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People & Change

HR Leadership Survey 2018

What does the HR function of the future look like? In a (compound) word: employee-centric!

We all want to know what the future looks like. Let's face it, strategic planning would be so much easier if we had a crystal ball. Deloitte's 2017 Global Human Capital Trends report declared the "Organization of the Future" to be the number one human-capital issue, with 88% of companies citing it as a top priority. So, as we head towards the end of 2018, are things becoming any clearer?

As I'm sure you know, a plethora of 'HR Trends for 2018' reports have already done the rounds. All say similar things and all are based on much larger cohorts than we could ever muster. All of which begs the question: why this one?

Well, we think surveys are worth testing. We also know from our work with client partners, there is sometimes a disconnect between theory and practice and what we know we should be doing as opposed to what we are doing. So, this one tries to unpack the reality behind the copywritten headlines to get a sense of how the function is doing in our world, among SMEs and public-sector organisations here in the UK. And without giving too much away, it's encouraging!

Background

Our cohort of HR directors, managers, independent consultants and heads of HR come largely (70%) from SME organisations that have between 66 and 749 employees (20% have 750 or more; 10% with less than 66). They represent a diverse range of private (70%), public (20%) and third-sector (10%) organisations, including: 22% manufacturing and engineering, 17% financial services and 15% professional and business services. Other sectors represented here, include technology, housing, education, energy and distribution.

Don't mention the 'B' word!

According to our cohort, top of the factors that 'will affect your business in 2018', with 66%, are political and economic. This inevitably includes the uncertainly around Brexit, although only 7% named it specifically in their Top 3 Business Challenges. Worries about its effect on the talent pool and potential regulatory change aside, this suggests a wait-and-see approach by the majority.

A technological revolution

Whichever report you read, digital transformation is high on everyone's agenda and our cohort is no different. 52% of those who responded selected it as a key business factor. Again, however, only 7% would name it in their Top 3 Business Challenges. That said, 21%, are currently slap bang in the middle of a digital transformation project. From recruiting and onboarding to wellbeing initiatives and the possibilities of the virtual office, with a workforce increasingly populated with digital natives, the HR function of the future will inevitably be digitally driven.

For HR professionals, there are two sides to the technology story, each with its own challenge. Firstly, there is the digitalisation of the HR function itself. Whether it's the automation of everyday administrative tasks, online assessment, training and development or in-depth KPI and data analytical reporting, benefits in terms of efficiency, productivity and employee accessibility and engagement are proven. However, GDPR has thrown up a number of risks and challenges associated with our reliance on personal data. A recent survey reports that 64% of its respondents were currently caught up in individual, personal data, legal -liability cases! When it comes to personal data, get it wrong and the ramifications under the new regulation can be very costly indeed. We predict that CIOs, CSOs and HR will be working very closely together from now on.

Secondly, organisation-wide digital transformation projects throw up significant people-resourcing challenges. Competition for game-changing tech talent is fierce. Having the right talent strategy in place will be an imperative.

Developing talent is the key to organisational success

Whether specifically for technology or the wider organisation, attracting, retaining and developing talent is always going to place high on the HR agenda. 66% of our cohort named strategic workforce planning amongst their top people factors for 2018. Harvey Nash's 2018 HR survey throws up a third challenge for HR when it comes to the deployment of technology; non-human resources! Workforce planning for the HR function of the future will need to factor in the impact of AI and automation.

By 2020, over half the workforce will be Millennials. Understanding what makes them tick is going to be important for the HR function of the future and, we're guessing, the reason why 45% of our respondents selected workforce profiling as a major business factor, this year. Whilst not explored directly in this survey, the wider industry literature all points to the creativity, innovation and performance benefits of a more diverse and representative workforce, going forward, particularly at senior levels.

With 38% working in organisations that are expanding, 20% involved in organisational redesign and restructuring, and 19% currently in the process of working through mergers and acquisitions, having the right people in the right role at the right time is crucial. And this starts at the top.

There is a direct correlation between the performance of an organisation and that of its leaders. The majority (76%) of the organisations we canvassed were working on assessing leadership capability, suggesting a drive towards succession planning and developing leaders from within – with only 20% actively looking to bring in "'A' players to drive growth". In addressing skills gaps by working with the talent they've already got, training and development was a key theme among the organisations we canvassed, with 66% selecting it as a major people factor for 2018.

Creating collaborative cultures

Reflecting the wider industry trends analysis, 38% of this training is being targeted at developing top teams. The organisational design of the future is moving away from top down, linear hierarchies to fluid, flexible networks of teams. As such, managing in a matrix environment is a key people factor for 29% of our cohort. The leaders and managers of the future need to be collaborative innovators across multiple disciplines.

Dovetailing with this focus on organisational design and training and development is performance management. 72% of our cohort are looking to develop a high-performing organisation as a top people factor for 2018, which is consistent with the wider trend.

An engaged, empowered employee is a creative and productive employee

Unsurprisingly for a people-focussed discipline, the number one people factor for HR in 2018, according to our cohort (and most of the wider literature), is employee engagement. 86% of respondents agreed. It's not rocket science; if you're creating an environment where people flourish, business thrives! How we create that environment will be focussing the minds of the HR function of the future.

What is encouraging from our survey, and bucking the trend somewhat from the wider literature, is that the aspiration appears to be matched with some planned action. 33% of our cohort have named it specifically among their Top 3 Business Challenges for 2018.

Conclusion

So, what have we learned? Well, if nothing else, the HR function of the future is going to be extremely busy! What is encouraging, is that, increasingly, progressive organisations are recognising that people are their most significant asset and placing the function centre stage as a necessary business driver. Even if the capability isn't quite there yet, the aspiration is.

Taking these results in isolation, the function might seem disparate and disjointed. And, no doubt, some are. However, the successful function of the future will be the one that can take all the narrow, disparate strands and weave them together in a coherent, integrated, employee-centric whole. Deloitte, among others, are describing this approach under the banner of employee experience. Whatever you want to call it, in an environment of uncertainty, complexity and inevitable change, a flexible, agile, networked HR function has an important role to play in the development of your organisation.

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A director of our People & Change consultancy, Vic is a CIPD qualified HR leader who is passionate about organisations creating cultures that enable everyone to be successful, implementing leadership, employee engagement and change-management initiatives that empower people by giving them a voice.