

The 2019 Global HR Leadership Survey



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Executive Summary

Between June and November 2018, Leathwaite polled in excess of 1,000 global Human Resources (HR) executives currently operating in HR leadership roles within Financial Services (FS). Respondents included Chief Human Resources Officers (CHROs), Heads of Specialist Functions (including Talent, Reward, Learning and Recruiting) and those at the vanguard of HR Transformation (including HR COOs and Heads of Analytics).

Core themes and findings that have emerged through this research are characterised as below:

Budgets are Back

For the first time since the inception of this survey four years ago, the net response to the question of HR budgets is that more HR leaders predict an increased HR budget than predict a decreased one, for the year ahead. Whilst it is a narrow margin (30% citing "up" and 28% citing "down") it is a sea-change from three years previously, when just 7% predicted an increased budget for the year-ahead. The net prediction across the survey is that headcount will be down for the year ahead, and this must surely be the "new normal" moving forward as HR continues to embrace digital capabilities to drive efficiency.

Diversity & Inclusion: The Fight Goes On

D&I is cited as a Top 4 Business challenge for the year ahead, and we must hope and assume that companies recognize that the challenge of Diversity goes far beyond the optics of the "right faces on the org chart". The management practice of Inclusion and a culture that truly enables both Diversity and Inclusion to flourish are paramount for progress to truly be noticeable. Additionally, the Chief Diversity Officer is seen by the study as a credible future HR leadership team member, beneath the CHRO.

Culture remains King

Culture is hardest to define and therefore hardest to improve. Whilst Technology could be cited as the key enabler of Change, it appears that Culture & Talent remain the key drivers of Change. Cultural change is cited as the top business priority for 2019, as well as the top area for improvement pan-industry. Additionally, the emerging "Chief Culture Officer" role is seen as the most likely to join the established suite of HR leadership roles (global business partners and specialist functions) at the top table beneath the CHRO, in the coming years.

Retention: The Silent Partner in the War on Talent

Whilst Acquisition is most associated with leading the charge in the perennial "war on talent", it is possible that both business and HR are alive to the fact that defence is the best form of attack. Talent retention moves from a bottom 3 business challenge in 2018 to a Top 3 challenge in 2019 and gives weight to the view that Talent, Diversity and Culture are ever more closely interwoven within the fabric of an organization.

Data & Technology: Our Biggest Gripe, Our Brightest Hope

This study appears to endorse the "bad data in = bad data out" adage, with Data Quality & Usage cited as the top area for HR improvement, by some margin. Equally, HR professionals are alive to the fact that simply plugging-in the latest cloud-based tech platform is not the panacea, as Data Quality & Usage remains the top priority among both those who have and those who have not undergone a systems-based transformation in the last twelve months. Illustrating the profile of Data among the HR community, it is cited as the fastest growing area of HR within the next five years and "HR Chief Data Officer" is predicted among the Top 3 most likely HR leadership team members in the next 3-5 years.

We need to talk about Universal Banking

It seems clear that whilst once the envy of peers in other industries, HR professionals within Universal Banking (those banks seen as global in scale and operating across corporate, retail, private and investment banking) find themselves in a continued "perfect storm". 87% of those within this embattled sector predicted that budgets would be down for the year ahead, with just 40% feeling that HR was understood by the board. It was also the only sector wherein Brexit was a Top 3 business challenge and cited "Budget Constraints" as a major obstacle to Talent Acquisition.



// Talent is Everywhere

This year's Report highlights the continued importance HR Professionals are placing on Talent Acquisition and Retention, coupled with the need for a more diverse and inclusive workforce.

Through Women in the City, the organization I set up in 2003, I have championed the progress of female talent working in professional services within the City of London. However, despite everyone's best efforts, women are simply not progressing to senior levels. Motherhood is the most usually cited reason, yet statistically many women leave the corporate world by the age of 38, regardless of whether they have children. They leave not because they've lost ambition but because they simply don't want to work in a culture where their values and needs aren't considered.

It's not surprising, then, that Culture features as the second most important issue concerning HR professionals and highlights its elevation from being seen historically as an intangible "nice to have", to a strategic lever that today sits as item No.1 in many CEOs' in-trays.

When we consider Culture and Diversity within the context of an individual's career, we need to consider how success is defined. Is it purely hierarchical progression, job title, number of direct reports and other corporate status symbols? Is it about presenteeism or is it about what you achieve? Increasingly the traditional norms and behaviours associated with corporate life are being rejected by both men and women who recognize that unsociable hours and hierarchy in a heavily politicized environment are not necessarily universal. People have choice. In my view, building an inclusive culture that respects individuals' needs and desires has never been a greater priority than it is today.

Against this backdrop, one might argue that the HR leaders of today (and tomorrow) have a somewhat daunting to-do list. However, I would argue that that these topics are not to be ring-fenced as "HR issues" but are the responsibility of the broader firmwide leadership, from Chairperson down. Good quality HR will provide the structure, strategy and skills necessary to drive progress and HR for this reason has possibly never enjoyed such a high profile.

Yes, talent is everywhere but in the knowledge economy in particular talent has never been more portable and we are seeing a flight-to-quality where employee brand and culture are concerned.

With this in mind, I wish my colleagues in the HR domain a successful year ahead in your respective businesses and I hope you enjoy the insights Leathwaite's study offers, as I did.



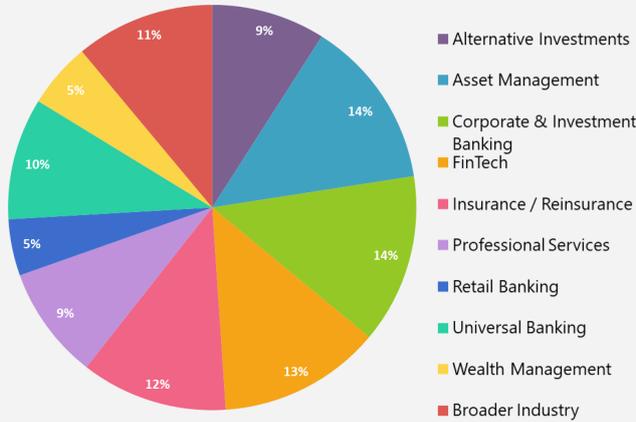
A handwritten signature in black ink that reads "Gwen".

Gwen Rhys

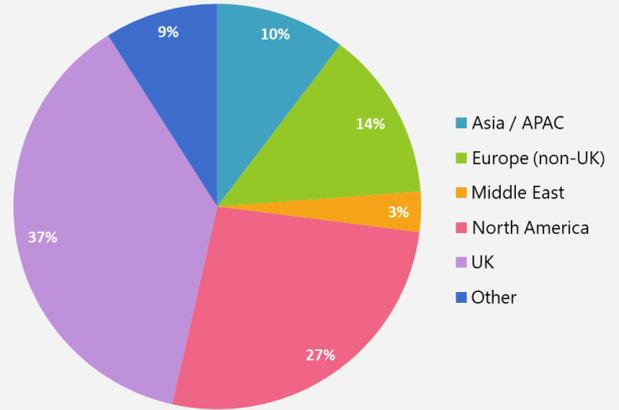
CEO, Women in the City

Who You Are & Where You Sit

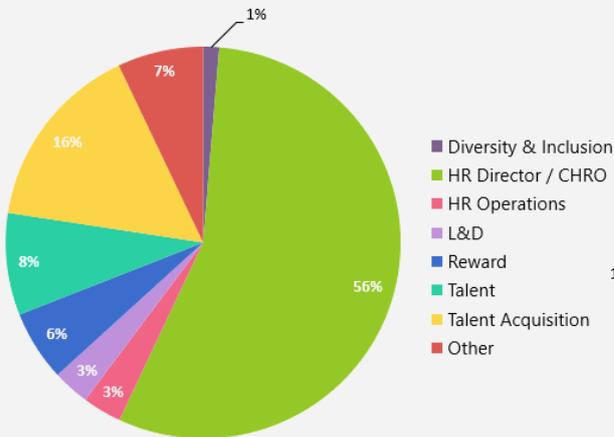
Q1: Please outline the industry segment most suited to your organization.



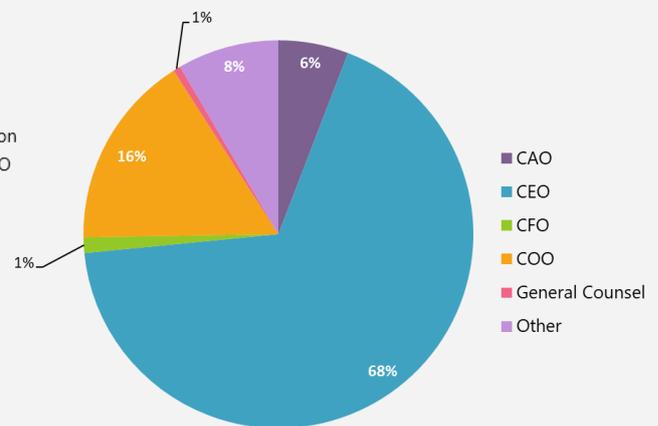
Q2: Please outline your region.



Q3: Which of the following best describes your HR discipline?



Q4: What is the ultimate reporting line of HR within your organization?



