

Necessity or noise?

Prioritizations in a multifaceted people agenda

Nordic

HR SURVEY



2022

Contents

The background of the page is a blurred photograph of a meeting room. Several people are seated around a table, appearing to be in a discussion. A large, clear light bulb hangs from the ceiling on the right side of the frame. The overall atmosphere is professional and collaborative.

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01 Executive summary

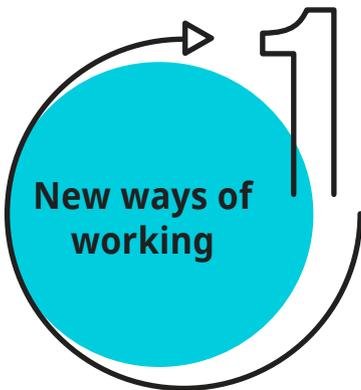
The Nordic HR Survey, which was first conducted in 2017, is created in collaboration between the Nordic HR associations (HR Norge, Mannauður, HENRY, NOCA, and Sveriges HR Förening) and EY. It is a continuation of a long-standing collaboration between HR Norge and EY Norway, which dates back to 2007.

The HR survey has a 15-year long history when it comes to looking at trends and work patterns with organizations generally and HR specifically.

Since its birth in 2007 it has highlighted different aspects of the ongoing HR transformation. From the war on talent to the changing demands and pressures facing HR. This year's HR survey aims to explore current reigning trends in the world of organizations and HR. Respondents were asked questions related to HR and organizational trends, organizational and operating models, HR's seat at the table, competencies and skills, green HRM, and technological solutions. Upon analyzing the results, five main themes emerged







Flexible work is here to stay and will be an important part of the people agenda going forward. To remain relevant, HR should aim to be at the forefront of designing the new ways of working and meeting the new needs of employees.



The public sector is planning for an aging workforce, while the private sector is planning for an increase of workers under 30. In the middle of a competency shortage, how come both sectors fail to look towards both sides of the age spectrum?

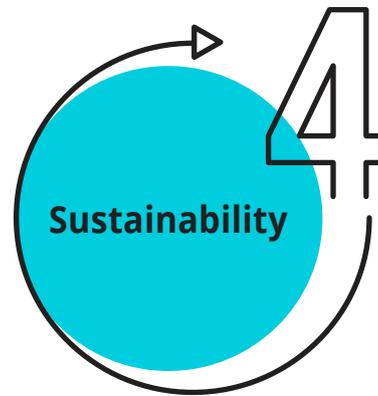
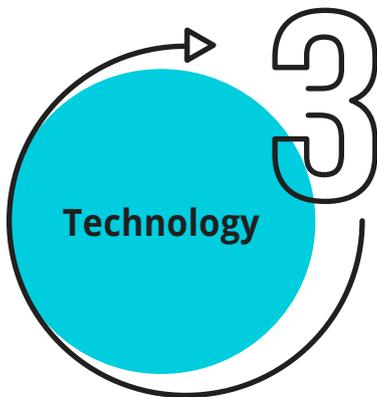
Strategic workforce planning is already proving an important topic for organizations. But which competency areas will be important to plan for in the coming years? How should HR prioritize their resources?



HR have consolidated their seat at the table in the organization. They have a window of opportunity and are looking to improve performance within all HR-related areas. It seems, however, that their priorities are scattered and unfocused.



Sustainability



Technology is a major trend in most organizations, both in strategy and in competency. HR will need to mirror the organizations to keep their position and stay relevant and useful. With efficiency and optimization of workflows among the top goals for HR technology implementations, more strategic work should be enabled. Does HR have the necessary competency to seize this opportunity? Technology has become a central component in everyday work. However, it is not considered a competitive advantage. Has technology become a hygiene factor?

HR should accelerate their efforts related to sustainability. Without dedicating focus to this increasingly important trend, HR risks becoming irrelevant for the organization.



02 Introduction

The people agenda in organizations is constantly fluctuating. In recent years, disruptive forces have imposed changes on the working world which puts pressure on HR to become more adaptable to rapid change. The employee experience has stretched beyond the borders of the office to include more aspects of life. New ways of living and working have introduced unique challenges for organizations and forced them to realize a potential many did not know existed.

HR has been transforming for a while. The HR function has moved away from being purely transactional towards becoming an important strategic partner which contributes to dynamic adaptation and high performance (Thoman & Lloyd, 2018). We also know that when line management and HR align, HR can be truly effective (Wach, Wehner, Weißberger, and Kabst, 2021). It is imperative for the survival of HR that they remain in touch with the organization's goals and roadmaps. Otherwise, they may find themselves irrelevant. With recent shifts in technology, sustainability, changes in the workforce and ways of working, the people agenda of is expanding rapidly.

The COVID-19 pandemic has brought about a fundamental change in how we live and work. The International Labour Organization (ILO; 2017) reports that going forward, the labor market will be shaped by four megatrends; demographic change, technological change, globalization, and climate change. These trends are likely to have a substantial impact on the Nordic region (State of the Nordic Region, 2020), and subsequently on HR.

This year's HR survey aims to explore current reigning trends in the world of organizations and HR. Respondents were asked questions related to HR and organizational trends, organizational and operating models, HR's seat at the table, competencies and skills, green HRM, and technological solutions. Upon analyzing the results, the following themes emerged:

1. New ways of working
2. Competency planning
3. Technology
4. Sustainability
5. HR's position and priorities



In the coming section, these themes are addressed in the order mentioned. We also make a point of comparing our findings to data collected during the last Nordic HR Survey from 2017 where applicable. In doing this we are able to deduce something not only about the order of affairs today, but also about how they have developed in the last five years.

03 Main findings and analysis



New ways of working

The pandemic has shifted our perspective of work. Thought leaders at EY (2021) have broken down this perspective into three components: Bricks, bytes and behaviors. Bricks refer to our physical surroundings in the office or remote office; bytes refer to the, oftentimes new, technology which enables us through the post-pandemic transition; behaviors refer to how we as humans meet and react to the changes facing us, and how this affects organizational culture and cross-collaboration. As the technology component will be discussed in later in this report, this section will focus on bricks and behaviors.

Flexible work

“9 out of 10 employees want flexibility in where and when they work. One-third of employees want their employers to offer shorter working weeks. 63% of employees are likely to quit if they aren’t offered the flexibility they want.”

- EY Work Reimagined Employee Survey 2021 - the Nordics

Hybrid work’ is a flexible work arrangement that allows employees to work both on-site and off-site. This arrangement brings convenience for employees and may positively impact work-life balance and job satisfaction (Forbes, 2022). At the same time, fewer employees in a centralized office space reduces the need of large offices, and consequently reduce organizations’ cost of operating. From this perspective, hybrid work offers lucrative upsides for both employers and employees. Hybrid work is rapidly becoming a widespread practice. Gartner forecasted that 51% of global knowledge workers would be remote by the end of 2021, up from 27% in 2019 (Gartner, 2021). As new tools for collaboration productivity have been adopted, so have the expectations of employees been changing, with a recent study finding that 6 out of 10 employees with remote-capable jobs

expect hybrid work arrangements (Gallup, 2022). As employees hold these expectations, having technology and policies that enable and allow for a hybrid work model can be viewed as a competitive advantage in terms of attracting and retaining talent. HR plays a central role in this.

44% of respondents report that their organizations are, to somewhat large, large or very large extent, actively promoting hybrid work to retain and attract talent (figure 1). However, there are some differences across sectors. While 46% of private sector companies respond positively to the question, only 38% of public sector organizations do the same. Although the gap appears bigger for public than private sector companies, it is clear that there is untapped potential across the board when it comes to using hybrid work as a competency strategy.

Q: To what extent is your organization actively promoting hybrid work to retain and attract talent?

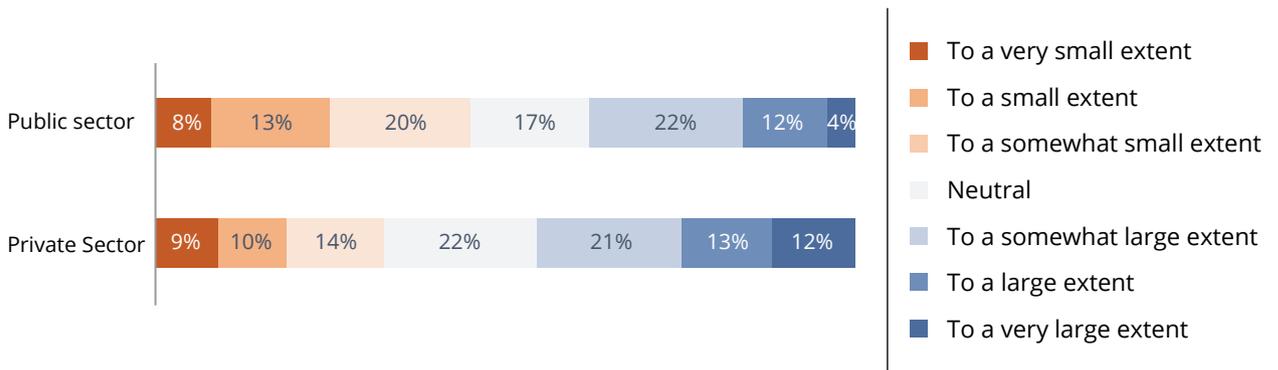


Figure 1: The promotion of hybrid work to attract & retain talent, divided by public and private sector

Additionally, public sector companies appear more disposed towards prescribed hybrid work pattern, than private sector companies who have a more even distribution across the categories (figure 2). Are private sector companies better at granting autonomy to their employees? Or does the nature of much work done in the public sector perhaps prevent them from granting individual liberty in terms of time and place?

Q: Which of the following hybrid work patterns do you offer?

