2024 Global Human Capital Trends

*Thriving beyond boundaries:
Human performance in a
boundaryless world*

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Thriving beyond boundaries: Human performance in a boundaryless world

It's time to trade in the rules, operating constructs, and proxies of the past. Prioritizing human performance can help organizations make the leap into a boundaryless future.

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We're operating in a world where work is no longer defined by jobs, the workplace is no longer a specific place, many workers are no longer traditional employees, and human resources is no longer a siloed function. These boundaries, once assumed to be the natural order of things, are falling away and traditional models of work are becoming boundaryless.

Just a year ago, we introduced many of these shifting work realities in our *2023 Global Human Capital Trends* report. Since that time, things have only accelerated.

Many of the technological changes happening now—the emergence of generative artificial intelligence, the rise of virtual worlds and even virtual replicas of our own selves, and the development of neurotechnology that can now quantify the brain—may seem like they've been plucked straight out of the pages of a science fiction book, but these concepts are already becoming an everyday reality. It's a time of uncertainty, shaped by unpredictable global events, lightning-fast advances in technology and AI, evolving workplace cultures and markets, growing worker mental health and well-being concerns, and transformative shifts in how people think about work and the workplace.

Reimagining boundaryless work amidst these disruptions is no longer hypothetical—or optional. The old proxies previously relied upon to measure performance may no longer apply, and there's no easy playbook to follow that will enable organizations to thrive in this new environment. So, what's next for organizations and workers? What steps *can* we take to create a future full of possibility and hope in the uncertainty of a boundaryless world?

Our *2024 Global Human Capital Trends* research reveals that a focus on the human factor is emerging as the bridge between *knowing* what shifts are shaping the future of work and *doing* things to make real progress toward putting them into action to create positive outcomes. It's clear from the responses to this year's global surveys—over 14,000 respondents from 95 countries—that the more boundaryless work becomes, the more important uniquely human capabilities—like empathy and curiosity—become.

Our research points to the idea that prioritizing human sustainability—the degree to which the organization creates value for people as human beings, leaving them with greater health and well-being, stronger skills and greater employability, good jobs,[1] opportunities for advancement, more equity, and heightened feelings

of belonging and purpose—can drive not only better human outcomes, but better business outcomes, too, in a mutually reinforcing cycle. This combination of human and business outcomes is what we call "human performance." Because it is humans, more than physical assets, that truly drive business performance today. This is needed more than ever by organizations to both shape and adapt to the ever-evolving future of work.

THE NEW MATH OF HUMAN PERFORMANCE

We define human performance as a mutually reinforcing cycle with compounding, shared value for workers, organizations, and society.

(Human outcomes) x (Business outcomes) = Human performance

In this year's report, we highlight tangible ways in which organizations can implement the new fundamentals we introduced last year as they prioritize human performance:

- **Thinking like a researcher** by leveraging new sources of data and technology to create greater transparency in ways that foster workforce trust, and that are used in collaboration with innately human capabilities like problem-solving, creative thinking, and innovation to explore, play, and experiment with ideas that support the greater realization of value.

- **Cocreating the relationship** by collaborating with workers to design people practices, microcultures, and digital spaces so they are relevant for them and support human outcomes.

- **Prioritizing human outcomes** by moving past the industrial-era mindset that led to a dehumanization of both work and worker—for example, viewing the worker as a number, a box on the organization chart, or a cog in the process—to create shared value for workers, organizations, and the communities in which they operate.

The good news is that most leaders already understand that focusing on human performance is key to building an organization that can thrive today and tomorrow. But to close the gap between knowing and doing,[2] they will

need to let go of the mindsets, operating constructs, and proxies of the past.

Outdated measures are holding us back

Historically, organizations have sought to unlock the power of their workforce by implementing structures, processes, technologies, and systems meant to make humans better at work. In more recent years, those efforts have expanded to include attempts to make work better for humans.[3] We are on the cusp of the next step on that journey as organizations seek to create value for workers and every other human being they impact, including extended off-balance sheet workers, future workers, or people in their communities. But by most measures, current efforts are falling short. Most workers say their well-being either worsened or stayed the same last year.[4] And this isn't a new trend: In 2018, over 40% of workers reported feeling high stress in their job, with negative impacts on productivity, health, and family stability.[5] Burnout is a common experience, with 48% of workers and 53% of managers saying they are burned out at work[6] and nearly half of millennial and Gen Z workers report feeling stressed all or most of the time.[7] The 2023 Gallup *State of the Global Workplace* study reveals that 59% of the global workforce are "quiet quitting."[8]

As for making humans better at work, productivity paranoia—a concern that remote workers aren't being productive[9]—is on the rise, with 85% of leaders saying the shift to hybrid work has made it challenging to have confidence that workers are productive, despite increases in hours worked.[10] And with more organizations using new technologies and generative AI to measure and optimize human performance, they need to be cognizant of the flaws and shortcomings of the humans that created and use them.

Yet most organizations don't have appropriate measures in place to capture human performance, let alone optimize it: Only 3% of respondents from our *2024 Global Human Capital Trends* research say that their organization is extremely effective at capturing the value created by workers. Since the Industrial Revolution, the increasing scale and growing complexity in ways of working have led to the creation of imperfect substitutes to measure work and performance.

We've used the concept of the "employee" to capture the singular notion of full-time staff, not considering the full ecosystem of workers that create value for the organization.

We've leveraged the idea of the "job" to document a set of repeatable functional tasks, not accounting for how the dynamism of work today often means work is performed outside of traditional job boundaries.

We've focused on creating a monolithic, one-size-fits-all corporate culture to define how organizations should operate, when in reality, most organizations are made up of an abundance of microcultures.

We've relied on "employee engagement" to evaluate the relationship between organizations and workers when what we should be measuring is trust—and metrics that benefit the worker. After all, measuring how much discretionary effort workers are willing to expend for their organization's benefit helps a company, but whether it helps workers is far less clear.

And we've relied on the idea of "productivity" to measure worker activity, without fully accounting for desired human and business outcomes and potential future value.

These proxies—imperfect placeholders for what should truly be measured—were once useful; they allowed organizations to scale when scalable efficiency was the primary means of differentiation, and they allowed organizations to measure progress against the traditional boundaries of work.[11] But they were designed for a simpler world, a world of work that's not constantly reinventing itself, and served as intentional abstractions of what "could" be measured when organizations didn't have the advanced tools to evaluate what "should" be measured. Today, the proxies that once made it easier to structure, drive, and measure organizational activity are holding us back from applying the tools and learnings of the past decade to inspire the realization of new value in the boundaryless world.

With more data, technology, and tools at our fingertips than ever before, we have an opportunity to redefine how we measure human performance to get us closer to what really matters: value creation for the organization,

for current and future workers as human beings, and for society at large.

Bridging the knowing-doing gap

The *2024 Global Human Capital Trends* report invites you to imagine a world where trust between workers and their employers is the currency of work, and where people are given opportunities to grow and develop those uniquely human capabilities that are so critical to human performance. To imagine what could happen when workers see their organization making tangible progress towards human sustainability goals or providing workers with safe spaces to play and experiment with many possible futures. And where people expertise becomes a capability and responsibility of all, with customized people practices and cultures cocreated with workers themselves rather than mandated and pushed out from a central authority.

The results can be good for the organization, the worker, and for society: more innovation and complex problem-solving. Higher standards of work. Healthier, more committed, purpose-driven workers who feel a sense of ownership over broader organizational goals.

The shift to human performance begins here, at the intersection of business outcomes and human outcomes. But the ability to make this leap requires a mindset shift as organizations let go of the proxies of the past; for example, viewing humans as costs rather than assets, or business practices that reinforce efficiency of activity over value and outcome. Fortunately, our research shows that most leaders are already well aware that these changes are needed. A small proportion of respondents (33%) cited insufficient understanding as the reason for their organization's inability to make progress to date. Instead, internal constraints, such as capacity for change, limited resources, and lack of leadership alignment were consistently shared as the justification for organizational inertia. With that in mind, fueling human performance and leading in the boundaryless world will likely come from not only clearing the mental obstacles in the way, but the operational ones as well.

Moving past knowledge of the problem and beginning to define and embrace new ways of working is especially

important as generative AI and new technologies offer more diverse and accelerated pathways for organizations to create value. These new technologies offer unprecedented transparency into the inner workings of our organizations that can be used to better drive human performance, but they present unprecedented challenges as well, requiring organizations to develop new frameworks of responsibility to ensure they are used in a way that elevates, rather than diminishes, trust.

With human performance as the theme for this year's trends, each trend provides a set of practical guidelines that can help unlock it and bridge the gap between knowing and doing.

We begin by delving into the nuances of human sustainability, gaining a deeper understanding of the relationship between human and business outcomes—the very essence of what we define as human performance. With that in mind, our next trend explores the new metrics that will be needed to understand how well an organization is doing in achieving those human performance goals. Recognizing that trust underscores efforts to bring human performance to the fore, we then explore how transparency can help—or hinder—efforts to build that trust.

Our next set of trends focus on the how: How can organizations drive human performance? We discuss how new digital advances like generative AI are exposing an imagination deficit, and how operationalizing uniquely human capabilities and providing workers with safe "digital playgrounds" to practice using them can help solve it. Continuing the thread of empowering workers, we explore how moving away from monolithic corporate cultures and embracing many diverse microcultures can support autonomy, agility, and workforce experience. Finally, we tackle the shifts that can make human performance a shared accountability for all, with HR moving from a specialized function to a boundaryless discipline that is cocreated and integrated with the people, business, and community it serves.

Our trends this year include:

Embracing human sustainability. For many organizations, nothing is more important than its people, from employees, to external workers, to customers and community members. These human connections drive the majority of value for an organization, including revenues, innovation and intellectual property, efficiency, brand relevance, productivity, adaptability, and risk. Yet organizations' current efforts to prioritize these all-important connections appear to be falling short, partly because many organizations may be stuck in a legacy mindset that centers on extracting value from people rather than working to create value for them. Leaders should reorient their organizations' perspective around the idea of human sustainability.

Moving beyond productivity to measure human performance. Leaders across industries are beginning to recognize the limitations of legacy productivity metrics in the current work environment. Traditional methods of measuring worker productivity as a series of inputs and outputs solely reflect the perspective of the organization. New approaches, by contrast, can and should consider the worker as a human being, with a more nuanced perspective on how they contribute to the organization. But if traditional productivity metrics no longer tell the full story, what else should organizations be measuring to meaningfully assess human performance? The new math involves a balance of business and human sustainability, creating shared, mutually reinforcing outcomes for both the organization and the worker.

Balancing privacy with transparency to build trust. New advances in technology can make almost everything in an organization transparent to almost anyone. Leaders may find this degree of transparency alluring: It offers microscopic visibility into the workings of their organizations and their people. But this newly available transparency can be both a gold mine and a land mine. On the one hand, if responsibly managed, the ability to use this kind of transparency can create new opportunities to measure and unlock human performance. On the other hand, there is significant potential for misuse—for example, privacy breaches, AI-driven surveillance, and efforts to control workers' every move. Although common wisdom equates greater transparency with greater trust, it's not that simple. Many organizations are finding that how well they walk the tightrope between transparency and privacy is a key factor in driving trust today, and that mishandling it can severely undermine trust.

Overcoming the imagination deficit. Technological disruption is outpacing the capacity of many organizations and workers to imagine new ways of

working that get the best out of both humans and technology. Consequently, many organizations may soon be facing an imagination deficit. To prevent this deficit, organizations will need to scale and operationalize the cultivation of distinctly human capabilities like curiosity, empathy, and creativity, and they should give workers and teams the autonomy to use these to shape the kinds of work they do. Just as importantly, individual workers will likely need these capabilities to imagine their own futures, as AI and other disruptive technologies take on ever more prominent roles in their working lives.

Creating digital playgrounds to explore, experiment, and play. As the pace of disruption accelerates, there is a growing need for safe spaces in which both organizations and individuals can imagine, explore, and cocreate a future that delivers better human experiences and outcomes at speed and scale. Deloitte calls these spaces "digital playgrounds." A digital playground is not a singular space or a virtual platform. Rather, it's a mindset and an approach in which technologies are curated with intention and opportunities to use them are democratized, giving workers the opportunity and psychological safety to experiment, collaborate, and explore multiple possible futures.

Cultivating workplace microcultures. According to conventional wisdom, corporate culture should be one-size-fits-all—a fixed, uniform culture that ensures everyone is working in the same way.[12] In reality, organizations typically consist of a diverse set of microcultures—subtle variations in how work gets done in different functions, geographies, workforces, and even specific teams. When organizations embrace microcultures, they can attract and retain top talent, anticipate and respond to changes with agility, and better meet workers' unique needs. A key to harnessing the power of microcultures is encouraging the autonomy of various work groups, providing them with the resources they need to establish their own ways of working (while conforming to regulatory requirements), and orienting these localized blends of culture and business strategy toward the same broad, simple organizational guiding principles.

Making the shift to boundaryless HR. Work is increasingly demanding agility, innovation, and collaboration to achieve outcomes. A new HR operating model is not the only solution to respond to these shifts. Rather, a new mindset, along with a new set of practices, metrics, technologies, and more can transform HR from a specialized function that owns all workforce responsibility to a boundaryless discipline, cocreated and integrated with the people, business, and community it serves. Boundaryless HR can develop people-discipline expertise and weave it throughout the fabric of the business, creating multidisciplinary solutions to increasingly complex problems.

The speed at which the boundaryless world is evolving will likely continue to accelerate. While our research shows that many organizations haven't yet made the important mindset and operational shifts needed to respond to this imminent future, it also shows that knowing is not the barrier. Where organizations are generally getting stuck in the doing: making real, actionable progress toward unlocking human performance.

But there are reasons to be optimistic.

Our analysis shows that organizations who bridge the gap between knowing and doing are more likely to achieve both better business *and* human outcomes. As we outline in this year's trends, organizations now have a window of opportunity to elevate human performance and thrive in a boundaryless world.

RESEARCH METHODOLOGY

Deloitte's 2024 *Global Human Capital Trends* survey polled 14,000 business and human resources leaders across many industries and sectors in 95 countries. In addition to the broad, global survey that provides the foundational data for the *Global Human Capital Trends* report, Deloitte supplemented its research this year with worker- and executive-specific surveys to represent the workforce perspective and uncover where there may be gaps between leader perception and worker realities. The executive survey was done in collaboration with Oxford Economics to survey 1,000 global executives and board leaders in order to understand their perspectives on emerging human capital issues. The survey data is complemented by over a dozen interviews with executives from some of today's leading organizations. These insights helped shape the trends in this report.

Endnotes

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When people thrive, business thrives: The case for human sustainability

For true sustainability, organizations need to create value for all people connected to them. It's not just a nice idea—it's central to better outcomes for organizations and humanity.

Sue Cantrell, Jen Fisher, Joanne Stephane, Jason Flynn, Amy Fields, and *Yves Van Durme*

We are operating in a human-powered economy. Organizations are at a watershed moment, with many having transitioned from an industrial economy to a knowledge economy and now to an economy that is powered by the hearts, minds, and essential human traits of people—in short, our humanity. Today, for many organizations, nothing is more important than its people, from workers and contractors to customers and community members. These human connections drive everything of value to an organization, including revenue, innovation and intellectual property, efficiency, brand relevance, productivity, retention, adaptability, and risk. Yet organizations' current efforts to prioritize these all-important connections are generally falling short—in part because many organizations are stuck in a legacy mindset that centers on extracting value from people rather than working with them to create a better future for organizations and individuals alike.

To advance on the social dimension of ESG (environmental, social, and governance), leaders should reorient their organizations' perspective around the idea of *human sustainability*: the degree to which the organization creates value for people as human beings, leaving them with greater health and well-being, stronger skills and greater employability, good jobs, opportunities for advancement, progress toward equity, increased belonging, and heightened connection to purpose.

Human sustainability—a concept we introduced in the *2023 Global Human Capital Trends* report[1]—requires organizations to focus less on how much people benefit their organization and more on how much their organization benefits people. Some organizations are already making this shift. As Gabriel Sander, head of human resources for global distillery, Cuervo, said, "Companies can't offer you employment forever, but they should make you employable forever."

The organizations that embrace this perspective stand to build a beneficial cycle: one in which improving human outcomes enhances organizational outcomes and vice versa, contributing to a better future for all.

Redefining the "S" in ESG

Research shows that ESG is becoming increasingly unclear, unpopular, and polarizing.[2] Its attempt to encompass all facets of sustainability can make ESG both vague and an easy target for demagoguery—likely the reason organizations increasingly are avoiding it

on earnings calls.[3] While many countries in Europe are setting a high bar for ESG compliance, other countries are experiencing an ESG backlash, with investors pulling out of ESG funds entirely.[4] And for some organizations, ESG may be considered more a means to an end, a framework of categories as a means for classification or reporting, rather than the end goal itself.

The knowing vs. doing gap: Respondents know that human sustainability is important, but few are doing enough to make meaningful progress

Percentage of respondents answering the questions, "How important is leaving every human the organization touches better off as a result of every interaction to your organization's success?" and "Where is your organization in its journey to address this issue?"

76% recognize the importance,
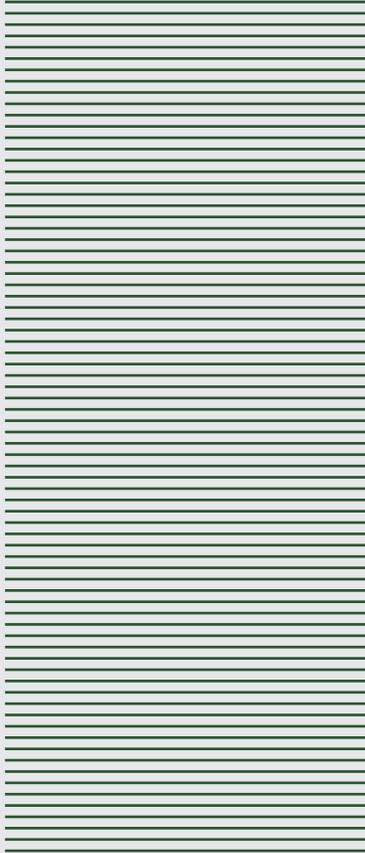
with 46% doing something,
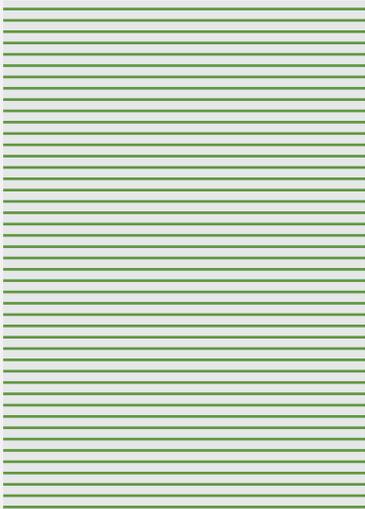
and 10% doing great things
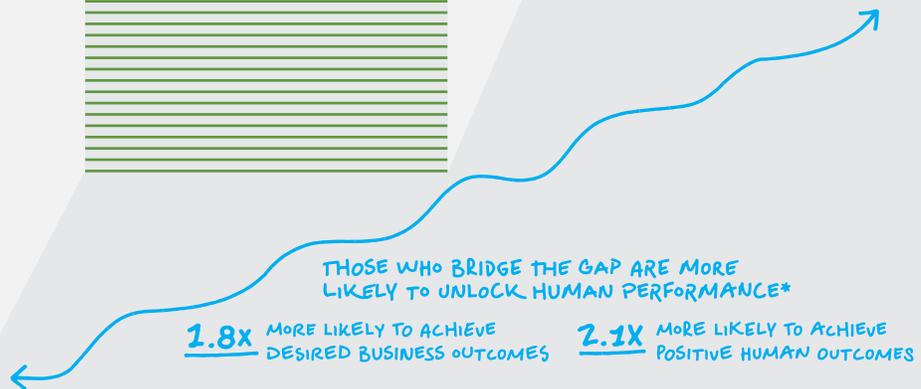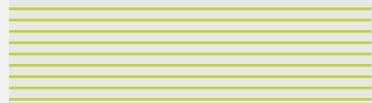
THOSE WHO BRIDGE THE GAP ARE MORE LIKELY TO UNLOCK HUMAN PERFORMANCE*

1.8X MORE LIKELY TO ACHIEVE DESIRED BUSINESS OUTCOMES

2.1X MORE LIKELY TO ACHIEVE POSITIVE HUMAN OUTCOMES

Note: The knowing-doing gap was introduced in *The Knowing-Doing Gap: How Smart Companies Turn Knowledge into Action* by Jeffrey Pfeffer and Robert I. Sutton, and it has continued to be a relevant concept in business performance.
*Business outcomes are defined as meeting or exceeding financial targets. Human outcomes are defined as providing meaningful work for workers.

Source: 2024 Global Human Capital Trends research.

Organizations typically group interactions with people under the "S" component of their ESG efforts. That approach is limiting. "S" often lives in the shadow of "E." Unlike environmental metrics like carbon emissions, which tend to be relatively straightforward to quantify, social metrics often lack clear definitions or standardization: According to our *2024 Global Human Capital Trends* research, only 19% of leaders say they have very reliable metrics for measuring the social component of ESG. And only 29% strongly agree that they have a clear understanding of how to achieve it.

In the absence of clear definition, organizations often take narrow or self-promotional approaches to measuring their human impact. Many focus just on short-term risks (for example, a public relations issue), undervaluing efforts that make a positive impact on society (for example, worker training or financial inclusion). Fundamentally, people-focused metrics tend to be rooted in an extractive, transactional mindset. For example, metrics that measure employee engagement in effect indicate how much discretionary effort workers are willing to expend for their organization's benefit. Is high employee engagement a good thing? It helps the organization; whether it helps employees is less clear.

People and organizations are increasingly awakening to the idea that the earth is a complex, fragile system, not a bottomless set of resources, and that nurturing the planet is fundamental to building a better future for everyone. The move toward human sustainability represents a parallel shift in organizations' concept of people. It requires a comprehensive effort by an organization to add value for the individuals it affects across multiple dimensions, most notably those listed in figure 2. Human sustainability applies to *all* people in contact with the organization: not just current workers,

but also future workers, extended (contingent, gig, or external supply chain) workers, customers, investors, communities where the organization operates, and society broadly.

But human sustainability isn't just another name for stakeholder capitalism: simply delivering a wider range of outcomes for a wider range of stakeholders. Some suggest that, in the name of stakeholder capitalism, for example, organizations may make a positive contribution to a stakeholder group to balance out some of the adverse impacts to that group, much as carbon offsets function.[5] These offsets can sometimes fail to address the root causes in the organization, and the positive impact in one area does not necessarily compensate for the adverse impacts elsewhere. To balance various stakeholder interests, some say priority is often given to interests aligning with organizational objectives or of high importance to individuals with influence, often entrenching social inequities or resulting in organizations defaulting to meeting ESG regulatory requirements or reducing risk.[6]

A focus on stakeholders alone tends to obscure the fact that organizations rely on more than positive stakeholder relations for their long-term organizational success. Being a stakeholder-focused organization is not the same as being a *sustainable* organization whose success demands long-term, collaborative efforts to create shared value. An organization is sustainable when it addresses the complex problems of the underlying structural and systemic issues that stand in the way of creating value for humans at the systems level. Creating another bolt-on program or employee benefit, such as gym memberships, meditation training, or volunteering time with the community, is not human sustainability. Achieving human sustainability isn't easy, and often requires important trade-offs and careful balancing of

Human sustainability: the degree to which the organization creates value for people as human beings, leaving them with greater health and well-being, stronger skills and greater employability, good jobs, opportunities for advancement, progress toward equity, increased belonging, and heightened connection to purpose.

SIGNALS YOUR ORGANIZATION SHOULD PRIORITIZE HUMAN SUSTAINABILITY

- You're struggling to make progress on social ESG goals, including objectives related to well-being, worker skills, and diversity, equity, and inclusion.

- You find ESG objectives vague, don't have the right metrics, or don't have a clear business case for the work.

- Your organization is unsure how to handle the changing relationship with workers as they redefine the role work plays in their life.

- Your leaders are feeling pressure from workers, customers, board members, and other stakeholders around human issues.

- You're experiencing more workforce-related risks, including increases in health and safety incidents and potential worker displacement by artificial intelligence.

Figure 2

Human sustainability means doing well by workers and the world

In an organization, human sustainability outcomes are additive, beginning with outcomes for employees—those the organization cares for most closely—and continuing to build throughout the extended workforce and into society.

EXPECTED OUTCOMES

Employees

- Living equitable wages and long-term financial prosperity
- Skills, employability, and advancement opportunities
- Purpose and meaning
- Equity and belonging as a result of diversity, inclusion, and addressing systemic causes of inequity and lack of belonging
- Physical and psychological safety
- Mental, physical, social, and financial well-being

Extended workers

- Workforce development for future workers
- Elevation of human outcomes for external supply chain workers
- Elevation of human outcomes for contingent or informal workers

Society

- Improved population health, including environmental/climate impacts on health
- The creation of "good jobs"* for the economy (e.g., paying equitable, living wages)
- Positive impact on communities
- Contributions to equity for populations historically marginalized because of race, gender, or other identities

*Zeynep Ton, *The Case for Good Jobs: How Great Companies Bring Dignity, Pay, and Meaning to Everyone's Work* (Harvard Business Review Press, 2023).

Source: Deloitte analysis.

"Companies can't offer you employment forever, but they should make you employable forever."

— Gabriel Sander, Cuervo

short-term initiatives and longer-term practices that can address some of the root causes of difficult structural and systemic issues.

This approach is in its infancy today. Only 10% of organizations say they are leading in advancing human sustainability. Among those that are, efforts are likely to be fragmented and uncoordinated, pursued in isolation by disparate groups (for example, experiments with nondegree hiring, four-day work weeks, living wages, or employability improvement with skills passports).

Current trends threaten human sustainability

The worker-organization relationship is becoming increasingly fraught amid broad disruptions in business and society.

Only 43% of workers say their organizations have left them better off than when they started. In our research,

workers identified increasing work stress and the threat of technology taking over jobs as the top challenges to organizations embracing human sustainability (figure 3).

There are also many developments in the world and in the workforce that threaten to leave people worse off. Some of them include:

- **Rampant worker burnout:** Constant change and overwork are taxing workers. Worker stress worldwide hit a record high for the second year in a row in 2022, with about half of workers "always" or "often" feeling exhausted or stressed.[7] More than four in 10 report feeling burned out at work.[8]

- **Concerns about AI eliminating jobs:** According to a recent study, roughly two-thirds of workers in the United States and Europe will be impacted by generative AI, with generative AI substituting up to one-fourth of current work.[9] The World Economic

Forum estimates that generative AI could result in 83 million job losses globally over the next five years.[10] Women workers are especially vulnerable: Men outnumber women in the workforce, but women are more likely than men to be exposed to the impact of AI.[11]

- **Rapidly evolving skill needs:** The half life of skills continues to shrink, with skills evolving at a rapid pace.[12] Yet only 5% of executives strongly agree that their organization is investing enough in helping people learn new skills to keep up with the changing world of work.[13]

- **Support for gig and contract workers:** Approximately 2 billion people globally are working informally (for example, contract work).[14] These workers often do effectively the same work as their hired colleagues but may earn less and receive fewer benefits or protections.[15]

- **Lack of visible progress on DEI:** Although almost all HR leaders (97%) say their organizations have made changes that are improving DEI outcomes, only 37% of workers strongly agree that they're making progress.[16]

- **Poor conditions for frontline workers:** Frontline workers compose about 80% of global workers,[17] but research suggests they feel underserved by training, are less likely to have opportunities to work on purposeful projects, experience low wages, receive little paid time off, and are less likely to have health insurance.[18]

- **Climate change and the energy transition affecting global workers:** The Deloitte Economics Institute estimates that more than 800 million jobs worldwide—one quarter of the global workforce—are highly vulnerable to climate extremes that affect, for example, access to clean air and water, and the economic effects of the transition.[19]

Only 43% of workers say their organizations have left them better off than when they started.

Figure 3

Workers identify top challenges to human sustainability

Percent of workers answering the question: "Which of the following developments do you worry about as it relates to your work? Select all that apply."

53%	28%	25%	24%	22%	22%	20%
Increasing work stress leading to worse mental health	The threat of technology taking over jobs	The rising number of new skills and jobs needed as a result of technology or business model changes	Increasing risks of threats to physical safety or wellness in the workplace	The "always on" economy enabled by digital technology	Employers now being able to digitally monitor my work without my consent	Lack of connection and belonging due to more remote or hybrid work

Source: 2024 Global Human Capital Trends research.

Executives are on board with the idea of human sustainability in theory: The large majority surveyed in the Deloitte Global skills-based organization research (79%) say their organization has a responsibility to create value for workers as human beings and for society,[20] and 81% say human sustainability is very or critically important. But just 12% of executives say they're leading in this area, while 17% say they have yet to make any progress. Meanwhile, only about a quarter of workers (27%) say their employer is making progress in creating value for them.[21]

An extractive approach to people, in which an organization looks to maximize the immediate value it receives from people while minimizing their cost, stands to exacerbate the trends above. It could lead organizations to use AI to eliminate jobs rather than create or improve them, resist rather than embrace the postcarbon transition, swell the ranks of gig workers with meager safety nets, fail to make the investments needed to move the dial on DEI, and burn out workers.

That said, many of these developments also offer enormous potential for both people and organizations. Human sustainability offers a key to harnessing them to build a better future.

When people thrive, business thrives

Focusing on human sustainability can help organizations create beneficial outcomes for people and for themselves.

A focus on human sustainability can help organizations develop even more robust measures than evolving government policies related to people issues, which typically lag behind the pace and necessary scope of change. Regulations—such as the US Human Capital Disclosure Rule, Japan's recently instituted Amendment on Disclosure of Corporate Affairs, and the European Union's new European Sustainability Reporting Standards—may be necessary, but not always sufficient.

Figure 4

Executives say they're moving in the right direction. Workers are skeptical.

My organization is advancing human sustainability in some capacity

Executives who agree
89%

Workers who agree
41%
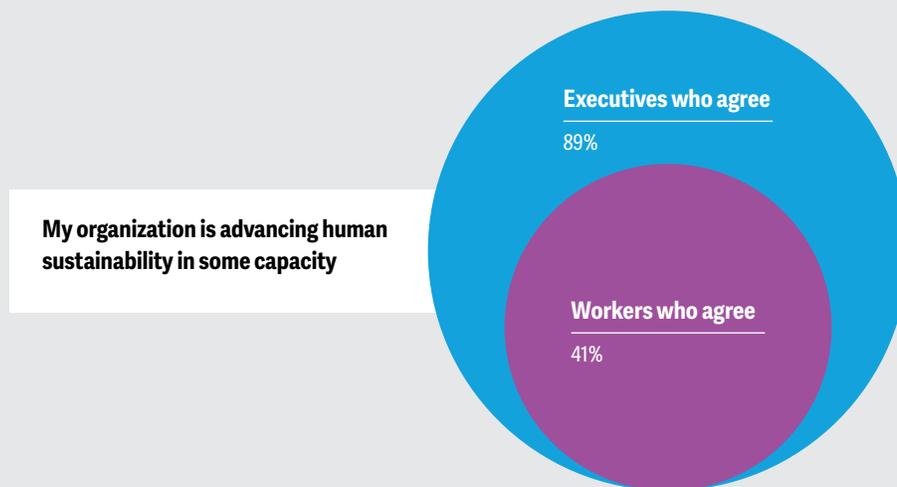
Source: 2023 Deloitte Well-being at Work survey.