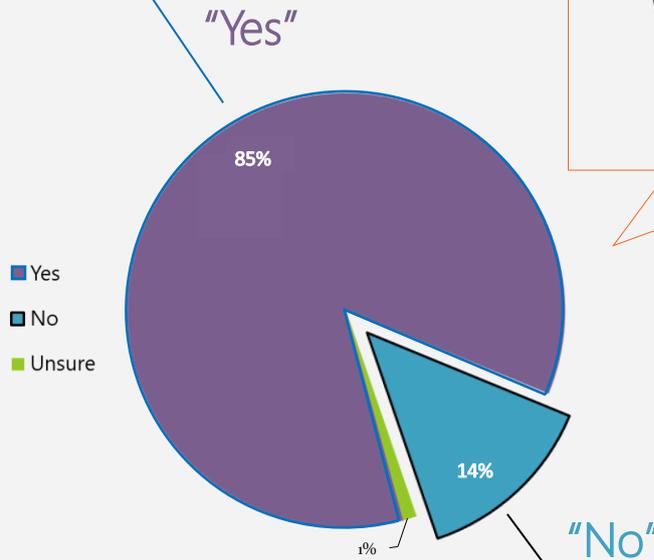
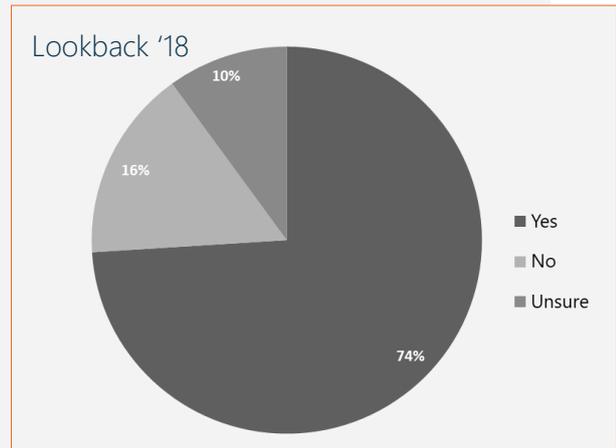
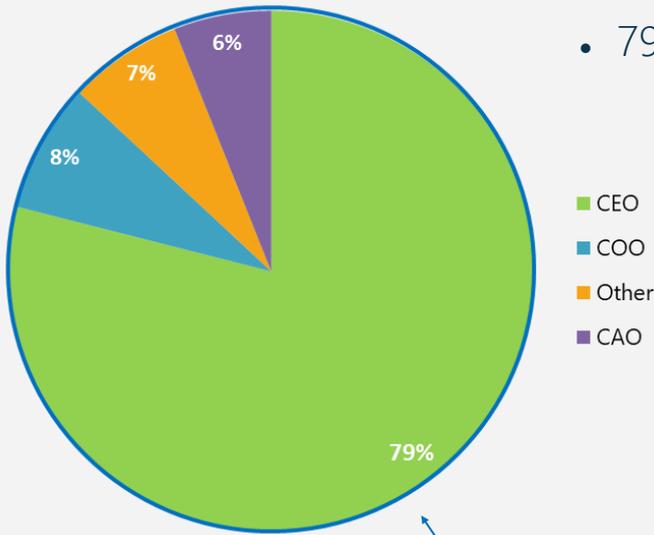
// 68% of HR functions surveyed report into the CEO. Of non-CEO reporting lines, COO is the most common (16%).



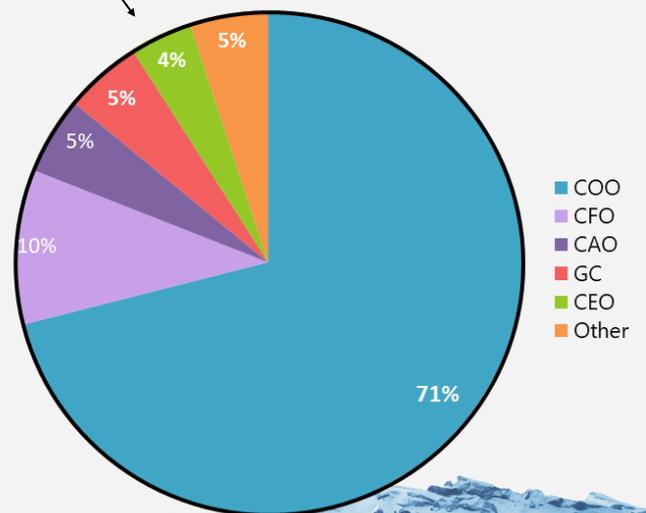
CEO Reporting Line Remains Industry Standard

Q5: Do you feel HR is correctly positioned within your organization in terms of reporting line?

- 79% of those who felt HR was positioned correctly reported into the CEO.

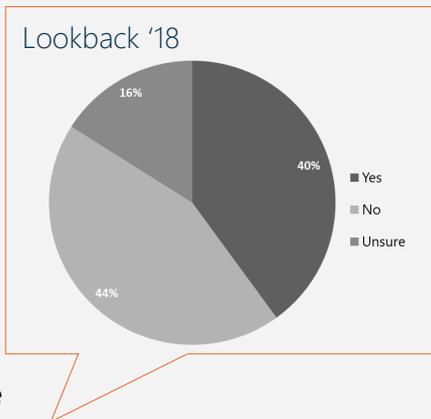
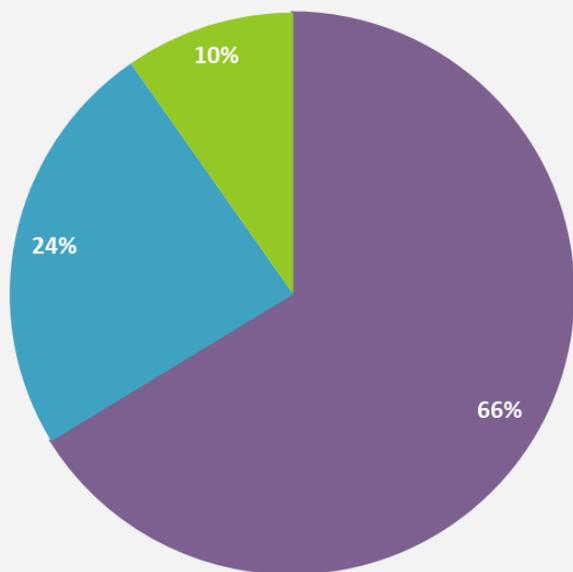


- Conversely, of those who felt their HR function was NOT positioned correctly, only 5% reported into the CEO.
- 100% of those reporting into the CFO and General Counsel felt HR was NOT positioned correctly.



The Board Are Starting to "Get" Us

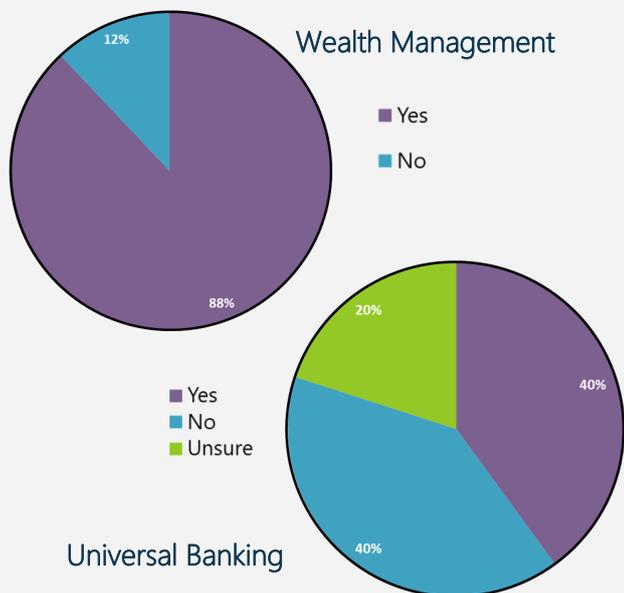
Q6: Do you feel the deliverables of HR are clearly understood by your organization's board?



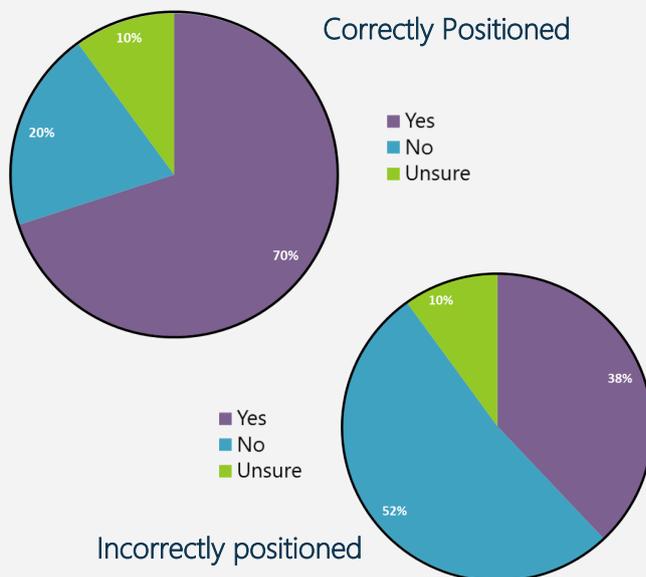
■ Yes
■ No
■ Unsure

- 70% of those who feel HR is correctly positioned feel deliverables are understood. This figure is reduced by nearly half (32%) when individuals do not feel their function is correctly positioned.