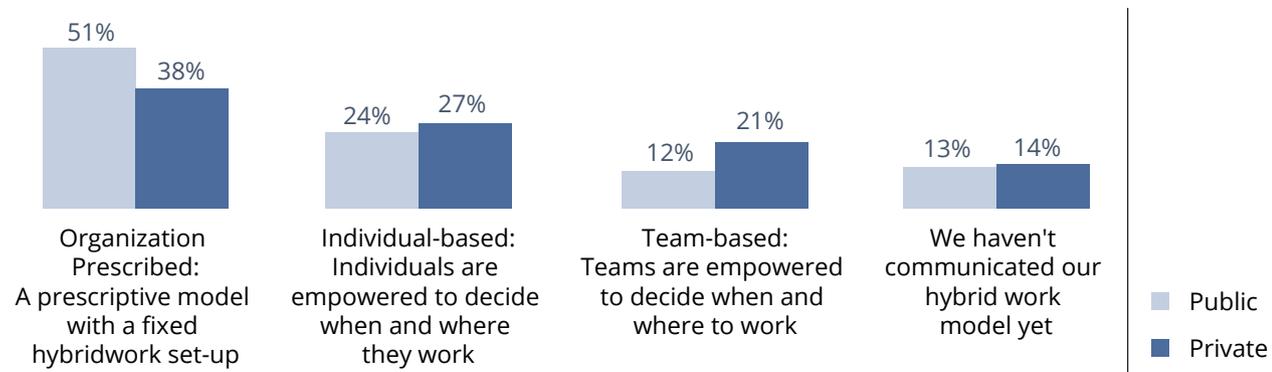


Figure 2: The prevalence of organization prescribed hybrid work pattern offered in public and private sector

New technology also invokes new challenges. With remote working on the rise, support structures need to change for employees to get the support they need to effectively execute their job. As we see frontline

IT-support being changed out with chatbots, having digital solutions that support employees might become a critical success factor for organizations that move towards hybrid work arrangements.

Global recruitment

When employees are accustomed to working remotely and with teams that largely interact virtually, there is no need for team-members to be in the same location. We have seen earlier that the HR function is already focusing their efforts a lot on recruitment in order to become a more strategic partner for the overall organization. Keeping the flexible work element

in mind, it is therefore interesting to see that few organizations respond positively to whether global recruitments are part of their strategic plans. The exception is private sector organizations with higher levels of average education (figure 3). With hybrid having come to stay – should more organizations be focusing on global recruitment as a means to fill their competency gaps?

Q: To what extent is increased global competition regarding recruitment integrated in strategic plans in your organization?

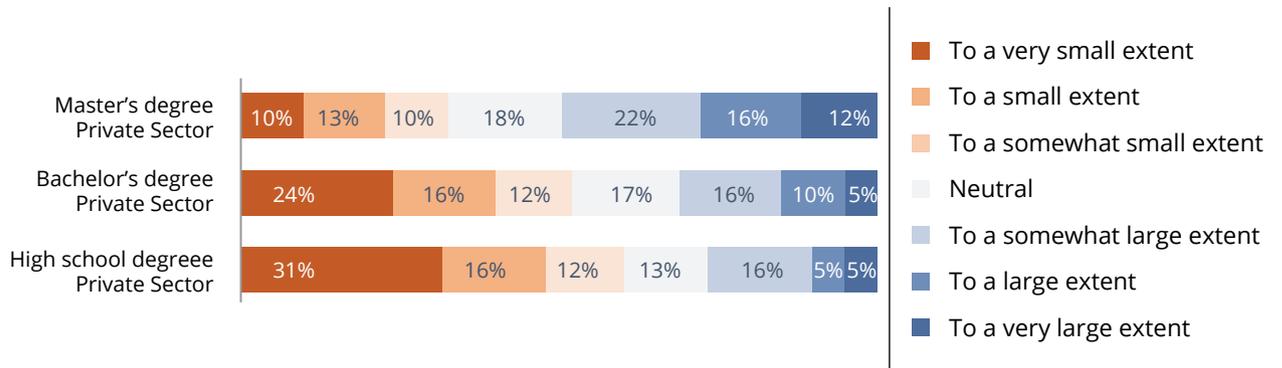


Figure 3: The extent of global recruitment



Contingent workers

The use of contingent workers, e.g., freelancers, consultants or contractors is an option that organizations could take in order to acquire the needed talent. When employees change their behavior and are accustomed to team members being cross-functional or even global, the gig

economy could contribute to solving the war on talent. By viewing the figure 4 below and judging from the Nordic HR Respondents, this option appears to be more prevalent among private sector organizations, and increasingly so as organizations become global.

Q: To what extent is increased use of contingent workers integrated in strategic plans in your organization?

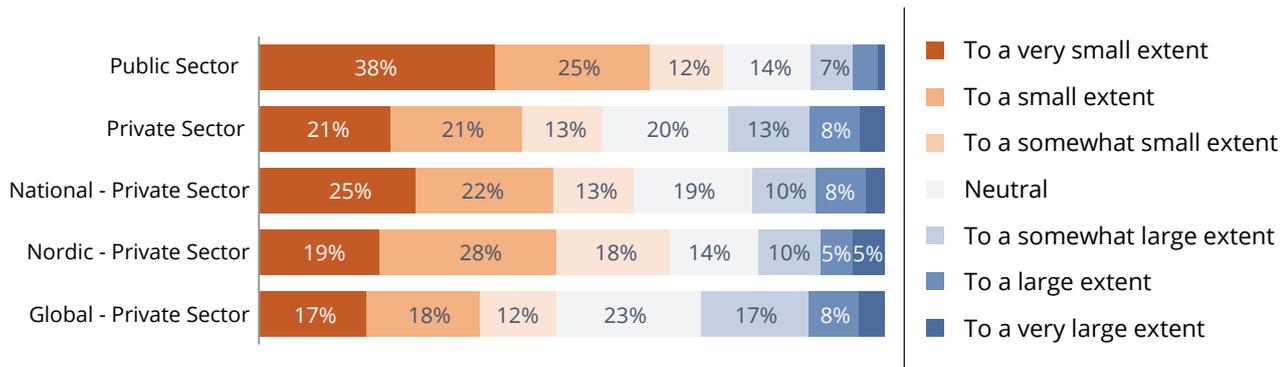


Figure 4: The use of contingent workers

Moving forward HR needs to secure their position by being in the forefront when designing the new ways of working. Public sector needs to close in on private sector in terms in this regard, as they have done within technology.



Competency planning

When successful, strategic workforce planning has the benefit of providing managers, leaders, and HR professionals with insights into the current and future state of the workforce (Sparkman, 2018). However, organizations often struggle with four specific challenges when engaging in strategic workforce planning. These are awareness, roles and responsibilities, data quality and quantity, and scaling. In order to minimize these challenges and create better conditions for successful workforce planning, Sparkman (2018), points to the need for a strong vision in the organization. To be successful, organizations must understand the need they are trying to fill and outline a detailed roadmap with the steps necessary to fill them.

When asked to what extent it will be important for their organization to change how the business performs on the topics of resource management (65%), workforce planning (73%), and strategic competency management (83%), the majority of respondents respond positively, i.e. "to a somewhat large extent", "to a large extent", or "to a very large extent". This indicates that HR is aware of the benefits of strategic workforce planning, and perhaps that they have experienced the challenges it brings (figure 5).

Q: To what extent will it be important for your organization to change how your business performs within the following areas in the next 3-5 years?

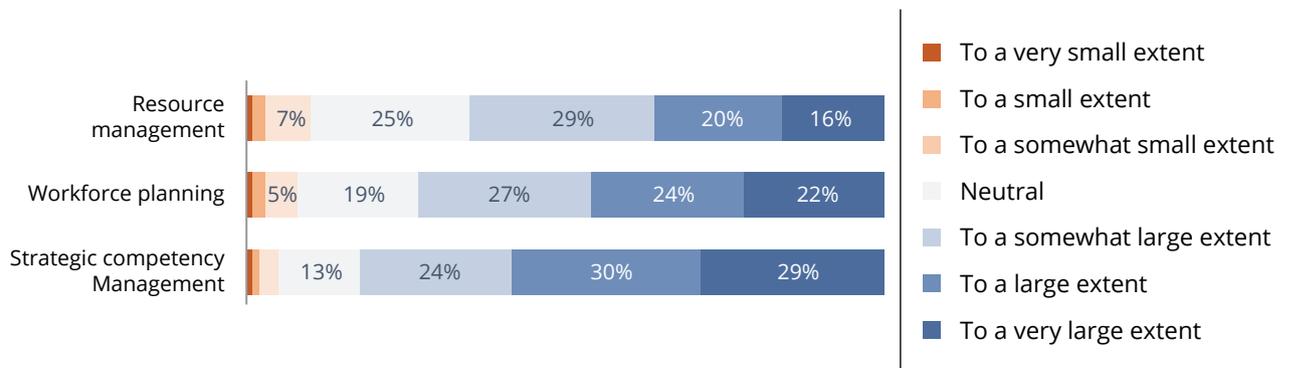


Figure 5: The importance of trends within competency planning

Furthermore, the respondents appear positive in their execution of strategic workforce planning with 48% responding that this is something they engage in “to a somewhat large extent” or more (figure 6).

Q: To what extent does your organization conduct strategic workforce planning?

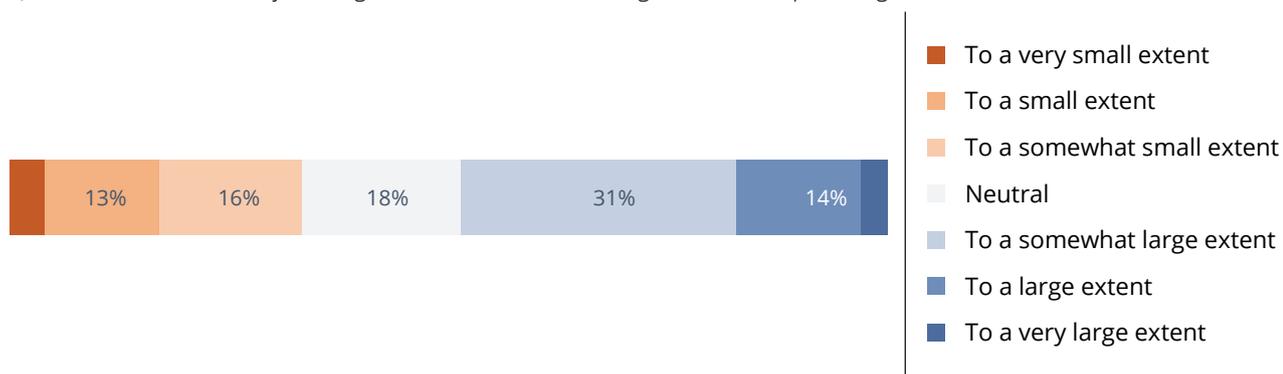


Figure 6: Strategic workforce planning

Smaller organizations (i.e. organizations with 50 employees or less) stand out as the most active ones when it comes to conducting strategic workforce planning (figure 7). A plausible explanation for this could be that smaller organizations are typically easier to keep track of in terms of skills, competencies, and bandwidth. When “everyone knows everyone” and are familiar with each other’s capabilities, workforce planning is likely to become simpler and more informal.

