The Future of HR

For people-focused business leaders

In partnership with...
Editor’s note

What is the future of HR – and, indeed, does HR have a future? These are questions we debate often at HR magazine HQ, and why we were delighted to have the opportunity to partner with law firm DAC Beachcroft to ask our readers how they see the function evolving.

This is an exciting yet uncertain time to work in HR. There is an increasing acknowledgment from leaders outside of the function that the value of an organisation, present and future, is reliant on the capability, creativity and discretionary effort of its people. From CEOs becoming more concerned about talent to chairmen focusing on the risk-mitigating aspects of good succession planning, from marketers realising that employee and customer experience need to match up, to investors actively looking for human capital measures when making company valuations, the opportunity for HR to add value has never been higher.

But with opportunity comes risk too, risk that unless HR practitioners can show their worth in these critical strategic areas, other functions may swoop in and claim them for worthwhile contributions. For example – leaving HR with only operational responsibilities. Is it up to HR leaders to seize the opportunity, and this research clearly shows the areas in which HRDs think they can most add value: in helping organisations deal with changing demographics, in redesigning career paths, in spotting and managing talent, and in steering their businesses and people through transformation, to name but a few.

However, when asked what was holding them back from adding value, some of the answers were depressingly familiar. Aside from skills shortages, HRDs say they are over-stretched and under-resourced, and 40% feel they are not getting the buy-in and support they need from the senior management team.

Worryingly, nearly four in 10 (39%) cite a lack of HR capability as a barrier. This is why we need a concerted effort in making HR a career of choice for height talent, so that the phrase “I fell into HR” – one I hear all too often – becomes a thing of the past. And it’s why HR needs to make sure its own function doesn’t become the cobbler’s children of the organisation – investing so much talent in other parts of the business that it neglects its own.

At HR magazine we are passionate about improving the standing – and the standards – of the HR profession. It’s timely that this research and supplement coincides with our 25th anniversary edition of HR magazine. As the main issue of the magazine takes a look back at our past, this supplement allows us to look into the future. The opportunity is there for HR to grab, to ensure it has a bright future – one that is about adding sustainable value to the organisation, about ensuring business and people strategy are one and the same – rather than fading into a glorified administration function. I hope that it does seize that opportunity, and that we can work together to humanise organisations and the business world more widely over the decade to come.

Katie Jacobs
Editor
HR magazine

Partner’s welcome

Work and its activity plays a central role in the lives of so many of us. For individuals it can define who we think we are and how we want to project ourselves to the rest of the world. How often is the opening line at a party ‘what do you do?’ Full-time employees probably spend at least as much – if not more – of their waking hours in work or undertaking work activity. Part-time employees probably feel like they do.

For organisations, whether they are in services or manufacturing, what is – or should be – at or near the top of the agenda is ‘people’ HR professionals are overwhelmed with demands to wave a magic wand and solve the ‘war for talent’, the skills gap, the recruitment deficit, the reward disconnect and the myriad of other people-related problems. The reason that so many hands in their inboxes is because people are what will differentiate an organisation from its competitors, innovate and drive success. If only the HR wand could be better resourced and given greater prominence, much more could be achieved.

Our employment lawyers see things in a broader context. Employment law is where politics meet economics meets social policy. Every political party has a policy on employment law and every government since the 1970s at least has affected the employment law landscape.

In the last 20 years we have seen a huge expansion of rights and entitlements under the New Labour government, through to their curtailment under the coalition. The current government, for instance, is embarking upon reform of the law in relation to industrial action/needless union and worker hacking (“delete as applicable), and in the upcoming referendum to decide if we should stay or leave the European Union, we may see the biggest reform of employment law in a generation.

It is easy enough to get caught up in the technicality of the law and its perceived impact. It seems clear to most that the introduction of fees for bringing employment tribunal claims and having them heard, has been the principal factor in accounting for the more than 70% reduction in claims – sustained year-on-year – since 2013. Claims have dropped, very broadly, from 200,000 each year to 50,000. We could argue about the rights and wrongs of such a policy: deregulation and encouraging enterprise, through to access to justice and encouraging good employers. The point here is that there are over 30 million work relationships in the UK. Whether the number of claims is 200,000 or 50,000, the difference is between 0.16 and 0.6% of work. It is easy to focus on one narrow aspect and miss the rest.

In whatever direction HR and employment law develops, it is clear that both will generate debate and discussion. Professionals will continue to innovate and drive change in these areas, each with the goal of making the workplace better. What better looks like is likely to be as much a part of the debate as the route by which one gets to it. I hope that the research we have produced in conjunction with HR magazine and the findings we have arrived at, are a good reflection of what is both ‘better’ and ‘the route’ , and will help inform the debate as to our collective next steps.

Alex Lock
Partner
DAC Beachcroft
The future of HR

We have been using the VUCA model (volatility, uncertainty, complexity, ambiguity) developed by the military in our executive talent lexicon to ensure we create leadership models to support people leading businesses in the future. There is always the potential for uncertainty, and at the moment a possible Brexit and global economic factors are a cause of uncertainty. We have to be successful in a dynamic environment.

Ann Brown, HR director, Nationwide

The macro picture
What world of work-changing trends are keeping HR directors up at night?

