



DIGITAL HR STRATEGY

ACHIEVING SUSTAINABLE
TRANSFORMATION IN THE
DIGITAL AGE

SOUMYASANTO SEN



PRAISE FOR *DIGITAL HR STRATEGY*

‘Soumyasanto Sen has done a masterful job of weaving together the emerging digital agenda for business and HR. He reports how business and HR will have to transform to have sustainable impact. This is an outstanding compendium of new-age thinking and action.’

Dave Ulrich, Rensis Likert Professor, Ross School of Business, University of Michigan, and Partner, The RBL Group

‘*Digital HR Strategy* is a comprehensive and useful book that shows any organization how to understand the vast impact of digital business on all aspects of work, organizations and HR.’

Josh Bersin, Global Industry Analyst

‘We are in the midst of the Digital Age as organizations and as individuals. It can make people feel overwhelmed, unequipped and afraid because they lack clarity about how it affects them and their work. In this book, Soumyasanto Sen eases that anxiety and gives people solid connections on how they can thrive personally, organizationally and as a culture. His strategic approach is tangible and applicable to all industries. I thoroughly enjoyed *Digital HR Strategy* and will be using it as a basis for how to embrace the digital reality of today and the future.’

Steve Browne, SHRM-SCP, Vice President of Human Resources, LaRosa’s, Inc, and author, *HR on Purpose*

‘As we undergo a new industrial revolution, the digital economy is transforming every aspect of how we live, operate and work in society. It can be easy to feel overwhelmed by the rapid pace of disruption, but in *Digital HR Strategy*, global influencer, author and thought leader Soumyasanto Sen brings his experience and expertise to the fore, and offers a practical, innovative guide to navigating this often uncertain landscape. In far-reaching detail, Sen expertly illustrates how to construct a sustainable digital transformation strategy – one that both harnesses technology and cyber innovation while keeping people at the heart of everything they do. In the spirit of collaboration, Sen draws on his all-encompassing

knowledge, drawing together the myriad factors driving change that combine to create a digital-ready workforce. Any business leader, learner or HR professional with an interest in the ways digital transformation intersects with human capabilities will benefit from this compelling volume. In *Digital HR Strategy*, Sen has authored a stimulating read and makes a unique, significant contribution to the dynamic arena of HR research.'

Ester Martinez, CEO and Editor-in-Chief, People Matters

'Work, workers and workplaces are all evolving from the analogue world to the digital. The HR function will need to lead the transformation, but to do that it needs to transform itself. *Digital HR Strategy* outlines the possibilities.'

Abhijit Bhaduri, Digital transformation coach, author, *The Digital Tsunami*, and host of the podcast Dreamers & Unicorns by PeopleStrong

'The story of digital HR transformation is about much more than technology. It's about having the right mindset, it's about working with and for employees and it's about leveraging people data for good. It certainly isn't about taking the same tired old analogue processes and simply digitizing them. Above all this, digital is a wonderful opportunity for HR to make a difference – to the business, to the workforce and to the function itself. Soumyasanto Sen captures all this and much, much more in *Digital HR Strategy*. I am sure that this book will be read and read again by HR leaders seeking to make a difference in their organizations.'

David Green, writer, speaker and consultant on people analytics and the future of work, and Executive Director, Insight222

'Soumyasanto Sen is a thought leader in HR technology – this is a first-rate book.'

Gautam Ghosh, HR thought leader and influencer, and ex-Director, Talent Branding, Flipkart

'Soumyasanto Sen's book is a welcome guide to HR's long-needed transformation to become a strategic engine for success through humans. The author asks the right questions and proposes an excellent blend of ideas, methods and tools. He dares to take on the concrete migration to a post-Ulrichian world where many rules are still unwritten and many solutions are still available. An enjoyable read, which puts the humans in the centre of technology. It is easily accessible and highly recommended also for newbies in the area of digital strategy.'

Frode Hvaring, Chair, Digital Leadership Lab, Geneva Business School

‘The biggest innovation in this book for the entire HRM discipline is that Soumyasanto Sen is not a replica of what I call the “digital HR reincarnation crowd”. Typically, when HR reincarnators write about digital HRM they pretend that digitization is just another HR function, just a little more technical and agile. But this book shows that this might be a false notion. The author presents an entirely new path to digitizing HRM, with changed paradigms and premises. The new world he is talking about is in the midst of a risky and unusual metamorphosis into a new digital reality, where HR models of the past are not capable of coping with the new world. When companies decide to build an HRM system that fits the next generation, they can’t afford to ignore this book. It delivers a blueprint for implementing new principles of digital HRM in practice and offers a great opportunity to completely rethink the HR function.’

Kai Reinhardt, Professor for Business Administration, Organizational Behaviour and HR, HTW Berlin

‘The area of digital transformation is fraught with misconceptions and failed attempts to apply a 20th-century mindset to modern organizations. In *Digital HR Strategy*, Soumyasanto Sen looks to unravel this and provides a useful guidebook for HR practitioners and organization builders.’

Andrew Spence, Workforce Strategist, Glass Bead Consulting

‘The organizational world is changing fast. Technology is an important driver for transformations. HR can contribute a lot to successful transformations, and at the same time HR is transforming as well. In his book Soumyasanto Sen guides us through the basic as well as more advanced elements of digital HR. Both HR and business leaders can learn a lot from his structured approach.’

Tom Haak, Director, HR Trend Institute

‘To truly reinvent work we need to drastically revisit the way we recruit and manage talent in order to unleash the real potential of the networked business, that sense of purpose and meaning that will allow people and communities to thrive. We are a society driven by digital technology that has completely enabled and transformed how we work – at an unprecedented scale. The advent of AI will decimate vast amounts of the economy where routine job functions will be automated, creating a shift for HR functions struggling to cope with people innovation, pace of change, exponential technologies and always-on to a Star-Trek world that thrives in this new digital normal. Soumyasanto Sen’s *Digital HR Strategy* is a must-read as we enter this new digital age in organizational design and human experience.’

Marc Coleman, Founder and CEO, UNLEASH

'Digital HR Strategy is for me a cumulative knowledge repository that provides ample context, structured knowledge flow, comprehensive diagrams and useful summaries throughout. This book is the best reference to everything the enlightened HR professional needs to embark on a powerful journey to becoming a financial value creator – embracing the very technologies that have propelled our sales, marketing and software development functions to mission-critical prominence. Soumyasanto Sen is one of our industry's most thorough and learned thinkers advancing the HR discipline. And his extraordinarily comprehensive book is the best preparation to navigate your own digital transformation.'

Jeff Wellstead, VP of People Operations, ONI

'Gives an amazing clarity and clear guidance on how to design a digital HR strategy that is sustainable in this VUCA world. This masterpiece from Soumyasanto Sen is a must-read for CHROs, digital transformation leaders and HR practitioners who want to lead their organizations to a sustainable digital future. With its extremely well-researched and practical digital HR strategies and frameworks, it is also ideal for management students in management schools.'

Bala Asirvatham, Founder and Managing Partner, FutureXeed

'Technology is a great enabler for increasing productivity and driving excellence. However, if not used wisely it is also a great source of the social isolation that many organizations struggle with at their workplaces. Soumyasanto Sen's book is a very important and timely publication on how to drive digital HR transformation and equip HR leaders and practitioners to prepare their organizations for the future. If you are interested in building an innovative, people-centric organization this book is a must-read – after all, we are at a melting point where both technology and people must work together for a higher level of productivity; hence HR has the best opportunities to be more strategic and a driver of business outcomes.'

Mihaly Nagy, Founder and CEO, The HR Congress

Digital HR Strategy

Achieving sustainable transformation
in the digital age

Soumyasanto Sen



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First published in Great Britain and the United States in 2020 by Kogan Page Limited

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2nd Floor, 45 Gee Street
London
EC1V 3RS
United Kingdom

122 W 27th St, 10th Floor
New York, NY 10001
USA

4737/23 Ansari Road
Daryaganj
New Delhi 110002
India

www.koganpage.com

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Hardback	978 1 78966 124 8
Paperback	978 1 78966 122 4
eBook	978 1 78966 123 1

British Library Cataloguing-in-Publication Data

A CIP record for this book is available from the British Library.

Library of Congress Cataloging-in-Publication Data

Names: Sen, Soumyasanto, author.
Title: Digital HR strategy : achieving sustainable transformation in the digital age / Soumyasanto Sen.
Description: 1st Edition. | New York : Kogan Page, 2020. | Includes bibliographical references and index. |
Identifiers: LCCN 2019052533 (print) | LCCN 2019052534 (ebook) | ISBN 9781789661224 (paperback) | ISBN 9781789661248 (hardback) | ISBN 9781789661231 (ebook)
Subjects: LCSH: Personnel management--Technological innovations. | Information technology--Management.
Classification: LCC HF5549.5.T33 S46 2020 (print) | LCC HF5549.5.T33 (ebook) | DDC 658.300285--dc23

Typeset by Integra Software Services, Pondicherry
Print production managed by Jellyfish
Printed and bound by CPI Group (UK) Ltd, Croydon CR0 4YY

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ABOUT THE AUTHOR



Soumyasanto Sen is the Founder and Future of Work Strategist at People Conscience, providing advice in communities dealing with digital transformation, the new world of work and HR strategy. He is an INSEAD alumnus and currently also an HR IT Programme Manager at a large health care company. Prior to this he was Global HR IT Manager at one of the largest automobile companies and Senior Consultant in IBM

Global Business Services, working globally across the world. He is a known conference speaker, commentator and influencer in all aspects of HR technology, digital transformation, people analytics and the future of work.

Soumyasanto is currently engaged in AI-driven analytics, cultural analytics, human and machine collaboration, next-gen organizations, the gig economy and future of work initiatives, research and programmes for people-centric businesses and transformations around the world.

PREFACE

We are living in an uncertain world that is changing at a very rapid pace with an overload of information and a continual rise in technologies. This demands changes in the way we live, communicate, share knowledge, work and even on how we manage relationships. The biggest challenge is that organizations must operate within these changes at the same speed. As a result, they need to overcome the usual ways of doing business and even of building strategies, going beyond the usual digital approaches.

In this digital age, organizations need a *Revolution* to understand the patterns of change based on these challenges that are also related to their workforces, to lead them to reach their desired future state by defining the right purpose together. The key to success is not only having the appropriate new technologies but also the right mindset so that organizations can explore the new world full of opportunities and be ready for their own journey of transformation. Automation, the gig economy, digital platforms and other innovations are changing the fundamental nature of work and are having a significant impact on bringing back the ‘human’ into the workforce, workplace and the HR function. Organizations also need a further method of *Survival* in their journey of transformation towards the future, and also need to consider the growth in intelligent technologies, the new world of work and the demand for human-centric experiences.

A progressively competitive environment can lead to significant challenges for organizations if they falter when adapting to change, and many organizations fail to create the state that can lead to *Sustainability* over the long term, consequently affecting the capabilities of their workforces. The appropriate sustainable transformation can only be accomplished by framing a clear, sensible approach, strategy and collaboration. Digital HR strategy is not the same as IT, HR IT or people strategy, it is crucial for all HR practitioners and leaders needing to understand the strategic approaches to a sustainable transformation for future organizations and workforces, going beyond the conventional digital HR propositions and rethinking the current ways of working, practising and managing work, workforces and workplaces by collaborating with the business in this fast-changing digital era.

Digital HR Strategy provides different frameworks, strategies and opportunities for HR leaders, practitioners and business people to collaborate to

create a better future for the organization and the workforce. The intention of the book is to provide new strategies and approaches to preparing and transforming the organization in this digital age, going beyond current digital HR concepts and considering a sustainable transformation journey by everyone collaborating together. The digital economy is shaping all aspects of society, including the way the workforce interacts, the economic landscape, the future of work and business transformation empowered with fast-changing technologies. The future is created by what we do today, and the organization needs to develop the capacity within itself to continually identify the factors affecting its holistic growth in the long term, build knowledge, skillsets and developments on how to counter adverse factors and attain *Sustainability* in their continual journey of transformation.

Introduction

What's the impetus for having a digital strategy?

Today, many organizations are going through a digital HR journey, focusing predominantly on HR services and process optimization using social, mobile, analytics and cloud technologies, which all help to make HR more efficient.

For most organizations, the main aims of digital HR and its associated transformation are related to strategies that can:

- digitize the HR function by transforming it from being paper-based, reactive and time-consuming to digital-first, mobile and optimal;
- transform operational HR processes to become automated and data driven;
- focus on the initiatives to optimize the HR function, embracing new digital solutions and generating value for the business.

As the digital economy is shaping aspects of society, including the way the workforce interacts, the economic landscape, the future of work and business transformation becoming empowered through fast-changing technologies, there is a need to think beyond digital HR.

The transformation of business functions and HR in this digital age must start with a revolution in which the patterns of change are understood as challenges, not least in terms of the workforce, thereby leading the organization to reach its desired future state by correctly defining its rightful purpose. During this journey of transformation, the organization needs to build strategies that concurrently:

- unleash its HR and digital transformation journey in relation to the new industrial revolution and the growing digital economy;
- rethink the correct digital mindset in terms of operating models and working frameworks to bring about business value for people-centric transformation;

- leverage the right way to use data and strategy together with cultural transformation.

Most organizations are content with this journey, but many are not ready or are neglecting their future survival as they are not considering the growth of intelligent technologies, the new world of work and the demand for human-centric experiences. There are always new strategies that need to be developed, even in organizations that are already transforming, such as:

- preparing for the impact of augmentation, automation and reskilling, and contemplating the future of work and the evolution of the new talent economy;
- focusing and balancing the entire experience and value proposition for employees with future workplaces, wellbeing, jobs, technology and the human touch.

The future is created by what we do today, and the organization needs to develop the capacity from within itself to continually identify the factors affecting its holistic growth in the long term, build knowledge, develop new skill sets and learn to counter adverse factors so as to achieve sustainability along its continuous journey of transformation. Hence for this journey phase, there is a need for strategies and learning to:

- reinvent organizations to become responsive to emerging and sustainable changes;
- empower innovation through the right levels of diversity and inclusion, new edge leadership and an inspiring culture within workforces;
- develop a fairer society by supporting ecosystems through more community-driven learning and enforcing social capital.

Many organizations have started the above strategies and approaches as separate initiatives, some through their HR organizations and some through other business functions. But unless they can assimilate all of them into their entire journey of transformation, fit them into the different phases of that journey and start them collaborating with one other, there will not be progress towards sustainability. Organizations need to go beyond current digital HR approaches and set strategies for a sustainable journey of transformation in the digital age, hence the origin of this book, *Digital HR Strategy*.

What this book is about

The world is changing at a rapid pace in terms of sharing information, productivity and collaboration between people. The workforce of the future will be very different from that of today, and there are many complex elements disrupting both organizational structure and ways of working. The transformation of organizations in such an ever-changing environment renders it difficult to contemplate the needs of a future workforce.

A sustainable transformation can be accomplished by framing a clear, sensible approach that also includes the workforce. In most cases, this begins with the identification of a specific business problem or new opportunity and then depends on the organization's capacity to understand and react to digital threats and opportunities. Organizations must enable their leaders and workforces to embrace change that comes with innovation, as that is the only way to succeed.

This book will provide different frameworks and opportunities for leaders, practitioners and business people to collaborate and rethink the current ways of working, and operating and managing the workforce. In the digital age connecting the dots to the right strategies to achieve the building blocks for the future, such as through new models, the overall future of work, innovation and many more, is vital in respect of the changes required to the workforce. Different changes need to be phased in throughout the revolutionary process to ensure the survival and sustainability of the organization, since no one size fits all.

Who this book is for

This book is aimed at business leaders and in this fast-changing digital age provides strategic approaches to the sustainable transformation of future organizations and workforces through their collaboration with HR. The intention of the book is to provide c-suite, business and HR leaders, along with HR practitioners and business people, with new strategies and approaches on how to prepare and transform their workforces in this digital age, going beyond digital HR concepts and strategies and considering a sustainable journey of transformation by showing how they can all collaborate together.

The book is also a very good tool for employees who want to prepare themselves for the future, a future where they can be motivated all the time

in their daily work, enjoy experiences they don't want to change or forget, explore human capabilities beyond their usual repetitive tasks and have a constant flow of continuous learning and reskilling so that they can work alongside machines. This book is also a great asset to those people who might be looking for a career change or upgrade and may not be sure about the new skills that might be useful for their future.

This book is also a great guide for students in colleges and universities who want to familiarize themselves with the changes that are happening today in the digital age. They will gain an insight into how functions such as human resources need to ensure the workforce is ready for the digital economy, the new future of work and many other new areas, most of which are not actively being pursued in organizations today.

How to use this book

This book can be used as a comprehensive approach to learning about strategic ways for the sustainable transformation of organizations and workforces through collaboration with human resources. The book has been divided into three parts, where each part indicates a phase in the journey of transformation and the chapters within each part are based on one block along the journey. The chapters are laid out such that the reader may dip into the text at any point to enhance their learning process.

In each chapter there is an interesting section that is not normally present in other business books. This section is called 'Time to act' and is more like an action plan for readers based on asking some basic questions. The questions used in those sections are the most common ones, but readers need to ask more relevant questions to start their own journey, as there is no one-size-fits-all model and approaches may vary from company to company:

- Why the need for change?
- What makes sense?
- Where to start?
- Who can help?
- How to change?

Readers might also only be interested in certain areas of the book, in which case there might be more value in reading only the relevant chapters. There is always a reference in each chapter to others wherever there is a touch-point. Each chapter sets out its key learning objectives at the start and then

summarizes these at the end of the chapter. Reading the summaries might be useful for readers who need to learn and note the major points from each chapter.

Terminology used in the book

Throughout the book, there are several terms that have been used that may have different understandings or meanings to different users. To help reduce any confusion on the part of the reader, the definitions of these terms are provided below:

Business: work relating to the production, buying and selling of goods or services.

CHRO: Chief Human Resources Officer, who is a corporate officer who oversees all aspects of human resource management and industrial relations policies, practices and operations for an organization (*Market Business News*, definition).

Function: an organized group of individuals that support an organization or business in achieving its objectives.

HR: Human resources, which is also the organizational function that deals with the workforce or people.

HRBP: HR Business Partner, which is a position responsible for aligning business objectives with employees and management in designated business units (*SHRM*, job description and definition).

HRM: human resource management, which is the practice of recruiting, hiring, deploying and managing an organization's employees. HRM is often referred to simply as Human Resources.

Industry and Sector: a group of companies that are related based on their primary business activities. These are typically grouped into larger categories called sectors.

Leader: a person who holds a dominant or superior position within their field and can exercise a high degree of control or influence over others.

Organization: any organized group of people, employees or business leaders working towards a common goal. While an organization can be a business function such as HR, in this book an organization tends to be the equivalent of a business, company or non-profit entity.

Team: can sometimes also refer to a function, but in the context of this book usually refers to a smaller set of employees within a function.

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PART ONE

Revolution

We are living in a world that is changing at a very rapid pace and are overloaded with information and persistent technological revolutions. This demands changes in the way we live, communicate, share knowledge, work and even on how we manage our relationships. It is radically altering our lives, both personally and professionally, irrespective of whether we disagree or try to ignore it.

The biggest challenge is that organizations must keep up with change. They need to overhaul their usual ways of working, doing business and even how they develop their future strategies. The basic meaning of transformation should not be confounded – it says anything that is really transforming is changing its entire nature or form, and people should be at the centre.

When we think of revolution, we are reminded to a great extent of the American and French revolutions that happened in the late 1700s.

Like past democratic revolutions that changed or redefined the role of government, today, in this digital age, we also need a revolution in the way we do business, generate value and the way in which we rehumanize. This can lead us to a world where people have more opportunities to show their capabilities, and a world in which more and more people are at the centre of their organizations and central to the digital economy. Although new ways of working are emerging, new edge technologies are giving more opportunities to people. But the real momentum behind this revolution should be our own human desires for economic efficiency and flexibility, and for personal satisfaction, fulfilment and a better society for our future. And this efficiency and flexibility are enabling individuals to bring more of their own personal values into businesses and organizations.

The transformation of business functions and HR in this digital age must start with a revolution in which the patterns of change are understood as challenges, not least in terms of the workforce, thereby leading organizations to reach their desired future states by correctly defining their rightful

purpose. During this journey of transformation, organizations need to build strategies that concurrently:

- unleash their HR and digital transformation journeys in relation to the new industrial revolution and the growing digital economy;
- rethink the correct digital mindset in terms of operating models and working frameworks to bring about business value for people-centric transformation;
- leverage the right way to use data and strategy together with cultural transformation.

The key to success is not only having the correct new technologies, but rather organizations should ask themselves what makes sense for them. They should have an open-minded attitude and the right mindset to explore the new world full of opportunities and get ready for their own journey. Transformation also enables people to think and to change, and for the workforce it is not just about adaptation to change but also about driving change and innovation, enabling the organization to fulfil its purpose and mission.

The ongoing digital revolution is also a cultural revolution, a social revolution and a revolution to think beyond the norm; it involves information, the workforce, culture, learning, ways of working and a social shift. It can't be undertaken alone. Together we can do what we cannot achieve alone, and the key to successful ongoing change for the workforce is to find the proper motivation to keep doing the next correct thing. Any sustainable transformation for the workforce should be done through collaboration between human resources and the rest of the business.

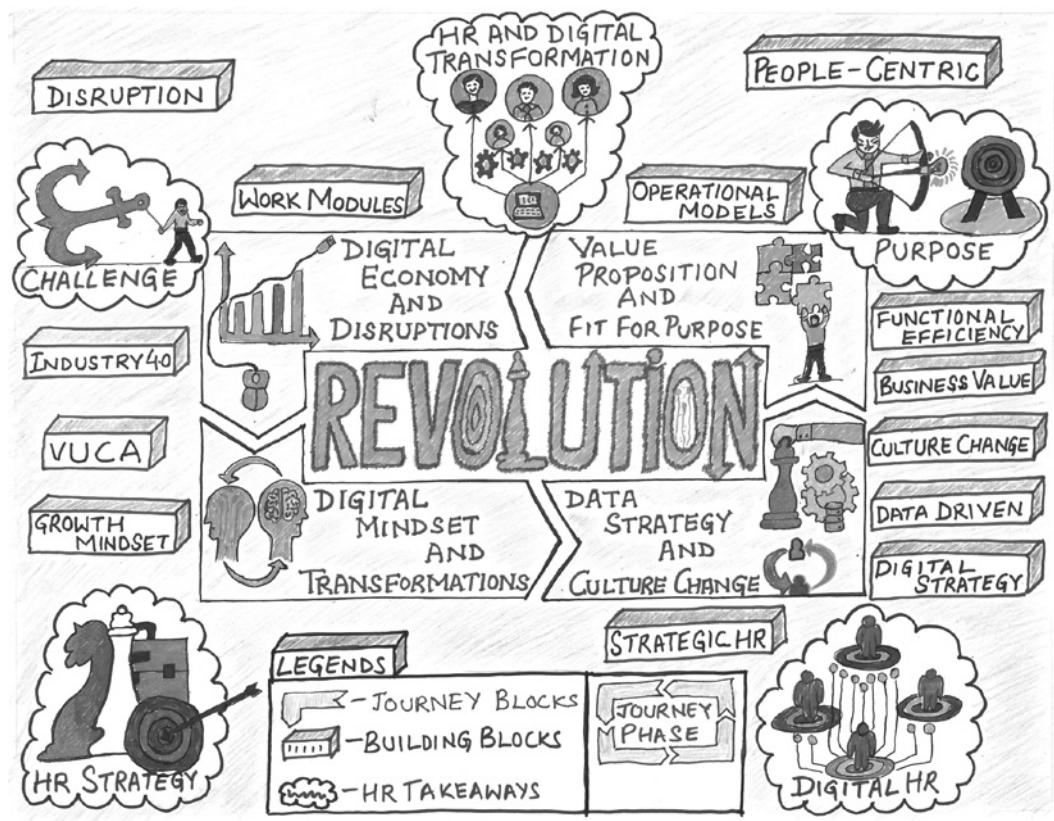
This part includes the following chapters, which can help readers to understand the ways to overcome challenges with a defined purpose and relevant strategies related to the workforce and the future changes in the digital world. They also help in creating a unique value proposition for organizations, as there is no one size fits all.

Chapter 1 – *Growing the digital economy alongside disruptions*. This chapter helps to interpret the digital economy and industrial revolution in the context of people and organizations, along with the disruptions that are happening across functions, including human resources, industries and sectors. It also explores the impact on future work models, work and the workforce, and why people are at the centre of the digital world and any transformations that are underway.

Chapter 2 – *The need for transformation and having the right mindset*. In this chapter, we look at the fast-changing uncertain world for developing our forward-thinking capabilities. It also looks at how transformation can be the turning point in a company's relationship with its workforce and its economic and social environment. We discuss why we need growth and a digital mindset for the transformation and also outline the importance of adaptability for businesses, organizations and HR in the future.

Chapter 3 – *The game changers: culture, data and strategy*. This chapter helps in exploring the impact of cultural change on transformations and outlines data-driven transformation using analytics. It also includes an overview of positioning strategic HR business in an organization and how to build a sustainable agile digital HR strategy for transformation.

Chapter 4 – *Creating value propositions that are fit for purpose*. In this chapter, we introduce the concept of propositions that are fit for purpose, as one size does not fit all. We also explore the multi-dimensional operating models for HR. It can help to know how to bring about business efficiency and value for an organization, and we outline how to achieve effective functional excellence within HR.



Growing the digital economy alongside disruptions

01

Objectives

- ✓ Interpret the digital economy and different industrial revolutions in the context of the organization and its people
- ✓ Understand disruption and outline key disruptions across industries and the function of human resources
- ✓ Explore the impact on the future of work and the workforce with new work models
- ✓ Understand why people are at the centre of the digital world

Overview of the digital economy and the new industrial age

Going digital is no longer an option today, it is a must. Yes, it's true that the digital economy is shaping the aspects of society, including the way people interact, the economic landscape, the future of work and business transformation, empowering them with fast-changing technologies.

The digital economy is the worldwide network of economic activities, enterprise transactions and professional interactions that are enabled by information and communications technologies (Rouse and Pratt, 2017). The term digital economy was first coined by Don Tapscott in his 1994 best-selling book *The Digital Economy: Promise and peril in the age of networked intelligence* (Tapscott, 1994).

