Deloitte. Insights

2019 Deloitte Human Capital (HC) Trends
Government & Public Services (GPS) Industry Breakout

A walk through history…

»50 years ago

The government mission attracted and energized many employees. They came to work with a sense of meaning and purpose— serving the public.[1]

»Today

With the latest advances, digital technology can remove many of the manual activities that frustrate government employees, allowing current and future employees to have a clearer line of sight to mission impact and meaning.[3]

»10-20 years ago

Many employees began leaving the government after a few years' tenure, citing frustrations with bureaucracy, inefficiency, and disconnectedness from the mission.[2]

1: Partnership for Public Service, "History and Board," accessed May 2019
2: Mike Maciag, "Millennials Face Hurdles Breaking into Public Sector," Governing, October 2013
3: William D. Eggers, "Government's Journey to the Future of Work," Governing, April 2019

Reinvent with a human focus

WHAT
Reinvention means
foundational change
that uses technology
at the core

WHY
It all comes back to
people—we need to
bring the human
element back to work

WHERE
We must focus on
meaning at work

So what does this mean for the
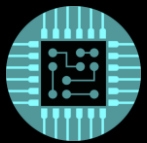**public sector?**

Many public sector organizations are already addressing challenges to lead the social enterprise and reinvent with a human focus. They are looking internally and externally to help reignite meaning and serve the public.

Challenges

- Highly competitive talent market

- Pace of technological advancements
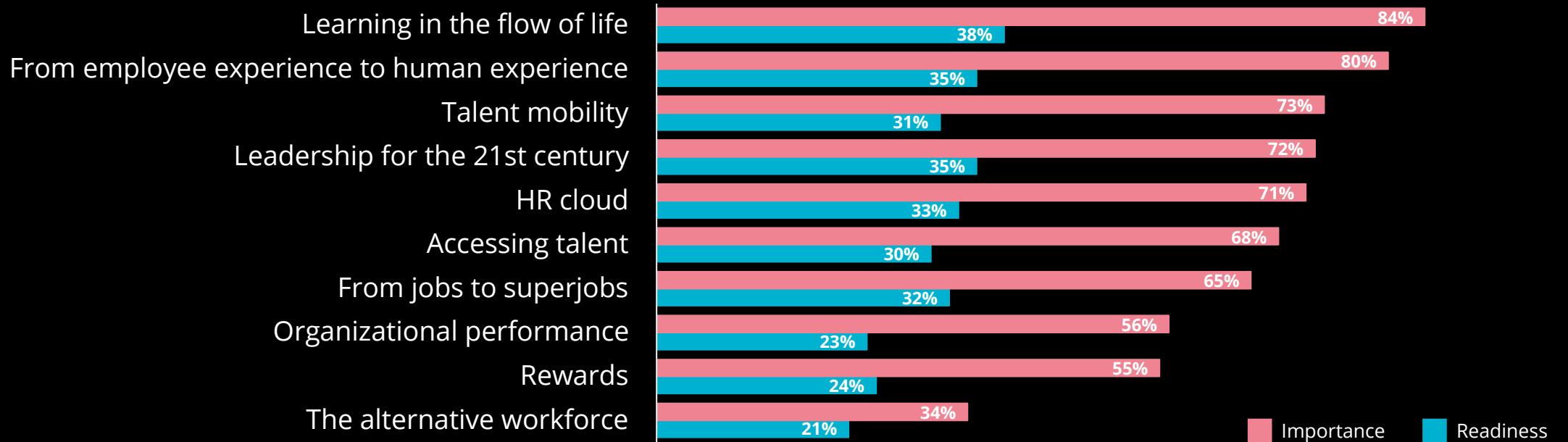
- Mandated policies and regulations

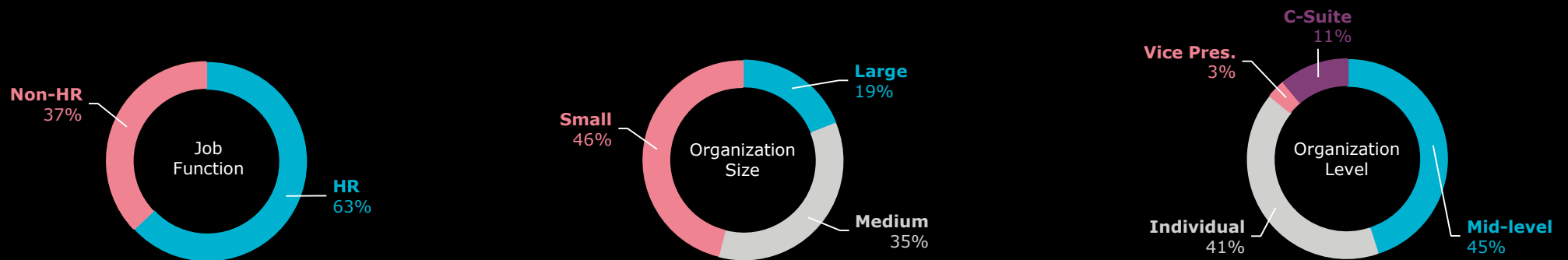- Uncertain budgets

- Increasingly complex missions

Opportunities

- Revive and reconnect the organizational mission with the public servant to retain top employees and attract a new generation

- Embed technology as a tool to enhance experience, enrich work, increase efficiencies, and serve the public

