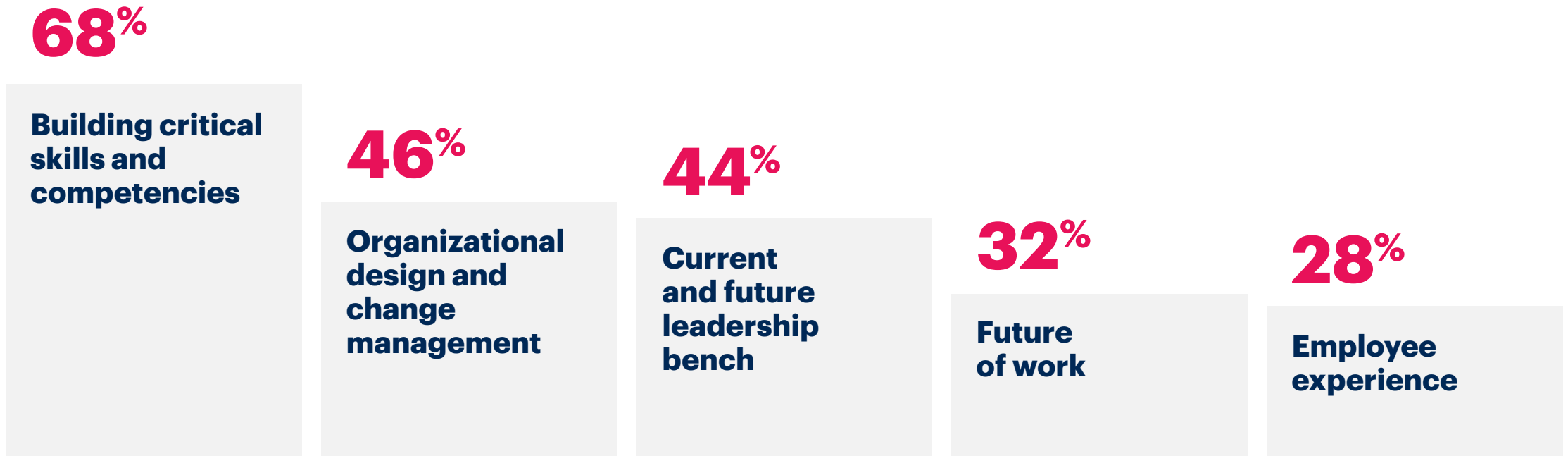**Gartner**

Gartner for HR

# Top 5 Priorities for HR Leaders in 2021

Top 5 priorities for HR leaders in 2021

We surveyed more than 800 HR leaders across industries and regions to identify their priorities for 2021. Building critical skills and competencies tops the list, but many HR leaders will also prioritize workforce and work (re)design, leadership and employee experience — as well as navigating ongoing shifts in work trends.

68%

Building critical skills and competencies

46%

Organizational design and change management

44%

Current and future leadership bench

32%

Future of work

28%

Employee experience

n = 767 HR leaders (not all survey respondents answered all questions)
Source: Gartner 2021 HR Priorities Survey

