

**Deloitte.**

Workforce Strategies for  
the Future of Work

2023



# We are experiencing a workforce revolution

CONSUMER TECH

## Microsoft's Latest Work Trend Index Urges To End Productivity Paranoia

## A Full Return to the Office? Does 'Never' Work for You?

Employer plans have played out like a game of chicken. Now workers are rebelling outright, and executives are trying everything to make the office worth it.

## In An Era Of Change And Uncertainty, Employee Development Is Crucial To Corporate Success



## With So Many People Quitting, Don't Overlook Those Who Stay

by Debbie Cohen and Kate Roeske-Zummer

October 01, 2021



## 'Productivity Paranoia,' Ghost Jobs And Four-Day Work Week Success

## Work From Home Is Loved Worldwide, Even If Wall Street Hates It

- New research paper highlights global appeal of remote work
- Workers would take 5% pay cut to keep option of days at home

## Employee recognition can save companies billions, Gallup says

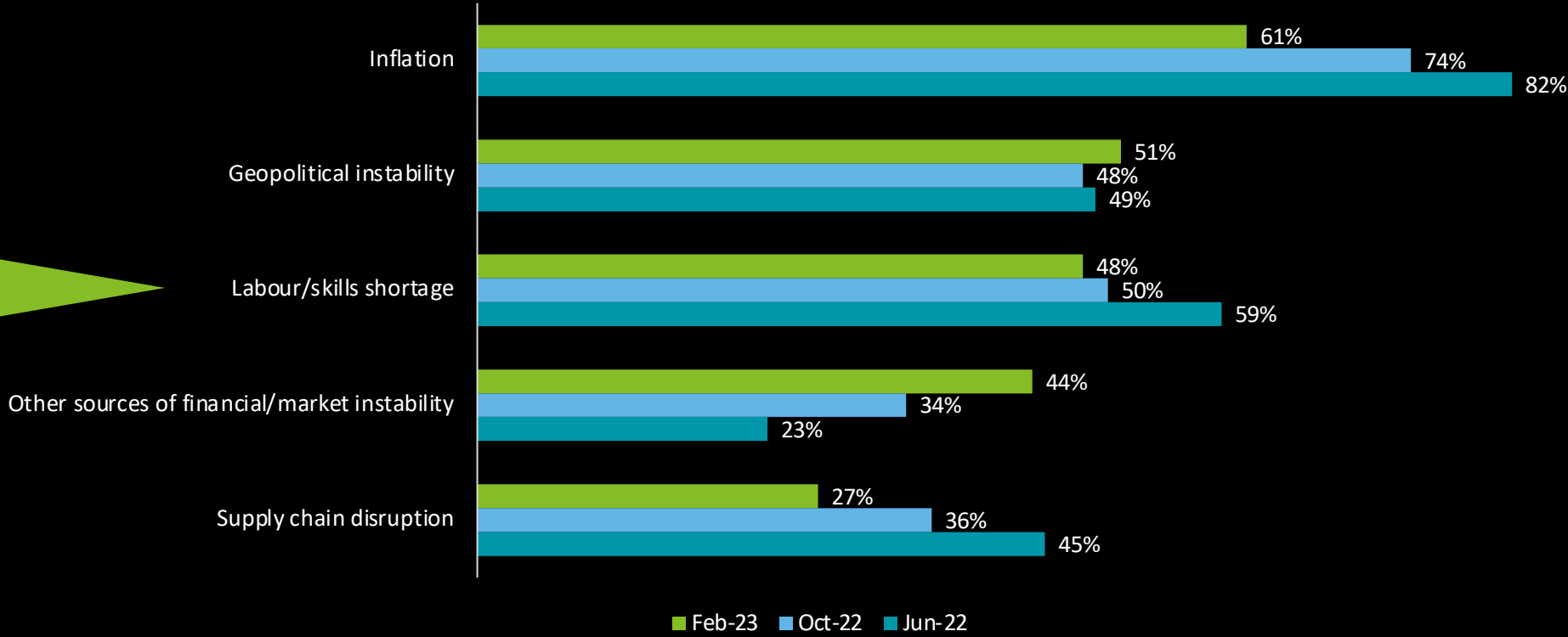
Employers lose out on approximately \$20 million for every 10,000 workers dragged down by draining workplaces, researchers found.