- Identify, understand, and rethink policies and regulations that can constrain progress

- Tap into resources like talent and technology to minimize impacts of budget constraints

- Consider how to use technology, like automation, to decrease time spent on administrative tasks and increase time spent on societal impact and experiences

2019 Human Capital Trends survey: GPS data and findings...

Top 10 Human Capital Trends: The GPS Perspective

Trend	Importance	Readiness
Learning in the flow of life	84%	38%
From employee experience to human experience	80%	35%
Talent mobility	73%	31%
Leadership for the 21st century	72%	35%
HR cloud	71%	33%
Accessing talent	68%	30%
From jobs to superjobs	65%	32%
Organizational performance	56%	23%
Rewards	55%	24%
The alternative workforce	34%	21%

Importance   Readiness

Human Capital Trends Survey Demographics

Job Function
- Non-HR 37%
- HR 63%

Organization Size
- Large 19%
- Small 46%
- Medium 35%

Organization Level
- C-Suite 11%
- Vice Pres. 3%
- Individual 41%
- Mid-level 45%

Source: Unless otherwise indicated, all data referenced is from 2019 Deloitte Global Human Capital Trends report

Future of the workforce
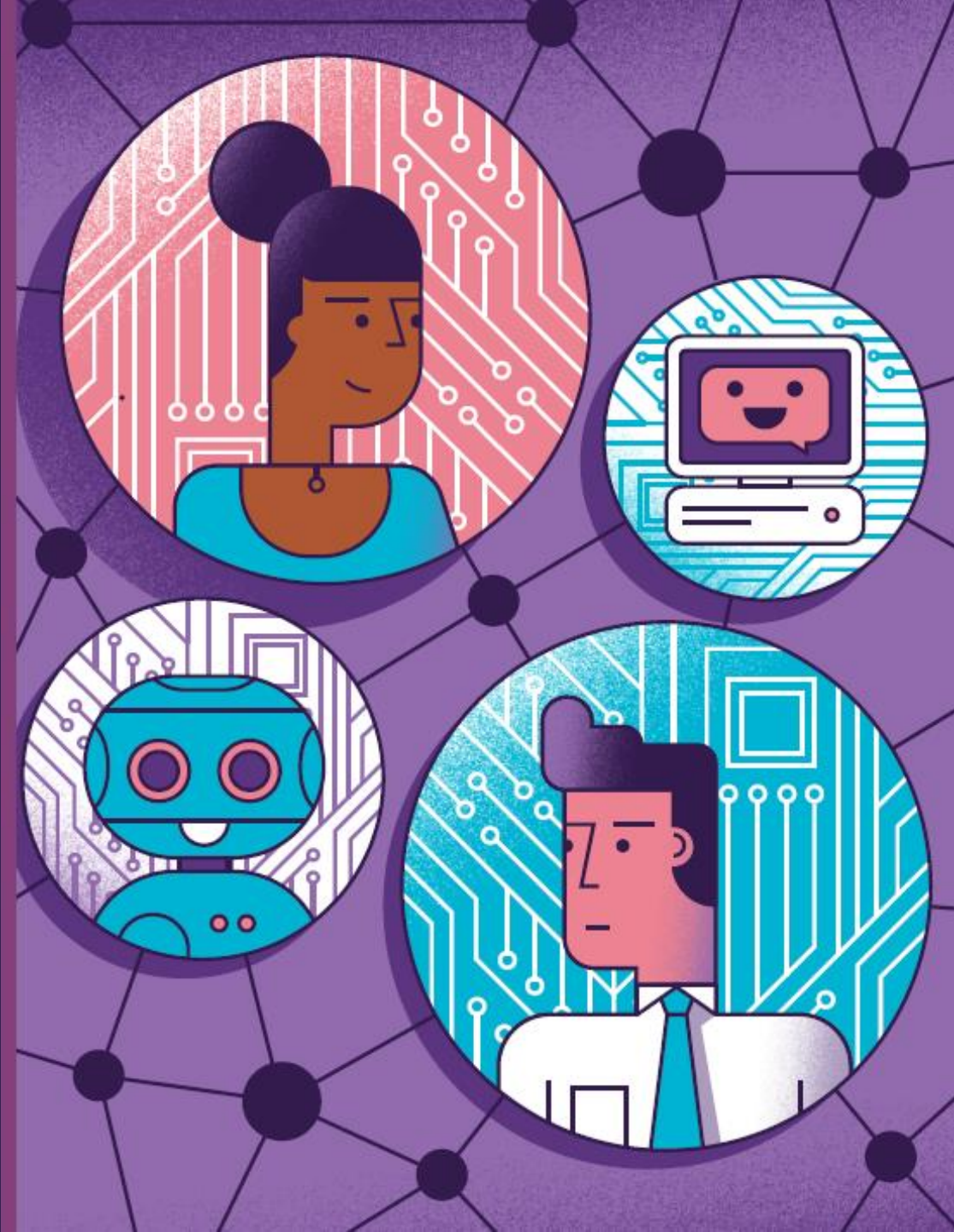
What we found...

Future of the workforce:
How organizations should adapt to the opportunities to restructure job and work design, the open talent economy, and collaborative workplaces

The alternative workforce
It's now mainstream

It's time for organizations to move beyond "managing" contractors and freelancers and turn to "optimizing" and "leveraging" the alternative workforce deliberately and well.