How HR leaders see business priorities for 2021

While many HR leaders still expect a focus on growth in 2021, cost optimization features more widely than it did a year before.
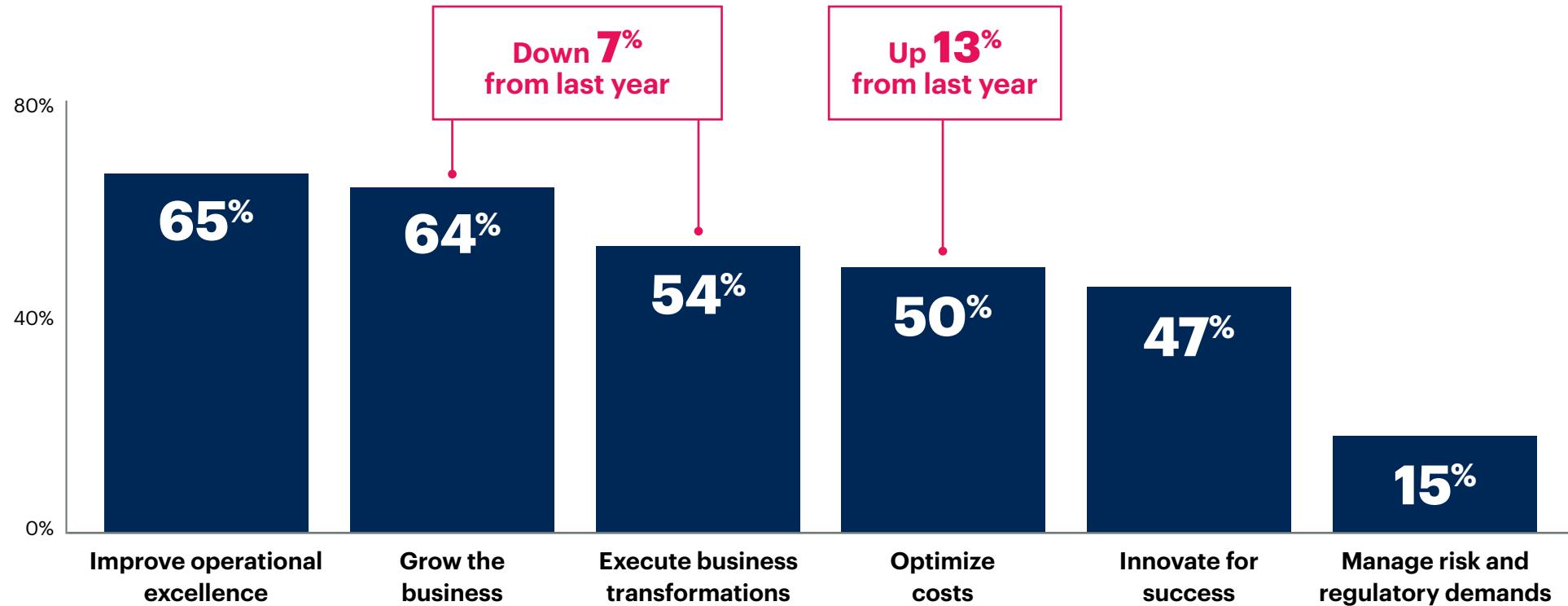
n = 874 HR leaders
Note: Respondents were asked to select their top three priorities, in rank order, based on their importance to their organization over the next 12 months.
Source: Gartner 2021 HR Priorities Survey

01

Building Critical Skills and Competencies for the Organization

A top priority for **68**% of HR leaders

What are the challenges for HR leaders?

"We don't know what skill gaps
  our current employees have."
36%

"We don't effectively integrate
  learning into employee workflows."
33%

"We can't create skill development solutions
  fast enough to meet evolving skill needs."
31%

Building critical skills and competencies is critical to top business priorities

- ✓ Improve Operational Excellence
- ✓ Grow the Business
- ✓ Execute Business Transformations
- ✓ Innovate for Success
- ✓ Manage Risk and Regulatory Demands

Problem today: COVID-19 has worsened the reskilling challenge

Traditional ways of predicting skill needs aren't working. Employees need more skills for every job, and many of those skills are new. Many employees aren't learning the right new skills — for their personal development or the benefit of the organization.

Data shows the total number of skills required for a single job is increasing year-over-year by
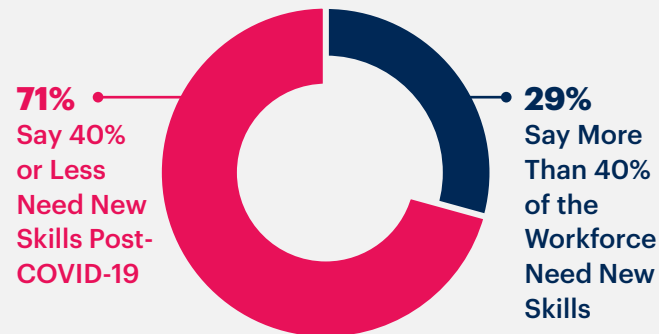
10%

33%

of the skills that were present in an average job posting in 2017 won't be needed by 2021.

