

Global HR Trends: Is HR Ready to Respond?

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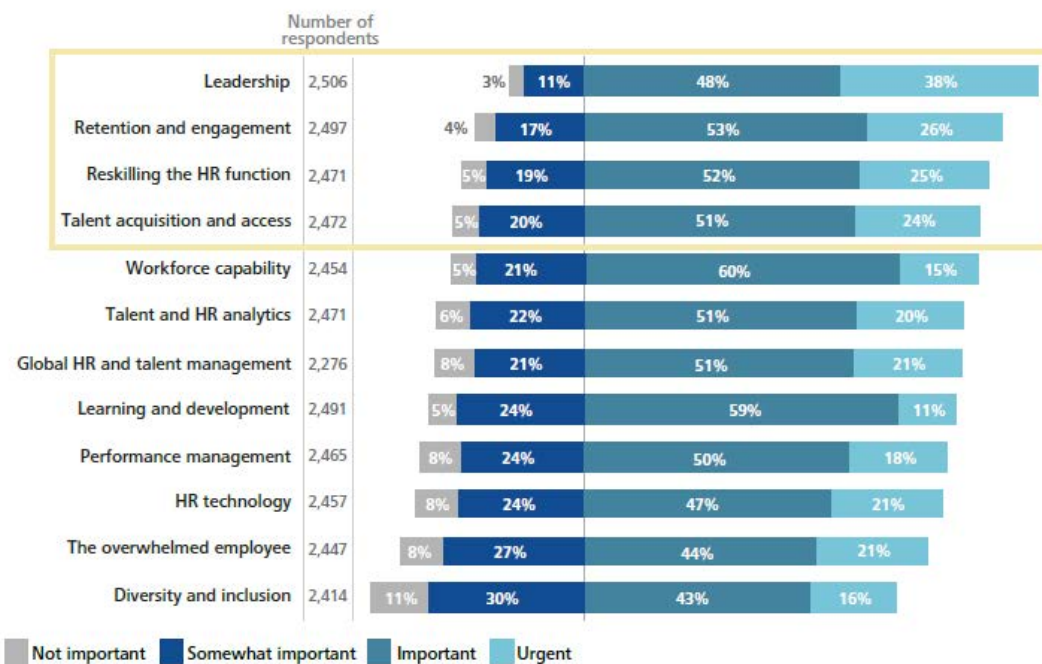
The focus of the human resources department has evolved over the last century, from its roots in administration, to a focus on building functional practices, to an emphasis on being a strategic business partner and “sitting at the table”. The HR leader needs to continue to advance to not only be aligned with the business but become a strategic partner that looks outside of the business to help it grow, compete and win in the market. HR departments must become attune to changes in the business and talent landscapes and help organizations navigate the changes in pursuit of their goals. While some HR departments have re-focused or re-structured to align more closely with the business and drive business results, research indicates that many HR departments have a long way to go. In Deloitte’s recent global human resources trends research study, the reskilling of HR was identified as the third most urgent issue for 2014 (Global Human Capital Trends 2014, p. 8).

This article is written for HR leaders and explores the global human resources trends, the human resources function’s readiness to respond, and the associated implications for the HR leader. It draws upon insights from Deloitte’s 2014 Global Human Capital Trends report and the Corporate Education Board’s Global Workforce Insights Q3 2014 report and relates the trends identified to the evolution of the human resources field.

Global Human Resources Trends

Deloitte’s Global Human Capital Trends research report identifies “leadership, retention, HR skills, and talent acquisition” as the most urgent global trends for HR departments to address (Figure 1).

