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Global Human Capital Trends 2019
Leading the social enterprise –
Reinvent with a human focus

Country Report: United Kingdom

This year's report 'Leading the social enterprise: Reinvent with a human focus' builds upon the theme of the social enterprise which first emerged in our 2018 report. We are increasingly seeing a need for leaders to move beyond mission statements and 'profits with purpose' to reinvent human capital processes with a human focus.

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A message from the UK Human Capital Leader: Introducing the UK Human Capital Trends report, 2019

This year's Deloitte Human Capital Trends survey generated responses from over 9400 human resources (HR) and business leaders in 119 countries. I sincerely hope that you enjoy reading this year's report, which summarises the differences between the main global and UK human capital trends and highlights areas for UK leaders to consider.
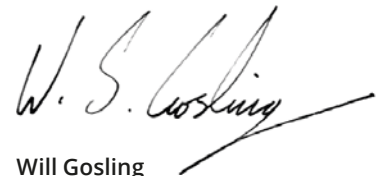
This year's report 'Leading the social enterprise: Reinvent with a human focus' builds upon the theme of the social enterprise which first emerged in our 2018 report 'The rise of the social enterprise.' As we saw in last year's survey, organisations are required to listen to, invest in, and actively manage the trends that are shaping today's world. However, this year we see a need for leaders to move beyond mission statements and start leading the social enterprise, reinventing human capital processes with a human focus and measuring business decisions against their effect on people.

This shift towards measuring the effect of business decisions on people has been echoed in the 2019 Industry 4.0 Readiness report[1], which found that leaders rate 'societal impact' as the most important factor for evaluating annual performance. In fact, respondents stated that they are now taking steps to change their products or services with societal impact in mind. This clearly shows how the social enterprise is influencing executives to take new business decisions – and it is paying off, as fifty-three per cent of Industry 4.0 respondents explained that they had successfully generated new revenue streams from socially-conscious offerings.

It is also clear from this year's Human Capital Trends survey that forces driving the social enterprise are influencing organisations; twenty-three per cent of UK respondents reported that social issue movements had affected their organisations 'a great deal'. This external pressure gives organisations an opportunity to begin to lead initiatives that are based on five human principles as defined in the Global report. These are purpose and meaning, ethics and fairness, growth and passion, collaboration and personal relationships, and transparency and openness.

In this report, we focus on the top three UK trends impacting HR and business leaders today. These are: 'From employee experience to human experience: Putting meaning back into work', 'Learning in the flow of life' and 'Leadership for the 21st century: the intersection of the traditional and the new'.

I hope that this UK-focused report provides you with interesting insights into the forces currently influencing organisations and how these can be tackled. You can also access the **Global report** and interactive dashboard online, where we share insights into other global trends.

Will Gosling
UK Human Capital Leader

Introduction

In last year's Human Capital Trends Survey we saw the rise of "the social enterprise". This is defined as an organisation that combines its profit and growth with a focus on a positive and sustainable impact.

This year, the survey reveals an extension of the concept of a Social Enterprise and sheds light on the importance of reinventing human capital processes with a human focus.

The social enterprise is not simply about corporate social responsibility; it engages with the external environment in an increasingly meaningful way. It goes beyond the idea of "profits with purpose" and focuses on bringing meaning back into work using a humanistic focus, helping individuals to understand their identity in the workforce.

The social enterprise is driven by three key factors: the rise of the individual, a decline in trust in government and the influx of technology, which is stronger, faster and more powerful than ever.

In order to lead the social enterprise, technology must be at the core of the reinvention, this will enable us to transform work and link it back to the human. We believe there are three key areas of focus for the reinvention: the workforce, the organisation and HR. That is why this year's trends are grouped into three categories: The Future of the Workforce, The Future of the Organisation and The Future of HR.

The Future of the Workforce
The workforce is diversifying and additionally to this work itself is changing with the influence of technology. This changing workforce needs a new kind of leader who focuses on creating a sense of belonging, is empathetic, and is able to influence. The Future of the Workforce explores how organisations are working to empower their employees through job design and offering a variety of work arrangements. It redefines leadership and uses technological advancements to create sustainable workforces.

The Future of the Workforce contains the following trends:

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

- **From jobs to superjobs**

- **The alternative workforce: It's now mainstream**

The Future of the Organisation
The Future of the Organisation focuses on the transition towards human experience and the importance that employees place on engaging in meaningful and rewarding work, in and out of the organisation. The Future of the Organisation looks to adapt organisational design, rewards and employee experience to create meaningful work, where efforts are rewarded and engagement is enhanced. It aims to build a sense of esteem across the organisation, with experience at the heart of it.

The Future of the Organisation includes the following trends:

- **From employee experience to human experience: Putting meaning back into work**

- **Rewards: Closing the gap**

- **Organisational performance: It's a team sport**

The Future of HR
HR is undergoing significant changes as a result of continuous technological advancements and talent development, with an emphasis placed on workplace learning and skills. In order for the organisation to reinvent, HR must lead by creating an environment that allows workers to achieve their highest potential and gain meaning from their work. Similar to last year, a key takeaway message from this year's survey is that it is a *shared* responsibility between HR and the business to drive change through reinvention.

The Future of HR contains the following trends:

- **Learning in the flow of life**

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

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

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

The importance of "reinvention" is a crucial element in this year's trends. Reinventing with a human focus goes beyond traditional transformations. It can only really be achieved by focusing on the *meaning* of the work employees do – from the processes that are designed for them, to the policies that govern how they do their jobs and the technology that enables them. It is about reinventing how the organisation interacts with employees in every facet of their work; organisations must put the focus back onto people, providing employees with meaning at work by creating a sense of belonging. An increasing number of employees are looking to engage in meaningful work in their jobs in order to have an impact on society. This year's survey highlights the urgency for organisations to take action in this regard and encourages them to bring back meaning to employees in order to start operating as a social enterprise.

