

How Prepared are We?



2018 Priorities



Priorities and Preparedness - Gaps & Alignment



What's the biggest challenge?



GATTI HR

HR LEADERSHIP TRENDS

GattiHR 2018 Leadership Survey Results

ARE YOU READY TO LEAD THE WAY?

Facing a talent shortage, unprecedented growth in digital technology, rapid advancements in AI driving a push to automate jobs, managing five generations in the workplace and a level of regulatory uncertainty...Yes, there's never been a better time to be in Human Resources.

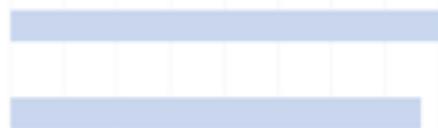
What's the biggest challenge to realizing that impact?



Which of these climate assessment strategies are most effective?

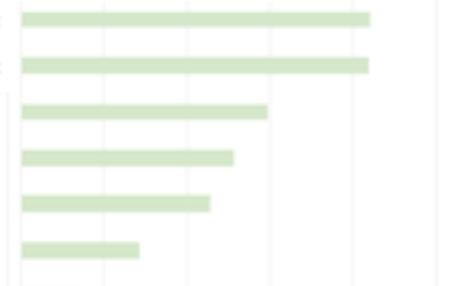
Regular surveys to measure continuous employee feedback and communications.

A combination of strategies that collect climate data whenever it's available.



Engagement

Feedback



How much has social media affected your employer brand?



"Engagement" means different things to different people.

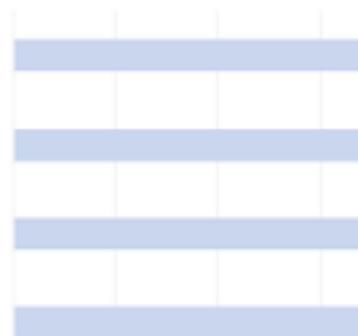
How IMPORTANT is each of the following to your company?

Communication & Feedback

Learning & Development

Recognition & Rewards

Employer Brand



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Welcome

WELCOME to GattiHR's Annual HR Leadership Report. The issues and challenges facing our profession have never been greater, or more interesting. This year's survey clearly reflects that, with input from nearly 1,200 HR Leaders in 25 different industries across 42 states.

Some of the most significant challenges to growth in 2018 are human capital challenges. Opportunities abound for HR Leaders to become positive disrupters, introducing new strategies, organizing resources differently and driving a fundamental re-think of how to manage effectively.

This year's survey reinforced several themes identified in last year's survey, including the essential nature of metrics and workforce analytics-driven decision making, and the importance of technology and data to business strategy. However, after being a so-so issue for the last few years, identifying and competing for great talent has roared back to the top of the priorities pile.

HR itself is in a state of disruptive transformation as organizations of all sizes and shapes are being disrupted and are struggling to compete. We hope the information shared in this year's report will help you understand what's happening, illustrate how others are navigating and ultimately, help you prepare for what lies ahead.

We'd like to extend our thanks and sincere appreciation to all the HR Leaders who took the time to share their views with us. The broader HR community will be the better for it!

If you have any comments, questions or suggestions about any aspect of the survey results, please let us know!

Tom & Bob

Tom Connolly
tconnolly@GattiHR.com

Bob McCarthy
bmccarthy@GattiHR.com



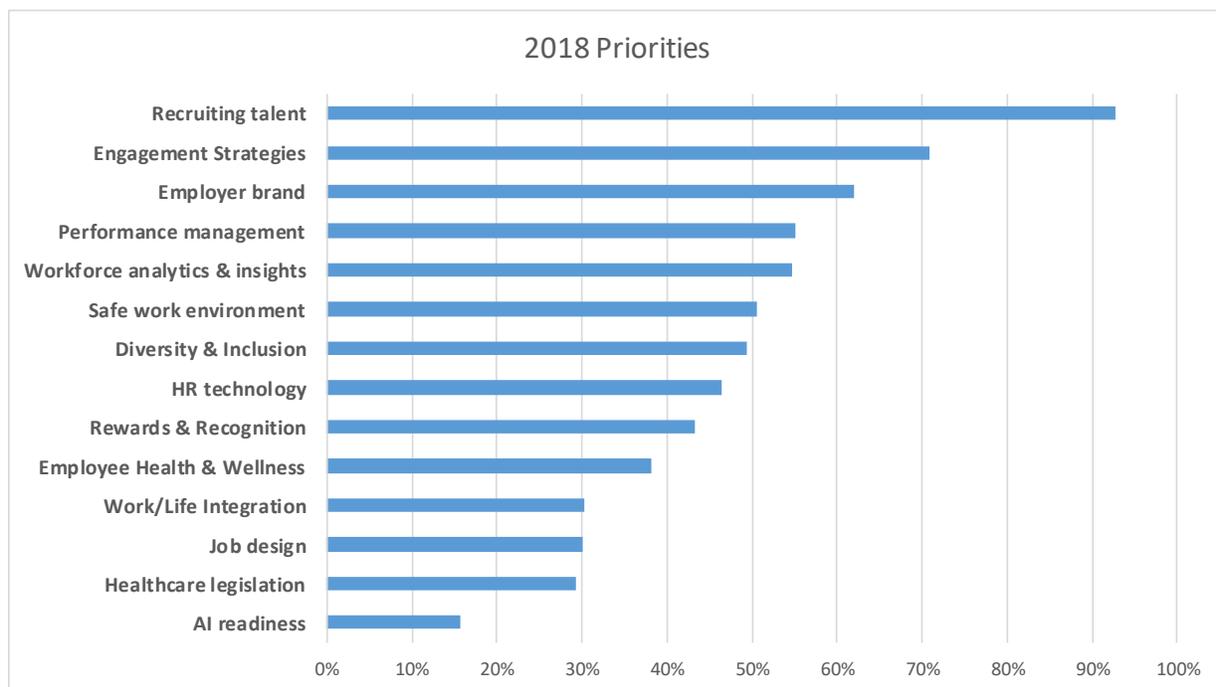
Priorities & Preparedness

2018 Priorities

After a 9-year hiatus, the war for talent is back with a vengeance. Finding and engaging great talent are the top two priorities by a substantial margin for 2018. Rounding out the top 5 are structures that directly *attract and support* a highly talented workforce – a strong employer brand, effective & fair performance management, and powerful workforce analytics. *Indirect* support structures, like Work/Life integration, Health & Wellness, Job Design and AI integration were further down on the priorities list.

