

Summary report presentation of international “HR Climate Index Study 2015”

HR’s new global balance of priorities, resources and position within business

A) About the Climate Index Study 2015

The study was performed in December 2014 & January 2015 in a rather positive economic outlook for most countries participating: half of the surveyed companies anticipated growing sales and higher profitability and about four fifths anticipated growing or constant workforce numbers for 2015.

The sample included over 500 companies of different nationalities, sizes and sectors of industry. Most respondents held leading positions in HR management in a very diverse and balanced representation of industries: automotive (11%), banking and finance (10%), (Legal) Consulting, auditing and real estate (7%), Chemical and pharmaceutical (12%), Retail (7%), Energy, utilities and waste (10%), Engineering, technology and high-tech (14%), Machinery, equipment and construction (21%), Transport and logistics (8%).

65% of the respondents were small and medium-sized companies with a workforce of up to 1000 employees. On average, the participating companies employed 4000 people, with the largest company having more than 300,000 employees.

Based on their domestic economic conditions an allocation of the participating companies was done in two groups:

- Developed countries for 14% including Brazil, China, Singapore, Turkey
- Developed countries for 86% including Austria, Belgium, Croatia, Czech Republic, France, Germany, the Netherlands, Poland, Romania, Switzerland and the United States.

B) Key findings

1) Managing change in addition to increasing quality of leadership is becoming the foremost challenge for international HR practice.

HR practitioners place two priorities for supporting the business which are at the top of their agenda:

- *Increasing leadership and management quality* (31%)
- *Change management* (28%)

The results of our study show how much more is expected from HR professionals in terms of managing and supporting change processes. Accompanying and managing change is one of the most important issues, as the need for organizational agility and the successful management of culture change is ubiquitous in our globalized world. Many HR teams will now be developing their competences and qualifications in the field or acquiring completely new capacities.

Other key topics for HR work include the *recruitment* of new personnel (25%), the *improvement of the employer brand and attractiveness* (21%) and the *training and qualification of the workforce* (21%).

Surprisingly, many important and much-vaunted topics, such as *diversity management* (4%), *big data for HR management* (4%) and *work-life balance* (3%) appear to have lost their relevance for HR in 2015.

The most important priorities for improving the HR function are follows:

- *Optimization of HR processes* (55%);
- *Competency development of HR employees* (33%)
- *Internal communication* (31%)

Interestingly, *Digitalization of HR processes* is mentioned at a quite high level (24%) but not the *implementation of cloud based HR solutions* (4%).

Other lowest priorities are *HR outsourcing* (4%) and *reducing costs of the HR department* (7%).

2) Enterprises in developed and developing countries pursue different priorities in HR

A comparison of both regions on HR priorities for supporting the business reveals a stronger need for *diversity management* (3% vs. 8%), *increase of staffing quality for top and key positions* (13% vs. 20%), *talent management* (18% vs. 26%) and *motivation and engagement* (14% vs 22%) in developing countries.

Particularly noticeable is the difference in *performance management* between both regions, with developing countries reporting twice as much demand as developed countries (14% vs 32%)!

After the heady days of growth and the intensive recruitment developing countries brought about, their mission now is to establish and develop their HR areas and cover new areas, such as *performance management*.

Conversely, the *improvement of employer attractiveness* (23% vs 11%), *recruitment* (25% vs 18%) and *workforce structure/demography* (7% vs 2%) has higher importance in developed countries.

Comparing both regions on priorities for improving the HR function, the *optimization of HR processes* does not stand out as the single most important priority in developing countries (58% vs 39%).

Generally, there are several topics which are of higher priority in developing countries, including *competency development of HR employees* (32% vs 42%), *increasing the added value through HR ratios/KPIs* (22% vs 36%), *optimization of center of expertise/center of competence* (13% vs 20%) and *increasing internal customer satisfaction* (21% vs 31%).

3) HR is capturing an increasingly prominent place as strategic partner

The HR function is establishing itself more and more as a strategic partner for management: at 90% of companies surveyed for the study, the HR directors are represented in executive or tier 1 management level and involved in most strategic initiatives and projects. The HR functions in developing countries tend to have an even better presence in their organizations (99%) than their more established peers.

The strategic work done by so many HR units in the past is beginning to get the recognition it deserves in terms of a positive presence in the organizations:



51% of all HR professionals expect the impact of HR work to increase with an even larger forecast of HR professionals in developing countries (73% vs 47%). The above forecast is rejected by only 3% percent of the sample with similar rates in both regions.

HR professionals are similarly positive about the role of HR as a business partner: 64% of the surveyed professionals would consider their role in the organizations to be strong or even very strong. Emerging countries also rate higher in this aspect (72% vs 63%).

4) **There is more resources for HR units**

After years of stagnation, many HR units can finally enjoy an improvement in their financial situations: an upturn in 2015 sees an end to the recent years' sluggish trends. Around a third (35% vs 32% in 2014) of all HR directors expects greater access to financial resources, with the HR headcount remaining stable (67% vs 61% in 2014) for the foreseeable future. Only 14% predict a cutback in their budgets. After the call for greater efficiencies with no change to the available resources, companies are finally giving their HR functions some breathing space to optimize their old systems or cover new areas.

Conclusion/Questions

Topics for debate:

HR as change facilitator

Global HR process & policies but different developed/emerging country priorities