KF KENNEDYFITCH

The Future of HR
seen through two different lenses

A research report in collaboration with world class CHROs, renowned thinkers and HR practitioners about the changes in the HR space.

Executive Summary

In our latest research at KennedyFitch we set out to look more closely at the future of Human Resources, at the disruptive changes taking place and their impact on the future world of work.

Our goal was to discover if the near future of HR and the world of work look the same for two distinct groups of people - HR practitioners and 'thinkers' - by interviewing world class CHROs and renowned thinkers, and surveying over 100 HR practitioners, business managers and consultants. This report explores their responses, where they agreed and where they differed, outlining the changes they expect to see taking place in the HR space up to the end of 2025.

A number of macro trends paint the backdrop for these changes. The hyper-acceleration of digitalisation has significant ramifications on the who, what and how of work. With pre-defined career paths no longer matching the needs and aspirations of employees, greater personalisation will allow individuals to customise their professional journey. The concept of flexibility has become much broader and more deeply embedded within organisational and individual decision-making.

Greater diversity is still high on the agenda but will need safeguarding in the age of AI and automated processes. Finally, it is increasingly apparent that we live in a multipolar world where one size does not fit all and this has a significant impact on people management.

While the trends above were a common thread in the interviews with both thinkers and practitioners – we also saw some trends that were more

Both practitioners and thinkers agreed that the HR function (if it seizes the opportunity and gets it right) will have higher strategic value for the company.

For that it needs more than ever to be brave, placing genuine human concerns on the table in this era of hyper-competitiveness, extreme pressures and bottom-line-focused actions.
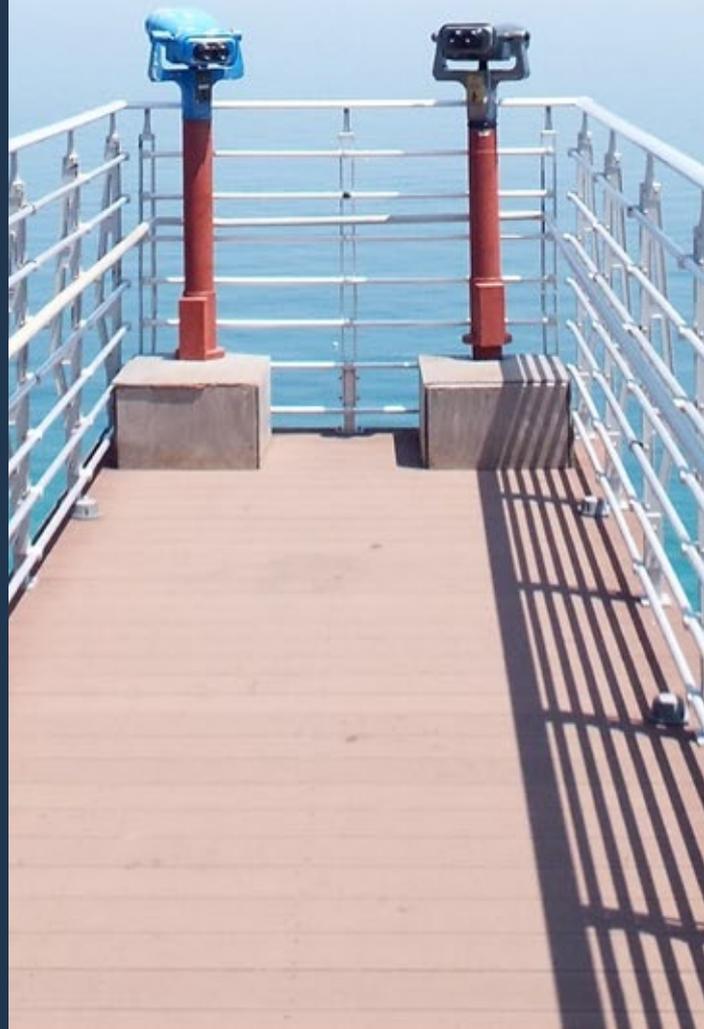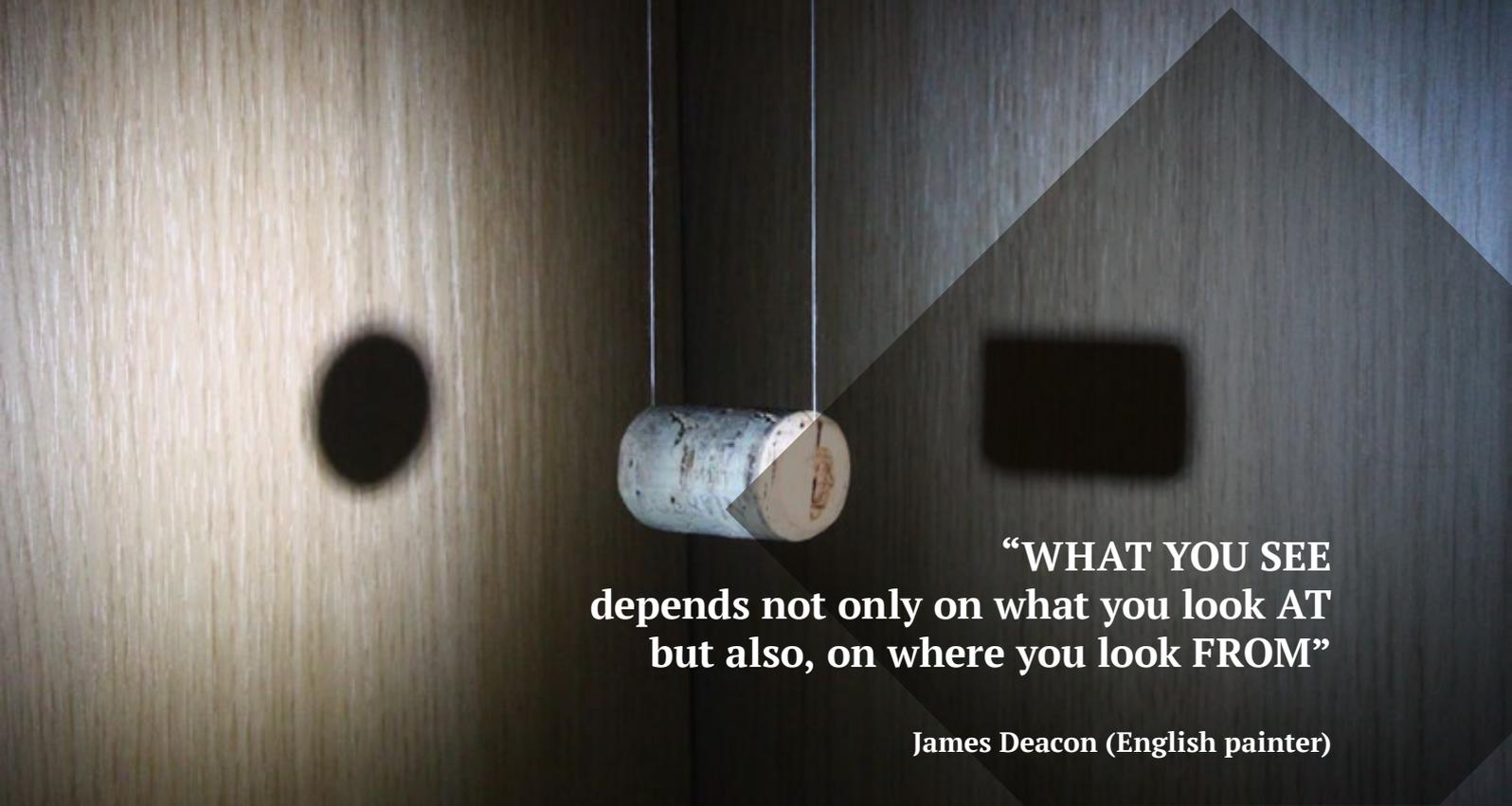
**"WHAT YOU SEE
depends not only on what you look AT
but also, on where you look FROM"**

James Deacon (English painter)

specific to the interviewees Practitioners talked of the crucial importance of getting teamwork right and of staffing those teams with diverse talent, including neurological diversity. Thinkers talked of an accelerated democratization of the workplace and how it would lead to greater employee empowerment. They also believed the private sector will increasingly be called upon to do more and step in where governments fail or are less effective (as seen in the context of the global pandemic).

In such a scenario is HR still relevant? What will it be accountable for in 2025? How is HR as we know it shifting and what do we need to let go of and how will the function evolve?

Both practitioners and thinkers agreed that the HR function (if it seizes the opportunity and gets it right) will have higher strategic value for the company. For that it needs more than ever to be brave, placing genuine human concerns on the table in this era of hyper-competitiveness, extreme pressures and bottom-line-focused actions.