Of note and driven by recent events and revelations at many companies, is the prominence of creating “a safe working environment.” This item barely registered in prior years, but more than 50% of this year’s respondents list it as a priority.

Finally, despite all the media attention about “the robots are coming” to take everyone’s jobs, AI readiness is barely making the cut as a priority issue.

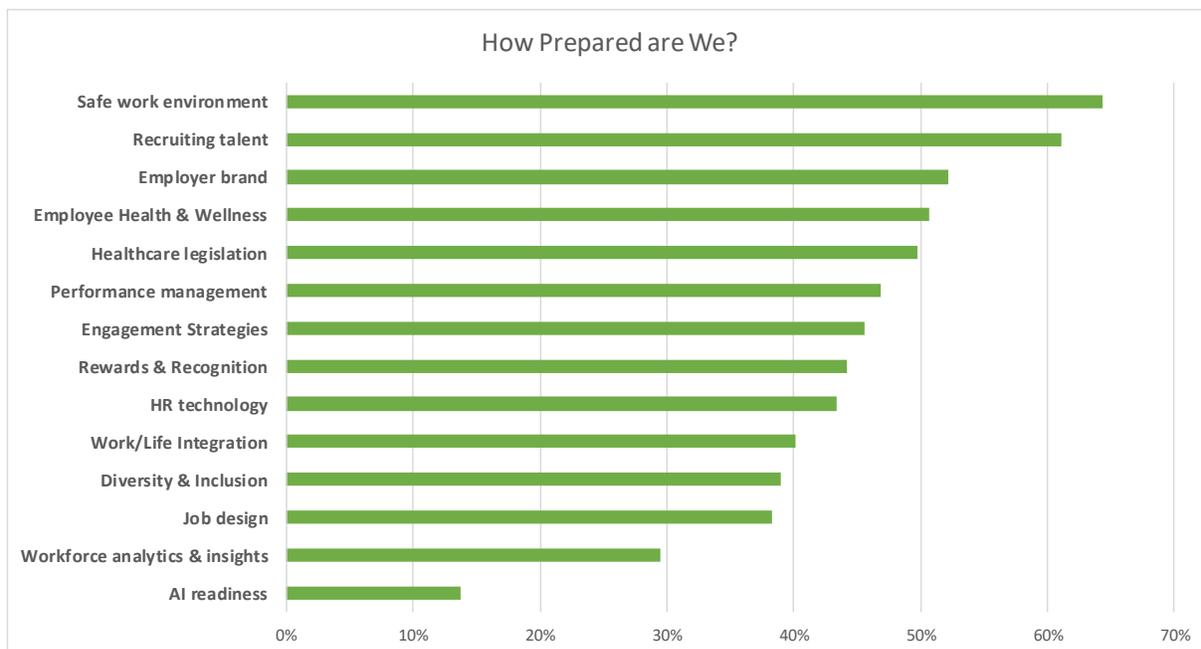




2018 Preparedness

Given the near daily reporting of workplace harassment and general misbehavior, it's not surprising that HR Leaders are paying a LOT of attention to providing a safe and supportive workplace. Nearly 70% of respondents feel they've put processes, procedures and communications channels in place to make sure the workplace is also a safe place. And, while Recruiting Talent is the most important issue leaders face in the coming year, most feel they are well prepared to face that challenge. Conversely, when it comes to higher priority issues like HR Technology, Diversity & Inclusion and most significantly, capturing and developing insights from Workforce Analytics, HR Leaders believe their organizations are less prepared.

Perhaps the most surprising insight from our data is the low priority – and conversely – low preparedness HR Leaders apply to AI readiness. While the news media and many industry pundits would have us believe otherwise, AI readiness and its implications for work is simply not an issue for many HR Leaders... Yet.

