In a hyper connected world is HR disconnected?
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Executive Summary

Disruptive technologies, changing demographics, contractors and freelancers are altering the fabric of the workforce. Social, mobile and cloud connectivity are transforming how, where and when people work and the consumer experience is reshaping workplace expectations.

The pressure on HR to deliver strategic value continues to intensify with both business and HR leaders rethinking its role. HR needs business acumen and strategic focus to unleash the potential of organisational talent and create a compelling value proposition.

HR in its current form is unlikely to continue. We expect to see a transformation wherein the HR models of today fragment and new designs emerge:

**Extinction** - Transactional HR and talent management are automated or outsourced. Sophisticated and engaging technology replaces HR and shifts talent management to the line manager and employees.

**Metamorphosis** - HR becomes a talent enabler focused on coaching and strategic decision making. HR centres on identifying and developing future leaders with the dual capability to engage people and drive strategic outcomes.

**Evolution** - A new breed of HR emerges to focus on analytics and workforce management. Strategic business decisions will be based on predictive modelling that includes talent data.

The Fabric of the Workforce is Changing

**Workforce demographic changes** - a loss of skills as baby boomers retire and shifting work expectations will accelerate as millennials become over half the workforce.

**Rise of expertise-based employment** - an increase in contractors and freelancers and the expansion of the on-demand economy will lead to fragmentation of jobs and skill-based project work will become the norm.

**Robotics and emerging technologies** - cognitive computing, machine-learning algorithms and automation will make many jobs obsolete whilst new roles will be created.

Hello, the Future is Here

Workforce planning to encompass short and long-term strategies, flexible work arrangements and transition-to-retirement programs will emerge. Organisational practices will shift to engage millennials.

Contractor management tools will track skill-sets and availability and HR will develop talent networks. Predictive analytics will match the workforce to operational needs. Flexible talent mobility strategies will cater for traditional and non-permanent workforces.

Investment in ongoing training to harness the benefits of new technologies will increase. Talent mobility strategies will provide visibility on current and future skill gaps. HR will advise on the impact to workforce requirements of the megatrends.

The Way Employees Work is Changing

**Consumer technologies set the benchmark** - new technology trends change how people interact and will impact how, when and where they want to work.

**Technology embeds HRM into business-as-usual** - managers and employees use technology to optimise work flows and employees of the future are treated like customers.

HR is Disconnected

**Unified talent management and big data** - enterprise tools and processes currently fail to leverage available integrated data to achieve the primary outcomes of maximising productivity and engagement.

The future is uncertain but the need to plan is not.
Monumental forces are altering the future of work. Digital technology is shaping and reshaping the workforce. It is influencing how, where and when people work. Emerging technologies, including advances in robotic process automation and artificial intelligence are redefining jobs and in some cases, making people obsolete. Baby boomers are retiring, taking their knowledge and experience with them and creating skill shortages in many industries. Meanwhile, millennials are entering the workforce en masse with expectations that are heralding a new era of work. Already, 40% of people believe that traditional employment models will cease to exist and instead individuals will manage their own personal brand and sell their skills in an open market(1).

To survive, organisations are reshaping their understanding of how these forces are impacting their markets and their workforce needs. Yet a fundamental misalignment exists between what companies need to do to thrive in the future and their immediate corporate drivers. Short-term profitability and shareholder returns drive business behaviour and discourage thinking beyond the next financial year, let alone the next decade. Clear vision and a strong strategy will ensure companies can attract and retain the workforce they need to execute on business objectives.

Set against this backdrop, Human Resources faces its own crisis. Less than one quarter of HR professionals are actively factoring the evolving and volatile landscape of the future into their long-term business planning(1). Many Chief Human Resource Officers (CHROs) are focused on optimising employee engagement and building corporate culture, but continue to struggle to link HR to real business needs.

HR critics accuse the function of lacking the skills to analyse why individuals or departments are not meeting strategic organisational goals. After decades of discussion about the need for “a seat at the table”, 38% of executives still believe HR should focus on its traditional role of managing benefits, compensation and compliance(2). Often HR is not viewed as a strategic function and although most organisations claim they want data-driven, strategic HR outcomes, 70% are yet to take positive steps to help HR achieve this(2).

Too often HR is branded a support function, existing to support strategy rather than to help shape it. The contraction of HR departments over the last few years has left many HR departments under-resourced. When there are not enough hours in the day to deliver both strategic and transactional objectives, the transactional always take priority. Technological advances have enabled the automation of many transactional elements, creating economies of scale and cost savings. Employee and manager self-service have improved engagement and productivity. The embedding of some aspects of HR into the business through the splitting of transactional and strategic functionality should theoretically free up time to allow HR to focus on strategic initiatives. However without the required skill set, business acumen and support of senior stakeholders, HR professionals struggle to deliver workforce strategy aligned to the business needs.

