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Managing human capital in the new world of work

Companies and workers are challlenged by a rapidly changing world of work. Let's find out how they are reacting according to the "2023 Human Capital Trends" report.

Until a few years ago we were governed by a **mechanistic** view of work according to which work can be organized into defined and immutable processes, tasks can be categorized and contained entirely within the company, and organizations can **focus their decision-making on the shareholders and on the final result**.

This meant that efforts within a company were concentrated on costs and productivity, or rather on how to achieve the same results with faster and more efficient methods.

In recent years, however, these models have been questioned, as companies and employees are grappling with a **hybrid world of work** in which it is clearly possible to guarantee continuity and results even by going beyond the traditional model.

The question we will try to answer in this article is: **how are companies and employees moving in the face of this transformation of the world of work?**

Let's explore the outcome of the recent **report "2023 Global Human Capital Trends"** released by Deloitte. The study involved 10,000 business and human resources managers from all sectors from 105 different countries and seeks to identify the most important changes in the relationship between companies and employees.

The problem

Many boundaries that were once thought to be the basis of the world of work are falling apart, and are **identified b**y the report as follows:

- Work can be organized into **clearly defined processes**
- Jobs can be **categorized and contained** entirely within the organization
- Workers can do their job only **within the walls** of the workplace
- Organizations can focus their decision-making on **stakeholders** and on the **final result.**

The consequence of the above mentioned assumptions is that companies are losing those traditional boundaries that kept things packaged and tidy, and are now forced **to experiment and innovate** to build **new foundations**. Similarly, expectations for workers upon hiring are changing, opening the door to a demand for greater and more **meaningful collaboration** and **growth** that values ??the individual.

The report identifies three ways in which employees and companies are responding to the transformation of the world of work and identifies these trends**: critical and open approach, collaboration and priority to the people**.

1. Critical and open approach: think like a researcher

These new foundations require organizations and workers to approach the challenge differently: thinking like a **researcher** in how they approach their **business and workforce management strategies**, facing every **new situation** as an experiment from which to **learn, adapt and improve**. The new challenges create a new context never seen before that invite companies and employees to **chart a different path**, creating together **new ways of managing relationships** to pursue a new purpose that prioritizes human results.

Data from the Global Human Capital Trends 2023 survey shows that **59% of respondents plan to focus on re-designing the relationship between employees and companies** in the next 2-4 years, which represents a two-fold increase from

pre-pandemic levels.

Three trends identified in the report illustrate the need for organizations and workers to think like a researcher:

- **Focus on human capital**

Role rules organized tasks and divided workers into specific roles and responsibilities. That mode is now limiting business outcomes like innovation and agility. For this reason, many companies are experimenting with the development of so-called **"soft skills",** and not specific skills, as a **basis for selecting and training the workforce**.

- **Enhance human impact with technology**

New technologies are entering the world of work not only to automate and improve the tasks usually done by humans, but also to **improve the performance of workers and teams**. This is certainly not new news, but companies that want to be ready for the future are studying how to use technology so to encourage people to be their **best self and do their work at best**, and not as a substitute for their jobs.

- **Don't focus on the "where" but on the "how"**

Advances in technology are redefining the workplace as a physical space. Today, the blurring line between home and office provides organizations with **a unique opportunity to experience not 'where', but 'how' work should be done**. The place and the modality become secondary to the needs of the job and the workers.

2. Collaboration

To be successful, companies and workers will have to learn how to **collaborate**, abandoning the idea of ??total employee control. Not only that, companies must recognize the role they play in **greater ecosystems that are increasingly alive and evolving**, in which workers assume greater influence and responsibility for corporate and social results.

In the **Global Human Capital Trends 2023 survey**, organizations with higher worker involvement in designing and implementing organizational change were more likely to achieve positive results. Specifically, those who reported actively collaborating with their **workers said they were 1.8 times more likely to have a highly engaged workforce, 2 times more likely to be innovative, and 1.6 times more likely than their peers to anticipate and respond to change effectively**.

Two chapters of the report exemplify where organizations and workers need to work together in their relationship:

- **Ensure more freedom for workers**

Traditional models of work that assume that organizations should have only one unique decision-making authority are disappearing, as workers demand **more meaningful work** in terms of social impact, flexible working patterns and more personalized career paths. While in the past worker-organized activities could be seen as a threat, many companies today are finding ways to exploit worker motivation for mutual benefit.

- **Diversify the workforce ecosystem**

The value of fostering diverse workforce ecosystems is enormous, but many companies still embrace old-fashioned talent management schemes and don't give workers the power to decide where, how and who they work for. **Organizations that adapt their strategies** and practices to fit into today's world's talent pool, which is far more complex and increasingly composed of non-traditional workers, **will gain access to skills and experience to accelerate growth, innovation, and agility**.

According to the report, only 17% of organizations said they were very prepared to guarantee more freedom for workers and 16% for workforce ecosystems. This gap needs to be bridged to enable organizations to capitalize on innovation and the better individual, corporate and social outcomes these trends could generate.

3. Prioritize people

The latest trend identified by the report is a **focus on collective aspirations**. Organizations should create an impact not only for their company, their workers or their shareholders, but also for society at large. Over half of the organizations surveyed aspire to build more connections with the society in which they operate, indicating that a socially investing business model continues to be a key force in the world of work.

Important topics such as climate, equality or human capital management are central to an organization's ability to thrive in this new world of work. In the Deloitte 2023 Global Human Capital Trends survey, over 80% of organizations indicated as priority areas of interest: **diversity, equity and inclusion, sustainability and trust**.

Herebelow, we analyze the two main points underlined by the report that exemplify how organizations and workers are prioritizing human results.

- **Act boldly to achieve sustainable results**

Organizations will be held laccountable less for their activities and efforts and more for their ability to **deliver results in support of broader societal goals**. Companies need to look at inclusion as an outcome, and corporate goals need to focus on how companies attract and retain talent, enable them through development programs, methods and tools, and nurture them at all levels of the organization.

- **Promote the human element and sustainability**

The idea of ??the company as an autonomous entity, with interests that can be totally separate from those of society at large, is disappearing. Businesses are facing increasing pressure to address sustainability issues from governments, associations, local communities and the workforce. This workforce calls on organizations to **move beyond sustainability rhetoric to deliver concrete, observable results**. As a result, organizations need to focus on the human elements, which have so far been absent in their strategies and actions, placing sustainability as a goal.

To be a leader in today's business world

With the world of work in full transformation, it is necessary for business leaders and managers to adapt to the new context and the new needs of workers. However, only 23% of organizations participating in the 2023 Global Human Capital Trends survey say their leaders have the skills to navigate a world in crisis.

Companies are concerned about leaders' abilities to manage their evolving workforce: **less than 15% of organizations say their leaders are indeed prepared to lead an expanding workforce** inclusively or consider social and environmental risks when taking employee decisions. Additionally, **only 16% say their leaders are truly ready to use technology to improve work outcomes and team performance**, and **only 18% say their leaders are truly ready to develop a workplace model more suited to new needs**.

According to the report, a new type of leadership will be needed that focuses on where and how one presents oneself and on the mindset one adopts to get the job done. In particular, the report identifies three key aspects for new leaders to consider:

- Using **experimentation** to find and inform better solutions, promote learning and increase value;
- Cultivate **closer relationships** with workers through collaboration;
- **"Magnify"** the decision-making process to understand the full impact and to focus more on people.