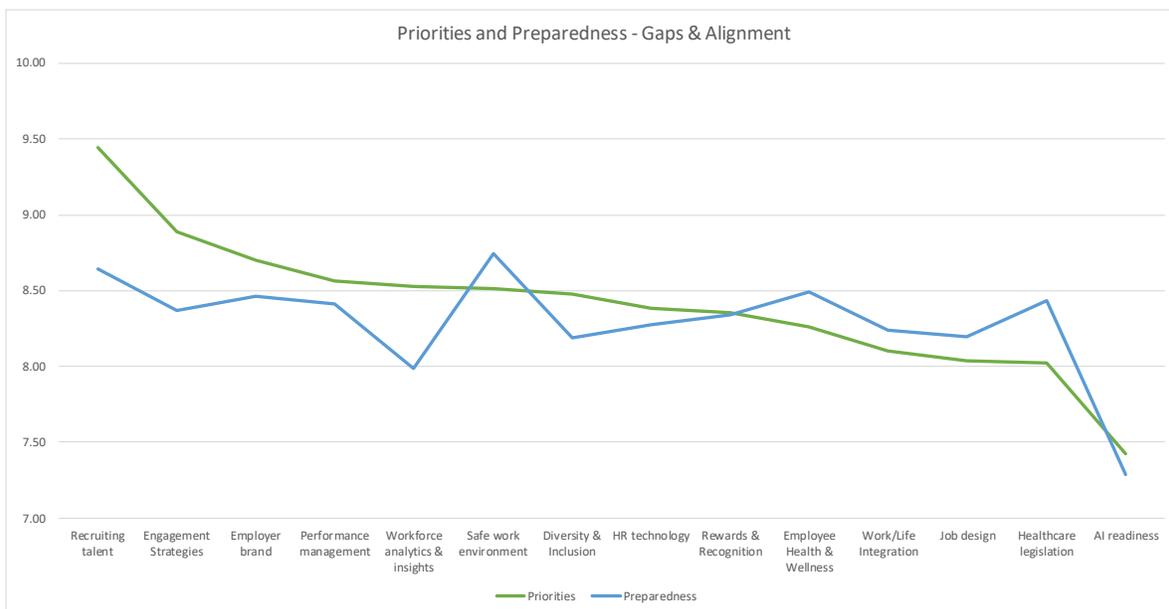




Priorities & Preparedness – Do they line up?

Overlaying 2018 priorities and preparedness levels suggests some interesting alignment- and gap-dynamics. The top two priorities – recruiting great talent and building effective engagement strategies – were also where HR leaders see their organizations’ preparedness levels coming up short. Directly related support structures – employer branding and effective workforce analytics are also areas where leaders believe their organizations are insufficiently prepared.

Employers have been quick to address workplace safety issues and appear to be addressing the issue head on. Additionally, the talk of the impending impact AI will have upon the workplace appears a bit premature. While it’s an issue that may surface quickly, at present, it does not appear to be an area of much interest to HR Leaders.





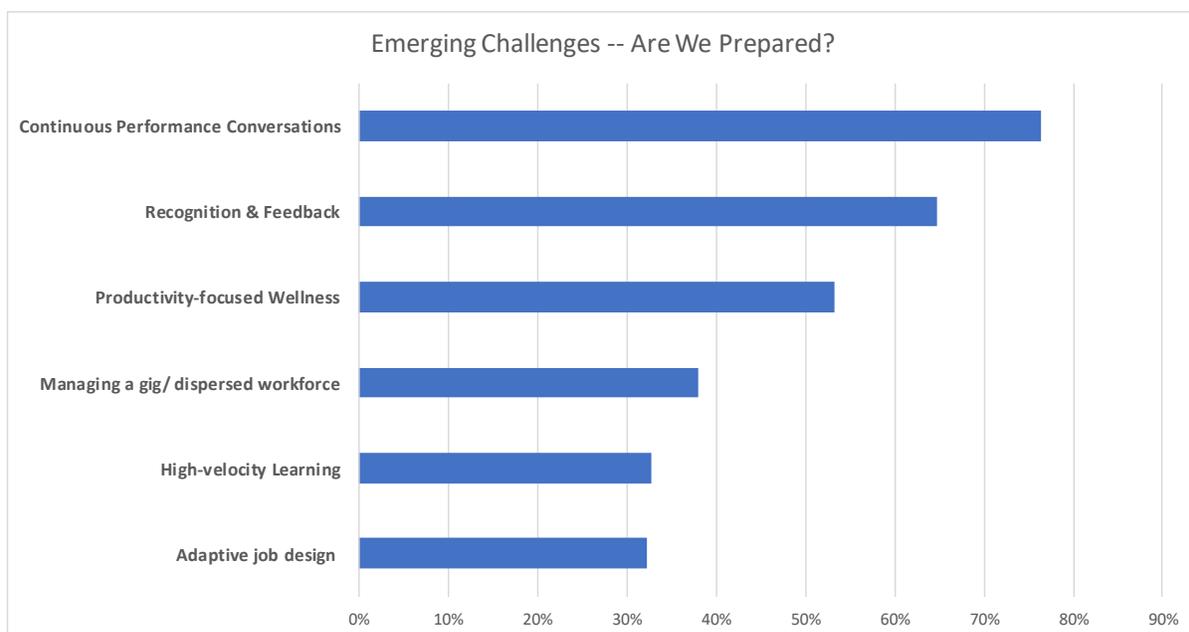
Emerging Challenges

Everyone agrees that the nature of work is changing radically. To see just how radically, consider just 3 seismic change drivers:

- Exponentially accelerating tech-driven disruption in every industry and sector, with the cloud, ubiquitous data collection, AI, robotics and other technologies rapidly creating new opportunities, and just as rapidly eliminating demand for previously pervasive skill-sets and career models;
- A 5-generation workforce, each with radically different skill-sets, perspectives on work, and expectations about what the workplace should be about;
- Despite a diverse and talented workforce, increasingly pervasive skill-set shortages threaten the success of even the most well-conceived strategies and business models.

The disconnect between a *talent* (skills) shortage, juxtaposed against an abundant working-age workforce is a recipe for cross-generational competition and social upheaval. High-velocity learning, continuous re-training, employee resiliency and wellness in the face of constant change will be essential aspects of organizations that thrive by navigating the changes that these drivers create.

Our respondents seem comfortable with their organizations' capacity to provide the management structures necessary for this to occur, like continuous performance conversations and effective recognition & feedback mechanisms. They believe they are less well prepared to handle the demands of adaptive job design (integrating AI & robotics, technology, connectivity, etc.), high-velocity learning and managing a workforce that is increasingly dispersed, contingent and "gig-driven."