At a glance

Social Enterprise

The social enterprise is becoming an increasingly important phenomenon for organisations to consider and act upon. Yet while this increasing importance is clear, many organisations still do not have a strategy to address and measure the impact of social issues on them.

36%
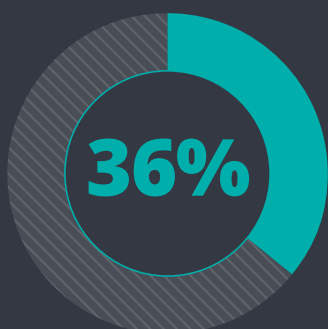
stated the social enterprise is more important to their organisation today, compared to three years ago

43%
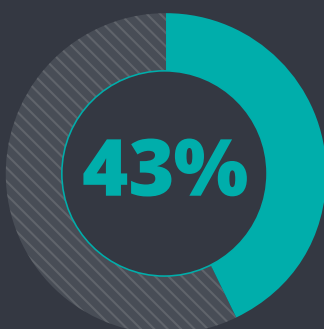
stated the social enterprise will be more important to their organisation three years from now

36%
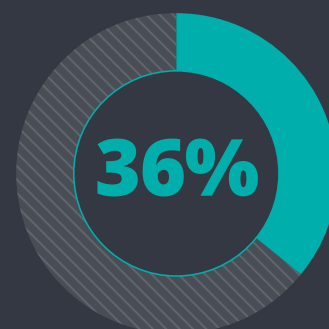
of organisations are still catching up or are behind in their maturity as a social enterprise

Employee Experience

The concept of 'employee experience' and the factors which influence it are clearly understood by many organisations today. Yet they are still not effective at enabling these factors within the workplace.

74%

of organisations said their definition of employee experience involves **a positive work environment and meaningful work**

Yet

50%

or less of respondents considered their organisation to be effective or very effective at creating a positive work environment and at providing meaningful work
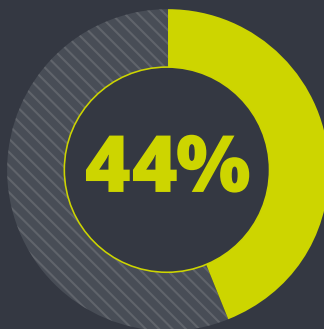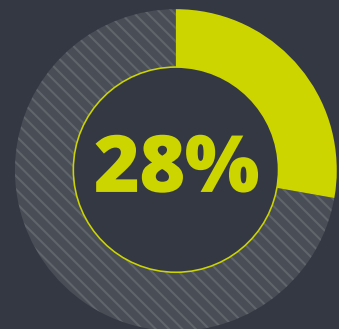
Learning

Learning has become a crucial factor in driving employee engagement within many organisations. However, a strong learning culture that underpins and supports learning and development is still missing from many.
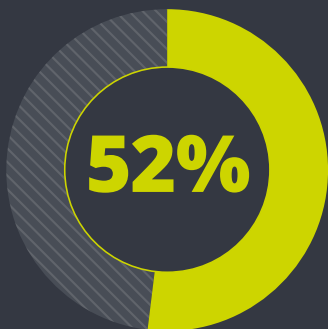
52%
believed learning was very important in driving employee engagement

44%
rated their company's learning culture as 'fair' or 'inadequate'

28%
of organisations rated themselves as effective or very effective at developing required skills

Leadership

Leaders today are facing new challenges arising from changes in the economy and wider society. But critically, many leadership programmes are ineffective at preparing leaders to face them.
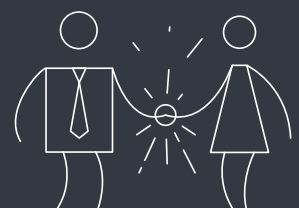
85%
believed that 21st century leaders have unique and new requirements, driven by more complexity and ambiguity, new working practices and technology

Yet less than
10%
thought that their company's current leadership programmes were effective or very effective in preparing leaders to move rapidly into the digital economy

Global Human Capital Trends 2019
Leading the social enterprise – Reinvent with a human focus

Our survey examines ten critical trends shaping the global human capital agenda, ranked in terms of UK importance.

Trend 1 – From employee experience to human experience: Putting meaning back into work

One of the biggest challenges we identified this year is the need to improve what is often called the 'employee experience.' Eighty-one per cent of UK respondents rated this issue as important or very important.

But the concept of employee experience falls short, in that it fails to capture the need for meaning in work that people are looking for. We see an opportunity for employers to refresh and expand the concept of 'employee experience' to address the 'human experience' at work – building on an understanding of worker aspirations to connect work back to the impact it has on not only the organisation, but also society as a whole.

Trend 2 – Learning in the flow of life

The number one global trend for 2019 is the need for organisations to change the way people learn. Eighty-six per cent of Global and eighty-one per cent of UK respondents cited this as an important or very important issue.

It's not hard to understand why. Evolving work demands and skills requirements are creating an enormous demand for new capabilities, while a tight labour market is making it challenging for organisations to hire people from outside. Within this context, we see three broader trends in how learning is evolving. It is becoming more integrated with work; it is becoming more personal; and it is shifting – slowly – toward lifelong models.
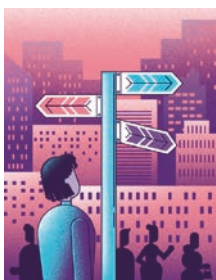
Effective reinvention along these lines requires a culture that supports continuous learning, incentives that motivate people to take advantage of learning opportunities, and a focus on helping individuals identify and develop new, needed skills.

