GlobalData.

Rethinking HR for the Digital Workplace

S. Bhandari, D. Kehoe
May 20, 2017

Summary

Issue/Analytical Summary

It is believed that the first human resources department was established in the early 1900's and the role of HR was initially compliance-based. The work focussed on giving employees an eight-hour day, providing workplace health and safety, managing compensation plans and serving as a place to air grievances. Over the decades the role of HR expanded. At the same time, systems and processes became computerised, allowing the department to function more effectively and with a wider remit.

In recent years new technologies such as cloud, big data and mobility started to change how many businesses operated. Technology created new mandates within many executive management teams to 'go digital'. As a result, HR became more involved with IT and even started to control their department budgets. However going digital is not about technology in its own right, but about creating a new company 'culture' to match the needs from the digital workplace. This report will answer the following questions: How is the role of HR changing? What role will technology play in shaping the HR agenda? Where do we go from here?

Key Takeways

Multiple innovations are disrupting the way we do business and the way we work. While this creates a lot of excitement, it also poses new challenges where answers are not easy.

Digital transformation is moving HR away from an administrative role to one that is much more strategic and people-centric.

HR is accountable to people and culture. IT is accountable to technology and enablement. Both will often find themselves accountable to end-user experience and user acceptance.

Perspective

Current perspective

Organisations are grappling with the 'Fourth Industrial Revolution', a term coined by Professor Klaus Schwab, where a range of new technologies are fusing the physical, digital and biological worlds and evolving faster than the capacity of the organisations to learn and adapt. Multiple innovations are disrupting the way we do business and the way we work. From automation and AI to mobile apps and social media – the impact of these innovations on business and the way we work is both exciting and posing new challenges. Professor Schwab argues that the 'Fourth Industrial Revolution' will not only change the way people communicate and consume, but will go as far as changing individuals and their sense of identity.

With most industries moving and embracing technologies in a completely different way, the HR role will change dramatically as well. Technology is already playing an important role. For example, HR departments use data analytics for talent management and retention, and social platforms such as LinkedIn are often used for recruitment (as well as mobile apps). HR is continuously investing in platforms to increase employee engagement. At the same time, e-learning platforms are being rolled out at record pace to develop the next leadership pipeline. Performance reviews in some companies are happening more frequently; they are becoming iterative, platform-based and offer

feedback to individual employees continuously, often replacing annual reviews. This can be done through an app installed on a smartphone. Additionally, websites such as Glassdoor are making businesses much more transparent and accountable to the outside world.

All of these trends are forcing HR to consider the people-centric aspect of how organisations operate. Technology is just one component, but the journey is also about changing people, encouraging new habits and ways of thinking (and replacing some of the 'old'). HR is embracing technology but is also matching this by becoming more frontline; more employee and customer-centric. HR is increasingly becoming a company's representation of brand, identity and culture to the outside world. In fact, the very title of Human Resource is changing. New titles, such as People Officer, Employee Experiences, Culture, Team Collaboration and/or Talent Officers, are becoming the norm. This is a reflection of what HR is being asked to do to support digital transformation. It shows that HR is moving away from an administrative role to one that is much more strategic and people-centric. A number of HR departments are taking on new sets of KPIs, such as increasing employee experience, customer experience and understanding the relationship between the two.

Meeting the CIO Halfway

HR is accountable to people and culture. IT is accountable to technology and enablement. Both will often find themselves accountable to end-user experience and user acceptance. This is often the make-or-break of transformation projects. HR and IT will need to work closer together. There are

opportunities to use IT to support recruitment, hiring, training and retention. But there are others that can streamline operations, improve employee engagement and redefine the work experience through new technologies.

Outcomes IT and HR can achieve together

Take, for example, an international manufacturing conglomerate which has implemented one of the largest cloud HR implementations in the world, with over 400,000 subscribers across 80 countries and 20 languages. This transformational change was an outstanding achievement that only happened because HR was intricately involved with IT in decisions in the following ways:

Working together.
The IT team worked with their HR colleagues to assess 50 possible suppliers, both on premises and in the cloud. HR was involved in every step of the procurement process. The contract was awarded to the vendor through mutual consensus from both departments.

Creating a clear vision.
Both team leaders defined a clear and concise strategy for the business outcomes through this implementation. They agreed on a strategy to define a set of KPIs and work on continuous improvement.