Everything we create in HR needs to start with the user needs at heart: we can no longer afford top-down design and implementation of programmes. We need to actively include employees in telling us what they need and how they need it. Moreover, thinkers believe that we have an opportunity to evolve the Ulrich model, with CoEs being much more people-centric, driven by the interaction with employees. Many of our interviewees talked about opening up HR as a field of practice for a multidisciplinary approach, welcoming experts from other disciplines as well.

No area of HR will remain untouched by the changes underway. HR will be more accountable in shaping the role of the organisation in society. Organisations can no longer keep themselves out of the grand societal challenges of climate change and social justice, which is a tremendous opportunity to show our values in practice.

We would like to express our gratitude to those who generously gave us their time, knowledge and insights during this study

Thinkers

David Ulrich

Ravin Jesuthasan
Mercer

Naomi Stanford

Tom Haak

Volker Jacobs
TI People

Josh Bersin

Bob Aubrey

Jonathan Kersenbaum
TalentTech

Aisling Tellard
OurTandem

Practitioners

Piyush Mehta
Genpact

Marten Booisma
Former AkzoNobel

Anette Bohm
KBC

Laure Roberts
Syngenta

Rosa Lee
Bosch

Krish Shankar
Infosys

Jean-Christophe Deslarzes
The Adecco Group

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1. Introduction

For some years now, at KennedyFitch we have focused our research work on the topic of the "New HR". When we published our first whitepaper in 2016, we predicted that classic HR transformation was an end-of-life-cycle product. We repeated our view at the end of 2018, stating that we were at the beginning of a disruptive change in the world of Human Resources. Now, in 2021 we are seeing increasing evidence that the changes taking place are indeed moving in the direction we foresaw.

Is there anything inherent, however, to the fact that we are consultants and our view of the future of HR may not resonate with what companies are experiencing? Are HR leaders and practitioners living in a different reality? We were challenged on exactly this by our friend Gaurav Gupta, Global HR Director at AkzoNobel. After listening to our presentation on the Future of Work in Amsterdam, Gaurav spurred us to investigate whether our view of the future was shared by people in the field: HR leaders and practitioners in corporations. "What if," he asked, "we could create a view of the future from two different vantage points – that of an HR practitioner and that of a 'thinker' ?" In the former category we included those people who work in corporations and practice Human Resources as their profession within an industry. Referring to them as 'thinkers' for the sake of brevity, in the latter category we included those who may not be as directly involved as HR practitioners but think deeply about the world of work and are also known for their views on the HR function and their ability to shape it.

From this broader viewpoint, our latest research took its first steps. We set out to discover if the near future of HR and the world of work look the same for these two distinct groups of people. What areas would they agree upon and where would their views differ? This report explores their responses, outlining what changes they expect to see taking place up to the end of 2025.

Partnering with Gaurav (who worked on this project in a private capacity), as a team we took up the challenge to interview world-class CHROs and renowned thinkers. Additionally, we complemented these interviews by conducting a survey among a group of over 100 people comprising not only HR practitioners but also business managers and consultants.

2. The macro trends impacting the world of work and the HR function

2.1. Where HR practitioners and thinkers agreed

Both practitioners and thinkers agreed on and identified three major trends that will have a far-reaching impact on the evolving world of work.

Accelerated digitalisation

Given the state of the world today and the impact of the pandemic, it is no surprise that digitalisation has emerged as a major trend. However, what was striking was the degree of certainty expressed by both groups that this would be the dominant trend over the next few years. While their answers covered a range of dimensions impacting the future of work and HR, their responses led us to conclude that a hyper-accelerated move towards digital has ramifications for the "what", "how", "when" and "who" of work.

The "What" of work. Compared to the past, today there is a greater digital component to the work we are doing and across industries in both the near- and long-term future. More work will be brought online and a greater number of activities will be digitised. It is expected that the kind of work people in corporations will be doing by 2025 will be of a higher order. At the same time, more repetitive or transactional work will be brought online. Digitised work as we know can be broken down and distributed. This will have ramifications for both the "how" and the "who" of work.

"How" work will be done, including the "when" and "where" of work. Thanks to digitalisation, work can be done in a more distributed form and is likely to move to platforms that offer greater visibility to the conditions associated with fulfilling that piece of work. Workers (internal employees and external freelancers) will be pulling that work based on their role, desire for development and their individual aspirations. It also clearly emerged from our interactions with both thinkers and practitioners that working in teams will significantly increase in the future: It is already an established trend in organisations that is only likely to accelerate.

The "Who" of work. Despite all the challenges associated with this model, we have again heard confirmation that the number of self-employed professionals will increase, with high-expertise areas more and more sucked in by this trend. Interestingly, we also heard that the definition of "teams" will be more elastic in the future and extend beyond the boundaries of the organisation.

Personalisation

We heard from our respondents that the world of work will see an accelerated trend towards greater personalisation. This second trend perhaps follows on from the first: with work becoming more digital, the individualisation of it to the person who is doing the work is set to increase. From the perspective of the individuals doing the work, they can constantly build their skills and customise their professional journey, making it highly specific to their ambitions and aspirations. Job crafting by employers will thus have corresponding ramifications on the lifelong learning and skill-building of employees. Our respondents believed that locked-in and pre-defined career paths would not stand the test of time in the world of work.

Flexibility

We were surprised at the number of times this word came up in our interviews and survey. What is perhaps more significant is that it came up in a variety of contexts: from flexible work models to flexible benefits, to flexibility that employers will need in the number of employees to keep on their payroll. Flexibility as a concept in the world of work will be become more deeply embedded within organisational and individual decision-making. In this context, the terms "company" and "employer" will probably have less meaning. For corporations this could mean that they would have to work harder to create a sense of belonging and community in the workforce as well as in communicating their purpose. From the perspective of the people who will do the work, not only will flexibility relate to time and location, but also to the kind of work arrangements they prefer.

2.2 The insider view from HR practitioners

HR practitioners highlighted that within organisations the intense pace of business, the drive to accelerate diversity in our workforces and greater teamwork are very much at the forefront of how the future world of work is taking shape.

The speed and velocity of business

Businesses are moving faster than ever, and harnessing value is now more elusive. With market boundaries blurring and established incumbents likely to be blindsided if they are not vigilant, management systems need to be designed for greater speed: organisations will not only need tools to help them move faster, but also faster access to the capabilities needed to run their business.

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>
> **Jean-Christophe Deslarzes**
> Chairman of the Board at the Adecco Group (and former CHRO at ABB and Carrefour

Greater diversity

Companies are placing an increased focus on getting more diverse people and voices into key forums and discussions. Jean-Christophe Deslarzes, Chairman of the Board at the Adecco Group (and former CHRO at ABB and Carrefour) pointed out an interesting practical outcome of the pandemic: "Because now all meetings are online, more people are included in meetings, people who would usually not travel, or would not be in a hierarchical position that would bring them into the session. But things changed. It doesn't matter anymore. This has brought automatically more diversity to the discussion table."

He went on to elaborate what this trend will mean for the management of employees in a 5-year time frame: there will clearly be a greater diversity in the kinds of people you will see working alongside you and the voices that you will hear in calls and meetings where decisions are being made. And this is a trend that, as we hope, is very likely to accelerate over the next 5 years.

Team-work on the increase

Teams will play a greater role in the future world of work. Laure Roberts, the CHRO of Syngenta, pointed out that "Increasingly, the way you look at an employee will not be as to what they bring individually, but crucially what they bring to the team - and the team will not just be defined within the boundaries of the company but also encompass some external partners. We see that more and more when we do projects, we have the majority of the team from the company, but the rest are made up of customer representatives or business partners."
The implications of this trend on people management point to the fact that our people systems will clearly need to be re-designed. We will have to build in systems that reduce the friction that prevents people from working in different teams, amplify contributions made rather than focusing on how we weigh and define jobs. We will also have to design systems that encourage participation and teach people to be better, more effective team members.

2.3 The outside view from the thinkers

From their external viewpoint, the thinkers considered the broader business environment, highlighting where the private sector will need to play a greater role, the implications of increased employee empowerment and the challenges of our multipolar world.

Expectations from business

Thinkers believe that on the backdrop of this pandemic, more will be expected of the private sector: companies will be expected to fill in where governments are failing to fulfil the need for security and decision-making ownership. Additionally, employee wellbeing and health will become a greater part of the agendas of companies, occupying more of senior management time and attention.

Role shifts and empowerment

In the second half of the decade, the degree of empowerment that employees will experience in their workplace will dramatically increase. It has already increased substantially, but in the coming era, the role of managers will shift from an unequal relationship to a much more equal one. Democratisation of the workplace will accelerate and employees, as active participants in decision-making, will have a greater say in the direction a company takes. In such a context, People Managers will need to play a greater role in creating a sense of belonging, a sense of purpose and connection. In a world with greater independence and flexibility for the people who do the work, managers will have to work harder than ever to care for people and make sure everyone has a chance to align their personal values with the organisation's purpose. While the focus of their role today is on engagement, they will have to broaden their thinking about how they can craft a truly better employee experience.