Industry Breakdown



Reporting Line / Positioning

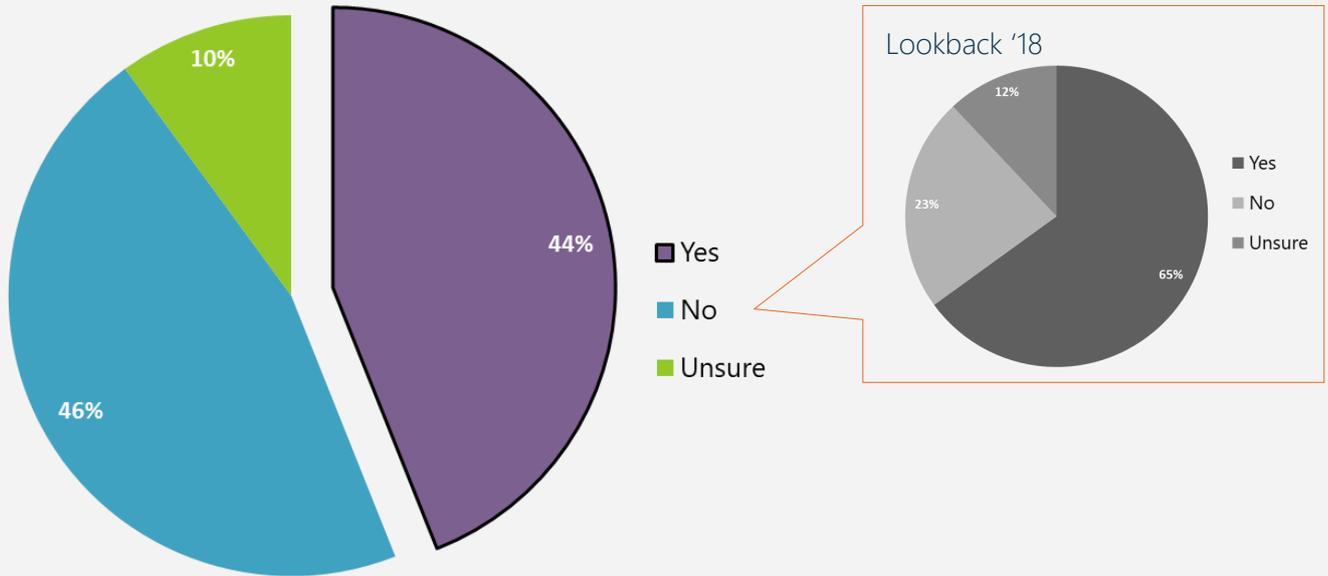


- Wealth Management has the highest rate of respondents reporting HR is understood by the board (88%). This is 48% more than the lowest ranked function in terms of HR deliverables, Universal Banking.



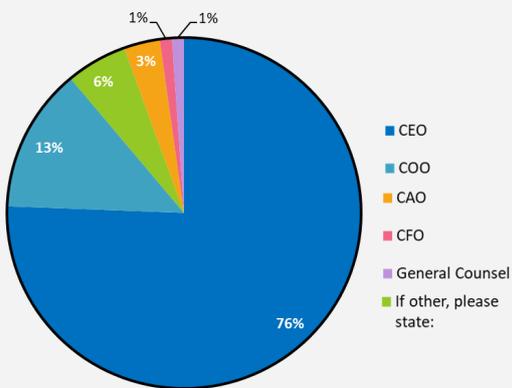
...But Does the Broader Firm?

Q7: Do you feel HR is appropriately valued within your organization?

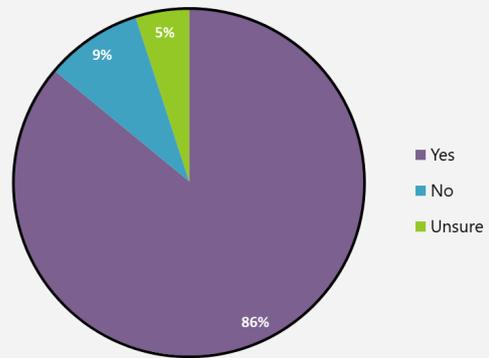


Of those who feel HR is valued...

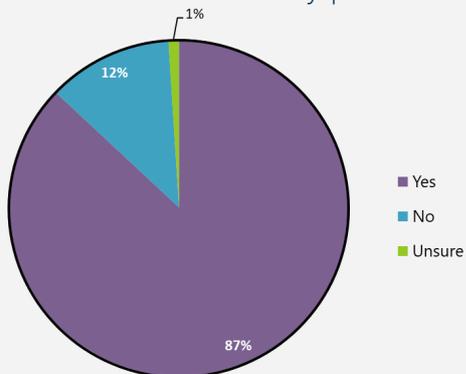
76% report into the CEO



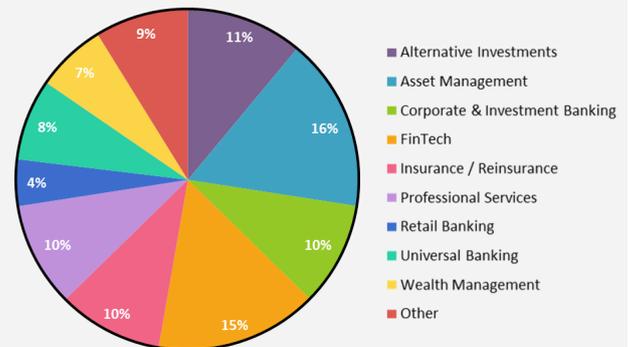
86% feel deliverables are understood



87% feel HR is correctly positioned

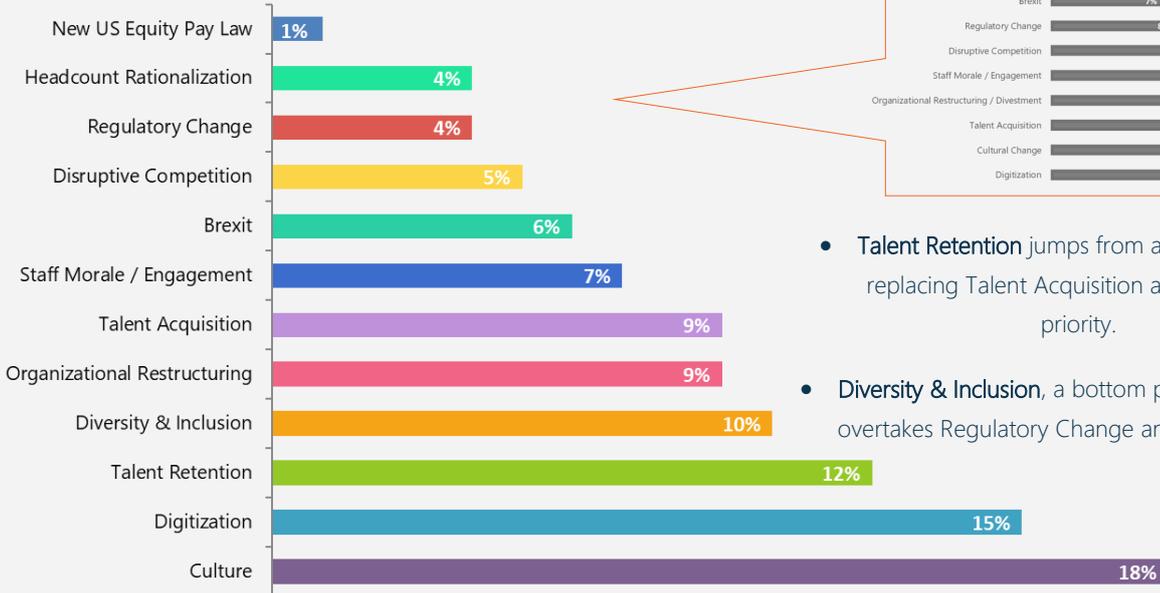


Industry doesn't make a difference

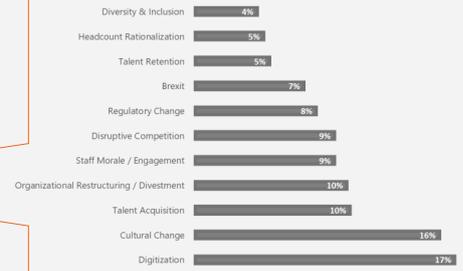


Hiring a Diverse Workforce is One Thing, Keeping it is Another

Q8: What are the Top 3 business challenges facing your organization over the next twelve months?



Lookback '18



- Talent Retention jumps from a bottom spot, replacing Talent Acquisition as a top three priority.
- Diversity & Inclusion, a bottom priority last year, overtakes Regulatory Change and Engagement.

Industry Outlook

Asset & Wealth Management

1. Culture
2. Retention
3. D&I

Insurance

1. Culture
2. Digitization
3. Retention

Universal & Retail Banking

1. Culture
2. Digitization
3. Brexit

Alternative Investments

1. Digitization
2. Engagement
3. Headcount Rationalization

FinTech

1. Culture
2. Talent Acquisition
3. Digitization

CIB

1. Digitization
2. Culture
3. Retention

Professional Services

1. Culture
2. Restructuring
3. Digitization

Other Industry

1. Culture
2. Restructuring
3. Retention

Regional Outlook

Europe

1. Culture
2. Digitization
3. Retention

North America

1. Digitization
2. Culture
3. Retention

Middle East

1. Culture
2. Digitization
3. Talent Acquisition

UK

1. Culture
2. Talent Acquisition
3. Digitization

Asia

1. Digitization
2. Disruptive Competition
3. Retention

Here's what HR has to say...

