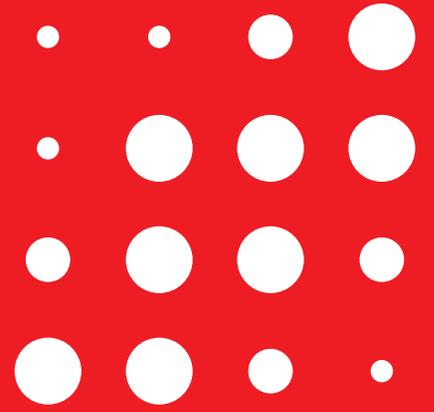


PEOPLE LEADERS' REPORT 2018



“Businesses win by serving customers and investors in ways that competitors can not readily match.”



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EDITORIAL

It's no secret that the world of work is changing at a pace that has never been seen before. The rise of technologies such as AI and robotics, the multigenerational workforce, greater demand for flexible working, and the entry of HR to the C-suite – taking a leading role in shaping culture and strategy, and inspiring an often global workforce – present both challenges and opportunities for the future.

Indeed, 2019 heralds a new tide of opportunity for HR. With a growing market for talent and demands for improved labor productivity, the role of HR has never been so intertwined with the success of an organization – both on a local and global scale.

Our annual HRD People Leaders' survey – and this resulting report – illustrate precisely how the world of HR is changing. The results of the survey show that HR executives have become change champions for their businesses, but that the “talent war” is far from won. HR leaders are now tasked with creating organizations in which Baby Boomers, Gen X, Millennials and Gen Z can all thrive – as well as ensuring that they have the right skillsets on board to meet tomorrow's demanding digital needs.

It's clear that those organizations which adapt to the furious organizational, technological and cultural changes will thrive in this new business landscape.

Faced with these challenges, the importance of connecting with like-minded peers has never been so important.

At HRD Summit and HRD Connect we aim to bring together the greatest minds in business to ignite conversations and influence the future of work. By doing so we create meaningful connections and provide high-level strategic content through our range of events, roundtable discussions, awards, and online portals.

Our own HRD Summit has come to represent a vital platform from which HR leaders can share valuable insights and design the workplace of tomorrow. With events spanning the UK, Europe and the United States, our Summits create knowledge-sharing opportunities for HR leaders to further themselves not only into more functionally-confident business leaders, but also to fortify the HR position as a value-generating machine necessary to ensure future prosperity, profitability, wellbeing, and financial success.

We hope you will be able to join us at one of our events in 2019 and continue the discussion that our research has sparked with HR leaders the world over. You hold the power to create the organizations of tomorrow. You are the lynchpin for business success.

I'd like to extend my special thanks to the enlightened minds who helped to bring this fascinating report together – I hope you enjoy reading it as much as we enjoyed writing it:

Dave Ulrich, David Roberts, Daniel Gallo, Julie Lock, Difna Blamey, Alison McKenzie-Folan and Elizabeth Divver.



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HRD Portfolio Director
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INTERVIEWEES



Alison McKenzie-Folan
Deputy Chief Executive
Wigan Council



Daniel Gallo
HR Director
Liverpool Football Club



Dave Ulrich
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David Roberts
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Elizabeth Divver
Group HR Director
The Big Issue



Julie Lock
Innovation Director
Mitrefinch

1 EXECUTIVE SUMMARY

The business world is changing faster than ever, and no branch has been more affected than human resources. The rapid evolution of digital technology is transforming the role of HR professionals, enabling them to move away from traditional technological functions and become the driving force behind their companies' evolution.

This year's HRD People Leaders' report illustrates exactly how the HR world is changing. Our survey, which sampled over 500 professionals worldwide, showed that HR executives have become change champions for their businesses, planning their response to the digital revolution and its cultural by-products - most notably the fundamental alteration of the relationship between employer and employee.

“The holy grail is getting the right mix of personal human touch and machine.”

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The survey, which included executives in a range of roles (not just HR specialists), revealed that talent remains a key focus of today's leaders, almost as big a priority as the perennial challenge of leadership. The responses also suggest that the recruitment world has never been so fierce; the “talent war” was commonly cited as the single biggest trend facing personnel leaders today, and the battle for high-performance talent was a particular challenge. As the global workforce struggles to equip itself for the digital age, our findings suggest this has created a candidates' market, which is placing huge pressure on HR professionals.

The findings also show that, to future-proof their businesses amid furious technological change, many HR leaders are striving to rebuild their company culture and tear down outdated thinking that is no longer fit for purpose. Many respondents suggested that managing and guiding change was their key immediate priority; specifically, the creation of a culture of empowerment within their organization, in which rigid hierarchies are discouraged and the entire workforce is bound by a shared purpose. One respondent, defining talent, summed up the common view by replying that “everyone is a talent.”

On a similar theme, the responses suggest that business leadership is no longer defined by gravitas or organization skill. Rather, it is defined by the ability to inspire a workforce and promote collegiate decision-making. One respondent typified this thinking by saying leadership is about “establishing a clear vision, sharing that vision with others so that they will follow willingly.”

Asked to cite the most transformative technologies in their organization, respondents pointed to a plethora of packages. Although artificial intelligence solutions (such as chatbots), robotics and social media tools such as Yammer were commonly named, no single, consistent technology emerged. However, many of our respondents said they were using technology to pour greater energy into people analytics, suggesting this will be a key focus area over the next 12 months.

Perhaps the most interesting insight on technology was the continuing faith in human methods: respondents were typically keen to stress that we mustn't lose sight of the human factor when embracing digital evolution. One opined that we can't fully harness technology in the recruitment process “until we have a better and more consistent approach to doing it in a non-automated way.” Another fascinating response said that “the holy grail is getting the right mix of personal human touch and machine.”



