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State of HR



Introduction

Transformative. Transitional. Evolving. Developing. All are synonyms for the word ‘changing’ and all are adjectives that describe the state of HR.

For the last decade, human resources has seen a change in the workforce with more Millennials and Generation Z employees entering the ranks of the company and becoming leaders while Baby Boomers and Generation X continues their decline from power. From a global perspective, Bloomberg predicts Gen Z will make up 32 percent of the global population by the end of 2019 with Millennials close behind at 31.5 percent. Despite those numbers, in 2020 -- Millennials will still remain the largest group of workers in the world’s top four economies:



Additionally, employees are more in control of who they want to work for and why. There’s a huge focus on transparency, diversity and experience not to mention when and where work is done. According to LinkedIn, in 2019 – 72 percent of workers say work flexibility will be very important in the future. In the past two years alone, there’s been a 78 percent increase in jobs offering flexible working arrangements. According to UpWork, it’s predicted, by 2027, the majority of workers in the US will work remotely.

HR has seen technology become ever more present in their day-to-day activities. Technology is automating once manual processes. In 2020, Robotic Process Automation (RPA) will continue to support data-driven processes. Data and artificial intelligence are being used to predict workforce trends. Going forward, AI will help reduce recruiting timelines and better candidate screening. It will also help HR predict when to starting hiring people for critical positions rather than leave them vacant. Virtual Reality will continue its meteoric rise. Not only will it be used for training employees but for screening potential new hires by allowing them to demonstrate their practical skills. Technology is providing and will continue to provide new ways for HR professionals to interact and engage with employees.

HR is moving from being transactional to strategic.

This report discusses areas in which human resources professionals believe there could be improvement, where they have improved and what is ahead for 2020.

To achieve that goal, the HR Exchange Network surveyed human resources professionals around the globe to get key insights in to what is happening in the HR space. Themes included:

1

What are the biggest challenges for HR?

2

What should HR focus on now?

3

What are trends heading into 2020?

Our Contributors



Shelley Meador

Chief Human Resources Officer
Allegion



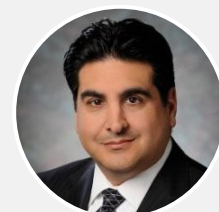
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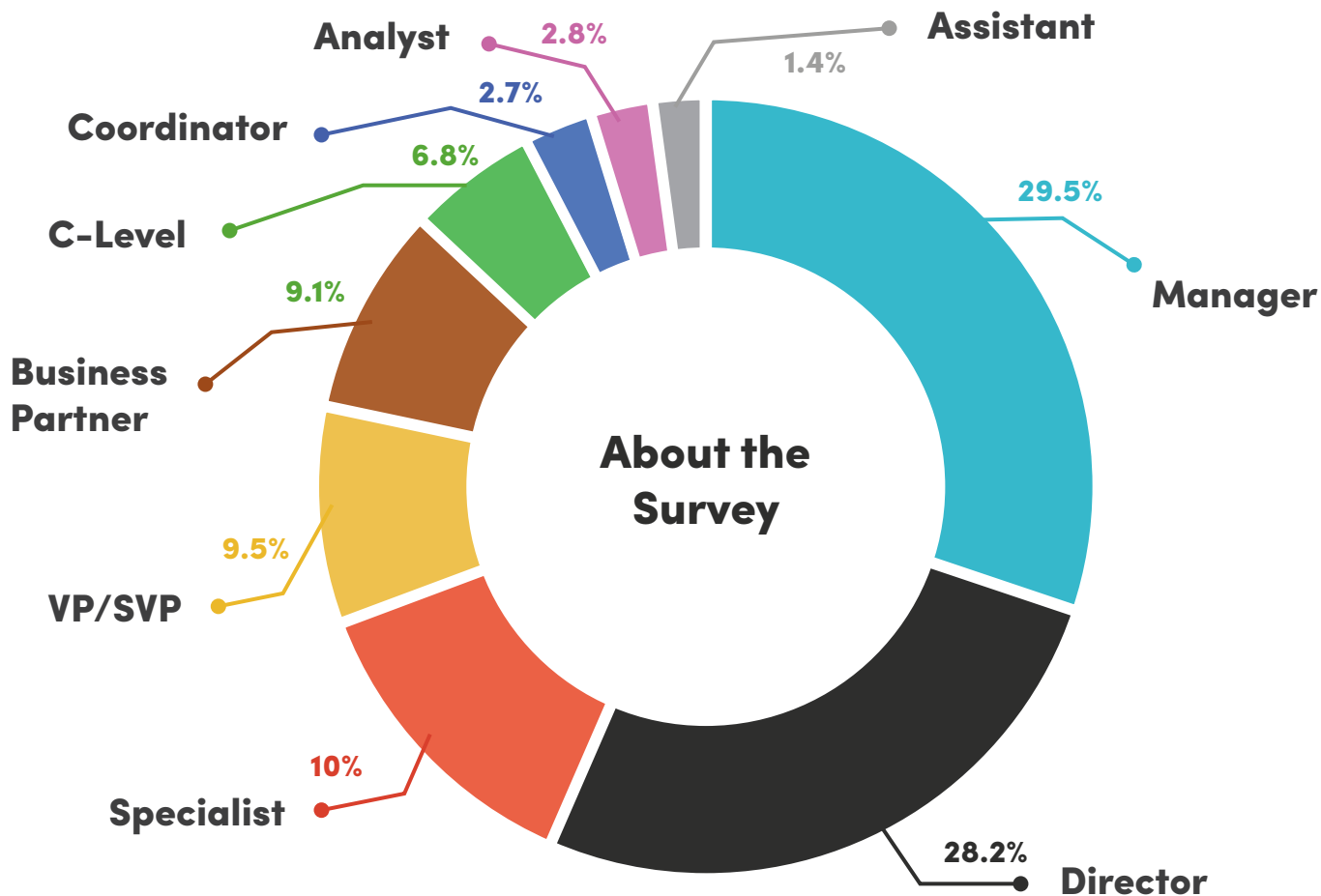
Rose Sheldon