While people can represent risks to an organization, they also represent great opportunities. Consider that intangible assets—the ideas, technologies, brand attributes, and other differentiators created by an organization's people—made up 90% of US corporate assets in 2022.[22] Intangible assets approached comparable levels in other developed markets, though they were lower in emerging markets.[23]

Studies have consistently found that organizations engaged in practices related to human sustainability produce stronger business results. Analysis by the University of Oxford Wellbeing Research Center finds a "strong positive relationship between employee well-being and firm performance," including stronger profits and stock returns among organizations with the highest levels of well-being.[24] In addition, organizations that rank the highest on addressing human sustainability issues consistently outperform the Russell 1000.[25]

In fact, the organizations that score highest on treatment of their workforce had a 2.2% higher five-year return on equity, emit 50% less CO2 per dollar of revenue, and are more than twice as likely to pay a family-sustaining living wage.[26]

A number of factors could help explain a **connection between human sustainability and improved organizational value**:

- **A focus on human sustainability may help organizations receive the benefits of greater diversity, equity, and inclusion.** Organizations with greater diversity are 2.4 times more likely to outperform competitors financially.[27]

- **Organizations that invest in skills development have better business results.** Eighty-four percent of workers at high-performing organizations say they receive the training they need to do their jobs well.[28]

- **Pinching pennies on the workforce often backfires.** Low wages often lead to higher turnover, lost sales, low productivity, weak attendance, low levels of innovation, poor execution, mistakes, and frustration among customers and managers.[29]

- **Improving worker health and well-being can reduce workforce risk.** A majority of workers say that improving their health is more important than advancing their career and that they are seriously considering quitting for a job that better supports their well-being.[30]

- **Consumers are more likely to support socially responsible organizations.** Three-quarters (76%) of consumers say they're more likely to buy from organizations that are socially responsible.[31]

For these reasons and others, a human sustainability agenda can help future-proof organizations: bolstering their ability to access, engage and develop a diverse workforce; develop a strong, diverse pipeline of talent; become more rewarding and productive places to work; inoculate against a variety of risks; and appeal to consumers.

How leaders can advance human sustainability

To embrace human sustainability, an organization should first reset the way it views relationships with people.

A human sustainability mindset replaces extractive, transactional thinking about people with a focus on creating greater value for each person connected to the organization. This shift can set the stage for leaders to implement broader actions in support of a human sustainability agenda using trust as the critical glue.

Consider starting with the following actions:

- **Focus on metrics that measure human outcomes.** Organizations often design people metrics either to quantify worker outputs and activities or as a box-checking exercise, rather than as an assessment of progress on outcomes and impact. For example, nearly a quarter (23%) of organizations measure progress on diversity commitments based on adherence to compliance standards.[32]

Consider measuring the following factors like the ones highlighted below that the organization can act on to create a better future for both people and the organization, and which include workers like external supply chain or contract workers in the analysis.

SUGGESTED ORGANIZATIONAL AND WORKFORCE METRICS

SKILLS DEVELOPMENT AND EMPLOYABILITY

Skills development metrics can indicate the value an organization is providing to its workers, extended workers, and future workers.

- AI-driven analysis of how quickly people are learning new skills

- Impact of skills and learning on worker outcomes such as promotions, individual performance, and employability

- Impact of skills and learning on organizational outcomes such as sales and customer satisfaction

- Percentage of workers displaced by disruptions such as AI who are reskilled and attain "good jobs"

WELL-BEING

Well-being metrics should include emotional, mental, physical, social, and financial well-being.[33]

- AI-driven sentiment analysis, survey, and interview results

- Work-related emails sent during off hours

- Health equity and trends associated with medical claims over time

- Physical, emotional, and mental well-being and safety data from wearables and neurotechnology, used with people's permission

- Data on shifts or working time (for example, paid time off use, overtime) collected by sensors, email, chat, and calendars[34]

PURPOSE

Purpose metrics measure the degree to which people feel their lives have meaning and they are making a positive difference in the world and their work.

- Surveys and pulse checks gauging individuals' perceptions of purpose and meaning

- AI-driven analysis of worker motivations and sentiment[35]

- AI-driven analysis of time spent on meaningful, value-added work versus repetitive, nonmeaningful work

- Volunteering or social impact involvement based on participation levels or percentage of time spent

- Factors correlating with purpose (positively or negatively), such as worker sick leave, turnover rates, performance, and profitability[36]

DIVERSITY, EQUITY, AND INCLUSION

DEI metrics measure the extent to which workers experience equity and belonging as a result of diversity, inclusion, and addressing the root causes of inequity in the workplace.

- Pay equity analyses

- Root cause analysis of identified workforce inequities

- Organizational network analysis measuring the effectiveness of equity interventions (for example, by measuring belonging and diversity in organization networks)

- Equitable outcomes for various worker groups on dimensions such as promotions to leadership, internal mobility, and retirement savings participation

CAREER STABILITY AND ADVANCEMENT OPPORTUNITIES

Metrics around career stability and advancement can be indicators of how well an organization fosters economic mobility and advancement for workers.[37]

- Percentage of people hired based on skills rather than degrees

- Average time it takes to move up one level (velocity of growth)

- Percentage of senior management promoted from within the organization

- Career stability based on retention and wage measures

SOCIETAL IMPACT

Societal impact metrics measure an organization's contribution to communities and the world at large.

- Economic empowerment produced, as measured, for example, by income generation, wage increases, job creation, and entrepreneurship opportunities

- Impact on skills and employability

- Impact on community health and well-being based on health care access, disease prevention, happiness, climate sustainability, and other measures

- Impact on social innovation and collaboration, as measured, for example, by number of public-private partnerships formed, new ideas generated, and knowledge shared within the community

- **Make the business case for human sustainability.** Making the mindset shift toward human sustainability often requires that leaders, executives, and board members have a clear picture of the business advantages of making this shift. Organizations may in fact be taking many steps toward human sustainability, but in a siloed or disconnected way. Connecting the dots between initiatives can help provide a holistic picture of the business impact of human sustainability.

As discussed above, a number of factors can demonstrate the benefits, and driving this change may mean creating models, pilot initiatives, and new metrics that focus on these factors. When PayPal, for example, began an initiative to improve the financial well-being of its entry-level and frontline workers, it needed to justify the additional costs from both a business and human perspective. The organization estimated that for every one percent reduction in attrition, it would save US$500,000 a year from reduced recruiting, onboarding, and training costs and through improved productivity (read the full case study below).

- **Tie leader and manager rewards to human sustainability metrics.** To make progress on anything, an organization needs to hold leaders accountable. Organizations should set goals to advance on key human sustainability outcome metrics and drivers and attach incentives to achieving them.

Many organizations are already taking steps in this direction. Almost three-quarters of S&P 500 organizations now connect executive compensation to sustainability metrics.[38] Genpact, for example, uses a suite of internal tech tools, including its AI chatbot, to check in regularly with workers and learn what is or isn't working well for them and to gauge their mood and sentiment. The tools aggregate a workforce "mood score" that is linked to 10% of bonuses for the organization's top 150 leaders, including its CEO.[39] Mastercard takes this a step further, determining bonuses for all workers in part based on the organization's performance on carbon neutrality, financial inclusion, and gender pay parity.[40] That said, there appears to be a long way to go. Less than half of our survey respondents told us their organization holds itself and leaders accountable for the holistic well-being of its workers.
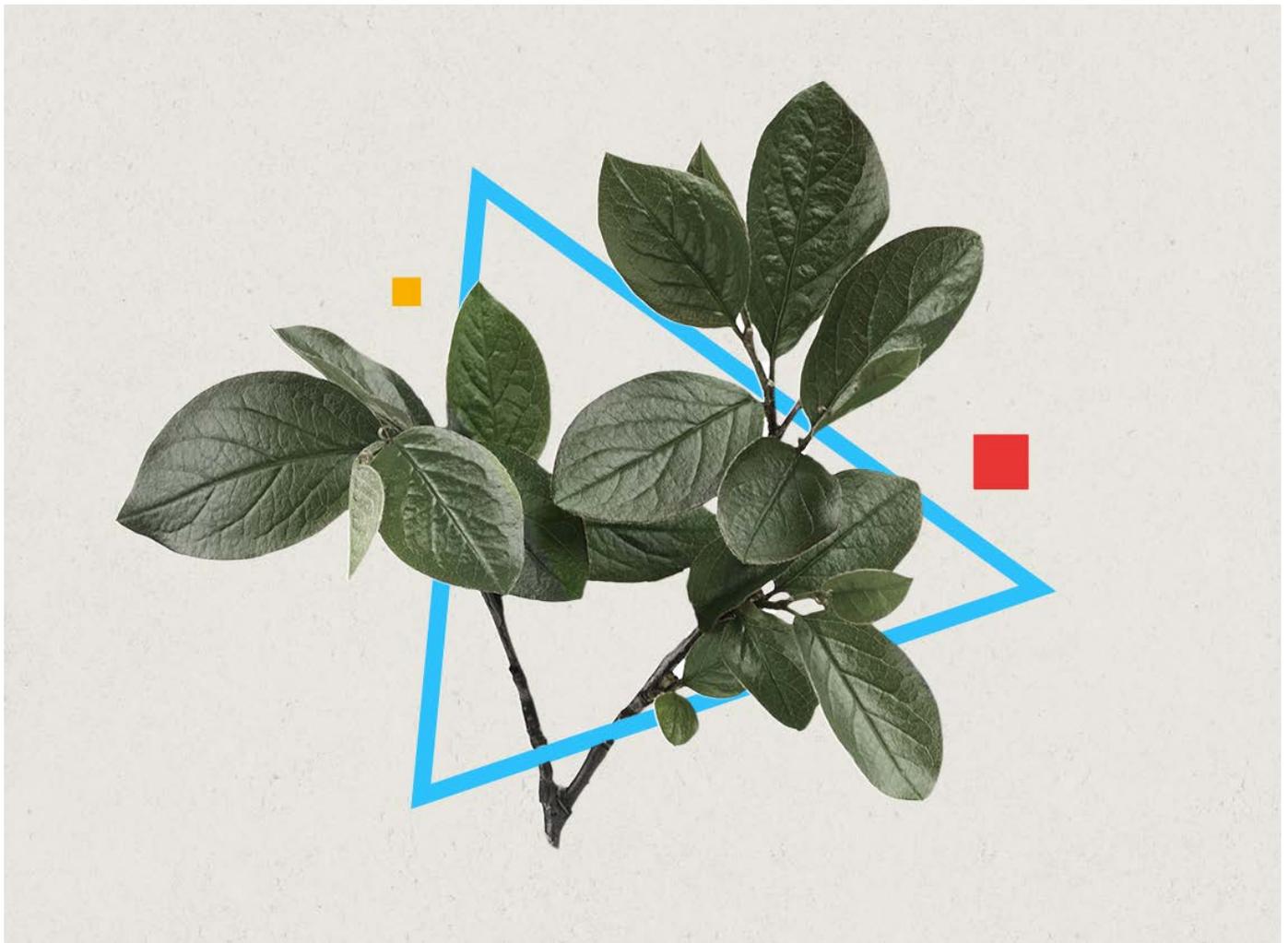
- **Integrate human sustainability governance into the board and C-suite.** Human sustainability is increasingly taking center stage on the boardroom agenda, as the board provides oversight on the intersection of strategy, risk, culture, and ESG and its relationship to business results. "We're seeing increasing discussion at the board level of topics like DEI and ESG—and topics like changing workforce expectations, purpose, and skills now matter at the board level," said Larry Quinlan, board member of six organizations. In one Deloitte US study, board members and C-suite leaders ranked human sustainability issues among the top internal workforce risks, yet many don't feel confident in their ability to manage them (figure 5).[41]

While the board can provide oversight, ultimately, it is the C-suite's responsibility to operationalize human sustainability and ensure all parts of the organization are actively working to help humans thrive. The vast majority of C-level executives (95%) agree that executives should be responsible for worker well-being, a leading indicator of effective human sustainability efforts.[42] But living up to that responsibility can require thoughtful, cross-functional governance at the highest levels.

People-related issues traditionally have fallen under HR. But managing human sustainability crosses almost all parts of an organization, including finance, information technology, and operations, so HR can't do the job on its own. Organizations should embrace a

Figure 5

The board and C-suite rank human sustainability issues among the top internal workforce risks, but lack confidence in managing them

Top six risk factors that most threaten the organization's ability to meet its business objectives, according to C-suite and board respondents

Top internal workforce risks, ranked		Percentage who feel confident in effectively managing the risk
1	Ability to monitor, understand, and address worker activism	51%
2	Ability to foster ESG and sustainable business practices	56%
3	Ability to provide compensation/living wages and benefits to workforce	53%
4	Ability to plan and achieve a diverse and inclusive workforce culture	49%
5	Ability to provide an organizational purpose and mission the workforce cares about	58%
6	Ability to support the physical, mental, financial, and purpose-driven well-being of the workforce	58%

Source: 2022 Deloitte Workforce Risk research.

boundaryless HR approach that orchestrates the pursuit of human sustainability across disciplines to achieve it. They might also consider appointing a chief human sustainability officer to connect the dots between functions or create new roles in charge of key aspects of human sustainability, such as work redesigner, steward of purpose, or upskilling advocate.

- **Involve workers, future workers, and others in cocreating their roles and human sustainability initiatives.** To create value *for* individuals, organizations need input *from* individuals. Leaders can engage workers, future workers, contingent workers, community members, and other members of the organization's human ecosystem in dialogue about what they value and how it can be pursued together.

While these discussions may take shape in many ways, one important thread may center around reimagining workers' roles—for example, integrating well-being into work design, building roles around purpose, or giving workers the freedom and autonomy to define "how" their work gets done. Consider tomato processor Morning Star, where each worker drafts their own outcomes and problems to be solved. For example, one worker's personal mission is to turn tomatoes into juice in a way that is highly efficient and environmentally responsible. The statement then describes how they will work to achieve the objectives, including whom they will collaborate with and what decision responsibilities they will have.[43]

Approaches like this can create autonomy, continual learning and development in the flow of work, and the **cultivation of human capabilities like imagination and curiosity** used to identify problems and opportunities and then develop, test, and iterate on solutions.

Alternatively, worker roles may become more fluid through matching their skills, human capabilities, and unique motivations and passions to a portfolio of ever-evolving projects and assignments—unleashing greater agility, diversity, equity, and inclusion, and greater growth, agency, and choice for workers.[44] Both approaches rethink work by negotiating what and how it is done *with* the workers themselves.

- **Elevate managers' human sustainability role and empower them to own it.** Managers can play a crucial role in advancing human sustainability, as they are the frontline leadership helping workers develop skills and creating psychological safety and belonging in teams. In one study, six in 10 workers worldwide said their job is the biggest factor influencing their mental health. The same study revealed that managers have as great an impact on a worker's mental health as their spouse, and a greater impact than their doctor or therapist. Roughly seven in 10 said they would like their organization and managers to do more to support their mental health.[45] Organizations should empower managers with training, resources, and the autonomy to align policies and workloads with human sustainability priorities. In addition, ensuring managers have a clear window into human sustainability metrics can enable them to help the organization achieve its commitments.

- **Learn from leading organizations' workplace practices.** Organizations in the forefront of human sustainability are implementing initiatives—and in some cases, rewiring organizational practices—to add greater value for workers and society. Consider the following practices adopted by some organizations as they work toward embracing human sustainability:

  - **AT&T:** Fewer than 5% of job openings require college degrees. In addition, the organization trains heavily and recruits top managers from its own ranks—including CEO John Stankey, who does have a college degree and started his career at AT&T taking customer requests for phone service.[46]

  - **Zurich Insurance Group:** People analytics assess workers' current skills and future skill requirements, and technology curates learning and development opportunities. Capability network mapping helps identify areas where the organization has networks of particular skills and capabilities and suggests ways for workers to strengthen their networks.[47]

- **Chobani:** Workers in its plants have an average tenure of six years, longer than industry average. This could be due to the organization's emphasis on hiring refugees and offering ESL classes, language programs for managers, a child-care stipend, and relatively high starting wages.[48]

- **Unilever:** Unilever's U-Work program offers temporary workers who contract with the company for a series of short-term engagements a guaranteed minimum retainer, access to organizational resources, and a core set of benefits like modified health care and retirement funding.[49]

- **Hitachi:** An executive sustainability committee tackles 11 goals that pose the most important social challenges for Hitachi, including quality education, gender equality, work and economic growth, health and well-being, and clean water and sanitation.[50] One initiative seeks to prevent long working hours and overwork with a system that senses hours worked by each individual and then sends alerts to supervisors with suggestions on how to help coach overworked workers, as well as nudges to workers that encourage behavioral changes. One initiative seeks to prevent long working hours and overwork with a system that senses hours worked by each individual and then sends alerts to supervisors with suggestions on how to help coach overworked workers, as well as nudges to workers that encourage behavioral changes.[51]

FINANCIAL SUSTAINABILITY IS HUMAN SUSTAINABILITY: A PAYPAL CASE STUDY

In 2015, PayPal embarked on a new public mission: using technology to democratize financial services and improve financial health. That mission became personal in 2018 when the organization assessed the financial wellness of its own entry-level and frontline workers and discovered that many were struggling financially. Approximately two-thirds reported living paycheck to paycheck, and the company estimated that net disposable income (discretionary income remaining after taxes and expenses are paid[52]) was as low as around 5%, even though the organization was paying at or above market rates.[53]

Understanding that financial wellness is inseparable from physical, mental, and emotional wellness, PayPal launched a comprehensive program in 2019 to improve workers' financial health. The initiative included reducing healthcare costs, granting stock awards to all workers regardless of level or tenure, raising wages where appropriate, and providing access to personal financial education resources.[54] The organization went on to allow workers to vest their stock awards more quickly and to provide earned wage access before the official pay period.[55]

Finding ways to address workers' financial needs without putting the organization under financial strain was a challenge, given the tens of millions of dollars the program would require in the first year alone. But leadership took a long-term view, agreeing that not only was it the right thing to do for workers, but it made good business sense. For every one-percent reduction in attrition, the organization estimated it would save US$500,000 a year from reduced recruiting, onboarding, and training costs and through improved productivity.[56]

Today, PayPal has raised workers' estimated net disposable income to 26% globally, with far less worker financial stress and absenteeism.[57] The organization is seeing higher capacity to meet customer needs and innovate, as well as all-time highs in employee engagement scores, productivity, and retention, and in net-promoter scores among customers.[58]

PayPal is continuing its mission by taking a lead role in advocating for financial well-being to be included as an urgent human sustainability agenda for every C-suite and board. "When you add up the impact on workers across different employers, you can very quickly get to big numbers that ripple throughout families, the economy, and communities," said Tyler Spalding, PayPal's senior director of corporate affairs and global head of social innovation.

Putting the human in sustainability

Human sustainability is a long-term play: The strategies put in place today will help determine whether workers, organizations, and society endure and flourish both today and for future generations. It's a path toward creating a better future for us all, underscoring the interconnection between everything we do and need as humans, including climate sustainability, equity, trust, purpose, well-being, and belonging. And it calls on leaders and organizations to reflect—and act—on the role they play as stewards of human thriving, making a commitment to prioritize, measure, and improve human outcomes within their spheres of influence.

This work won't happen overnight. The task is complex and will evolve constantly as the world changes. Organizations will need to take the lead and should also consider working together as part of coalitions to define best practices, standardize metrics, and push for smart policies. It will require challenging fundamental assumptions about business and its relationship with individuals and society—for example, some are suggesting the revision of accounting rules that currently treat people primarily as a cost.[59] But it can be done: Our research indicates that the major challenge to progress on human sustainability efforts is internal constraints and that few respondents say they have sufficient resources.

A human sustainability perspective is grounded in a few simple principles: The people connected to your organization have the power to affect it in important ways. Your organization has the power to affect each of them. And by understanding and creating value for each other, your organization and its people can improve business, work, and life for everyone.

RESEARCH METHODOLOGY

Deloitte's 2024 *Global Human Capital Trends* survey polled 14,000 business and human resources leaders across many industries and sectors in 95 countries. In addition to the broad, global survey that provides the foundational data for the *Global Human Capital Trends* report, Deloitte supplemented its research this year with worker- and executive-specific surveys to represent the workforce perspective and uncover where there may be gaps between leader perception and worker realities. The executive survey was done in collaboration with Oxford Economics to survey 1,000 global executives and board leaders in order to understand their perspectives on emerging human capital issues. The survey data is complemented by over a dozen interviews with executives from some of today's leading organizations. These insights helped shape the trends in this report.

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Acknowledgments

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As human performance takes center stage, are traditional productivity metrics enough?

In an era of human-centered work, new sources of data and artificial intelligence can help organizations shift from measuring employee productivity to measuring human performance.

Sue Cantrell, Julie Duda, Corrie Commisso, Kraig Eaton, and *John Guziak*

When Japanese tech company Hitachi set out to improve organizational productivity and efficiency several years ago, it decided to experiment with an unconventional approach. This approach didn't involve seeking ways to squeeze more work out of working hours or reinventing processes to shave minutes or seconds from production processes. It didn't push workers to produce more with less, and it didn't require leaders to double down on monitoring every movement of their workforce in search of workers who weren't carrying their weight.

Instead, Hitachi focused on tracking a single, unexpected metric: worker happiness.

Using wearables and an accompanying mobile app, Hitachi offered participating workers artificial intelligence–based suggestions for increasing feelings of happiness throughout the day by boosting psychological capital (self-confidence and motivation), psychological safety, and alignment with management objectives.[1]

The early results were stunning. Workers' psychological capital rose by 33%—a particularly meaningful improvement, given that increased psychological capital results in increased worker engagement, greater job satisfaction, and lower turnover intention and burnout.[2] Profits increased 10%. Sales per hour at call centers increased 34%, and retail sales increased 15%.[3] What's more, the majority of participants said they were "happy"[4]—just one indication that the key to unlocking organizational performance in a rapidly evolving era of work may no longer be tied to traditional productivity metrics.

Hitachi's focus on measuring and building worker happiness represents a shift away from traditional efforts of gauging and improving worker performance, which tend to focus on activity-centric productivity metrics such as hours worked, time on task, product produced, and revenue per employee. These traditional ways of measuring worker performance as a series of outputs solely reflect the perspective of the organization. New approaches, by contrast, can and should consider the worker as a human being, with a more nuanced perspective on how they contribute to the organization.

Making the leap from knowing to doing (figure 1) is important for organizations that want to thrive in a work environment that is becoming increasingly human. The once clear line that linked individual worker activity (for example, hours worked or calls completed) to tangible outcomes (customer satisfaction or commercial potential of research and development projects) is now blurred, replaced by a complex network of collaborations and a

Figure 1

The knowing vs. doing gap: Respondents know that moving beyond traditional productivity metrics is important, but few are doing enough to make meaningful progress

Percentage of respondents answering the questions, "How important is seeking better ways to measure worker performance and value beyond traditional productivity to your organization's success?" and "Where is your organization in its journey to address this issue?"

74% recognize the importance,

with 40% doing something,

and 8% doing great things

THOSE WHO BRIDGE THE GAP ARE MORE
LIKELY TO UNLOCK HUMAN PERFORMANCE*

1.7x MORE LIKELY TO ACHIEVE
DESIRED BUSINESS OUTCOMES

1.7x MORE LIKELY TO ACHIEVE
POSITIVE HUMAN OUTCOMES

Note: The knowing-doing gap was introduced in *The Knowing-Doing Gap: How Smart Companies Turn Knowledge into Action* by Jeffrey Pfeffer and Robert I. Sutton, and it has continued to be a relevant concept in business performance.

*Business outcomes are defined as meeting or exceeding financial targets. Human outcomes are defined as providing meaningful work for workers.

Source: 2024 Global Human Capital Trends research.

demand for sophisticated skills that aren't easily observed by traditional productivity metrics. Even in front-line, logistics, and manufacturing environments where traditional metrics like minutes per call or widgets produced may seem most applicable, technology and AI are being increasingly used to automate such tasks. The workforce can then be free to undertake complex problem-solving that requires skills that are less technical and more abstract, such as creativity, critical thinking, and collaboration. In agriculture, for example, autonomous drones can be used to plant seeds, apply fertilizers and pesticides, and check for pests or environmental damage.[5] Workers would then be able to spend time learning new skills that can enable them to manage the technology, optimize processes, deal with exceptions, or develop sustainable strategies for crop health and maintenance.

At the same time, some organizations are looking beyond traditional metrics such as revenues and profits to consider how they can create shared value—outcomes that benefit individual workers, teams and groups, the organization, and society as a whole. The organizations that successfully navigate this new environment will likely be the ones who make the shift from old methods of understanding productivity to embracing a new paradigm of human performance.

Rethinking traditional productivity metrics

Leaders across industries are beginning to recognize the limitations of legacy productivity metrics in the current work environment: Seventy-four percent of respondents in Deloitte's *2024 Global Human Capital Trends* survey said it's very or critically important to seek better ways to measure worker performance and value beyond traditional productivity. But change has been slow. Only 17% of respondents said their organization is very or extremely effective at evaluating the value created by individual workers in their organization, beyond tracking of activities or outputs.

With new digital technologies providing access to more work and workforce data than ever before, it may seem that shifting to a new system of measurement would be easy to do. Organizations' ability to track the outcomes of human performance and understand what drives it is supported by exponential growth in their ability to collect, measure, and analyze this data—and, with the help of machine learning or human judgment, convert the data into actionable suggestions. The resources at their disposal for this kind of data collection and analysis include the following:

- *Workplace tools and technologies,* such as email, collaboration platforms, social tools, and shared calendars, generate passive data that can offer real-time insights into how people and organizational systems are working. A large global oil and energy company analyzed anonymized collaboration data (email, calendar, and conferencing and chat data) to understand how teams in its 500-person corporate law department were collaborating. Aiming to better develop and retain talent, the organization used the findings to redesign the workplace, which resulted in more collaboration.[6]

- *Organizational network analysis* can be used to measure connections and collaboration between people across an organization. As part of its efforts to promote more women, a global financial services organization used organizational network analysis

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SIGNALS YOUR ORGANIZATION SHOULD CONSIDER PRIORITIZING HUMAN PERFORMANCE METRICS

- Your organization primarily measures work output metrics rather than the broader organizational outcomes you're driving toward.

- Your leaders are overwhelmed by the amount of data available to them and want to focus on measuring what really matters.

- Traditional productivity is relatively flat despite your investments in technology.

- Your workers are engaged in "productivity theater," in which they do tasks to make themselves appear busy and show that they are being productive.

- Your workers are burned out because of the perception—or the reality—of constant activity monitoring.

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to understand the relationship between the size and quality of women employees' internal and external networks and their chances of being promoted.[7]

- *Sensors and connected devices*, such as wearables, badging scans, neurotechnology, biometric sensing tools, extended reality headsets, and precision location-tracking technologies, can generate data on worker behaviors and interactions. For example, when a Finnish railway company shifted to hybrid work and wanted to optimize its physical space more effectively, it used occupancy sensors to detect workers' movements and use of its spaces. This data helped the organization reduce real estate cost by downsizing building space from five floors to two, while making sure workers were able to move about easily and access critical workplace assets.[8]

- *AI-enabled voice or audio analytics* generated from worker interactions with machines and AI systems, such as algorithms that assess code quality or the emotional tone of call center interactions, can offer valuable insights for evaluating various aspects of business operations. At MetLife, where customer service agents field an average of 700 calls a week, AI coaching has helped agents have more "human" conversations, which has increased customer satisfaction by 13%.[9]

While some organizations are moving ahead, what potential challenges may be keeping others from expanding their view of performance beyond traditional productivity?

Pressure from external stakeholders. Despite their desire to find better ways to measure human performance, senior leaders are currently under pressure from external stakeholders to demonstrate improved productivity and efficiency amid high inflation, shrinking profit margins, and the looming threat of economic recessions.[10] As a result, they may become focused on achieving short-term, bottom-line results instead of desired human outcomes (for example, improved worker well-being) that are less tangible.

Uncertainty about what to measure. More data doesn't automatically equate to better results. Many organizations may find themselves lost in an ocean of data as their ability to collect data outpaces their ability to analyze and act on it. As a result, they may end up

with too much data and too little insight, leaving leaders unsure about what metrics are most important and which actions are truly driving performance.

Productivity paranoia. During the COVID-19 pandemic, many organizations were quick to adopt new worker-monitoring tools that tracked keystrokes, mouse activity, and more to gain visibility into who was working on what and for how long—the same productivity standards they'd always tracked. But new ways of working require new metrics. Now, some organizations are finding themselves at odds with workers over this increased monitoring. Productivity paranoia—a concern that remote workers aren't being productive[11]—may lead to a surveillance state and a breakdown of trust, instead of important conversations about what effective performance looks like in today's work environment.

Lack of visibility into outcomes. Many organizations are still focused on measuring worker inputs and outputs rather than outcomes. As organizations begin to measure human performance, they can begin tracking two areas: business outcomes that create value for the organization and human sustainability, or human outcomes (both of which may vary by workforce).

One way forward requires a fundamental rethinking of what measures matter in a workplace being transformed by rapid advances in technology and shifting priorities. If leaders want to realize the human potential in their organizations and enable innovation, the focus should shift from only productivity to a broader view of performance.

A new equation for human performance

The flood of possibilities unleashed by the unprecedented volume of work and workforce data now available to organizations raises an important question: If traditional productivity metrics are becoming less relevant in the workplace, what *should* organizations be measuring to meaningfully assess human performance and how should these new metrics be operationalized?

The new math involves a balance of business and **human sustainability**—creating shared, mutually reinforcing outcomes for both the organization and the worker. Business outcomes define the quality, value, or result

of work, and how it creates value for the organization. Human sustainability defines the degree to which an organization creates value for people as human beings, leaving them with greater health and well-being; stronger skills and employability; good jobs with sustainable wages; opportunities for advancement; and greater belonging, equity, and purpose.

After all, organizations essentially compete in two industries: the industry it works in and the industry of talent management. Leaders should leverage the connection between human and business outcomes to increase the likelihood of success in both these industries (figure 2).

When an organization uses the data it collects about its workforce to benefit everyone—individual workers, teams and groups, the organization, and society as a whole—it creates shared value. The value created at each level can flow between them, reinforcing and amplifying the value created at other levels.

In the example of Hitachi's experiment with improving worker happiness, it's easy to see how creating value at the individual worker level led to value at the enterprise level—increasing both revenues and profits. This is not a zero-sum game: Organizational initiatives that were originally designed to achieve benefits like higher cost savings or improved quality can also help amplify worker satisfaction and performance. For example, a major energy organization recently used workplace badge data to analyze where and how different groups were interacting while planning an office relocation. It found that,

Figure 2

In the era of human performance, business and human outcomes are mutually reinforcing

Representative metrics might include:

Business outcomes
- Customer satisfaction (e.g., net promoter score)
- Efficiency
- Growth and profitability
- Innovation
- Speed (e.g., time to market)
- Quality

Human performance

Human outcomes
- Employability and advancement opportunities
- Equitable wages
- Equity and belonging
- Happiness
- Physical and psychological safety
- Purpose and meaning
- Skill development
- Well-being
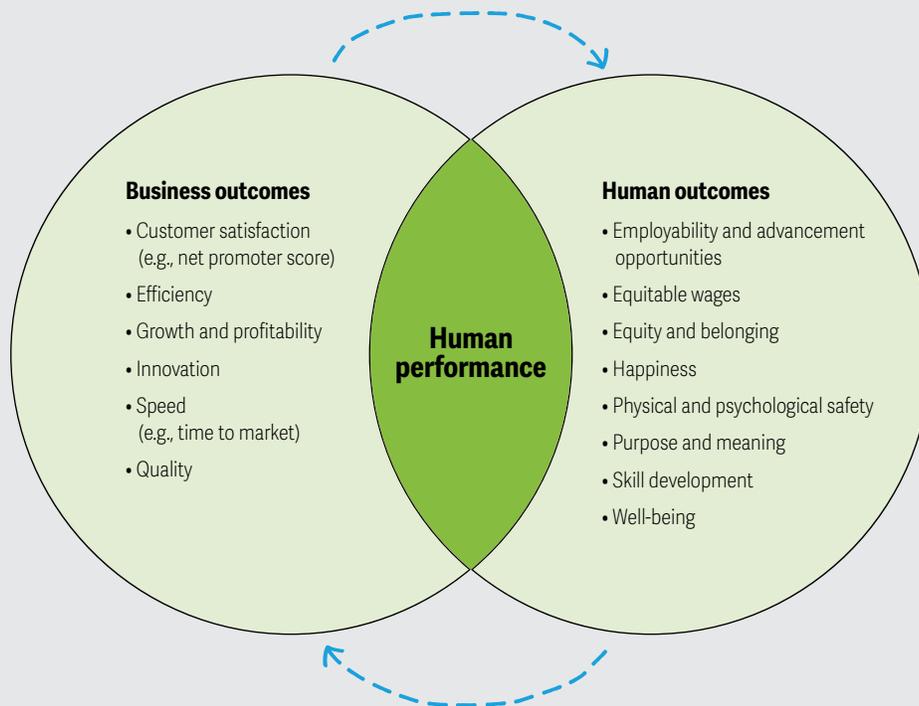
Source: Deloitte analysis.

as cross-functional teams became more dispersed, they had fewer informal interactions and instead relied too heavily on occasional, formal meetings. The organization used this finding to plan the location of team members during relocation to create more informal connection opportunities, boosting team belonging and workflow efficiency by 5.3%.[12]

Also consider how this shared value dynamic played out at a large automotive supplier, which deployed AI-powered video analytics to increase its visibility into factory operations. Analysis showed that the configuration of physical stations on the line was slowing down operations and creating fatigue for workers. The organization used these findings to reconfigure the stations, decreasing both idle time and overall production time. The analytics helped the organization make informed decisions that directly impacted worker well-being, while also improving areas such as capacity planning, quality improvement, workforce management, and process engineering—and the plant's operation product manager also noted improved happiness, health, and productivity in line workers.[13]

Organizations have a window of opportunity to capture human performance metrics

Despite many examples of work and workplace data being used to drive improved human performance in organizations, the prevailing narrative tends to pit workers and organizations against each other. When it comes to the collection and use of work and workforce data, the typical assumption is often that workers are uniformly opposed to any type of monitoring and executives want to track every metric available, no matter how intrusive. However, Deloitte's research into the quantified organization suggests that this isn't necessarily the case: Workers and executives have surprisingly similar views about how work and workplace data can improve outcomes in ways that benefit the organization as well as the workforce.[14]

For example, workers and leaders largely agree that new sources of data have positively impacted both business and worker outcomes (figure 3).[15]

In addition, they're largely in agreement about what sources of data an organization should collect—and which to avoid. For instance, more than three-quarters in each group are comfortable with collecting data from employee emails and calendars. But other data sources, including location-tracking technologies or the review of external sites such as social media and personal emails, give both groups pause.[16]

THE QUANTIFIED ORGANIZATION

Deloitte's *Quantified Organization* research delves into what it means for organizations to take a strategic approach to measuring what they should, not just what they can. Through in-depth interviews conducted with senior global business executives, global surveys of 2,000 workers and leaders, and an analysis of more than 50 case studies and 30 distinct use cases, the quantified organization series of research reports highlight how new data sources and AI tools, responsibly used, can create shared value for workers, organizations, and greater society.