HR suffers from poor public relations and branding and is rarely perceived as a career destination for those who really want to make a difference in business. As emerging technologies, digital advances and changing demographics alter the workforce of the future, the pressure placed on HR to deliver strategic value will intensify. Merely ‘remaining relevant’ under-rates the potential of HR. Yet to take a leadership stand, a fundamental shift in HR is required. New skills for the digital era includes Immersion in the business, Strategic vision, influence and advisory capacity.
Hello, the Future is Here

Workforce demographic changes
Freelancers, contract labour and remote workers
Robotics and advanced technologies

The composition of the workforce is changing. Traditional career models are transforming; some jobs will become obsolete and others will change beyond recognition.

In a Volatile, Uncertain, Complex, Ambiguous (VUCA) world, only a few business leaders are fully ready and able to deal with a technology-led workplace transformation. Adding to the complexity is the changing makeup of the workforce – baby boomers are exiting, millennials have come of age and are demanding flexibility, meaning and high-touch engagement. The on-demand economy is on the rise and traditional work models are fragmenting with an influx of freelancers, contractors and virtual workers. In some industries, advances in technology will simply make human labour unnecessary or uneconomical.

The future is uncertain, but the necessity of acknowledging, understanding and proactively preparing for it is not. As technology continues to transform the global economy, business leaders must look ahead and plan.

Here we identify three themes shaping the workforce of the future:

1. Workforce demographics changes – surpluses and deficits
2. Rise of expertise-based employment – freelancers, contractors, virtual workers
3. Robots and emerging technologies – jobs impacted by digitisation.

Is this the beginning of the end of work as we know it?

Is our ability to understand and measure the changing nature of work lagging behind the reality of the new order?
Workforce demographic changes

Since the global financial crisis began in 2007, the average duration of unemployment has risen, population growth has outstripped job creation and the new jobs added since the recovery have been predominately in the lower wage category\(^3\). As technology changes the nature of work, this loss of full-time jobs may be permanent rather than cyclical. Boston Consulting Group predicts that by 2030 there will be significant global labour-force imbalances, resulting in a negative productivity impact equivalent to $10 trillion in GDP\(^4\).

In developed economies, falling birth rates and an aging population will translate into negative labour growth and an inability to fill available jobs. At the same time, some countries will experience labour surpluses as they cannot create enough jobs for their workforce.

Germany and Japan are already facing tight labour markets as the unemployment rate remains below the assumed natural rate\(^5\). China has the most rapidly aging population due to its one-child policy; conversely in India, demand for labour will not exceed supply until at least 2030\(^8\). The US anticipates a labour surplus of approximately 20 million in 2020 and even with changes in demographics will still face a surplus of 7.4 million by 2030\(^8\). If Australia remains on its current growth trajectory it will face a severe labour shortage by 2030\(^4\). Already, the age of retirement is set to increase as governments struggle to support their aging populations. This has implications for businesses trying to engage an aging and increasingly well-educated workforce.

Markets with labour surpluses may still experience specific skill shortages due to a misalignment between the available jobs and the skills of those entering the workforce. The skills shortage is already a crisis-level priority for CEOs: 73% identify this as a threat to their businesses, up from 46% six years ago\(^6\). The labour shortages, however, will be unevenly distributed with some jobs, industries and economies hit harder and faster than others.

At a company level, organisations are grappling to mitigate the impact of retiring baby boomers on profitability. Those that successfully retain older workers will be able to soften the impact of labour shortages and preserve institutional and technical knowledge. The mass exodus of a generation will accelerate workplace change from the old hierarchical models to new modes of work as millennials fill the employment vacuum.

Today, millennials account for 34% of the workforce in the USA, surpassing the other generations for the first time\(^7\). They comprise over half of the population in India\(^8\). By 2020, millennials will represent 50% of the global workforce\(^8\). They have a natural affinity with the digital world which shapes their expectations at work. For the first time in history this has created a situation where new workplace entrants have a better understanding of key business tools than their senior and more experienced colleagues\(^8\).

Millennials have elevated expectations of life in the workforce: flexibility, regular feedback and encouragement, purpose, challenge and collaborative decision making. The relationship between the organisation and the individual is fundamentally shifting to reflect demographic changes and the growing power of the individual. There is a high emphasis on personal needs over those of the organisation.
How can we prepare for demographic changes in the workplace?

**Organisation**

- Workforce planning to encompass short-term & long-term strategies
- Transition-to-retirement programs to maintain skills & knowledge of baby boomers
- Organisational practices to engage millennials - professional development, work-life balance, career progression & mobility
- Flexible work arrangements including ability to work remotely

**Industry & Government**

- Capital investment in infrastructure, technology and training to improve the employability of under-qualified and less skilled workers
- Broader approach to deeper technical skill development beyond STEM

More than ever, organisations need to build workforce plans to predict and manage upcoming shortages. Analytics can be used to forecast skill gaps and mitigate skill shortages. Workforce planning needs to encompass short-term and long-term strategies to account for labour variability and volatility in different industries and countries. Transition-to-retirement programs are being instigated as organisations attempt to maintain skills and knowledge by offering flexible or part-time work arrangements. HR has a key role to play in overcoming the challenges faced by an expanding part-time workforce, creating avenues for the transfer of knowledge from one generation to the next, and ensuring the uptake of new technologies that enable flexible and remote work arrangements.