Director of Enterprise Learning
Allstate



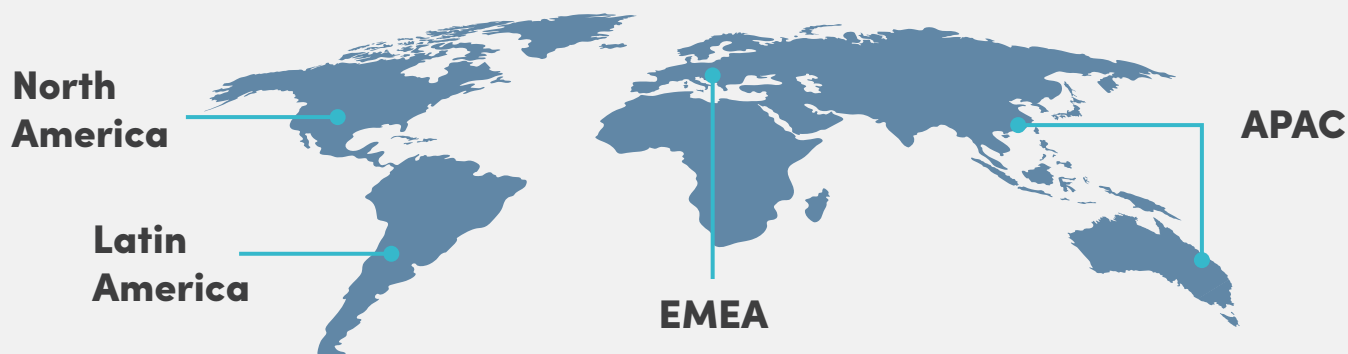
Eric Torigian

VP & Assistant General Manager of Global HR
Akebono Brake Corporation



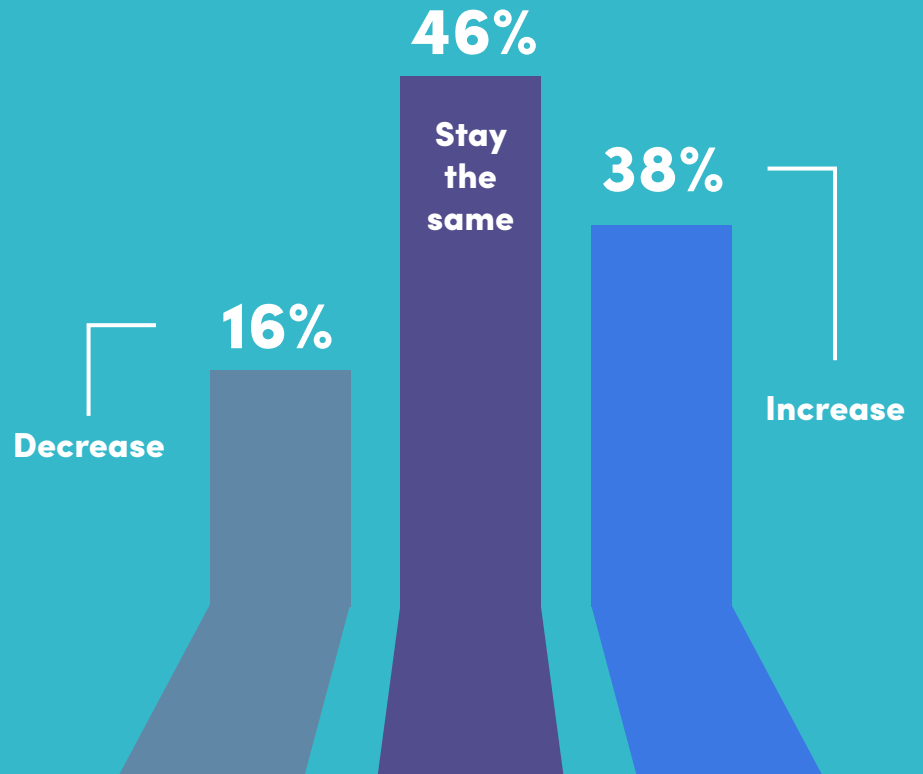
27% Of Respondents' companies employ 5,000+ workers

The HR Exchange Network conducted the survey during the months of September and October 2019. Of the respondents nearly 45% designated themselves at the director, VP/SVP or C-Suite level. More than 10 percent of respondents said their companies employ 5,001 – 10,000 workers while more than 27 percent say they employ 5,000-plus workers.



Additionally, we asked the following questions regarding 2020 budget changes, priorities and investment.

Is your HR budget for 2020 going to increase or decrease?



