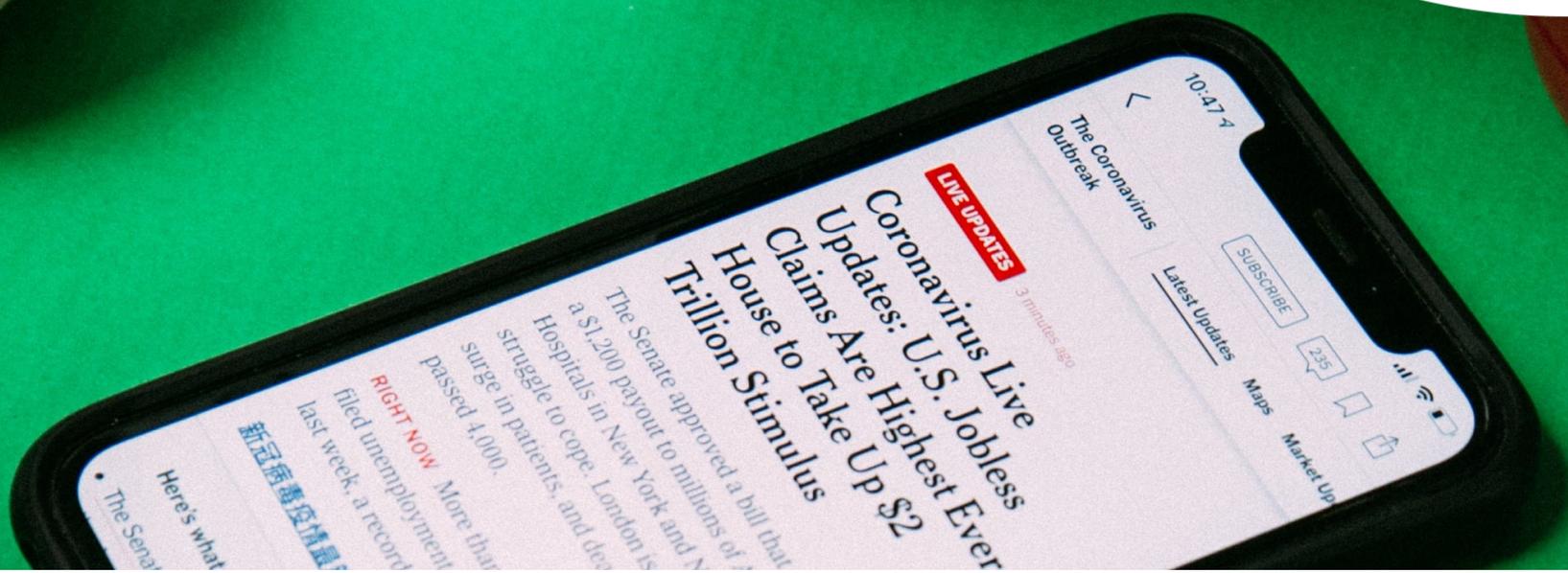


LEATHWAITE

THE GLOBAL HR SURVEY 2021



Foreword by Matthew Syed
Author of Rebel Ideas, Black Box Thinking and Bounce



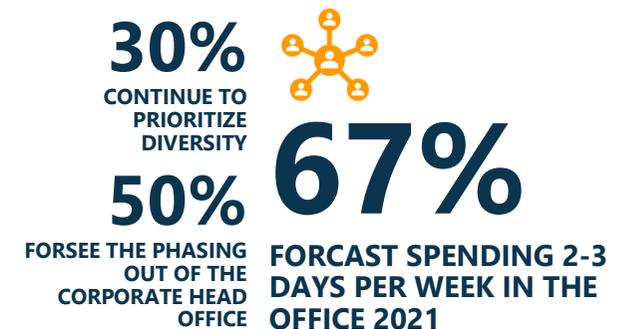
2020: YEAR OF THE CHRO

10 things you need to know.

1. The majority of HR leaders (67%) forecast spending 2-3 days per week in the office in 2021.
2. Only 8% of the workforce anticipates being "in the office" 5 days a week throughout 2021.
3. Close to half of polled HR leaders (45%) believe working fully remotely should have an impact on employee salary and bonus.
4. More than one third (39%) believe working remotely WILL impact promotion prospects.
5. The organizational trauma of COVID has had a galvanizing effect on the HR population, with the majority (58%) feeling more loyal and engaged toward their company.
6. Lack of collaboration and innovation is cited as the biggest potential organizational disabler in the post-COVID world.
7. Erosion of Culture is cited as the second largest organizational risk.
8. 50% of respondents foresee the phasing out of the Corporate Head Office in the course of their career.
9. Gender (30%) continues to lead the way in terms of priorities for Inclusion & Diversity Hires, followed closely by ethnicity (25%).
10. Unsurprisingly, Flexible Working & the Return to the Office dominates the list of business priorities for 2021.