There are many thoughts on the digital economy around the world. According to Nicholas Negroponte, founder of the Massachusetts Institute of Technology's Media Lab and author of the book *Being Digital* (Negroponte, 1995), the digital economy uses 'bits instead of atoms'. According to Neelie Kroes, Vice-President of the European Commission, 'There is no separate digital economy. We have an economy that is digital' (European Commission, 2014).

While for most of us as individuals and organizations we use technologies to simplify accomplishing existing tasks, mainly by becoming computerized or in other words digitalized, the digital economy is more than that. It is not simply using a computer to perform tasks that are traditionally done manually.

Knowing the digital economy

The digital economy focuses on the opportunities and the need for organizations and workforces to use technologies to execute tasks better, faster and often differently than before, with the aim of improving productivity and efficiency. The digital economy uses these technologies to rework traditional exchanges and enable new ones by adding value.

The digital economy also displays the shift from the third industrial revolution to the fourth industrial revolution. The third industrial revolution, also called the internet revolution, describes the developments that occurred in the late 20th century with the shift from analogue electronics and mechanical devices to internet technologies. The fourth industrial revolution, on the other hand, continues the trends in the digital revolution to further connect the physical and cyber worlds through technology.

Klaus Schwab, founder and executive chairman of the World Economic Forum, coined the phrase fourth industrial revolution as 'a fusion of technologies that is softening the lines between the physical, digital, and biological spheres'; a progress defined by 'speed, scope, and systems impact' unlike anything ever seen before (Schwab, 2016). The fourth industrial revolution will likely have radical implications on almost every aspect of daily life, affecting how workforces interact with technology and transforming how work is done.

The fourth industrial revolution is sometimes described as an extensive pattern of change that is visible in front of us but arriving at a pace that hardly gives us time to get prepared. While some organizations and people are ready to face the challenge and take advantage of its impacts and opportunities, others do not even know what's going on.

Industry 4.0 is an alternative term for fourth industrial revolution and it is important to understand because it doesn't just affect manufacturers, although many understand it in that way; it can impact all of us. The main aim of the fourth industrial revolution is to enable business leaders to visualize the new ways that could affect their worlds, with higher productivity, lower risks and an increase in business growth.

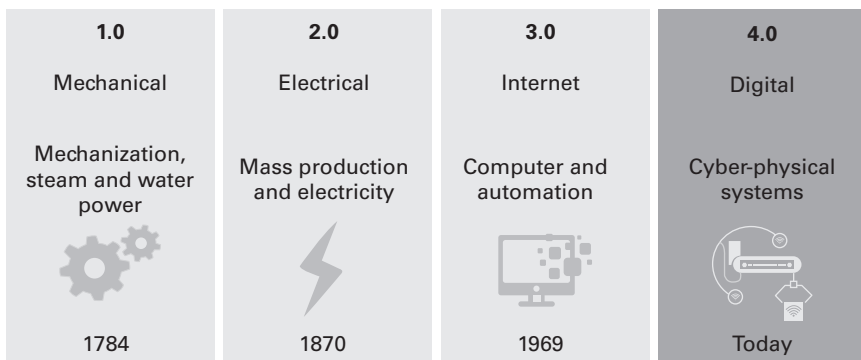
There has been a lot of discussion about whether it is a fourth industrial revolution or an extension of the third one, but most people agree by now that we have arrived at the start of a new phase; that it is the digital revolution and connecting the human with the cyber world. When we see all the changes that are taking place, we realize we are in a new era of industrial revolution.

The marriage of these two different worlds has start affecting the experiences and interactions in an organization through their customers, consumers, employees and other business partners, so it challenges and empowers both workforce and customers.

Journey of the industrial revolutions

If we look at Figure 1.1, we see there are mainly three major industrial revolutions that have taken place throughout history thus far. The first industrial revolution was the mechanical revolution, centred on the production of equipment powered and driven by water and steam, and a new type of energy that thrust forward all processes, the development of railroads and the acceleration of economic, human and material exchanges. The first mechanical looms were introduced in 1784, a revolution that replaced agriculture with industry as the foundation of the economic structure of society.

Figure 1.1 Four industrial revolutions



The second industrial revolution, which was related to electricity, happened around 1870. The use of electrical energy and the division of labour enabled mass production, and the development of the combustion engine, the growth of the steel industry, chemical synthesis, the invention of the telegraph and the telephone, also all happened during this phase. These were all made possible through research and capital structured around an economic and industrial model based on new large factories.

The third industrial revolution occurred in 1969. It witnessed the rise of electronics, microprocessors and IT automated manufacturing, and then the internet was launched. The internet revolution and its scalability added more computers, information technology systems and, when handled correctly, achieved economies of scale. This new technology also led to developments such as space research and biotechnology.

The fourth industrial revolution is distinguishable from the third because it is where humans meet the cyber world; where technology and people are not distinct, not separate. Before we had a life of working with personal computers, but today our devices and sensors are becoming an extension of us, for example social media, our smart phones and even our wearables like smartwatches. This fourth revolution is creating a new world in which we humans are equally required to work with machines to ensure the future of work.

Everything is integrated, customized and smart-automated, as this industrial revolution automates complex tasks; it's the age of the internet of things, cloud computing and the rise of artificial intelligence. These increase our capacity to introduce more innovations using what already exists in artificial intelligence, powerful algorithms, cloud computing and many such revolutions.

The vast majority of new innovations experienced over the last few years has been driven by the consumer and is now changing organizations from the inside. The impact of the new industrial revolution is greater than that of previous ones, as they were empowering organizations; the current revolution is empowering people and society along with industry.

The fourth industrial revolution will likely change how we make things, but it could also affect how those things are moved, how customers interact and the experiences they expect to have as they interact with organizations and other people. The impact of this industrial revolution could also drive transformations within the workforce. The fourth industrial revolution will change not only what we do but also who we are. It will affect our identity, role, responsibility, the way of leadership and our mindset.

The digital economy has initiated waves of disruption and, as a result, many new organizations and new ways of work are emerging. Yet, many of the organizations and industries have not been able to maximize their returns from technological change; their operations have faced declining sales, market share and even entire collapse (Deloitte Insights, 2018).

Humans must be proactive in shaping this disruption. This requires global collaboration and a common view of how technology is reshaping our economic, social, cultural and individual lives. Organizations should start investing in disrupting their business models, ways of work and value chains. If businesses cannot move to be smart, connected organizations, they will soon fall behind and become extinct as time moves on.

Disruptions across industries and functions

One of the top buzzwords heard in today's business world is the term *disruption*; and it is important to know what is behind this buzzword. This concept was first used by Clayton Christensen of Harvard Business School (Christensen, 2018), meaning a time when organizations that produce successful but expensive products and services would be overtaken by newer organizations who could bring much more economic, simpler and competitive alternatives to the marketplace.

The attributes of disruptive businesses are mostly associated with lower gross margins, smaller target markets and simpler products and services, usually not emerging as attractive as existing solutions when compared with conventional performance metrics. Typically, they displace other organizations moving upwards in the market, hence creating opportunities at the bottom of the market for new disruptive innovations and players to emerge.

Table 1.1 shows some examples from the past and present of disruptive innovations; the last three are typical examples of digital disruptions led by some key players in the market. These innovations have disrupted old industries while at the same time giving rise to completely new ones. It is upside down to the way brands are usually built, and we will see some examples later in this section.

Disruptions have transformed the economics of society. It has connected a distinctive paradox to the new generation of workforces and organizations. It has also emerged as the main challenge in most boardrooms across industries around the world.

Table 1.1 Some examples of disruptive innovations from the past and present

Disruptor	Disruptee
Personal computers	Mainframe and mini computers
Mini mills	Integrated steel mills
Cellular phones	Fixed line telephony
Digital music stores	Physical discs
Online shops	Retailers
Video streaming	Cassettes and discs

In disruptive innovation, most of the new products and services evolve at the bottom of a market, and, in most cases, although they provide a desirable value proposition, they remain a low ended brand or have a poor reputation. However, due to lower costs, higher accessibility, or other benefits, these products and services eventually become more appealing than their peers within the industry.

This is in stark contrast to sustaining innovation, where the new creation and moderations triggered by businesses existing in the upper market remain relevant to their customers. These innovations are valuable as well, but in most cases, products and services developed along these lines are too complicated, isolated or expensive to have any real lasting capability. In general, consumers look to less expensive, simpler and other radical alternatives that meet their needs.

The demand for radical alternatives tends to attract more attention to startups that are already gaining attention, while the disruptors are slowly climbing the ladder, unnoticed by the industry leaders that they are going to affect and replace. More on the different types of innovation can be found in later chapters.

Examples of disruptions

These disruptions and related technology-driven changes are taking over the way we do business, how we are working with each other and how organizations endure. These changes are happening across all sectors, accelerating rapidly and putting strain on businesses to keep up. Disruptions caused by

technological innovations have become progressively more noticeable as we explore deeper into technology as a tool that enables problem solving.

Below are some examples (Daisyme, 2018) of major disruptions across industries that have changed the industrial value chain and have also had an impact on the workforce and organizations as a result of huge transformations.

- **Disruption of the automobile industry:** In the automobile industry, a perfect place to begin is mobility, with the arrival of Uber. Uber revolutionized and significantly disrupted the car industry with its efficient pricing algorithms and business model. Uberization is a term derived from the way Uber redefined the car industry. It utilizes a homogeneous, optimized business model. There are other disruptive trends happening in the car industry as well, focusing on autonomous driving, electrification and remodelling the usage of digital features.
- **Disruption of customer service:** The digitalization of services and products creates disruption across whole industries. The way in which businesses communicate with their customers has been impacted by social media sites such as Facebook. Many organizations have been drawn to these social media platforms to improve their customer service, enabling them to quickly resolve issues or to receive feedback. The communication from business to consumer will evolve more over the next few years transforming the customer service move to digital.
- **Disruption in the financial industry:** The biggest disruption in the financial industry has been caused by Bitcoin; it has only been around for less than a decade. Following the 2008 financial crisis, an online community created their own currency that was outside of government control. The use of blockchain, which is a decentralized shared public ledger on which the Bitcoin network relies, will go on to become an essential part of financial institution technology and operational infrastructure across the world.
- **Disruption in the entertainment industry:** Many of us have already shifted from old cable networks and video libraries to Netflix or similar other on-demand video streaming providers without much cost and with significantly more convenience. This substantial change occurred very rapidly, with Netflix overtaking traditional major cable providers in subscriber numbers. In the future, it is expected that these cable companies will become outdated in the same way that video rental stores such as Blockbuster have become.

- **Disruption of retail:** In the retail industry, Amazon is an example of an online retailer that is capitalizing on the shifts in consumer behaviour towards convenience, ease of access and lower prices. Lower prices, larger selections of products and effective automated algorithm recommendations have all played a significant role in creating the pressure on retailers to rethink their strategies. It is anticipated that these changes will accelerate as new technology further improves the online customer shopping experience.

Interpreting disruption isn't just about creating better ideas; it is also about being protective and looking out for new competition that might disrupt the industry in the future. But the most interesting part and the biggest threat to any business is when they don't realize that something is coming. The true disruptor will turn these threats into opportunities and move themselves onto the frontline.

There are many examples of disruptions across industries and functions, for example Google disrupted online search and advertising; Salesforce disrupted customer relationships; Amazon disrupted distribution; Uber disrupted transportation; Airbnb disrupted hotel industries; Facebook disrupted social experiences; and so forth. Now let us explore the disruption that occurs in the HR function.

Disruptions in the HR world

You must be wondering by now what this disruption means for human resources. To avoid the disruption starting in industry, organizations and businesses have the belief that it is best to self-disrupt, and when organizations follow this, HR professionals and leaders find themselves playing an important role.

According to Dave Ulrich (Ulrich, 2012), a university professor, HR thought leader and management coach, HR disruption is about delivery of HR services but also about the sense behind that delivery. HR disruption is less about a shift from one idea to another, like moving from operational to strategic, and more about forming a hub of ideas relying on each other, like being both operational and strategic. The disruptive hubs in HR have been going on for decades and will necessarily continue.

Figure 1.2 shows the major disruptions that are happening to HR organizations, with major impacts on business leaders.

Figure 1.2 Disruptions in HR

Human capital is the driving profitability strength behind any business and the truth is, that it's all about the people. Significantly, a well-developed and motivated employee is profitable for the business, as they demonstrate the productivity and generate revenue with their activities. By monetizing various aspects of the HR function within the organization and projecting how those functions impact and add to the financial outcome of an organization, HR can easily turn from being a cost centre into a profit centre.

Today the new manifest for organizations is to build one employer brand that provides a memorable employee experience associated with remarkable customer experiences. The focus of any such transition must be supported by an empathetic and empowering environment that delivers true consumerization for HR, like that enforced within other business functions. The business case for organizations to consumerize HR is quite captivating, as HR would be able to focus more on strategic rather than tactical tasks.

The next disruption for HR is to become a trusted adviser for the business and workforce. Organizations must move forward from hierarchy or bureaucracy to building capabilities, with clear roles, rules, routines and responsibilities, and HR plays an important part here for such organizational transformation. Moreover, HR should not just be about helping people to become better leaders but building collective leadership depth throughout the organization.

Lastly, HR is now uniquely positioned to use data to drive performance – both people and the organization. Data-driven HR enables business to leverage the value of the huge amount of data available from their people, together with business data. Business and HR leaders need to turn this data into tangible insights to take decision that enrich the performance of the organization and allow it to be more innovative.

So, HR is not about what it implies today or in the past, rather the emphasis is on the values that HR can create for the business. The discussion always focuses on activities such as staffing, training, compliance and other administrative matters, as HR plays a transactional role for businesses today. For businesses, it is important to understand how much value these activities can generate, but this is currently blocked by old mindsets due to the current nature of the HR function.

For organizations, it matters most when HR activities and capabilities add value to the investor, customer, community and the workforce. A lot of attention is now focused on how HR can innovate new ways to shape the future and become a highly contributing business function rather than just a supporting one. So, these disruptions are not only preferable for the HR function but also for the business and the entire organization.

For many years, as a result of good HR work, there has been a lot of focus on the outcome of talent development and people, particularly the employees. In addition, technology is enabling people to connect with one another across time and space to create positive social experiences, and this in itself is a good valuable contribution to business leaders. All this has led to an important question about the future work models needed in the business community. While businesses are preparing for the future role of work, they are also admitting that their future workforce may not be sufficiently prepared yet.

Impact on future work models and the workforce

We are living and working in a world today that is changing so fast that it has become impossible to predict or even to effectively plan for. Most organizations want to shape the future of their work and workforce but are using an outdated method of working that revolves around planning and predictability.

This old way of working continues to function well in a few limited contexts where the tasks are predominately routine and require minimal collaboration. But the rate of change is not going to slow down. The challenges we face are growing and becoming incredibly complex. They require strong collaboration between teams with diverse skill sets and outlooks. And there is no single, one-size-fits-all solution that can address the needs of every organization.

Each organization, and every team within those organizations, has its own culture, set of common values and unique business challenges and realities. We will explore the human-centred design approach to managing these changes in more detail in the following chapters. Any successful change must be designed for the people who want to change and this means a lot for organizations.

The digital revolution is also having a very significant impact on workforces and HR organization, with the major changes including ongoing demographic, technological, sociological and cultural transformations. In this digital era where technology is also changing at its fastest rate ever, HR and business leaders should start streamlining their organizations in terms of collaborating and considering the right work models for their workforces as a result.

The work 4.0 model

In November 2016, the German Federal Ministry of Labor and Social Affairs published a white paper and first coined the term work 4.0 (Federal Ministry of Germany, 2015). It is seen more as a supplement to the already flourishing industry 4.0. The rise of this new work model has come out of the challenges in the world of labour and policies, which also impact academia, trade unions, employers and the workforce.

Work 4.0 is notable because of concerns raised by policy makers about forthcoming changes in working environments and the related social security systems. As a result of the impact of digitization and automation that has already become visible to blue-collar workers in manufacturing in the 2010s, a lot of white-collar professionals are realizing only now that their current jobs might change radically in the coming years as well.

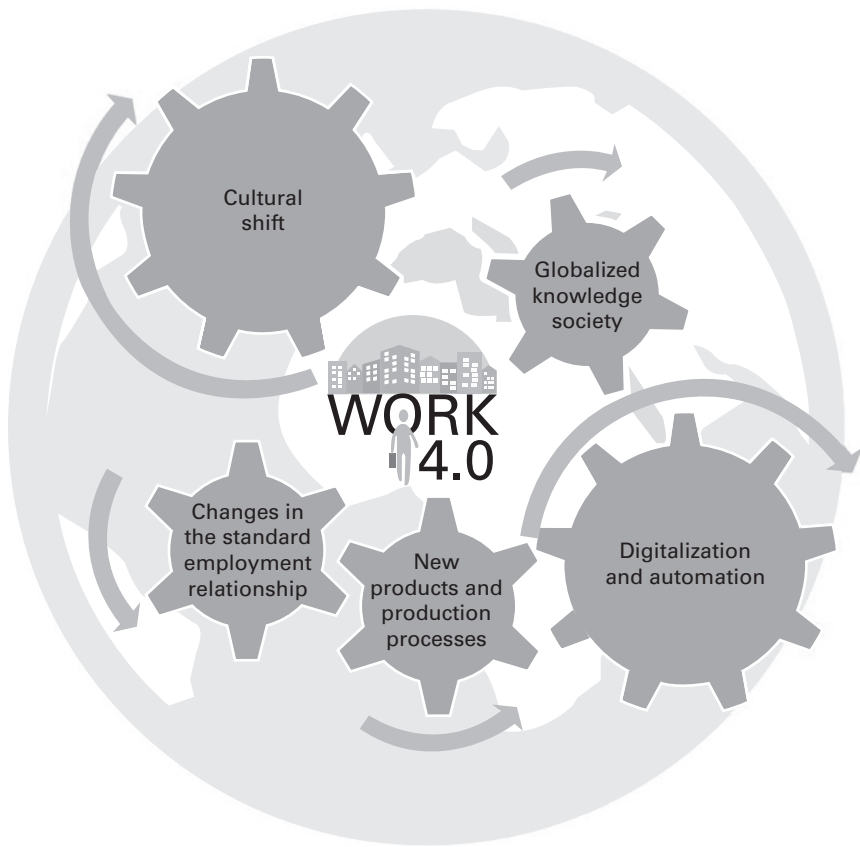
In addition, for a new generation of mostly very young people, the way of working seems to be very different, especially if we consider the growth of the gig economy where flexible working, owning of work, project-based employment, remote work and many others are increasingly blurring the

lines between work and life. Although we are going to explore all of these in the coming chapters, let us first visualize what this new working model can mean to the workforce:

- **Security vs. flexibility:** A proper balance between job and social security and requirements for flexibility in the job is not uncommon among the workforce. On the one hand, workforces are looking for better social security from their employers, and on the other, new workforces are also demanding greater flexibility in their working environments, which can also lead to higher collaboration.
- **Life-long learning:** The leading changes in occupations and jobs will lead to massive transformations in jobs and the workforce. This naturally means a need for new skills' development with life-long learning, which is more important than ever before. This implies the growth of on-the-job training and continuous learning environments for the workforce, and indeed the entire organization.
- **Employment insurance:** Today we need a preventative social policy that should gradually expand the existing unemployment insurance into an employment insurance, with a provision to personalize vocational guidance and continuing education. This means the agencies managing unemployment should transform themselves into proactive qualification agencies.
- **Working time and flexibility:** The rise in demand for better working hours and flexibility from today's workforce is forcing organizations to think about their working hours. A suitable policy that can provide more options for the workforce in relation to working times and location is much needed by workforces today.
- **Personal employment accounts:** There are also recommendations to include the establishment of long-term personal accounts that each individual employee sets up at the start of their working life, which is then furnished with a basic capital and earns credits through employment or individual contributions.

Health and safety regulations are another important aspect here, and reinforcing a framework for negotiations between the social partners in the digital age is also needed. A lot of effort can be seen going on in many organizations in all these areas while they consider their new work models.

Digitalization isn't just about technological changes. The future of work is something we must actively shape with the right digitalization approaches,

Figure 1.3 Work 4.0 drivers

and the new working models play a vital role. Figure 1.3 shows how the above-mentioned characteristics of work 4.0 are driven by cultural shifts, the globalized knowledge society, new product and production processes, new standards in employment relationships, digitalization and automation.

The value to the workforce

The biggest challenge that is occurring now due to the growing digital economy is about how to build a digitally ready workforce in an evolving business environment. To do that, any organization must start by filling the talent gap in technological skills, which is also vital to digital strategy. Successfully acquiring, developing and deploying talent starts with a strategy that directs what work will be done, how it will get done and by whom.

Next, organizations need to create a compelling value proposition for talent that includes training in new skills, development opportunities and rewards. The way people interact within organizations has also changed a lot today. People expect to use social communication skills in the workplace as well. Therefore, communication platforms should take advantage of using social sharing practice that allows people to collaborate using familiar methods that they are already using with friends and family.

For leaders, retaining the human part in a growing digital world is vital for future success. It is clear that the digital age requires different qualities from business leaders. The leaders who understand well enough how technology and people complement each other and create added value, are on the front line.

Today, leaders should be able to connect with a well-defined purpose, inspire their workforce to this common purpose and give them the independence to create more value. When workforces have a purpose to deliver and are motivated and inspired by leaders, they respond with high levels of engagement, increased commitment, bringing creativity to work, shaping themselves and their organizations to flourish in a digital age.

By creating a company culture that acknowledges and invests in the above considerations, an organization can make their workplace more attractive to a much wider talent pool and can be far ahead in the talent war. All of these automatically add value to their workforces and to the digital economy. Table 1.2 shows the approaches to determining the value case for the digital economy in respect of organizations and their workforces.

Table 1.2 Approaches to determining the value case for the digital economy

Inspire	Empathize	Design
Understand digital economy for the organization and people	Identify business critical mission impacted by digital economy and disruptions	Design a lean, autonomous and multidisciplinary team
Derive touch points for fourth industry revolution	See the big picture: value creation and value capture	Turn threats into competitive advantage
Explore HR value chain and disruptions	Measure the change in mindsets and readiness	Focus on excellence, innovation and long-term sustainability
Define future of work and workforce in context of organization	Ensure leaders understand how to adopt the practice	Rethink the strategy process for agility

So before designing such value cases, we need to understand what digital economy means for the organization and its people, identify business criticality, see the big picture, get ready with the right mindset and ensure that leaders recognize the transition. For design, it is necessary to have a lean, autonomous and diverse team that can turn threats into opportunities.

Through a simple set of practices, we can help accelerate business-critical missions, begin a global movement of people from across the organization, and create measurable behavioural changes that result in substantial economic impact. The management and leadership team within an organization should encourage every team and employee in the organization to take responsibility by providing the necessary framework, tools and incentives.

People are at the centre of the digital world

To add these values to digital success, organizations need to bring people to the forefront and hire new digital professionals who have different but specific skills, expertise and working styles that may have not been considered in the past. Today, organizations may need to measure the potential to build up internal talent by establishing multidisciplinary diverse teams, developing cross-collaborative networks, creating new evaluation frameworks and redefining leadership roles.

By positioning people at the centre of development and economic evaluation, this drives a revolutionary change in the way labour and social inequity are considered. This helps strengthen the growth in sustainable development goals that organizations should be prepared for by making equally radical decisions about changing contexts and the new challenges that the world is encountering. We will cover more on sustainable development in later chapters.

So, to put people at the centre of business, digital success and economic growth, we need to consider human development as a key aspect, because human development focuses on improving people's lives rather than just economic growth. To bring people to the centre, organizations need to see what is meaningful to their workforce today.

Human development

The term human development is defined as an evolution of human capabilities, a broadening of choices, boosting freedom and a fulfilment of human

rights. This also means developing intellectually and socially by growing and experiencing changes in our lives and learning new things.

The United Nations was the first organization to start enforcing their report on human development, and the vision was to see development as a process of enlarging people's choices. All the development outcomes were to be measured in terms of people's experiences: a long and healthy life, education and a decent standard of living. These force governments and policy makers to consider the quality of human life not just economic growth.

According to the United Nations, developing countries' transformation into major economies with growing political influence has impacted the progress of human development, which has highlighted the need for appropriate policies and investment in capacity building with a focus on education, nutrition, health and employment skills.

A lot of areas are under the microscope in terms of the suggested sustainable development goals. Enhancing equity with inclusion on the gender dimension, enabling greater voice and participation of youth, confronting environmental pressures and managing demographic change are the major areas of focus on the human development side.

Based on these human development needs and the changing world of work, the way people work today also needs to change. This means organizations need to support a better understanding of their workforce and formulate new work structures based on the workforce's intelligence. These approaches are key to finding and retaining top talent; fostering productivity, performance and wellbeing; and driving agile, flexible attitudes towards people collaboration.

There are different practices within organizations that emphasize on human development directly or indirectly. Organizational development is one of the ways that are used within organizations as well as applying behavioural science to help organizations to improve their people and systems. This also enhances organizational effectiveness while focusing on the organization's culture and values. Aligning human behaviour with the organization's strategy, structures, processes and business objectives is another point to take into consideration.

Human resource development is another framework used in many organizations to help the workforce develop their personal and organizational skills, knowledge and capabilities. It is one of the most significant opportunities that workers seek when they consider an organization, as the ability and inspiration help them to continue to develop their skills. This particular area from HR organization is quite important when leading an organizational transformation.

Transformation in the digital age requires new structures, new working environments, better training and empathizing with people's need to discover their full potential in the digital age. The principals in the required transitions are the people themselves, and these people need to know the new ways that exist to develop themselves so that they can play their new roles in the organization and digital success (Becerra, 2017).

The people first approach

During any transformation, the journey is more important than the destination, but many organizations focus just on the bottom line. Many digital transformation initiatives fail today because organizations do not review their various capabilities along the way. Many also ignore the creators and enablers, which can also mean their most talented staff, if they do not adopt a people-centric approach.

When we consider change, we should mostly be interested in getting people to buy in to that change and to see the value they will gain from it. In this sense, adopting the changes isn't about the essence of technological details or usage numbers; instead, adoption is more about people and their responses to the changes.

