CREATING PEOPLE ADVANTAGE 2021

The Future of People Management Priorities

June 2021
By Jens Baier, Jean-Michel Caye, Rainer Strack, Philipp Kolo, Amit Kumar,
Fang Ruan, Bob Morton, Anthony Ariganello, Jorge Jauregui, Lucas van Wees,
Trent Burner, Wilson Wong

BCG × **WFPMA**
World Federation of People
Management Associations

BCG

WFPMA
World Federation of People
Management Associations

Boston Consulting Group partners with leaders in business and society to tackle their most important challenges and capture their greatest opportunities. BCG was the pioneer in business strategy when it was founded in 1963. Today, we work closely with clients to embrace a transformational approach aimed at benefiting all stakeholders—empowering organizations to grow, build sustainable competitive advantage, and drive positive societal impact.

Our diverse, global teams bring deep industry and functional expertise and a range of perspectives that question the status quo and spark change. BCG delivers solutions through leading-edge management consulting, technology and design, and corporate and digital ventures. We work in a uniquely collaborative model across the firm and throughout all levels of the client organization, fueled by the goal of helping our clients thrive and enabling them to make the world a better place.

The World Federation of People Management Associations (WFPMA) is a global network of professionals in people management, founded in 1976 to aid the development and improve the effectiveness of professional people management all over the world. Its members are predominantly the continental federations which are made up of more than 90 national human resource associations representing over 660,000 people management professionals. The WFPMA advocates the development and recognition of the HR profession across the world and, with its member organizations, serves the public, organizations and communities worldwide by ensuring the relevance, reputation and value of the global HR profession.

Executive Summary

People leaders must prioritize among a wide array of potential initiatives, from people analytics to strategic workforce planning to upskilling and reskilling. To support those decisions, Boston Consulting Group has partnered with the World Federation of People Management Associations on a comprehensive study of people management.

This survey, the most recent in a series dating back to 2008, includes responses from more than 6,600 participants in 113 countries. To supplement the quantitative findings, the authors interviewed more than 30 people management leaders at organizations around the world.

Identifying the Most Urgent People Management Topics

Respondents rated 32 people management topics according to their organization's current level of capability and each topic's future importance. Combining those two dimensions shows the people management areas requiring the most urgent action:

- **Digitization.** Most companies are struggling to digitize their HR departments. Compounding the challenge is the fact that employees are accustomed to streamlined digital experiences and intuitive interfaces in their personal technology, so they want modern solutions at work as well. By taking deliberate and proactive steps to build up digital capabilities and skills, HR can fulfill its mandate of becoming a true partner to business units.

- **Talent.** The ever-intensifying competition for talent—especially digital talent—requires a state-of-the-art approach to finding, managing, and cultivating high-potential employees. The emergence of the gig economy now requires that organizations manage a hybrid workforce of contractors, gig workers, temp workers, and traditional employees. At same time, HR must strategically identify skills that the organization will need in the future, along with developmental approaches to close any gaps.

- **The Future of Work.** As they emerge from COVID-19, companies are pushing HR to take a more active role in redefining how and where work gets done. Initiatives such as rethinking work processes, implementing a new organizational structure with the right workforce mix (including full-time employees, gig workers, and other contingent labor), and enabling transformational change are becoming larger priorities for HR.

Recommendations for Decision Makers

The survey data and the insights generated in the expert interviews point to five key actions for people management leaders to take in 2021 and beyond:

- **Put employees at the center.** Continuously listen to and collect feedback from employees to focus HR work on what they really need; upgrade employee journeys and organize HR workflows from their point of view; and individualize career paths and learning opportunities.

- **Shape the future of work.** Define a smart work strategy, rethink employment options and workforce structure, and foster affiliation by sharpening the organization's purpose and culture to inspire employees.

- **Accelerate in digital.** Get the IT basics right, focus on digital priorities that make a difference to employees, and improve people analytics maturity.

- **Set new paradigms for skills and employees.** Dynamically plan the organization's workforce for the future, build a learning organization, and enhance HR expertise.

- **Transform the people management function.** Develop and follow a clear HR and people management strategy with defined principles and priorities, rethink the target HR organization, and transform managers into real people leaders.
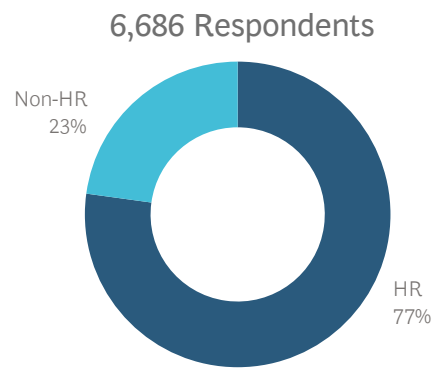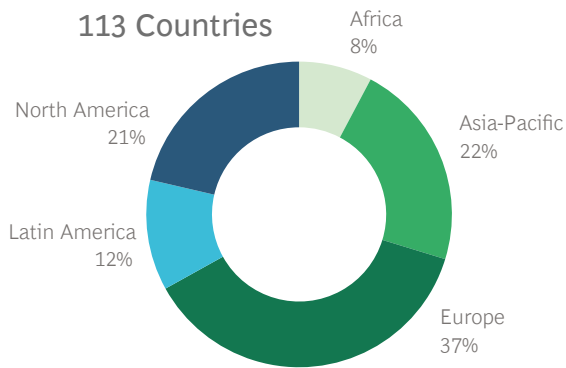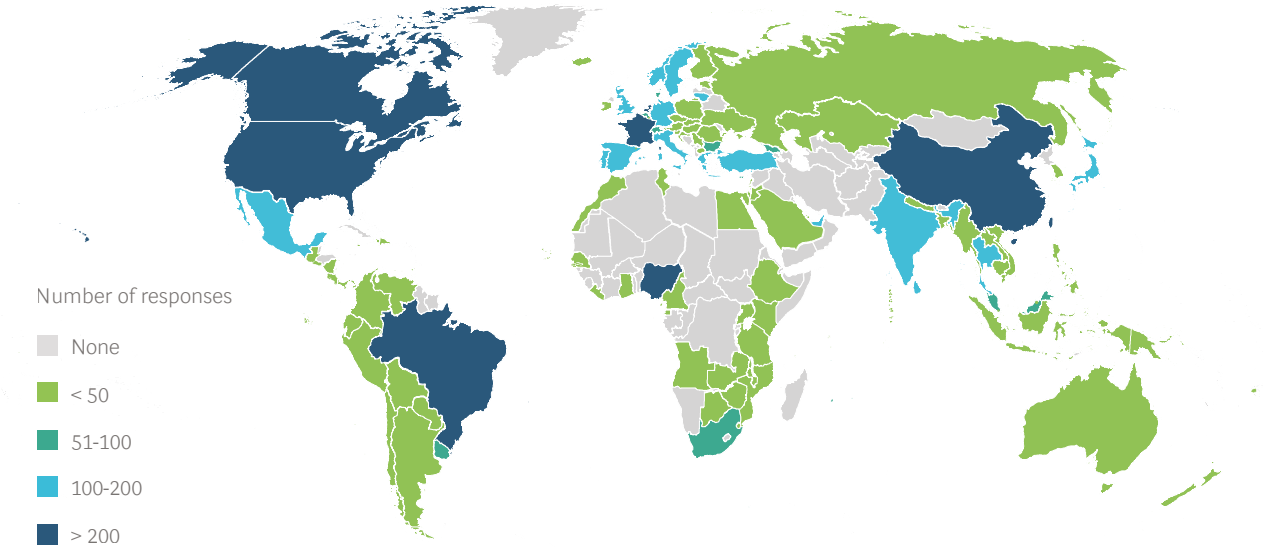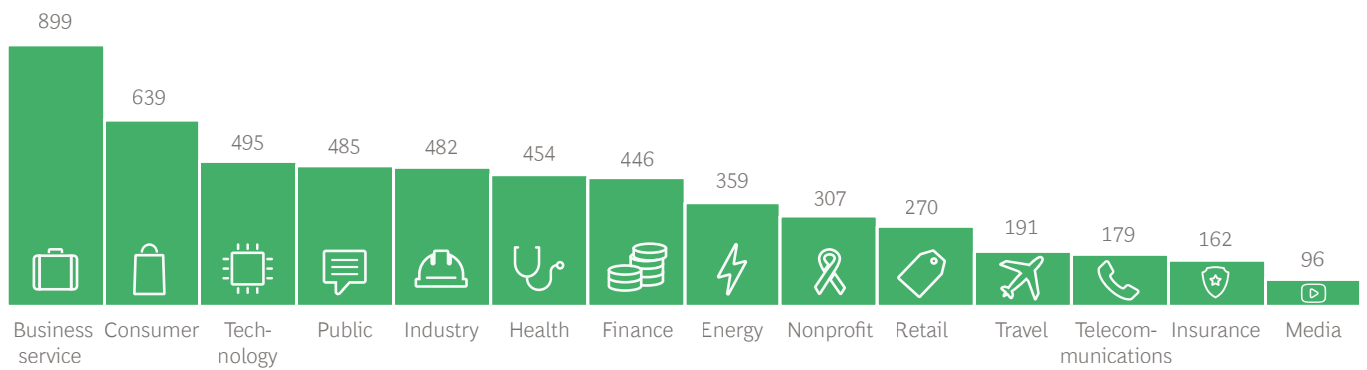
Introduction

Chief human resources officers (CHROs) face a difficult and growing challenge. In a highly dynamic business environment, they need to determine where to focus their resources and attention. Invest in people analytics and other digital tools? Improve the employee experience? Emphasize strategic workforce planning to meet long-term business goals? To prioritize effectively, people leaders must have a data-driven view of which people management topics will be most important in the future, and where the organization's capabilities are in greatest need of improvement.

In 2021, Boston Consulting Group (BCG) partnered with the World Federation of People Management Associations (WFPMA) to conduct a comprehensive study of people management—the latest in a series of Creating People Advantage studies that began in 2008. This year's analysis is the largest to date, with responses from more than 6,600 participants in 113 countries. Respondents included both HR and non-HR professionals from a wide range of industries, seniority levels, and geographies (For a breakdown of respondents, see Exhibit 1. For more details on our methodology, see Appendix I.) We also interviewed more
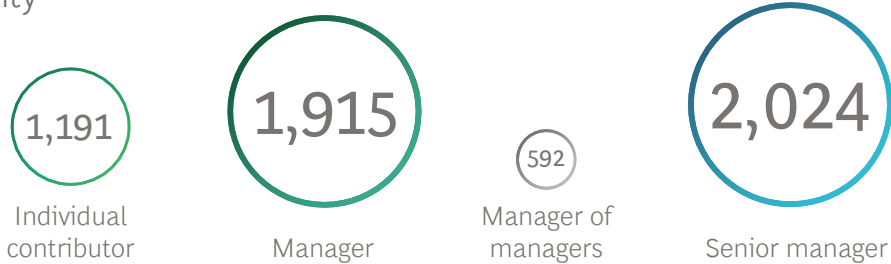
Exhibit 1 - Our Survey Drew Responses from More Than 6,600 Participants in 113 Countries

Number of responses

- None
- < 50
- 51-100
- 100-200
- > 200

113 Countries

- Africa 8%
- Asia-Pacific 22%
- Europe 37%
- Latin America 12%
- North America 21%

6,686 Respondents

- Non-HR 23%
- HR 77%

Industry split

Business service	Consumer	Technology	Public	Industry	Health	Finance	Energy	Nonprofit	Retail	Travel	Telecommunications	Insurance	Media
899	639	495	485	482	454	446	359	307	270	191	179	162	96

Level of seniority

- 1,191 — Individual contributor
- 1,915 — Manager
- 592 — Manager of managers
- 2,024 — Senior manager

Source: 2021 BCG/WFPMA proprietary web survey and analysis.

