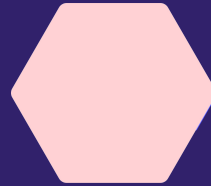
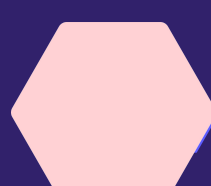


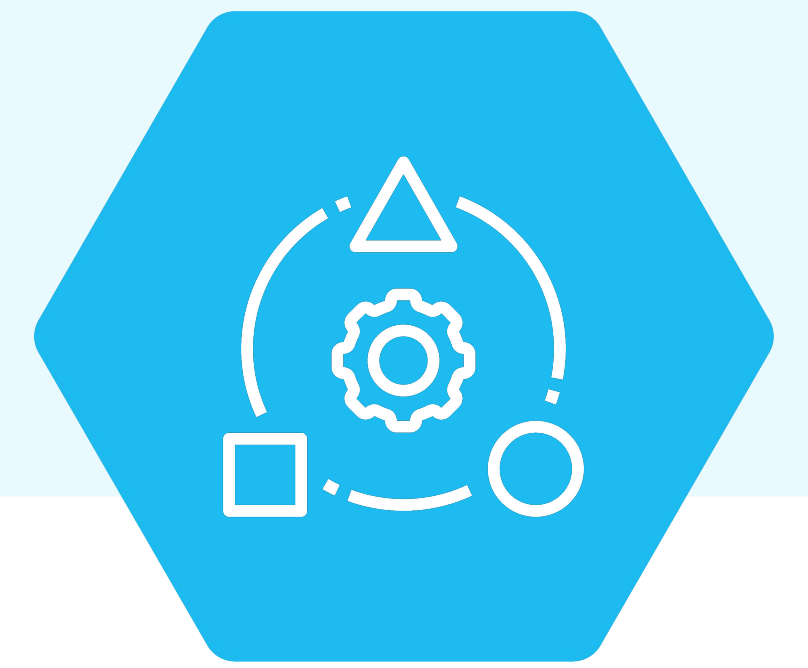
2022

HR Upskilling Report

6 crucial challenges
and the competencies
to overcome them

-  Creating individualized workplaces
-  From buying to building talent
-  Automate, augment, amplify
-  Data-driven people decisions
-  Making purpose count
-  Reshaping leadership

Introduction



We are witnessing a shift in the way we work that will have a lasting impact for generations to come.

Hybrid work, the acceleration of digitalization, a growing emphasis on wellbeing, diversity and inclusion — COVID-19 has fundamentally altered the way businesses and employees operate.

And HR is at the epicenter of this shift, helping companies respond to it and drive the necessary business transformation.

But the way we work isn't the only thing changing. Organizations are facing major labor shortages and skills gaps, making talent retention a top priority — and major challenge — for many organizations.

HR is at the **epicenter**
of a shift in the way
we work that will have
an **impact** for
generations to come

In the US alone, some 15 million people have left their jobs since April 2020 and globally, **69 percent of employers are unable to find the right talent to fill their vacant positions.**

Moreover, depending on which data we review, we find that the rate of the global workforce wishing to look for new jobs ranges from **40 percent** to **95 percent**.

In light of the Great Resignation, changing employee expectations, and the widening rift between what employees want and what companies are willing or able to offer, leadership's top priority is building a truly employee-centric organization — one that will be future- and post-pandemic-proof.

That's why they will need to rely a lot more on their HR departments, which have recently become more strategic and crucial in helping drive business impact.

But HR's increasingly strategic function does not mean that the challenges ahead are easy to solve.

That's why this report provides a six-step roadmap for building an employee-centric organization that will thrive in the post-pandemic world of work — and guidance on how to make sure that HR departments develop the right competencies to navigate these uncharted waters.



69%

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Executive summary



1: Individualized workplaces

What is at stake: As consumers, we want everything to be customized to our individual needs. After trying flexible working, the same level of individualization is now expected from our workplaces.

HR's role: It's time to embrace hybrid work. To drive this change, HR will need to rethink how to best help facilitate collaboration, change the role of the office, and cater to various employee demands and needs.

Key HR competencies

- ◆ **Business acumen** to understand what the business needs and how this reflects broader trends.
- ◆ **Data literacy** to make decisions based on facts rather than assumptions and feelings.
- ◆ **People advocacy** to be able to communicate change effectively.

2: From buying to building talent

What is at stake: As skills become the currency of our economy, talent shortages are expected to cause disruption (a trend that is already visible, with **69 percent of companies worldwide unable to fill their vacant positions**).

HR's role: As talent shortages worsen, most companies will need to refocus their talent acquisition strategies to capitalize on internal talent marketplaces. HR will need to take the lead in helping their organizations switch from buying talent externally to building it internally.

Key HR competencies

- ◆ **Data literacy** to identify where skills gaps are most profound.
- ◆ **Digital proficiency** to guarantee a user-friendly learning journey and scalability.
- ◆ **Business acumen** to connect the needs of the business with the capabilities of the employees.

3: Automate, augment, amplify

What is at stake: In 2021, companies worldwide have spent as much as \$656 billion on **new technology to upgrade for the new era of work**. Other than facilitating remote working, the investments have led to automating some tasks and augmenting the rest.

HR's role: Automate what you can (i.e. repetitive and mundane tasks) and augment the rest. Your team and your company will need to invest in both new technologies and people's skills. Thanks to automation and AI, HR will be able to focus more on strategic and creative value-adding activities, identifying new business insights, and addressing complex business challenges.

Key HR competencies

- ◆ **Business acumen** to know how to leverage tech to redesign how organizations operate.
- ◆ **Digital proficiency** to understand what tools to use and how to build a technology-first culture to embed all this.

4: Data-driven people decisions

What is at stake: According to a recent survey of Fortune 1000 companies, **92 percent of businesses are currently increasing investment in data initiatives**. Yet, most organizations are still not equipped to make meaningful use of this data, with **only 38 percent of workers using real-time data in their day-to-day work**. Creating a truly employee-centric organization will require decisions that are based on data and facts.

HR's role: The more intricate the world gets, the more important data will become. Companies need to collect, analyze and utilize data and do so in a way that will lead to better business performance. While HR will be less involved directly in collecting and analyzing data, the area where it can add most value is in putting data to a good use.

Key HR competencies

- ◆ **Data literacy** to interpret data, turn them into insights and put them to good use.

5: Make purpose count

What is at stake: Employees increasingly attach more importance to purpose and values — including in the workplace. This is both a direct consequence of COVID-19 triggering people to rethink their expectations of work, as well as a result of a generational turnover. By 2025, **75% of the global workforce will be comprised of Millennials** who are more likely to seek purpose through work.

HR's role: HR departments will need to align employees' values with those of the company in order to tap into the post-COVID talent pool. Their role will also be crucial in helping organizations live up to these values (e.g. through upgrading their organizations' business culture).

Key HR competencies

- ◆ **People advocacy** and **business acumen** to upgrade existing business cultures to reflect employees' and the business's values and act as a connection between leadership and employees.

