTIONABLE WORKFORCE METRICS THAT CAN INFORM BOLD DECISIONS AROUND CRITICAL HUMAN CAPITAL RISKS AND OPPORTUNITIES, EVEN AS UNCERTAINTY ABOUT THE FUTURE OF WORK, THE WORKFORCE, AND THE WORKPLACE REMAINS.

Current drivers

The demand for new workforce insights is reaching new heights, and it is nearly universal. Ninety-seven percent of respondents to this year's *Global Human Capital Trends* survey said that they need additional information on some aspect of their workforce. Despite the fact that our report has issued a call to action on people analytics since 2011, only 56 percent of respondents to this year's survey said that their organizations had made moderate or significant progress in this area in the past 10 years. And while 83 percent of respondents said that their organization produces information on the state of their workforce, only 11 percent of organizations produce the information in real time; 43 percent said they produce it either ad hoc or not at all.

THE READINESS GAP

Seventy-one percent of organizations say governing changing workforce strategies is important or very important for their success over the next 12 to 18 months, but only 8 percent say they are very ready to address this trend.

The pressure to generate deeper insights about the workforce often starts at the highest levels: More than half of our survey participants (53 percent) reported that their leaders' interest in workforce information has increased in the past 18 months. The desire for better workforce metrics spans a diverse set of needs that mostly focus on the future, with information on the readiness of the workforce to meet new demands the clear leading priority (figure 1).

FIGURE 1

The desire for better workforce metrics spans a diverse set of needs

What additional information do you think will be most important to understanding the state of your workforce moving forward? Select up to three.

Readiness of existing workforce to meet new demands
59%

Availability of additional sources of talent (e.g., new hires and alternative sources)
40%

Preparedness of leaders and managers for AI and digital workforce
37%

Progress on developing more inclusive workforces
27%

Impact of AI/robotics on work and the workforce
24%

Compliance with evolving legislation and regulation
18%

Financial, cultural, and community impact of job elimination
17%

Awareness of external social or political movements affecting the workforce
15%

We do not need additional information
3%

Source: Deloitte Global Human Capital Trends survey, 2020.

Several factors from both inside and outside the organization are driving the surge in demand. There is increasing uncertainty about the future within many organizations. One key driver of this uncertainty is the rapidity with which skills become obsolete due to technological and economic change. As the "half-life" of skills decreases, the need for a more dynamic view of the workforce has increased. Another source of uncertainty is the pace at which the nature and composition of teams are changing. As organizations begin to redesign work by integrating technology into teams, they will need to understand the implications for team members and leaders alike in terms of their skills and development needs.

This internal uncertainty is being matched by external pressures as well. As human capital–centered issues—culture, inclusion, leadership behavior, the treatment of workers—become more transparent, their potential for affecting an organization's brand and financial value has increased. In the past year alone, billions of dollars' worth of valuation have been lost because of issues related to leadership and culture. Relying on lagging indicators for these types of issues has proven ineffective; investors, boards, and organizational management are looking for predictive metrics to help them gauge and guard against risks that may be growing underneath the surface.

This desire for deeper insights has reached the point where some regulators are starting to mandate greater disclosure on the state of an organization's human capital. Organizations have generally been slow to publish detailed information on their human capital operations beyond headcount and compensation. Now, regulators such as the US Securities and Exchange Commission (SEC) are responding with proposed revisions to current business disclosure requirements in an effort to incorporate more human capital–related information.[1] Companies seeking to enhance how they measure and report on human capital may look to leading frameworks such as the Sustainability Accounting Standards Board (SASB) standards. As these pressures continue to increase, it is critical that organizations update the metrics that are governing human capital in today's disrupted world.

TIPPING POINT

In the past year, two key regulatory actions have put a spotlight on the growing demand for better information on organizations' human capital practices. The SEC has proposed modernizing Regulation S-K, which would require public companies to report on a wider set of human capital information such as retention and turnover, productivity, incentives for innovation, and training costs.[2] And the SASB Foundation is currently working on a project to assess the prevalence of financially material human capital topics such as labor practices, employee health and safety, and employee engagement, diversity, and inclusion across SASB's sectors and within its 77 industries.[3] The SASB aims to create a market-informed and evidence-based framework that identifies the financially material impacts of relevant human capital management issues, which will enable the assessment of these themes on an industry-by-industry basis.[4]

Our 2020 perspective

Our survey shows only three areas—headcount, hiring, and turnover; salary costs; and workforce composition—are where the majority of our respondents collect workforce information (figure 2). On the other hand, the areas in which respondents were *least* likely to collect workforce information—employer brand, new workforce initiatives, and the status of reskilling—are areas

FIGURE 2

Organizations are least likely to collect workforce metrics in areas critical to the future of work

What information is produced on the state of your workforce? Select all that apply.

■ Descriptive ■ Predictive

Headcount, hiring, and turnover
82%

Salary costs
68%

Workforce composition (e.g., on and off balance sheet workers)
53%

Engagement
42%

Workforce diversity
37%

Leadership pipeline
35%

Learning investments and progress
33%

Critical roles
32%

Talent mobility
30%

Employer brand
24%

New workforce initiatives
16%

Status of reskilling
14%
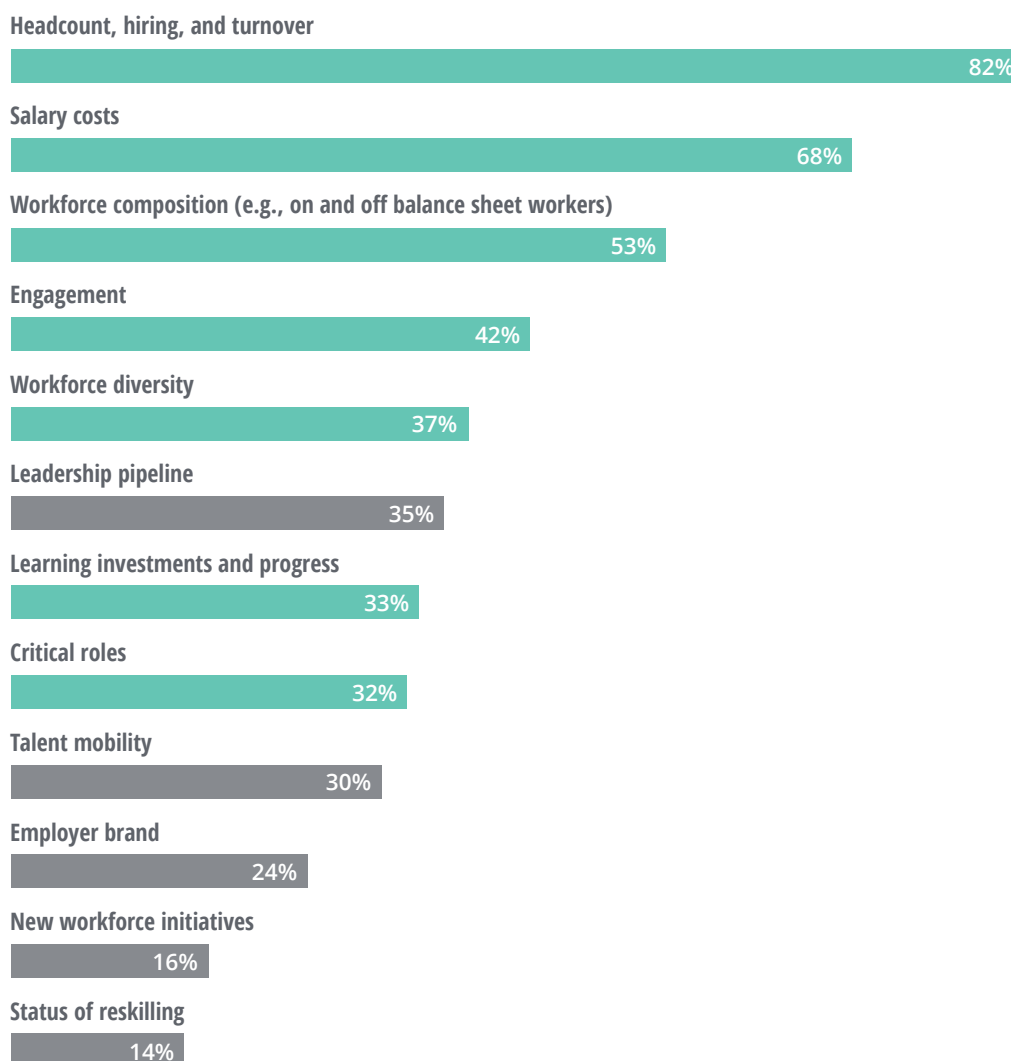
Note: Only respondents who said that their organizations produced information on the state of their workforce answered this question.
Source: Deloitte Global Human Capital Trends survey, 2020.

