The Future - Six Big Topics For HR

HRCubed

At a recent event over 90 HR and HR connected professionals met to discuss and review what's new and interesting in HR with particular reference to technology and its impact upon the workplace.

HRCubed suggested a range of six big topics which are facing the industry and asked the attendees to select their preference of three of the six which would be discussed in a facilitated workshop.

The Six Big Topics:

These topics resonated strongly with the delegates, with all topics gaining votes, however the following three topics won the day and formed the basis for a set of round-table discussions.

02 Big Data – Does Big Data exist for HR? Or do we just need great analytics?

04 What is HR for in the new world?

05 Change as an HR Capability

Although there is no hard data supporting why the HR professionals selected these three topics we can assume that they felt it was because they were the most relevant to their circumstances or areas in which they were most interested. It is worth noting that this paper discusses and provides reference material for all 6 topics.

Delegates were asked to attend one of three groups that resonated most strongly with them and discussion and debate began. The groups nominated a spokesperson and all three groups were given the chance to report back to the room and gain feedback and further input.

This paper details the big question, the output from the group (if applicable) and the research and findings of HRCubed. Each subject has research materials referenced with its relevant topic.

Thank you to all of those involved in the event and for the high levels of engagement and input on the topics voted. Not everyone agreed during the sessions, which we think is healthy and expected but there were many interesting thoughts and opinions.

01 Automation And The Rise Of The Machines

Key trends that have been identified through our research:

- 800,000 jobs have been lost to technology over the past 15 years
- 3.5 million new highly skilled jobs have been created due to new technology over the past 15 years
- 1 in 5, or 3.6 million, British jobs will probably be 'displaced' by 2030 due to automation and globalisation - but overall there will be an increase in jobs. UK cities will be affected differently due to their higher or lower populations of skilled workers

Context

Evidence for the impact of automation has been available for many years. The manufacturing and distribution industries in particular have been embracing ever improving functionality since the early 1990's. This has directly led to work force reduction and cost benefit as well as quality improvements. Some have argued that it has also led to shifting the employment base of advanced industrialised economies away from seeing these industries as prime employers.

Automation and robotics however, does not seem content to live in its 'box' and in recent years has been migrating into what might be regarded as the skilled heartland of the well-educated and higher earners. Finance, Management Accounting, and even HR have all found functionality and service being moved away from the skilled individual to automated and user driven solutions. With the rise of the 'chat-bot' even the basic interactions are becoming transferrable.

The Big Question:

What opportunities might automation bring and what can HR do to maximise those opportunities?

HRCubed Thoughts

The Question isn't really about whether HR should welcome this shift or seek to limit it as that train has left the station. It's much more about how HR can utilise this technology to drive the organisational improvements and the wider people agenda while remaining both relevant and value adding to the organisation.

We suggest that HR teams might be well served if they can:

- Understand how automation may affect their industry and its workforce.
- Understand how regional variations may be important.
- Plan to develop skills and people to take advantage of the opportunities while minimising the workforce and social impact.
- Investigate how further automation in HR may help to streamline repeatable admin tasks within your function and release resource to be focussed on value add people related outcome based activity.

Sources & Further Reading

Rise of the robots: 60,000 workers culled from just one factory as China's struggling electronics hub turns to artificial intelligence

http://www.scmp.com/news/china/economy/article/1949918/rise-robots-60000-workers-culled-just-one-factory-chinas

http://www.hrmagazine.co.uk/article-details/what-automation-means-for-hr

http://www.centreforcities.org/publication/cities-outlook-2018/

02 Big Data – Does big Data exist for HR? Or Do We Just Need Great Analytics?

- Organisations that use data analytics and modern data acquisition spend 20% less on HR Management per employee
- Only 6% of HR departments believe they are "excellent" in data analytics
- 28% of organisations have "good" or "very good" levels of proficiency in basic data literacy skills
- Over 60% of HR departments feel they are poor or behind in data analytics

Context

The thing about Big Data is that it's exactly that, big. Most HR functions have data which is sensitive, needs to be held securely and needs to be accessible to enable HR, Payroll and the individual to work with it. That doesn't necessarily equate to big. Indeed most organisations will be storing no more than a few 'tera-bytes' at most. Compare this to Facebook which handles 300 'peta-bytes' (3 million gigabytes) of information uploaded daily and we can see that the conversations around Big Data to date are not and have not really been about HR.