### Trend 3 – Leadership for the 21st century: The intersection of the traditional and the new

Developing leaders is the perennial issue of our time. Eighty-five per cent of UK respondents said that 21st-century leaders face unique and new requirements. To be effective in the 21st century, leaders must take a nuanced approach to pursuing traditional business goals. This approach should consider the new context in which they must achieve such goals. It should also draw on critical new competencies to get there. These include leading through change, embracing ambiguity and uncertainty, and understanding digital, cognitive, and AI-driven technologies.

Trend 4 – Talent mobility: Winning the war on the home front

As organisations globalise and compete aggressively for top talent, the importance of internal, enterprise-wide talent mobility has become paramount. Organisations can no longer expect to source and hire enough people with all the capabilities they need; they must move and develop people internally to be able to thrive.

To do this well, a new set of norms governing internal mobility is needed. At leading organisations, mobility should be perceived as a natural, normal progression instead of a change in one's career; workers at all levels should have opportunities to move, not just managers and team leaders; and technology should enable a streamlined mobility process for moves between functions, jobs, and projects, as well as geographies.

Trend 5 – HR cloud: A launch pad, not a destination

Cloud computing has gone mainstream, and organisations have spent millions on new platforms to make HR systems more engaging, personalised and data-driven.

Yet while cloud systems have gone a long way toward integrating the messy back office of HR, they are not all that is needed to better support innovation, raise employee productivity and reduce cost. In 2019 organisations must rethink their HR technology strategy, considering cloud as a foundation and exploring innovative new platforms, automation, and AI-based tools to complement their core systems.

Trend 6 – Rewards: Closing the gap

Organisations are exploring a dizzying array of perks and rewards to motivate their people. But they are not keeping up. In our 2019 survey, sixty-two per cent of UK respondents told us their rewards systems were either somewhat or not aligned with their organisational goals, and thirty per cent said they did not know what rewards their workers value.

How can organisations develop rewards that align with more agile models for performance measurement and management, and at the same time address workers' legitimate expectations and needs? A focus on building relationships with workers – and eschewing external benchmarking in favour of curating a differentiated suite of rewards – can help organisations close the gap.
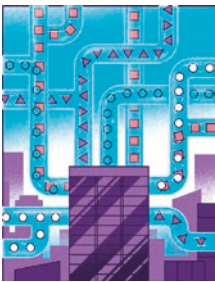
Trend 7 – Accessing talent: It's more than acquisition

In this 11th year of the economic recovery, recruiting has become harder than ever. As the job market remains competitive, and skills requirements change rapidly, it's time for organisations to think about how they can continuously 'access talent' in varying ways: mobilising internal resources, finding people in the alternative workforce, and strategically leveraging technology to augment sourcing and boost recruiting productivity.

Trend 8 – From jobs to superjobs

A vast majority of organisations told us they expect to increase or significantly increase their use of AI, cognitive technologies, robotic process automation, and robotics over the next three years. As organisations adopt these technologies, they are finding that virtually every job must change, and that the jobs of the future are more digital, more multidisciplinary, and more data and information-driven.

Paradoxically, to be able to take full advantage of technology, organisations must redesign jobs to focus on finding the human dimension of work. This will create new roles that we call 'superjobs': jobs that combine parts of different traditional jobs into integrated roles that leverage the significant productivity and efficiency gains that can arise when people work with technology.

Trend 9 – Organisational performance: It's a team sport

The shift from hierarchies to teams is gaining traction. Whilst fifty-three per cent stated they were mostly hierarchical, with some cross-functional team-based work, eighteen per cent of UK survey respondents told us they now operate mostly in teams. While we are seeing some progress in this area, most organisations have not yet refreshed leadership, job design, and rewards to adapt. Our research shows that many leaders do not know how to operate in teams and have not yet adopted the team model of engaging with each other. Many organisations are also still struggling to build programmes and incentives that support teaming. In 2019, technology is making team models of work easier; organisations must now refresh the rest of their talent practices to keep up.

Trend 10 – The alternative workforce: It's now mainstream

For years, many considered contract, freelance, and gig employment to be 'alternative work' – options supplementary to full-time jobs. Today, this segment of the workforce has grown and gone mainstream even as talent markets have tightened, causing organisations to look strategically at all types of work arrangements in their plans for growth.

Best practices to access and deploy alternative workers are just now being invented. If the economy continues to grow, organisations must be more flexible in adapting to these new work arrangements, and plan to use them in a strategic way.

In this report, we focus on the top three trends that are having a significant impact in the UK.

Top trends for the UK in 2019

From employee experience to human experience: Putting meaning back into work, 'Learning in the flow of life' and 'Leadership for the 21st century: The intersection of the traditional and the new' emerge as the top 3 UK trends this year.

The top three UK trends this year are:

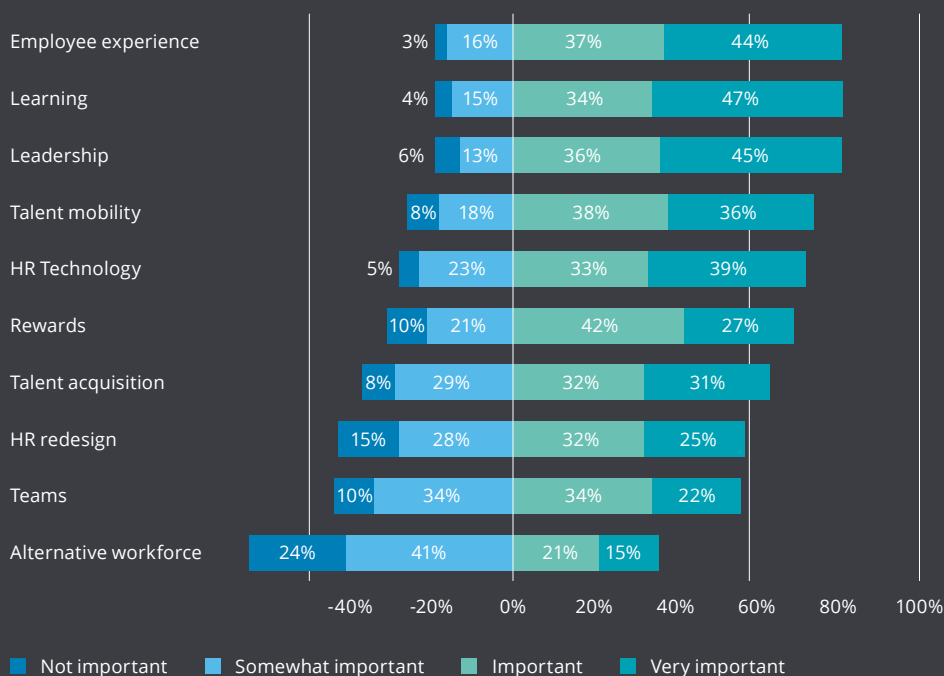From employee experience to human experience: Putting meaning back into work