HR

1. Culture
2. Digitization
3. Retention

D&I

1. Culture
2. Retention
3. Talent Acquisition

HR Ops

1. Restructuring
2. Disruptive Competition
3. Culture

Talent

1. Digitization
2. Retention
3. Culture

Talent Acquisition

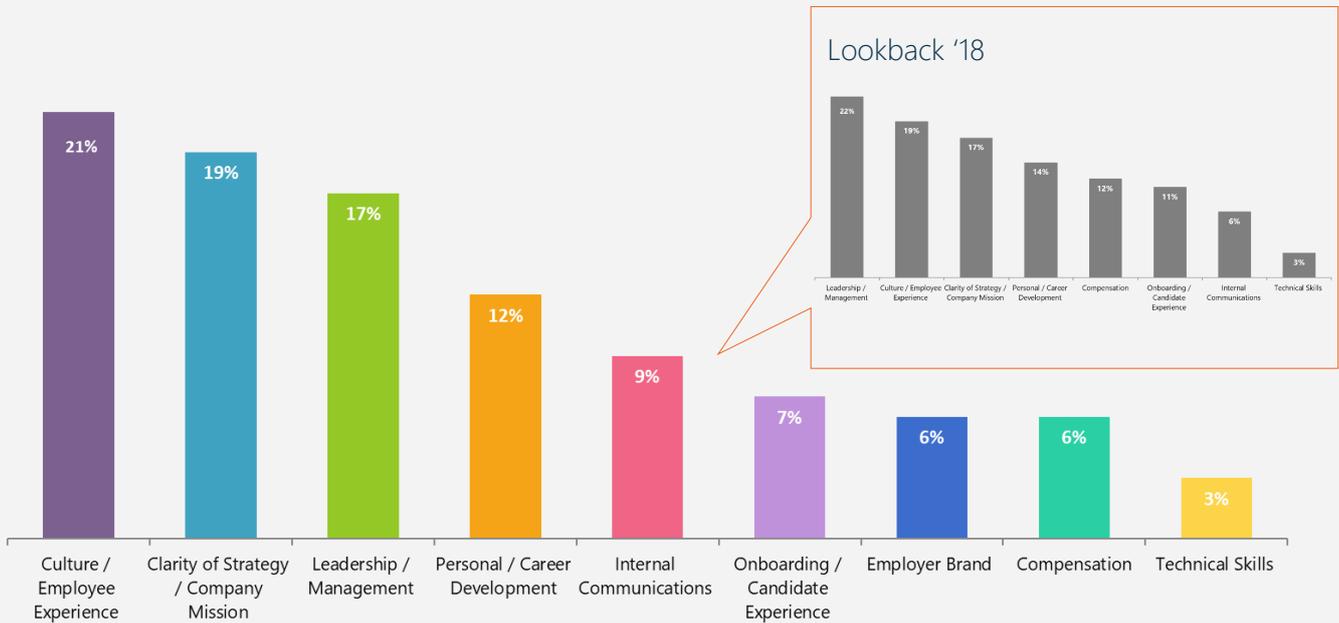
1. Digitization
2. Diversity & Inclusion
3. Restructuring

Reward

1. Culture
2. Digitization
3. Disruptive Competition

Tell Us Where We're Going - and Make it Enjoyable

Q9: Rank the Top 3 areas for improvement within your organization.



Industry Outlook

Asset & Wealth Management

1. Clarity of Strategy
2. Internal Communications
3. Culture

Insurance

1. Leadership
2. Culture
3. Clarity of Strategy

Universal & Retail Banking

1. Culture
2. Clarity of Strategy
3. Personal / Career Development

Alternative Investments

1. Culture
2. Internal Communications
3. Personal / Career Development

Professional Services

1. Culture
2. Clarity of Strategy
3. Leadership

CIB

1. Culture
2. Personal / Career Development
3. Leadership

Other Industry

1. Culture
2. Clarity of Strategy
3. Leadership

FinTech

1. Clarity of Strategy
2. Leadership
3. Compensation

- Having been a top priority since 2017, Culture is indeed king... but how do we improve it? It is clear the C-Suite will play a key role as culture carriers, with Clarity of Company Strategy and Leadership Development in the top areas for improvement.

Regional Outlook

Asia

1. Clarity of Strategy
2. Culture
3. Leadership

North America

1. Culture
2. Clarity of Strategy
3. Leadership

Europe

1. Culture
2. Personal / Career Development
3. Leadership

UK

1. Culture
2. Clarity of Strategy
3. Leadership

Middle East

1. Leadership
2. Clarity of Strategy
3. Culture

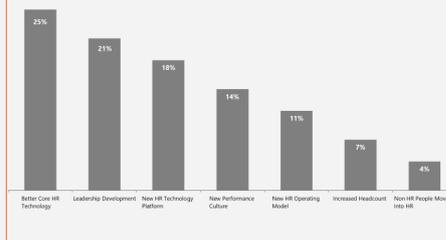


Talk Data to Me

Q10: Rank the Top 3 areas for improvement within HR at your organization.

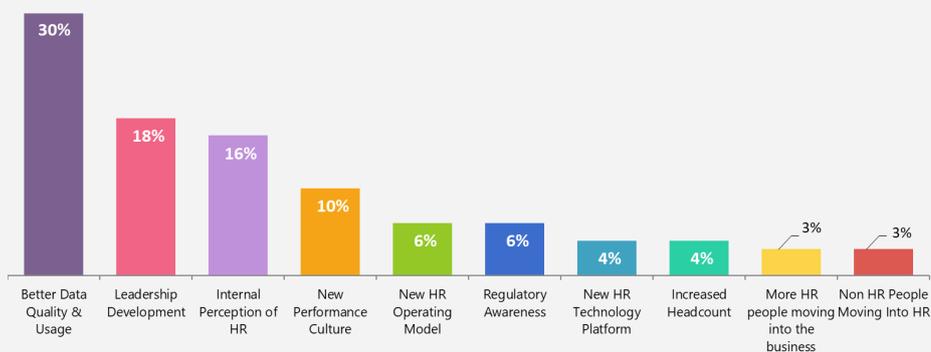


Lookback '18

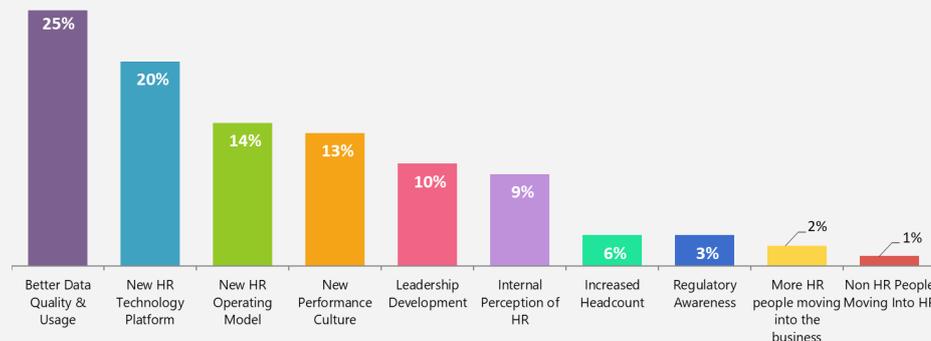


Sort Out Your System

My organization HAS undergone an HR systems based transformation...



My organization has NOT undergone an HR systems based transformation...