Source: 2020 Gartner Shifting Skills Survey for HR Executives; Gartner TalentNeuron™

Percentage of the Workforce That Has to Use New Skills as a Result of COVID-19

71%
Say 40% or Less Need New Skills Post-COVID-19

29%
Say More Than 40% of the Workforce Need New Skills

n = 113 learning & development (L&D) professionals
Source: Gartner Coronavirus Polling on L&D

Change Prompts Need for New Skills

"My organization had to redeploy my team to another area of the business. I am in a brand new role for me."

"I have never worked virtually before and I'm now managing a remote team."

"I have had new responsibilities added to my plate because we are short-staffed but I don't have experience with these tasks."

"My company is cross-training us on different roles in case a colleague gets sick or everyone can't come in at the same time."

New imperative: Take a dynamic approach to reskilling

What's needed is a dynamic approach to reskilling and redeploying talent in which all impacted stakeholders work together to sense shifting skill needs and find ways to develop skills at the time of need. Currently, only 21% of HR leaders say peers share accountability or partner with HR to determine future skill needs.

Skill-Sensing Network

Facilitate dynamic cross-organizational networks to sense shifting skill needs:

- Share ownership for identifying and addressing skill needs with relevant stakeholders.
- Monitor organizational intelligence on changing skills needs.
- Explore how to leverage labor market data to address skill gaps.

Targeted Skill Accelerators

Identify and implement skill accelerators to develop skills at the time of need:

- Recognize and adapt existing resources to develop new skill solutions quickly.
- Identify learning delivery opportunities that will have highest impact on application.

Two-Way Skill Transparency

Empower employees with relevant information to make timely skill decisions:

- Create channels for employee and organizational information exchange.
- Enable employees to make informed decisions that align their interests with organizational needs.

**With the dynamic approach to reskilling, employees apply 75% of the new skills they learn
(far more than with other approaches) and learning begins sooner, as needs are identified faster.**

Tool to Get Started: Do More With Data to Close Critical Skill Gaps

02

Organizational Design and Change Management

A top priority for **46**% of HR leaders

What are the challenges for HR leaders?

"Our managers aren't
equipped to lead change."

37%

"Our employees are fatigued
from all the change."

36%

"Our leaders aren't equipped
to lead change."

28%

Organizational design and change management is critical to top business priorities

- ✓ Improve Operational Excellence
- ✓ Grow the Business
- ✓ Execute Business Transformations
- ✓ Optimize Costs
- ✓ Innovate for Success

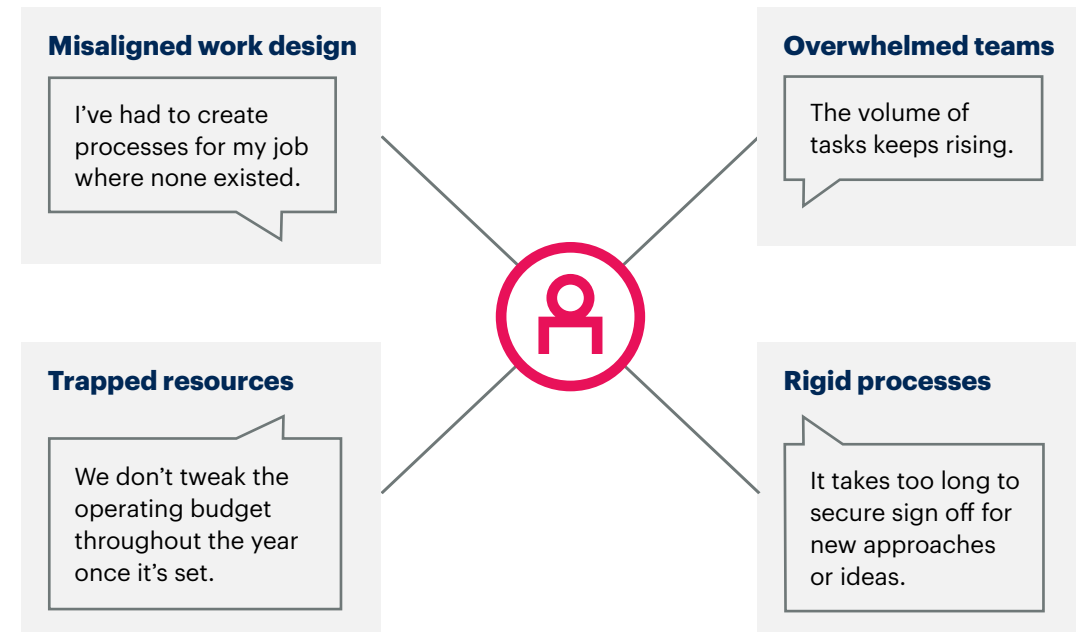# Problem today: Organizations can't respond as quickly as conditions require