WORKFORCE METRICS THROUGH THE YEARS IN GLOBAL HUMAN CAPITAL TRENDS

Developing a predictive view of human capital is the next step in the evolution of people analytics that has been gaining momentum over the past decade. Our inaugural report in 2011 exhorted organizations to "move beyond instinct, gut, and tribal wisdom in making workforce decisions," pointing out that organizations not using data and analytics to manage their talent risked losing their competitive edge. 2012's "Seeing around corners," 2013's "Thinking like an economist," and 2014's "Talent analytics in practice" continued to track organizations' sometimes halting progress toward developing robust people analytics capabilities—which, as we described in 2015's "People data everywhere," were beginning to be augmented by the availability of external as well as internal organizational data. By 2018, organizations' increasing sophistication in people analytics was enabling them to do far more with their data, prompting us to caution readers, in "People data: How far is too far?," not to neglect the ethical and security concerns related to the expansion of worker data and analytics. But people data, as we discuss in this year's chapter, can only get organizations so far if they fail to ask the right strategic questions. The challenge for organizations today: to find new questions and new workforce metrics that can illuminate a path forward for leaders in an uncertain world.

that are critical to an organization's success in the future of work. This suggests that many organizations may not be focusing their workforce data collection efforts where they could be most effective.

What is needed to make progress? Many survey respondents believe the biggest barrier is technical: 52 percent said that the lack of systems to produce data prevents them from getting the information they need to understand the workforce moving forward. However, this perception may not be accurate. More than 130 providers offer access to externally available HR data,[5] and technology has enabled organizations to collect more workforce data than ever before. Organizations looking to better understand their employer brand can draw new insights through technologies, including those that scrape employee review data, analyze trends in hiring and attrition, or assess the language used in external communications for potential biases. Organizations hoping to understand the effectiveness of their workforce initiatives can use new organizational network analysis tools to help understand workforce connections and sentiment

analysis tools to help understand worker attitudes. And new technologies can support reskilling efforts by helping organizations baseline the skills in their workforce today (by augmenting internal employee data with externally available data) and understand their strengths and weaknesses when it comes to competitive advantage.

We believe the core issue is actually foresight and creativity, not technology. Many organizations are stuck in outdated ways of thinking, recycling the same old metrics that have been around for years. The challenge is not getting the data but finding the right strategic questions to ask.

To identify metrics that can govern and guide 21st-century workforce strategies, organizations need to determine what questions can help them navigate the future effectively, not just more fully report on the past. We give a sampling of these kinds of questions in figure 3—questions whose answers can empower leaders to meet uncertainty head-on with insights that can inform decisive action.

FIGURE 3

Asking different questions can help leaders anticipate future needs and risks

What organizations should be asking	What they can gain from the answers
Workforce footprint: How many workers provide direct or indirect services to our organization?	As more work is being done in nontraditional ways, organizations should look beyond employees and contractors to gain a full view of the workforce. Some organizations today struggle to provide even a credible number of total full-time employees, which will shift from being a nuisance to a critical risk as workforce composition becomes more complex.
Workforce social contract: How does our organization treat its employees, contractors, and service providers of every type?	Anyone who is connected to an organization can have an impact on its organizational and employment brand. Gathering data to understand issues around fairness and equity can help leaders be deliberate about how every segment of the workforce is being treated.
Retention drivers: Which workers are at risk of leaving, and why?	Worker exits have traditionally been analyzed on a person-by-person basis through exit surveys or similar mechanisms. Looking at trends across workers, and asking them questions *before* they leave, can help identify broader issues that may not only drive attrition but could hurt a company's brand if not proactively managed.
Job evolution: How often are jobs changing, which ones, and to what degree?	The pace and scale of changes to jobs across the organization is one way to understand how fully technology is being integrated into work. If jobs are not changing significantly, then it is possible that new technology is not being used, or if it is, that jobs are not being reconfigured to take full advantage of it.
Future workforce readiness: How ready is our workforce to perform the work of the future? What are our capability, experience, and skill gaps, and how are we going to close them?	Finding metrics to gauge future workforce readiness can help leaders articulate what the work of the future will look like and what mix of skills will be needed to do it. This can help organizations develop possible strategies around alternative talent models, short- and long-term learning spend, and the thoughtful redesign of work to pursue better outcomes.
Future leader readiness: What new trends, challenges, and scenarios are leaders being prepared for? How many of our leaders have the attributes required to succeed?	Traditional succession planning processes tend to assume that future leadership roles and organizational structures will stay static. Looking instead at metrics that evaluate future leaders' agility and adaptability can help organizations measure their readiness for multiple possible futures.
Change ability and agility: Are workers and leaders able to quickly and effectively adapt to constant change?	Organizations, leaders, teams, and workers need the ability and the mindset to manage constant change. This is a shift from moving from one steady state to another steady state, to adopting approaches for dynamic and ongoing change.
Internal talent market health: How healthy is our internal talent market?	Just as with external talent, viewing internal talent as a market can suggest leading indicators of organizational adaptability, collaboration, and agility. Organizations with healthier internal talent markets will likely be better positioned to weather uncertainty than organizations that rely too heavily on external talent sources.
Talent ecosystem health: How much capability can we access across our broader ecosystem?	Ecosystems provide avenues to hard-to-find capabilities. Leaders who understand how their organizations are collaborating with vendors and other key ecosystem partners can evaluate how effectively the organization taps into capabilities across the ecosystem in noncompetitive ways.

FIGURE 3

Asking different questions can help leaders anticipate future needs and risks, cont.

What organizations should be asking	What they can gain from the answers
Meaningful diversity: Are workers from diverse communities in a position to wield influence in the organization?	Organizations often fail to understand whether they are diverse in word or in actual practice. Metrics that show the extent to which diverse workers are in a position to exert both formal and informal influence can provide a clear answer—as well as illuminate whether diversity is really creating competitive advantage through the embrace of diversity of thought.
Culture risk sensing: What signals are we seeing that point to outliers in worker behaviors and norms?	Most organizations can identify and address events that stem from bad worker behavior, but few monitor their worker base for signals that point to deeper root causes. With better information, organizations can move toward diagnosing and addressing the root causes of bad behavior, reducing the risk of repeat challenges.
Human capital brand: How is our culture, workforce, and leadership being portrayed externally?	Today, data is readily available from sources outside the organization to provide a view into what is happening inside. Leaders who track this external data to help diagnose potential issues can help shape a positive human capital brand for the organization.

Source: Deloitte analysis.

Learning by example

Early signs suggest that organizations using forward-looking workforce metrics are reaping benefits. The leading organizations on workforce metrics in our survey,[6] which are about twice as likely as the rest to report on issues such as talent mobility, learning investments and progress, new workforce initiatives, and critical roles, are also more likely to say they are effective at anticipating both internal and external changes that will affect their workforce (figure 4).

FIGURE 4

Organizations that were more mature in workforce metrics were more likely to report being effective at sensing internal and external changes and trends

How effective is your organization at sensing/anticipating changes and trends that will affect its workforce?

■ Mature ■ Not mature

External changes and trends

50%
35%

Internal changes and trends

52%
34%

Note: Figures represent the percentage of respondents who said their organizations were "effective" or "very effective." Mature organizations were defined as those whose respondents said that their organizations collected information on the status of reskilling. Only respondents who indicated that their organizations collected information on the state of their workforce answered this question.
Source: Deloitte Global Human Capital Trends survey, 2020.