Management and organisational development based on geography

Thinkers were of the strong view that singular predictions will not work in a multipolar world. Not everything applies everywhere. Geography (read: which society one belongs to) will be a key determinant in how work evolves and how people are managed. As recovery from the crisis will be very different from East to West, and North to South, management practices will evolve accordingly.

While in some geographies people will prefer flexibility, perhaps opting for more independence by being self-employed, in others there will be a scramble to get secure jobs. The dominant motive will be to avoid having to go through a Covid-like trauma again without a safety net. All this will mean that there will be differences in people's motivations to become an employee depending on the geography of where work needs to be performed. This will have a significant impact on how people will be managed in the future.

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3. The readiness of organisations to select and capitalise on these trends

To understand how companies are preparing for the future, here we focused only on HR practitioners to gain a glimpse inside their organisations and an understanding of how they were incorporating external trends as well as nurturing those taking shape within their organisations.

"Business context" and "purpose" were some of the key touchstones that were used to evaluate not only which trends to embrace, but also to strengthen their resolve to resist the hot, new, shiny trend that everyone else would be talking about.

Piyush Mehta, CHRO of Genpact, offered his company's approach which was widely shared: "What do we exist for, what are the core aspects of our culture that we want to keep and strengthen, how will incorporating this trend help us achieve our strategic vision? … That is how we decide." It should be noted that while businesses continuously learn from both outside and inside their organisations, what they choose to amplify or dampen across the company requires a significant investment in resources and that is why they need a strong selection, discussion and debate mechanism.

For instance, one company that valued "curiosity" in its culture invested heavily in providing world-class learning systems for its employees, never cutting its learning spend even in the tough times.

Those companies with a clear focus on the need to embed a digital backbone into their business model were pulling out all the stops in communicating the need for speed on this journey, managing this structurally and also investing in capability building. This has also translated into their HR functions where visionary functional leaders are thinking ahead and incorporating ideas not (yet) seen in other organisations. For example, Rosa Lee, Executive Vice President of Bosch China, told us about having an HR CDO (Chief Digital Officer) in her team who

has been recruited directly from the IT world and not from HR, whose team of reports are data scientists and digital product managers. Interestingly, she also spoke about the "how" of embedding trends. In the Bosch China HR team, for instance, they also have dedicated user experience champions whose role is to focus on delighting their internal customers when new HR products (they don't call them "initiatives"!) are rolled out.

Given the overarching context of the pandemic which was unfolding as we were conducting our interviews, practitioners gave examples not just of incorporating external trends but also responding to severe challenges from the outside. This was an unforgettable organisational experience, not just on trend adoption but changing from the inside to manage better and respond to the outside. This is best captured in the words of one of our respondents: "In crisis situations like these you can work with guiding principles, but not rules. There is a big difference.

Especially now you need leadership to implement what is right for the local context following the spirit and the directional intent as opposed to making rules for managers to follow. I see that continuing in the future, because the world is changing in different forms in different places. So you need to integrate the vision of the company, the spirit on how to navigate any challenge we have and they (leaders) need to make it their own. For example, one of the things we did during Covid - we started with what needs to be done in the office (protocols, layout) and when we tested it, we realised it may not work in a particular office in a location we were less aware of. It's only then that we changed our "rules" approach to "things you need to consider before you make your decision approach".

" **In crisis situations like these you can work with guiding principles, but not rules.** "

We stressed the fact that it is completely up to yourself and your local leaders to decide when it is time to reopen the office. As a corporate centre we held back and empowered leaders in the markets to manage the change – it seems obvious now, but it took a pandemic to teach us the value of the timeless principle of empowerment. Years of direction setting and monitoring melted away...."

4. How the HR function will evolve over the next 5 years

Let's begin by first putting the existential question to bed. Will HR exist in the future? It's a resounding YES: HR is here to stay. As Josh Bersin said: "I think this group we call HR is always going to be there, stitching together the tactical business elements to the social, economic aspects. The HR people are the specialists on all these people related issues that go from tactical to very meaningful things."

"One thing is certain," Jean-Christophe Deslarzes of the Adecco Group added, "I strongly believe that the function will continue to exist. In fact, the strategic part of the function will continue to increase, because all that was mentioned is rendering the reflection on work very prominently. The people who are experts and can advise the leaders of the economy are HR professionals. Thus, the HR profession will continue to evolve, as we have seen it do in the last years." Tracing its history, he reminded us that "We need to remember that HR is historically a young function: we need to consider how 40-50 years ago, the function was solely perceived as a paycheck function and that was it. If we juxtapose this with the finance function, which was strategic 200 years ago already, we can see how much progress we made in such a short time. HR has evolved with the speed of light to become more and more strategic. Over the last 10 years, HR leaders have almost always been at the decision-making table, in executive committees, just like CFOs, and there are very few exceptions! That is not a small feat!"

It is clear: the function has evolved tremendously from a paycheck function to a strategic function and this evolution will increase in momentum. As mentioned, in the future digitalisation will play a huge role with transactions and

> "
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>
> **Josh Bersin**

processes becoming highly automated. The portion of HR roles that can easily be automated will increase. An interesting example is how interviews will be handled with AI: a system that can adapt to the flow of the conversation and can even assess whether the person has the required EQ or skills for the position. These technologies are available right now and they will change the HR function and how it operates.

This obviously opens a whole new space around bias and the need to stay on top of it. AI will only learn the things we teach it based on the people who use it. It is important that we build diversity into that learning and constantly monitor potential bias.

4.1. The insider view from HR practitioners

Krish Shankar from Infosys invited us to look at the other side of the coin: while more technologies become available and the pace of change accelerates, "people will want a lot more support in their own process of going through these changes, including emotional and personal support. Given all this, the role of the HR function will become much more important."

This will also have an impact on how we organise the function. Currently the dominant model is the Ulrich model. While there is significant talk of the need to replace and modernise it, a new alternative has not garnered global acceptance yet. Rosa Lee from Bosch highlights: "I really think the Ulrich model* still makes sense, but the roles within that are changing dramatically. By taking over the burden of the nitty-gritty, repetitive tasks, technology will create more space for added value. Centres of Expertise will become a true enabler of the enabler (HRBP) and produce HR products that will be marketed with precision. For HRs the change in 5 years' time is really integrating digital instruments further."

> " From an HR function, I see that we should be much more outcome-driven rather than process-driven - we have lost ourselves somewhere in process land. "
>
> **Laure Roberts**
> Syngenta

Another perspective on how the function will be organised was provided by Laure Roberts from Syngenta. She points out that "what we need to design for" definitely needs to be clear: "From an HR function, I see that we should be much more outcome-driven rather than process-driven - we have lost ourselves somewhere in process land, performance management etc. If you think about performance management, what makes it a good approach? The quality of the conversation, that's what matters. I think we need to spend less time on our processes and more time on creating an organisation where people feel free to speak up. The HR function, in my view, needs to spend much more time on culture and leadership. Which is: helping leaders be at their best. If you believe, like I do, in having a leadership-centric system, you need to help leaders. Structurally, it is not that the Ulrich model is unworkable, we just need to (re)consider how and where to apply it. For example, in our context it makes little sense to apply it in smaller regions where splitting of responsibilities will just be sub-optimal."

[*] The original thinking of the Ulrich model about HR governance has been in fact expanded, now including 9 dimensions of an effective HR department at four levels. Additionally, central to the upgraded model is the concept of "human capability" and how HR leaders create a portfolio of human capability investments that deliver personalized stakeholder value.

User needs at heart

On the topic of the HR offering and structure, Volker Jacobs from TI people placed the accent firmly on people: "The major differentiator between 2025 and 2020 will be that HR products and services are developed and provided with the user needs at heart. We will see a very people-centric way HR is organised. Today, we have the CoEs, they were the inside-out thinkers, following the Ulrich model. These CoEs will be much more people-centric, driven by the management of employees. Just like IT can drive towards people centricity with more HR models. Boundaries between business and HR will blur and we will have a pool of HR skilled leaders."

