



# People-Management 2025

Institute for Leadership  
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# "People-Management 2025": Today`s HRM does not fit the tasks of the future

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Trends like digitization, demographic changes and expectations of younger generations are contributing to a fundamental change in the world of work. Human Resource Management (HRM) is asked to actively contribute to the transitions in companies. However, the majority of HR representatives are not sufficiently prepared – to the contrary, a fundamental shift in the HRM of the future is needed and only few HR managers feel ready for these transformations of the HRM itself. Yet, the shifts are urgent. These are some of the key findings of our recent study «People-Management 2025» conducted by us at the Institute for Leadership and Human Resource Management at the University of St.Gallen in collaboration with PwC.

The study was an intense empirical exploration starting with a Think Tank of 25 managers, trend scouts, scientists, and start-ups focusing on two topics: First, scenarios of future work and second, the role of future People-Management in this context. In cooperation with the German Association for Human Resource Management (DGFP), we then conducted a quantitative study with a survey on People-Management 2025, asking 130 HR executives from large and medium-sized companies in the German-speaking world. The findings of both, the Think Tank and the empirical study paint a rather dark picture of HRM's current state while at the same time suggesting a very clear call for change, necessary contributions, and roles of a People-Management of the future.

## Empirical evidence suggests enormous need for HR transition

A new spectrum of People-Management functions will dominate by 2025. This new spectrum of future People-Management includes both, "classical" HR tasks such as talent management, employee qualification, and culture management as well as newly emerging tasks such as people related data & technology management.

Furthermore, the results of our study show that only one third (34 %) of the surveyed companies feel prepared for the People-Management functions of the future. A large proportion of companies (37%) feel badly prepared for the new People-Management tasks. The largest deficits lie in three areas – first, data & technology management, second, transformation & change management, and third, talent management, where about 40% of the companies feel badly or very badly prepared for future demands. On the other hand, merely 30% of companies feel well or very well prepared in terms of data & technology

management, 25% feel well or very well positioned in transformation & change management and just 36% feel well or very well prepared in talent management.

## Digital Transformation requires multiple HRM skills and a massive change in culture

Our study shows also that the competencies and skills of future HRM will change fundamentally. Skills such as empathy, diplomacy, and networking are seen as today's core competencies of HRM. In the future, these will remain relevant and in addition, other skills will become increasingly important: By 2025 networking skills (+11%), digital knowledge (+18%) and strategic thinking (+10%) are expected to be the most important HR-competencies. The most important changes, however, are expected with regard to an increased significance of skills in big data & people analytics (+23%) as well as courage and willingness to experiment (+21%). The People-Management of the future will therefore see itself dealing with the challenges of being proficient in multiple skills.

Very interesting is also the finding that according to the HR experts, digital transformation will only succeed based on a massive change in corporate culture. While HR managers see themselves in a future pioneering role, there is a clear expectation towards top management in organizations: Measured on a scale from 0 to 100, executives are perceived today as role models for modern forms of work to an extent of only 40%, by 2025 this value is expected to increase to 62%.

Furthermore, respondents claim that their companies today are guided by vision and inspiration to a degree of merely 50%. This measure will increase significantly by 20% in the future. For this to be achieved, agile methods such as Scrum and Design Thinking are considered helpful. These are expected to be used by up to 68% in the future (+28% compared to today).

## Modern work culture depends on the company success and size

HR managers in successful and less successful companies recognize the importance of a modern organizational culture. However, in its implementation low performing companies lag significantly behind top performers. Top performers use their strong corporate culture as a basis for further improvements. For them, self-competencies of employees in flexible structures, the use of agile methods and the role model behavior of top management are key topics of the future. Low performing companies show weaknesses in terms of a future-oriented culture. This regards in particular the role model behavior of top management, positive energy and high dynamics, the use of agile methods as well as leadership based on vision and inspiration.

The extent to which companies implement elements of New Work or New Culture also depends on their size. Smaller companies are already using technologies like big data and people analytics more often for their People-Management than the larger ones. This is

mainly because small organizations usually have no (professional) HR department. In addition, their business model is often based on digital technologies. The digital natives are usually more used to virtual work at flexible times and demand it too. However, the larger companies set themselves ambitious goals and expected to develop from a traditional to an innovative start-up culture until 2025.

In the future, the focus of People-Management will be on nothing less than active participation in the shaping of culture and technology. HRM is asked to take responsibility for people in the face of these important changes in companies and society. In order to tackle these key tasks competently and courageously, there is a clear need for future People-Management to build competence, self-confidence, and a new profile. In the light of all the changes that HRM will have to make, it seems useful and important to develop a clear vision of a proactive People-Management of the future.

The aim of this study is to contribute to the development of this vision of future People-Management and to help sharpen its profile. We identify three aspects, which play a crucial role in this context:

1. In order to support the transformation of the business model in their companies, future People-Management will have to focus on its two central contributions: First, developing a modern organizational culture and second, leading a technology-driven change.
2. Digital transformation does not stop at any company. To master it successfully, People-Management must develop a clear self-image in order to act as a visionary and strategically strong enabler. Therefore, new skills such as digital knowledge and strategic thinking will be needed in addition to traditional abilities such as empathy, diplomacy, and networking.
3. HR representatives need to act as role models in transforming HRM into a future People-Management by demonstrating true visionary leadership, courage, a sense for future challenges and a positive mindset for change.