Yet the most enlightening insight of all concerned the changing role of the chief human resources officer (CHRO). Our findings show that this role is now the lynchpin of today’s business world, overseeing the delivery of both talent identification and engagement systems. HR executives are no longer constrained by reactive roles, driven by compliance and regulation. Rather, they are often the key strategic visionaries in their organization; guardians of a new business culture based on democracy and fulfilment.

Commenting on our report, Dave Ulrich, one of the world’s most revered management gurus, says the increasing prominence of the CHRO is attributable to the fact that HR leaders offer a unique source of advantage in the new global workplace.

“Businesses win by serving customers and investors in ways that competitors can not readily match,” he says. “Traditional sources of competitiveness (access to capital, strategic and product differentiation, and technological innovation) are more readily copied. Organization issues are more difficult to copy and add value to customers.

“HR delivers individual competence, talent, leadership, and organization capability (culture) to help a company win in the marketplace. CHROs bring unique insights to business about these issues – so that they win in the marketplace.”

“HR delivers individual competence, talent, leadership, and organization capability (culture) to help a company win in the marketplace. CHROs bring unique insights to business about these issues – so that they win in the marketplace.”

Dave Ulrich

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2 INFOGRAPHIC

TOTAL RESPONDENTS

508

SENIORITY



ORGANIZATION SIZE - EMPLOYEES



ENGAGEMENT



LEARNING



LEADERSHIP



TALENT

AREAS OF PRIMARY FOCUS/HIGH ON CURRENT PEOPLE AGENDA

SMALLER ORGANIZATIONS TENDED TO PLACE GREATER EMPHASIS ON ENGAGEMENT AND LEARNING, WHILE LEADERSHIP AND TALENT WERE KEY CONCERNS FOR LARGER FIRMS

LEARNING



MANAGERS
WERE THE ONLY GROUP TO
MARK LEARNING AS THEIR
HIGHEST PRIORITY

TALENT



FOR BOTH THE
CHRO AND THE CEO
TALENT EMERGED AS THE
NUMBER ONE FOCUS POINT

3 TALENT

The survey results clearly showed that talent is now a huge priority for today's business leaders. In fact, talent was identified as a key focus by nearly one third of respondents (32.74%), only slightly behind leadership – and well ahead of learning and engagement.

This response was common among executives at all C-suite levels, and in all corners of the world – although the focus was strongest in the Apac region, which is perhaps unsurprising given the leading role it has played in the digital revolution. Indeed, talent was identified as the primary focus of the fintech and information and technology sectors, while their more traditional counterparts such as government, education and agriculture gave it slightly less emphasis.

Overall, the findings suggest that talent is very much a global preoccupation – the first item on the agenda for today's leaders.

“The CHRO is the number one person within the people agenda. In all organizations I've worked in that's the case, and it's probably the case in 90% of organizations.”

David Roberts

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The growing influence of the CHRO

Drilling down into our respondents' contributions on talent, they show that the CHRO is now clearly the primary driver of the talent acquisition process. Of those who named talent as a key focus area (166 respondents), almost 50% identified their CHRO as the person responsible for identifying and implementing talent technology.

This backs up previous research which shows that the role of CHRO, often known as “chief people officer”, has assumed vital importance. Sitting in the C-suite, the CHRO can liaise directly with the CEO and become their point-person on talent; a specialist leader with accountability for the company's talent recruitment and retention strategy.

Our experts are in agreement that, thanks to technology and organizational changes, the role of the CHRO – and the entire HR sector – has become less transactional and more transformational.

David Roberts, global director HR at Worldpay, says: “The CHRO is the number one person within the people agenda. In all organizations I've worked in that's the case, and it's probably the case in 90% of organizations.

“In that number one role you're sitting alongside the CEO in a C-suite capacity. You assist in forming the strategy, whether that be emergent or a bit more prescriptive over time, thus you're best-placed to advise and give steer in terms of what that talent strategy could be. It's not just around talent acquisition, it's wider than that.

“A recruitment head, which would be the alternative, would be responsible for the sourcing channels and look at it from a talent acquisition perspective. But as you're in that number one position and you're sitting in the C-suite, you've actually got a more rounded view of the people agenda to not be just the entry point, but the wider retention strategy and the wider people agenda.

“The role has become even more prevalent in the present day as people are looking to move jobs more frequently and are less worried about job security, and they're pulled in by employer brand.”



This is backed up by Daniel Gallo, who works with some of the world's most respected sports leaders in his role as group HR director at Liverpool Football Club.

Gallo says the role of HR has “changed acutely” over the past decade. This is partly attributable, he says, to the way in which HR leaders have dominated the change agenda and demonstrated the value they can add – but also to the fact that the HR sector is increasingly drawing talent from other areas.

“Chief HR officers are increasingly business leaders that happen to have the HR specialism,” he tells us. “As you have broader HR leaders that understand the broader demand of human capital management, their contribution becomes much more valuable.

“The expectation on HR has shifted. Really good, progressive leaders like David Fairhurst at McDonald's, have shown the tangible impact HR practitioners can have when they're at the table and contributing across the full spectrum of business issues, not just people.

“I stepped out of HR to lead a huge operation for 2 years and there's plenty of examples of that – HR leaders doing a lot of different things. The more that happens, the bigger and broader the HR officer's role is going to be.”

“Chief HR officers are increasingly business leaders that happen to have the HR specialism.”

Daniel Gallo

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Winning the talent war

Pretty much every day it seems, we read an article suggesting that the digital revolution has left a global skills shortage. This is certainly backed up by our survey. In fact, our findings suggest that the demand for talent is more acute than ever.

Asked to cite the trends that most affect them, respondents cited the “talent war” as the most important. Almost 30% of respondents selected this option. Furthermore, when asked what specific projects they are currently working on, many respondents pointed to talent attraction initiatives.