# The challenges ahead of us

We asked over 100 CEOs **what external issues they expect to influence or disrupt their business strategy within the next twelve months<sup>1</sup> ...**

**External issues CEOs expect to influence or disrupt their business strategy within next 12 months<sup>1</sup>**

Labour /skills shortage continues to remain one of the top anticipated disruptions to impact business strategy<sup>1</sup>





# The **MYTH** and **REALITY** of the **CURRENT LANDSCAPE**



# Recession...with a hot labor market?

Unemployment rate in Canada remains at a low **5%**<sup>1</sup>

Unemployment to job vacancy ratio is **1.1**, close to a record low recorded in the 2<sup>nd</sup> quarter of 2022<sup>2</sup>

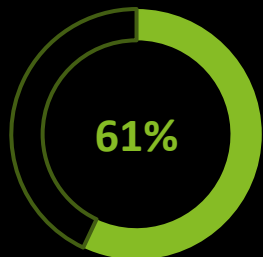


Canada's economy added **35,000 jobs** in March 2023, up **425K** since March 2022<sup>3</sup>

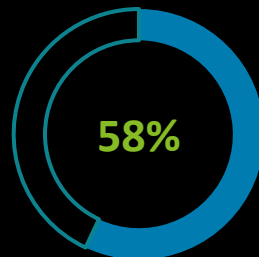
Industries experiencing highest job growth included:

- Transportation and warehousing + 41K +4.2%
- Business, building and other support services +31K +4.4%
- Finance, insurance, real estate, rental and leasing +19K +1.3%

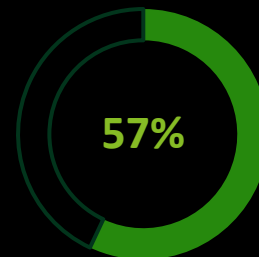
According to a recent poll by Robert Half, 50% of Canadian workers are planning to look for new jobs in Q1-2 of 2023, up from 28% a year ago. Within this group, those most likely to make a move included:<sup>4</sup>



Employees who been with the firm for 2-4 years



Gen Z



Technology professionals

Job seekers are prioritizing<sup>5</sup>:

- 💰 higher salary
- ✓ benefits
- 🚀 advancement
- 🕒 flexibility

# Work ethic...or life ethic?

## “YOLO”

According to the 2022 Deloitte Gen Z and Millennial Survey<sup>1</sup>

The top reasons for **choosing** an employer are:

Work life / balance

Learning and development opportunities

Pay

The top reasons for **leaving** an employer are:

Pay

Mental health

Burnout

## “Quiet quitting”

Pre-2020, employee engagement was rising globally for almost a decade, **but now it is stagnant with...**

**21%**

of Canadian employees feeling ‘disengaged’<sup>3</sup>

**+50%**

of the workforce considered as “Quiet Quitters” and of that, **18%** considered as “Loud Quitters”<sup>4</sup>

According to Deloitte’s 2022 Well-Being Study,

**70%**

of C-Suite executives are seriously considering **leaving for a job that better supports well-being**<sup>3</sup>

# Productivity theater...or creating a culture of trust?

## PRODUCTIVITY TRACKING IS DRIVING EMPLOYEE MISTRUST

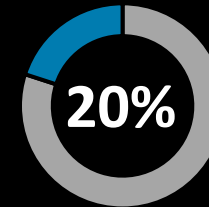
**67 minutes** Number of minutes the average worker spent each day making sure they **appeared productive** online to their bosses and colleagues<sup>1</sup>



Employee tracking tools have led to **“productivity theater,”** where employees spend more time signaling that they are working, at the **expense of their actual work**<sup>2</sup>

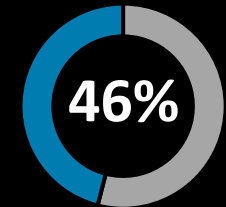


## EMPLOYEE TRUST IS CRITICAL TO ENGAGEMENT AND RETENTION



Canadian workers reported a decrease in trust towards their employers compared to pre-pandemic times<sup>1</sup>

Out of which



relate it to change in workplace culture<sup>1</sup>

An Oxford University study of 1,800 workers at British telecommunications firm found that **happy workers were 13% more productive**<sup>3</sup>

## TRUST CAN BE DEFINED, MEASURED, AND EMBEDDED IN STRATEGY

Gallup research found that **highly trusted workplaces enjoy 50% higher employee productivity, 106% more energy at work and 13% fewer sick days**<sup>4</sup>. According to Workforce Institute **24% of employees** who left their jobs cited lack of trust as their primary reason for quitting<sup>5</sup>.