This fundamental alignment may point to a critical window of opportunity for leaders to unlock the potential of work and workforce data in measuring human performance. While our recent *Quantified Organization* research shows a relatively high level of worker trust in their organization's data collection efforts, it also shows that trust is tenuous: Workers are less confident than leaders that their organizations are using data in a responsible way (70% vs. 93%).[17]

Transparently communicating how and why data is being collected and used, along with giving workers the option to opt in or out, is important here: It may be hard to imagine a scenario in which workers would object to the use of location-tracking technologies, specifically for safety purposes, such as disabling equipment when someone is standing in a dangerous spot. However, unless leaders continue to invest in building worker trust and creating shared value through their data collection efforts, the window of opportunity may close before organizations can realize the value.

Figure 3

Workers and leaders share similar perspectives on the positive impact of data on business and worker outcomes

Percentage of respondents who say outcomes improved "somewhat" or "significantly" as a result of their organization's current attempts to make the most of newly available data.
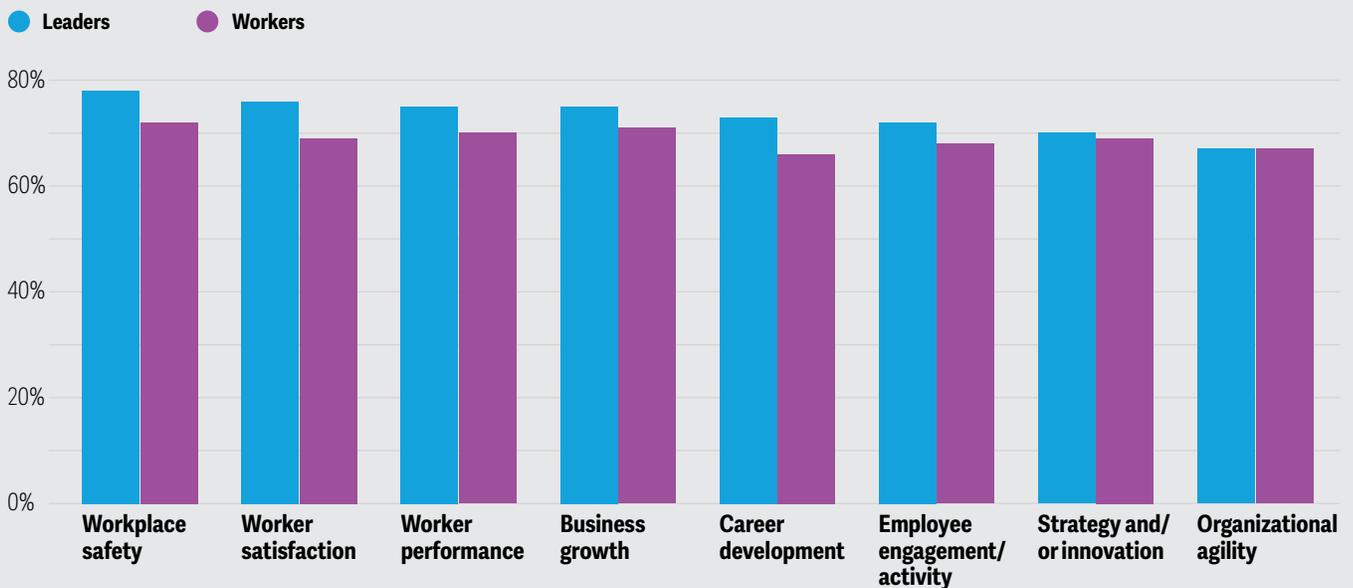
Source: 2023 Deloitte Quantified Organization research.

While workers and organizations appear to be more aligned on the use of work and workforce data than one might expect, the use of this data is still complex. When implementing new metrics and using newly available workforce data to capture human performance, organizations should carefully consider **what to make transparent, to whom, and how**—considering critical factors such as worker consent, providing benefits to the worker, and other responsible data collection practices. These efforts are essential, given the potential payoff: A predictive outcomes analysis of our quantified organization survey data suggests that trust in an organization's approach to data management raises the probability of improved business growth by roughly 50%.[18]

Laying the groundwork for a human performance focus

The shift toward using work and workforce data to measure human performance is still in its infancy, as organizations are still determining which metrics are best suited to their industry and their organization's specific needs. A majority (53%) of respondents agreed that their organization is in the early phase of the journey toward identifying better ways to measure worker performance and value beyond traditional productivity. Just 8% said their organization is leading in this area. But there are steps organizations can take now to lay the foundation for a shift toward human performance metrics.

- **Cocreate metrics and solutions with workers.**
Organizations can build trust in their use of worker
data by providing workers with opportunities to
provide input into which human performance
metrics should be prioritized, as well as opportu-
nities to respond to insights the data may reveal.
Consider an example of what this kind of part-
nership could look like: An oil and gas company
used wall-mounted cameras to observe workers
and assets at a maintenance and manufacturing
facility, and AI turned the aggregated, anonymized
video data into insights on patterns of productivity.
Workers were involved from the start, choosing
to opt-in for data collection, viewing the results
of the AI analysis, and collaboratively engaging in
problem-solving on how to use the data to improve
their experience and results. One set of data insights
led employees to modify rest areas and take more
frequent breaks to minimize fatigue—decisions that
also improved their productivity.[19]

- **Measure what you should, not just what you can.**
The human performance metrics that matter most to
an organization will vary based on industry, geogra-
phy, workforce, and how the organization currently
operates, and will likely require some experimenta-
tion to find the right balance of business and human
sustainability outcomes. For example, in a call
center, productivity is typically measured by things
like the amount of time per call or the number of
sales made. But when human performance becomes
the primary focus, metrics like customer satisfac-
tion, retention, and upselling may give a call center
manager a better picture of how their workers are
performing. Organizations should continue to focus
on the "why" of their data collection efforts, asking
themselves: Just because it can be measured, does
it really need to be—and if so, why? For instance,
metrics in logistics that focus on safety or worker
fatigue may not necessarily be the wrong measures
but can become more human-centric when they are
measured with the intent to improve conditions
for workers. Deloitte's *Quantified Organization*
research revealed that a lack of predetermined stra-
tegic goals for using workforce data was related to
workers' lack of trust in the organization's inten-
tions to collect and use that data for their benefit.[20]
Creating clear goals for data collection and use that
are directly aligned to organizational strategy and

objectives can go a long way toward earning and
reinforcing worker trust.

- **Implement these practices in your performance
management approach.** Traditional performance
management can be a challenging process if there
are unclear or unrealistic expectations for workers
and opportunities for errors in human judgment.
For example, performance reviews that happen only
once a year may lead to recency bias, where only
a worker's most recent activities are included in an
evaluation. As organizations make the shift toward
human performance, an organization's approach
to performance should evolve from *management
to development*. AI tools are poised to help lead-
ers redefine—not just augment—performance. Not
only can these tools collect unbiased data to foster
fact-based performance reviews, but generative AI
tools may be able to play a key role in summarizing
and synthesizing multiple sources of data. When
leaders are clear with workers about how AI is used

A
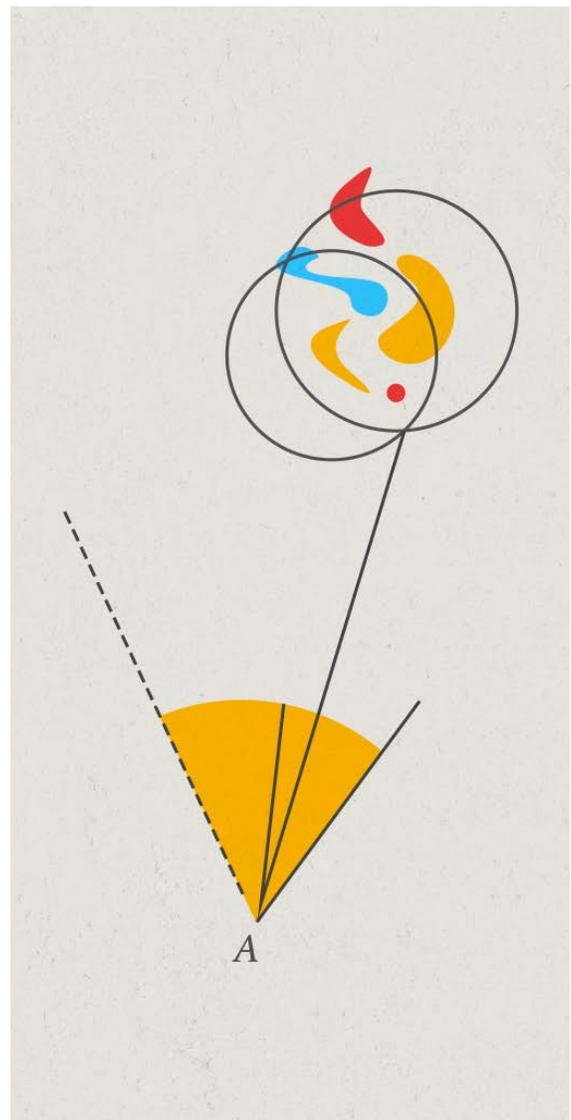
in performance reviews, this kind of data-driven system can help maintain transparency and build trust. In addition, AI can act as an additional coach for workers, offering personalized feedback based on their established performance outcomes.

- **Integrate new metrics into the processes of other areas of the talent life cycle.** As organizations transition to the use of human performance metrics, they should carefully consider how best to leverage this data to better the work, and the experience, of individual workers. Organizations should consider which human drivers to focus on, then calibrate how team leaders discuss those metrics with workers and teams. This process begins with experimentation as organizations and teams uncover which metrics, communicated in which context, create the human and business outcomes they seek.

- **Establish responsible data and AI practices.** Responsible data practices give workers input on how their individual, personal data is shared

across an organization and help organizations comply with the evolving global regulatory requirements around data use. Such practices may include facilitating increased visibility into which type of data is collected and why, respecting privacy and data integrity concerns, and seeking worker consent whenever possible or required. Aggregating and anonymizing data, for example, can help maintain worker privacy. While AI can be a valuable tool for assessing and improving human performance metrics, it can also damage an organization's reputation and performance if it is not used appropriately. For this reason, organizations should rely on a multidimensional ethical framework to manage AI's potential risks and rewards.[21]

- **Plan now to address tensions around the use of emerging technologies.** While our *Quantified Organization* research showed that workers are relatively comfortable with data collection from known technologies like email, calendars, and other

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Figure 4

Workers are less comfortable with data collected by emerging technologies, but leaders expect to use them more in the next three years

● The organization currently uses this technology   ● The organization expects to use this technology in the next 3 years
━━ Percentage of employees comfortable with the technology

Technology	Currently uses	Expects to use in 3 years	Comfortable
Neurotechnology	2%	35%	9%
Location-tracking technologies	28%	64%	23%
External sites	31%	59%	23%
XR headsets	23%	55%	28%
Wearables	38%	64%	30%
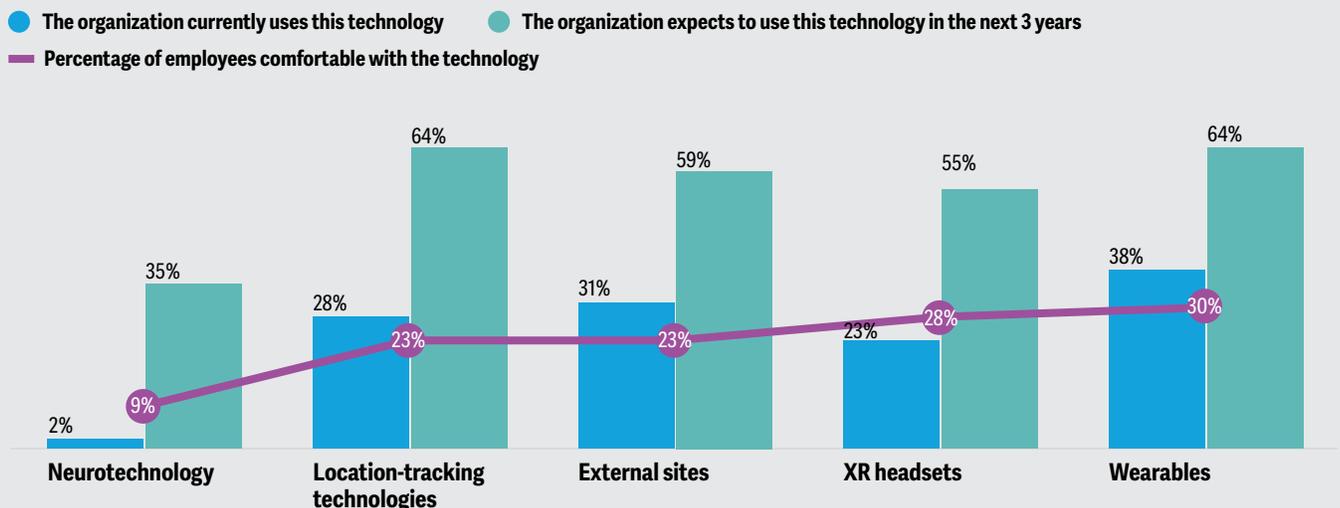
Source: 2023 Deloitte Quantified Organization research.

traditional technologies, they are far less comfortable when it comes to data captured from emerging technologies like wearables and XR headsets.22 Still, a majority of leaders said they expect to implement the use of these technologies for data collection in the coming years (figure 4). This could put leaders and workers at odds and threaten organizational trust. Leaders should plan now for how they will work to bridge this gap, being mindful of worker concerns around privacy and reinforcing the line between professional and personal data collection.

Human performance: An evolving approach to strengthening workers and organizations

It is still early days for channeling the flood of available work and workforce data into meaningful measures of human performance. But the time to act is now. Forward-thinking organizations can cocreate their human performance metrics and the data policies and practices that can measure or identify ways to drive these metrics with workers in real time, fostering trust throughout the process. Failing to do so, whether by imposing policies and practices from the top or continuing to rely on outmoded measures of worker performance, can create potential challenges in talent attraction and retention, unintended consequences to well-being and mental health that productivity paranoia may create, and a potentially disastrous misunderstanding of what factors actually drive the organization's value creation.

The alternative is far more appealing. As organizations begin threading human performance throughout their practices, they can strengthen business outcomes and make a positive impact on everyone the organization touches.

RESEARCH METHODOLOGY

Deloitte's 2024 *Global Human Capital Trends* survey polled 14,000 business and human resources leaders across many industries and sectors in 95 countries. In addition to the broad, global survey that provides the foundational data for the *Global Human Capital Trends* report, Deloitte supplemented its research this year with worker- and executive-specific surveys to represent the workforce perspective and uncover where there may be gaps between leader perception and worker realities. The executive survey was done in collaboration with Oxford Economics to survey 1,000 global executives and board leaders in order to understand their perspectives on emerging human capital issues. The survey data is complemented by over a dozen interviews with executives from some of today's leading organizations. These insights helped shape the trends in this report.

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Acknowledgments

The transparency paradox: Could less be more when it comes to trust?

Greater transparency can help organizations build trust—or erode it. What considerations should leaders keep in mind to ensure transparency is helping and not hindering?

Jason Flynn, Sue Cantrell, David Mallon, Lauren Kirby, and *Nicole Scoble-Williams*

Trust matters: It is the unseen, ineffable glue that holds relationships together and allows organizations, workers, and communities to flourish. Trust between workers and organizations has potentially never been more important, but for many organizations, how to build and sustain it has remained elusive.

Transparency is commonly thought to be a key driver of trust; the idea that more transparency equals more trust has become a truism. Eighty-six percent of leaders surveyed in our *2024 Global Human Capital Trends* research say that the more transparent the organization is, the greater the workforce trust. It's not an altogether incorrect assumption: Research shows that some forms of transparency do, in fact, drive trust. Deloitte research, for example, found that transparency—defined as an employer using straightforward and plain language to share information, motives, and decisions that matter to workers—is a key dimension of trust.[1] Sharing information about decisions, results, strategies, and practices freely with workers, customers, investors, and other stakeholders is generally thought of as a good thing.[2]

But it's not that simple. The relationship between trust and transparency is much more complicated and nuanced. "Trust is really important to us," Sara Armbruster, chief executive officer of furniture company Steelcase told us in a recent conversation. "In many ways, transparency goes hand in hand with that. But if you are going to advocate and implement a high degree of transparency, you need to have systems in place to address any issues that arise."

Some organizations are discovering that mishandling transparency can severely undermine trust. In an organizational context, transparency is usually thought of as information flowing from a leadership team to everyone else. But new digital advances mean that transparency also exists inside teams, and worker information can be made transparent too. Today, technology can make almost everything and everyone in an organization transparent to almost anyone else. As they increasingly interact with smart machines, workers leave an ever-expanding trail of data that can be analyzed using artificial intelligence and shared at negligible cost.

Figure 1

The knowing vs. doing gap: Respondents know that navigating the transparency paradox to build trust is important, but few are doing enough to make meaningful progress

Percentage of respondents answering the questions, "How important is an increasing focus on trust and transparency in the relationship between workers and the organization to your organization's success?" and "Where is your organization in its journey to address this issue?"

88% recognize the importance,
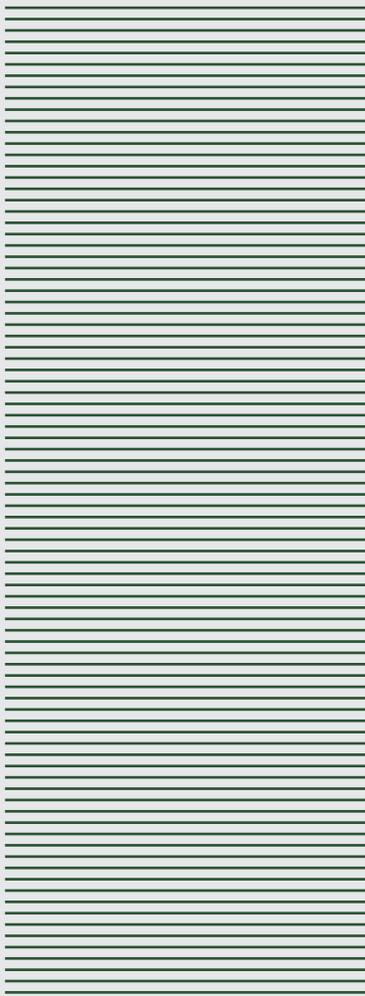
with 52% doing something,
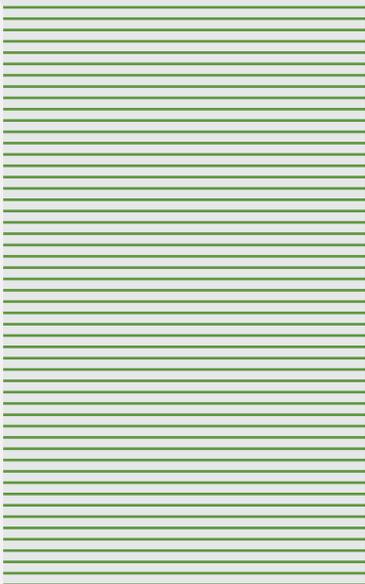
and 13% doing great things

THOSE WHO BRIDGE THE GAP ARE MORE LIKELY TO UNLOCK HUMAN PERFORMANCE*

2x MORE LIKELY TO ACHIEVE DESIRED BUSINESS OUTCOMES

2.4x MORE LIKELY TO ACHIEVE POSITIVE HUMAN OUTCOMES

Note: The knowing-doing gap was introduced in *The Knowing-Doing Gap: How Smart Companies Turn Knowledge into Action* by Jeffrey Pfeffer and Robert I. Sutton, and it has continued to be a relevant concept in business performance.

*Business outcomes are defined as meeting or exceeding financial targets. Human outcomes are defined as providing meaningful work for workers.

Source: 2024 Global Human Capital Trends research.

The data may encompass virtually anything that happens in an organization:

- Workers' time at their keyboards, actions taken, and effectiveness

- Worker motivations and sentiment

- A worker's emotional tone while interacting with a customer or colleague

- Movements and interactions on a factory floor

- The distance and route covered by a driver

- Worker behaviors related to organizational culture, belonging, and inclusion

- The physical safety of workers in the field

- What topics are being discussed, by whom, on what channels and when

If transparency used to mean that leaders could shine lights on particular aspects of an organization, now it means the organization can be illuminated in every corner—for any audience.

Leaders may find this degree of transparency alluring. It offers microscopic visibility into the workings of their organizations and their people. But this newly available transparency can be both a gold mine and a land mine. On the one hand, if responsibly managed, the ability to use this kind of transparency can create new opportunities to measure and unlock human performance, creating shared value for both individual workers and organizations. On the other hand, there is significant potential for misuse—for example, privacy breaches, AI-driven surveillance, and efforts to control workers' every move.

New transparency-enabling technologies can give leaders a set of enormously powerful tools (figure 2). And according to Deloitte's *Quantified Organization* research, many workers and organizations are surprisingly aligned

on some of the positive possibilities these tools can bring; both agree that a variety of newly transparent data can help to improve everything from worker performance and job satisfaction, to worker safety and career development, to improved innovation and organizational agility.[3]

But using this new data effectively requires a sophisticated understanding of the relationship between transparency and trust. Understanding this relationship is becoming more important; 86% of workers surveyed and 74% of leaders surveyed in our research say an increasing focus on trust and transparency in the relationship between workers and the organization is very or critically important. In fact, this trend is ranked highest in terms of importance of the seven trends studied in our survey and was identified as the trend that would have the greatest impact on an organization's success, both this year and in the next three years.

Leaders—in collaboration with workers—should consider important questions around what information to make transparent, why, whose information should be revealed, and to whom and how.

The essential role of trust

Like transparency, trust is a two-way street[4]—there is worker trust in leadership, and there is leadership trust in workers.

In psychology and sociology, trust is often defined as a belief that the other party won't cause harm, and that one can rely on another to act in a way that is beneficial, honest, fair, and reliable. At its heart, trust involves a willingness to be vulnerable and to depend on others for mutual cooperation and benefit—a belief that people will act in each other's best interest.[5] But to be mutually vulnerable, people typically need to feel empathy and psychological safety. While there are many components that drive trust, Deloitte defines trust as the outcome of high competence and positive intent, underpinned by capability, reliability, humanity, and transparency.[6]

Figure 2

Advancing technologies are making work and workforce data more transparent

Which of the following technologies and sources has your organization used to collect workforce data in the past three years? Today? In the next three years?

● **Used in the past three years**   ○ **Currently uses**   ● **Expects in the next three years**

Technology	Used in the past three years	Currently uses	Expects in the next three years
Employee calendars	46%	71%	84%
Employee surveys	57%	77%	86%
Employee emails	70%	81%	88%
Biometrics	45%	70%	76%
Keystroke/mouse tracking	26%	53%	64%
Internal social collaboration sites	15%	47%	62%
Wearables	22%	38%	64%
External sites	9%	31%	59%
Location-tracking technology	9%	28%	64%
XR headsets	17%	23%	55%
Neurotechnology	1%	2%	35%

Source: 2023 Deloitte Quantified Organization research.

A confluence of trends today is putting trust at risk. Information and misinformation are omnipresent, perceptions often supersede facts, and digital security and data privacy are commonly at risk. These trends expose people to the possibility that private or inaccurate information may be exposed in ways that harm them, making many cautious about extending trust to organizations. Meanwhile, turbulence related to outsourcing, mergers, downsizing, shifting business models, digital transformation, return to office, and other changes, can create a breeding ground for distrust among workers. Other factors that tend to impact trust include:

- **Increasing uncertainty for organizations and workers:** The less people know what to expect, the more they rely on trust to feel safe.

- **Disappearance of traditional boundaries:** As many traditional boundaries of work and the workplace continue to erode, trust, perhaps even more than culture, is emerging as a tie that binds—a means to keep the organization cohesive and mission-aligned. Especially as organizations grapple with questions around what defines a job and how a workforce should operate in a boundaryless world, trust can create a common foundation for decision-making.

THE FOUR FACTORS OF TRUST

Based on over 400,000 survey responses with customers and workers across nearly 500 brands, in-depth focus groups, conversations with leaders committed to building trust, and case studies exploring situations when trust was won or lost, Deloitte distills trust down to four factors:[7]

- **Humanity**: Demonstrating empathy and kindness and treating everyone fairly

- **Capability**: Creating quality experiences, products, and/or services

- **Reliability**: Consistently delivering on promises and experiences

- **Transparency**: Openly sharing information, motives, and actions in straightforward and plain language

Trust has always been important to organizational success, and it seems to grow more so by the year.

- Deloitte research shows that companies deemed "trustworthy" tend to outperform their competitors by up to four times, measured by market value.[8]

- Shares of companies graded trustworthy by Trust Across America and the Initiative on Quality Shareholders have outperformed the S&P 500 by 30% to 50% over recent five-year periods.[9]

- Workers in high-trust companies are 50% less likely to leave, 180% more likely to be motivated, are 140% more likely to take on extra responsibilities, and are generally more productive, more satisfied with their jobs, and healthier.[10]

- **Generative AI and other forms of automation:** As technology automates rote tasks, **human capabilities such as empathy and curiosity** can increasingly differentiate leading organizations from the rest—and to express these capabilities, workers will need to trust the organization to use their work for mutually beneficial purposes. It's worth noting that AI itself faces a trust deficit: Deloitte research reveals that workers can perceive employers as much as 2.3 times less empathetic and human when AI tools are offered.[11]

Amid these challenges, workforce trust may be even more important than employee engagement when it comes to navigating relationships. Many organizations use employee engagement as a proxy to measure the worker-organization relationship. Trust, however, may be a better measure for this relationship. Engagement simply measures workers' willingness to extend themselves on their organization's behalf, not the degree to which they trust an organization to support their interests. Trust, on the other hand, may be a better metric to evaluate whether workers are getting what they need from their relationship with the organization.

What we mean when we talk about transparency

Transparency is in vogue. Demands for visibility into pay, for example, have led to pay-range transparency

laws in eight states in the United States,[12] where pay transparency in job postings has more than doubled since 2020,[13] and globally, where pay transparency also continues to increase over time.[14] Meanwhile, employers are increasingly sharing other information they once kept private. For example, Patagonia revealed its external supply chain to show consumers its commitment to climate change,[15] and Asana publishes the minutes from its board meetings for workers so they'll have clarity on the organization's strategic priorities.[16] Some organizations even allow anyone at the organization to access things like financial records to the minutes or recordings of meetings among executives so they can weigh in on organizational direction and decision-making.

Indeed, the "why" behind transparency can vary. Patagonia and Asana are examples of what we call *proactive transparency*, where leaders or workers intentionally choose to share information to improve trust, accountability, decision-making, or to achieve mutually beneficial outcomes. *Reactive transparency*, on the other hand, is the result of legislative or regulatory changes forcing leaders to disclose information that was previously closely held. Finally, *forced transparency* typically involves collecting and analyzing information about workers or executives as a blanket organizational policy or without their knowledge or voluntary consent. Workers can also force transparency on the organization, when they publicly share information about an organization or its leaders through social media or other channels, for example.

An increasing focus on trust and transparency was identified as the trend that would have the greatest impact on an organization's success, both this year and in the next three years.

SIGNALS YOUR ORGANIZATION SHOULD THINK MORE CAREFULLY ABOUT TRANSPARENCY

- Your organization is rapidly adopting transparency technologies (for example, sensors and connected devices; analytics based on worker email, calendar, and collaboration-site data; or AI and machine learning).

- You worry that workers are hiding, posturing, or otherwise reacting to the feeling that they are being surveilled.

- Workers are resistant to performance management decisions being made based on newly available data.

- Your workers are withholding data because they are not confident their data is being used in responsible ways or for their benefit.

- Your workers are experiencing information overload, contributing to burnout and slowed decision-making.

Workforce turnover is almost twice as high at companies that use monitoring software as surveillance than at organizations that do not.

Although there has been a growing trend toward proactive transparency, much of the recent movement toward transparency has been either reactive or forced transparency.[17] And until recently, the direction of transparency—who shares the information with whom—has primarily been one-way: organizations and leaders sharing information with workers. But today, transparency can work the other way, too. With the advent of new technologies, workers are increasingly sharing their information transparently—proactively or by force. Figure 3 presents a simplified view of bidirectional transparency.

As technologies have enabled leaders to gain greater transparency into work and workers, many organizations have rushed to capitalize. One study reveals that organizations surveyed are collecting data from an average of 400 different sources including computers, smartphones, websites, social media networks, and more,[18] and Deloitte's *Quantified Organization* research reveals that the vast majority of organizations are collecting email and calendar data already and are likely to begin collecting data from other sources in the near future, such as wearables, biometrics, and location-tracking tools (given transparent data practices and respect for potential worker privacy concerns).[19]

Whether the use of this newfound transparency is helpful or harmful will depend on how it is used; forced transparency that is used as surveillance, with punitive consequences, can damage trust. Already, 78% of employers surveyed say they are currently using remote tools to monitor their workers;[20] studies show that workforce turnover is almost twice as high at companies that use monitoring software as surveillance than at organizations that do not.[21]

Many use cases, however, can be beneficial, such as using workforce data and AI as a coach to help workers grow or using wearables and smart sensors to track and improve worker safety practices. For example, a British multinational retail distribution center integrated AI with their CCTV systems, enabling them to identify unsafe events that resulted in an 80% reduction in safety incidents in the first three months.[22]

It's worth noting that transparency shouldn't be implemented just for the sake of being transparent, assuming that transparency will automatically create trust. The flip side of transparency is privacy; greater openness is risky as developments in technology and society, particularly the rise of social media, have made it easier to share potentially harmful information far, fast, and permanently. Privacy can sometimes be a better path to trust than transparency. And when greater openness is the chosen path, it requires more earned belief in collective safety and common interest. Getting it right is critical, as trust earned with difficulty can be lost with ease. The measures that can help boost transparency from workers, for example, typically require sacrifices of privacy, whether that means sharing data about people's well-being or monitoring workers' time at their keyboards—so those measures have the potential to erode trust rather than build it.