79% of public sector respondents stated they are not completely prepared for an alternative workforce, with **64%** believing they have inconsistent or little to no processes in place to manage such workers.

From jobs to superjobs
Enabling focus on unique human capabilities

To take full advantage of increasing technology in the workplace, organizations should redesign jobs to find the human dimension of work.

57% of public sector respondents believed increased automation to be the most expected change within the next three years, but **only 16%** indicate they are ready for such change.

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

Effective 21st century organizations require leaders to pursue traditional mission goals by drawing on new critical competencies.

75% of public sector respondents believed leaders face new and unique business requirements, but **only 28%** indicate they are effective at identifying leaders to meet evolving challenges.
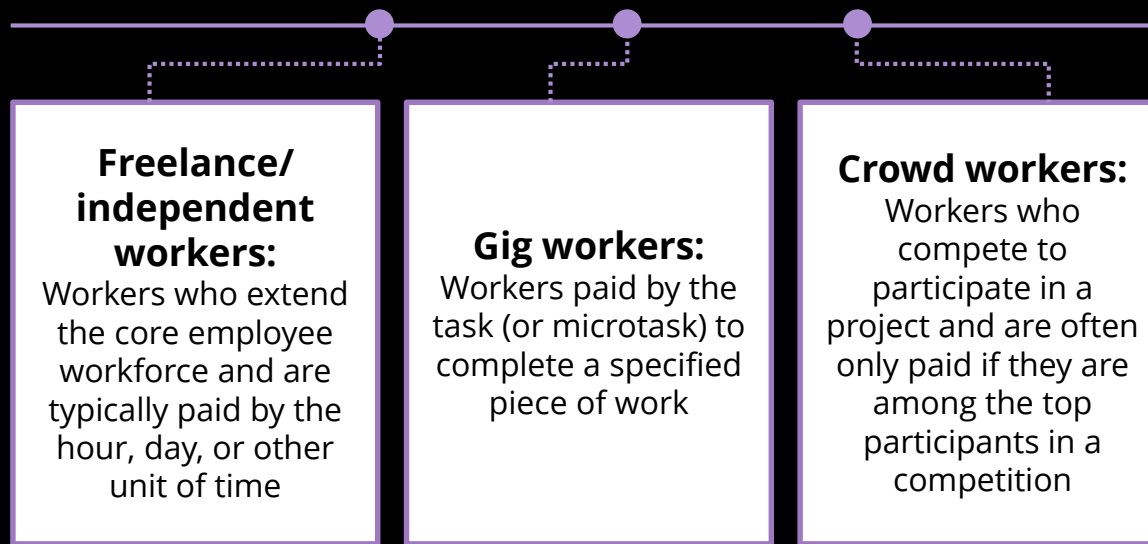
The existing workforce will be supported in the future by an alternative workforce that helps to address talent gaps

The alternative workforce:

It's now mainstream

Public sector organizations should strategically consider all types of work arrangements to take advantage of strengths, skills, and capabilities across work segments

Only 3% of public sector respondents said that they have best-in-class processes to manage and develop their alternative workforce

Up to 40%

of the United States workforce—composed of individuals that make up the public sector talent pool—works on a contingent basis[5]

Freelance/ independent workers:
Workers who extend the core employee workforce and are typically paid by the hour, day, or other unit of time

Gig workers:
Workers paid by the task (or microtask) to complete a specified piece of work

Crowd workers:
Workers who compete to participate in a project and are often only paid if they are among the top participants in a competition

Case in Point

The U.S. Department of Energy (DOE) utilized a crowdsourcing platform called Topcoder to solve a challenging solar energy problem. Using the platform, they asked consumers, entrepreneurs, startups, and energy companies to create solutions for the solar marketplace. After receiving 140 business cases, they selected 17 of the most promising and asked each group to build a minimum viable product (MVP), allowing the DOE to identify the features they liked and those that needed to be improved, added, or removed.[6]

Rewire

Connect the right talent to the right role
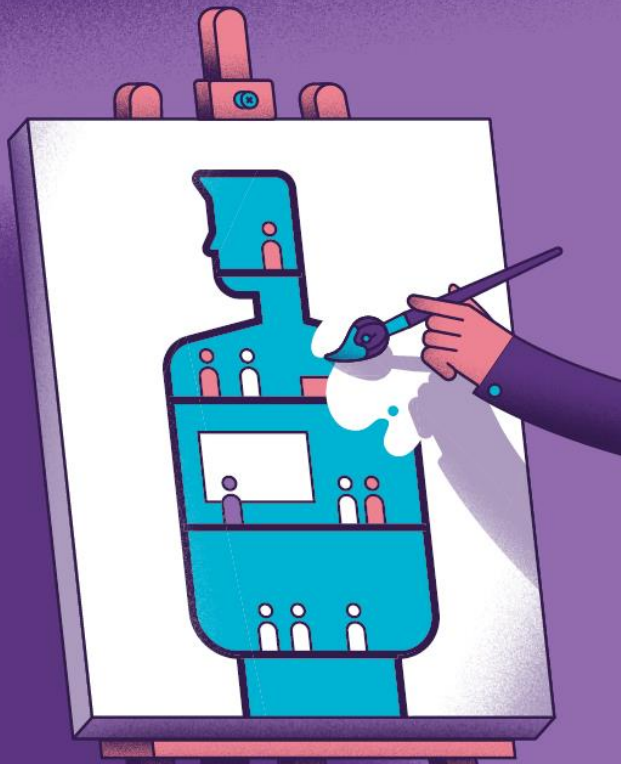
Determine how alternative workers can drive objectives