Figure 1: Perceived urgency of 12 global human capital trends

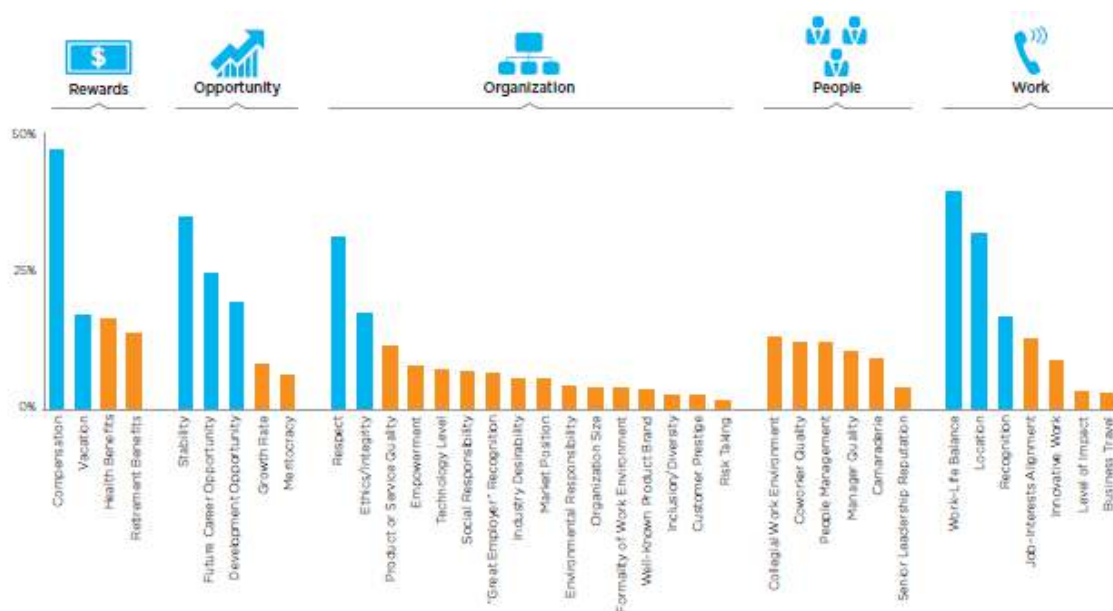


Source: Deloitte’s 2014 Global Human Capital Trends Report

The right leaders with the right skills at all levels is critical for business competitiveness, now and in the future. Knowledge and intangible assets are becoming sources of competitive advantage and acquiring and managing critical talent is of strategic importance (Benko, Gorman, and Steinberg, 2014, p. 51). Yet, 39 percent of large company executives said that they were either “barely able” or “unable” to meet the demand for the talent required to run their organizations, in a recent Deloitte survey.¹ The ability to attract, retain and promote leaders needs to be a top priority for human resources leaders.

The challenge of attracting the right talent is compounded by the retention challenges that organizations are facing. A recent global workforce insights report indicated that “nearly half of HR executives anticipate an increase in total hiring volume, compared to about one-quarter who expect a decrease” and “44% of HR executives expect unwanted turnover to increase, compared to 39% six months ago” (Global Workforce Insights, p. 7). While the report cites compensation and work-life balance as top contributors to attracting talent (Figure 2) future career potential, people management and their direct manager are key drivers of recruitment (Figure 3).

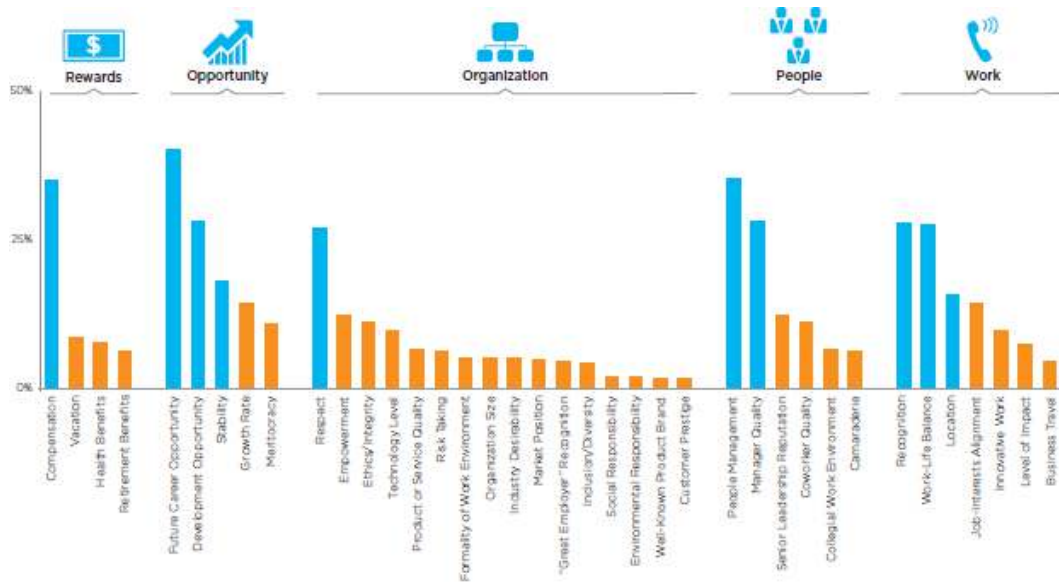
Figure 2: Percentage of Global Employees Who Rank the Driver Among the Top Five Factors Influencing Selection of a Potential Employer



Source: Corporate Executive Board's Global Labour Market Survey Q2 2014

¹ “Business Partners Needed: Results of the Deloitte’s 2013 Global Finance Talent Survey,” Deloitte Development LLC, 2013, <http://www.deloitte.com/view/en_US/us/Services/additional-services/finance-transformation/9e87f2734c0ff310VgnVCM2000003356f70aRCRD.htm>