Figure 3

Transparency is no longer a one-way street

DIMENSION OF TRANSPARENCY	PROVIDES TRANSPARENCY INTO	TYPE OF TRANSPARENCY

Transparency from the organization

Leadership
- Organizational information such as financials, policy drafts, and board minutes
- Leadership priorities and decisions

Disclosure
- New or previously undisclosed information such as pay, ESG, or DEI metrics

THEN
NOW

Transparency from workers

Workplace
- How and where people are working, based on physical observations in open spaces, location data collected by smart sensors or badges, video analytics, and more

Social and media
- Workers' salary information, organizational experiences and more, conveyed through voluntary posts on social or media channels

Process or operational
- Business operations, processes, or workflows, made visible through technologies such as recorded video calls, project dashboards, and process mining

Work and worker data
- Work, activity, or workers, using existing and emerging technologies such as wearables, analysis of email, calendar, and collaboration data, audio analytics, and AI to collect data related to well-being, sentiment, emotions, performance, work activities, decisions, and other factors

Reactive transparency
Information revealed as a result of legislative or regulatory changes that require disclosure of information that was previously closely held

Proactive transparency
Leaders or workers intentionally choose to share information to improve trust, accountability, and decision-making, or to achieve mutually beneficial outcomes

Forced transparency
Collecting and analyzing information about workers or executives as a blanket organizational policy or without their knowledge or voluntary consent

Source: Deloitte analysis.

There are also other potential downsides to transparency, such as:

- *Gaming the system.* Social scientists have identified various behaviors people undertake in response to demands for transparency, typically to protect themselves or manipulate a situation in their favor. These include dishonesty, hiding, cheating, posturing, productivity theater, window-dressing, and impression management—for example, using a mouse-moving machine to trick productivity-tracking software.[23] But it's not just workers that can avoid transparency. Organizations can play at this, too. For example, some companies will comply with pay-transparency laws in job postings by including a wide salary range for a job—for example, "between US$50,000 and US$250,000"—rendering the information essentially useless to job seekers.[24]

- *Negative impacts on decision-making.* Providing more data and visibility into decision-making processes may lead to information overload, endless debate, second-guessing, and accountability gaps—situations in which people have important information but are not accountable for using it wisely. Beyond slowing decision-making, without sharing the rationale behind the decisions, workers may also misinterpret the information being shared.[25]

- *Hindering creativity.* People who think their ideas and experiments could be made public may experience a phenomenon called "the spotlight effect." They may avoid risk-taking and experimentation, and innovation can suffer. Ethan Bernstein, a professor of leadership and organizational behavior at Harvard Business School, has reported these impacts among creative workers. In addition to the spotlight effect, Bernstein found that many workers will also conceal their most creative thinking from management because they don't want to be punished for straying outside of organizational norms.[26]

Using transparency in ways that build trust

Most organizations are in the early stages of coming to grips with the new transparency landscape and its implications for privacy and trust. When we asked whether organizations were addressing trust and transparency between themselves and workers, only 13% of respondents said they are leading in this space. The biggest challenges they identified were internal constraints, such as culture, and lack of leadership alignment or commitment.

How then do organizations navigate the tricky territory of using transparency in a way that builds trust, rather than undermining it?

First, organizations will need to put transparency in conversation with privacy. Typically, they are not in conversation, with transparency largely under the purview of executives and information technology, and privacy often handled by legal and human resources. Cross-functional governance conversations will be important to striking the right balance for each organization, based on an organization's own culture, values, and decision-making practices that can vary based on geography, industry, or life cycle stage of the organization. Think in terms of *best fit* rather than *best practice.*

Second, organizations should bring workers together in conversation with leaders about *what* and *why* information should be made transparent, to *whom*, and *how*. As discussed in "Negotiating worker data" in our *2023 Global Human Capital Trends* report,[27] cocreating transparency practices—and enabling transparency to be proactive rather than forced—can help create a mutual relationship of trust and provide a window into what workers' needs and desires are when it comes to transparency.

In particular, workers and leaders can cocreate responsible transparency practices, ones that create mutual benefits for workers and organizations alike, allow workers to opt in to data collection for specified time periods and purposes, and enable workers to challenge potentially incorrect data or raise concerns about how it is being used.

When workers see personal benefits to transparently sharing their data, they are more likely to embrace it; a study by Gartner found that 96% of digital workers would accept more data-monitoring in exchange for benefits like training and increased career development opportunities.[28] Likewise, our *Quantified Organization* research showed that workers who are given the choice to opt in to transparent data collection have more trust in their organizations, are more likely to report that data collection efforts improve business outcomes, and are

less likely to report negative outcomes such as presenteeism or privacy concerns.[29] Other research shows that giving workers input and agency reduces the risk of them engaging in these negative behaviors.[30] For example, one global health care provider conducted an organizational network analysis based on worker communications and collaboration data to optimize cross-functional teaming. Workers could opt out of data collection, and the final data was aggregated and anonymized to protect worker privacy.[31]

Organizations that build workers' trust in transparent data practices stand to benefit: When workers are confident in their organization's approach to responsible use of newly transparent data, they are 35% more likely to trust their organization. But there is still a long way to go: Only 37% of workers surveyed say they are very confident their organization is using work and workforce data in a highly responsible way.[32]

To strike the right balance between transparency and privacy in a way that elevates trust, it may be helpful to consider the following questions. Each question includes examples of transparency that are likely beneficial (*Go*) and others that may pose trust issues (*Caution*).

WHAT information or whose actions will be made transparent?

When making decisions about what to make transparent, consider the potential impact of that information. For example, publicly sharing organizational information may increase trust among stakeholders, but sharing highly personal worker information about an individual's emotions in the organization may introduce complications and have unintended consequences.

Go (proceed thoughtfully) with information such as:

- Leadership priorities and goals. Finnish software consultant Reaktor, for example, maintains an online forum where workers can openly discuss organizational policy and business decisions.[33]

- Business information like financials or operational data

- Leadership's decision-making process

- How compensation and other workforce decisions are made

- Skills needed today and in the future, given the disruption of work by generative AI and other emerging technologies

Caution (think twice) with information such as:

- Recorded leadership meetings and other sensitive discussions

- Details about the creative process

- Personal information about individual workers, including pay, health and well-being data, and information about emotions. For example, if an organization's bonus policy is perceived as inequitable, bonus transparency may lead to envy among workers and encourage them to think about their relationship with the organization in transactional terms.

WHY is it important to make this information transparent?

For workers to trust an organization with their data, they need to understand why they are being asked to share it and be offered benefits in return; we call this "give to get." Using transparency in ways that foster human performance rather than punitive or compliance-oriented ends can help promote trust.

Go (proceed thoughtfully) with transparency for the purpose of:

- Creating better outcomes for workers: For example, using AI video analytics in a factory environment to drive improvements in ergonomics, safety, and other matters that benefit workers.[34]

- Holding leadership accountable for social metrics, such as by publishing equity, diversity, or well-being metrics

- Helping workers make better decisions by aligning their actions with business goals

- Elevating trust and confidence in leadership and in the vision and strategy they are seeking to advance

Caution (think twice) before implementing transparency for the purpose of:

- **Involving more people in decision-making.** Unless there are clear expectations, criteria, and decision-makers identified, including too many people in decision-making can create information overload, reduce accountability, and bog down decisions.[35]

- **Performance management decisions.** For example, making people's individual performance reviews transparent to others may cause strife, as will making performance decisions based on an individual's unique data (for example, docking pay or limiting eligibility for promotions by using location tracking to determine adherence to return-to-office policies).

- **Surveilling or punishing workers.** In contrast, Metlife employs AI to coach call center workers—not to punish them, but to help them learn and improve at their jobs.[36]

WHO will provide the information, and who will receive it?

Decisions around who has control over transparency of information can be affected by the reach of that transparency—whether the information will be shared internally or externally, with just the individual, their manager or team, or organizational leadership. Giving workers agency over their information can help provide transparency while also fostering trust. In addition, making determinations about who has access to information should be based on the recipient's commitment to listening deeply to worker voices and ability to act on the information (for example, making policy adjustments based on aggregated feedback from workers).

Go (proceed thoughtfully) with transparency that provides:

- **Information about a worker to that worker.** This practice, called auto-analytics, can be a valuable learning tool. For example, some organizations use AI tools to analyze conversational and emotional tone in customer meetings, using the information to help workers work more effectively.

- **Operational or process information within workers' own teams**, in forums such as scrum teams or daily standups.

- **Worker information and data to coaches who can help workers grow or support human sustainability.** For example, AI tools can analyze sales representative videos and provide personal coaching on emotions, topic coverage, and personality. The videos can be made available to managers to personalize further coaching and mentoring work.[37] Or organizations can help managers coach workers on well-being by revealing, for example, how often workers have taken time off or are working on weekends.

Caution (think twice) before implementing transparency that provides:

- Individual data about workers beyond themselves or their immediate teams, unless it is aggregated or anonymized. For example, if an organization requires all intra-organization communication to happen on an open platform that exposes all communications in the name of visibility, workers may feel surveilled or intimidated.

HOW will the information be made transparent?

Enact guidelines that give workers reason to believe data about them will be assessed and used fairly. Pursue leading practices for consent and preference management—for example, making transparency initiatives temporary and storing data for limited periods of time, so workers don't have to worry about how their information might be used in the future.

Go (proceed thoughtfully) with transparency plans that:

- Clearly explain how information will be disclosed and used.

- Are opt-in and seek permission from workers to make their data transparent.

- Have fair guidelines about how the information will be assessed and used.

- Are temporary and store data for limited periods of time.

- Explain clearly to workers how decisions based on worker data are made, such as performance, hiring, and assessments. If AI is used to inform these decisions, ensure that workers understand how it uses their data to make recommendations.

Caution (think twice) with transparency plans that:

- Are vague about how information will be disclosed, evaluated, and used. When one well-known news outlet installed body heat detectors at desks, it intended to use the information gathered to lower costs for space and energy. But the intent wasn't communicated to workers, who interpreted the detectors as surveillance, inundated managers with complaints and leaked negative stories to other media outlets.[38]

- Could be used to identify specific individuals. Instead, individual data should be anonymized and aggregated.

- Are enacted without context, since data in isolation may be misinterpreted or misunderstood.

- Leadership doesn't intend to act on. Workers need to know that their data is being collected with the intention to create mutual benefit.

The trust and transparency conversation

To build trust, organizations and workers should have an ongoing dialogue that gives each party reason to believe the other is looking out for its best interests. This dialogue should focus on what kinds of transparency organizations and workers will provide; why it is valuable for them to provide it; who will provide the information and who will receive it; and how that information will be delivered, evaluated, and used.

Regulations can help guide organizations, but they typically lag the pace of technological innovation and are constantly evolving. Organizations thus should develop their own frameworks of responsibility when it comes to transparency.

Organizations should expect the dialogue around trust and transparency to continue, as evolutions in society and technology present new possibilities and challenges. For example, advanced sensing and tracking technologies can already make behavior highly visible in real time, and the depth and breadth of those kinds of insights will likely only increase.

And although it may sound like science fiction, the day when technology can interpret and convey the contents of individuals' brains could arrive sooner than most people think possible.[39] How will organizations and workers collaborate to navigate these kinds of developments? They have enormous ethical implications for organizations' practices and relationships with workers, and they will further complicate the critical job of earning workers' trust. Asking the right questions now can help organizations develop frameworks around transparency—positioning them to navigate this future in ways that build workers' trust and help empower all parties to build a better future together.

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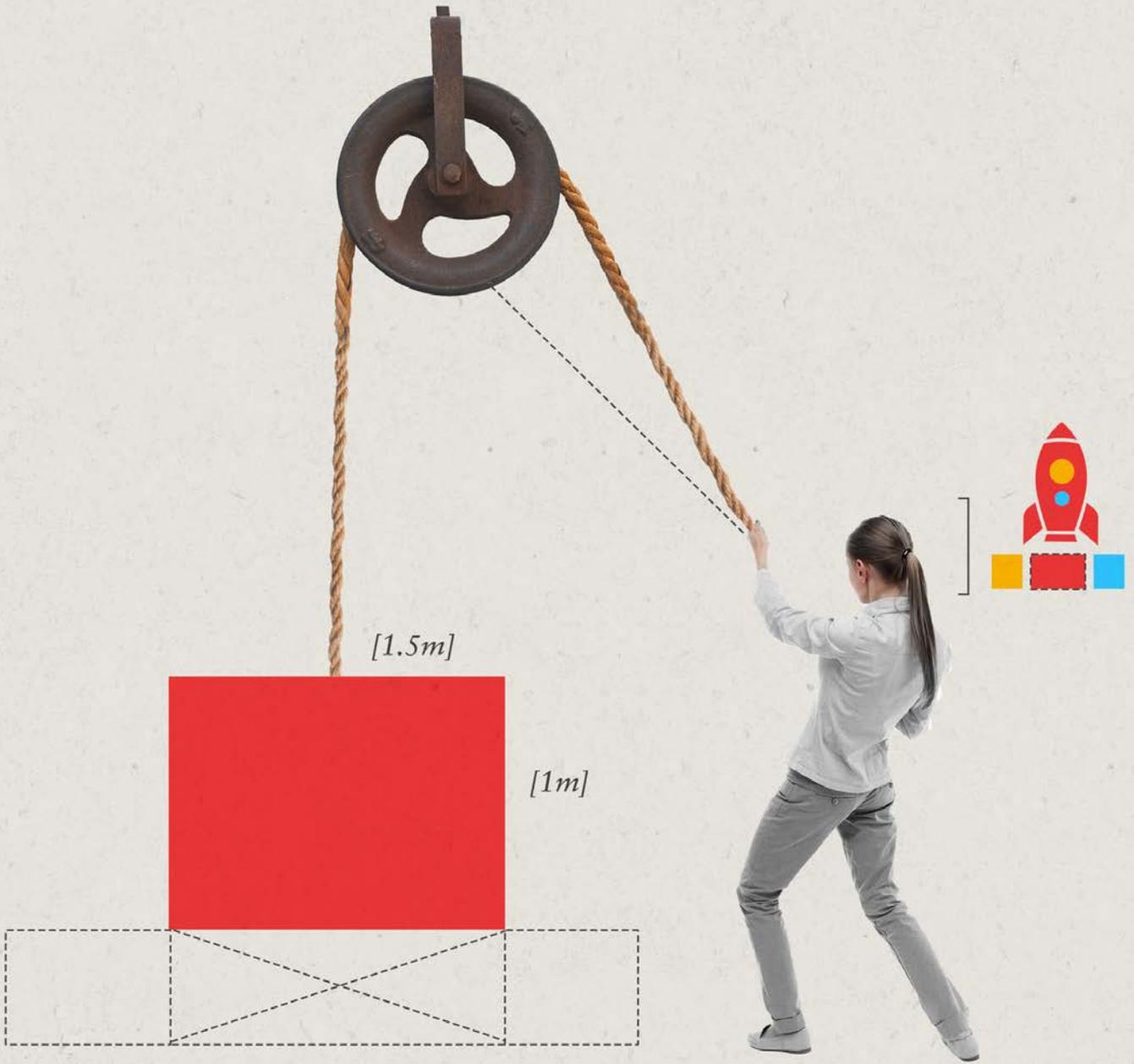
What do organizations need most in a disrupted, boundaryless age? More imagination.

Generative AI and other technologies may be exposing an imagination deficit. Scaling human capabilities like curiosity and empathy can help organizations replenish it.

David Mallon, Nicole Scoble-Williams, Michael Griffiths, Sue Cantrell, and *Matteo Zanza*

We are living in an age of disruption and yet also one of possibility. As well-known boundaries fall away and new technologies—especially artificial intelligence (AI)—advance at ever faster speeds, anxiety can be a natural reaction. But so is wonder. Both leaders and workers see risks, and they also find reasons for optimism. A door is opening to extraordinary opportunities to drive human performance: outcomes that benefit organizations, workers, and society. Crossing this threshold is putting a renewed premium on human capabilities—in particular, empathy and curiosity—both as an antidote to anxiety and an input to imagination. For organizations and workers to fully realize the opportunities available to them, they should have a scaled, operationalized way to grow and sustain human capabilities. Those that can create an abundance of these capabilities will likely have differentiated advantages; those that find themselves at a deficit will be at risk of being left behind.

Traditionally, organizations have focused on developing specific, easily replicable functional or technical skills. Not only were these skills easier to teach but organizations were also operating in a more stable, predictable environment at the time. In that environment, executing repeatable processes to produce standardized products and services was the most effective way to operate at scale. As the world becomes more interconnected, scaling the efficient execution of processes is becoming less important than the ability to adapt to changing market conditions and drive new value.[1] This ability, which is closely tied to entrepreneurship and innovation, depends less on training workers in specific technical skills than on cultivating curiosity and other human capabilities that allow people to respond to changing conditions and imagine different futures.[2]

Moreover, new technologies are becoming better at replicating the functional and technical aspects of work. And yet much of the differentiation going forward will likely come from what humans do or evolve to do, not technology. Today's AI is capable of creation, using the methods and tools of music or visual art, and this ability may expand as technology advances.[3] However, AI cannot replicate the curiosity and empathy that fuel imagination and lead to creative invention. This involves the drive to explore, to craft narratives, and to team—work that requires thinking like a researcher and asking the right questions as much as delivering on preprogrammed objectives.

Figure 1

The knowing vs. doing gap: Respondents know that addressing the imagination deficit is important, but few are doing enough to make meaningful progress

Percentage of respondents answering the questions, "How important is ensuring that the imagination and curiosity of the humans in the organization keep pace with technological innovation to your organization's success?" and "Where is your organization in its journey to address this issue?"

73% recognize the importance,
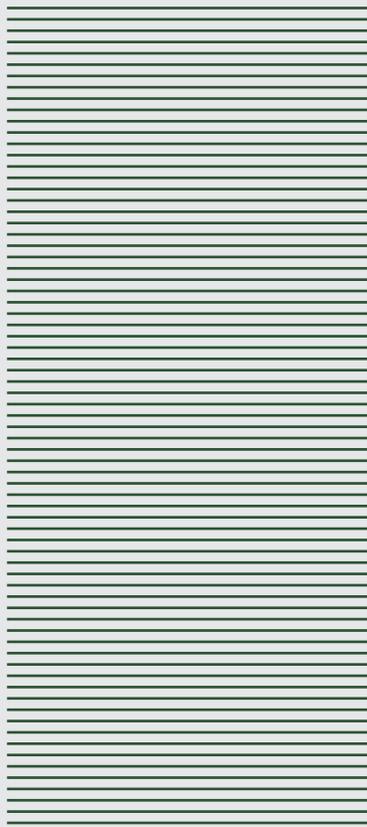
with 37% doing something,
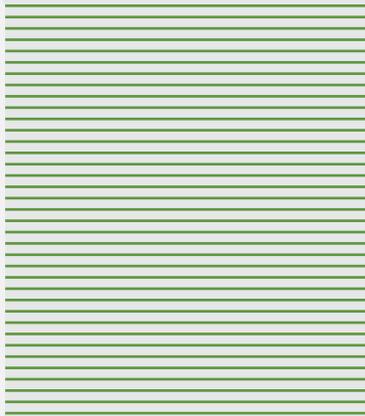
and 9% doing great things
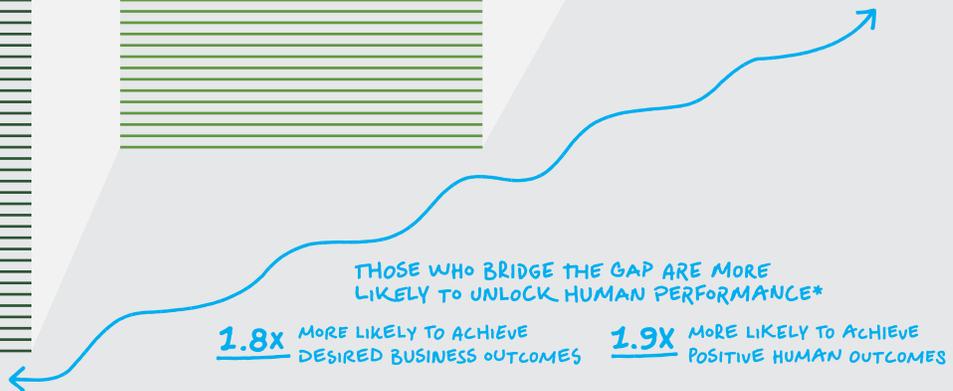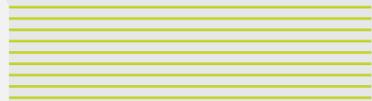
THOSE WHO BRIDGE THE GAP ARE MORE LIKELY TO UNLOCK HUMAN PERFORMANCE*

1.8x MORE LIKELY TO ACHIEVE DESIRED BUSINESS OUTCOMES

1.9x MORE LIKELY TO ACHIEVE POSITIVE HUMAN OUTCOMES

Note: The knowing-doing gap was introduced in *The Knowing-Doing Gap: How Smart Companies Turn Knowledge into Action* by Jeffrey Pfeffer and Robert I. Sutton, and it has continued to be a relevant concept in business performance.

*Business outcomes are defined as meeting or exceeding financial targets. Human outcomes are defined as providing meaningful work for workers.

Source: 2024 Global Human Capital Trends research.

To harness human capabilities in service of imagination, both organizations and workers have important roles to play. Organizations will need to scale and operationalize the cultivation of human capabilities such as curiosity and empathy through intentional development and establishing of cultural norms, and they should give workers and teams the autonomy to use these capabilities to shape the kinds of work they do. At the same time, workers will need to grow, practice, and deploy these human capabilities to envision how their roles will change as AI and other disruptive technologies take on more prominent roles in their working lives.

Organizations can help cultivate these capabilities by providing workers with the **tools and safe spaces** to experiment, explore, and envision possible futures. By empowering workers to ask questions about their work, leaders can lean into a more open evolution and disruption of work that values **human sustainability** and organization-wide cocreation.

Generative AI shines a spotlight on an imagination deficit

In 2021, a Deloitte survey of global workers gave some insight into how many workers were already beginning to explore the evolution of their work—in the context of the COVID-19 pandemic at the time—and how they contributed to it.[5] When asked to imagine how technology could improve their roles, workers responded with ideas such as:

- What if AI attended meetings and could create short, precise summaries of what happened in each one?

- What if technology could organize my project finances and track my projects' spend without me having to create onerous large spreadsheets?

- What if the calendars I manage could automatically manage scheduling between parties and discern less important meetings from higher priority ones?

- What if technology supported the ability to learn new skills and new abilities without taking time away from and affecting your day job?

ENDURING HUMAN CAPABILITIES

"Skills" encompasses hard or technical skills (coding, data analysis, accounting, etc.), human capabilities (critical thinking, emotional intelligence, etc.), and potential (latent qualities, abilities, adjacent skills that may be developed and lead to future success, etc.).[4] While hard skills are important, the value of human capabilities that transcend specific skill sets and functional domains persists in ways that hard skills cannot, potentially making them more important than ever. Innate human capabilities such as curiosity and empathy can be cultivated to fuel innovation. Others, like connected teaming and informed agility, emerge through experience and practice. The list of enduring human capabilities is long. These are a few key capabilities to consider amplifying in your organization:

- **Curiosity:** The desire for more information, typically resulting in exploratory behavior toward gaining that information. Curiosity can improve communication, team performance,

and innovation while reducing conflict and decision-making errors.

- **Informed agility:** The ability to continuously accumulate, filter, and integrate information, and pivot quickly to address new needs or environments. Informed agility can help deliver insights that aid decision making, change management, and reskilling efforts.

- **Resilience:** The willingness to persevere in the face of rapid change and challenging circumstances. Resilience can be aided by taking stock of support mechanisms and pausing during and after action to identify what is and isn't working.

- **Connected teaming:** The ability to collaborate effectively across geographic, organizational, and other boundaries. Connected teaming may also refer to human

and machine collaborations. This way of working builds empathy and allows teams to tap into the strengths and motivations of various teammates.

- **Divergent thinking:** The ability to think differently; specifically, to look laterally, find commonality in seemingly different things, and generate new ideas through synthesis. An increased openness to ideas can improve innovation, creativity, and inclusivity.

- **Social and emotional intelligence:** The ability to recognize, regulate, and express emotions while interacting with others in an empathetic and morally grounded manner. Social and emotional intelligence can support personal and organizational values and create a culture of growth.

In just a few short years, advances in AI, especially generative AI, have already turned most of these ideas into reality. ChatGPT, the early and most well-known example of generative AI, reached one million users just five days after its launch in 2022—a number that took TikTok nine months to achieve.[6] AI is already being used to transform all manner of work across almost every sector, including many domains originally thought to be out of the realm of possibility for computing.[7] According to a recent research report, these transformations could lead to a dramatic increase in macroeconomic output akin to the original inventions of the electric motor and the personal computer.[8]

But the potential disruption of generative AI may be outpacing the capacity of many organizations and workers to imagine new ways of working that tap into the strengths of both humans and technology. According to our *2024 Global Human Capital Trends* research, 73% of respondents say it is important to ensure that the human capabilities in the organization keep pace with technological innovation, but just 9% say they are making progress toward achieving that balance. Consequently, many organizations may find themselves with an imagination deficit.

SIGNALS YOUR ORGANIZATION MAY BE FACING AN IMAGINATION DEFICIT

- Your workers, managers, executives, and board members recognize the need to reinvent work in the age of generative AI but are unsure how to take the first step.

- Your hiring managers are emphasizing the need for soft skills in candidates as they look for human capabilities such as divergent thinking, collaboration, and social intelligence.

- Your organization is increasingly turning to hiring or acquisitions to infuse new ways of thinking and new ideas.

- You are noticing fewer entry-level jobs in your ecosystem.

In the accelerating march of disruptive technologies, generative AI is leading the charge. While emerging technologies and other disruptions previously led to concerns for organizations and workers related to skills development, employability, and fear of the unknown, generative AI has put a renewed fervor and sense of urgency to these same questions. Already, 28% of workers say they use generative AI occasionally for their work, and 8% say it's expected or encouraged as part of their work. In the coming years, four out of five US workers could see at least 10% of their tasks automated by generative AI, and about one in five workers could see up to 50% of their tasks automated by generative AI.[9] Another recent global report estimates that generative AI could soon do up to a quarter of the work currently done by humans.[10]

The coding capabilities of generative AI, for example, offer insight into how this technology might impact jobs, particularly high-demand jobs with a STEM focus. Recent research shows that generative AI tools will be able speed up a developer's code generation.[11] For financial services company Westpac, the shift is already happening. The company saw a 46% gain in productivity, with no reduction in quality, in coders aided by generative AI compared to coders who performed the same tasks on their own.[12] These gains, which were reported by both junior and senior engineers, may reduce the amount of time coders have to spend on more routine tasks, creating space for more complex work that not only requires human capabilities to execute but can also lead to increased meaning and purpose.

Many of the tasks that will be automated are in fields of knowledge work, such as writing, translating, and coding.[13] But nearly all jobs will have some level of exposure, and the AI transformation will encompass nearly all forms of work. In agriculture, for example, AI-powered technology is already being used to eliminate weeds, monitor plant health, and identify rocks in fields.[14] In retail, AI is augmenting workers' ability to manage inventories in real time and provide customers with highly personalized experiences.[15]

While workers share concerns about the threat of technology taking over their jobs or worry about the new skills that will be needed to keep up with technology changes,[16] they also see an upside: 70% of workers would be willing to delegate as much work as possible to AI to free up time for other tasks and enhance their creativity.[17]

The more AI-enabled work becomes, the more important human imagination becomes

To harness the extraordinary potential of this moment, organizations and workers alike should counter their fear with curiosity and imagination. Put simply, work is changing. What if it could be better? The role of imagination is particularly important in the current moment, given the nontraditional nature of generative AI as a technology. In contrast to commonly used technologies such as internet browsers or word processing applications, which either work or fail, the effectiveness of generative AI can't be measured in black and white terms. Generative AI can produce results with varying levels of accuracy and precision. It may make mistakes, and humans will have to devise methods to assess its reliability.[18]

Moreover, unlike many past technologies, generative AI tools aren't necessarily anchored to any one task or domain. Rather, they can excel at generating knowledge and drawing connections from massive sets of data and ideas. Consequently, they have the potential to help workers in numerous ways—many of which have yet to be imagined. At the same time, it's important to note that generative AI also has the potential to produce inaccurate information and reinforce existing biases from the data it's trained on or the people who design it.[19] Addressing these errors and biases will require the curiosity and empathy of the workers who use it.

As technology advances and humans discover more ways to use generative AI, it has the potential to become a true creative partner for workers, aiding in tasks such as production design, naming, testing, and marketing. Workers could collaborate with generative AI to compose complex texts, develop software, and interact with customers in more effective ways. Organizations are already starting to imagine new uses that expand on previously imagined ideas of what was possible. For example, a recent collaboration between Zapata Computing, BMW, and MIT's Center for Quantum Engineering is using generative AI inspired by quantum technologies to improve the efficiency of automotive production lines.[20]
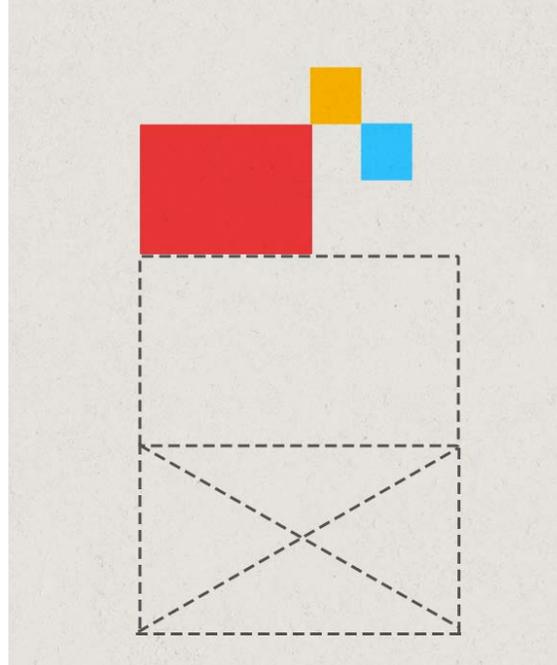
The success of these collaborations will likely depend on the degree to which organizations and workers can focus on developing curiosity, resilience, divergent thinking, emotional intelligence, and other human capabilities.

There is increasing recognition at a global level of the importance of these human capabilities. According to research by the World Economic Forum, the top core skills for workers in 2023 include things such as curiosity, creative thinking, empathy, and resilience.[21] In fact, "technological literacy" is the only technology skill listed in the top ten. There is, however, a broad gap for all the skills related to human capabilities, with respondents estimating that less than 10% of their current workforce possesses them.

To harness the extraordinary potential of this moment, organizations and workers alike should counter their fear with curiosity and imagination.

Figure 2

Human capabilities top the list of core skills, but there's a gap to fill

● Core skills for workers in 2023　　● Estimated average skill set

| | Analytical thinking | Creative thinking | Resilience, flexibility, and agility | Motivation and self-awareness | Curiosity and lifelong learning |

Source: World Economic Forum.

How the process of developing these human capabilities plays out will often differ from culture to culture and across geographies and industries. For example, in Japan, curiosity is sometimes considered a hindrance to flawless execution based on proven methods. There, innovation often results from finding solutions to acknowledged problems, rather than curiosity about new ideas.[22] To encourage more curiosity, one Japanese pharmaceutical company, Shionogi & Co., experimented with an optional four day workweek to allow workers to use the fifth day as an opportunity to gain experiences not available to them within the confines of their job, with the hope that they would infuse their digital upskilling and creativity into the business.[23]

Scaling human capabilities creates value for organizations and workers

Organizations that focus solely on traditional strategies for differentiation, such as minimizing costs or developing new products and services, may see short-term gains fizzle out as the pace of technological change continues to accelerate. What may be needed now is a new model, one in which people and technology come together to cocreate new knowledge, address previously hidden problems, and discover new opportunities to create value. This way of operating requires the deliberate scaling and cultivation of human capabilities. Organizations should also work with technology to bring these qualities to the fore—a point most executives agree with. In our survey, 71% of executives said their organization's plans for generative AI include using it to advance the human capabilities of their workers.

Consider Swedish retailer, IKEA. The global furniture company is using AI technologies to transform its global call center operations, intending to both increase efficiencies and turn each agent into a designer—shifting the focus of their roles from procedure and process to creativity and human connection. IKEA implemented an AI bot named Billie to handle most routine customer asks.

They then invested in a comprehensive upskilling initiative for their 8,500 call center workers to strengthen design skills and human capabilities.[24]

As people bring their unique skills and capabilities to the table to collaborate within and across organizations, learning accelerates, value is scaled, and the imagination deficit narrows or even disappears. By embracing this model, organizations have an opportunity for true differentiation.