In some cases, organizations may develop specialized metrics to help better understand specific aspects of the workforce. For example, Ageas, an international insurer, has created innovative ways to measure executives' readiness to lead technology transformations. First, the company established a technology readiness index framework to quickly assess their leaders' technology readiness and abilities. Then, it created a 10-minute assessment, the "technology quotient scan" (TQS), that produces individualized reports for each leader detailing their technology "hot spots," providing personalized learning recommendations, and recommending content to deepen their expertise. At the enterprise level, Ageas uses TQS data to understand their workforce's overall digital readiness in each division or region, identifying where they are most prepared to adopt new technologies.[7]

Organizations can also enhance workforce insights by combining data from various sources. At Lufthansa, for instance, the workforce transformation team developed a workforce readiness "radar" that integrates traditional HR data, future of talent data, and future readiness skills data. The radar, which shows which jobs are more or less likely to be affected by digitization, offsite or hybrid work, or new contract types, allows the team to visualize which departments and functions are most likely to experience disruption, which enables the company to prioritize future of work planning and transformations. In a successful pilot implemented in its revenue steering department, Lufthansa used the underlying data to optimize job descriptions for future needs and establish plans for workforce reskilling.[8]

Finally, the most advanced organizations are pairing new technologies with data and analytics expertise to look at human capital information in new ways. Mastercard, in an industry known for its advanced analytics expertise, recognized that it could benefit from integrating its people analytics teams with its broader organizational capability to stay on top of emerging analytics trends. To this end, the company has developed new partnerships between its strategic workforce planning and people insights team and other parts of the organization. In one example, the people analytics team worked with the company's AI Garage team to analyze more than 17,000 performance review development cards. The resulting insights helped inform Mastercard's skills taxonomy and helped leaders better understand strengths and development areas in different workforce segments, guiding more focused talent acquisition and upskilling strategies. Mastercard's ability to leverage its broader analytics expertise in its approach to human capital management has allowed it to better understand the organization's human capital "health" and, by moving from descriptive to predictive and prescriptive analytics, respond and react to cultural signals more effectively. This in turn has helped Mastercard's leaders enhance both the organization's readiness for action and its external employer brand.[9]

Pivoting ahead

Over the last decade, the conversation on HR data and analytics has expanded to include internal and external data, privacy and ethical concerns, and a range of workforce issues that are essential for boards and C-suites to understand. This year, the bar has been raised once again. The road ahead includes a focus on technology, but it also includes an enhanced focus on foresight, creativity, and how organizations manage the use of data to develop future-oriented, actionable workforce insights. The imperative is clear: To make bold choices today, leaders need to understand what the future may hold through metrics that can help them anticipate risks, inform strategy, and prepare for the future of work, the workforce, and the workplace.

Acknowledgments

Endnotes

1. Steve Klemash, Bridget M. Neill, and Jamie C. Smith, "How and why human capital disclosures are evolving," Harvard Law School Forum on Corporate Governance, November 15, 2019.

2. Allen Smith, "SEC may soon require human capital reporting," SHRM, October 21, 2019.

3. Sustainability Accounting Standards Board (SASB), "Materiality Map", accessed March 13, 2020.

4. Kelli Okuji Wilson, "SASB Standards Board approves the Human Capital Research Project," SASB, accessed March 13, 2020.

5. Internal Deloitte HR technology market vendor research.

6. We defined "leading" organizations as those whose respondents said that their organizations collected information on the status of reskilling.

7. Conversations with Ageas Insurance executives by colleagues of the authors.

8. Conversations with Lufthansa executives by colleagues of the authors.

9. Sarah Gretczko (chief learning and insights officer, Mastercard) and Esther Gallo (vice president workforce planning, Mastercard), interview with the authors, February 3, 2020.
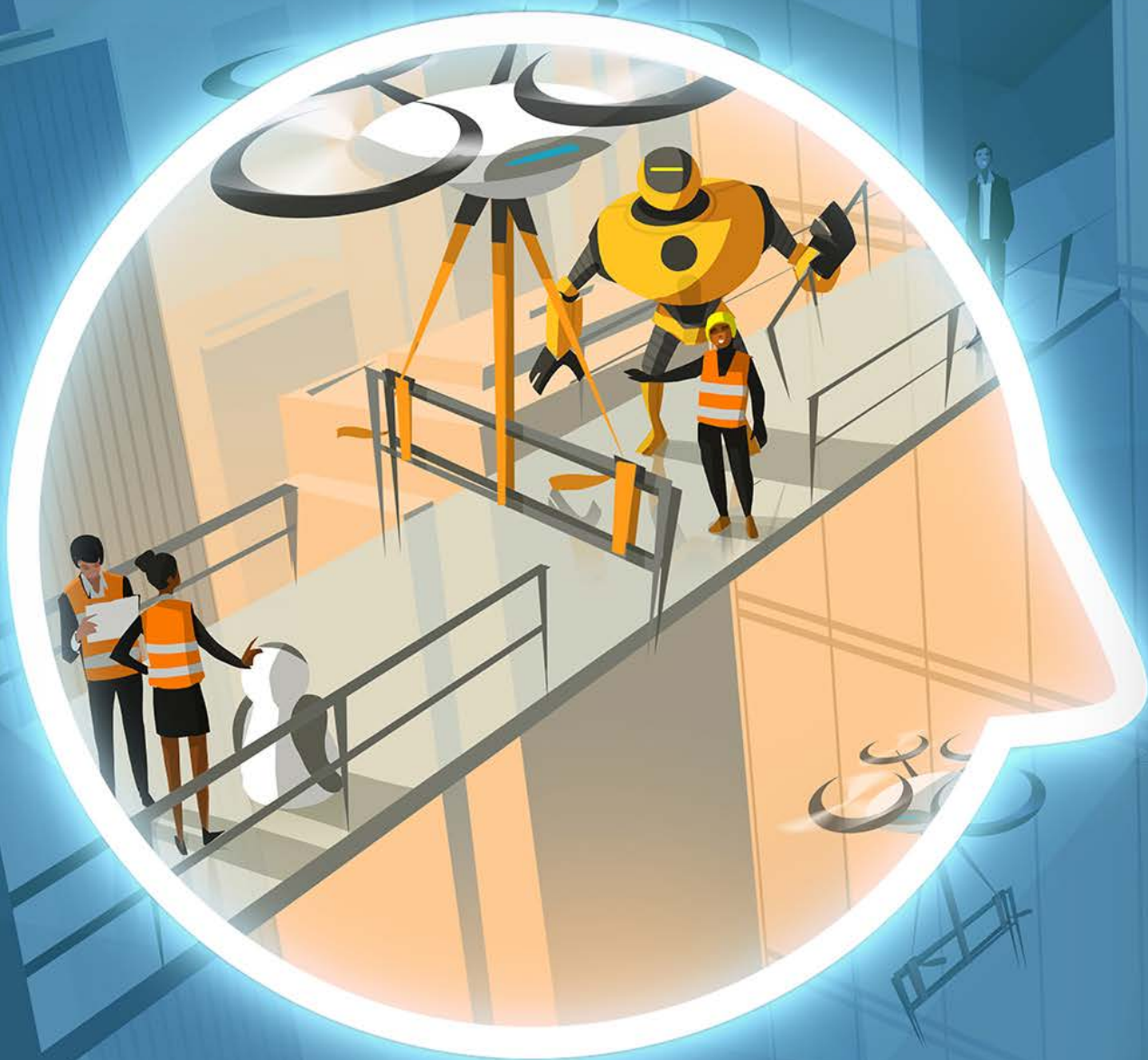
Ethics and the future of work
From "could we" to "how should we"

AS THE FUTURE OF WORK RAPIDLY EVOLVES, AND ORGANIZATIONS ARE INTEGRATING PEOPLE, TECHNOLOGY, ALTERNATIVE WORKFORCES, AND NEW WAYS OF WORKING, LEADERS ARE WRESTLING WITH AN INCREASING RANGE OF RESULTING ETHICAL CHALLENGES. THESE CHALLENGES ARE ESPECIALLY PRONOUNCED AT THE INTERSECTION BETWEEN HUMANS AND TECHNOLOGY, WHERE NEW QUESTIONS HAVE RISEN TO THE TOP OF THE ETHICS AGENDA ABOUT THE IMPACT OF EMERGING TECHNOLOGIES ON WORKERS AND SOCIETY. HOW ORGANIZATIONS COMBINE PEOPLE AND MACHINES, GOVERN NEW HUMAN-MACHINE WORK COMBINATIONS, AND OPERATIONALIZE THE WORKING RELATIONSHIP BETWEEN HUMANS, TEAMS, AND MACHINES WILL BE AT THE CENTER OF HOW ETHICAL CONCERNS CAN BE MANAGED FOR THE BROADEST RANGE OF BENEFITS. ORGANIZATIONS THAT TACKLE THESE ISSUES HEAD-ON—CHANGING THEIR PERSPECTIVE TO CONSIDER NOT ONLY "COULD WE" BUT ALSO "HOW SHOULD WE"—WILL BE WELL POSITIONED TO MAKE THE BOLD CHOICES THAT HELP TO BUILD TRUST AMONG ALL STAKEHOLDERS.

Current drivers

Ethical concerns are front and center for today's organization as the nature of work, the workforce, and the workplace rapidly evolve. Eighty-five percent of this year's survey respondents believe that the future of work raises ethical challenges— but only 27 percent have clear policies and leaders in place to manage them. And managing ethics related to the future of work is growing in importance: More than half of our respondents said that it was either the top or one of the top issues facing organizations today, and 66 percent said it would be in three years.