6: Reshape leadership

What is at stake: In the words of **Alan May**, Hewlett Packard Chief People Officer, “There was no playbook for how to respond to the pandemic, and there isn’t one for how to recover.” As a result, the qualities of a good leader have never been more important.

HR's role: The future of work will require less control and more collaboration. As many more workers have become more autonomous, HR will need to help companies empower non-management employees to take on more responsibilities, help middle managers upskill and find a new purpose in new roles, and guide C-suite leaders into becoming more socially, culturally, and environmentally conscious.

Key HR competencies

- ◆ **Data literacy** to assess how exactly leadership roles can be repurposed.
- ◆ **People advocacy** to work with both C-suite and employees to assume a new type of leadership roles.

1 | Create individualized workplaces



The rise of remote work has triggered a shift in people's expectations of how, when, and where they want to work. The onus is now on organizations to create a workplace that meets and exceeds these demands — or risk an even more challenging fight for talent.

The trend towards creating more individualized workplaces is not a new phenomenon. It was in the making long before the pandemic (especially among tech companies and other innovative organizations).

But it wasn't until COVID-19 triggered the world's largest remote work experiment that we began to see growing numbers of companies offering more customized work experiences, experimenting with what we now call hybrid or flexible working.

The data is clear. Our workplaces need to adjust to hybrid work. And it is HR that will need to drive this transition.

◆ **63%**
of **high-growth businesses**
work in a **hybrid** way
[source](#)

◆ **62.8%**
of **HR leaders** see hybrid work
as the **most productive**
approach to their companies
[source](#)

◆ **9 in 10**
employees want flexibility in
where and when they work
[source](#)

5 hybrid work focus points for HR

1: Collaboration

When the pandemic struck and many employees were forced to start working from home, one of the first concerns was whether people would be able to collaborate remotely. But while we have now largely adjusted to this reality (with seemingly **no negative impact on productivity**), the issue of collaboration has not gone away. Three-quarters of CEOs (78%) say **remote collaboration will be one of the most enduring trends** to come out of the pandemic.

One of the challenges going forward, however, will be to ensure that collaboration can effectively take place in both the on-site and remote settings at the same time.



2: The role of the office

Connected to the issue of collaboration is the changing role of the office. Pre-pandemic, the office served as the main (and oftentimes only) place of work. Today, however, workers are more deliberate about how they spend their time in the physical workplace. They no longer come to the office just to be present, but to be more productive.

The layout and purpose of the physical workspaces need to reflect these changes. In the hybrid era of work, office spaces should no longer be just about providing dedicated full-time workstations for all employees, but should rather be more about facilitating collaboration, connection, focus, and team-building.

3: Emancipated workplaces

More flexibility also means more ownership. Having learned to work more autonomously, many workers now resent old-style (micro) management. While **86% of employees say**

they want to work for a company that prioritizes

outcomes over output, 70% of organizations are still not willing or able to live up to this expectation of more emancipated workplaces.

This change calls for an overhaul of leadership and management style, and HR should drive this change.

4: Work-life balance

The COVID-19 crisis has caused people to reconsider their priorities, both in their private and professional lives. That is why we're currently witnessing what experts have dubbed the Great Resignation or Reshuffle. As restrictions began to lift, many people came to the conclusion they expected more from life than the 9 to 5 grind.

In the job-seekers' labor market, companies will need to invest a lot more effort in helping their employees find a work-life balance that better suits their needs.

5: Multigenerational differences

Younger workers, in particular Millennials and Gen Z'ers, struggle most with remote or hybrid ways of working. Not because they don't have the digital skills to work remotely – after all, they are the most tech-savvy generations. Instead it's because they have missed out on the office experience which allows them to interact more with co-workers and management, and learn by observing their colleagues.

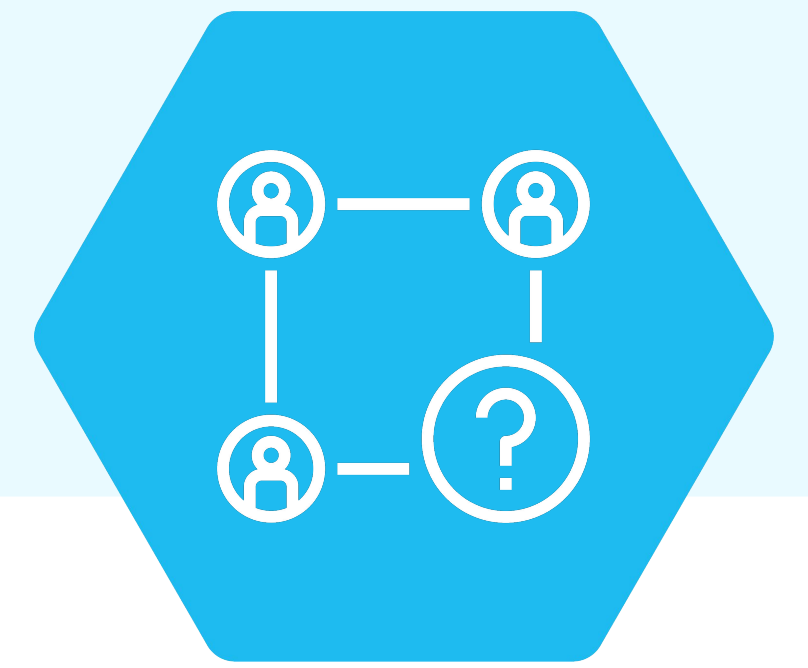
HR departments will need to be more conscious of the diverging needs of their multigenerational workforces and will need to ensure their hybrid models reflect the demands of all their workers.



Guidance

- ◆ In order to align the organization with changing employee expectations and demands, HR professionals need to understand what it is that their workforce needs specifically. This will depend not only on the type of work, but also the composition of the workforce.
- ◆ Once this is clear, HR will need to ensure that these newly understood needs are met by what the workplace has to offer. This will require a mix of business acumen, data literacy and employee advocacy. HR professionals will need to:
 - ◇ Understand what employees need
 - ◇ Assess the business can realistically meet those needs
 - ◇ Make the case for the importance of these changes within the wider organization

2 | From buying to building talent

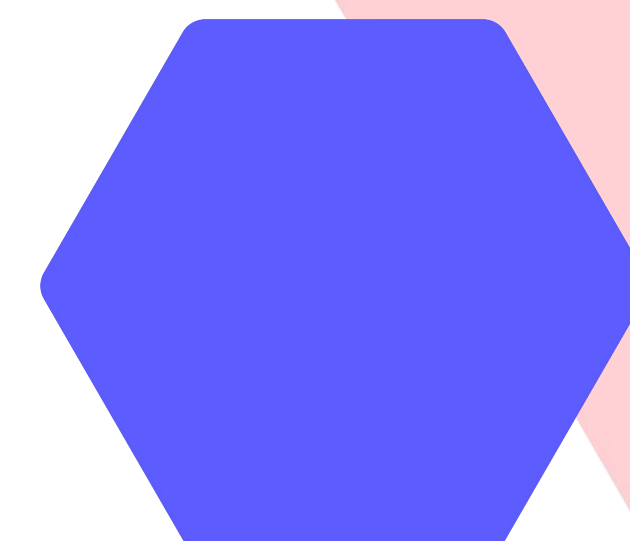


Another step necessary towards an employee-centric organization is the switch from focusing on hiring your talent externally to trying to build it internally.