- Demographic change, especially an ageing population: 61%
- Changing values of employees: 73%
- Changing economic perspectives leading to greater levels of volatility and uncertainty: 37%
- Growing desire for better work-life balance: 36.5%
- Disrupted internet developments due to cyber crime: 30%
- Zero-hour contracts and similar flexible arrangements becoming the norm: 29%
- Partial fragmentation from the EU: 36.5%
- Changing work environments driven by the need for greater collaboration and flexibility: 34.5%
- Decreasing scope for political action (due to constrained public finances): limiting education resources for education and skills initiatives: 27%

What potential ‘disruptors’ do HRDs see as having the most significant impact on their businesses?

- Anytime, anywhere skills delivery, enabled by virtual and peer-to-peer learning: 39%
- Immigration: 9.5%
- Variable and holiday pay: 10%
- Apprenticeship levy: 14%
- Extension of SPL to grandparents: 11.5%

The HR picture
Where HRDs believe HR can most add value in the future world of work...

- Identifying, attracting and retaining talent: 63%
- Identifying and developing future skills: 44%
- Developing new leadership styles: 37%
- Identifying new ways of working and different career paths: 33%
- Managing employee wellbeing: 30%

Fran Stott, head of HR, Story Homes

How good is HR’s relationship with other departments?

- Marketing and sales: 5
- Procurement: 4
- C-suite/board: 3
- IT: 3.5
- Finance: 4.5
- Operations: 4.5
- Legal counsel: 4.5

Legal issues
The legislation giving HRDs a headache...

- Now:
  - Pensions: 27%
  - Tupe: 16%
  - Shared parental leave: 10%
  - Variable and holiday pay: 10%
  - Immigration: 9.5%

- Over the next five years:
  - 67% of HRDs expect the level of tribunal work to increase
  - 22% expect it to decrease
  - 11% expect it to increase
  - 55% of HRDs expect the amount of legal services to stay the same
  - 35% of HRDs expect it to increase
  - 10% expect it to decrease

- And in the future:
  - The National Living Wage: 17%
  - Mandatory gender pay gap reporting: 15%
  - Apprenticeship levy: 14%
  - Immigration policy: 12%
  - Extension of SPL to grandparents: 11.5%

Grace Donegan, head of HR, UK and Ireland, in the pharmaceuticals sector

I expect to outsource employee relations and envisage a UK trend in employee relations whereby any dispute in the workplace is managed by highly qualified external mediators and employment law specialists, which would maximise objectivity and fairness in an increasingly diverse workplace.

Louise Bloomfield, partner, DAC Beachcroft

Expecting existing legal spend to stay the same is perhaps wishful thinking. We have some big-ticket things coming through, and there are costs to businesses to get them right. In the past, spend may have been taken up on tribunal claims, but we’re finding we’re now engaging more on strategic advice, which has a long-term beneficial impact.
Future HR professionals will need to be able to play multiple roles, often at the same time. Change does seem to have become a constant and no-one can afford to be complacent about their business model any more. But it’s only by looking outwards rather than inwards that those of us in HR can use lessons learned by others to our advantage. It’s also vital that we can be trusted to be the eyes, ears and – to some extent – heart of our organisations.

Steve Rockey, former head of people, The Big Easy

HR Supplement • The Future of HR

HR and technology

What technologies are going to have the biggest impact on your HR department over the next 10 years?

- Mobile technology: 73%
- Data analysis software/big data: 55%
- Automation: 37%
- Real-time tools: 32%
- Cloud: 29%

“Social will continue to grow and collectively we all need to keep up, myself included. New forms of social media attract certain types of people and as long as they are the people you are looking for then harness its power. The analytics and targeting that can be utilised is incredible – if not a little frightening.”

Steve Rockey, former head of people, The Big Easy

HR has had to become more adept at forecasting business needs, as well as showing a return on investment. I expect this evolution to continue over the next 10 years. By outsourcing some administrative tasks, HR can invest time in activities that add significant value and lead to more effective management. The team now spends more time on management development, helping our managers to deal with employee relations issues more effectively. This has provided far more benefit to the business, directly impacting employee engagement and retention.

AnnaMarie Petsis Jones, director of HR, Opus Energy

Over the next 10 years, HRDs expect the size of their HR department to...

Increase: 41%
Stay the same: 29%
Decrease: 30%

Research from the Center for Effective Organizations suggests four potential future models for the HR function...

- Reaching out: “By insufusing talent from other disciplines such as marketing, finance, logistics and engineering, and bringing those disciplines to bear on HR issues such as EVP, leadership and talent.”
- Venturing out: “By exerting influence beyond the traditional role of functional specialist, through direct interactions with constituents such as government, regulators, investors and global collective movements.”
- Seeking out: “By finding and skillfully surfacing unpopular or unstated facts or assumptions that can be debilitating if not addressed. Such hidden assumptions are often first visible among employees, and HR is in a position to ‘sense’ them early.”
- Breaking out: “By leading transformational change. Increasingly, change will be a constant, not a periodic, challenge. HR is uniquely positioned to be the repository of principles and skills for creating change-savvy and agile organisations.”

Which do HR directors most identify with?

