Deloitte Study: In Southeast Asia, 84 Percent Report C-Suite Isn't Working Together Despite Need for Increased Collaboration on Human Capital Challenges

Organisations face skills gaps, workplace shifts, a more vocal and empowered workforce, and societal call to action, as nearly three-quarters of executives globally rate AI as a critical issue

Amid concerns about automation, the need for new skills, an aging workforce and tightening labor markets, the make-or-break issue facing companies this year is the need for realignment among the C-suite to focus on business' evolving role in society. In its 2018 Global Human Capital Trends report, "The Rise of the Social Enterprise," which can be viewed via its digital-first, progressive web app on mobile, tablet or desktop, Deloitte also examines the increasing expectations of the individual and the breathless pace at which technology is shaping organisations' human capital priorities.

With more than 11,000 HR and business leaders weighing in of which 199 were from Southeast Asia (SEA), this year's Global Human Capital Trends report is the largest longitudinal survey of its kind. Respondents overwhelmingly point to the need for a symphonic C-suite — a team-based, cross-disciplinary approach to tackling complex issues — with 85 percent globally and 89 percent in SEA calling this trend important or very important. Survey results show that globally, companies where C-suite executives regularly collaborate are one-third more likely to be growing 10 percent more than companies whose leadership operates in siloes. Despite being necessary to advance the enterprise, 84 percent in SEA (73 percent globally) say their executives do not regularly collaborate.

"Many leading organisations in Southeast Asia have unique organisational dynamics due to a mix of large global firms addressing local markets alongside large national and regional companies. In addition, the large nationals are becoming increasingly global. As these organisations increase their scale with a shift in focus to inorganic growth, integration across all lines of business is no longer optional, especially at the c-suite level. In order for integration to take place, diversity among c-suite members is essential. They also need to be hyper-focused on collaboration, to understand one another and work as a team, and to be able to contribute beyond their line function. These qualities will help create a symphonic c-suite which can bring about truly innovative solutions and integrated organisational strategies to effectively tackle complex challenges from the necessary multiple angles," said Mark Maclean, Human Capital Consulting Leader, Deloitte Southeast Asia.

"Furthermore, as the Future of Work impacts the landscape in Southeast Asia, an integrated c-suite is critical in developing the future worker, future workforce and future workplace. For example, CIOs and CFOs must collaborate with their business leaders to develop and implement automation solutions, and more flexible people platforms to attract and retain talent and create workplaces that enable the workforce to flourish. CHROs are a mandatory element of this partnership to provide the talent infrastructure so that the tools, availability, skills and desire can drive organisation performance in the Future of Work," added Mark.

Filling society's leadership vacuum

Increased transparency and heightened political awareness have drawn widespread attention to business' role in society as a driver of change. Organisations find they are increasingly expected to exercise their ability to do social good, both externally for customers, communities and society, as well as internally for their employees. True social enterprises must take a total stakeholder approach to pressing public issues to maintain reputation and relevancy.

With more pressure on businesses to be good citizens and engineer solutions to critical social challenges, citizenship must be a core part of an organization's identity and mission. In fact, 81 percent of SEA survey respondents (77 percent globally) cited citizenship as important or very important. According to the "Deloitte Millennial Survey 2017," millennials' high expectations for corporate responsibility is a strong contributor, with 76 percent regarding business as a force for positive social impact. Despite the emerging link between social impact and companies' financial performance, only 17 percent of SEA respondents (18 percent globally) say citizenship is a top priority in corporate strategy. 35 percent (34 percent globally) have few or poorly funded citizenship programmes, and 22 percent (also 22 percent globally) are not focused on this at all.

"Corporate citizenship is now a CEO-level strategy and critical to a company's bottom line," said Josh Bersin, principal, Deloitte Consulting LLP, and founder and editor-in- chief of Bersin. "It's not about check-the-box CSR initiatives, but integrating citizenship, fairness, inclusion, and purpose as core values across work practices. Customers and employees alike are holding companies to higher standards than ever before and rewarding companies who demonstrate socially-conscious behaviour with unwavering loyalty."

Internal and external social forces are also driving attention to the aging global workforce. Extended life expectancies raise questions on how long careers will last and how aging workers will impact economies and public policy. Despite the aging global workforce and the competitive advantages older talent offers, 35 percent of SEA respondents (49 percent globally) indicate their companies have done nothing to help older workers find new careers as they age, and another 14 percent (15 percent globally) say older workers are viewed as an impediment to rising talent. However, the aging workforce remains an untapped resource of experience and knowledge for social enterprises to use to their advantage.

