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SAMPLE: The Future of HR in the Digital Age

Best Practice Guide



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1. Executive Summary

1.1. About Econsultancy

Econsultancy's mission is to help its customers achieve excellence in digital business, marketing and ecommerce through research, training and events.

Founded in 1999, Econsultancy has offices in New York, London and Singapore.

Econsultancy is used by over 600,000 professionals every month. Subscribers get access to research, market data, best practice guides, case studies and elearning – all focused on helping individuals and enterprises get better at digital.

The subscription is supported by digital transformation services including digital capability programs, training courses, skills assessments and audits. We train and develop thousands of professionals each year as well as running events and networking that bring the Econsultancy community together around the world.

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1.1. About the author



Neil Perkin is a renowned blogger, writer and the founder of Only Dead Fish, a digital and media consultancy that specialises in applying strategic understanding of digital and emerging media technologies to help businesses optimise their effectiveness within the new, networked business environment...



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2. Executive Summary

The key findings from our research are:

- **Redefining human resources (HR)** – an increasingly greater role for technology and particularly data has the potential to radically shift HR practice and processes. This brings new challenges in the need for HR professionals to improve digital literacy and skills in order to maximise the possibilities created by new technologies and adapt to the rapidly shifting organisational context that surrounds them.
- **Customer experience (CX) and digital transformation** – are both acting as key drivers for shifting HR practice as many organisations reorient resourcing, focus and culture around customer-centric strategies. As businesses transform to become ‘fit-for-purpose’ for a rapidly changing digital world, the HR function is playing a critical role in supporting change through a heightened focus on culture, learning and employee engagement.
- **Talent** – shifting organisational priorities are creating high demand for talent in particular fields and creating challenges for HR to recruit scarce but high demand talent. As a result, recruitment processes and relationships are being reinvented.
- **Performance management** – rapidly changing contexts are impacting performance management processes, as organisations seek to be more adaptive and rely on more regular, informal feedback rather than rigid annual performance reviews and ratings.
- **Empowerment** – as businesses seek to move faster, employee and team autonomy and empowerment have taken on a new level of importance. The HR function is playing a key role in encouraging employee ownership and empowerment.
- **Leadership and culture** – our research shows that in the context of the increasingly agile, digitally-empowered operating environment, the qualities that define great leadership are changing. HR and learning professionals are refocusing leadership development programmes on enhancing not only traditional leadership skills, but ‘softer’ skills that can enable greater collaboration, entrepreneurialism and the ability for the business to move fast. A key part of this is focusing not only on knowledge, but on the behaviours that can establish organisational norms and support the right culture for agility...



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3. Introduction

3.1. Aims and methodology of the research

Research objectives

During the course of Econsultancy's research and consultancy over the past few years, the critical part that the Human Resources and Learning and Development (HR and L&D) functions play in digital transformation has always been clear. As digital impacts ever more broadly across sectors and corporate divisions, both areas have over time become only more essential to the transformation of business functions to become truly 'fit-for-purpose' for a digital-empowered world.

Yet, whilst HR and L&D professionals have always been part of the Econsultancy community we have not (until now) focused specifically on how the functions themselves are changing in response to challenges and opportunities brought by digital. A number of our previous Digital Transformation reports have touched on this area, most notably the *Digital Marketing: Organisational Structures and Resourcing Best Practice Guide* and our *Skills of the Modern Marketer Guide*, but this is an opportunity to consider how the practice of HR is shifting.

This research drew both from our existing knowledge and data, derived from multiple studies and reports, and from a series of in-depth interviews conducted with HR professionals across a broad range of sectors incorporating an equally broad set of challenges.

Research methodology

Our methodology involved two main phases:

- **Phase 1:** a series of in-depth interviews (15 interviews in total) with a range of senior HR and L&D practitioners drawn from a wide set of different sectors and industries. This provided insight into key themes, challenges and opportunities in modern leadership.
- **Phase 2:** Desk research to identify relevant issues, examples and models...



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4. The New Context for HR

4.1. Technology, data and HR

There was a consistent theme that emerged from the research conducted for this report – the enhanced role of both technology and data in the HR function, and how the impact of both can only get greater over time. Our interviewees spoke of how the HR function itself needs to become more digitally fluent, and use digital technologies to augment processes and capability. Some talked of how traditional HR functions are becoming automated meaning that HR and learning services were increasingly becoming more about self-serve and ownership rather than reactive, manual processes...



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5. HR and Digital Transformation

5.1. HR's role in 'visioning'

The HR function is clearly playing a critical role in the digital transformation of businesses across many different sectors. A number of our interviewees spoke of the part that the HR function can play in creating the impetus and direction needed to catalyse real transformation, and also in bringing the future vision for the organisation to life to support employee engagement in digital transformation and modern change management programmes.

Figure 1: Creating a sense of urgency is the first step in John Kotter's well-known eight step process for managing organisational change¹.



Yet there is an important difference to be drawn between the kind of urgency that can create positive, reinforcing momentum for change, and that which can instead spawn internal politics, fear and paralyse progress...