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MATTHEW SYED WELCOMES YOU TO THE 2021 GLOBAL HR SURVEY

It's fair to say that 2020 has seen organizations, HR leaders and their teams face change and challenges on a level that the majority of the current working population have never experienced.

Employee well-being and engagement have come to the fore as a result of coronavirus, virtual working and financial recession. Then increased tensions over issues of race and identity, particularly in Western cultures, catapulted diversity and inclusion back to the top of the leadership agenda.

Sadly, in my view, the power of diversity isn't always made clear or compelling enough in business. Many recognise that diversity is important, but it often becomes a box-ticking exercise, related exclusively to demographics, and missing the true power of diversity. When diversity is purposefully created, not to tick boxes but to maximise collective intelligence, the results can be staggering.

A cognitively diverse team – made up of people with different perspectives and insights, who think differently and use different models to make sense of the world – achieve better results when it comes to problem-solving, decision-making, creativity and innovation.

To use a personal example, I sit on a Technical Advisory board, TAB, which advises Gareth Southgate and Philip Neville, the coaches of England's men and women's football teams. The board also include the head of the UK's Military Training Academy, a top cycling coach, a high-tech entrepreneur, an educationalist, and more. You may be thinking that we don't know as much about football and that other football coaches and managers, such as Redknapp and Pulis, would be more useful.

But can you see the problem? Neville and Southgate already likely know what other football managers know. They all operate in the same environment and share their assumptions around football. They are not aware of what they don't already know, nor will they find out if they are mirroring rather than challenging each other.

With TAB, its members are bringing new insights, such as how datasets in cycling are improving the personalisation of diets, or

the impact of psychological preparation of soldiers before being dispatched to war zones. It is creating divergent thinking, cross pollination of ideas and leading to solutions that would not otherwise be unearthed without diverse opinions.

Another example: for decades the CIA applied strict recruitment processes and it certainly hired exceptional people. But most were very similar: male, white, Anglo-Saxon, Protestant Americans.

Why is this an issue? Because in intelligence, diversity matters. The vast majority of analysts had grown up in middle-class families, known little financial hardship, experienced no alienation nor other experiences that could have brought different insights to the intelligence process. Each would have been assets in a more diverse team. As a group, they were flawed. This helps to explain the CIA's failure to anticipate several major debacles, from the Cuban missile crisis to 9/11.

Complex judgements need teamwork, and if the team members' brains all work in the same way, it's no better than one brain. This is where diversity transforms the collective intelligence of groups. It creates meritocracy at the group level.

For organisations to remain ahead, and even to survive, they must diversify thinking. This means considering broader talent pools, engineering diversity within project teams, or creating other mechanisms for capturing fresh thinking and different perspectives, such as shadow boards.

Without doubt, your organisations and you as HR leaders will grapple with current and new challenges. Which is where diversity can be such a powerful asset, a way of overcoming the tendency towards groupthink, driving better ideas and superior strategies.

I suggest to you that cognitive diversity is the most significant area of competitive advantage for organisations for the next fifty years. It has significant implications for how you seek to innovate and compete in an increasingly complex world because if you don't get disrupted from within, you'll get disrupted from without.