Currently, more than two-thirds (69 percent) of companies are struggling to fill vacant positions, the workforce is on the move due to the Great Resignation, and the speed with which skills are taught in schools cannot keep pace with what the market demands.



The only way for companies to guarantee access to talent is **making the most of the talent they have**

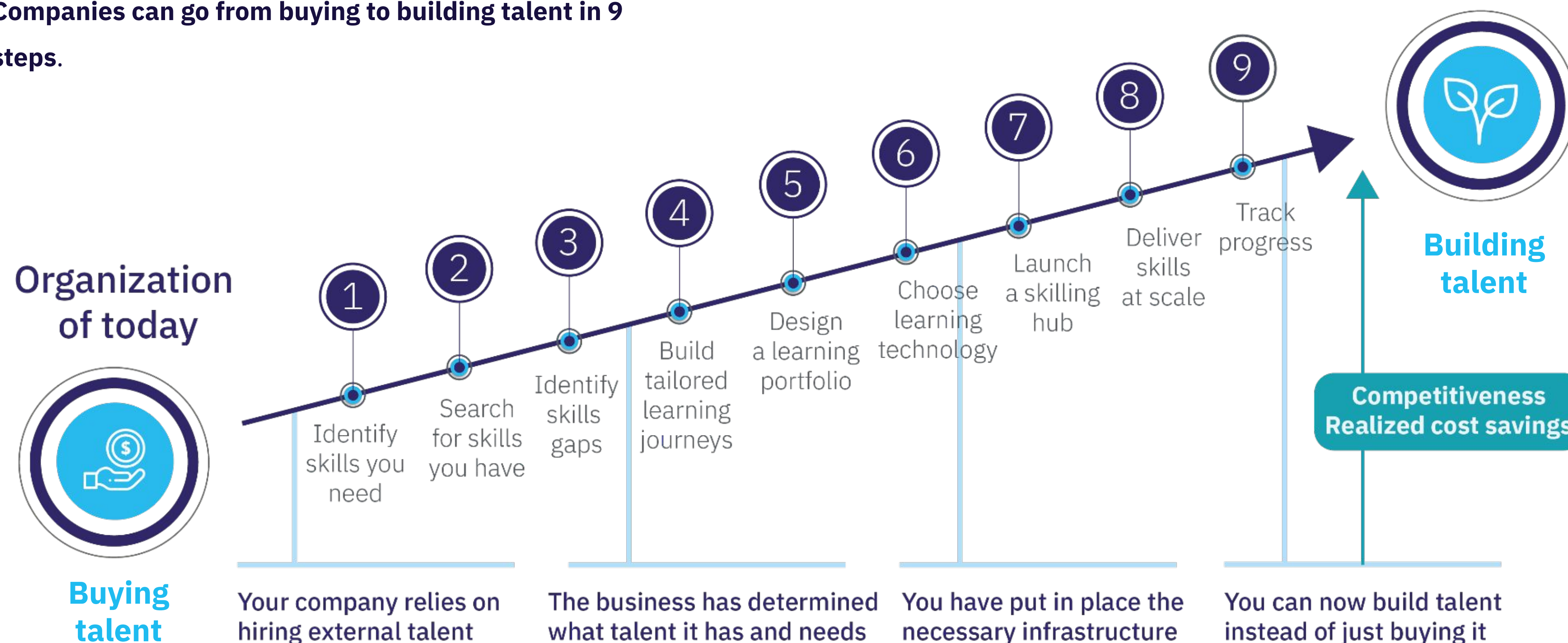


Between the labor shortage and growing skills gaps, the only way for most companies to guarantee access to talent is to make the most of the talent they already have. This means more emphasis on the existing employees and their skills.

But how do you make this change?

Companies can go from buying to building talent in 9 steps.

Organization of tomorrow



The 9 steps to build internal talent

1: Determine what your company needs

Before you start helping your employees reskill and upskill, you need to ensure you understand what the end goal of upskilling will be. What is the business added value of upskilling in your organization? It is crucial that you speak to the senior leadership to identify what capabilities and skills your organization needs, where it needs them most, and why.

2: Assess employees' current skills

There are various ways to assess your employees' current skill levels, such as individual assessments or interviews with team managers.