Note: "Other" and "N/A" responses are not included in this overview.

than 30 executives at established companies and startups around the world to gain additional perspectives on current and future people management priorities. As in previous years, we assessed companies' current capabilities with regard to 32 HR and people management topics, ranging from the people and HR strategy to digital and IT, along with the future importance of each topic.

Our results offer critical, quantitatively supported guidance for CHROs, senior people management executives, and all other leaders—including CEOs—aiming to build a future-proof workforce and workplace to support execution of their company strategy. Specifically, we address four critical subjects:

- The people management topics with the highest future importance and the lowest current capabilities—including digitization in HR, talent management, and the future of work

- The ongoing evolution of HR as a strategic partner deeply embedded in and aligned with business needs

- The need to create personalized experiences for employees, increasingly through digital technology

- Key actions for decision makers, including putting people at the center, shaping the future of work, accelerating progress in digital, setting new paradigms for skills and employees, and transforming the people management function

Key HR Topics

What HR Should Focus On in the New Reality

We assessed 32 people management topics, grouped into nine clusters. (For a breakdown of all 32 topics, see Exhibit 2. For a more detailed description of each, see Appendix II.) Specifically, we asked respondents to rank all 32 topics by future importance and by the company's current capabilities. (See Exhibit 3.)

Topics with the Highest and Lowest Current Capabilities

Several findings emerged from our analysis of the rankings of the 32 people management topics by companies' current level of capability. The lowest-ranked capability was "digital, AI, cloud, and robotics in HR"—and there was a notable gap between it and other low-performing key topics. This is a distressing result, given the prevalence of technology in all aspects of a company's operations, including people management.

Exhibit 2 - The Analysis Considered 32 HR and People Management Topics in Nine Clusters

Clusters	HR and people management topics			
People and HR strategy, planning, and analytics	People and HR strategy	Strategic workforce planning	People analytics and reporting	
Talent acquisition	Employer branding	Talent ecosystem management	Recruiting strategy and process	Onboarding
People development	Upskilling, reskilling, and learning and development	Career models management	Top talent management	Staffing and placement management
Performance, rewards, and engagement	Performance management	Rewards and recognition	Employee engagement and well-being	
Purpose, behavior, leadership, and culture change	Purpose and culture activation	Change management capabilities	Leadership behaviors and development	Diversity and inclusion management
Labor and employee relations	Policy management	Employee relations	Health and safety	
Organizational transformation	Agile principles / Organizational development and design	Smart work	Shared services implementation / Restructuring management	Employee journey management
Digital and information technology	HR IT architecture and operation	Digital, AI, cloud, and robotics in HR		
HR operating model	HR organization and governance	HR shared services	HR staff capabilities	

The topic with the highest current-capabilities rating among respondents was "health and safety," with 58% of respondents rating their current capabilities as "high" or "somewhat high." That assessment reflects the challenges of the coronavirus, which put HR at the forefront of company responses. The topic naturally received more attention in 2021 than in previous survey years, but HR departments seem to have done a great job in the special situation of dealing with the pandemic.

Respondents cited "people and HR strategy" as the most important HR topic in the future.

"Employee relations" (50%) and "policy management" (47%) ranked second and third, indicating the need for HR organizations to adapt quickly to rapidly evolving regulations during the pandemic.

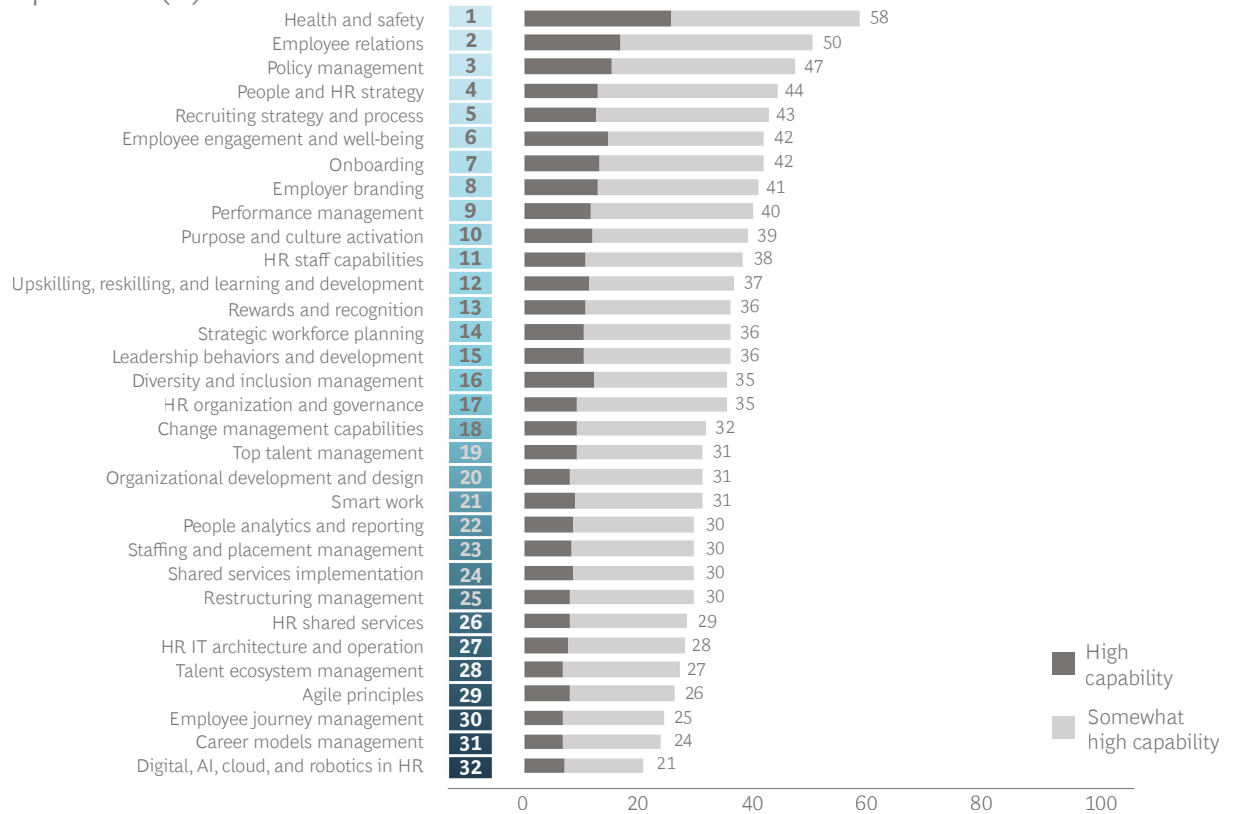## Topics with the Highest and Lowest Future Importance

In addition to asking respondents to assess their current capabilities, we asked them to rank all 32 people management topics by future importance. Respondents identified "people and HR strategy" as the most important (with the largest share of respondents citing its importance as "high" or "somewhat high.") They ranked "leadership behaviors and development" second, and "employee engagement and well-being" third; these are employee-centric (rather than process-oriented or technology-driven) topics. "HR shared services" and "shared services implementation" ranked lowest in future importance.

The rankings for current capabilities and future importance were largely consistent across multiple dimensions, including industry, company size, and the organizational seniority of respondents. That said, our analysis identified some differences depending on where respondents focus their work. (See the sidebar "Geographic Disparities.")
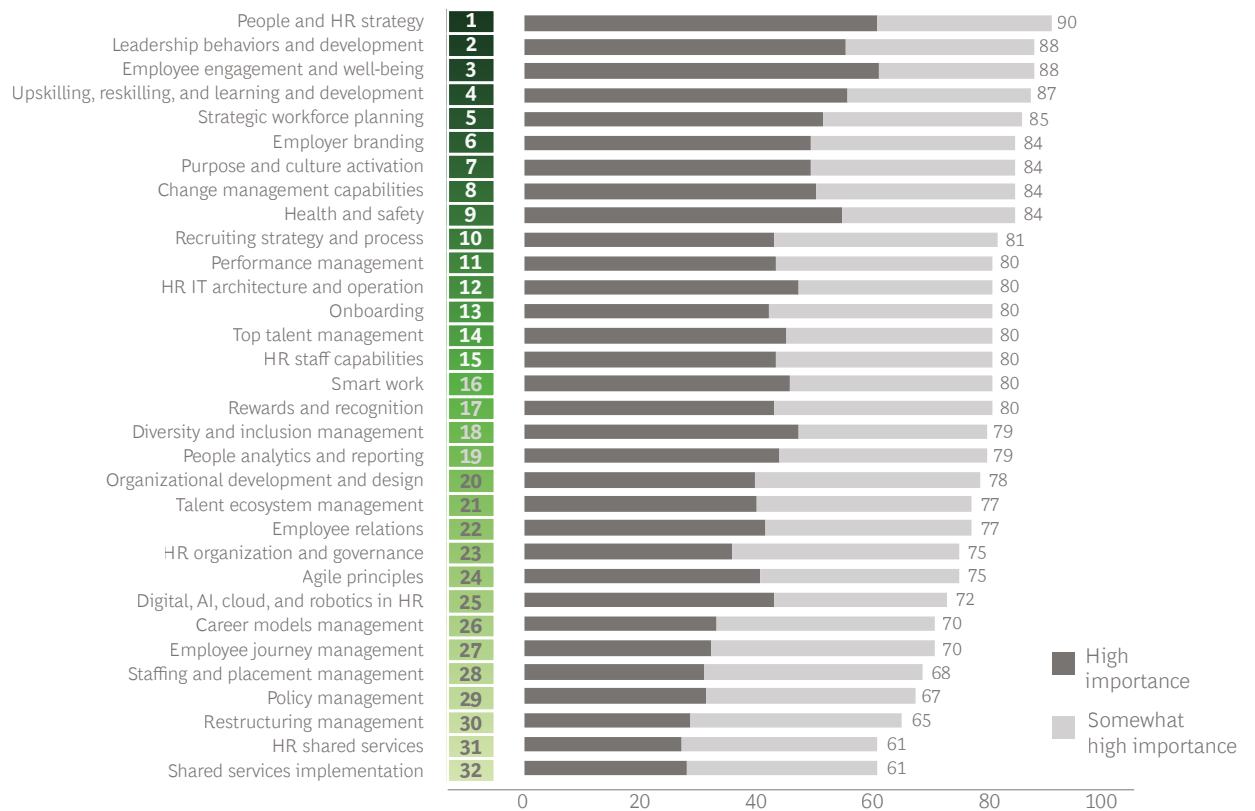
Exhibit 3 - Ranking of 32 Topics for Current Capabilities and Future Importance

Current capabilities (%)

Rank	Topic	Value
1	Health and safety	58
2	Employee relations	50
3	Policy management	47
4	People and HR strategy	44
5	Recruiting strategy and process	43
6	Employee engagement and well-being	42
7	Onboarding	42
8	Employer branding	41
9	Performance management	40
10	Purpose and culture activation	39
11	HR staff capabilities	38
12	Upskilling, reskilling, and learning and development	37
13	Rewards and recognition	36
14	Strategic workforce planning	36
15	Leadership behaviors and development	36
16	Diversity and inclusion management	35
17	HR organization and governance	35
18	Change management capabilities	32
19	Top talent management	31
20	Organizational development and design	31
21	Smart work	31
22	People analytics and reporting	30
23	Staffing and placement management	30
24	Shared services implementation	30
25	Restructuring management	30
26	HR shared services	29
27	HR IT architecture and operation	28
28	Talent ecosystem management	27
29	Agile principles	26
30	Employee journey management	25
31	Career models management	24
32	Digital, AI, cloud, and robotics in HR	21

Legend:
- High capability
- Somewhat high capability

Future importance (%)

Rank	Topic	Value
1	People and HR strategy	90
2	Leadership behaviors and development	88
3	Employee engagement and well-being	88
4	Upskilling, reskilling, and learning and development	87
5	Strategic workforce planning	85
6	Employer branding	84
7	Purpose and culture activation	84
8	Change management capabilities	84
9	Health and safety	84
10	Recruiting strategy and process	81
11	Performance management	80
12	HR IT architecture and operation	80
13	Onboarding	80
14	Top talent management	80
15	HR staff capabilities	80
16	Smart work	80
17	Rewards and recognition	80
18	Diversity and inclusion management	79
19	People analytics and reporting	79
20	Organizational development and design	78
21	Talent ecosystem management	77
22	Employee relations	77
23	HR organization and governance	75
24	Agile principles	75
25	Digital, AI, cloud, and robotics in HR	72
26	Career models management	70
27	Employee journey management	70
28	Staffing and placement management	68
29	Policy management	67
30	Restructuring management	65
31	HR shared services	61
32	Shared services implementation	61

Legend:
- High importance
- Somewhat high importance

Critical Priorities Requiring Urgent Action

To identify the most urgent priorities to act for people leaders, we combined respondents' answers across both dimensions—current capabilities and future importance—in a matrix. (See Exhibit 4.)

