



Human Resources Quest for Cultural Change in the Digital Workplace

D. Kehoe
March 7, 2017

Human Resources Quest for Cultural Change in the Digital Workplace

Summary

Issue/Analytical Summary

Human Resources are on a quest to drive widespread cultural transformation and there are many reasons why this is happening. Digital disruption is changing how customers want to engage with brands or suppliers in the B2B or B2C worlds. Going digital is not only about implementing new technology, but creating changes in business process, people and underlying assumptions. It can be really people, in other words culture, that can be the most resistant to change. There is no easy fix either. There is the race for global talent in a market that faces dramatic shortfalls. For example, Australia has about 40,000 IT security analyst jobs that will go unfilled this year. There are also four generations of workers which have different needs and requirements from their employer. On the other, there are dramatic changes in buying behavior and an emerging threat of employee substitution on the horizon. A report from Oxford

University conducted research on 702 occupations in the US market. The study concluded 47% of jobs are at risk through new technologies such as machine learning and robotics. HR must walk the balance between improving employee satisfaction and retention while driving change. Given the trends around digital disruption, many organisations have concluded it is better to disrupt themselves' from within before market forces to do the job for them in a way they will not be able to control.

This report considers HR's role in driving cultural change. Are they going at it alone or do they have natural partners or natural allies to consider? What does success look like? Is it something that can be measured and if so, what are some of the metrics used today?

Key Takeways

Human Resources are considering at least three major change management programmes in Australia which include the promotion of process automation with internal and external collaboration.

Human Resources is also trying to drive forward an agenda of cultural transformation by influencing the behavior of individual employees over time and most companies have a formal strategy.

Facilities managers are the most logical ally for Human Resources and the most common success metrics considered are customer and employee experience as well as the relationship between the two.

While Australian organisations can be tech-savvy, they often lack a robust governance strategy for driving through change management and this is likely to be the main reason why nearly 50% of all transformation projects will end in failure.

Perspective

Current perspective

Culture eats strategy for breakfast as the motto goes. And any company that disconnects the two puts their company strategy and ultimately their livelihood in jeopardy. An effective HR organisation will be one that can connect these pieces and work across different departments, stakeholders and influencers across the business. HR must be able to

balance operational excellence with innovation. Within Australia most HR departments with large companies (typically numbering 500 employees and upwards) are considering several change management programmes which in 2017, which in part are geared for changing the underlying business culture.

Promoting Internal Collaboration and Employee Engagement:

Businesses are looking to improve employee engagement through collaboration. Employees who use these tools tend to be more productive, more customer facing, stay with the company longer and find it easier to recruit other like-minded employees to a company. High performing collaborative teams tend to have a strong technology tools with unity of purpose, well-understood processes and thrive in an environment of trust and mutual respect. In 2017, the top priorities for HR in terms of IT investment are to introduce or expand collaborative and social media platforms to increase employee engagement.

Extending Collaboration across Supply Chain:

Realising the benefits of promoting internal collaboration and increasing the level of employee engagement, nearly half of HR organisations are involved with external collaboration between customers, partners and suppliers. There is often a one-to-one direct linkage between employee satisfaction and customer satisfaction. One metric will often have a positive influence on the other. For that reason, HR is often and also involved in transformation projects, such as mobilising the front-line and creating more customer-facing people in the company with fewer management and support within their company.

End to end Automation:

Underpinning the need for improving collaboration is the need to automate back-end processes and create new workflows. Dispersed teams need the right tools to be able to work across time zones and geographies. HR is often working in partnership with IT in extending new technology beyond the firewall to drive productivity across an entire supply line. While IT is often devising strategy, it is HR creating and enforcing policies. HR will often be working on creating a common vocabulary to identify where decisions should be made and who should be making them.

Designing for Culture Change

The work of the HR department does not stop and start with collaboration, automation and increasing employee engagement. At a more fundamental layer, HR is not investing in new technology per se, but driving towards cultural transformation. While the journey will typically start at the executive level, HR is attempting to influence the behaviour of people overtime at the business operations level. Culture is not a metric that can ever be assigned, but is something employees will only embrace. HR has been using a number of tools to influence the way employees work together and interact by removing traditional barriers, promoting different working styles, setting up cross-functional teams and increasing organisational transparency. The single biggest trend now is the promotion of remote and flexible working which is also morphing into activity-based working and workplace transformation.

While there are variations on how businesses design an office of the future, these programmes are helping HR to recruit from a larger talent pool, increase diversity in the workforce and often promote higher levels of employee satisfaction. Success is achieved through a reduction in travel times. Employees will generally be healthier, less stressed with a daily commute, and this will lead to a reduction of sick leave for example. Other methods have included increasing

education and training. This is effective for increasing the knowledge pool to build up skills at all levels to and to counter the many gaps which exists on the market today. HR departments are also improving recruitment and using social and mobile channels to attract typically a younger or more tech-savvy workforce. Other means pursued is making performance evaluation more transparent, interactive and real-time and to gamify employee experience, whether in the use of collaborative tools or learning management systems.