The concept of a global struggle to capture the best and brightest is certainly nothing new; the phrase “war for talent” was coined by McKinsey consultant Steven Hankin over 20 years ago.

Yet a variety of cultural, technological and demographic changes have increased the pace, and the stakes, of this ongoing battle.

These changes include:

- The retirement of the Baby Boomer generation, which has created opportunities for a new generation of talent
- Declining birth rates in countries such as the US, which have reduced the size of the emerging talent pool
- The global expansion of disruptive companies such as Amazon and Uber, which are now competing directly with smaller rivals in emerging markets
- The widespread replacement of physical bodies with automated technology, which means today's workforce has to be more skillful than ever before.

All of these factors have created a candidates' market, with myriad opportunities for skilled workers. In the US alone, there are currently 7 million unfilled jobs and the problem is particularly pressing in the tech sector; in cybersecurity there are expected to be 3.5 million unfilled jobs by 2021.

Daniel Gallo is unequivocal about the scale of the challenge.

“Talented people have choice,” he tells us. “It’s as simple as that. Irrespective of some of the doomsday stuff you read in the press, we’re in a booming post-recession global economy, which brings the requirement for new jobs and new people. But then, compounding that, you have diversification, the whole concept of globalization and the changing role of businesses with their customers, which is creating demand for whole new skillsets.”

At the top end of the market, the battle is at its most intense; respondents identified the recruitment of high-performing talent as their single biggest challenge. With research showing that high performers can deliver up to 400% more productivity than the average employee, the desire to secure such individuals is hardly surprising. What’s more, they’re less likely to leave the organization, and all the evidence suggests that higher performance can shape their company’s culture, making companies more agile and giving them greater pride in their work.

Daniel Gallo continues by saying that, “not everyone is talented. There are great performers who you want in your team, but talent is about those rare people who have the curiosity, the drive, the leadership behavior to advance their career. They’re the ones who are in high demand.”

David Roberts, meanwhile, believes the battle for high-performance talent “isn’t too different to previous years – execs always raise the bar and organizations are always looking to go higher than what they’ve got. But maybe the pressures for organizations are increasing and, if you look at Millennials, there are some really great people on the market.”

Retention as well as recruitment

As well as recruiting the most talented people, companies must ensure they retain them. The growing popularity of mobile working, combined with the proliferation of online job sites, means that around 4.5 million workers are changing jobs every year. Younger workers, brought up with “on-demand” experiences and the empowerment of social media, are also more inclined to hop between

jobs. Deloitte’s latest Millennials survey found that 43% of Millennials, and 61% of Generation Z, envision leaving their jobs within 5 years.

To cater for this increasing fluidity, today’s HR leaders are pouring ever-more time and energy into creating a clear pathway for their workforce. In fact, our respondents identified the demands of promoting talent internally as their second-biggest work trend, behind talent war. When discussing their immediate priorities, respondents highlighted a number of projects around this theme, including the creation of a talent pipeline, the development of leadership development programs, and the management of career paths.

But the task is formidable. Our respondents said employee engagement and retention was their second-biggest challenge, narrowly behind the attraction of top-tier talent. To meet this challenge, many participants in our survey talked of rebuilding their company’s culture completely, and rebranding their organization around a modern set of values that provide a more rewarding, empowering employee experience.

“We need to sift out the people who should never be managers, because they’re managers for completely the wrong reasons. They want power, and that’s destructive.”

Julie Lock

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Julie Lock, a speaker and innovation director with Mitrefinch, says these results are a necessary response to seismic cultural changes.

“People these days want an experience when they go to work,” she says. “They want to feel like they’re making a difference. If you’re expected to do what you’re told every day, you’re never going to be the best version of yourself and reach your full potential.



“Unfortunately, in every single organization there are bad managers and so there are a proportion of the workforce feeling really, really bad at the end of the day. We need to sift out the people who should never be managers, because they’re managers for completely the wrong reasons. They want power, and that’s destructive.

“I’m a big advocate of culture codes – we need to ask ‘what’s our code of conduct in work?’ That sifts out bad managers. Empowering employees to have a voice, and giving them a safe place to do the things they like to do. Ultimately, we also need to have some really uncomfortable conversations with managers, telling them that if they want to be a manager just for the power of it, the company’s not going to be for them.

“Otherwise you can throw a ton of money at development plans, giving them all the tools in the world, but they’re still not happy because they’re still not being listened to.”

Personal touch

Other key trends to emerge on this theme were the individualization of talent management, and the focus on talent experience. Again, this can be attributed to the influx of younger workers, who are increasingly expecting the same experience they have as consumers through apps such as Netflix, which use machine learning to deliver

“If you look at how teams and leaders operate, it’s not in a systematic manner, it’s not on an annual basis, as performance management often is.”

David Roberts

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a personal, tailored service. Our findings clearly illustrate that today's HR decision-makers are reorienting their companies to replicate this personal touch in the workplace.

David Roberts says that, to meet the expectations of today's employees, talent leaders are having to urgently reassess their approach.

"Traditionally you'd map someone and you'd look at how people matched up to a series of criteria and tailor your talent management accordingly," he says. "But now we're trying to tailor our approach, get to know people, understand their different needs. It's very hard to group those needs, but grouping has huge benefits in terms of economies of scale.

"The whole proposition needs to be better. Winning the talent war is getting them in the door. But then, once you're in that door, it's about getting them up to speed. Most of the new generation say they want to be involved in the business. How can you do that? By looking at different locations, putting in place mobility policies... there are many different levers you can pull."

In their attempts to improve the talent experience, our respondents cited two specific challenges: ensuring consistency of feedback and continuous performance management, and providing innovative reward and recognition initiatives. These findings build on a flurry of recent [thought leadership articles](#) suggesting that the old-fashioned approach to performance management, based on periodic, reactive meetings between employee and HR executive, is rapidly being phased out. Critics have long maintained this approach is impersonal and uncomfortable for both sides, and is unable to provide the quick, proactive results needed for today's agile working methodologies.