Figure 3: Percentage of Departing Employees Who Rank the Driver Among the Top Five Most Dissatisfying at Their Previous Jobs



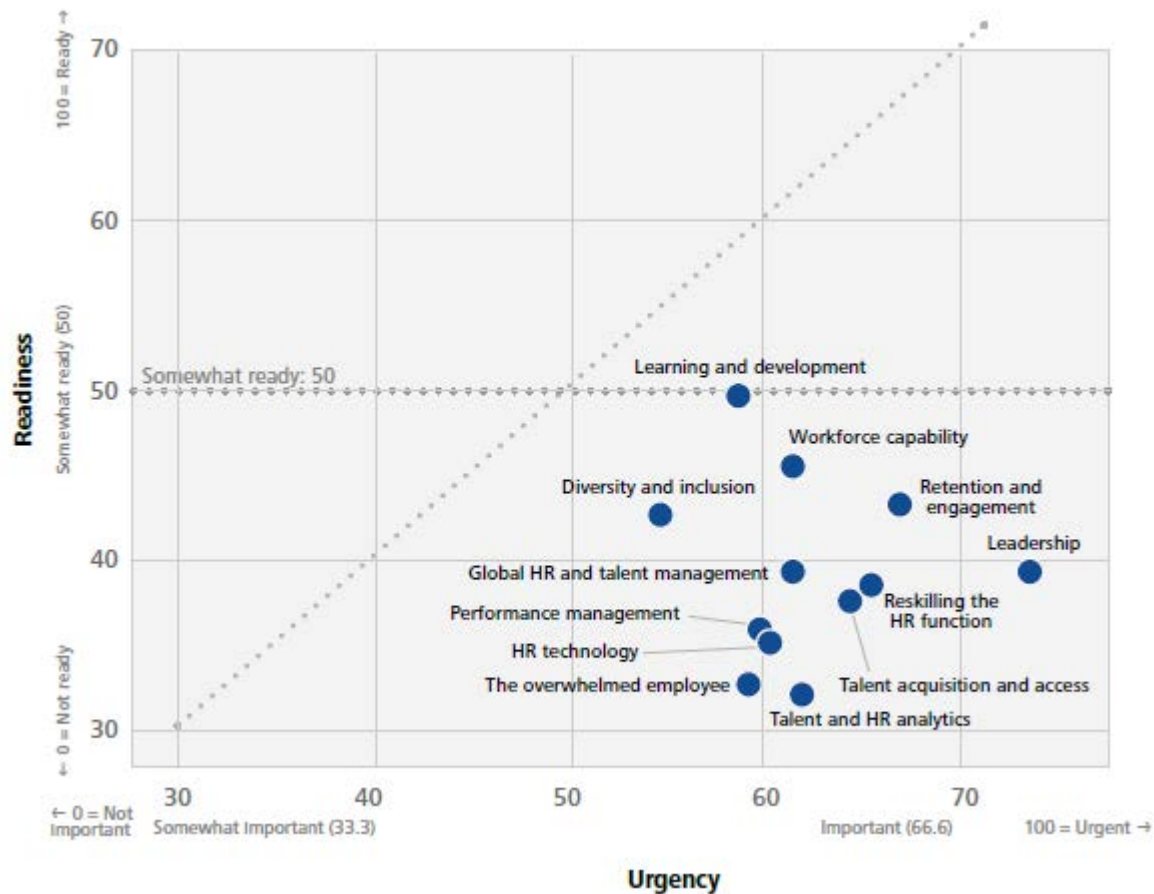
Source: CEB 2014 Global Labor Market Survey and CEB 2014 Departure View Exit Survey.

HR's Readiness to Respond

Research indicates that many organizations have yet to make the transition from their administrative and/or functional activities to become business partners capable of responding to the strategic challenges businesses face today. Much like the CFO role evolved over time, the role of the human resources professional continues to evolve. Trends towards increased skills for human resources professionals in the areas of strategy and business advisory have become evident (Ulrich, Brockbank, Johnson, Sandholtz and Younger, 2008) (Boudreau and Ramstad, 2007) over time spanned empirical research studies and HR competency models have evolved to reflect this shift.

Although reskilling the HR function was identified as the third most urgent global human capital trend in Deloitte's 2014 report (Global Human Capital Trends 2014, p. 7), it could be argued that it is the most important trend because creating and executing a strategy capable of affecting change in the other urgent areas requires the right human resources leader and human resources team. With that in mind, HR leaders appear to feel less confident in their ability to reskill their department than they are in their ability to make changes in areas like retention and leadership. Indeed, while the evolution of the HR department is seen to be very important, a 2014 Deloitte report indicates that human resources feel less than somewhat ready to take on this challenge (Figure 4); in fact, 37% of companies don't feel ready and 49% of companies feel somewhat ready (Global Human Capital Trends 2014, p. 10).