Millennials have different expectations of work: 41% prefer electronic communication and 59% expect access to state of the art technology. Professional development, work-life balance and career progression consistently rate above financial rewards, together with autonomy about where and when they work. Mobility within the organisation and rapid access to many experiences will drive engagement and retention. Flexibility reigns supreme, with 68% of current graduates saying the ability to work remotely influences their likelihood of accepting a position and 74% expecting flexible schedules in the workplace. How can we keep millennials engaged? Companies that get this right will hold a competitive advantage. Understanding what drives millennials and altering organisational practices to accommodate them will be key.

Capital investment in infrastructure, technology and training to improve the employability of under-qualified and less skilled workers will be needed to increase productivity. Despite the clear identification of the need for qualifications in science, technology, engineering and mathematics (STEM), a broader approach to deeper technical skill development that meets the needs of tomorrow's workforce remains necessary. This will only be achieved via a coordinated effort between the government, education and industry bodies to ensure the workforce of the future is equipped with the skills of the future.

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*Understanding what drives millennials and altering organisational practices to accommodate them will be the key to competitive advantage.*
Rise of expertise-based employment

Non-traditional work arrangements are on the rise. Full-time permanent jobs are being segmented into fractional components that can be divided and distributed to a variety of workers with specific skills. Advances in cloud, mobile and social technologies are allowing individuals to work when, where and how they like. The new employment model will see the workforce become a cocktail of full-timers, part-timers, contractors, freelancers, job sharers and virtual workers. Once complex tasks, such as programming a computer or drafting a legal brief, can now be divided into component parts and subcontracted to specialists around the world for completion. Technology facilitates the matching of contractors to customers, no longer limited by geographic location. In fact, analysts forecast that in the next five years, 40% to 50% of the workforce will consist of contractors and freelancers\(^{10,11}\). As self-employment is an aspirational goal for over 50% of the workforce, it is exceedingly likely that this eventuate\(^{12}\).

With the click of a button, Uber supplies chaufers, Airbnb supplies accommodation and Handy supplies cleaners. Cheap, sophisticated and readily available technology means an individual sitting at their kitchen table can create a marketing video to rival professional ad agencies. Right now, the on-demand economy is relatively small but it is growing rapidly. As it increasingly shifts into the freelance and knowledge worker space we will see organisations solving business problems by connecting with freelance workers who are available at a moment’s notice.

Contract and freelance work will become the norm with individuals moving from task to task and technology running business processes such as marketing, accounting and management\(^{11}\). Contractors will be free to focus on the work they do best rather than the business administration. The ‘gig economy’ is up and running for workers with the most in-demand skills. Over the last year, one-third of organisations have increased their use of contractors, part-time employees and outsourcing\(^{6}\).

In fact, some roles and organisational structures may cease to exist. Instead employees will come together and collaborate on a project by project basis, enabled by technology. Work will take on a new meaning as skills are separated from jobs. People’s professional identity will centre on a particular skill-set or professional network rather than identifying as an employee of an organisation.

What are the implications? Will we see a reversion to past practices where professional guilds, associations and trade bodies are responsible for training, development and innovation\(^{15}\) rather than the organisation?

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**Call centre employee**  
**General administrative workers**  
**Brokerage clerks**  
**Bookkeepers**  
**Postal worker**  
**Word processor**  
**Cashier**  
**Telemarker**  

**Jobs at Risk**

**Cashier**  
**Umpires**  
**Postal worker**  
**Word processor**  

**In the future employees, as we define them today, simply will not exist**

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**People will come together to work on projects, enabled by social media and collaborative technology**

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**In the future employees, as we define them today, simply will not exist**

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**40% to 50% of the workforce will consist of contractors and freelancers**
How can we prepare for the rise of expertise-based employment?

**Individual**
- Development of networks & relationships with clients & organisations
- Individuals own & drive training & development rather than the organisation

**Organisation**
- Development of networks & relationships with contractors & freelancers
- Contractor management of skill-sets and availability
- Workforce management & predictive analytics to match the workforce to operational needs
- Talent mobility strategies for both traditional & non-permanent workforces

A mind-shift is needed to optimise the many alternative forms of work that the digital revolution has made and will continue to make possible, such as remote work, crowdsourcing and freelancing. Currently, almost half of HR professionals expect at least 20% of their workforce will be non-permanent employees by 2022(7). This is significantly lower than the 40% to 50% predicted by business leaders and analysts(10,11) indicating HR may already be underestimating the scope of the upcoming changes. The development of networks and relationships with contractors and freelancers will be crucial. Technology can track skill-sets and availability but relationship management by both contractor and organisation will be key to connecting the right individual to the right project.