Q: To what extent does your organization conduct strategic workforce planning?

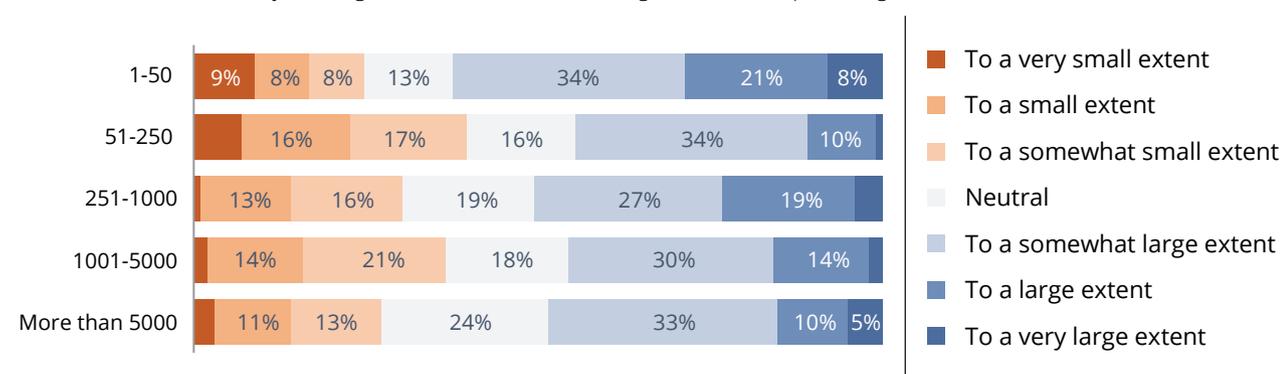


Figure 7: Strategic workforce planning in organizations of different sizes

Changing demographics

“Population ageing has been one of the main demographic trends in the Nordic Region during recent decades”

- State of the Nordic Region 2020

In 2017, 54% of respondents reported that they to a somewhat large, large, or very large extent had the competency required to benefit from the aging of the current workforce. The corresponding number for increasing workers under 30 was 50%. In 2022, both numbers decreased (figure 8 and 9)

Q: To what extent does your organization have the competency to benefit from the trend?



Figure 8: Development of trend related to aging of the current workforce

Q: To what extent does your organization have the competency to benefit from the trend?: Increasing number of workers under 30

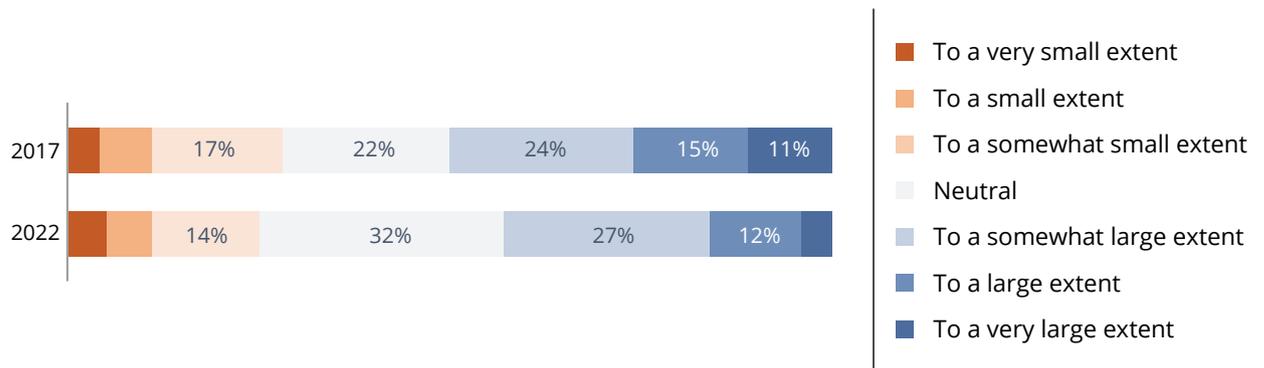


Figure 9: Development of trend related to increasing number of workers under 30

Furthermore, it appears that the public sector today is planning for an aging workforce, while the private sector to a larger extent is planning for an increase in workers under 30 (figure 10). Elements of this can likely be explained by traditional differences between

public and private sector companies. However, as we experience a labor shortage, one might expect both types of companies to look towards both ends of the age spectrum.

Q: To what extent is the following trend integrated in strategic plans in your organization?: Aging of the current workforce

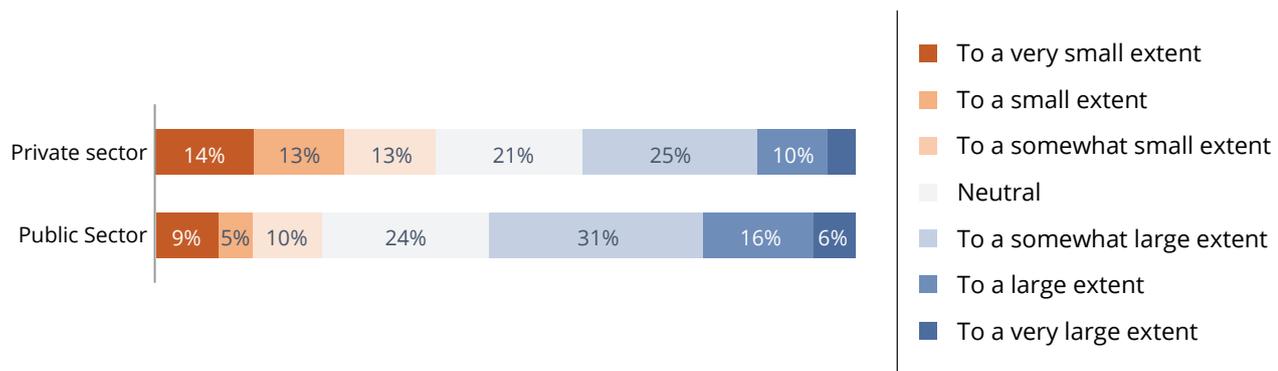


Figure 10: Focus on aging of the current workforce across sectors

Q: To what extent is the following trend integrated in strategic plans in your organization?: Increasing number of workers under 30

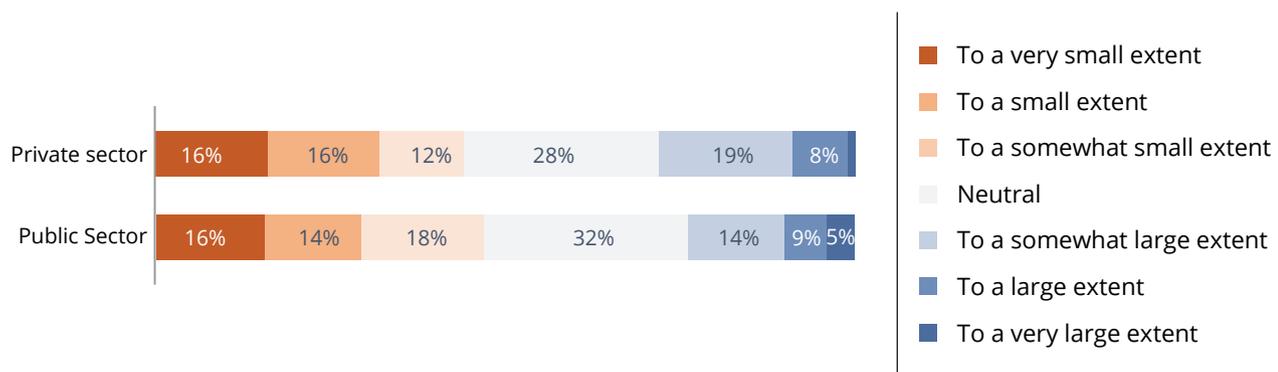


Figure 11: Focus on increasing number of workers under 30 across sectors

Technology

“The Fourth Industrial Revolution represents a fundamental change in the way we live, work and relate to one another. It is a new chapter in human development, enabled by extraordinary technology advances commensurate with those of the first, second and third industrial revolutions.”

- World Economic Forum

Technology has played an essential part in getting us through the challenges of the past few years. This is true for the overall public health (Uohara, Weinstein, and Rhew, 2020), education (Williamson 2021), and in accelerating organizations (Payraudeau, Marshall, Jacob, and Handa, 2021). Technology is likely to maintain this essential role in the future as we connect to work from our home offices. Furthermore, technology within HR is on the rise, with a massive increase in spend on HR technology in 2021 (Dondo, 2021). How are organizations utilizing this potential, and are we equipped to meet the new demands of technology?

For a long time, technology has been developing at a rapid pace (Moore, 1965). This has had huge implications for society and the way organizations operate (UN, 2022). In a broad sense, technology can be defined according to two scopes: hardware and social technology (Orlikowski, 1992). The hardware scope is restricted to machinery used for production. The social technology scope views technology as something that people can interact with to perform tasks, using techniques and knowledge, as a part of productive activities.

For the 2022 edition of the Nordic HR survey, technology was delimited to the tools and electronical devices that enables the digitalization of tasks and processes, herein both hardware and software. What constitutes HR technology specifically, was not defined in this study. As such, respondents' interpretation of what constitutes 'HR technology' may cover a broad range of solutions, including but not limited to, workforce analytics, performance, benefits, talent, travel and expenses, communication, and learning.

Trends in technology was a topic in the 2017 edition of the Nordic HR survey. Much has happened since then in terms of technological adoption, with the main catalyst being the global pandemic that afflicted humanity for years, and which effects are still upon us. In 2017, 73% responded positively to whether automation of tasks and activities was already relevant or would become relevant to their industry in the next 4 years, while 83% said the same for data analytics. Both trends are included in strategic plans of organization to a larger extent today than they were in 2017, as illustrated in figure 12. Furthermore, 3 out of the top 4 trends integrated in strategic plans are related to technology (figure 13).