So, it is very important for organizations to understand what their workforce wants. Asking their people what matters most to them and listening carefully to their responses is what organizations need to do to really progress any changes. There are a lot of initiatives such as anonymous surveys and continuous feedback loops to drive employee listening.

On the other hand, knowing precisely how the team works and respecting people's engagement with their work can help to gain the trust that organization leaders need to initiate the changes during their journey of transformation. This is necessary in order to ensure they don't get lost in the process and that every step organizations take towards the adoption of change is adapted to their needs.

As waves of change are transforming global businesses, HR organizations can embrace disruption in the way organizations work, and they can help to rethink how to prepare leaders and their workforce to succeed. Many business and HR leaders state that they are aware of these changes and the importance of preparing the workforce for the future. They emphasize their goals in terms of engagement, productivity, agile ways of working and people-centric transformation. We will learn more about transformation in the next chapter.

As the world is becoming more interconnected, value creation is shifting from the individual to the collective. No matter what the initiative is about, the goal should be to guide leaders with strategies and actions, to unleash the potential of their people to work in empowered, self-managed teams with a sense of entrepreneurship, and enable organizations to emerge and be sustainable.

Many leaders are desperately trying to transform their organizations, pursuing improved performance and efficiency by changing behaviour and capabilities throughout the organization. But in most cases, these leaders lack the right mindset needed to deal with the situations that arise, especially in this fast-changing uncertain world.

And then, if we ask why organizations keep on failing in their digital initiatives, one of the biggest reasons is, of course, the people. You can have the best vision and strategy in the world, but if you don't have the delivery capability, it will just end up as another failure. Picking the right talent and building the right team is what organizations need to consider.

Hiring the wrong people to do the job, or putting the wrong team together will inevitably lead to failure from day one. Recruitment can be very vital here to get the right people in place to deliver these initiatives. Management and leadership teams are not taking this seriously in many cases, and hence their chances of becoming successful are shrinking. HR can always be a key adviser during these transformations.

Organizations that establish a people-first culture are better places to work. Businesses that embrace this approach are rewarded with better results and happier employees. Creating a successful people-first culture takes time, effort and different mindset. A small thing can make a big difference in demonstrating that organizations are placing their efforts on achieving a people-first approach during their journey of transformation.

Summary

Interpret the digital economy and different industrial revolutions in the context of the organization and its people:

- Digital economy is the worldwide network of economic activities, commercial transactions and professional interactions that are enabled by information and communications technologies (Rouse and Pratt, 2017).

- Organizations need to move from the third industrial revolution to the fourth industrial revolution, where humans integrate with the cyber world.
- The ongoing digital economy assists organizations and workforces to leverage the use of technologies to achieve higher performance and increase efficiencies in their tasks and activities.
- Industry 4.0 isn't just for manufacturers; it can impact all of us, as in this era, technology and people are not distinct or separate.

Understand disruption and outline key disruptions across industries and the function of human resources:

- The attributes of disruptive businesses are associated with lower gross margins, smaller target markets and simpler products and services, and usually do not emerge as attractive solutions.
- Disruptive innovations have turned the way brands are built upside down and disrupted old industries as well as giving rise to completely new ones.
- Disruption has transformed the economics of society and has brought about a distinctive paradox to the new generation of workforces and organizations.
- HR is not about what it means today or meant in the past; rather the emphasis is on the values that HR can create for the future for the investor, customer, community and the workforce.

Explore the impact on the future of work and the workforce with new work models:

- We are living and working in a world today that is changing so rapidly that it has become impossible to predict, or even to effectively plan for.
- The digital revolution is also having a very significant impact on the workforce and HR organization. The major changes include ongoing demographics, and technological, sociological and cultural transformations.
- Work 4.0 was considered because of the changes it brings to the world of work and how it will have an unavoidable impact on the welfare state and social security systems.
- The biggest challenge is to build a digital ready workforce in an evolving business environment. To do that, any organization must start by filling the talent gap in technological skills and continuous learning agility.

Understand why people are at the centre of the digital world:

- To put people at the centre of business and digital success, and economic growth, we need to consider human development as a key aspect and focus on improving people's lives.
- Organizations need to support a better understanding of their workforce and formulate new work structures based on the workforce's level of intelligence.
- The journey is more important than the destination in any transformation, but many organizations focus just on the bottom line and ignore the many creators and enablers along their way, which is not a people-centric approach.
- Organizations that have a people-first culture are one of the greatest places to work and are rewarded with better results and happier employees.

Time to act



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The need for transformation and having the right mindset

02

Objectives

- ✓ Become familiar with the fast-changing uncertain world of developing forward-thinking capabilities
- ✓ Realize how transformation is the turning point in an organization's success with its economic and social environment
- ✓ Know why we need growth and digital mindsets for the process of transformation
- ✓ Outline the importance of the adaptability of business, organization and HR for the future

The fast-changing uncertain world

The pace of change has never happened as rapidly as now, and we have all started realizing this.

We are living in a world that is changing at lightning speed and is overloaded with information and continual technological revolutions. The consequences are radical, as technology is changing the way we live, how we communicate with each other, how we create and share knowledge, how we do our personal things and even how we manage relationships. We can barely imagine the world as it was just a decade ago, and this is drastically changing our lives, both personally and professionally.

The biggest challenge is that organizations must also operate within these changes at the same speed. As a result, they need to continuously adapt their ways and how they manage these. As the world has become so unpredictable, adopting new technologies has become the only way forward in the fast-changing sectors of any economy. Organizations need different business models, efficient organization structures, new forms of leadership, and different ways of interacting with each other, so they don't end up working in silos.

Even with all this technology, it still can't help an organization to predict the future, because we are living in a world that is volatile, uncertain, complex and ambiguous.

Understanding VUCA and exponential changes

VUCA is a concept that emerged with students at the US Army War College to describe the volatility, uncertainty, complexity and ambiguity of the world after the Cold War (Bennett and Lemoine, 2017). For now, the concept is acquiring a new relevance in specifying the current environment that is changing fast. Leadership also needs to change to manage organizations successfully in this environment.

Table 2.1 shows the traits of VUCA and highlights different cases and examples and how to handle them.

If we try to understand VUCA as explained in the table, we notice that we must all prepare for the challenges of a VUCA world. Change is coming at us with mystifying speed, driven by globalization, demographics, the effect of increasing inequality and a growing broad range of technologies like artificial intelligence, blockchain, nanotechnology, quantum computing and many others.

Also, the reality for most people inside organizations today is that work doesn't work, and the way we are organized makes it harder for us to do our work instead of easier. The way decisions are made slows things down when it should be speeding things up. And the way we collaborate and communicate with our teams makes us feel like we would be better off working by ourselves than working together. As human life expectancy has increased, other things are changing in many ways. We now live in a world that is defined by exponential change and this exponential change is not driven exclusively by technological innovation, but rather by many other factors.

A Gallup global survey of employee engagement (Mann and Harter, 2016) found that only 13 per cent of employees are engaged at work, 63 per cent are not engaged, and an awful 24 per cent are actively disengaged.

Table 2.1 Understanding VUCA

	Volatility	Uncertainty	Complexity	Ambiguity
Traits	The challenge is unexpected or unstable and may be of unknown duration, but it's not necessarily hard to understand.	Despite a lack of other information, the event's basic cause and effect are known. Change is possible but not a given.	Some information is available or can be predicted, but the volume or nature of it can be overwhelming to process.	Casual relationships are completely unclear. No precedents exist; one faces unknowns.
Case	Prices fluctuate after a natural disaster or an unpredictable incident takes a supplier offline.	A competitor's pending product launch confuses the future of the business and the market.	Doing business in many countries, all with unique regulatory environments, tariffs and cultural values.	Decision to move into emerging markets or launching products outside core competencies.
Approach	Build in slack in the pipeline and devote resources to prepare. This type of investment is expensive and should be matched to risk.	Collect, interpret and share information. This works in conjunction with structural changes that can reduce ongoing uncertainty.	Restructure, bring on or develop specialists and build up resources adequately to address and manage the complexity.	Understanding cause and effect needs a hypothesis to be generated and tested so that lessons learned can be applied.

This impacts the growth in productivity for organizations, and, as a result, the average lifespan of an organization today is just 15 years and it is still falling. In 1958 the average lifespan of a company on the S&P 500 was over 60 years (Anthony *et al*, 2018). So once they were listed in the S&P 500, they could expect a good long run of success.

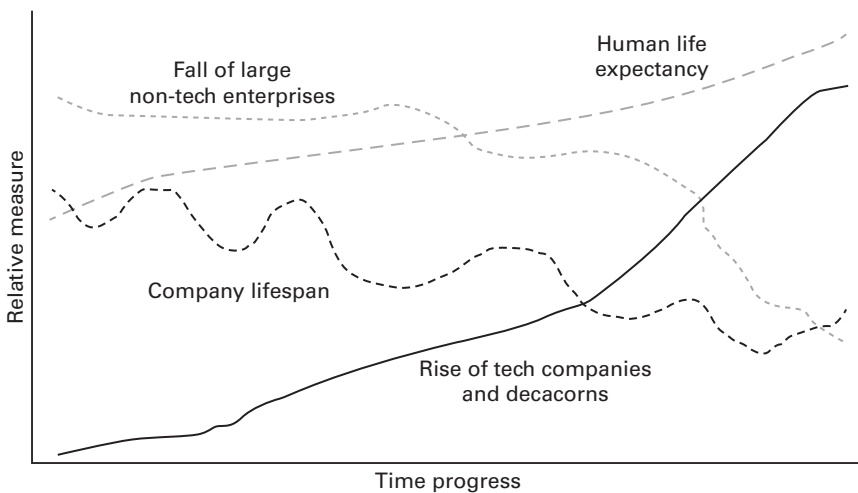
In the current scenario, we can also see that most large non-tech enterprises are failing, as these organizations just can't squeeze out any more productivity. On the other hand, technology giants and new decacorns are on the rise. This small group of frontier companies is unlocking exponential productivity when compared to others, and they are indeed replacing the large enterprises at the top (McGowan *et al*, 2015).

Figure 2.1 shows the number of ongoing, major changes that have happened over time.

The difference between successful and unsuccessful organizations is that the successful ones are reaping all the rewards in this new world in the way they work and in terms of how they are fundamentally different from others. Unlike these successful organizations, most other companies today are still using an obsolete operating model that was designed over 100 years ago for a world that no longer exists.

So, there is a shifting paradigm for organizations away from a time when they could only succeed by working towards a clear, specific and usually profit-driven collective purpose. This worked well at a time when it was possible and advantageous to try to predict the future. There are a few examples of the new models used by these successful organizations that others can learn from, although there is no one-size-fits-all solution. We will explore these in detail in later chapters.

Figure 2.1 Major changes over time



Patterns of shift

So, it's clear that this difference between optimizing for certainty versus optimizing for uncertainty is at the core of what separates successful organizations from everyone else. The shift from an efficiency-driven to an innovation-driven world is shown in Figure 2.2.

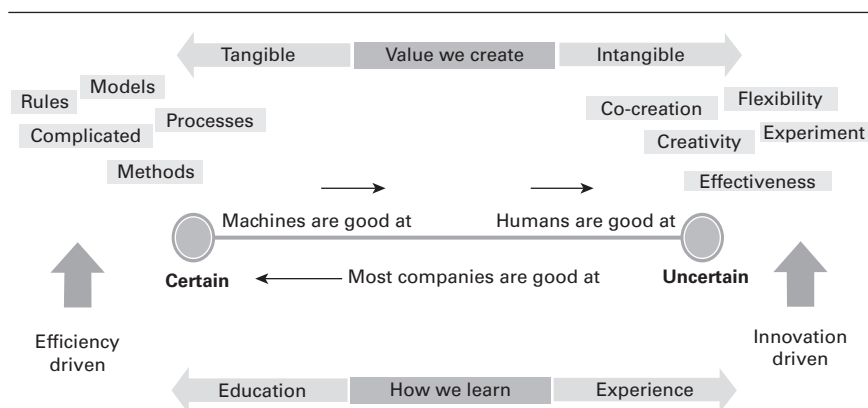
As we can see from the figure, it's no surprise that most organizations are finding it harder and harder to create any unique and tangible value at this end of the spectrum. Machines can create exponential and tangible value as they are good at working in certain environments that are bounded by characteristics such as rules, models, processes, methods and, in fact, are quite complex in most cases.

Human beings, on the other hand, are good at the least routine, most complex, most collaborative, most creative work and are good in uncertain environments. These require attributes like co-creation, flexibility, creativity, effectiveness and an experimentation mindset. Today it is more about learning from experience than from the traditional education methods.

So the demand is for innovation-driven rather than efficiency-driven work for creating more value, and this is where teams and human workforces working together towards a shared goal can create that massive value. This is where change needs to happen exponentially, but, sadly, most organizations we work for are optimized for certainty not for uncertainty.

Many developing countries are also experiencing ongoing economic uncertainty, with long-lasting underemployment, uncontrollable debt and stagnant consumer demand. On the other hand, emerging countries are growing as their increasing populations and growing middle classes give rise

Figure 2.2 Paradigm shifts for organizations



to a new talent pool of workers. If organizations want to optimize for uncertainty, they need to begin by defining a clear and specific collective purpose and be ready to change.

Transformation describes the radical turning point in an organization's success with its economic and social environment. Usually, a transformation in an organization proceeds with an infrastructural and technical upgrade of machines, algorithms and databases. But today, human transformation is also important, as we explored in the previous chapter. Organizations need a people-centric transformation, where the relationships of the organization need to be redefined as well.

For organizations to undergo this unprecedented change, their HR organization should develop new capabilities to help with this people-centric transformation so that they can remain relevant. And all these forces of change have significant implications for the future of business and HR functions as well.

HR can also enable business growth by encouraging new working models, modern workplaces, the elevation of contingent workers and global mobility. Transforming HR to deliver dynamic capabilities like these can help organizations to respond better and effectively to changes in the business environment and position themselves as leaders. We will explore more on this in the later sections of this chapter.

What does transformation mean?

As digital technologies and innovations are dramatically reshaping most of the industry, many organizations are pursuing extensive change efforts to seize the benefits to stay ahead of their peers. These attempts to help cope with the shifts in the market and business environments are mostly driven by transformations in the organization.

Transformation may sound easy, but it's not, as currently there are so many different perceptions of this buzzword around the world. Of course it's a journey that also brings a huge change to the people, processes and culture associated with an organization. But before understanding this buzzword, it is important to know what a transformation is not.

Exploring different transformations

Many organizations are misunderstanding transformation or more precisely digital transformation, especially when we consider the digital economy.

Let's try to understand the different ways of changing businesses, processes, people, technologies and culture in an organization:

- **Digitization:** focusing on integrating digital technologies into workplaces like the use of mobile, easy access, gadgets, etc. It is the process of changing from analogue to digital forms for any business function.
- **Agile and DevOps:** tend to be technology makeovers from design through the development process to production support or using agile methods to innovate with existing products and services.
- **Business process optimization:** to enhance business process for more efficient results and outcomes. This is one of the major quantitative tools in industrial decision-making for maximizing throughput.
- **Digitalization:** the use of digital technologies to change a business model and provide new revenue and value-producing opportunities; it is the process of moving to a digital business.

Digitalization opens up the way towards the transformation journey and leverages enormous opportunities for innovation and competitive advantages, which will require a complete rethinking of the organization in respect of culture, strategy, technology and operations.

So, when we consider a digital transformation, it is in fact a constant journey of the realignment of business models, technologies and organizational culture to more effectively do business in the digital age. But for many organizations, digital transformation is just a digital optimization first and foremost, as new digital initiatives merely augment existing services.

Organizations should focus on the drivers and their capabilities to keep their journey going and should consider a realignment of the business model based on their vision, customer experiences, user behaviours and existing processes. They must also enable the right technologies to support these and drive change through agile leadership that must be flexible enough to change decisions and the organizational culture as well.

The fundamental meaning of transformation should also not be misunderstood. Transformation means anything that is changing its entire nature or form. In business, this would mean changing the core operating model or infrastructure of an organization. This is not something many businesses like to do, as it is simply too sensitive and risky, and all these factors make it more difficult for organizations.

There are many digital initiatives going on around the world, whether it's about enhancing the customer experience, integrating new intelligence systems like chatbots, ensuring we have a multi-device approach with mobility

for customers or working with data and analytics to fuel marketing. The possibilities and opportunities today are literally endless, and organizations must understand their necessity when considering their future scope and uses for it.

Despite all these, more than 70 per cent of digital transformation initiatives and programmes don't succeed. McKinsey suggests that 70 per cent of transformation programmes fail, while Forbes puts the figure at 84 per cent (Rogers, 2017), which implies that two out of every three digital transformation programmes fail on average. The key to the success of digital transformation is also the key to a better future.

Attaining a successful transformation

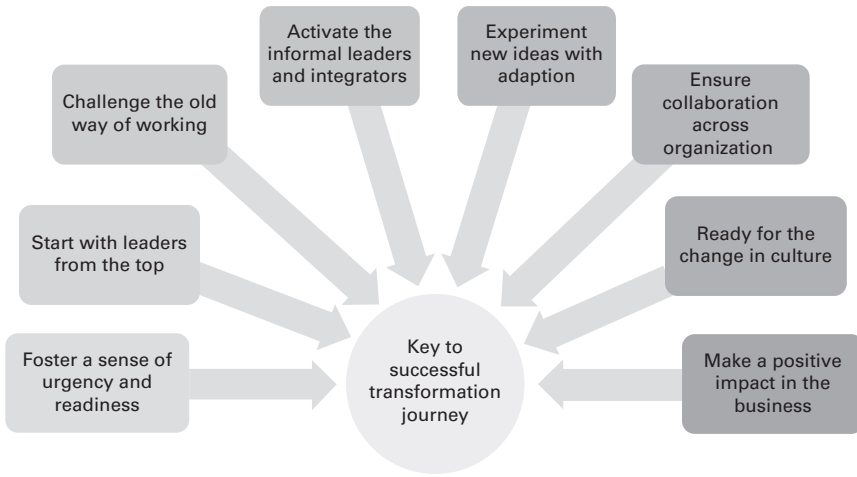
The key to success is not only having the right new technologies, but organizations should make a start simply by asking themselves a few basic questions with an open-minded attitude, so that they can open up a new world of opportunities and plan their forthcoming journey:

- Why do we need to transform?
- What does a successful transformation look like for us?
- Do we have the right skills and resources?
- Are we aware of the challenges?
- Is the organization ready for the changes?

These are only a few; there could well be many other questions like this. There are also many other key factors which organizations need to consider. Figure 2.3 shows the major key factors for a successful transformation journey.

Looking at this figure, for a successful transformation it is important to understand the sense of urgency and readiness, as there is no point in just following others, instead of obtaining a better understanding of ourselves. For that same reason, a transformation initiative must also start with the leaders from the top, who should not only own this but also be open enough to challenge the old way of thinking.

For those top leaders who are driving this journey, it is also crucial to engage with others and communicate the correct purpose to the informal leaders, enablers and integrators in the organization. They should make sure that collaboration is happening across the organization and also be ready for a change in culture, as for any such transformation, a good way of changing the organization is through the culture itself.

Figure 2.3 Key factors for a successful transformation journey

Experimenting with new ways and ideas and adapting them to an agile mindset is also a major factor, because in the end, this journey should have a positive impact on the business. That's why leaders and the workforce need to have the right mindset for the transformation, an adopting mindset in fact, which starts on a personal level, then extends across to the organization's needs, its customers and then to the rest of the business, its technologies, demographics, etc.

There is no order of importance for these key factors, as they are all necessary for success, but in most cases, transformation starts with culture, which is the operating system of the organization. Organizations from the pre-digital era therefore need to adjust or shift their organizational culture to keep up in today's digital world, and also must be ready to adapt or change their culture. It is neither easy nor is it going to happen quickly. We will explore this in the next chapter.

For many, it is a common belief that technology drives transformation, but this is not true as in most cases, it is strategy that drives transformation. The most important part is to capture the value and find the sweet spots among the organization's capabilities, customer needs and competitors' offerings. Organizations need to consider the entire value chain when making such strategies; only then can they get ready for their digital transformation journey.

Any digital transformation of a business can only excel with good leadership and management, regardless of its size or budget. And doing so requires more than just IT savvy leaders; competencies such as being clear on the

vision, maintaining transparency, believing in collaboration, possessing agility, having strong communication skills and being a role model are some of the very important qualities needed from these leaders.

Transformation means different objectives to different people. For many, it's about the speed and power of technology; for some, it's about gaining more visibility in the process and generating data; and for others, it's about driving efficiency, adding more value and achieving cost savings on the bottom line. Being empathic is a core element of any transformation strategy, and it's a quality of character that changes the world.

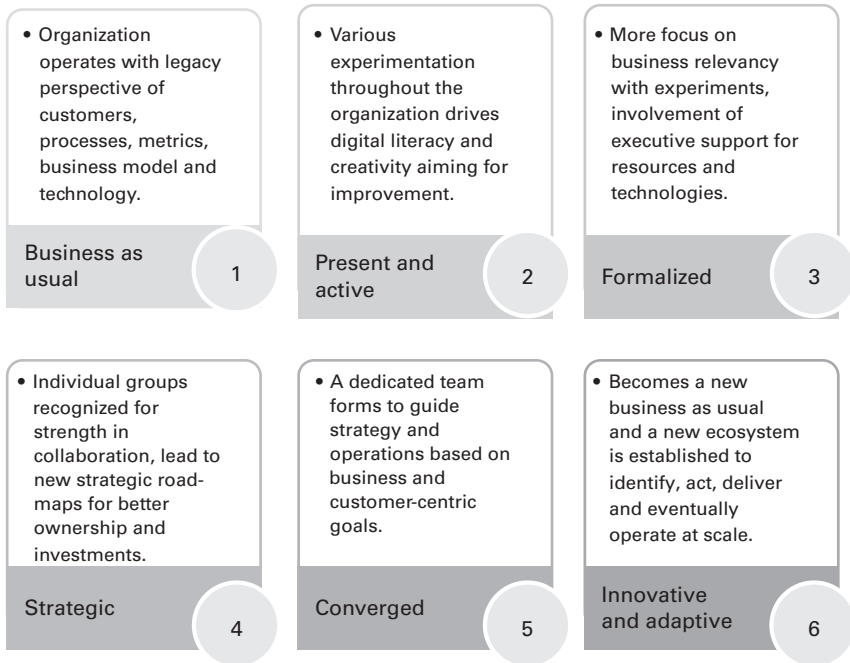
Another important aspect to remember is not to fear ongoing change and future failure. Moreover, only having an experimenting mindset is not enough. It is also important how quickly an organization learns from its failures, while exploring new ideas and ways. Failure is, in fact, the first step to success, which we all have learnt from our childhood. Organizations that experience continued success in their transformation recognize that it isn't just the change; it is the journey that matters.

Journey of transformation

Digital transformation is not just about radiant new technology; it's a new way of organizing, engaging with customers and employees, and building networks of expertise and trust through cooperation and collaboration, and working faster, better, smarter than ever before. There is no alternative to digital transformation; early adopters will shape new strategic options for themselves, and those they don't adapt will fail.

So, digitalization or digital transformation is more than a buzzword and should be an essential part of corporate strategies, for certain. To be very clear, just investing in technology is not the same as digitalization or digital transformation. Most organizations are now investing in new tools, applications, platforms and services to make them tech-enabled, but it doesn't mean organizations are transforming in a digital economy. With digital transformation, technology is driven by purpose, and that purpose is meant to reshape business.

Based on the research of companies like Cognizant and Altimeter (Solis, 2016), there are six key stages organizations go through in their digital transformation, as shown in Figure 2.4. But this doesn't mean every organization follows this sequence in their own transformation journey.

Figure 2.4 Six stages of transformation

While exploring the stages, we can see that in most of the current active transformations, the digital initiatives are driven by diverse experimentation and creativity, aiming for improvement within the organization. This is unlike the organization's familiar legacy perspective of customers, processes, metrics, business models and technology, although it is the ongoing solution to digital success.

More formalized transformation approaches focus on business relevance and where the initiative becomes dynamic and hence needs better support from the top for new resources and technologies. In a strategic transformation, on the other hand, shared efforts and insights from people and the team lead to new strategic roadmaps for the organization. In the later stages, a dedicated transformation team is necessary to convey strategy and operations based on the business and customer-centric goals. And finally, transformation becomes innovative and adaptive, this becomes the new norm and a new ecosystem is established.

Transformation isn't an outcome; it is a complex but developing journey. No one can usually claim that they have reached the end of the transformation process. Many are just at the beginning; in fact, some of them haven't

even started yet. So in this digital era, one cannot give a fixed timeline for a transformation journey, as it's a continuous, ongoing process.

When it comes to HR organization, transformation is more than just deploying some new digital solutions. Rather it should focus on the business challenges related to the workforce and needs of the organization and hence it is important to generate business value from this. Business alignment is the key factor that business leaders want from their HR colleagues (Donaldson, 2017).

This means there is a lot of work to do to bring the workforce along with the changes, by involving them and making them feel it is a process done with them, not to them. HR and business leaders need a transformational growth mindset and also need to understand that nothing is going to stand still anymore, as change is the only constant today.

Growth mindsets in the digital age

There is a famous quote that says once your mindset changes, everything on the outside will change along with it. Mindset is just a simple idea discovered by renowned Stanford University psychologist Carol Dweck after decades of research on achievement and success (Dweck, 2006).

Basically, the mindset can be divided into two – a fixed mindset and a growth mindset. In the fixed mindset people believe in their basic qualities, like their intelligence or talent, and simply rely on their fixed characteristics. They like to document their fixed characteristics and intelligence instead of developing them, and they also believe that talent alone creates success.

In the growth mindset people believe that their basic abilities can be developed through commitment and hard work; intelligence or talent is just the starting point. This perspective creates a passion for learning and a resilience that is essential for great achievement. So, they are more interested in their growing characteristics and qualities.

The difference

Every individual is different, as most of us think differently, act differently and progress differently from one another. There are also strong differences in people's backgrounds, experiences, training, or ways of learning. Some claim that the fixed quality part can't be increased, whereas others believe that with practice, training and the right way, we can manage to increase our

attention, our memory, our judgement and literally become more intelligent than we were before.