Focussing on outcomes.
Previously, HR Managers in different countries the manufacturer operated in had to access several different systems to obtain the information they needed. The HR recruitment and compliance processes were documented in a haphazard and ad-hoc manner without any consistency. This also led to a restricted view to training and compliance with no global overview of employee development and personnel planning. The business outcome of implementing the HR cloud solution was to drive the standardisation of HR management right across the company and to create a global master database that all managers with personnel responsibilities could access. The new system has brought improvements in recruitment, employee development, compensation and talent management.

Although it is abundantly clear that the CIO office and HR must work together to implement digital transformation technologies, the changes that they bring must be accepted by the employees. Most successful technology implementations had communications at the core of the strategy and also paid extra attention to the experience of the individual employee.

Creating a contemporary culture

Digital transformation is about creating a cultural shift as much as a technological one. But in order to make such change sustainable, HR has a big role to play in helping employees adapt to the changing environment. Staff may fear losing their jobs through automation. Chat bots, for example, could curtail the use of call centre employees. Likewise, centralising IT in a cloud environment may threaten the need for on-site IT support. Employees may be reluctant to change their working habits and reskill. A study from Oxford University found that nearly half of US jobs are at risk due to computerisation (especially with machine learning and robotics). Having a strong HR lead can help alleviate some concerns. Communicating the value of change, educating employees and working with executive leadership – right through to team leaders and middle management – can help create a culture more adaptable; especially when the outcomes are undefined. A number of HR departments are embracing Design Thinking and Lean Start-up methodologies and applying it to their trade.

A Fortune 500 company had become an entity where teams competed regularly for resources. Ideas that were perhaps in the best interests of the company often lost to ones that served the interests of individuals and teams. This vendor sought to change its culture by moving away from its dependence on a few superstars to hit revenue or business objectives, to one that encouraged debate from within; especially at lower ranks. It taught employees not to interrupt each other during meetings and embraced diversity as well as a Gen-Y workforce who saw the world differently. It also started to incentivise team productivity across departments over individual performance. Eventually (and with some external, expert advice) it started to create the culture it desired. This started to change the perception of the brand to the outside world and its desirability as a place for employment.

Embracing Big Data for Talent management

Big data is starting to drive the way companies make decisions. Data is becoming a useful tool, supporting everything from making strategic decisions to optimising the most mundane business processes. With the sudden rise of open-source big data platforms, corporate leaders have suddenly found themselves sitting atop an ever-growing and highly accessible mountain of data which can be customised to what they need to know. This mountain of information is being readily applied to talent management. The following are some of the most common use cases for big data within the HR department:

Resource planning.
The value of departments, individuals, and even discrete business processes can be accurately quantified. Business owners can make staffing requests and conduct resource planning based on actual task values. This can often be enhanced by predictive models to understand future requirements.

Benchmarking employee packages.
Corporate payroll practices and compensation packages can be evaluated quicker and more transparently within the context of global benchmarking studies specific to each industry.

Employee segmentation.
High-performing and high-risk employees can be clearly segmented and addressed based on work history, current workload, social media activity, professional affiliations, training completed, etc. This allows HR to focus its efforts more effectively.

Recruitment.
HR departments can build higher-performing recruiting models based on both internal requirements and external influencing factors (social media, recruiting sites, professional communities, etc.). Data driven recruiting can increase the speed of hiring and the quality of candidates in the recruitment process.

Recommended Actions

Buyer Actions

Preparing for Big Data
One of the main change management plans most companies are preparing for is the adoption of Big Data. Building an all-pervasive, data-driven culture is key to an organisation's competitive edge. HR should look to leverage initiatives in other departments, such as marketing, customer experience or IT, and apply the same underlying technology to their own business objectives.

Having a Pit Crew.
Businesses that want to become digital will often be driven by an executive decision or pressure to make a shift in corporate strategy due to changes in the way customers want to be engaged, customer behaviour or increased competition. However, the day-to-day change management will need to be followed through with strong governance, a working relationship with multiple lines of business and cohesiveness with team leaders and middle management. It is often people – not technology – that will be the success or failure of a large transformation project.

Customer Alignment.
The HR initiatives set out to change culture should be continuously aligned to the expectations of external customers. Staffing and performance management, for example, should be aligned to the choices and expectations of customers. Likewise, the relationships between employee, customer and customer satisfaction should be developed and refined continuously.

GlobalData.

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
Bejing 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 Torrelodones Madrid,
Spain
+34 91 859 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 Bejing 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 5433
USA
+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
M55B 1N9
Canada

Washington

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