Figure 4: Global trends mapped against urgency and company readiness



Source: Deloitte's 2014 Global Human Capital Trends Report

Business leaders are less confident in the human resources leader's ability to evolve their team to meet the changing needs of the business and the global human capital trends. Deloitte's Global Human Capital Trends 2014 report also indicates, business and HR leaders are not aligned with respect to the perception of readiness; while 13% of HR leaders feel ready, only 10% of business leaders share the same view. Thirty-six percent of HR leaders feel they are not ready to undertake reskilling HR, and 48% of their business counterparts would agree (Global Human Capital Trends 2014, p. 16). Evolving the human resources function requires an understanding of the business, the environment in which it operates in, the customers' needs and the strategic vision to set the direction and fluidly adjust its course as the business itself evolves. A recent survey of CEOs reveals that, among all direct reports, HR is overwhelmingly viewed as the least agile function (How Do You Make Your Organization More Agile). To respond to the global human capital trends, human resources professionals must evolve our teams, structures and mindsets to focus on the challenges our businesses are facing today and will face tomorrow; to indeed partner with our CEO and business leaders by setting strategy and providing council that is focused on business results.

Implications for the Human Resources Leader

Human resources leaders must know their business and their customers, use these insights to interpret and respond to relevant trends, and demonstrate business results.

1. **Know your business and your customer**

Successful business leaders understand their market, their competitors, how their business makes money, and who their customers are and why they buy. To be a strategic advisor to the CEO, human resources leaders must also understand these elements and craft the human capital strategy to align with the businesses' goals and position the company to succeed in the marketplace. "This means recognizing business trends and their impact on the business, forecasting potential obstacles to success, and facilitating the process of gaining strategic clarity" (Ulrich, Brockbank, Johnson, Sandholtz, Younger, 2008, p. 35).

The company's brand promise is connected to both the customer experience and the talent experience. Human resources have a key role to play in the human experiences associated with a brand, from the experience of each employee to the experiences of each customer to the experiences the community has with the business. To do this well, human resources professionals must expand their definition of customer from just internal stakeholders to include customers, investors and the community in which the business operates (Ulrich, Younger, Brockbank, Ulrich, 2012. p. 138). "If today's employees are serving as ambassadors for the brand, they're also expecting the companies they work for to better align with their own beliefs. Providing employees with a sense of purpose and contribution to the greater good is becoming a necessary requirement for attracting and retaining desirable candidates and will require [Chief Human Resources Officers] to collaborate with leaders from marketing, community relations, corporate responsibility, philanthropy initiatives, and the like" (Benko, Gorman, and Steinberg, 2014. p. 60).

2. **Understand and prepare for the trends relevant to your business**

Businesses and the marketplace are constantly evolving to respond to trends. Understanding and preparing for the trends that will impact their business is critical for the human resources leader. "Now, the HR profession is being asked to help businesses compete, and to do so, HR must not only observe, but understand and adapt to these business trends" (Ulrich, Younger, Brockbank, Ulrich, 2012. p.9)." To effectively do this the human resources leader must think about the strategy required by the business and the skills their own team requires to complete the work.

3. **Demonstrate business results**

The measure of a successful HR department has evolved over time, shifting from cost control and operational efficiency to measurable contributions and now to business results. To be a credible business advisor and partner, human resources professionals must demonstrate an understanding of the business and demonstrate business results. Tying investments in HR to the business strategy and how they contribute to the organization's bottom line will assist the human resources leader in gaining support and demonstrating value, as well as mitigate the

risk of needing to be excessively defensive of its costs (Human Capital Benchmarking Study 2007, p. 29).

Human resources leaders that understand their business, the market in which they operate in, and how to translate strategy into business results will be most adept at helping their leaders navigate the trends relevant to their business now and in the future. Marketplace complexity is increasing and the human capital trends businesses face today requires a skilled, strategic human resources leader. Investing in reskilling their human resources team will equip HR leaders to tackle high priority human capital trends, such as leadership, retention and attraction.

About the Author



Alison Crozier is a strategic human resources leader with extensive experience creating talent development, sales enablement, and customer experience solutions acquired through a combination of consulting and corporate experience. She is recognized for creating and executing strategies that enable the business to increase sales, improve speed to performance, and realize operational efficiencies. Alison has worked with global and national companies across a variety of sectors, including retail and consumer goods, banking, technology and telecom, pharmaceutical, and automotive. She holds a Master of Education degree and a Bachelor of Commerce (Hons.) degree.

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