David Roberts continues: "This has long been a hot topic across the HR agenda, whatever title you pick up. It's always around the death of performance management. It's been around for a while, certainly around the technology sector. If you look at how teams and leaders



operate, it's not in a systematic manner, it's not on an annual basis, as performance management often is. It's on a completely day-to-day, informal basis."

He adds that while old-fashioned approaches are still embedded in many organizations because they're a "safety blanket" for traditionally minded individuals, this has to change.

"Where we're seeing a lot of organizations going - we've adopted it half-way in our organization, I'd like us to adopt it a bit more - is to completely scrap any formal process and move to that more informal process, empowering leaders and individuals. If you have two individuals who have a good relationship, giving constant feedback, why would you sit down formally and give formal appraisals? You can do that as part of a regular catch-up or whatever you think is appropriate."

Rise of talent intelligence

In parallel with the decline of traditional people management processes, there has been a boom in people analytics, or "talent intelligence". [Research from](#) LinkedIn shows that 71% of companies are keen to put a top-class people analytics strategy in place, and this is echoed by our own research, with many respondents saying that predictive talent analytics are having a game-changing effect on their organization.

“You become a more robust voice on the business agenda by being data-savvy. We can say ‘35% of people are coming from this particular advert or this particular channel.’”

Difna Blamey

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The benefits are clear: modern software packages, such as LinkedIn’s [Talent Insights](#) or Workday’s [Augmented Analytics](#), can boost the efficiency of recruitment companies and show companies where they should target their talent attraction campaigns. Furthermore, [leveraging](#) everyday business data, such as an employee’s email usage and calendar entries, to extrapolate key insights into that person’s performance, such as productivity, time management and trust networks, is far more effective than the traditional employee appraisal. Above all, this data enables talent leaders to make a business case to their CEOs, and play a greater role in the company’s operation.

“It makes our story stronger by giving us much more factual information,” says Difna Blamey, an HR director who has worked for Microsoft and Nokia, among others. “You become a more robust voice on the business agenda by being data-savvy. We can say ‘35% of people are coming from this particular advert or this particular channel.’”

“There’s more software out there now that we can use, that’s enabling us to have that data that we didn’t have in the past. In addition to that, the employees are using some of our systems more because the systems are created for self-service, so again that’s freeing up time.”

Encouragingly, our respondents report that they are already using a number of cutting-edge feedback and analytics tools, citing a mix of established names such as CultureAmp and SurveyMonkey, and newer ones such as BreatheHR, a cloud-based people management program backed by dashboards and analytics. Our commentators also noted that tools such as Tableau, originally developed for the finance industry, are now being extended to HR and raising the quality of analytics.

Assessing the findings, our expert commentators were quick to highlight the benefits of this technology. A fascinating case study was provided by Alison McKenzie-Folan, deputy chief executive of Wigan Council, UK. A former HR specialist herself, she and her colleagues have ditched the performance appraisal in favor of MyTime, a technology-based process which discusses where employees are in their lives generally and includes a digital conversation tool. McKenzie-Folan says the “tick-box of objectives” has been replaced with a more informal feel, and this is supplemented by regular ad-hoc chats with staff.

Thanks to innovations such as this, McKenzie-Folan has won awards for her leadership, and Wigan has been voted the best big council to work for.

Talent tech

For all its importance, people analytics software isn’t seen as the most influential technology by today’s HR leaders. When asked to name the technologies that are most important in shaping and changing talent within their organization, our sample pointed most clearly to talent acquisition software, with nearly 52% selecting this option. Other

popular answers were onboarding platforms, social platforms and mobile technologies.

Respondents suggested they would like to make their recruitment operations more disruptive through AI and other bleeding-edge technologies, in their bid to entice the best candidates. Specific targets cited by respondents included:

- Automation of hiring to generate diverse and unbiased shortlists of candidates
- Auto-sourcing talent via Facebook
- Use of newer, less-famous social networks
- 100% chatbot-based, outsourced recruitment with performance-guaranteed claw-back service fee agreements.

This enthusiasm is shared by Difna Blamey, who was tasked with delivering a technology-based talent acquisition strategy as HR director at Natures Way Foods. She believes that such technology is “vital” for those companies that want to move to direct sourcing, “because you have so many platforms to draw candidates from these days, you need something that’ll allow you to process that volume of applications.” In fact, she says, we’ve barely scratched the surface of what technology can do.

Daniel Gallo shares this sentiment, suggesting that automation is particularly useful for big brands, where the amount of external interest far outweighs the volume of opportunities available. Alongside physical technologies, he suggests that the deployment of tech-inspired principles can be hugely disruptive, pointing specifically to the use of gamification (the use of gaming principles such as point-scoring and role-playing in real-world activities) in candidate assessments.

“Candidates have said gamification is one of the best experiences they had and this, along with quality, is the real test,” he says. “You’re also removing a lot of the unconscious bias at the various points and bringing forward a more diverse pool of candidates. You also get the best out of people, a lot of whom don’t get the best out of themselves in assessment centers. It’s a bit of fun, it’s done at home, but you get a tremendous amount of information out the back.”

Yet the enthusiasm for technology should be qualified. Many respondents stressed the need to maintain the human touch around talent technology, as the over-automation of the recruitment process risks providing false positives and missing the potential of candidates who don’t fit a specific set of criteria. A common view was that, while tools such as chatbots are fine for screening candidates at the early stage, and for certain roles, they aren’t appropriate at the higher end of the recruitment process.

One particularly interesting response suggested we should “only automate to the point at which human interaction is needed and valued. Speed is great and should be prioritized but alongside meaningful human interaction. I don’t believe that AI has a huge role in recruitment for organizations that carefully manage and pride themselves on meaningful interaction with candidates.”