These two different mindsets can determine how successful people can be, which is much more than having just talent, skills and intelligence. Table 2.2 shows the differences between the two mindsets with examples. There is a strong physical basis for these differences, making them unavoidable and unalterable.

The right mindset can predict future achievement and impact on our learning and beliefs. For example, a growth mindset can help in embracing challenges, learning from negative feedback, seeing efforts as a path to mastery and, finding lessons and inspiration in the success of others. A fixed mindset can lead to avoiding challenges, feeling attacked by useful negative feedback, seeing effort as fruitless and feeling threatened by the success of others (Boehmer, 2015).

Recent advances in neuroscience have also shown that the brain is far softer than we ever knew and the connectivity between neurons can change with experience. With practice and use, neural networks grow new connections, strengthen existing ones and build insulation that speeds the transmission of impulses. So we can increase our neural growth by the actions we take, such as using good strategies, asking questions, practising and following good nutrition and sleep habits as well.

Also, if we start believing that our brain can grow, we start behaving differently. We can indeed change a person’s mindset from fixed to growth, and when we do, it leads to increased motivation and achievement. Mindset is considered one of the important factors when organizations need to transform, as it’s very unlikely that people want to change, generally. So having the right mindset is very much a primary consideration, while in starting any such initiatives, a digital mindset is one of them.

Table 2.2 Growth mindset versus fixed mindset examples

Growth mindset	Fixed mindset
✓ Failure is an opportunity to grow.	✗ Failure is the limit of my abilities.
✓ I can learn to do anything I want.	✗ I am either good at it or not.
✓ Challenges like me to grow.	✗ I don't like to be challenged.
✓ I like to try new things.	✗ I stick to what I know.
✓ Feedback is constructive.	✗ Feedback and criticism are personal.
✓ My attitude determines my abilities.	✗ My abilities are unchanging.
✓ If you succeed, I am inspired.	✗ If you succeed, I am threatened.

A digital mindset

Digital technology has connected the world to an extraordinary degree, giving organizations the ability to reach customers, consumers and their workforce in new ways, automating their interactions and aggregating proper information to better understand and influence individual behaviour and experiences. Moreover, digital technology has accelerated the pace of change in business, uplifting disruptive business models that can create new markets and enforcing a new collaboration in the world of work.

But digital technology requires more than an understanding of technology; organizations cannot achieve digital success without first understanding whether their people have the right mindsets to embrace the opportunities for change and innovation that digital brings. In addition, leaders who look to shape the cultures of their organizations need to react quickly to emerging trends and be open to new ways of working and thinking.

For any industry, sector or function, the organization can successfully nurture an agile culture when their leader starts with a proper mindset, a digital mindset. This digital mindset reinforces a collaborative approach, open mindedness, recognition, appreciation and trust, which are traits of a digital connected world. When organizations follow this mindset, they are more likely to thrive in this digital world.

As transformation in this digital age needs constant exploration, experimentation and learning, all individuals with a growth mindset can make a big difference, as they are more likely to put in the extra effort to learn and do things in new ways and own a resilience that helps them to overcome challenges. Below are some key characteristics that are concealed in a digital mindset.

- **Agile thinking:** Being agile is more than just adopting the changes; it is vital to anticipate the changes by being flexible enough to keep pace. In the digital age, this would mean being soft with technology, seeing change as an opportunity and accepting new ways of working without feeling threatened.
- **Understanding patterns:** Interpreting patterns for change is essential to be able to overcome the uncertainty and ambiguity, especially in the VUCA world. It is important to understand what the organization needs, where the leaders are in the journey and what the workforce thinks.
- **Collaborative approach:** We are living in a complex and changing world with unforeseen challenges. Today, innovating and creating value for

business is very much essential, and collaboration is the only way to make all these possible in this digitally connected world.

- **Adopting diversity:** Diversity can make a huge difference as people thinking differently can come up with innovative ideas when faced with an exception challenge. A digital mindset essentially means going beyond similar thoughts and embracing different ideas, even when they are radical.

Most successful organizations tend to be highly efficient and flexible. However, there are other success factors like adaptability, agility and innovation, which certainly propel these organizations more towards digital success. To move towards a proper digital mindset, the HR organization also needs a new mindset to rethink how their role can foster a more useful adoption of change while reducing unnecessary bureaucracy.

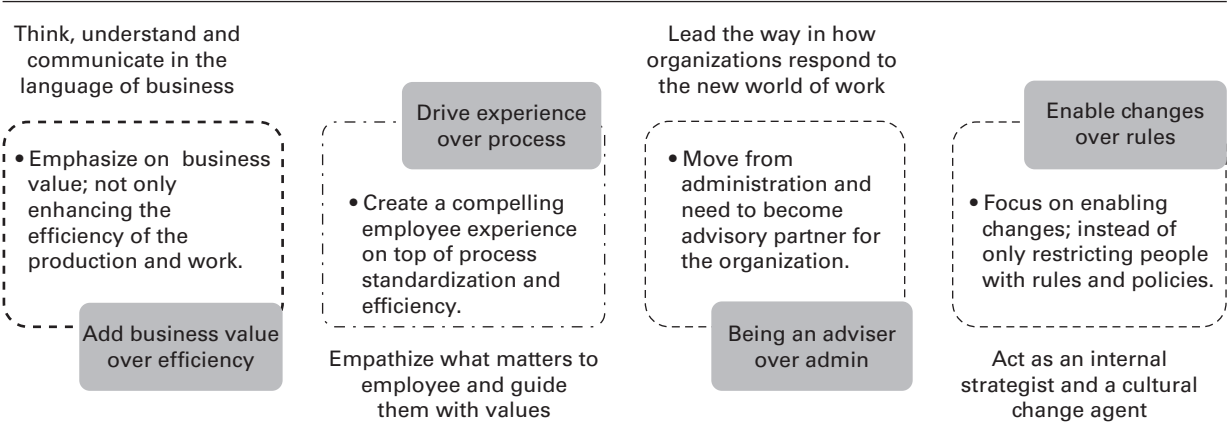
New HR mindsets

Today organizations are still surrounded by typical HR practices that are centred on policy manuals, rules and compliance, which are hardly ever read by employees unless they need to in a particular situation. Perceptions about HR in most organizations are very much based on this nature of its role, as the HR function work is mostly transactional and many in the organization may not be aware of the values that HR can create for the business.

Many HR professionals are still stuck in the mindset that was dominant in the industrial economy, which was focused on enhancing the efficiency of production and work processes, ensuring compliance and standardization. The HR function was expected to play the role of a policy maker within an organization, who could help in setting the policies and procedures, maintaining control and providing consistency. This is not going to work in the digital economy. HR personnel need to shift their mindsets as well, as shown in Figure 2.5.

To communicate the language of business, it is very important that HR leaders and professionals understand the business functions very well. Emphasis should be on the business's values, while dealing with both efficiency and flexibility. When both are in balance with the business's values, it leads to better employee and organizational outcomes, such as greater productivity, job satisfaction, commitment and retention. More business value can be generated when the HR organization starts thinking of itself and its operations as a business.

Figure 2.5 Shift in HR mindset



Creating a compelling experience for the customers of HR is what HR organizations need today, in addition to the standardization of processes and efficiency. The inclusion of a technology-enabled HR function will allow professionals to avoid being immersed in tasks such as record-keeping, transactions and lifecycle processes. This in turn produces an opportunity to understand the employees and guide them with more values, including a superior employee experience.

HR also needs to eliminate the jargon of its specialization in this digital age and literally move from an administrative role to a more advisory business partner for the organization. In turn, this requires a far deeper grasp of the organization's core business model and strategy, and leads to how the organization responds to the new world of work and ongoing disruptions. Although an HR business partner exists in many organizations, the mind-sets are still the old ones.

As there are many changes and much uncertainty happening today at work and in workplaces, the HR organization really needs to think beyond the rules, policies and compliance. Overregulation can prevent employees from responding quickly to change or taking proactive steps in anticipation of change. This is neither an option to gain traction in this digital world nor good for the organization when considering ongoing transformations. Instead of restricting workforces through all kinds of policies, rules and procedures, HR leaders and professionals should rather focus on enabling activities.

HR should act more like an internal strategist and change agent for the business, the workforce and the organization's culture. They can help the workforce to understand the connections between their role, the business strategy, the deliverables and the customer. More emphasis should always be on guiding employees with company values that help them execute strategy and make suitable decisions when facing unknown situations and uncertainty. If we consider all these components together, this in fact represents a huge shift for HR.

Organizations are more successful when line managers, rather than HR professionals, are responsible for recruiting, performance management and retention. This does not mean that HR is not needed, rather they can play a vital role in coaching and guiding the line managers on managing the workforce effectively. HR should also do periodical reviews of HR policies and procedures based on feedback and suggestions from line managers and business leaders (Scott-Jackson and Mayo, 2017).

In the digital economy, business success is hugely dependent on adaptability, speed and innovation, but this change requires a different mindset from the HR organization as well. Only focusing on compliance and standardization of processes is not enough to help organizations to achieve success. HR should take an active role and ensure that policies and processes are enabling people to adopt the required transformations rather than constraining them, because if organizations don't adapt today, they will not exist anymore in the future.

Why we need to adapt or die

Technology developments and disruptions have accelerated since the 2010s at a pace that we never thought was possible. We have already explored the exponential changes and transformations that are happening in this digital age. The constant reduction in the prices of hardware and software components has also contributed to the massive progress of the fourth industrial revolution.

Today, entrepreneurs, many of whom are digital natives, have a strong conception of how to apply technology to extract insights into evolving consumer needs and experiences. This has also enabled many new players and startups to rapidly grow their consumer base to the millions, disrupting many industries, sectors and functions, as we have seen previously. These new digital leaders have redefined the way consumers access their products and services.

In addition, this new competitive business aspect makes organizations under threat rethink their old business models and existing operations, as well as look at new ways to approach their consumers. Organizations that do not adapt now will face problems. And the more rapid the pace of change, the more the desire should be to avoid the consequences of sticking to the old ways. So how can the organization adapt to these changes and disruptions in the digital world?

The need for adaptation

The modern digital economy is global, fast and dynamic; and it's in a constant state of change. So the substantial overarching challenge for leaders and organizations is to quickly respond to market change, understand the surrounding contexts and learn rapidly from their failures. Leaders must be

the catalyst for organizational change that will help convey their businesses to become market leaders. And the demand for these changes requires organizations to maintain the following three qualities:

- **Agility:** Able to renew itself, change quickly and succeed in a rapidly changing, ambiguous, complex environment. Can help the organization to react successfully to the emergence of new competitors, or sudden shifts in market conditions or any other context.
- **Innovation:** Being creative and brave enough to bring new ideas for developing new products and services; establishing ways of working or leading any disruption in the market that is crucial for the continuing success of the organization in this era.
- **Adaptability:** Able to sustain the high-speed pace of change through cognitive skills and behaviours that can develop from continuous learning and experience. The only organizations that can achieve competitive advantage.

Today's pace of change in business conditions may or may not go unchecked, but it is surely striking to all of us and creating a big noise, and we should expect it to accelerate in the future. It all depends on how the business converts this threat into an opportunity. Adaptation is necessary for rapid change, not only to stay ahead of competitors but also for the organization's own survival, as ignoring a rapidly changing situation can make the organization go the way of the dinosaurs.

The dinosaur metaphor is quite fitting in this circumstance. Paleontologists eagerly debate the cause of the dinosaurs' extinction and think it was majorly due to their failure to adapt to the rapidly changing climate, particularly the temperature. The dinosaur is not alone in the history of evolutionary failures. In 1859, Charles Darwin, in his book, *The Origin of Species*, showed that those species that adapt best to their changing environment have the best chance of surviving, while those that do not adapt, do not survive (McCallum, 2017).

To be adaptable it is necessary to think more holistically, so the organization needs to think beyond its own boundaries and possibly work more closely and effectively with its customers and vendors. The successful organization anticipates the need for change and does so by learning more quickly from their experimentation and by putting in minimal effort and focusing on improving outcomes. A shared vision also helps connect and inspire all parts of an organization to adapt and move together towards a common purpose.

Adaptability of leaders is also one of the key factors to transformation success, as is leadership commitment. When people in key roles are more involved in the ongoing transformations than they were in past change efforts, a transformation's success is more likely. For leaders, emphasizing the importance of alignment across vision and strategy, culture and beliefs, processes, plans, people and desired outcomes is very necessary.

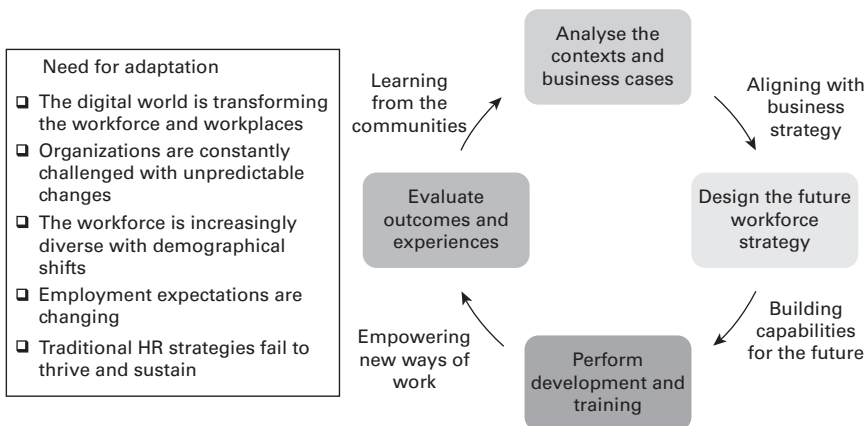
The organization that is well managed, better financed, more responsive and agile can handle these unpredictable changes in much better ways than others. Opportunities are everywhere due to these changes; organizations that can adapt more quickly will certainly be ahead of those who can't. The result is self-explanatory.

Adapting HR

It is a fact that if someone needs to be responsible for people issues at an organization today, it's the HR department. Now, when the responsibility for those issues starts moving to line managers, HR needs to maintain a balance before unleashing new ways of working, which we have explored before. HR must not continue in its current state and start adapting to the new ways through alignment with future change.

The HR organization needs to leverage the use of new technology and redefine its core responsibilities to focus on major business and organizational challenges. In many cases, HR has failed on both accounts, due to their own misconceptions, which have led to more skepticism and rancour from business leaders and employees. Figure 2.6 shows why there is a need for HR to adapt and the relevant strategies for it.

Figure 2.6 Need for adaptation and relevant strategies for HR



As we can see from this figure, there is a clear need for adaptation, as traditional HR strategies fail to thrive and sustain in this digital age because the unpredictable changes in the digital world and ongoing disruptions are literally transforming the workforce and its workplace. This is generating a constant challenge to organizations and businesses and forces HR organizations to act as well.

The workforce is also increasingly becoming more diverse with demographic and economic shifts due to the rise of machine intelligence and augmentation, and changes happening in the world of work and jobs. All these are recasting the employment expectations of the workforce, which is also changing their relationship with their employers. HR organizations cannot survive without incorporating a relevant strategy for its adaptability, in this high paced reshaping of the environment.

The first step is to start by analysing the context and defining the business case, while aligning the business strategy. Change takes place at all levels during a transformation, especially when it comes to talent and capabilities that in fact alter top teams, bring in new leaders and transform cultures. So, the analysing part is very crucial to building any future approach, as well as bringing the right people on board (Welsing *et al*, 2017).

The roles of integrators and enablers, who bridge the potential gaps between the traditional and digital slices of the business, are very essential. People in these roles help by encouraging stronger internal capabilities, along with conveying the experience from the business side, and this demands a good connection with both the traditional and new ways of leveraging the business.

The next step is to design the future workforce strategy and build the capabilities for the future organization and workforce. This starts with aligning the future business and present people strategies of the organization. Usually there is a significant gap between what employers offer today and what employees desire from their work, especially when we see a huge diverse workforce. This results in a big loss for both, as employees become disengaged and unhappy at work and therefore become less productive and more likely to leave, hence costing the business.

All these changes around the world of work and workforces and the augmentation of human tasks by intelligence systems, demand the development of new skills and competencies. The typical activities related to HR organizations, such as the administrative functions like payroll, timekeeping and employee recordkeeping, and the maintenance of policies, rules and compliances, all remain important but can also be automated easily. All these demand a clear need to perform development and training for the workforce, which may also lead to reskilling for HR professionals as well.

Then, HR leaders need to make sure that their HR strategies are flexible and adaptable as well. Designing a strategy based on community-driven learning can enhance resilience and improve organizational capacity to manage difficulties. So it is very important to continuously evaluate the outcomes and experiences across the organization. Adaptive ways of working for the HR organization can generate more time for leadership developmental actions and for relationship building.

The last step is not the end of the strategy building, rather a continuous focus on improvements. It is a cycle of processes that can enhance leadership, values and trust by fostering a new culture for the future. Trust, which within an organization can be quite fragile, is also a very important factor here. Building trust within an organization takes much more time than is usually taken by individuals.

So, if HR cannot adapt, it may not be able to keep up with today's fast changing work environment, which is not only a loss for HR leaders and professionals but also for management, business leaders and the workforce itself. The future of HR is not doomed, but it must adapt to flourish and to deliver true value for organizational success in this digital age and economy.

Workforces and organizations have a growing need to adapt to all the unpredictable and exponential changes. And to be successful in this journey, organizations must focus on cultural change, build and adopt the right strategy, and emphasize the data-driven transformation for the workforce.

Summary

Become familiar with the fast-changing uncertain world of developing forward-thinking capabilities:

- There are radical consequences as technology is changing the way we live, how we communicate with each other, how we create and share knowledge, how we do our personal things and even how we manage a relationship.
- VUCA describes the volatility, uncertainty, complexity and ambiguity of the world and is a concept that is acquiring a new relevance to specify the current rapidly changing environment.
- We now live in a world that is defined by exponential change and is driven, not exclusively, but more than anything else, by technological innovation, together with many other factors.

- The difference between optimizing for certainty versus optimizing for uncertainty differentiates the successful organization from all others, and that needs a comprehensive shift.

Realize how transformation is the turning point in an organization's success with its economic and social environment:

- Many organizations misunderstand digital transformation, which is a constant journey of realignment of business models, technologies and organizational culture to more effectively do business in the digital age.
- More than 70 per cent of digital transformation initiatives and programmes don't succeed, which implies that two out of every three digital transformation programmes fail.
- The key to a successful digital transformation is not only having the right new technologies but also that organizations should make the right decisions with an open-minded attitude so that they can open up a new world of opportunities.
- Digital transformation is a new way of organizing, engaging with customers and employees, and building networks of expertise and trust, through cooperation and collaboration, and working faster, better, smarter than ever before.

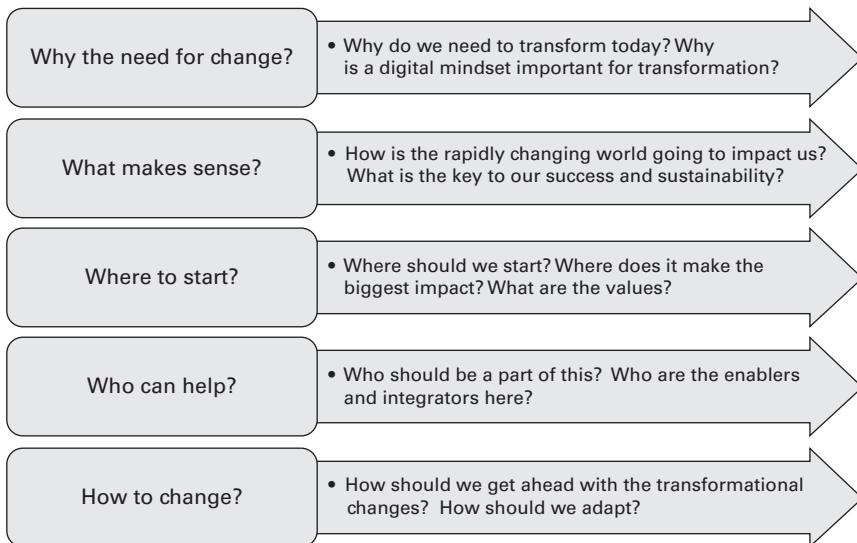
Know why we need growth and digital mindsets for the process of transformation:

- The mindset can be divided into two, a fixed mindset, where people are simply relying on their fixed characteristics, and a growth mindset, where people believe that their basic abilities can be developed through commitment and hard work.
- As transformation in this digital age needs constant exploration and learning, all individuals with a growth mindset can make a big difference, with their ability to learn and do things in new ways and they have a resilience to manage challenges.
- HR professionals are still stuck in the mindset that was dominant in the industrial economy, which was focused on enhancing the efficiency of production and work processes, ensuring compliance and standardization.
- In the digital economy, business success is hugely dependent on adaptability, speed and innovation, but this change requires a digital mindset from the HR organization so that it can deliver true value.

Outline the importance of the adaptability of business, organization and HR for the future:

- The modern digital economy is global, fast and dynamic; and it's in a constant state of change. The challenge for organizations is to quickly respond to change, understand the surrounding contexts and learn rapidly from their failures.
- The organization that is well managed, better financed, more responsive and agile can handle these unpredictable changes in a much better way than others. Organizations that can adapt quickly will certainly be in the front line.
- The HR organization needs to leverage the use of new technology and redefine its core responsibilities to focus on major business and organizational challenges.
- If HR cannot adapt, it may not be able to keep up with today's fast-changing work environment, which is not only a loss for HR leaders and professionals but also for management, business leaders and the workforce itself.

Time to act



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The game changers

03

Culture, data and strategy

Objectives

- ✓ Explore the impact of cultural change in transformation
- ✓ Outline a data-driven transformation empowered by analytics
- ✓ Become accustomed to positioning strategic HR business for the organization
- ✓ Know how to build a sustainable agile digital HR strategy for transformation

Transformation starts with a change in culture

Culture is the backbone of any successful organization and a corporate culture can make a huge difference in attracting and retaining talent in the organization. In addition, corporate culture has an impact on the success of the transformational change initiatives. Whenever an organization has a major organizational change underway, cultures play an important role. It can either support the new state reality that the organization is implementing, or it can become a bottleneck if underestimated.

For any transformation, there are always shifts away from the old ways of doing things to the new. The new strategies, structures, processes and technologies are likely to be so different from the present that they require people to adopt new ways of working. The workforce during any transformation must also change the way they interact with one another, their prioritizations, even their measuring of results and become part of the shift in culture.

The cultural shift

Organizational cultures form over years of interaction between people in organizations, so changing the organizational culture can feel like rolling rocks uphill. But in the end, it will likely result in increased growth and successful transformation. Lacking a clear shift in the cultural norms and expectations of an organization will result in the failure of the organization's change initiatives.

So, without a cultural transformation at multiple levels, the workforce will revert to their old ways of working. Therefore, the shift must happen at three levels: at the organizational level, the team level and the individual level. While change at organizational level is about image, the organization chooses, consciously or unconsciously, to send a message about what is valued in the workplace; at the team level, it is more about the right kind of practices that reinforce how they collaborate, have greater influence and creativity.

To embrace the change, the team needs to understand the purpose of the change and what it looks like for them. And then the most important level of change is the last one, for without individual change, there is no change. Cultural change is the sum of all the individual changes that are happening in the organization, and we must make changes with a clear and specific culture, so we know what we need to do differently.

The leaders and individuals in the organization must decide to change their behaviour to create the desired organizational culture. Leaders should be responsible for designing the new culture to deliver on the new transformational change initiatives, so that the workforce can see how the new organizational culture will fit into the larger change picture.

Leaders also model the new behaviours to provide a good role model for the workforce and need to demonstrate that these changes are not interim. If a leader does not exhibit any indication of change, it is unlikely that the workforce will take this initiative on their own.

However, this shift is hard for many leaders to visualize, as culture is neither simple nor tangible to define and change. But the shift is always required for transformation success. Table 3.1 lists some basic questions that leaders may need to consider in driving cultural change, followed by some necessary approaches.

A leader must believe in the new culture and drive this in the organization for the future success of the change initiatives. For them, it is also important to fix the cultural gaps to speed up the transformation. Once the foundations

Table 3.1 How leaders drive cultural change

Questions to consider	Check
<ul style="list-style-type: none">• What are the new state and solutions requiring a shift in our culture?	<input checked="" type="checkbox"/>
<ul style="list-style-type: none">• What cultural indicators work, block, or are needed for this change effort to succeed?	<input checked="" type="checkbox"/>
<ul style="list-style-type: none">• What new behaviours are required to accept these new norms and practices?	<input checked="" type="checkbox"/>
<ul style="list-style-type: none">• What are the drivers for a leader to model these behaviours?	<input checked="" type="checkbox"/>
<ul style="list-style-type: none">• How can I communicate and engage the workforce so they can see the value in changing their fundamental way of working?	<input checked="" type="checkbox"/>
<ul style="list-style-type: none">• What are the best ways of reinforcing the new cultural norms and behaviours so they endure?	<input checked="" type="checkbox"/>

are in place, leaders must accelerate change and implant values and behaviours to establish skills, collaboration and a strong focus on customer outcomes across the organization. All these can only be embraced when leaders understand their current culture, people and practices.

So, for a cultural shift, first it is important to understand the current culture, as it is then easy to decide where the organization wants to go. Based on this, leaders need to define the organization’s strategic direction and plan on what the culture should look like. Organizations must create appropriate plans to ensure that the desired organizational culture becomes a reality, and the two most important drivers for creating organizational cultural change are leadership support and learning.

Communication, employee involvement and a willingness to adapt are also key drivers to maintaining organizational change. It is more difficult to change the culture of an existing organization than to create a culture in a brand-new organization. So, when an organizational culture is set, people need to unlearn the old values, practices and behaviours before they can learn the new ones.

Exploring organizational culture

Before going further, we first need to understand what a culture is. Culture is a common term often used to refer to symbolic markers used by ethnic groups to distinguish themselves from each other. But the definition of culture is not simple to understand and indeed is a difficult term to define.

In 1952, the American anthropologists, Kroeber and Kluckhohn, critically reviewed concepts and definitions of culture and compiled a list of 164 different definitions in *Culture: A Critical Review of Concepts and Definitions*. According to Barber & Bader, culture is an abstract, complex and problematic term. We can come up with so many different definitions, some of them are quite complicated to understand (Spencer-Oatey, 2012).