Connect parts of the enterprise, such as HR, business, and procurement

In 2018, 63% of public sector respondents believed AI and cognitive technologies would impact their workforce by 2020—now, in 2019, many organizations are on the road to "superjobs"

Superjobs enable public servants to strengthen uniquely human capabilities—from data interpretation and problem-solving to design, empathy, and collaboration in their work

From jobs to superjobs:

With low unemployment and a tight labor market, organizations are "recoding" work to embrace AI and the future of work and pairing humans and bots to help improve output and productivity[7]

While **54%** of public sector respondents are using automation to eliminate transactional work, **only 30%** are "reimagining work"

Case in Point

In the future, Public Health and Safety Guardians (PHSGs) could use AI and predictive analytics to prevent potential food and safety violations. PHSGs could utilize trend-sensing tools to stay up-to-date on regulatory standards that might disrupt food industries and safety. In this new world, administrative and reporting activities would be handled by cognitive technology so that PHSGs would have more time to learn and develop others. With more time on their hands, they would potentially be able to coordinate community education programs on public health.[8]

To integrate people and technology, organizations are overhauling:

- Job design
- Reskilling & upskilling
- Work reinvention
- Rigid roles to be flexible and evolving

Recode

Understand which tasks or functions your organization can automate

> Evaluate available technology to drive tactical actions

> Prepare public sector employees to work effectively in their new superjobs

Leadership for the 21st century:

The intersection of the traditional and the new

21st century leadership has new requirements, making it critical for organizations to extend leadership pipelines and to find and build leaders from within

71% of public sector respondents believe leaders need to understand new technologies to be effective

Disruptors like digital business models, augmented workforces, and team-based work challenge public sector leaders to show the way forward

Effective 21st century public sector leaders will need...

New competencies

- Lead through more complexity and ambiguity
- Lead through influence
- Manage on a remote basis
- Manage a workforce where machines are augmenting human work
- Lead more quickly

&

New context

- New technologies
- Increased pace of change
- Changing employee expectations
- Changing customer expectations

...with a foundation of:

| transparency | internal collaboration | performance management |

↺ **Refresh** ─────────────────────────────

Understand the emerging competencies critical to success

>

Create experience-driven programs to build these skills at all leadership levels

>

Measure leadership success using a new lens

Future of the organization

What we found...

Future of the organization:
How teams, networks, and new approaches to leadership are driving business performance

From employee experience to human experience
Putting meaning back into work

There is a need to focus on enhancing the employee experience and adopting a human focus.

80% of public sector respondents believed that improving employee experience is important or very important, but only **36%** believe they are ready to address the need.

Organizational performance
It's a team sport

The shift from functional hierarchies to team-centric organizational models is underway.

75% of public sector respondents agreed the transition to a team-based organization has improved performance, but **only 19%** indicated their organization is making progress in moving towards a team-based model.

Rewards
Closing the gap

In an effort to accommodate varying needs across the workforce, companies are prioritizing tailored rewards programs.

Only 13% of public sector respondents believed that rewards systems are highly aligned with their organizational goals and **17%** do not feel they know what rewards their employees value.
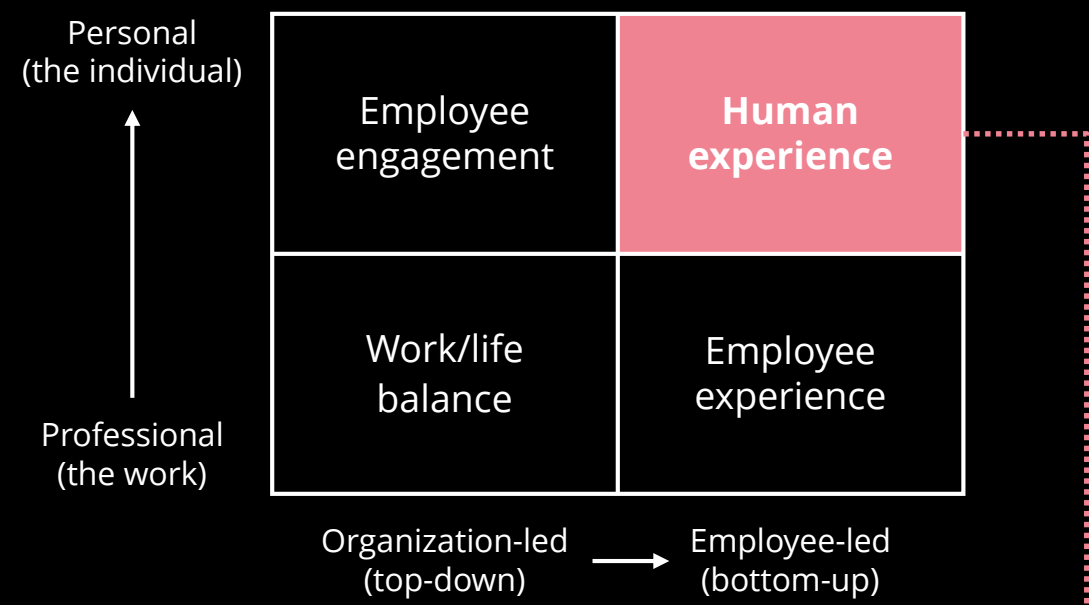
From employee experience to human experience:

Putting meaning back into work

Amid rapid change and disruption, organizations are bringing meaning back to the workplace and human identity back to the worker

Only 7% of public sector respondents believe they are very ready to address this challenge of improving the employee experience
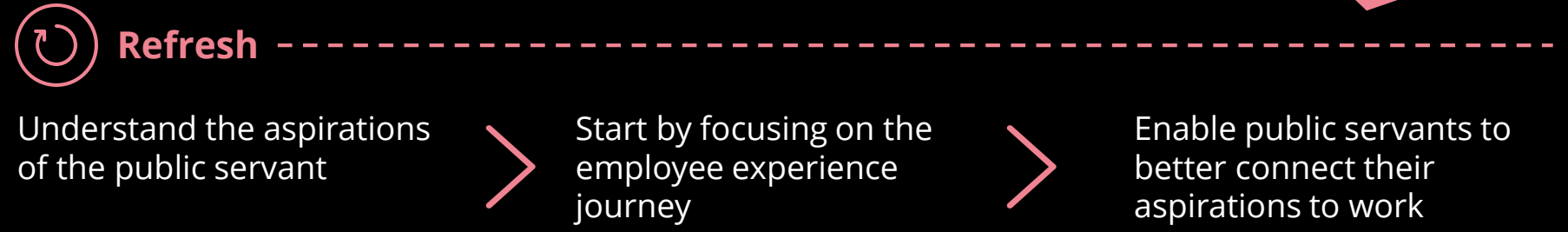

The idea of the employee experience has evolved beyond simply implementing new programs—it's now about creating meaningful work for the employee

Personal (the individual)

Employee engagement	**Human experience**
Work/life balance	Employee experience

Professional (the work)

Organization-led (top-down) → Employee-led (bottom-up)

- Positive work environment
- Meaningful work
- Growth opportunities

- Trust in leadership
- Supportive management

↻ Refresh

| Understand the aspirations of the public servant | > | Start by focusing on the employee experience journey | > | Enable public servants to better connect their aspirations to work |

Case in Point

The Department of Homeland Security (DHS) was looking for new insight into the factors that drive employee engagement in order to improve the employee experience. They developed visualizations based on Federal Employee Viewpoint Survey data, facilitated sessions with representatives of the agency's components to understand underlying issues and brainstorm solutions, and worked with DHS leadership to develop an engagement plan that provides employees with the career paths and experiences that they desire.[9]

Organizational performance:

It's a team sport

The traditional hierarchical model is evolving as organizations shift toward a cross-functional teams model

56% of public sector respondents viewed the shift from "functional hierarchy" to "team-centric and network-based organization models" as important or very important, but **only 3%** feel very ready to execute this shift

Collaboration is here to stay—teamwork needs to be embedded across *all parts* of an organization's culture

Case in Point

The Commonwealth of Pennsylvania has started implementing a "team-based" or "cluster-based" approach to work by creating digital officers across different parts of the organization (e.g., IT, Finance).[10]

2017

90%

of all survey respondents were redesigning their organizations to be more dynamic, team-centric, and connected[11]

2018

78%

of public sector respondents rated "C-suite collaboration" as important or very important[12]

2019

53%

of respondents whose organizations worked at least partially in cross-functional teams saw a significant improvement in performance

To tackle these challenges, organizations should embed team-based thinking into *five different layers* of the organization:

The ecosystem

The organization

The team

The leader

The individual

↻ Refresh

Examine team behavior and effectiveness

Establish fair, inclusive, and transparent team environments

Reward team impact and performance

For workers, rewards mean more than money—they are looking for personalized rewards systems that meet their needs

For public sector organizations, this means shifting from **rewards** to **relationships**

In 2018...
Only 4% of public sector respondents indicated they have flexible rewards that are aligned to employee preferences[13]

In 2019...
23% of public sector respondents do not feel they know what rewards their employees value

Rewards are about **best fit**, not best practice. Organizations should ground their rewards strategies in their unique culture and objectives.

Case in Point

An intelligence agency has been redesigning its performance management processes to better incentivize employee engagement and building out technology to facilitate the new process. These improvements will provide the agency with direct access to metrics and analyses that will measure how performance management contributes to mission attainment.[14]