“Candidates have said gamification is one of the best experiences they had and this, along with quality, is the real test.”

Daniel Gallo

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4 LEADERSHIP

Leadership, a perennial focus of C-suite decision-makers, emerged as the most consistent priority. Indeed, 33.53% of respondents identified it as a key focus area – although the role of the CHRO is slightly diminished here, with the majority of respondents (33.54%) stating that the CIO is heading up the deployment of technology in this area.

When the responses were broken down by regions, leadership was identified as the number one issue in Europe, with well over one third of respondents naming it their most pressing issue, and the joint-highest in the US, alongside talent; however, respondents in Asia ranked it well behind talent in their order of importance. The issue ranked consistently highly across all job brackets, but only at director level did it take top priority. Regarding specific industries, it emerged highest in automotive, education and FMCG – all of which might be considered traditional, less-technological sectors.

Nonetheless, the digital revolution has made leadership more important than ever, given the importance of leaders in guiding their company through a period of ruthless, relentless technological change (what some commentators have referred to as “digital Darwinism”). Today’s leaders must not only have a range of technological skills, but they must also identify essential trends before they engulf the company, and negotiate the human behavioral revolution that has accompanied technological progress.

Faced with this multi-pronged challenge, many companies are having to urgently revamp their whole approach to leadership. A recent Randstad survey found that 95% of companies believe a new form of leadership is required for the digital age, but only 37% think they have adequate leadership in place, meaning today’s HR decision-makers have a crucial role to play in finding and nurturing the right people.

For Elizabeth Divver, group HR director with The Big Issue, leadership has a more crucial role to play than ever in the new world of work. Commenting on our survey’s findings,

she said: “It’s a cliché but it’s true – people join organizations but they leave managers.

“If people find the leadership is not living the mission, that matters. It’s massively disruptive if people perceive the leadership is not there for the same reasons they are. People don’t expect others to be clones, but you will get an emotional reaction if people think the leadership is cynical.”

“If people find the leadership is not living the mission, that matters. It’s massively disruptive if people perceive the leadership is not there for the same reasons they are.”

Elizabeth Divver

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Tearing down the walls

Julie Lock, who has spent 18 months researching new approaches to leadership in her role as innovation director of Mitrefinch, is clear on the need to rip out the stale, old hierarchical thinking and create a level playing field.

“Every individual has an awful lot to give beyond what you ask them to do,” she says. “But the only way they’re going to feel they could either challenge something or make a suggestion is if you work in an environment where job titles are just a signpost for customers and stakeholders. It’s a label, not a power indicator. It’s not elevating somebody above somebody else, it’s not something to be abused or misused.

“We have been testing out a theory which asks, instead of having a leader-follower hierarchical organization, what would happen if we went to a flat structure? We’ve moved people around in their jobs, because they tell us that’s what they want, so people are now empowered to say, ‘I don’t enjoy doing this but this person loves doing it, can we just swap?’ We ask ‘is it going to make you happy? Is it going to have a negative impact?’ If we get the right answers, we do it.

“We have been testing out a theory which asks, instead of having a leader-follower hierarchical organization, what would happen if we went to a flat structure?”

Julie Lock

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“I’m thrilled with the results. Our productivity is clearly up and the ultimate benefits are that people feel empowered in work to share ideas, to challenge why they’re doing things and ask if they could be doing things a better way; to not just accept that doing something is the right course of action, to create healthy conversation and generate an environment where people will collaborate on things.”

A number of our respondents are adopting similar strategies. Asked to define leadership, many suggested it was about inspiring colleagues to change in an holistic, non-confrontational manner, rather than forcing it on them. One typical response suggested that leadership today is about “empowering, enabling and inspiring others”, while another said it was the ability to “impulse, bring and support change.”

Perhaps the most revealing response came from a “head of” with an education specialist in Europe, who suggested leadership was about “a mindset, not a role. Our ideal leader is well able to identify talent, incentivize and support talent by providing feedback, share knowledge or even better, by creating scalable ‘settings’ where knowledge and experience are created, evaluated and improved. Our ideal leader focuses on results, while their people are put first.”

Developing people

Given this urgent need to build a new leadership model, it’s hardly surprising that, when asked to name their biggest current opportunity as leaders, two thirds of respondents (66.67%) opted for the development of their people. Furthermore, over one third of participants (37.04%) identified “people development and building capabilities” as their biggest challenge for the coming year, and almost the same number (32.71%) said that “building capabilities within the organization” was their most pressing objective.

This emphasis backs up a proliferation of surveys suggesting that people management is now more important than ever. Given the ever-more ferocious talent war unfolding around them, companies must pull out all the

stops to hold on to the high-performance individuals already on their books. What's more, C-suite executives have to deal with a world in which workers have a plethora of options, and brand identity has assumed unprecedented importance. Sites such as Glassdoor have made businesses more visible than ever, meaning every company now has to demonstrate that it cares about its employees. And, as many thought leaders have said, people management is essential to negotiating change.

A world of change

Indeed, change management appears to be second only to people development on leaders' agendas. Over half the respondents (53.7%) identified change management as their biggest current opportunity as a leader; the ability to drive a fundamental rethink of their organization. Furthermore, managing and guiding change was identified as the biggest single challenge around leadership, with nearly 55% alluding to it.

Each respondent had a different approach to change management. One said it was about "creating great processes, simplifying complex processes or getting rid of nonsense rules and processes." Another talked about the need to "identify and develop a pool of leaders in the organization." Yet, throughout these responses there was a common goal: to create a new, more intelligent type of organization, based on empowerment and individuality.

