

Economic Activity
Recovery: Impact on
People Management
June 2021



Contents

01 | Introduction

Page 01

02 | Reflections from Business Leaders

Page 05

03 | Key Findings

Page 07

04 | Results Analysis

Page 11

Note - Methodological Note

Page 21





1

Introduction



01. Introduction and purpose of the document

Context

The spread of the **COVID-19 pandemic** since early 2020 has had an **impact on the Spanish economy**, putting an end to over five years of growth and leading to a drop in activity, especially in those sectors most affected by reduced demand and mobility restrictions. This has highlighted the weaknesses and strengths of the Spanish economy as well as accelerated certain structural and digital transformation processes.

Faced with this situation, the governments of several countries (including Spain), companies, and society in general, have joined forces to provide a coordinated and effective response to mitigate the adverse effects caused by the health crisis in Spain from political, economic-financial, social and environmental perspectives. To achieve this, **recovery and resilience plans** have been implemented with different areas and lines of action in each case.

From the public administration perspective, an illustrative example of this response is the Community financing instruments called Next Generation EU which will provide the Spanish productive framework with up to 140 bn euros in transfers and credits during the period 2021-2026, which will join the other instruments provided for in the Multiannual Financial Framework to promote investments and reforms in priority areas at the European level.

In the case of companies, the response to this situation has varied according to the sector in which they operate and the particular business situation in which they stood when the pandemic appeared in our country. However, at the beginning of the health crisis, in addition to ensuring the continuity of their businesses, **all companies agreed** that the top priority was to preserve the safety and health of **people**.

After the first year of the pandemic, many businesses are reflecting on what occurred, trying to find multiple levers that allow them to reinvent themselves, be more prepared for uncertain futures and accelerate their recovery plans. Many of them are in a **moment of transformation** and place **the value of people** at the center of this reflection as the **central axis** to articulate and deploy the rest of the corresponding measures.

Thus, taking into account that due to the health crisis the priority focus of organizations has been on people, **the role of the Human Resources function has been vital** in the design of initiatives and recovery plans of all organizations.

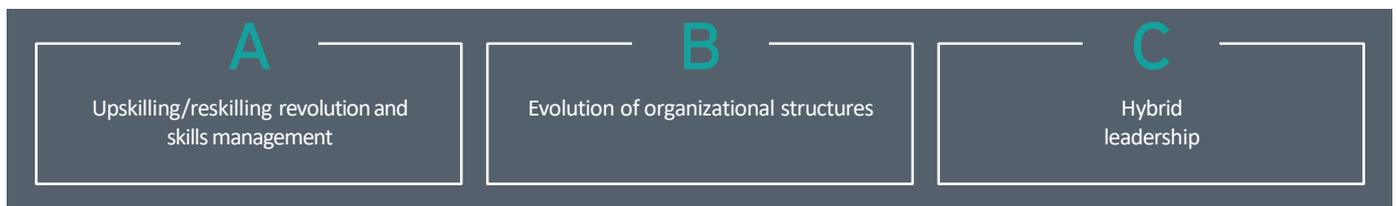
Concerning the current recovery framework in which enterprises find themselves, according to the data published in the EY report [“Work Reimagined Employee Survey 2021, EY”](#), the majority of employees say they are satisfied with the response made by their companies to the current situation, 48% of the participants consider that their company has improved since the beginning of the pandemic.

Though it is true to say the health crisis has brought with it fresh opportunities in terms of new people management practices (i.e. new forms of work, virtualization of training, etc.), **new challenges have emerged** that many organizations still seek to solve.

We would like to highlight three significant challenges in people management: a) reskilling revolution and skills management, b) evolution of organizational structures, and c) hybrid leadership.

Purpose of the study

Taking into account the high impact that people management has on the design of company recovery and resilience plans, this study has been prepared with the aim of providing relevant information in this area regarding three major issues:



This study is based on a survey of 22 referents (18 HR managers and 4 business managers) of leading companies in our country that aims to take the pulse, at a time of great relevance in organizational transformation, of a diverse group of referents in terms of managing people belonging to different sectors and different enterprises. For more details on the HR managers and companies participating in this study, please see Annex/Methodological Note.

The final result reflects the level of importance and preparation held by the companies participating in the study regarding the three issues mentioned above in an environment marked by the consequences generated by the spread of COVID-19 in our country.



enClave de Personas

What is our mission and vision?

enClave de Personas seeks to be the benchmark think tank to mobilize knowledge and ideas to **help** businesses improve their competitiveness, **approached** from what we consider to be the most essential perspective: **people**.

We will address current challenges by sharing experiences and best practices among all those making up enClave de Personas and by investigating the international initiatives of other think tanks through which we can interact and collaborate with top-level partners. These technical experts can help us enrich the development of the topics discussed.

Who do we seek to help?

We naturally focus our actions on our HR colleagues at all kinds of companies, sectors, and sizes, seeking to inspire and support them in their challenges.

Likewise, our analyses will be of great interest to business professionals because the key, and hence our name [*clave* being Spanish for “key”], for the success of any business project stands in the people making it up (i.e. it depends on leadership, the ways of working even more so at a time of radical change in these forms of work, digitization, etc.).

We also intend to make concrete, disruptive and innovative proposals to, in a humble way, try to contribute and influence progress on the issues discussed. We were founded with the vocation of being a social interlocutor with those organizations that understand that our collaboration can help search for consensus solutions.