Top 5 HR priorities for 2020

- 1 Align HR with the Business Objectives
- 2 Retaining Top Talent
- 3 Attracting Top Talent
- 4 Leadership Development
- 5 Prepare the Workforce for the Future of Work



In 2020, HR is going to face continued and additional changes. Leaders are going to insist that all activities within the organization have either a primary or secondary purpose of driving the business forward. For human resources, it's about aligning their processes and practices with business objectives. For this, HR leaders are going to have to continue 'fact-finding' practices designed to understand the very nature of the business, how other departments and employees interact to succeed and how that success is measured.

A critical piece of that is making sure the organization has the talent needed to create success. Part of the strategy is making sure the best talent stay within the organization. Offering those workers tangible benefits and opportunities to grow demonstrates investment in its people and the desire to prepare them for the future of work. Of course, workers aren't the only ones that need attention. Leaders also need to be retained and offered development opportunities. The reality here is retention efforts are not enough. Companies must also attract the same quality of talent from external sources.

That requires HR to pay spectacular attention to detail when it comes to culture. A fact all too evident in the data the HR Exchange Network collected.



Top 10 investment areas in the next 6-12 months



Performance Management



Career Pathing



Analytics



Learning Management System (LMS)



Artificial Intelligence/Machine Learning/Smart Recruitment Technology (tie)