HR: A multidisciplinary domain

This brings us to a view shared by both practitioners and thinkers: the idea of a multidisciplinary approach within HR. A dominant theme emerged around staffing the roles within HR, highlighting the fact that the domain of HR no longer belongs solely to the people who were formerly trained and grew into the function. HR is a multi-disciplinary domain: we see examples of CHROs coming from technology, digital, or other such areas. Before they were great CHROs, they were great business leaders. That's what matters most, the fact that they have an incredible acumen and sense of the economics of the business and how HR plugs in. As Ravin Jesuthasan says: "We don't just need great technicians in HR, people..... We need HR to be led by great business leaders." We need HR to be led by people who are great leaders, not great at HR processes in the "old" world of work. Of course, we will always have the need for HR specialists with deep expertise in a domain. But they shouldn't make up the total of HR. As Anette Bohm from KBC explained: "If I hire now, I do not necessarily hire people that have studied the classical stuff, but also for engineers because of their people analytics capabilities. People need to have a "feeling" for HR, but we will become more diverse and we will also get the people in who understand the business much better."

Some of the thinkers were critical about living up to a sense of purpose and meaning embedded in the employee experience. As Tom Haak said: "On the employees' side, that is an area where HR has lost. HR is too much associated with management. And that has made them (employees) very suspicious: "you are not here to help me, but to take the company's side". The domain of "who are the people who are helping people to become better?" – that is still open! So how will it develop? HR is not only the domain of change agents. We need to have great architects in HR, people answering the critical question of "how do we fit everything together, what should be our interventions"?

5.   Where HR will see the most change

5.1. Areas where HR practitioners and thinkers agreed

Responses from both HR thinkers and practitioners revolved around various dimensions of HR such as recruiting, development, compensation, and performance management. Needless to say, future technology will play a significant role in each area and specialized field of Human Resources:

Recruiting

In recruiting, we will see widespread automation, most likely through the use of Artificial Intelligence (AI). Processes like virtual interviews and assessments will primarily be done via AI-controlled tools; we are already witnessing this change in the first steps of the recruitment and onboarding process and the scope here is likely to expand in the coming years. Subjective bias will decrease from where it is today, though there is some concern that we may be automating the bias unless sufficient attention is paid to the design of algorithms. We should also ensure we keep the "human touch" in engaging candidates in this process.

Besides automation, recurring themes in our respondents' answers were the atomisation and the <<splitting of work>> and what it will mean to recruitment. In most jobs the focus will shift more towards acquiring very specific sets of skills and capabilities, thereby steering away from broad experience as the primary focus. For HR this will mean that managing a portfolio of skills will become more important than managing FTEs.

Learning & Development

Given the backdrop of the pandemic, significant disruption is expected in learning and development. While personalised and virtual learning will increase, face-to-face engagement is expected to decrease.

Additionally, as skills and the need to develop them become more important, we will again see less focus on things like university degrees or years of experience. We will now have to train people to adapt to frequent changes and to the increasing complexity of the world around us. Skills will become obsolete much faster than before and therefore companies who are able to skill and re-skill faster will significantly outgrow their competitors.

Compensation & Benefits

This dimension of HR will primarily be affected by the rise of the gig economy. This means we will see fewer people in full-time employment and a significant increase in contingent workforces. We must therefore look hard at new ways of assessing compensation, no longer for the job itself but more for the work that is being carried out. This will in some way require resources - technological or otherwise - to develop a fair way of task-based pricing. Finally, we need to take a critical look at the current system of job evaluations: they are no longer fit for purpose in the new world ahead of us.

Talent and Performance Management

Performance management will undergo a significant degree of automation largely through the use of analytics platforms. This will require less manpower and fewer resources, resulting in an easier process. Whether we look forward to them every year or not, our candidates agree that utilising HR analytics will remove the need for annual appraisals. Giving and receiving feedback among peers, team members and leaders might even become part of the day-to-day business.

5.2. The insider view from HR practitioners

Recruiting

Talent sourcing will become more global in the future and over the next 5 years the breadth of the talent pool will significantly increase for employers. Many lessons have been learned during the pandemic – even working from home turned out to be less of a challenge than initially thought. With this lesson learned, relocation in the future might become a less complex process. This - coupled with the larger influx of gig-workers at all levels - will drive a greater distribution of and flexibility at work.

It is expected that more recruitment will be outsourced due to the greater levels of automation we have already outlined and a much greater focus will be placed on "planning for future recruitments and not just current ones". The field is expected to become more sophisticated as organisational differentiation will hinge on who you are able to get to work for your company.

Learning & Development

The whole setup and approach to learning and development as it exists in traditional companies needs to and will change. Companies have been slow to move in this direction but there is an opportunity to reset by blending employee aspirations, desired culture, communication and purpose in the field of learning and development.

Compensation & Benefits

Over the next five years there will be a significant shift in compensation and benefits, steering away from traditional monetary reward schemes by those organisations keen to develop other more valued ways of rewarding behaviour and performance. These may, for example, include benefits that support a better work-life balance. Interestingly, a less biased, more automated remuneration system may become available in the future with enhanced transparency and less subjective managerial involvement .

5.3. The outsider view from the thinkers

Organisation Development and Design

Designing organisations by balancing all the elements will become more complex and frequent in the future. We will have less rigid top-down structures five years from now and more self-managed teams that will give more oxygen to worker autonomy. Tom Haak from the HR Trend Institute says that "The change from organising in jobs within rigid organisational structures will most definitely give way towards a team-based organisation model that uses key elements of self-managed teams . There is a clear trend towards a less rigid job and role specification."

Building on this theme of organization design, Ravin urges leaders to think of work design and calls for a new operating system for work — one that better supports the high degree of organizational agility required to thrive amid increasingly rapid change and disruption, and that better reflects the fluidity of modern work and working arrangements.

In the legacy world, work was defined almost exclusively as "jobs" and workers defined as "job-holding" employees. In the future and in a new operating system we need to deconstruct jobs into more granular units such as tasks, and we must identify and deploy workers based on their skills and capabilities, not their job descriptions. Deconstructing work is essential to implementing new options for sourcing, rewarding, and engaging workers, and to understanding and anticipating how automation might replace, augment, or reinvent human work.

Learning & Development

In the next five years, companies will take a more agile approach to learning and development. Organisations will continuously experiment with new ways of training, coaching and utilising analytics to shape the workforce and create future leaders. Changes in this function will stem from changes in organisational design and models, and this will help promote a greater utilisation of people's full potential within an organisation.

Talent and Performance Management

With the widespread use of analytics, organisations will have greater visibility over performance and ROI of most human interventions. They will invariably end up developing more scorecards and dashboards for leaders to assess their individual team's performance. Though this may not always be a positive thing — there is the risk that we are less patient with and faster at taking action on underperforming employees.

There are signs of a growing trend for larger companies to create what could be defined as a "job marketplace", an internal market where talent can be matched to certain challenges, according to their skillset and inclination. The matching will be aided by technology, but what is interesting is that people do not have to be concerned with where they are located in the organisation (functionally or geographically). This would translate into HR having to spend fewer resources and less effort on the transactional management of talent systems and instead being responsible for providing critical experiences to talent.

6. Greater demands will increase HR's accountability

6.1. Areas where HR practitioners and thinkers agreed

We questioned both HR thinkers and practitioners on the accountability of HR. Everyone believes that HR has come a long way in its evolution as a valued business partner, moving beyond a simple compliance function. Going forward, the credibility of HR will depend on the degree to which the function takes ownership of business results and shows how it is able to influence them.

While the term accountability has many connotations, it emerged that HR will experience an expansion of what it will be accountable for: employee wellbeing, transformation partner, values alignment, designing and implementing a model for allocating work are just some of the responsibilities that will fall under the HR umbrella. Greater demands are also being made on HR with regard to how the function approaches people issues: it is being urged to see employees in the context of their whole lives rather than just their professional ones. It is also required to seek out and re-apply best practices from other functions in the organisation. A recurring example of this was an invitation to look at the HR function as a mirror image of marketing. Just as marketing strives to create a great consumer experience applying an entire gamut of tools and techniques, HR should bring in insights to create outstanding employee experiences and thereby bring about a step change in results.

6.2. The insider view from HR practitioners

Currently, HR practitioners feel they are accountable for recruiting the right number and type of people, ensuring they are engaged, building their skills and competencies, getting them to stay with the company for longer periods of time and all this while ensuring people costs are under control.

While accountability for these basic parameters will not change with the high level of automation expected in the future, Krish Shankar of Infosys and Laure Roberts from Syngenta were of the firm view that going forward HR practitioners will be accountable for:

- Getting culture to where it needs to be in support of company goals
- Transformation readiness and execution: getting change done. Many companies have put in place some sort of "transformation index" and measure HR against it
- Employee wellbeing
- Costs of the organisation: HR touches many costs in the organisation and given the increase in agility and flexibility that will be required, HR would be held more accountable for making a more efficient organisation without compromising on effectiveness.