“ *We were founded with the vocation of being a social interlocutor with those organizations that understand that our collaboration can help search for consensus solutions.* ”

The think tank is composed of an Advisory Board made up of 23 people who are people management directors of recognized standing.

With this purpose, enClave de Personas has prepared this study/survey as one of its first contributions.







2

Reflections from Business Leaders

Business leaders' reflections on economic recovery plan challenges



Alfonso del Poyo

Meliá Hotels International - Vice President Spain and LATAM

We have attempted to change the organizational model, seeking to achieve a flatter structure that favours agility and allows us to continue placing the hotel and clients in the centre of the organization, creating operations centres with a more local view of leadership, as well as a vision of proximity to the environment, trying to be more agile and cost-effective.

Antonio Coimbra

Vodafone Spain - Chairman

Economic recovery implies leading digital transformation, and in HR we are aligning all policies under this same vision. We are strengthening the Digital Community, incorporating digital profiles, and devoting more resources to training plans for developing digital skills with the Digital First and Digital Only initiatives.



Peio Belausteguigoitia

BBVA España - Country Manager

It has been essential to be close to our customers and to be proactive in helping them during this period to minimize the economic impact. We are now optimistic that in the coming months, we will continue to invest in the upcoming projects of the companies and sectors that have been most affected by the mobility restrictions resulting from Covid-19.



Federico J. González

Radisson Hotel Group - CEO

We have learned the importance and relevance of communicating continuously, transparently, and transversally without hierarchies. We have designed reengagement plans for our employees who needed to regain their enthusiasm and commitment to the company to facilitate their return to work and continue growing.



“ With the arrival of the pandemic, the team relationship model has changed, and we have had to adapt by becoming more flexible. As a result, we've experienced an evolution in leadership and emotional management with teams that have been key in this evolution.

Alfonso del Poyo – Vice President Spain and LATAM Meliá Hotels International



3

Key Findings

03. Key Findings

1



The pandemic has led to an acceleration of trends and **the role of the HR function** has been key in designing initiatives and recovery plans for all organizations.

2



Among the most relevant **challenges** in terms of people management, we can highlight **3**: a) upskilling/reskilling revolution and skills management, b) evolution of organizational structures and c) hybrid leadership.

3



Reskilling stands as a lever of transformation that organizations must take advantage of as a **unique opportunity** to adapt quickly to the constant changes in the environment and which they must incorporate into their strategy for the coming years.

4



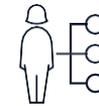
Organizations have a high potential for improvement in the launch of **Reskilling** programs. **77%** of companies say they have the necessary skills **to be competitive today** whereas only **18%** consider they have the **necessary skills** to successfully face the challenges **of the next 5 years**.

5



Despite the existing barriers regarding deploying the Reskilling strategy, **technology** plays an enabling role that organizations should rely on to execute and integrate all the actions to be carried out in this type of initiative. **67%** of respondents agree that technology could streamline Reskilling strategies. However, **29%** of companies do not have the technology for Reskilling.

6



The **evolution of organizational structures** will be another lever that organizations will have to include in their recovery plans. **77%** of participating companies say that organizations with flatter and more agile structures have adapted better to the needs of business, employees, and customers in the wake of the COVID-19 pandemic.

7



Despite the high importance of the evolution of organizational structures within the business strategy, only **35%** of respondents consider they are prepared to address a change towards less hierarchical and agile organizational structures.

8



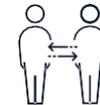
44% of participating companies consider there is an **opportunity** to evolve the middle management layer function. Instead of just performing coordination functions, it will focus on contributing all its knowledge to increase the generation of value from the company to its customers.