Challenges

To deliver this goal, talent leaders are going to have to negotiate a number of seismic shifts; after all, we're living through the most rapid period of change in the history of the world. The specific challenges currently facing HR leaders include:

- The rise of remote working technologies, which means employees can work from anywhere (70% of the US workforce already works away from the office at least once per week)
- Changing attitudes to social media, whose use as a workplace tool is increasing all the time

- The individualization of benefits, which means companies wishing to recruit and retain the best talent have to develop a "pick and mix" system
- The move of Millennials into the C-suite, which has been facilitated by the global culling of middle managers – and could create friction with older colleagues.

Underpinning it all, though, is technology. As Daniel Gallo says, digital change is revolutionizing everything on an organization's agenda, from changing relations with customers to new data monetization strategies.

Change management strategies

How can we manage such a huge amount of change? According to Daniel Gallo, a measured, iterative approach, tailored to the modern fail-fast ethos of agile working is best. "Not going with big bang transformation, but looking at it on a much more test-and-learn basis, so people can experience change, understand it and start to work with it. It's easier for businesses to embrace incremental change rather than organization-wide transformation."

Julie Lock, meanwhile, says it's all about including the entire organization in the process and explaining the benefits to them.

"If you don't set the mindset of the employees you put in place, it doesn't matter what processes you put in place – they won't work."

Julie Lock

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“If you don’t set the mindset of the employees you put in place, it doesn’t matter what processes you put in place – they won’t work,” she says. “You have to go through open dialogue and listen to what the people are saying.” If employees are left out of the loop “it’s a bit like when you cage an animal and then release it: it’ll either run out, back to the wild, it’ll turn round and bite you, or it’ll cower in the corner and won’t come out. Humans are exactly the same.”



Change in practice

An example of modern change management practices is provided by Alison McKenzie-Folan of Wigan Council, who says her organization has done extensive work around staff culture, specifically “around our three-pronged goal: be positive, be courageous, be accountable. We’re asking our staff to come forward with ideas. It doesn’t matter where you are in the organization, everyone’s got a part to play.”

McKenzie-Folan says we have to expect that the workforce is more fluid now, and that change isn’t going to be reversed. Instead, we have to embrace it.

“The expectation is that people aren’t expecting to be in the same job in 20 years’ time; people are looking at each opportunity as it’s presented. We’ve found that we recycle a lot of talent internally, but you can’t hang on to people indefinitely.

“It’s that constant piece around listening to staff. That mantra of ‘always listening to staff’, keeping them involved in solutions, maintaining a focus on their health and wellbeing, is vital.”

“That mantra of ‘always listening to staff’, keeping them involved in solutions, maintaining a focus on their health and wellbeing, is vital.”

Alison McKenzie-Folan

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5 ENGAGEMENT

Building on the people management strategies outlined in the previous section, engagement was defined as a key area of focus by 26.63% of respondents. Once again, HR leaders have a key role to play here; respondents overwhelmingly identified the CHRO as the person in charge of engagement tech system selection and implementation. Yet while only a small number of CHROs actually identified engagement as their key priority, the issue was the number one focus for “heads of”, which might indicate that departmental leaders are being tasked with implementing the cultural strategies mapped out at senior executive level.

Interestingly, when breaking responses down by geographical location, only the UK ranked engagement its highest priority. This may reflect the fact that Britain has long ranked poorly in global league tables for employee engagement, and the country’s productivity is stalling; in fact the UK workforce has been found to be 15% less productive than the EU average.

Echoing the findings outlined in the leadership section, the top three engagement drivers respondents saw as making the biggest impact were (in descending order of importance) empowerment/autonomy, senior leadership and career opportunities. In contrast, job security, benefits, and corporate and social responsibility were identified as having the least impact – further evidence that employees’ attitudes to work are changing and the traditional definitions of what constitutes a good employer have been eroded.

When asked what engagement means in practice, one respondent summed up the common view by saying it is about “creating and cultivating the right company culture and working conditions for all people to thrive within the organization. So much so that they feel satisfied in their role, aspire to grow, and feel a part of the organization’s success.”

In their attempts to build engagement, our respondents said they are working on a variety of very specific strategies. These include:

- Coaching their company’s executives in the art of leadership
- Establishing localized engagement programs, such as an outreach committee, that have the potential to scale globally
- Spreading the message to employees that they can play a key role in the business.

One respondent, working in the hospitality sector in UK and Ireland, said their key current task is “coaching – both employees to be empowered to increase their own engagement, as well as managers to engage their teams effectively.”

Benefits

The changing world of work has made this sort of activity more essential than ever before. Google’s recent walkout, based in no small part on a dispute over employee empowerment, provides a clear example of this. As well as encouraging people to stay in the company, thought leaders suggest that empowering employees, and providing a better leadership structure that offers progression prospects, builds a more switched-on workforce, translates pride-in-work to the end user and makes the company more attractive to the right kinds of people.

“They’ve got higher expectations, they’re willing to challenge more, and the debate is open now through social media; it’s live, it’s now, it’s constant.”

Alison McKenzie-Folan

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“We all live in a world of instant connectivity and empowerment to fulfil our needs 24/7.”

Julie Lock

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In part, this is simply a reflection of changing demographics. Research shows, for example, that Millennials and Generation Z are motivated more by mission than money. Furthermore, they are better educated than previous generations and have been brought up with social networks, which have redefined the concept of trust, reinforcing our faith in one another while weakening our trust of institutions.

Each of our commentators agreed that the influx of younger workers has had a transformative influence. Alison McKenzie-Folan said that young talent “brings so much energy. They’ve got higher expectations, they’re willing to challenge more, and the debate is open now through social media; it’s live, it’s now, it’s constant.” Furthermore, she adds, destabilizing external factors such as Brexit and the housing bubble (for British workers) are encouraging young people to take a more short-term view in their working lives, which makes engagement more important than ever.