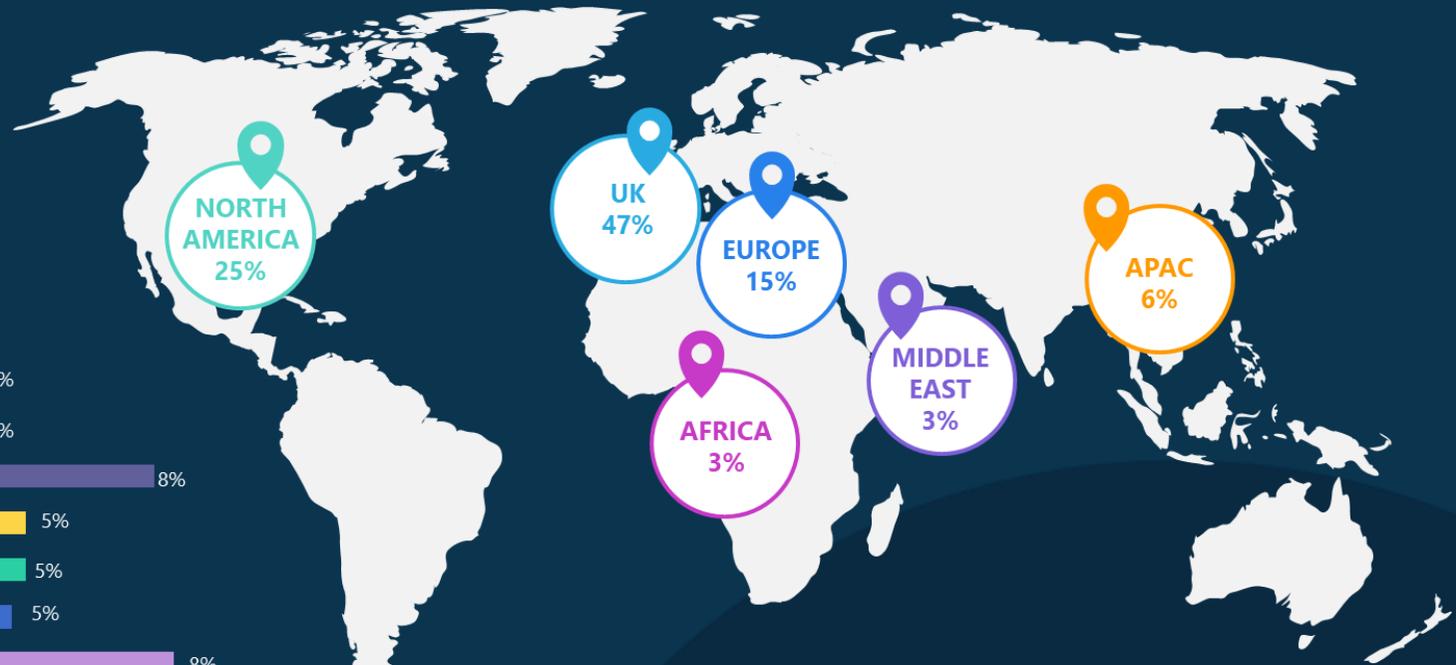
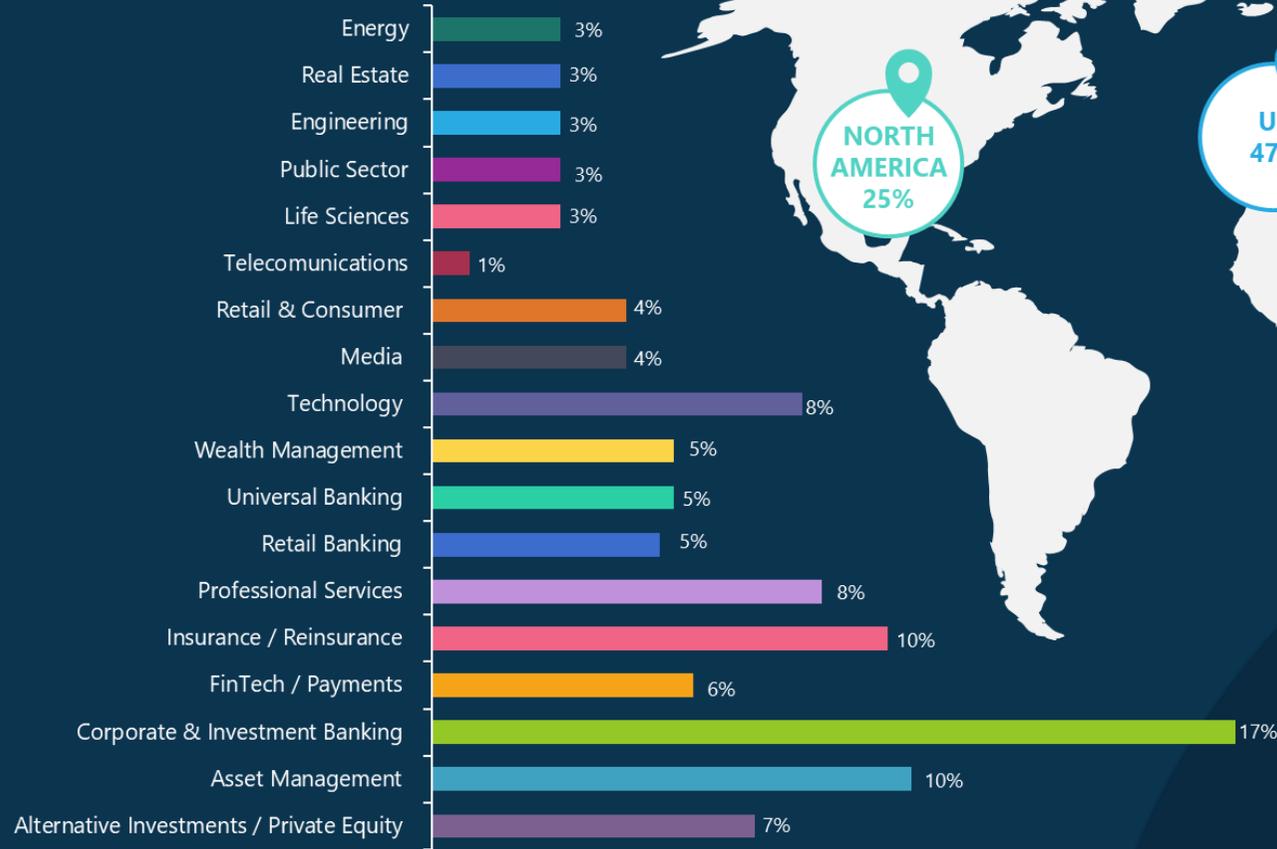
Finally, your contribution to 2020 as HR leaders should not be understated - you have been vital and will continue to be into 2021. I wish you and your families a fantastic start to 2021.