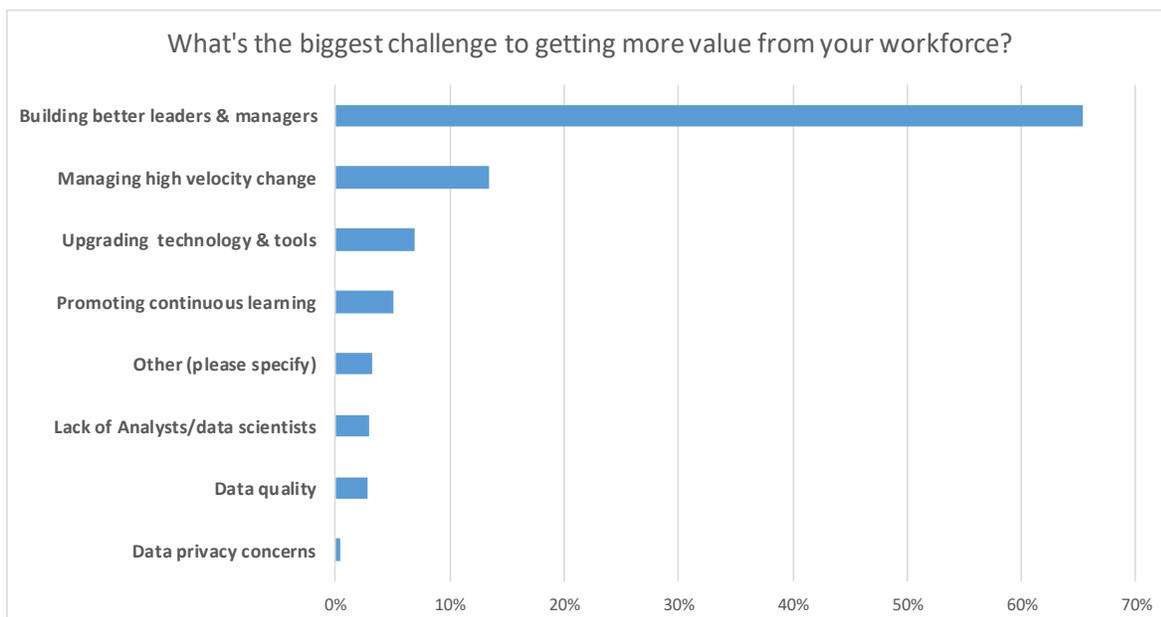


Building a Competitive Workforce

We asked HR leaders for their views on the workforce challenges, opportunities and success barriers. Here's what they told us...

The Biggest Challenge

When it comes to building a competitive and effective workforce, providing better leaders and managers was the biggest challenge by a wide margin. Talented leaders are hard to come by, disrupted business models make them more impactful *and* require a set of management skills that are extremely difficult to acquire. Bottom line -- organizations need to acquire and build better leaders to be successful, and if they don't, they probably won't be successful. There is no single "silver bullet" strategy for this. Rather, organizations will deploy a combination of strategies including early talent identification and development, non-traditional sourcing and alternative success models, and enhanced and accelerated performance management systems. It will also require more than a bit of aggressive offense (ruthless poaching) and great defense (best place to work). [For many organizations, it will also require a fundamental change in perspective, where hiring the best is an exercise in "Hiring in", not "Selecting out."](#)



