Viewpoints

Six trends in the future of human resource management

By Maggy Fang

Technology has revolutionised the way we access information, and thereby the way we do business. Regardless of industry, every company and every industry can now be digital — and has the potential to be global. An abundance of information makes it possible for companies to segment and personalise products and services. It also enables companies to quickly move into other new spaces of innovation.

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These changes will have a deep impact on the workplace. The way workforces are structured and organised will have to change fundamentally, leading to many knock-on effects in human capital management. Thus organisations will need to rethink the way they hire, engage, develop, reward and lead their workforces.

HR can navigate this new landscape by taking advantage of the advancement in technology – most notably by utilising AI and big data to open up opportunities for strategic value creation. We observe six ways for HR to do this (*Figure 1*):
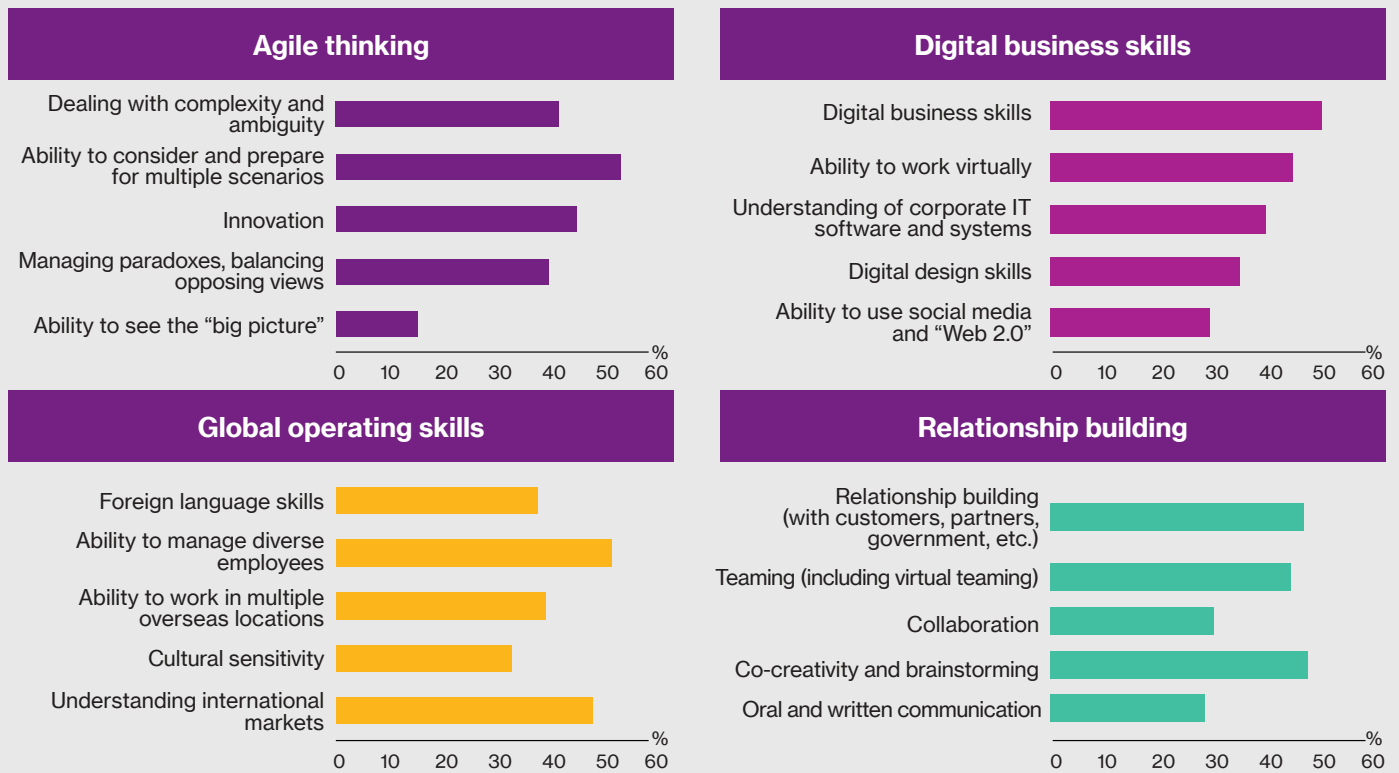
1. Transformation of leadership

Traditionally, the delegation of authority in an organisation usually follows a formal hierarchical structure with clear lines of accountability. The digitalised world has however found larger success with networked organisations. Such setups often enable individuals to initiate leadership – even if sometimes without formal authority – especially where the sources of work are plentiful and work relationships are numerous. Leadership in this new world will be less about leading people and more about orchestrating the ecosystem of work.

Figure 1: **Six trends in the future of human resource management**

1 Transformation of leadership

2 More personalised and transparent total rewards

3 Improving the employee experience by applying product design thinking

Six trends in the future of HRM

4 Targeted recruitment driven by social media and cognitive assessment

5 Leveraging people analytics to improve organisational performance

6 Redefining human resource management

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Figure 2: **Transformation of leadership**

Agile thinking

Skill	%
Dealing with complexity and ambiguity	~41
Ability to consider and prepare for multiple scenarios	~53
Innovation	~44
Managing paradoxes, balancing opposing views	~39
Ability to see the "big picture"	~15

Digital business skills

Skill	%
Digital business skills	~51
Ability to work virtually	~44
Understanding of corporate IT software and systems	~40
Digital design skills	~34
Ability to use social media and "Web 2.0"	~29

Global operating skills

Skill	%
Foreign language skills	~37
Ability to manage diverse employees	~51
Ability to work in multiple overseas locations	~39
Cultural sensitivity	~32
Understanding international markets	~47

Relationship building

Skill	%
Relationship building (with customers, partners, government, etc.)	~46
Teaming (including virtual teaming)	~43
Collaboration	~30
Co-creativity and brainstorming	~46
Oral and written communication	~28

Source: Global Talent 2021 Study conducted by Oxford Economics and Towers Watson, 2012.