> **Topics that survey participants see as being highly important in the future but for which they have low current capabilities should be priorities for leadership teams. Broadly, these fall into three main areas: digitization, talent, and the future of work.**

Digitization. Digitization is a key trend that changes the world of work completely, including in the realm of people management. Perhaps not surprisingly, most HR departments are struggling to unleash the potential of data and digital solutions along the employee life cycle. This finding was remarkably consistent across our analysis: No matter where respondents are located—across industries, and around the world—they are struggling to digitize their HR departments. Compounding the challenge is the fact that employees are accustomed to streamlined digital experiences and intuitive interfaces in their personal technology, so they want modern solutions at work as well. Accordingly, topics such as "digital, AI, cloud, and robotics in HR," "HR IT architecture and operation," and "people analytics and reporting" rank among the most urgent priorities.

Data is the foundation for objective decision-making processes. Helena Gottschling, CHRO of the Royal Bank of Canada, notes that the bank is implementing new surveying capabilities to provide just-in-time analytics and insights for the leadership team and is moving to survey employees more frequently than the historical rate of once per year. "This will give us more opportunities for data and analytics and incorporating the employee voice into the solutions," Gottschling said. "A good foundation of data and an understanding of analytics is the basis for everything."

Talent. On the one hand, the ever-intensifying competition for talent—especially digital talent—requires a state-of-the-art approach to finding, managing, and cultivating high-potential employees. Workers increasingly expect customized, flexible career paths that employers may have difficulty providing. On the other hand, the emergence of the gig economy is challenging traditional workforce models, and yet most employers are not equipped to manage a hybrid workforce of contractors, gig workers, temp workers, and traditional employees. These challenges raise the stakes for managing top talent and having a comprehensive talent ecosystem in place that provides a wide variety of accessible talent pools to meet the organization's needs.

"One's career path is not linear, and people benefit from moving around horizontally," said Ruthie Garelik, executive director and HR business partner at US cosmetics corporation The Estée Lauder Companies. "A career path is about building experience, whereas career development should aim to provide talent with a wide range of unique experiences that enable you to be successful and maximize existing talent. These collective experiences should be the new definition of 'career,' rather than striving for your boss's job." Employees are indeed interested in different experiences. BCG's recent Decoding Global Talent survey found that two-thirds of workers worldwide are willing to retrain for new jobs.

At the same time, HR must strategically identify skills that the company will need in the future, along with developmental approaches to close any gaps. That necessity points to "strategic workforce planning," "upskilling, reskilling, and learning and development," and "leadership behaviors and development" as priority topic areas. As Xu Fang, vice president at TCL, a Chinese provider of entertainment, household, and telecommunications electronics, said, "The organization needs to build a learning culture, because your past experiences alone are not enough to survive in the future. You always have to keep on learning." A special focus on leadership behaviors and development will be essential to enable this continuous transformation and to empower future leaders to steer and successfully manage their business in an increasingly complex world.

The Future of Work. As the pace of change in business accelerates, companies are pushing HR to take a more active role in redefining how and where work gets done. The response to COVID-19 accelerated progress in this area, but companies still face challenges in shaping the future of work. Initiatives such as redesigning the physical work environment, implementing a new organizational structure, and enabling transformational change have traditionally not fallen under the scope of HR, but today they increasingly do. Unfortunately, many departments do not have strong capabilities in these areas. Accordingly, they must focus on topics such as "organizational development and design," "agile principles," "smart work," and "change management capabilities."

"In the next few years, we will have distributed HR teams," said Eleonora Valenti, HR business partner and former CHRO ad interim at Mindvalley, a leading personal growth education company based in Malaysia. "The future of work will consider that lifestyle and location often come before work, and work needs to be adjusted." Jochen Engert, founder and CEO of Flixbus, a long-distance travel provider based in Germany, agrees. "The need for physical space will not go away despite the fact that approximately 90% of employees work remotely. Space can be repurposed, and we might need less of it, but complex cultural discussions will still happen onsite."

Exhibit 4 - Segmenting HR Topics by Current Capabilities and Future Importance Identifies People Management Priorities
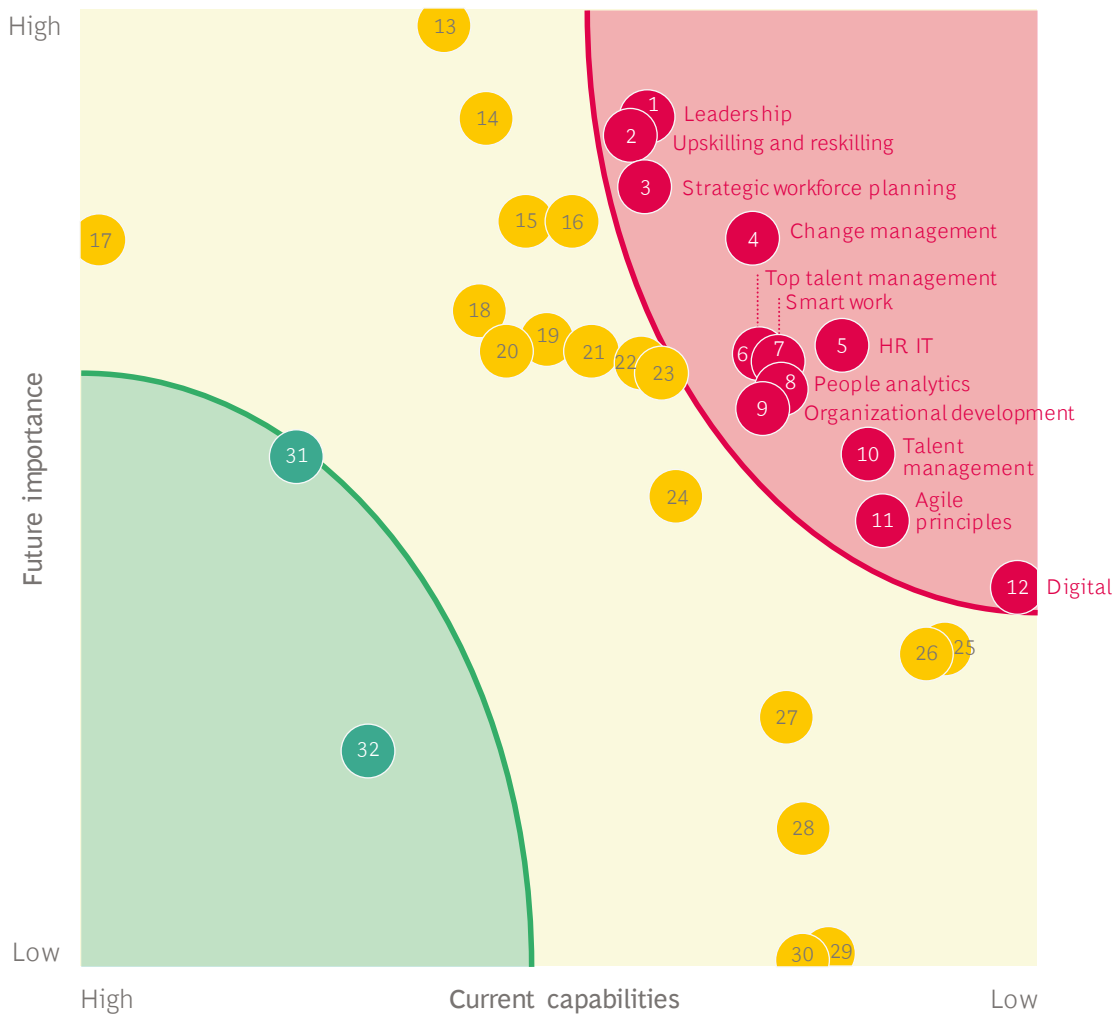
Strong need to act

1 Leadership behaviors and development
2 Upskilling, reskilling, and learning and development
3 Strategic workforce planning
4 Change management capabilities

5 HR IT architecture and operation
6 Top talent management
7 Smart work
8 People analytics and reporting

9 Organizational development and design
10 Talent ecosystem management
11 Agile principles
12 Digital, AI, cloud, and robotics in HR

Medium need to act

13 People and HR strategy
14 Employee engagement and well-being
15 Employer branding
16 Purpose and culture activation
17 Health and safety
18 Recruiting strategy and process

19 Performance management
20 Onboarding
21 HR staff capabilities
22 Rewards and recognition
23 Diversity and inclusion management
24 HR organization and governance

25 Career models management
26 Employee journey management
27 Staffing and placement management
28 Restructuring management
29 HR shared services
30 Shared services implementation

Low need to act

31 Employee relations
32 Policy management

Source: 2021 BCG/WFPMA proprietary web survey and analysis (n = 6,686).

Note: Based on responses of "high" and "somewhat high."
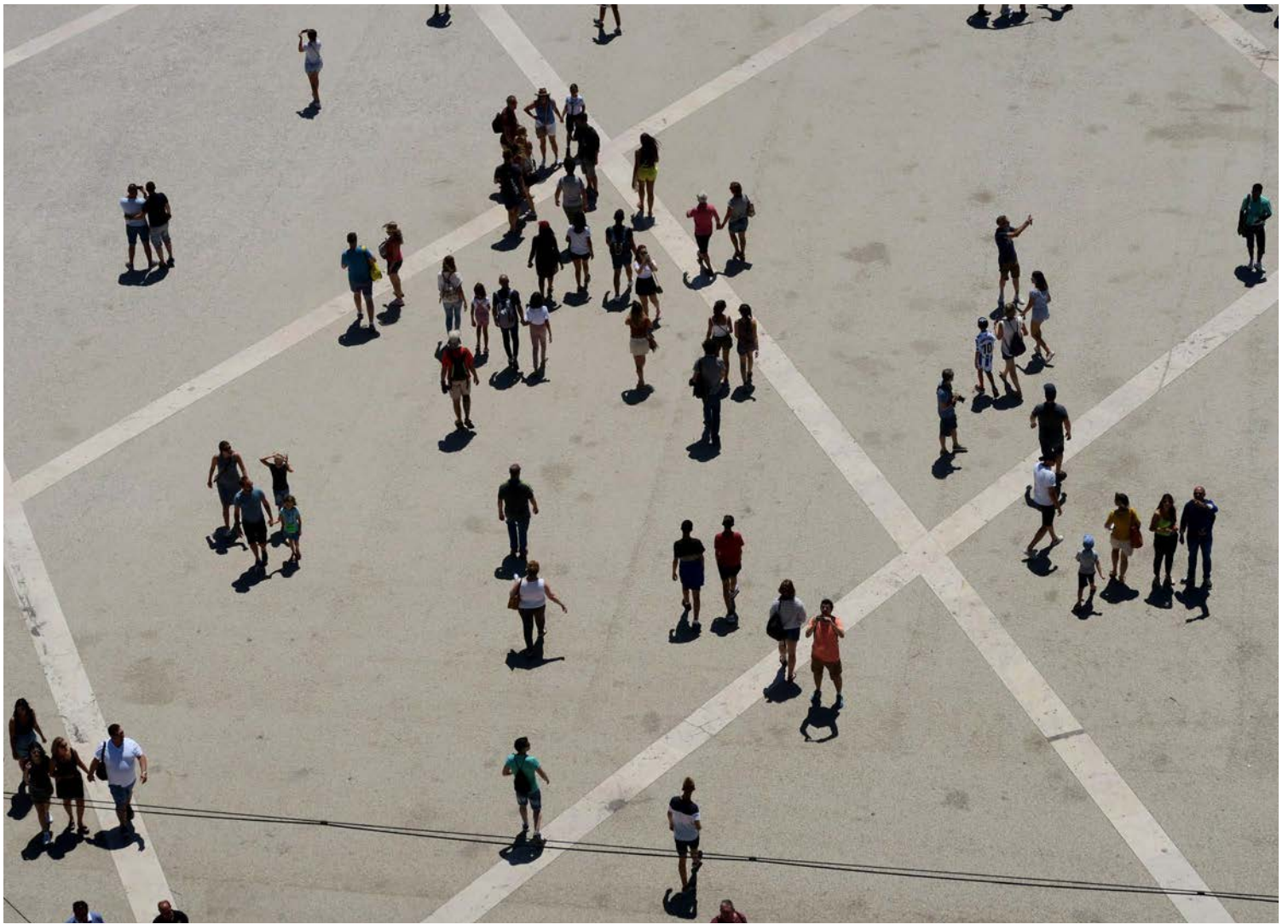
Geographic Disparities