- Breaking out: 69%
- Seeking out: 16%
- Reaching out: 12%
- Venturing out: 3%

3% outsource learning administration today; 19% expect to outsource it in the next 10 years

40% outsource payroll today; 51% expect to outsource it in the next 10 years

23% outsource benefits administration and reward management today; 32% expect to outsource it in the next 10 years

61% outsource employee wellbeing (eg via an EAP programme) today; 47% expect to outsource it in the next 10 years

16% outsource recruitment today; 21% expect to outsource it in the next 10 years

2% outsource learning administration today; 19% expect to outsource it in the next 10 years

61% outsource employee wellbeing (eg via an EAP programme) today; 47% expect to outsource it in the next 10 years

37%

116% outsource employee wellbeing (eg via an EAP programme) today; 47% expect to outsource it in the next 10 years

61% outsource employee wellbeing (eg via an EAP programme) today; 47% expect to outsource it in the next 10 years

61% outsource employee wellbeing (eg via an EAP programme) today; 47% expect to outsource it in the next 10 years

47%

47%
HR’s role in a changing world

Economic volatility, an ageing workforce, changing employee expectations… HR directors need to face up to macro issues, and fast, says KATE JACOBS

Remember business as usual? A stable, predictable… probably before the financial crisis that brought the world to its knees. Because HR directors have long realised that business as usual is no longer an option. The HRs who responded to our survey are dealing with a litany of macro-economic challenges, which are almost overwhelming in their diversity, with demographic change, economic volatility, skills shortages and shifting work environments front of mind.

“HR has an exciting future if it chooses to get to grips with macro issues and starts to add value to business partners in helping them to thrive through the people implications of the ageing workforce, economic volatility and uncertainty, the impact of growing use of AI and so on,” says Gary Miles, director of international operations at business school Roffey Park.

HR director of energy company SSE John Stewart agrees HRDs must make an effort to engage in the macro-economic trends impacting the world of work and beyond. “Spotting trends and planning how to respond to these is a real competitive advantage in ‘HR’, he points out. “Effective people strategies take time to build and deliver. They must be relevant, and they must mitigate key business risks and challenges. HR can be operational, make time to be outward-looking.”

Overwhelmingly, the biggest concern for HRDs when it comes to the macro trends affecting the world of work is demographic change, especially an ageing workforce (cited by 61%). Katrina Pritchard, senior lecturer in organisational studies at Open University Business School, says this could be because demographic change is “presented and perceived as something outside of our control”. She adds: “It’s happening, and there’s nothing we can do about it, and HR directors are aware they have to respond.”

And when you consider the states around the UK’s changing population profile – something already reflected in other Western countries – it’s clear why the potential impact is playing on HRDs’ minds. “By 2050, the number of people aged 65 and over will increase by 42%,” says Asif Ni Laumaigh, senior research manager at the UK Commission for Employment and Skills (UCES). “By comparison, the number of people aged 16 to 24 will only increase by about 9%.”

Pritchard worries many HR people “don’t have a handle on” demographic shifts yet, partly because the government has mainly managed this issue via “deregulation”, removing the default retirement age and introducing pensions freedoms. “There are lots of regulatory things, and people aren’t quite sure where to go,” she explains.

There is a lack of holistic thinking. It’s a labelling HR concern, but the way it’s dealt with is: it’s often dealt with as a bookended problem and not a people issue, for instance.”

The good news is “we still have time to deal with those issues”, Pritchard says. “Demographic change hasn’t quite hit yet.” And dealing with it will involve thinking differently about how work is designed, she advises: “We need work that is flexible enough for our extended lives.”

Ni Laumaigh agrees: “If people are living and working for longer, we need to talk about how people can upskill throughout their working lives. How can we make sure people have the skills and opportunity?” And Miles adds: “There is a need to be clever and skillful getting older and younger generations to work together and learn from each other.”

It’s an issue HRDs in all sectors are grappling with. Mandy Coalter is people director at education organisation United Learning, and a member of the Department for Education’s working group on teachers working longer. “We think that the answers to managing this challenge will be promoting flexible working, enhanced wellbeing support, career planning, and education of leaders as to the benefits of an age-diverse workforce,” she says. For Stewart, the ageing workforce is a “no-brainer”, with about 47% of SSE’s workforce able to retire by 2023. “We’ve had to build strong recruitment pipelines, and we’ve looked to widen the talent pools as much as possible, looking at inclusive recruitment,” he says. “We have a focus on former prisoners, including work with gender diversity and social inclusion. It’s not just the pipelines, it is about getting into schools and also getting these programmes seen as an investment.”

Tim Scott, head of people and OD at charity Brook, takes a pragmatic view of what the population is ageing, he says: “But as long as we approach things sensibly, using our ability to be flexible to meet the needs of individuals in the workplace rather than treating employers as a homogenous group, I don’t think it needs to be a ‘timebomb’.

At the other end of the age spectrum, the HRDs who responded to the survey identified the changing values of employees, particularly ‘Gen Y’, as potentially having a significant impact on their business, with 73% saying it is a top of their agenda. “The changing expectations of Gen Y coming into the workforce are different, and the always on, fast pace of life,” says Miles. “Employees make demands on the workplace which we have to address, or educate the business about,” says Nationwide HRD Ann Brown.

Miles says Roffey Park research highlights that “the younger generations value working for organisations where they are doing meaningful work that contributes to society, and where the organisation is ethical in the way it operates, demonstrating ethical and compassionate leadership.”