9



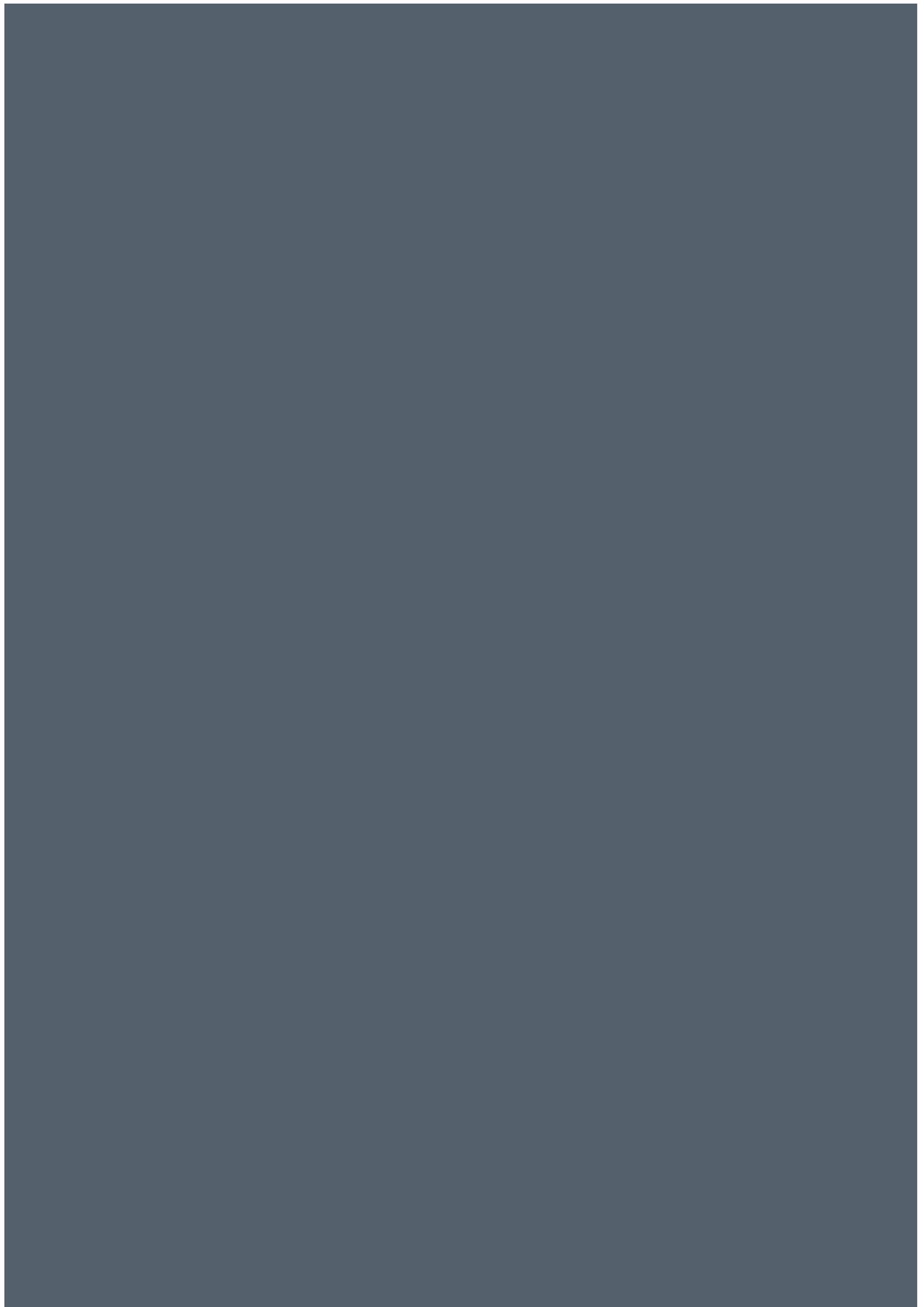
In reference to **hybrid leadership**, **100%** of the participating companies agree that the leaders of their organizations have responded correctly to the situation of uncertainty caused by the pandemic. However, the majority of respondents believe that, at the time of the pandemic onset, these leaders were not fully prepared (level of preparedness between 50% and 75%) to do so successfully.

10



According to the data obtained following the analysis, the majority of companies attach greater importance to the characteristics of a **humanist leader**, highlighting the reinforcement of team cohesion and motivation of people (**31%**) as the main challenge facing companies, trying to foster a greater sense of belonging in their employees.







4

Results Analysis

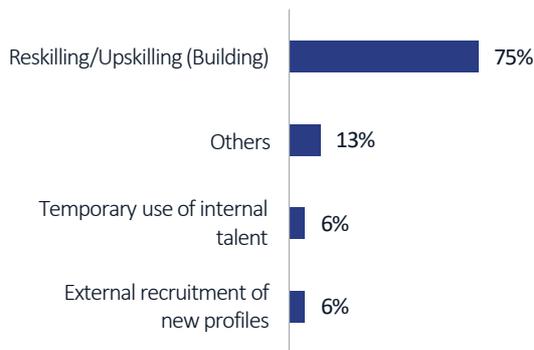
4.1 Upskilling and Reskilling

One of the most relevant recent Human Resources trends which has been promoted by many organizations and has accelerated with the arrival of the pandemic) is skills-based management and /or reskilling. In this regard, it is appropriate to distinguish between two closely related concepts: **upskilling and reskilling**.

The term **reskilling** is generally used in a broad sense and includes both the acquisition of the necessary skills to change jobs (*reskilling* in the strict sense) and the development of the skills necessary to do the same work, but in another way or with other means (*upskilling*). We use the term *reskilling* in this study in the broader sense (*).

This section will analyse how companies (participants in this study) address this challenge, the barriers they are encountering, the target they are focusing on in this field, the different initiatives they are deploying, and the enabling role that technology plays in this field.

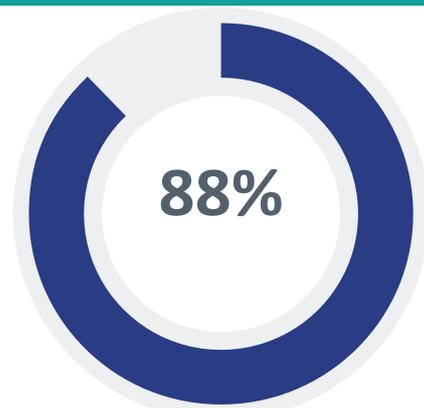
What is the best alternative to meet the demand for skills?



Alternatives to meet the demand for skills

According to the data collected in this study, **75%** of the participating companies say the best alternative to meet the demand for skills is **Reskilling** (compared to other existing ones).

How important is Reskilling in organizational strategy?



High importance of Reskilling in organizational strategy

In addition, **88%** of respondents consider **Reskilling** programs to be "super important or **very important**" within the organization's strategic roadmap, which shows their strategic and transformational relevance in companies.

How prepared are organizations?

