

LHH

2021: The Year of the HR Leader



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Introduction

COVID-19 has fundamentally changed how businesses operate. Whether it was the sudden economic and cultural impact caused by national and regional lockdowns, or the longer term impacts of this 'new normal' that we find ourselves in – the working world will not return to pre-COVID 'norms'.

In fact, a recent Adecco study found that the way we've been working in 2020 will likely extend into 2021 and beyond, yet there is some disconnect between leadership and worker expectations. **82% of business leaders** expect to facilitate more remote working in the years ahead, compared with just 48% of workers. **80% of workers** think

their company should prioritise implementing financial support programmes in this uncertain economy, compared with less than 30% of leaders.

Under this environment we wanted to know how businesses are planning for the future. What steps they are taking to future-proof their organisation, the hopes and concerns that they have as they look to bounce back from an unprecedented year.

Many of the recommendations HR leaders have been advocating for **are now key for business survival; retraining and upskilling, mental health and wellbeing, and the importance of company culture.**

The financial crisis of 2008 was the last time organisations had to deal with disruption at such a scale, with the impact of the COVID-19 pandemic likely to far surpass and cause greater change. It was under this environment that the role of the CFO very much came to greater prominence. If 2008 was the year of the CFO, does 2021 have the potential to be the year of the HR leader and enable them to claim their seat at the top table?

About the research

LHH surveyed 200 members of the C-Suite in the UK and 200 CHROs in the UK, working for businesses with at least 500 employees. The research was carried out by Censuswide and took place in November 2020.



How is HR Viewed by the Board

55% of CHROs have had more interaction with the board because of the pandemic

The impact of COVID-19 on the workforce has brought HR into closer contact with the board. In fact, 55% of CHROs state that as a result of the pandemic, they have more interaction with the board; whether that's being invited into meetings, being viewed with more strategic importance, or having more regular communication.

Whether it's navigating the complexities of the furlough scheme, planning for redundancies or even maintaining employee health and wellbeing, it's unsurprising that HR leaders are having increased face time with the board. But is this increased interaction having any impact in how they are viewed?

When we asked C-Suite level executives to describe how they view the HR leaders in their organisation since the pandemic, the top responses were positive:

- ▶ "I have always viewed the HR leader as a role with strategic importance for my organisation"
- ▶ "As a result of COVID-19 we have had increased our conversations and communication with the HR team"
- ▶ "We plan to liaise with HR a lot more as we plan the future of our organisation"

While it's positive to see that HR's contribution has not gone unnoticed, only **13%** went as far to say that they would like HR to actually take up a seat on the board.



So, how can HR leaders move away from being viewed as an operational function, and cement their role as a strategic one?



Our research, demonstrated through this report, shows that the board has woken up to the importance of supporting employees comprehensively, and recognise the role that motivated and productive people will play in business survival.

There is an opportunity here for HR leaders to move from an operational role, to one with much more strategic importance.

Advice for HR Leaders:

Don't play servant to the board

Many HR leaders can easily fall into a relationship with their peers that is operational and reactive, which immediately downplays their importance. These are issues that the HR leadership has advocated for years, and proactively pushing a people-first strategy will be key in being viewed as a leader of the business.

Get embedded in the business strategy

CHROs need to get deep into the business strategy and understand what this means for the people strategy. Work with the C-Suite to understand the key organisational capabilities required to optimally execute the business strategy, and then extrapolate this into the people capabilities required.

Recognising the Importance of Investing in People

There's no escaping the fact that 2020 has been a tough year for businesses – no matter the industry, size or location. The challenges brought on by the pandemic are forcing businesses to make tough decisions on an unprecedented scale in order to survive.

At the time of writing this report, the UK unemployment rate is at its highest level in over three years, rising to 4.5%, with redundancies rising to their highest level since 2009 according to the Office for National Statistics.

Unfortunately, redundancies look set to rise in the year ahead, with the Chancellor predicting that unemployment will increase to 2.6 million by mid-2021. However, despite this backdrop, job cuts and redundancies are not the only means for business survival, and this has been recognised by business leaders.

In fact, we asked the C-Suite what measures they will need to take for business survival, with investment in new technology, upskilling the workforce, and restructuring the organisation coming out on top.