Big Data author Bernard Marr suggests that the really big players in Big Data have shifted from using their internal data analytics as an efficiency and performance enabler to it being a product for sale to other organisations.

Even without the data wealth these organisations possess analytics is clearly a much more scalable offering. We would contend that being able to view, update and retrieve is only scratching the surface of what an HR function could do with analytics. Many HR teams might use a form of analytics around annual performance review compliance or bell curve analysis for pay reviews. Increasingly HR will be required to be able to show legal compliance around equal pay or other diversity issues. We therefore wondered how HR teams were currently thinking about analytics and how they were going to approach it.

The Big Question:

Are you using HR analytics to drive business decisions?

Discussion Findings & HRCubed Thoughts

Two main themes emerged from the discussions the first being the art of the possible and what benefits a more analytical approach could provide HR. It was seen as a useful tool for spotting trends in reward and resourcing, in performance and in planning. It was particularly good, they felt, operating at a longer view than was currently being used. There was a feeling that in order to realise the benefit HR would need to show how HR Analytics would improve sales, performance or investment decision making.

The fears about analytics are that, as it stands, HR teams don't even know what the right questions are to ask? It needs to pass the, 'so what test', around producing information that is beneficial rather than just interesting for the organisation.

There was also a concern that it could be misused, particularly as an inaccurate predictor for performance, or selection blighting individual's careers, or inadvertently discriminating against certain groups or traits. When it comes to a workforce time and again diversity is shown to be of great benefit and a system that looks for trends and common indicators isn't looking for diversity. The consensus appears to be that analytics will be useful and potentially a great benefit for HR teams but it needs to be managed and applied in a way that benefits the organisation. HR need to use it to build credibility based on data rather than opinion, but not allow it to become the sole driver of business decision making.

Some Reading:

https://hbr.org/2017/06/theres-no-such-thing-as-big-data-in-hr

http://blog.bersin.com/hr-technology-for-2016-ten-disruptions-on-the-horizon

03 The Gig Economy And The Implications for HR

- Is the 'gig' economy being fuelled by exploitation rather than innovation?
- Would paying a guaranteed 'universal basic income' to all citizens deliver certainty to millions in the gig economy?
- According to World Bank data, 30% of the global population may be working for themselves and even strong economies, where job opportunities abound, are experiencing an increase in self-employment rate

Context

There are a number of questions which fall out of the rise of the gig economy. Certainly there is at one end of the market a clear erosion of benefits and bargaining power. The income of individuals is being driven down in what critics describe as a 'race to the bottom.'

At the other end of the market collegiate and associate models of periodic employment have grown amongst the highly skilled and well qualified. This is seen as an enabling, flexible, and liberating solution.

The new employees entering the market, we are told, find limited appeal in the internal politics and authority structures which exist in all organisations, public or private, corporations, or smaller companies. Competing images of 'working for the man' as opposed to being a self-starting entrepreneur is further interconnected to earning potential, the cost of living, and the age old concern of not following the path of their parents.

HR needs to have an informed and long term approach in place to manage this trend.

The Big Question:

On balance is a gig economy more or less beneficial for business and employees than a traditional employment model?

HRCubed Thoughts

Our thinking is that unless significant employment law changes are made this global trend will continue to grow in the UK. Many organisations have a conflicted view when it comes to this labour model. Contractors and agency staff are tolerated as they are either low cost, or a highly skilled resource that can't be secured or retained through other means. Business advisors and consultancy support is seen as an expensive, high cost resource that is available to provide point solutions but without retaining their cost of employment. Trade unions traditionally view this labour model with hostility and yet there is good evidence that this is not just a top down employment mechanism from 'management', but a very real and strong desire from the employees who see an appeal from this model is also present.

Which leaves us with three basic questions an HR team should ask themselves to start addressing this topic.