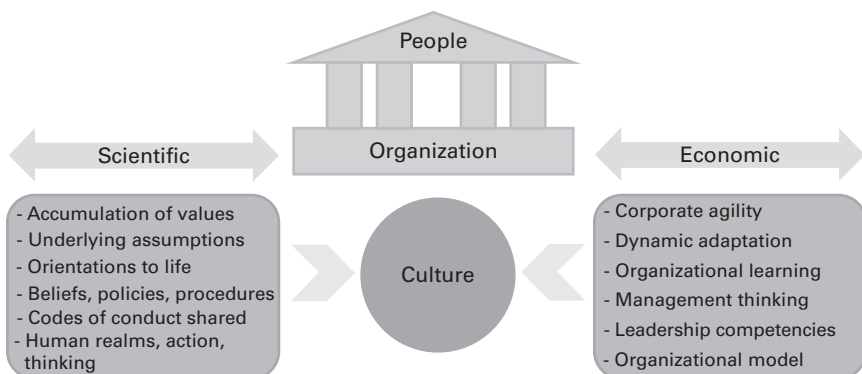
The centre for advanced research on language acquisition defined culture as shared patterns of behaviours and interactions, cognitive constructs and understanding that are learned by socialization. Thus, it is the growth of a group identity fostered by social patterns unique to the group. Figure 3.1 shows definitions of organizational culture from scientific and economic backgrounds.

If we investigate the scientific background of culture:

- Culture is the accumulation of values, underlying assumptions and orientations to life, beliefs, policies, procedures and codes of conduct. These are shared by a group of people and affect the behaviour of the members.
- In every human realm, behind an action, knowledge and thinking, there are components that are cultural values. The simplest and most important value is the assumption of survival and reproduction. The more complex mankind became the more complex their cultural values grew.
- Behind every bit of knowledge there is a cultural assumption that is strengthened by knowledge, institutions and authorities.

On the other hand, when we start looking into the economic background of culture, we find some different aspects like corporate agility, adaptation,

Figure 3.1 Defining organizational cultures



organizational learning, management thinking, leadership competencies, organizational models, and all these determine cultural patterns. These patterns of shared basic assumptions can be learned by a group as it solves its problems of external adaptation and internal integration.

These cultural patterns define the corporate culture as well, which is then easier to measure. Just setting up values and driving diversity does not provide any gains in the corporate culture in terms of the company's vision; rather, we need to capture its growth and variance over time. Culture is something that can be derived from the combination of the traits of individuals from organizations and corporate behaviours that formed from its root and ongoing journey.

Current and future business leaders need to develop a new range of strategic leadership capabilities to remain effective when they are focusing on any transformations. This is the capability to adapt and operate effectively when interacting with other cultures and its successful application. It is in fact providing a huge competitive edge in any multicultural environment.

Cultural fit and contribution

On the one side, an organization must focus on fitting individuals into the corporate culture. However, culture isn't just for current employees, as it starts the moment a candidate first comes across an organization's brand. And this immediately activates the drivers for the organization's growth and success. The culture of the organization is shaped by every single individual, and successful talent decisions can be driven by the right cultural fit.

On the other side, it is also a question of whether we should hire someone who will easily fit into the culture, or is it better to hire someone who will contribute to the culture and improve it. One is about maintaining the pattern, the other is about change. For cultural contribution, the organization should make sure that each person they hire adds a unique background and aspect to their team while maintaining the same overall purpose (Grant, 2016). Table 3.2 highlights the differences between cultural fit and contribution.

It is no longer a secret that engaged employees are more likely to perform better and improve organizational success. And as organizations are moving more towards agile organizational models, there will be a greater increase in employee engagement initiatives. Employee engagement refers to an employee's job satisfaction, loyalty and inclination to spend discretionary effort meeting organizational goals. As employee engagement and organizational

Table 3.2 Difference between cultural fit and contribution

Cultural fit	Cultural contribution
<ul style="list-style-type: none">• Bring same culture• Easy decision-making with similar belief and thoughts• Less diverse and creative team, but more fit into the team• Team management is simple• Hiring decision is easy based on matching	<ul style="list-style-type: none">• Bring multi-culturalism• Challenge decisions and may need changes in positive way• Show more diversity and creativity in the team• Team management is difficult• Hiring decision is difficult as require the cultural differences and benefits

culture both involve an individual’s relationship with their workplace, it is necessary to bring them together all the time.

Companies measure engagement mostly through an annual employee survey or by a continuous feedback culture. But this is not the only important point; they need to care about culture as well, for understanding what is happening within their organization and engagement are critical outputs of a strong culture. So for an organization, it is very important to change the culture based on their employees’ needs. The way a new employee contributes to make a better culture is something that should not be ignored.

Organizational culture centres on the concepts of values and assumptions that contribute to the development of norms, behaviours and other cultural activities. The change in organizational culture is not as easy as we had explored before. Organizations must thus respond to cultural change, as weakness in organizational culture is one of the main barriers to company success in the digital age.

Building a culture of constant change is key to continual transformation for an organization. Days are changing now; organizations don’t make a change and then wait for the next five years for business as usual. There is a need to build a new momentum and pattern in the business that reflects the new truth of the industry in which they are operating.

Towards a data-driven transformation with analytics

All organizations are undergoing transformation in their businesses, irrespective of their industry, and many of them are struggling despite pursuing

a lot of effort to become successful in the data-driven world. So, a data-driven transformation is becoming almost obligatory for these organizations, where they can embed data insights and analytics throughout their business functions and operations, from sales, marketing, manufacturing, to supply chain, HR, finance and R&D.

Data-driven transformation can have a huge positive impact on businesses in terms of performance and growth, as they use data and analytics to reduce complexity, make better decisions, improve performance or even offering new analytics to their customers. In many cases, however, the initiatives for implanting data insight and analytics capabilities into business operations fail, despite organizations investing millions on these data-driven transformations.

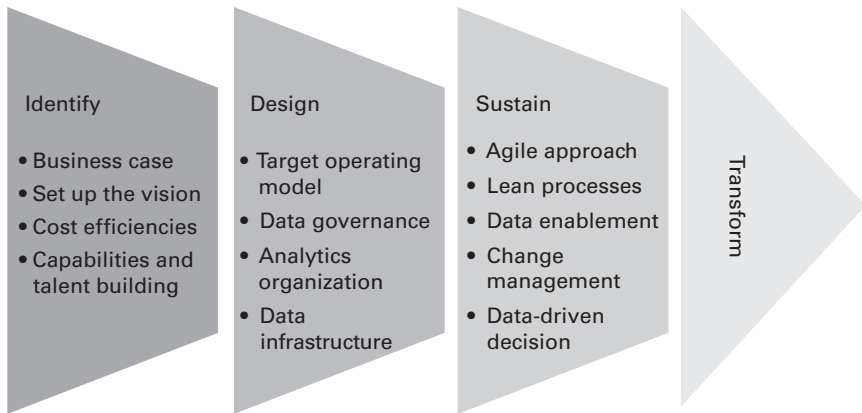
In most cases, these efforts are quite lengthy and centralized, and people work in silos; efforts become unmanageable in terms of measures. Transitioning from the usual business operations to making data-driven business decisions often requires significant organizational change at all levels and a change in culture, which we explored in the previous section. The biggest obstacle to realizing value from data-driven solutions is organizational challenges, and a successful data-drive transformation can distinguish between an industry leader and laggards or followers.

Successful data-driven transformation

This does not mean organizations need to start rushing, as there is no ‘one-size-fits-all’ approach to getting data insights and analytics embedded throughout an organization. Every organization is different, so each data-driven transformation effort needs to take an approach to a transformation that is agile, focused on results and manageable, so that it can be successful and bring value.

Organizations’ silos are perhaps the biggest barrier to organizations aiming to harness the power of data and insights. In order to break through that barrier, analysis of the insights must be driven and shared in collaboration with different teams who can gain and bring back value to each other’s team. In the end, it needs more of an organizational effort to break the silos (Gourevitch *et al*, 2017)

A successful data-driven transformation requires the correct strategy and approach that brings together different enterprise data, both structured and unstructured, to deliver insights and meaningful outcomes. Figure 3.2 shows the approach to data-driven transformation that can really help organizations to move in the right direction.

Figure 3.2 Approach to data-driven transformation

Below are the details of all three steps needed for a data-driven transformation. Again, this is only one of the approaches by which organizations can be successful; there are many others that also need to be considered as there is no one size fits all, which we should never underestimate.

- **Identify:** In this first phase, organizations must identify the business cases that can deliver quick wins. It is also very important to set up the vision for ongoing transformation, which must be aligned with the organization's vision and strategy. Along with cost efficiencies, the focus should also be on identifying the capabilities, values and building talents. This is not a one-time process; the organization must review it periodically to determine more agile decisions and efforts.
- **Design:** With the next phase the aim should be to build a roadmap for company-wide transformation. Organizations must design or redesign their target operating models that may require a huge change to be initiated later. During the design phase, organizations should focus on building data governance, structure and the appropriate infrastructure. They should also communicate their vision for transformation.
- **Sustainable:** The sustainability phase should encourage an agile approach and lean processes, which are necessary for data enablement throughout the organization. The organization needs to create a data-driven culture by investing in capabilities to use data insights and by establishing a proper change management initiative to embed new mindsets, behaviours and ways of working. These lead to making much better and sustainable data-driven decisions.

When organizations use the right approach, they can easily control resistance and build the passion needed for change to succeed. A transformation journey that is done in a pragmatic way and that demonstrates the right outcomes can increase the chances of the ultimate success of an organization. For that, it is very important that the people learn to work across silos to enable data-driven transformation, and leaders step up to be role models and assume responsibility for necessary organizational changes that can help them to achieve sustainability.

The right leadership for data-driven success

We have already explored that vision is very vital during the planning of a data-driven transformation. The organization must set the appropriate vision for its business and its transformation initiatives. For some organizations, data-driven transformation is about using data insights to optimize and increase efficiency in business operations, while for others it could be creating new opportunities, and that might require building new business models and a new way of working.

Leaders play a significant role in creating and communicating the right vision, based on the organization’s objectives. Before defining the vision, the leaders need to have a thorough understanding of an organization’s background, its past and where it lies currently in terms of data readiness, stage of transformation and its capabilities.

Leaders should plan the initiatives deliberately, based on several critical criteria, if they are targeting a high chance of success. Key questions leaders need to consider before setting such a vision and planning strategy are shown in Table 3.3.

Table 3.3 Key questions leaders should consider

Key questions to consider	Check
• Why should we be interested in data? What can we achieve?	<input checked="" type="checkbox"/>
• What are the main business uses?	<input checked="" type="checkbox"/>
• How much value can we expect? What are the key constraints and requirements?	<input checked="" type="checkbox"/>
• Do we have a team with the necessary skills? Do we have an analytics capability for success?	<input checked="" type="checkbox"/>
• Have we defined data quality indicators and KPIs?	<input checked="" type="checkbox"/>
• Are we using the correct technologies and infrastructures?	<input checked="" type="checkbox"/>
• Do we have an appropriate operating model?	<input checked="" type="checkbox"/>

For leaders, it is important to set up an analytics operating model and they must understand how the data insight and analytics work within an organization. The necessary data insights and analytics capabilities need to be identified, along with setting up the correct governance and organizational structure. Leaders should also establish the correct levels for processes, innovation, systems, quality management, data ethics and supplier management for such operating models.

When we come to HR functions and organization, leaders, including HR heads or CHROs, are very significant in taking the appropriate decisions, buying and establishing such data insights and analytics capabilities. Other than them, analytics leaders and HR business partners will need to be involved in delivering the strategic and operational activities involved in using and implementing analytics (Martin, 2018).

HR leaders and partners need to advise the organization's business leaders on the benefits and value creation aspects of using people analytics. It is important to know how organizations can use them to identify, analyse and solve workforce challenges. These top leaders from HR organizations or the CHROs should become advocates for the executive team on how to make use of the facts, evidence and insights so that everyone embraces their people decisions.

These leaders must be able to communicate why data insights are important to the business leaders who make the people decisions and should emphasize the value of using analytics to overcome organizational and workforce problems. HR leaders must also be able to prioritize challenges based on data insights and act strategically to improve on HR and business outcomes.

People analytics at the centre

Today, people analytics has become an important function for most organizations and it is rapidly gaining impetus.

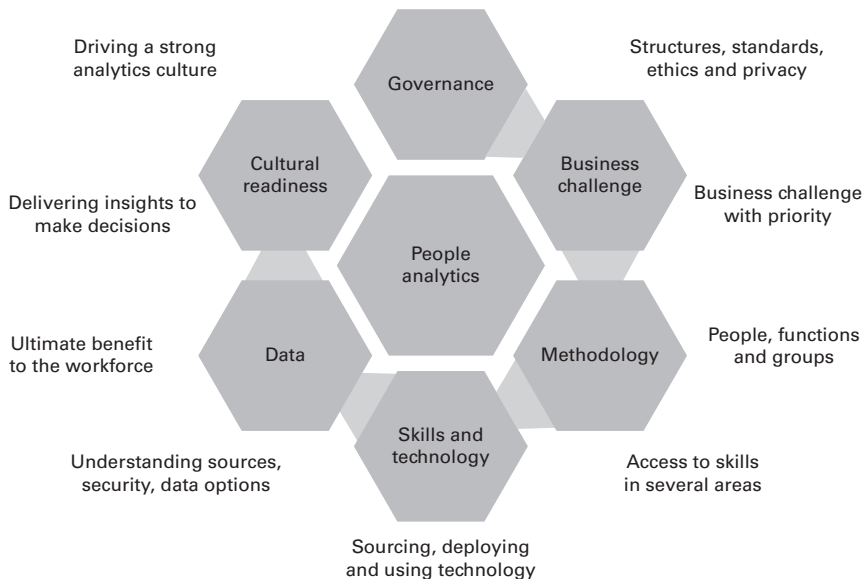
People analytics is not only necessary for the HR organization; other business functions have also recognized that they need people data to analyse, plan and take evidence-based decisions on several people functions such as hiring, leaving, performance, pay, retention, engagement, succession, learning, leadership, behaviours, etc. In addition, it also delivers the highest quality customer service, bringing innovation and helping to transform the business.

People analytics is an evolving journey and it is growing with its expansion into areas such as organization network analysis, cultural analytics, workplace analytics, etc. With these new applications and areas, organizations can derive insights into analysing behaviours, values, relationships, workplace habits and social sentiments of the workforce, which can help in improving employee experience, future learning and many other challenges.

Organizations that make data-driven decisions about their people achieve higher performance, better results and a superior return on outcomes than those that do not. To secure better business outcomes and successful change in organizations, more organizations are accelerating their data-driven HR and transformation. And all business functions have an opportunity to improve growth, performance and productivity using data insights and analytics.

People analytics also considered to be the workforce, candidates and all types of talent from a data perspective, and organizations can increase their impact and add more business value when they build a significant approach to establishing a people analytics function. Figure 3.3 shows the basic foundational approaches to having an impact in the discipline of people analytics (Ferrar and Green, 2018).

Figure 3.3 People analytics foundational approach



Each dimension of the foundational approach to people analytics is discussed below. The foundational approach to people analytics consists of several dimensions to enable data-driven transformation for businesses:

- **Governance:** Data quality is the biggest challenge for most organizations, and it is important to prepare the data with the appropriate standards, ethics and levels of privacy so that it can be trusted and properly managed. Data governance plays a vital role in all these aspects. Governance is also needed in terms of management, support and sponsorship of the analytics initiative.
- **Business challenge:** Every single people analytics initiative starts with a business challenge and hence it is necessary to identifying the critical business questions and metrics from the various business stakeholders who are critical to the organization. Based on the challenges, initiatives can plan how to deliver effective data insights that ensure business benefits and organizational success.
- **Methodology:** The methodology should be independent of the technology, as it is providing many tools, applications and platforms to perform analytics functions. And it should also provide a framework for processing methods and processes to secure the best results and create value. A data-driven transformation can be successful with a better approach that uses agile methodology.
- **Skills and technology:** A proper team should be built, and it must include diverse individuals from both the business and technical sides and be based on needs and possess the required skills. Technology needs are also vital, which is not just the tools but also a focus on visualization, business intelligence, statistics, machine learning and intelligent systems.
- **Data:** Data preparation is the process of collecting, cleaning, validating and consolidating data into a single repository to achieve data integration, which is necessary across all systems, businesses and technologies. Data dimension is also about data standards, security, protection, privacy and data sources, which are necessary for all people analytics initiatives.
- **Cultural readiness:** Organizations must specify the need to adopt the transformation and it must fit into the company's culture. Leaders and managers should play a vital role in ensuring readiness to drive the initiative throughout the organization. Without this readiness, it will not be easy to understand the real value; neither will it add any significant impact to the business.

Although many organizations realize that their workforce data is a priority, only a minority of organizations have usable data, and even fewer are using it properly. People analytics explores data-driven capabilities to generate meaningful insights that help organizations to manage the workforce and make more strategic and useful decisions. By attaining greater relevant insights into the workforce, organizations will be able to help them engage more positively and productively and reduce risks.

Role of HR business partner

Today, the HR landscape is more complex than ever before, as globalization is creating greater resistance in the organization in the talent war. In addition, there are now four different generations working in the workplace at the same time, and the growth in temporary and contract workers has reached almost a third of the workforce as a global average. As a result, organizations need an appropriate people strategy, which should be well supported by evidence and insights from the people and organizational data.

Analytics can make a huge difference between an estimated or biased decision and an evidence-based decision. People analytics has become a recent solution that is believed to enable HR leaders and professionals to be effective and start thinking beyond traditional ways of working. Organizations usually start to enable people analytics usage primarily among their HR community, but business leaders and managers play a significant role, as any such initiatives start with a business challenge.

This is where HR business partners come in, who have not only an understanding of the HR functions but are also a direct point of contact for business leaders and managers in most organizations. These HR business partners have a very important role to play in enabling data insights and analytics for the HR organization. Below are a few ways to prepare HR business partners to be enablers of data insights and evangelizers for people analytics:

- When an organization needs HR business partners to be evangelizers of people analytics, it's important to understand the HR service delivery. So far, in most cases, the HR service delivery model has focused on leveraging a simplification of HR processes and automation for record-keeping, which is still mostly transactional, while there is a need to move the HR business partner into a strategic advisory role.

- The demand for more strategic working raises the ability of HR business partners to deliver workforce data insights within and beyond HR so they can use data to advise business leaders and managers on strategy. This needs a change in the mindsets and skillsets of HR business partners; however, these may vary from one organization to the next and in the organization's maturity towards data-driven work and people analytics.
- HR business partners need more learning and enhanced capabilities in this area, though it may take some time to achieve. They need to transition from their usual transactional work to become more strategic and more data-driven. Today, in many organizations, we see HR business partners being released from other activities while helping them to become effective agents of change, which is also true for data-driven transformations.
- Organizations need to reconsider what HR business partners need to do going forward by defining their new roles and responsibilities related to data insights and analytics. HR leaders, including CHROs, need to understand the new skills they require in order to create more meaningful HR business partners for the future.

So, when organizations are undergoing HR transformation, including HR digitalization, they need to include data-driven HR capabilities and approaches alongside people analytics. Organizations need to develop HR business partner skills at different levels based on the maturity of the organization in terms of data insights and people analytics.

For organizations, it is vital to realize how they can create an HR strategy, together with a digital HR strategy, that can help the business to reach its goals and become more effective. And these strategies must also include a plan to enable and establish data insights and analytics' capabilities by bringing in more strategic HR transformations.

Positioning strategic HR in the business

For a long time, an organization's HR function has played a supportive role and has often taken a backseat compared to more strategic functions like marketing, sales and business development. In most cases, HR still does plenty of paper and manual work, and is involved in more administrative and transactional work, despite using systems and technologies to support and enable them to become more strategic.

The growth of digital initiatives, industrial psychology, data-driven work and talent challenges has pushed organizations to realize that this function has a lot more potential, beyond what they do today. Strategic HR is becoming more than a buzzword now and has changed a lot over the past years. Organizations want to make a real difference in terms of the direction they wish to take by being more strategic with workforce management, but for many it's still a question of what it really takes to be strategic.

Strategic HR is more about managing the HR function or area in such a way that it supports the organization's long-term business goals and outcomes. However, strategic work will become administrative again if HR organizations struggle with the usage and enablement of technology that should be transforming HR strategic management programmes to be more valuable in terms of business and organization strategy if used in the right way.

Most HR leaders and business partners can operate much more strategically than they do, but usually they don't, especially when supporting other business leaders. The strategic level they are operating on depends on which activities they spend their time on. From a time-management perspective, it is important to set aside time to think critically about strategic HR, as operating only on an administrative and transactional level is not enough in today's highly competitive global economy.

Strategic HR for businesses and organizations

Strategic HR is a powerful instrument that leverages significant opportunities for HR organizations, whether it consists of only one person or a department of hundreds. The first step to having a strategic HR initiative is to think beyond traditional ways of working and welcome with open arms new ideas and innovations. This can lead to the HR organization operating in not only an acceptable way but also in an exceptional way within the organization.

Today, HR should be part of the strategic business leadership of the organization. Strategic HR is not a separate thing; it couldn't be done in a silo. Most CEOs and c-suite leaders are starting to understand and believe that HR isn't a separate function, but rather another business function and must be part of the strategic leadership together with others, irrespective of the size of an organization. Business leaders of organizations around the world are starting to see the workforce and talent-related challenges not differently but as a critical part of the strategic leadership of the organization.

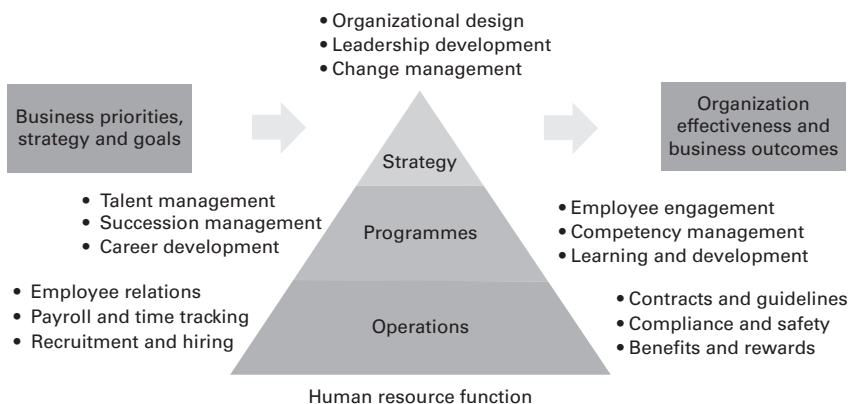
People and talent issues are the most important challenges in organizational leadership today. They are one of the major challenges for any c-suite leaders, including the CEO. That is why strategic HR really matters and it's the foundation of any organization's success, whether the organization is large, small, non-profit, a startup, or a mature business. In Figure 3.4, there is a snapshot showing strategic HR as a function of businesses and organizations (Ulrich, 2017).

As we can see from Figure 3.4, an HR function should typically consist of operations, programmes and strategy. In operations, which is the more traditional HR, the functionality and dimensions are across employee relations, payroll, time tracking, recruitment and hiring. The operation function should also be responsible for employment contracts, guidelines, compliance, health and safety, benefits and rewards.

Apart from the typical HR function, most organizations are also focusing on HR programmes, which can include any number of dimensions based on their strategy. For the majority, it consists of talent management, succession, career development, employee engagement initiatives, competency management and learning development in most cases.

The third function, which is also the top function, the HR and people strategy is very important and it typically depends on business priorities, strategy and goals. It's not the same for all organizations, but usually it involves organizational design, leadership development and change initiatives for all the strategies and relative programmes that organizations consider for their workforce. The better the strategy and its execution, the better the organization can be in terms of effectiveness and business outcomes.

Figure 3.4 Strategic HR for businesses and organizations



To position themselves more strategically, HR organizations must understand that they need to be part of the strategic leadership of the organization, not just on compliance and regulation. HR should also become more solution oriented in respect of digital initiatives and put across their policy enforcement-oriented mindsets with more learning agility.

Strategic HR planning

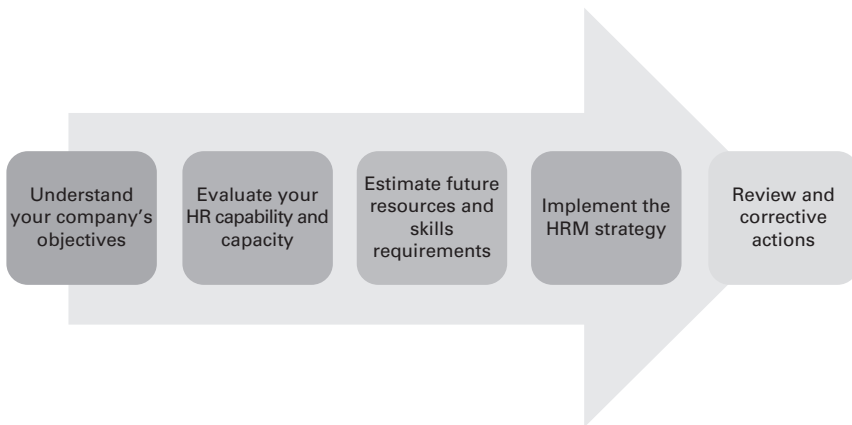
To operate as a business strategy function, not an administrative compliance unit, HR needs a different operating structure so that they can become an integral part of the business and organization strategy. In addition, they need a mindset that provides workforce-related business solutions, not barriers to the desired business outcomes expected by business leaders. Organizations are more likely to be successful when all teams and functions are working towards a common objective.

Strategic HR should highlight the analysis of the workforce and determine the necessary actions that are required to increase their value to the organization based on evidence and insights generated from appropriate data. Strategic HR management should also use the results of that analysis to develop HR capabilities to highlight workforce challenges.

Today, strategic HR management is the key to the retention and development of a quality workforce, as an appropriate retention and engagement strategy leverages more motivation and value to the workforce. However, an effective workforce practice that drives true value is hardly visible, as HR continues to struggle to deliver this in most organizations.

At the same time, the transition to becoming a talent value leader takes a great deal of effort to shift mindsets and capabilities for both HR and business leaders. HR organization has an ability to manage the workforce management strategically and deliver maximum value to the business. But they need a clear viable approach to strategic HR planning which is not only important for HR but also for the business.