Investing in the development of human capabilities doesn't just build organizational resilience: It improves worker resilience, well-being, and mental health—all important components of human sustainability. As we wrote about in our *2021 Global Human Capital Trends* report, conventional reskilling initiatives are insufficient on their own.[25] The pace of change is too fast, and work is becoming too dynamic: Facts that recent research shows are contributing to a broad mental health crisis in today's workplace.[26] Instead, we should equip workforces with the tools and strategies to practice adapting to a range of possible futures. Doing so can enhance worker well-being and leverage the dynamic potential of people to reinvent themselves as the best way to prepare

for uncertainty. This is also likely to set apart the organizations who can learn from unexpected challenges without crumbling under pressure and are therefore better positioned for long-term success.[27]

Harnessing imagination to create positive change

To help ensure an adequate supply of imagination, organizations should shift from an approach that prioritizes short-term fixes to a long-term approach that prioritizes adaptability, resilience, and imagination. For many organizations, such a shift will require a redefinition of success, one that reflects a reimagined world of work in which humans and technology produce value together. There are four key steps organizations can take to begin investing in human capabilities in their organizations:

● **Operationalize human capabilities as part of overall workforce strategy.** Start by assessing the current state of your workforce's collective human capabilities, in particular, empathy and curiosity. Most organizations have more experience measuring functional and technical skills than broader

Investing in the development of human capabilities doesn't just build organizational resilience: It improves worker resilience, well-being, and mental health— all important components of human sustainability.
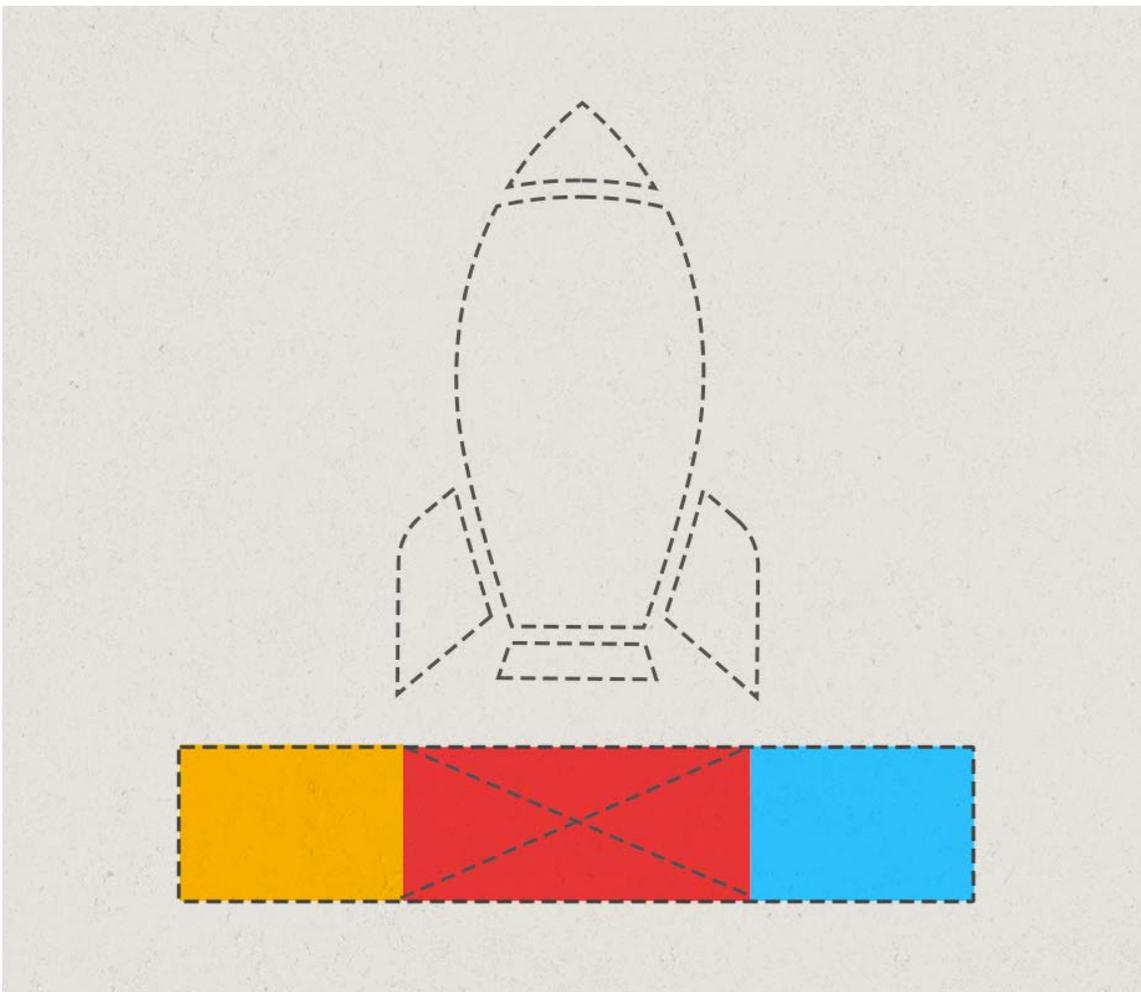
capabilities. According to Deloitte's Skills Based Organization global survey, 68% of business and HR leaders say they are confident they have verified and valid information on their workers' hard skills, but only 48% are confident they have verified and valid information on their workers' human capabilities.[28] While measuring human capabilities isn't as straightforward as measuring hard skills, there are nevertheless a variety of ways to do so. Organizations can collect peer or manager feedback, assessments, or endorsements of capabilities. They can use digital assessment tools including psychometric assessments, simulations, and challenges. Or, if workers consent, they can use AI tools that infer human capabilities by analyzing workers' daily behaviors and performance in the flow of work, including AI analysis of audio or video calls.[29]

Once an organization understands the relative strength of human capabilities in its workforce and identifies any capability gaps, it can start to close those gaps by operationalizing the development of human capabilities. One way to do this is to begin hiring for them. Many organizations are already doing so. For example, design and consulting company IDEO prioritizes hiring "T-shaped" employees: people with human capabilities such as creativity (the vertical stroke of the T) and a willingness to collaborate across disciplines (the horizontal stroke of the T). The organization understands that T-shaped candidates are more likely to ask questions about the organization that aren't directly related to the roles they're applying for, and they're more likely to talk about how past successes have involved collaboration, rather than focusing exclusively on themselves.[30]

In conjunction with deploying talent acquisition initiatives, future-thinking organizations will develop, support, and reward the effective use of human capabilities across their workforce. For example, many organizations with a large frontline worker population engage in empathy-related training and development.[31] Such development activities often involve deliberately being placed in unfamiliar experiences or having the chance to observe and then practice empathetic responses. Best Western hotels, for example, used VR to help workers better empathize with tired and frustrated travelers.[32]

- **Practice imagination in service of human sustainability.** Today's workers have increased agency and many are seeking greater meaning in their work.[33] While extrinsic rewards can be important, research has found that one of the best rewards for exercising creativity is simply the chance to use it in service of outcomes that are meaningful to the individual.[34] Encouraging workers to use their human capabilities in service of outcomes that matter to them and to the organization has the potential to be a virtuous, reinforcing cycle. These capabilities may be innate, but when they aren't exercised on a regular basis, they can atrophy. That's why it's so important for leaders to model and encourage their use. When given a safe space and the time to pursue projects of interest—even if that work lies outside their defined responsibilities—workers have a chance to hone and strengthen their human capabilities while generating greater value for the organization and themselves. Organizations can harness the intrinsic passion that, for most people, is the strongest motivating force.[35]

- **Highlight for workers, teams, and managers the need to prioritize human capabilities.** Workers should not be expected to transform their mindsets overnight from "What needs to get done?" to "What possibilities can I help unlock?" Leaders have a responsibility to communicate the importance of curiosity and empathy and model behavior that demonstrates their effective use. One of the most effective ways for leaders and managers to model curiosity is to engage in a consistent practice of asking questions and sincerely listening to what workers have to say. Leaders often believe they're expected to provide all the answers themselves, particularly in times of crisis. In reality, asking workers how they can be most helpful often leads to better ways of moving forward while also strengthening connections across the organization. Managers and team leaders can also create space for their workers to use their human capabilities to rethink their roles (figure 3).

For some leaders, embracing a model that encourages worker autonomy and feedback may be difficult. Managers and executives are often encouraged to deliver on specific objectives or solve for specific problems and may fail to see the upside of thinking outside the box. One survey of 520 chief learning officers and chief

Figure 3

Workers want the opportunity to reimagine the future of their work, but many aren't given the opportunity to do so

Percentage of workers answering the questions, "Is your organization helping you imagine how your job may change in the future, with technology or other advancements?" and "How important would this be to you?"

Importance to workers

76%

Organizations helping workers imagine the future of their work

43%

Source: 2024 Global Human Capital Trends research.

talent development officers found that they often fail to encourage curiosity because they believe the organization would be harder to manage if people were allowed to explore their own interests.[36] Instilling habits and norms that foster creativity requires senior leaders to develop and promote governance frameworks that consider creativity as a key factor when deciding what to invest in.

Organizations may need to overcome biases against curiosity and creativity and related blind spots as to their rising importance for workers. As illustrated in figure 4, executives see human capabilities as very important for themselves (8 out of 10) but only moderately important for their workers (6 out of 10).

One of the reasons for this difference might be the mixed, historical perceptions of creativity in organizations. It has often been seen as competing with efficiency, even though in the long term, it has the

potential to generate tremendous value.[37] Recent research has found that many people celebrate creativity outwardly while subconsciously viewing it as a disruptive force that introduces unwanted uncertainty.[38] Curiosity, too, has historically been seen as both a positive quality and a potentially disruptive one.[39] This may partly explain why, in a recent survey spanning 16 industries, 65% of workers said curiosity was of great importance to exploring new ideas and solving work problems, while almost as many—60%—said they encountered difficulties in fulfilling their curiosity on the job because of daily routines and rigid organizational structures.[40]

When people at all levels of an organization are not only communicating the importance of qualities like curiosity and imagination but modeling them in their day-to-day actions, a **culture of trust** can be created in which workers begin to feel more comfortable with uncertainty and can lean into an

Figure 4

Executives rate human capabilities more important for themselves than for workers

Calculated average of executives answering the question, "How important are the following skills at each level of your organization for its business performance? Rate on a scale from 0-10."

Human capabilities
(e.g., curiosity, empathy, critical thinking, emotional intelligence)

Collaboration with machines

Executives

8.2

5.4

Workers

6.4

8.2
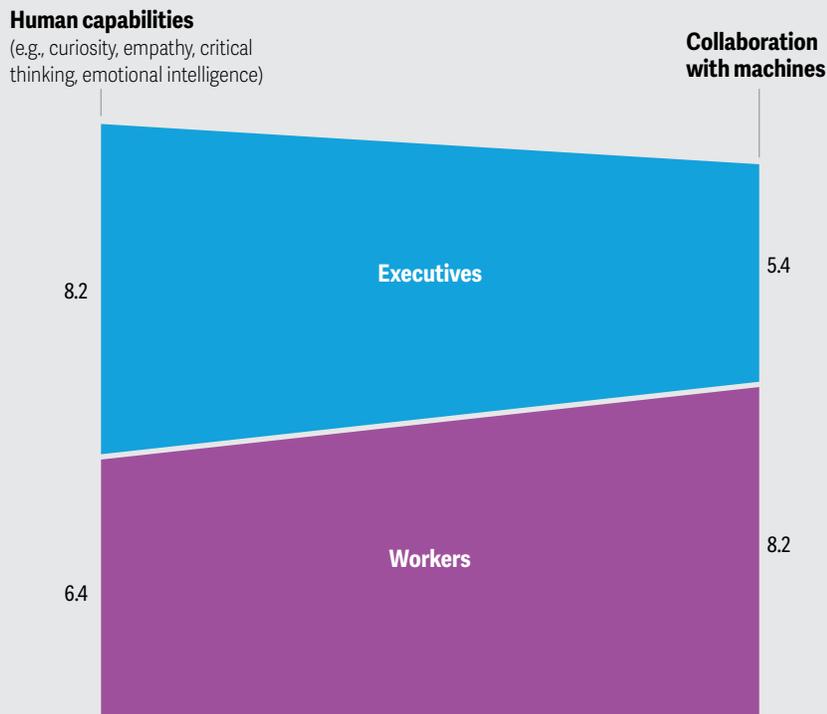
Source: 2024 Global Human Capital Trends research.

imaginative transformation of their roles. What's more, investing in worker reinvention can build resilience among current workers and make the organization more attractive to new workers, positioning it well for talent attraction and retention.

Interestingly, collaboration with machines is ranked highest for workers and lowest for executives, suggesting that leaders may be underestimating the impact of AI on their roles (figure 4).

- **Provide opportunities and venues for workers to explore, experiment, disrupt, and cocreate.** It's not enough to simply encourage innovation: Organizations should also provide digital playgrounds for workers to explore, experiment, disrupt, and cocreate, working with both their human colleagues and with the latest technological tools. When given the safe space and encouragement to play and search for new possibilities, workers can more easily tap into their natural curiosity and let go of the fear that could be holding them back from taking risks.

Create moments, both ad hoc and built into daily work, to exercise the imagination. Hackathons offer one model for how to create such experimental moments. In hackathons, creative autonomy is valued above all else. Instead of managing the innovation process as it happens, managers set the stage by providing access to tools and asking a set of questions to inspire creativity.

Looking toward an imagination-rich future

The disruption posed by technological innovation and an increasingly interconnected world is changing the way organizations and workers analyze, collaborate, and create. New, yet-to-be-imagined technologies are likely to continue to do so in the future. But while some of the tools of creativity can be automated, the desire to seek answers to new questions and explore the unknown are not capable of automation. These capabilities are uniquely human.

It's up to organizations to prioritize human capabilities in a technology-dependent world. This means hiring for faculties such as curiosity, creativity, and critical thinking; developing them throughout the workforce; providing safe spaces where workers can come together to experiment and practice; and rewarding workers who harness their autonomy to reimagine what's possible for themselves, the organization, and its stakeholders.

This reimagination is no longer the exclusive remit of organizational leaders. Instead, it's a team sport that involves everyone in the organization and beyond, welcoming new technologies into teams to produce transformative outcomes. When imagination becomes an expectation from top to bottom, workers can imagine new opportunities and organizations can be better positioned for perpetual reinvention and innovation.

RESEARCH METHODOLOGY

Deloitte's 2024 *Global Human Capital Trends* survey polled 14,000 business and human resources leaders across many industries and sectors in 95 countries. In addition to the broad, global survey that provides the foundational data for the *Global Human Capital Trends* report, Deloitte supplemented its research this year with worker- and executive-specific surveys to represent the workforce perspective and uncover where there may be gaps between leader perception and worker realities. The executive survey was done in collaboration with Oxford Economics to survey 1,000 global executives and board leaders in order to understand their perspectives on emerging human capital issues. The survey data is complemented by over a dozen interviews with executives from some of today's leading organizations. These insights helped shape the trends in this report.

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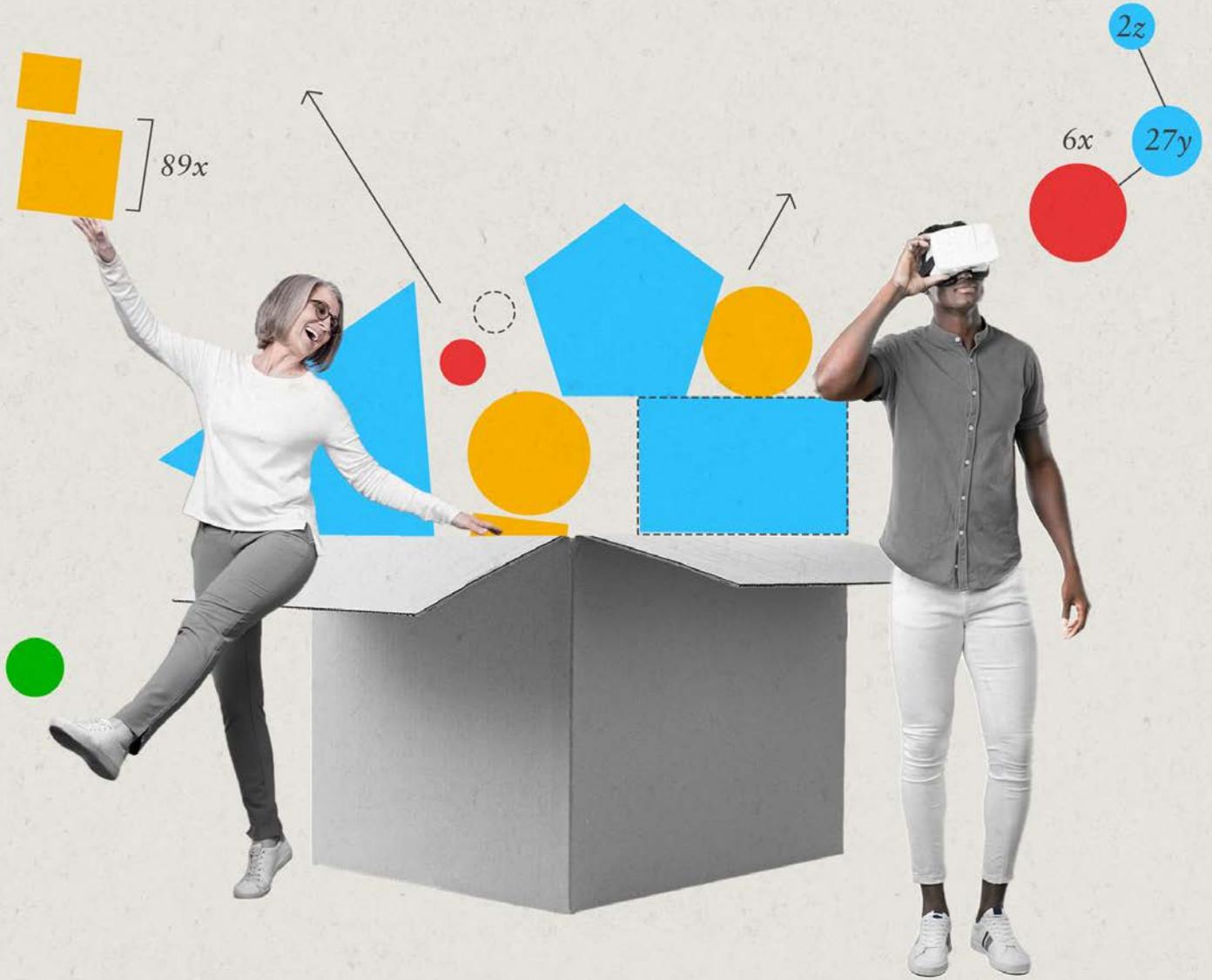
How play and experimentation in digital playgrounds can drive human performance

As technology continues to spark change in the relationship between workers and organizations, they need safe spaces to cocreate their common future.

Nicole Scoble-Williams, David Mallon, Sue Cantrell, Matteo Zanza, Michael Griffiths, and *Shannon Poynton*

In Dublin, Ireland, one of the country's leading private hospitals was facing a crisis: Amid growing patient demand, increasingly complex clinical issues, aging infrastructure, and space constraints, patient care was starting to suffer. Wait times were too long. Delays and interruptions in care were negatively impacting the patient experience.

To address these challenges, the hospital began by launching an experiment with a single department—radiology—creating a digital twin of the department. In this virtual 3D environment, teams were able to explore different physical layouts and test new operational scenarios, workshopping them with staff and stakeholders.

In short order, the department reduced patient waiting times by up to 25 minutes and turnaround times (the time between a patient's arrival and departure) by 28 minutes or more. They were able to improve physical accessibility, make better use of equipment, and reduce staffing costs. And all of these improvements—which

would normally have taken months, and even years, of trial and error to achieve—were realized in just a matter of weeks.[1]

This is just one example of how organizations are using a rapidly advancing suite of digital tools and applications to achieve transformational business and customer-facing results. But there's something important missing in this equation: workforce impact. In their rush to improve the end-customer experience and organizational bottom line, organizations may be overlooking the potential benefits that use of these technologies can bring to the human beings doing the work, and thus missing a critical opportunity to expand their impact.

Technological advancement, most notably the profusion of technologies powered by generative artificial intelligence, is creating the potential for new ways of working that can help elevate human performance (outcomes for both organizations and workers). To deliver on these outcomes, organizations will need *digital playgrounds*—safe spaces that encourage intentional play and curiosity—to experiment and explore new ways of working.

The knowing vs. doing gap: Respondents know that creating digital playgrounds is important, but few are doing enough to make meaningful progress

Percentage of respondents answering the questions, "How important is reimagining the work, workplace, and workforce through digital footprints, simulations, and related tools to your organization's success?" and "Where is your organization in its journey to address this issue?"

65% recognize the importance,
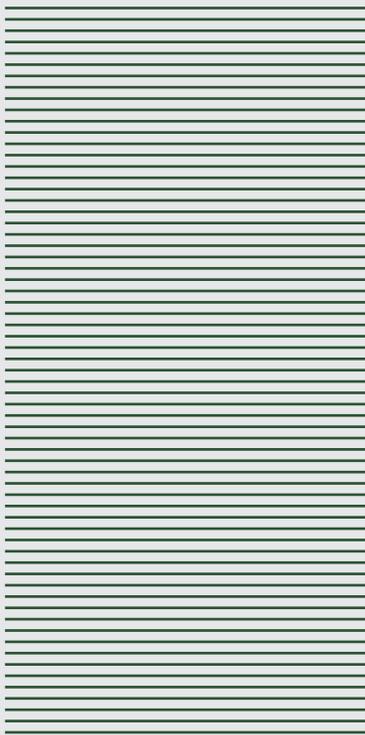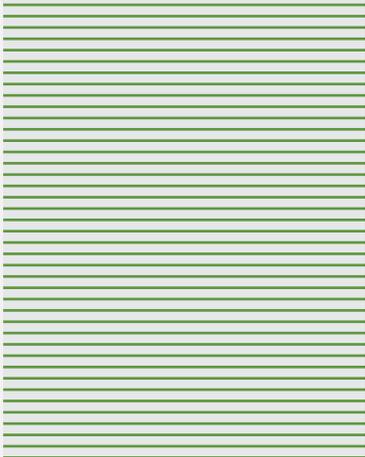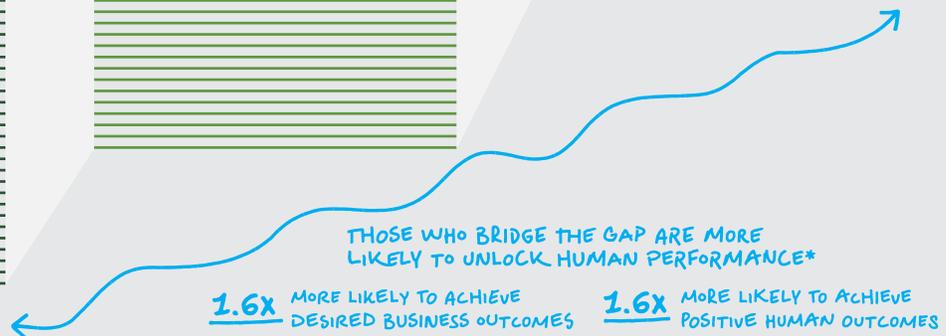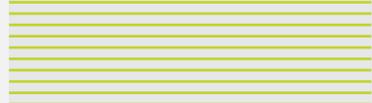
with 41% doing something,

and 10% doing great things

THOSE WHO BRIDGE THE GAP ARE MORE LIKELY TO UNLOCK HUMAN PERFORMANCE*

1.6x MORE LIKELY TO ACHIEVE DESIRED BUSINESS OUTCOMES

1.6x MORE LIKELY TO ACHIEVE POSITIVE HUMAN OUTCOMES

Note: The knowing-doing gap was introduced in *The Knowing-Doing Gap: How Smart Companies Turn Knowledge into Action* by Jeffrey Pfeffer and Robert I. Sutton, and it has continued to be a relevant concept in business performance.

*Business outcomes are defined as meeting or exceeding financial targets. Human outcomes are defined as providing meaningful work for workers.

Source: 2024 Global Human Capital Trends research.

A digital playground is not a singular place or virtual platform. Rather, it's a mindset and an approach in which technologies are curated with intention and opportunities to use them are democratized. It's a safe space for workers to build confidence, learn new skills, and hone their **human capabilities.**[2] Safety in this context refers to psychological safety—where individuals do not risk punishment or humiliation for speaking up with ideas, questions, concerns, or mistakes, and where they are safe to take interpersonal risks.[3] It also refers to spaces where workers can experiment with new processes and technologies without putting business outcomes at risk.

As they play with the possibilities of a new, technologically enabled future on this playground, both workers and organizations can gain experience and achieve enhanced business outcomes (i.e., innovation) faster than real-world conditions might allow.

One example of the broad application of multiple digital playground technologies is the Vancouver Airport Authority launching a virtual, real-time interactive representation of the airport in Vancouver, Canada (YVR), in 2022.[4] This platform was expressly created with experimentation in mind—its designers anticipated that YVR's workers and surrounding community would come up with many more uses for it than they might originally conceive. The platform involves a mix of a virtual space with data collected in real-time from sensors and other Internet of Things (IoT) tools throughout the facility. Data is used to inform daily decision-making and collaboration and explore future opportunities for improvement or innovation. Local teams are using the platform to improve outcomes as diverse as managing ground traffic control, improving worker safety and security, reducing carbon emissions from aircraft and other equipment, growing workforce skills, and modeling the expansion of the airport's indigenous art collection. YVR sees the platform as central to its digital learning hub, an initiative to spur innovation and growth in the surrounding community.

Digital playgrounds can be expansive and include the opportunity to experiment with existing as well as emerging technologies. For example, physically demanding job sites in industries like shipping, construction, and natural resources are already combining technologies such as analytics, sensors, drones, digital models, IoT, edge computing, and extended reality (XR) technology to help workers operate more efficiently. Augmented reality (AR) and virtual reality (VR) technologies are providing workers with personalized, data-rich environments to engage with new skills and situations safely, or to collaborate better given complex task barriers such as geographic distance or lack of common language. Generative AI sandboxes are providing workers at every level of organizations with a safe space to imagine new combinations of AI and human work.

Digital playgrounds are safe spaces to realize possibilities while easing anxieties

Amidst the optimism surrounding the possibilities of these rapidly advancing technologies, there is also an undercurrent of anxiety and caution about their use. In November 2023, 28 countries—including 18 of the 20 largest economies in the world—issued a declaration committing themselves to responsible, human-centric use of AI.[5] While the declaration highlighted AI's potential "to transform and enhance human wellbeing, peace, and prosperity," it also noted the harm that could result from misuse. Leaders are walking this line: According to the World Economic Forum, 75% of organizations globally intend to accelerate their use of AI over the next five years, while also anticipating significant disruption to current worker skills.[6] Workers also see both sides: A global survey found that while 39% of workers are worried about the impact of AI on their job, 52% say that increased use of AI is likely to enhance their career possibilities.[7]

A digital playground is not a singular place or virtual platform. Rather, it's a mindset and an approach in which technologies are curated with intention and opportunities to use them are democratized.

But the opportunities to positively affect human performance are also real. Among the new wave of digital and AI-powered technologies is a growing suite of tools that can enable workers and organizations to set the risks and uncertainties of the real world aside, providing a playground in which to explore, experiment, and cocreate solutions that *make work better for humans and humans better at work*.™ These tools include AI-powered people analytics; augmented, virtual, and extended reality; digital twins; digital doppelgangers; and more—technologies that not long ago were largely confined to science fiction. Many of these tools are already in use across industries to drive efficiencies, improve processes, train workforces, and explore new ways of working. Moving ahead, organizations will have an increasing array of technologies that could become a part of their digital playground to create improved outcomes for both workers and organizations. Consider the following examples:

- **Generative AI:** Generative AI is a subset of artificial intelligence in which machines leverage deep learning to generate new content in the form of text, code, voice, images, videos, and processes. The content is often indistinguishable from human-generated material.

  One Fortune 500 software firm tested a new generative AI system with its customer service agents, who are required to have both detailed product knowledge and top-notch problem-solving skills to successfully resolve customer issues. The system combined a recent version of a GPT platform with proprietary machine learning algorithms based on data from previous customer service interactions among their 5,000 agents. It provided real-time suggestions for how agents should respond to customers, as well as links to relevant internal documentation to help solve technical issues. The firm realized a 14% increase in the number of chats an agent successfully resolved over the span of an hour—and an even greater increase (35%) for less experienced agents, helping them move more quickly through their learning curve.[8]

  In Singapore, a coalition of digital government agencies launched a joint initiative in partnership with a leading technology company to drive generative AI capabilities in both the public and private sectors. Their approach to increasing generative AI capabilities includes "innovation sandboxes" and workshops to rapidly train people in AI and bring generative AI prototypes to production. The Singapore initiative goes beyond consumer-facing chatbots, seeking to create an AI-first culture that fosters innovation.[9]

- **Digital twins:** A digital twin is a near-real-time digital replica of a physical object (a car or human body), business process (supply chain), workforce (call center), or place (a factory, airport, or an entire city).

  Before construction even began, BMW created a digital twin model of an electric vehicle production plant set to open in Debrecen, Hungary, in 2025.[10] Digital twin simulations are allowing workers to train together in a virtual 3D environment, giving them the opportunity to gain familiarity with the new space and practice location-specific skills, with the freedom to experiment, play, and make mistakes. BMW teams can collaborate across multiple locations on any device. The digital twin model also allows engineers to work out bugs and make processes more efficient before the plant opens, saving time and cutting costs. The entire production process will be validated virtually before hardware is installed and robots are programmed to produce specific models.

  A British telecommunications company built a digital twin of their call center operations to monitor and visualize its live status and performance. The application allowed the user to experiment in real-time, varying staffing or making operational changes to see the impact on expected performance. A user could test the impact of different decisions related to work shifts, different ways of routing calls, and sudden surges in demand.[11]

- **Digital doppelgangers and digital humans:** Digital doppelgangers replicate specific skills, knowledge, and other attributes of an individual or small team. A digital human is an avatar used in a virtual environment that can produce a whole range of human body language.

  A global technology corporation patented a chatbot that can act and behave like a real person. The doppelganger is created using information that can be gathered from a person's social media profile, including voice data, posts, messages,

behavioral information, and images.[12] A team at MIT Media Lab is working on technology to enable machine intelligence to replicate a person's digital identity so that others can "borrow their identity" to provide consultation or to help with decision-making in the absence of the source human. For example, the technology could be used to create a doppelganger of a corporate lawyer that provides legal expertise to clients at a reduced fee, in essence, "borrowing" the identity of the lawyer.[13]

HP already used AI in their call centers to route customer calls to the agents best equipped to handle them but has evolved the AI to act as a digital doppelganger, replicating the skills and expertise of high-performing call agents to incorporate into its algorithm.[14]

Celebrities and in-demand individuals are also experimenting with scaling access to their scarce time and attention. The Swedish band, ABBA, for example, launched a concert series in which the music was performed by their 3D digital avatars created from motion capture.[15]

- **Augmented and virtual reality:** AR overlays digitally created content into the user's real-world environment, usually through heads-up displays, mobile apps, and smart glasses, offering a seamless blend of the physical and virtual worlds. VR creates a highly immersive, fully rendered digital environment that entirely replaces the user's real-world surroundings.

The US Air Force is using AR/VR for training and reskilling for both pilots and maintenance crew, improving safety and accelerating curriculum completion by 46%. The AR/VR training program visualizes tools, systems, and aircraft for maintenance training, and the AI capability can provide personalized nudges to the airmen based on their learning style.[16]

- **Analytics:** Technologies such as analytics and AI have the potential to help organizations make better use of massive volumes of data. Real-time analytics applies logic and mathematics to data to provide insights that can enable users to make better decisions in real time. Auto-analytics is the practice of voluntarily collecting and analyzing data about oneself in order to improve.

A telecommunications company used AI to analyze the profiles of thousands of workers who identified themselves as machine learning experts to interpret the aggregation of skills, experience, and pathways relating to these workers' machine learning skill development. The company then created algorithms to search for and hire based on those new metrics—increasing the talent pool by at least three times what the company had estimated.[17] After hiring the workers who had these adjacent skills, the company then quickly built on the foundation of these skills to train the hired workers with the specific required machine learning skills. It now has technology that enables workers to compare their skills profile to different types of work and assess their fit, along with a list of skills they need to develop.