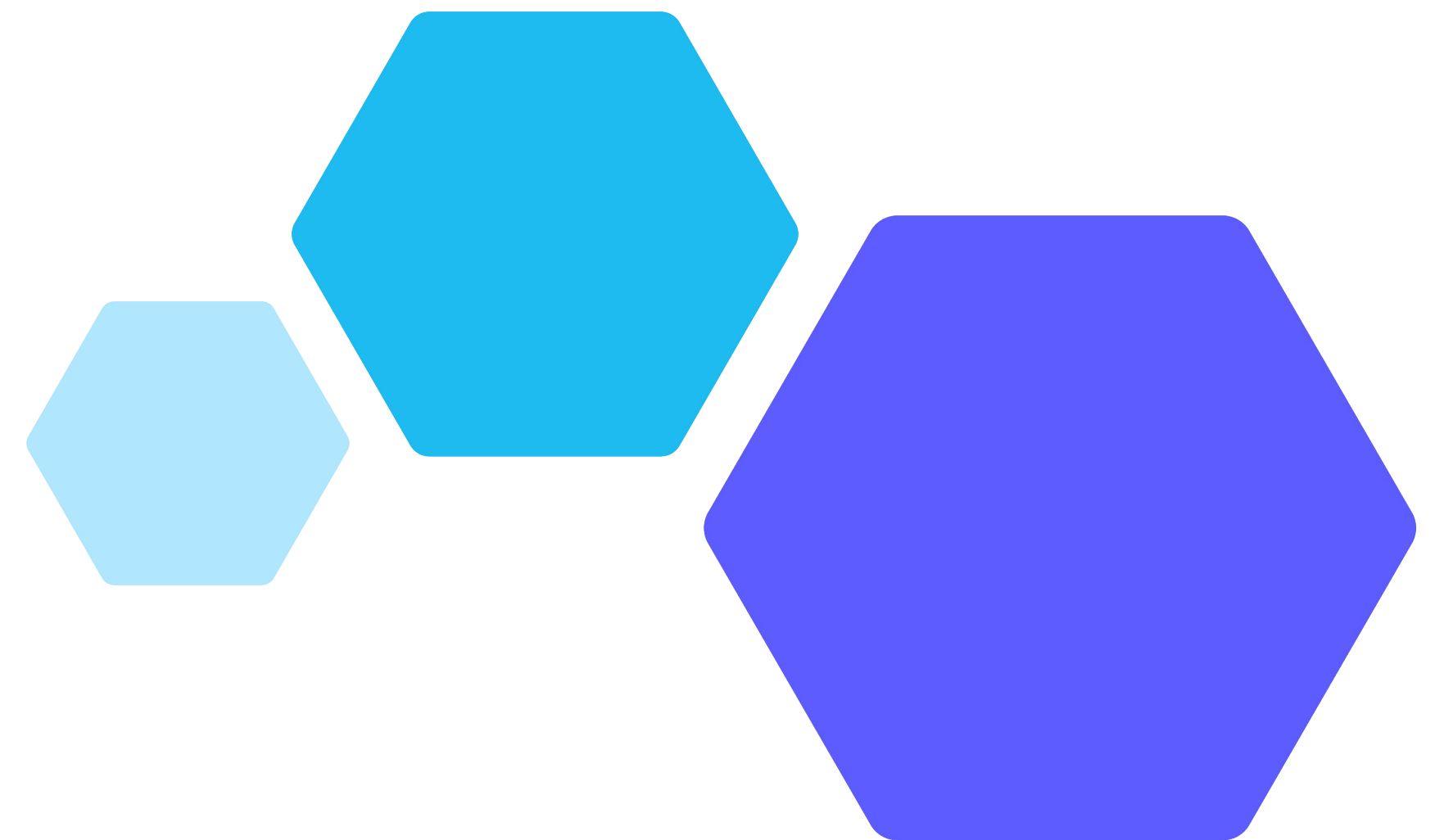
3: Identify the skills gap

The skills gap is the result of matching your employees' skills against the company's capability needs. It is the difference between the employee's current skill level and the skill level they need to effectively perform their tasks. Understanding

exactly which skills need developing allows for more targeted and efficient L&D initiatives.

4: Develop tailored learning journeys

Once you have identified and analyzed skills gaps, you will need to start thinking about how to design a learning program that will deliver the best results. The key to this will be offering a tailored learning experience that will match as closely as possible the needs of the individual learners.



5: Design a learning intervention portfolio

Delivering an unforgettable learning experience equally depends on having the right learning portfolio, consisting of online courses, blended group sessions, practical challenges, evaluations, and other learning activities.

6: Decide on learning technology

Connected to both the learning journey and the portfolio is the question of technology. What technology to choose to best facilitate learning? When choosing a learning management system, the key is to choose something that is user-friendly, allows users to interact with each other to exchange their experiences, and lets them learn at their own pace. This should be your leading consideration when choosing a specific LMS, whether it's bespoke or out-of-the-box.

7: Launch a skilling hub

On average, people lose about 40 percent of their skills every three years. That means that in a decade, our professional skills become largely obsolete. That's why continuous learning is crucial for companies, and they need skilling hubs that support this. Building the right learning infrastructure also has other benefits: **45 percent of workers surveyed** said they would be more likely to stay with their current employer if they were offered skills training.

8: Deliver skills transformation at scale

Ensuring your upskilling program can be scaled to serve the entire organization — whether it's across locations, cities, countries and continents — is often the most challenging part. Large organizations' upskilling programs need to be carefully planned, timed, and communicated. Think about how you will launch the initiative, how you will set the timeline, and what technology you will use to ensure its scalability.

9: Implement dynamic impact tracking

If you can't measure it, you can't improve it. If you want your learning and upskilling initiatives to remain popular, engaging, and effective, you will constantly need to keep up with your employees' and company's needs. One way of measuring success and impact is through pre- and post-assessments. Or you can choose to measure **objective performance outcomes or consult post-training manager ratings** to keep your learning programs relevant, popular, and driving business value.



Guidance

- ◆ The labor shortage means employers need to invest in existing talent. However, the scale of the skills gaps and the shrinking half-life of skills requires a thorough analysis of which skills are really needed, and targeted L&D interventions that actually move the needle.
- ◆ This fact-based and results-oriented approach demands a level of data literacy, digital proficiency, and business acumen that may currently be out of reach for many HR professionals.

3 | Automate, augment, amplify



Creating an employee-centric organization means empowering your employees: augmenting their work through technology and helping them develop the skills they need to benefit from automation and AI.

Digitalization of the world of work is inevitable. The World Economic Forum has predicted that global AI jobs will increase from 78 per 10,000 in 2020 to 123 in 2022, and data shows that the use of AI in sectors across the board has grown by 270 percent in the last four years.

But more importantly, digitalization is beneficial. Automation and the use of AI in the workplace bring efficiency and effectiveness, and they allow people to spend less time on mundane and repetitive tasks and more time on productive and added value ones.

For instance, in the APAC countries, office workers **waste close to 57 minutes of their workday** due to outdated

technology and processes, and **more than 30 percent of global employees feel they waste half of their day or more** performing tasks better suited to AI.

HR must digitalize first

It's clear that digitalization is a powerful tool for unlocking the workforce's true potential. But before HR departments can become the driving force behind facilitating the introduction and use of technology, they themselves will need to become more tech-savvy.

Digitalization of HR tasks can happen in three ways:

- ◆ Automation
- ◆ Augmentation
- ◆ Amplification of human functions

1: Automation

Jobs don't get automated, tasks do. According to McKinsey, **only about 5 percent of occupations will be fully automated, but nearly all occupations will to some degree be affected by automation** — and HR is one of them.

Many HR tasks in areas such as reporting, administrative tasks, and predictable analysis should and will be done by

digital assistants and automated software. (For context: the McKinsey analysis of over 2000 work activities across more than 800 occupations shows that these repetitive tasks account for roughly half of all activities that people do across all sectors.) By reducing the administrative workload, automation will allow HR professionals to spend more time on more strategic and value-adding activities.

Automation will help HR professionals make more impact

Less time spent on	More time for
Repetitive or administrative tasks	Strategic, creative, and value-adding activities
Reporting, processing data, and manual workflows	Identifying new business insights
Gut feeling or anecdotal evidence in decision-making	Addressing complex business challenges, e.g. talent shortages

2: Augmentation

Even tasks that cannot be automated can still benefit from the right application of technology. Much of HR's remaining work should be augmented by machines or systems that can reason, learn, and interact naturally with people. This will further free up people's time to focus on more creative tasks that machines cannot do.

One area ripe for augmentation is people analytics. By deploying cognitive technologies that leverage AI in people analytics, HR will be able to identify new business insights for better strategic decisions and create additional value.

3: Amplification of human functions

Last but not least, AI technology has the capacity to help organizations re-design work processes and workflows within the HR department and beyond. By upgrading existing processes and policies, HR will be able to boost human activities and improve decision-making.



Digitalized HR will drive digitalization within organizations

The purpose of HR is to help solve business problems. But as the world becomes more intricate and challenges more complex, HR needs to be more tech savvy in order to live up to its promise. Only then can HR address problems such as the current talent shortages.

For instance, **HR departments in companies such as Unilever, Walmart, Accenture, and SkyHive** have recently joined forces to test the use of AI in closing skills gaps by giving a truer picture of just how talented their current workers are, and how they could transition into emerging job roles. The AI-driven skills assessment gives these companies a better view of the skills their existing employees have, and the skills gaps that they could plug through upskilling and reskilling.