Our findings this year were remarkably consistent worldwide, with greater alignment among people management priorities than in past analyses. (See the exhibit.) But a few differences in specific geographic regions are worth noting:

- Respondents in the United Arab Emirates have had more difficulty than survey participants elsewhere in acquiring the talent they need.

- German and Japanese respondents view their capabilities in people and HR strategy, planning, and analytics as comparatively low.

- In Hong Kong, individuals perceive their organization to be far stronger in performance management and HR operating model but to lack capabilities in purpose, behavior, leadership, and culture change. Hong Kong respondents report stronger capabilities in digital and information technology, where the rest of the world is struggling.

In terms of the future importance of topics, survey results also showed even more variability by economy. For example, respondents in Brazil, China, Japan, Lithuania, Turkey, and the US considered "people and HR strategy, planning, and analytics" to be the most important topic cluster, whereas respondents in Canada, Germany, the Netherlands, Norway, Spain, Sweden, Switzerland, and the UK cited "purpose, behavior, leadership, and culture change" as the most important. And respondents in a third group of countries (including Thailand and the United Arab Emirates) were more likely to prioritize the "digital and information technology" topic cluster.

Ranking of Nine Clusters Across Economies

Current capabilities

Cluster	Americas				Europe													Africa		Asia-Pacific						
	Brazil	Canada	Mexico	USA	France	Germany	Greece	Italy	Lithuania	Netherlands	Norway	Portugal	Spain	Sweden	Switzerland	Turkey	UK	Nigeria	South Africa	China	Hong Kong¹	India	Japan	Sri Lanka	Thailand	UAE
Labor and employee relations	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	5	1	1	1	1	1
Performance, rewards, and engagement	3	2	4	2	2	2	2	2	2	2	3	3	3	2	5	2	4	4	2	3	1	2	3	2	2	2
Talent acquisition	5	3	2	3	4	3	4	4	3	3	4	2	6	3	3	5	2	5	2	6	5	2	4	3	3	9
People and HR strategy, planning, and analytics	2	4	3	4	5	8	3	3	4	4	6	2	4	4	5	4	6	5	6	5	3	4	8	5	4	3
Purpose, behavior, leadership, and culture change	4	5	5	5	6	4	5	5	5	5	3	5	5	2	6	6	3	7	7	6	9	7	5	3	5	8
HR operating model	7	6	6	6	3	7	6	7	6	7	5	6	7	5	4	2	4	3	3	7	2	6	4	6	7	4
People development	6	8	7	9	7	5	8	8	7	6	9	7	6	8	7	7	8	8	5	4	8	3	6	7	6	5
Organizational transformation	8	7	8	8	8	6	7	6	8	9	7	8	8	7	7	8	8	6	9	8	7	8	7	9	9	6
Digital and information technology	9	9	9	7	9	9	9	9	9	8	8	9	9	9	9	9	9	9	8	9	4	9	9	8	8	7
Number of responses	222	245	173	1,162	204	158	130	141	153	209	153	117	103	131	63	109	121	290	74	230	143	145	196	191	148	106

Low capability — High capability

Future importance

Cluster	Americas				Europe													Africa		Asia-Pacific						
	Brazil	Canada	Mexico	USA	France	Germany	Greece	Italy	Lithuania	Netherlands	Norway	Portugal	Spain	Sweden	Switzerland	Turkey	UK	Nigeria	South Africa	China	Hong Kong¹	India	Japan	Sri Lanka	Thailand	UAE
People and HR strategy, planning, and analytics	1	2	1	1	3	2	2	3	1	2	2	1	4	2	2	1	2	2	1	1	7	2	1	2	2	2
Purpose, behavior, leadership, and culture change	3	1	4	2	4	1	4	2	3	1	1	4	1	1	1	6	1	6	9	7	5	5	3	4	3	5
Performance, rewards, and engagement	2	3	6	3	2	5	1	1	2	4	5	2	2	5	5	4	3	4	5	3	4	1	4	1	4	7
Talent acquisition	5	4	3	4	1	3	3	4	4	3	3	4	3	4	3	4	3	3	7	8	6	4	5	6	7	6
People development	7	6	5	6	5	6	5	6	6	6	9	6	6	7	6	5	5	5	2	2	3	7	2	3	5	4
Digital and information technology	4	7	7	7	6	4	7	5	5	5	4	5	5	3	3	2	8	9	3	4	8	8	7	7	1	1
Labor and employee relations	6	5	2	5	7	9	6	7	8	7	6	7	7	6	9	8	7	1	8	6	2	3	9	5	9	8
HR operating model	8	8	8	8	8	8	9	9	9	8	8	9	8	8	9	9	7	7	4	5	1	6	6	8	8	9
Organizational transformation	9	9	8	9	9	7	8	8	7	8	7	8	9	8	7	7	6	8	6	9	9	9	8	9	6	3
Number of responses	222	245	173	1,162	204	158	130	141	153	209	153	117	103	131	63	109	121	290	74	230	143	145	196	191	148	106

Low importance — High importance

Source: 2021 BCG/WFPMA proprietary web survey and analysis.

Note: Listed countries from which there were more than 100 responses, plus Switzerland and South Africa.

¹Hong Kong is a special administrative region of the People's Republic of China.

Where Companies Must Maintain Focus

The second main category of topics in our analysis includes those that will be critically important in the future but for which companies already have solid capabilities in place.

People and HR Strategy. Among the 32 topics we considered, respondents ranked "people and HR strategy" as the most important, reflecting an awareness of the need to think strategically about people management. But participants also reported relatively strong capabilities for this topic, indicating that HR leaders are increasingly able to play a more strategic role in shaping business performance. Benoît Serre, CHRO of L'Oréal France, stressed its importance: "In times where everything seems to be urgent and important and business models are continuously changing, HR needs to take a stand and define a clear strategy for how to serve and manage the people in the organization and at the same time support the business in the best way. You need to have a clear plan for how to target the most important topics."

Employee Engagement and Well-Being. Increasingly, companies need to be employee-centric and empathetic in order to keep employees engaged. This is particularly true in the post-pandemic new reality, where many workers worldwide have reassessed their personal priorities and changed their relationship to work in response to an extremely stressful year. There is a real risk of employees disengaging from work if they no longer find it meaningful. Companies must listen to their workers and understand how their needs and expectations may have changed.

Health and Safety. A new addition to this year's analysis, "health and safety" offers some good news. Survey participants identified it as one of the most important HR topics—not surprisingly, given the pandemic—but also as one where current capability is strong. Most HR leaders realize that even after COVID-19 has passed, health and safety threats to employees will not disappear, meaning that this topic will require ongoing vigilance.

Where Companies Are Set for the Future

The results also show some topics on which the HR profession has done a good job and is well placed to meet medium-term challenges. For example, in "policy management" and in "employee relations," two traditional HR roles, respondents cited strong current capabilities and relatively low future importance. One potential reason for the strong capabilities noted in policy management is that companies had to adapt quickly during the pandemic in order to implement government policies and regulations.

To see how companies' people management objectives have changed dating back to 2008, see the sidebar "Changing Capabilities and Priorities over Time."
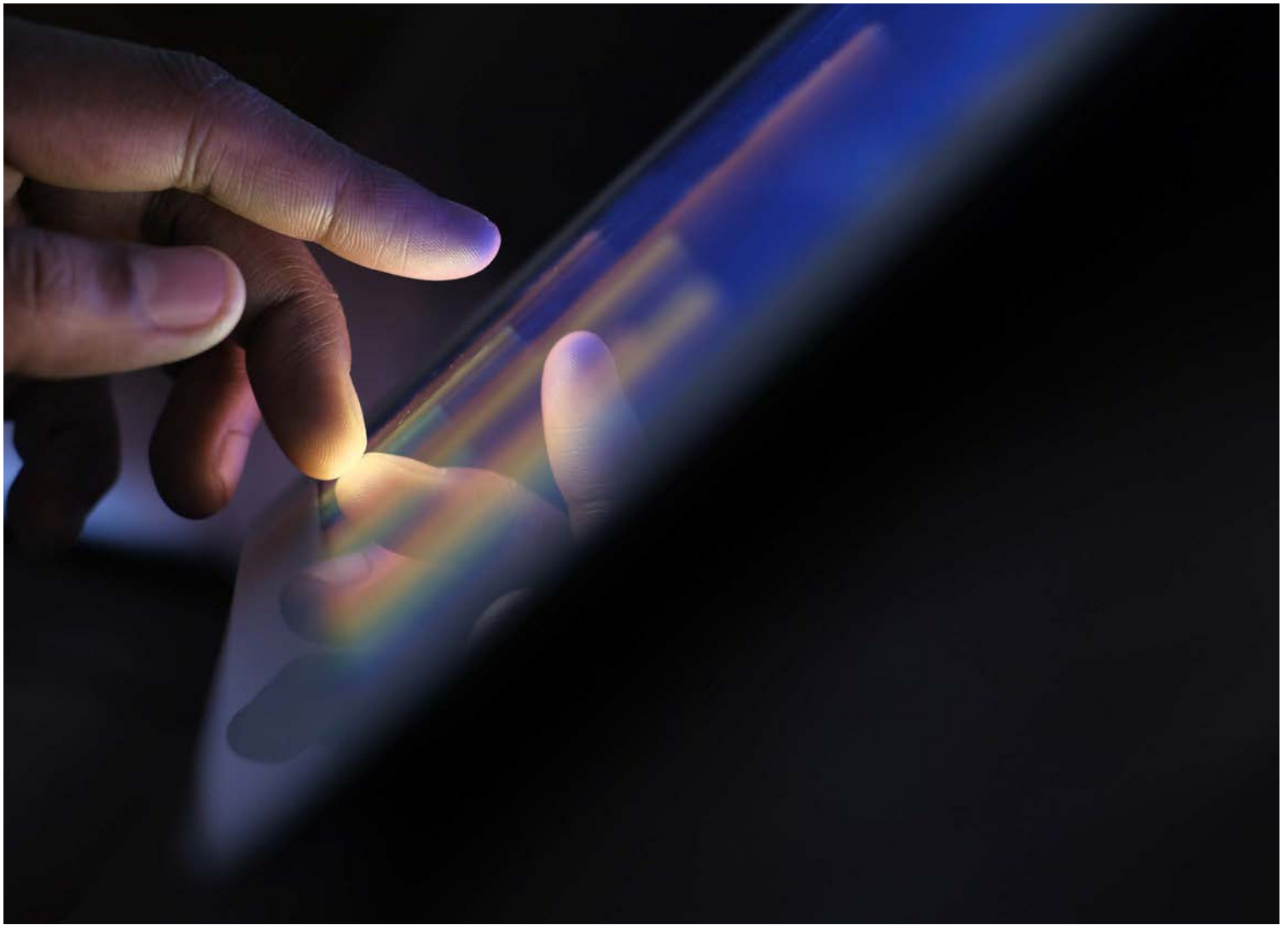
Changing Capabilities and Priorities Over Time

We have been conducting a series of CPA surveys since 2008, and comparing the results offers us insights into how people management capabilities have changed over time. (See the exhibit.) The biggest changes this year are due to COVID-19, which has pushed health and safety, employee relations, and policy management to the top of companies' capability rankings, overtaking such traditional people topics as HR processes, performance management, and recruiting. Given the intensity and speed of the pandemic's spread, HR departments needed to react quickly to keep employees safe, informed, and engaged—and the success of their efforts puts them in a position to build on their credibility and capabilities moving forward. "The pandemic has pushed HR to a key position in the organization," said Sarah Dunn, CHRO of Tapestry, a US-based fashion company whose brands include Kate Spade and Coach. "We have always had a 'seat at the table,' but now the people agenda and HR are front and center in many leadership discussions and decisions."