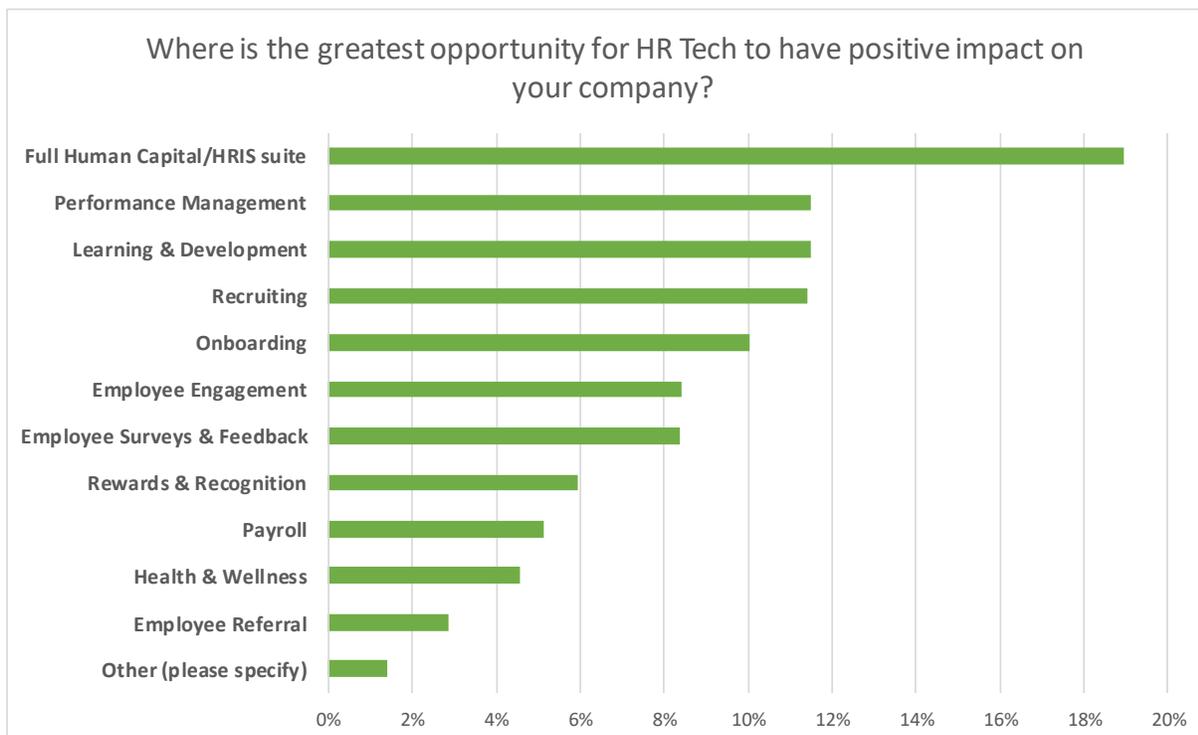


The Biggest Opportunity

[The cloud has changed the landscape for HR and the businesses they support. Cloud technology puts HR in position to lead change \(vs being led by it.\)](#) The cloud allows for plug-and-play functionality coupled with lower financial and implementation commitments, meaning HR can employ a best of breed approach to tech. However, support and advisory services remain key to maximizing the effectiveness from these tech investments. While expressing the value in the endless sea of platforms available, HR Leaders across the country continue to see value in consultative services to help bring meaning to the vast amount of data being generated by these systems.

The good news, and the bad news, is that there are plenty of attractive options. Cloud-based software for Recruiting, Performance Management, Learning Development, Onboarding, Employee Engagement and Feedback and Surveys abound. Properly deployed, these platforms provide a cost-effective and powerful lens for understanding where current and future leaders are but knitting them together into a well-integrated whole can become a huge change management challenge.

With lower implementation barriers, reduced cost, ease-of-use and the ability to deliver actionable business insights, HR has a unique opportunity to lead the migration toward digital transformation.

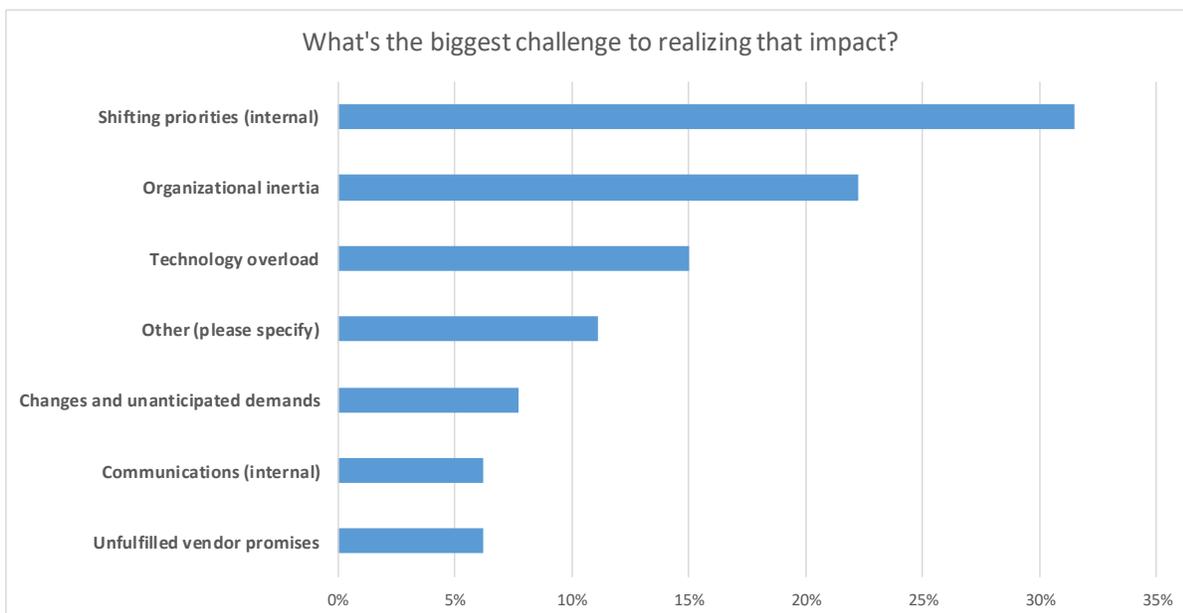




The Biggest Barriers to Success

Here's the thing – strong HR organizations are *built* to handle the challenge of the day, week or month. They're malleable, responsive, and broadly talented. Like all staff functions, they're also lean, resource-constrained, and are usually juggling conflicting priorities. The advantages are clear, but the consequence is a lack of sustainability on anything that requires steady, continuous attention.

Respondents firmly embrace technology and the opportunity to act on the insights that HR tech delivers, but initiatives get derailed by shifting internal priorities, organizational inertia and general overload. Expectedly, "budgets" were a frequent write-in response to "Other," but it's clear the financial challenges have a lot to do with juggling multiple, important priorities, and not with initiative "wish-lists."