Work design, focused for years on efficiency, has left many organizations with rigid structures, workflows, role design and networks that don't meet today's needs or flex with fast-changing conditions. Employees suffer the effects in various forms of work "friction."

Very few HR leaders report that their organizations quickly respond to changing needs

19% of HR leaders report that their workforce **can effectively change direction** based on changing needs or priorities.

38% of HR leaders believe their workforce can effectively detect when they are **working on the right things** for customers.

n = 71 HR leaders
Source: 2020 Gartner Workforce Responsiveness Survey for HR Leaders
Note: The remaining parts of each graph represent the HR leaders that think otherwise.

Work friction keeps employees from being responsive

Misaligned work design

I've had to create processes for my job where none existed.

Overwhelmed teams

The volume of tasks keeps rising.

Trapped resources

We don't tweak the operating budget throughout the year once it's set.

Rigid processes

It takes too long to secure sign off for new approaches or ideas.

New imperative: Redesign work to enable employees to be more responsive

Future-forward work design is what's needed to ensure employees can be responsive — that is, in sync with customer needs, in a position to anticipate changes in those needs, and adapt their approach and activities accordingly. It's up to HR leaders to adapt work design strategies to unlock responsiveness at scale across the workforce and build organizational resilience.

Most HR leaders expect an impact in next 12 months as organizations shift from designing for efficiency to designing for flexibility

8%
No impact

34%
Moderate impact

52%
Significant impact
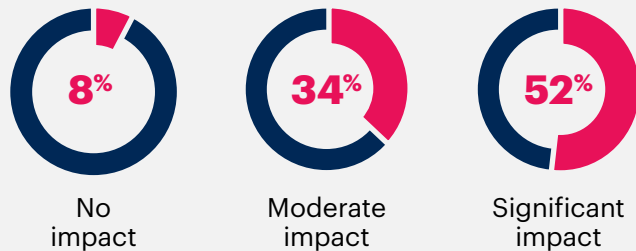
Source: Gartner 2021 HR Priorities Survey
n = 661 HR leaders
Totals do not add to 100%; some respondents declined to respond
or responded that the impact was unclear

Tool to Get Started: How to Build a Resilient Organization

Unlock organizational capacity by reducing work friction

Friction: Misaligned work design

Solution: (Re)Align work design with the way work happens by making ongoing adjustments.

Friction: Overwhelmed teams

Solution: Clarify work design boundaries to improve prioritization of effort.

Friction: Trapped resources

Solution: Move resourcing decisions closer to the end user to unlock greater resource mobility.

Friction: Rigid processes

Solution: Formalize how processes can flex to eliminate permission roadblocks.

03

Current and Future Bench Strength

A top priority for **44**% of HR leaders

What are the challenges for HR leaders?

"Our leadership bench
is not diverse."
49%

"Our succession management processes
don't yield the right leaders at the right time."
35%

"We struggle to develop
effective midlevel leaders."
27%

Current and future bench strength is critical to top business priorities

- ⊘ Improve Operational Excellence
- ⊘ Grow the Business
- ⊘ Execute Business Transformations
- ⊘ Manage Risk and Regulatory Demands

Problem today: Leadership lacks diversity

44%

Only 44% of employees say they trust their organization's leaders and managers to navigate a crisis well. Confidence and trust in leadership is also undermined by the lack of diversity.