# Hybrid? Return to office? The debate is over

According to the 2022 Deloitte Millennial and Gen Z Survey and the Deloitte Women @ Work Outlook



**75%**

of Millennials and Gen Z

AND

**65%**

of women prefer hybrid work

... according to Nick Bloom, Stanford University economics professor

... **95%** of companies he speaks to plan to be hybrid<sup>3</sup>

The percentage of job postings advertised as remote increased from **20.6%** in Jan. 2022 to

**22.9%** in Jan. 2023

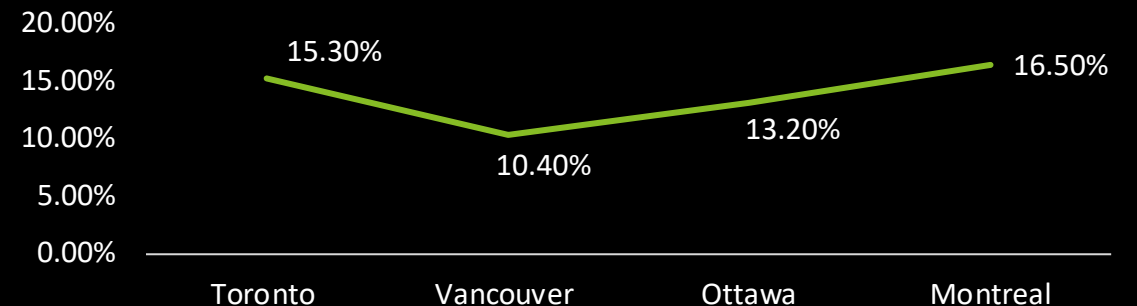
AND

Only **11 million square feet** of office space is currently being built across Canada, **the lowest since fall 2017.**<sup>1</sup>



Downtown Toronto's office vacancies have hit a **28-year** high due to hybrid work models, with tech sector contributing to the high vacancy rate. Canada's national office vacancy rate is also at an all-time high of **17.7%**<sup>4</sup>

VACANCY RATES ACROSS DOWNTOWNS IN CANADA IN Q1 2023<sup>1</sup>



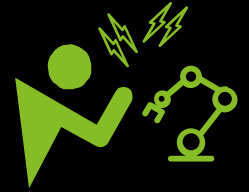




The **HUMAN CHALLENGES**  
of the next **DECADE**

## Human-technology collaboration

Research involving 1500 organizations in a range of industries revealed **greater performance improvements occur when humans and machines work together**, enhancing each others' strengths<sup>1</sup>



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Deloitte's 2023 Human Capital Trends report revealed that...

AI and machine learning will contribute to a **37%** increase in labor productivity by 2025<sup>2</sup>

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...and that organizations are more likely to **use AI to augment rather than replace workers**<sup>2</sup>

**90%** of business leaders recognize the importance of utilizing technology to enhance work outcomes and team performance...

**YET**

only **22%** feel that their organizations are adequately prepared to do so<sup>2</sup>.

## Worker expectations and agency

There has been a **40% increase** in employee-led activism since the pandemic globally<sup>1</sup>

**AND**

**Around 61%** of senior executives in Canada expect a rise in activism among their employees<sup>2</sup>

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Gen Z is **2x** as likely to speak out and hold companies accountable for social issues such as<sup>1</sup>:

- + **Diversity, equity and inclusion**
- + **Environmental impact**
- + **Mental health support**
- + **Philanthropy**
- + **Ethical working conditions**

**Increase in number of Canadian companies participating 4-day work week pilots<sup>5</sup>**

**63%** of organizations found it easier to attract and retain talent and **78%** employees reported being happier with 4-day week



Scotiabank's employee feedback on long commutes during the pandemic led to the creation of new community working spaces, showcasing the bank's commitment to a purpose-driven approach and willingness to explore different work options<sup>7</sup>

# Stakeholder capitalism in a volatile world

## EMPLOYEES WANT ORGANIZATIONS TO LEAD BY EXAMPLE...



86% of employees surveyed by Deloitte said they **expect their CEO to speak out on societal issues**<sup>1</sup>