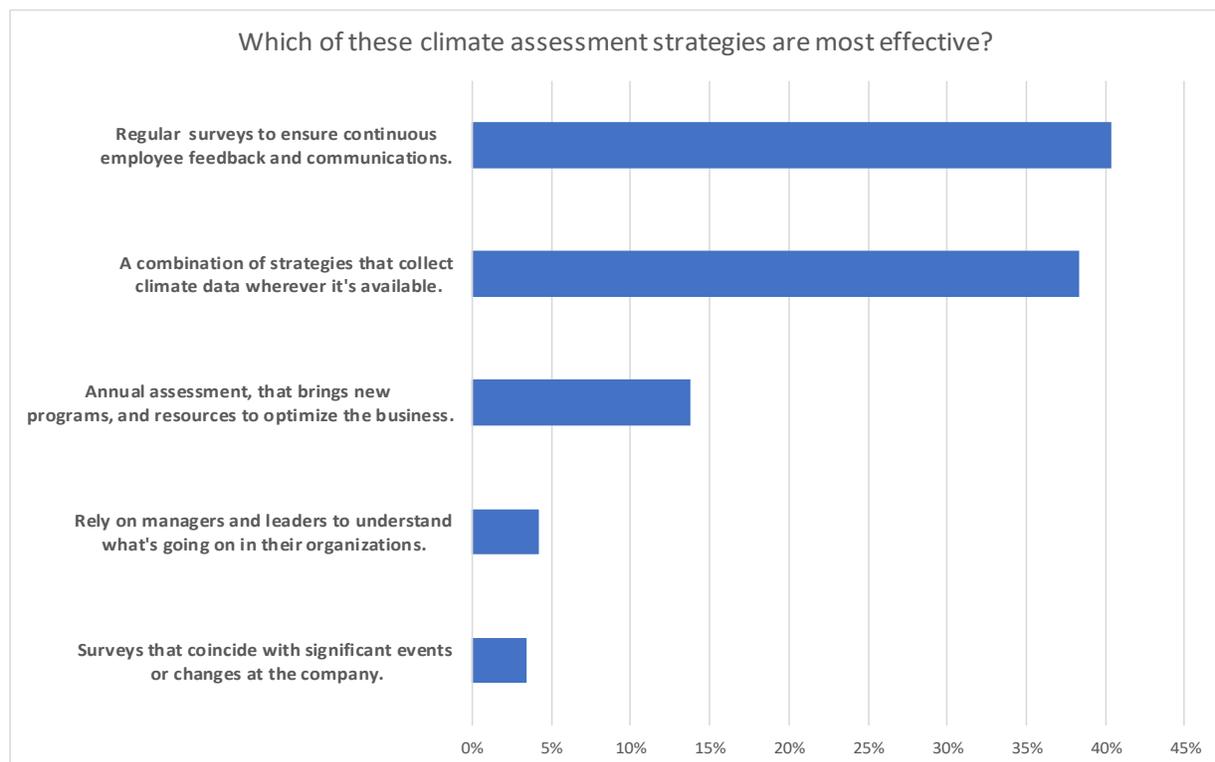


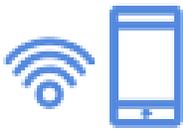
Climate & Culture

Understanding Climate & Culture

Assessing organizational climate and culture is one of those areas where sustainability is critical. The big, bulky once-every-18-months event is broadly recognized as ineffective. Instead, a consciously applied strategy of smaller, lighter, “pulse” surveys, or a multi-channel strategy that integrates data from several sources was viewed as more effective.

With more frequent, open and transparent communication, leaders are better positioned to understand the temperature and direction of their organization and can pivot and address challenges before they become issues. Integrated response technologies let employees express real-time moods, reactions and other feedback that helps employers understand and act to optimize overall workplace health.





Barriers to Implementing an Effective Climate Assessment Strategy

We asked HR Leaders for open-ended comments and specific examples of barriers they experience implementing effective climate assessment strategies. While there is clear preference for continuous and ubiquitous feedback and communications, efforts are often derailed by a range of challenges. Lack of leadership support, employee apathy, balky

technology and conflicting or more pressing priorities are common issues.



Leadership Support. This oft-stated barrier may be associated more with persuasive communications and expectation-setting than actual resistance. “Lack of senior leadership agreement on what’s important” and “Ensuring leadership is aligned and communicates the same information” were typical of the write-in responses we received to this question. Additional opportunities to support and train the broader management team were also

important – “Managers’ openness and support of a process that can be uncomfortable for them depends on how much we are able to prepare them”.

Employee Engagement. Poor participation in climate assessment efforts is often seen as the result of diminishing perceived value. If past efforts had minimal follow-through and action, employees are unlikely to participate in future efforts without committing to a new approach – Again, when HR must move on to other pressing priorities, the stewardship for follow-through gets pushed aside, radically diminishing the impact of the climate & culture effort.

“Leverage results to increase employee participation. Showing them their voice can make a difference.”

Technology. Respondents expressed the need for flexible technology solutions that deliver climate assessment value to disparate audiences. “Multiple formats, paper and electronic, desktop and mobile, individual and through group kiosks to meet the needs of all employees, as well as multiple languages”. In addition, several leaders expressed the importance of weighing empirical, statistically significant insights against the power of anecdotes -- “Filter out the noise from a handful of vocal individuals who do not represent most staff. Our leaders get very distracted by these folks.”

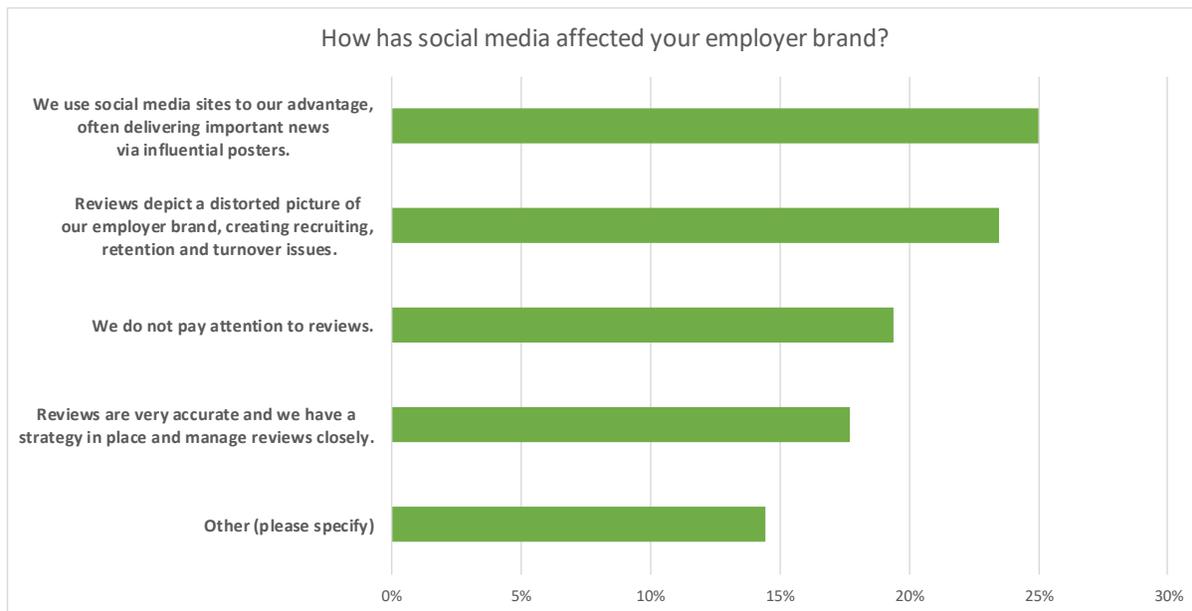
Time. In today’s workforce, “time and resources” are the currency of performance. And, the pace of change is compounded by business requirements to deliver faster/bigger/better. HR Leaders are continually being asked to find the “time to analyze the data, recommend strategies, communicate and roll out the needed change, WHILE responding to other issues.”