“Employee demands are changing and organisations need to be aware,” adds Stewart. “You need to be inclusive in your offering, but also segmented. The types of careers employees will want will vary by demographic, as will the types of benefits HR’s challenges to understand what’s important to the different groups, and what motivates them.”

Others are sceptical about so-called generational differences. “For me, the ‘Generation Y want different things from work debate’ is a red herring,” says Scott. “There have been young people who search for ‘meaning’ in what they do and others who turn up for the pay cheques. Some are doing anything to do with when they were born.”

Pritchard agrees “discourse around generational tension could lead to stereotyping, but points out that however we frame it, talking about employee values can only be positive. “Considering the employee as more of a critical stakeholder is a good thing, but it’s not tied to generations,” she says. “This suggests a genuine change, treating employers as stakeholders.”

“The role of HR is tension-filled but with benefits,” she says. “It’s about being an employee advocate, and adding value to the employees’ minds. We need to be good for both and HR has to highlight the tension. Don’t be afraid of the ethical and moral debate. If the moral and ethical status of HR isn’t strategic, I don’t know what it is.”

“The HR function will be needed in the world of work of 2050 more than ever,” predicts Brown. “The attraction and development of talent, the value of work, policies, culture will be just as necessary, if not more so. So while HR gets to grips with the volatile, uncertain, complex and ambiguous world, one thing at least is done: the next decade will be anything but boring.

There is a need to be clever and skillful, getting older and younger generations to work together and learn from each other.

Sarah Hopkins, director of HR, Wales and West Utilities

Wales and West Utilities provides gas supplies to a population of more than 10.7 million in Wales and the South West of England. Despite being a UK-focused business, its director of HR, Sarah Hopkins, explains that it is run by an international investment company, and global issues have an impact on her and the workforce of 1,300.

“The ageing population is a prevalent challenge for the utilities sector,” she says. “In our organisation, for many people, this was a job for life and we have employees in their 70s. A lot of our roles are manual and in some cases, with our people no longer able to carry out the manual work but still hoping to work for us, we have a challenge in finding suitable positions.

“At the same time we are focused on our consumer base and the requirements of our older customers. One in three people will soon be over 60. We must be prepared.”

Hopkins also recognises the challenge posed by the four-generation workplace. “We have people aged 16 to 70, with very different requirements,” she says. “We have no trouble recruiting apprentices and our attrition rates are good, but there are question about how this could change in the future.

“This generational diversity poses a challenge in terms of workplace balance – it’s not just young people who require flexible working. Older people who would have previously retired want to work and have time with their grandchildren, and we want to offer flexible retirement. But this does incur a cost, as remote or home working is not an option in a lot of cases.”

Hopkins is also mindful of the changing ways of employees, anytime, anywhere skills delivery, and AI and robotics. Cybercrime is on her radar. “This could be a risk to us, so we have to be careful to monitor the go-to network and the security of workers,” she says.

She is just as vigilant for unknown disruptors. “The complex and volatile environment has an impact,” she says. “We constantly expect things to change in ways we can’t yet predict. It’s important to keep talking and learning.”
Is HR holding HR back?

Barriers cited by HRDs included being short of budget (57%), time (55.8%) and management buy-in (40%). But with 39% saying a lack of HR capability, does the function need to look closely at itself?

Paulina Roszczak-Sińska, head of HR, Objectivity: “The HR function cannot be sidelined into a silo, left out from decision-making. HR is not just a people function any more. It’s also a business function and will continue to be what HR is expected to. We understand that HR can rise to the challenge. Rather than fixating on what trendy tech firms are doing, he advises HRDs to look at ‘the big picture’, and think about ‘the big data’.”

Danielle Lee, head of HR, Ventrica: “Many HR professionals enter into the field without a developed understanding or certification in business. Too few organisations invest in developing HR’s general business skills, or even impart industry-specific knowledge. The C-suite needs to appreciate that commercial acumen is essential to HR if making a positive contribution to the overall running and future success of an operation. Without this fundamental knowledge, HR limits its potential to impact business strategy and goals, and is in danger of becoming too data-intensive and backward-looking.”

The answer as to why HR isn’t performing better here is a complex one, says Collins. “HR does not spend enough time on strategic issues and spends more time managing poor performers than top performers,” he says. “In addition, HR is not just a people function any more. It’s also a business function and will continue to be what HR is expected to. We need to work hard to keep our brightest and best talent internally and externally, because they will drive innovation, creativity and change.”

Multi-generational workforce: People are living (and working) for longer. HR leaders must become change-agents in creating a workplace that can get, keep and grow talent from all five generations.

What could impede your progress on...?

Talent management: As HR professionals, we must take our eye off the ball. You need to work hard to keep your brightest and best and providing development and opportunities to continuously learn is key.

HR analytics: Companies need to embrace the possibilities of technology and create the business case for change.

Multi-generational workforce: A failure to embrace the possibilities of technology and create the business case for change.
The next few months and years are set to be busy for HR professionals when it comes to getting to grips with new legislation. JENNY ROPER asked DAC Beachcroft lawyers for their top tips on how employers can rise to these challenges.