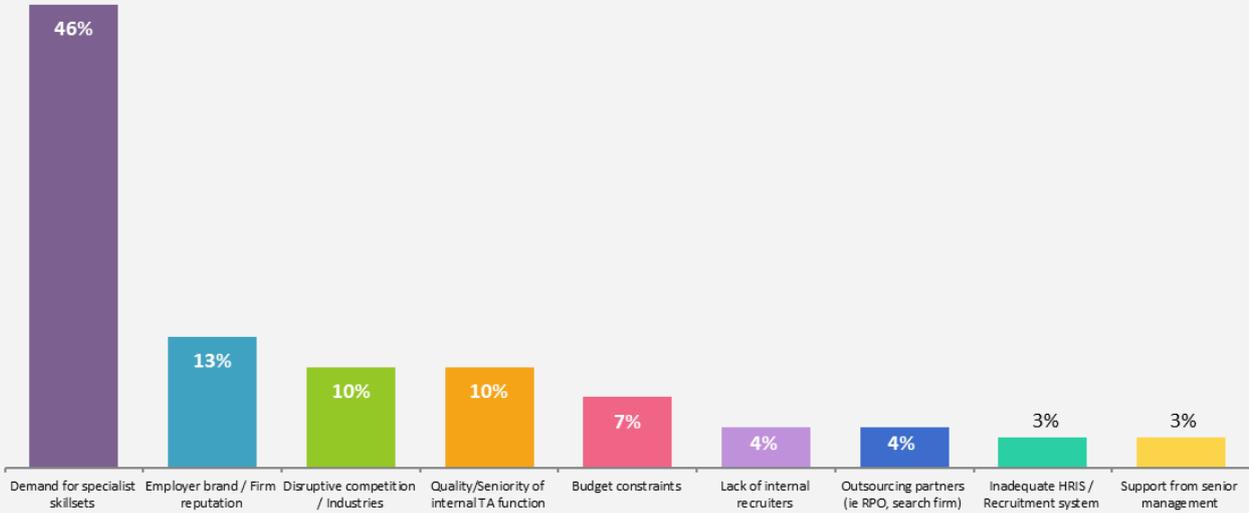


Key Insights

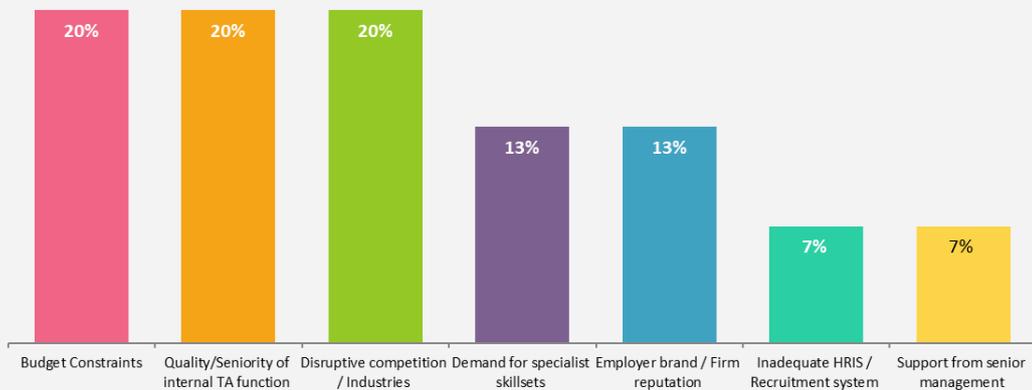
- Data is still a top priority.
- Those who have implemented an HR system in the last five years are focused on less tactical areas including leadership development and internal perception of HR.
- Perhaps illustrating the link between technology change and operating model change, the need for a new operating model is deemed less of a priority among those who have already implemented new technology.
- Equally, among those who have undergone transformation, whilst data quality remains a constant, it appears that technology does free the HR organization to focus on theoretically "bigger ticket items such as Leadership Development.
- Where technology has taken over administrative duties, HR professionals are being challenged to set new parameters for what HR is and re-educate the business around how to utilize strategic HR.

Find Us the People and We'll Hire Them

Q11: At an enterprise level, what is your organization's biggest challenge with respect to Talent Acquisition?



A Closer Look at What Universal Banking Says...

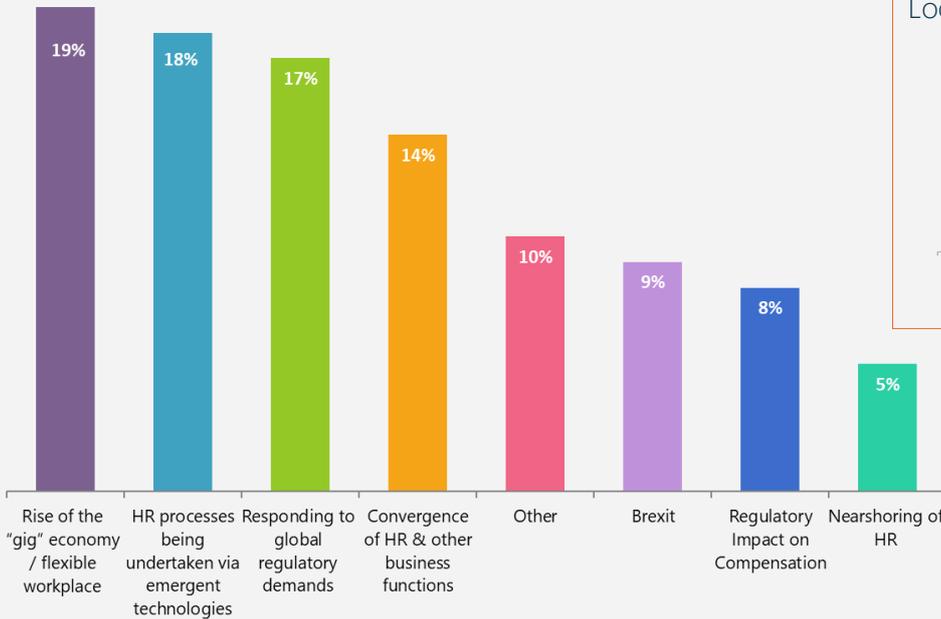


// Key Insights

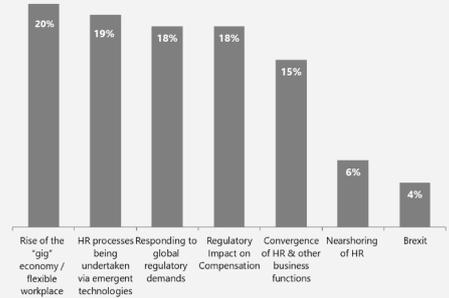
All industries and regions rank demand for specialist skillsets as the #1 challenge, apart from **Universal Banking** which reported budget, disruptive competition and quality of internal recruiters as top challenges. This perhaps highlights the sense that Universal Banking remains a sector under siege.

The New World of Work

Q13: Rank the Top 3 trends you foresee as having the greatest impact on the work you do within your organization in the next 12 months.



Lookback '18



Industry Outlook

Asset Management

1. Rise of "gig" economy
2. Global regulatory demands
3. Convergence of HR

Alternative Investments

1. Global regulatory demands
2. Reg impact on compensation
3. Brexit

CIB

1. Global regulatory demands
2. Rise of "gig" economy
3. Emergent technologies

FinTech

1. Convergence of HR
2. Emergent technologies
3. Rise of "gig" economy

Insurance

1. Rise of "gig" economy
2. Emergent technologies
3. Convergence of HR

Professional Services

1. Rise of "gig" economy
2. Convergence of HR
3. Emergent technologies

Retail Banking

1. Rise of "gig" economy
2. Emergent technologies
3. Convergence of HR

Universal Banking

1. Emergent technologies
2. Global regulatory demands
3. Convergence of HR

Wealth Management

1. Emergent technologies
2. Rise of "gig" economy
3. Reg impact on compensation

Other

1. Emergent technologies
2. Global regulatory demands
3. Rise of "gig" economy

- Alternative Investments rank regulatory related issues as all of their top three. This is contrasted by FinTech, Insurance, Retail and Universal Banks, who report non-regulated issues in their top three.

Here's what HR has to say...

D&I

1. Convergence of HR
2. Rise of the "gig" economy
3. Brexit

HRD

1. Rise of "gig" economy
2. Emergent technologies
3. Global regulatory demands

HR Ops

1. Nearshoring of HR
2. Global regulatory demands
3. Brexit

Talent

1. Emergent technologies
2. Convergence of HR
3. Rise of "gig" economy

Talent Acquisition

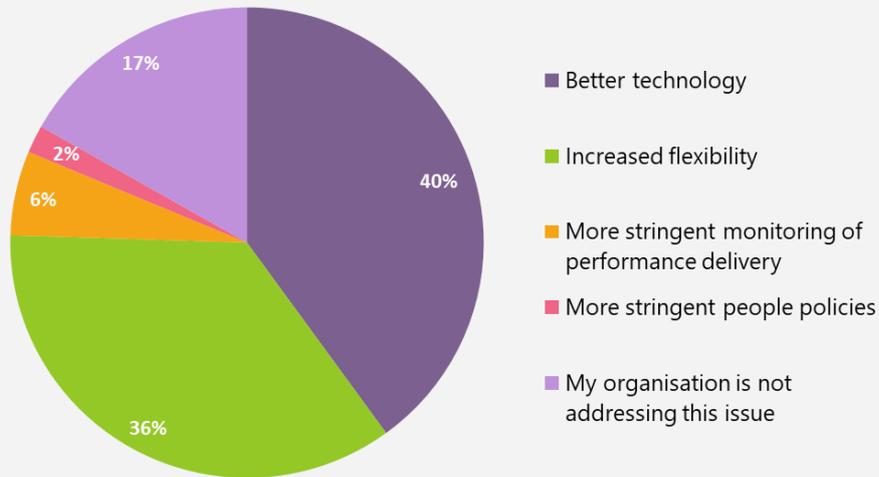
1. Emergent technologies
2. Rise of "gig" economy
3. Global regulatory demands

Reward

1. Rise of "gig" economy
2. Reg impact on compensation
3. Global regulatory demands

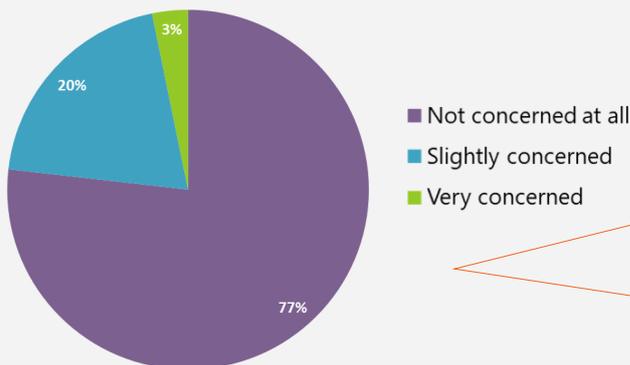


Q14: Which of the following is most characteristic of the way your organization is addressing the challenges associated with the future state of work?