- What is your organisation's relationship with this growing pool of resources in the UK?
- What is driving individuals at all ages, social origin, skill, experience, income levels to embrace the gig economy?
- What trends would you expect to see develop in the UK labour market if a future UK Government adopted a UBI (unconditional basic income) policy

Some Reading:

http://www.wired.co.uk/article/gig-economy-dpd-courier-taylor-review

https://www.fastcompany.com/3034268/why-millennials-want-to-work-for-themselves

https://data.worldbank.org/indicator/SL.EMP.SELF.ZS?end=2017&start=2017&view=map

04 What Is HR For In The New World?

The three discussion points put forward were:

- The future of HR is in just three areas - Strategic Partner - Employee Advocate - Change Champion
- We still need HR, in fact we need it more than ever now. We must bring the human back into work in a big way. We need to develop Ministries of Culture in every organisation.
- If HR is to affect real change, it must be made up of people who have the skills they need to work from a base of confidence and earn what it too often lacks—respect. A higher quality of HR professional must be found. Companies need people who know the business, understand the theory and practice of HR, can manage culture and make change happen and have personal credibility.

Context

Increasingly HR teams are being asked to do more with less. The old world of 'Personnel' is a distant memory but the new world of Human Resources carries with it a reputation for tactical and transactional thinking with some organisation leaders pushing HR out of the Board Room if they cannot add strategic value to their commercial goals. This often happens quickly and without warning.

HR teams often then find it difficult to prove their worth if starting on the back foot and must work harder than ever before to establish a reputation for adding value with a focus on business outcomes. The commercially minded HR Director is the leader that will survive in this new space but with this, they must be able to balance commerciality with a focus on the human side of the function – people are at the heart of an organisation and a productive, trusted and engaged workforce can add significant value to the bottom line. Take the Belgian Ministry of Social Security as an example, which managed to dramatically cut costs, increase engagement and attract talent by trusting employees and liberating a struggling civil service.

There is a stark difference between the HR capabilities of today and the HR function needed for tomorrow.

The Big Question:

Is your HR team fit for purpose for the future?

Discussion Findings & HRCubed Thoughts

The discussion started with a different question. "Will HR exist in 20 years?" This question was met with a little surprise but much confidence. The overriding feeling that was HR was essential for the future of successful organisations but we are at a pivotal stage in HR's development that means that HR will need to quickly reinvent itself to survive. With the push towards more automation, more useable business analytics, more complex workforce demographics and more challenging economic times, the group felt that HR will need a brand new set of skills.

HR's changing role was then discussed in detail with the following key attributes posed as areas of focus:

Adaptability – really understanding your business and the organisation's leaders was seen as critical. Also acknowledged as important was the ability to find out what influences the Board and to what extent an HR leader must adapt their 'Board voice' to give Board members what they need in the language that they understand - converting the often misunderstood people side of HR into tangible business results. Staying alert to business challenges and adapting approaches accordingly was seen as really 'partnering' with the organisation.

Automate or outsource – It was widely accepted that the right approach was to rid the function of high levels of manual administration. This was seen as difficult for some, but essential to ensure that HR's focus is on the business and its people. Providing the business with strong analytics, both current and predicted,was also seen as important. Secondary to automation was the acknowledgement that the likely direction for some specialist areas of HR was outsourcing to organisations who can do this more cost effectively and with the core skills to get it right every time. Amongst the areas thought ripe for outsourcing by the group were employee relations, payroll and benefits administration, with out of the box and tailored packages being offered by some specialists firms.

Employee voice - Lastly an element that resonated with most of the group was the proposal that HR needs to be seen 'on the floor' more and really 'partnering' with the business – focussing on the 'employee voice' and understanding challenges at an everyday level. This should help HR drive positive changes in policy, process and operations, increasing engagement, productivity and the reputation of HR. Having this close relationship to what's really going on in the organisation was seen as one of HR's most significant responsibilities.

The group also had many views on treating the working population as 'adults', involving employees more in policy creation, (in particular creating policies that reflect the behaviour of the many rather than policing the few), and being aware of the widely varying requirements of different generations, cultures and personal needs.
In summary, the discussion group and the research that we have referenced below all broadly agree – there is no standard HR, no best practice – only what is best for the organisation and that is when an HR team must adapt and reinvent what they do and how they do it.