**Top tips:**

- Avoid inadvertently offering financial advice. The biggest pensions-related concern employers have is opening themselves up to liability by offering pensions advice rather than education, says Bahn.
- Remember the risk of discrimination in offering pensions flexibilities.
- Be mindful of the upcoming three-year auto-enrolment anniversary. For larger organisations, this will be a case of reassessing what they did three years ago and ensuring the company is legally compliant in opting them in. Legislation has changed on opt-outs, says Bahn. Smaller employers have the challenge of auto-enrolling for the first time. Bahn’s advice is to take advantage of the fact that “the pensions industry has recognised that smaller employers need more support”.
- Don’t assume pensions regulations will overlook SMEs. “You can’t assume you’re too small for the regulators to look at your HR counterpart on the other side. “The most important thing some HRDs feel outside their league tables. We have the scale to cope with a skills shortage so this month, Wincanton invests in training as far as possible, but to address the wider industry shortage, our industry bodies are calling on the government to fund driver training.
- We have the scale to cope with a skills shortage so this month, Wincanton invests in training as far as possible, but to address the wider industry shortage, our industry bodies are calling on the government to fund driver training.
- The most important thing some HRDs feel outside their league tables. We have the scale to cope with a skills shortage so this month, Wincanton invests in training as far as possible, but to address the wider industry shortage, our industry bodies are calling on the government to fund driver training.
- We have the scale to cope with a skills shortage so this month, Wincanton invests in training as far as possible, but to address the wider industry shortage, our industry bodies are calling on the government to fund driver training.
- The most important thing some HRDs feel outside their league tables. We have the scale to cope with a skills shortage so this month, Wincanton invests in training as far as possible, but to address the wider industry shortage, our industry bodies are calling on the government to fund driver training.
- We have the scale to cope with a skills shortage so this month, Wincanton invests in training as far as possible, but to address the wider industry shortage, our industry bodies are calling on the government to fund driver training.
- The most important thing some HRDs feel outside their league tables. We have the scale to cope with a skills shortage so this month, Wincanton invests in training as far as possible, but to address the wider industry shortage, our industry bodies are calling on the government to fund driver training.
- We have the scale to cope with a skills shortage so this month, Wincanton invests in training as far as possible, but to address the wider industry shortage, our industry bodies are calling on the government to fund driver training.
- The most important thing some HRDs feel outside their league tables. We have the scale to cope with a skills shortage so this month, Wincanton invests in training as far as possible, but to address the wider industry shortage, our industry bodies are calling on the government to fund driver training.
- We have the scale to cope with a skills shortage so this month, Wincanton invests in training as far as possible, but to address the wider industry shortage, our industry bodies are calling on the government to fund driver training.
- The most important thing some HRDs feel outside their league tables. We have the scale to cope with a skills shortage so this month, Wincanton invests in training as far as possible, but to address the wider industry shortage, our industry bodies are calling on the government to fund driver training.
- We have the scale to cope with a skills shortage so this month, Wincanton invests in training as far as possible, but to address the wider industry shortage, our industry bodies are calling on the government to fund driver training.
- The most important thing some HRDs feel outside their league tables. We have the scale to cope with a skills shortage so this month, Wincanton invests in training as far as possible, but to address the wider industry shortage, our industry bodies are calling on the government to fund driver training.
- We have the scale to cope with a skills shortage so this month, Wincanton invests in training as far as possible, but to address the wider industry shortage, our industry bodies are calling on the government to fund driver training.
- The most important thing some HRDs feel outside their league tables. We have the scale to cope with a skills shortage so this month, Wincanton invests in training as far as possible, but to address the wider industry shortage, our industry bodies are calling on the government to fund driver training.
- We have the scale to cope with a skills shortage so this month, Wincanton invests in training as far as possible, but to address the wider industry shortage, our industry bodies are calling on the government to fund driver training.
- The most important thing some HRDs feel outside their league tables. We have the scale to cope with a skills shortage so this month, Wincanton invests in training as far as possible, but to address the wider industry shortage, our industry bodies are calling on the government to fund driver training.
- We have the scale to cope with a skills shortage so this month, Wincanton invests in training as far as possible, but to address the wider industry shortage, our industry bodies are calling on the government to fund driver training.
- The most important thing some HRDs feel outside their league tables. We have the scale to cope with a skills shortage so this month, Wincanton invests in training as far as possible, but to address the wider industry shortage, our industry bodies are calling on the government to fund driver training.
- We have the scale to cope with a skills shortage so this month, Wincanton invests in training as far as possible, but to address the wider industry shortage, our industry bodies are calling on the government to fund driver training.
- The most important thing some HRDs feel outside their league tables. We have the scale to cope with a skills shortage so this month, Wincanton invests in training as far as possible, but to address the wider industry shortage, our industry bodies are calling on the government to fund driver training.
- We have the scale to cope with a skills shortage so this month, Wincanton invests in training as far as possible, but to address the wider industry shortage, our industry bodies are calling on the government to fund driver training.
The HR technology puzzle

Technology could radically change the HR function, but practitioners don’t appear to be as tech-savvy as they should be, discovers DAVID WOODS

HR is about to be ‘Ubered’.” At Agrifoods and Biosciences Institute and former HR director at Westminster City Council, explains: “As technology continues to infiltrate our lives, today’s people-savvy line manager is building a lasting relationship with ‘friends’ and ‘Advisers’. Skilled at all aspects of social media, these随 voi 有管理 are embracing the changing social expectations of their staff and are now engaging better than any HR professional. In short, managers choose Google or YouTube rather than contacting HR.