Learning in the flow of life

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

Figure 1. Top UK trends by importance

	Not important	Somewhat important	Important	Very important
Employee experience	3%	16%	37%	44%
Learning	4%	15%	34%	47%
Leadership	6%	13%	36%	45%
Talent mobility	8%	18%	38%	36%
HR Technology	5%	23%	33%	39%
Rewards	10%	21%	42%	27%
Talent acquisition	8%	29%	32%	31%
HR redesign	15%	28%	32%	25%
Teams	10%	34%	34%	22%
Alternative workforce	24%	41%	21%	15%

From employee experience to human experience: Putting meaning back into work', 'Learning in the flow of life' and 'Leadership for the 21st century: The intersection of the traditional and the new' emerge as the top UK trends this year, as eighty-one per cent of respondents rated these as important or very important. Yet whilst organisations see these as being critical factors, only thirty-four per cent felt ready to address these trends.
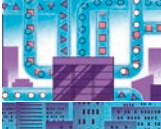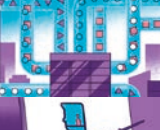
Other important topics include talent mobility and the need to increase internal mobility and access top talent from within UK organisations, along with HR technology.

Comparing the UK and global trends

We can see some key similarities when comparing the UK and Global views of importance for the 2019 Human Capital Trends. The top three trends are consistent across both the Global and UK trends, with a slight variance in the rankings of the top trends.

Further down the rankings, the similarities continue. The only exception is the transferred positions of Rewards (sixth in the UK ranking and seventh in the Global ranking) and Talent Acquisition (seventh in the UK ranking and sixth in the Global ranking).

Figure 2. Comparison of UK and Global trends

2019 Trend	UK Ranking
From employee experience to human experience: Putting meaning back into work	1
Learning in the flow of life	2
Leadership for the 21st century: The intersection of the traditional and the new	3
Talent mobility: Winning the war on the home front	4
HR cloud: A launch pad, not a destination	5
Rewards: Closing the gap	6
Accessing talent: It's more than acquisition	7
From jobs to superjobs	8
Organisational performance: It's a team sport	9
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Spotlight on the UK's top three trends

From employee experience to Human Experience:
Putting meaning back into work

In an increasingly turbulent external environment, organisations are finding themselves facing an ever-expanding mix of economic, social and political challenges. These are increasingly putting pressure on organisations to take a lead role in becoming a social enterprise, with the focus on developing a 'humanistic' approach. Nowhere do we believe this is more important this year than in the realm of employee experience, which we have re-framed as Human Experience.

Human Experience goes further than employee experience, moving beyond processes and offerings, it puts the person at the heart of its approach and ultimately looks to put the meaning back into work.

To do this, the organisation must address the desire of workers to understand the impact of their efforts. Human Experience is rooted in human-centred design thinking. It encompasses a range of mind-sets, such as truly understanding employee desires, motivations and pain points; working collaboratively and inclusively; and focusing on creating a positive work environment. Such design thinking helps to create an environment where the employee is able to answer the question 'Am I making a difference?'

Understanding the challenge

Much progress has been made in the area of employee experience in recent years, predominantly thanks to organisations looking to improve their customer services and subsequent supporting management practices. Indeed, research shows that practices such as building a value-driven culture which advocates empowerment, consistent learning and trust not only bolsters customer service levels, but is also argued to improve subsequent employee engagement levels[2]. There has also been a healthy focus on wellbeing in the workplace and work-life balance in recent years. Indeed, Wellbeing was one of the UK's top three Human Capital Trends last year[3].

While progress can be evidenced, employee experience appeared as a clear challenge in the UK this year and within the top three globally, as eighty-one per cent of UK respondents rated employee experience as 'important' or 'very important' to their organisation.

Despite this, only thirty-four per cent felt ready to address the trend – a feeling which was common across all organisations, irrespective of size or industry.

Our survey also showed that only forty-two per cent of UK respondents considered their organisation to be effective or very effective at providing meaningful work, and only thirty-six per cent of UK respondents believed that their organisation was effective or very effective at engaging employees with growth opportunities. This is coupled with feelings of a lack of autonomy; only thirty per cent of respondents believed that employees were satisfied or very satisfied with their autonomy in making decisions. Finally, only fifty per cent of UK respondents considered their organisation to be effective or very effective at creating a positive work environment.