Mindset and HR will emerge from behind the shadows, making more of the decisions and being held accountable for them. While this of course already happens today, in most cases HR's role is limited to influencing and not directly making or being accountable for an investment or business decision. There is a widespread hope that at some point in the future, HR will take on and be accountable for decisions that involve investing in one location versus another based on the strength and availability of talent clusters or even "owning" people, moving them around in "critical experience" projects and releasing them to work in the most high-impact areas with managers who have a great track record of nurturing talent.

6.3. The outsider view from the thinkers

Thinkers believe HR needs to reposition itself. From KPIs to rethinking its meaning in the social contexts of the organisations it works for. As Tom Haak says, "Activism is more prominent than ever in our society today and within organisations HR plays a limited role here - this is an area where HR will and can take a role and be more accountable in shaping the role of the organisation in society. We cannot lock ourselves in our organisation anymore, waiting for the change to come to us. As organisations, we are actively creating societies of the future and HR can make a bigger impact on this journey."

The function cannot lose its essence and what it needs to stand for. In this era of hyper-competitiveness, extreme pressures and bottom-line-focused actions, HR needs to place genuine human concerns on the table and be brave. As Dave Ulrich also strongly believes: to rise to the opportunity of today's context, we need to reinvent HR for the future, and this "requires courage and agility to implement".

The final word on the topic of accountability was a refreshing, ground-breaking insight from Ravin Jesuthasan. As Global Leader for Transformation Services at Mercer, Ravin Jesuthasan spoke not just about employees and cultures, but also about the management of organisational work: "HR needs to move from being a steward of employment to being a steward of work and employee experience." The critical question, he says, is "How (as HR) do I help the enterprise orchestrate work that needs to be done inside and outside an organisation and allocate it effectively? How do I use all these different means of getting work done and fundamentally crack the experience, whether it's an employee, a gig worker, a retired person or an intern, and how they all move through those different relationships over a lifecycle? How do I manage these relationships and create a truly engaging experience for every human who touches my mission?".

7. Closing Remarks

Taking time to step back and examine the bigger picture feels like a privilege with today's rhythms of work. But we made it our mission to go out and bring you the thinking of some of the best professionals we know: HR leaders, business leaders, thinkers and consulting professionals, and how they imagine the world of work and the world of HR in 2025.

We asked the real questions: Is HR still relevant? What will it be accountable for in 2025? How is "HR as we know it" shifting and what broader societal changes are behind that? What do we need to let go of and how will the function evolve? Both practitioners and thinkers agreed that the HR function now needs more than ever to be brave, placing genuine human concerns on the table in this era of hyper-competitiveness, extreme pressures and bottom-line-focused actions. It took a pandemic to teach us the value of empowerment, and we understood that it inevitably brought more diversity to the discussion table, showing us how to function at work with guiding principles instead of rules. In summary:

The macro trends impacting the world of work and the HR function:

1. The hyper-accelerated move towards digital has ramifications for the "what", "how" and "who" of work. The definition of "teams" will be more elastic in the future and extend beyond the boundaries of the organisation.

We are seeing a shift to accommodate more self-employed professionals, more flexibility, we now become more focused on skills and expertise, combining "knowing more and more about less and less" within an organisational structure that brings interdisciplinarity together, to facilitate exchange.

2. Personalisation: locked-in and pre-defined career paths would not stand the test of time in the world of work.

3. Flexibility: flexibility as a concept in the world of work will be become more deeply embedded within organisational and individual decision-making. In this context, the terms "company" and "employer" will probably have less meaning.

4. Role shifts:

   i. Thinkers believe that on the backdrop of this pandemic, more will be expected of the private sector: companies will be expected to fill in where governments are failing to fulfil the need for security and decision-making ownership. Employee wellbeing and health will also be at the core of the leadership agenda;

   ii. Democratisation of the workplace will accelerate and employees, as active participants in decision-making, will have a greater say in the direction a company takes. In such a context, People Managers will need to play a greater role in creating a sense of belonging, a sense of purpose and connection, exploring opportunities for people to align their personal values with the organisation's purpose.

In terms of how the HR function will evolve over the next 5 years:

Firstly, we know that everything we create in HR needs to start with the user needs at heart: we can no longer afford top-down design and implementation of programmes. We need to actively include employees in telling us what they need and how they need it. Moreover, thinkers believe that we have an opportunity to evolve the Ulrich model, with CoEs being much more people-centric, driven by the interaction with employees. Secondly, many of our interviewees talked about opening up HR as a field of practice for a multidisciplinary approach, welcoming experts from other disciplines as well – this is the way forward. When we asked them about the areas of HR where we will witness most change, their answers ranged from recruiting to learning and development, talent management and Comp & benefits. No area remained untouched.

Overall, HR will be more accountable in shaping the role of the organisation in society, during these times of activism and social change. It is a time when organisations can no longer keep themselves out of the grand societal challenges of climate change and social justice. So people are watching. Not only as consumers, but our own people, too. This is a tremendous opportunity to show our values in practice.

In closing we would take this opportunity to revisit our opening quote – "What you see, depends not only what you look at, but where you look at it from" - in this report we highlighted how the different places of "looking from" changes what we look at, whether we are HR practitioners or thinkers. An added wrinkle of complexity is that even when they looked at the same things – they were looking at them differently. Having a survey with a large group of people brought in new areas for us to consider.

All this has given – we believe – our report richness and breadth and after learning what we have learnt we strongly feel the same about HR today.

The field that is responsible for people practices and outcomes and helps shapes productive environments in which they work is exponentially adding to what is under its circles of influence and control.

While it is and will remain difficult to predict futures what we can say with surety is that an HR career today promises richness, complexity, reward and that elusive abstract thing – satisfaction!"
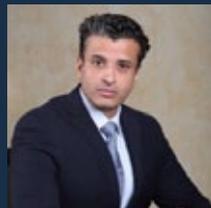
KENNEDYFITCH

Executive Search &
Management Consulting

About KennedyFitch

At KennedyFitch we help organizations to hire for fit for the future rather than fit for now. Through our Executive Search practice we have built a track record in search for senior HR roles and we focus on search for future leaders in different industries. Through our People & Organization practice we bring the human back into Human Resources and create truly human-centric organizations where we focus on HR Consulting, Capability Building and Coaching

Besides our Executive Search and People & Organization practices, we are also Community Builders and Knowledge Sharers. We are rapidly moving towards "consumerized careers", whereby we will be fully in charge of our own career paths. That is why we bring together experts and professionals in a number of communities and networks, to help HR colleagues become masters of their own careers at all levels. And we not only have a stake in the future of work but we also have an opinion on it, which we share in our research-based publications, webinars and events.

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Appendix

Appendix 1

The rationale and background to the questions we asked in our survey and interviews

Appendix 2

Quantitative Appendix from Qualitative Interviews

Appendix 3

Survey Results

Appendix 1

The rationale and background to the questions we asked in our survey and interviews

Question 1: What are the trends you are seeing and how will they affect the management of employees in the future (2025)?

We wanted to explore the macro trends impacting the world of work and their corresponding impact on people management. We also wanted to understand how respondents are thinking of definitions – for example the term "employee" - how elastic would that become in the future? The word "management" - what does that term evoke in the minds of the respondents? We wanted to know how different our underlying systems and the way we organise for people management will be in 4-5 years.

Question 2: How is your organisation positioned to capitalise on these trends – could you highlight with examples the trends in which your organisation is leading / lagging / and also ones that you may be ignoring for the time being?

After having learnt from the previous question about the trends governing the world of work and the management of people, we wanted to learn how companies selected which trends to pursue and which to ignore. We were also keen to get specific and understand examples companies could point to for the trends that they were seeing. While we were conscious that the world of work is very dynamic, we were also equally aware that organisational ability to embed multiple ideas is limited, so through this question we wanted to understand the decision-making process and how choices were made.

Question 3: How do you see the HR function evolving over the next 5 years?

We used this question to understand how the future looks for HR and what we need to both leave behind and take on, to move forward and keep and enhance the relevance of Human Resources.

Question 4: Among the current dimensions within the key areas of the HR function, which will undergo the most change in the next 5 years? Could you share some examples for the areas you identify?

The HR function as we know it has many specialised areas and fields within it, given the degree of change the world of work is witnessing they are all undergoing disruption. We were keen to explore that within the major dimensions of staffing, development, compensation. Where would the thinkers and practitioners see the most change happening? Would they identify the same areas and if they did, would they expect the same kind and degree of change? Those were the answers we wanted to explore in this question.

Question 5: What key outcomes do you think the HR function is accountable for currently? What key outcomes will the function be accountable for 5 years from now?

Through this question we were keen to understand how the accountability specific to the HR function will shift: with rising complexity and multiple expectations from different and varied stakeholders, what will be pinned to HR as its "deliverables"? How will stakeholders hold HR's "feet to the fire" in terms of accountability?