If this is to be believed, it’s a sad indictment of the situation facing HR directors. But given the fact that the global spend on HR-specific technologies is already in excess of $10 billion – and growing – are HR directors falsely investing, wasting their money, falling behind the curve and – crucially – missing the trick when it comes to HR technology and software? Our study asked how well respondents believed they were harnessing technology on a scale of one to five (one being not at all, five being using technology to maximise efficiency and add value in all HR areas).

A huge 74% gave themselves a one, two or three, and less than 1% chose five. In fact, the study shows that 3% of HR directors do not use technology at all for their people strategy. Isabel Naidoo, VP of HR at banking and software provider FIS, Global explains this disconnect is probably because it takes investment and time to get the return on that investment, so firms can be reluctant to commit.

"Even with a cloud-based solution, implementation of an HRS can be highly complex and time-consuming,” she adds. "Most HR departments are run on a shoestring and don’t have the luxury of being able to take the time needed to implement a new system. There may also be some fear of the unknown.

Respondents were also asked what technologies they expected would have the biggest impact on their HR departments within the next 10 years, and top answers included mobile technology (73%), big data and analytics (55%), automation (37%) and external social networks (27%).

Guy Pink, HR director at Addiction, isn’t surprised by the findings. "Within the next 10 years, instant access to real-time information, powerful analytical tools and more functions being automated such as recruitment and payroll will occur," he says. "Workplaces must change.

Virtual technology will take over, allowing people to be together yet miles apart. Nine to five will see so outdated given global workforces.

Data is “everywhere”, but shouldn’t be the all and end all, according to Steve Rockey, previously head of people at restaurant chain Big Easy. "My view is that it needs to be used as part of any decision, not the reason to do or not do something," he says. "People are inherently intangible and an algorithm isn’t going to be right, that’s our job.

But he continues “Cloud-based training and development seem as having an impact on HR by 29% of respondents; will be a real game-changer for people teams to train the business to effective train and develop at all times, saving time and money on training venues, and the whole concept of stand-up delivery will take a new form. There will always be courses because people learn from people and you always get more from being part of a group. However, most information can be a few clicks away.”

Rockey also believes virtual reality (VR) could end up having a big impact on HR. “I love the idea of VR to help people learn and grow,” he says. "In the sailing world, teams have already flown with a plane, they can simulate scenarios, train, try new stuff out without being on the water when the conditions aren’t right. This means teams can learn in a safe environment and, if things don’t work out, it’s OK.”

You’d be hard-pressed to find an HR expert who didn’t agree that technology will have a major impact on the HR function. But the survey results and qualitative interviews do expose something of a disparity between hype and reality. HR’s agree technology is impacting the industry, but many have not harnessed the power of it themselves.

Why? Vlatka Hlupic, professor of business and management at University of Westminster and CEO of The Management Shift, explains: "There is a discrepancy between what technology can do and what mindset, organisational culture and organisational design businesses have. We often have intelligent IT but unintelligent organisational design.

"If management is poor, and the website programmers are not communicating well with product designers and the marketing guys, the atmosphere in the workplace will be tense and patchy, at best. To get the most out of technology, we need a minimum of HR, but collaboration, purpose, transparency, openness, people development, communities, interaction, ubiquitous communication, and distribution of power and decision-making. Companies that get this will get the most out of technology too."

But she admits. "Breakthrough discoveries on organisational dynamics and performance are potentially one of the most valuable of the late 20th and early 21st centuries, but they are not so easily demonstrable to the tiny businessman or a shabby new aircr or a tablet computer.”

Naidoo adds that the lack of tech savviness in the HR sector in general could be because the industry is failing to attract, retain and develop people to champion HR technology; however, she does believe the tide could turn.

"I don’t think many technology graduates go into HR right now, but the future,” she says. "I predict that ratios will shift dramatically going forward as the business of HR shifts to automated processes and the role of HR and the department itself changes. It’s time to find technology champions in the business and enlist their help.

"We are lucky enough in our business to be surrounded by smart folk with great ideas who are keen to innovate. Every organisation has them, to a greater or lesser extent – we just need to find them."

"Rockey agrees. “We’re only starting in HR on this stuff,” he says. “The investment into something like VR is substantial but the reward in the end is mind blowing. This is where we need to harness the tech-savvy start-ups to help us out; as a profession we’re not the best at keeping up and being cool, so we should recognise that and find those who are.”

Our study demonstrates the importance of HR professionals place on HR technology in spearheading their development plans – but also a definite need for HRDs to empower themselves to embrace these technologies before the opportunity to use them to their full potential has passed.

While concludes: “To remain viable and not just protect our future, HR needs to tap into society’s expectations and stop focusing on outdated HR methods."

To remain viable and not just protect our future, HR needs to tap into society’s expectations and stop focusing on outdated HR methods.

Evelyn Thurtle, HR director, Deutsche Telekom UK

"Mobile technology is key. HR teams need to ensure mobile devices are integrated with other platforms. We now think of many HR operational tasks, many teams tend to design processes which cannot be completed on mobiles – this has to evolve.

"More and more people are becoming comfortable merging their work and their personal worlds together in the cloud. As a result there needs to be a heightened focus on security. As people’s worlds collide, there similarly needs to be a more focused approach on mindfulness and flexibility, to ensure work-life balance is maintained.