Matthew Syed Consulting.

A cognitively diverse team achieves better results when it comes to problem-solving, decision-making, creativity and innovation.

THE FACTS:



Q: What is your role?



70%

CHRO, HR Director & Senior Business Partners

17%

Talent Acquisition

4%

Talent Management

1%

Learning and Development

1%

Inclusion & Diversity

4%

Reward

3%

Employee Relations

1%

HR Operations

A more senior audience spanning an even greater breadth of industry sectors

We are pleased to highlight that our 2020/2021 survey offers a more diverse perspective of HR Leadership than ever before.

With 18 industry sectors represented across 6 regions, this report will truly reflect the key challenges facing HR Leaders in the coming 12 months.

ALIGNMENT: HOW WELL IS HR UNDERSTOOD?

Reporting
Line:



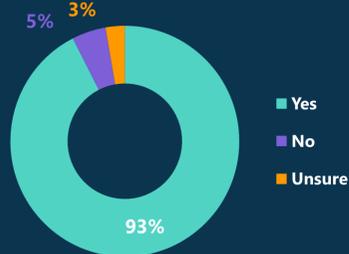
78%
CEO

11%
COO

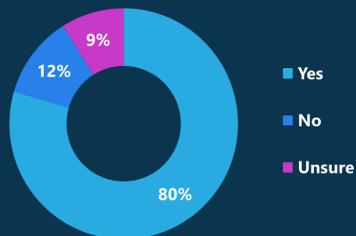
2%
CAO

9%
BOARD

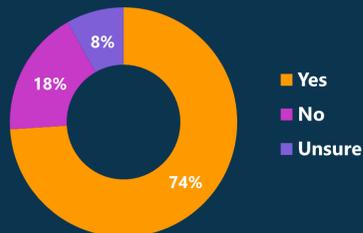
Q: Do you feel HR is appropriately **POSITIONED** within your organization?



Q: Do you feel the deliverables of HR are clearly **UNDERSTOOD** by your organization's board?



Q: Do you feel HR is appropriately **VALUED** within your organization?



**UP/DOWN FROM
2019 RESULTS:**

4% ▼

10% ▲

3% ▲



CEO direct reporting on the rise

A notable increase year-on-year: Two years ago 68% reported directly to the CEO. Last year, this increased to 71%. However, this year it has jumped 7 points to 78%. and shows that HR is increasingly being granted the much-vaunted "seat at the table".



The message is getting through

The increased number of HR Leaders reporting to the CEO may help to explain the 10-point jump (70% '19 to 80% '20) in those who feel HR deliverables are truly understood at board level.

When looking back even further, the current value placed on HR represents real progress, with this number moving from 40% in 2018, to 66% in 2019, to 80% in 2020.

The board understands us and what we are trying to achieve

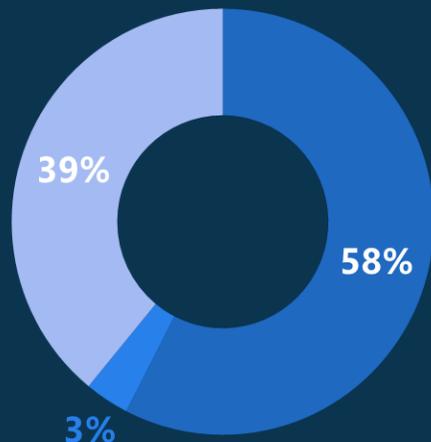
COVID: HOW DID YOUR ORGANIZATION FAIR?

Q: Rate your organization's response to COVID:



Q: Has your organization's response to COVID affected your thoughts and feelings toward your company?

- I feel more loyal and engaged
- I feel less loyal and engaged
- The same as pre-COVID



COVID has driven engagement in the era of the gig-economy

Much of the research tells us that the gig-economy is the future of the employment model, with fewer permanent or long-term employees. However, the rapid, all-encompassing and fundamentally human response by many organizations appears to have driven loyalty and engagement among HR professionals.



Regional differences were clear

When delving into regional variations, it was evident that the EU and US were most positive and more engaged as a result of how their organizations had addressed COVID. However, in APAC only 33% of respondents felt more loyal (compared to a global figure of 58%).

Overall, HR Leaders were impressed with how their organizations have coped with COVID

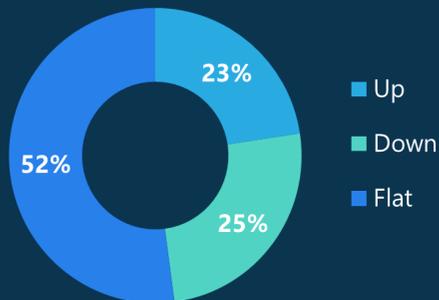
LOOKING AHEAD: PRIORITIES IN 2021

Q: The Top 3 business challenges facing your organization over the next 12 months:

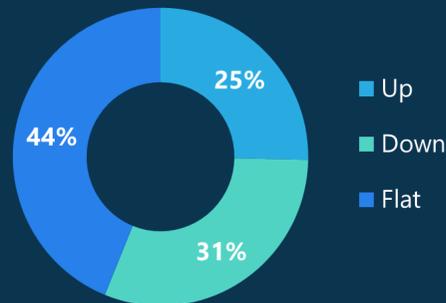


Inclusion & Diversity ranks far behind the needs for flexible working and returning to work

Q: What is your expectation of HR HEADCOUNT within your organization over the coming 12 months?