Employee Self-Service



Cloud-based technology



Mobile Technologies



Robotic Process Automation

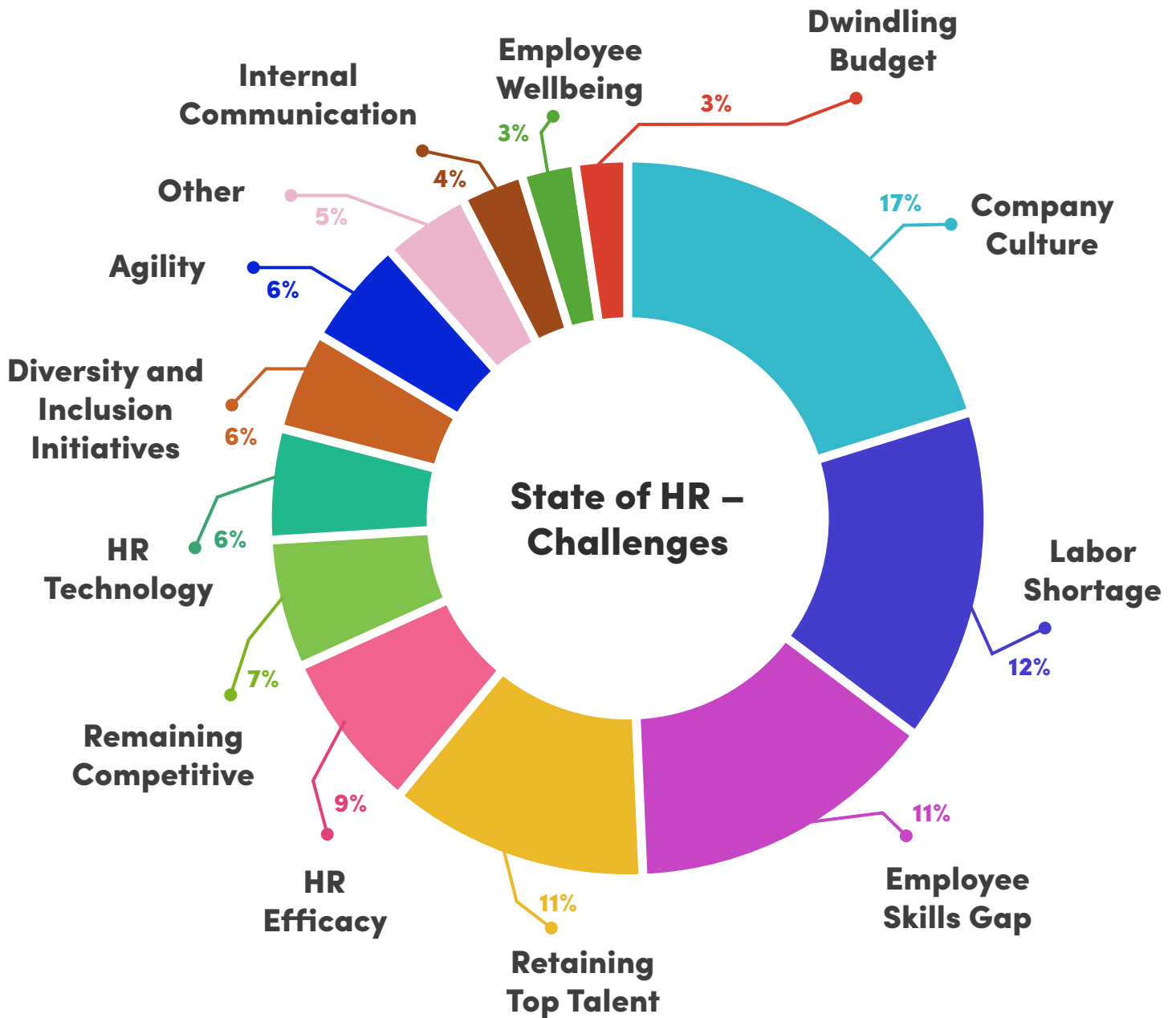


Applicant Tracking Systems



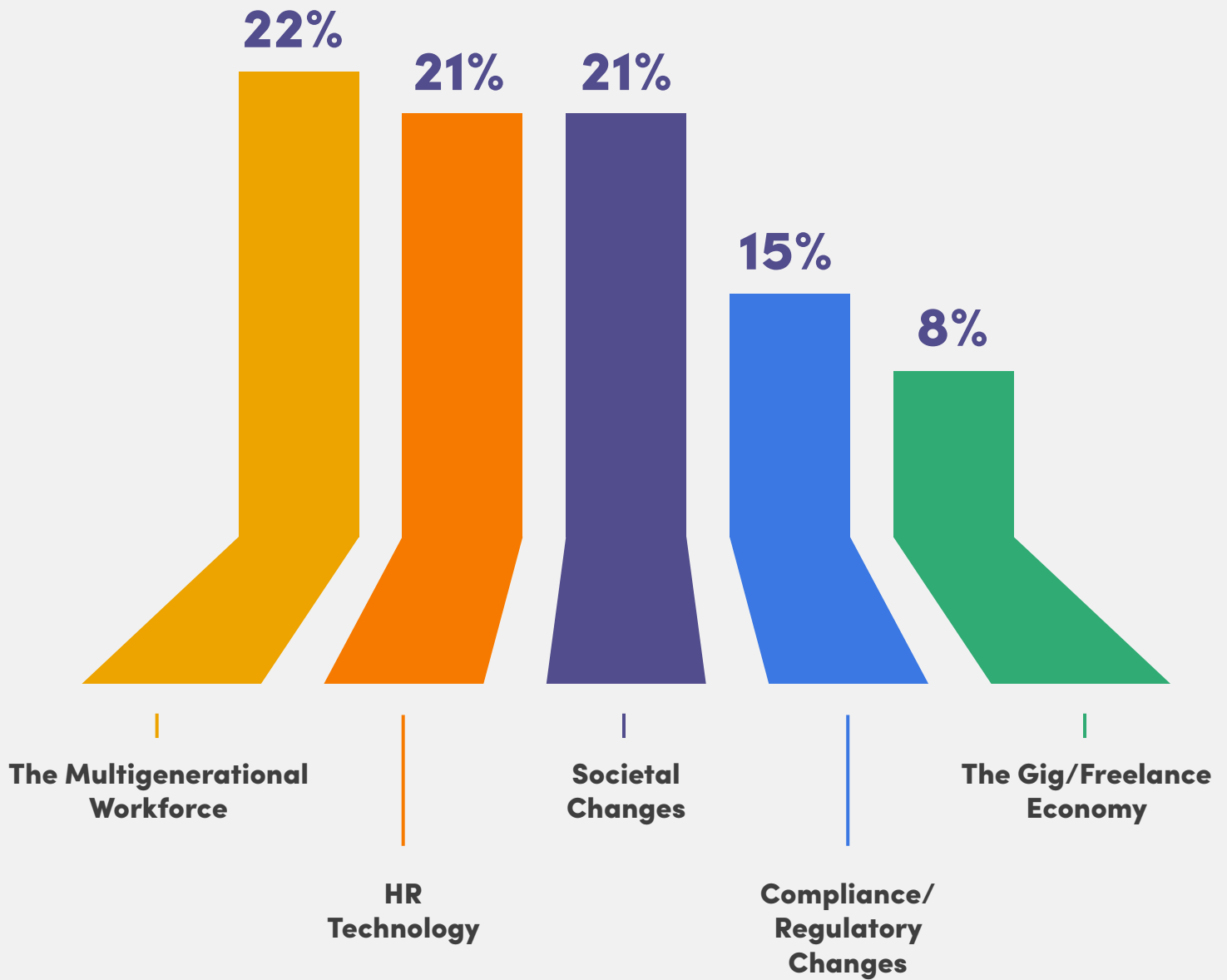
In our interviews with HR professionals, we've received a plethora of responses concerning the current state of HR and what professionals should focus on now and in the months and years to come. And there are a lot of issues to consider when trying to make that determination: diversity and inclusion initiatives, communication and technology are just a few. But when HR professionals really get down to it, there is only one item that transcends all others. Not only did our survey reveal which item that is, but the next three areas receiving the highest votes support the first. That issue is company culture.

When thinking about the current state of HR, what is the single most concerning challenge for HR?



17 percent of respondents to our survey agree. Why? The answer can be found in what respondents told us was one of the biggest disruptors for human resources – the multigenerational workforce.

Biggest HR Disruptor



Culture is incredibly important to Millennials and Generation Z workers. It's also important to other generations in the workforce, i.e. Generation X and baby boomers, but culture doesn't resonate for them the way it does for Millennials and Generation Z.

To illustrate this, think about recruiting and job interviews.

77%

Of adults in U.S., U.K., France & Germany would consider company culture before applying.

SOURCE: GLASSDOOR

35%

Of U.S. workers wouldn't accept a job that didn't match culture requirements.

SOURCE: ROBERT HALF

40%

Of Canadian workers wouldn't accept a job that didn't match culture requirements.