- **5G, drones, edge computing, Internet of Things, and sensors:** These technologies expand the digital feedback loop to include the real world, where work happens. These technologies can be deployed to gather data to increase the fidelity of virtual copies, increase the volume of data to run simulations and scenarios, and to feed data back into the world to guide individuals and teams.

The EU is launching a digital simulation of the entire planet called Destination Earth, built from data collected by climate, atmospheric, and meteorological sensors.[18] Scientists, policymakers, and business leaders from around the world will have a digital playground where they can access the data to model the socioeconomic impact of climate change. These analytics can help steer policy and business strategies, explore climate trends, test scenarios, and inform possible interventions and investments.

The full potential of these tools for enhancing work and exploring many possible futures is still emerging and can only be fully realized when they are curated and made widely available for the express purposes of experimentation and play.

In a time of disruption and possibility, experimentation and play can help humans learn to explore the unknown and the unexpected, to adapt, and to generate the imagination required to solve the challenges of a boundaryless world.[19] To engage with disruption productively, the opportunity to

SIGNALS YOUR ORGANIZATION SHOULD EMBRACE AND ENCOURAGE DIGITAL PLAYGROUNDS

- Your workers and leaders are excited about the possibilities of AI-enabled work and are looking for opportunities to experiment and explore, but don't know where or how to do so.

- Your workers are already experimenting with tools such as generative AI in their work, with or without the organization's approval.

- Your workers and stakeholders are worried about the long-term viability of workers' skills due to tech disruption.

- Your organization is using digital tools like VR and digital twins to transform work but isn't using them to enhance the workforce experience.

- Your organization is using analytics to inform short-term workforce-related objectives, but hasn't tapped its potential to explore and plan for possible futures.

- Your competitors are getting to market with AI-enabled solutions faster. Boards and investors are demanding more and faster innovation—especially related to AI—while also calling for less risk.

play with the new and the unknown is important. However, enabling it—especially in a business context—requires explicit encouragement, opportunity, and psychological safety. As the pace of disruption accelerates, there will likely be a growing need for more opportunities and spaces to play—spaces that provide access to new technologies and are safe from risk for both the worker and the organization.[20]

Disruption and evolving worker needs are driving the need for digital playgrounds

The pace of disruption is creating a world of increasing unpredictability and complexity. New ways of working—emerging seemingly in real time—introduce a host of complex questions. As a result, numerous factors appear to be driving an urgent need for organizations to bring play into focus:

- **Entry-level roles are declining or may require new skills.**[21] In many organizations, the application of automation and AI technologies could reduce the need for some entry-level roles. Common, procedural office work is now often handled by software or requires far fewer people.[22] For example, in customer service, chatbots are handling a significant portion of customer inquiries[23] and in health care, AI-based systems can take the first pass at coding a case, meaning companies may be able to leverage their experienced coders to audit the system's decisions.[24]

Additionally, some organizations now expect new entrants to come ready to put well-honed skills and human capabilities to use, as the remaining roles now require greater emotional intelligence and divergent thinking.[25] This change could have implications for the labor market, particularly among younger generations. Traditionally, entry-level roles allowed new workers the time and space to grow skills. As these roles become scarcer, digital playgrounds could provide spaces to build required experience and practice and develop new skills. For example, digital twins of human bodies and hospital environments can prepare medical professionals before they interact with real-life patients.[26] Digital doppelgangers of experienced sales executives can be personal, on-demand coaches for new salespeople. And VR is being used in power utilities to prepare workers to work in dangerous environments like electrical substations.[27]

- **The importance of human capabilities is increasing in the work.** As work becomes more dynamic, less predictable, and more composed of making judgments in the face of constantly changing data, the relative importance of capabilities such as curiosity, empathy, and resilience as inputs to the work is rising. By giving workers a space to explore, experiment, and play, digital playgrounds can both cultivate and capitalize on workers' human capabilities. Digital playgrounds can help workers refresh their skills, step into new roles, and adapt to a rapidly

shifting job market. And they can help organizations develop the vision and resilience to thrive under challenging conditions.[28]

- **Workers need time and space to learn how to collaborate with smart technologies.** In almost all the examples discussed so far, technology is not just replacing human effort or augmenting it. These smart technologies are handling tasks within processes and work groups, requiring new modes of interaction. The experience of the work for the human worker is changing,[29] likely explaining why executives in our research rated human-machine collaboration[30] skills as very important. It's not surprising, then, that human and machine collaboration is an evolving field of inquiry—one of growing importance to human performance and worthy of the kinds of dedicated experimentation and play that could take place in the digital playground.

- **Distributed teams are changing how work gets done.** As we move further into a hybrid reality, workers are increasingly working at different times, in different places, and at varying speeds. Because of this, there is a pressing need for spaces for ideation, experimentation, and exploration that span time and distance. In one example, a digital playground enables a group of globally distributed scientists to manage the work of robots conducting chemistry experiments in a physical lab.[31]

In addition, younger workers tend to value hybrid work, distributed teams, and online interactions. Deloitte Global's millennial and Gen Z study found that about half of all Gen Zs and millennials consider online experiences to be meaningful replacements for in-person experiences.[32] For these workers, digital playgrounds will likely seem like a natural extension of the rest of their lives, and they will be ready to embrace their roles as active creators in digital spaces.

What's at stake?

According to our research, 76% of workers say it's very or moderately important that their organization help them imagine how their job may change in the future, but less than half (43%) of workers say their organization is

helping them do so. Another recent study of global workers published in September of 2023 found that only 13% of workers had been offered AI-related skills training in the past year, despite a majority of workers believing that those skills would be essential to their future prospects.[33] Many organizations are not providing the time, space, opportunity, or tools to either experiment or play.

To help organizations succeed, workers should feel like active participants in the evolution of their roles. Giving them a place to explore and play can be a way to earn their buy-in. Plus, since humans tend to learn best by practicing, digital playgrounds support continuous learning and the development of new skills—particularly when it comes to collaborating with others and honing workers' ability to work well with technology, a skill that will become more and more necessary in the coming years.[34]

At a moment when worker roles are shifting, it's important to create safe spaces in which organizations and workers can direct that change toward business outcomes and **human sustainability** broadly. Importantly, these outcomes will differ from organization to organization and from worker to worker. There is no one-size-fits-all solution. Digital playgrounds give workers and organizations the opportunity to model different ways of working and determine the best fits given their specific goals and situations. Organizations that fail to explore with digital playgrounds run the risk of falling into conventional ways of working, which may put them at a disadvantage as technologies continue to advance and change what is possible. Since speed is a major differentiator in today's world, the faster they start enabling these explorations, the better.

Building digital playgrounds that drive human performance

Building and maintaining successful digital playgrounds will likely require organizations to embrace new strategies, mindsets, and approaches to meet evolving workforce needs. But launching a digital playground doesn't need to be a complicated, resource-intensive endeavor. It just requires you to start where you are with what you have: Many organizations are already using some of the tools one would expect to find in a digital playground. Creating access, psychological safety, and opportunities

Organizations that fail to explore with digital playgrounds run the risk of falling into conventional ways of working, which may put them at a disadvantage as technologies continue to advance and change what is possible.

to play and experiment are the next steps. As organizations begin to build out digital playgrounds, they can consider the following actions:

- **Democratize access to the digital playground.** In many cases, only a few specialists are using digital playground tools in isolated ways—and with the intent to optimize specific processes, not to reimagine the art of the possible. Consider democratizing access to these tools, then expand where and how they are used to experiment in the short term and play in the future. As access to the playground is expanded, give special attention to mid-level leaders and front-line supervisors. These workers are often caught up in the operational challenges of the moment, working to meet short-term performance goals potentially at the expense of engaging their imagination to take a broader view. Digital playgrounds can help restore their curiosity and allow them to participate more fully in creative collaboration. Senior leaders, however, should consider giving workers space to play in their own playgrounds without leader involvement so they can experiment or fail without feeling exposed.

- **Encourage play.** Above all, digital playgrounds should be spaces where workers at all levels of an organization are given the time, encouragement, and opportunity to experiment and play. Encouraging play includes establishing norms and ground rules for the playground, making it clear that it's perfectly acceptable to test ideas that fail or make mistakes with the technology. Workers should be rewarded for their efforts to engage with a digital playground and for innovations that result from their experimentation. In addition, organizations can encourage play by ensuring that workers understand what tools are available and have access to information that teaches them how to use different technologies. When workers are encouraged to play and experiment in a digital playground, they—and their organizations—are likely to be more practiced at adapting to disruption, putting them in a better position to navigate uncertainty and ensure that the organization is never lacking for imagination.

- **Connect play to work.** Play might be best when it's open-ended, but that doesn't mean it should be frivolous or disconnected from the purpose of the organization. Encourage exploration of domains and problem sets of import and interest to the organization. From a work design perspective, consider where engagement with the playground can be designed into the work on a day-to-day basis. Encourage teams to experiment and play together. Where possible, give those teams the space to be creative, including defining, and possibly refining, the scope of the real-world challenges in front of them based on what they learn on the playground. Consider how governance mechanisms for investment and innovation can seed imagination, establish playground rules where necessary, and harvest the best of ideas generated.

- **Use digital playgrounds to cocreate.** Cocreation is proving to be difficult for many organizations. Only 30% of executives say that they are regularly engaging workers in cocreation of strategies and solutions. Digital playgrounds can be less risky forums for inviting workers to cocreate changes in their own roles and their organizations' future. Empowering workers in this way can enhance their sense of purpose, belonging, and resilience in the face of change.

- **Focus on human sustainability.** Digital playgrounds are more than just collections of the latest advanced technologies. As spaces to harness and develop the curiosity and imagination of human beings, the humans playing in them will need a solid foundation of well-being, psychological safety, and trust. In turn, these playgrounds are natural places in which to explore improving outcomes related to human sustainability; for example, using AR or VR to increase skills viability or using sensors and analytics to improve safety.

- **Negotiate worker data.** Many of the tools used in digital playgrounds, from AI-powered analytics to digital twins, can be applied to work, workforce, and workplace issues, but to increase

their likelihood of success, they will require large quantities of worker data. Workers are increasingly demanding greater control of this data, and organizations should aim to use it to create mutual value, working from workforce data policies that are transparent and accessible.[35]

Digital doppelgangers provide an especially pointed example of the **importance of trust** when it comes to the role of worker data in digital playgrounds. Since digital doppelgangers are often modeled on actual people, these people will need to provide their ongoing consent to share their knowledge and capabilities in digital form, and potentially own or share intellectual property. Some celebrities are already choosing to sell their likenesses for digital use,[36] while others are seeing doppelgangers created without their permission.[37] Workers with in-demand expertise, experience, and talents could find similar, lucrative opportunities to have their own doppelgangers created to scale their value in a way that benefits the wider organization. Exercise caution, as this is an emerging field with many questions not yet answered and many more not yet asked.[38]

The future of digital playgrounds

Organizations will likely need many digital playgrounds, each involving different sets of tools, leaders, and workers. Each of these playgrounds may have a unique purpose. Some will be specific to certain projects or issues, and these may have a lifespan that ends when the project is over. Others will be more open-ended, with many potential uses.

In the example of the Vancouver International Airport discussed earlier, the platform was explicitly designed as a people-first technology, with operations teams being given free rein to imagine how to apply it. Already, these teams have found multiple uses. It supports worker training and testing of new methods. Data about passenger demand helps staff forecast wait times and identify potential processing issues, allowing workers to provide better service to passengers. Cameras detect if a vehicle has been parked outside the terminal curbside for an extended period, allowing operations and security teams to swiftly address the issue and improve the flow of traffic. Real-time information about maintenance needs enables maintenance staff to respond more efficiently to work orders.[39]

These are just some examples of the ways in which leaders and workers are using the airport's digital playground. Its potential uses for experimentation and play in service of better outcomes are practically infinite. It's a demonstration of how, at their best, digital playgrounds are spaces of limitless possibility. Organizations and workers can both benefit from their capacity to engender new models and find solutions to urgent problems—none more urgent than the role of the worker in an increasingly tech-enabled workplace.

RESEARCH METHODOLOGY

Deloitte's 2024 *Global Human Capital Trends* survey polled 14,000 business and human resources leaders across many industries and sectors in 95 countries. In addition to the broad, global survey that provides the foundational data for the *Global Human Capital Trends* report, Deloitte supplemented its research this year with worker- and executive-specific surveys to represent the workforce perspective and uncover where there may be gaps between leader perception and worker realities. The executive survey was done in collaboration with Oxford Economics to survey 1,000 global executives and board leaders in order to understand their perspectives on emerging human capital issues. The survey data is complemented by over a dozen interviews with executives from some of today's leading organizations. These insights helped shape the trends in this report.

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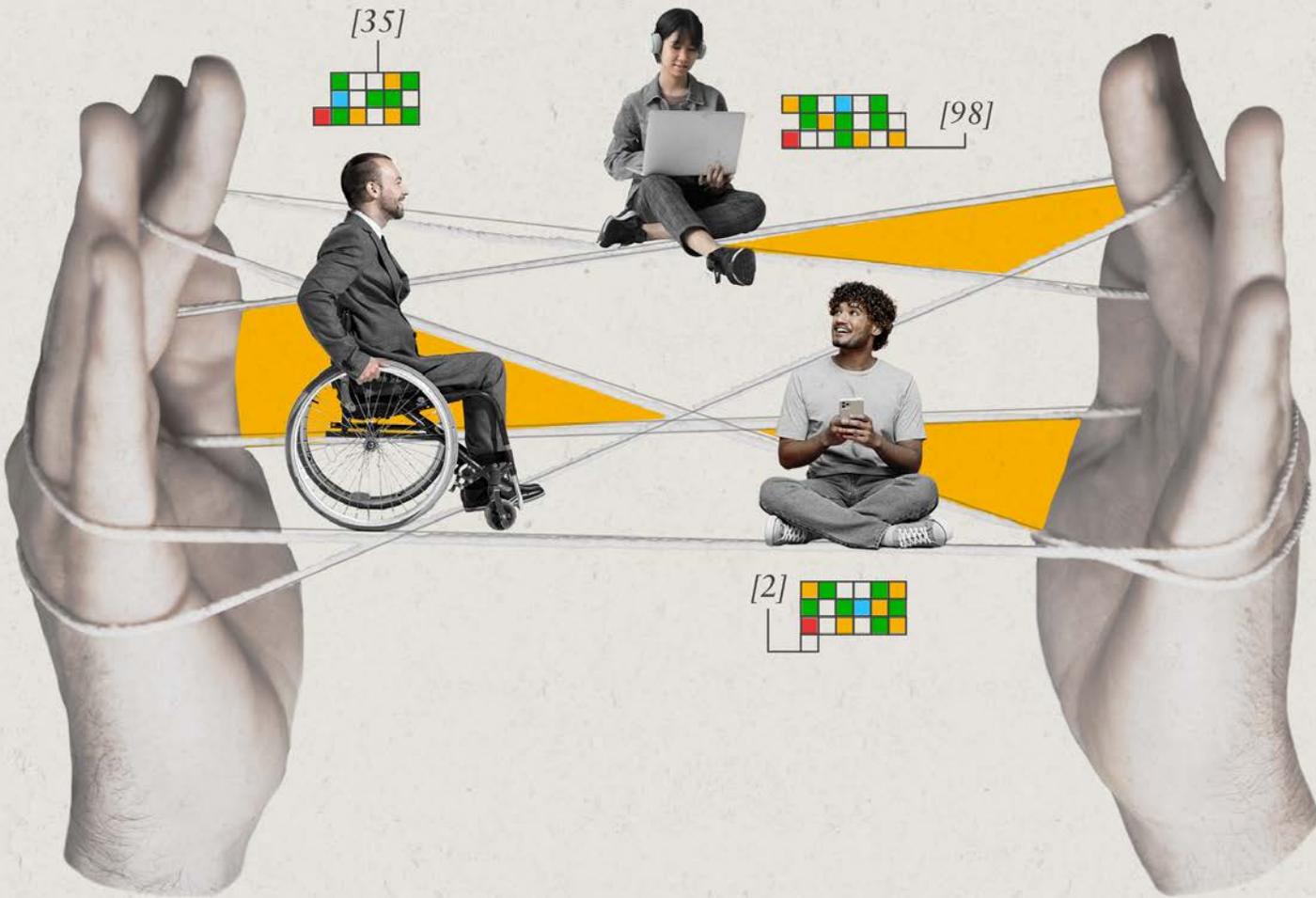
One size does not fit all: How microcultures help workers and organizations thrive

Rather than striving for one common culture, organizations should enable a "culture of cultures" tailored to the needs of local teams while aligning to organization-wide values.

John Forsythe, Julie Duda, Sue Cantrell, Nicole Scoble-Williams, and *Mari Marcotte*

When it comes to how culture plays out in an organization, consider the recruiting process: Job applicants are often coached to ask about "corporate culture" in an interview, and hiring managers are instructed to assess "cultural fit." This advice tends to presume that most large organizations have a single culture that workers need to fit into—fixed and uniform, articulated and enforced from the C-suite down. However, rarely does culture play out this way.

Often, a worker will join an organization only to find themselves in a unique team culture in a specific part of the organization. When the culture differs from their expectations, the impact can be significant—almost a third of new workers leave their jobs within the first 90 days of being hired,[1] with unmet expectations from recruitment and culture being top factors.[2]

Alternatively, the culture a worker is seeking may not be adequately or accurately described in the interview process because it diverges from the overall corporate culture touted by the recruiter—leaving the worker unimpressed and wanting to go elsewhere. Technology workers interviewing for jobs in non-technology organizations, for example, often seek entrepreneurial, collaborative cultures that are high-risk, high-reward, and without rigid rules. While such a culture may indeed exist in the technology function of an organization, the recruiter may instead emphasize the overall corporate culture that is quite different from the one the worker seeks—creating a disconnect when it comes to attracting and accessing the talent an organization needs to compete.

This monolithic view of culture is no longer fit for purpose in a world where an increasingly diverse workforce seeks greater autonomy and customized work experiences—and one in which organizations compete more on agility and customer responsiveness than standardization and top-down control. Proclamations of culture by senior leaders may start to sound the same. In fact, research shows that the stated organizational values of multinational corporations are largely similar to one another, with "integrity" appearing in three-quarters of them, and other admirable but common values like innovation, teamwork, excellence, and safety appearing frequently as well.[3] Despite the similar language used to describe these values, organizational cultures can "feel" very different from one another, suggesting that the microcultures that bring these values to life are

where differentiation occurs in practice. If stated values all sound the same, microcultures can help enable organizations to set themselves apart—leading to major impacts for talent attraction and retention.

What's needed now is to embrace and nourish the multiplicity of *microcultures* within an organization that adapt to the unique needs of a specific team, function, location, or even worker type. Microcultures reflect the subtle variations in how work gets done in different teams, functions, and geographies and are an important way that organizations can get closer to and respond more quickly to the people they serve.

WHAT IS CULTURE?

Culture is "the way things get done" in your organization—sustained patterns of behavior over time that are supported by the shared experiences, values, and beliefs of the organization.[4]

Culture includes both stated values, which are typically consistent across an organization, and the lived behaviors or artifacts—norms, symbols, language, and actions—where culture is manifested in practice. These lived behaviors are what can and should be flexible across an organization that embraces microcultures.

Leaders are recognizing this shift: Nearly three-quarters (71%) of respondents in our *2024 Global Human Capital Trends* research say that focusing on individual teams and workgroups as the best places to cultivate culture, fluidity, agility, and diversity is very or critically important to their success. Additionally, 50% of executives report that an organization's culture is most successful when there is a moderate degree of variation. Yet executives ranked this as the most difficult trend to address. This difficulty points to the importance of culture for workers—73% of people have left a job due to poor cultural fit[6]—and the "fuzziness" of defining and driving culture for organizational leaders.

Taking a "micro" approach to culture can enable organizations and leaders to paint a more detailed picture of "the way we work around here" to drive different experiences and outcomes that mutually benefit both workers and the organization. Indeed, according to our research, organizations that have embraced

microcultures are 1.8 times more likely to achieve positive human outcomes and 1.6 times more likely to achieve desired business outcomes.

A key to harnessing the power of microcultures is aligning around a set of global values while encouraging some autonomy of functions, teams, and geographies, not only permitting them to flourish, but also providing them with the resources they need to establish their own localized blends of culture.[7] The organization can then embrace the diversity of thought, innovation, agility, and tailored ways of working that each microculture is emboldened to foster. Robin Leopold, chief human resources officer of JPMorgan Chase, recognizes that, "For an organization of our size and scale, it's normal for teams to have microcultures. But how those cultures come together and rally around our firmwide values of service, heart, curiosity, courage, and excellence is the secret sauce."[8]
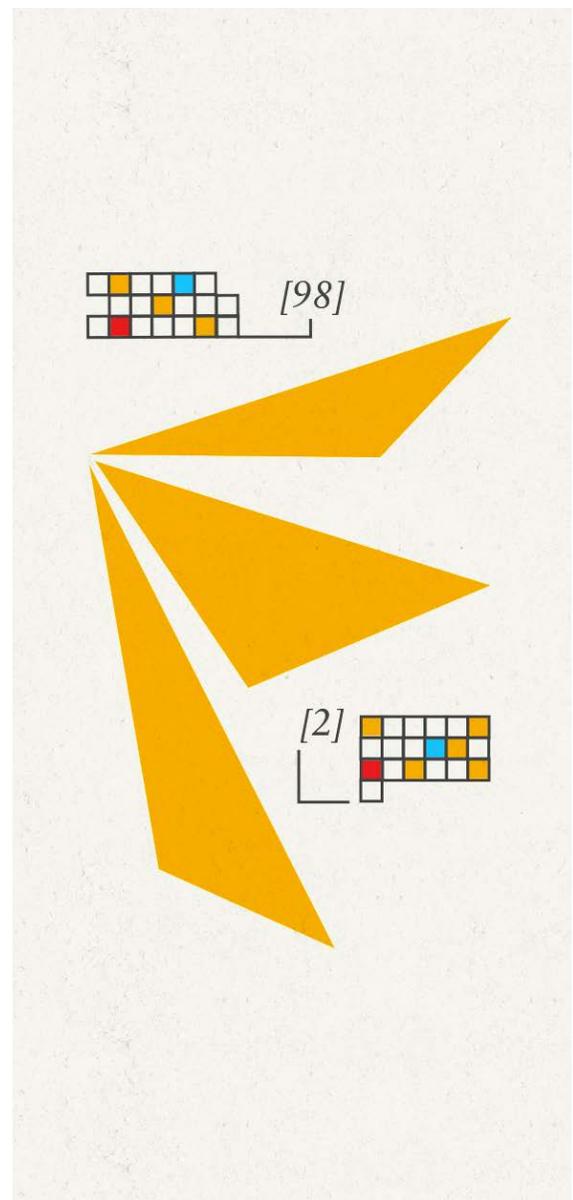
Figure 1

The knowing vs. doing gap: Respondents know that fostering workplace microcultures is important, but few are doing enough to make meaningful progress

Percentage of respondents answering the questions, "How important is focusing on individual teams and workgroups as the best places to cultivate culture, fluidity, agility, and diversity to your organization's success?" and "Where is your organization in its journey to address this issue?"

71% recognize the importance,

with 45% doing something,

and 12% doing great things

THOSE WHO BRIDGE THE GAP ARE MORE
LIKELY TO UNLOCK HUMAN PERFORMANCE*

1.6X MORE LIKELY TO ACHIEVE
DESIRED BUSINESS OUTCOMES

1.8X MORE LIKELY TO ACHIEVE
POSITIVE HUMAN OUTCOMES

Note: The knowing-doing gap was introduced in *The Knowing-Doing Gap: How Smart Companies Turn Knowledge into Action* by Jeffrey Pfeffer and Robert I. Sutton, and it has continued to be a relevant concept in business performance.

*Business outcomes are defined as meeting or exceeding financial targets. Human outcomes are defined as providing meaningful work for workers.

Source: 2024 Global Human Capital Trends research.

Some leaders may balk at the idea of intentionally cultivating different behaviors and practices to support workers. Indeed, some practices may need to be standardized to conform to regulations. However, attempts to root out all unique practices and behaviors may limit organizations' agility and impact worker experience and retention. In a conversation with Sanjiv Gajiwala, former chief growth officer of a leading US consumer products company, he noted a direct link between microcultures and organizational agility, saying "If you accept volatility as the norm, a 'monoculture' is extremely vulnerable to shocks."[9]

When asked how organizational culture has changed since the pandemic, most leaders say it is better now (60%). One reason for this could be an increase in microcultures as a result of more hybrid or remote work.[10]

This contrasts with the narrative often reported in the media, citing some organizations' need for a strong, common culture as the primary driver for return-to-office mandates. Research shows this may have the potential to negatively impact worker experience.[11] Our research shows that while senior leaders rate microcultures as less valuable, directors and workers who are closer to the work itself recognize the importance of microcultures to their success (figure 2).

Empowering teams to define and implement their own ways of working, rituals, and norms becomes increasingly important in the new era of **human sustainability**. Enabling workers' autonomy, in alignment with organizational goals can act as a catalyst of business and human outcomes.[12]

Figure 2

The worker-leader disconnect

There is a disconnect between senior leaders, directors, and workers when it comes to the importance of workplace microcultures.

Board					46%			
C-suite					53%			
Director						60%		
Worker							71%	
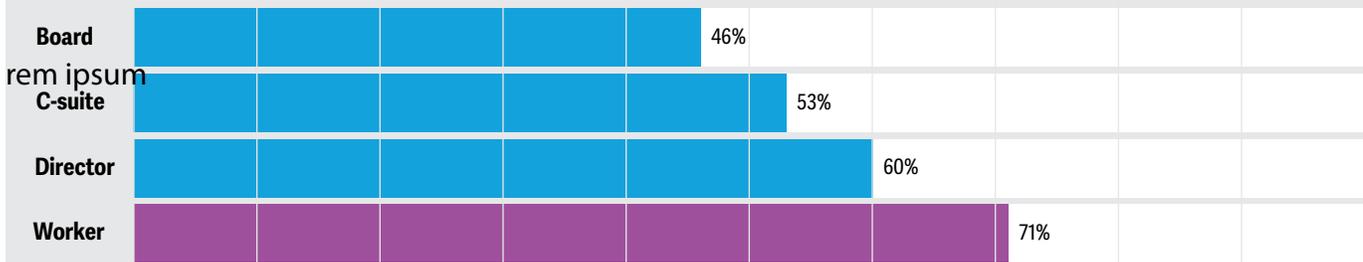
Note: Respondents answering "Of critical importance" or "Very important" to the question, "How important is focusing on individual teams and workgroups as the best places to cultivate culture, fluidity, agility, and diversity to your organization's success?"

Source: 2024 Global Human Capital Trends research.

- Your executive leaders feel the organization is straying from its corporate culture and are calling for a reset.

- Your workers are creating their own norms and work practices as they adapt ways of working for their team, office, or function.

- You are noticing innovation and agility are lagging and suspect it is because workers feel bogged down by enterprisewide processes and policies.

- Your current one-size-fits-all organizational culture is making it difficult to attract or retain top talent.

- Your workers and managers are saying that long-held norms related to ways of working—such as those related to the start and stop of the workday—are no longer meeting their needs.

Current trends underline the importance of "thinking small" when it comes to culture

The growing importance of workplace microcultures is being driven by several shifts related to worker preferences, technology, and ways of working.

Hybrid and remote work arrangements. Managers may be unsure about how to drive culture in a hybrid environment and could be struggling to apply old models of a single, uniform culture that are no longer relevant in hybrid work. Research shows that remote and hybrid arrangements have a significant impact on worker experience and retention—hybrid work can reduce attrition by 35% and improve employee satisfaction. Indeed, 61% of US human resource leaders say that culture is more important in a hybrid model than it is in an on-site work model.[13] Conversely, more than a third of leaders report that remote work has weakened their culture, and concern for culture has often been cited by C-suite leaders as a rationale for "return to office" initiatives.[14] With nearly 70% of workers globally preferring a hybrid arrangement, leaders may need new ways of empowering team cultures beyond the four walls of the office.[15]

Microcultures represent a possible solution to the challenge of driving culture in a hybrid and remote environment—by focusing on connection at the team level, managers and workers can collaborate to define how and where they work together best. Research shows that workers on hybrid teams are creating closer bonds within their teams, though weaker ones across the organization.[16] However, workers who have greater freedom over location and schedule report a far higher degree of connectedness compared to those who don't—and the more connected workers are, the higher they perform.[17]

An increasingly diverse workforce. Attempting to apply a single culture to an increasingly diverse workforce is not likely to meet the needs of today's workers, who now vary more than ever across geographies, employment types (contingent, gig, full-time, part-time), working arrangements (on site, hybrid, remote), demographics (life stage, education level, identity), and even motivations or thinking and networking styles.

Eighty percent of respondents to an MIT-Sloan Management Review workforce ecosystems survey, for example, say it's important for external workers to participate in the culture of their organization, yet only 18% take an integrated approach to managing internal employees and external contributors.[18] But trying to integrate external workers into an organization's single, monolithic culture can often be challenging, for a variety of reasons both practical and legal, suggesting microcultures might be a better route. Kori Covrigaru, chief executive officer of PlanOmatic, explains, "It's really hard to get contractors to embrace the culture. Typically, contractors have multiple gigs going on. They are their own brand; they are their own culture. Trying to instill core values and get buy-in from people who may be here one day a week, two days a week, and trying to figure out where that balance is—there is not a one-size-fits-all solution to bring them in."[19]

With globally distributed teams whose workers represent diverse identities, microcultures can allow for deep and meaningful connections across teams or functions. Rather than requiring sameness for all by applying a single set of norms to everyone, microcultures don't confuse fairness with sameness. By helping to ensure equity rather than equality (or sameness), microcultures can celebrate and capitalize on individual and team differences.

"If you accept volatility as the norm, a 'monoculture' is extremely vulnerable to shocks."
—Sanjiv Gajiwala

Advances in technology. New technologies are giving some leaders more visibility into ways of working across an organization, enabling them to feel some degree of control and thus more comfortable embracing local cultures. For instance, natural language processing can analyze subtle elements of culture, such as the use of different terms and phrases across the organization in collaboration platforms, to highlight potential issues and opportunities for improvement. Generative AI-enabled tools can consolidate and interpret that information at the organization level, leveraging existing data and producing real time insights. For example, a global pharmaceutical company has created a view of real-time employee sentiment based on collaboration platform data that provides a constant pulse on pockets of culture to identify hot spots that may need attention.[20]

The importance of empowering frontline workers with decision-making. New technology can enable workers who are closest to the customer to rapidly sense and react to changing customer needs. As leaders are increasingly aware of this, they can provide access to data for frontline workers and empowering the edges of the organization with the autonomy to make decisions. For example, factory floor workers at Michelin have digital workflow boards that visualize stock levels of different tire types, enabling the workers to prioritize which type of tire the factory produces based on real-time information. Empowering frontline workers to make decisions based on data has led to increases in yearly production, greater agility, and increased engagement among workers by enabling them to quickly solve problems in the production line based on their expertise.[21]

Rising worker agency. Today's workers often have more choice and influence over where, when, and how they work than ever before.[22] And workers have expressed a clear desire for localized cultures that reflect their team's ways of working: One in three workers responding to our survey say the unique culture of their immediate workgroup or team is most important to them when it comes to their experience at work.

The growing importance of human sustainability. Human sustainability is increasingly recognized as a vital component of workforce experience and organizations' contributions to people and society. In a survey of UK professionals, 80% of respondents said that fostering a supportive workplace culture should be part

of an organization's purpose.[23] While organizational leaders can establish the broad guiding principles of a supportive culture, it's mainly managers who bring that support to life in the microcultures they foster—sensing worker needs and priorities and supporting their career development.

Merger and acquisition activity. Many leaders recognize that a newly acquired company or merger may have its own unique culture. While there are some things that may need to be standardized, many leaders are mindful that squashing the unique culture of the newly acquired organization could be detrimental to business outcomes. This presents an opportunity for organizations that are highly acquisitive to embrace microcultures. For example, Cristina A. Wilbur, chief people officer at biotech and medical solutions company Roche, explains, "When we acquire companies, we are very mindful of the things that are most critical to connect into the Roche organization without crushing a culture. If you acquire a company and then you sweep it completely through, you lose the whole sense of why the company was acquired in the first place. Culture is a big part of that."[24]

Benefits and barriers to fostering workplace microcultures

Fostering microcultures does not mean discarding the idea of an organization-wide culture. Instead, the organization-wide elements should shift to become broad values and a shared vision and purpose, articulated by senior leaders who then empower local teams to create the unique ways of working they need to be successful. The result can be an organization with a very clear identity—some might call it a set of "north stars"—that also has developed flexible ways of working that are uniquely suited to the needs and interests of local teams and groups.