While it is true that most organizations agree on its enormous potential, not all are equally prepared. In this regard, **77% of companies report having the necessary skills to be competitive today**, while **only 18%** consider they have a high level of preparation in terms of the required skills to address the **challenges of the next 5 years successfully**.



High level of preparation to meet the skills required today

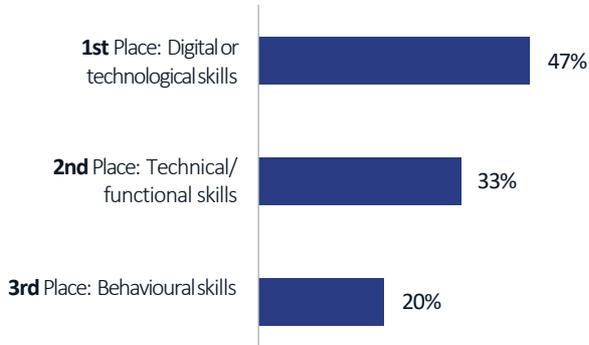


High level of preparation to meet the skills required over the next 5 years

(*) Source: EY report "[Las empresas españolas ante la revolución del Reskilling](#)", September 2020



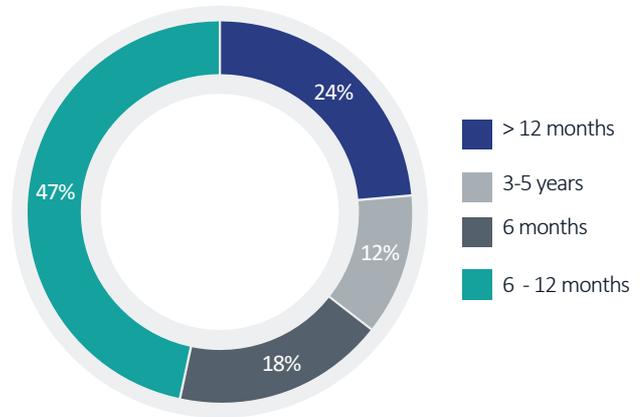
What kind of Skills are organizations focusing on?



The range of skills in which organizations are promoting this type of program is extensive, although, according to the data obtained in our study, the type of skills that takes first place (in terms of the level of importance) are **Digital Skills**. This is partly due to the increase in digital transformation and the hasty adoption of the teleworking modality that many organizations were forced to implement in an improvised way at the beginning of the pandemic.

Also, according to the data included in the **EY Report** called [“Las empresas españolas frente a la revolución del reskilling, Septiembre 2020”](#), the most demanded skills will be Creativity, Information Analysis and Teamwork.

Which is the optimal duration of Reskilling programs?

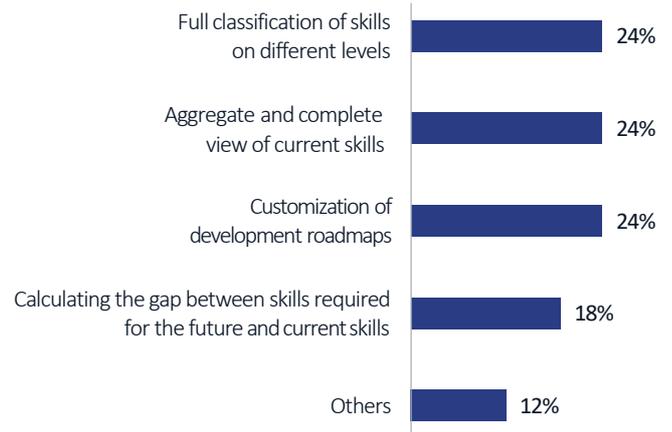
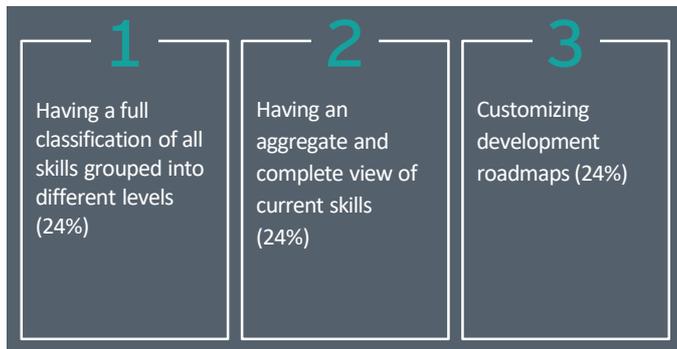


With regard to the degree of investment made by organizations in this type of program, it is more homogeneous among the different companies. In this sense, **57%** of the companies surveyed consider the degree of investment to be relevant.

As for optimal duration, **47%** of survey respondents think the average duration of 1 reskilling program should be between **6 and 12 months**.