Workforce management and analytics will be pivotal in identifying and attracting the required contractors, verifying the authenticity of the data used in the selection process, ensuring people have the required skills and expertise claimed, and effectively managing non-owned talent resources(5). The technology used to manage the subtleties of the contractor relationship versus a traditional employee relationship need to be carefully considered(10). Traditional reporting and management structures are already being challenged, with new concepts such as holacracy (self-governing, community-based approach to work rather than the traditional hierarchical management structure) gathering interest. HR professionals need to keep an open mind as alternative structures evolve.

Training and development may devolve from being the responsibility of the organisation to the individual. Organisational structures will evolve to accommodate core and non-core employees. How will this impact culture, performance and organisational outcomes?
Robots and emerging technologies

Perhaps in the future human workers will not be needed – robots, artificial intelligence and smart technology could take the place of workers. No longer is this science fiction - in many agricultural and manufacturing settings, that future is already here.

New technologies and discoveries have always transformed jobs. The industrial revolution created new jobs, moving people from the fields to the factories. However, the impact of technological advances and the digital revolution are uncertain. Jobs are being completely replaced by robotics, machines and advanced software. Emerging technologies will have a massive, economically disruptive impact in the next ten years. Among these, McKinsey list mobile internet, the Internet of Things, cloud technologies, robotics, 3D printing, driverless cars, genomics and automation of knowledge workers\(^\text{(13)}\). Each of these technologies has the ability to change business activities; together they have the potential to fundamentally alter the economy, society and the workforce of the future\(^\text{(12,13)}\). Currently, 64% of people believe that technology will improve their job prospects\(^\text{(1)}\). However, one Australian study predicts 40% of jobs existing today have a high probability of being replaced by technology in the next 10 to 15 years, 18% have medium probability and the rest are safe (for now)\(^\text{(12)}\).

Will robots make people obsolete? Robots can increase productivity and offset regional differences in labour costs and availability, impacting the competitiveness of both organisations and countries\(^\text{(14)}\). Worldwide spending on robots is expected to increase 347% from just over $15 billion in 2010 to nearly $67 billion by 2025\(^\text{(14)}\). Foxconn, supplier of parts to Apple and other technology device companies, currently has 10,000 robots and expects to increase to 300,000 over the next few years\(^\text{(13)}\).

Once, robots were used in predominantly dirty, dangerous or physically difficult jobs, in agriculture, manufacturing and the military\(^\text{(13,14)}\). Robots can work without human requirements such as lighting, heat, air-conditioning, supervision and breaks – already many factories have adopted lights-out manufacturing. Robots excel in highly repetitive tasks that require speed, strength and moderate precision. Big and strong, but not that smart. The future of robotics looks vastly different: the commercial market for robotics is expanding to include medical and surgical robots, agricultural and construction robots. We are at a tipping point where robots are becoming cheaper, smaller and more sophisticated, increasing the scope of their potential use.

Automated knowledge work tools will extend the capabilities of some workers and help drive top-line innovations and better decision-making, but they could also lead to the total automation of some jobs\(^\text{(13)}\). Machine-learning algorithms will infringe upon jobs previously thought immune from automation, increasing productivity and reducing the need for human labour. Skilled customer service jobs in which analysis plays a large part, such as legal advice, market research and sales, banking and financial advice roles are prime targets\(^\text{(12)}\). The healthcare industry can expect the automation of clinical data and predictive diagnostics, as well as robotic assistance in surgery, nursing and pharmaceutical dispensary. Advances in cognitive computing give machines the ability to understand human language, allowing them to analyse and interpret large volumes of information and even answer unstructured questions\(^\text{(12,13)}\). Great societal benefits will unfold. Technology is already being used in medicine to dramatically reduce the current rate of misdiagnosis of almost 20%\(^\text{(12)}\).

Additional disruptive technologies are fast approaching mainstream adoption. Today, only 7% of organisations use wearable technologies, yet 60% of those report increased workforce productivity to be the top benefit\(^\text{(15)}\). 3D printing is skipping traditional manufacturing stages by allowing concepts to leap directly from design to final product. The implications for manufacturing, small business and consumers are extensive, as instant creation of objects alters supply chain dynamics. The Internet of Things embeds online sensors into physical objects and provides real-time feedback on location and use. A new world of remote monitoring for many industries is opened as a result.

Information technology is pervasive; it advances very rapidly, follows exponential trajectories of improvement in cost and performance, and has strong network effects where the value to any user increases as the network increases\(^\text{(13)}\).
How prepared are HR professionals to deal with the potentially far-reaching implications of these megatrends? Although nearly 60% of executives believe the issue is important, few companies have thought about how the next generation of robotics and emerging technologies will affect their workforces, business operations and competitive position. Even fewer have considered which approach to take to deliver the most sustainable advantage, with only 5% of executives claiming to have a detailed understanding of how thinking machines will impact the workforce. The overwhelming majority of HR professionals remain ill-prepared to meet the demands of the workforce of the future. Despite recognising its importance, only 20% are ready to embrace the role of technology and automation in replacing knowledge workers.