When we asked our respondents what was driving the importance of ethics related to the future of work, four factors rose to the top: legal and

> **THE READINESS GAP**
>
> Seventy-five percent of organizations say ethics related to the future of work are important or very important for their success over the next 12 to 18 months, but only 14 percent say they are very ready to address this trend.

regulatory requirements, rapid adoption of AI in the workplace, changes in workforce composition, and pressure from external stakeholders (figure 1).

The leading driver that respondents identified was legal and regulatory requirements. Given that there is often a lag in laws and regulations relating to both technology and workforce issues, this perception is surprising. Granted, there has been

FIGURE 1

Respondents identified four major drivers of the increasing importance of ethics in the future of work

What is driving the increased importance of managing ethical issues related to the future of work? Select up to two.

Legal and regulatory requirements

38%

Rapid adoption of AI technologies in the workplace

34%

Changes in workforce composition (e.g., growth of the alternative workforce)

32%

Pressure from external stakeholders (e.g., investors, customers, special interest groups, etc.)

29%

Pressure from our workforce

18%

Direction from our boards and leaders

12%
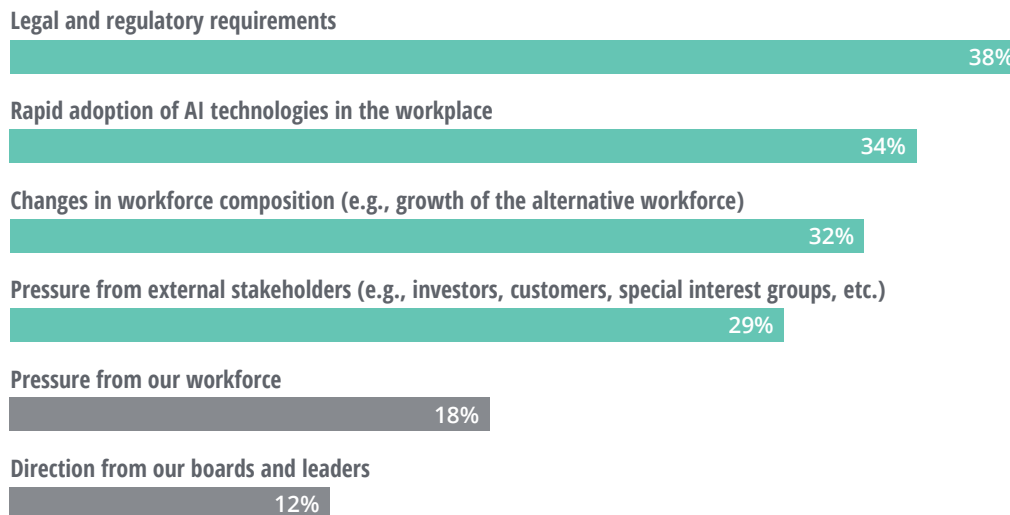
Source: Deloitte Global Human Capital Trends survey, 2020.

some activity on this front within the European Union: In February 2019, the European Parliament adopted a resolution framing European industrial policy on AI and robotics, aiming to encourage the establishment of laws that would promote "ethical by design" technologies.[1] There has also been some state and city legislation in the United States, including California's 2019 law requiring hiring entities to treat gig workers as employees instead of contractors.[2] However, outside a few moves such as these, policy changes have been slow in coming.

The pressure on ethics created by the rapid adoption of AI in the workplace, however, is much more understandable. AI and other technologies make ethics in the future of work, specifically, more relevant because the proliferation of technology is driving a redefinition of work. Perhaps the issue that has attracted the most attention in this regard is the question of how technology affects the role of humans in work. While our survey found that only a small percentage of respondents are using robots and AI to replace workers, headlines of the

forthcoming "robot apocalypse" continue to capture global attention and raise concern. Organizations that are implementing technologies that drive efficiencies can expect to make decisions whether and how to redeploy people to add strategic value elsewhere, and what, if they decide to eliminate jobs, they will do to support the workers thus displaced.

As technology becomes more embedded into work, its design and use needs to be assessed for fairness and equity. Organizations should consider questions such as whether their applications of technology decrease or increase discriminatory bias; what procedures they have to protect the privacy of worker data; whether technology-made decisions are transparent and explainable; and what policies they have in place to hold humans responsible for those decisions' outputs.[3]

The third driver of ethics' importance in the future of work cited most often by respondents is changing workforce composition, which raises

issues about the evolving social contract between the individual and the organization and the organization and society. The growth of the alternative workforce is one major phenomenon contributing to these concerns. The number of self-employed workers in the United States is projected to hit 42 million this year,[4] and in Britain, the gig economy has more than doubled from 2016 to 2019 to encompass 4.7 million workers.[5] "Invisible labor forces" are being exposed in the recent research by Mary Gray and Siddarth Suri's *Ghost Work: How to Stop Silicon Valley from Building a New Global Underclass*, which talks about the unsavory working conditions of many workers performing the high-tech piecework (e.g., labeling data, captioning images, flagging X rated content, and so on) that powers automation and AI.[6] The fast growth of this workforce segment is calling to attention related ethical concerns, including alternative workers' access to fair pay, health care, and other potential benefits.

The final major driver of ethics' importance in the future of work is that organizations are facing pressure from customers, investors, and other external stakeholders to act responsibly on ethical issues, even those that do not affect business operations—including issues such as access to health care, rising inequality, and climate change. Organizations are being called upon to address these challenges from a future-of-work perspective by designing work in innovative ways that can help ameliorate related concerns.

A RED FLAG ON THE ALTERNATIVE WORKFORCE

Our 2020 *Global Human Capital Trends* survey revealed a critical concern: Organizations may be failing to recognize the importance of alternative workers, even as this workforce segment rapidly grows. Twenty-five percent of organizations consider the treatment of alternative workers as a top ethical concern. Just 21 percent of organizations say their well-being strategy includes alternative workers. And when it comes to how the changing nature of work affects compensation strategies, only 13 percent of respondents expect growth of unregulated work to have the most impact, and only 21 percent expect the growth of the alternative workforce to have the most impact.

In this year's survey, in looking ahead at the next 10 years, 80 percent of respondents rated "the radical shift in work, careers, and jobs due to AI and new employment models," as important. But only 45 percent of respondents said they are prepared for this shift—the lowest preparedness score for any of the issues we surveyed as emerging challenges in the next 10 years.

In last year's report, we called for organizations to shift from a transactional view of the use of the alternative workforce to a holistic and strategic approach that can access and optimize this critical and growing source of talent. This year, we warn organizations not to overlook this growing portion of the workforce, which is critical to talent strategies. The ability to effectively tap into the alternative workforce can help organizations access scarce capabilities in rapidly changing work and job markets. Just as important, an organization's approach to alternative workers can have a positive (or negative) impact on employment brand.

Considering that one in five of our respondents said that they expect alternative work models will have the greatest impact on HR models in the next 12–18 months, this is an area where leaders will likely need to focus more attention.

What is also interesting is that one major stakeholder group, the board of directors, is *not* generally weighing in on these issues, as only 12 percent of our respondents felt that board and C-suite pressure was driving a focus on ethics in the future of work. This finding is somewhat worrisome, as boards and leaders must set the right "tone at the top" for organizations to make ethics in the future of work a priority.

Our 2020 perspective

These drivers are shaping a number of specific ethical challenges related to the future of work, which can suggest an actionable agenda for addressing these issues. Yet respondents also overwhelmingly indicated that their organizations were not ready to manage these ethical challenges, with only between 8 and 19 percent saying their organization was "very ready" for any given issue.

A closer look at our respondents' views on organizational readiness reveals an interesting insight: Organizations are the *least* prepared to handle ethical dilemmas in areas where humans and technology intersect. By far, the most organizations reported they were prepared to handle the technology-focused issue: maintenance of privacy and control of workers' data. Next came issues that are distinctly human, such as fairness of

pay, the design of jobs for sustainability, and treatment of alternative workers. But in matters where humans and technology converge—automation, use of AI, and use of algorithms—many organizations appear woefully unprepared (figure 2).

