

transformation

**bets for 2021:
inspired by the
year that changed
everything**

welcome to brighter



Trends that will carry forward

The year 2020 delivered a paradigm shift in how people work and live. It was a year where rules took a second seat to pace and change became the only constant. Looking ahead, all signs point to continued transformation. Organizations will assess the experiments taken and determine which ideas they want to mature, explore, or scrap altogether.

HR increased in prominence, as the health crisis, economic downturn, and social movements impacted employees. As we move into 2021, HR has a tremendous opportunity to demonstrate even more strategic value to the organization.

Mercer has drawn on shared insights from over 8,000 survey participants worldwide - including over 3,000 in the United States - to forecast the following top transformation priorities our clients will pursue.

Focus on people

Community and connection: Blending virtual and reality

This year brought employee experience to the forefront as leaders aimed to create a **digitally enabled and personalized employee experience**. Organizations are now trying to create a culture of inclusivity and engagement in a Zoom-fatigued world. To that end, businesses are starting to think holistically about people's shared needs of community, connection, and belonging.

Diversity, equity, and inclusion: On the executive AND employee agenda

Companies are recognizing their position on the field, and using it to **infuse DE&I into every aspect of their culture and practices, which will improve their ability to attract and retain talent**. Thriving employees are four times more likely to work for a company that they perceive as ensuring equity in pay and promotion decisions. Redefined agendas and priorities will expand beyond representation and include data-driven review of talent flows and potential program biases, holding leaders accountable and activating people managers.

Future of flexible working

93% of employers report that productivity has increased or remained the same since the beginning of the pandemic. The majority of our clients note they will implement flexible working at a greater scale post-pandemic, but many companies are still determining what arrangements are possible, desirable, and sustainable.

About the office...

Overnight, millions of square feet of corporate/business space became unoccupied, and the corporate workspace changed forever. While employees desire and have come to expect flexibility, many look forward to returning to the office in some capacity. Although the future of the office is far from decided, leading employers will redesign their workspaces to create people-centered environments that enable connection, collaboration, and innovation.

Technology is fundamental to transformation

Tech support (or the lack thereof)

In 2020, organizations were challenged to pressure-test their technology solutions. Businesses with outdated or disparate technology struggled to support employees, many of whom were working in a virtual environment for the first time. Likewise, companies looked at the role of technology in engaging a virtual workforce. HR was swamped with information requests and problem resolution in areas such as health and benefits and payroll, resulting in backlog and burnout.

This year highlighted that **employee and manager direct access to HR technology is essential**. In 2021, we expect efforts will focus on redesigning the employee experience and implementing consumer-grade self-service. Not only will this give employees a variety of ways to access HR support directly and easily, it will also allow the HR function to reallocate time to higher-priority tasks.

The new face of Shared Services

Shared Services teams worked harder in 2020 than ever before. Unfortunately, due to a lack of long-term direction in a rapidly changing virtual environment and an instantly distributed workforce, the hard work did not always translate into increased output.

Organizations continue to be asked to **“do more with less”**. In response, many are transitioning to global Shared Service models and are increasingly using automated service technology, such as ServiceNow, a trend we anticipate will continue. Reinvention opportunities have the potential to decrease employee frustration with cumbersome processes, thereby improving information accessibility and transparency.



Game-changing approaches to talent acquisition

Many businesses were caught with **inefficient and outdated recruiting processes** that relied heavily on in-person interactions and could not easily be adapted to a virtual-first world. In addition, talent acquisition teams were some of the first to be downsized due to hiring freezes. As businesses began to ramp back up and hiring needs became urgent, recruiting functions found themselves unprepared and unable to keep up with demand. We expect improvements in the recruiting processes to be a high priority as companies refocus on their longer-term talent acquisition strategy. Using detailed candidate personas and journey maps, organizations will look to create a seamless people-centric experience that aligns with its employee value proposition and authentically reflects their culture.

Everyone is working differently, including HR

Agile pools: Structured for speed

Our work has revealed that HR spends over **20% its of time on transactional activities**. This is where we see one of the greatest opportunities for optimization, as reducing that figure would allow HR to focus its efforts on the ever-increasing number of special projects it is given.

Organizations are starting to implement **agile resource pools** to more quickly and efficiently allocate HR specialists to strategic projects. These resources can quickly pivot and respond to urgent requests and prioritized projects without interfering with other day-to-day HR priorities. Now more than ever, speed is everything.

HRBPs: Internal consulting champions

Under a new engagement model, human resources business partners (HRBPs) are the interface between Centers of Excellence and business customers, to whom they provide recommendations based on analyses. However, more **data-driven strategic insights are required** to make talent decisions and longer-term plans.

We anticipate businesses will continue to refine their stakeholder engagement model, **upskilling HRBPs to act as consultants**. Training will

focus on data analytics, change management, communication, and strategic thinking, with core competencies adjusted accordingly.

All eyes on the “Chief People Officer”

The **global experience of stress, anxiety, and fear** forced CHROs to advise business leaders on the people impacts of tough business decisions, while at the same time, address employee concerns in a compassionate and transparent manner. This not only set the tone for how HR engaged with the business, but also emphasized the need for empathetic leadership to **guide the workforce through the crisis**. More than ever, CHROs are earning the title of **“Chief People Officers,”** focusing on their businesses’ brand as employers, which, if improved, will further increase employee attraction, satisfaction, and retention, and elevate the HR function into the strategic role it should occupy.

An empathetic approach to HR strategy will proactively guide talent management, infusing the areas of cultural adaptation, communities of interest, brand, DEI, future skills forecasting, and development into a revised prioritized roadmap. When communicating people strategies, employees need to understand targeted measures for success and how workforce analytics are being used to steer the direction of HR’s alignment with the business.

The unpaved road ahead

After the year that changed everything, it would be a mistake for businesses to revert to their previous modus operandi when setting 2021 HR priorities. Companies willing to do the hard work will be able to take advantage of the opportunity for reinvention and growth that 2020 presented. Going forward, we expect that people, process, and technology initiatives will directly support business growth with structure set for speed and agility, with the business looking to HR to lead with empathy and understanding to drive change.

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