Tailored education and training will be required to re-skill the existing workforce and to align the skills and competencies of future graduates. Digital proficiency, analytical and critical thinking skills need to be embedded as much as reading, writing and arithmetic have been in the past. HR professionals can play an active role in advising professional bodies, policy makers and higher education on future education requirements.

In a future with a diminishing shelf-life for skills, an increased focus on enterprise-led development will be the only sure way to maintain productivity. More than ever, talent mobility strategies to provide visibility and intelligence on capability gaps, mobility preferences and employee readiness will be needed.

Safe jobs will be those that require creativity, social intelligence and innovation. Regardless of the technological advances, people will ultimately determine the difference between success and failure.

How can we prepare for robotics and emerging technologies?

Organisation

- Investment in ongoing workforce training & development to harness the benefits of new technologies
- Develop talent mobility strategies to provide visibility & intelligence on current & future skill gaps, mobility & readiness
- Remain knowledgeable about the megatrends to determine which technologies to adopt
- Conduct analytical scenario-based testing to determine the impact of adoption on workforce requirements
- HR to play an active role in advising professional bodies, policy makers & higher education on future education requirements

Industry & Government

- Capital investment in tailored education & training to re-skill the existing workforce & right-skill future workers
- Ethics of employment – balance between economic growth & gainful employment for individuals
How much is hype? Technology evolution is full of stories about the next-big-thing that never quite made it. How does business decide which technologies to adopt and which to ignore? The dual challenges for HR professionals will be to 1) remain knowledgeable about the megatrends to determine which technologies to adopt and 2) conduct analytical scenario-based testing to determine the impact of adoption on workforce requirements.

At a societal level, the impact of diminishing employment opportunities raises the question of the ‘ethics of employment’ (3). If vast cohorts of the workforce are displaced by robots, automation or other technologies, individuals will be without income and meaningful work. From an economic perspective, without disposable income, individuals have no ability to purchase what robots produce. HR professionals have a role to play in shaping policy and practices to ensure the workforce of the future delivers all the benefits it is capable of.
A Path Emerges

New technologies change how people interact
They impact how individuals want to work
Transactional HR activities become part of business as usual
Talent management is embedded into the manager and employee work flow

Most organisations recognise the importance of technology in improving business outcomes and have embedded it into marketing, sales, financial and operational business activities. Where does HR sit compared to its organisational peers?

Consumer technologies set the benchmark

Our experiences and expectations have evolved with technology – smart devices, apps and the cloud have become part of everyday life. These consumer experiences have extended seamlessly into the expectations employees have of business applications. In a very short period of time mobile devices with internet connectivity have gone from being a luxury item to a necessary way of life. In 2013 the number of mobile devices surpassed the number of people on the planet(17).

Today’s workers expect workplace technologies that allow social networking, instant messaging, online collaboration and video-conferencing. The availability of state-of-the-art technology is cited as an important factor in deciding where to work for 59% of millennials(8). Investment in mobile and social technologies has a significant impact, not only on adoption of technology, but also on user experience. Mobile access increases manager adoption of technology from 41% to 66%(15).

There is an increasing expectation by managers that talent acquisition, performance management and development activities can be completed online and on mobile devices. Over the next 12 to 18 months organisations expect to see the integration of cloud, apps and mobile device management positively impact user satisfaction, productivity, process efficiency, collaboration and business agility(18).

Although most organisations are adopting technology and recognise its importance, HR departments still lag their organisational peers on uptake. Where HR technology is adopted, it is more likely to be for transactional activities such as time and attendance tracking, payroll processing and core personnel data storage rather than for strategic talent management initiatives. Only 34% of organisations are using some form of gamification in their HR processes, and even then, predominantly in areas outside talent management such as employee wellness programs, satisfaction surveys, incentives and social responsibility programs(15).

Four out of five CEOs say data analytics is critical to ensure a successful digital strategy, but the use of analytics is focused on external stakeholders and is yet to be used to its full effect in talent management. Only 58% of CEOs say digital technologies deliver value in sourcing, developing and retaining talent(6). Few companies would deny that the use of social media improves business outcomes. It also delivers value internally; revenue per employee was 8% higher in organisations with above average socially enabled HR processes(19).
By focusing on the employee experience, HR has an opportunity to increase workforce engagement. In all aspects of the employee lifecycle – from recruitment, training and development, performance management and succession planning – HR professionals need to understand the technology expectations of their current and future employees and adjust practices accordingly. One quarter of job seekers will not apply for a job if the career site is not mobile-optimised\(^{(20)}\). Recent research found 71% of Australian, 70% of Hong Kong’s and 90% of Southeast Asian career sites are not mobile-optimised\(^{(21,22,23)}\). LinkedIn remains the top social network for recruiters, yet 83% of job seekers are on Facebook\(^{(24)}\) and less than half of organisations provide functionality to share jobs via social media\(^{(25)}\).