Social Media and Employer Branding

Be it *Glassdoor, Kununu, Indeed, LinkedIn, Twitter, Facebook, Snapchat, Instagram* or other platforms, HR teams continue to be challenged by time and expertise to properly manage social media to their organizations' advantage. Nearly 60% of respondents expressed challenges with social media including having to deal with distorted views and opinions of their work environment. In fact, nearly 20% continue to pay little/no attention on social channels, often due to lack of activity ("we have no reviews.")

Conversely, 42% of respondents express a clear and strategic approach to social media communications, with many using social for important announcements and updates. Many respondents have recently – or planned to – launch even more comprehensive strategies, "mixed experience so far, 2018 will be a year we focus on this" and "we have an evolving strategy with heightened focus in 2018."



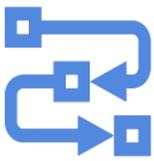


Engagement

Plans and Programs

There's broad consensus that "Employee Engagement" is an important contributor to business performance. An engaged employee has an emotional connection to a company's business purpose. With that emotional connection, employees will invest discretionary effort to achieve goals, often going over and above to motivate themselves and support each other to be successful. There's also clear consensus among HR Leaders that there is no single "silver bullet" solution to the challenge of building an engaged workforce. [In an era of disruptive, accelerating change velocities, achieving the cultural and organizational alignment necessary for a fully engaged workforce requires a multi-point solution.](#)

There are seven key levers, or contributors to engagement: Recognition, Wellness, Learning, Community, Communication/Feedback, Financial Wellbeing and Brand. Improvements to any of these levers positively drives an employee's connection to an organization. While more than 60% of HR Leaders solidly support all of these as contributors, nearly 100% identify the importance of Communication, Learning and Recognition as the top three contributors to engagement.

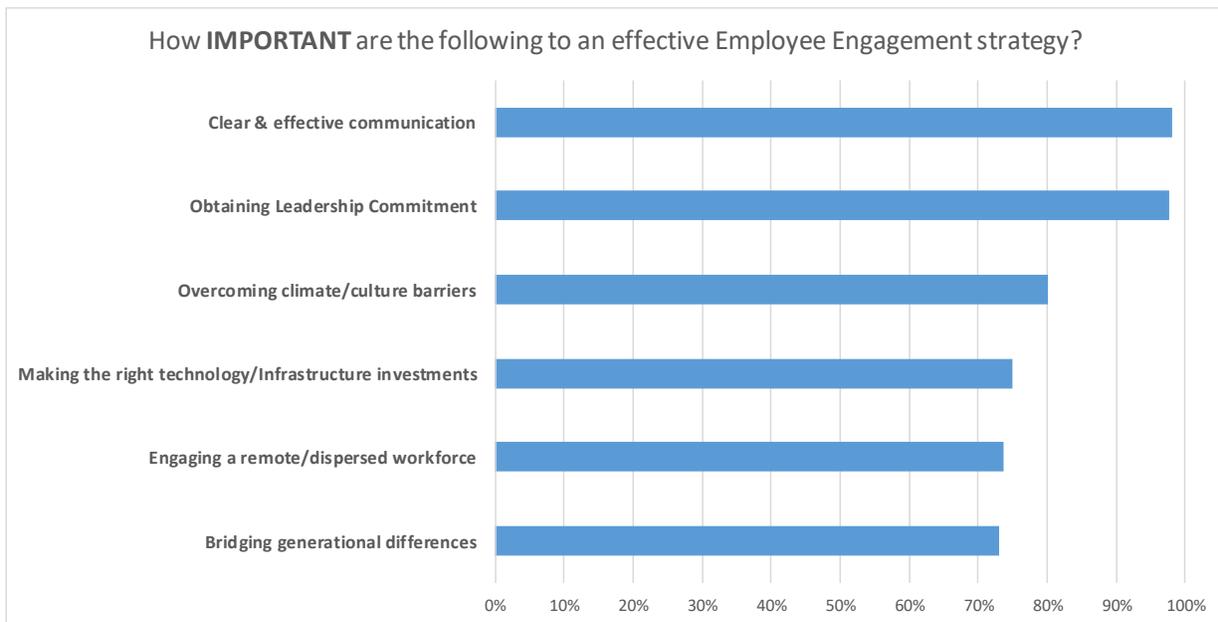


Structure and Process

HR Leaders also express the value of clear and effective communication when attempting to implement an employee engagement strategy. That communication is bolstered when there is clear and demonstrated buy-in across the leadership team, and employee engagement efforts are derailed without appropriate leadership support. Our survey respondents are clear, they want leaders who walk-the-talk in support of engagement strategies.