Barriers and challenges in Reskilling strategies

There are three key moments when the biggest barriers in reskilling become apparent:



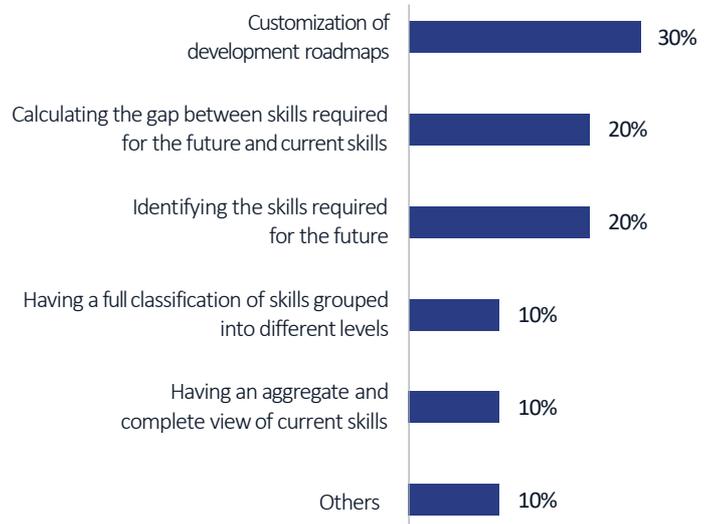
In addition, 52.9% of the companies surveyed consider that the main current challenge in Reskilling is...

...“Anticipating the skills required to address the Organization’s challenges”

What is the role of technology?

67% of respondents agree that Technology could clearly streamline Reskilling strategies and yet 29% of the companies do not have any Reskilling technology.

Out of the 71% of companies that have the technology required to carry out reskilling strategies, 30% use it to customize development roadmaps.

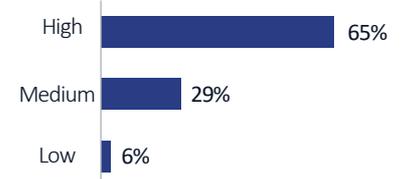


Use of technology for Reskilling

Which initiatives are organizations promoting?

Most organizations are focusing their efforts on determining their in-house talent pool, i.e., the current competencies they have today to cover the capacities that will be required in the future (demand). To achieve this, many organizations are reflecting on what their business will look like in the coming years to determine what capabilities they will need to have available or develop.

In this regard, 65% of participating companies say that they have some form of regulated process for strategic workforce planning.



What are the future challenges?

According to the data published in the EY Report [“Las empresas españolas ante la revolución del Reskilling, septiembre 2020”](#), the main challenges that companies will face when implementing Reskilling strategies are the following:

Determining what specific capacities (knowledge, skills, attitudes) they will require in the coming years, how much they need them and how to achieve them

Meeting the shortage of the most difficult capacities to achieve in the market (creativity and information analysis) and to be developed on the part of employees

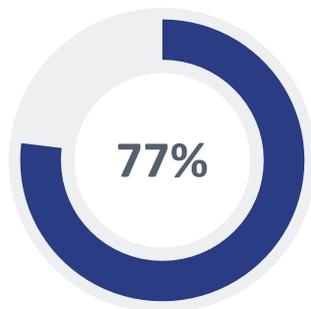
Ensuring the company's competitiveness, building an inclusive and sustainable work future

4.2 Evolution of organizational structures

The second issue awakening much interest in people management, and that is being assessed to be included within recovery and resilience plans, is the evolution and flattening of organizational structures as a lever of efficiency, greater agility in decision-making, and greater efficiency connection between strategy and execution.

While it is true that the redefinition of organizational and relationship models to promote agility in decision-making started to be a trend several years ago, the impact of this type of strategy has increased due to the effects generated by COVID-19. This is because companies need to readjust their organizational structures not only to achieve efficiency, but also to adapt faster and better to the appearance of changes in the environment.

Greater adaptation to the COVID-19 situation



77% of participating companies say that organizations with **flatter and more agile structures have adapted better** to the needs of business, employees, and customers in the wake of the COVID-19 pandemic.

The flattening of structures has been beneficial as they have teams with greater autonomy and decision-making capacity, and this translates into greater flexibility and adaptability to change.

Adaptation of flat structures

How important and prepared are organizations?



94% of the companies participating in the study said that the evolution of organizational structures is of great importance within their strategic roadmap.

As for the type of evolution of their organizational structure, the vast majority of companies state they want to orient it towards a flatter and more agile model adapted to the new needs of the market and employees.

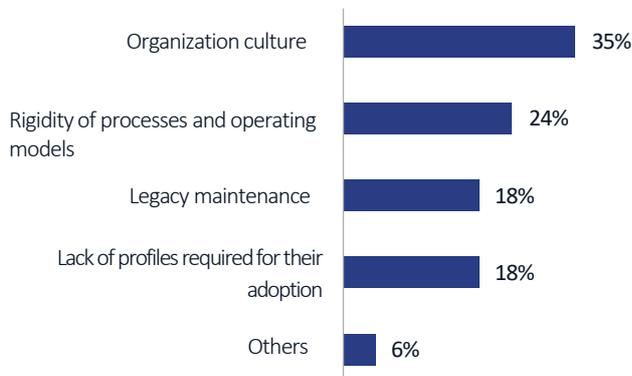
Despite being aware of the importance of this evolution, **only 35% consider they are prepared to address an evolution towards less hierarchical and agile organizational structures.** This shows that many organizations have not yet found the right formula to successfully address these developments.



35%

Prepared for organizational structure evolution

What are the main barriers and challenges today?



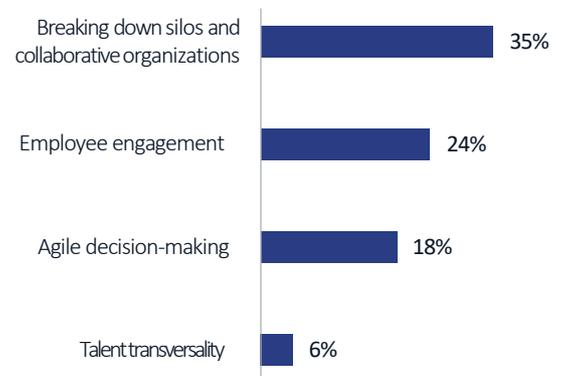
Barriers for adopting new organizational structures

It is a major challenge for companies to change their organizational structure.