SOURCE: ROBERT HALF

Culture is one of the factors potential job candidates are going to use to determine whether or not they want to work for the company. According to Glassdoor's 2019 Mission and Culture Survey, 77% of adults in the United States, United Kingdom, France and Germany would consider company culture before putting in an application. 79% would consider the company mission before applying. Additionally, a study by Robert Half found one-third of workers in the U.S. (35%) and Canada (40%) wouldn't accept a job that didn't match their culture requirements. One of the first questions asked in an interview by these potential workers is about workplace culture. In some instances, they will and are asking permission to investigate the culture on their own. They're going to want to explore the office or main floor and interview current employees to get a real sense of the culture. They're also going to put their findings against answers/perception given by HR. If that isn't enough, culture is also significant to the company's ability to retain their best employees.

That in itself has its own challenges.

So, how does HR improve the culture? From our research, respondents say cultivating strong employee relationships is the best way. Others include increasing individual and team collaboration and increasing leadership development opportunities.



Top 5 Investments to Improve Company Culture

1

Cultivating Strong Employee Relationships

2

Increase individual and Team Collaboration

3

Increase Leadership Development Opportunities

4

Promote Transparency

5

Embracing Agility through HR Processes

Like the HR Exchange Network, Gallup has studied organizational culture for years. They find some organizations have difficulty in successfully establishing their “ideal” culture. The reason is because culture is always in flux.

Their researchers looked specifically at how HR leaders fit into the process of changing culture. According to their data, HR leaders play a central role in creating and sustaining culture in the world’s highest performing organizations.

“As the stewards and keepers of the culture, HR leaders are responsible for inspiring desired employee behaviors and beliefs -- and in turn, realizing the performance gains of a thriving culture.”

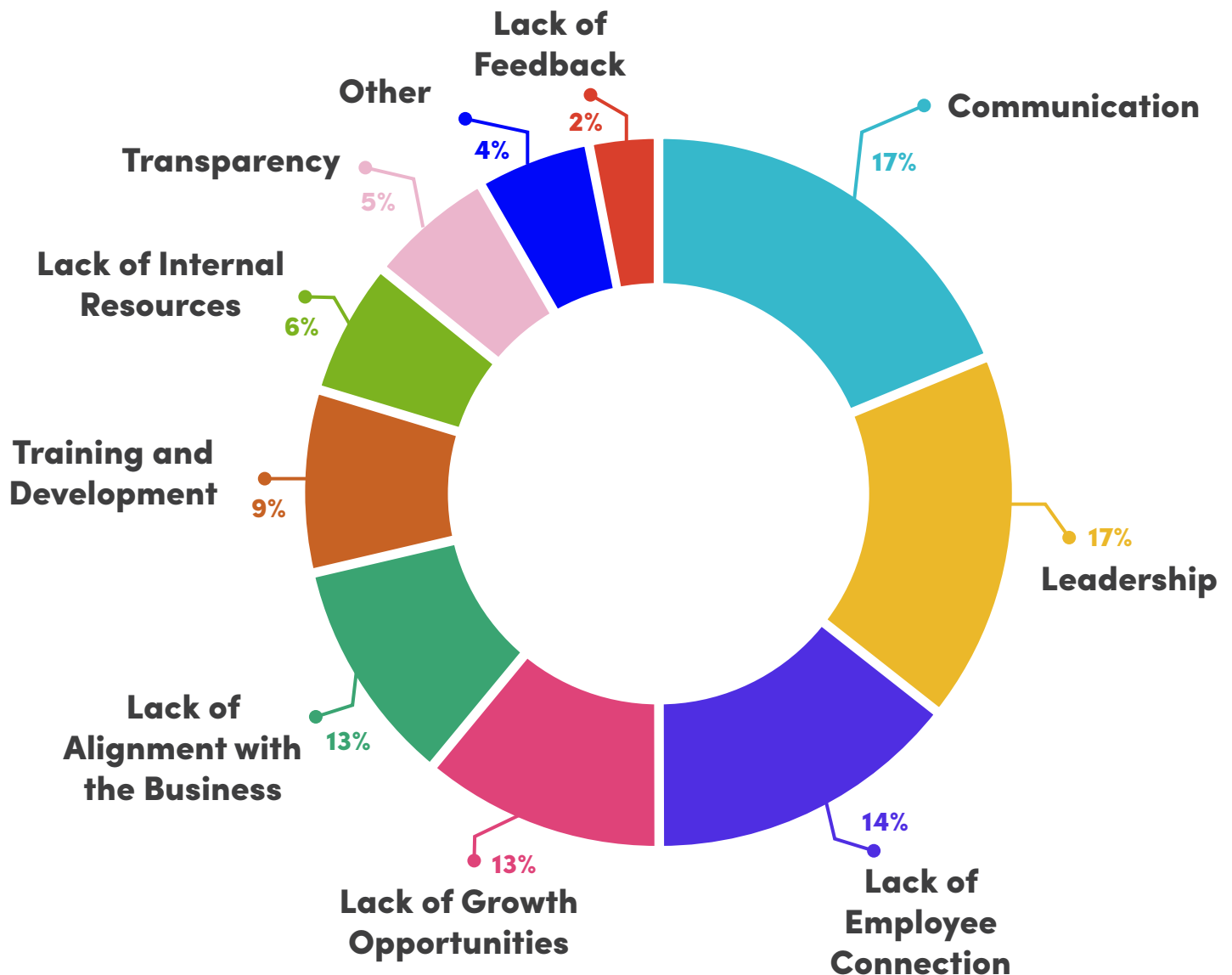
— Gallup



EMPLOYEE ENGAGEMENT

What Gallup is saying is culture change is often reliant on the engagement of employees.