We believe this gap has much to do with the broader tendency for organizations to treat technology and humanity as distinct paths with their own programs, processes, and solutions. Now, as boundaries blur between humans and machines, organizations are not ready to address the two paths together. These questions at the intersection of humanity and technology—how individuals are being monitored, how decisions are being made on their behalf, or how their jobs may be affected or

---

ETHICS THROUGH THE YEARS IN GLOBAL HUMAN CAPITAL TRENDS

Over the past decade, HR and organizational leaders have increasingly grappled with tough ethical issues posed by the future of work. Our 2011 discussion on "Leading in a regulated world: All risk, all the time" explored ethics in the context of risk management, discussing ways that organizations could give workers a clear process for raising ethical concerns and create a culture that supports ethical behaviors. By 2019, leaders were taking a much broader perspective on ethics, with 37 percent of our survey respondents worried about their organizations' ability to create trust with stakeholders, and 60 percent worried about their workers' perception of organizational transparency. This year's ethics discussion extends the conversation even further, challenging leaders to consider a new perspective that allows them to resolve seeming trade-offs related to the intersection of humans and technology at work.

FIGURE 2

Organizations felt least ready to address ethical challenges involving the intersection of people with technology

Percentage of respondents indicating their organizations were "not ready" to manage each issue

Maintenance of privacy and control of workers' data
10%

Fairness of pay
15%

Treatment of alternative workers
16%

Design of jobs that account for climate and sustainability
19%

Management of the impact of automation on the workforce
20%

Use of AI and data to monitor individuals and the workplace
31%

Use of algorithms to influence decision-making
37%
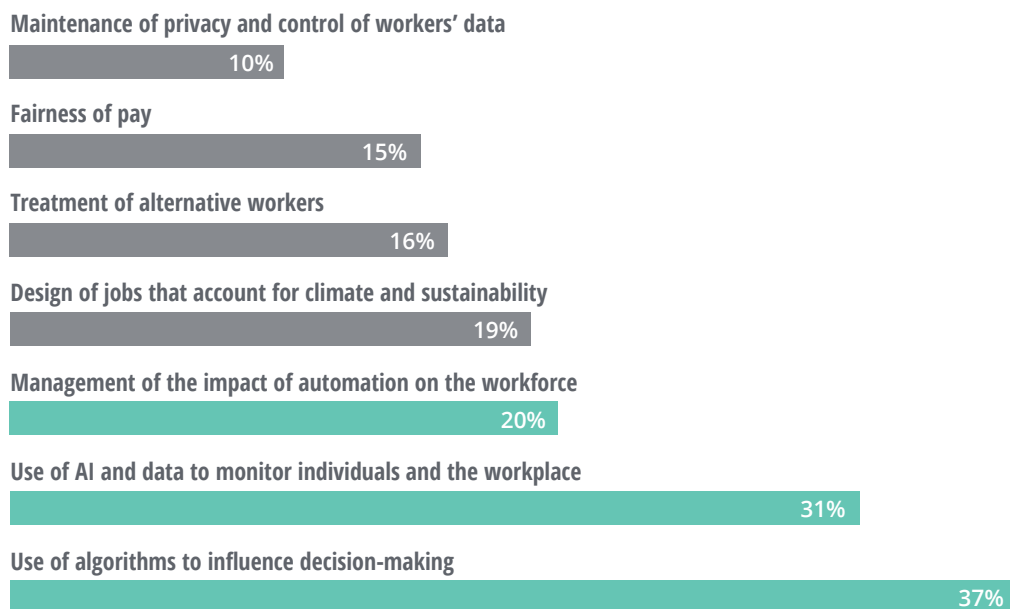
Note: Respondents were asked to rate their readiness in only their top three ethical concerns.
Source: Deloitte Global Human Capital Trends survey, 2020.

Deloitte Insights | deloitte.com/insights

eliminated—are very personal. And once the challenges become personal, organizations are finding themselves unprepared to meet them.

In the face of increasing ethical challenges, we believe that organizations must make intentional and bold choices. Those choices should be framed by a change in perspective: a shift from asking only "could we" to also asking "how should we" when approaching new ethical questions. By considering the broader implications of and an expanded focus on *how* to integrate teams, people, and technology, organizations can evolve an ethical approach to the future of work that goes beyond an assessment of technological feasibility to consider technology's impact on humans and business results.

In figure 3, we show the power of this shift in perspective as it relates to the three areas where

organizations were "least ready" to address ethical concerns in this year's survey.

FIGURE 3

Ethics are often most challenging at the intersection of humans and technology

Ethics are often most challenging at the intersection of humans and technology	
Could we …	**How should we …**
… reduce labor costs by extensively implementing automation and AI across the organization and replacing workers?	… take into account that automation with a focus solely on cost savings will almost always lead to headcount reduction? Many organizations fail to consider the potential individual and societal implications of these reductions, which can be especially significant for populations that have historically been relied on to provide low-cost labor. And yet, automation can also make work safer and less tedious. Are there ways to implement automation that reduce costs while preserving affected workers' livelihood and dignity?

Deeper dive

Automation initiatives can often disproportionately affect underrepresented minorities. For example, while women make up only 47 percent of the US workforce, they make up 58 percent of workers at the highest risk of losing their jobs to technology. Hispanic women tend to face the highest risk of job automation, with as many as one in three working in jobs at high risk of being eliminated due to automation.[7]

Preparing for the replacement effects and focusing on the transition and redeployment challenges should be part of the ethical and business decisions behind automation strategies.

Use of AI and data to monitor individuals and the workplace	
Could we …	**How should we …**
… use sensors, cameras, and surveillance technologies to physically monitor workers in real time to observe and optimize performance and workflows?	… acknowledge that real-time and video monitoring can be seen by employees as excessive oversight and have a chilling and negative effect? Critical to the question of using surveillance technologies is to expand and understand the aim of these efforts. Are they narrowly focused on productivity and worker output, or are they being used to humanize the worker and the workflow? Are the technologies focused on workers' physical and mental safety in addition to productivity?

Deeper dive

Studies of long-distance truck drivers suggest that drivers who are constantly monitored "feel pressure not to take mandated breaks and to continue working even when sleep is necessary."[8]

Some companies are already providing solutions for monitoring manufacturing, warehouse, and call center environments in real time in an effort to optimize performance. A critical question for organizations to ask is how they can implement and govern the use of such technologies so that they benefit the workforce and customers as well as the organization.

Source: Deloitte analysis.

FIGURE 3

Ethics are often most challenging at the intersection of humans and technology, cont.

Use of algorithms to influence decision-making	
Could we …	**How should we …**
… use algorithms and machine learning to parse through potential candidates and make recommendations on hiring decisions, speeding the talent acquisition process?	… account for that, while algorithms can help make faster recruitment decisions, they can also have negative impacts, including amplifying societal biases?
	Humans can also make inconsistent or biased decisions and need the help of others, including machines, to guide better decisions. How can we combine the strengths of humans and algorithms to develop a fair and equitable approach?

Deeper dive

A 2017 study by the Pew Research Center reported that Americans were more worried than enthusiastic about the prospect of computers making hiring decisions by a factor of 3 to 1 (67 percent were worried, 22 percent were enthusiastic).[9] While the use of AI in recruitment is on the rise and there is a flurry of activity among startups offering AI-powered talent acquisition tools,[10] some observers have noted that "not understanding algorithm scoring is a pitfall … as is the need to educate users that algorithms deliver probabilities [not assessments]."[11]

Governing the development, performance, and use of algorithms, in recruitment or in any other work involving a recommendation, diagnosis, or decision, will require rigorous ongoing reviews and controls. The use of algorithms does not mean the abdication of responsibility on behalf of those charged with overseeing and making decisions. Organizations cannot place excessive reliance on machines, and they cannot use them "off label" to do the work on their own. How to operationalize the development, use, and risks of combining humans and machines to make decisions is a central question as human-machine collaboration rapidly grows.

Learning by example

Stakeholder pressures are prompting organizations to act on the ethics question. Survey respondents from leading ethical organizations[12] are more likely to say the increased importance of ethics is driven by direction from their boards and leaders, legal and regulatory requirements, and pressure from external stakeholders.

One way some organizations are responding is to create senior executive positions with a specific focus on driving ethical decision-making across the organization.[13] Beyond traditional chief ethics and compliance officer roles, these organizations are formalizing responsibility for ethics around specific future-of-work domains such as AI. In 2019, Salesforce hired its first Chief Ethical and Humane Use officer to ensure that emerging technologies were being implemented ethically in the organization and to help Salesforce use technology in a way that "drives positive social change and benefits humanity."[14]

Some organizations are also addressing ethics issues by using new technologies in ways that can have clear benefits for workers themselves. For example, the technology company Drishti designs and implements solutions that combine AI and computer vision technologies to measure manual processes and associated tasks performed by human workers on a manufacturing line in near-real time. The technology gives workers access to robust training information, supports safer work habits to reduce workplace injuries, and provides feedback and rewards for individual contributions

on the line—all things that have historically been challenging in a fast-moving manufacturing environment. While observing people in near-real time at work could be seen as a violation of personal privacy, Drishti addresses those concerns head-on by bringing workers into the conversation early, showing them the angle of the cameras and emphasizing the focus on the process, not the individual. The company reports that when this is done, workers almost immediately "see the value of the technology and its potential to improve their lives and secure their jobs, and they're on board and excited."[15] The aim of the technology—improving the human experience through process analysis, measurement, and insights—sets a clear and ethical case for its use, a case that benefits the company and, just as importantly, the line associate.