Gartner TalentNeuron™ data illustrates the lack of diversity among the leadership of U.S. companies, showing that only 10% of senior-level corporate positions are held by a woman from a racial or ethnic minority and only 18% by a man from a minority segment.

n = 839
Source: 2020 Gartner Leadership Survey for Employees

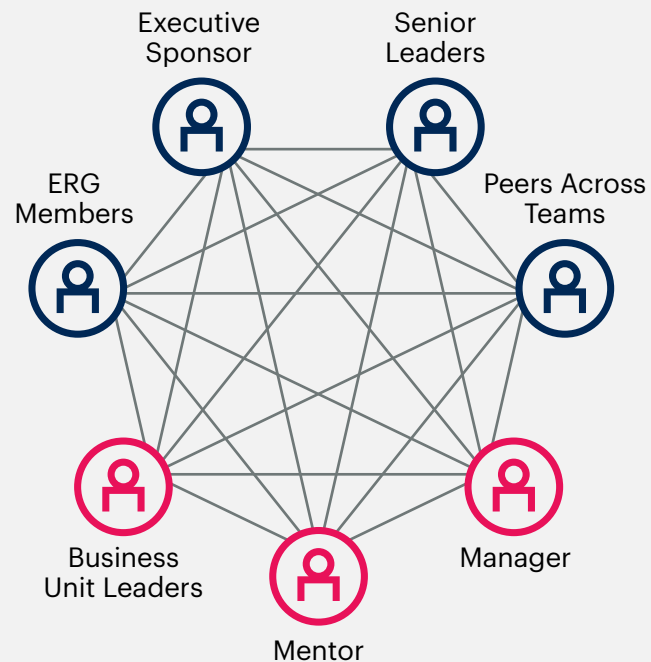**Primary barriers to lack of advancement of underrepresented talent**

1 Unclear career paths and steps to advancement

2 Not enough exposure to senior leaders

3 Lack of mentors or career support

n = 113 HR leaders
Source: 2020 Gartner Advancing Underrepresented Talent Survey

New imperative: Prioritize diversity networking

Networking is a great way to provide support for employees, but networks often lack diversity in role, skill level and experience — and have limited involvement from senior leaders. Intentionally creating growth-focused diversity networks supports underrepresented talent and yields benefits for individual employees, leadership and the organization.

Growth-Focused Diversity Networks

Executive Sponsor, Senior Leaders, ERG Members, Peers Across Teams, Business Unit Leaders, Mentor, Manager

- Intentional, growth-focused approach
- Connections are diverse in role, skills, level and experience
- Exposure to senior leaders who can support growth and advancement

Organizations that use diversity networking programs, compared to those that do not, are...

1.3x likely to report they are effective at increasing diverse employee engagement.

2.0x likely to report they are effective at improving organizational inclusion.

3.4x likely to report they are effective at increasing opportunities for talent mobility.

n = 113 HR leaders
Source: 2020 Gartner Advancing Underrepresented Talent Survey

Tool to Get Started:
Mitigating Bias in Succession Planning

04

Future of Work

A top priority for **32**% of HR leaders

What are the challenges for HR leaders?

"We do not have an explicit future of work strategy."

62%

"We struggle to adapt our talent strategies and processes to align with changes in our market."

37%

"Our organization hasn't prepared for how to address the ways AI and automation will displace workers."

26%

The future of work is critical to key top business priorities

- ✓ Execute Business Transformations
- ✓ Optimize Costs
- ✓ Innovate for Success
- ✓ Manage Risk and Regulatory Demands

Problem today: Knowing where to start

The COVID-19 pandemic will have a lasting impact on the future of work. The question for HR leaders is how much these trends have and will alter pre-pandemic strategic goals and plans, and what immediate action and longer-term adjustments must be made as a result.

9 Future of Work Trends Post-COVID-19

What are the long-term implications of the coronavirus pandemic on the HR function and work?