It is also widely agreed that the gig economy, which relies on short-term contracts and is gaining popularity among established companies, is helping loosen traditional ties between employer and employee. Although the vast majority of Millennials say they want a full-time job, millions are gaining their first experience of the workplace in “gig” roles, and this is likely to have a profound effect on their mindset. Difna Blamey says that “the gig economy’s given people more choice and

impacted the way people view their work, particularly in niche areas where people can be far better-off as a self-employed individual – and take their talent wherever they want.”

Yet Julie Lock believes we shouldn’t get too hung up on the younger generations, because the sense of mission, and responsibility, is common to all age brackets.

“We’ve had a human revolution,” she says. “No-one sees it, but we’ve all changed. If you want to attribute this change to Millennials, well then I’m a Millennial too.

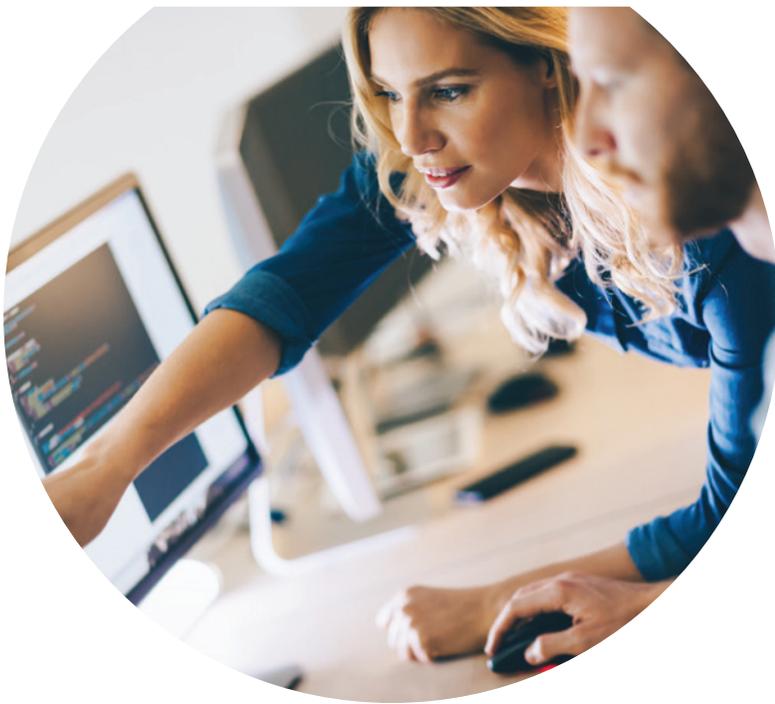
“We all live in a world of instant connectivity and empowerment to fulfil our needs 24/7. Historically you used to sit in front of the TV and there might be a couple of programs you wanted to watch, but now you can go on YouTube and actively search for things that fulfil your emotional needs at that time. You have a much better experience and people expect these things.

“What we recognize now is that when we feel emotional about something, we feel fulfilled. I can do that at home – perhaps I’ll go and work for a charity, and go and work for an elderly neighbor. People need that at work too because we don’t recognize a difference between our emotional intelligence in work and out of work anymore.

“It was accepted that you could leave your personality at the door at work but we, as humans, don’t accept that any more. We won’t accept not being respected and heard and valued any more. We’ve moved on.”

In light of these changes, it’s clear we need to rethink the “rules of engagement” and build new methods of reaching out to staff. Under Alison McKenzie-Folan’s leadership, Wigan Council has targeted employees’ sense of mission, offering dedicated time for volunteering and community projects. The council has also rolled out a particularly interesting project, which mixes individual empowerment and a collective sense of mission.

“One of our team came to us with the idea of taking the whole top floor of one of our



buildings as an immersive experience,” she says. “She wanted to rebuild the whole floor as an experience, a journey through the council as an organization, with a cinema including popcorn, interactive games testing to show where you are in relation to some of the behaviors of the organization, a team of champions acting as guides.

“We just said ‘do it’ and it’s been really beneficial in connecting our staff with the organization,” McKenzie-Folan continues. “It’s about investing and backing staff.”

Indeed, the vast majority of our respondents (81.01%) said that building a culture of belonging was the biggest opportunity surrounding engagement, followed by the challenge to ensure company values are authentic (63.29%), and spread wellbeing throughout the business (58.23%).

This supports the view of HR influencers such as LinkedIn’s former senior vice-president

Pat Wadors, who said in a [powerful interview last year](#) that a “belonging culture” makes people feel psychologically safe, allowing them to reveal their best selves. Research even indicates that a supportive environment, which takes employees’ feelings as well as their words and actions into account, [triggers a different response](#) in the brain to make collaboration more fluid across the company.

Experts recommend a variety of techniques to improve belonging, from recognizing employees’ achievements to hosting “[town hall](#)” discussions and encouraging employees to tell sensitive stories about their lives. Alison McKenzie-Folan, for example, says “action sessions”, off-site gatherings of around 100 employees on a key focus area, have become key to her council’s engagement strategy.

Ultimately, as Julie Lock says, it’s simple. “You have to have an open dialect, and you have to listen to what the people are saying.”

“It was accepted that you could leave your personality at the door at work but we, as humans, don’t accept that any more. We won’t accept not being respected and heard and valued any more. We’ve moved on.”

Julie Lock

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6 LEARNING

Of the four key focus areas included in our survey, learning emerged as the lowest priority among respondents. Just 7.1% said learning is currently top of their agenda, and was consistently overlooked across all regions; in the US, not one single respondent identified learning as their top priority. Once again, however, HR leaders are heavily involved – one third of participants said the CHRO signs off on the selection and implementation of learning-based technology and systems.