Consider Dutch health and nutrition company Royal DSM's "flotilla-style" culture, in which strategy and overall direction comes from the center but is activated by agile teams with their own microcultures that are empowered to drive desired outcomes. The company provides the "flotilla" with guidance to sail in the right direction, but it does not prescribe the norms and behaviors aboard each independently "piloted boat."[25]

However, fostering microcultures can involve an element of risk. For example, if an individual microculture is misaligned with the organization's core values, it can become a breeding ground for "us versus them" thinking and affect contribution to overall organizational goals. Other potential risks include perceptions of unfairness as ways of working vary, reduced collaboration if the interfaces between microcultures are not clear or functional, and change fatigue for workers as they move through different parts of an organization and struggle to adapt to different norms and ways of working. To help stave off these dynamics, organizations should prioritize intentional communication and coordination with clear interaction points, enabling collaboration across functions and geographies.

MAKING MICROCULTURES WORK

There are many factors that can influence how organizations, leaders, teams, and individual workers embrace microcultures. The number and type of microcultures will vary by organization based, for example, on some or all of the following characteristics:

- Decision-making speed and style (e.g., consensus-based, distributed)

- Diversity of workforce (e.g., variety of workforce types, identities)

- Geographic diversity

- Governance approach (e.g., command-and-control, decentralized)

- M&A activity

- Regulatory oversight

- Risk tolerance

- Size and organizational maturity

- Workplace model (remote, hybrid, on-site)

When organizational leaders embrace microcultures, a host of positive results are possible:

Attract and retain in-demand talent. Creating and communicating about various internal microcultures that may vary from an organization's perceived or primary corporate culture has the potential to attract different types of workers to fit in-demand skill needs. For example, a health care organization on a digital transformation journey may be looking for advanced technology skills. Microcultures could allow this organization to have tech teams or functions that feel and operate more like startups to meet the expectations and preferences of a software developer.

Drive better business outcomes. Organizations that are rated as great places to work outperform the market, with culture being a key driver of that experience.[26] With microcultures, leaders can adapt ways of working for their team, which can improve workers' ability to drive business outcomes. Additionally, workers who identify with and care about the culture perform at higher levels than other workers by as much as 37% and are 36% more likely to stay with the organization.[27]

Increase ability to anticipate and respond to future demands and changes. Empowering microcultures to thrive can enhance organizations' ability to respond to customer, market, worker, and stakeholder needs, enabling greater agility. When teams are granted autonomy to define microcultures centered around broad organizational principles, they remain aligned to the *what* but have freedom and flexibility on the *how*.[28] NASA, for example, allows microcultures to thrive to enable greater flexibility. "NASA has multiple microcultures that are the result of [a] decentralized workforce that is dispersed across many NASA Space and Research Centers," says Nicholas Skytland, NASA chief technologist. "This allows NASA to remain flexible and distribute its work effectively."[29]

Make strides toward human sustainability. By embracing more fluidity across team cultures, managers can have greater ability to support their team's well-being goals—70% of managers report that internal barriers like corporate culture make it difficult to support their team members.[30] When ways of working are customized to the unique needs of the people on those teams, organizations are more likely to meet workers' needs to support well-being and purpose.

How to foster successful microcultures

Creating the conditions in which microcultures can flourish requires coordination among organizational leadership, team leaders, and HR. To facilitate microcultures, organizations should consider the following steps.

- **Define a microculture by focusing on the work.** To define where and how you want to create a microculture, start with the work itself, as the work will often drive the development of a microculture. Working backward from the outcomes the organization seeks to achieve, the work can be broken down into its component parts to understand *what* needs to get done and then *where* and *how*.

  For some companies, starting with the work enables them to create workplace microcultures that cut across traditional functional silos. For example, one microculture may exist for those who work primarily on-site for roles like IT infrastructure specialist, because while the work is done independently, specialized equipment is required. In contrast, roles like customer engagement manager or HR business partner may have a microculture with more remote and flexible time arrangements because their work is collaborative but not location- or time-specific.

- **Integrate microcultures into the talent life cycle.** Talent processes like hiring, performance management, development, and deployment should be flexible to adapt to the unique culture of a team, function, or location. When it comes to talent acquisition, organizations can tailor recruitment communications to capture the distinctive cultural elements of the hiring team. In the same way that organizations have sophisticated methods for targeting customer segments, they can similarly target workforce segments internally or externally with tailored messaging and practices specific to a given microculture.

  This can even be done on a team-level basis, where workers are hired or deployed to teams based on which microculture suits them best. For example, manufacturing company ACS has increased its hiring effectiveness by adding a behavioral assessment to its talent acquisition process,

which has led to the placement of higher-quality candidates into teams that fit their behavioral profile and team culture, resulting in more productive teams and significant time saved.[31]

When it comes to reinforcing microculture behaviors, rewards can be a powerful lever. Leaders should ensure that performance management processes and rewards reinforce behaviors that are consistent with—or at least not in conflict with—teams' unique ways of working. One organization that is embedding microcultures into performance management processes is Google Cloud. Because Google Cloud is a business-to-business company, unlike the rest of Google, which works directly with consumers, the Google Cloud People team recognized the need to have a unique microculture that reinforced customer empathy. The tenets of customer empathy are embedded in the Teamwork attribute of Google's performance review process, so while all Googlers are expected to exemplify teamwork, Cloud Googlers' Teamwork assessment is tied to the customer empathy culture tenets.[32]

- **Tap managers, leaders, and boundary spanners to be "modular" across microcultures.** While microcultures move some of the perceived locus of control away from an organization's leadership, leaders have an important role to play in establishing and articulating guiding principles that apply to the whole organization and enabling managers to make connections across teams. Managers and team leaders can serve as the connection points between teams that can align potentially disparate cultures to accomplish common goals.

  The growth organization at one leading consumer products company, for instance, includes innovation, research and development, and marketing functions, which are united broadly by curiosity, but each has a distinct microculture due to unique differences in the nature of the work. The research and development function is highly technical, so its microculture is focused more on education and discovery processes, with a medium- to long-term view of work products. By contrast, the social media marketing team prioritizes speed

and creativity to produce viral content aligned with social media trends.[33] Despite the different microcultures across these three groups, leaders of these teams are able to work across them due to the overarching value of curiosity, which fosters more collaboration and engagement.

Organizational network analysis can also help identify the "modular" collaboration points across microcultures. This analysis can identify not only people that overlap between multiple microcultures to be ambassadors for each but also when two microcultures are not collaborating at optimal levels.[34]

General Motors tapped into organizational network analysis to drive innovation and change through agile teams, which were formed based on network roles that could be leveraged in different ways to drive new ways of working.[35] For example, when General Motors acquired a technology company, it intentionally did not fully absorb the team in order to protect its microculture led by the founder. Rather, General Motors tapped into "boundary spanners" to connect the entrepreneurial team with the operations side of the business for access to resources like engineering or testing. Preserving this microculture helped General Motors become the first in self-driving test vehicle assembly in a mass-production facility.[36]

- **Provide the tools and data needed to enable ongoing sensing.** Consider investing at the organizational level in survey-based tools, AI, and other data collection and analysis mechanisms that allow organizations to understand microcultures in real-time. While sensing of microcultures can be used to course-correct teams or groups that have gone rogue, it can also be used to shine a spotlight on best practices or

learnings across groups. This approach can provide insight into work groups' functioning and allow leaders to relinquish tight control of microcultures.[37]

For example, Dutch software company KeenCorp scans internal emails and chats (aggregated and anonymized, never at the individual level) to gauge culture, engagement, and flag potential problems.[38] For instance, if there are microaggressions in a particular microculture, the analysis may find normal patterns of engagement for one population but a dip in another.

Looking to the future of microcultures

Organizational leaders may worry that acknowledging and enabling microcultures will cause the organization to lose its identity or focus as microcultures proliferate. However, thoughtful use of new data and technology to understand various microcultures, coupled with empowering managers to "own" their respective cultures with a boundaryless HR approach to people expertise can help strike the right balance between control and empowerment.

Failing to embrace microcultures—whether by passively ignoring the microcultures that already exist or actively discouraging their existence—is likely to create misalignment between workers and leadership that hinders the achievement of business and human outcomes. Instead, organizational leaders, managers, and workers should cocreate a set of flourishing microcultures that are aligned with the organization's guiding principles. The likely results: better collaboration, stronger business and human outcomes, and increased agility—all key contributors to an organization's long-term success.

RESEARCH METHODOLOGY

Deloitte's 2024 *Global Human Capital Trends* survey polled 14,000 business and human resources leaders across many industries and sectors in 95 countries. In addition to the broad, global survey that provides the foundational data for the *Global Human Capital Trends* report, Deloitte supplemented its research this year with worker- and executive-specific surveys to represent the workforce perspective and uncover where there may be gaps between leader perception and worker realities. The executive survey was done in collaboration with Oxford Economics to survey 1,000 global executives and board leaders in order to understand their perspectives on emerging human capital issues. The survey data is complemented by over a dozen interviews with executives from some of today's leading organizations. These insights helped shape the trends in this report.

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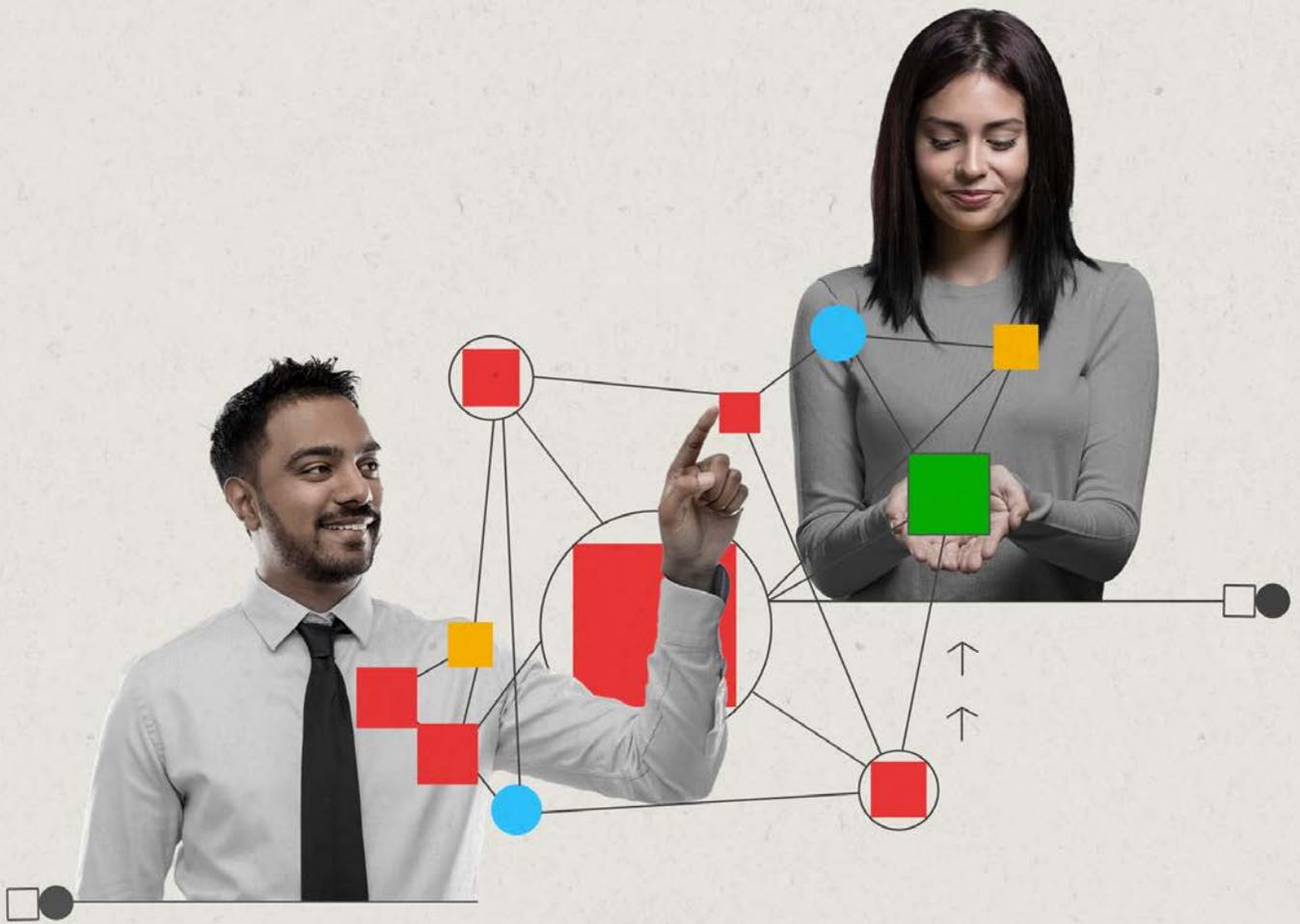
From function to discipline: The rise of boundaryless HR

The future of work requires human resources to evolve, shifting from a siloed function to a boundaryless discipline integrated with the people, businesses, and community it serves.

Kraig Eaton, Sue Cantrell, Kim Eberbach, and *Julie Duda*

To meet the new demands of a boundaryless world, human resources itself should become boundaryless, shifting from a specialized function that owns most workforce responsibility to a boundaryless discipline, cocreated and integrated with the people, business, and community it serves. One where people expertise isn't solely owned by HR, but where the people discipline in an organization becomes a responsibility and capability of all, woven throughout the fabric of the business to create multidisciplinary solutions to increasingly complex problems.

Harnessing the potential of people has become as important as, or more important than, leveraging physical assets to achieve outcomes.[1] And as dramatic changes in business, technology, and the world often demand unprecedented agility, responsibility, and the creation of human outcomes, no single function can tackle these on its own: People expertise (within or beyond HR), alongside expertise in other disciplines, will be critical.

Consider how the explosion of human and machine interaction demands close collaboration between HR and information technology. Chris Nardecchia, chief information officer for Rockwell Automation, for example, works closely with the chief human resources officer "because there is an inherent link between leadership,

WHAT IS "PEOPLE EXPERTISE?"

People expertise is the knowledge and understanding of how to develop, motivate, and deploy workers to achieve business outcomes (for example, productivity) and human outcomes (for example, professional growth) throughout the talent life cycle. At an individual contributor level, people expertise is an understanding of how to amplify your own and your fellow team members' performance through providing feedback, seeking and supporting development opportunities, reinforcing culture, engaging in positive teaming, and other actions.

culture, skills, and behaviors in achieving digital transformation outcomes." This collaboration has helped the organization achieve business process improvements, resulting in a 75% reduction in total order cycle time.[2] Digital transformation—in particular, the impact of generative artificial intelligence—also creates a premium on people capabilities and skills for all; indeed, talent management is one of the top 10 skills that is increasing in importance for *all* workers, according to the World Economic Forum.[3]

Or consider how as work becomes more dynamic, people expertise is needed at the edges of the organization, close to the point of need—rather than many steps removed in a function. Likewise, the responsible use of workforce

Figure 1

The knowing vs. doing gap: Respondents know that shifting HR to a cross-functional discipline is important, but few are doing enough to make meaningful progress

Percentage of respondents answering the questions, "How important is the shift of HR from an operations function to a cross-functional discipline of orchestrating work to your organization's success?" and "Where is your organization in its journey to address this issue?"

72% recognize the importance,
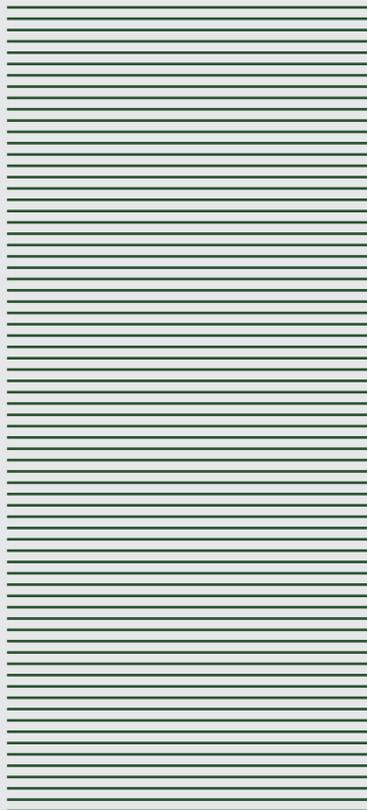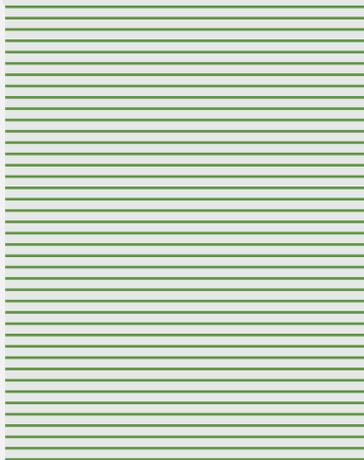
with 41% doing something,

and 11% doing great things
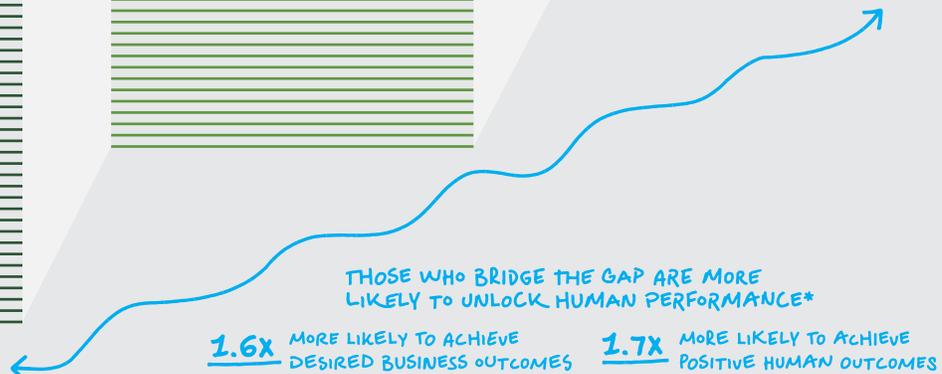
THOSE WHO BRIDGE THE GAP ARE MORE
LIKELY TO UNLOCK HUMAN PERFORMANCE*

1.6x MORE LIKELY TO ACHIEVE
DESIRED BUSINESS OUTCOMES

1.7x MORE LIKELY TO ACHIEVE
POSITIVE HUMAN OUTCOMES

Note: The knowing-doing gap was introduced in *The Knowing-Doing Gap: How Smart Companies Turn Knowledge into Action* by Jeffrey Pfeffer and Robert I. Sutton, and it has continued to be a relevant concept in business performance.

*Business outcomes are defined as meeting or exceeding financial targets. Human outcomes are defined as providing meaningful work for workers.

Source: 2024 Global Human Capital Trends research.

data and AI requires HR to partner with information technology, risk, and ethics. The pursuit of responsible business practices, including environmental, social, and governance concerns—in particular, the increasing importance of human sustainability—means HR is collaborating closely with other functions and groups like corporate social responsibility; diversity, equity, and inclusion; finance; operations; marketing; and public affairs.

A new mindset for HR

These are just a few examples of boundaryless HR in action. But what exactly is boundaryless HR? Boundaryless HR is first and foremost a mindset shift—supported by the adoption of a different set of practices, skill sets, metrics, technologies, and even in some cases, structural changes. Boundaryless HR embeds the people discipline into the fabric of a business by breaking down the following boundaries:

- **Boundaries between HR and other disciplines.** As people expertise is integrated across functional areas to jointly solve business problems, all functional areas (including HR) should work toward—and measure themselves against—common business and human outcomes. With the breakdown of these boundaries, not only do functional disciplines start to merge, but the traditional people discipline itself starts to merge with other related disciplines like decision science, behavioral economics, and academic disciplines such as psychology, sociology, and anthropology.

- **Boundaries between HR, workers, leaders, and managers.** All people in an organization—from the board to the C-suite to every individual contributor—need people expertise and to be mutually accountable for human performance. HR democratizes people management, serving as a platform aided by automation and AI that provides leaders, managers, and workers with the tools, information, and real-time data they need to perform more of the HR-related work themselves. Rather than owning the discipline of people, HR cocreates that discipline and cultivates it across all roles in the organization, transforming workers from consumers of HR practices into coproducers.

- **Boundaries that equate the notion of "jobs" to work and "employees" to workers.** HR, together with other disciplines, fluidly orchestrates the skills of all resources who perform work—employees, partners, extended workers, and smart machines. People are increasingly becoming less tethered to work bound in "jobs;" rather, their skills can be flexibly deployed based on evolving work needs.

- **Boundaries between HR and external organizations, customers, and other outside parties.** HR thinks beyond the traditional internal "customer" of leaders, managers, and employees, and now also focuses on end customers, investors, and society. HR orchestrates a wide range of relationships beyond the organization, including those with educational institutions, governments, partners, and communities.

HR has already worked to dissolve boundaries within the HR function, adopting more agile, employee-centric operating models.[4] Now, HR is poised for the next evolution: shifting its mindset to reconsider the very boundaries of the HR function itself (figure 2). When HR becomes boundaryless, HR professionals can act more like orchestrators, coaches, and cocreators, rather than traditional employment managers.

It's worth noting that boundaryless HR is not an HR operating model problem or a neat remapping of who owns what. It's less a matter of where people are in the boxes and lines of an organization's structure, and more how the organization taps into the most skillful people, no matter where they reside, inside or outside the organization, to address people-related challenges and issues.

As leaders recognize the critical importance of people expertise, it becomes less of a question as to where this expertise is housed, or where, when, and how it is delivered through an HR operating model, and more of a question of how to operationalize people expertise throughout the organization at the point of need. "HR is an ability and a discipline that everybody has to have," explains Gabriel Sander, head of human resources at Cuervo. "As HR, we have to stop thinking that our managers being better is a detriment to our function. Every person who works with other people has to be good at HR."[5]

> "HR is an ability and a discipline that everybody has to have. As HR, we have to stop thinking that our managers being better is a detriment to our function. Every person who works with other people has to be good at HR."
> — Gabriel Sander, Cuervo

Figure 2

HR's role evolves with organizational needs

Personnel and HR management
HR generalists aim to manage employment, with a focus on process, execution, compliance, and control.

Strategic business partner HR
Seen as a cost center, HR business partners and centers of excellence seek to align HR with business strategy. Scope includes learning and development, organizational design, culture, performance management, and total rewards.

Agile HR
HR and talent management groups are integrated in end-to-end teams. Assisted by artificial intelligence and other technologies, HR aims to deliver continuously adaptive HR services based on emerging worker and business needs. Scope includes employee value proposition and experience.

Boundaryless HR
A discipline integrated with the business, workers, and stakeholders it serves, HR orchestrates work and blended resources, including humans and machines, to drive business transformation, strategic outcomes, and human sustainability.

Source: Deloitte analysis.

This shift builds on our 2020 Global Human Capital trend, **Memo to HR**,[6] which called for HR to expand accountability, extending its scope of influence beyond the function to the enterprise and business ecosystem as a whole, and broadening its focus from employees to the organization—and ultimately, to the work and workforce itself. Boundaryless HR is how we get there.

The end result is an ecosystem of HR professionals, business leaders, and workers who are equipped with the people expertise to unlock human performance.

What boundaryless HR helps unlock for organizations

The COVID-19 pandemic put a spotlight on the value realized when HR has broad involvement across the organization. During the pandemic, HR often:

- Worked closely with IT to manage the technological implications of remote work, with finance to work through tax and payroll implications of remote work, and with real estate and operations to keep workers safe;

- Adopted capabilities outside its typical scope, such as the health expertise needed for effective contact tracing; and

- Established new partnerships entirely outside the organization, collaborating with medical providers, departments of health, and even other organizations to borrow or loan workers. Cross-company talent exchanges that emerged during the pandemic enabled organizations to temporarily move workers in industries without work due to the crisis (for example, airlines and hospitality) to those organizations that had an excess of work (for example, health and logistics).[7]

By working outside of its traditional functional boundary, HR successfully kept people safe while sustaining business operations, created new ways of working with digital technologies, and helped advance human sustainability by keeping workers employed. And leaders recognized the impact: The percentage of executives who are very confident in HR's ability to navigate future changes doubled from 2019 to 2020.[8]

Now, there is risk of a snapback, perhaps because HR earned a temporary spotlight and entry into work-related decisions, but business leaders didn't fully recognize the ongoing value of people expertise; or because the prepandemic status quo offers a simpler path.[9] Although the pandemic may have been an accelerator, the need for greater HR impact was growing well before the pandemic. Simply going back to previous ways of working overlooks the need to operationalize collaborative work across the organization and the ecosystem in which it operates.

At the same time, the pace of change and expectations continue to rise, suggesting that HR should reinvent its purpose. The world of work is changing, as illustrated by so many of our current and previous trends, requiring five major shifts (figure 3). But moving to a boundaryless HR approach can help organizations protect themselves against a snapback and evolve fast enough to keep pace with change. Moving toward boundaryless HR can be a path toward increased value creation—for HR, for workers, and for the organization as a whole. And value creation is what it needs; although HR has certainly made progress in recent years, only about 1 in 3 executives strongly agree that their organization values the work performed by HR, according to our *2024 Global Human Capital Trends* research.

The five major shifts, and why boundaryless HR is needed to execute them, are as follows:

- **From improving productivity to unlocking human performance.** As work and productivity metrics shift away from industrial-era concepts to become more human-centric, HR will need to shift to measuring and unlocking human performance and

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SIGNALS YOUR ORGANIZATION NEEDS TO MOVE TOWARD BOUNDARYLESS HR

- Your business leaders are asking how they can develop their own people-related expertise, realizing they need it as work becomes more dynamic and they need to deliver on human outcomes.

- Your employee feedback shows that workers are not getting enough support from their managers and don't feel that HR practices are meeting their unique needs.

- Your workforce is increasingly composed of internal and external talent, humans and smart machines, and distributed workers in remote and physical locations.

- Your HR talent prefers to gain experience in diverse types of work.

- You are sensing that the scope and expectations of HR are broadening and evolving.

Figure 3

Boundaryless HR involved a shift from compliance and deliverables to cross-disciplinary strategy

From:	To:
Improving productivity	**Unlocking human performance**
Improving employee engagement	**Elevating human sustainability**
Managing employment	**Orchestrating work**
Aligning HR practices to the business strategy	**Driving business transformation and shared outcomes**
Ensuring worker compliance	**Managing and mitigating workforce risk**
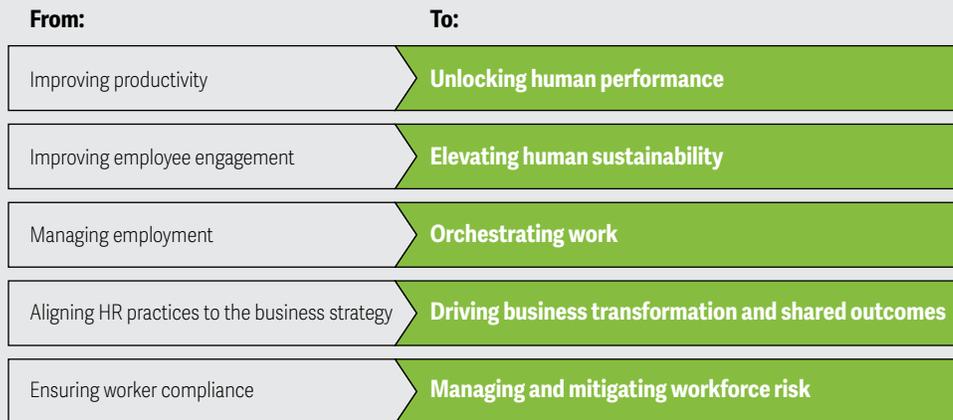
Source: Deloitte analysis.

potential; 70% of leaders agree that this should be HR's new role, representing a bold move away from a function long devoted to standardization.[10] Currently, however, only 20% of C-suite leaders strongly agree that their HR function improves their workers' performance. To truly unlock human performance, HR should help build people expertise across the organization. It should integrate new sources of work and workforce data with business data and become more integrated with, and tailored to, the individual needs of the workers and people managers it serves. Today, however, only 10% of workers strongly agree that their HR organization's practices meet their unique needs and preferences.

- **From improving employee engagement to elevating human sustainability**. For decades, employee engagement has been a goal of HR. But engagement can be an imperfect proxy for the bigger goal that boundaryless HR can help orchestrate: pursuing human sustainability, which we define as the degree to which an organization creates value for people as human beings, leaving them with greater health and

well-being, stronger skills and employability, good jobs, sustainable wages, opportunities for advancement, and greater belonging, equity, and purpose. Management appears to be already on board with this shared outcome: Seventy-nine percent of executives agree that the organization has a responsibility to create value for workers as human beings and society in general.[11]

- **From managing employment to orchestrating work**. As speed and near real-time responsiveness increasingly create competitive advantage, work is becoming unbound from jobs. Instead, work is often fluidly organized based on skills[12] in blended, cross-disciplinary teams of humans and smart machines,[13] as well as a workforce ecosystem composed of internal and external talent.[14] In addition to increased agility, this new workforce ecosystem can help solve some of business leaders' most pressing challenges: chronic skill shortages, cost optimization, and demand for innovation. A majority of business and HR leaders (72%) believe that HR will shift beyond managing traditional employment activities to orchestrating work.[15] Indeed, 81%

of leaders say a shift from jobs to skills demands greater cross-functional collaboration,[16] and 84% say orchestrating an entire workforce ecosystem already requires close collaboration between two or more functions.[17]

- **From aligning HR practices to the business strategy to driving business transformation and shared outcomes**. Today's business problems are increasingly complex, demanding multiple disciplines to come together to solve them. In this environment, HR is no longer merely a supporter of business strategy as a "business partner."

Instead, the people discipline is cocreating business strategy and key business outcomes, and 81% of business executives say the business agenda and the people agenda have never been more intertwined.[18] Whether it's innovation, customer satisfaction, digital transformation, or organizational agility, the discipline of people is a key, and often the most critical, driver of the major outcomes.

"It's hard to implement change effectively if you're not leading change," said Donna Morris, chief people officer at Walmart. "If we want to be a strategic function, we need to think about the role we play in architecting that change—envisioning organizational design, ways of working, new opportunities for impact."

- **From ensuring worker compliance to managing and mitigating workforce risk.** HR's historical focus on employment-related compliance is shifting to a broader view of managing and mitigating workforce risk. However, only 35% of organizations have made this shift.[19] This lens expands organizations' focus beyond operational and financial risk to include the human implications of a growing list of disruptive external risks, including environmental, social, technological, political, and economic issues. Although the chief human resources officer (CHRO) is the C-suite executive most often responsible for managing workforce risk,[20] addressing and mitigating workforce risk demands cross-functional collaboration. Building on its expertise across the organization, boundaryless HR orchestrates a cross-functional view of workforce risk that involves finance; risk and legal; the chief purpose,

sustainability, DEI, or ESG officer; and operations, with mutual accountability and responsibility for shared outcomes from managers to the board.

The move toward boundaryless HR is underway

Seventy-two percent of respondents in our research agreed that HR's shift from an operations function to a discipline operating across functions to orchestrate work is very important or of critical importance. Some progress is being made: Thirty-five percent of respondents said that the HR function at their organization has expanded its scope over the past three years. And 27% of C-suite leaders strongly agreed that their HR function has become increasingly integrated with the practices of other business functions.