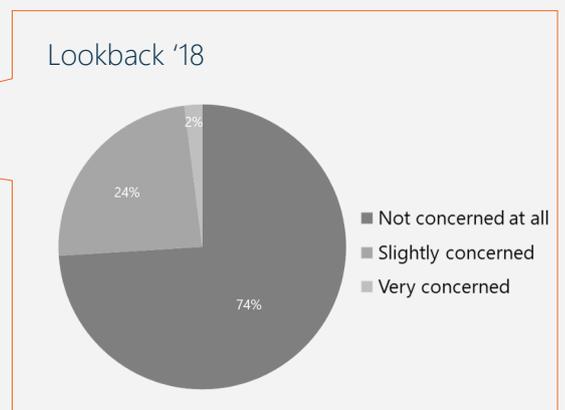


- A majority of organizations are leaning into the changing work landscape via increased flexibility and improving supporting technological infrastructure. In an age where one is never truly “off-line,” organizations are recognizing the need to embrace the change rather than tighten their policies.

Q15: To what extent are you concerned that your role today will be performed via AI/ Robotic Process Automation in 10 years' time?



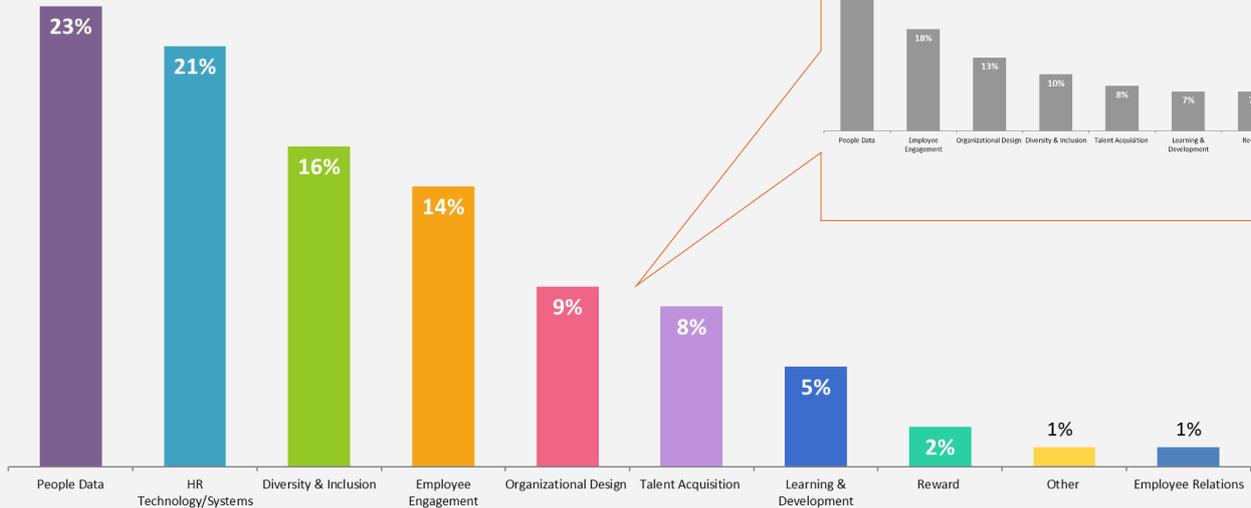
- Despite the rise of emergent technologies taking over HR processes, very few (3%) are very concerned their roles will be replaced by Artificial Intelligence.



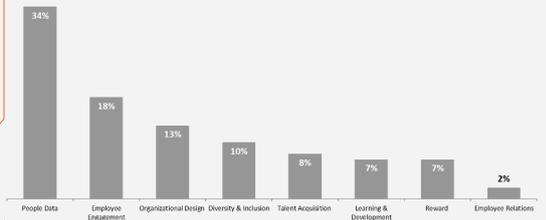
Data, Diversity & Demonstrably Better Tech

Q16: Rank the Top 3 fastest growing areas of HR in the next 5 years.

- D&I has moved to the number three spot preceded only by data and technology.

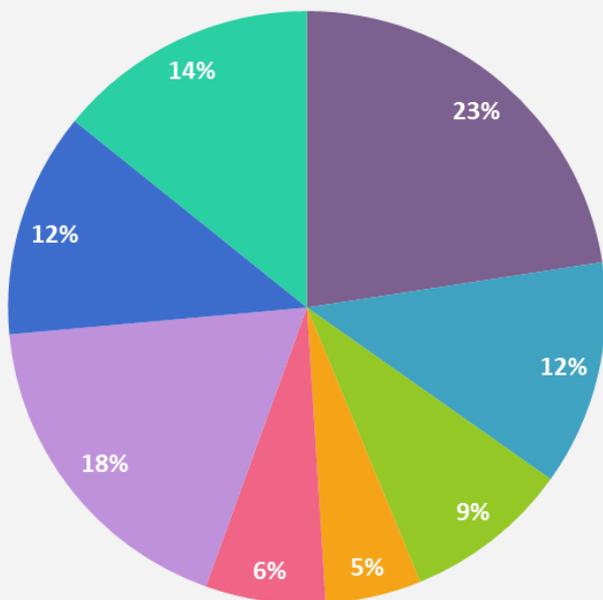


Lookback '18

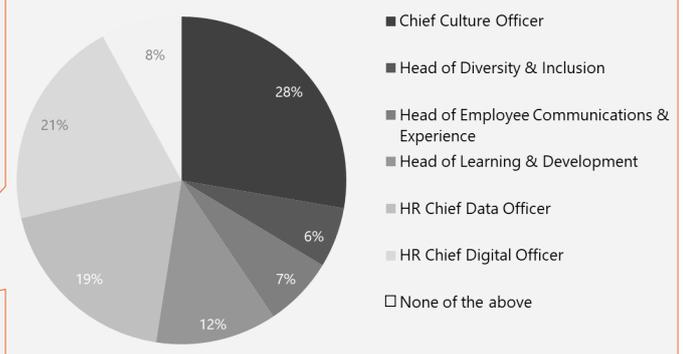


Culture & Data: The New Seats at the Table

Q17: 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?



Lookback '18

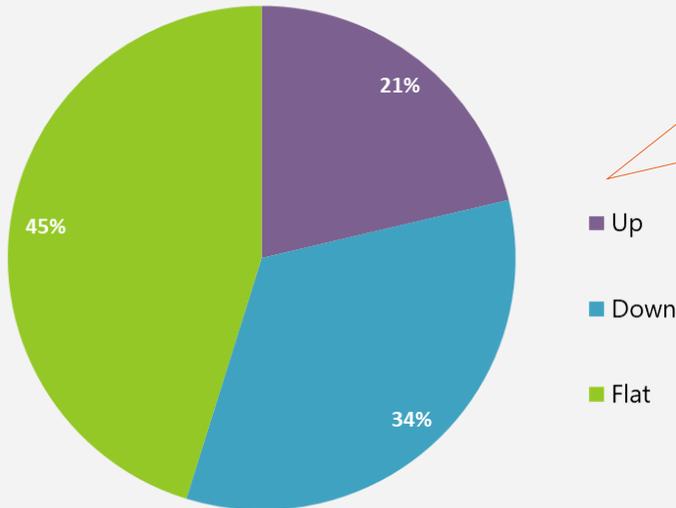


- Chief Culture Officer
- Head of Diversity & Inclusion
- Head of Employee Communications & Experience
- Head of Learning & Development
- Head of Employee Relations
- HR Chief Data Officer
- HR Chief Digital Officer
- None of the above

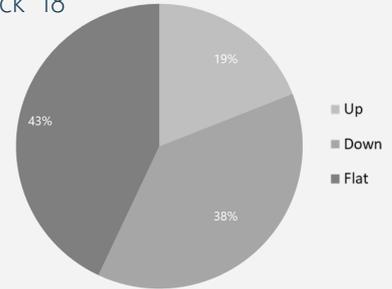


Headcount Flat-to-Up & Budgets are Back

Q18: What is your expectation of HR headcount within your organization over the coming 12 months?

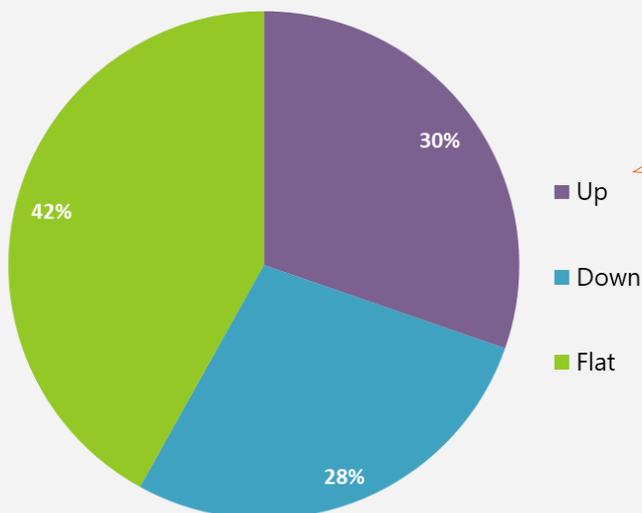


Lookback '18

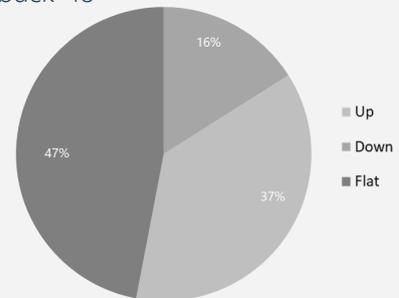


- Headcount is 2% up and 4% less predict a reduction. Even more remarkably, headcounts have doubled when compared with 2016.