Refresh

Understand employee values and needs

>

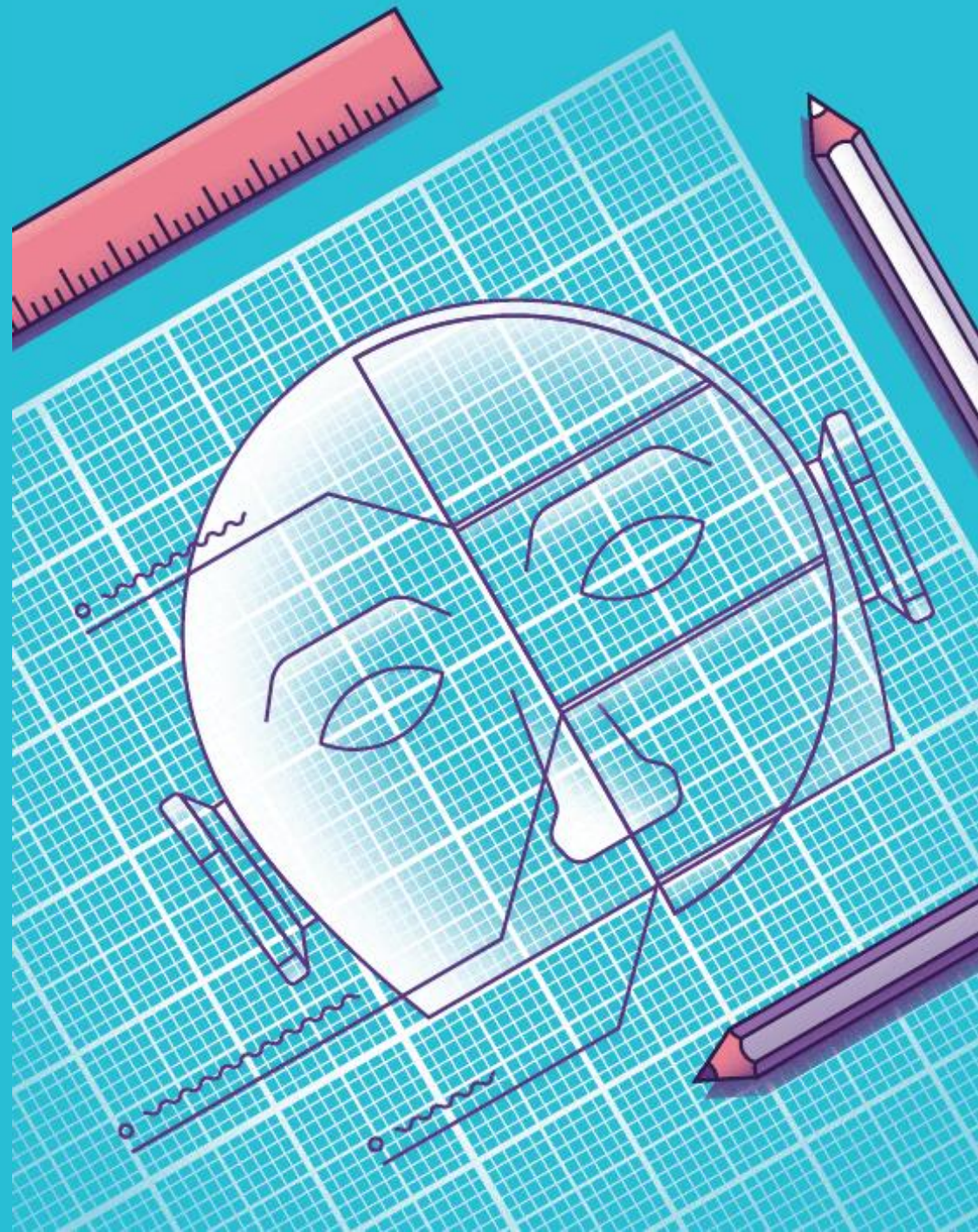Take a deeper look into organizational policies

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Align rewards to individual, team, and organizational performance

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Rewards:

Closing the gap

The way many organizations compensate and reward employees is becoming outdated as they often lack insight into what their employees want or value

Only 24% of public sector respondents feel their organizations are ready or very ready to address this issue

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Future of HR

What we found…

Future of HR:
How the function is stepping up to the challenge of redesigning its capabilities, technologies, and focus on leading transformation in HR and across the enterprise

Accessing talent
It's more than acquisition

As the job market remains competitive and skills requirements undergo rapid change, organizations must think about how they can continuously "access talent."

93% of public sector respondents described their talent acquisition capabilities as basic or standard, yet **78%** believe it is important for recruiters of the future to be comfortable with data science.

Learning in the flow of life
Reinventing the way people learn

Learning is becoming more integrated with work and more personal, and it is shifting toward lifelong models.

88% of public sector respondents viewed learning as an important component of employee engagement, yet **54%** rate their organization's learning culture as only fair or inadequate.

Talent mobility
Winning the war on the home front

Organizations can no longer expect to source and hire enough people with all of the capabilities they need; they should move and develop people internally to thrive.

66% of public sector respondents expected an increase in internal mobility opportunities in the next three years, yet **68%** rate their effectiveness at enabling talent mobility as only fair or even inadequate.

HR cloud
A launch pad, not a destination

Organizations must rethink their HR technology strategy, considering cloud as a foundation and complementing it to better support innovation, enhance employee productivity, and help lower cost.