Similarly, **last year's survey into global talent trends** found that when it comes to hiring new external employees, 55 percent of HR leaders in the U.S. use predictive algorithms

(with 52 percent in Brazil and Germany) and 61 percent of global executives say using talent analytics to inform decision-making is the number one HR trend that has delivered an impact.

A large, light blue abstract shape on the right side of the page contains a pink circular graphic. Inside the pink circle, the text '55%' is written in a large, bold, dark blue font. Below the percentage, the text 'of HR leaders in the U.S. use predictive algorithms to hire new talent' is written in a smaller, dark blue font. The words 'use predictive algorithms' and 'new talent' are bolded.

55%

of HR leaders in the U.S.
use predictive algorithms
to hire **new talent**

But beyond HR departments, HR's role will also be crucial in helping organizations at large move towards the future. In a world where our work — to a larger or lesser extent — will be digitalized, our systems will need to switch from managing jobs to managing tasks instead. As the opportunities offered by automation grow, so will the need for organizations to break down job roles into tasks in order to optimally redesign work. HR will be the only department that will be able to help deliver this change, as well as help companies hire and remunerate people based on tasks rather than job descriptions.



Guidance

- ◆ In short, HR professionals need to invest in building up their digital proficiency as well as technological savviness. These competencies are crucial not only in making HR's job more impactful, efficient, and effective but also in helping the company make the best use of automation and augmentation.
- ◆ Upskilling HR departments (to become digitally and tech savvy as well as showing strong business acumen) will also allow for and facilitate the necessary upgrade of organizations' operations to become fit for purpose in the new era of work. It will help companies make optimal use of in-house talent through job redesign, for instance.

4 | Data-driven people decisions



From rising inflation and disrupted supply chains to the pandemic, companies are learning to live with uncertainty. But uncertain does not mean unprepared. HR departments can help organizations use data to prepare for the future the best they can (even if they won't be able to always predict it 100 percent).



Organizations using
data in HR see an
82%
**higher-than-average
profit**
over 3 years

The benefits of using data in HR

HR is one of the areas where using data can make the biggest impact. The use of people analytics in HR and business decisions leads to demonstrably better outcomes (organizations that use data in HR see an **82 percent higher-than-average profit over three years** compared to their low-maturity counterparts); but more specifically, people analytics can help solve concrete business problems.

For instance, an HR department of one U.S. retailer found an innovative way of collecting and using candidate data to improve the recruiting and hiring process. Through an app that they had developed, the HR department was able to screen potential employees, gather feedback, collect credentials, schedule interviews, and track candidates as they moved through the pipeline.

Having access to this data and using it to improve the hiring process has led to impressive results. The retailer saw a 60 percent increase in the applications' processing speed, an 80 percent reduction in paperwork, and higher employee retention rates. All of which has had a positive impact on the company's bottom line – in particular in today's tight labor market.



People analytics in action

- ◆ Credit Suisse used predictive analytics to identify which employees were at risk of leaving, and why. They used this information to create targeted interventions to keep them on board, **saving them approximately \$ 70,000,000 a year.**
- ◆ Best Buy was able to demonstrate the link between turnover and employee engagement. Data revealed a turnover increase of **\$ 100,000 for every 0.1% increase in engagement**, prompting them increase the frequency of employee engagement surveys.
- ◆ A large Dutch FMCG retailer used people analytics to analyze the effects of training. The analysts used A/B testing to measure the effect of training shop personnel on the shop's financial performance. This revealed that in the first year alone, **the ROI of their training program was 400%.**

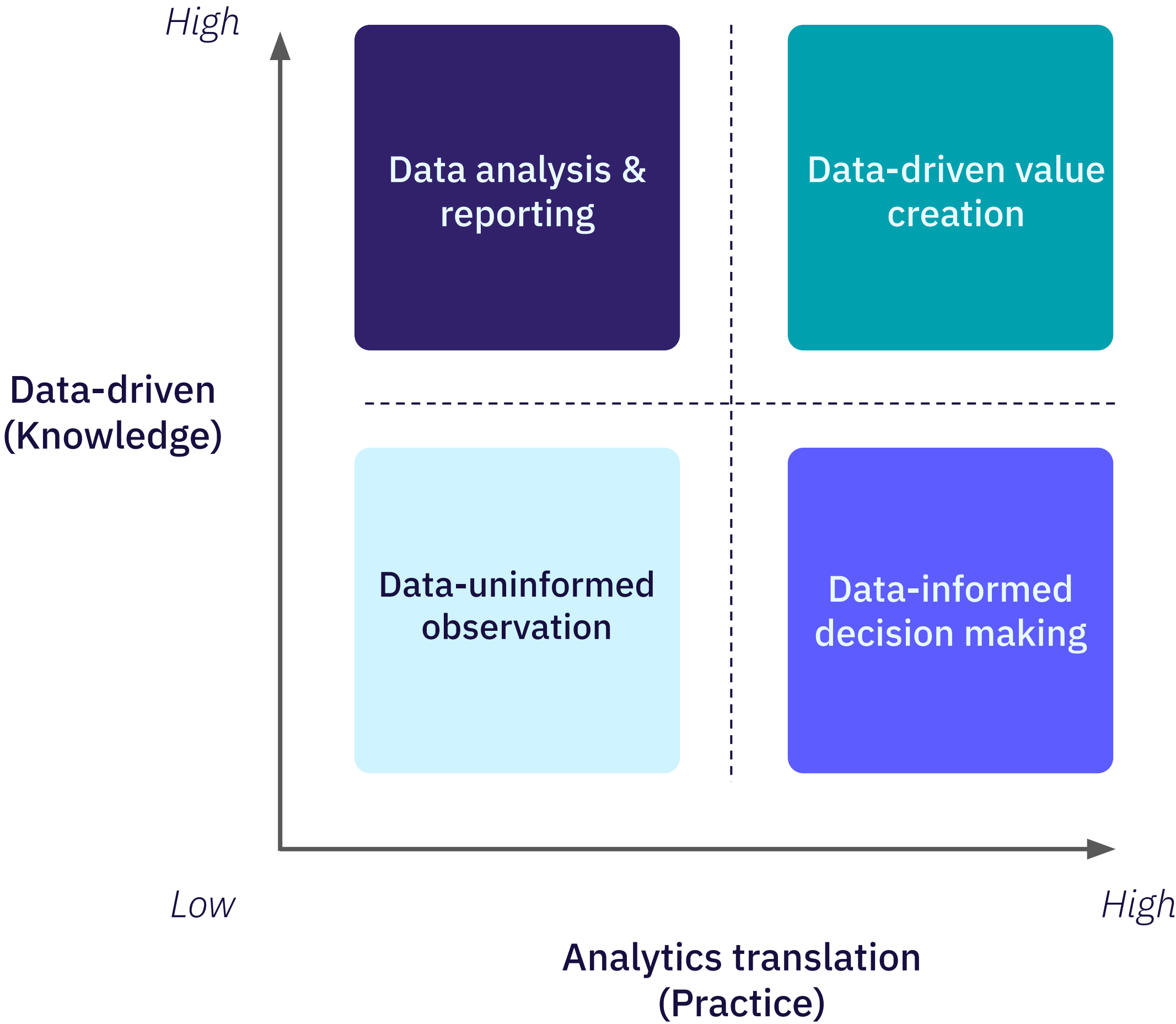
HR needs to master data literacy skills

But while the benefits of data-driven decisions are now largely recognized — with **92 percent of the Fortune 1000 companies** currently increasing investment in data initiatives, so much so that by the end of 2023 the big data analytics market will be worth more than \$100 billion — when it comes to HR specifically, the potential is still **largely untapped**.