According to the C-Suite, the top three measures businesses will need to take for survival are:

36% said "Investing in new technology"

24% said "Upskilling the workforce"

33% said "Restructuring the organisation"



Only 24% of C-Suite members said that making redundancies was a priority

According to CHROs, the top three measures businesses will need to take for survival are:

45% said “Upskilling the workforce”

45% said “Hiring new talent”

45% said “Improving diversity within the business”

Only 24% of C-Suite members said that making redundancies was a priority for them to ensure business survival. While this is not an insignificant figure, against the economic backdrop businesses face it is positive to see a prioritisation of people-focused initiatives.

There is a clear overlap in priorities from HR leaders and the C-Suite, and this alignment on people-first initiatives is where HR can showcase its strategic importance. Human capital is just as important to the business as financial or product capital, and helping the board realise this will be key in 2021 and beyond.

Advice for HR Leaders:

Prioritise investment in people:

The research shows that HR and the C-Suite are aligned on the importance of people-first initiatives. This is a good opportunity to proactively put forward suggestions; whether it's upskilling, culture or wellbeing. Don't wait for the board to come to you; proactively approach them and tie it back to business strategy. The understanding is there, capitalise on it.

Skills Needed to Survive

Only 16% of businesses have the talent needed to survive the next five years.

40% of CHROs are working with the board on a long term employee development programmes

No organisation is future-proof. The past year alone has taught us that, and the dynamic forces that can have an impact can occur slowly over time or in a blink of an eye. However, the organisations best placed to evolve and survive in tomorrow's world will be those that have an ongoing strategy to future proof their workforce; whether that's investing in upskilling, reskilling or even making plans for redeployment.

It's positive that retraining and focusing on existing talent is seen as more crucial to business survival than job cuts. But, with only 16% of C-Suite executives believing they have all the skills they need to future-proof their business – how will the remaining 84% take action?

There's an opportunity here, for HR leaders to help the board look at initiatives to future-proof the skillset of the business.

40% of businesses have already run several internal training sessions since COVID started, with 40% of CHROs actively working with the board on a long term training and development plan for employees.

With the world of work changing at such a speed, against the backdrop of this global pandemic, it can be argued that it could be difficult to predict what skills will be needed. In lieu of a crystal ball, organisations need to turn to data to provide insight that equips businesses with the knowledge they need to future-proof their business.



Case Study

At LHH we have partnered with **Faethm** to help companies accelerate the evolution of their workforce. Faethm's sophisticated AI algorithms predict the impact of dynamic forces such as robotics, COVID-19 and AI on any job, workforce, company, industry, location, or economy. This enables forward-looking companies to identify which jobs need reskilling versus upskilling, which new jobs may need to be added to the workforce, and the exact skill pathways that can move internal people or external hires to more sustainable future career pathways.

Faethm interprets client-specific data to forecast and scenario plan around strategic, technological, and people impacts so that organisational leaders can structure, size, and equip their workforces for future opportunities.

As employees renew their skills, LHH's Digital Talent Exchange uses AI matching technology to connect them with new jobs inside the company. Critical roles are filled by engaged and motivated internal hires, and the organisational costs of layoffs and recruiting are significantly reduced.



Advice for HR Leaders:

Identify the skills needed for the future:

Work with the C-Suite to identify what skills the organisation needs to survive in 2021 and beyond and translate that into a people strategy. Only when you know what skills are imperative to the long-term business strategy can you implement training, upskilling and recruitment measures that will best serve the organisation.

Recognise the value in everyone's training needs:

Whether it's sales, R&D or accounting, everyone has a role to play in the success of a business; everyone is equally important. HR leaders need to ensure that any training or people-first initiatives takes everyone into consideration; ensuring that all of your workforce has the skills, motivation, and systemic enablement through people systems and processes has a huge part to play in this. After all, unskilled people will be a drain on resources, demotivated people can create internal problems, and highly skilled and motivated people who can't deliver because their HR systems and processes consume huge parts of their day is a wasted opportunity.