Social and mobile technologies have become a part of business-as-usual. Meetings are conducted via Skype; collaborative technologies such as Yammer, Edmodo or Basecamp enable instant sharing of information and feedback to questions and ideas; instant messaging via Chat, WhatsApp or SMS link people within and outside the office; informal information is shared via LinkedIn and Facebook. Many of these activities occur on personal devices, outside the scripted parameters of IT and HR policies. The explosion of personal devices being used for work purposes has led to the creation of policies on sharing of corporate data, mobile device management solutions and the purchase of secure file sharing services for 82% of organisations\(^{(18)}\). But how many organisations monitor the appropriate use of social media for sharing information within the workplace on an individual’s self-owned mobile device? In many cases, HR is being dragged along the journey and responding in a reactive manner to the need for mobile and social functionality. Instead, HR should seize the initiative and proactively shape what the future of work looks like in their organisation.
HRM embedded into business-as-usual

Standardisation of HR practices has helped achieve consistency and efficiency. Many companies have already realised cost savings by using technology to standardise HR practices across their global organisations. Technology has empowered line managers to better lead and develop their employees. Employees, however, expect customisation in the workplace because they have experienced it as consumers. Technology will transform HR by enabling it to offer customised talent management and shift day-to-day management practices back to line managers and employees.

Some organisations are viewing their employees as customers. The employee services approach requires breaking the silos of HR to create a superior employee experience across transactional HR and talent management. This trend is already established in some industries, especially in high-tech companies where the workforce tends to be mobile, young and digitally advanced.

Research shows a shared responsibility for talent management across the organisation is critical to success and makes a profound difference in the employee experience, creating stronger engagement and loyalty\(^\text{(25)}\). User experience scores are 49% higher in organisations with employee and manager self-service, mobile and help desk technology than in companies with no or low-tech solutions\(^\text{(3)}\). From a company’s perspective it also decreases costs and improves resource forecasting and planning. A service delivery approach that combines manager and employee self-service and help-desk technologies can serve 31% more employees\(^\text{(19)}\). Despite this, research to date indicates that only 6% of organisations have integrated shared services across functions\(^\text{(25)}\).
How will HRM be embedded into business-as-usual?

**Individual**
- Employees drive their own development, learning & career pathway

**Organisation**
- Transactional activities will cease to form part of the HR remit
- Automation embeds HRM into day-to-day work practices & responsibility for talent management shifts to line managers
- HR professionals are coaches & enablers – providing line managers with the data, tools, training & skills to effectively manage their teams
- Customised HR practices give managers & employees the flexibility to choose from within a predefined framework
- Data profiling tools & monitoring sensors link performance to outcomes

HR departments have contracted in size and financial constraints have led to an increase in the introduction of cost-efficient employee and manager self-service technologies. Greater efficiency, higher employee satisfaction and engagement will continue to drive the uptake of the employee and manager self-service tools, especially as advances in technology and cloud based applications continue to accelerate. Transactional activities will cease to form part of the HR remit.

Technological advances are embedding HR practices into day-to-day work practices. HR professionals will become coaches and enablers and provide line managers with the data, tools, training and skills to manage their teams effectively, including recruitment, learning, performance management and succession planning. Line managers will own the talent management of their teams in the same way they own operational productivity outcomes and deliverables. Employees will drive their own development, learning and career pathways. HR will drive the creation of an organisation-wide mindset in which the employee is treated like a customer and a valued asset. As part of the “customer experience” HR practices will shift from being standardised to tailored, where managers and employees have the flexibility to choose from within a predefined framework.

The creation of the single employee profile will help drive talent mobility. Visibility of skills, experience, performance, career aspirations and readiness enables companies to know where talent is and when they’re ready for their next role. A customised approach to talent management will drive engagement and retention leading to competitive advantage. This is important as evidence shows talented individuals are more likely to stay and perform well at companies that provide customised HR practices.

In order to identify which processes can be improved to create a more engaging user experience and understand how to drive wider acceptance, HR professionals will need to analyse how employees are currently using HR service delivery technologies.

Data profiling tools that enable advanced customer relationship management in marketing are already being applied internally and will raise the stakes in employee management. Sensors monitoring employee location, performance and even health are being introduced. Those responsible for talent management will need financial, analytical, and marketing skills to measure the impact of talent on their organisations. At the same time they also need coaching skills and the ability to connect to people to retain the best talent.
The idea of unifying talent management systems to improve business outcomes is not new. In five years from now Gartner predicts nearly 60% of HR leaders will use a unified talent management strategy for employees, contractors and freelancers\(^{(10)}\). That is a very slow adoption rate by technology standards. Why?

Organisations with higher than average adoption of HR applications have a 13% higher Return on Equity (ROE)\(^{(19)}\). The benefits are clearly measurable. This results from improved data sharing that creates better visibility and decision-making ability. Companies that adopt HR technologies see improved strategic business results such as superior competitive advantage and increased market share over those that do not. Cloud based solutions help overcome some of the barriers to unifying talent management but many organisations are yet to maximise the benefits. That said, 31% of organisations plan to change their integrated talent management solution in the coming year and 59% of these plan to adopt a cloud-based software-as-a-service (SaaS) solution\(^{(15)}\).