100% of companies say that to face the challenges of the next 5 years, the **evolution and simplification of organizational structures are essential**, but specific barriers hinder such evolution.

The two main barriers for adopting new organizational structures are the *Organization culture* (35%) and *Rigidity of processes and operating models* (24%) (upper left graph).

As for the challenges, particularly noteworthy is breaking down silos and collaborative organizations, in companies accustomed to working with rigid work models (upper right graph).



Future organizational challenges with greater impact

Overcoming these barriers will be crucial from a strategic point of view to evolve towards flatter and more agile structures that allow simplifying the company management level.

Today, 43% of participating companies consider that in their organization the **middle management layer is over dimensioned**.

43%

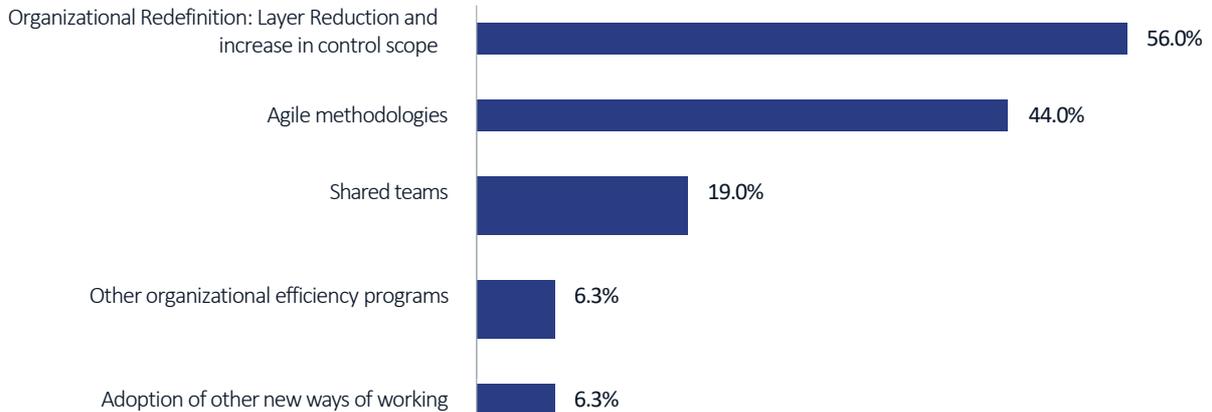
This excess middle management layer would be reduced with the flattening of the organizational structure.

Reasons that have led the organization to this situation



44% of the participating companies consider there is **an opportunity** to evolve the middle management layer function so that, instead of performing coordination functions, it can focus on contributing all its knowledge to increasing the company's value generation for its customers.

Which initiatives are organizations promoting?



Faced with this situation, organizations are developing different initiatives to continue evolving their structures.

56% of the participating companies are firmly committed to an organizational redefinition through the reduction of layers and increasing the scope of control, and 44% are implementing the Agile methodology.

To manage the Middle management excess layer and clarify responsibility in multidisciplinary processes, most respondents

affirm that the evolution of their organization should be oriented towards the **creation of multidisciplinary and empowered teams**, with full responsibility for their product and/or service.

In this regard, 58% of companies believe that the creation of these teams should be articulated **through the creation of pilots** that allow the organization to test the model and learn about these groups' experience.

58%

Which are the future challenges?

As published in the EY Report "[Reflexiones para mejorar tu agilidad organizacional, 2020](#)", the main challenges faced by a company when it comes to evolving its organizational structure are:

Resistance to organizational change, the internal culture is usually a very frequent obstacle in organizations

Scaling agility (through the creation of multidisciplinary pilot teams) to the entire organization

Moving Middle Management from a coordinating role to an execution role in creating value

Achieving a culture of empowerment in teams to make them responsible and autonomous



4.3 Hybrid Leadership

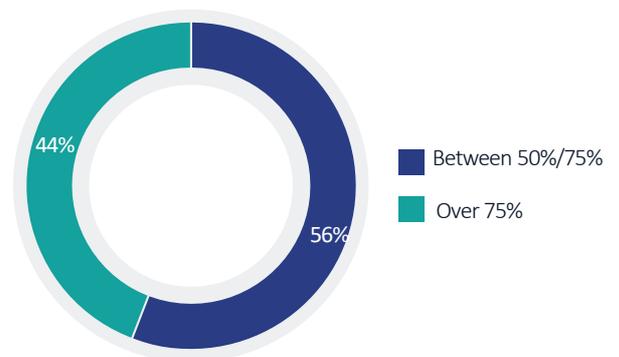
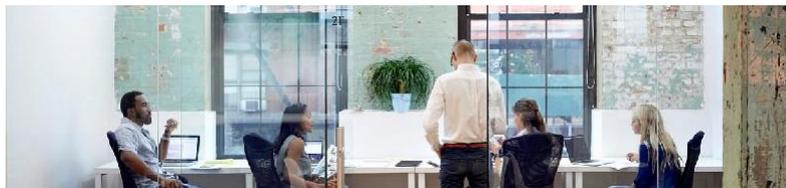
Leadership has always been a fundamental cornerstone for the good work of teams, groups, and companies, even more so in the situation caused by the pandemic and the relocation of organizations during it. Many companies have promoted hybrid leadership as a key lever to boost team engagement and improve productivity in flexible environments.

