

Strategic HR Reward Dialogue #1/2024 – Key Takeaways

By Desirée Klein-Wagner, HR ValueCurve

Please find below some insights from our most recent conversations with HR executives of leading multinationals and growth companies.

Topic: Role and strategic direction of the HR and Reward function

What are current trends? How are roles and expectations changing?

- The role of HR is to help shape business strategy and bring it to life. It is about devising effective strategies to channel organizational energy & effort to achieving challenging business goals, including, where possible, to derive competitive advantage. Thus, HR strategy follows business strategy, it translates the latter into organizational structure, places, people and skills, principles, policies, operating mechanisms, values and behaviors.
- The Global Head of HR is now mostly referred to as Chief People Officer (CPO), with varying scope of responsibilities, as the different titles across companies show. They may support any desired internal / external messaging as well.
- Traditionally, HR has not been seen as an enabler but rather as a brakeman, lacking pro-activity, creativity and solution-orientation. In an ever more fluid world, with raging war for talent, the CPO role has gained much in profile. It now mostly sits “at the table”, listening, challenging, consulting, encouraging, guiding, empowering or driving as needed.
- Many firms having re-organized HR into HR Partners, HR Shared Service Centers and Centers of Expertise – for efficiency and effectiveness. A new opportunity for HR is to assess where and how to use Artificial Intelligence. This may free up further resources for engagement and partnering or reduce cost. There are still leaps possible to get from futile data/analytics to meaningful conclusions and winning people strategies.
- The right frame is important here too, i.e., a safe environment & time for staff



to pioneer and test radical new ways of doing things, collaborate & learn across departments and functions, share use cases and experiences. Some initial coordination and orchestration may be needed, as shown by the fact that some companies have started adding a Chief AI officer role.



- As talent is no longer abundantly available, continuous learning, acquisition of new skills and self-updating are vital, as emphasized by common “skills for life” and “pay for skills” mantras. Every talent counts! Firms are taking lengths to review their Employee Value Propositions, become an Employer of Choice and magnet for people. Plus, not lose any talents along the way as difficult to replace. Benefits can be a real differentiator, create competitive advantage. They can be a source of positive employee excitement and help boost engagement - if simple, well communicated and efficiently managed.
- Some companies break down benefits into three categories: 1. A global core set, tied to the firm’s purpose & mission, 2. Additional optional benefits that can be selected in certain geographies, supported by benchmarking data or meaningful rationale, 3. Non-supported items, for clarity. Compliance with regulatory requirements, administration and affordability provide common boundaries. Start-ups can test more radical new approaches, e.g. standardized fixed pay, growth-related pay premiums and minimal or lavish benefits & perks.
- The success of the Reward function is no longer just measured by the programs developed and processes delivered but by the value it creates for the business. Effective partnering with top management and business leadership is key for senior roles. Beyond technical expertise, they must have a business mindset, strong listening & influencing skills, problem-solving and judgement. Contributions are measured by the function’s responsiveness and the impact of its actions, e.g., how these support talent attraction, a positive employment experience, retention as well as sustained employability.
- The challenge for Reward is to square the circle between harmonization & standardization of offer terms & benefits - for efficient delivery - versus personalization - for effective engagement & retention. Pay & benefits must be flexible enough to achieve a “happy consumer” experience at optimal cost.