Pivoting ahead

In an age when more people trust their employers to do what is right than trust governments, nongovernmental organizations, the media, or even business in general,[16] it is incumbent upon organizations to address challenging ethical questions in all aspects of the future of work. Rather than reacting to ethical dilemmas as they arise, those who wish to lead on this front will anticipate, plan for, and manage ethics as part of their strategy and mission, focusing on how these issues may affect stakeholders both inside and outside the enterprise. The challenge is to move beyond the view that ethical issues must involve trade-offs and competition, and to focus on how to operationalize and govern the combination of humans, machines, and algorithms working as a team. This can enable organizations to harness the power of humans and technology together to truly operate as a social enterprise.

Acknowledgments

Endnotes

1. Bertrand Liard and Clémentine Durney, "The European strategy of regulation on artificial intelligence," White & Case LLP, August 29, 2019.

2. Kate Conger and Noam Scheiber, "California bill makes app-based companies treat workers as employees," *New York Times*, September 11, 2019.

3. Deloitte, Trustworthy Artificial Intelligence (AI)™: Navigating complexity of AI ethics, accessed March 11, 2020.

4. Lawrence F. Katz and Alan B. Krueger, "The rise and nature of alternative work arrangements in the United States, 1995–2015," *ILR Revie*w 72 no. 2 (2019): pp. 382–416.

5. Richard Partington, "Gig economy in Britain doubles, accounting for 4.7 million workers," *Guardian*, June 27, 2019.

6. Mary L. Gray and Siddharth Suri, *Ghost Work: How to Stop Silicon Valley from Building a New Global Underclass* (Boston, MA: Houghton Mifflin Harcourt, 2019).

7. Institute for Women's Policy Research, "Women, automation, and the future of work," 2019.

8. Ivan Manokha, "New means of workplace surveillance," *Monthly Review* 70, no. 9 (February 2019).

9. Pew Research Center, "More worry than enthusiasm about the prospect of computers making hiring decisions," October 3, 2017.

10. Forbes Human Resources Council, "The rise of AI in HR: Nine notable developments that will impact recruiting and hiring," November 28, 2018.

11. Brian Gallagher, "The problem with hiring algorithms," EthicalSystems.org, December 1, 2019.

12. We defined "leading organizations" as those that have clear policies and processes in place to manage ethics in the context of the future of work.

13. Jeanne Sahadi, "When your job is to teach corporations to do the right thing," CNN, June 26, 2019.

14. Rosalie Chan, "Salesforce is hiring its first Chief Ethical and Humane Use officer to make sure its artificial intelligence isn't used for evil," Business Insider, December 16, 2018.

15. Conversations with Drishti leaders by the authors.

16. Edelman, *2019 Edelman trust barometer*, 2019.

A memo to HR
Expand focus and extend influence

Dear HR,

Out of all the chapters we drafted this year, we were most excited and, frankly, most nervous about this one. Over the past decade of our global human capital trends report, we have been prolific in our writing about HR. In fact, in looking back, we have written at least 13 distinct chapters on the topic, not including the calls to action for HR that we have embedded elsewhere. Our passion for this topic has resulted in us using words ranging from "transformation" to "reinvention" and even "revolution" as we started to ponder the impact that digital technologies could have on the function. But fundamentally, our consistent focus has been on what HR needed to do to meet the evolving needs of the business—recognizing that hr has always been more than a back-office function, but rather a core piece of the organizational fabric, one with the ability to influence the most powerful asset of any organization: its people.

After 10 years of dialogue on this topic, it's fair to ask: Did it make a difference? Thankfully, the answer is yes. Sixty-five percent of our respondents in our 2020 global survey reported that HR has made progress over the past decade, but we knew we couldn't stop there. Because despite the progress made, our respondents this year reported a 64-point gap between importance and readiness, with 75 percent saying the evolving role of HR was important or very important for their success over the next 12 to 18 months, but only 11 percent saying they were very ready to address this trend.

That finding leads us to a fundamental question: Given the growing importance of the human element at work and the continued gap in HR readiness, will HR remain as a distinct function, or has 10 years of progress been overshadowed by a persistent view that HR may never get there, signaling the end of HR as we know it?

The data from our survey provided a two-dimensional answer. While 93 percent of our respondents believe that HR will remain a distinct function over the next five years, a majority (55 percent) also believe that HR will substantially or radically change within the next 12 to 18 months, with no noticeable difference in these views between HR and non-HR respondents. There is no doubt that change is coming, but we believe it needs to be more than transformation or reinvention or even revolution—it needs to be foundational, and that is where the real story begins.

As we look back over those 13 past chapters and the recommendations within them, they have been based on three fundamental assumptions:

1. Work outcomes are stable (organizations know what they need to do and how to do it)

2. Jobs are predictable (composed of fixed, task-based work)

3. People are fungible (mechanized work enables most humans to do most jobs)

But these are no longer the assumptions in which we can ground HR, because in the future of work, they no longer hold. The false notion that work and workers are mechanistic, interchangeable parts on an assembly

line has reinforced the preoccupation with automation—replacing workers with machines—and underplayed the opportunity to focus on how work can be reimagined and how workers can be engaged in teams as participants and innovators. The mechanistic view, pioneered by Frederick Taylor in his theories of scientific management,[1] has been superseded over the past 100 years by the acknowledgment that worker motivation can enhance productivity, and it has been even further debunked as social, political, and technological influences have put the human element at work front and center.

As business strategies evolve in the face of disruption and organizations come face to face with the realization that productivity has been flat and in decline for the past two decades,[2] organizations are being challenged to rethink outdated views and establish a new set of truths for the social enterprise at work:

- Beyond focusing on how to improve the way work is done today, organizations now need to first consider what work they should be doing tomorrow, putting work outcomes in a constant state of flux and *work in a continuous state of reimagination*.

- As a result of work becoming less mechanistic and work outcomes evolving, *jobs have become increasingly fluid and dynamic*, with some thought leaders believing that the end of jobs—fixed, task-based work—is near. This change is being accelerated as ways of working shift away from rigid reporting lines to networks of teams, from prescribed routines and job descriptions to expanded job canvases, and from narrow skills to broad capabilities.

- The potential implication for humans is that they need to be viewed not as interchangeable cogs in an organization, but rather as *individuals with unique and disparate experiences, thoughts, attitudes, needs, and, ultimately, value*—all of which makes the management of the human element at work more important and complex than ever before.

As these truths change, so does the foundation upon which HR needs to be based. In the new world of work, the foundation for HR needs to be one of *expanded focus* and *extended influence*—two concepts that we explain in further detail below.

The good news is that our respondents recognize this shift. Out of the 55 percent of our respondents who indicated that HR will change substantially or radically over the next 12 to 18 months, an overwhelming majority—75 percent—thought that change would be an *expansion* of HR's accountability. This expansion needs to be centered on two distinct dimensions: scope of influence and areas of focus (figure 1). Similar to the evolution of traditional business enterprises to

FIGURE 1

HR needs to expand its scope of influence and area of focus to effectively manage the human element of work
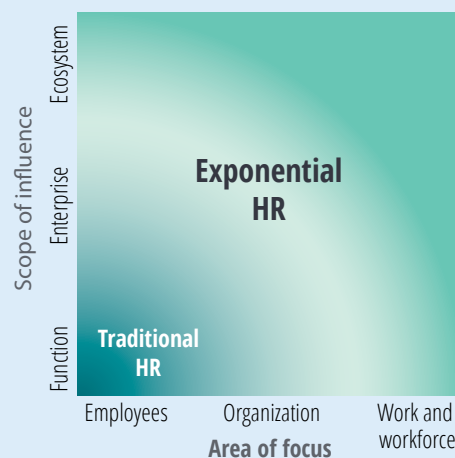
Source: Deloitte Global Human Capital Trends survey, 2020.

social enterprises, HR also needs to extend its scope of influence beyond the traditional lines of the function to the enterprise and ecosystem as a whole, and it needs to broaden its focus from employees to the organization and, ultimately, to the work and workforce itself. We call this shift "exponential HR."