Accelerated Trends

1. More employees working remotely
2. Increased use of employee data
3. Greater role of the employer as a social safety net
4. Wider use of contingent workers

New Impacts

5. Critical skills are no longer synonymous with roles
6. Some employees find work more humanizing in the crisis; others find it dehumanizing
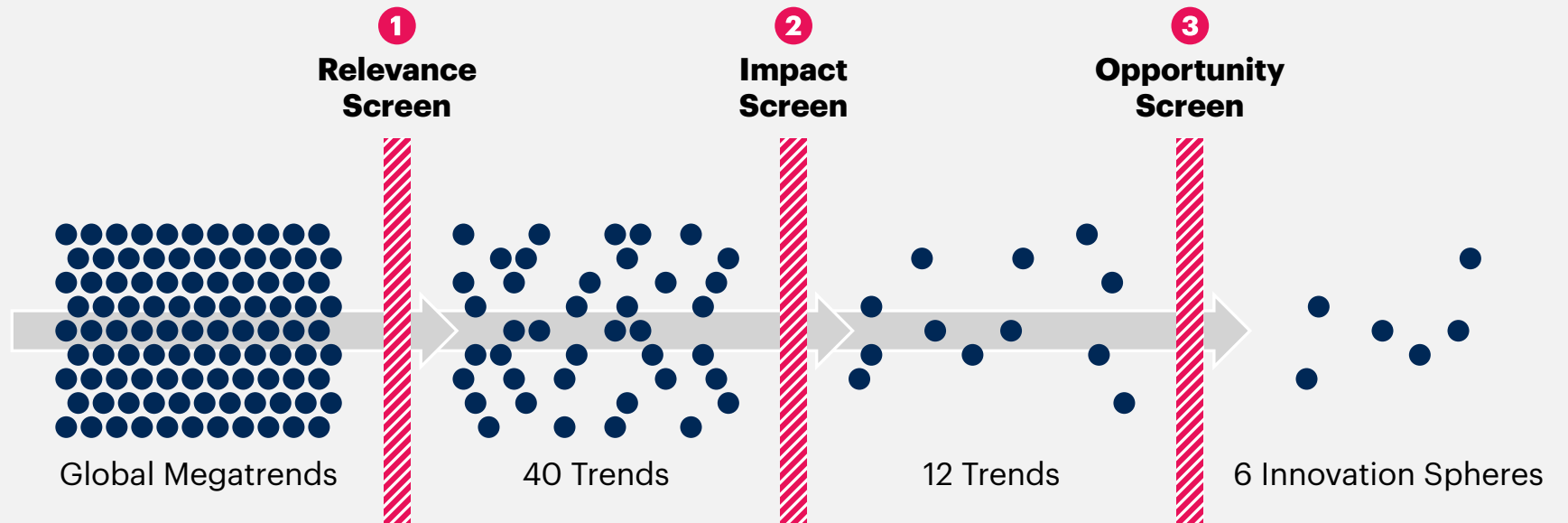7. Crisis response distinguishes top-tier employee brands

Pendulum Swings

8. Organizations prioritize resilience as much as efficiency
9. Crisis adds to organizational complexity, straining design, culture and value proposition

New imperative: Identify future of work trends relevant to the business

One global manufacturer, for example, screens for relevance, impact and opportunity. Whatever the methodology,
this type of exercise is critical to strategic planning and scenario planning for the HR function.

3 Screens to Test for the Growth Potential of Megatrends

1 Relevance Screen

2 Impact Screen

3 Opportunity Screen

Global Megatrends

40 Trends

12 Trends

6 Innovation Spheres

Source: Adapted from client case study

Tool to Get Started: Future of Work Trends Post-COVID-19

05

Employee Experience

A top priority for:

- **28%** of HR leaders
- **31%** of chief human resources officers (CHROs)
- **46%** of heads of diversity and inclusion

What are the challenges for HR leaders?