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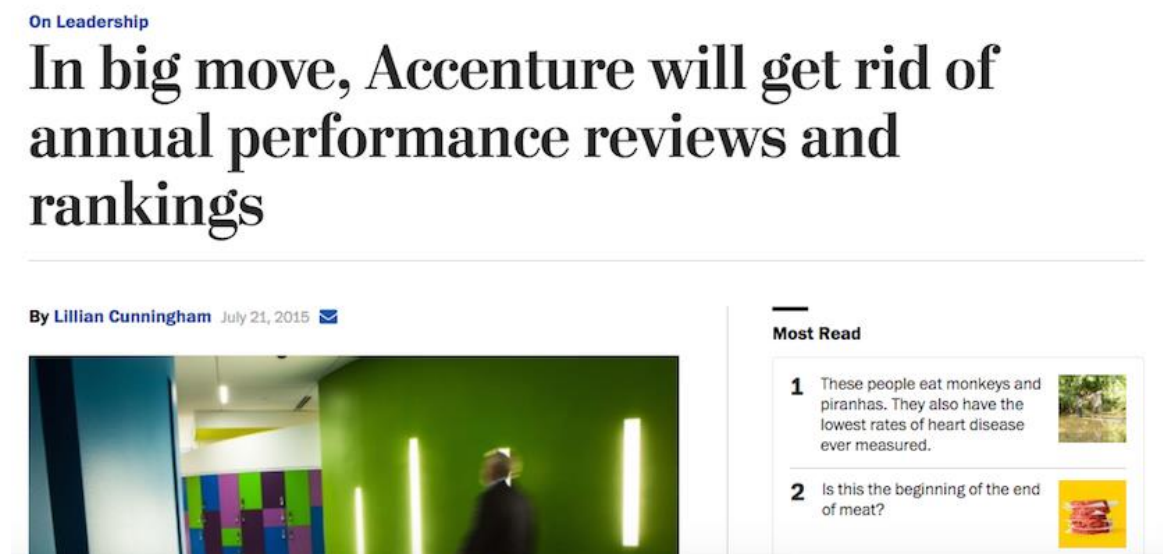
¹ <https://www.kotterinternational.com/8-steps-process-for-leading-change/>

6. Shifting HR Practice

6.1. Changing performance management

Various practitioners interviewed for this report noted that performance management was a key area in which practice was changing in response to new business and organisational needs and contexts. Some noted how, with rapidly shifting environments and the need to be far more adaptive and iterative in business strategy and execution, legacy approaches to performance management, and particularly those based heavily on the annual performance review, were increasingly outdated and not fit for purpose.

Figure 2: Accenture drops annual performance review, Washington Post



Interestingly, a succession of large businesses (including Accenture², Deloitte, Microsoft and Adobe) have now moved away from the annual review as a standard mechanic for performance management. When GE announced³ in 2015 that it too was experimenting with replacing the annual formal review with more frequent conversations, it talked about how the increased pace of change meant that goals set annually quickly became out of date, and feedback on things that happened a year ago made no sense...



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² https://www.washingtonpost.com/news/on-leadership/wp/2015/07/21/in-big-move-accenture-will-get-rid-of-annual-performance-reviews-and-rankings/?utm_term=.45da6d729bd5

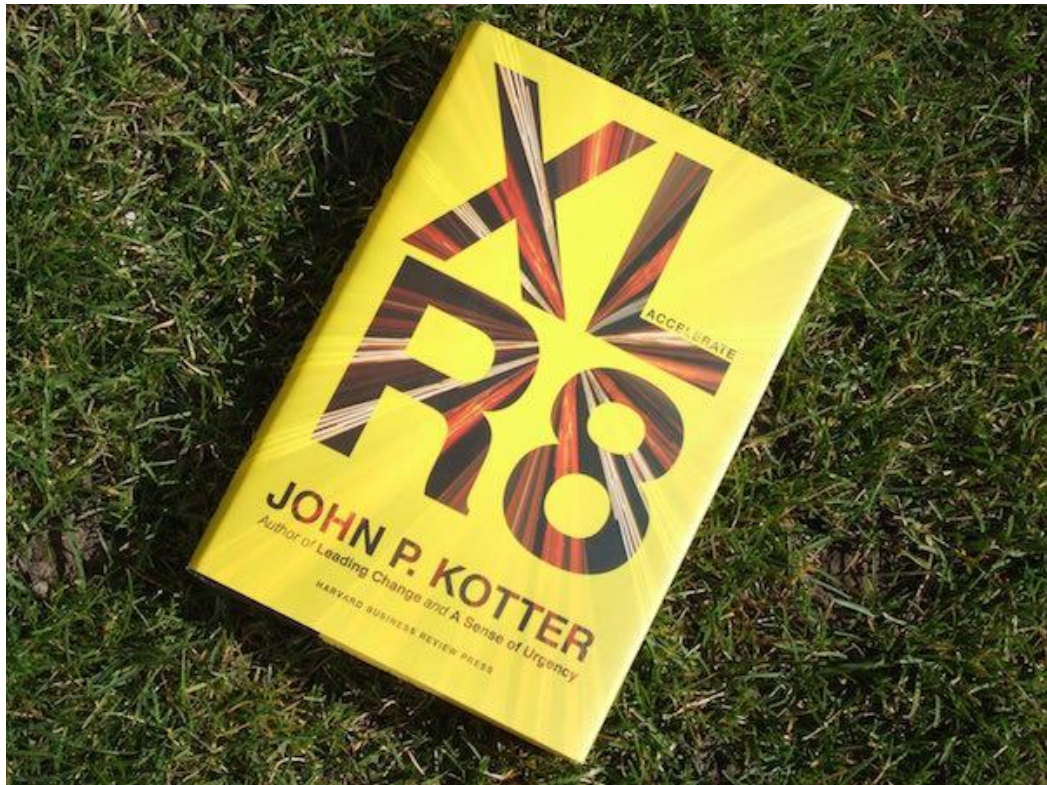
³ <https://qz.com/428813/ge-performance-review-strategy-shift/>

7. HR and Digital Leadership

7.1. Less management and more leadership

It was clear from a number of our interviews that many HR functions are focused specifically on working with the leadership of their organisation to change mindsets, thinking and approaches as well as upskill in order to ensure that leadership is well equipped to deal with the challenges brought by digital technologies...

Figure 3: Accelerate, John P. Kotter



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8. Appendix

8.1. Resources and further reading



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