Q: To what extent is the following trend integrated in strategic plans in your organization?



Figure 12: Automation and analytics trends in 2017 and 2022

Q: To what extent is the following trend integrated in strategic plans in your organization?

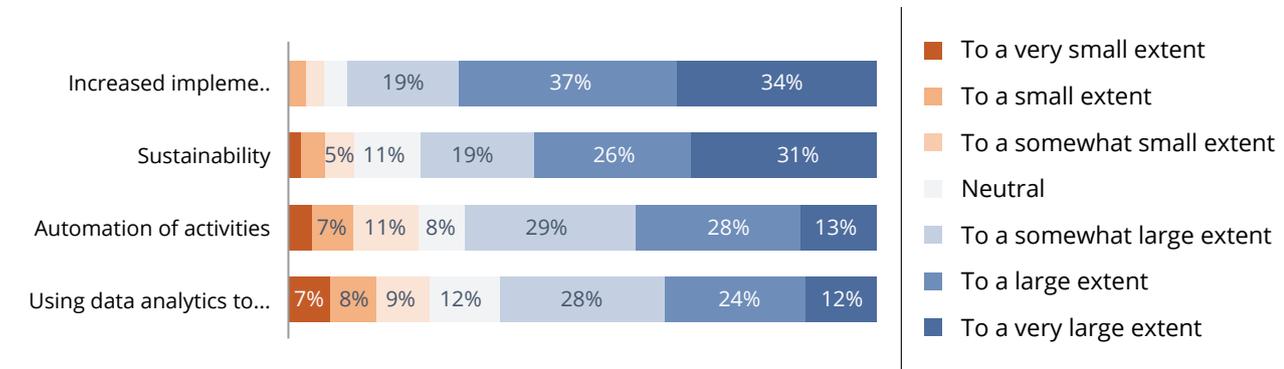


Figure 13: 3 out of the top 4 trends integrated in strategic plans are related to technology

Technological know-how in the organization

Organization's competencies to benefit from technological trends have increased to a large extent, with 34% of respondents indicating high levels of competency in 2017, versus 66% in

2022 (figure 14). In addition, the public sector has managed to close the competency gap that distanced them from private sector in 2017, as shown in figure 15 and 16.

Q: To what extent does your organization have the competency to benefit from the following trend?



Figure 14. The extent to which organizations have the competency to benefit from trends in 2017 and 2022

Q: To what extent does your organization have the competency to benefit from the following trend? Public sector

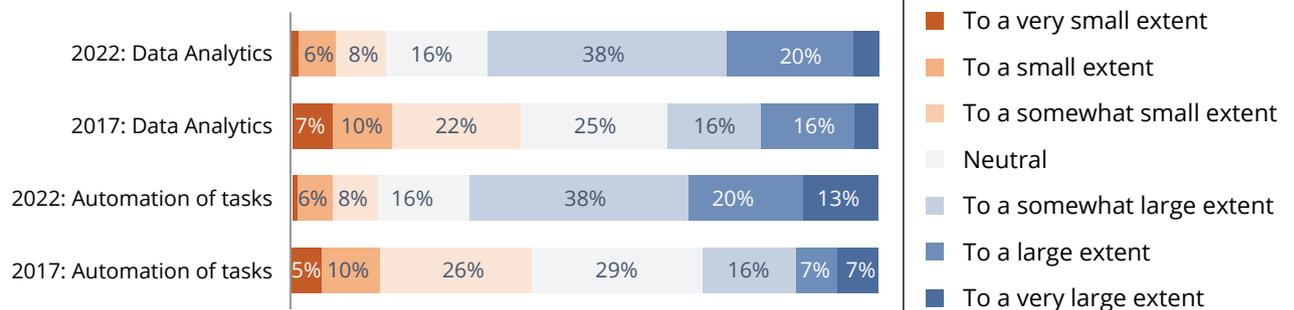


Figure 15. The extent to which organizations have the competency to benefit from trends in 2017 and 2022 in the public sector



Q: To what extent does your organization have the competency to benefit from the following trend? Private sector

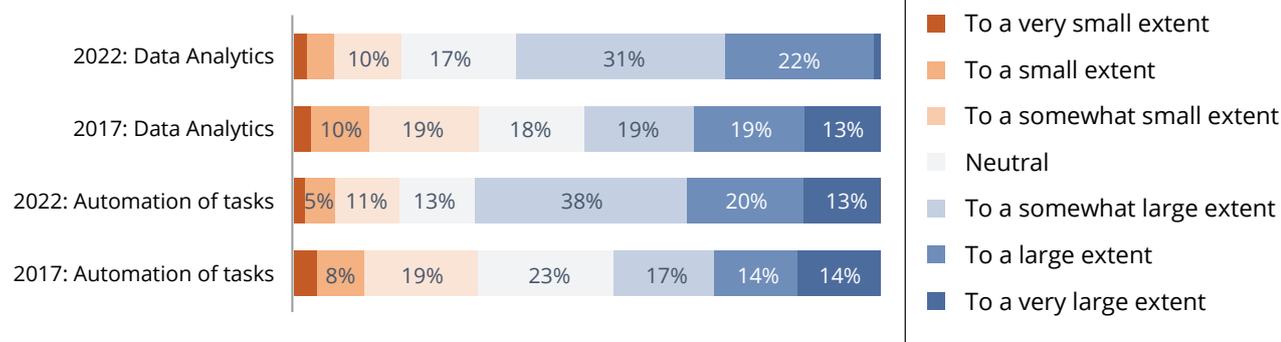


Figure 16. The extent to which organizations have the competency to benefit from trends in 2017 and 2022 in the private sector

Technology is a major trend in most organizations, both in strategy and in competency. HR will need to mirror the organizations to keep their position and stay relevant and useful. Are they able to do so?



Technological know-how in HR

Over 80% of the respondents in this year's HR survey report that they have implemented new HR technology in the last three years. When asked what the intended outcomes were of acquiring new HR technology, 78% of respondents say it was for efficiency, 70% say it was to optimize workflows, 64% say it was to achieve modern work practices, and 32% say it was to increase capacity (figure 17). Technology can create competitive advantage in the form of reduced cost or increased productivity. More than 80% of the respondents have implemented new HR technology in the last 3 years. However, only 13% report doing so in order to gain a competitive advantage.

Furthermore, a total of 77% of respondents report that they achieved their goals through the implementation to a somewhat large, large, or very large extent. These outcomes seem to be related in that they are grounded in effectivization of how people work. A central effect of digitizing the way HR is handled in organizations is that more data can be generated and analyzed, and operational tasks can be more automated. Therefore, HR is taking a leap towards becoming more data-driven and strategic, allowing for more informed decision-making in a domain characterized by intangible processes.

Q: What were the intended outcomes of acquiring new HR technology in your organization?

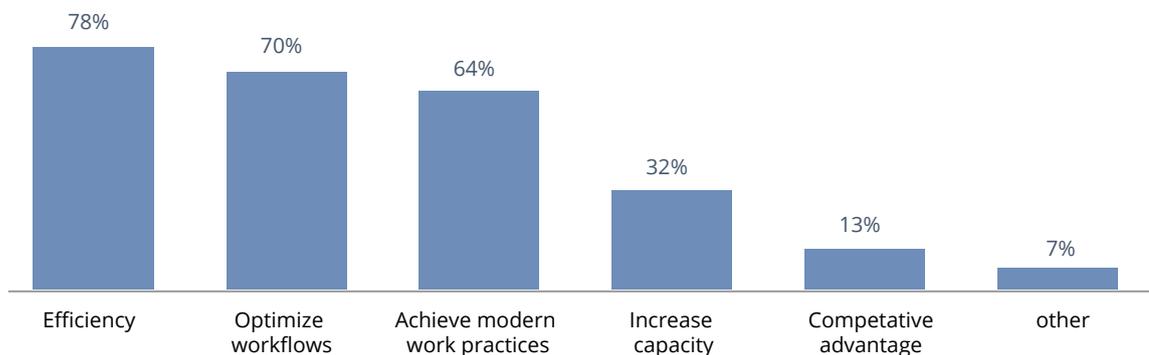


Figure 17. Organizations' intended outcomes of acquiring new HR technology

With efficiency and optimization of workflows as the main goals of HR technology implementation, a more strategic approach to HR work should be within reach. Does HR have the competency to utilize this opportunity?

When looking towards the HR function, we can see a slight discrepancy within the trends of importance and the areas in which HR experience competency gaps. Where they largely report that the necessary technical

competence is in place for the overall organization (figure 14), a different picture is painted for HR. When asked as to what competency gaps the HR function is experiencing today, 59% of respondents indicate a competency gap within Analytics, whereas 57% indicate a gap within Technology and Digitalization (figure 18).

Q: To what extent does your HR function experience competency gaps within the following areas?

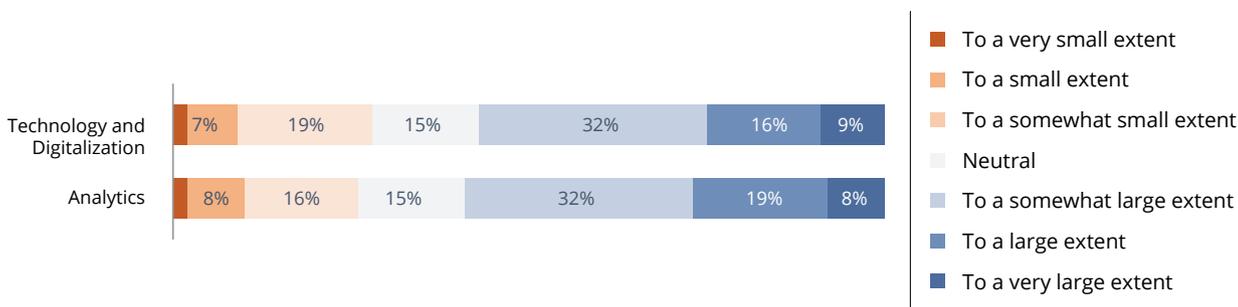


Figure 18. The extent to which HR functions experience competency gaps related to technology, digitalization, and analytics

On a positive note, The HR-function seems to be well aware of this limitation, as 63% of the respondents claim they are actively planning to fulfill their competency future needs to a somewhat large extent

or more (figure 19). This commitment is essential in order for HR to attain the competency needed to capitalize on market trends.