Q19: What is your expectation of HR budget within your organization over the coming 12 months?



Lookback '18

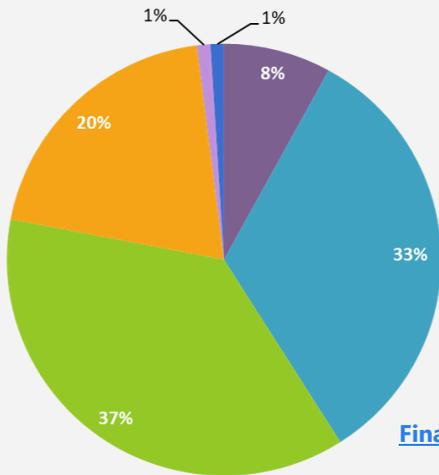


- The prediction of increased budget has nearly doubled from last year and increased 4x from 2016.
- Asset management, Professional Services and Retail Banking are all notably higher than average, particularly when compared to Universal Banking, which sees 87% predicting a budget decrease.



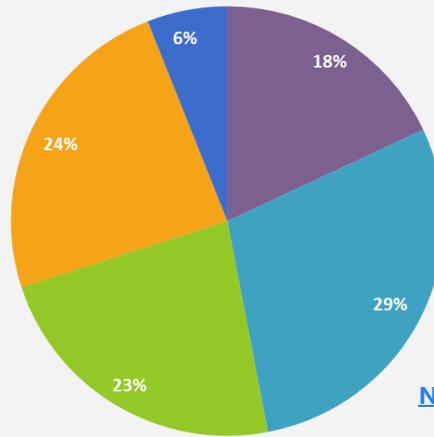
And the Award Goes to...

Q20: Which of the following methods of retention is most widely used within your organization?



Financial Services

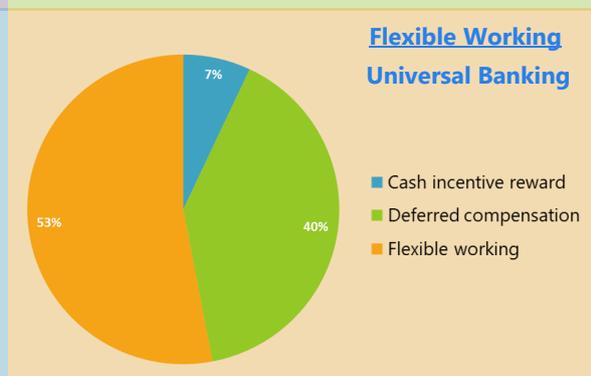
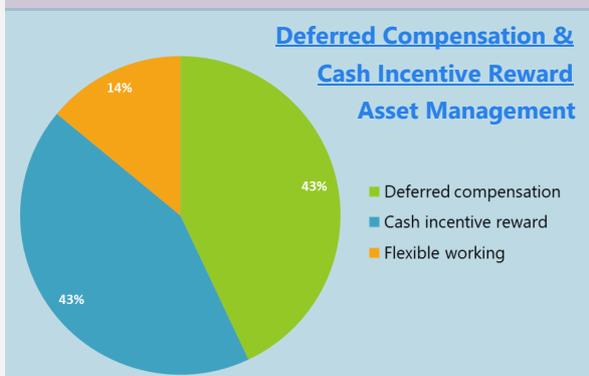
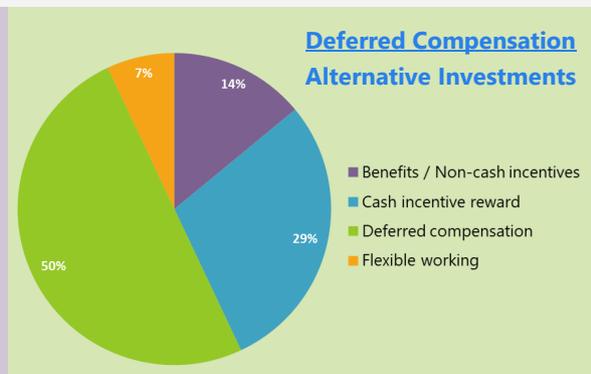
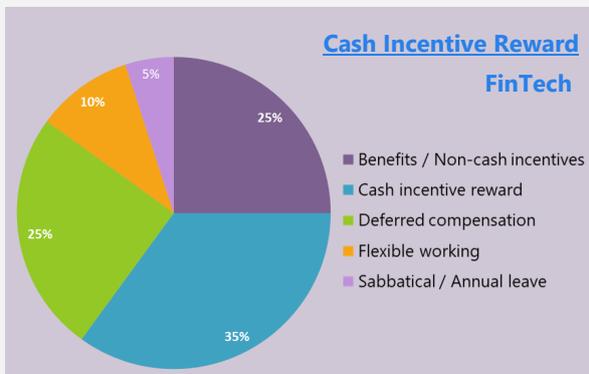
- Benefits / Non-cash incentives
- Cash incentive reward
- Deferred compensation
- Flexible working
- Sabbatical / Annual leave
- If other please state:



Non-FS

- Benefits / Non-cash incentives
- Cash incentive reward
- Deferred compensation
- Flexible working
- If other please state:

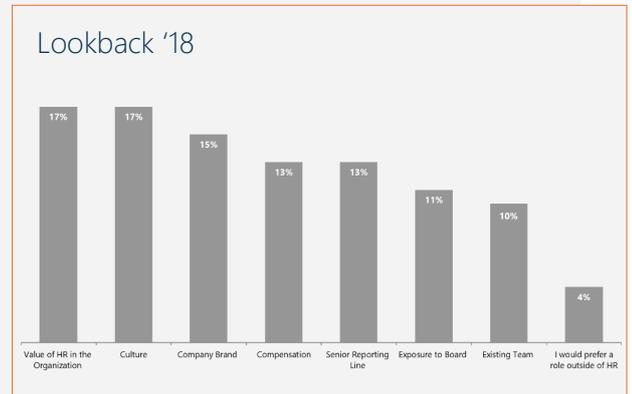
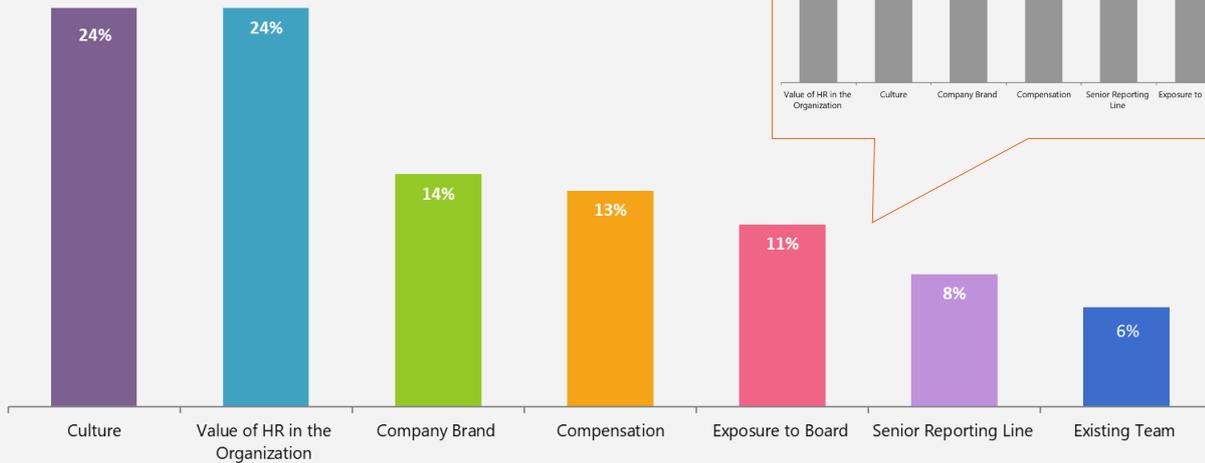
Top Use of Incentives by Industry...



Cash Isn't Everything

Q21: If you were to leave your current organization tomorrow, rank the Top 3 most attractive elements of a new role in HR.