Q: What is your expectation of HR BUDGET within your organization over the coming 12 months?



Future of Work dominates

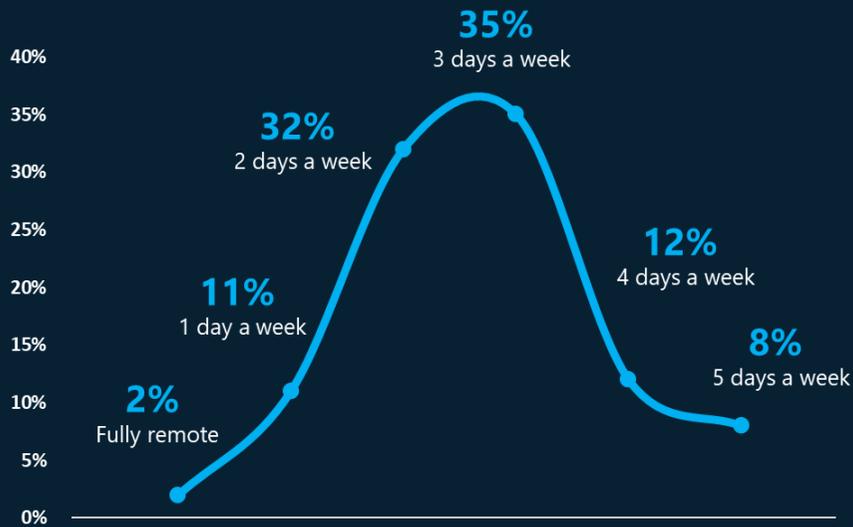
Unsurprisingly, Flexible Working & Returning to the Office dominate the priority list for the year ahead, followed by Inclusion & Diversity (I&D). Given some of the high-profile I&D-related incidents and advancements in 2020, we might argue in any other year that I&D would have led the way.

I&D is followed closely by Engagement, Health & Wellbeing (including Mental Health) and Digitization - all three of which have a key role to play in the Future of Work debate.

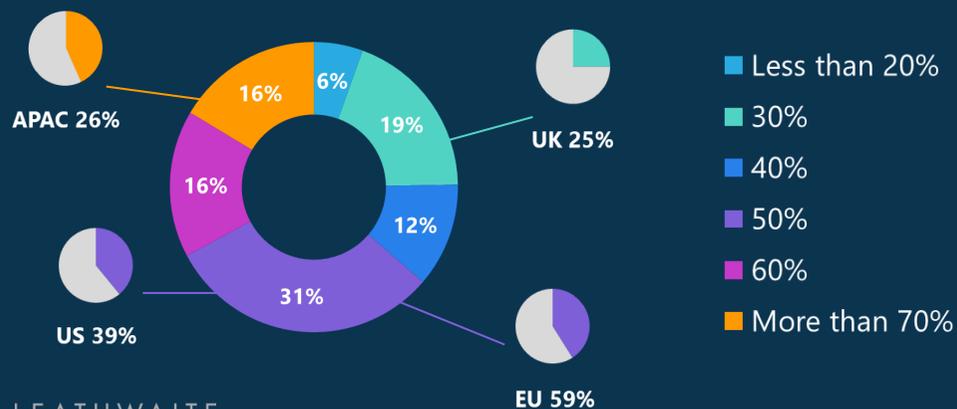
Flexible working and return to work dominate the HR agenda

THE WORKPLACE IN 2021: BALANCING HUMAN & COMMERCIAL NEEDS

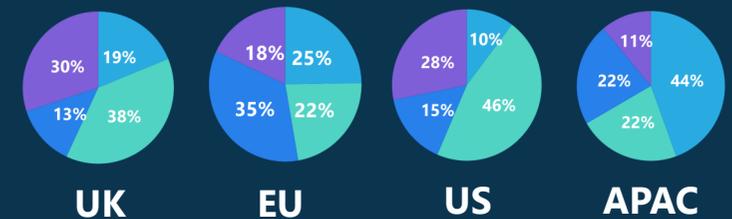
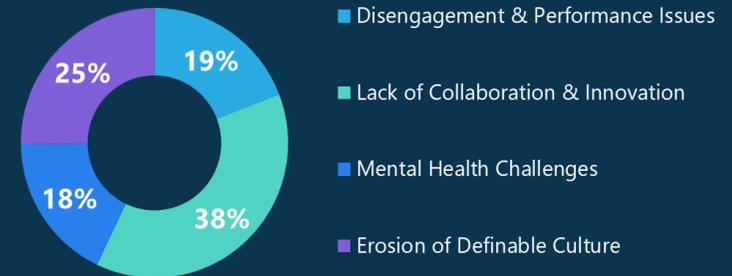
Q: In 2021, what do you believe will be the makeup of your average working week?