That trend is reflected across the organization, where functional boundaries are becoming less meaningful overall. In fact, 81% of executives said work is increasingly performed across functional boundaries[21] and 54% of executives in our survey said cross-functional collaboration at the worker level is now happening often or all the time. These results represent a substantial shift from the data of our 2018 survey, in which 73% of respondents said their C-suite leaders rarely, if ever, work together on projects or strategic initiatives.[22] Johnson & Johnson's HR leadership saw an opportunity to break down functional boundaries in creating the HR Decision Science team, which is tasked with tapping the organization's vast data resources to make better end-to-end workforce-related decisions and improve organizational and worker outcomes. The team includes experts and specialists from across the organization working together to help strengthen J&J's ability to drive science-based and data-driven people decisions across talent practices (see the case study titled "Johnson & Johnson: A case study in cross-functional teaming").[23]

The shift to boundaryless HR doesn't necessarily indicate that HR needs to take over the responsibilities of other functions. At the same time, it is also true that, as the people discipline is increasingly integrated into the business, HR leaders may take on responsibilities such as real estate and customer experience that are outside their traditional functional purview. Consider how Alexion Pharmaceuticals introduced a chief patient and employee experience officer, integrating the worker and patient

experience,[24] or how KION Group AG's chief people officer expanded her role to become chief people and sustainability officer.[25]

But these dynamics will work the other way, too. To become better integrated, HR may give up some of its ownership over certain tasks as HR-related activities are folded into other groups. For example, marketing may take on the responsibility of employer branding; chief strategy officers may be responsible for creating a human capital strategy; operations management groups may take on some HR responsibilities related to process excellence. Octopus Energy, for example, does not have an HR department, but rather empowers managers to be responsible for tactical tasks like resolving a case of bullying or mediating contract disputes.[26] Managers will also need to take on more people management responsibilities themselves—performing their own analytics, conducting workforce planning, or identifying areas to improve human performance. For instance, Google Cloud managers use people dashboards provided by HR to share insights on organizational health and performance, and they plan to embed AI in the future to model changes to things like team structures or roles.[27]

However, it's still early when it comes to fully shifting HR from an operations function to a boundaryless discipline that orchestrates work—and organizations are finding the process challenging. In our survey, 31% of C-suite leaders said this shift is one of the top three most difficult changes for their organization's leadership to address.

Further, our research also indicates that organizations may be particularly challenged by their internal constraints. Potential constraints could include not prioritizing people expertise or not having a culture that supports it, as well as competing priorities. For example, while organizations might offer training courses on people-related issues to first-time supervisors or provide mid-level managers feedback or coaching to help them become better people leaders, these can sometimes be treated as secondary priorities, lack investment, and not be well-integrated into day-to-day ways of working. Resolving those issues, in part by moving boundaryless HR higher on the organizational priority list, is necessary for organizations to benefit from boundaryless HR's promise.

Boundaryless HR in action

HR is not alone in becoming boundaryless: IT, finance, and other functions are increasingly becoming integrated into the business to drive agility, innovation, and human sustainability. Like other functions, HR will need to actively seek better integration across roles, processes, objectives, teams, metrics, technologies, and systems throughout the organization.

Organizations can take the following actions to transform HR from a function to a boundaryless discipline:

- **Redefine the role of the manager to be a people leader**. Recognizing the need to embed the people discipline into the role of managers, Standard Chartered Bank redefined the role of the manager as a people leader and created training and an accreditation process for people skills.[28] Telstra split the role of the manager into two: leaders of people (responsible for similarly skilled workers, ensuring they have the skills and capabilities to meet current and future needs) and leaders of work (responsible for creating and executing work plans), with neither being subordinate to the other.[29] Cisco reinvented its HR function to make its primary purpose to support managers in becoming better people leaders, building an entire set of tools and apparatus around data and manager capability.[30] To be effective, organizations should also measure and recognize the people leader aspect of managers' roles, making the people outcomes just as important as the
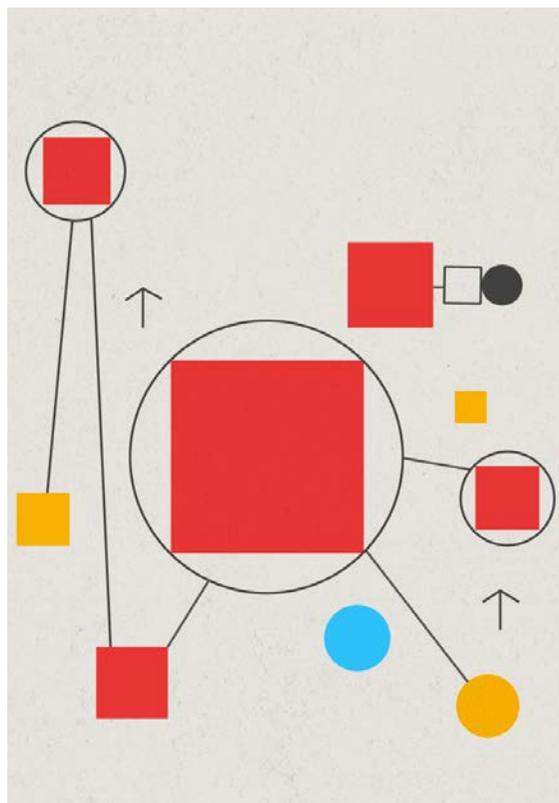
financial or business outcomes. Some organizations, for example, have performance management ratings and compensation outcomes based on whether a leader is a producer or developer of an organization's people, or even an "exporter of talent."

- **Create new metrics and analytics shared across functional areas**. As the people discipline becomes a responsibility for all, accountability should follow. Data suggests that it's been lacking thus far: Sixty-five percent of organizations said their people analytics created no commercial benefit for the organization over the previous year.[31] And only 24% of executives strongly agreed that the HR function is measured against the same business metrics as other operational functions. Now, boundaryless HR should focus on shared outcomes, such as agility, customer satisfaction, and human performance, and analytics that combine multiple data sources (HR, finance, operations, etc.) to uncover issues and illuminate solutions. Organizations should ensure that managers—especially people leaders—have access to the data and information they need to assess performance. VW Australia, for example, created a democratized platform integrating its customer and employee experience data for access by local managers. This shift prompted investments in dealer facilities that led to sustained sales growth and the highest retention rates and workforce experience scores in the company's history.[32]

- **Democratize people practices and data with AI and other digital tools, creating science-based processes that unlock performance**. AI—in particular generative AI—is poised to shatter the boundaries of the HR function. What is the role of HR-provided training when workers can now, for example, get information on any topic, along with actionable suggestions, with a simple question on a generative AI platform? Generative AI can create first drafts of job postings or integrate performance feedback, suggest career options for workers or managers' direct reports, offer real-time performance insights into worker sentiment or the extent of collaboration across silos, or automatically assemble learning content and assessments to help people learn in the flow of work. Data democratization is also important. At IBM, for example, new AI tools are helping managers make better people decisions and spot

issues like attrition risks; an AI-driven adviser even suggests salary increases. The AI considers not only performance and market pay gaps, but also internal data on worker turnover by skills, and current and future external demand for each worker's skills. AI has also freed up managers to take on more people development responsibilities—for which training programs accredit them and for which they are held accountable through a metrics-driven performance development system.[33] Organizations should consult with legal advisors prior to implementing employment-related AI tools like this and ensure responsible data practices are in place.

- **Create cross-functional teams or cross-functional "integrator" roles to tackle business problems and people issues**. To start, organizations can cross-pollinate expertise by bringing people from other functions or disciplines into HR roles or projects, and vice versa. Upskilling HR professionals so they understand other functional areas (for example, finance and technology) and upskilling leaders in other domains in people expertise can also help. In addition, organizations can create cross-functional teams; many organizations have already created teams of IT, facilities, and HR to improve workforce effectiveness, others are starting to create teams composed of the chief digital or information officer, chief human resources officer, chief marketing officer, and chief executive to achieve digital transformation. Johnson & Johnson's HR Decision Science team exemplifies how cross-functional collaboration can improve organizational and worker outcomes (see the case study titled "Johnson & Johnson: A case study in cross-functional teaming").[34]

Alternatively, organizations can create integrator roles that include the people discipline such as joint worker or customer experience leader, chief collaboration officer, or chief transformation officer. For example, after spinning off from Western Union, fintech organization Convera has created integrated transformation roles to drive its business strategy, naming a leader to each transformation goal. Senior leaders recognized the importance of embedding change capabilities and resilience throughout the organization, not siloed to one workstream or team within HR. To operationalize this change capability, each of the transformation leaders has been

trained in change management, and each initiative is measured against organizational change management metrics as part of its business case.[35] The change management training has also been rolled out for managers and employees to build individual and organizational resilience amid change.

- **Transform workers into producers of people practices, not just consumers.** Boundaryless HR organizations work side by side with workers, involving them in the design, deployment, and iteration of things like microcultures and other people practices that affect them. However, only 30% of C-suite leaders say their organization's leaders are involving their workers in cocreating the organization's solutions often or all of the time.

  To be effective, cocreation needs to go far beyond end-to-end journey mapping, persona development, design-thinking, agile methodologies, and insight gathering from workers through sentiment analysis or analytics—all of which have been borrowed from the customer experience field. Workers are not customers; in fact, treating workers in a

transactional way, like customers, is counterproductive. Real cocreation can break down the boundary between workers and HR by, for example, involving workers directly in virtual focus groups, interactive whiteboards, extended hackathons, or idea jams to come up with ideas or test drive concepts. Allstate Insurance, for instance, involved 170 workers in designing and testing employee experience products like a new performance rating scale,[36] while Convera invited all its workers to participate in a hackathon to redesign its rewards platform.[37]

- **Pursue collaborations and partnerships with external entities**. Organizations can start by appointing teams of ambassadors to engage with the broader community, including educational institutions, governments, regulators, investors, suppliers, partners, and global collective movements. Or consider joining consortiums with other organizations to do things like influence regulations, share skills-demand data with educational institutions, or provide input into post-secondary curriculum to better develop the talent pipeline.

JOHNSON & JOHNSON: A CASE STUDY IN CROSS-FUNCTIONAL TEAMING

When Johnson & Johnson identified an opportunity to make better, more objective, and data-driven decisions about their workforce, the Global Talent Management team set out to make it happen by finding a way to integrate the vast amounts of data that were available to them, but siloed across different functions of the organization, and then leverage this connected data within talent practices. To bring this data together, and ultimately provide added strategic value to the organization at large by collecting and connecting talent insights to actionable recommendations that drive outcomes, they launched the HR Decision Science team.

The team relied heavily on cross-functional teaming and collaboration, bringing together specialists from business units across the organization, as well as experts like industrial or organizational psychologists and data scientists. They work in close collaboration with both technology partners to ensure that they are integrating HR data with other data from the business (e.g., finance, operational, and customer data), as well as with the businesses themselves to strategically help frame up the right types of questions to answer their talent challenges. The team then blends high quality data and science to ultimately help business partners make informed, impactful decisions about people and organizations. This integrated team has been critical to delivering the best possible insights and decisions for the organization, informing decisions around, development, performance engagement, and workforce planning.

Beyond breaking down boundaries between HR and other disciplines, the HR Decision Science team is also working to break down boundaries that equate the notion of "jobs" to work. The team is driving a transformation that is enabling Johnson & Johnson to become a skills-based organization where skills, more than jobs, are at the center of the talent strategy ultimately launching a model that powers skills-based hiring, mentoring, development, and redeployment to other functional areas.

The future of boundaryless HR

The mindset shift to boundaryless HR often requires that HR leave its comfort zone—shifting from owning the discipline of people to coowning and cocreating it with the people and business it serves in order to drive shared outcomes with mutual accountability. It's a two-way street: Like counterparts in IT and finance, HR can become more integrated with the business, and the business can become integrated with HR.

The CHRO has a critical role to play in this evolution, which demands a new way of leading. It may even be time to make the CHRO the chief work officer, responsible for a workforce that is now composed of internal and external workers collaborating with AI, and where the line between technology and people is increasingly blurred. "The future of HR is one where we think about boundaryless differently, and how that changes our team constructs," said Michael Ehret, PhD, head of global talent management at Johnson & Johnson, in an interview with Deloitte. "For example, our talent acquisition team has transformed into a talent access team, because it's not just about hiring people full-time or part-time. We need to access the best talent in the world, with the right skills, whether that's full time, part time, contingent, or smart machines that will allow our people to focus on the most impactful work. Our Global Talent Management team has adopted the mantra of 'ready for any future.' We want to make sure the organization, our leaders, and our people are ready for whatever comes."[38]

CHROs may need to shift their own roles, too, as they integrate the people discipline across the organization and cocreate new approaches to unlocking human potential and measuring human performance along with other functional leaders. Fortunately, many CHROs are already well-positioned to be an orchestrator across disciplines, as it is one of the only roles that serves every part of the business. For example, the CHRO is often well-placed to identify and orchestrate the connections among technology, data, and people, or the connections between the customer and worker experience. This shift will require that many CHROs grow their skills, as they forge connections across and beyond the enterprise, and create a stable home for HR professionals through belonging and purpose as they increasingly work outside of the HR function itself.

The shift to boundaryless HR will require a new vision of HR, a new mindset, new skills, a new way of leading, and potentially new roles and organizational structures. But the payoff from the move from knowing to doing can be tremendous. HR can help create more compelling worker value propositions, improve workforce effectiveness, and move talent management closer to serving as a strategic function of the business, rather than one that is primarily operational or reactive. In addition, the work of HR professionals can be more creative and meaningful. As human performance is unlocked and measured, organizations can thrive, along with the workers, partners, and communities they reach.

RESEARCH METHODOLOGY

Deloitte's 2024 *Global Human Capital Trends* survey polled 14,000 business and human resources leaders across many industries and sectors in 95 countries. In addition to the broad, global survey that provides the foundational data for the *Global Human Capital Trends* report, Deloitte supplemented its research this year with worker- and executive-specific surveys to represent the workforce perspective and uncover where there may be gaps between leader perception and worker realities. The executive survey was done in collaboration with Oxford Economics to survey 1,000 global executives and board leaders in order to understand their perspectives on emerging human capital issues. The survey data is complemented by over a dozen interviews with executives from some of today's leading organizations. These insights helped shape the trends in this report.

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Acknowledgments

Evolving leadership to drive human performance

Organizational leaders and board members can play a critical role in the journey toward driving business and human outcomes.

Yves Van Durme, Corrie Commisso, Jason Flynn, Michael Griffiths, and *John Guziak*

Work has never been more digital, requiring more uniquely human capabilities. Organizations have access to more work and workforce data than ever before and a growing suite of technology, tools, and intelligence that promise to elevate human performance—or the combination of business and human outcomes.

But in the midst of this radical transformation, an unexpected shift is taking place. In a workplace that is increasingly shaped by advances in technology, many leaders and workers are now focusing on a new challenge: not only making work better for humans but also creating value for workers and every other human being the organization impacts.

It's clear in the trends we've explored in this year's report that while technology plays a role, human outcomes and capabilities are the key drivers behind innovation and organizational growth. Expectations are high for organizations to make progress on **human sustainability** and for leaders to **build trust** through taking a thoughtful approach to transparency. Many workers want **microcultures** that are relevant to the way they work, and they are looking for **safe digital spaces to experiment** and innovate. **Uniquely human capabilities**

like creativity and curiosity are becoming more important than ever, and the way we need to **measure human performance** is rapidly changing in response. Taking a **boundaryless approach to HR**, where people expertise is woven into the fabric of the business, makes human performance a shared responsibility.

It's also clear that this new focus on human performance isn't a trade-off. Workers and leaders aren't looking to make work more human at the *expense* of business outcomes and priorities, but as a path toward *improving* business outcomes and priorities. But while 76% of respondents to our *2024 Global Human Capital Trends* research say that leaving every human the organization comes in contact with better off is very or critically important to their organization's success, there's a gap in how well leaders and executives are prioritizing this. Leaders and executives in our survey ranked this last in importance, behind priorities like reimagining work with digital tools and seeking better ways to measure worker performance.

What does this mean for those who are responsible for leading organizations through this new way of working that is both high-tech and human-driven?

In last year's *Global Human Capital Trends* report, we focused on the new fundamentals organizations need to

navigate a world where boundaries are breaking down. In this chapter, we're zooming in on senior leaders and the board and the influential roles they play as their organizations begin to embrace these new realities. Even as traditional top-down leadership evolves into a more distributed model in many organizations, board and C-suite leaders play a pivotal role in navigating through this dynamic environment.

These leaders are in a unique position to help their organizations successfully embrace human sustainability. While our research indicates that most leaders are confident in their ability to scale human capabilities and people skills, measure engagement, and meet ESG goals, they may be overestimating their progress, and relying on outdated proxies. Making the shifts necessary to truly prioritize human performance will not be without its challenges. According to our research, for example, one-third of executives are still managing their functions independently, collaborating occasionally on ad-hoc initiatives and partnerships. To achieve desired human and business outcomes, leaders should consider leaning into more integrated, cross-functional leadership, examining and evolving their own mindsets in ways that may not be comfortable or familiar. It will likely require new and different measures of leadership accountability across the organization.

And it will likely require leaders at every level to not only embrace new ways of working but to model them for the rest of the organization. This is where a boundaryless approach to human resources becomes imperative, infusing people expertise at all levels of leadership across functional areas.

Orchestrating human performance from the top

Our research shows that leaders are already keenly aware that these shifts need to happen. But few are making real progress in this transition—just 10% of all respondents say their organizations are succeeding at making the shift toward human sustainability: the degree to which an organization creates value for people as human beings, and a key to unlocking human performance. Although executives have a slightly more positive view of their

progress than workers (22% of executives say they are doing well versus 10% of workers), it's clear that there is much work to be done.

It's likely that the push needed to close the gap between *knowing* human performance should be a priority and *doing* the work to make it a reality will come from those holding the decision-making reins. Senior leaders have access to the organizational levers that can either help or hinder efforts to change: finances, governance, process, organizational values, and priorities. They are also in a position to model and drive a purpose-driven vision that supports human sustainability.

While worker expectations can inspire action—and are, for many organizations—transforming an organizational mindset requires leadership engagement and support beyond grass-roots efforts. According to Kerrie Peraino, chief people officer at Verily Life Sciences, "It is not the workforce that is resisting the change. It is often leaders who are resisting the change because we're applying old paradigms to our new reality." [1]

As we look across the *2024 Global Human Capital Trends*, we see three key areas emerging where leaders have an opportunity—and a responsibility—to help their organizations create new paradigms geared toward human performance: Resetting organizational priorities, evolving governance structures, and fostering psychological safety for their teams. Leaders who fail to act on these issues may put their organization's progress toward achieving human performance at risk.

Resetting organizational priorities aligned with what's most important

Leaders bear the responsibility of making the most pivotal decisions and relying on outdated proxies can jeopardize decision-making. We identified some of these proxies in the report introduction, such as using productivity as the primary measure of worker activity without considering quality or intended outcomes. Clearly defining and measuring organizational priorities can empower an organization to shift from talking about human performance to taking concrete actions and allocating resources accordingly. The following actions can help senior leaders and board members embrace the shift
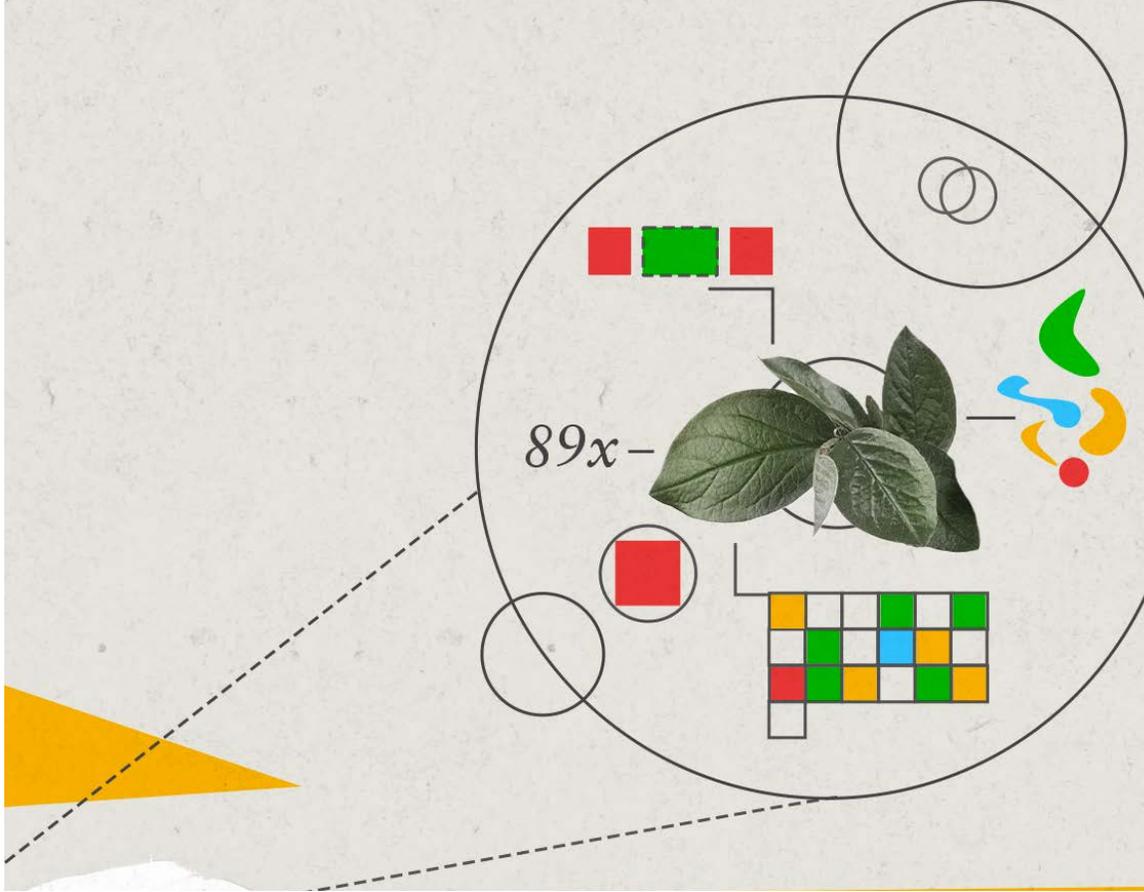
away from old proxies and move toward a new model of human performance:

- **Operationalizing human capabilities as part of overall business and workforce strategy.** Begin by ensuring your leadership team understands the level of human capabilities—creativity, empathy, curiosity, etc.—already present in its workforce and identifies any capability gaps. Commit organizational resources to hiring initiatives that seek out these capabilities; rewarding workers who display them; and creating, monitoring, and nurturing safe spaces where these uniquely human skills can be developed and practiced.

- **Tying leader and manager incentives to human sustainability metrics.** Making progress on human sustainability requires that leaders are held accountable. Organizations should set goals to advance on key human sustainability outcome metrics and drivers and attach incentives to achieving them. Many companies are already doing this: Almost three-quarters of S&P 500 companies now connect executive compensation to achieving key sustainability metrics,[2] and some organizations are passing these incentives on to the entire workforce. Mastercard, for example, recently announced it

would tie a portion of bonuses for all employees to achieving organizational sustainability metrics.[3]

- **Replacing outdated metrics with new metrics that matter.** New kinds of work often require new kinds of metrics. The human performance metrics that matter most to an organization will vary based on industry and workforce, requiring some experimentation to find the right balance of business and human sustainability outcomes. But leaders can take steps to collaborate with workers on cocreating what *should* be measured—not just what *can* be measured. In a call center, productivity is typically measured by things like amount of time per call or number of sales made. But when human performance becomes the primary focus, traditional business metrics like customer satisfaction, retention, and upselling need to be combined with human sustainability metrics like worker well-being and skill development to give call center managers a better picture of how their workers are actually performing.

When it comes to defining what's important, consider the following actions for each trend in our report that are unique to senior leadership.

Define what's most important

Trend	Act	Avoid
Human sustainability	Understand and communicate the business advantages of prioritizing human sustainability	Thinking of human sustainability as the next fad in workplace wellness and not addressing root causes
Beyond productivity	Seek the right balance of business and human sustainability outcomes in measuring performance	Measuring so much that you have too much data and too little insight
Transparency paradox	Consider the public, organizational, and worker impact of making information transparent	Assuming that greater transparency always builds trust
Imagination deficit	Communicate the importance of curiosity and empathy and build workforce capacity by hiring and developing for them	Over-indexing on technical skills that have a short half-life
Digital playground	Encourage exploration and experimentation in domains and problem sets of import and interest to the organization	Underestimating the importance of workers learning to collaborate with machines in safe spaces
Workplace microcultures	Establish and communicate the organization's guiding principles	Mandating a specific way of working across the organization's teams, functions, or locations
Boundaryless HR	Create new people metrics that focus on shared outcomes for the organization and its workers	Relegating HR to a secondary or support role when it comes to orchestrating work and driving business transformation

Be prepared to evolve and adapt organizational governance structures

Successfully shifting away from old paradigms to a focus on human performance means being willing to forgo old approaches to organizational governance as well. Many of this year's trends highlight a need to increasingly include all levels of the organization in decision-making and adopt cross-functional governance approaches: less micromanagement, more autonomy. Fewer top-down dictates and more cocreation. Consider the following actions in leading your organization toward shared ownership as a human performance organization:

- **Integrating human sustainability governance into the board and C-suite.** HR has historically been the primary catch-all for people-related issues, but human sustainability crosses all functional boundaries. HR alone shouldn't be tasked with this responsibility, thereby suggesting a boundaryless HR approach in which the board defines human sustainability goals and provides oversight to ensure the C-suite is meeting them. With the board holding them accountable, C-suite leaders can then take ownership of achieving human sustainability goals for the organization by, for example, connecting the dots between functions.

- **Empowering managers to improve human performance.** Many workers say that managers have a significant impact when it comes to human sustainability issues: in fact, in one global study, respondents said managers have as great an impact on their mental health as their spouses.[4] Managers are in a unique position to influence human performance, but simply adding new responsibilities to

roles that are already struggling with overwork will likely fail. Instead, leaders can empower managers to prioritize tasks related to improving human performance and help clear organizational obstacles, such as company policies, heavy workloads, and unsupportive cultures. Taking a boundaryless HR approach by giving managers the training and resources they need to build the people expertise necessary to elevate human performance can also help.

- **Let microcultures flourish.** For some leaders, embracing a new mindset that encourages worker autonomy in the way they work can be difficult. Leaders and executives are often held accountable for delivering on objectives created for an existing paradigm and may balk at the idea of decentralizing control over how work gets done. But there is

a growing recognition that empowering individual workers and teams is a great way to generate the results leaders want for their organizations. Just over half of the executives in our survey (56%) say they are leading or expanding their efforts to focus on individual teams and workgroups as the best places to cultivate culture, fluidity, agility, and diversity. Organizations that understand the value that worker autonomy and choice have on building organizational trust will reap the benefits. Our research shows that workers who trust their employers are highly motivated, more satisfied with their jobs, healthier, and less likely to be on the lookout for new employment opportunities.[5]

Governance is a domain that is unique to senior leadership, and the following guidelines may help leaders navigate governance issues across the trends.

Governance

Trend	Act	Avoid
Human sustainability	Align leader incentives to achievement of human sustainability outcomes in addition to business outcomes	Handing off sole responsibility for human sustainability to HR
Beyond productivity	Give C-suite and the board human performance metrics to help unlock growth and innovation	Relying solely on traditional workforce productivity metrics to measure workforce performance
Transparency paradox	Provide oversight of responsible use of transparency technologies and data	Making one function solely responsible for transparent data and technologies
Imagination deficit	Promote the critical role of human capabilities across the organization	Competing solely on efficiency and scale, neglecting the critical component of imagination and curiosity in driving business performance
Digital playground	Ensure that everyone in your organization has access to digital playgrounds	Creating rigid rules or restrictions around use of emerging technologies like generative AI; not providing guidance on its limitations and how to address them
Workplace microcultures	Provide guardrails and modular interfaces for microcultures to flourish autonomously	Letting microcultures stray from organization-wide values
Boundaryless HR	Promote people expertise as a key leadership and managerial capability	Assuming HR solely owns all people expertise and responsibility

Be unequivocal about creating trust and psychological safety

It only takes a quick skim of the latest headlines to understand that organizational trust is under threat from any number of internal and external factors. An increasing focus on trust and transparency in the relationship between workers and organizations was the top response from board members, directors, and C-suite respondents of issues important to the organization's success. Yet only 16% of workers responded that they have a very high level of trust in their employer. Leaders carry a heavy responsibility to not only build trust with their workforce, but also to create the psychological safety within their organization necessary to elevate human performance.

The following actions can help leaders build trust and psychological safety with their workforce:

- **Inviting workers to cocreate alongside leadership.** Our research indicates that while workers are often invited to provide feedback, organizational strategy is still a very top-down activity. Only 30% of C-suite leaders say their organization's leaders are involving their workers in cocreating the organization's strategies and solutions often or all the time. And less than half (43%) of individual contributors believe that their organization is helping them imagine how their job may change in the future. One of the most powerful means of building trust with your workforce is to invite them to participate in creating the organization's future in a more meaningful way. To create value for individuals, organizations need input from individuals. As we introduced in our *2023 Global Human Capital Trends* report, cocreation is essential for operating in a boundaryless world. Leaders can establish safe digital spaces where workers are invited to cocreate and reimagine their future and the future of the organization. For example, they can cocreate solutions for human performance efforts, establishing new metrics, responsible data practices, and evolving organizational structures, policies, and relationships.[6]

- **Establishing strategies for responsible use of data from new transparency technologies.** Organizations have access to more work and workforce data than ever before, leading to unprecedented transparency in every corner of the organization. And as leaders begin to focus on new metrics for human performance, it may be tempting to tap into this resource before having a strategy in place for responsible practices around its collection and use. But according to Deloitte's *Quantified Organization* research, a lack of strategy for the use of workforce data was directly related to workers' lack of trust.[7] Consider strategies like voluntary data sharing agreements, which allow workers to opt in or out of sharing optional data with their organization, as these are linked to increased worker openness to data-sharing.[8] Leaders and the board have a responsibility to create responsible practices for workforce data and AI–not just customer data and AI—and will need to create governance structures to do it.

- **Planning now to address tensions around use of emerging technologies for data collection and monitoring.** Deloitte's *Quantified Organization* research shows that most workers are relatively comfortable with data collection from known technologies like email, calendars, and other traditional technologies. But workers see data collection from emerging technologies like wearables and XR headsets as crossing a line, which could create a friction point for trust as a majority of leaders surveyed said they expect to be implementing these technologies for data collection in the coming years. Don't wait until emerging technologies are posing ethical and trust issues in your organization: Strategize ways to build trust with employees, address worker privacy concerns, and hold the line between professional and personal data monitoring.

Trust and psychological safety need to be created and embraced at the highest levels of the organization to be successful. Consider these actions across the trends in establishing psychological safety in an organization.

Trust and psychological safety

Trend	Act	Avoid
Human sustainability	Involve workers in cocreating human sustainability initiatives	Ignoring or undervaluing managers' role in advancing the human sustainability agenda
Beyond productivity	Cocreate and implement new human performance metrics with worker input	Measuring what you can, not what you should
Transparency paradox	Enact guidelines that give workers reason to believe data about them will be assessed and used fairly	Using transparency to surveil or punish workers
Imagination deficit	Reward and recognize workers for displaying curiosity, imagination, and creativity	Micromanaging the innovation process
Digital playground	Democratize access to digital playgrounds in your organization	Participating in a digital playground as a C-suite member—consider creating a separate playground for executives instead
Workplace microcultures	Recognize and reward teams for outcomes, while allowing autonomy on how they're achieved through different ways of working	Conflating equality with equity, trying to create the same work experience for everyone
Boundaryless HR	Empower and trust managers to be people leaders, providing them with relevant tools and resources	Treating workers in a transactional way

Leading an organization toward optimizing human performance can seem like an overwhelming challenge for leaders. Shifting organizational mindsets can be just as difficult as making the operational adjustments needed to support a new way of thinking and working. The key to making the shift from knowing to doing in a boundaryless world is to start where you are, with what you have, and continue to build strategies that take your organization closer to its human performance goals. While focusing on short-term progress can help move the needle, making the shift from a traditional mindset of work to a human performance mindset of work can be a much longer-term play, helping drive the organization's continued success for generations to come.

RESEARCH METHODOLOGY

Deloitte's 2024 *Global Human Capital Trends* survey polled 14,000 business and human resources leaders across many industries and sectors in 95 countries. In addition to the broad, global survey that provides the foundational data for the *Global Human Capital Trends* report, Deloitte supplemented its research this year with worker- and executive-specific surveys to represent the workforce perspective and uncover where there may be gaps between leader perception and worker realities. The executive survey was done in collaboration with Oxford Economics to survey 1,000 global executives and board leaders in order to understand their perspectives on emerging human capital issues. The survey data is complemented by over a dozen interviews with executives from some of today's leading organizations. These insights helped shape the trends in this report.

Endnotes

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Continue the conversation

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