What does this expansion look like in action? Many areas of opportunity and impact exist, but to start the discussion, we examine the top areas where our 2020 survey respondents indicated that HR could make the greatest impact. The evolution of these outcomes is summarized in figure 2.

FIGURE 2

HR outcomes: Shifting from today to tomorrow

Area of impact	Today's outcome	Tomorrow's outcome
Building leadership skills	Building leaders with the skills required to fill current leadership pipeline roles	Building leadership teams and capabilities for future and unknown opportunities that can lead through ambiguity and operate with an enterprise and ecosystem mindset
Upskilling the workforce	Delivering skills-based learning programs for critical workforce segments	Curating personalized and team-based learning experiences that build sustained capabilities relevant to the organization and broader ecosystem
Promoting teaming and agility	Experimenting with the use of teams across an established (often hierarchical or matrixed) organizational structure	Embedding collaborative ways of working across the enterprise and the ecosystem, making teams the core unit of analysis and action for performance and management
Developing the workforce experience and brand	Implementing targeted employee experience programs focused on reinforcing the internal workforce brand	Designing an end-to-end human experience that integrates both the workforce and customer perspectives both internally and externally
Accessing new capabilities	Hiring new talent in accordance with business demand	Creating on-demand access to capabilities (humans or machine) across the enterprise and the ecosystem
Integrating automation in the way work gets done	Introducing digital tools to increase the efficiency and effectiveness of HR-specific processes	Digitizing the flow of work across the organization
Defining and promoting the organization's purpose	Crafting and reinforcing mission and value statements/principles	Engaging the workforce in continuously reimagining work to tie purpose to meaning—personal, organizational, and societal

Source: Deloitte analysis.

Like any shift, this one will require some significant changes. When our survey respondents identified the biggest changes HR should make to maximize its impact, four rose to the top of the list:

- **Increase new capabilities (47 percent)**. We see HR organizations doing this by adopting a new *mindset*: Embracing new traits and behaviors that can help allow the enterprise to thrive in the digital age.

- **Change the HR organization design to incorporate more agile and team-based work (45 percent)**. HR organizations can do this by applying a new *lens*: Adopting an operating model that enables HR to flex based on dynamic business needs.

- **Increase the efficiency through which HR activities occur through automation (38 percent)**. HR organizations could do this by adopting *enablers*: Deploying advanced technology to promote productivity and value and simplify the experience.

- **Expand the expectations and stature of HR leaders (24 percent)**. HR leaders can do this by elevating their *focus*: Driving tangible, measurable value across the enterprise.

Movement in this direction will require HR to address some key challenges. Our survey results this year point to two key barriers: the way in which HR is typically structured, and HR's general lack of alignment with the areas where the biggest business impact can be made.

With respect to structure, the survey results identified some resistance. Despite clear signs that structural change may be required, a plurality of survey respondents (42 percent) believe that the structure of HR should remain aligned to HR functional areas. But in a world where alignment to work and the workforce is needed more than ever, traditional functional alignment is something that we believe should be reconsidered.

With regard to HR's alignment with business impact, our survey respondents identified some critical gaps. While developing leaders, upskilling the workforce, and promoting teaming were the top three areas where respondents thought HR could make the greatest impact, two of these three areas—leadership and teaming—scored the lowest in terms of respondents' perceived readiness. Based on these findings, we believe that organizations should take a more in-depth look at the prioritization of HR's work and effort.

Despite these barriers, the shift to exponential HR is underway in a number of organizations. Alexion Pharmaceuticals, for instance, capped off a three-year organizational transformation by bringing its HR, IT, and patient advocacy organizations together into one new human experience function.[3] This new function

reflects Alexion's belief that you cannot talk about the employee experience without understanding how that experience impacts patients, representing a shift in the way that this organization thinks about the outcomes of their work. Similarly, a leading global health care company decided to move to a more holistic and inclusive framework to talent, including internal and external talent. In very close collaboration with IT and procurement, this framework will now sit under the people & culture function, enabling stronger knowledge of the capabilities and enhanced access to this talent pool for strategic workforce planning purposes. By having the people & culture function cocreating, with colleagues from IT and procurement, the processes, practices and the choice of technology solutions, they will ensure consistency in the experience for their entire workforce, with a strong focus on the moments that matter. This will also allow them to offer the right solutions for a specific business need, regardless if the best talent solution is to buy, build, borrow, or bridge.[4] And Highmark Health's HR has responded to the greater fluidity and unpredictability of jobs by creating a new organization called thinkUP, which partners across the enterprise and ecosystem to reimagine the way in which work gets done and the roles that are needed to execute that work on a real-time basis. This process includes everything from organization and process design to the use of advanced technologies, automation, and econometrics.[5]

We are also seeing some signs of what happens when this shift does not occur. At several large companies, the CHRO position has been eliminated and HR teams have been moved under other C-suite or divisional leaders. These examples reinforce that HR is at an important inflection point. While our survey respondents generally agree there is a great opportunity ahead, they also acknowledge that there are doubts about HR's ability to capitalize on it. Twenty-six percent of our non-HR respondents reported that they are not confident in HR's ability to make the needed changes, and an additional 37 percent said they were only somewhat confident. Even respondents who were HR professionals themselves expressed a level of doubt: Only 13 percent of those respondents reported being very confident that the shifts were feasible.

In the coming decade, HR has the opportunity to embrace the future, expand its reach and focus, and assume the leading role at the vanguard of work, the workplace, and the workforce on behalf of the enterprise. In this expanded role, HR becomes a vital enabler of an organization's ability to thrive in a world where the old rules of work no longer apply, and the new ones are evolving rapidly. Exponential HR, focused on humanizing the world of work, is a key source of strength for the future-focused organization seeking to make the most of human capital in today's dynamic environment.

Acknowledgments

Endnotes

1. Frederick Winslow Taylor, *The Principles of Scientific Management* (Norwood, MA: Plimpton Press, 1911).

2. The Conference Board, "Global productivity growth remains weak, extending slowing trend," press release, April 15, 2019.

3. Conversations with Alexion Pharmaceuticals executives by colleagues of the authors.

4. Conversations with company executives by colleagues of the authors.

5. Conversations with Highmark Health executives by colleagues of the authors.

About the authors

Erica Volini | evolini@deloitte.com

Erica Volini, a principal with Deloitte Consulting LLP, is the Global Human Capital leader for Deloitte Consulting. Throughout her career, she has worked with some of the world's leading organizations to link their business and human capital strategies. She is a frequent speaker on how market trends are shaping the future of work and the HR profession and is a recognized thought leader in the trends shaping the world of human capital today.

Jeff Schwartz | jeffschwartz@deloitte.com

Jeff Schwartz, a principal with Deloitte Consulting LLP, is the US leader for the Future of Work and the US leader of Deloitte Catalyst, Tel Aviv, linking the Israeli startup ecosystem with global clients. Schwartz advises senior business leaders at global companies on workforce transformation, organization, HR, talent, and leadership. He has been the global editor of Deloitte's Global Human Capital Trends report since its launch in 2011. Jeff has lived in and led consulting practices in the United States, India, Belgium, Russia, and Kenya.

Brad Denny | braddenny@deloitte.com

Brad Denny, a principal with Deloitte Consulting LLP, leads Deloitte's US Human Capital practice for the power, utilities, and renewables industry. Denny co-leads the Global Human Capital Trends report and is a frequent speaker on both the Trends and the Future of Work. With 25 years of transformation, leadership, talent, and strategy experience, Denny has helped organizations navigate large-scale transformations in North America, Europe, and Asia.

David Mallon | dmallon@deloitte.com

David Mallon, a vice president with Deloitte Consulting LLP, is Chief Analyst for Bersin, Deloitte's human capital research and sensing team. He is the team's lead researcher, bringing data-driven insights to life for members, clients, and the HR vendor market. Part of Bersin since 2008 and Deloitte since 2013, Mallon is a sought-after thought leader and speaker on organization design, organizational culture, HR, talent, learning, and performance.

Yves Van Durme | yvandurme@deloitte.com

Yves Van Durme is a partner with Deloitte's Belgian consulting practice and the global leader of Deloitte's Strategic Change practice. He specializes in leadership and organizational development, as well as talent and HR strategy, in business transformation contexts. Van Durme has more than 20 years of experience as a consultant, project manager, and program developer on human capital projects for multiple European, Japanese, American, and Belgian multinationals; family businesses; and small and medium-size enterprises.