Q: To what extent is your HR function planning to fulfill future competency needs within HR?

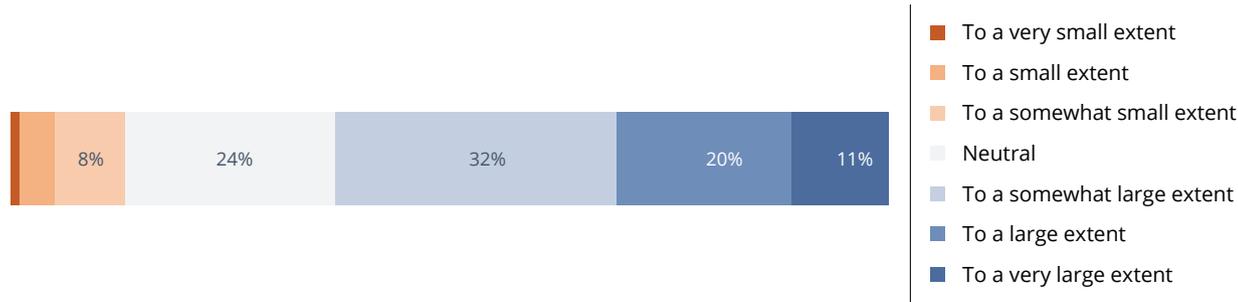


Figure 19: plans to fulfill competency needs

The resources organizations hold, and how they utilize them, gives rise to competitive advantage. If resources are managed strategically, this competitive advantaged can be sustained, positioning organizations at a performance level above their competition (Barney, 1991; Barney, Ketchen, & Wright, 2011). Technology is one such resource that organizations can utilize to attain an objective or a goal. With the recent boom in new technology, HR could better utilize the HR technology that already has

been implemented, to create an even better employee experience and by that, decrease employee retention and motivate employees to stay longer. HR technology can also be utilized to offer learning opportunities for the employees and subsequently motivate them to increase their understanding of technology and how that can be applied to one's knowledge toolbox. HR now has a window of opportunity in terms of position and influence. It is imperative that they accelerate in terms of technological competency and affluence.

Sustainability

“The cumulative scientific evidence is unequivocal: Climate change is a threat to human well-being and planetary health”

- IPCC, Climate Change 2022

The United Nations climate panel IPCC have alerted code red for the planet’s welfare and the future of humanity (IPCC, Climate Change 2022). With the rapid increase in climate change and a correspondingly large need for change, it is no wonder that sustainability is high on the agenda for most organizations. For organizations to become truly sustainable, their members need to adopt sustainable behaviors and practices. HR can play a central role in this (Dumont, Shen, & Deng,

2017, Hameed et al., 2020). The concept of Green Human Resource Management has been on the rise for a few years already. This can be defined as the use of HRM policies to promote sustainable use of resources within organizations and to promote the cause of environmental sustainability more generally (Sharma, and Gupta, 2015). How are the Nordic countries adapting this relatively new area on the people agenda?



Sustainability in the organization

Most of the organizations included in the survey report that sustainability will be an important change factor for them going forward. It is already to a large extent integrated in their strategic plans, and they report having the necessary competencies in place to benefit from sustainability trends (figure 20).

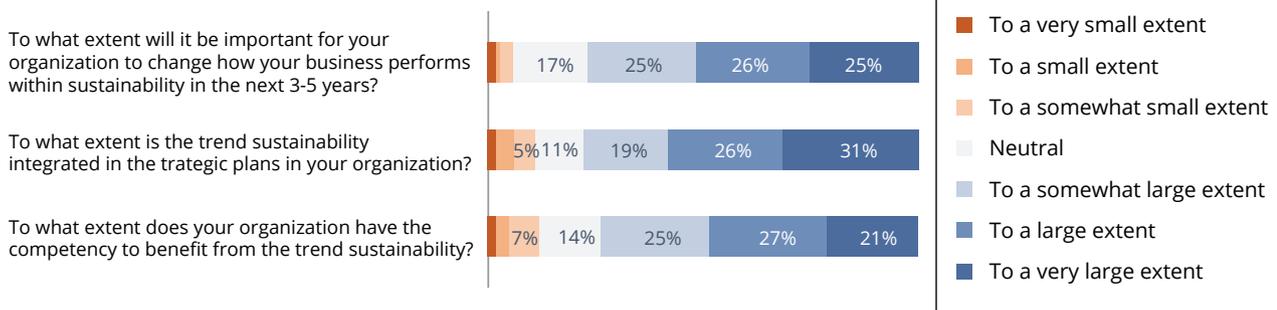


Figure 20: sustainability as an important factor in organizations



Sustainability in HR

When we turn the lens to HR, respondents report that they are indeed experiencing changing demands from employees or future employees related to sustainability

(figure 21). We also see that HR organizations have largely aligned their practices towards the sustainability goals of the organization (figure 22).

Q: To what extent is HR experiencing changing demands from employees/future employees when it comes to sustainability?

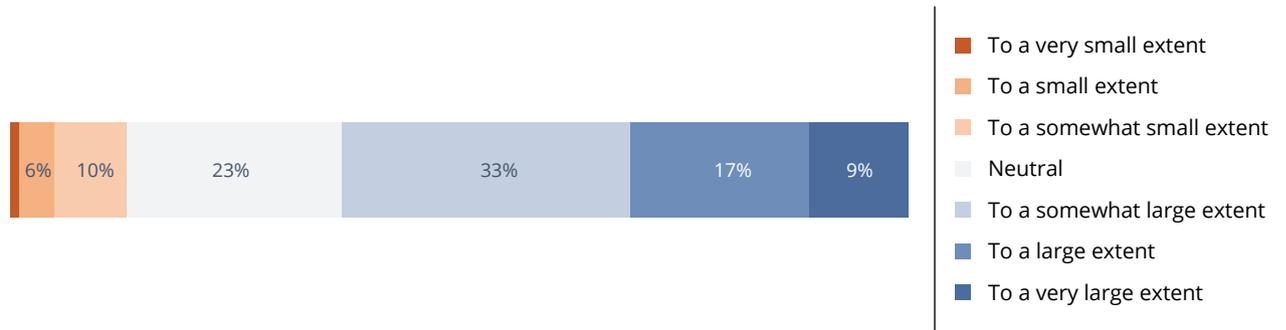


Figure 21: HR is experiencing an increasing demand from employees when it comes to sustainability

Q: To what extent has HR aligned their practices towards the sustainability goals of the organization?

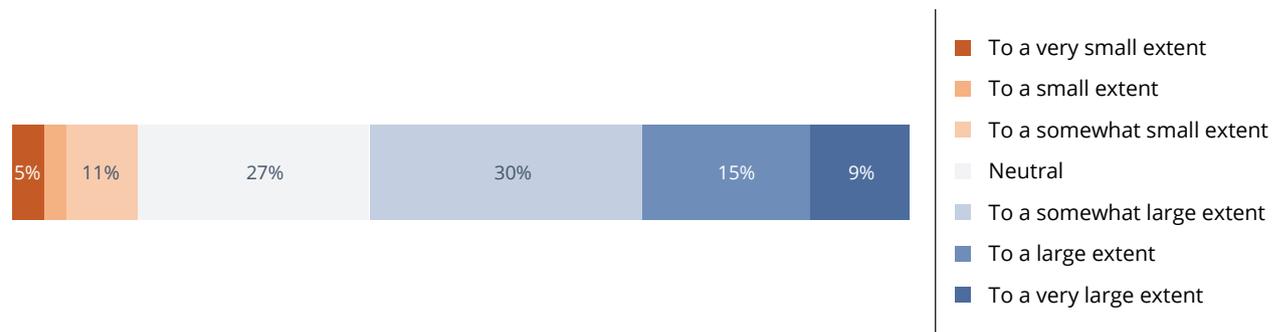


Figure 22: HR organizations have largely aligned their practices towards the sustainability goals of the organization

Research tells us that HR can have an important part to play and an impact on the sustainability goals of the organization (Dumont, Shen and Deng, 2017; Hameed et al., 2020). Dumont et al (2017) found that green HR practices influence green behavior in the organization through both in-role and extra-role behavior. Furthermore, Hameed et al., (2020) found that green HR practices can have a significant effect on organizational citizenship behavior for the environment.

54% of respondents indicate that their HR function have in fact aligned their practices towards the sustainability goals of the organization (figure 22). However, 46% report that their HR function is experiencing competency gaps within the sustainability area, and only 19% of the respondents report on sustainability as a KPI to top management. When we look at the strategic initiatives HR is undertaking, sustainability is relatively low on the list (figure 23).

Q: Which of the following steps are HR taking in order to become a relevant strategic partner for the overall organization and other functions?



Figure 23: Strategic initiatives in HR

HR's position and priorities

Much of the discourse concerning HR in the past decades has been focused on how the HR function could claim their seat at the table to become an influential strategic partner to the organization (Snell, Youndt, and Wright, 1996; Beer, 1997; Gilbreath and Montesino, 2006; Losey, Meisinger and Ulrich, 2007). According to our survey, the HR function has strengthened

their strategic position in the past five years. 79% of the respondents report that the head of HR is a permanent member of top management (figure 24). In addition to being high in and of itself, this represents a 3 point increase from 2017, where the corresponding number was 76%, indicating that HR have indeed been able to claim their seat at the table.

How is HR represented in the top management of your organization?