However, from our broader workforce analytics practice, we know that it's usually not senior-most leadership support that is lacking. Organizations need to watch for "breaks" in the communications chain – levels, locations, and functions – that hinder the overall effect of the initiative.

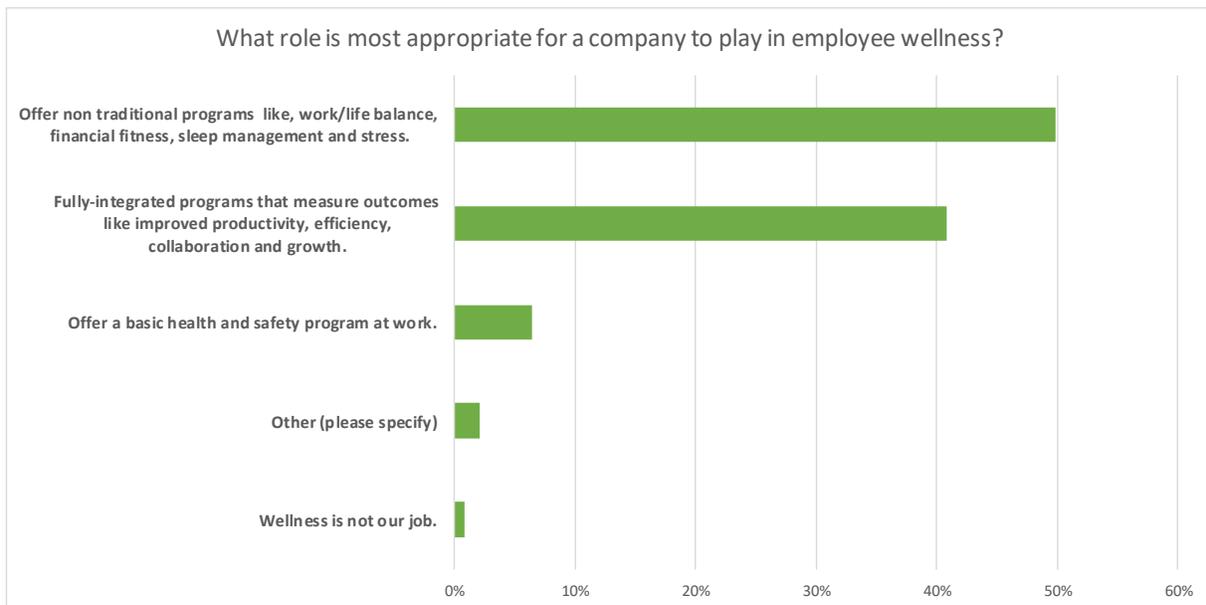
Understanding cultural, climate and generational differences and delivering flexible, targeted solutions contributes to best results.





Employee Wellness

HR Leaders consistently expressed support for some level of integrated wellness as part of their employee engagement strategy. Workplace stress contributes to nearly \$300 billion annually in lost productivity, absenteeism and the turnover that results from it. Effective engagement provides wellness management opportunities, tools and resources to improve health and wellness through stress reduction, sleep management, nutrition and financial advice. The “employee-as-athlete” metaphor is an appropriate one – small distractions can create larger performance issues and eliminating those distractions through many small “tweaks” can optimize performance.





The Gig Economy

What's the biggest challenge in managing a gig, crowd-sourced or disperse workforce?

Born of a competitive talent landscape and powered by economic factors that have driven many people to develop new skills to meet increasing financial commitments, the “gig economy” has compelled HR Leaders to employ a multi-channel strategy to manage this often-dispersed workforce. The days when the vast majority of gig workers were doing it out of necessity – driven by job loss, family circumstances or other factors – are long gone. The majority of today’s gig workers are there by choice.

When HR Leaders were asked to describe specific challenges, “Ensuring team members feel a part of the company culture and are engaged across the organization” represents the most frequently-cited theme. Tribalism is part of human nature. Keeping class distinctions out of the workplace is a significant challenge for organizations where the line between “insider” and “outsider” has been blurred. Leaders also expressed a need to “have people feel connected...so, they’ll go the extra mile” and to be “consistent in communication, while building trust” between workers and the organization, regardless of the nature of their specific connection or circumstance.





What tools or knowledge do you need today, that you didn't need 5 years ago?

We asked HR leaders for their thoughts on this open-ended question and were surprised by the consistency of their responses. As with just about everything else, the business of HR has changed radically in the last five years and will undoubtedly change even more in the next five. The challenges and skills required today vastly differ from those required only a short time ago. The opportunity to describe new skills and competencies required of HR Leaders today, that were not needed (or known) five years' ago, generated a lot of response, the clear majority of which were technology-based.

“Better technology and data analytics”

“HR analytics – to solve business problems and planning”

“Using data as a tool to enhance insights and change”

“HRIS to provide insights, rather than just operating data”

The other technology-driven skill-set that HR Leaders mentioned was the need to become more comfortable with social media along with the associated data and brand benefits.

Handling multi-generational differences came in a solid second place in HR leaders' comments about what they need more of today.

On the soft skills side of things, there were surprisingly few “new” skills that HR Leaders believed were necessary. “New and agile ways of structuring work;” “Critical thinking/organizational development” and comments like, “I need to be better at strategic thinking and constructing better arguments and stories...” were typical here.

And then finally, since every technology opportunity seems to have an equal and opposite downside, we found this comment to be quite insightful about the need to “stay human.”

“I find myself having to coach my leaders to pull up for the broader view, and to pause and be thoughtful before acting/reacting in a given situation. Technology drives a view that ‘fast = good.’”