In essence, **hybrid leadership** refers to a new way of leading people that involves a change of mindset and requires the use of new tools so the impact of their actions is equally effective both in a physical environment and in virtual one. This new modality of leadership requires flexibility and adaptation on the part of leaders so their teams feel their support and guidance regardless of where they perform their work.

Leaders' reaction to the pandemic

100% | All companies are satisfied with the reaction of their leaders to the pandemic, stating in 100% of cases that **the leaders of their organizations have responded correctly** to the situation of uncertainty caused by the pandemic.

While it is true that the majority of respondents say they are satisfied with the performance of their leaders, a large part (56% of companies) believe that at the time of the onset of the pandemic, **these leaders were not fully prepared** (level of preparation between 50% and 75%) to do so successfully.



Hybrid Leadership Insights

75%

75% of companies believe that the adoption of **hybrid leadership** within their organizations will have great or moderate impact while considering to a greater extent that the predisposition on the part of leaders to adopt the new leadership styles is moderate.

100%

100% of companies agree that leadership generates a **high impact on employees' commitment** and that its effect has been positive during the pandemic, reinforcing the figure of the leader and valuing his/her management.

94%

94% believe their companies promote new leadership models and develop a dynamic environment at medium-high level. In fact, 38% say that in order to carry out and promote these new leadership styles they are **relying heavily on technological tools**.

81%

Companies consider that more than half of the leaders of their **organizations promote flexibility**, stating to a large extent (81%) that their organizations have the right channels to deal with employees in a more flexible environment.

40%

40% of companies say that initiatives are currently being carried out to **boost leadership in a hybrid work model** in their organizations, while 20% are limited to awareness-raising and training programs, as well as agile methodologies.



Which are the main challenges?



Hybrid Leadership Challenges

Which are the barriers?



Hybrid Leadership Challenges

Challenges:

The data reveals that most companies attach greater importance to the characteristics of a humanist leader. In this regard, 31% of respondents consider that the **main challenge** of hybrid leadership is the reinforcement of team cohesion and motivation of people.



Barriers:

The **two main barriers** to driving hybrid leadership are (i) the lack of new skills required (42%) that leaders need to act in this modality and (ii) the feeling of loss of control (25%) generated by the current instability that all companies suffer and which limits decision-making planning.



Which areas should leadership programs target in the coming months?

According to the different responses analyzed, companies consider they should focus their efforts on the following areas:



Which are the future challenges?

As detailed in the EY Report "[Liderazgo en la nueva realidad, 2020](#)", the main challenges faced by leaders in this environment are:

Maintaining business continuity and sustainability

Managing people in virtual environments

Providing new digital knowledge and skills to teams

Increasing team engagement in virtual environments





A

Annex:
Methodological
Note



A. Methodological Note

Methodology used

The survey was carried out in May 2021. The following tools were used to collect the data reflected in the study:

1. Preparation and implementation of a questionnaire with quantitative and qualitative information consisting of a total of 47 questions focusing on the three people management selected topics (16 related to Reskilling, 16 related to organizational structures and 15 related to hybrid leadership).
2. Collection of data and answers completed by the **18 referents** (HR managers) representing 18 multinational companies operating in Spain.
3. Statistical analysis of the answers obtained and the drawing of conclusions grouped by theme.
4. Interviews with **4 business executives** from multinational companies that are leaders in our country, to (i) contrast and confirm some of the preliminary conclusions obtained, and (ii) understand their vision regarding business and people management at the current time of recovery.

Also, for the preparation of this study, we have based ourselves on some data and conclusions included in the following EY reports that, by way of reference, are the following:

- [Work Reimagined Employee Survey 2021, EY](#)
- [Physical return and Work reimagined study, EY](#)
- [Reflexiones para mejorar tu agilidad organizacional, 2020, EY](#)
- [Liderazgo en la nueva realidad, 2020, EY](#)
- [Las empresas españolas frente a la revolución del reskilling, Septiembre 2020, EY](#)

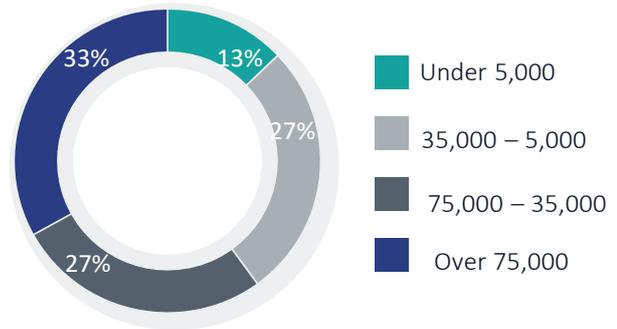
EY Reference Reports



Demographic data

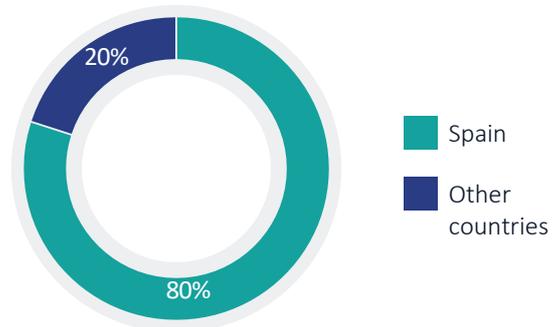
By company size

Company size (in number of employees)	%
Under 5,000	13%
35,000 - 5,000	27%
75,000 - 35,000	27%
Over 75,000	33%