There is big talk about big data. In HR, big data relates to the vast and disparate sources of internal and external information about employees, from basic profile data to preferences, connections and interests. This data can fuel analytics engines that enable increasingly accurate forecasts to be made about performance, potential and future aspirations. Such analytics could transform HR into a strategic powerhouse.

Although 75% of companies believe analytics is important, only 8% believe their organisation is strong in this area\(^{(16)}\). Talent management technology solutions already exist that make data gathering and analysis faster, cheaper and easier than ever before. New cloud-based and mobile technologies offer even greater accessibility, integration and flexibility. The ability to integrate data across the talent management cycle means a more comprehensive and holistic view of talent is possible. High performers, skill gaps, development needs, critical roles, succession plans, sourcing effectiveness and engagement levels can all be measured, analysed and quantified. Improved human resource management outcomes such as cost efficiency, employee engagement, talent retention, workforce development and decision making lead to improved competitive advantage and increased market share.

Go one step further. By integrating talent management data with actual business data, organisations will go beyond measuring output to predicting, influencing and ultimately driving organisational productivity.
For now, the reality is that most HR functions lag in fully optimising unified talent management. There are a number of reasons:

1. Many HR professionals lack the robust analytical skills necessary to make use of the new technologies. Nearly one quarter of CEOs state this as the biggest obstacle to using talent data in strategic decision making\(^2\). HR fails to attract individuals with the requisite capabilities in IT, science and maths that hold the quantitative skills necessary to make full use of analytical tools.

2. Without integrated talent management systems there is an ongoing struggle with the quality and consistency of data. Information about individuals is entered multiple times into separate payroll, HRIS, recruitment, employee services, and performance management systems. Inconsistencies in data and an inability to access data from disparate systems limit the ability to unlock strategic value for the business.

3. Causality in talent management is usually ambiguous. A lack of agreement on what data should be collected, what exactly should be measured and how it links to and impacts business outcomes undermine effectiveness. Compare this to finance where ratios, key metrics, P&Ls and balance sheets are quantifiable measures, with strict practicing guidelines and established outcomes. The textbooks and university subjects on the metrics and analysis of talent management data are yet to be written.

4. HR is often viewed as an enabler, who supports business strategy, rather than as a partner who helps to formulate organisational strategy. Although most CEOs say they want an analytical and strategic HR function, over one-third say their organisations have done nothing to help HR achieve this\(^2\). Without the full buy-in and support of senior management the ability for HR practitioners to drive the benefits of talent analytics through the business is limited.

Executive management is focused on financial and operational outcomes and senior stakeholders use data to understand the impact of corporate strategies on productivity. In contrast, only 46% of CEOs say their organisation uses analytics to provide insight into how effectively skills are being deployed\(^3\), and only 31% believe their CHRO uses data and analytics to inform workforce decisions\(^2\).
Unified talent management & big data – Actionable outcomes

Organisation

- Integrated talent management systems provide clean, timely, actionable data
- HR metrics are established & widely accepted – the impact of talent management initiatives is clear & directly measurable
- HR professionals have the analytical skills & business-acumen to develop & execute a workforce strategy that drives & delivers strategic business outcomes
- HR is a strategic partner, influencing & supported by senior stakeholders

In the not-too-distant future, data and metrics will drive business productivity. The right person with the right skills will be identifiable and placed in the right place at the right time. On-the-job performance measurement and assessment will be fed back into the system so productivity data is assessable in real-time. Organisations will have access to more data than ever before but the information is useless unless it is analysed intelligently and the results used to improve talent strategies. HR professionals will need the analytical skills and business acumen to develop and execute a workforce strategy that drives and delivers strategic business outcomes.

Who will lead the charge? CEOs need to value what HR can do and empower HR leaders to evolve the function to match business needs. HR needs to reach outside its traditional candidate pool to acquire the quantitative and analytical skills required. This may require HR to face some hard truths on the way to enlightenment – Why don’t graduates with quantitative backgrounds apply for positions in HR? Does HR understand its own skill gaps? Does it market itself well enough? Is the misalignment due to a lack of awareness or lack of priority? Is HR holding itself back due to apprehension about bringing in individuals with skills outside their own experience and capabilities? What needs to be done to acquire or develop analytical, business-savvy, operationally minded HR practitioners?

If HR fails to address the skill gap within its own ranks there is a risk that the strategic and analytical components of workforce management will be outsourced and devolved to other departments within the organisation. Within the HR community a furious debate was sparked by business guru, Ram Charan, with his claim CHROs have failed to be the business partners CEOs require, so the CHRO role should be abolished and split HR into two functions run by finance and operations. Maintaining the current status-quo will see organisations lose competitive advantage as peers capitalise on a data-driven workforce strategy. One thing for certain – the workforce of the future will be fundamentally different from today; data, analytics and workforce planning will drive business decisions. HR will need to reinvent itself and evolve to meet the demands of the future workplace and to deliver strategic operational outcomes.
HR Transforms

In the future, HR in its current form will no longer exist. We expect to see a transformation where traditional HR fragments and new components emerge:

**Extinction**

*Transactional HR and talent management are no longer the remit of HR*

Increasingly sophisticated technology which is simple to use, mobile and easily accessible will enable transactional HR to become embedded in the line manager and employee workflows and then go beyond self-service to other aspects of talent management. Line managers will be responsible for talent acquisition and performance. The advent of a single employee profile will create visibility across the organisation allowing managers to drive talent mobility strategies. Annual performance reviews will be a relic of the past replaced by pulse feedback, coaching and development.