Virtual reality will rise in prominence. Artificial intelligence will be another huge trend to observe. This could involve further automation of customer service functions or automation of first-level selection HR processes, such as recruitment. There will be niches where this can be applied depending on the organisation or individuals, and also some areas where it should not apply – performance management for example.

"For the younger generations, everything is constant. Our workplaces have to adapt technology and adapt so they can give these generations information in real time.

Some organisations are investing much more in this technology than others, but I think it has to be on the agenda of all HR teams. "At Deutsche Telekom UK, we are well on the way to ensuring that every technology platform we have can be used on all devices. We want employees accessing HR self-service to be able to do so from laptops, PCs, mobiles and tablets. Self-service technology has to be accessible for employees and line managers. In learning and development, we’ve already made learning modules available for people to download on a variety of devices. This puts the individual in control of their own learning. It’s important to use technology to empower people.

"We’re long way down the track in terms of enhancing our HR processes with digital technology, but with all the constant advancements, I don’t think anyone will ever be at the end of the journey.”
Breaking the mould

How HR is structured can make a big difference to the value the function adds to organisations, and things are transforming fast – but is there too much focus on change?

Economic uncertainty, global powershifting, automation, climate change – the world of business and the world at large – is facing some pretty major challenges. So what kind of business and HR models can best add value to organisations?

“There’s never going to be a steady state in the future – we need to get better at continuous improvement,” believes Melanie Stir, interim people change director at Boots Optician and former HR director at the Cabinet Office. “We need to make things fleet of foot and more flexible. The people stuff has to be really bendable. Allow flexibility but make everything fair. The HR model has to be able to respond to external changes.”

The evolution of HR models

We asked: What impact would changing HR’s operating model have on your business?

Here’s what some of you said…

“It will be less about ‘human resources’ and more about people and humanity.”

“CEO succession planning in future will include the HR function.”

“Functional specialists increasingly working as one team and streamlining senior reporting.”

“Harnessing the factors that lead the financial indicators.”

“The ability to flex and adapt for future business strategy.”

“Multi-skilled and multi-disciplinary teams, and blurred organisational boundaries between functions.”

“I see HR as essentially rebranding as an operational arm to our OGD and wellbeing group, who handle all strategic HR within the people plan and do all people management reporting.”

“HR becomes an enabler and less hung up about owning a process. All focus moves to the end goal with shared drive to achieve it across all functions.”

“HR will have two roles: change management, but also providing consistency and transactional support to employees.”

“We will need more business-oriented, skilful professionals in HR who are capable of making the connections with many different pieces of information, and integrating this into our strategy.”

model, with just 16% opting for ‘venturing out’, 17% ‘teaching out’ and 3% ‘venturing out’. We asked the Center for Effective Organization’s Ian Ziskin and John Boudreau to comment on the findings. Here’s what they had to say:

“The novelist William Gibson said: ‘The future is already here; it’s just not evenly distributed.’ In our work studying and reshaping the future of HR over the past five years, we have come to understand there is an uneven distribution of how HR and operating leaders see the future of the profession, as well as a too-frequent lack of awareness of the trends revolutionising how work gets done. HR must rethink the capabilities and operating models required to be relevant in the future.

“In the research, we were not surprised that Breaking Out was so popular. Rather, we were concerned that the other three future roles were not. While there are no right or wrong answers to the question, we would also caution proactive future roles are not mutually exclusive. Rather, they are complementary and inextricably linked, and need to be integrated.

“These HR leaders seem to have enthusiastically embraced their identity as the facilitators and repository of principles and skills in change management, with almost 69% choosing this future model. The open-ended responses suggest that these HR functions are making progress integrating change-focused elements of organisation design, development and strategy. Indeed, some suggest that today’s HR will be encompassed in a function focused on change and organisation development. That’s good, but our work with future-thinking HR leaders suggests that without the other three capabilities, a profession adopts at change may not reach its full potential.

“The very best HR leaders recognise that HR is increasingly becoming multi-disciplinary, cross-functional and influenced by external forces of change that we do not always control but must better understand and shape. In addition, we cannot drive transformational change unless we recognise the need for it, wake up leaders and organisations that do not acknowledge or embrace it, and champion the cause of more agile and fast solutions to make required changes more sustainable.

Increasingly, those solutions reside in an orchestrated collaboration between HR and disciplines such as marketing, engineering, finance and operations – collaborations that often require HR leaders not to be experts, but to attract and engage professionals from these disciplines to ‘cross-over’ and apply their unique skills to the dilemmas facing work and workers.

“So, while HR’s role in Breaking Out is essential and quite relevant, we encourage a holistic view that acknowledges the increasingly integrated nature of large, complex organisational issues that must be addressed through multi-disciplinary and externally focused thinking.

“One survey participant perhaps said it best: ‘We will need more business-oriented, skilful professionals in HR who are capable of making the connections with many different pieces of information, and integrating this into our strategy.’”

**Breaking out**

Venturing out

Reaching out

**Getting things done**

Breaking the mould

In principle, we encourage a holistic view that acknowledges the increasingly integrated nature of large, complex organisational issues that must be addressed through multi-disciplinary and externally focused thinking.