Another key takeaway from a review of the survey results over time is that priority capabilities have experienced significant churn. That reflects the dynamic business environment in which HR functions must operate, along with their broader mandate of responsibilities. The lesson here is that HR functions cannot seek a status quo. Instead, they must adapt and build up different capabilities over time as business needs evolve.

In past years, the most important topics for the future have included evergreens such as "people and HR strategy" and "leadership behaviors and development" that rank very high in each analysis. A newly emerging topic in 2021 is "strategic workforce planning" (ranked fifth), which entails looking ahead and identifying the skills and capabilities that organizations will need in the future, along with taking specific steps to meet those needs. The bottom five topics in terms of future importance mainly focus on transactional and process-heavy topics such as policy management, shared services, and restructuring management. This view of future priorities suggests that people-focused topics will remain important going forward.

People Capabilities and Future Importance Have Changed Over Time

Current capabilities

TOP 5

2008		2014		2021	
1	Recruiting strategy and process	1	Upskilling, reskilling, and learning and development	1	Health and safety
2	HR processes	2	Recruiting strategy and process	2	Employee relations
3	Restructuring management	3	HR processes	3	Policy management
4	People and HR strategy	4	Onboarding	4	People and HR strategy
5	Employee engagement and well-being	5	Performance management	5	Recruiting strategy and process

BOTTOM 5

2008		2014		2021	
13	Generation management	23	Career models management	28	Talent ecosystem management
14	Diversity and inclusion management	24	Social media	29	Agile principles
15	HR shared services	25	Staffing and placement management	30	Employee journey management
16	Purpose and culture activation	26	Generation management	31	Career models management
17	Talent ecosystem management	27	HR internationalization	32	Digital, AI, cloud, and robotics in HR

People Capabilities and Future Importance Have Changed Over Time
(Continued)

Future importance

TOP 5

2008		2014		2021	
1	Talent ecosystem management	1	Leadership behaviors and development	1	People and HR strategy
2	People and HR strategy	2	People and HR strategy	2	Leadership behaviors and development
3	Leadership behaviors and development	3	Upskilling, reskilling, and learning and development	3	Employee engagement and well-being
4	Change management capabilities	4	Purpose and culture activation	4	Upskilling, reskilling, and learning and development
5	Employee engagement and well-being	5	Employee engagement and well-being	5	Strategic workforce planning

BOTTOM 5

2008		2014		2021	
13	Purpose and culture activation	23	Diversity and inclusion management	28	Staffing and placement management
14	People analytics and reporting	24	Generation management	29	Policy management
15	Restructuring management	25	Staffing and placement management	30	Restructuring management
16	HR processes	26	HR internationalization	31	HR shared services
17	HR shared services	27	Employee relations	32	Shared services implementation

Sources: 2021 BCG/WFPMA proprietary web survey and analysis (n = 6,686); CPA Survey 2008 (n = 4,741); CPA Survey 2014 (n = 3,507).

Note: Rankings as published in the respective reports. Some topic descriptions in the 2008 and 2014 data were adjusted for better comparability. Total number of topics reflected in 2008 = 17, in 2014 = 27, in 2021 = 32.

The Evolution of HR

Besides assessing HR topics in terms of their future importance and companies' current capabilities, we asked further questions about the future of HR. A decade ago, HR at most organizations was an administrative function that prioritized its own needs and processes, with limited strategic impact or analytical insight. Today, leading organizations have moved beyond that, addressing the broader question of how HR can explicitly support the business.

Ashwini Mehra, ex-CHRO of the State Bank of India summarized: "In our organization, HR was always a side function, but now in order to extract the greatest value, HR plays a center role and is part of the business." The COVID-19 crisis (and its severe impact on employees and ways of working) and other megatrends such as digitization have reinforced the need for HR to partner with business leaders in adapting the organization to the New Reality. Changing employee expectations are another factor, in areas such as flexible work models; diversity, equity, and inclusion; and finding work with purpose.

Because of these shifts, it's more important than ever that HR have the capacity to strategically engage with other organizational units, identify future people needs, and proactively feed innovative and purpose-driven ideas into the organization. HR leaders must develop and execute a people management agenda to support the company strategy, not just this week or this month but in the years to come. CHROs must build up digital skills and talent pools, and help shape the culture and workplace of the future.

Exhibit 5 shows the results of our analysis regarding the future of HR—specifically, the hypotheses with the largest consensus (both positive and negative). According to these results, a strategic, long-term perspective built on business acumen, competency, and innovation, as well as HR expertise, is critical. Where HR struggles the most, again, is in the necessary use of data and analytics and a sound skill and capability to forecast based on them. These bottom-ranking hypotheses reinforce our earlier conclusion that the related topic areas demand strong action.

A Perceived Gap Between HR and non-HR Participants on the Future Role of HR

The need to become more of a strategic partner is even more critical in view of the gap in perceptions between HR and non-HR respondents. A consistent aspect of our research over the years has been that members of the non-HR group—the internal customers of HR—are more likely than HR respondents to believe that the function needs to make more progress toward becoming a true strategic partner. Although the gap has narrowed slightly in this year's results, it remains present. Exhibit 5 also shows how HR and non-HR perspectives differ.

Areas that still show a significant split in perceptions between HR and non-HR respondents include the following:

- **Business Acumen.** Overall, 67% of respondents say that HR has strong business acumen and is a competent actor that influences strategic decision making. However, only 54% of non-HR respondents agree with that view, compared to 71% of HR respondents.

- **Innovativeness and Strategic Influence.** The notion that HR is a competent, innovative, and important actor with influence on strategic decision-making draws agreement from only 54% agreement of non-HR respondents, compared to 69% of HR respondents.

Our interviews highlighted some of the steps that companies are taking to close the gap in perceptions. According to Robby Kwok, chief of staff to the CEO at Slack, "HR is shifting to become not only a team that employees can reach out to when there is an issue, but a strategic partner that plays a crucial role in a company's growth and success."

In some cases, HR organizations are changing the way they are structured—and even what they call themselves. "We shifted from HR to call ourselves the people and culture function," said Cris Wilbur, chief people officer of Swiss health care company Roche. "You pivot away from the management of people processes to being an organization that really understands what enables people to be successful."

Matt Perez, COO and cofounder of Nearsoft, a software development company based in Mexico, was even more emphatic: "Who would like to be called a resource? Nobody! HR should be renamed the 'people development team.'"

When we look at the data with an eye to the overall future of HR, several other elements emerge.

Shared service centers are giving way to automation. HR and non-HR respondents agreed that shared service centers do not represent the future of HR functions. Instead, automation is likely to become more important in handling processes efficiently and accurately. Moreover, by reducing or eliminating administrative and repetitive tasks, automation will be a key enabler in efforts to shift HR to a more strategic role.

Top HR talent will increasingly come from non-HR backgrounds. Interviewees agreed that career paths within HR will accommodate people with other skills. In particular, judgment, the ability to think on one's feet, negotiating talent, and the ability to keep business objectives and the customer in mind will be valuable assets in HR. "Many capabilities such as automation and employee experience could come from non-HR backgrounds like customer service, in which expert HR knowledge like labor policies are not necessary," said Sarah Dunn, global CHRO at Tapestry. Helena Gottschling, CHRO of Royal Bank of Canada, agreed: "A leader doesn't care how we organize our function. They just want the HR expertise to solve their business problems. And that's why understanding the business strategy is critical."

Exhibit 5 - HR Is Evolving to Become a Strategic Partner to Business Units

To what extent do the following hypotheses apply to your organization? (%)

TOP 3

1 HR leaders demonstrate **business acumen**, making decisions based on long-term considerations and the **strategic needs** of the organization

67 · 54 · 71
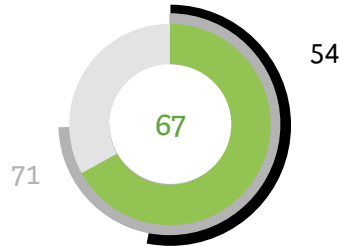
> **Reading example:**
> *67% of all respondents say that "HR leaders in their organization demonstrate business acumen." However, only 54% of non-HR respondents agree with that view, compared to 71% of HR respondents.*

2 HR is a **competent, innovative, and important actor** in my organization that exerts considerable influence on strategic decision making

66 · 54 · 69
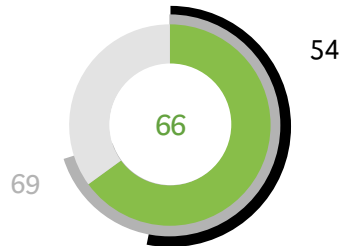
3 HR has **dedicated teams focusing on deep expertise** (for example, in recruiting, learning, and development)

64 · 55 · 67
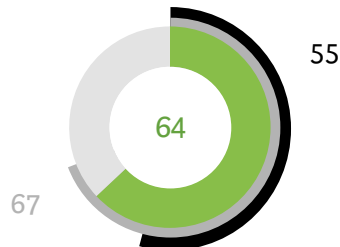
BOTTOM 3

9 HR continuously **analyzes people data** to make transparent, objective, and **data-based decisions** about our employees

48 · 39 · 51
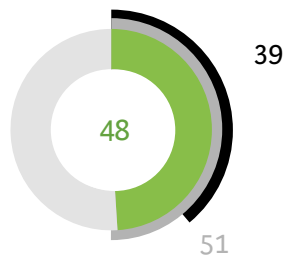
10 HR actively **forecasts future skill and capability needs** and ensures a strong talent pipeline for critical positions and areas of expertise (e.g., robotics experts, data analysts, and scientists)

43 · 35 · 45
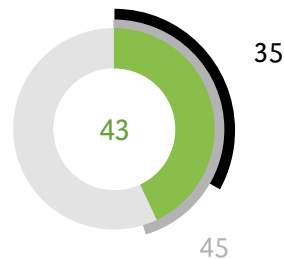
11 A **shared service center** and convenient self-service options cover a high percentage of HR tasks

36 · 34 · 36

Legend:
- Overall agreement
- HR responses
- Non-HR responses
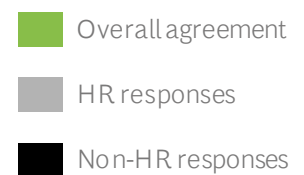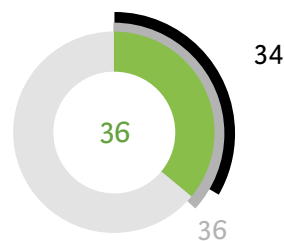
Source: 2021 BCG/WFPMA proprietary web survey and analysis (n = 5,705).