"Our employee engagement and employee experience strategies."
29%

"We struggle to assess the impact of our employee experience investments."
28%

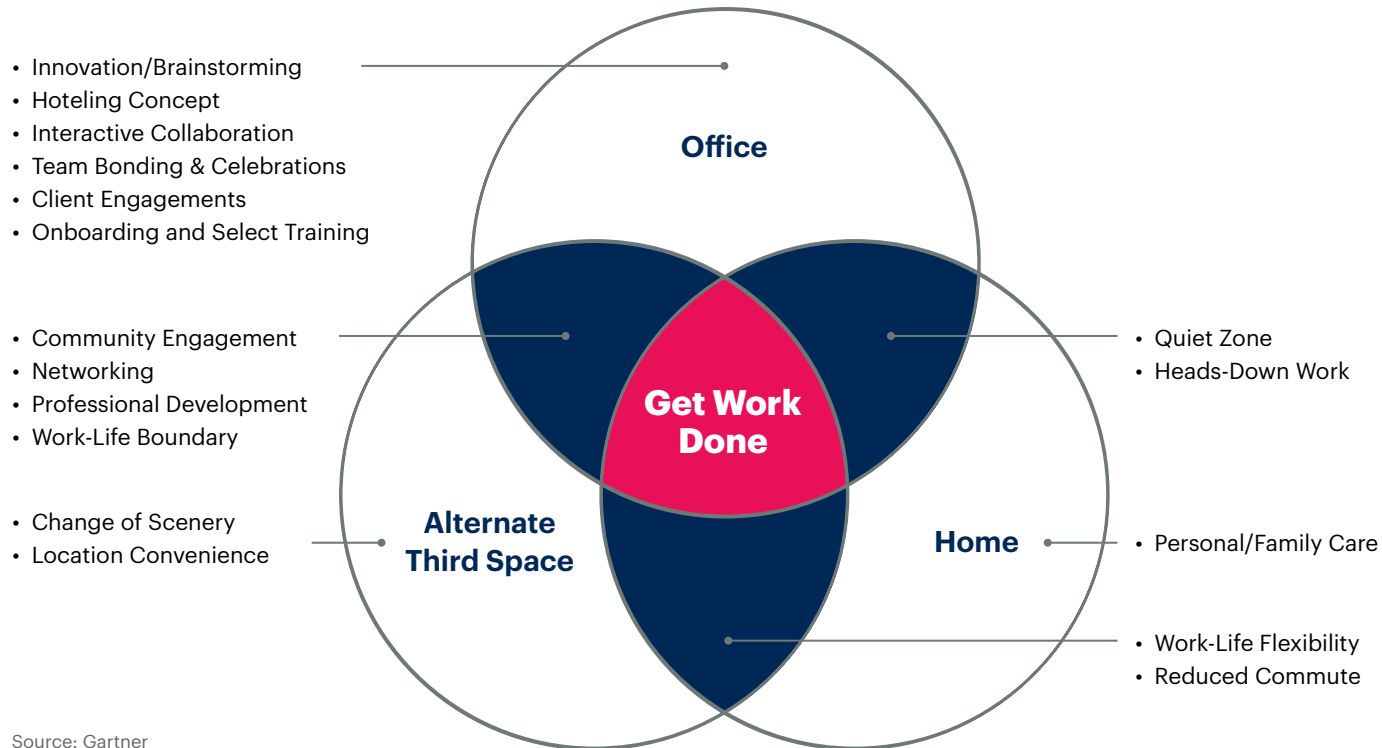"Our employee value proposition (EVP) doesn't communicate our employee experience promise."
25%

Note: The correlation between HR priorities and business priorities is too weak to report because of the way respondents were asked to rank-order their top three business priorities.