Strategic HR planning is a process that recognizes the current and future workforce's needs for an organization to achieve its goals. Strategic HR planning is the connection between HR management and the overall strategic plan of an organization. Figure 3.5 shows a typical approach to strategic HR planning for an organization (Sawyer, 2018).

Figure 3.5 Strategic HR planning approach

Before an organization implements strategic HR management, they will need to create a strategic HR planning approach. Below is an overview of the approaches:

- **Understand your company's objectives:** As the success of strategic HR is dependent on how well it connects to the organization's goals, HR needs to have a thorough understanding of the organization's aims, objectives and mission. An appropriate strategy should be able to articulate both the short- and long-term plans for growth. So, ensuring clear communication of the organization's goals will make it easier for HR professionals to plan an effective HR management strategy.
- **Evaluate your HR capability and capacity:** Evaluating the current HR capabilities will enable HR organizations to understand the workforce, their skills and how they contribute to accomplishing the organization's goals and objectives. An evaluation of the HR capacity will help HR to identify barriers and help in implementing an appropriate plan of action to exploit opportunities. HR needs to work with business leaders to identify ways to better prepare the workforce to serve the needs of their organization.
- **Estimate future resources and skills requirements:** Once the analysis of the organization's workforce and skills has been done in relation to the objectives, then it is time to forecast HR's needs. The forecast should be done in relation to supply and demand. Forecasting an organization's future HR requirements also determines the following:
 - What new jobs and roles are required to secure the future of the organization.

- The skills required by the current workforce to accept the responsibilities of new jobs and roles.
- Whether the workforce's skills are being sufficiently utilized.
- Whether current HR practices can assist the company's growth.
- **Implement the HRM strategy:** Once the analysis and forecast of the organization's HR requirements have been completed, the process of expanding and developing the current workforce can be started for the future growth. A consistent implementation of the strategy may be utilized well if executed step by step to allow the current workforce to grow accustomed to the new model.
- **Review and corrective actions:** The HR organization should also need to decide on a timeline to carry out a strategic HR management review. This review will not only track the progress but also identify the areas for improvement. The review should be measured against whether changes are helping the organization to achieve its goals. Corrective action must be taken if strategic HR management is failing to fulfil its objectives.

The relationship between HR practices and an organization's business strategy is usually aligned in many ways. Eventually, the goal of the alignment is to use human capital as the instrument to maximize the organization's assets for the benefit of the business. Today, in most organizations, this strategy is becoming a greater part of the organization's strategy, without which it is not easy for an organization to achieve steady growth and sustainable results.

HR strategy helps to consolidate and manage the behaviours and actions of the entire workforce and their development according to the needs of the organization. Although it helps in planning and managing all the work related to the workforce, there is no single HRM strategy that will deliver success in all cases. Organizations must define their own distinctive strategy according to their specific background, need, context, culture and objectives.

Strategic HR planning has many challenges and opportunities for HR professionals. Most HR leaders in global companies are usually involved in strategic decision-making and engaged with the organization's strategy. A majority of HR professionals state that strategic planning is part of their function. This should now be supported further by another strategy that utilizes the digital age.

Building a sustainable agile digital strategy for HR

In this digital era, organizations want to adopt technologies more quickly for their business functions, especially the digital megatrends such as mobility, analytics, cloud computing and social media, which can make them more efficient and effective and keep them ahead in respect to their peers. This digital evolution is also reshaping the role of HR, which we explored in previous chapters.

This involves a deepening and broadening collaboration between HR and other business units to improve the performance and analysis of workforce management, and a greater focus on driving business results through the strategic use of technology. It's important also for executives to become engaged in long-term strategic planning for business needs and even leveraging their organizations to drive results.

Digital transformation and strategy for HR

We have explored transformation, including digital initiatives, in detail in the previous chapter. Digital transformation is not only about adapting to change but also about driving change along with innovation. It implies leveraging technologies to blend the virtual and physical worlds, inherently changing the way organizations act in the market, interacting with customers and employees, and driving internal processes.

Developing an HR digital strategy begins by taking a deeper look at business priorities and validating how current systems and processes are supporting the business and how much they align with reinforcing the organization's goals. A successful HR digital strategy should be aligned to the needs of the business, agile, focused on strategic enablement rather than just efficiency and effectiveness, and should be owned by HR in partnership with IT.

Furthermore, it is strategy not technology that drives digital transformation (Kane *et al*, 2018). So, it is important to develop an appropriate strategy that should be agile and have a sustainable plan. To build an effective digital strategy and to engage successfully in the new digital economy, HR should:

- use technology effectively to execute business imperatives and extend collaboration with other functions, incorporating mobile, analytics, cloud and social capital to ease the transition to a strategic role;

- consider the competitive risk of not leveraging technology to contribute to business strategy and risk being left behind in the global talent war;
- embrace the transition to strategic thinking and driving business results.

Digital transformation is to enable people to think and transform, and here HR digital strategy plays an exponential role in driving the organization's business transformation, as the digital strategy is the most valuable and powerful asset in the digital transformation environment or in any future transformation to come (Moon, 2018).

There is indeed a gap between the current and future state when considering making such strategies, although this is usually an opportunity for the HR organization to rethink their function and ways of working and prepare an effective people strategy that can contribute to the business. An effective digital strategy for HR should:

- **Be part of the organization's digital initiatives:** Digital transformation for HR cannot stand alone, hence HR needs to partner with those business leaders and the executive team who are responsible for the organization's overall digital initiatives. HR should be part of the initiative and need to collaborate on strategy implications for the workforce in the organization.
- **Align with the people strategy for the workforce:** to make a successful transition, organizations need to emphasize digital talent and people strategies in a very different way. To assist in preparing organizations for digital transformation and its ability to transform workforces, the HR digital strategy should be an enabler for the people strategy and must be aligned with it.
- **Encourage an HR innovation for the future:** HR organizations need to be open to creating digital HR solutions together with other functions. Breaking down the silos is important, and co-creating the moments that matter with like-minded people from other functions, with more creativity and an innovative approach, will make a big and conclusive difference.

HR will need to recognize the best way to distinguish its organization, as the opportunities for the workforce are constantly changing, with preferable working environments provided by digital-first organizations compared to organizations from the usual older industries. HR will need to reinforce such challenges, not only by building better people strategies but also creating a digital-enabled culture with HR functions and supporting others.

Drivers for digital strategy for HR

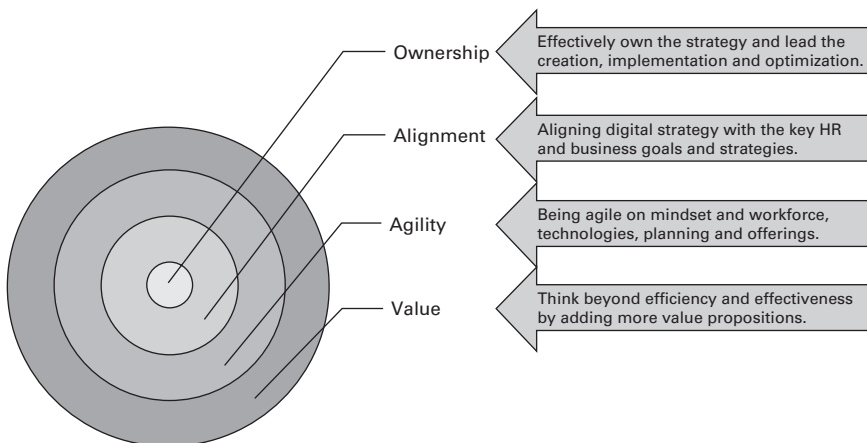
In the long term, digital should be embedded and implied within the organization's and workforce's DNA. To ensure that organizations are ready and leading this change, HR will need to proactively revisit and build the digital workforce and HR strategy. As HR digital strategy should support the overall strategic objectives of HR and the organization, HR must take ownership of the digital strategy and ensure that it aligns with the HR strategy and the business strategy.

Moreover, it should emphasize more than just efficiency and effectiveness as a driver for the adoption of technology and choose solutions to allow for future growth and flexibility, while focusing on deploying solutions that meet the current and future needs of the organization. Figure 3.6 shows the key drivers that can lead the digital strategy for HR beyond the usual ways of thinking and working (Neela, 2017).

As we can see from Figure 3.6, one of the key drivers is ownership, and it is important to be accountable for owning the digital strategy and leading the creation, implementation and optimization of the transformations. And as we have seen before, a lot of alignment is necessary on different perspectives, including HR and business, and their goals and strategies.

Having an agile mindset is almost a must-have driver for all transformation and strategy-building initiatives, and this is also true for digital HR planning and offerings. The fourth driver is value, and leaders must think beyond their function and business impact and add a value proposition for the workforce and organization as well.

Figure 3.6 Key drivers for digital strategy



Leaders are constantly looking at ways to keep up with the pace of change and how to bring new innovations to life quickly. A continuous learning approach and ability to adapt to different outcomes is also a need for the workforce, who can then be empowered in their new ways of working to drive transformational initiatives and business results.

However, cost optimization continues to be a critical concern for many HR leaders, and a more effective approach is to focus on the cost optimization strategies in three areas: operating model, HR services and the workforce. While the first two areas focus on cost-saving efforts within the HR organization, the third is more about cost optimization across the organization, as we can see from Table 3.4 (George, 2019).

All these drivers and optimization efforts can help HR to construct a framework for developing the digital strategy for change initiatives and transitions of HR functions in the organization.

Digital strategy frameworks for HR

A digital world not only requires changes related to HR functions with new technology that can enhance the way of doing things digitally. A lot of effort is also seen going on in terms of user adoption, new employee listening capabilities, rising workforce analytics, interpreting social information to analyse social networks and elevating new employee experiences for the workforce.

Table 3.4 Approaches for cost optimization within the HR function

Operating model	HR services	Workforce
<ul style="list-style-type: none">– Redesign global service delivery for local customization needs.– Build flexibility into HR structures to ensure targeted utilization.– Design processes to balance service delivery efficiency and effectiveness.	<ul style="list-style-type: none">– Revisit cost optimization effects from HR shared service delivery.– Review investments in HR technology to identify cost optimization opportunities.– Evaluate cost optimization outcomes from outsourced service providers.	<ul style="list-style-type: none">– Stabilize components of the total rewards model for better cost optimization.– Structure the workforce to align short-term business needs with long-term value.– Attain cost optimization effects through smart sizing planning and execution.

Organizations with a clear HR digital roadmap have given themselves a basis to not only cope with these changes but also to position them above their peers. The basic approach to building a digital strategy for HR organizations in the digital age is still heavily focused on investment in new technology that helps to optimize the HR function and on doing old processes in a new digital way. Buying just a cloud-based offering and minimizing the complex HR processes is not enough when considering building an effective digital strategy for HR (Jacobs, 2018).

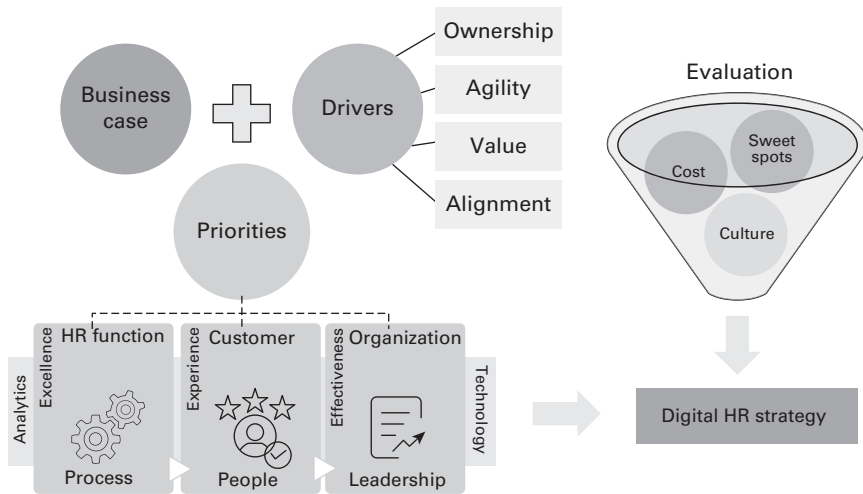
HR organizations should focus on these different levers from business cases, drivers and priorities for the enablement of a sensible framework for their digital strategy. This must be supported by the evaluation of cost optimization, sweet spots for digital success and the organization's culture, as shown in Figure 3.7.

The correct business cases are necessary together with the drivers for building a digital strategy and setting up digital priorities. When we look more closely at the priorities, we can see that most organizations have many different approaches to progressing, but they have at least three things in common: HR function excellence, organization effectiveness and customer experience of HR. We will explore the first two in more detail in the next chapter and the third in a later chapter.

HR leaders are the key driving force when it comes to the future of the HR function. A lot of that focus is on redefining and simplifying the HR processes from the perspective of customers of the HR function. These efforts are also encouraged with the automation, amplification and intelligent services to provide the best possible experience while keeping enough room for scaling and turning the cost optimization benefits into actions.

HR customers could be candidates, employees, managers, executives or even contingent workers and alumni in some cases. And redesigning the moments that matter that invoke a strong emotional response within working environments and the lifecycles of customers of HR is important. HR functions can't control all the memorable moments, but they can control how these moments are handled by the organization after they occur and may vary across employee segments.

All these areas are underlining the power of new edge technologies and analytics. We have already seen that by using people analytics, organizations can provide insights to their business leaders to make better people decisions and organizational outcomes. In addition, organizational effectiveness capability brings together deep functional and industry knowledge to enable the whole organization to work in the service of its strategic vision and help in redesigning systems, the workforce and the organization's culture.

Figure 3.7 Digital strategy frameworks for HR

A good digital strategy framework for HR should evaluate the correct cost optimization techniques and find the sweet spots among the demands of the workforce, organizational outcomes and industrial contexts. Last but not least it should start preparing for new transformations, starting with cultural change. Taking all these into account is not easy, but at the end of the day it should enable the delivery of the value proposition and put the organization at the forefront of competitive advantage.

Summary

Explore the impact of cultural change in transformation:

- Corporate culture has a huge impact on the success of transformational change initiatives, and without a clear shift in culture, an organization's change initiatives are likely to fail.
- Leaders and the workforce in the organization must decide to change their behaviour to create the desired organizational culture, and leaders should be responsible for designing that new culture.
- Cultural change is the sum of all the individual changes that are happening in the organization and we must make changes with a clear and specific purpose.

- For a cultural shift, it is important to evaluate the current culture, so that leaders can define its strategic direction and plan the culture for the future.

Outline a data-driven transformation empowered by analytics:

- Data-driven transformation uses data and analytics to reduce complexity, make better decisions, improve performance and offer new analytics to their customers, making a huge positive impact on the business.
- Organizations' silos are perhaps the biggest barrier to harnessing the power of data and insights.
- When we come to HR functions and organization, HR leaders, including CHROs, need to advise and coach business leaders on the benefits and value creation of using people analytics.
- Organizations can increase their impact and add more business value if they build a significant approach to establishing a people analytics function and can resolve business challenges related to people.
- HR business partners have a very important role in enabling data insights and analytics for the HR organization, and this also helps improve the HR function.

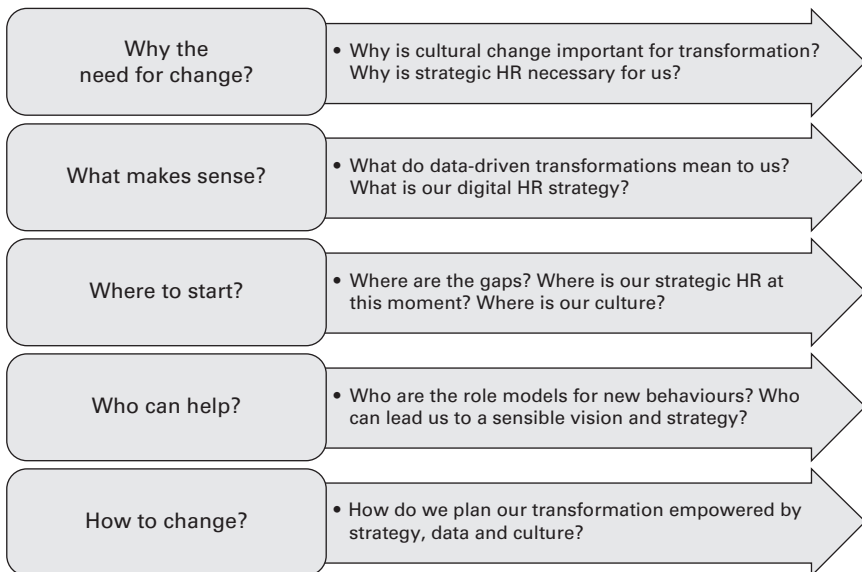
Become accustomed to positioning strategic HR business for the organization:

- The growth of the digital economy, organization psychology, data-driven work and talent initiatives have pushed organizations to realize that the HR function has a lot more potential, beyond what they do today.
- Strategic HR is a powerful instrument that leverages significant opportunities for HR organizations. It is about thinking beyond the traditional ways of working and welcoming with open arms new ideas and innovations.
- People and talent issues are the most important challenges in organizational leadership today, and that is why strategic HR really matters and why it should be the foundation of any organization's success.
- Strategic HR planning is a process that recognizes current and future workforces' needs by aligning with the overall strategic plan to achieve organizational goals.

Know how to build a sustainable agile digital HR strategy for transformation:

- A successful HR digital strategy should be aligned to the needs of the business, be agile, focused on strategic enablement rather than just efficiency and effectiveness, and should be owned by HR in partnership with IT.
- Leaders are constantly looking at ways to keep up with the pace of change and how to bring new innovations to life quickly with a continuous learning approach.
- Organizations with a clear HR digital roadmap provide themselves with a basis to not only cope with the ongoing changes but also to position themselves above their peers.
- HR organizations should focus on different levers from business cases, drivers and priorities for the enablement of a sensible framework for their digital strategy. This must be supported by the evaluation of cost optimization and sweet spots for digital success and organizational culture.

Time to act



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Creating value propositions that are fit for purpose

04

Objectives

- ✓ Be familiar with fit for purpose as one size does not fit all
- ✓ Explore the multidimensional operating models for HR
- ✓ Know how to enable sensible business efficiency and value for the organization
- ✓ Outline how to achieve effective functional excellence within HR

One size does not fit all

Everyone is unique and different, and what works for one may not work for another. Today organizations and workforces are becoming sensible on what they need to deliver value to customers and achieve excellence. It is a fact that a one-size-fits-all approach doesn't always hit the mark in their journey. Consumers are increasingly expecting personalization from their interactions with organizations that deliver their products and services. And delivering such experiences requires organizations to both understand the needs and apply the right capabilities based on demand.

As an organization is a complex system for delivering value, an operating model is needed to break it down into components and show how it works. An operating model can describe the way an organization does business today and liaise with the vision of how an operation will work in the future. An operating model is one of the tools that leaders can use to help them formulate and execute strategy and also help leaders to identify problems that are causing underperformance.

When we are focused on an operating model, there is no such best practice in existence today, as one size does not fit all. So, instead of copy-pasting a practice that proved to be successful in another organization, the organization should constantly understand what is necessary and stick to what can drive them to success. Organizations need to identify the success criteria and map these to business drivers to lead such approaches and that fit their purposes.

Fit for purpose

There is no doubt that an organization with a clear purpose or mission is one that is easy to understand and manage. A dedicated common purpose can literally integrate workforces and help them perceive the organization’s direction. The purpose of an organization is the fundamental reason why it exists and also gives a sense of determination to them.

For individuals, by connecting to something bigger than themselves, this helps them to be fulfilled and connect with others. This purpose becomes the driving force for business growth and for organizations, and it’s the primary deciding factor in sustaining a competitive advantage. When organizations are purposeful, they unlock creativity, have empathy and lead their peers.

To create a fit-for-purpose approach for businesses, HR organizations need to prepare a framework based on their current understanding of the business, based on the business strategy and operating model of the business. Table 4.1 shows questions that can be posed to build a fit-for-purpose framework for HR (Mazor *et al*, 2018).

Table 4.1 Fit-for-purpose framework questions for HR

Questions to consider	Check
• What is the business model for serving customers?	<input checked="" type="checkbox"/>
• What are the behavioural norms of the workforce required for success in the business?	<input checked="" type="checkbox"/>
• How willing is the organization to invest in capability and competency development for HR professionals?	<input checked="" type="checkbox"/>
• Does your organization have a clear organization and business strategy?	<input checked="" type="checkbox"/>
• Where can HR make the most impact in the business?	<input checked="" type="checkbox"/>
• How can HR drive business value in respect to the fast pace of business change?	<input checked="" type="checkbox"/>

HR professionals and business partners should not only provide the right capabilities and services across business units to drive organizational performance; it is also important they understand the evolving operating models and structures of the HR function that should be appropriate to the relevant purpose. This demands the need to provide a good structure for the HR function depending on its organizational strategy, models and the requirements of its customers that the organization is supporting.

The framework should be effective for clearly understanding the specific challenges and needs of the business and be able to define the distinctive talent, capabilities and skills needed to add value to their customers and partners. This also means the determination of the focus on outcomes and structure for establishing services from the HR function, along with key performance metrics.

There is a need as well to connect with external contexts based on social, economic, technology and demographical changes. This helps the framework to establish an understanding of stakeholders outside the organizations such as customers, investors and partners. And this also positions HR leaders to define the strategies that are right for the business and organization overall.

The reshaping of HR programmes and functions

HR programmes are important in executing the HR or people strategies successfully by delivering the specific objectives of the organization and its workforce. One size does not fit all and so we should not anticipate having the same HR programmes or policies as other organizations. The relevant HR programmes and policies also require HR to rethink the concept of best practice.

Leaders need to communicate the values, based on the organization's vision, that determine how one should develop strategies, programmes and policies. And when organizations consider a fit-for-purpose approach, the communicating values should be consistent with relevancy, trust and transparency. These consistent values then result in the potential to successfully attract, retain and develop the best people.

This also impacts the organizational design process, and design initiatives should be considering not only structural options but also focusing on reshaping leadership, capabilities, processes and other elements of its operating model. These may be related to the alignment of the organization's strategy to part of the people strategy and will consequently drive the relevant HR programmes and policies for the organization and workforce (CIPD, 2015).

When organizations are reshaping HR functions, many are increasingly automating traditional HR operational and management activities, particularly using social, mobile, analytics and cloud technologies. Organizations, regardless of size, are putting efforts into the standardization and simplification of processes, whether it be administration, payroll, recruitment, learning or talent management. Furthermore, there has been a massive growth in HR in recent times.

HR technologies not only support the delivery of seamless processes that are automated; they also change the roles of HR people in the business. The roles of line managers are usually also impacted following the appropriate implementation of technologies. Today, line managers should manage everything, including hiring, termination, movements, succession, time requests, talent performance, and all compensation functions using self-service and even mobile devices.

Old on-premises HR systems were meant to provide standard HR services with a degree of personalization. As a result, every organization took on a different level of standardization and used a differently configured HR system, which meant that services were very much customized to that organization and couldn't easily be shared with other organizations, including in ongoing mergers and acquisitions.

On the other hand, cloud solutions provide a huge benefit apart from avoiding expensive and time-consuming customization. Cloud implementation drives process improvements and standardization by providing the same set of functionalities and configurations based on the organization. This also relieves the pressure on HR teams as it requires less centralized effort to maintain and executes a more standardized approach to the delivery of HR services.

Whether an organization uses a cloud-based or an on-premises HR system, there is always a lot of hard work required to standardize HR services across geographies and business units. In addition, organizations must keep in mind that HR shared services also create an opportunity to reduce the cost of HR service delivery. However, it varies among the organizations, as many of them first need to realize the improvements in the services and delivery levels.

Most HR administrative functions are usually centralized on a shared services model, except for those that have specific local processes, or have a huge gap or need to use particular languages that can't be delivered easily. While the ongoing administrative support role should be built into the overall HR delivery model designed at the beginning, it also needs to be kept separate from the HR business partner role to avoid the risk of weakening strategic HR through administration and operational HR.

Today, attention is shifting away from conducting high transactional activities towards providing real and distinguishable value. The main challenge lies in optimizing the service corresponding to the differing needs and preferences of the business, employees and managers of the organization who rely on the HR function, in addition to maintaining cost effectiveness and a standard approach.

This drive to implement new HR delivery models, different from old benchmarked ones, can help to deliver the specific needs of the customers of HR. These newly transformed HR functions are also important for building operational maturity for HR organizations.

One of the major purposes of HR transformation is in repositioning HR as a strategic partner within the business and achieving more value added. However, in most cases, attention is being given to the delivery of administration and transactional services, which are lower in value, without including the high-value business-level services. We explored in previous chapters how the HR function is changing in organizations and how it impacts the HR leadership as well.

HR transformation also requires needful strategic changes to the HR function to support the constructive execution of people strategies. This could include changes to the HR operating model, HR organizational design, cost structures, processes, technologies and governance models, with multidimensional approaches. The approach can help in assessing complex situations, from several points of view and implementing them across multiple dimensions.

Considering the multidimensional operating models

Although organizations have been transforming human resources since the late 1990s, in most cases, the impact of HR transformation on organizational success is quite fragile. Being a cost centre, the imperatives of efficiency and cost reduction have always been a major directive for HR organizations.

The traditional ways of delivering HR capabilities is not effectual today, as it clearly demands a value proposition for the business and workforce. As organizations are driven by global economic growth, emerging markets, digital initiatives and the growing new generation workforce, HR must endorse and drive the required business capabilities for the organization, which are changing at a constant pace.

Today, HR functions should focus on driving the agenda in the war on talent, the biggest challenge for any top leader; focus demand on how to manage global alignment, culture and performance; and seize the opportunity to better leverage technology and data insights. This clearly indicates a contribution towards building better leaders and their successors, together with steering performance and engagement.

HR operating models

The operating model for HR is evolving from a focus on traditional shared services to one that is more focused on being a profit centre that can deliver more strategic value to businesses and more coherent services to the workforce. This must be driven by the strategies set for the organization from the top, along with business priorities and the execution of people strategies.

When an operating model is suited to the purpose of the business, it can automatically drive employee satisfaction, productivity and engagement. So, rather than delivering one-size-fits-all employee solutions and managing operational efficiency, the models should deliver more value to their organizations and workforces. HR can play an influential role in fostering leadership and people management capabilities that organizations need to drive high value performance.