Note: Percentage agreement by responses of "agree" or "tend to agree" to the listed hypotheses.

People analytics will be critical. Reliable, comprehensive data about a worker's skills and capabilities—along with strategic workforce planning to identify the organization's future needs—are becoming crucial. HR will need massive improvements in terms of analytics. "HR departments are becoming smaller, but the people who work there are smarter, more experienced, and highly familiar with IT systems," said Jaap Paauwe, a professor at Tilburg University in the Netherlands. "I train a lot of students in people management, and the ones who do very well are specialized in data sciences. HR people analytics is a booming business."

Siri Langangen, CHRO of Statkraft, a Norwegian renewable energy company, agrees: "There are two elements to tackle for a data-driven approach to HR. One is to have good master data from various sources—whether it's demographic information or employee pay. Second, we need to be able to analyze this in order to get insights and interpret the data in order to make predictions about the future."

Predictive analytics is one topic at the top of many people management agendas. "Data and analytics are the heart of people service organizations," said Jessyn Katchera, global head of analytics, operations, and planning in the People Operations division of Google. "However, organizations often underestimate the effort required and the complexity behind it. Getting to best-in-class analytics is not only a topic for business-intelligence engineers, it requires strong data governance principles to organize information across the company, a close partnership with frontline teams to marry data insights with operational processes, and a top-down focus to drive high data fidelity. This is a prerequisite to scale and push for higher value-added use cases such as conversational AI and workforce analytics or to automate data capture through machine learning."

The Growing Need for Personalized Experiences

More than in the past, employees expect organizations to acknowledge and address their individual needs and aspirations. This applies at the macro level in the form of expanding beyond the traditional corporate ladder to create more customized career paths for employees. But it also applies at the micro level, where it involves moving beyond highly rigid, one-size-fits-all processes and interactions to enable personalized solutions on a day-to-day basis.

Among survey respondents, **85% say that focusing on employee needs and expectations is the key success factor in the competition for talent.** This represents the highest level of agreement in the whole study, underscoring the importance of an employee-centered approach.

The data shows other areas where companies are making progress toward creating a personalized experience. For example, 63% of respondents said that their company's HR has clear guidance on the ethical use of data (potentially because of government regulations that restrict how such data can be used). They also reported that their company has a good understanding of employee's skill sets and career prospects (58%), and that managers can work individually with employees to fulfill their priorities at work (58%).

> **On the other hand, low capabilities in digital, AI, and related areas prevent many organizations from offering personalized experiences. In particular, relatively few survey participants said that their company had sufficient digital tools (37%) and a supporting HR IT system (31%)—shortfalls that hamper efforts to provide seamless and user-friendly interactions.**

(See Exhibit 6.) To enable these kinds of personalized experiences, HR must better understand the needs and aspirations of individual employees, which requires closer engagement. More broadly, HR needs to overhaul existing structures, processes, and tools and capitalize on digital innovations to interact with employees in a more targeted manner.

Google's Jessyn Katchera explained why he applies an employee- and experience-focused lens in his transformation agenda: "We need to recognize that employees are also consumers, and their expectations are influenced by their experience in their day-to-day life, interacting with many consumer brands or services. Employees expect to be known, understood, and supported. They care about getting the right answer, more than the fast answer, and we need to rethink how we serve them to make the experience more simple, more personalized, more helpful. Similar to what we do for our customers, we ask ourselves, 'how can we support users on key moments that matter [in their careers]?' before they even have to ask. That's the next frontier of HR organizations in my opinion."

Startups, which aren't hindered by legacy processes and policies, tend to devote more time to understanding their employees. Johannes Willberg, senior vice president of people at HelloFresh, a German-based provider of home delivery boxes containing prepared ingredients and recipes, said that the company "dedicates a lot of time to understanding employee needs. For this purpose HelloFresh has established an employee experience function where we look at the entire process from an employee journey perspective and tailor our HR offerings around the 'moments that matter' within each part of that journey."

Gerhard Kreuch, head of HR at Shpock, a startup providing an online marketplace platform, sees the need for more experience- and user-oriented people management: "The purpose of our soon-to-be hired experience manager is to provide a consumer-grade journey across the whole employee life cycle. This includes customized, on-demand service for moments that matter, regular engagement surveys with focus groups, and actively involving employees in co-creating people solutions."

Ideally, employees would be able to log into a single interface for all their administrative and self-service needs, spanning functions from HR to finance to sales, and that system would be smart enough to learn about employees over time, building on interactions with them to better anticipate their questions and inform future HR service offerings.

"There's a discrepancy between our private life, where we receive tailored recommendations for movies and products, and our professional life, where we ask the employee over and over again for basic information," said Statkraft's Siri Langangen. "We need to automate processes more widely used and provide customized offerings."

The Singapore government has already taken notable steps toward this goal. "We have invested heavily into AI, in which candidates can apply for a job through our website and write to a chat bot (named Alex), which asks for specific competencies and credentials," said Low Peck Kem, CHRO for Singapore Public Service. "We also have a video CV and no in-person interview for the first stages. We have received very positive feedback from the candidates as they find it very refreshing. However, it's important to ensure a high tech yet high human touch at the later stages of the application process."

COVID-19 served as a powerful reminder of the importance of employee input. Paul Boselie, professor of law, economics, and governance at the University of Utrecht in the Netherlands, called the pandemic a "learning opportunity for line managers and HR," adding, "Now, they really have to listen to their employees and their concerns. Employee satisfaction today plays a much more important role. By listening more closely to employees, organizations can profit, as employees on the ground know where processes are problematic."

Exhibit 6 - Companies Are Making Progress in Creating Personalized Experiences for Employees

To what extent do the following hypotheses apply to your organization? (%)

TOP 3

1 My organization has defined **clear principles on the ethical use of data** provided by and gathered about its employees

58 / 63 / 65
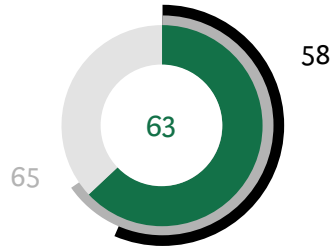
2 HR has a good understanding of **employees' individual skills, strengths, and weaknesses**, taking them into account in both short- and long-term career planning processes
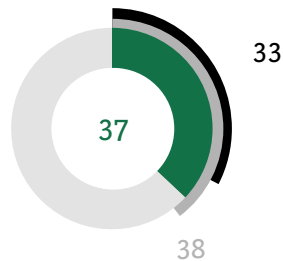
47 / 58 / 61
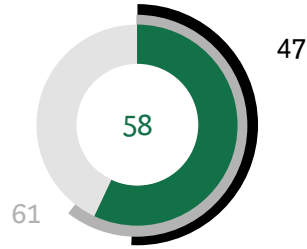
3 Business **leaders are aware of the top priorities of employees** (such as appreciation for work and sustainable work-life balance) and actively work toward enabling them

54 / 58 / 59
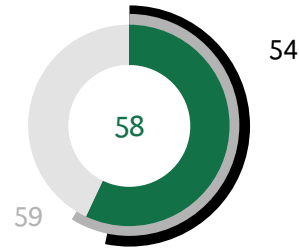
BOTTOM 3

9 The **digital tools** implemented by my organization offer a **seamless, personalized experience** and make everyday tasks easier

33 / 37 / 38

10 My organization offers **personalized rewards and recognition packages** to employees, taking their individual preferences into account

33 / 35 / 36
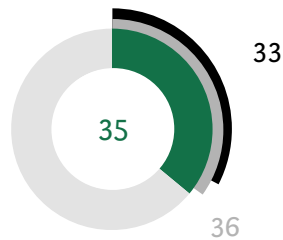
11 We have a **strong HR IT system** that helps to bundle and analyze employee data, thus forming a valuable basis for designing and offering personalized experiences to employees
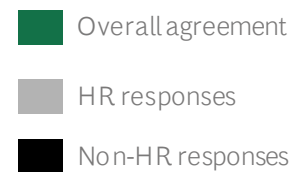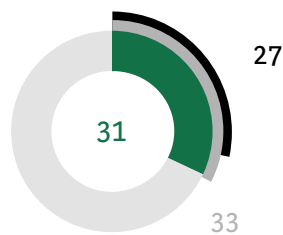
27 / 31 / 33

■ Overall agreement
■ HR responses
■ Non-HR responses

Note: Percentage agreement by responses of "agree" or "tend to agree" to the listed hypotheses.
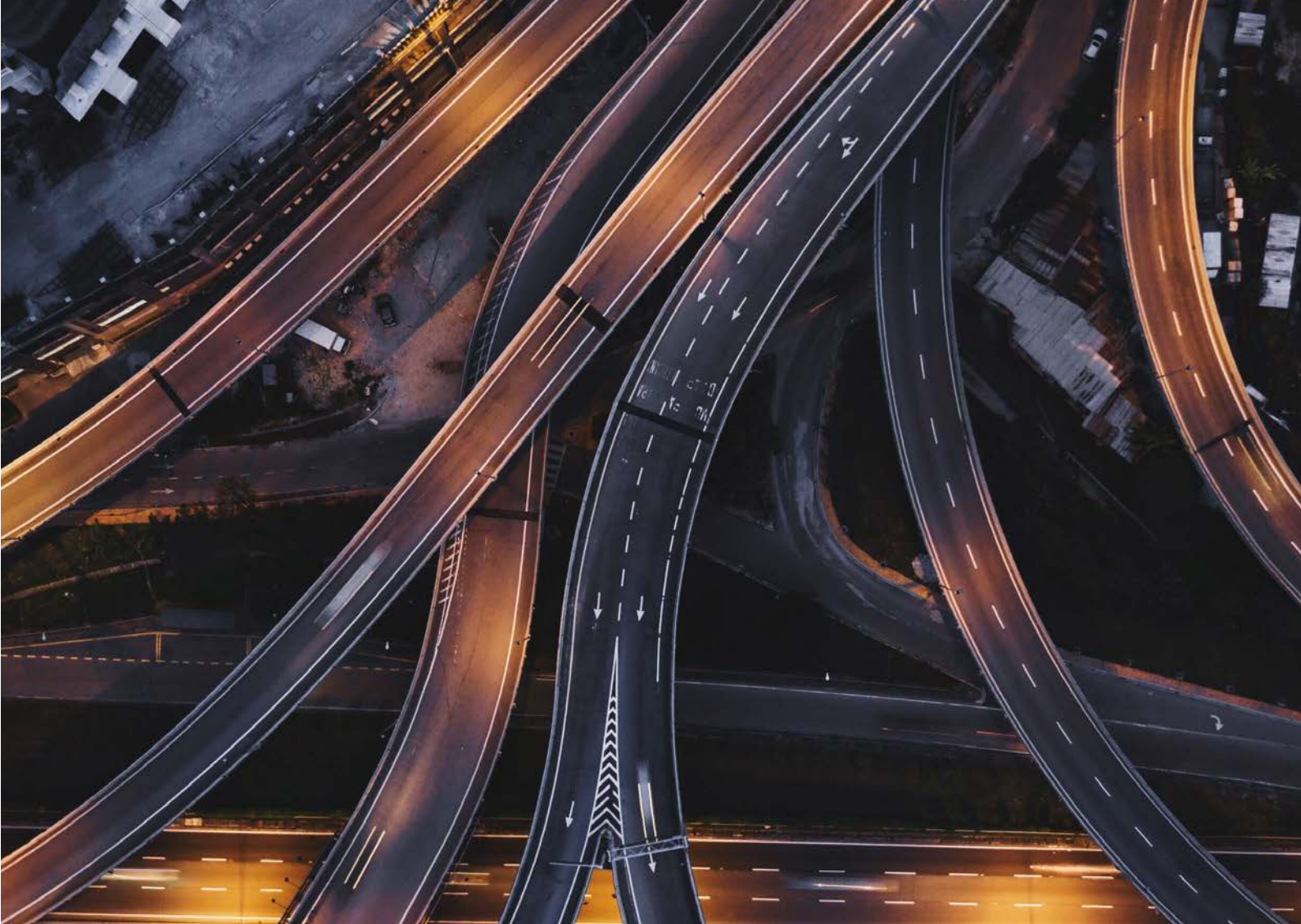
Recommendations for Decision Makers

Our experience, supported by survey data and interviews, suggests that people management agendas should focus on five key actions to reflect the new reality in 2021 and beyond.