The reason behind this has to do with the fact that 59 percent of HR professionals worldwide still lack proficiency in basic data literacy skills, according to AIHR research (for more information, [turn to page 35](#)).

Mastering data literacy as a competency requires a combination of knowledge and practice:

First, HR professionals will need sufficient knowledge to read and use data — in other words, they need to be data-driven. And second, they should be able to use this knowledge in practice to translate data into action, policies, and decisions that have a direct impact on the business.



A data-driven culture requires the right:

Mindset	HR professionals should treat data as useful in their daily work lives.
Skillset	Your HR team will need to upskill to become more data literate.
Toolset	People analytics and technology go hand-in-hand. This means you will need your IT department to work closely with you.
Dataset	People data is an ongoing process. The data collected, analyzed and used will need to be constantly assessed to prove accurate and useful.

To be more specific, every data-literate HR professional should:

- ◆ Comprehend and be able to establish metrics and KPIs
- ◆ Read and interpret reports
- ◆ Learn how to produce data visualizations (i.e. dashboards) and use these for data storytelling
- ◆ Understand the intersection of people data and the business they serve (which necessitates some level of business acumen)

Beyond what this means for HR professionals individually, data literacy also implies a shift towards a more data-driven culture. Without it, your HR department or organization at large won't be able to leverage data to its full potential.

Even in the most capable of hands, data cannot provide all the answers. But in an increasingly volatile, uncertain, complex and ambiguous world, having an accurate picture of current reality will give your company the advantage of knowing what's around the corner — and put you miles ahead of organizations flying data-less and blind.



Guidance

- ◆ There is one core competency at the heart of this step and that is data literacy.
- ◆ HR professionals are not data scientists and do not need to become them. But by improving their data knowledge, practical skills and learning how to use insights to drive business results, they will put their organization, the workforce and their own department at an advantage — an advantage that will allow their organizations to be more agile to respond challenges, better prepared for the future, and more able to bring added value.

5 | Make purpose count



Instead of making choices only about where, when, and how they work, **employees have begun asking why they work, too.**

A blind spot that has the potential to undermine organizations' efforts to build an employee-centric organization is a lack of a clearly defined purpose.

While much of the current debate about the post-pandemic future of work has focused on hybrid working and whether or not people should be given more flexibility, employees themselves have gone one step further. Instead of making choices only about where, when, and how they work, they have begun asking why they work, too.

The 'why' question is particularly relevant because it implies that workers are not only concerned about how much and where they work, but care just as much about their work's quality and purpose.

But while COVID-19 has driven people to reconsider their relationship with work and re-emphasized the role of values, the importance of purpose at work was already growing pre-pandemic due to the generational turnover.

Studies have shown that younger workers are more purpose-driven at work than their older counterparts. And with Millennials and Gen Z'ers to account for 75 percent of the workforce by 2025, the importance of purpose in the workplace is set to grow further.

Consequently, we see young people's work expectations change: **according to the Cone Communications Millennial Employee Study** (published before COVID-19), 64% of Millennials won't take a job if their employer doesn't have strong social and environmental values. What's more, **Gen Z is the first generation to prioritize purpose over salary.**

There's only one department that can help organizations bring purpose in: HR

Organizations which have not given enough consideration to how their values relate to those of their workers or potential hires are more likely to lose the talent they have and fail to attract the new talent they need.

Organizations no longer have a choice but to invest more in defining their purposes and aligning it with employees if they wish to remain competitive. Ultimately, they will need to upgrade their workplace culture to ensure that decisions, conversations and behavior across all levels are integrated with that purpose.

And there's only one department that will be able to drive and lead this change: Human Resources.

That's because HR professionals with strong business acumen are best placed to connect company-level values with employee-level purpose. They understand how the organization's values reflect the broader world and how these core values help motivate employees themselves.

HR's role is to help their organization identify its values, understand how these resonate with employees, update the organization's business culture accordingly, and then work with management to ensure the company also lives by these values in practice. The result will be a more productive, engaged, and motivated workforce.

Moreover, having a clearly defined purpose also helps HR with talent acquisition. In the current tight labor market, having values that resonate with candidates can make or break a job offer. **There are many examples of companies that have smartly used purpose and organizational values to their advantage**, including Nike, Netflix, and Buffer.

Ultimately, while identifying and staying true to your purpose may not look like a solution to all your business challenges, it is a first (and necessary) step towards ensuring your organization becomes future-proof.

Guidance

- ◆ This step plays to one of the HR professionals strengths: people advocacy. No other department is able to help the organization update its mission statement and ensure it plays a key role in motivating employees than the HR department.
- ◆ HR professionals will need to understand the ins and outs of their organization, measure employees' demands, and needs and align (the best they can) the company's vision with people's values. This requires good and constant communication with employees and a thorough knowledge of their business.
- ◆ Only with sufficient competencies in people advocacy and business acumen will HR be able to ensure organizations live up to their values and that people who work for them will feel fulfilled by the job they do.

6 | Reshape leadership



The hybrid model is redefining the way we work — but also the way managers manage and leaders lead. The sudden switch to remote work forced many of us to become more independent and autonomous.

Moreover, as many management roles are redefined and as CEOs and companies are required to become more socially, culturally, and environmentally conscious, HR will play a key role in reshaping leadership and what we mean by it.

HR will play a key role in
reshaping leadership
and **what we mean by it**

HR's role in leadership changes

1: Democratized leadership

What's at stake: The pandemic has caused a massive democratization of leadership responsibilities. The rapid rise of remote and hybrid work is shifting the focus towards workers who need a greater degree of autonomy and away from middle managers, allowing companies to remove expensive and somewhat redundant organizational layers.

The role of HR: Organizations looking to make such sweeping changes need to rely on data and hard evidence. These consequential decisions require CEOs and C-suite leaders to work closely with HR departments with a unique overview of the company's workforce. Moreover, HR can use data analytics to draw insights that will match the needs of the business against the potential of the workforce.

2: Redeployed managers

What's at stake: Many middle managers who have not been made redundant will need to be redeployed to new and different roles.

The role of HR: HR departments are key in helping organizations assess which leaders need redeploying and which managers need upskilling. HR is also heavily involved in helping these managers upgrade their skills through skills development programs and coaching.