Employee Wellbeing More of a Cause for Concern Than Profitability

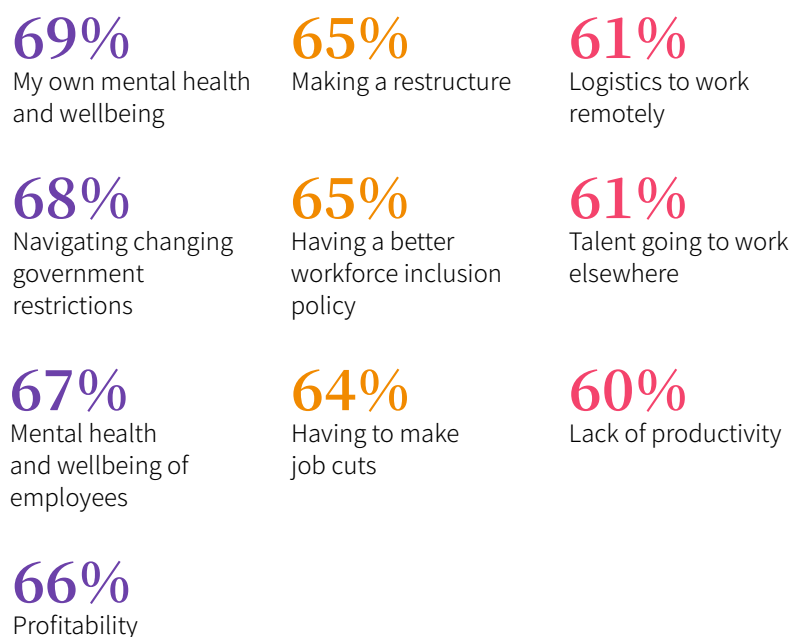
Unsurprisingly, board members have a lot of concerns on their mind during this time. With the vast majority of the C-Suite having multiple serious issues giving them cause for concern.

Interestingly, the stats below shows that board members are more concerned about the mental health and wellbeing of employees and themselves than they are about productivity levels and profitability. 69% of board members are concerned about their own mental health and wellbeing, 67% are concerned about the wellbeing of their employees.

However, despite all of these concerns occupying the thoughts of the majority of board members, the research found that these are not being expressed to the HR department. Only 25% had shared these concerns with their HR leader.

When we asked CHROs the same question - the mental health and wellbeing of employees was the most common concern, at 59%. This was closely followed by concerns of having to make a restructure, 58%. Mental health training is a big priority, with 50% of CHROs already looking at specific coaching on mental health and wellbeing.

List of board level concerns:



Advice for HR Leaders:

Be more proactive in communicating concerns:

It's clear then that HR and the board share similar concerns, yet there needs to be more regular communication and alignment on these issues. If HR leaders sit back and wait for the C-Suite to come to them, it will only serve to reinforce the perception of their role as a reactive one.

People-Centric Initiatives Give Business Leaders the Most Confidence for the Future

While businesses recognise there will be issues to be faced in the years ahead, the research has highlighted that there is much optimism to be had for the future – and it paints a positive picture for the future of the HR role.