Fig.3 Effectiveness of organisations at engaging employees in the workplace

- Very effective
- Effective
- Somewhat effective
- Not effective
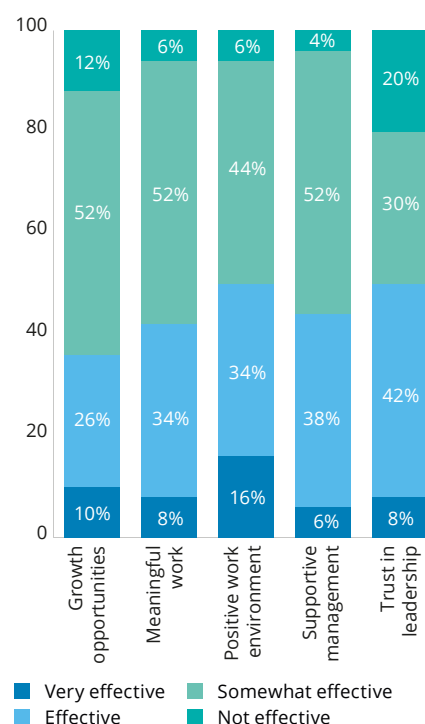
Such disparities between employee wants and organisational offerings result in employee experience – or Human Experience – being one of the greatest human capital challenges in the UK for 2019.

The next stop in the journey

To embed human experience fruitfully, organisations must first look to their leaders – the key influencers of organisational norms and behaviour.

Creating transparency between leaders and employees crafts a clear line of sight that allows employees to understand the impact of their contributions to the organisational strategy. A culture of trust that focuses on learning from mistakes is a critical part of a positive working environment and is evident in high-performing organisations. One tangible way to do this is by implementing effective feedback tools, whereby organisations can readily and effectively gather insights into how employees currently feel within their jobs and any notable areas for improvement.

These inputs are key to creating an environment where leaders and employees can have open conversations about what their work currently means to them and how their experience can be improved. It is also important that any methods used offer choice and flexibility to employees, giving them the opportunity to choose where, when and how they provide feedback.

Organisations must also measure the success of employee experience initiatives, in order to keep reviewing their current offering and how well such initiatives are being embedded within the workforce. These insights can provide tangible outcomes; eighty-four per cent of those who measured the correlation between employee engagement and productivity claimed it was either 'somewhat' or 'very' correlated. Not only does this bolster next steps for continued success, it also helps to ensure that employee experience remains a strategic priority.

Human Experience as a joint responsibility

Employee experience is a multifaceted challenge and thus one that cannot be owned solely by HR. The criticality of joint ownership is a key message arising from this year's survey; eighty-two per cent of respondents stated that both HR and business leaders share responsibility for the end-to-end employee experience in their organisations. One organisation that has addressed the challenge is Arm, a global semiconductor and software design company. Arm has brought the elements of its workforce experience – such as workspaces, people, technology, shared services, and mobility and travel – under a single function, to help build a consistent and holistic experience for its employees.

Similarly, a large consumer goods company, Unilever, has recently introduced two separate initiatives, designed to address the employee experience challenge by increasing cross-functional collaboration within the business.

Fig.4 Correlation between employee engagement and productivity

- Very correlated — 40%
- Somewhat correlated — 44%
- A little correlated — 10%
- Not correlated — 6%
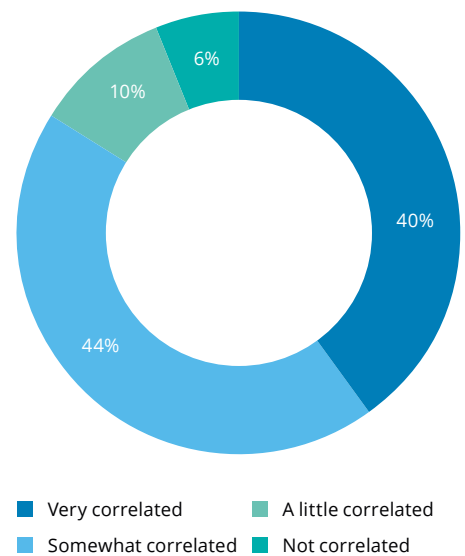
Spotlight on Employee Experience in Action

Unilever recognised that in order to keep pace with the changing nature of careers within the industry, it was vital to find a way to get faster access to skills and talent. This was achieved by deploying an AI-enabled internal talent marketplace. It allows employees (regardless of their grade) to post projects, then uses algorithms to match suggested candidates instantly to these projects based on their skills, experiences and career aspirations. The platform also democratised all projects happening in the company globally, giving talent full visibility and opportunity to participate in projects that are connected to their purpose whilst allowing them to develop new skills and experiences. The system quickly broke down talent siloes, with fifty-six per cent of project assignments being conducted across multiple locations in the first six months. Employees now have a greater ability to develop new skills, collaborate and widen their network, which has led to increased engagement and motivation levels at work.

Additionally, Unilever looked to transform a functionally siloed operating model to a journey-based model, through employee-centric design, defined by integrated, cross-functional operations with a key focus on an edge-to-edge employee experience. The establishment of an Employee Experience function that incorporates HR Services, Workplace and Travel Services, and underpinning IT Services creates a frictionless employee experience whilst also driving value creation for the business. The transformation will move Unilever towards a leaner, digital first and multi-disciplined service delivery model. This will help to enhance collaboration and communication amongst teams further, and will help to drive a positive employee experience including meaningful work.

An approach for everyone

Demographics within the workplace are increasingly diverse, both in terms of people themselves and the types of contracts offered[4]. As a result, the 'employee experience' offering may also need to adapt, depending on the talent models that exist within the organisation. When asked about how organisations tackled this, forty-four per cent of respondents stated that the employee experience for traditional employees in comparison with alternative workers is either 'somewhat' or 'very' differentiated within their organisations. Given that the number of self-employed workers in the UK has risen to 4.8 million (15.1% of the workforce) in 2017[5], there is clearly a need for organisations to think about how they incorporate contingent workers into the core employee experience.

One of the key ways to do this is by leveraging your organisational culture. Organisations should ensure that they have a clearly articulated culture[6] and a strong corporate purpose that employees, either permanent or temporary, can feel passionate about. It is also important to think about what matters to employees and their experiences at work. For example, a traditional employee may value having a physical space that empowers them to do their best work through the technologies employed, or the openness of spaces that encourage collaboration. While this is extremely important, it is also crucial to not lose sight of what may enhance the experience of a contingent worker. Organisations should ensure inclusivity through access to all-employee meetings and benefits packages, as well as more subtle moments that matter; for example, providing onboarding support through new technologies i.e. social media platforms.