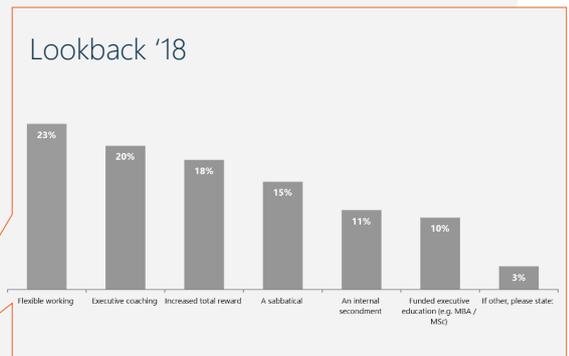
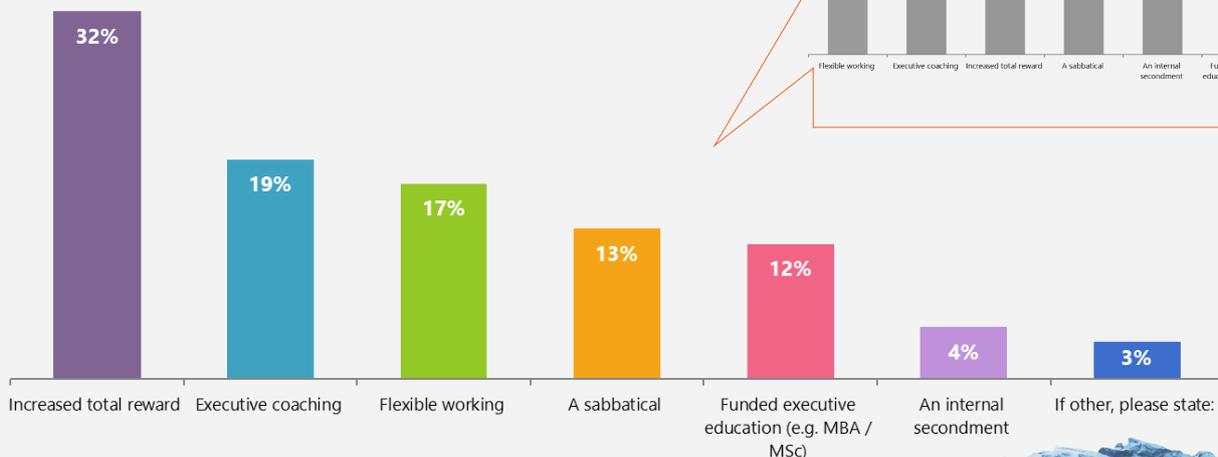
- For HR professionals, the key motivators in any role remain steadfast. Compensation, whilst an important factor, is second to Culture, Value of HR, and Company Brand.



...Or is it?

Q22: As an HR professional, which of the following would most interest you from your employer over the next 12 months?

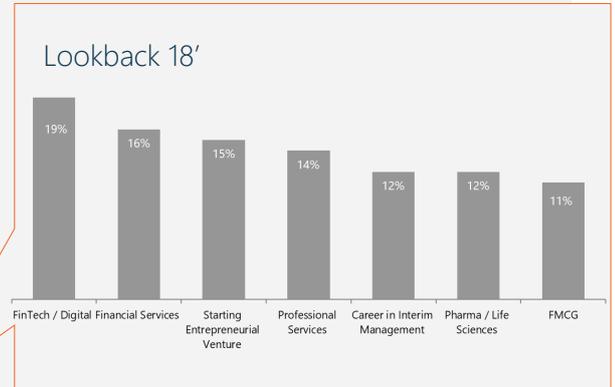
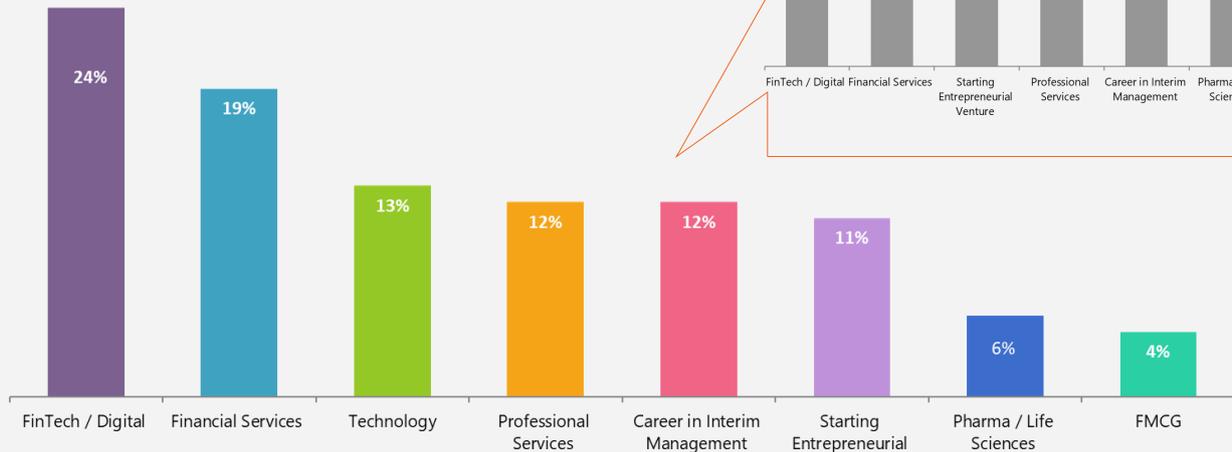
- Despite ranking Compensation fourth when considering a new role, HR professionals state increased reward as a top area of interest from one's current employer over the next 12 months.



FinTech — The Best of Both Worlds

Q23: If you were to leave your current organization tomorrow, rank the Top 3 industries in order of attractiveness to you.

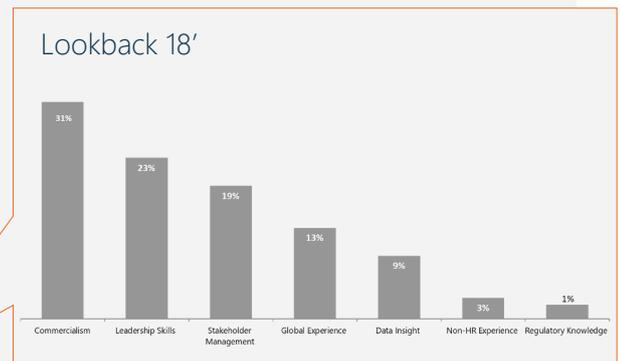
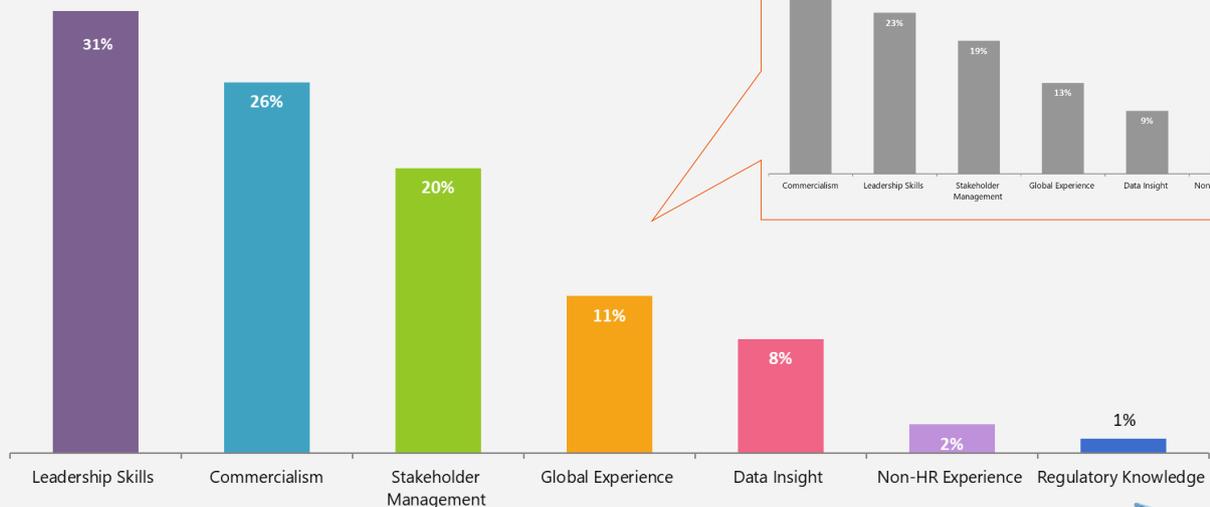
- FinTech and Financial Services remain in the top two, followed by Technology as a close contender.
- The appeal of starting an entrepreneurial venture has evidently waned, perhaps in the wake of new business challenges and an uncertain economic and political landscape.



People Skills & Business Acumen

Q24: From the options below, rank the Top 3 characteristics of a successful HR Leader / CHRO.

- HR remains unanimous in what constitutes a good leader, with the ability to balance team and stakeholder priorities whilst maintaining a commercial approach.



// This report shows a world entering a new age.

There can be no doubt that what it means to be an employer is shifting rapidly. From automation to Brexit, there are complex, difficult choices to be made every day.

This report shows a world entering a new age. But, in many ways, these new responses are fulfilling an old need. Most striking of all is the fact that advancements in digital technology may be making our lives easier, but they do not solve all our problems: to work at its best, the digital revolution needs a human heart and the HR department is no exception.

What excites me reading this report is the appetite for change; I meet organizations at all stages of the responsible business journey, from those just starting out, to ones which have been working hard on it for decades. What connects them all is a refusal to accept the status quo. They keep pushing themselves

- and each other – by being just the right side of unreasonable, creating a culture where responsible business practice is intrinsic to the running of their company.

It can feel like a challenging time for business - especially those which want to become more responsible. But I believe that if we keep our focus on the people, the culture and the experience of our employees - if we maintain our human touch - this could be the start of an exciting new era and one where the UK creates a distinct competitive advantage.



Amanda Mackenzie, OBE DL

CEO, Business in the Community



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Please click on photos for bios



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