Put Employees at the Center

Organizations must think of their employees as essential customers and must understand their needs in order to help them along the journey and enable them to succeed in the future. Three strategic moves can help in this effort:

- **Continuously collect feedback and listen to employees to focus HR work on what they really need.** Set up rolling employee surveys to provide more touchpoints and support more frequent steering. Consider adopting additional formats, such as user groups or discussions with agile coaches, to collect feedback.

- **Upgrade your employee journeys and organize HR workflows from the employee's point of view.** Assess all HR processes from a customer perspective, redesign the journeys concisely, and decide where personal interaction will be beneficial. Techniques such as user-centric design, personas (arrays of probable HR needs associated with a specific life event or work status), and user-story mapping could help here. Using smart tools such as convenient mobile apps can help to support this effort.

- **Individualize career paths and learning opportunities.** Diverse employees with different skills and motivations strive for flexible career options and development. "Own your career" should be the theme for employee-centered development that is designed to provide a platform and support to help employees succeed—but also encourages employees to become proactive.

Shape the Future of Work

The post-COVID-19 world establishes new models in which remote work and more flexible schedules are normal. That in turn leads to new requirements for the workplace and the workforce of the future. Several steps are critical in this regard:

- **Define a smart work strategy.** Incorporate remote, hybrid, and onsite working models to drive business success in an agile way. Take the full employee workplace experience into consideration and define how to use different spaces. A digitized operating model and agile ways of working will also make the organization more resilient to future challenges.

- **Rethink employment options and workforce structure.** Establish flexible options for some job roles to accommodate highly qualified talent that doesn't want to operate on the basis of a fixed contract anymore.

- **Foster affiliation by sharpening the organization's purpose and culture to inspire employees.** This is crucial in a remote or hybrid workplace with less physical proximity. As the decisive shapers of the organization's culture, top management and frontline leaders must position themselves to drive a culture that builds on trust and appreciation.

Accelerate in Digital

HR must step up its capabilities in digital, IT, and analytics to future-proof the organization's workplace, improve employee experiences, and play a more strategic role. Three components of this endeavor are especially significant:

- **Get the IT basics right.** Assess the HR IT status quo, and then push to improve processes and the availability, quality, and flow of data, along with IT governance models.

- **Focus on digital priorities that make a difference to employees.** Identify the most critical employee journeys, and prioritize digital initiatives that use the full potential of automation and foster innovation via AI, robotics solutions, or predictive analytics.

- **Improve people analytics maturity.** Collect and continuously monitor key people data points to support decisions with insightful analytics and reporting. Partner with the organization's more advanced departments—such as marketing, sales, and operations—to instill new talent and skills and to learn from their experience.

Set New Paradigms for Skills and Employees

To adjust to the new reality and win in the 2020s, organizations need to have the right people with the right skill sets—within HR and beyond. This entails adequate workforce planning, sophisticated upskilling and reskilling opportunities, and a holistic talent management approach, including the following steps:

- **Dynamically plan the organization's workforce for the future.** HR departments must have a deep understanding of future workforce needs, identify capability gaps, and develop strategies to build the workforce of the future. Increasing automation and digitization efforts will lead to new skill requirements. To fill these, HR departments should shift from capacity-driven, role-based planning to a skills-based perspective. This change in orientation can also serve as the basis for an integrated approach to skills development that includes an upskilling and reskilling program for individual employees.

- **Build a learning organization.** Offer targeted reskilling and upskilling measures, and embed continuous learning and individual learning journeys that respond to the increased pace of change. Learning shouldn't be a single measure or program; rather, it should be integrated into the flow of work, building on individual skills and strengths.

- **Enhance HR expertise.** Data scientists, user experience designers, and people with an analytical focus and business expertise will become crucial. HR functions need to hire people in these roles in order to understand the organization's future needs.

Transform the People Management Function

With employees at the center and sound digitization support in place, HR must become the motor of a continuously changing organization that serves employees. As HR priorities and topics evolve, the setup of HR functions must respond to and support these major paradigm shifts:

- **Develop and follow a clear HR and people management strategy with defined principles and priorities.** The goals of this strategy should be to keep critical elements in sight, take a stand, and successfully move forward. HR need to be explicit about their priorities, as their voice needs to be heard and is central within the organization.

- **Rethink the target HR organization.** HR is morphing into one of the organization's most critical and dynamic components. A more prominent and strategic role with a higher level of accountability requires a new understanding of HR not limited to classical operating models.

- **Transform managers into people leaders.** People management is not strictly an HR responsibility—it is the responsibility of every manager. Fostering continuous dialogue and feedback, listening to employees, and enabling them to succeed should be the most important goals of any leader.

Companies today must navigate an exceedingly challenging business environment—and strong, proactive people management is the only way to ensure that companies have the right talent in place to succeed. A data-driven, objective approach can help HR leaders allocate scarce resources to the most urgent priorities, which, according to our research, include defining the future of work, achieving digitization, and adopting a comprehensive approach to talent management. By focusing on these areas, HR can equip organizations to thrive regardless of what the future holds.

There's a discrepancy between our private life, where we receive tailored recommendations for movies and products, and our professional life, where we ask the employee over and over again for basic information.

– Siri Langangen,
CHRO of Statkraft

APPENDIX I

Methodology

BCG and WFPMA published our first Creating People Advantage report in 2008. Since then, we have occasionally removed or added topics and subtopics for analysis in response to trends and shifting priorities in HR and people management. For this year's report, we looked at nine topic clusters, subdivided into 32 topics, and asked survey participants to assess their organization's current capabilities on each topic and the future importance of each topic. In the second part of the survey, we focused on two deep-dive topics: the future role of HR and personalized experiences.

We conducted the online survey from January through April 2021. Using a five-point Likert scale, respondents rated the future importance of each topic and their organization's current capabilities with regard to it. We incorporated all completed responses of the survey in the study, as well as all responses with a fill out rate of at least 50% in the section assessing all 32 topics by current capabilities and future importance. This approach yielded different sample sizes for different analyses and exhibits; we identify the sample size (as "n") for each data set in a note beneath the corresponding exhibit. Although not weighted by population size or other factors, the sample of 6,686 responses from 113 countries offers an opportunity to highlight the range of practices and priorities affecting people management across the world.

We based all rankings on the percentage of respondents who chose "high" or "somewhat high" agreement on the five-point Likert scale with the given statement or topic. By doing so, we increased the readability and meaningfulness of the results in comparison with those in previous reports, where we based our rankings and exhibits on response averages.

In Exhibit 4, the twelve topics identified as having a "strong need to act" are those with the largest gap between their future importance ranking and their current capabilities ranking.

APPENDIX II

Definitions of the 32 HR and People Management Topics

PEOPLE AND HR PLANNING, STRATEGY, AND ANALYTICS
People and HR Strategy. A strategy ensuring that the organization's people priorities and HR operations align with its goals and focus on the most impactful levers.

Strategic Workforce Planning. Systematic forecasting of workforce supply and demand scenarios based on the organization's goals, external trends, and competency requirements from a strategic, long-term perspective.

People Analytics and Reporting. Analysis of HR data to improve transparency, decision making, the efficiency of HR processes, HR outcomes, and the impact and value of people management, as well as to facilitate reporting.

TALENT ACQUISITION
Employer Branding. Proactive development and marketing of the organization's value proposition to increase employer attractiveness to key employee target segments through offline and online channels and platforms.

Talent Ecosystem Management. Maintenance of a comprehensive talent system that allows the organization to access and leverage a wide variety of talent pools to meet its needs.

Recruiting Strategy and Process. A strategy to determine required hiring levels and hiring approaches to successfully attract the best candidates for open roles, and specifically designed processes and systems to identify, attract, screen, interview, select, and hire the right employees for specific positions with the optimal effort.

Onboarding. Active integration of new hires into the organization culturally, professionally, and administratively.

PEOPLE DEVELOPMENT
Upskilling, Reskilling, and Learning and Development. A strategy to identify competencies and reskilling/upskilling needs, to offer training programs that help employees gain new skills for their current position or a different one, and to establish a range of digital applications and services (for example, organizational learning academies).

Career Model Management. Definition of specific career paths for different employee groups, and creation of models to enhance their careers and performance.

Top Talent Management. Assessment and segmentation of top employees on the basis of their performance and capabilities, and provision of the right opportunities for them to perform, develop, and advance in their careers, ensuring an effective pipeline for key positions.

Staffing and Placement Management. Coordination and encouragement of short- and long-term project assignments (for example, international transfers, assignments to squads, or special projects) for employees, and support of their realization.

PERFORMANCE, REWARDS, AND ENGAGEMENT
Performance Management. Regular and transparent performance management processes based on agreed-upon and known performance and behavior criteria for each job category and level.

Rewards and Recognition. Connection of individual performance to reward schemes, remuneration, incentives, and career development options designed to drive the organization's success.

Employee Engagement and Well-Being. Delivery of tools, systems, and processes to engage and retain employees, and to ensure and enhance their well-being.

PURPOSE, BEHAVIOR, LEADERSHIP, AND CULTURE CHANGE
Purpose and Culture Activation. Articulation and embedding of a powerful organizational purpose to create a sense of meaning, inspire employees, and unlock efforts to grow sustainably, fulfilling a positive role in society and implementing and maintaining a strong organizational culture that supports attitudes and behaviors vital to achieving the organization's goals.

Change Management Capabilities. Maximization of support for holistic organizational changes and major transformations by ensuring employee buy-in, readiness, and engagement and by enabling leaders to navigate challenging situations.

Leadership Behaviors and Development. Development of individuals into leaders who can influence, motivate, and enable their staff to reach organizational, team, and individual goals.

Diversity and Inclusion Management. Active encouragement and management of gender, cultural, religious, educational, social, national, ethnic, and other forms of diversity to the mutual benefit of employees and the organization.

LABOR AND EMPLOYEE RELATIONS
Policy Management. Management of HR policies and standards to achieve organizational goals in line with changing legal requirements (for example, labor law, co-determination, data protection, or other regulations).

Employee Relations. Promotion of harmonious relations between the organization and individual employees through direct communication and interaction with employee representatives (for example, unions and social bodies) to address staff demands and to ensure staff understanding and acceptance of change processes.

Health and Safety. Design and construction of a psychologically safe and healthy workplace that cultivates physical health, promotes mindfulness and resilience, and ensures compliance with safety regulations and reporting standards.

Organizational Transformation

Agile Principles. A set of principles permitting quick adaptation to a volatile, uncertain, complex, and ambiguous world, as well as faster project completion (for example, through sprints) and enhanced product development.

Organizational Development and Design. Support for transforming the organization into one that blends human capabilities and technology, focuses on the customer, and adapts quickly to changes (for example, by having HR act as agile coaches, organization design advisors, or trainers for man-machine collaboration).

Smart Work. A new model of work that uses technologies to improve performance, increase flexibility (for example, through virtual or hybrid work models), enhance independence, and, thus, heighten employees' satisfaction.

Shared Services Implementation. Implementation of shared services centers to centralize administrative, legal, or IT functions in order to improve efficiency and reduce costs.

Restructuring Management. Establishment of an infrastructure that facilitates modification of various financial and operational aspects of the organization in order to guarantee crisis resilience, for example.

Employee Journey Management. Mapping of the employee journey from initial hiring to exit, to foster a holistic understanding of employees' concerns and needs and, thus, to improve employees' satisfaction and experience.