Interestingly, this scenario was forecasted in the *Global Talent 2021* study conducted by Oxford Economics and Willis Towers Watson (*Figure 2*). The paper noted that leadership will require agile thinking, digital skills, global operating skills and interpersonal and communication skills.

2. More personalised and transparent total rewards

A very important trend that we have observed is a more personalised and transparent management of total rewards. Many organisations are transforming into a job-based pay structure, and this allows employees to more easily compare pay to those offered to others.

In the past, discussing pay and benefits openly with each other was widely considered as taboo. But with the advancement of social media and digital platforms, pay and benefit details are now more available to the public. Many countries have also passed legislation that require companies to publicly disclose the details of executive pay.

Previously, 'pay for performance' meant merit increase and incentive pay based on last year's company performance, plus individual bonus based on 'performance rating'. Today, the changing business models and shifting nature of work are now challenging the individual performance definition and the role of base pay. Especially now that 'guaranteed

jobs' is no longer a desirable goal for many talents today, organisations are looking to redefine what a 'career' means and to enable career security instead through career development. This will lead to more pay customisation and segmentation in the coming years.

3. Improving the employee experience by applying product design thinking

In the digital era, talent and ideas – rather than capital – have become the key factors affecting the growth of most large enterprises. Jack Ma, the chairman of Alibaba group, has said "staff first, customers second, and shareholders third". Jack Welch, the former CEO of GE, also said "the company is mainly composed of its employees, customers and products". Today's talents are looking for environments that espouse this mind-set.

Top-earning companies certainly have a financial advantage that helps secure top talents. However, as evidenced in our research, most talents are now looking at other factors beyond profit when they decide on an employer. They often look at higher goals, such as the vision to change the world, impact on environment and ethics of competition and labour.

To survive in such fierce competition for talent, the employee experience becomes paramount. Organisations can adapt product design thinking to improve the employee experience.

Design thinking approaches products and experiences from the viewpoint of the user. In an HR context, this would shift emphasis to the employee rather than focusing on the HR program or process itself. In practice, as one example, HR can use "journey maps" or other tools to lay out the crucial points in the employee life cycle, and understand what is or is not working at each stage.

4. Targeted recruitment driven by social media and cognitive assessment

Recruitment can be honed and focused through digital tools such as social media and cognitive assessment. Examples of cognitive technologies include natural language processing, predictive algorithms and self-learning.

Cognitive assessment can be applied to human resource management in many ways. For example, machine learning platforms rank the priority of open requisitions. Organisations often use tools that match candidates to jobs through a fit score based on career experiences and skills. When it comes to social media, "social listening" for an organisation's and competitors' publicly available reviews becomes a crucial source for reputation checks.

Applicant screening systems that use AI (already being used within large companies with high application rates) reduces the man-hours required for HR recruitment. It can also lead to the elimination of human error. AI is designed to tackle the redundancy of tasks so that HR managers can focus on higher value activities requiring human touch.

Case Study

To source potential hires, this multinational consumer goods company places ads for entry-level positions on social media to target online users, with an algorithm in place to sift through qualifications. Potential applications can click on the ads and apply via their LinkedIn profile.

After an initial assortment, qualifying applicants receive 12 online games, tests and video recordings, which are used to assess the applicant to grant an in-person interview. The company says 80% of applicants granted an in-person interview are given an offer.

5. Leveraging people analytics to improve organisational performance

The use of people analytics and predictive talent models can enable HR to more effectively and rapidly identify, recruit, develop and retain the right talent, which can help the business to improve organisational performance. HR's access to these insights can help organisations better identify current pain points and prioritise future analytics investments. For instance, with data analytics for

recruitment, HR may find the correlation between academic background and performance, to identify and hire the right fit for the organisation. Data analytics may also help organisations to accurately identify employees who are at a high risk of leaving, and convince them to stay with more informed efforts. This could further lead to increased employee satisfaction.

6. Redefining human resource management

This is being redefined in four ways:

- **HR operations** are changing through the use of next-generation automation tools and standardised processes. This in turn raises service levels and improves the employee experience.

- Organisations are putting **people analytics** at the core. Data analytics is embedded into day-to-day HR processes consistently, and its predictive power is used to drive better decision making.

- The role of business partner is being replaced entirely with a new **talent value leader** (TVL).

- To drive improvements in operational performance, HR is becoming more **agile**. Functional changes in HR operations are freeing up HR professionals for more strategic work. This is also enabling the emergence of new roles such as workforce analytics professional, robot trainer, virtual culture architect, data, talent and AI integrator and cyber ecosystem designer.

The future is here

We expect to see even more dramatic, revolutionary impact in the business environment and on workforce management from AI and technological advancements in the near future. The world is still in the early phases of the Fourth Industrial Revolution, thus many areas remain unpredictable and uncontrollable. But we can expect technology to keep helping improve work and allow us to find new and interesting things to do. Some also predicts that technology will not replace, but rather 'augment' the way many jobs are done. It will be to our greatest benefit to understand the possibilities, and to prepare ourselves for the digital future.
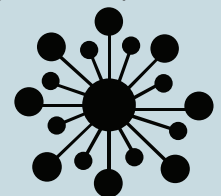
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