As constituencies look to how companies treat their own employees, tackling the alternative workforce takes centre stage for socially-conscious organisations. By 2020, 37 percent of organisations globally expect a growth in contractors, 23 percent in freelancers, and 13 percent in gig workers. Despite this anticipated growth, only 17 percent (16 percent globally) said they have an established set of policies and practices to manage this variety of worker types. It is critical to successfully implement hybrid workforce strategies because they can have a significant impact on an organisation's employment brand and external reputation.

The power of the individual requires a holistic approach to jobs and careers
In the past year, organisations have become laser-focused on how automation-induced job shifts will impact individuals. The Deloitte research shows that, on a global scale, more than 4 in 10 companies believe automation will have a major impact on jobs, and 61 percent are now actively redesigning jobs around AI and robotics. Additionally, 78 percent of HR and business leaders in SEA (72 percent globally) rated the topic of AI as important or very important.

Against this backdrop, companies and individuals realise the traditional career model is becoming defunct. 55 percent of those surveyed in SEA (47 percent globally) consider building new career models and skills as very important. More than 47 percent (54% globally) have no programmes in place to build the skills of the future, and only 21 percent (18 percent globally) feel they give employees opportunities to develop themselves. Espousing their role as drivers of change in the

social enterprise, companies need to work to develop and implement robust solutions to decrease the growing skills gaps.

In addition to investing in employees' professional development, organisations must also rethink how they invest in their employees on a personal level. 50 percent of those surveyed in SEA (43 percent globally) say well-being reinforces their organization's mission, 66 percent (60 percent globally) say it improves employee retention, and 63 percent (61 percent globally) say it improves productivity and bottom-line results. However, according to a separate Bersin research, only 3 percent of companies think their reward offerings are very effective at motivating talent. In a new social enterprise, companies must explore more frequent rewards and other incentives like vacation time or student-loan forgiveness.

"Similar to the trend seen globally, Southeast Asian organisations are seeing an increased proliferation of alternate workforce and career models. These organisations are turning to contingent and part time workers and even crowdsourcing to get the critical talent they need. This change requires open talent platforms to be in place; however the technology and business processes in Southeast Asia are struggling to keep up. Nonetheless, employers are sensing this change, and are already beginning to react by building more flexible benefit platforms that focus on the individual. They are also beginning to design their organisations with networks of teams, and revitalising their performance management processes to give employees instant and relevant feedback and rewards," Mark observed.

"HR is really the only organisation stakeholder that is qualified and positioned to make this change. Managing the increasing fluidity in the workplace requires digital savvy managers who are willing to zoom in on talent strategies and issues. This also means a willingness to provide exceptional employee experiences which include developing leadership capabilities such as coaching, agile project deployment and design thinking. Additionally, creating a digital-oriented culture that eliminates fear of failure and promotes innovation and ideas should be on every CHRO's to-do list," added Mark.

Leveraging technology for sustainable growth
With the deployment of AI, robotics, automation, and people analytics showing no signs of slowing down, companies are reconciling a demand for human skills and the need for increased productivity. While 78 percent of SEA respondents (72 percent globally) see this area as important, only 23 percent (31 percent globally) feel ready to address it.

"Automation is here to stay and will improve scale, speed and quality," said Brett Walsh, global human capital leader, Deloitte Global. "But it's important to remember that as routine work is automated, new jobs will be created — jobs that are more service-oriented, interpretive, social, and play to our essential human skills. Only companies whose C-suite embraces this transformation and redesign how work gets done to leverage these skills will be able to stay a step ahead of their competition."

Executives anticipate a growing requirement for complex problem-solving (71 percent SEA, 63 percent globally), cognitive abilities (65 percent SEA, 55 percent globally), and social skills (50 percent SEA, 52 percent globally). To that end, 80 percent of SEA respondents (70 percent globally) believe workers will spend more time on collaboration platforms in the future and 73 percent (76 percent globally) anticipate a growth in "work-based social media." As a flood of new workplace communications tools augments team-based work, 55 percent of SEA organisations (47 percent globally) cite the productivity of the hyperconnected workforce as a very important issue.

As technology permeates the workplace, people analytics is at the top of executives' minds, with 92

percent of SEA respondents (84 percent globally) rating it as important or very important, while only 8 percent of SEA respondents (10 percent globally) feel very ready to deal with this challenge. With 62 percent of companies (64% globally) actively managing legal liability related to their organisation's people data, only 16 percent (22 percent globally) have excellent processes to safeguard this data, exposing them to additional risks that can threaten their status as a social enterprise if not proactively managed.

Access the "2018 Deloitte Global Human Capital Trends" report and gain further insights into the data via Deloitte's digital-first trends research progressive web app. View a livestream presentation of the trends report from IMPACT, Bersin's industry leading HR research conference, on 3 April at 4 p.m. ET/ 4 a.m. SGT via Twitter @Bersin.