Biggest Challenge to Employee Engagement/Employee Experience



*NOTE: Respondents choosing 'Other' listed different responses including, but not limited to, lack of continuity, speed of change in employee experience, business, technology and the market and multigenerational adoption of technology.

When it comes to successful employee engagement, HR professionals deal with several challenges including:



Communication



Leadership



Lack of Employee Connection

Taking each of those individually, we start with communication.

COMMUNICATION

It's easy to know why communication is so important when considering the State of HR.



“People are thirsty for first-hand knowledge of what’s happening,” Eric Torigian said. He’s the VP and Assistant General Manager of Global HR for Akebono Brake Corporation. “And I think that’s more than just business today. That’s the world today. That’s the expectation. People have this expectation they’re going to get open, transparent information.”

Our research backs this claim up. When we asked what skills/competencies are most valued in the organization, three of the top five were leadership, honesty/integrity and communication.



Skills/Competencies Most Valued?



Leadership



Honesty/Integrity



Problem-solving



Technical Skills



Communication

Ultimately, Torigian says it's a good thing because they want to be involved with directing the company's future.

"They want to know what is our strategy? What's the information around the strategy? How does that fit into our vision? And what do you need me to do to make this successful?"

LEADERSHIP

What about leadership? Torigian says the State of HR is all about leadership.

"This is about being leaders. It's about setting a vision. Setting a direction. Giving people the understanding of what they're being asked to do today. How does that fit into the bigger vision and how are they driving the bottom line," Torigian said.



Advent Health chief human resources officer Olesea Azevedo agrees. She framed it within context of the employee experience.



“While we focus on technology and tools, all those things are helpful and important, at the end of the day, the relationship that the employee has with their manager has a big impact on their experience,” Azevedo says. “While we build cultures as an organization as a whole, at the end of the day, what resonates with that employee, and what keeps them within an organization, is their leader.”

But if you think about all the priorities leaders and managers have, it can be difficult to communicate with and lead other employees. Azevedo says figuring out a way to simplify those priorities to allow leaders and managers time to connect and build personal relationships with employees is key, but so far... a solution has yet to make itself known.

“I don’t believe that I have seen quite the perfect solution for that yet, because it’s so complex, and it has many different components that go along with it,” Azevedo said. “So figuring that out, I think would be a great opportunity and something that we as an organisation are challenged with, and are doing research around figuring out.”



EMPLOYEE CONNECTION

When this employee connection exists, it creates a sense of family. In fact, when talking to HR professionals about their culture, often most will describe it that way, as a family. Look at the Fortune 100 Best Companies to Work For list for proof. Nearly every company on that list has at least one employee saying their company is like a family; this idea that employees feel like they are a part of something unique and larger than themselves.

DecisionWise studied a group of more than 363,000 employees across 52 international organizations of all sizes and shapes and asked them to rate the statement “I am proud to tell people I work at this organization.” Over three-quarters (78 percent) of these employees gave a positive response — a relatively high favorability rating.