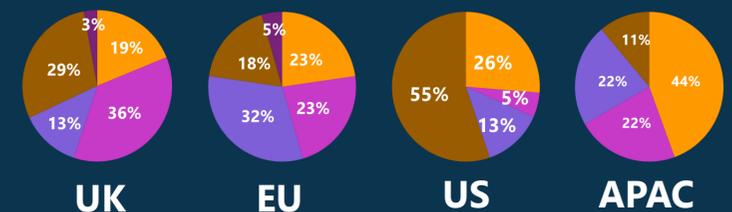
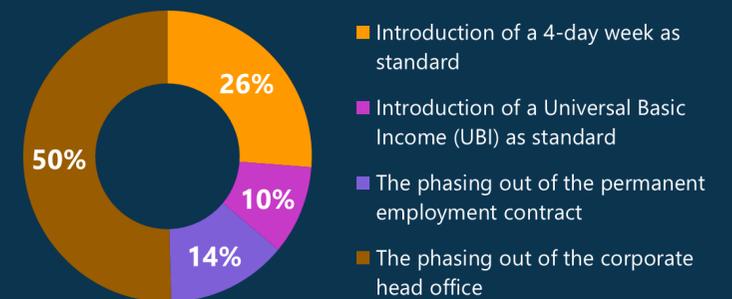
Q: What is the maximum % capacity you expect your company to deploy in the office, at any given time, in 2021?



Q: What do you believe to be the greatest HR-related threat to your organization in the post COVID-19 environment?



Q: What do you think is more likely to occur during your working career?

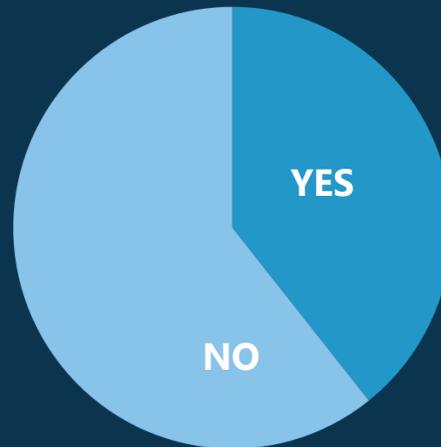


REMOTE WORKING: THE PAY AND PROMOTION CHALLENGE

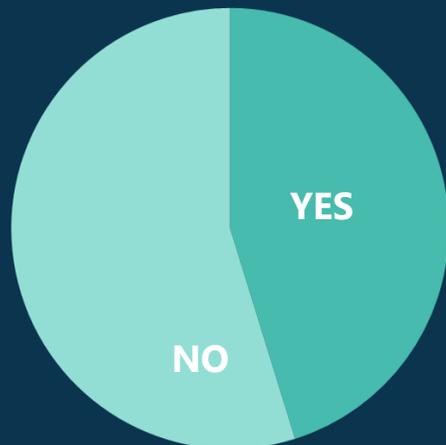
Q: If employees opt to work remotely permanently, do you believe this will impact their promotion prospects?



39%
SAID YES
61%
SAID NO



Q: If employees opt to work remotely permanently and are based in locations with lower cost of living and without a commute, do you believe this should impact their fixed salary and bonus potential?



45%
SAID YES
55%
SAID NO



Measuring the "What" and the "How"

In basic terms, performance is traditionally captured and reviewed on the basis of the "What" (the tasks the employee was asked to perform) and the "How" (the manner in which they performed these, carried culture, built relationships and helped others). In a distributed environment where the "How" is opaque and peer feedback less reliable, more than a third of HR Leaders believe permanent remote working WILL impact promotion prospects.

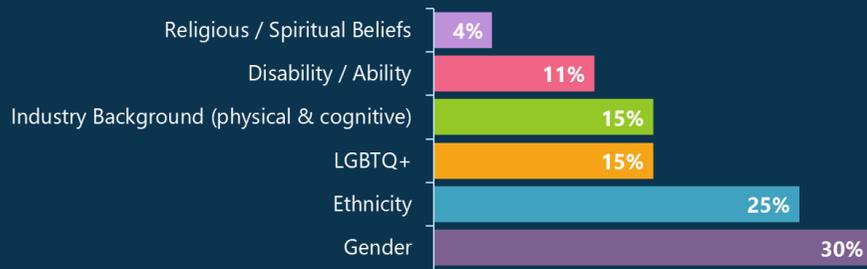


Remote Working: the looming economic stand-off

Where employees are fully remote, we could be approaching a stand-off wherein the candidate demands the "cost of seat" compensation traditionally associated with the role, with the company simultaneously eyeing a wage arbitrage opportunity in cases where the employee lives and works in a lower cost location. A further consequence could well be that if the role is proven to be successfully performed remotely, the company sees a further arbitrage opportunity by off/nearshoring it to an even lower-cost country.