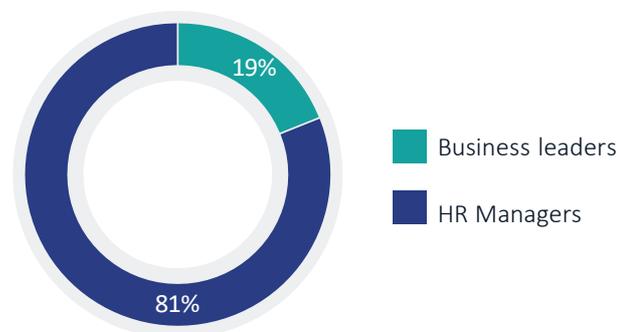
By location of parent company

Parent company country	%
Spain	80%
Other countries	20%



By position in the company

Position in the company	%
Business leaders	19%
HR Managers	81%



Breakdown of companies and HR managers participating in the survey

Nº	Company	Name of position	First and last name(s)
1	ACCIONA	Director of Organization, Talent and Health	Carlos Anta Callersten
2	AIRBUS GROUP SPAIN	Head of HR	Antonio Lasaga Rodriguez
3	AMERICAN EXPRESS	Chief People Officer	Elena Dinesen Villaceros
4	BBVA	HR Director	José María Monge
5	FCC	HR Director	Ana Benita Aramendia
6	GSK	HR Director	Ana Valdivielso
7	IBERDROLA	HR Director	José Angel Marra Rodríguez
8	IBERIA L.A.E	HR Director	Agustín González Hermosilla
9	INDITEX	Global People Director	Begoña López-cano Ibarreche
10	MAPFRE	People and Organization General Manager	Elena Sanz Isla
11	MCDONALDS CORPORATION	Chief People Officer	Alberto De Unzurrunzaga
12	MELIA HOTELS INTERNATIONAL	HR Director	Patricia Jaén De La Vega.
13	RADISSON HOTELS GROUP	Global Chief Resources Officer	Iñigo Capell
14	REPSOL	People and Organization Corporate Director	Carmen Muñoz Pérez
15	TABACALERA SLU	Chief Human Resources Officer	Luis Blas Tejada
16	TELEFONICA	Director of Corporate Resources	Marta Machicot
17	VERISURE	Group Chief Human Resources Officer	Marta Panzano
18	VODAFONE ESPAÑA	Director of Human Resources and Real Estate. President of Fundación Vodafone España	Remedios Orrantia Perez



Demographic data

Detail of companies and business leaders participating in the interviews

Nº	Company	Name of position	First and last name(s)
1	BBVA	Country Manager	Peio Belausteguigoitia
2	MELIA HOTELS INTERNATIONAL	Vice President Spain & LATAM	Alfonso del Poyo
3	RADISSON HOTELS GROUP	CEO	Federico J. González
4	VODAFONE ESPAÑA	Chairman	Antonio Coimbra



EY | Building a better working world

At EY we work to build a world that works better, helping to create long-term value for customers, people, society and build trust in the capital markets.

Thanks to knowledge and technology, EY's teams, in more than 150 countries, build trust and help companies grow, transform and operate.

EY is a global leader in audit, tax, strategy, transaction and consulting services. Our professionals make the best questions to find new answers to challenges that we face in today's environment.

EY refers to the global organization, and may refer to one or more of the member firms of Ernst & Young Global Limited, each of which is an independent legal entity. Ernst & Young Global Limited, a British company limited by guarantee, does not provide services to customers. Information on how EY collects and uses personal data, as well as its corresponding description of individual rights under current data protection legislation, is available at ey.com/es_es/legal-and-privacy. EY member firms do not practice law where not permitted by local regulation. For more information about our organization, please visit ey.com/en_gl.

© 2021 Ernst & Young, S.L.
All Rights Reserved.

ED None

This material has been prepared for general informational purposes only and should not be considered as accounting, tax or professional advice. Consult your advisors for specific advice.

ey.com/es_es

enClave de Personas activity recovery group members

> Iñigo Capell

Chief People and Resources Officer, Radisson Hotel Group

> Remedios Orrantía

Director of Human Resources and Real Estate, Vodafone España

> José María Monge

Head of Global Talent Solutions and South America (Head of HR at BBVA)

> Patricia Jaén

Talent Branding & Acquisition Director, Meliá Hotels International

> Luis Blas Tejada

Chief Human Resources Officer, Tabacalera

EY Team

> Jaime Sol

Managing Partner, EY People Advisory Services

E-mail: jaime.sol@es.ey.com

> Jorge Aguirre

Partner, EY People Advisory Services

E-mail: jorge.aguirre.peris@es.ey.com

> Marc García

Senior Manager, EY People Advisory Services

E-mail: marc.garcia.tamayo@es.ey.com

> Enrique León

Advisor, EY People Advisory Services

E-mail: enrique.leon.chato@es.ey.com