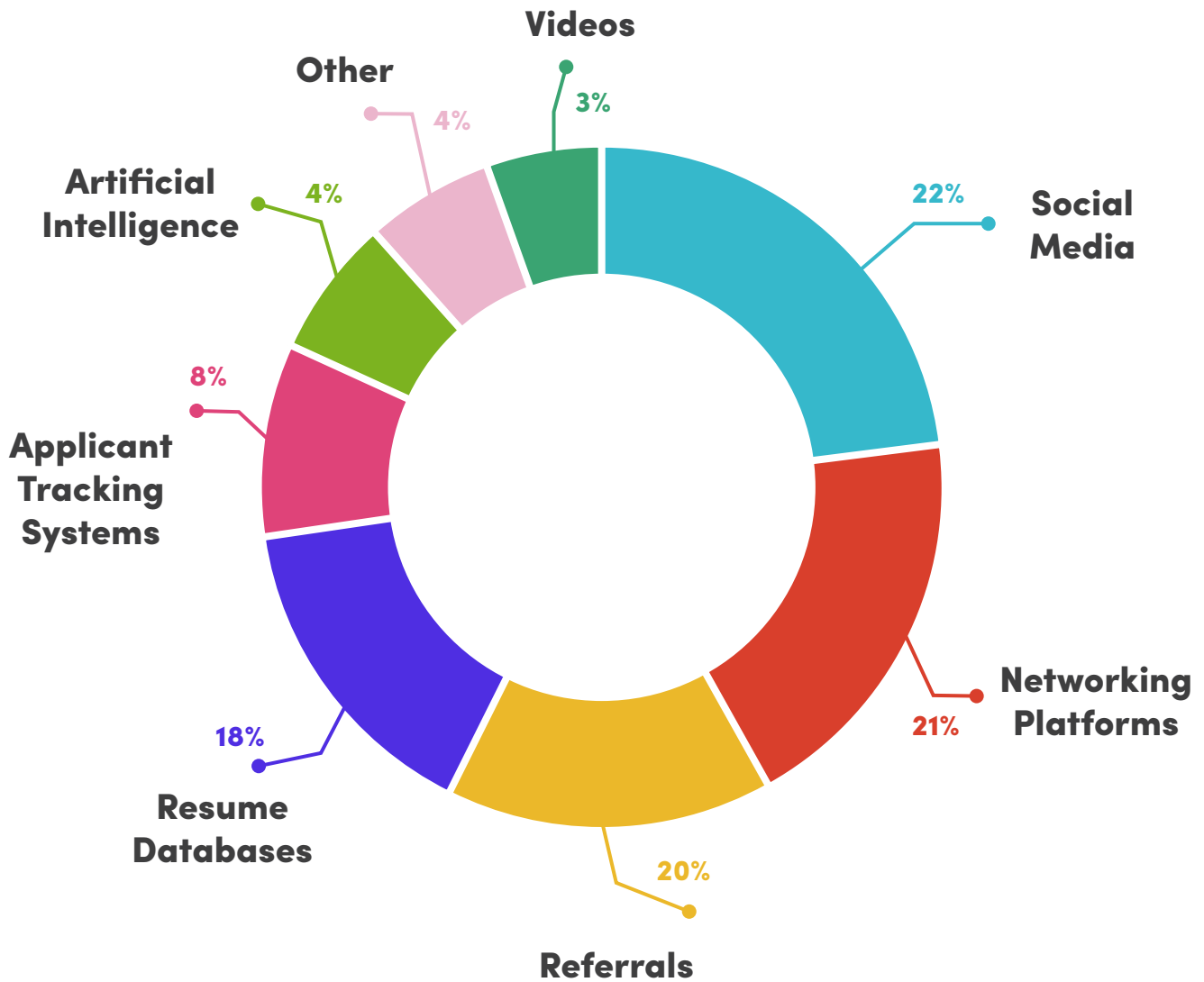
WAR FOR TALENT

Of course, there are other concerns when it comes culture such as the labor shortage.

For the first time since job numbers were tracked by the federal government in the United States, we are seeing a time when there are quite literally more jobs than there are people. This has caused what people are referring to as the labor shortage. Now, there is a lot of debate on what the labor shortage actually represents. Some believe it is just that, a shortage.

For some, it's the driving force behind HR's power play in recruitment. The War for Talent has taken a huge turn as a result. HR isn't just looking for the best talent in their industry. They are also going outside the industry to find new workers. And they are using every tool at their disposal.

Technologies/Strategies being used to source candidates



**NOTE: Respondents choosing 'Other' listed different responses including, but not limited to, universities/institutions, local job portals, print and performance-based recruiting.*

RECRUITING TOOLS

According to our survey, most are turning to social media and networking platforms. That's a smart call especially given the most recent revelations from a new study.

According to Clutch, 1 in 10 recent hires found their current roles through social media. Added proof comes from an Aberdeen Group study in which they found 73 percent of millennials found their last position through social media sites. When looking at that information through the HR lens, recruiters have to transform into influencers themselves. It will certainly help attract younger workers to the company and give it a higher value than competitors not using social media in this way.

Looking at the Labor Shortage in a Different Way

On the other side of the coin, those believing the labor shortage doesn't exist believe the lack of workers relates to the idea the skills needed in the ever-changing workforce simply aren't available in abundance; that workers are unable to learn skills fast enough to keep up with the abilities needed in today's age. This is commonly referred to as the skills gap.

Number 1 Challenge in Learning and Development – Top 5 Responses

1 Skills Gap

2 Executive Buy-In

3 The Multigenerational Workforce

4 Culture

5 Business Alignment



“Technological innovation continues to accelerate the pace our employees need new skills sets for future roles,” Rose Sheldon, Allstate’s director of enterprise learning, said. “Also, the digital revolution has brought an emergence of new learning technologies. In this rapidly changing environment, learning leaders need to identify the right technology and investment to support the needs of our learners.”

Taking it a step further, Sheldon says, much like HR in general, the focus needs to be on culture.

“As individuals and businesses, we must shift from a culture of training to a culture of learning. A culture of learning empowers employees to be continuous learners. The skills employees will need for the future of work are evolving at a rapid pace and will continue to change,” Sheldon said. “Learner leaders must operate more like educators than traditional trainers. In today’s world, we have to prepare employees to take on a broader skillset and be agile to an ever-changing environment.”



PERFORMANCE MANAGEMENT

As employees prepare for those broader skillsets Sheldon mentioned, there is a need to track how the employees are performing to ensure business results.

When looking at talent management and how it fits into the State of HR, we asked respondents to think about initiatives they currently have in place. Performance Management was at the top of the list.

Top 5 Talent Management Initiatives

1 Performance Management

2 Leadership Development

3 Recruitment and Onboarding

4 Recognition and Rewards

5 Learning

When thinking about performance management, what comes to mind? For many it is performance reviews. The reality is human resources needs to outgrow this idea. Real performance management eliminates the need for such things.

Performance management is almost like retention. Once an employee starts employment, performance management also begins. Performance management happens throughout the employee lifecycle and gives leaders an opportunity to create advancement. Note: that advancement doesn't always include promotions or moves, but can include skills or knowledge advancement.

A good performance management strategy includes:

- ④ Clear job descriptions
- ④ New employee orientation
- ④ Performance Standards
- ④ Ongoing learning and development
- ④ Performance planning
- ④ Rewards
- ④ Potential for promotions and/or lateral moves

All of this once achieved helps drive a key component of successful businesses: strong employee engagement. That, in turn, continues to drive performance. It's a cycle that all companies and organizations need to understand and development. Understanding this cycle and using it correctly will help ensure that business needs are being met.