From employee experience to human experience

We now see a landscape where employee experience has grown in both its remit and its importance. Human experience looks beyond benefits and processes towards the make-up of the work itself. Our findings show that individuals want more than a set of benefits; they look to have meaningful work, where they understand their purpose and the value they are contributing. To develop a Human Experience, organisations should create an employee experience that is both bottom-up and personal, with the individual at its heart. Organisations should look to embed an environment of regular feedback and trust that is set and role modelled by its leaders. It should focus on embedding a culture of both meaningful work and a positive working environment where employees feel valued. Through developing a clear line of sight between a worker's efforts and the organisation's strategy, individuals understand the value they deliver and are given clear meaning to their work. A reliance on work-life balance and rewards alone will result in organisations continuing to fall short in this area.

Learning in the flow of life

With evolving work demands and ever-changing skill requirements, the need to transition to the future of work and to redesign work and reskill the workforce is becoming an organisational imperative. Learning and Development (L&D) plays a crucial role in this transition. Unsurprisingly, therefore, eighty-one per cent of UK respondents rated it as 'important' or 'very important' in their organisations. However, in today's businesses it is not enough simply to integrate learning into the flow of work. In the context of longer careers, the challenge is to establish how learning can be integrated into the flow of life. Learning in the flow of life means that individuals must 'learn to learn' on an ongoing basis, to prepare them for longer careers.

This new focus on lifelong learning provides a new challenge for organisations. Given that only ten per cent of respondents felt 'very ready' to address learning in their organisations today, L&D clearly requires an end-to-end focus from the C-suite down, as reskilling becomes an organisational imperative.

To achieve this, organisations will need to get to know their people just as well as they know their customers. Without a detailed understanding of the people working within their businesses, they will not be able to build a strategy that truly facilitates learning in the flow of life. A number of businesses are currently trying to tackle the gap between learning and the business by changing their operating model and establishing governance that brings learning, talent, HR and the business closer together.

Learning as a shared responsibility

In order to facilitate a learning culture which helps to bridge the gap between L&D and the business, there is a need to democratise learning, ensuring a mind-set change whereby everyone understands that everyday work contains learning. Interestingly, sixty-three per cent of respondents in the UK believed making L&D a success should be a shared responsibility between L&D and the business, compared with forty-eight per cent globally. This suggests that UK expectations are more aligned with the future learning trend of 'democratising' learning.

The 'democratisation' of learning has not yet caught on within many organisations surveyed this year. Fifty-nine per cent of respondents stated that L&D responsibility currently falls exclusively/primarily to either L&D or the business in their organisations today. Thirty-nine per cent considered that learning was not positioned to be successful where it was, suggesting there is some way to go to integrate learning into everyday work. The need to address this is especially important considering that a recent World Economic Forum report[7] found that more than half of all employees will require significant reskilling and upskilling in just three years.

Fig.5 Proposed responsibility for L&D

If not positioned for success, then who should have primary responsibility for L&D

| Exclusively L&D	Primarily L&D, some business input	Shared responsibility	Primarily business, L&D guidance
5	16%	63%	16
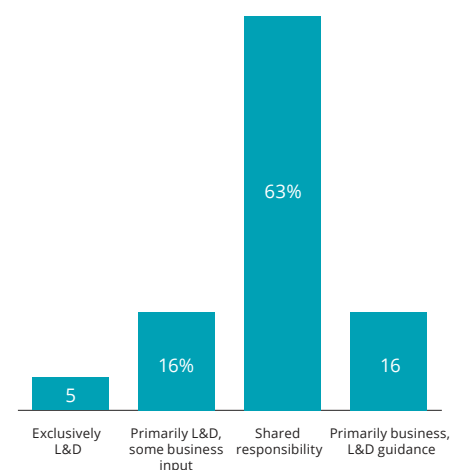
Purposeful reskilling

To maximise internal capability in a tight talent market, there is a growing urgency among businesses to build strong work-centred learning programmes. It is critical for UK companies to continue to prioritise this, as when it comes to developing existing employees vs hiring new talent, sixty-six per cent of respondents leant towards training as opposed to hiring in the UK. Yet paradoxically, sixty-three per cent of respondents who leant towards hiring as opposed to training did so because they believed new capabilities were more prevalent outside of their organisation. This signifies that a culture of developing internal capability in order to meet the new demands of the workforce is still not prevalent within some organisations today.

Learning culture

In order to create a strong learning culture, Bersin research[8] highlights that businesses need to focus on three key areas: empowering employees, encouraging reflection and demonstrating the value of learning. This year's trends survey highlights that there is further room for improvement, as forty-four per cent of UK respondents stated that their company's learning culture was fair or inadequate. This is also important in the context of the tight talent market, as building a strong learning culture is key to the employee value proposition and an organisation's ability to attract and retain top talent. Businesses are aware of this imperative, as eighty-seven per cent of respondents rated learning as important or very important in driving employee engagement.

Fig.6 Importance of learning in driving employee engagement

- Very important
- Somewhat important
- Important

52%

35%

13%
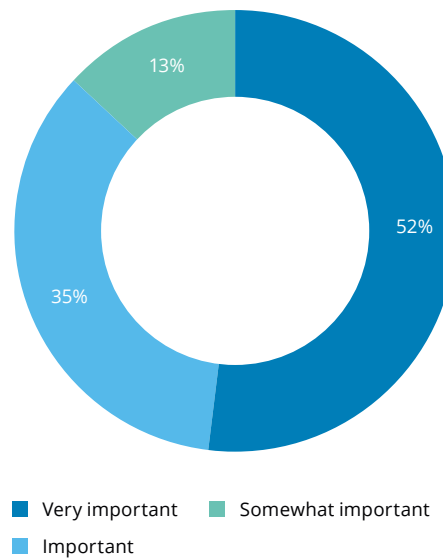
Organisations also need to offer leaders and individuals incentives that encourage continuous learning and demonstrates the value of learning. One software development company uses collaborative problem-solving to send a clear message that it values employee learning and risk-taking.

