

# **Deloitte Study: In Southeast Asia, only 15 percent (19 percent globally) of business leaders say they are ready to lead the social enterprise - despite increased importance**



Organisations leading the social enterprise are moving beyond mission statements to help bring meaning back to the workplace and human identity back to the worker

Amid rapid technological, economic and social change, it is important for organisations to move beyond mission statements and social impact programs to put humans at the centre of their business strategies.

In its “2019 Global Human Capital Trends” report, “Leading the social enterprise: Reinvent with a human focus,” Deloitte examines ways organisations can reinvent themselves on a broad scale, including interacting, motivating, and personalising experiences with the workforce to help build identity and meaning for workers.

Completed by nearly 10,000 HR and business leaders in 119 countries, Deloitte’s ninth annual Global Human Capital Trends report is the largest longitudinal survey of its kind. In the report, respondents said the role of the social enterprise is more important now than ever and noted a positive link between leading the social enterprise and an organisation’s financial performance. In fact, 73 percent of industry-leading social enterprises globally expect stronger business growth in 2019 than in 2018, compared to only 55 percent globally of those where the social enterprise is “not” a priority. However, only 23 percent in SEA (19 percent globally) reported being “industry leaders” in their organisation’s maturity as a social enterprise.

Today, more than 4 in 10 of respondents (36 percent in SEA) said social enterprise issues are more important to their organisation than they were three years ago, and 56 percent in SEA and globally expect them to be even more important three years from now.

“There is a lot of discussion about organisational purpose and while I agree that it is important, what’s missing for many organisations is the focus on the individual and the day-to-day challenges that workers are facing,” said Erica Volini, Principal, Deloitte Consulting LLP, U.S. Human Capital Leader. “The reality is that while technology is helping organisations gain competitive advantage, if not managed appropriately, it can simultaneously mean that workers lose their identity in the workplace. We see a call to action for organisations to reinvent their approach to human capital with the worker in mind to create opportunities for continuous learning, accelerated development, and professional and personal growth.”

The future of the workforce

As organisations look to effectively lead the social enterprise, they must adapt to the forces restructuring work and the implications to the workforce - both in composition and capability - while embedding a meaningful experience for workers.

This focus on the workforce comes as more than 94 percent in SEA (86 percent globally) cited

reinventing the way people learn as important or very important - the No. 1 trend for 2019. Leading organisations are empowering individuals' need to continuously develop skills by investing in new tools to embed learning not only into the flow of work, but the flow of life. With the need to sustain 50-60 year careers as part of a 100-year life, lifelong learning has evolved from a matter of career advancement to workplace survival. However, even with this emphasis on learning, only 12 percent in SEA (10 percent globally) said their organisations are "very ready" to address this topic.

Amplifying the need for continuous learning is the ongoing adoption of automation technologies as 68 percent in SEA (64 percent globally) said that automation is important or very important. Yet even with these advancements, human skills remain critical to augmenting the value of this technology. In response, organisations should consider redesigning work into a new category of "superjobs," which combine the work and skill sets across multiple domains, opening up opportunities for mobility, advancement and the rapid adoption of new skills desperately needed today.

The concept of an agile workforce is coming to the fore and organisations need to be ready for this shift. "Organisations need access to a workforce with the capabilities they need, and there is no 'one-size-fits-all' workforce of the future," said Mark Maclean, Human Capital Consulting Leader, Deloitte Southeast Asia. "Capabilities can be built internally - learning not only for 'today's job', but building up the mindset and skillsets for the future. Leaders will need to embody this shift themselves, encourage others to do the same in their organisation - and tap into the external ecosystem to connect their organisation with the talents they need."

#### The future of the organisation

In the age of the social enterprise, organisations are being challenged to up their game when it comes to the employee experience. This emphasis comes as only 38 percent in SEA (49 percent globally) believed that their organisations' workers were satisfied or very satisfied with their job design and only 38 percent in SEA (42 percent globally) thought that workers were satisfied or very satisfied with day-to-day work practices.

As organisations look to provide technology to support employees' work, only 32 percent in SEA (38 percent globally) said that they were satisfied or very satisfied with the current work-related tools and technology available. Finally, only 25 percent in SEA (38 percent globally) of respondents thought that they have enough autonomy within their jobs to make good decisions, providing further evidence that significant reinvention is required.

"Large regional companies including state owned entities and family-owned conglomerates are facing the pressure to respond to shifts around Industry 4.0 and Millennial / Gen Z workforce. The ones that are successful are those with an adaptable organisation," said Maclean. "Organisations have to support the workforce of the future by enabling shifts to team-based working and connect employees' aspirations with the impact they create at work. This is critical in elevating the concept of 'employee experience' to one that focuses on the 'human experience'."

Creating this human experience requires a different type of leader. Eighty-nine percent in SEA (81 percent globally) believed that "21st-century leaders" face unique challenges and requirements, making it critical for organisations to extend leadership pipelines to find and build leaders from within the organisation. Developing new leaders from within can help them hone critical skills, including managing through influence, promoting transparency, and thriving in a more collaborative and connected world.

Underlying this shift is the continued reinvention of the traditional hierarchical organisational model. One-third (27 percent in SEA) of survey respondents said their organisations now operate

mostly in teams within a hierarchal framework and another 46 percent globally and 33 percent in SEA said that they are somewhat team-based. However, most C-suite leaders, tools, cultures and incentives are still struggling to adopt and support the team-based model. With the advent of new technology, organisations can use data and insights to complete this shift.

#### The future of HR

In this 10th year of the economic recovery, organisations are finding themselves in a job-seekers' market as the war for talent rages on. "As organisations' workforce needs drastically change, leaders should shift from focusing on acquiring talent to accessing capabilities. While the change may seem nuanced, taking a more expanded view of where skills can be found – whether it's in automation, the gig economy or current employees – can pay dividends in today's fast-paced and high-demand business environment," said Volini.

As a result, the importance of internal, enterprise-wide talent mobility has become paramount. In 2019, three-quarters (71 percent in SEA) of survey respondents believed new tools and models for careers, and internal mobility are important or very important. Beyond mobility, organisations are finding that they need to look at the technology provided by the cloud as a launchpad, not a destination. But despite investing billions in HR technology, 61 percent in SEA (65 percent globally) report that this technology is inadequate or only fair at achieving its overall objectives.

With new talent approaches, the way many organisations compensate and reward workers has fallen out of date. Today, only 12 percent in SEA (11 percent globally) of respondents felt that their rewards systems are highly aligned with their organisational goals and nearly one-quarter (34 percent in SEA) do not feel they know what rewards their employees value.

"Digital isn't just about technology. Digital is a mindset, a way of working and drives flexibility and agility in organisations. HR is in a unique position to enable those shifts in the work, workforce and the organisation," said Maclean. "HR will use digital to optimise existing HR services and technologies, and reinvent the HR customer experience. This will transform HR into a credible role model in order to lead the organisation through the digital revolution and the future of work."

Access the "2019 Deloitte Global Human Capital Trends" report and gain further insights into the data via Deloitte's digital-first trends research progressive web app.