Maren Hauptmann | mahauptmann@deloitte.com

Maren Hauptmann is the German Human Capital leader and Organization Transformation offering leader. Hauptmann has 21 years of experience in strategy and human capital consulting across multiple industries and has supported German, European, and global companies in large organizational, digital, and cultural transformations.

Ramona Yan | ramonayan@deloitte.com

Ramona Yan is the Human Capital consulting leader for Deloitte China. She has over 20 years' experience in organizational transformation and HR strategies in advisory and operational roles with leading multinationals and state-owned enterprises in China and Asia, in industries such as financial services, real estate, manufacturing, consumer, retail, education, and pension plans. Yan is a frequent speaker at public conferences on organization transformation and human capital trends and strategies.
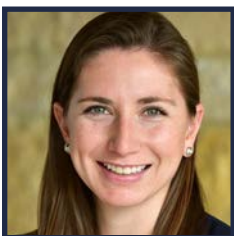
Shannon Poynton | shpoynton@deloitte.com

Shannon Poynton is a manager in Deloitte Consulting LLP's Human Capital practice with nearly 10 years of experience advising global clients on complex organization, workforce, culture, and strategic change solutions. In addition to co-authoring the report, Poynton was Global Human Capital Trends' 2020 program manager and coordinated the design and delivery of this year's survey and report.

Acknowledgments

Contacts

Global Human Capital leaders

Global Human Capital leader
Erica Volini
Deloitte Consulting LLP
evolini@deloitte.com

Global Workforce Transformation leader
David Brown
Deloitte Touche Tohmatsu
davidbrown@deloitte.com.au

Global Organization Transformation leader
Yves Van Durme
Deloitte Consulting LLP
yvandurme@deloitte.com

Global Human Capital as a Service leader
Michael Gretczko
Deloitte Consulting LLP
mgretczko@deloitte.com

Global HR Transformation leader
Arthur Mazor
Deloitte Consulting LLP
amaor@deloitte.com

Global Future of Work leader
Steven Hatfield
Deloitte Consulting LLP
sthatfield@deloitte.com

Global Growth leader
Shivani Maitra
Deloitte MCS Limited
shmaitra@deloitte.co.uk

Global Delivery leader
Dheeraj Sharma
Deloitte India
dhsharma@deloitte.com

Human Capital country leaders

AMERICAS

United States
Michael Stephan
Deloitte Consulting LLP
mstephan@deloitte.com

Colombia and Uruguay
Lucia Munoz
Deloitte SC
luciamunoz@deloitte.com

Canada and Chile
Jeff Moir
Deloitte Canada
jmoir@deloitte.ca

Costa Rica, Panamá, Perú, and Republica Dominicana
Sofia Calderon
Deloitte & Touche SA
socalderon@deloitte.com

Argentina
Maria Soledad Ruilopez
Deloitte & Co. SA
sruilopez@deloitte.com

Ecuador
Roberto Estrada
Andeanecuador Consultores
restrada@deloitte.com

Brazil
Roberta Yoshida
Deloitte Consultores
royoshida@deloitte.com

Mexico
Jesus Delgado
Deloitte Consulting Mexico
jedelgado@deloittemx.com

Caribbean and Bermuda countries
Regina Bakker
Deloitte Dutch Caribbean
rebakker@deloitte.cw

ASIA-PACIFIC

Asia-Pacific & Australia
David Brown
Deloitte Touche Tohmatsu
davidbrown@deloitte.com.au

China
Jungle Wong
Deloitte Consulting (Shanghai) Co. Ltd.
Beijing Branch
junglewong@deloitte.com.cn

India
Gaurav Lahiri
Deloitte India
gauravlahiri@deloitte.com

Japan
Kenji Hamada
Deloitte Tohmatsu Consulting Co. Ltd.
kehamada@tohmatsu.co.jp

Korea
Gi-Won Choi
Deloitte Consulting
gichoi@deloitte.com

New Zealand
Sonia Breeze
Deloitte
sbreeze@deloitte.co.nz

Southeast Asia
Angeline Leong
Deloitte Consulting Pte. Ltd.
angleong@deloitte.com

EUROPE, MIDDLE EAST, AND AFRICA

United Kingdom
Will Gosling
Deloitte MCS Limited
wgosling@deloitte.co.uk

Africa
Pam Maharaj
Deloitte Consulting (Pty) Ltd.
pammaharaj@deloitte.co.za

North & South Europe
Petra Tito
Deloitte
ptito@deloitte.nl

Albania
Roden Pajaj
Deloitte Albania sh.p.k
rpajaj@deloittece.com

Austria
Christian Havranek
Deloitte Austria
chavranek@deloitte.at

Julian Mauhart
Deloitte Austria
jmauhart@deloitte.at

Belgium
Nathalie Vandaele
Deloitte Consulting
nvandaele@deloitte.com

Central Mediterranean
Drew Keith
Deloitte Consulting SRL
dkeith@deloitte.it

Central Europe and Czech
Pavel Šimák
Deloitte Advisory s.r.o.
psimak@deloittece.com

CIS
Chris Armitage
CJSC Deloitte & Touche CIS
carmitage@deloitte.ru

Cyprus
George Pantelides
Deloitte Ltd.
gpantelides@deloitte.com

Denmark
Christina Burgwald
Deloitte Denmark
cburgwald@deloitte.dk

East Africa
George Hapisu
Deloitte & Touche Kenya
ghapisu@deloitte.co.ke

Finland
Asko Kauppinen
Deloitte Oy
asko.kauppinen@deloitte.fi

France
Philippe Burger
Deloitte Conseil
phburger@deloitte.fr

Francophone Africa
Fabrice Comlan
Deloitte
fcomlan@deloitte.com

Germany
Maren Hauptmann
Deloitte Consulting GmbH
mahauptmann@deloitte.de

Greece
Yiorgos Fragkos
Deloitte Business Solutions S.A.
yfragkos@deloitte.gr

Hungary
Martin Csepai
Deloitte
mcsepai@deloittece.com

Ireland
Valarie Daunt
Deloitte & Touche
vdaunt@deloitte.ie

Israel
Dan Halpern
Deloitte Israel & Co.
dhalpern@deloitte.co.il

Luxembourg
Pascal Martino
Deloitte
pamartino@deloitte.lu

Netherlands
Egon Hoppe
Deloitte Consulting BV
ehoppe@deloitte.nl

Nordics and Sweden
Josefine Liljeqvist
Deloitte Sweden
jliljeqvist@deloitte.se

Norway
Eva Gjovikli
Deloitte AS
egjovikli@deloitte.no

Poland
Tomasz Konik
Deloitte Business Consulting SA
tkonik@deloittece.com

Magda Baczyk
Deloitte Business Consulting SA
mbaczyk@deloittece.com

Portugal
Nuno Carvalho
Deloitte Consultores SA
ncarvalho@deloitte.pt

Slovakia
Zuzana Kostiviarova
Deloitte
zkostiviarova@deloittece.com

Spain
Joan Pere Salom
Deloitte Consulting SL
josalom@deloitte.es

Switzerland
Veronica Melian
Deloitte Consulting Switzerland
vcmelian@deloitte.ch

Turkey
Cem Sezgin
Deloitte Turkey
csezgin@deloitte.com

West Africa
Joseph Olofinsola
Deloitte & Touche Nigeria
jolofinsola@deloitte.com.ng

Deloitte.
Insights

Sign up for Deloitte Insights updates at www.deloitte.com/insights.

Follow @DeloitteInsight

About Deloitte Insights

Deloitte Insights publishes original articles, reports and periodicals that provide insights for businesses, the public sector and NGOs. Our goal is to draw upon research and experience from throughout our professional services organization, and that of coauthors in academia and business, to advance the conversation on a broad spectrum of topics of interest to executives and government leaders.

Deloitte Insights is an imprint of Deloitte Development LLC.

About this publication

This publication contains general information only, and none of Deloitte Touche Tohmatsu Limited, its member firms, or its and their affiliates are, by means of this publication, rendering accounting, business, financial, investment, legal, tax, or other professional advice or services. This publication is not a substitute for such professional advice or services, nor should it be used as a basis for any decision or action that may affect your finances or your business. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser.

None of Deloitte Touche Tohmatsu Limited, its member firms, or its and their respective affiliates shall be responsible for any loss whatsoever sustained by any person who relies on this publication.

About Deloitte

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee ("DTTL"), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as "Deloitte Global") does not provide services to clients. In the United States, Deloitte refers to one or more of the US member firms of DTTL, their related entities that operate using the "Deloitte" name in the United States and their respective affiliates. Certain services may not be available to attest clients under the rules and regulations of public accounting. Please see www.deloitte.com/about to learn more about our global network of member firms.