“One survey participant perhaps said it best: ‘We will need more business-oriented, skilful professionals in HR who are capable of making the connections with many different pieces of information, and integrating this into our strategy.’”

How will the size of your department change?

We’ll be rolling out technology that will enable us to move lower-value activity offshore, so this will have an impact on the size and focus of the team, as we focus on value-add activity.

What HR tasks do you outsource?

In principle, we outsource where it is cost-effective to do so and where we’re guaranteed better quality work and technology. The culture of HR is constantly evolving but its strategic function remains to define, develop and deliver a top-notch workforce. How and where we outsource will be intended to focus on improving the processes and technology we already have.

Which of the four models do you most identify with?

‘Breaking out’ is where we are focusing HR, as we separate and transform the organisation. HR must embrace change. As HR professionals, we are business people first and HR people second and will never add value by sitting in isolation.

The ‘teaching out’ model is also critical. The global HR function can now be integrated across multiple business lines, with each unit given enterprise-wide decision-making power and a focus on the global workforce.

What is the impact on your business model?

The key impact is a mindset for change. Standing still is not an option. Teams need to be adaptable, agile and ready to innovate.

Our business model allows us the resources and time required to enable ongoing investment in R&D and new technologies, which continues to enhance the experience of employees’ skills, enabling a longer-term focus on innovation that allows staff to shape their future. We recognise that people have choices in their careers and it’s our job to listen and help them to shape their future.

Our focus on wellbeing will remain critical. We recognise that change needs to be well managed so that people feel engaged and thrive in that culture.
Brave new world

Seven HR directors tell DAVID WOODS what they think the HR function of future will look like

Claire Fox, global HR director, Save The Children

“The future of HR looks agile, digital and fast. HR needs to take the lead, ensuring we are at the heart of enabling organisational success. We need to become experts in agility, and I don’t just mean agile ways of ‘working’, I mean agile ways of ‘operating’. We must help leaders identify future market, customer and talent trends and enable them to capitalise on them. This is more than adapting their strategic thinking; it is constantly evolving their organisation and processes, and critically their ways of working, leading, managing and rewarding people. The future is ‘agile working’, and HR has the opportunity to lead the way.”

Jamie Homer, international business development and talent director, Urban Outfitters

“The future of HR rests entirely on the shoulders of the HR professional. In order for HR to become more credible, forward-thinking and a part of the overarching strategic direction of any business of any size, the HR director must inject him or herself around the decision-making table before any decisions are made. This will provide not only a people and talent perspective, but a well-thought-out, educated and well-rounded commercial, long-term perspective, which will be essential to a business’s success. Ultimately this is the only way for the HR function to add value and play a proactive, not reactive, role in any company’s growth and day-to-day operation. Otherwise why not just outsource the function entirely?”

Mike Williams, people director, Byron Hamburgers

“As the employer brand and business brand become one over time, HR will need greater skills as marketers and drivers of culture, ensuring that it is aligned with its external image. We are facing increasing pressure to do the right thing for our people: HR will play a greater role in influencing leaders and coaching performance from its uniquely placed position. More businesses will need to take the people bit as seriously as the other drivers of performance. We will as a profession need to think what we can do to drive business performance as a whole, not just in our own discipline.”

David Frost, group HR and organisational development director, Produce World Group

“The function currently known as HR will evolve into two distinctly different elements; core people services and organisational architecture. Core people services will be combined with the essential services such as business reporting, and information systems and leaders in this area will be process and service experts, delivering lean and efficient digital solutions to decision-makers. Organisational architecture will provide strategic leadership in the areas of structural design, people engagement and organisational capability. As a profession we therefore need to focus increasingly on developing a new generation of truly commercial HR leaders with the broadest possible expertise in cultural development, building talent and understanding the complex nature of people, culture and process interaction.”

Andrew Parker, people and culture leader, LifeSEARCH

“I’m proud of how our business has evolved to engage and excite millennials. It won’t be long until those born in the 2000s will be employable, and a big HR challenge for the coming years will be to connect with and stimulate that generation. Technology, fast-moving careers, education, exciting reward ideas, community payback and frequent role mobility are at least some of things HR will need to deliver – and all at once. HR professionals will need to find ways to connect on a human level with this group and be growing future HR leaders who really get what it’s like to be 18 today.”

Guy Pink, HR director, Addaction

“Within the next 10 years, instant access to real-time information, powerful analytical tools and more functions being automated such as recruitment and payroll will occur. Workplaces must change. Office space is a waste unless used smarter, and remote and home working will become the norm. Virtual technology will take over, allowing people to be together yet miles apart. Nine to five will seem so outdated given global workspaces. And HR must not lose the human element. In an automated age social contact will be so important and our role will be to create the culture in which this thrives through our leaders and behaviour-change gurus, who will have replaced HR business partners.”

Stephen Moir, chief people officer, NHS England

“HR will become even more evidence-based and insight-led in the future. As a consequence, we’ll be much better placed to articulate the value, impact and positive contribution to our organisations that great HR can make. To get there, we’ll need to collectively expand and enhance our approach to metrics and analysis, particularly predictive analytics. After all, there isn’t much point in continuing to look at what’s happened, we need to forecast what’s going to happen and scan the horizon more effectively.”

The future for HR is a positive one where at last we become data-savvy and use insights to drive organisational improvement.”

HR Supplement • The Future of HR