Furthermore, the democratization of leadership and redeployment of existing leaders require a fundamental change to business culture which, again, will depend on HR's contribution and ownership.

Fujitsu empowers employees

In 2020, the Japanese tech giant Fujitsu pioneered in Europe a new work concept which has put more emphasis on local decisions and empowered those who weren't previously involved in management. And while this transition meant the end of middle manager roles as such, the company made the effort to ensure that the people who filled these roles would still remain part of the journey — albeit in a different capacity.



3: Emphasizing top tier management

What's at stake: We have witnessed the growing importance of leadership in the top echelons of organizations — a trend that is not new but has been massively accelerated.

This means that CEOs, CHROs, and other C-suite leaders have been put under more pressure to take a stance on and lead in an increasing number of issues that transcend the walls of their organizations (e.g. addressing inequalities, the pandemic, or fighting climate change).

The role of HR: It is HR professionals and CHROs in particular that can help CEOs keep their thumbs on the pulse of their workforce and the society at large. They can help them become more socially, culturally and environmentally conscious and active in supporting causes that are aligned with their personal and business values.

Thanks to a more strategic role and HR professionals' increasing business savviness, HR has been able to forge a stronger link between the business and the outside world and help companies serve their consumers and clients better.

Guidance

- ◆ Much like the previous step, reshaping leadership requires a combination of business acumen and established HR strengths such as people advocacy, understanding of the workforce, and employee development.
- ◆ HR will need skills to analyse the current leadership structure, use data to identify which leadership roles need to change, and repurpose many leadership roles and work with C-suite leaders to become more socially, culturally and environmentally responsive — and do so in a way that is consistent with the company's mission statement.

The T-shaped HR professional



The challenges outlined in this report are complex, and require a new range of skills and competencies that previously were less important for the HR's success.

In order to drive business impact and build employee-centric organizations, HR professionals will need to learn to cooperate across and with other departments. To that end, they will need to complement their specialist HR knowledge with generalist competencies that make them more efficient and effective professionals.

As mentioned throughout this report, there are four competencies that HR professionals will need to develop to keep up with modern business demands:

- ◆ Data literacy
- ◆ Business acumen
- ◆ Digital proficiency
- ◆ People advocacy



The T-shaped HR professional's competencies



Data Literacy

The ability to read, apply, create and communicate data into valuable information in order to influence decision-making processes.



Business Acumen

The ability to translate the organization's purpose, mission, goals, and context into strategy, positioning HR policies and activities to best serve the organization.



Digital Proficiency

The ability to leverage technology to increase efficiency and to drive HR and business value.



People Advocacy

The ability to create a strong internal culture, get the best out of people, and act as a trusted champion and communications expert.



Functional Competencies

HR Professionals need to become specialists in at least one functional competency and a generalist in four core HR competencies.

But despite the many challenges facing modern businesses and the key role HR has to play in providing a way forward, research reveals that most HR professionals do not have the necessary competencies.

In our latest survey, we collected data from 5,648 HR professionals around the world and found out that only 21 percent of them have shown sufficient knowledge in all four core competencies.

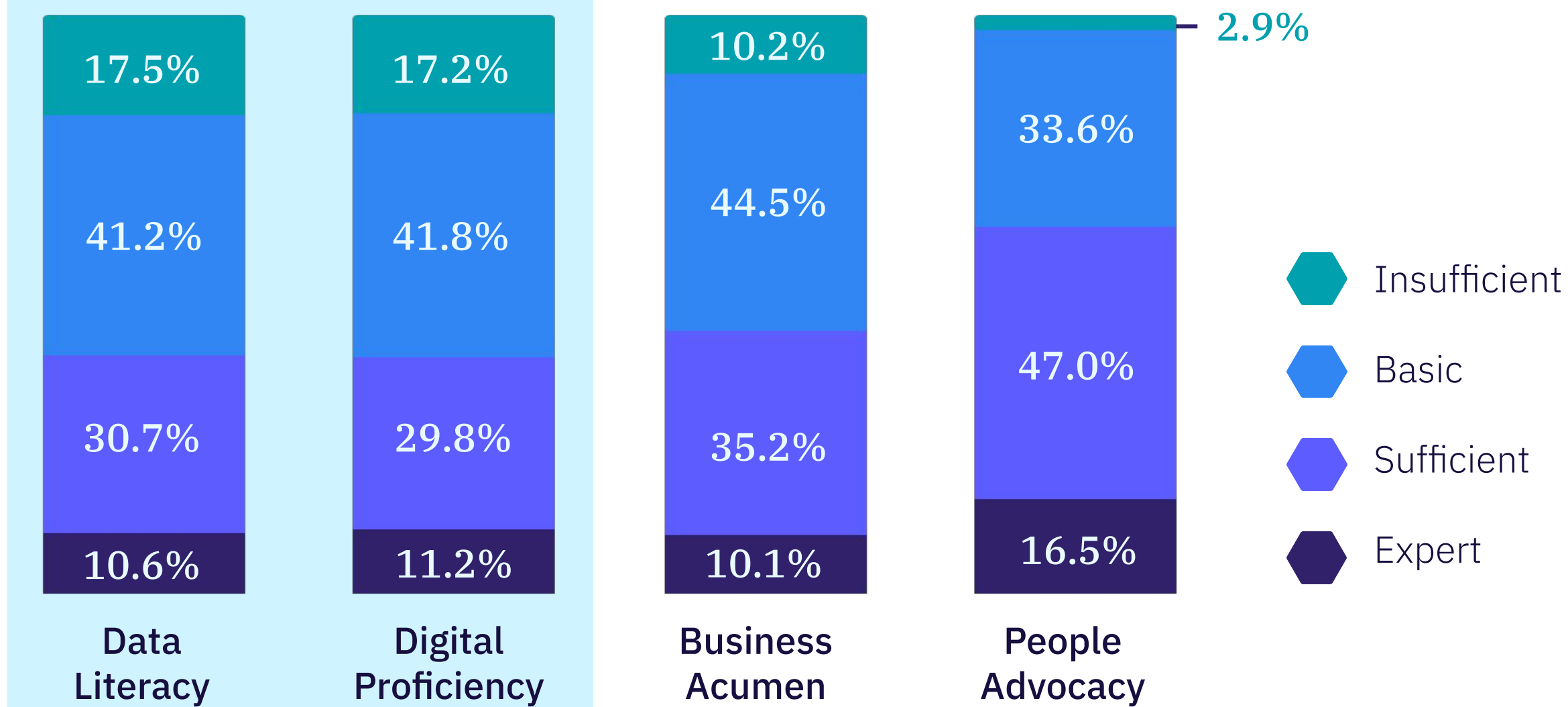
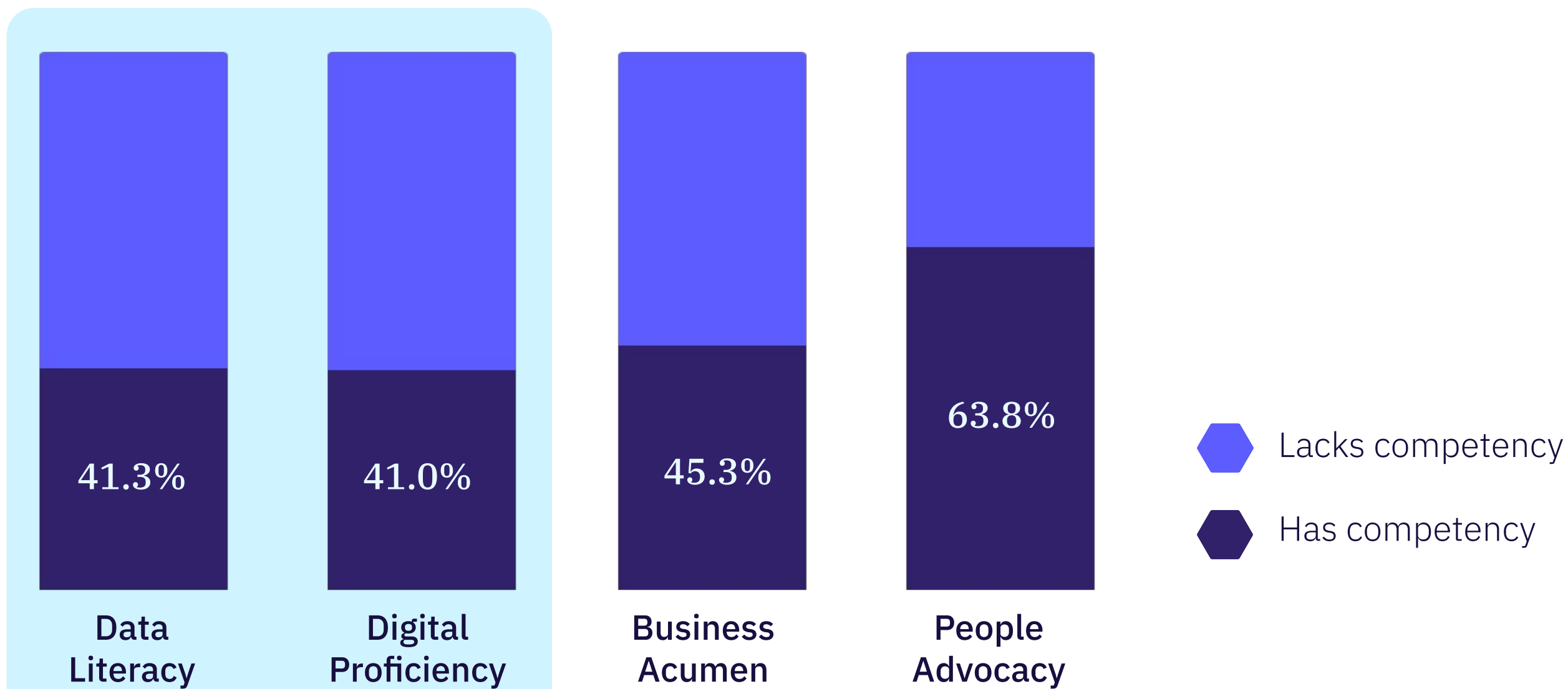
Here are some of the key takeaways from our study.