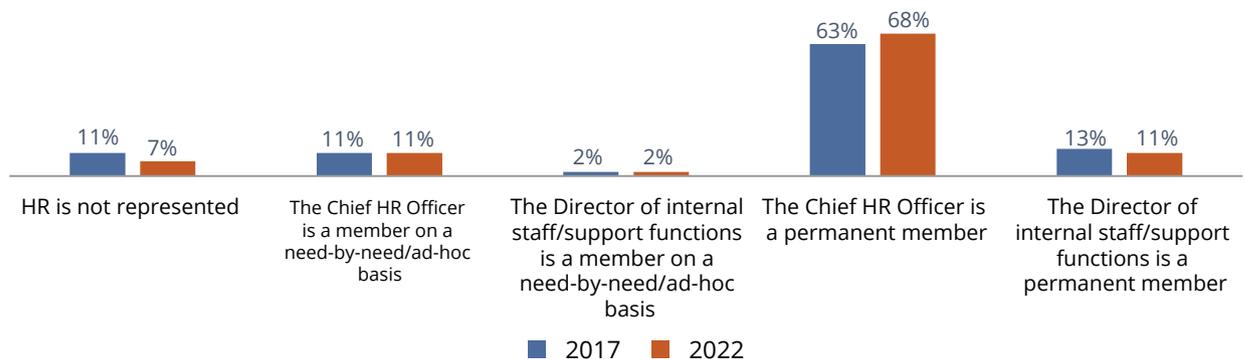


Figure 24: HR's representation in top management

Coming out of the pandemic

Studies in HR and leadership tend to look at stable work environments (Dirani et al., 2020). However, crises and major events can destabilize organizations and their members and have significant effects on existing dynamics (Boin, 2005). One way to look at HR's position in leadership can therefore be in the light of the recent pandemic.

When asked to which extent HR has become a more integral part of the business and leadership as a response to the pandemic, 56% responded positively (figure 25). In other words, the pandemic can at least in part contribute to explaining the recent rise of HR in the organization.

Q: To what extent has HR become a more integral part of the business and leadership as a response to the pandemic?

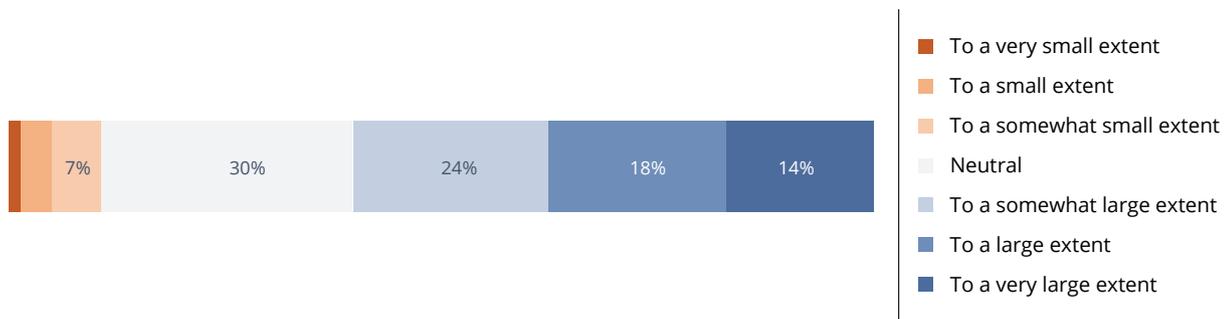


Figure 25: HR as a more integral part of the business after the pandemic

The new position comes with a bigger budget for some. Both private (55%; 31%) and public (65%; 23%) sector respondents reported that the budget for the HR function in recent years had changed at the

same rate or at a higher rate as other parts of the organization (figure 26). Only a small group reported that it had changed at a lower rate.

Q: How has the budget for the HR function changed in recent years compared to other parts of the organization?

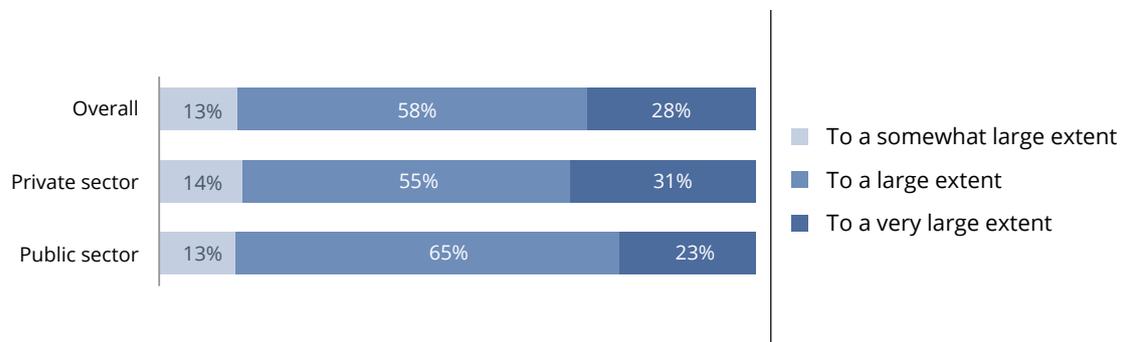


Figure 26: change of budget in HR overall, in the public sector, and in the private sector

These results showing that HR have been getting a more important position in leadership seem to support the idea highlighted by Dirani et. al (2020), quoting Wooten and James, (2008): “HRD professionals have the responsibility to support leaders by preparing them to deal with current and future crisis.”

Dirani et. al (2020) suggest that the role of HR during a crisis is to emphasize the significance of the employee’s well-being and to act as a link between

employees and leaders. In order to shed some light on this, the respondents were asked to what extent HR spends time cooperating with other functions in the organization. The results indicate that HR is well-positioned to drive the people agenda and that HR has both strategic and operational windows into the organization. 90% of respondents report that HR to a somewhat large extent or more cooperates with line management. The corresponding number for top management is 89% (figure 27).

Q: To what extent does HR spend time cooperating with other functions?

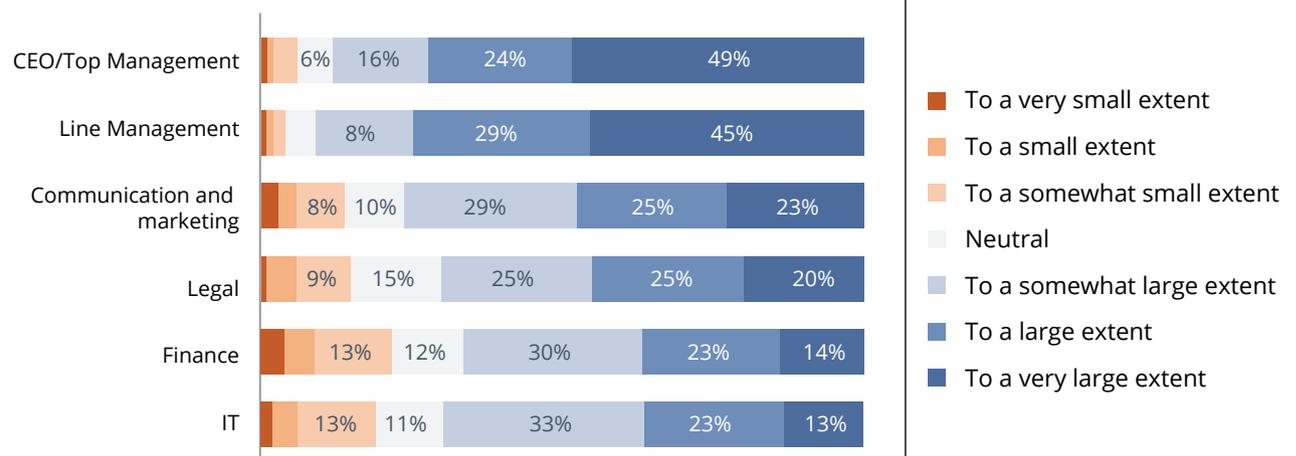


Figure 27: HR’s cooperation with other functions

A long list of priorities

We have seen that HR has been able to claim their seat at the table, in part as a response to the events of the pandemic, and that the position has included an increase in their budget. We have also seen that HR to a large extent cooperates with important stakeholders in the organization. But how are they using this newfound influence?

In order to understand better how HR position itself as a strategic partner, we asked our respondents to what extent it will be important for their organization to change how their business performs within certain areas within the next 3-5 years. Interestingly, nearly all alternatives presented were marked “to a somewhat large extent” or higher by the majority of respondents (figure 28). Have the HR functions planned for such spread of focus areas or are there improvements to be made when it comes to alignment and prioritization?

Q: To what extent will it be important for your organization to change how your business performs within the following areas in the next 3-5 years?

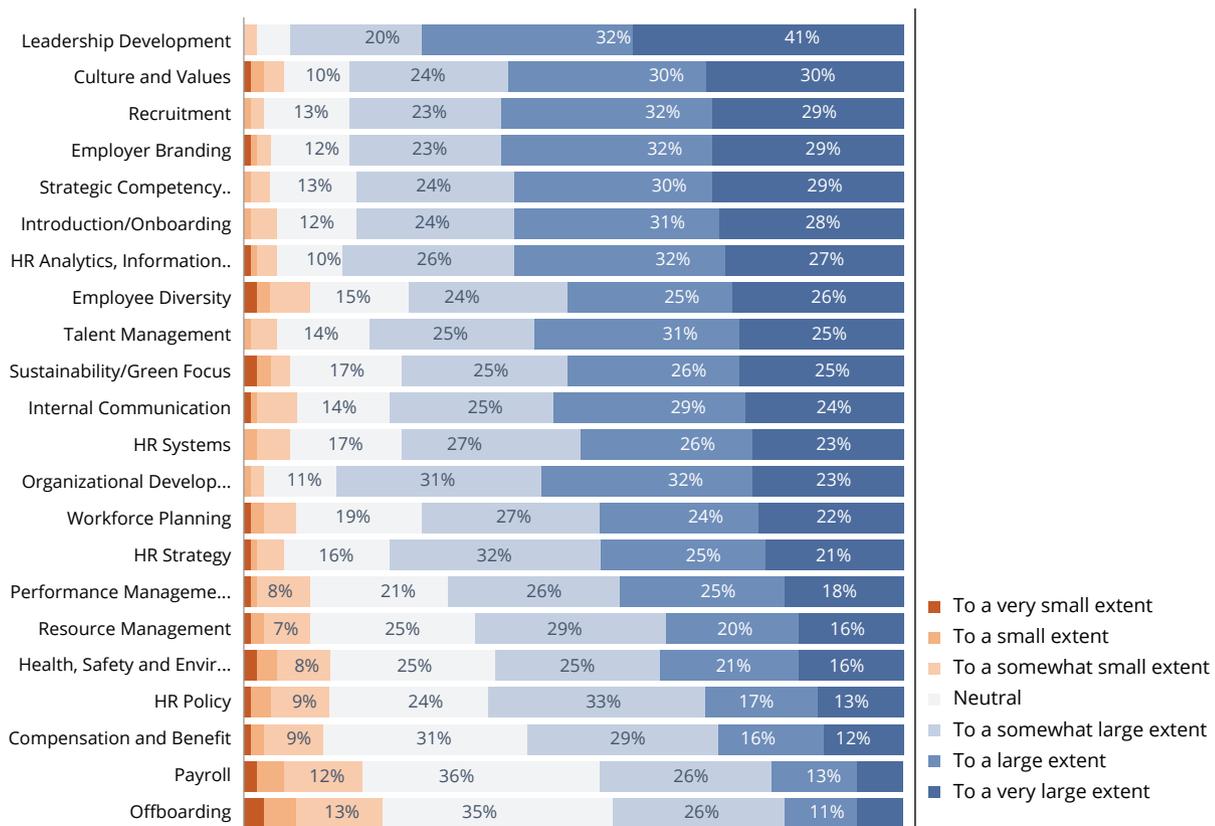


Figure 28: Prioritizations within HR areas in organizations

Dirani et. al (2020) make recommendations on the strategic role HR can play to assist and develop leaders during this pandemic. They suggest to:

- Provide strong and reliable ground data
- Expand their professional network
- Promote innovation
- Ensuring employee's continued learning
- Facilitate regular meetings
- Create a platform to celebrate employees

A suggested approach to making sure the HR function is prioritizing sufficiently and within the imperative areas is to divide the areas into smaller and more manageable categories. We suggest a three-way split into strategic, tactical and operational areas. Strategic areas (leadership development, organizational development, employer branding, culture and values, strategic competency management, sustainability/green focus, workforce planning and HR strategy) are oriented towards the long term and should be at the top of the priority list. However, in reality it seems that strategic tasks are prioritized to a varying extent among the respondents.

Tactical areas (HR analytics, recruitment, talent management, HR systems, employee diversity, and

health, safety and environment) have a shorter time perspective than the strategic ones but not so short that they can be planned on a day-to-day basis. In our selection, tactical areas are mostly clustered towards the top of the priority list.

Operational areas (onboarding, internal communication, performance management, resource management, HR policy, Comp&Ben, payroll, and offboarding) consist of less complex tasks that are better equipped for automation, routine, and effectivization. These should, ideally, not take up too much time and resources. In our selection, the operational tasks are scattered towards both ends of the spectrum.

In the midst of all of these prioritized activities, 3/10 respondents report that their HR function does not have the resources required to implement strategic activities (figure 29). Is this the continuation of a long history of HR being used for operational and administrative tasks in organizations? Or is it yet another symptom of HR's lack of prioritizations? As many HR functions have a history of providing value to organizations by delivering and solving administrative challenges and by being a support-engine to other functions, some HR functions might keep doing such work when facing the more unexplored strategic challenges.

Q: To what extent does the HR function have the resources needed to implement strategic initiatives?

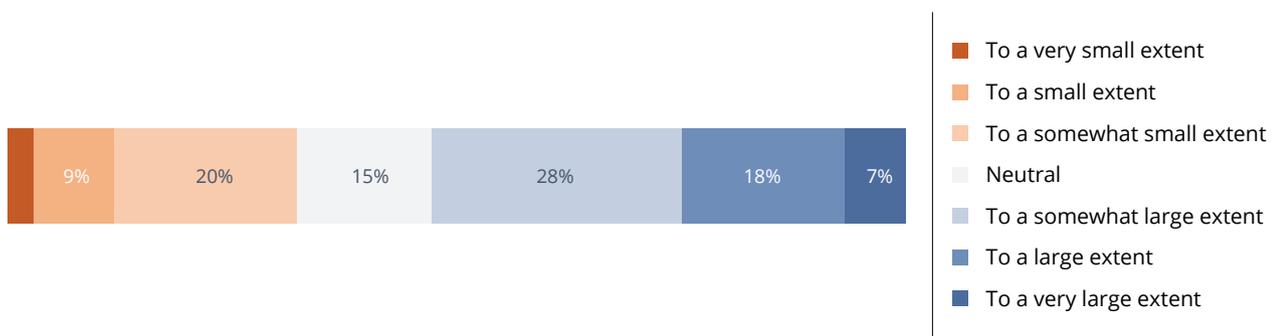


Figure 29: resources needed to implement strategic initiatives

The HR function has moved away from being purely transactional towards becoming an important strategic partner which contributes to dynamic adaptation and high performance (Thoman & Lloyd, 2018). We also know that when line management and HR align, HR can be truly effective (Wach, Wehner,

Weißenberger, and Kabst, 2021). It is imperative for the survival of HR that they remain relevant to the organization's goals and roadmaps, and that they are able to prioritize their efforts. Considering the influence they have achieved in the past few years - how should HR prioritize going forward?

Closing the competency gap

We have seen that HR is experiencing competency gaps within the very areas that are deemed the most important for the organization to succeed in the coming years, namely within technology and green HRM. Having the right competency in place is crucial in order for HR to not only keep their seat at the table, but also for them to remain relevant and value adding going forward. Competency is sorely needed for HR to stay relevant and utilize their newfound position - the war on talent is afoot.

63% of the respondents in the 2022 HR Survey reported that their HR function is actively planning to fulfill their future competency needs (figure 19). In order to deduce

more about exactly how they are going to go about this, respondents were also asked which steps HR are taking to become a relevant strategic partner for the overall organization (figure 30). 68% and 65% of respondents ticked the respective boxes for Recruiting and Upskilling when asked this question. However, only 21% of respondents considered reskilling an important step to closing the competency gap. This may be because reskilling has negative connotations due to the implicit assumption that an employee's existing competency is no longer valuable to the organization. Upskilling may have a more positive note as building on something that is already there (Talentguard, 2022).

Q: Which of the following steps are HR taking in order to become a relevant strategic partner for the overall organization and other functions?



Figure 30: prioritization of reskilling versus recruiting and upskilling



04

Conclusion

The role of HR has shifted. In recent years, HR has moved away from a transactional support function towards becoming a more important strategic partner which contributes to dynamic adaptation and growth (Thoman & Lloyd, 2018). In an attempt to clarify what this new role for HR entails, the Nordic HR survey 2022 has looked at the role of HR and the organization in relation to five main topics:

1. New ways of working
2. Competency planning
3. Technology
4. Sustainability
5. HR's position and priorities

New virtual and hybrid ways of working have become widespread during the past few years. 9/10 employees report that they want flexibility in where and when they work (EY, 2021). However, there is considerable spread to the extent to which organizations in this survey are actively working to promote their hybrid work models. There are also differences when it comes to which types of hybrid work models they have chosen to implement. While public sector organizations tend to implement to a larger extent than private organizations a prescriptive model with a fixed hybrid set-up, private sector organizations tend rather towards an individual-based model where individuals are empowered to decide when and where

they work, or towards a team-based model where teams are empowered to decide when and where they work. It is worth noticing that 14% of our respondents from private sector and 13% from public sector still haven't communicated their hybrid working model yet.

When it comes to planning for future competency needs, respondents appear aware of the significance of strategic workforce and competency planning. Furthermore, they report that it will be important for them to change their behavior in relation to resource management, workforce planning, and strategic competency management which are all important factors in competency planning. Going forward, HR should take steps to identify competency gaps within key trends and proactively plan to fill those gaps.

While organizations report an increase of competencies to benefit from technological trends, HR report experiencing competency gaps in this area. HR will need to mirror their organization's technology strategies and develop technology competencies of their own to stay relevant and value-adding. 81% of the respondents in this year's HR survey report that they have implemented new HR technology in the last three years. Technology can create competitive advantage in the form of reduced cost or increased productivity. Although more than 80% of the respondents have implemented new HR technology in the last 3 years, only 13% report doing so to gain a competitive advantage. A central effect of digitizing the way HR is



handled in organizations is that more data can be generated and analyzed, and operational tasks can be more automated. It appears that HR is taking a leap towards becoming more data-driven and strategic, allowing for more informed decision-making in a domain characterized by intangible processes.

Most respondents report that sustainability will be an important change factor for them going forward and that it is included in the strategic plans of their organization. On the organizational level, they also report having the necessary competencies in place to benefit from sustainability trends. When we turn the lens to HR, even if HR report that they have largely aligned their practices towards the sustainability goals of the organization, they still report lack of competency within the sustainability area. It may seem that sustainability will continue to be a hot topic in the time to come, for HR as well as for the rest of the organization. Indeed, respondents report that they are experiencing changing demands from employees or future employees related to sustainability. Through their frequent interaction with current and potential future employees, HR is uniquely positioned to take a leading role in the sustainability discussion and to really listen to employee expectations.

Much of the discourse concerning HR in the past decades has been focused on how the HR function could claim their

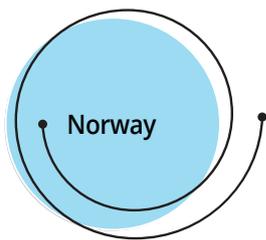
seat at the table to become an influential strategic partner to the organization. The recent pandemic has amplified HR's relevance as a strategic partner in the organization. When asked to which extent HR has become a more integral part of the business and leadership as a response to the pandemic, 56% responded positively. However, the findings show that HR has not yet succeeded in prioritizing where to direct the bulk of their resources to realize the benefits of this newfound influence. That is, the survey reveals that respondents want to increase their organization's performance in nearly all alternative HR-relevant areas presented, from recruitment and onboarding to leadership development. Interestingly, the area of strategy falls rather far down the list. It seems that HR must make a strategic decision about which areas to prioritize to help achieve the overall business strategy of the individual organization. Additionally, 3/10 respondents report that their HR function does not have the resources required to implement strategic activities. By planning to prioritize so many areas simultaneously, without the required resources, HR runs the risk of falling behind and losing control and influence over the people agenda. HR will have to assess which strategy and prioritization will be the most successful to secure the organization's path to the future.