## ...AND ORGANIZATIONS BENEFIT WHEN THEY DO SO



According to a Gartner survey, when an organization acted on social issues, the **proportion of workers who were considered highly engaged increased from 40% to 60%**<sup>2</sup>

According to the June 2022 Deloitte / Fortune CEO Survey, leaders consider the following factors when taking a vocal stand on social or societal issues...<sup>3</sup>







The **SHIFTS** at play and  
how to **MANAGE** them



# Key shifts have transformed the future of work and laid the groundwork for opportunity

**FROM ...**

**...TO**

**Jobs**



**Skills**

**Employees**



**Workforce ecosystems**

**Flex work**



**Flex everything**

**Automation**



**Augmentation**

**Productivity**



**Human performance**

## From **JOB**S to **SKILL**S

According to Deloitte's Skills Based Organization Report 2022...

Organizations that embed a skills-based approach are

**63%**

**more likely to achieve results** than those that have not adopted skills-based practices<sup>1</sup>

**77%**

of **business and HR executives** say flexibly moving skills is **critical to navigating future disruptions**<sup>1</sup>

**66%**

of **workers** say they would be **more likely to be attracted to and remain at an organization** that values and makes decisions based on their skills and potential<sup>1</sup>

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## ACTIONS TO TAKE

- 1 Reorganize work around skills – both human and machine
- 2 Use skills, rather than jobs, to make decisions about the work and workforce
- 3 Build a “skills hub” — an engine of skills data and technology governance – to power decision-making

# From **EMPLOYEES** to **WORKFORCE ECOSYSTEMS**

According to Deloitte and MIT's 2022 report, "Orchestrating Workforce Ecosystems" ...<sup>1</sup>

**93%** of managers view **some external workers as part of their organization's workforce**

**74%** of managers agree that effective management of **external contributors is critical to organizational success**

Organizations who consider themselves intentional orchestrators of talent are...

**8x** more likely to agree that their org supports managers when hiring external contributors

**5x** as likely to report that their leaders understand how to distribute work among internal and external workers

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## ACTIONS TO TAKE

- ① Develop a strategy
- ② Coordinate management of internal and external workers
- ③ Hire and curate an internal and external ecosystem of workers

## From **FLEX WORK** to **FLEX EVERYTHING**

**54%**

of women working in hybrid environment have experienced or are concerned about a **lack of flexibility in their working patterns**<sup>1</sup>

**JP Morgan, BP, and Alphabet's X Moonshot Factory** launched **pilot programs with Roleshare**, a creator of a **job-sharing marketplace and management platform**. The platform allows companies to retain employees who love their jobs but need or want a more flexible role to accommodate family and personal needs, or other interests and passions<sup>2</sup>

Waste Management pays for **college degrees and professional certificates for employees' spouses and children**<sup>3</sup>

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### **ACTIONS TO TAKE**

- 1** Offer to flex the “where” of work and the “why” of work
- 2** Create opportunities for employees to explore passions outside of their core job responsibilities
- 3** Refine benefits – create targeted offerings to employee’s based on lifecycle needs

## From **AUTOMATION** to **AUGMENTATION**

According to Deloitte's 2022 Global Intelligent Automation Survey...

**1 in 5**

organizations do not have a clear and accepted vision for intelligent automation<sup>1</sup>

**41%**

**of organizations** do not have an enterprise-wide intelligent automation strategy<sup>1</sup>

**60%**

of organizations are more likely to use AI to assist workers rather than the **12%** that plan to replace workers<sup>2</sup>

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### ACTIONS TO TAKE

- ① Leverage technology to improve productivity and drive community
- ② Provide accessible tools that provide a best-in-class employee experience
- ③ Conduct an internal audit of what uniquely-human tasks employees should focus their time on



# From **PRODUCTIVITY** to **HUMAN PERFORMANCE**

**89%** of the C-suite

**AND**

**75%** of employees say that **improving their well-being** is a top priority for them this year<sup>1</sup>

**80%** of employees say they would **quit a job** if forced to come to office<sup>4</sup>

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Most workers toggle between apps **10 times an hour**, costing organizations