1: Tech and digital skills are the least common

Only 41 percent of HR professionals are able to improve efficiency and drive business value through skilled use of technology and data. Being data-driven and having digital proficiency are essential skills for being able to anticipate challenges, not just react to them.

59%

of HR professionals are **unable to drive business value** through technology and data



Greatest opportunity for improvement

This means that almost 60 percent of HR professionals are falling behind more tech-savvy colleagues in terms of efficiency and impact.

Of all four core competencies, data literacy and digital proficiency show the highest levels of insufficient knowledge and have the greatest potential for improvement.



2: Half of HR professionals are not aligned with their business' objectives

Furthermore, less than half (45 percent) of HR professionals have a solid understanding of their business, its customers, and the greater economic context which would enable them to help the company achieve its mission and goals.

More than half of HR departments thus bring limited business value and are, to a large extent, decoupled from what the business is trying to achieve.



3: HR professionals are essential people advocates

On the flip side, two-thirds of HR professionals (63.8 percent) have shown strong competency in people advocacy, meaning they are able to create a strong internal culture, get the best out of their people, and act as a trusted champion and communications expert. It is also the competency in which HR professionals exhibit the highest level of expertise (with an average of 15 percent more professionals with sufficient skill level and 4 percent more experts than in the other competencies).

Given the nature of the HR function, this competency is indispensable for HR professionals. In addition, mastery of people skills is certainly useful when helping organizations adjust to the new era of work.



Building competencies in 7 steps

The lack of data, digital, and business competencies does not mean that moving towards a more employee-centric model is out of reach for most organizations. The past two years have proven how resilient, innovative, and agile HR departments are. This makes them exceptionally well-suited to upskilling initiatives.

With the sheer scale of the competency gap facing HR departments, it can be difficult to determine where to begin. But by following these 7 steps, you will be able to develop targeted L&D interventions fully aligned with strategic HR priorities.

1: Understand strategic HR priorities

Determining which competency gaps need to be addressed first will help you get your HR organization to a higher level at a faster pace. The best way to identify skills gaps is to plot your HR professionals' abilities against your business goals.

2: Specify learning objectives

How exactly should HR professionals in your organization put their digital proficiency or data literacy to work? What are their ambitions and which skills does the organization need them to develop?

3: Select target audiences

Which HR professionals should take part in these L&D initiatives for maximum impact?

4: Develop learning journeys

Set your learners up for success by building a clear path for them towards their desired competencies.

5: Draft an implementation plan

Create a clear and concrete plan of how to most effectively deploy your planned L&D initiative.

6: Training delivery

Launch your skilling hub and get learners onboarded and engaged.

7: Continuous learning, monitoring, and optimizing

Staying on top of changing learner and organizational needs will ensure that your HR department will embrace continuous learning, and focus on the skills and competencies that your organization needs most.

Conclusion

HR's established expertise is crucial for businesses seeking to overcome the long list of complex and urgent challenges that lie ahead. But people advocacy and specialized expertise is not enough. Only when HR professionals are able to combine these with more general competencies will they have the strategic knowledge, insight, and expertise necessary to identify and capitalize on new opportunities.

The past two years have underlined not only the importance of the HR professional, but the scope of what they can accomplish. Equipped with the right competencies, they will be perfectly positioned to help organizations not only survive in tomorrow's uncertain business environment, but thrive.

Key takeaways

With the right skills and capabilities, future-proof HR departments will be able to:

- ◆ Create individualized workplaces to allow for flexibility and better collaboration
- ◆ Be able to not only hire talent externally but also build it internally
- ◆ Use the latest technology to empower employees
- ◆ Use data to be able to see where others will be flying blind
- ◆ Engage employees through emphasizing purpose and aligning with their values
- ◆ Reshape leadership to create a more democratized, repurposed and value-driven management

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