The demand for such HR capabilities is increasing as challenges grow during organizational design and change; in talent development and management; in fostering new cultures and values; in establishing diversity and inclusion; and in providing better employee engagement and experiences. In the end, value should be delivering outside the organization as well, to the customers, partners and communities.

Many HR thought leaders, experts and leaders are continually helping to set the direction for the transformation of HR. There are diverse contributions from academics, practitioners and influencers today, who are working to help HR professionals deliver business value, both inside and outside of their organizations. However, many organizations continue to struggle in transforming HR, as there is no single method or model that is foolproof for any organization.

Organizations need to understand, first, what is relevant to them and redefine their HR and people strategies accordingly. In addition, they should continuously learn from different approaches used by other organizations, not just by copying these, but rather reinforcing them to play to their own strengths and weakness. There are always opportunities for organizations to incorporate learning and build upon their own approaches.

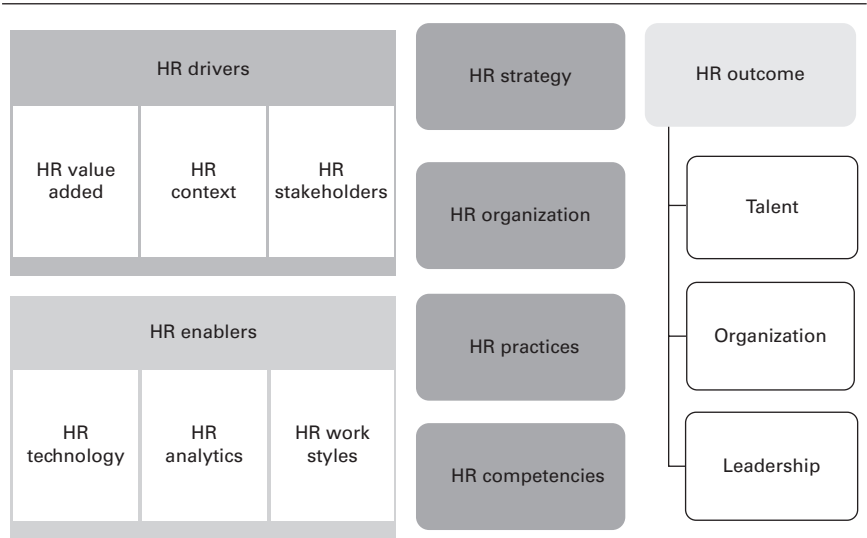
There are many new dimensions in successful HR operating models in communities. Current business issues and priorities are placing HR at centre stage for strategic services in many organizations. This has led many HR organizations to move from the old business partner 1.0 to become business partner 2.0. Figure 4.1 shows the framework for HRBP 2.0 as proposed by Professor Dave Ulrich (Ulrich, 2018).

As we can see in Figure 4.1, the dimensions mentioned in the HRBP 2.0 model can be categorized as well. These are drivers such as the value added by HR, which is continuously reshaping efficiency to achieve functional excellence in strategic capabilities; contexts based on the changes faced by organizations today; and stakeholders, both internal and external.

The next set of dimensions is quite common to any organization, where HR needs a strategy and structure that should fit with their business and organization. There is also a need for the right HR practices around the workforce, performance and work methodologies, and the necessary skills and competencies needed for personal effectiveness, stakeholder value and business results within an organization.

HR enablers have dimensions such as HR technologies, including digitalization, data insights and analytics that play a very vital role, as no company can exist today without them. In addition, HR enablers include work styles, which shows how HR people need to build relationships both inside and outside HR. All these dimensions can help to establish better outcomes for

Figure 4.1 HRBP 2.0 operating model framework



HR, for improving talents, building flexible organizations and preparing leaders with the right leadership skills for the future.

This new HRBP model is quite fascinating compared to the previous one that only focused on three dimensions: centre of excellence, shared services and business partners. The HR operating model can be impactful when it starts to achieve maturity. So focus is certainly moving away from optimization towards a value proposition for the entire HR function, shifting from the traditional way to a new direction to greater effect.

Hence, dimensional questions of the logic behind business partners, based on HRBP 2.0 and shown in Table 4.2, are also important considerations of leaders at the outset (Ulrich, 2018).

A pragmatic HR operating model should empower business leaders, employees and HR professionals by aligning their work and the capabilities needed by the organization to achieve better effectiveness. It not only recreates the roles and responsibilities for HR to interact within the organization but also places HR beyond the organization’s contextual boundaries.

Over the years, many models have emerged for delivering HR services to organizations. However, organizations need to develop appropriate tactics to deliver their HR services, which is clearly focusing on centralizing administration, improving processes and moving more towards strategic HR. It is

Table 4.2 HRBP 2.0 dimensional questions

Questions to consider	Check
• What value does HR deliver to an organization?	<input type="checkbox"/>
• What are the contextual factors shaping HR’s business?	<input type="checkbox"/>
• Who are the customers of HR?	<input type="checkbox"/>
• How can HR help increase employee productivity and experience?	<input type="checkbox"/>
• How can HR help build a more flexible organization?	<input type="checkbox"/>
• How can HR build better leadership?	<input type="checkbox"/>
• What is the strategy of the HR organization?	<input type="checkbox"/>
• How should the HR organization be designed?	<input type="checkbox"/>
• How should HR design and deliver HR practices?	<input type="checkbox"/>
• What are the required HR skills and competencies?	<input type="checkbox"/>
• How can HR use technology to leverage transformation?	<input type="checkbox"/>
• How can data insight and analytics drive better decisions?	<input type="checkbox"/>
• How do HR professionals work inside and outside the HR organization?	<input type="checkbox"/>

also important to build the right capabilities and team, creating an HR road map and managing the coming changes. Altogether, organizations need to design a relevant HR operating model that's fit for the future.

Strategies for relevant models

The operating model is a starting point for any HR organization on its journey to positively impact the business. A relevant model, apart from fitting into the purpose, also stimulates flexibility, collaboration and openness in HR functions and roles that can ultimately lead to better business outcomes and results. Any relevant operating model is also a blueprint for the HR function and drives organizational effectiveness.

To establish such a valuable proposition, organizations must consider business imperatives and insights about the workforce, which can literally guide how HR should operate. This also needs to integrate with external contexts, such as industry, communities, social networks, along with customers and partners.

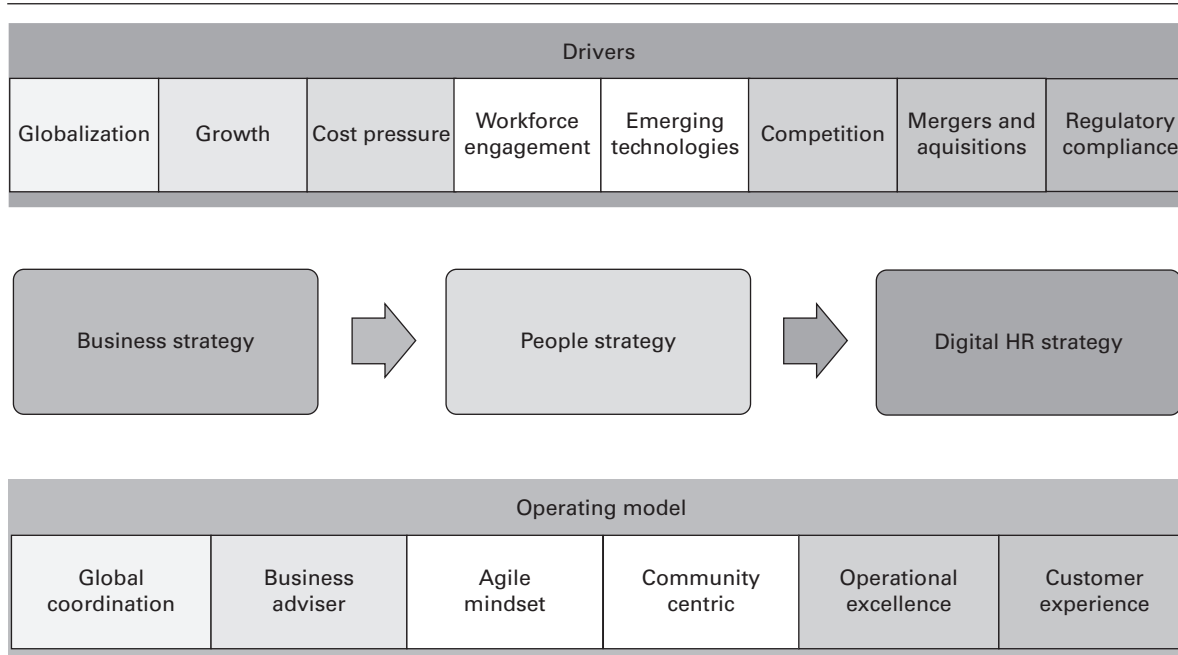
To design a relevant operating model for the organization, HR leaders should establish the correct approach based on the right tools and frameworks. And this should cover all the necessary drivers, touch points and considerations that can help organizations to build a powerful foundation that is needed to form the transformation priorities, roadmap and correct business impact. An approach and framework for a relevant model is shown in Figure 4.2 (Mazor *et al*, 2014).

As we can see from Figure 4.2, a relevant model is precisely influenced by business drivers such as the effects of globalization, ongoing cost pressures, present workforce engagement, the use of emerging technologies, competitive advantage and current growth. Apart from these, there are certain factors such as mergers, acquisitions, regulatory and compliance issues that also have an impact on the relevant model to a certain extent.

A well-defined and flexible operating model is the bridge between strategy and operations. So a relevant operating model should provide the necessary context and enable the behaviours that will realize the strategy and vision. Translating strategy into a set of specific propositions is the first vital step in designing an effective model. And for a relevant HR operating model, organizations need to consider business strategy, people strategy and also digital HR strategy, as already explored in the previous chapter.

Today, a next-generation operating model for HR should help them in global coordination, operational excellence and providing better customer

Figure 4.2 Approach and framework for relevant model



experiences. A relevant HR operating model should see HR as a business adviser, having an agile mindset and becoming a more community-centric function. To build such an approach the HR leader must see a transformation in the HR function as a means of contributing to the business's success.

It is of great value for businesses when HR starts to understand the priorities of external customers and translates these into respective strategies and programmes. In addition, HR should be a steward for the organization's brand, and their connections to useful networks are vital, including social engagements that can help shape a company's reputation, and serve as a conduit for talent acquisition and retention.

With a relevant operating model, organizations can form an HR function that can support the business in reaching its objectives, adding efficiency, reducing costs and improving the employee experience. And this requires building an operating model that considers multiple dimensions and also exhibits new roles and skills that are necessary for the HR organization. At the end, it should describe how an organization will deliver services and define the roles and responsibilities, processes and systems in conjunction with this.

Multidimensional models

The HR function has undergone a process of transformation over many years now. In this time, the expectations of business leaders have also changed, especially when they began to realize the connection between workforce management and business success. This led to HR functions engaging in more strategic roles in achieving business objectives, but at the same time, organizations wanted cost effectiveness from HR service delivery and programmes (Mercer, 2012).

A successful operating model for HR service delivery requires interactions not only within HR but also with c-suite leaders, senior management and business leaders. This also changes and creates many roles within HR, which is crucial to the successful transformation of the HR function. Figure 4.3 shows a multidimensional operating model for HR that is needed for such transformation.

In the traditional model, HR organizations were responsible for recruiting and hiring employees, administering payroll and benefits, and handling employee relations. The first change and dimension came with the arrival of the HRBP model. Today, HR functions in many organizations around the world have implemented a service delivery model in which transactional

Figure 4.3 Multidimensional operating model for HR

services, process design and strategic business support are carried out by three groups within the HR function:

- HR business partners consult with business leaders on people issues.
- Centres of expertise (COEs) focus on the design of HR processes and policies.
- Shared services deal with day-to-day HR service delivery.

Many organizations are now looking at HR as a business partner as it plays a vital role in driving growth and profitability. The goal of the HR business partner model is to add tangible value to the company by integrating HR into all aspects of strategic planning and business operations. This is the most common model used in organizations as of now, but it has many shortfalls.

If the HR organization is already taken up with everyday employee relationship issues, there may not be enough time and personnel to partner with the business to bring in additional functions or understand the real drivers of organizational success. This model lacks business and strategic vision; and roles are not clear in the context of strategic and operational matters. In most cases, COEs act as specialists and HRBP acts as a generalist, which is not false, but in the end, it's all only related to operational services.

So, most of the transactional work still resides within HRBP and COEs, while in an ideal scenario, it should shift to shared services to fully leverage the advantages. This is where the second dimension, represented by the HRBP 2.0 Model, comes in to specifically organize the HR function. According to Dave Ulrich who developed that model, in large organizations, HR functions

should be categorized into four segments, which can help them to overcome the challenges of the old HRBP model (Ulrich, 2018).

Two of the segments focus on strategy, and the other two on operations. The strategic partner, who focuses on strategy, should develop and align strategies with the business and contribute to the management team's strategic decision-making, in addition to strategically managing workforce development. The other strategic segment, the change agent, should understand the organizational culture and establish change capabilities within the organization, along with organizational effectiveness.

One of the operational segments is administrative expert, which should create and deliver effective and efficient HR processes and services tailored to the business's needs. The second segment on the operational side is the employee champion, who helps build workforce commitment, and ensures fair, ethical and appropriate people processes and practice. The segments of strategic partner and administrative expert role also focus on processes, while the other two focus on people.

However, there is a lot of debate about this model as it can't deliver fast results due to a lack of skills among HR professionals, and it doesn't work for every organization. But it has been widely adopted by organizations around the world to enable their HR function to add value to their business. And here there is the need for the next dimension of the multidimensional model, which is in fact not actually a model, but rather a strategic approach to better outcomes and fits all these dimensions to deliver more value.

So, for the strategic part, the outcome is mainly focused on business efficiency and organizational effectiveness, which should be aligned with the two respective segments of strategic partner and change agent. We will explore these more in the coming sections in this chapter. From a delivery perspective, these segments rely a lot on the data insight and analytics capabilities of the workforce, for better decision-making, effectiveness and value added; we have already explored these in the previous chapter on the use of data and strategy.

When we see the operational side, the outcome is focused on functional excellence and employee experience, with due respect to the two segments of administrative expert and employee champion. In respect to delivery, a lot of activities related to them could be automated and augmented with intelligence services. This should also be the focus for organizations in coming years and the relevant model should influence this. In addition, a lot of emphasis should also be placed on the consumerization of HR and the continuous optimization of the processes for value addition.

All these must be empowered through the use of technologies and by shaping the culture. We have explored the importance of cultural transformation already in previous chapters. So, in the end, when we try to consider

the whole picture of this multidimensional model, we realize that nothing becomes obsolete or gets replaced, rather it is refined and polished along the way, which can help the organization to endure in the future.

When HR takes on a more strategic role in the business, its credibility will continue to depend largely on its ability to successfully deliver the operational services to employees and managers. Also, providing accurate core workforce data, metrics and building insights using analytics are also a foundational requirement for operational and functional excellence. We can't separate that from the HR function, whether you focus on the strategic or the operational, as both drive better business decisions.

Enabling sensible business efficiency and value

The need for HR to become more engaged in organization and business strategy has led to many HR programmes in practice, which in turn enhance and drive business efficiency for the organization. Efficiency should include extending the best outcomes in a timely and ingenious manner, as well as streamlining basic tasks so that one keeps up to date on complex issues.

Establishing such practice requires a good use of time and resources in the entire organization, and also exploring the business to identify the workforce components of each operation and looking for ways to make them more efficient. To do so, the key is to realize what is necessary to create an efficient environment and, most importantly, to know how to transfer this knowledge to every business function across the entire organization, as it cannot be done in silos.

Adding business value

Today it is more important for organizations to know how HR is adding value to the business. So, understanding the business needs can help HR to align and assess where time should be spent, and to transmit the most value to stakeholders.

While HR organization often focuses on the operational part of the HR function, it becomes more process driven rather than becoming an enabler to deliver strategic value to the organization. One of the key success factors of high performing organizations is placing their people first, and in that

respect HR organization should not overlook the true potential it can bring here. So, one such tactic is to drive the people element in the business and enable them to create value for the organization.

Again, the first step is to define the correct purpose and have clear end goals that can help HR to take the most effective course to deliver value to the business. This requires an extensive insight into the overall business environment and a clear understanding of the organization’s overall business strategy. Important also is to understand the external influences such as market forces and trends to identify their impact on the HR strategy and priorities essential to execute those business strategies.

For businesses, it’s not just about policy or compliance adherence or ensuring activities are done in a certain manner, so more emphasis should be placed on value creation. At the outset leaders in HR organizations should consider some basic questions for adding business value, as shown in Table 4.3.

Value creation can be any process that creates outputs that are more valuable than its inputs and it is the basis of efficiency and productivity. A focus on value provides a powerful compass for navigating the rapid change created in the digital age. HR organization should therefore leverage the value approach to deepen the analysis of the external changes impacting the business and developing a more structured approach to impact the business positively.

Translating HR strategies and initiatives into tangible business value requires a suitable delivery approach and a strong foundation of HR capabilities and understanding of the business performance measures to track progress. It is important to analyse the current HR service delivery model and assess its ability to effectively meet the organization’s needs and objectives, as we explored in the previous section.

Table 4.3 Questions to be considered to add business value

Questions to consider	Check
• What are the organizational capabilities that the organization must have to win over competitors?	<input checked="" type="checkbox"/>
• How do we invest in HR practices that deliver business results?	<input checked="" type="checkbox"/>
• How do we organize HR activities to deliver maximum value?	<input checked="" type="checkbox"/>
• How do we create an HR strategy that will help our organization succeed?	<input checked="" type="checkbox"/>
• How do we ensure that HR professionals will know what to do and have the skills to do it?	<input checked="" type="checkbox"/>

As HR organizations need to identify the skills and competencies required to deliver the results, they also need to define specific roles, governance and delivery options. They must conduct skills analysis and training to fill any critical gaps, designing supporting instruments, processes and technologies. And HR should continuously understand and communicate the value of HR to business leaders and key stakeholders.

HR plays an important role not only in hiring competent people but also with developing the skillsets they will need to be effective and contribute to the business success of the organization. Once the organization brings in the right people, the next step should be helping those people to acclimatize to their new roles with proper onboarding. This vital step goes a long way in fostering and retaining a productive workforce, and HR again plays a significant part here (Heldeborn, 2009).

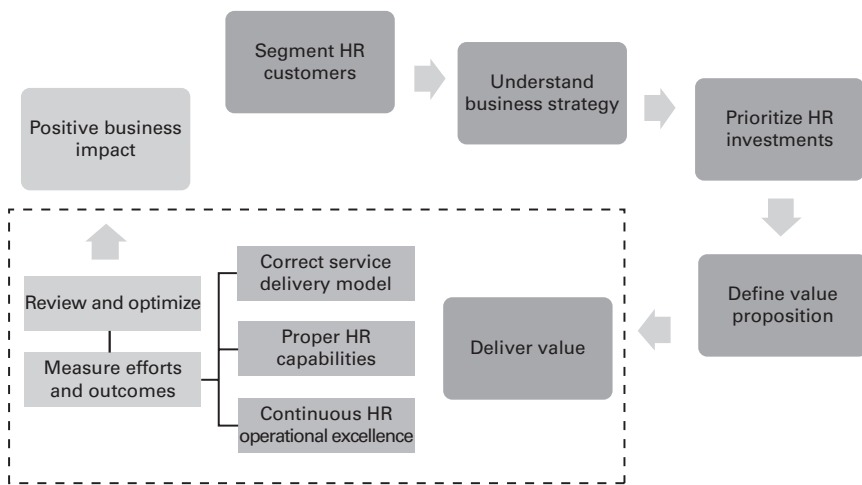
With well-defined business goals in place, organizations can develop effective workforce performance measures that align with business objectives. HR can also define and develop the right talent and performance initiatives, along with future succession planning. HR organizations can provide valuable information about employee satisfaction as well through continuous employee feedback, which is also becoming a key component of the employee experience value chain.

A value-driven HR not only shapes and influences the workforce but also finds, develops and retains strong leaders. Good leaders are vital to creating an organizational culture that fosters trust, a productive workforce and effective work processes. Leaders and managers also play a critical role in defining the direction, purpose, priorities, goals and roles of the workforce. So, with all these areas of value creation, HR is definitely a vital function for business impact and organizational success.

Maximizing efficiencies and HR credibility

The impact on efficiency can go beyond the common functions associated with the HR discipline to maximize value. HR practices can empower organizations in guiding a culture of innovation, including creative approaches to streamlining processes and boosting employee effectiveness, as well as coaching leaders to promote innovation within their organizations.

HR organization is not only about revitalizing more innovative approaches to organizational processes, they can also furnish leaders with the skills to promote a valuable culture of efficient, productive operations. Leaders should be coached and trained to encourage the kind of behaviour that can drive company values to build a culture based on trust, respect, co-creation, mentorship and appreciation. We have explored this previously.

Figure 4.4 Strategies to build HR credibility

HR needs credibility to do this and to gain that credibility with management leaders, the HR organization should think of its operations as a business. When leaders see HR performing like a business, they are more likely to rely on them. Though it can take time in most cases, HR leaders need to possess the right approach and strategies to attain this. Figure 4.4 sets out the strategies to help HR build credibility by functioning more like a business (Lindquist, 2018).

Business normally serves the customer, therefore so should the HR business function. Everyone under the organization's umbrella is an HR customer, including employees, managers, executives, candidates and gig workers, and in some cases alumni are HR's customers as well. Building personas to highlight needs, capturing the moments that matter for each customer, and segmenting these customers based on their journey map within the organization, is a primary task when considering the consumerization of HR and the first steps towards HR credibility.

In addition to this, HR also needs to align with the business strategy, as we explored before, and prioritize investments based on the business's challenges and requirements. Once HR can define such key constraints, it can help to define the value proposition to their targeted customers. As we have seen before, culture, employee engagement, retention and operational efficiency are just a few of the many areas where HR can make a positive impact on a business.

Building the right service delivery model, proper HR capabilities and continuous HR operational excellence are the major building blocks for providing such value to its customers and business. For a positive business impact, measuring efforts and outcomes is necessary as providing measurements goes a long way towards winning credibility. Investing in measurement capabilities can lead to reviews and optimizing value by making sure that the right results are given to the organization's leaders.

HR credibility helps in creating the right conditions for growth and innovation, building workforce capabilities for the future, providing more value in executing organizational strategy and finally bringing back the human element into HR. It would be a frightful error to forget that it is people who create the real value for organizations. The human touch generates trust, authentic engagement and solid cultures, and people are the only part of the organization that are truly differentiated by these.

Organizational outcomes and optimization

Today HR leaders are challenged to succeed efficiently and effectively, but for organizations that consider employees their most valuable assets, HR has intense value. Strategic HR has emerged as an eminent view of the role this functional area plays in building and developing a strong organization and also contributes to business outcomes.

A high-quality workforce always contributes to organizational performance through operational excellence, which means talented people make their business functions perform better, which ultimately causes the whole organization to accomplish better results. So, a strong relationship between HR practices, workforce engagements and organizational outcomes can add value and have a huge positive impact on organizational goals. The relationship between HR practices and organizational outcome is shown in Table 4.4.

Organizational outcomes and effectiveness are much better when HR practices are well executed by business leaders and managers, aside from HR professionals. These outcomes may focus on profit, growth, market value, the organization's results or may focus on productivity, quality, turnover, customer satisfaction and boosting efficiencies. Even attributes such as moral values, fairness and legitimacy play a vital role in driving organizational outcomes.

Organizations can capture more value by refining operations and optimizing resources more effectively that can impact their business. So, when HR organizations start focusing on the outcomes, they shouldn't look at the perspective in terms of cost savings, rather how organizations can reach the

Table 4.4 Relationship between HR practices and organizational outcomes

HR practices	Organizational outcomes
<ul style="list-style-type: none">• Workforce planning• Recruitment and onboarding• Compensation and benefits• Employee relations• Talent management• Coaching• Organizational design• Training	<ul style="list-style-type: none">• Profit and growth• Market value and share• Turnover• Productivity• Customer satisfaction• Legitimacy• Moral values• Fairness

outcomes in a cost-efficient way. Cost optimization continues to be a major concern for many HR leaders, and the key is to find the right balance between reducing costs and maximizing business value.

Successful HR organizations are continuously looking to improving their process standardizations, flexible structures and hybrid roles, developing the right capabilities and increasing their customer engagement. Optimizing spending on technology and digital investment is also key and needs to be continuously measured and reviewed. In addition, organizations also need to work on the optimization of the cost related to workforces, putting people first ahead of revenue.

However, the approaches and strategies of one organization may not be appropriate for others. We have already seen that each organization is different, and value propositions that fit into one may not necessarily fit into another. Every organization must look at their own needs based on their organization’s goals, business and people strategies. And they must look at the entire picture to understand where they are now and where they want to go from here, and this requires continuous effort as it is a journey.

Achieving effective functional excellence

Most HR organizations are struggling to provide the highest level of sustainability to the organization by enabling business value propositions, but few of them have achieved this and it’s not something that is impossible to attain. Today’s environment needs a new, agile and differentiated approach to HR operations and the ability to work as a proactive, collaborative and effective business function.

HR needs to move towards operational excellence, a continuous enhancement initiative where the focus is only on what should be required and that embraces problem-solving and leadership as the key to continuous improvement. It is not a set of activities that HR organizations need to perform, rather it's more of a mindset that should be possessed by HR, business leaders and employees that helps to create sustainable improvement within an organization.

HR operational excellence

Operational excellence determines what is right and wrong for each strategy applied by the business. In addition, it enables all tasks and performances to be achieved in a better way. Achieving excellence for the business can be achieved by HR organizations meeting expectations through the continual improvement of operational processes, functions, experiences and the culture of the organization.

HR organizations need to raise their capabilities, performance and, ultimately, deliver the value to meet the organizational objectives for enhanced productivity and performance improvement. HR operational excellence should not only focus on reducing costs and redirect savings to higher-value activities; it also needs to drive workforce innovation and encourage collaboration in new and more effective ways with business leaders.

HR can be a crucial differentiator in helping organizations achieve their objectives, and this can only be achieved when HR organizations change the way they work. HR organizations have the potential to be a vital asset in the digital age, by engaging and developing the workforce that the organization needs to compete and endure in this fast-changing environment (Messenboeck *et al*, 2015).