Some Reading

https://www.forbes.com/sites/lizryan/2014/09/20/do-we-still-need-human-resources/#26d310ea70b7

https://www.thebalancecareers.com/the-new-roles-of-the-human-resources-professional-1918352

https://hbr.org/1998/01/a-new-mandate-for-human-resources

http://www.hrmagazine.co.uk/article-details/what-can-liberated-companies-teach-hr

05 Change As An HR Capability

- HR should become an agent of continuous transformation, shaping processes and a culture that together improve an organisation's capacity for change.
- Why do so many organisations get it wrong? In a 2013 Strategy& / Katzenbach Center survey of global senior leaders on culture and change management, the success of major change initiatives was only 54%.
- Emergent change is a strategy of quickly developing and shipping working features and improvements. Planned change is a strategy of planning and implementing long-term strategies that may involve multi-year programs and projects

Context

David Ulrich the guru of Shared Services has adjusted some of his views in recent years and one of the conclusions he has drawn is that HR as it stands at the moment is probably focussed on the wrong targets. Increasingly chasing the final 5% of excellence in a handful of key areas is being revealed as a futile effort and runs directly into the law of diminishing returns. This is especially true of administrative tasks which he rightly estimates can be achieved more efficiently and with a better standard of quality through the specialist services available from outside the organisation. Increasingly in the future this functional administration within HR will be automated or robotic based. One of his conclusions is that HR is in the people business and delivering change into an organisation is a people business. We share that view and wonder why change is so often seen as a technical or operational deliverable. Perhaps it's because change has been abandoned by HR teams or shrunk to a bit of communications with a hint of on-boarding or training. Being equipped to deliver Change successfully within the organisation could be seen as a great opportunity for HR now and in the foreseeable future.

The Big Question:

What role should a truly effective HR team have in leading Change within an organisation - especially change that is outside of traditional HR space?

Discussion Findings & HRCubed Thoughts

The debate started with the discussion points around the concept of Change as a role for HR, in general all the participants agreed that as most changes impacted the people who make up the organisation HR was well positioned to pick up responsibility for managing those impacts.

It was recognised however that IT or Operations were often better positioned due to their programme and project management skill sets. It was also recognised that the budgets which drive change within an organisation were almost never rested in HR making their ability to gain control of the projects extremely unlikely. It was, however, also recognised that Boards simply do not associate HR teams with the delivery of such business focussed outcomes.

The workshop went on to outline some initial areas which HR needs to address urgently in order to reassure Boards and to wrestle the key people aspects of Change out of the hands of teams of technical or process focussed teams.

A shortlist of HR must do's was identified

- Learn the business. In order to speak credibly about the business HR must understand sales, growth, finance, operations and crucially technology as well as its own fields.
- Build credibility through competence, move the HR team and its offering away from admin and insular expertise into business focussed but people engagement savvy innovation.
- Focus HR on business impact mitigation and enabling Change. Shift to an outcome driven mind-set away from a due process mind-set, however not at all costs. The HR team needs to be able to identify 'pyrrhic' victories from real beneficial outcomes, and needs to use this to drive the conversation at the Board table.

In short if Ulrich is right then HR needs to change itself into the 'engine of innovation' and the leader of Change within its organisation or potentially face an uncertain and yet more marginalised status.

Some Reading:

https://hbr.org/1998/01/a-new-mandate-for-human-resources

https://www.forbes.com/sites/brentgleeson/2016/12/07/leading-change-6-reasons-change-management-strategies-fail/#47c0ce145d9e

https://simplicable.com/new/emergent-change

06 HR as a Marketing Engine

- 73% of CEOs are concerned about the availability of skilled talent
- Social media and review sites like Glassdoor are making the job market more consumer-focussed
- More organisations are focussing on 'being more human', aligning their HR and marketing forces to market to customers as well as current and future employees

Context

Over the years HR teams have been challenged with a multitude of 'wars' for talent, with a tricky balance to be had between developing and nurturing internal talent and attracting the best people in the industry. Many creative solutions have been tested, and we are now seeing an increasing number of employers using social, engaging and interactive channels, such as 'gamification', social media, 'a day in the life', engaging real-life video introductions and appealing and meaningful preboarding and onboarding portals. Arguably skilled candidates are in the driving seat, with choice of employer and working relationship. Those employers who do not, or cannot, provide the type of experience that candidates are starting to expect will lose skilled talent. The conclusion being that HR cannot offer a service which just provides a job spec and an advert, and then fails to give feedback. Treating candidates as numbers and assuming that they will always be there seems ultimately self-defeating.