This year's trends survey highlights that there is further room for improvement, as forty-four per cent of UK respondents stated that their company's learning culture was fair or inadequate.

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Spotlight on Learning in Action

During bi-monthly town hall meetings, client issues are presented and team members are encouraged to submit ideas by uploading videos. Employees then vote on them and the top-rated videos are shared and discussed at the next town hall, where participants choose the best solutions to be trialled and implemented. This is a clear and effective way to encourage knowledge-sharing and continuous learning within the organisation[9].

Learning experience and content

When different levels of leaders were asked about their expectations on the learning content revolution over the next three years, and whether this should be internal or external, results varied significantly by grade. This could be indicative of a lack of clarity when it comes to the overall long-term learning strategy, or a lack of effective communication among leaders at different levels.

The use of experiential learning is also limited in organisations today, as sixty-one per cent of respondents reported that experiential learning was either 'limited' or 'not in use' whatsoever. Yet within the market there has been a growth in learning experience platforms[10]; with their 'Netflix-style' learning approach, these are changing the way employees consume learning content. Employees can access learning content that is personalised to their preferences and recommended specifically for them, often with a 'TV-style' learning interface.

This shift away from traditional learning platforms to experiential learning provides new opportunities for organisations to re-shape the way their employees consume learning content. Leaders across all levels should consider this when developing new learning strategies within the business, highlighting a potential focus area.

Increasingly, organisations are aware of the need to improve learning culture and practice. L&D and HR teams will start to re-think how they perceive themselves and further integrate with the business, in an effort to centre their initiatives on the productivity of their people and how they can anticipate and remove barriers to learning in the flow of work. This is not to say that formal learning methods or functions will disappear. The function of the L&D department should expand to suit the way people work today and in the future. A high-performing learning function should support the business, to identify the most appropriate learning environments for workers to learn organically[11] and develop throughout their careers.

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

Almost all organisations are recognising that their leaders of the future will need to meet different expectations and operate in different contexts to leaders of the present and past. Yet few have really formulated an understanding of what has changed or how to use this understanding to deliver a meaningful return on their leadership development efforts and spend.

This disparity between value and impact is felt particularly strongly in the UK, adding more weight to the vexed subject of Britain's 'productivity problem'.

Our survey showed that less than twenty per cent of UK organisations believed that their leadership programmes were effective at developing or integrating leaders to meet evolving challenges, while less than ten per cent thought that their company's current leadership programmes were effective or very effective in preparing leaders to move rapidly into the digital economy.

Leaders face unique and new requirements

Virtually all economies, across all sectors, are experiencing significant change and disruption. In fact, eighty-five per cent of UK respondents believed that 21st century leaders face unique and new requirements in today's world. New entrants, exponential technologies, changing ways of working, and new business models (collectively Industry 4.0) continually test leaders with new demands.

Leaders in the UK must also contend with competing forces resulting from a decade of economic austerity and high levels of social and political uncertainty. **Of the new requirements for leaders in the 21st century, ninety-six per cent of respondents felt that the biggest change was in leading more complexity and ambiguity**.

However, contrary to the experimentation and 'fail-fast' mentality epitomised by start-ups in Silicon Valley, austerity and political uncertainty have driven defensive balance sheet strategies among British corporates. This is echoed by UK respondents, as seventy-two per cent saw the most important role of leaders today as being able to deliver financial results.

This is significantly dampening risk appetite, arguably at a time when the need for risk-taking and innovation has never been greater[12].

A 2017 survey[13] of senior leaders found that:

- two-thirds of organisations said that innovation was crucial to survival, yet less than a third said they were innovating successfully to drive growth and increase revenue

- sixty-six per cent of senior executives felt that CEOs were not leading from the front and lack the vision and passion needed to make innovation happen

- forty per cent of UK leaders rejected disruptive ideas for fear of failure

When uncertainty persists, there is greater pressure on UK leaders to deliver in the immediate term, resulting in leadership styles that are counterproductive. Our research indicates greater levels of autocratic leadership, as twenty per cent had the potential to derail due to an over-inflated sense of self-confidence, fifty per cent were struggling to inspire followership, and forty per cent needed to do more to communicate a vision that engages people[14].

It is our assertion that the fundamental characteristics of good leadership have changed little over time. However, when the context for leaders changes, different emphases are required. The leadership characteristics practised when facing austerity and defensive business strategies are notably different to those required to innovate at pace and inspire a multi-generational workforce.

This shift sets the context for contemporary leadership development needs. To overcome these challenges and to lead in today's complex environment, leaders need to think, react and interact differently.

Figure 7. Four key ways for leaders to overcome today's leadership challenges

	Leadership challenges	Impact	What leaders need to do
Competing *Business transformation*	New business models and propositions	Explosion in the number of possibilities demanding resources	*Keep the focus on adding value*
	Constant market disruption	Unexpected competition and threats to core business	*Encourage continous innovation*
Connecting *Interactive transformation*	Increased stakeholder diversity	Teams need to navigate changing power dynamics	*Build support from key stakeholders and groups*
	Non-traditional partnerships and alliances	Teams are fluid: People can be in many teams, need to work with completely new colleagues	*Get people working collaboratively*
Empowering *Cognitive transformation*	Demand for speed and responsiveness	Teams need to work faster and more adaptably	*Enable people to deliver responsive performance*
	New skills and career models	Teams need to learn new things and to experiment	*Coach people to think and act differently*
Energising *Emotional transformation*	Exponential change	Teams experience threats to their psychological safety and comfort	*Keep people feeling energised when they are 'down'*
	Multi-speed operating environment	Teams work alongside differing operating models	*Build a shared sense of vision and purpose*

In partnership with MIT Sloan Management, Deloitte UK surveyed 1,500 C-level executives across 19 countries to explore how prepared leaders of business and government felt in embracing the digital revolution. Despite eighty-seven per cent believing that digital will disrupt their industry, eighty-seven per cent also acknowledged that they do not have the right leaders[15].