I&D: WHERE ARE WE ON OUR JOURNEY?

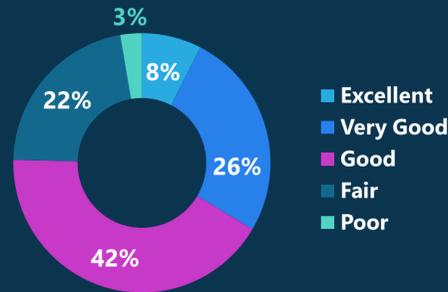
Q: What are the perceived priorities for organizations for I&D hiring:



Q: How are your senior Execs held accountable for the performance of their Inclusion & Diversity programs?



Q: How effectively does your organization on-board and integrate cross-industry hires?



Q: Rate the authenticity of your company's leadership with regards to Inclusion & Diversity:



Q: Do you have any official programs in place specifically to recruit, retain or develop an inclusive and diverse workforce?



Gender still priority No.1:

Despite a year of significant positive advancement of the broader I&D agenda, Gender continues to lead the priority list for hiring.



A surprising lack of engineered recruitment programmes

Whilst the media has been quick to highlight the growing number of tailored recruitment programmes aimed at bringing minorities into the workforce (either entering or returning) the data suggests these are by no means a part of the mainstream hiring agenda, with just over half of the sample having bespoke hiring programmes in place.

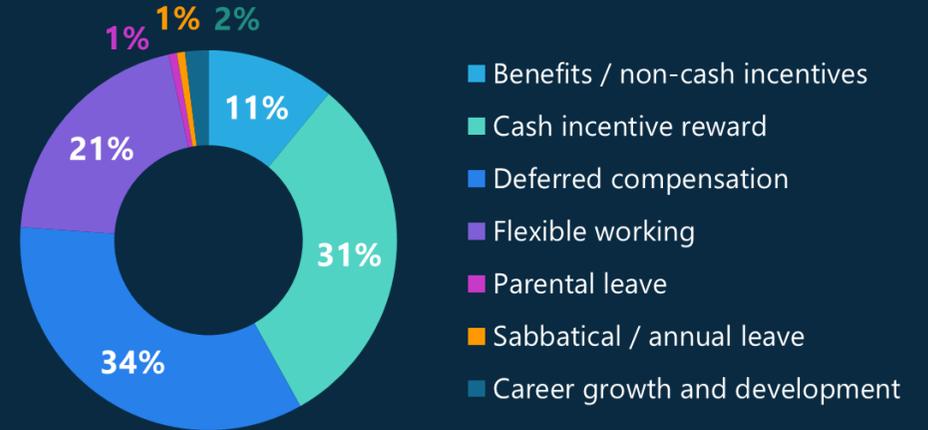
Gender is still prioritized over ethnicity... even in the United States

LOOKING AHEAD: RETENTION OF TALENT 2021 AND BEYOND

Q: Which is most characteristic of the way your organization is addressing the challenges associated with the future state of work?

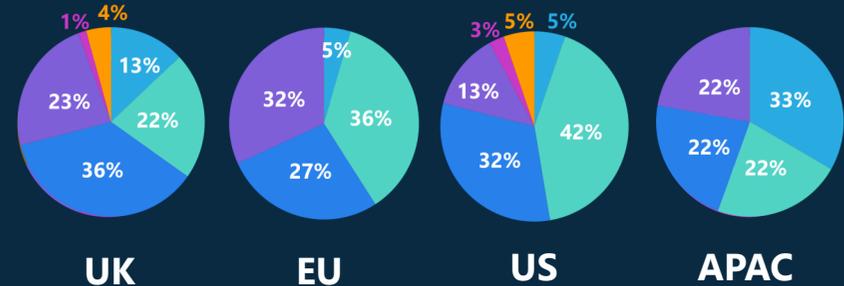
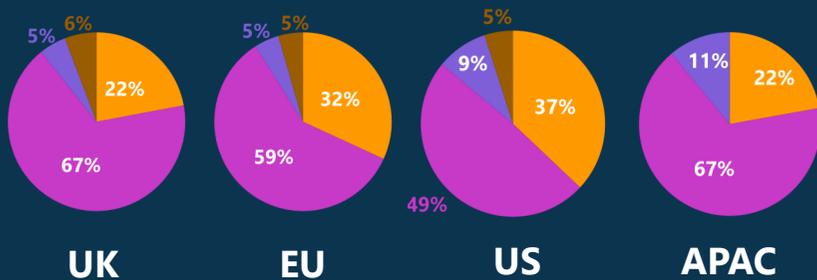


Q: Which of the following methods of retention is most widely used within your organization?