HR is not trying to change the culture on its own, but will often work in partner with other departments. Facilities Managers which look after assets and property tend to be the strongest internal partners for the HR department in nearly 75% of the cases. This is followed by operators and the IT department. The most effective companies have had executive sponsorship and signoff from the outset. The strategy that follows has been transparent, flexible and based on shared goals. The effective HR department would typically work within its sphere of influence, design a roadmap, communicate regularly, and partner with other business leaders to create a company-wide commitment tracked over time.

Measuring Success

When looking to transform culture, HR will also be the department to co-create metrics for defining success. While there are a number of variables, the typical common denominators will be around customer satisfaction, employee satisfaction and the interrelationships between the two. While most organisations have a formal program in place to change culture, less than half have metric defined to measure its success. And even when they do, they are not reported regularly in nearly half of the cases.

Organisations, led in part by HR, will need to start defining, measuring and reporting for cultural change. This will

not be one department, but several that are supported by working groups and steering committees. While Australian companies have the technology, the biggest challenge is in process and people. Australian companies are split in equal proportions on how they would execute a major change management initiative. Approximately one-quarter of businesses report to have a high functioning governance body, another quarter use the ad-hoc groups. The other half of the businesses will attempt to go at this alone (with a single department in the lead) or have no management structure whatsoever. It is no wonder why 50% of these transformation projects fail.

Recommended Actions

Buyer Actions

A transformation project will often be underpinned by a strong business case and a successful one is likely to have a rich mix of 'hard factors' such as TCO/ROI to 'soft factors' such as measurements to improve productivity, employee engagement and cultural change. A business case needs to have those components, plus active executive sponsorship and sign-off to reach the desired benefits.

Transformation projects are driven by major events, such as a change in corporate strategy for a company that is moving into a new strategic direction and this will often have a digital component at the core. It is important for HR to not only understand the business, work across departments, but also set out a clear vision of what the company is trying to achieve in terms of the desired end state.

Businesses that have a culture defined by strong employee engagement, leadership and job design, development and personal growth are more likely to outperform their peers. Conversely, with websites such as Glass Door, a company culture is transparent and open for all to see including employees, partners and suppliers. Given that the outside has a transparent view of the organisation, designing for culture will need to be a corporate priority with executive sponsorship, especially for making the transition to a digital business.



Basingstoke

4th Floor, Northern Cross
Basing View, Basingstoke,
Hampshire, RG21 4EB,
UK
+44 (0) 1256 394224

Beijing

Room 2301 Building 4
Wanda Plaza, No 93 Jianguo Road
Chaoyang District
Beijing 100026, PR China
+86 10 6581 1794
+86 10 5820 4077

Boston

179 South St, Suite 200,
Boston, MA 02111
USA
+1 617 747 4100

Buenos Aires

Basavibaso 1328, 2nd Floor
Off 206, Buenos Aires, 1006
Argentina
+54 11 4311 5874

Dubai

Dubai Media City
Building 7, Floor 3, Office 308
PO Box 502635
Dubai
United Arab Emirates
+971 (0) 4391 3049

Hong Kong

1008 Shalin Galleria
18-24 Shan Mei Street
Fo Tan, New Territories
Hong Kong S.A.R
+852 2690 5200
+852 2690 5230

Hull

GlobalData PLC
Shirethorn House
37-43 Prospect Street
Hull
HU2 8PX

Hyderabad

2nd Floor, NSL Centrum,
Plot No-S1, Phase 1 & 2
KPHB Colony, Near: BSNL Office
Hyderabad-500072
Andhra Pradesh
+91-40-30706700

London

John Carpenter House
7 Carmelite Street
London
EC4Y 0BS
+44 (0) 207 936 6400

Madrid

C/Jesusa Lara, 29 - Atico J,
28250 Torreloaones Madrid,
Spain
+34 91859 4886

Melbourne

Suite 1608
Exchange Tower
Business Centre
530 Little Collins Street
Melbourne
3000, Victoria, Australia
+61 (0)3 9909 7757
+61 (0)3 9909 7759

New York

441 Lexington Avenue,
New York, NY 10017
USA
+1 646 395 5460

San Francisco

Progressive Digital Media Inc
425 California Street
Suite 1300
San Francisco
CA
94104
USA
+1 415 800 0336

Seoul

Global Intelligence & Media Korea Limited
11th Floor, West Wing,
POSCO Center Building,
892, Daechi-4Dong,
Gangnam-Gu, Seoul 135-777
Republic Of Korea (South)
+82 2 559 0635
+82 2 559 0637

Shanghai

Room 408, Jing'an China
Tower No: 1701,
West Beijing Road
Jing'an District, 200040,
Shanghai, PR China
+86 (0)21 5157 2275(6)

Singapore

1 Finlayson Green
#09-10
049246
Singapore
+65 6383 4688
+65 6383 5433USA
+1 415 800 0336

Sydney

Level 2
63 York Street
Sydney
NSW 2000
Australia
+61 (0)2 8076 8800

Tokyo

Global Intelligence & Media Japan Tokoyo
Level 3,
Sanno Park Tower,
2-11-1 Nagata-cho, Chiyoda-ku,
Tokyo, 100-6162
Japan
+81 3 6205 3511
+81-3-6205-3521

Toronto

229 Yonge Street
Suite 400
Toronto
Ontario
M5S8 1N9
Canada

Washington

21335 Signal Hill Plaza,
Suite 200, Sterling,
VA, 20164
+1 703 404 9200
877 787 8947 (Toll Free)