Digital and Information Technology

HR IT Architecture and Operation. Strategic management of the organization's HR IT architecture, including leveraging standardization and implementing suitable HR IT systems and tools to ensure optimal performance of HR operations.

Digital, AI, Cloud, and Robotics in HR. Leveraging of new technologies (for example, cloud systems, artificial intelligence, or robotics) to standardize, improve, and accelerate HR processes, services, and reporting.

HR Operating Model

HR Organization and Governance. Design of an effective and efficient HR organization (for example, the right roles, organizational units, agile practices, and collaboration methods) and creation of strong governance structures to enable fast, responsible, evidence-based decisions.

HR Shared Services. Building of a strong HR shared services center structure by, for example, bundling HR operations in hubs and consolidating the regional footprint.

HR Staff Capabilities. Forecasting and development of the right mix of skills, individuals, and roles in HR to improve the quality and impact of HR work and to future-proof HR functions.

For Further Reading

Boston Consulting Group has published other reports and articles that may be of interest to senior people leaders. Recent examples include those listed here.

Decoding Global Reskilling and Career Paths
By Rainer Strack, Orsolya Kovács-Ondrejkovic, Jens Baier, Pierre Antebi, Kate Kavanagh, and Ana López Gobernado, April 2021

Systems Thinking Powers Bionic Success
By Allison Bailey, Karalee Close, Marc Roman Franke, Michael Grebe, and Rich Hutchinson, April 2021

The How-To of Hybrid Work
By Nithya Vaduganathan, Allison Bailey, Sibley Lovett, Frank Breitling, Renee Laverdiere, and Deborah Lovich, April 2021

Decoding Global Ways of Working
By Rainer Strack, Orsolya Kovács-Ondrejkovic, Jens Baier, Pierre Antebi, Kate Kavanagh, and Ana López Gobernado, March 2021

Decoding Global Talent, Onsite and Virtual
By Orsolya Kovács-Ondrejkovic, Rainer Strack, Jens Baier, Pierre Antebi, Kate Kavanagh, and Ana López Gobernado, March 2021

The Future of Jobs in the Era of AI
By Rainer Strack, Miguel Carrasco, Philipp Kolo, Nicholas Nouri, Michael Priddis, and Richard George, March 2021

Work Will Never Be the Same—Savvy Business Leaders Are Adapting to Change That's Already Here
By Bharat Khandelwal, Deborah Lovich, Joppe Bijlsma, Frank Breitling, and Penny Metchev, November 2020

About the Authors

Jens Baier is a managing director and senior partner in the Düsseldorf office of Boston Consulting Group. You may contact him by email at baier.jens@bcg.com.

Jean-Michel Caye is a managing director and senior partner in the firm's Paris office. You may contact him by email at caye.jean-michel@bcg.com.

Rainer Strack is a managing director and senior partner in BCG's Düsseldorf office. He led the firm's people topic for more than ten years. You may contact him by email at strack.rainer@bcg.com.

Philipp Kolo is a partner and associate director in the firm's Munich office. He is an expert on people strategy and HR. You may contact him by email at kolo.philipp@bcg.com.

Amit Kumar is a managing director and partner in BCG's New York office. You may contact him by email at k.amit@bcg.com.

Fang Ruan is a managing director and partner in the firm's Hong Kong office. You may contact her by email at ruan.fang@bcg.com.

Bob Morton is president of the World Federation of People Management (WFPMA). You may contact him by email at bob.morton@odhrm.com.

Anthony Ariganello is vice president of the WFPMA and president and CEO of the Chartered Professionals in Human Resources of Canada (CPHR). You may contact him by email at aariganello@cphrbc.ca.

Jorge Jauregui is past president of the Asociación Mexicana en Dirección de Recursos Humanos (AMEDIRH) and past president of the WFPMA. You may contact him by email at jorge.jauregui@americasmining.com.

Lucas van Wees is a member of the board of the WFPMA and past president of the European Association for People Management (EAPM). You may contact him by email at lucasvanwees@gmail.com.

Trent Burner is vice president of research at the Society for Human Resource Management (SHRM). You may contact him by email at Trent.Burner@shrm.org.

Wilson Wong is head of insight and futures and interim head of research at the Chartered Institute of Personnel and Development (CIPD). He is convenor for the Scientific Committee of the EAPM. You may contact him by email at Wilson.Wong@cipd.co.uk.

For Further Contact

If you would like to discuss this report, please contact the authors.

Acknowledgments

Deutsche Gesellschaft für Personalführung (DGFP), Germany

Greek People Management Association (GPMA), Greece

Asociación de Gerentes de Recursos Humanos de Guatemala (AGRH), Guatemala

Societé Haitienne de Management des Ressources Humaines (SHAMARH), Haiti

The Hong Kong Institute of Human Resource Management (HKIHRM), Hong Kong

Hungarian Association for People Management (OHE), Hungary

Human Resource, Association for People Management (Mannaudsfolk), Iceland

National Institute of Personnel Management (NIPM), India

Chartered Institute of Personnel and Development Ireland (CIPD Ireland), Ireland

Israeli Society for Human Resource Management, Research and Development (ISHRM), Israel

Associazione Italiana per la Direzione del Personale (AIDP), Italy

Japan Society for Human Resource Management, Japan

Institute of Human Resource Management (IHRM), Kenya

Personalo Valdymo Profesionalu Asociacija (PVPA), Lithuania

Macedonian Human Resources Association (MHRA), Macedonia

Institute of People Management (IPM), Malawi

Malaysian Institute of Human Resource Management (MIHRM), Malaysia

Association of Human Resource Professionals of Mauritius (MAHRP), Mauritius

Asociación Mexicana en Dirección de Recursos Humanos (AMEDIRH), Mexico

Association Nationale de Gestionnaires et Formateurs des Ressources Humaines (AGEF), Morocco

Hét Netwerk Voor HR-Professionals (NVP), Netherlands

Human Resources Institute of New Zealand (HRINZ), New Zealand

Asociación de Ejecutivos de Recursos Humanos de Nicaragua (AERHNIC), Nicaragua

Chartered Institute of Personnel Management of Nigeria (CIPM-Nigeria), Nigeria

HR Norge, Norway

Asociación Nacional de Profesionales de Recursos Humanos de Panama (ANREH), Panama

Papua New Guinea Human Resources Institute (PNGHRI), Papua New Guinea

Asociación Paraguaya de Recursos Humanos (APARH), Paraguay

Asociación Peruana de Recursos Humanos (APERHU), Peru

People Management Association of the Philippines (PMAP), Philippines

Polish Society of HR Business Partner (PS HRBP), Poland

Associação Portuguesa de Gestão das Pessoas (APG), Portugal

HR Management Club Association (HR Club), Romania

Singapore Human Resources Institute (SHRI), Singapore

HRCOMM, Slovakia

Slovenian Human Resource Association (SHRA), Slovenia

Institute of People Management (IPM), South Africa

Asociación Española de Dirección y Desarrollo de Personas (AEDIPE), Spain

Chartered Institute of Personnel Management Sri Lanka (CIPM), Sri Lanka

Institute of Personnel Management Swaziland (IPM Swaziland), Swaziland

Sveriges HR Förening, Sweden

Gesellschaft für Human Resources Management (HR Swiss), Switzerland

Chinese Taipei - Chinese Human Resource Management Association (CHRMA), Taiwan China

Human Resource Association of Tanzania (HRA), Tanzania

Personnel Management Association of Thailand (PMAT), Thailand

Association des Responsables de Formation et de Gestion Humaine dans les Entreprises (ARFORGHE), Tunisia

People Management Association of Turkey (Peryön), Turkey

HR Association of Uganda (HRMAU), Uganda

Chartered Institute of Personnel and Development (CIPD), United Kingdom

Society for Human Resource Management (SHRM), United States

Asociación de Profesionales Uruguayos en Gestión Humana (ADPUGH), Uruguay

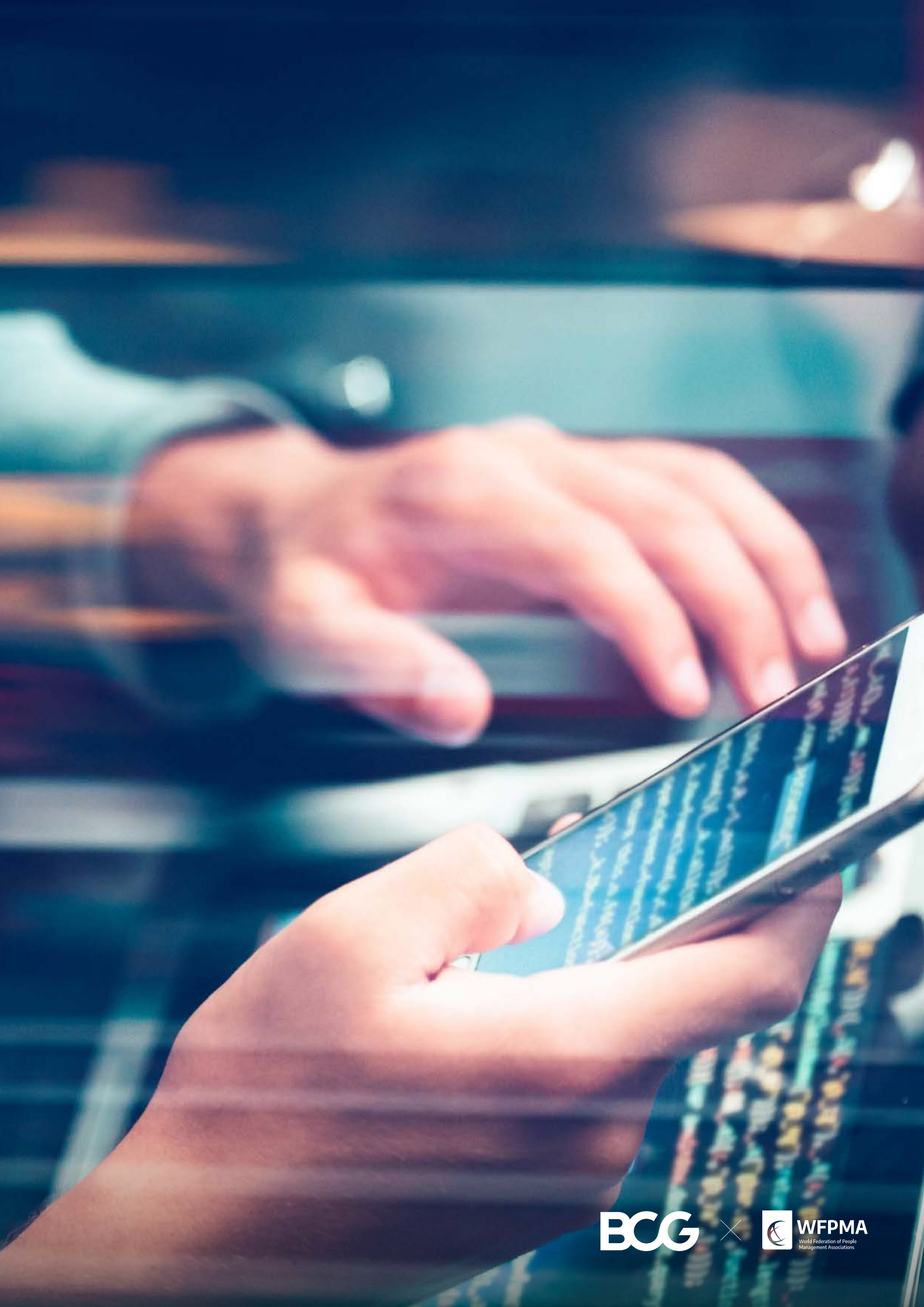Asociación Venezolana de Gestión Humana (AVGH), Venezuela

Human Resources Association (HRAVN), Vietnam

Zambia Institute of Human Resources (ZIHR), Zambia

Institute of Personnel Management of Zimbabwe (IPMZ), Zimbabwe