What's more, fifty-four per cent of executives did not believe their learning and development curriculum supported their digital strategy and less than half (forty-five per cent) were confident in their own digital skills and ability to lead their organisation in the digital economy[16].

Why has leadership development been so ineffective?

Leadership development problems have traditionally been treated as a 'learning requirement', with the solution involving point-in-time programmes – often conducted away from the day-to-day workplace environment in Zen-like retreat style settings. Frequently the impact of these programmes is short-lived, decaying rapidly once leaders return to the business-as-usual context. The agility of these programmes is also frequently insufficient. Too often, we observe lengthy waterfall development cycles, the cadence of which is incompatible with the evolving needs of the target leadership population.

We frequently observe leadership development programmes operating out of context with the culture of the organisation. Furthermore, they are inconsistently recognised and supported across the organisational hierarchy. Well-intentioned and potentially powerful interventions, which deeply challenge an aspiring leader's mind-set, can ultimately prove to be crushingly counterproductive if the leader returns to an everyday environment that is unable to feed, support and nurture the practice of new leadership behaviours.

Spotlight on Leadership in Action

One UK government agency going through transformation recognised that they needed to change their approach in order to ensure they had the leadership and management capability in place to deliver their new strategy. They used 1:1 executive assessment with the ExCo (including the CEO) to pinpoint strengths and capability gaps in relation to leading change. They then addressed these through coaching and a series of top team events aimed at improving self-awareness and collaboration. 360 feedback was used to identify shared development needs at the next level down, which then informed an innovative management development programme for the top 160 managers. This programme focused on teaching the 'thinking templates' that research shows are the most critical for leaders taking their teams through change. Evaluation of the programme's impact showed a 17% uplift in leadership capability based on line manager ratings, with the biggest improvements showing for Team Morale, Team Collaboration, Team Reputation, Proactivity and Openness to Change.

What does successful leadership development look like?

We are increasingly finding C-suite leaders (or equivalent) and executive teams who recognise that the 'leadership gap' problem gap starts with them. They refuse to allow themselves to remain digital tourists; they champion their own digital literacy development and establish an environment that will allow the development of a culture of experimentation and innovation.

Genuine change occurs on the job – within the business of the business. It demands practising the art and processes of innovation, risk-taking and the development of personal confidence and security to embrace 'fast-failure'. We see successful leadership development programmes applying learning to real-life business challenges and heralding innovation.

Research shows that the retention rate for traditional learning is five per cent, compared with as high as ninety per cent for hands-on learning[17] that involves experiential and problem-based learning. We know that classroom learning no longer scales. It is indirect, inauthentic, and fails to transfer or embed learning in the day job.

Instead, growth comes from experiences and hands-on learning, where individuals can experiment and test new ideas while solving real-life problems at work. We therefore predict that BYOP (Bring Your Own Problem) leadership development programmes will be the next significant trend in leadership development.

Senior leaders must proactively work towards future-proofing their teams and ensure they develop succession pools of digitally-literate talent with future-proofed leadership capabilities. The nature of the senior leadership role will at times need to shift from commander to coach, in order to foster an effective growth environment where employees feel empowered to experiment, make decisions and fail safely. Nurturing these potential leaders for the future will ensure the organisation's long-term resilience and success.

Conclusion

To do list

From employee experience to human experience: Putting meaning back into work

- **Focus on culture and a positive working environment,** developing a culture with supportive management, meaningful work, a positive work environment, growth opportunities, and trust in leadership
- **Instil meaning into work,** recognising that employees want a purpose and meaning from their work and ensuring efforts are aligned to the organisation's strategy, so that individuals truly understand how they are contributing in a personal and positive way
- **Utilise a design-thinking methodology** that uses employee personas, journey maps and 'moments that matter' to create an employee experience that moves away from compliance and efficiency-based processes and enables HR and the business to put humans at the centre
- **Ensure accountability across the C-suite,** recognising that employee experience should not simply be seen as an HR issue, but instead should engage managers from across business functions in order to provide an enhanced, seamless and connected experience

Learning in the flow of life

- **Reskilling should be seen as an organisational imperative** in a world where new technologies are already influencing today's workforce. C-suite leaders must acknowledge this if their organisations are to remain competitive, and they must create a culture where new capabilities are developed from within
- **Ensure L&D responsibilities are shared between HR and the business** to help foster the mind-set that everyday work contains learning
- **Empower employees to undertake new learning opportunities,** providing them with the time and support required in order to build on their skills

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

- **Leaders should own and champion the leadership gap from within,** acknowledging the need for digital upskilling within their own ranks and recognising the changing context for leadership in Industry 4.0
- **Allow leaders the opportunity to develop themselves as well as their teams,** with hands-on learning in real-world business contexts that embrace a 'fast-failure' mentality, allowing leaders the room to practice the art and process of innovation and learn experientially
- **Acknowledge the shift from commander to coach** and equip leaders to become effective career coaches for developing talent. Ensure these future leaders are also empowered to experiment and fail safely within their organisation
- **Recognise the emergence of people leadership beyond the enterprise,** acknowledging that innovation frequently involves eco-system collaborations challenging traditional hierarchical leadership models

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Notes

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