77% indicated that their core HR technologies are only fair or inadequate to meet the needs of their full-time employees, yet **33%** of public sector respondents indicate that they are currently using a cloud-based HR system.
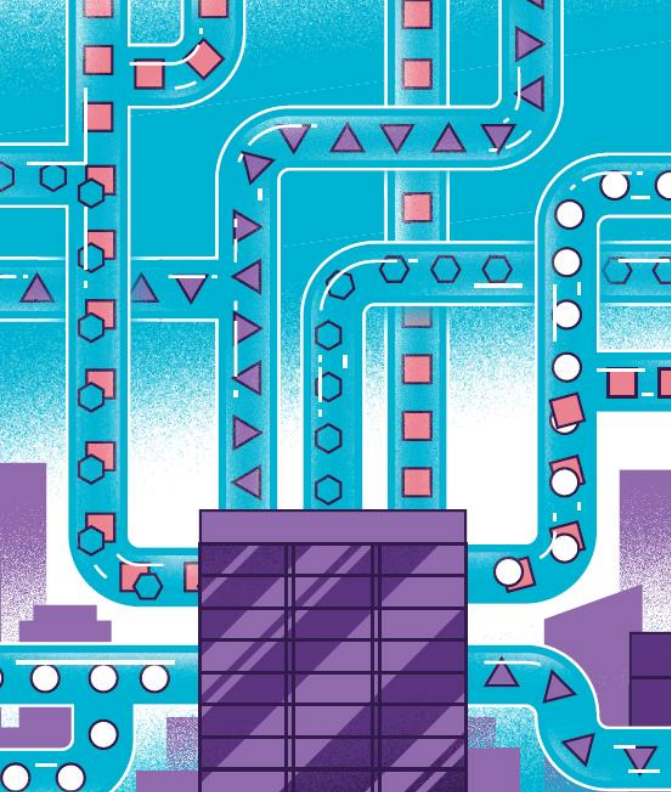
With the economy projected to slow down in 2019 and 2020, public sector organizations will need a new approach to continuously access talent in varying ways[15]

In a talent-constrained environment, public sector organizations can more strategically leverage three main sources of capability:

Accessing talent:

It's more than acquisition

With record-low unemployment rates and technical skill shortages, recruiting the right talent has become more difficult for the public sector. Organizations need to think of new ways to access talent

Only 1% of public sector respondents believe their organization has best-in-class processes and technology to help attract the best talent

1 **Current employee**
Studies show that reskilling an internal hire can be done for as little as one-sixth the cost of hiring an external candidate[16]

2 **Alternative workforce**
Gig workers can deliver specific outcomes quickly and in response to changing business conditions

3 **New technology**
Optimizing technology—using data to find, source, and select candidates more efficiently and taking a data-driven approach to hiring—is one of the recruiting function's biggest opportunities[17]

Case in Point

The US federal government offers a number of "tour of duty" programs, including the United States Digital Service, 18F (the General Services Administration's digital services agency), the Presidential Innovation Fellows program, ORISE (the Oak Ridge Institute for Science and Education), and more. Through these programs, tech talent can work on projects at various agencies on a limited-term basis.[18 + 19]

Rewire

Determine required skills based on the organization

> Consider non-traditional talent sources

> Develop processes to access talent in different ways

15: Steve Liesman, "US economic growth is likely to slow sharply this year and next, according to CNBC's Fed Survey," CNBC, March 2019
16: Josh Bersin study with General Assembly, forthcoming
17: Based on conversations with Deloitte Government & Public Services leaders, April 2019
18: William D. Eggers, Amrita Datar, and John O'Leary, "The future of work in government," Deloitte Insights, February 2019
19: Partnership for Public Service, Mobilizing tech talent, September 2018

To be able to achieve the goal of lifelong learning, organizations must embed learning not only into the flow of work, but also into the flow of life

Learning in the flow of life:

Reinventing the way people learn

In a competitive talent market, learning is vital to an organization's ability to obtain and retain needed skills

More than half of all employees will likely require significant reskilling and upskilling in just three years[20]

Learning is the top-rated challenge among the 2019 Human Capital Trends, with **84%** of public sector respondents rating this issue as important or very important

Learning + Work → Integrated as two **constantly connected** sides of every job

Employee Engagement

Benefits of Learning

Needed Skills

Agility & Longevity

Case in Point

The US Air Force is reshaping its pilot training program to incorporate virtual reality (VR) simulation. The system tracks factors such as stress levels and a pilot's ability to strategize and plan. The program helps pilots gain a deeper understanding of new concepts and has already cut training time for a new pilot from more than a year to just six months using VR. As one of the designers of the system explains, "The AI will build a custom syllabus for each pilot based on what's going on in their mind."[21 + 22]
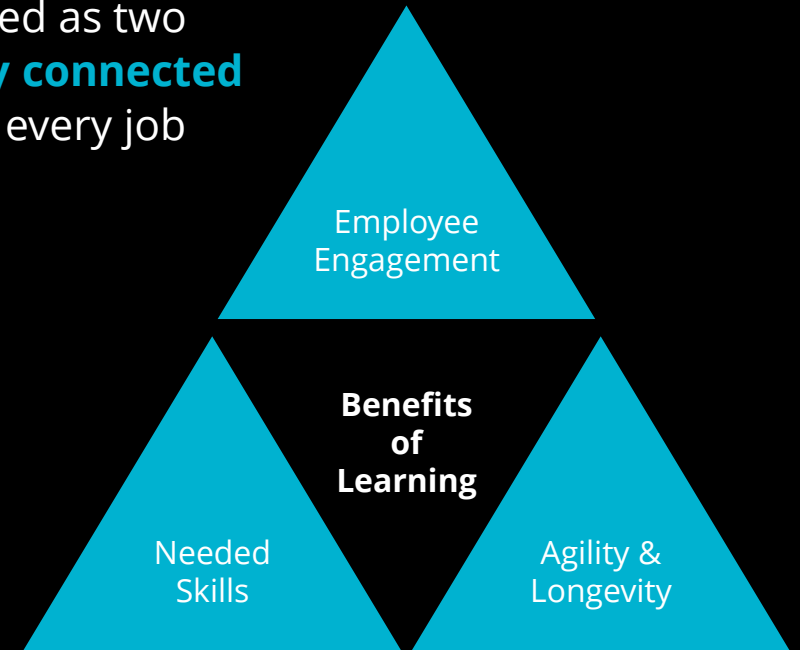
Recode