Collaborative, experiential learning and development will become the norm as cloud, social and mobile technologies support an anywhere, anytime, flexible approach to work. Employees will drive their own learning and career progression. Technology with seamless user interfaces will deliver a customer-orientated experience and make employee self-service fast and efficient. Employees will be treated like customers with their employment experience customised to their needs.

Standardised and automated HR practices that are customisable from a pre-set menu or from within structured parameters will be available on-click.

**Metamorphosis**

*HR practitioners become coaches, enablers and strategic decision makers*

HR will step away from recruitment, training and development and the performance management of employees. Instead, HR will guide, coach and empower line managers to connect with their talent and embrace responsibilities that have fallen to HR by default, but which fundamentally should sit with managers. As part of the journey they will help free line managers of entrenched practices and adopt new ways and technology. HR will play a pivotal role in building a culture where employees are excited rather than apprehensive about innovative practices and technology advances. They will focus on identifying and developing the leaders of the future who have the dual capability to manage people and operations to achieve superior organisational outcomes. These HR practitioners will work closely with data scientists and workforce strategists to ensure people really do become an organisation’s most important asset.

**Evolution**

*A new breed of HR professional emerges that focus on analytics and workforce management*

These data scientists and workforce strategists will be strongly analytical, have high business acumen and most likely be drawn from outside the traditional pool of HR practitioners. They will work closely with Finance and Operations to meld talent management, operational and financial data to create a holistic view of the business. Strategic business decisions will be made based on predictive scenario modelling that includes talent data. Talent management decisions will be directly linked to, and help drive, strategic business outcomes. For example, organisation-wide skill-gap analysis and workforce management data will allow companies to determine the most effective way to mitigate potential skill shortages – train and develop existing employees, recruit or use contractors and freelancers. Rich productivity data linked to performance management decisions and development activities will highlight which initiatives to continue or abandon. Wearables and the Internet of Things will provide real-time data on wellness, productivity and location of talent helping to shape and drive business decisions.
NOW
Traditional HR

FUTURE

Analytical = High Evolution

Strategic = High Metamorphosis

Symbiotic relationship

Transactional = Low Extinction
Welcome, Tomorrow

The workforce of tomorrow will be vastly different from today. Few business leaders are fully ready and able to deal with a technology-led workplace transformation where mobile, social, gamification and collaborative tools forever change the landscape of work. Millennials and retiring baby boomers; robotics and emerging technologies; contractors, freelancers and skill-based employment increase the complexity and the ability to plan for future workforce requirements. The challenge faced by HR professionals to understand, analyse, prioritise and plan for the upcoming changes is daunting.

Traditional career models are changing, some jobs will become obsolete and others change beyond recognition. Old models may no longer be relevant. Millennials, mobile, cloud and emerging technologies will drive an individual-centric model where employees decide where, when and how they work. Customisation in the workplace will be expected because individuals have experienced it as consumers.

Aspects of traditional HR such as transactional HR and day-to-day talent management will be embedded in the line manager and employee workflow. Sophisticated, yet simple to use, mobile and readily accessible technology will make this possible. Line managers will take on talent acquisition, performance management and succession planning for their team. Individuals will drive their own development and career path.

Right now, many HR practitioners are criticised for lack of business acumen and analytical ability. The creation of diverse, high functioning teams will enable HR professionals to become coaches, enablers, data scientists and workforce strategists. HR professionals have a crucial role to play in guiding and shaping the upcoming transformation.

As emerging technologies, digital advances and changing demographics alter the workforce of the future, the pressure placed on HR to deliver strategic value will intensify. To remain relevant a fundamental shift is required otherwise HR may face extinction. HR needs to evolve – new skills, capabilities and focus are needed to ensure HR delivers the strategic value it inherently holds. The time to start is now. The future is here.
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ABOUT PAGEUP

At PageUp we are passionate about building the world's best technology that underpins our clients ability to build strong employee-employer relationships and equip them to attract, develop and retain the talent needed to take their business forward through one simple solution. We partner with organisations to learn their business challenges and support their people management initiatives with cutting-edge technology built for the mobile and social world.

Our state-of-the-art technology solutions unify Recruitment, Performance Management, Learning, Career Planning, Succession Management and Workforce Analytics to help multinational employers overcome the people management challenges inherent in operating across multiple geographies.

Speak to the PageUp team in Melbourne, Sydney, Singapore, Hong Kong, Kuala Lumpur, London or New York to see how we can help you transform your company’s global people management initiative.