Appendix 2

Quantitative Appendix from Qualitative Interviews

	Thinkers	Practitioners
On a scale of 1 - 10 how different will the function be from what we have and see presently?	6,7	6,9
On a scale of 1 - 10 how different will the priorities be from what they are today?	7,2	6,8
On a scale of 1 - 10 how prepared are you / is your organization's HR function for tackling these priorities?	5,8	5,6
On a scale of 1 - 10 how important a role do you think the function plays now in the eyes of it's key stakeholders?	4,7	6,2
In the eyes of its key stakeholders in 5 years from now how important a role do you think the function will play in in the eyes of its key stakeholders?	6,9	7,7

Possible Conclusions from the quantitative survey :

- The most marked difference in the perceptions of the two sets of respondents is the degree of importance the function has in the eyes of its stakeholders - that gap in 5 years is likely to narrow.

- Scores on HR's readiness in planning for the future priorities are not high .

- Both sets of respondents believe that from the current status, the function will be significantly different and would have a different set of priorities in the coming 5 years.

Appendix 3

Survey Results

1. Who were our survey participants?

82% of the participants responded "I am an HR practitioner"

18% of the participants responded "I don't practice HR in an organization but am a stakeholder of the function" or "my work is related to HR".

2. Where is your company headquarters?

- Europe
- US/Canada
- Asia-Pacific
- Africa
- Middle East

3,23% 3,23% 5,38% 18,28% 69,89%
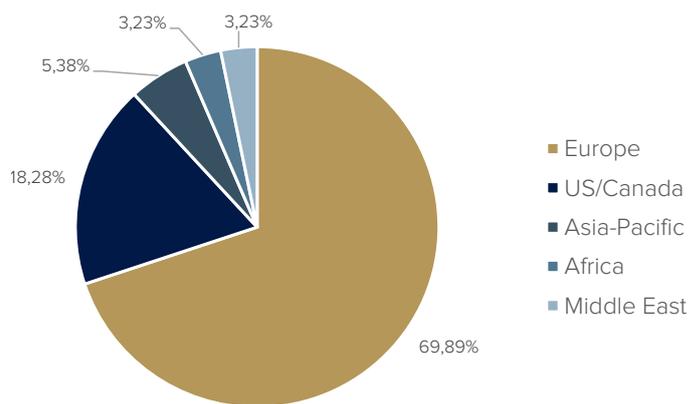
3. How many employees does your company have?

- 10000 - 50000
- 50000+
- 0 - 500
- 1000 - 5000
- 5000 - 10000
- 500 - 1000

5,38% 9,68% 12,90% 25,81% 23,66% 22,58%

4. Perception of organisational environment (%)

Chart: Perception of organisational environment (%)

Statement	I don't practice HR in an organization but am a stakeholder of the function	I am an HR practitioner
My organisation is lagging behind.	6%	20%
My organisation is an early adopter	50%	32%
My organisation does what the majority of others do	13%	29%
My organisation creates trends	31%	19%

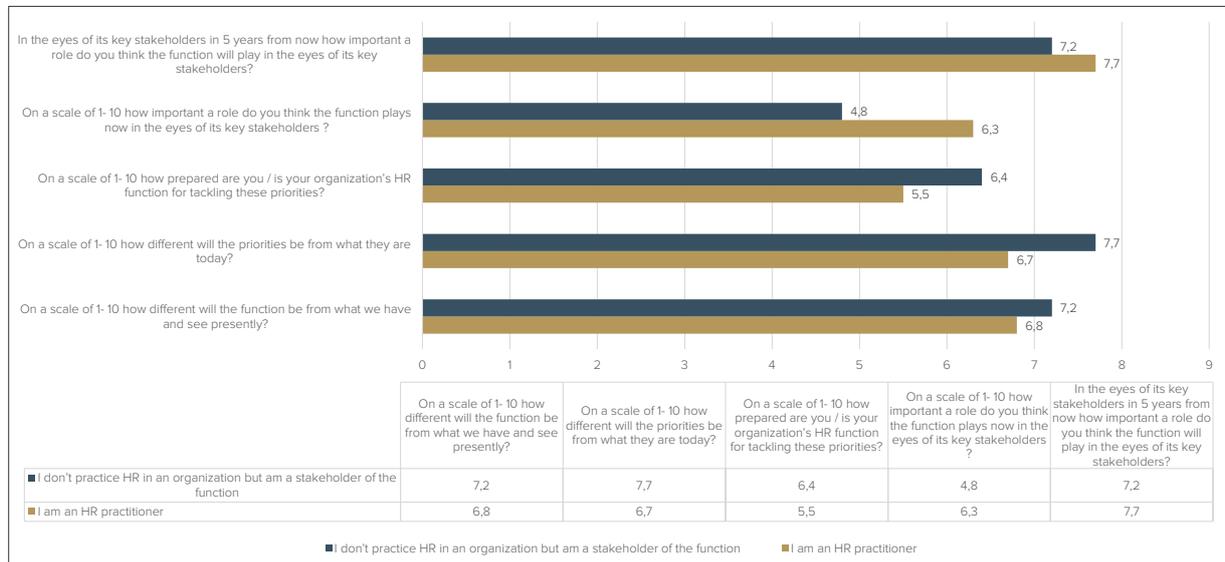Legend: ■ I don't practice HR in an organization but am a stakeholder of the function   ■ I am an HR practitioner

5. Average score results per community of practice

	On a scale of 1-10 how different will the function be from what we have and see presently?	On a scale of 1-10 how different will the priorities be from what they are today?	On a scale of 1-10 how prepared are you / is your organization's HR function for tackling these priorities?	On a scale of 1-10 how important a role do you think the function plays now in the eyes of its key stakeholders?	In the eyes of its key stakeholders in 5 years from now how important a role do you think the function will play in the eyes of its key stakeholders?
I don't practice HR in an organization but am a stakeholder of the function	7,2	7,7	6,4	4,8	7,2
I am an HR practitioner	6,8	6,7	5,5	6,3	7,7

Legend: ■ I don't practice HR in an organization but am a stakeholder of the function   ■ I am an HR practitioner

6. By the year 2025 how will the management of employees have changed? And how do you think the term "employee" has changed and who would you consider in that definition?

BOTH HR AND NON-HR PRACTITIONERS AGREE THAT:

People will, more and more:
- Choose a company based on purpose and wellbeing;
- Expect management on values rather than content. There will be no "Management" of employees, but more "inspiring & leading & enabling"
- Choose the managers they want to work for / with and will reject those they don't, if their values do not align.
- Choose the purpose of their work: the search for values beyond own organisational boundaries will be higher on the people agenda; potentially, a broader set of collaborators will form around "bigger" challenges that will expand beyond company's specific boundaries;
- Become increasingly self-guided, they will choose more "portfolio careers" and project-based work, becoming responsible for their own P&L;
- Think of their careers as "learning track" more than "title tracks" and thus decide to stay or join an organisation for the potential to develop.

Leadership and management will change by:
- Classic "Management" will become less relevant and it will be more about a value exchange between partners, underpinned by accountability;
- Leadership will exist to empower networks-of-teams, not to manage them by control and command;
- Skills will be managed, not positions or titles;
- Freedom will be one of the guiding principles that leaders will need to think of. Freedom and the ability to make choices that suits one's life (including outside of work).

Employment will be:
- Less permanent, with more flexible working structures, more remote and freelance, contractor, part time workers, more skill-based-project-based work;
- With more descentralised ways of working, more agile;
- Employee will be disputable as a term. The term "employee" can be replaced by "associate" for example, to include anyone who his contributing to the success of a business, not only people on a payroll;

7. Out of all the trends that we see today and especially in this crisis, which ones will get accelerated? Could you describe at least 2 trends.

I am an HR practitioner	I don't practice HR in an organization but am a stakeholder of the function
• More flexibility and an expectation of mutual trust, which will imply: • Work can be done from anywhere- independent of time, place and proximity to a company's location. • People expect the freedom to combine one's job with personal growth (such as getting a coaching certification or going for a yoga teacher training – for the young generation) • Accelerated digitalisation; • Wellbeing and mental healthcare as a recognised, acted on priority; • More awareness of social justice issues such as climate change; sustainability will become a must, not a nice-to-have; • Company values in action: the way an organisation treats employees or customers (same group) will determine the growth of an organisation!	• Work can be done from anywhere - independent of time, place and proximity to a company's location. • Portfolio careers based on skills/ re-skilling • Employees seeking for purpose • Inclusive leadership, with decision power on all levels on what is the most important work to be done

8. How do you see the HR function evolving over the next 5 years?

I am an HR practitioner

- From Human Resources Employee Experience value creators
- From Human Resources to Business Performance
- From Human Resources to Being a "Broker of required skills and know-how"
- More embedded into business, becoming an internal consultant and strategic advisor
- Better leveraging data and influencing decision-making
- Doing the work that truly matters: more fluent and capable of shaping and influencing human behaviour and systems dynamics; less focused on process optimization, admin and cost management
- Multidisciplinary (marketing, data science, organisational behaviour, EX specialist, coaches etc.), looking at your own people with the same nuance and complexity as looking at consumers/clients.