Seek opportunities to integrate real-time learning into workflow

Craft learning approaches that allow workers to learn as and when they see fit

Offer learning opportunities that support individuals as members of teams

20: World Economic Forum, "The future of jobs report 2018," September 2018
21: William D. Eggers, Amrita Datar, and John O'Leary, "The future of work in government," Deloitte Insights, February 2019
22: Chris Davis, "How Austin startups are shaping the future of the military," Kxan, June 2018

Talent mobility:
Winning the war on the home front

Leaders should shift from focusing on acquiring talent to accessing capabilities. Broadening the view of where skills can be found can pay dividends in today's fast-paced and high-demand environment
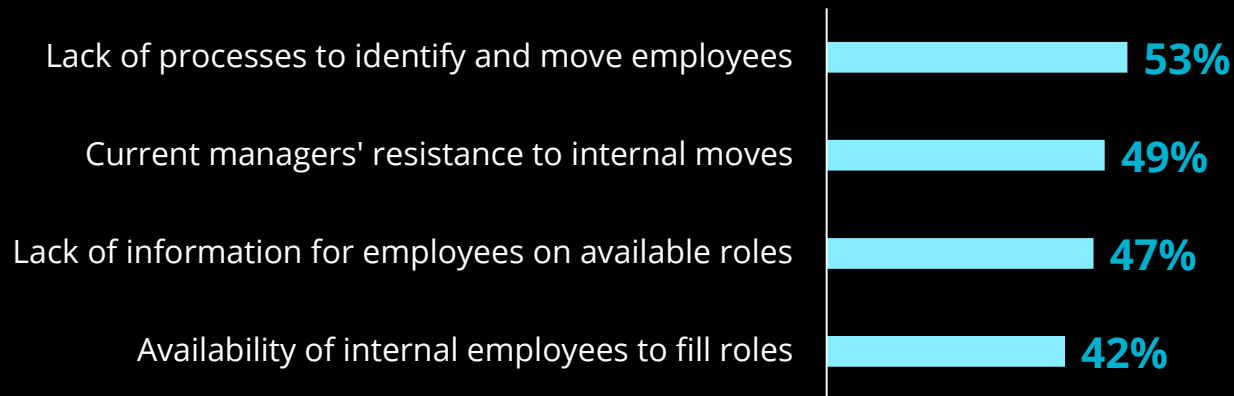
4% of public sector respondents said they believe their organization is excellent at enabling talent mobility

As the labor market tightens and the world becomes more connected, organizations have great opportunity with internal talent mobility[23]

In 2018, **79%** of public sector respondents considered new career models with a diversity of experiences important[24]

Yet in 2019, **49%** of public sector respondents said it was easier for people to find a new job at an outside organization than their current employer

Public sector respondents identified various roadblocks to internal talent mobility:

Lack of processes to identify and move employees **53%**

Current managers' resistance to internal moves **49%**

Lack of information for employees on available roles **47%**

Availability of internal employees to fill roles **42%**

Case in Point

In the State of Michigan, a group of trained cybersecurity professionals (the Michigan Cyber Civilian Corps) can be called upon to volunteer their assistance if the governor declares a cyber incident an emergency. Especially given the limited availability of cybersecurity talent and the growing sophistication of cyberattacks, this model can greatly increase the state's ability to respond during a crisis. Volunteers come from government, academia, and the private sector.[25 + 26]

Recode

Evaluate effectiveness of internal job postings

Encourage managers to provide employees flexibility to change roles and teams

Challenge existing structures that limit talent mobility

23: Lucia Mutikani, "U.S. job openings surge, point to tightening labor market," Reuters, May 2019
24: Data from 2018 Deloitte Global Human Capital Trends, April 2018
25: William D. Eggers, Amrita Datar, and John O'Leary, "The future of work in government," Deloitte Insights, February 2019
26: Michigan.gov website, accessed January 2018

Despite the investment in new cloud platforms to make HR systems more personalized and data-driven, most organizations have experienced varying degrees of success

Only 2% of public sector respondents have a fully integrated HR cloud platform and **32%** said they have no system at all. Cloud vendors are responding with new innovations that:

- Give a real-time view of the employee experience
- Provide access to medical and health and fitness resources
- Deliver real-time data about employee sentiment, performance management, and development
- Find and assess job candidates
- Identify bias and enable employees to report grievances and other problems

Rewire

Align HR cloud to overarching digital strategy ＞ Integrate cloud platforms with cognitive technology, AI, and robotics ＞ Provide employees a single, consistent interface through which to access HR services and information

HR cloud:

A launch pad, not a destination

Beyond mobility, organizations are finding that they need to look at the technology provided by the cloud as a launch pad, not a destination

74% of public sector respondents report that their technology is inadequate or fair

Deloitte.