Problem today: Different locations offer different value for hybrid workforce
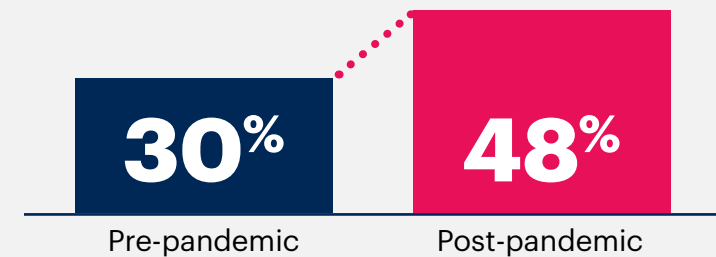
Amid the shift to remote work and hybrid workforce models, HR must preserve company culture and ensure employee experience keeps up with employees' expectations and needs. One key consideration: The value proposition of the office versus other work locations.

The changing value proposition of the office due to the expansion of remote working post-COVID-19 (3 – 5 year lens)

- Innovation/Brainstorming
- Hoteling Concept
- Interactive Collaboration
- Team Bonding & Celebrations
- Client Engagements
- Onboarding and Select Training

Office

- Community Engagement
- Networking
- Professional Development
- Work-Life Boundary

- Quiet Zone
- Heads-Down Work

Get Work Done

- Change of Scenery
- Location Convenience

Alternate Third Space

Home

- Personal/Family Care

- Work-Life Flexibility
- Reduced Commute

Source: Gartner

Nearly half of employees will work remotely at least some of the time.

30% Pre-pandemic

48% Post-pandemic

Source: 2020 Gartner Workforce Responsiveness Survey

17

New imperative: Tackle impact of remote work on employee experience

Hybrid workforce models aren't only about selecting one location over another; they provide an opportunity for employers, managers and employees to share ownership of location decisions around a common expectation that employees can switch locations dynamically depending on what makes the most sense to drive the highest levels of productivity and engagement. To improve employee experience, organizations have to support and enable this approach throughout the employee life cycle.

Employee experience

Adapting the employee life cycle for a hybrid workforce

Where and how do we invest in the employee life cycle for greatest returns on a hybrid workforce?

✓ Improved employee engagement

✓ Expanded career options

✓ Improved well-being

Tool to Get Started: How Organizations Are Supporting a Hybrid Workforce

01 Recruiting
Shift sourcing and attraction strategies and adjust EVP and employment branding strategies.

02 Virtual onboarding
Implement virtual onboarding delivery methods to reduce costs and allow for individual tailored onboarding experiences.

03 Well-being
Analyze current health and well-being strategies, and identify areas for improvement and optimization of the organization's offerings.

04 Goal setting and performance
Educate managers on how to revise performance goals as needed, and manage by those goals or outcomes versus direct observation.

05 Total rewards
Determine how compensation, rewards and recognition strategies will need to be adjusted to support a hybrid workforce and ensure parity.

06 Communications and collaboration
Implement technology solutions that improve communications, collaboration and connectivity between employees.

07 Talent development
Implement virtual learning solutions and update talent management practices to develop strategic talent pipelines in a hybrid environment.

Look ahead: Key themes emerge for 2021

01

The New World of Remote

HR must move beyond simple questions of how remote work operates. An effective hybrid workforce model requires HR to develop and evolve critical managerial and leadership roles and responsibilities, new organization structures and virtual HR strategies.

02

Efficient Resilience

HR leaders now realize that efficient organizations are actually fragile organizations. Rather than striving for efficiency, leading HR organizations recognize they need to build resilient organizations, leaders and employees so they are able to bounce back and thrive during disruptions.

03

Building a Diverse Leadership Bench

Despite the attention placed on building a more diverse workforce, progress has been slow and halting. The workforce and the communities in which organizations operate expect more. The pace of progress must speed up.

04

The New EVP

Employees' expectations of their employers have shifted. Mental health, purpose and social responsibility are now critical components of the value proposition. HR executives must navigate the new realities of the labor market to meet their talent needs and the expectation of their employers.

About Gartner Top Priorities for HR Leaders in 2021

The top priorities are derived from the Gartner 2021 Future of HR Survey, which polled HR leaders about their priorities and expected challenges in 2021.

Respondents:

800+
HR leaders*

36%
CHROs/Heads of HR*

All major
industries

60
countries

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*HR leaders include heads of enterprise HR (CHROs or heads of HR) and heads of a functional/regional/business HR subfunction.

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