

## **Empowering People Management for a Future in Flux**



Disruptions in recent years—the pandemic chief among them—forced the leaders of HR functions to be able to think on their feet, redefine priorities, and rapidly acquire new capabilities in safety, health, and flexible working models.

The frenzy of that period may be mostly behind us (we hope!), but the core lessons are still relevant. And the pressures to come could be even more daunting: more frequent disruptions, larger gaps in talent, and a fast-evolving need for digital transformation and innovation, driven by advances in AI.

For 15 years now, BCG has been collaborating with the World Federation of People Management Associations to conduct comprehensive surveys of people leaders, digging into their biggest challenges and recommending actions for future success.

[Our new report](#) on this work came out last week, based on an analysis of responses from almost 7,000 participants in 102 markets across all industries. I think it's an important guide to identifying today's most urgent priorities—critical for a thriving HR function and for organizational performance overall.

### **People Priorities: From Talent to Technology**

Although every company must build the capabilities most relevant to its unique context, it's clear that virtually all need to focus on a handful of capabilities. The biggest obstacle today? Not surprisingly, it's talent struggles, cited by 72% of respondents.

The report also highlights the skills HR leaders have developed in response to the people management crisis at hand. That's

invaluable. But they tend to be less savvy when it comes to simultaneously keeping their eye on mid- to long-term challenges.

The thread that connects all the top priorities is technology. Capabilities such as HR IT architecture, operations, and cloud software are not up to speed at most organizations. And while AI, including generative AI, is gaining traction, the vast majority of companies are still at the earliest stages of adoption.

The report lays out a handful of recommendations—areas of focus for people management leaders that will be essential to their success:

**Use data to plan for talent supply and demand.** The core principles of strategic workforce planning are not new, but the urgency to act has increased—and the abundance of data-driven insights has changed the competitive landscape.

**Get better at talent acquisition.** Digital technology can help companies differentiate themselves, leading to better success rates in recruiting and hiring new employees.

**Invest in upskilling and reskilling.** Talent acquisition is important, but leaders shouldn't neglect the powerful opportunity to develop the talent they already have. Constantly advancing technology means companies need to keep refreshing their workforce's skills and capabilities.

**Build big wins through AI.** Generative AI can revolutionize self-service processes, boost productivity, personalize customer and colleague experiences, and build data-driven talent ecosystems. Early adopters are already capturing value along the entire HR value chain.

A great example of a company pursuing all this is [Schneider Electric](#). In its effort to adopt generative AI, it has held dozens of workshops to gain the input of stakeholders from across the organization.

Participants identified upskilling and leadership development as two of the most critical success factors in the tech transformation, which led Schneider to use its digital talent steering committee, with top HR and talent leaders at the helm. The process has signaled that leaders view the changes to come as a company-wide effort, rather than a shift being imposed from the top down.

It's a lot to juggle. People leaders must always keep in mind the transformative potential—and pitfalls—of change. They can play a pivotal role not only in making their own function as strong as it can be but also in championing the well-being and growth of the workforce, and the successful organizational transformation of the entire company.

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On Wednesday, I head to Dubai for ten days at COP28, where I will meet Christoph and a large delegation of BCGers who have worked this past year supporting the agenda of the COP Presidency on a range of strategic issues critical to advancing the global decarbonization, climate finance, and adaptation agenda. We look forward to updating you on the progress, I hope with some important wins to share.

Until next time,



**Rich Lesser**  
Global Chair

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## Further Reading



### [Creating People Advantage 2023: Set the Right People Priorities for Challenging Times](#)

A joint study by BCG and the World Federation of People Management Associations, based on a global survey, focuses on three priority areas for HR action.

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## [What's Possible? Gen AI and People](#)

Gaining competitive advantage from generative AI will demand far-reaching redesigns of organizations and human resources.

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With the average half-life of skills now less than five years—and half that in some tech fields—organizations need a new approach to reskilling their workforce.

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