05 Methods

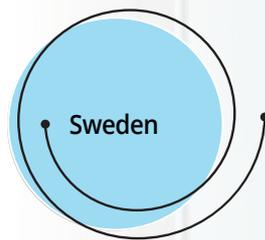
The Nordic HR Survey of 2022 was conducted at the end of 2021 and beginning of 2022. The survey was distributed through the HR organizations' email lists and social media. The approach to collecting data and reaching respondents differed between the countries. In total the survey gathered data from 632

respondents of which 220 were from Norway, 121 from Sweden, 143 from Denmark, 79 from Iceland and 69 from Finland.

The response rates for the individual Nordic countries were as follows:



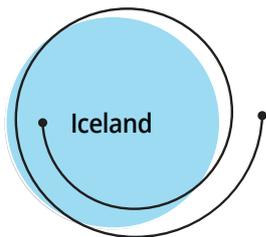
42% (220 of 526)



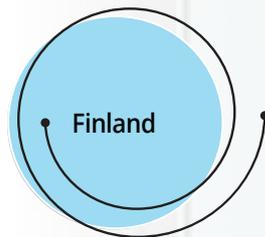
2% (121 of 5000)



5% (143 of 3508)



14% (79 of 550)



2% (69 of 3000)



The survey consisted of 39 questions within the following themes: Trends within HR and the organization, organizational and operating models, HR's seat at the table, competencies and skills, green human resource management, and technological solutions. Most questions had answer options on a 7-point scale ranging from "to a very small extent" to "to a very large extent".

The respondents across the countries were similar in organizational background and correspond with the

respondents of previous HR surveys. Our baseline year of 2017 had similar respondents. 2017 numbers have been added to the graphs for comparison where applicable.

The respondents were mostly HR employees in higher positions, with HR managers and HRBPs being the most prominent categories (figure 31). Further, most of the respondents were from national organizations (figure 32) and from organizations with high knowledge intensity (figure 33).

Q: Which of the following titles best describe your position?

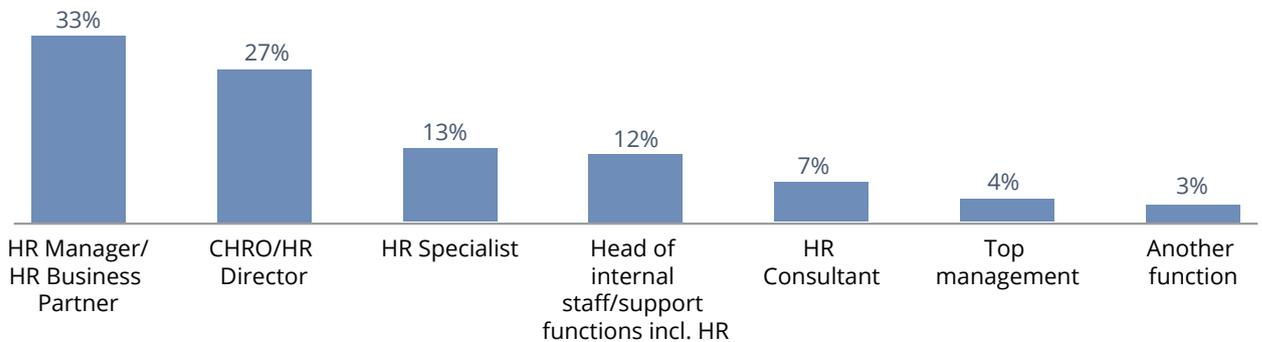


Figure 31: Distribution of respondents by position title

Q: Which of the following best describe your organization?

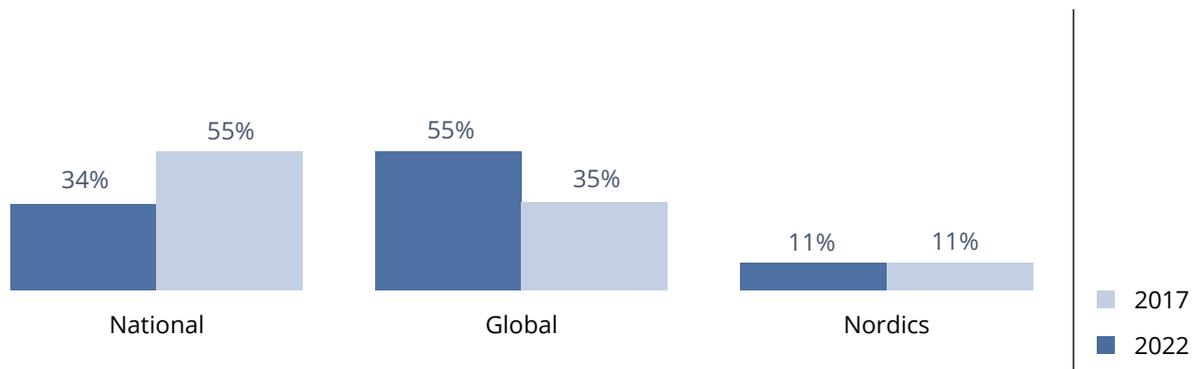


Figure 32: Distribution of respondents by geographic size

Q: What level of education does a typical employee in your organization have?

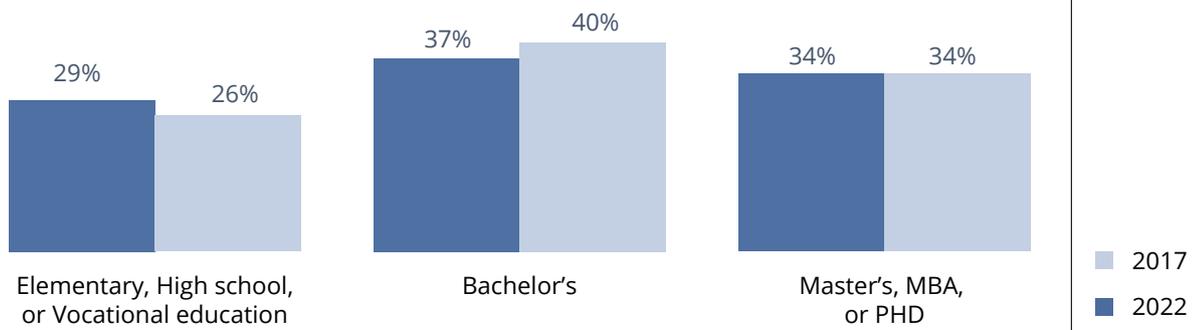


Figure 33: Distribution of respondents by level of education

Finally, the selection of respondents included with more than 250 employees (figure 35) mostly private sector companies (figure 34)

Q: Which sector is applicable to your organization?

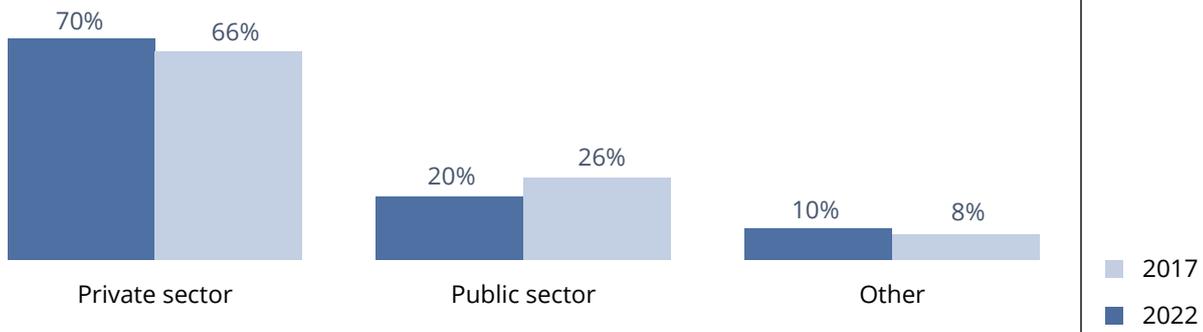


Figure 34: Distribution of respondents by sector

Q: How many employees are on payroll in your country?

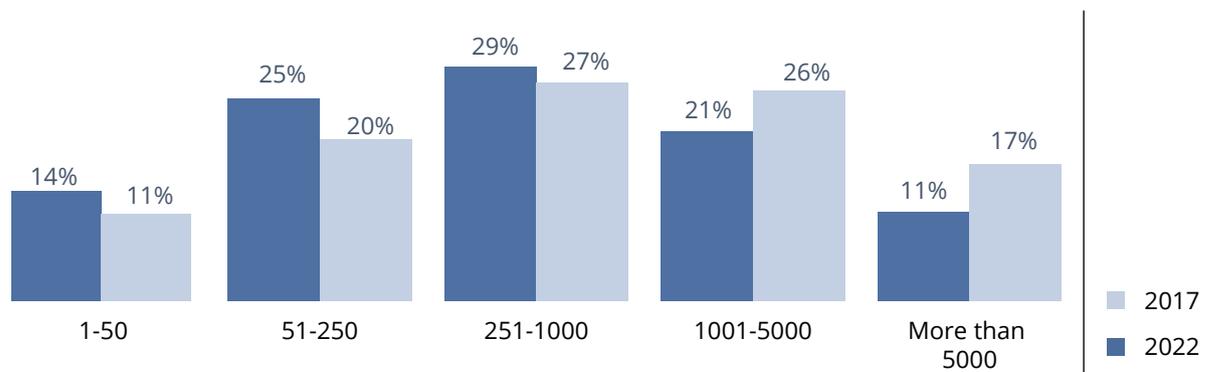


Figure 35: Distribution of respondents by organizational size

Respondents across the Nordics appear similar. however, the Danish selection stands out in some areas. The Danish organizations in the selection are global in 55% of the instances, compared to 35% in the Nordics overall. The Danish organizations are also larger, with 73% of respondents reporting more than 1000 employees compared to 37% in the Nordics overall.

Respondents were recruited through the membership bases of the HR associations. Whereas members of the Swedish HR association are mostly

individuals, other associations offer memberships based on organizational affiliation. The differences in membership structure introduces a sampling bias which complicates our ability to compare findings across the countries. Similarly, response rates for Sweden (2%), Denmark (5%), Iceland (14%) and Finland (2%) are relatively low compared to that of Norway (42%). For these reasons, we avoid making distinct comparisons between countries and rather focus on findings done on the Nordic level.



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