The Big Question:

How can HR use marketing skills to ensure skills coverage and high levels of attraction and retention?

HRCubed Thoughts

It is well recognised within the HR and academic communities that happy and engaged workplaces contribute to increased business performance and it's similarly recognised that part of HR's responsibility is to ensure that their organisations become or remain engaged, productive, profitable and innovative. In response it has been pointed out that HR should embrace marketing approaches but few organisations are doing this effectively. Authors like Tim Leberecht remind us that in an age of digital, the best companies will 'remain human'. For HR this means engaging with potential and current employees at a human level. In response some organisations are creating a strong employee brand that people can identify with. To capitalise on this organisations such as Google, Facebook and Amazon, have sought to create a 'relaxed holiday atmosphere' in their offices. This alone seems unlikely to be enough to make a company a destination employer of choice for top talent.

The savvy HR department is taking marketing tactics and using them to weave a broader EVP (Employee Value Proposition) message. The aim is to reach and engage with a focussed but wider group of talent. In a recent Harvard Business Review article Mark Schaefer poses 7 interesting ways that HR in today's world can partner with Marketing to create a joined up approach to engaging customers and prospective employees alike. He reflects on the fact that the user interface met by a majority of job applicants leaves a lot to be desired and proposes that the forward-thinking HR department can take advantage of customer-focussed tools like online chat or telephone support to assist the applicant. Maybe more importantly HR are to act as employee advocates introducing them to the company and the EVP before they've even applied. Done well, this level of human interaction and engagement showcasing the culture and the behaviours that exist within the organisation, may give the candidates a clearer view of why they'd want to work there.

Investing in an EVP marketing approach for HR talent acquisition will not be enough if once engaged candidates face 'clunky' outdated and off-putting recruitment systems. Few organisations track their drop-off rate during application - how many people are being lost to poor technology in your business?"

Our research also suggested that more human interaction throughout the preboarding and onboarding process, providing candidates with clear and relevant company information, with a full overview of benefits and compensation, real faces of the organisation and real stories of working there, shows a desire to engage on a deeper level with people.

So the war for talent will continue and will become increasingly challenging as more organisations battle for fewer resources. HR departments have an opportunity to step out of the weeds and consider carefully how they engage on a digital and human level to create an employer brand, an attractive EVP and the marketing touchpoints that will improve an organisation's ability to win the ongoing talent battles of the future.

Some Reading:

https://www.emotivebrand.com/hr-and-marketing/

http://www.brandlearning.com/views-ideas/hr/what-can-hr-learn-from-marketing/

https://hbr.org/2016/11/why-and-how-hr-needs-to-act-more-like-marketing

https://www.owiwi.co.uk/2016/11/03/how-hr-is-becoming-a-critical-function-of-marketing/

https://www.hrcubed.co.uk/video/4-ways-build-human-company-age-machines/

Thank you to XCD and everyone involved in running a great event and particular thanks to the organisations who attended our round-table discussion groups!

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HR & Organisational Diagnostics
Review, measure and understand your HR function and how it enables your organisation

HR Function Process Improvement
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About HRCubed

At HRCubed, we enable HR departments to achieve their transformation objectives by delivering a comprehensive process and change management programme. We are a technology agnostic consultancy and deliver impartial advice on using technology (existing or new) as an enabler to improve success. Technology is of course just one piece of the puzzle and if considered in isolation can have disastrous results. Strong and engaging HR leadership is the ultimate catalyst for success in an organisation - empowering employees and managers to be the best they can be. Combining the power of Organisation, Process and Technology together we can deliver success to your organisation that positively affects business outcomes.