I don't practice HR in an organization but am a stakeholder of the function

- From Human resources to critical Business Enablers
- From Human resources to Culture and Leadership Ambassadors
- Alternatives to "HR function" – we might be calling it the Purpose function, the Well-being function, the People function or the Performance Function

9. How do you see the HR function evolving over the next 5 years?

Both groups answered long the lines of "Yes and No"

The Ulrich model continues to be a solid point of reference. It can still be used as a base model, but its implementation will change, depending on how innovative the organization is: It will evolve in the competencies and skills required, with much more a focus on co-creating around the needs of the employees;

A possibility evolve the model is to have:

- A core group of HR partners who are strategic generalist, agile learners, with a growth mindset who can quickly learn, relearn and unlearn, tech-savvy, data-driven, innovative, who can act as motivators, and are trusted partners for employees and managers alike. However, they have the super-power of harnessing talent, sourcing the right individual or team or vendor for the right project or task
- The most specialized functions today will no longer be done in-house
- Automation and AI will take over the burden of admin work. More time for meaningful interaction!

10. How do you see the role of the HRBP evolving? Do you see the role increasing in scope / decreasing in scope or changing in a different way?

Both communities of practice said that:

- Some parts will increase (strategy, deeper business knowledge to drive broader conversations, talent advisory, EX, wellbeing, culture of belonging, purpose)
- Some parts will decrease (administration, redundant tasks) thanks to digitalisation (through automation and self-service).

11. In the new world what do you think will be the priorities for the HR function?

Both communities of practice emphasised:

- Culture
- Wellbeing
- D&I
- EX
- Personalization and flexibility
- Development and growth
- Data-driven talent decisions
- Key skills and capability acquiring (build, buy, borrow, bot)
- Corporate Ethics

12. Among the current dimensions within the key areas of the HR function which will undergo the most change in the next 5 years?

- Advanced data analytics
- AI-powered Compensation & Benefits and Recruiting
- More tech solutions (automation and self-service) for HR operations
- L&D
- Wellbeing and mental health

13. On a scale of 1- 10, how different will the function be from what we have and see presently?

> "The HR function will become a hybrid of Marketeers, Data Scientists, Org behavior specialists, Joy-makers, Coaches and those that have the ability to quickly upskill, learn and unlearn."
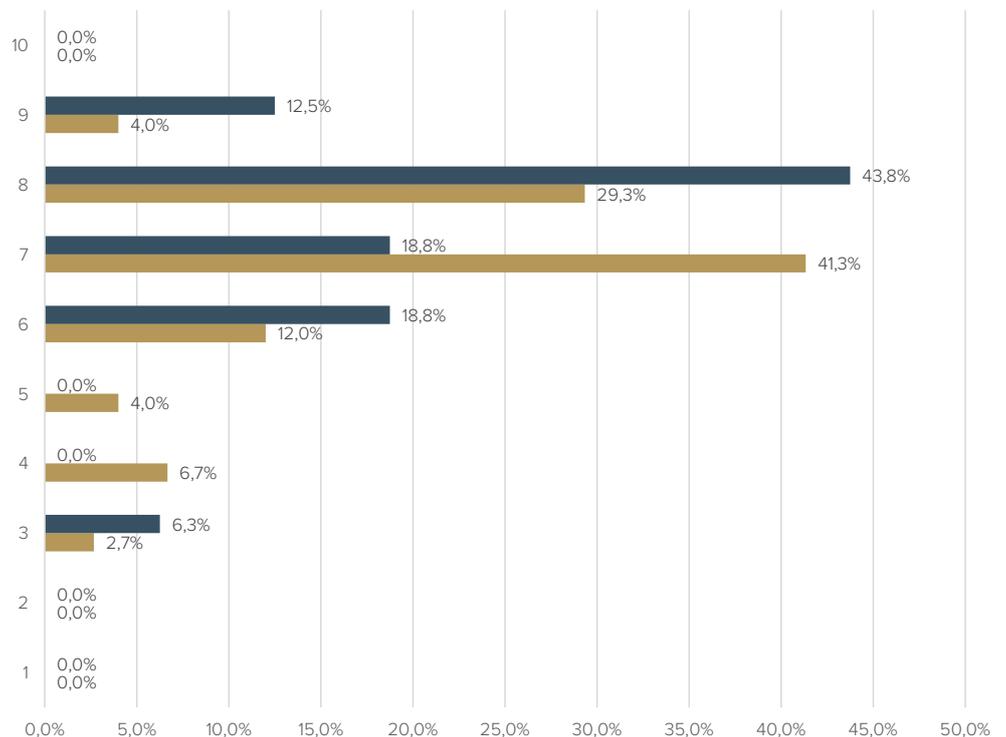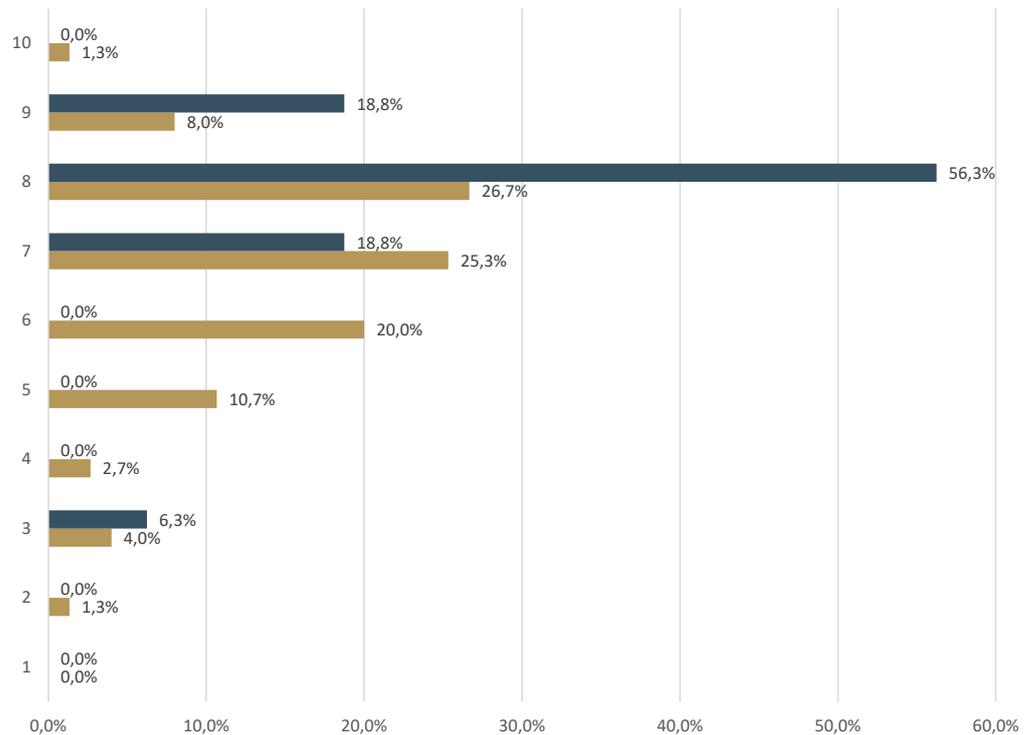
	1	2	3	4	5	6	7	8	9	10
■ I don't practice HR in an organization but am a stakeholder of the function	0,0%	0,0%	6,3%	0,0%	0,0%	18,8%	18,8%	43,8%	12,5%	0,0%
■ I am an HR practitioner	0,0%	0,0%	2,7%	6,7%	4,0%	12,0%	41,3%	29,3%	4,0%	0,0%

■ I don't practice HR in an organization but am a stakeholder of the function   ■ I am an HR practitioner