 **67%** OF THOSE BASED IN APAC & UK PROMOTE FLEXIBLE WORKING AS THEIR PRIMARY METHOD OF RETENTION

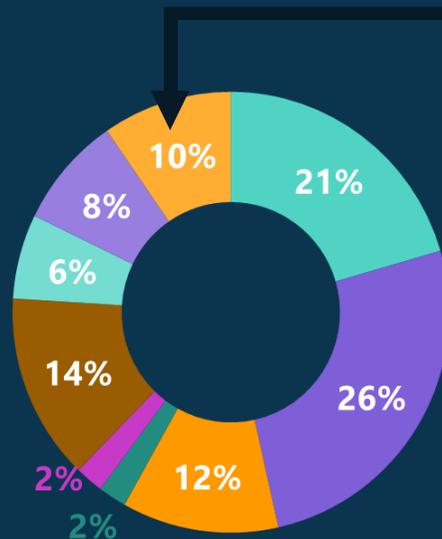
 **42%** OF THOSE BASED IN US USE CASH INCENTIVES AS THE KEY TO STAFF RETENTION, DOUBLE THAT IN THE UK



LOOKING AHEAD: WHAT IS SHAPING THE CHRO OF THE FUTURE

Q: Which of the following HR roles do you foresee as having greatest potential to be an HR Leadership team member in the next 3-5 years?

- Chief Culture Officer
- Head of Inclusion & Diversity
- Head of Employee Communications & Experience
- Head of Employee Relations
- Head of Learning & Development
- HR Chief Data Officer
- HR Chief Digital Officer
- Head of Wellbeing
- None of these



Regions & Industries are divided about who will be the future leaders within HR.

According to the survey, Chief Culture Officers are most likely to be elevated to the leadership team if you work in Corporate / Investment Banking, or are based in the EU.

However, those in the US and the UK are firmly aligned that Heads of Inclusion and Diversity will make the leadership team. This is also the case for those working within Professional Services, where almost 50% cited this role.

Yet, in the Asia Pacific region a different role emerges as key, with Heads of Employee Communication and Experience as key to future leadership direction.

"None of the these" (10%)

10% of people felt none of the aforementioned roles would be a part of the HR Leadership Team (HRLT). This is a data point that can be interpreted in two ways:

1) Because they already are:

In the case of Inclusion & Diversity, this is a role that in many organizations has already been pulled out from the traditional Talent, Learning cluster to be a fully fledged HRLT member.

2) Because these will give way to "next gen" HR roles:

Another perspective is that these are already seen as too traditional and in the coming years, job titles such as "Head of Capability", "Gig Economy Manager" and "Workplace Environment Architect" will come to the fore.

Q: Rank the Top 3 fastest growing areas of HR in the next 5 years:



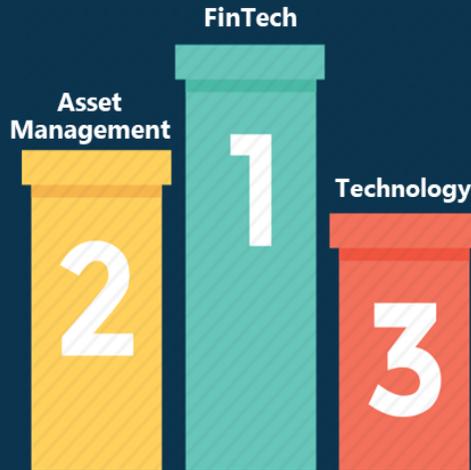
Q: Rank the Top 3 characteristics of a successful HR Leader / CHRO:



YOUR CAREER: EXPLORING THE ASPIRATIONS OF HR LEADERS

Q: If you were to leave your current organization tomorrow, rank the Top 3 industries in order of attractiveness to you:

Our survey showed that those who currently work in **Professional Services** are clearly satisfied and are NOT interested in changing industry



Q: As an HR professional, which of the following would most interest you from your employer over the next 12 months?



WHAT DO YOU WANT FROM YOUR EMPLOYER?

Q: If you were to leave your current organization tomorrow, rank the Top 3 most attractive elements of a new role in HR:

1st: Value of HR in the Organization

2nd: Ability to Enact Change

3rd: Culture

FinTech retains its lustre

FinTech remains the next best destination of choice for those considering an industry change. The FinTech label is clearly a broad church and can span all things from Unicorn to garage-based start up, so one might infer that the majority of the sample would be referring to the former rather than the latter.

Equally, for a supposedly dying industry in thrall to over-zealous regulation, Investment Banking remains an industry of choice for many.

MEET THE TEAM



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Leathwaite is driven by one clear purpose: to create meaningful change through exceptional people.

Guided by our unique company values:

Be Distinctive

You cannot lead by following. We help clients, candidates and colleagues understand why we are different from the competition, and how this makes us best placed to help them achieve their objectives.

Maintain Humility

A culture in which the hierarchy is flat and everyone is open and accessible to others, enables sharing and collaboration. We do not allow title, rank or ego to cloud this thinking.

Compete Together

A great team is bigger than the sum of its parts. By pushing in the same direction and driving towards collective goals simultaneously, we will ultimately achieve more and so will our clients.