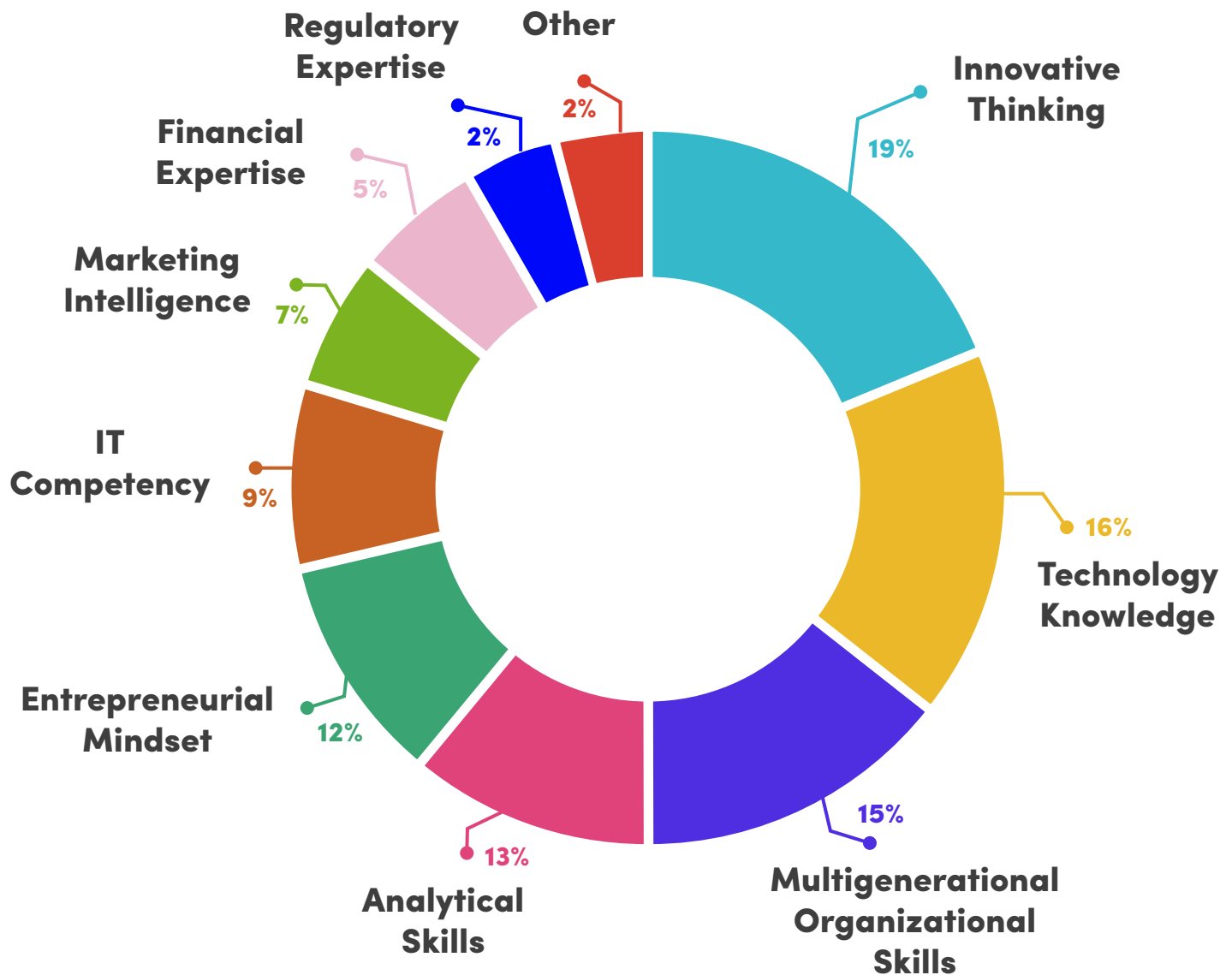
2020 AND THE FUTURE OF WORK

Of course, the ultimate name of the game when it comes to business and the State of HR is making sure the needs of the business are met.

So, what does the future look like?

First, consider the multigenerational workforce and the new leadership competencies HR believes are emerging.





What's significant about these results? These are traits that define the future worker. The majority of them are also soft skills. HR recognizes it's not enough to just have technical expertise. Workers must also be able to interact effectively with other people. The human component is once again taking precedence over an employee's skill with a particular tool. This new class of worker must be able to communicate effectively. Companies that don't embrace these skills will increase their risks of falling behind competitors.



Additionally, we asked respondents to predict what trends may be of significant concern in 2020.

Most Concerning Challenges for HR Professionals



With the exception of the first trend, largely the issues that defined the state of HR in 2019 will continue into 2020. And that should be expected. None of these are easy issues that can be simply fixed overnight. In fact, they will never be “checked off the list” as it were. They will always require some type of care and attention. And they should be that way.

As we venture in to 2020, the reality is the future is unknown. For HR professionals, the best mindset to have is one that includes a healthy relationship with risk. And that’s important for all parts of the human resources space.

“Ambiguity and risk really go hand in hand,” Allegion chief human resources officer Shelley Meador said. “You need to have some tolerance and appreciation for that, to really take you into the future, whether it’s with technology, whether it’s with your processes that you’re evaluating, whether it’s with the skill sets that you need for the future, just being comfortable that you might not have it all.”

As the future evolves, so too must the function of HR and with it, the workforce. That’s the real State of HR.

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