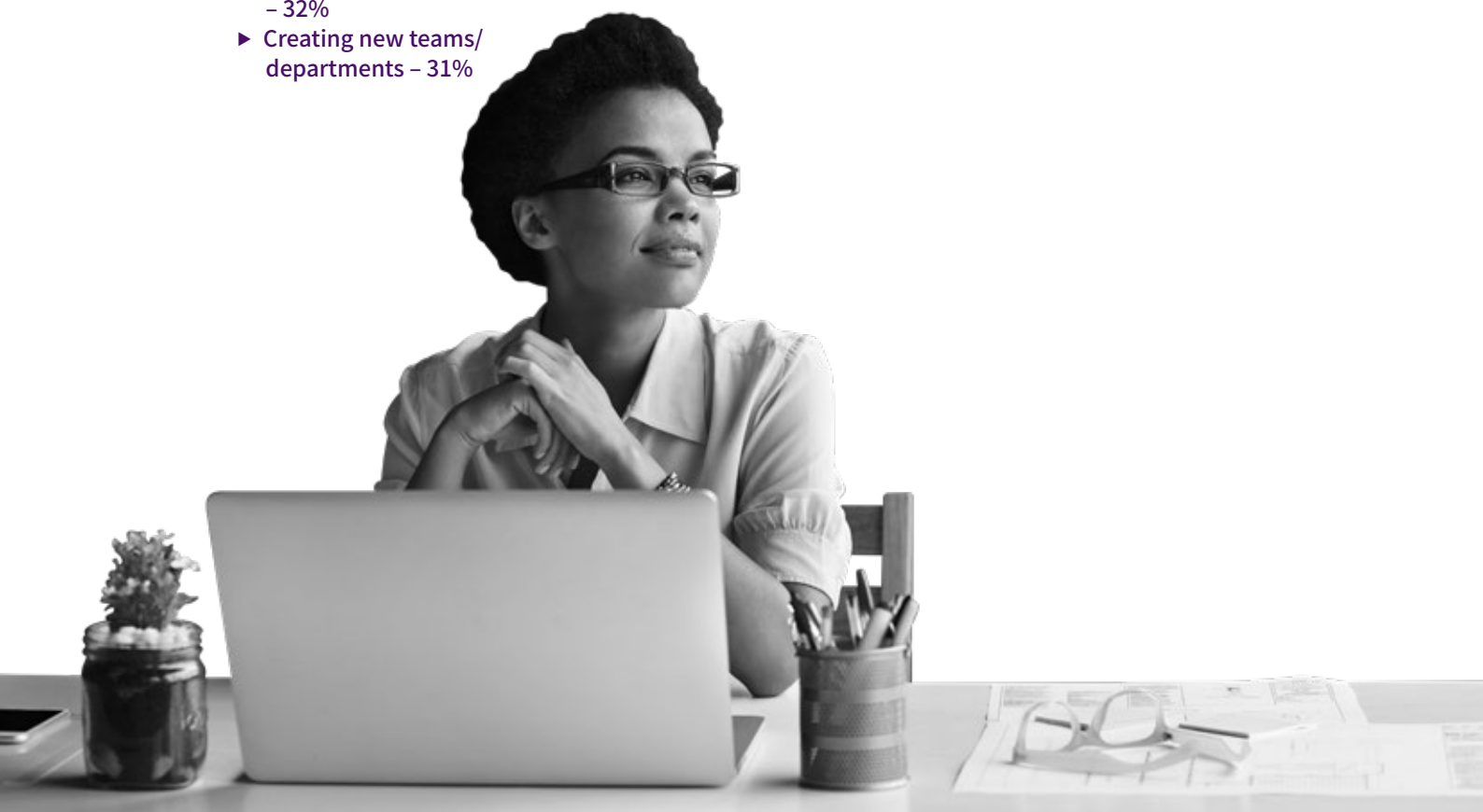
Looking ahead to 2021, welcoming fresh talent into the business, trying new working practices, and creating new teams are the initiatives that fill the **C-Suite** with the most optimism.

- ▶ **Welcoming fresh talent into the business – 34%**
- ▶ **Trying new working practices – 32%**
- ▶ **Creating new teams/ departments – 31%**

If we look to **CHROS**, the reasons are very similar:

- ▶ **Training and upskilling staff - 42%**
- ▶ **Welcoming fresh talent into the business - 40%**
- ▶ **Adapting to the new normal way of working - 32%**

The road ahead for organisations will not be an easy one but there's a clear alignment here, and one that HR leaders can really make a mark on. The future of business in this new normal lies in people-centric thinking.



Looking to the Future, How Chros Can Shape Business Strategy Moving Forward

Human capital is just as important as financial and product capital. This has always been the case, but the COVID-19 pandemic has brought this into even sharper focus.

The reality is that the changes brought forward by the COVID-19 pandemic present a huge chance for HR leaders to step up and lean into the opportunity to become a key part of the business leadership.

Our research shows that many have already taken the necessary steps to do this. For those who haven't, they need to take a fresh look at what the changing world means in terms of imperatives forcing changes in business strategy and what this then, in turn, means for the required changes in people strategy.



About LHH

In today's marketplace, organisations are discovering the need to turn their attention inward to find their future talent. At Lee Hecht Harrison (LHH), we help companies see the possibilities in their people. Through assessments, coaching, upskilling and transitioning, companies can realise the untapped potential within their own workforce, resulting in increased productivity, morale, and brand affinity.

A division of The Adecco Group – the world's leading HR solutions partner – LHH's 4,000 coaches and colleagues work with more than 7,000 organisations in over 60 countries around the world. We make a difference to everyone we work with, and we do it on a global scale. We have the local expertise, global infrastructure, and industry-leading technology to manage the complexity of critical workforce initiatives and the challenges of transformation.



To find out more how we can help support you call us on +44 (0)207 933 8333 or go to lhh.com/uk