According to our commentators, those who overlook the potential of learning are taking a major risk. Dave Ulrich says, “learning matters more than ever in today’s volatile, changing, uncertain business world. With the increasing pace of social, technological, economic, political, environmental, and demographic changes, organizations and individuals have to disrupt (drastically change) themselves to stay current.

“Over our 30-year study of HR competencies, my colleagues and I find that approximately 30-40% of new competencies emerge every 4 or 5 years; in my personal training, I seek about 20-25% new material every 2 years to respond to the pace of change. To enable this type of disruption, an organization’s learning agenda should be less about what is taught and more about the impact of what is taught. The desired outcome of learning is to access ideas with impact, to discover innovative and fresh approaches to emerging opportunities, and to ensure that change happens.”

Continuous and collaborative

Encouragingly, our respondents revealed that, while learning may not be top priority, they are at least starting to invest in technologies with clear potential. Several said that they had installed Yammer, a Microsoft suite built for self-guided learning. Furthermore, nearly two thirds of respondents (62.5%) said learning platforms are already making an impact within their organizations. A further 50% said they had already embraced social and collaborative learning technologies, while 45.83% said their organization has installed mobile technologies.

Asked to cite the biggest learning opportunities in the new world of work, our respondents suggested they are fully aware of the potential provided by innovative learning strategies. Participants pointed in equal number (58.33%) to continuous personal development and the provision of a collaborative learning environment. Access to new and innovative learning technologies emerged with 54.17%.

So, why is learning being given a lower overall priority than the other key focus areas on our list? The answer seems to be a mixture of time and money constraints. Identifying the biggest barriers to meeting learning opportunities, 58.33% respondents said that getting employees to make time for learning was their biggest difficulty. A further 37.5% said that measuring ROI on learning initiatives was a major challenge, and 29.17% pointed to budgetary limitations.

“Over our 30-year study of HR competencies, my colleagues and I find that approximately 30-40% of new competencies emerge every 4 or 5 years.”

Dave Ulrich

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On the issue of time, the changing face of eLearning provides a potential solution. The growing use of technologies such as [chatbots](#), combined with the increasing prominence of [“micro-learning”](#) (short videos or clips which provide quick, regular injections of knowledge) are slashing training times. Furthermore, the widespread adoption of [mobile tech](#) is enabling today’s workforce to learn at home, at a time which suits both them and the company. As Daniel Gallo says, “the old style of eLearning was about sitting in front of the computer and it was a case of ‘I can’t be bothered’. Now it’s short, sharp, fast and focused. It’s much more interactive and people can get quick injections.”

The financial hurdle may be harder to negotiate, as it remains extremely difficult to prove the business case for learning investment. When asked how we can clarify the ROI on learning solutions, our commentators struggled to find an answer. Yet, when pitching for funding, today’s HR leaders can point to a wealth of research on the subject.

The benefits of CPD are widely documented: tapping into the modern employee’s need for mission and purpose, it has been proven to raise [retention rates](#), [improve a company’s brand](#) and strengthen its core culture. Collaborative and innovative learning may be newer concepts, but they’ve been endorsed by a [vast swathe of research](#), which shows that they build a [sense of community](#) across teams and physical locations, encourage introverts to speak out and facilitate brainstorming. Technologies such as [augmented reality](#), allied to transformative approaches such as gamification, provide the workforce with knowledge on a [“just-in-time”](#) basis and reflect the engagement points employees use in their personal lives.

Across the global business landscape, there is a clear – and growing – correlation between the pursuit of bleeding-edge learning technologies and commercial success. This correlation is particularly evident in technology; companies such as Airbnb, one of the world’s most famous “unicorns” (a privately-held start-up that has achieved a \$1 billion valuation), has invested in eLearning since its inception, and has continued to channel time and money into leading-edge learning platforms such as [Northpass](#). IBM, on track to become the [world’s largest design company](#), [uses cognitive technologies](#) to identify knowledge gaps in its workforce and provide personal courses. The correlation is also evident outside the tech bubble, with companies that have [invested heavily](#) in eLearning, such as Goldman Sachs, [regularly featuring](#) in “best places to work” lists.

Rather than focusing on the ROI, talent leaders might be better emphasizing the cultural benefits of eLearning technologies across the organization, building engagement and facilitating a more empowered culture. Alison McKenzie-Folan says “the business case speaks for itself. Some of it would be quite low-cost, but if you can put in learning technology and you have the culture and organization behind it, you can have a low-cost solution that can have a massive reach.”

7 CONCLUSIONS

The overall picture provided is highly encouraging. Today's talent leaders are clearly aware of the transformative potential of modern technology, and are already implementing it in their organizations. Particularly enlightening were our respondents' views on leadership, which is undergoing a revolution as companies seek a more empowered culture, free from the old hierarchies that have become anachronistic in the modern business world. The growing use of technology in talent is another positive sign, suggesting that the "talent war" is driving innovation and improvement, encouraging employers to adopt new technologies, which can then percolate other areas of the organization.

Companies are broadly in-step with contemporary workforce trends, such as the growth of mobile working and the changing expectations brought by younger workers, and are taking measures to address them. Change management is a key priority across the talent space, and talent leaders are taking progressive steps to unlock the potential of their workforce through nurturing and engagement, creating organizations in which employees feel confident enough to realize their potential.

Against that, however, talent leaders have been slow to invest in cutting-edge educational tools and are struggling to convince their CEOs of the need to do so. As more and more technologies come on stream, and more and more case studies emerge around eLearning, the business case should become clearer and simpler to make. It is to be hoped that this will encourage mass adoption of these technologies.

Perhaps the most positive finding concerned the growing role of HR within the industry. The CHRO is an integral part of the modern organization, a point-person on talent and change who is charged with driving the company's evolution. The digital revolution has enabled HR leaders to move away from compliance and into a more strategic role, becoming "heads of people" who understand how to use data in the development of ever-sharper analytics.



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