14. On a scale of 1- 10, how different will the priorities be from what they are today?

> "As practitioners, we are more and more challenged in our capacity (or lack thereof) of creating value. The Covid-19 crisis has shown how important HR can be... but has also demonstrated that the areas we have invested and prioritized until now more might not be the most relevant."
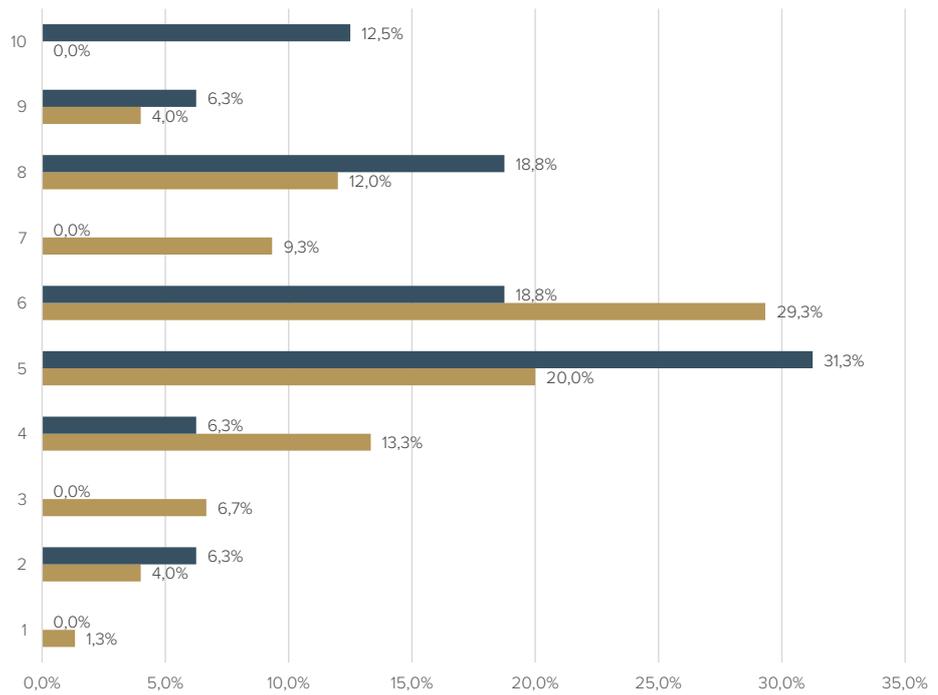
	1	2	3	4	5	6	7	8	9	10
I don't practice HR in an organization but am a stakeholder of the function	0,0%	0,0%	6,3%	0,0%	0,0%	0,0%	18,8%	56,3%	18,8%	0,0%
I am an HR practitioner	0,0%	1,3%	4,0%	2,7%	10,7%	20,0%	25,3%	26,7%	8,0%	1,3%

■ I don't practice HR in an organization but am a stakeholder of the function   ■ I am an HR practitioner

15. On a scale of 1- 10 how prepared are you / is your organization's HR function for tackling these priorities?

> "My company has been forced into remote working and now accepts it as valuable. However, the thinking around a future working model is lagging and there is lack of knowledge to shape what that should look like and the evolution in culture that is required."

	1	2	3	4	5	6	7	8	9	10
■ I don't practice HR in an organization but am a stakeholder of the function	0,0%	6,3%	0,0%	6,3%	31,3%	18,8%	0,0%	18,8%	6,3%	12,5%
■ I am an HR practitioner	1,3%	4,0%	6,7%	13,3%	20,0%	29,3%	9,3%	12,0%	4,0%	0,0%

■ I don't practice HR in an organization but am a stakeholder of the function　　■ I am an HR practitioner

16. On a scale of 1- 10, how important a role do you think the function plays now in the eyes of its key stakeholders?
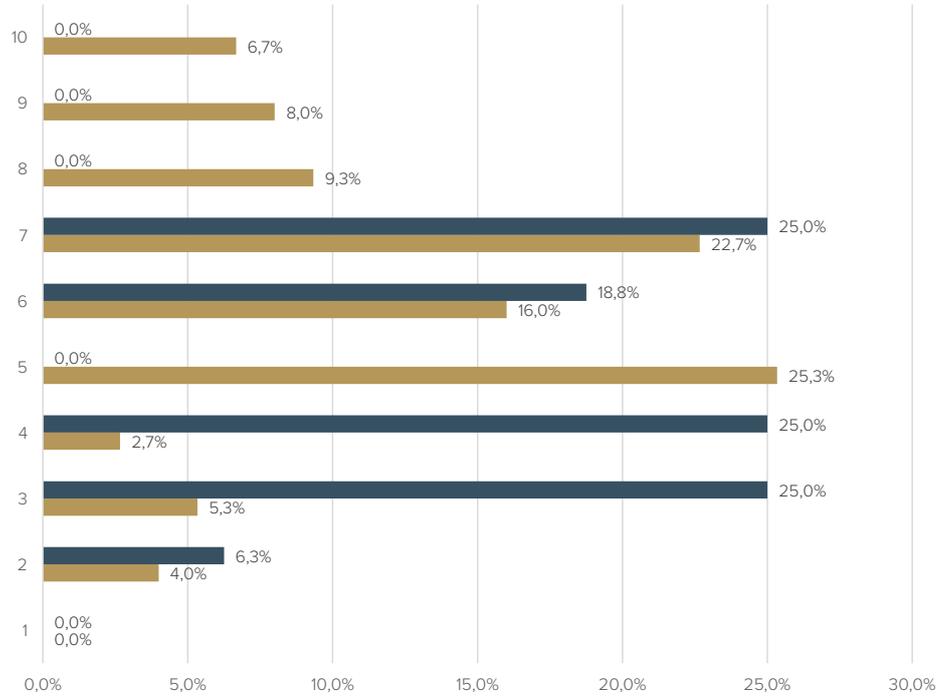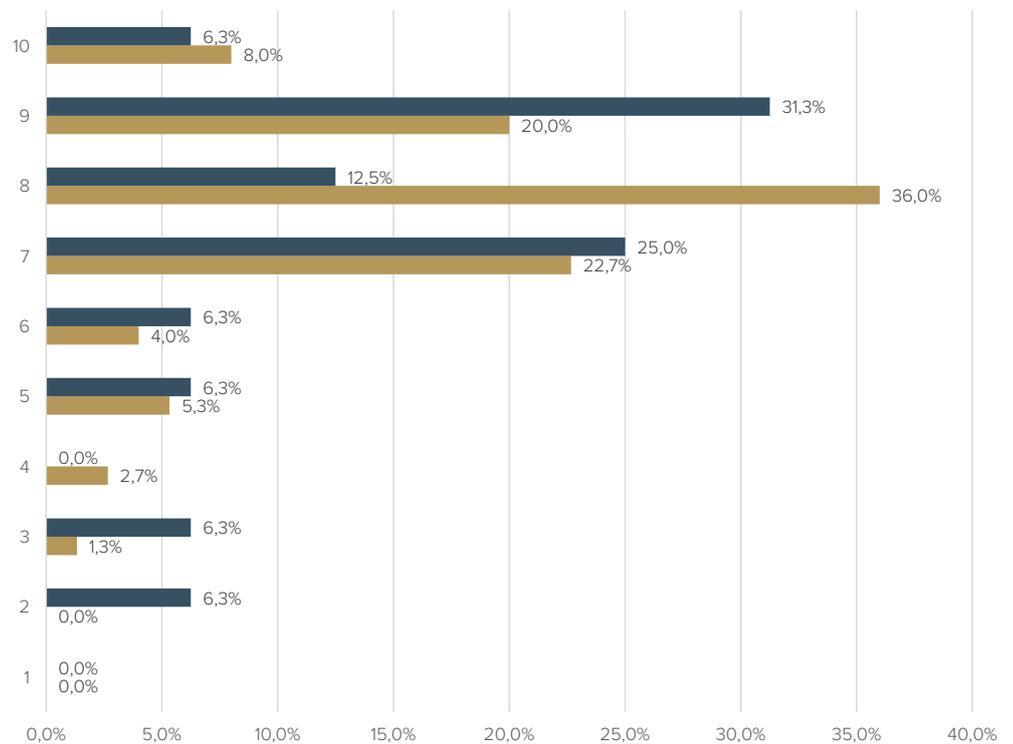

	1	2	3	4	5	6	7	8	9	10
I don't practice HR in an organization but am a stakeholder of the function	0,0%	6,3%	25,0%	25,0%	0,0%	18,8%	25,0%	0,0%	0,0%	0,0%
I am an HR practitioner	0,0%	4,0%	5,3%	2,7%	25,3%	16,0%	22,7%	9,3%	8,0%	6,7%

■ I don't practice HR in an organization but am a stakeholder of the function   ■ I am an HR practitioner

17. In the eyes of its key stakeholders in 5 years from now how important a role do you think the function will play in the eyes of its key stakeholders?

"As HR, we will be hopefully become more and more the true business partners and creative problem solvers that our people need, with less focus on administration, processes and less time spent as policy custodians."

	1	2	3	4	5	6	7	8	9	10
I don't practice HR in an organization but am a stakeholder of the function	0,0%	6,3%	6,3%	0,0%	6,3%	6,3%	25,0%	12,5%	31,3%	6,3%
I am an HR practitioner	0,0%	0,0%	1,3%	2,7%	5,3%	4,0%	22,7%	36,0%	20,0%	8,0%

■ I don't practice HR in an organization but am a stakeholder of the function   ■ I am an HR practitioner