**32 days** per worker, per year of workplace productivity<sup>2</sup>

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## **ACTIONS TO TAKE**

- ① Empower the workforce to make work-life integration a priority
- ② Redesign the work around well-being
- ③ Simplify the Digital Workplace, focusing on tools which help employees deliver optimal outcomes



What **TO DO** to achieve  
desired outcomes

66

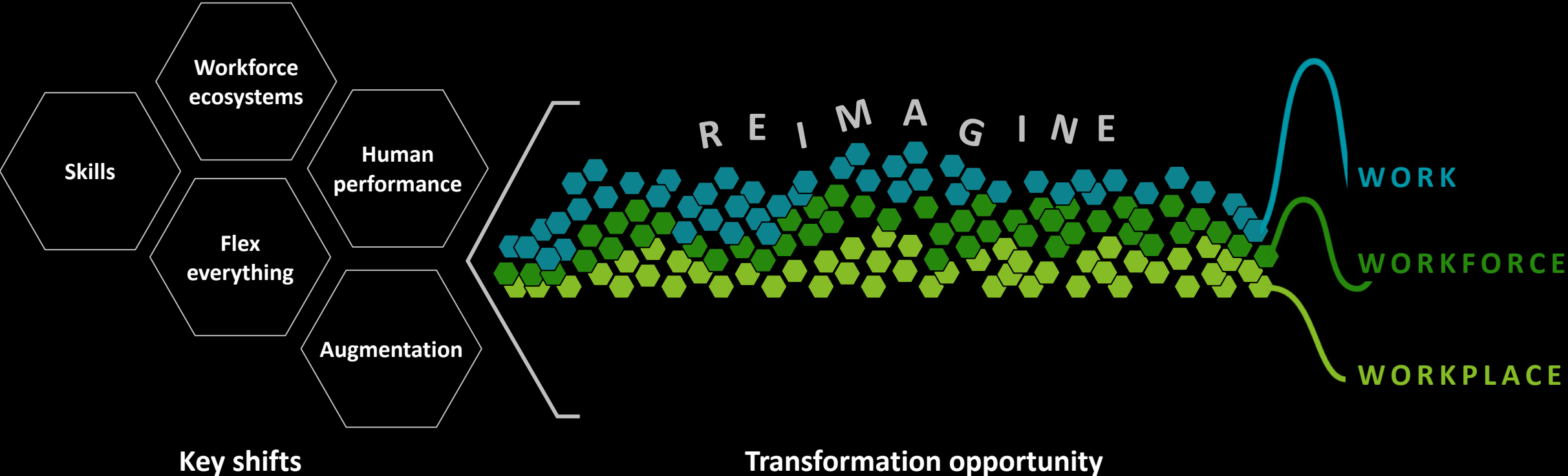
We have entered  
our third, great  
**Promethean**  
**moment**

— *Thomas Friedman*  
*Author, reporter, columnist*

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The groundwork has been laid...

**KEY SHIFTS ARE CONVERGING, CREATING A DYNAMIC ENVIRONMENT IN WHICH ORGANIZATIONS HAVE THE OPPORTUNITY TO TRANSFORM**



# We need to chose a human agenda

## WORK AS HUMANS

Re-architect the flow of work to reflect how humans naturally work

- Outcome driven*
- Fluid*
- Non-linear routines*
- Connected*
- Integrated*
- Workgroup-oriented*
- Creating value*

# HUMANIZING WORK

- Inclusiveness*
- Emotional intelligence*
- Challenging*
- Experimenting*
- Conceptual thinking*
- Drive*
- Risk taking*

Emphasize enduring capabilities of the humans doing the work

**PUT HUMAN WORK AT THE FOREFRONT**



# Leaders must adapt to the unique challenges of the coming years

## Trust Builders

*Establish principles and embrace values which foster trust between the employee and employer*

## Purpose Creators

*Define organizational purpose to forge meaningful connections between employees and the broader organization*

## Ecosystem Orchestrators

*Create a well-defined ecosystem that drives the organization's strategy*



## Work-Life Advocates

*Demonstrate a commitment to well-being to influence well-being behaviors within your organization*

## Connection Facilitators

*Design the physical and digital – “phy-gital” – workplace to foster an environment built to thrive in the hybrid reality*

**Leading with AUTHENTICITY will enable leaders to embrace these identities**

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# Let's get to work.

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# Thank you!



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