But the fact is, for a long time, the HR operating model in many organizations has become progressively outdated and insufficient to help guide the business and organization in the current environment. We have seen how the HR function operates in its traditional role as a service provider that focuses on transactions, rather than as a literal partner to business functions.

Organizational effectiveness dimension

An efficient operating model is the foundation of a successful strategy execution as it translates strategic purpose into a design for how the organization will deliver value. It should include design principles for how the

organization will operate, how decisions will be made and what behaviours will drive organizational value. We have already seen how it can enable organizations to deliver growth and scalability, refine the customer experience, drive operational efficiency and evolve a sustainable business model.

All these are very necessary for organizational effectiveness, which captures organizational performance outcomes that are associated with more efficient or effective operations and other external measures. To ensure sustainability, business leaders need to focus their recognition on aligning their people, systems, structure and roles with the organization's strategy (Lambert and Newall, 2017).

In order to achieve increased and sustainable business results, organizations need to consider several dimensions. Figure 4.5 shows the dimensions for organizational effectiveness, divided into three major groups: organization design, people effectiveness and change enablement.

As we can see from Figure 4.5, the first group focuses on the four dimensions of organizational structural design, governance, functional design and business service design. By optimizing organizational structures, encouraging governance, deploying resources based on functional and business service, and thus ensuring that the organization has the right people in place, HR can help organizations to meet their business objectives and improve both financial and operational performance.

People effectiveness, which is the second group, also has four dimensions: leadership development, team effectiveness, strategic talent development, and organizational engagement.

Figure 4.5 Dimensions for organizational effectiveness



and behavioural and cultural change. Any people effectiveness activities literally impact organizational effectiveness and provide returns in a positive way. Strategic HR management, which we have already explored in previous chapters, includes these dimensions to a great extent.

The third group has three dimensions: organizational engagement, vision and case and, finally, change adoption. Many of these dimensions, irrespective of their group, are very much interlinked and executed together. For example, any change adoption can always trigger change in behaviour or culture first; similarly, without a proper vision and case, organizations can't design any structures. Likewise, leadership development is very much essential to drive multiple dimensions in organizational effectiveness.

So, for successful organizational effectiveness and HR functional excellence, HR organizations need to transform their old models that required them to ensure long-term adherence to goals and strategies, deploy significant resources to implement them, and ensure that every part of the organization is committed. More agile approaches are required by HR such that they can stay flexible, seek out new opportunities, learn and apply lessons from their past, and change by making faster decisions and iterative improvements.

Agility, agile approach and adoption

Agility is not just a goal for technology and manufacturing companies. Improving agility, speed, adaptability and flexibility is an objective relevant to all organizations today. And the pace of changes makes it rather difficult for organizations to achieve and sustain it, as there is a desire to seek maximum agility and faster adoption.

Today, organizations need to understand what is meaningful for them, whether there is a need to build capabilities to sense the rapid changes that are taking place in the market and industries, or whether they need to revisit their processes, or develop the leadership behaviours to move the organization into a new way of working. Organizations first need a good business case before implementing and adopting agile approaches.

Agile is actually an approach to running teams and projects that can help enhance the organizational agility of a business function. This is also true for the HR function, as agile is transforming how organizations hire, develop and manage their people. An agile approach can help HR organizations to empower people to stay one step ahead in their lives and in business.

But the agile approach isn't the only thing that can increase agility. There are many other components on top of that. Agile adoption and its related

business drivers are also important. Figure 4.6 shows some of the important business drivers for agile adoption that are also necessary for HR organizations (Howey, 2016).

Agile adoption is not easy for any business function as it needs strong empowerment from business drivers such as enhancing predictability and cohesiveness to foresee a situation and outcome. It requires empowered decision-making and a quick response to prioritization. Agile adoption can only be successful when the team collaborates and delivers on the promises and whether it can take multiple attempts with failure. Finally, business functions need to improve capabilities and responsiveness for better adoption.

With these goals in mind, business functions including HR need to start assessing their readiness to adopt the new set of principles and behaviours in support of agile.

So far, the HR function has been criticized for being slow-moving in terms of its role within an organization. Many frustrations and dissatisfaction have been seen among the workforce, who see the HR function as the enforcer of rules and compliance, while being unable to, or incapable of, reducing their concerns and improving their time with the organization.

Today's workforce needs to thrive in this fast-changing world; it needs reskilling, where the world of work is impacted by growing augmentation, intelligent systems and new working economies. HR organizations need to

Figure 4.6 Business drivers for agile adoption in HR



take the lead here to create a better impact on the workforce and organizations in the future by bringing ‘human’ back to ‘human resources’ and enabling a human-centric experience for the workforce.

Summary

Be familiar with fit for purpose as one size does not fit all:

- There is no such best practice today as, in most cases, one size does not fit all. So, instead of copy-pasting a particular practice, an organization should constantly understand what is necessary and build a purpose from it.
- When organizations are purposeful they unlock creativity, have empathy and lead peers. HR also needs to deliver solutions that are fit for purpose to the business and organization.
- One of the major purposes of HR transformation is repositioning HR as a strategic partner within the business. However, in most cases, more attention is being given to the delivery of administration and transactional services.

Explore the multidimensional operating models for HR:

- When an HR operating model fits in with the purpose of the business and organization, it can automatically drive employee satisfaction, productivity and engagement. The model should deliver strategic value to the organization and workforce.
- The HR operating model can be impactful when it starts to mature. So, the focus is certainly moving away from optimization towards value proposition in the entire HR function, shifting from the traditional way to a new direction to create a greater effect.
- A relevant model, apart from fitting into the purpose, also stimulates flexibility, collaboration and openness for the HR functions and roles that can ultimately lead to better business outcomes and results.
- Successful operating models for HR service delivery require interactions not only within HR but also with c-suite leaders, senior management and business leaders, as it is crucial to a fruitful transformation of the HR function.

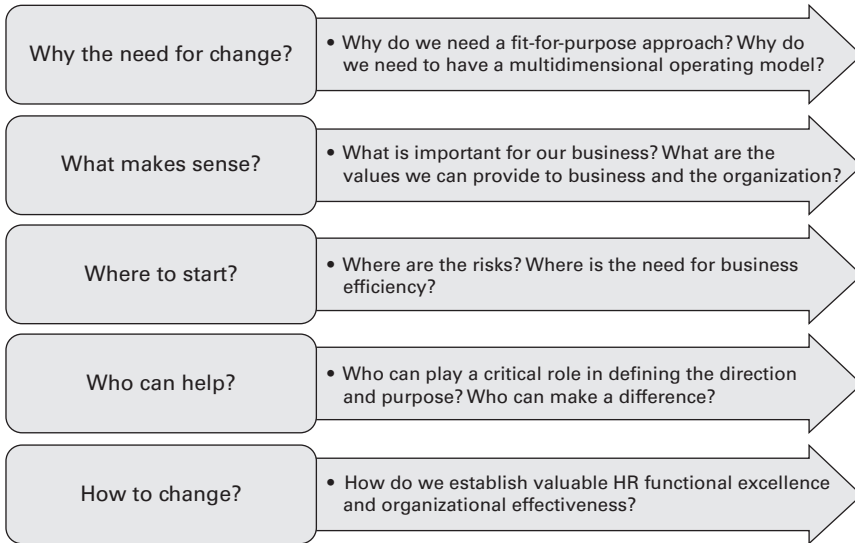
Know how to enable sensible business efficiency and value for the organization:

- Understanding the business needs can help HR to align and assess where time should be spent and to transmit the most value to stakeholders.
- Translating HR strategies and initiatives into tangible business value requires a suitable delivery approach, a strong foundation of HR capabilities and an understanding of the business performance measures to track progress.
- HR organizations not only revitalize more innovative approaches to organizational processes, they can also furnish leaders with the ability to promote a valuable culture of efficient, productive operations.
- Successful HR organizations are continuously looking to improving their process standardizations, flexible structures and hybrid roles, developing the right capabilities and increasing their customer engagements.

Outline how to achieve effective functional excellence within HR:

- Operational excellence determines what is right and wrong for all the strategies that one applies to the business. In addition, it enables all tasks to be performed in a better way.
- Achieving excellence for the business can be achieved by HR organizations by meeting expectations through the continuous improvement of operational processes, functions, experiences and the culture of the organization.
- For successful organizational effectiveness and HR functional excellence, HR organizations need to transform from their old models that required them to have long-term adherence to goals and strategies.
- Agility is not just a goal for technology and manufacturing companies; improving agility, speed, adaptability and flexibility is an objective relevant to all organizations today, and it's not easy to achieve.
- To enhance agile adoption and agility, business functions including HR need to start assessing their readiness to adopt a new set of principles and behaviours in support of agile.

Time to act



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PART TWO

Survival

Over the next few years, we are likely to witness some of the most significant disruptions related to the workforce and work. The notion of work has evolved over time from a philosophical, sociological, historical and juridical perspective. With industrialization, work gained more influence in society and changed over time. While some are leading innovation and technology, others are late adopters.

Automation, the gig economy, digital platforms and other innovations are changing the fundamental nature of work. Technologies like artificial intelligence are already transforming the nature of work and the workplace to a great extent. Machines can carry out more of the repetitive tasks done by humans today, complement the work that humans are best at and, in addition, perform some activities that go beyond what humans can do.

This augmentation and digital revolution are also having a significant impact on bringing back humanity to the workforce and to the HR organization. As the role of HR is expected to shift more towards strategy, advisory and coaching, they can help organizations understand and reveal how individuals should be treated as human beings. All this is bringing a huge transformation in the world of work and, thus, some jobs are declining, new jobs are emerging and many more are in a great state of flux.

In this constantly changing uncertain world, this is not at all surprising. But the biggest question of this century is whether the human species is going to survive in this age of intelligent machines and robots. According to the famous quote from Charles Darwin in his book *On the Origin of Species*, it's not the strongest or most intelligent of the species that survives but the one that's most adaptable to change.

Today, the world of the human species is changing very rapidly, with the addition of new innovative technologies in the workplace and in work, whether they be powerful analytics or the rise of artificial intelligence, the pace of change keeps on moving. Surviving in this constant pace of change requires adaptation, the constant learning of new skills and the right mindset. There is a clear demand for learning that can help workforces to develop more human skills that can't easily be automated by machines.

Most organizations are content with their previous journey of revolution, and many of them are not ready or are neglecting their ability to survive on their journey of transformation towards the future by not fully considering the growth of intelligent technologies, the new world of work and the demand for human-centric experiences. There are always further strategies that usually open up, even if organizations are already in the process of transformation, including:

- preparing for the impact of augmentation, automation and reskilling, and contemplating the future of work and the evolution of the new talent economy;
- focusing and balancing the entire experience and value proposition for employees with future workplaces, wellbeing, jobs, technology and the human touch.

The key goal is to trust some quick useful approach that builds credence in preparing strategies for a new world of work where humans need to work with machines and organizations need to balance the human and digital experiences. They need to provide human capabilities for survival in this fast-changing world. In addition, they need to create a value proposition for the workforce by providing ultimate experiences to their employees during their time with the organization.

In nature, all organisms must adapt to their habitat to survive, and we must do this expeditiously and regularly calibrate our mindset and culture to embrace adaptability as individuals, organizations and as a society. So for humans to succeed in the artificial intelligence-powered future, we need to emphasize our human values and skills. To prepare for that future, we need to emphasize creativity, emotional skills and creating an unforgettable human-centric experience for workforces.

This part includes the following chapters that gradually aid readers to learn about ways to prepare the approaches and strategies required to create a better experience for workforces that leverage humanity and balance the

rise of automation and augmentation and provide a survival trail for the new world of work, reskilling and future collaboration with machines.

Chapter 5 – *The demand for the human-centric experience*: This chapter helps us to realize how we are forgetting the human in human resources and provides an outline of how to build a valuable employee lifecycle and organizational journey experience. The chapter also includes the exploration of trends and ways of designing future workplaces and also interprets the importance of relationships and wellbeing programmes for the organization.

Chapter 6 – *Evolving the future of work, jobs and the workforce*: In this chapter, we explore more about the future of work and the need for adaptive working in the future. Readers will also learn about the impact of the gig economy and the next generation in jobs. It also outlines the preparation of HR for the future of work, jobs and the workforce.

Chapter 7 – *Ongoing augmentation, reskilling and collaboration*: This chapter helps to familiarize us with the rise of automation, intelligence and augmentation. Readers can learn about reskilling imperatives and solutions for organizations in the future and explore the future world where humans and machines will collaborate. We will also review the importance of ethics, protection, risks and humanity.



The demand for the human-centric experience

05

Objectives

- ✓ Realize how we are forgetting the human in human resources
- ✓ Outline how to build a valuable wider employee experience
- ✓ Explore the trends and ways of designing future workplaces
- ✓ Interpret the importance of relationships and wellbeing programmes

Forgetting the human in human resources

Money, title, fame and power don't make any difference to an organization unless they also exhibit being more human. In most organizations, the workforce has become units of production and largely treated as resources rather than humans. HR should not be focused on people as resources; rather they should help in rebuilding a human-centric experience with more human capabilities within the future workforce to create a better culture and a more sustainable organization.

The digital revolution is also having a significant impact on bringing back the human side to the workforce and to the HR organization. As the role of HR is expected to shift more towards a strategic, advisory and coaching role, they can help the organization to understand and reveal how to treat individuals as human beings. HR professionals with diversified backgrounds can play a vital role as change agents here.

When the workplace is built on trust and respect, it encourages motivation and engagement and it automatically helps people find meaning in their work and contributions. And the organization in turn attracts and retains top talent, which all make a big difference in the results, growth and sustainability. But it is also necessary to use technology appropriately in the workplace that will not only boost productivity and efficiency but also create an opportunity for a human-centric experience.

If we want to establish a human-centric experience, we should focus on reskilling ourselves and also consider humanization as a benefit. We can desire a world where we will humanize again or rehumanize, especially in order to restore human rights and capabilities and move from a machine-driven to a living system.

Understanding human capabilities

According to Amartya Sen, the Nobel prize winner, professor and researcher, human rights and capabilities stand well together so long as we do not try to include either concept entirely within the enclave of the other. Both human rights and capabilities must depend on the process of public reasoning, and neither human rights nor capabilities are easy to understand (Alexander, 2004). On the other side, human capabilities can only be exposed through corresponding human skills.

Table 5.1 shows some of the primary human capabilities and related skills that are still important for our future.

There’s no simple way to bring back the human side into the workplace and work as it is not common practice to understand these human capabilities and how to leverage human rights. In general, the human in human resources may signify human touch, human understanding, human empathy or even human leadership. It is not easy to understand the human dilemma, words like human rights, humanity, being human are sometimes too profound to

Table 5.1 Primary human capabilities and related skills needed for the future

Human capabilities	Human skills
Effective decision-making	Critical thinking and judgement
Outstanding governance	People and resource management
Connections to others	Managing relationship
Motivational practices	Creativity and complex problem-solving
Executive leadership	Emotional intelligence

understand. So, it is important to realize the right skills to establish human capabilities in work and the workplace.

The foremost thing is to create human connections and build relationships with people with whom you work and interact. And human interactions can be recaptured with more open communication and collaboration, as it is vital that humans work together creatively and exchange ideas to bring some motivation into their work.

HR organizations and leaders must create a culture and environment which the workforce can enjoy, and where they can be motivated and happy in their work. One key aspect is to share knowledge freely and openly, and incorporate a learning culture, together with rewards and recognition. Whether with a higher salary or bonus at the end of the year or maybe an award trip abroad, an opportunity for further education or training or a seminar, or even praise, motivation always makes a huge difference to the workforce.

HR purpose and value

Simply changing the name to people operations or talent team can't change the main perspective of HR functions today. We have seen in previous chapters how the HR function is primarily used to focus on staffing, training, rules and compliances, and emphasize more on transactional and administrative activities.

So far, the purpose of the HR organization has been majorly emphasized as maximizing the productivity of an organization by optimizing the effectiveness of its workforce. In addition, it also adds value by acquiring, developing and retaining talent, aligning the workforce with the business and enriching business efficiency, in addition to their primary focus of being transactional and driven by processes and rules (McNulty, 2015).

But apart from these, HR needs to leverage the workforce and organization in bringing back the human element. It's time to recast HR's purpose and value to bring back the human to human resources and to create a human-centric experience for the workforce and the organization. Figure 5.1 shows HR's purpose and value in bringing back the human to human resources.

As described in Figure 5.1, the major purposes and values in becoming more human focused in the workforce are spread across four areas:

- **Reinforces human-focused training:** while organizing and providing training, HR should emphasize ethics, organizational behaviour, collaborative problem-solving and listening skills. These human-focused skills are necessary to enrich human interactions and competencies in the digital age.

Figure 5.1 HR purposes and values in bringing back the human to HR



- **Invests in emotional intelligence:** emotional intelligence, which helps determine someone's ability to perceive, understand and manage their own feelings and emotions, also affects the decisions leaders make when promoting, hiring, developing, coaching and terminating people with human skills.
- **Rewards outstanding behaviours:** organizations are driven by values and values are driven by human behaviours. Rewards and recognitions for outstanding behaviours not only motivate and encourage employees to stay but also bring a positive environment for exceptional culture, performance and humanity.
- **Encourages innovation-driven culture:** for most organizations working with machines, the majority of activities do not include any human factors and are replicable. Teams with more empathetic, inclusive, creative and other human skills can bring more innovation into work and the workplace.

Most HR organizations are designed to be neither good at listening to employees nor fit for the above purpose and value approaches that can bring back the human element. So, to establish such an approach, HR needs an agile way of working, and it is essential HR learns about different agile methodologies and their impact on organizations.

Moreover, in order to thrive, organizations need an excellent customer experience to achieve growth and profitability. So this is a great opportunity to create a culture of agility and innovation, as this encourages the workforce to deliver a great customer experience. This is also obvious for a function like HR, so a customer-like experience of HR is also emerging within most organizations (Rahily, 2016).

All these can make a huge difference once HR organizations start to focus on HR solutions that are associated with business outcomes, culture and the workforce, not just those for HR. To build such an agile HR function that can deliver results to the business, HR needs to embrace the same agile principles as the business and use tools such as design thinking to assess the organization, define the talent and define HR's contribution in this fast-changing digital world.

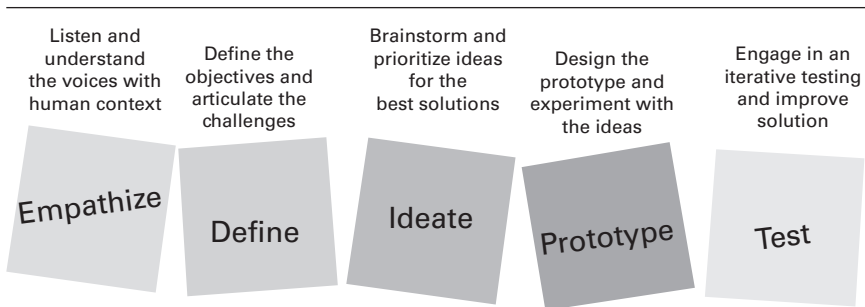
Design thinking approach

As we have explored, there are many factors that are changing the way HR organizations should establish themselves and all these have a huge impact on the strategies that are made by HR organizations for their customers. Today, one of the trendy and powerful tools is design thinking as a way to understand and improve the customer experience of HR and help put the human back in HR.

Design thinking is defined as a creative, solutions-based method of problem-solving. It helps in discovering the needs of different stakeholders and delivering constant value in accordance with their experiences with the solutions provided. In the case of HR, these stakeholders could be managers, employees, candidates or even alumni.

Many organizations have already demonstrated the use of design thinking in driving new products and services to create a substantial customer experience. Design thinking not only enables organizations to review new approaches to products and processes but also drives innovation that helps to empower them to meet their customers' needs more effectively and generating constant value (Bailie, 2018).

For HR organizations, design thinking can be a big asset as it enables them to think beyond the traditional ways, which are more transactional. By using such a tool HR professionals can focus more on the experience side of their customers and activate more empathetic ways to deliver business value. This tool has already made some prominent strides in determining and designing customer experiences of HR.

Figure 5.2 Design-thinking framework

Organizations are using design thinking to understand not only their employee experience but also their candidate experience, starting from a candidate searching for a job, to leaving the company as an employee, to retiring. Design thinking certainly helps capture the voices of the workforce in terms of their experiences with the organization, which can also include their journey within the organization and their experiences with their job, organizational culture, use of technology and the workplace.

Design thinking is certainly a must have tool for the HR organization today when considering their customer experiences and value creation. This approach can definitely help HR professionals and leaders to understand the workforce and business leaders better than their old ways of thinking, and there are many successful stories on this point.

Design thinking also brings a human-centric approach to every single step of the design process itself. Teams are empowered and accountable to gather user insights that start with questions and interviewing, followed by brainstorming activities to share and explore new ideas and solutions, and finally building a prototype and testing it. Figure 5.2 shows a design-thinking framework that includes different steps that help with gathering new ideas to make new valuable solutions.

Figure 5.2 lists five steps in the process:

- **Empathize:** listen and understand the voices, learn about the audience, develop a deep understanding of the challenge within the human context.
- **Define:** define objectives based on user needs emphasized from the previous step and target the main challenges that need to be resolved.
- **Ideate:** brainstorm and come up with creative potential solutions from the shared proposed ideas; prioritize the best ideas for prime solutions.

- **Prototype:** build a representation of the selected ideas, design a prototype and experiment with the ideas to test all or part of your solutions.
- **Test:** Engage in an iterative innovation process to continually improve your design and test the prototypes with the users.

The main purpose of using design thinking is to focus more on the user experience of the processes and hence create a solution that fits more with consumers. A relevant consumerization of any function can only start with a human-centric approach, which also involves a change in culture, enabling creativity, developing learning behaviours and better collaboration among the team. This is not an easy process overall, as this type of new approach creates resistance to change away from the usual way of working.

Design thinking had been applied in many business functions before it came across to HR, as in most cases HR was a late adopter. The success of this approach also depends on how organizations enable their cross-functional teams to design such innovative solutions and focus on the experiences of their customers. For HR organizations it's about an inspiring experience for the employees.

Focusing on inspiring employee moments and experiences

Digital technologies have transformed our consumer habits and experience and is used for every interaction we have with a person, product, place, service or company. This is also true for the ongoing customer experience journey and also creates demand for the consumerization of HR, which refers to creating a social, mobile and consumer-style experience mainly for employees inside the organization during their entire organizational journey and lifecycle from the stage of first being selected to when the employee eventually leaves and becomes an alumni.

In general, human experiences can be thought of as a series of intimate, meaningful, precious and natural moments, where some moments stay for a long time and others just expire quickly. Not every memorable moment is a happy moment either, and some make us feel stressed, frustrated, scared or helpless and have a negative impact on our lives. These memorable moments for the employee can be both positive or negative as well during their organization journey and employee lifecycle.

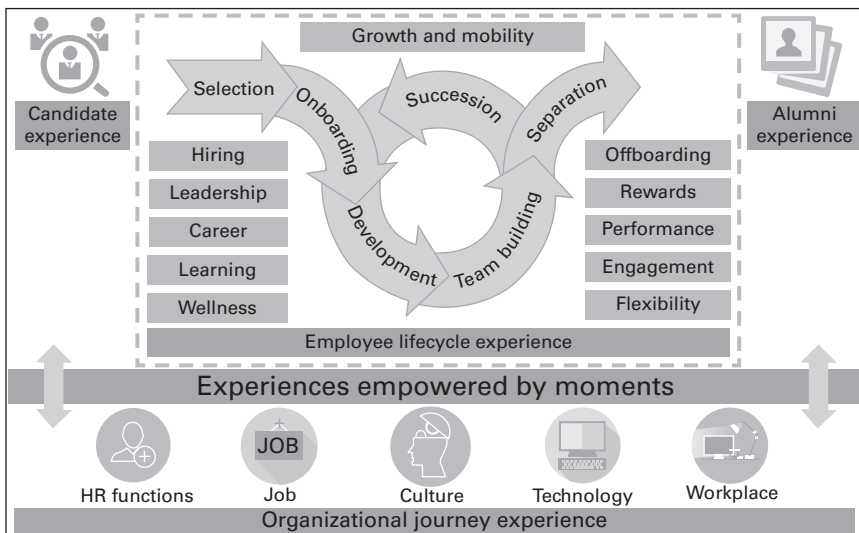
Although some memorable moments matter the most to some employees, not all have the same moments that matter. HR organizations need to understand all those moments that matter not only for the employees but also for their entire customer base such as employees, managers, candidates, executives and alumni. And this should be done based on the different personas in the workforce, which are snapshots of the behaviours, motivations, emotions, interests and values of a group of similarly minded people or workforce segments, although we focus more on employees in this chapter.

The experiences generated from certain moments come from consuming human resource functions, the job and the organization's culture. It also matters a lot to employees when we look at the wider picture alongside technology and workplace experience.

Wider employee experience

Today organizations are aiming to provide their people with positive touch points at all stages of the employee's lifecycle. Consumerizing the employee service experience can be a win-win scenario for both workforce and organization and it comes from consuming HR functions, the job, the culture and many others. It also includes the technology, workplace and the digital experience. Figure 5.3 shows the entire wider framework for employee experience based on the employee's lifecycle and organization journey.

Figure 5.3 Wider employee life cycle and experience framework



More and more organizations are already realizing that their success depends on improving and optimizing the wider experience within the employee lifecycle and organization journey; however, it may only start focusing on a few at first. The wider employee experience can be divided into four dimensions, as shown in Figure 5.3, which has various components, an overview of which follows:

- **Candidate experience:** while the candidate experience is a neglected part of the employee's lifecycle, as it is considered separately in most cases, when done well, it not only makes a new employee's life much easier but also provides an entirely different positive experience for them. It starts from attracting talent and covers the entire recruiting experience, including pre-onboarding and the period between accepting and starting a job.

For an overall wider employee experience, a potential candidate plays a huge role in the level of overall satisfaction. Once the organization starts separating these two, value starts to diminish automatically and a discriminatory experience appears immediately, and there are moments when candidates and employees are treated differently.

- **Employee lifecycle experience:** every employee goes through a series of stages from the day they get selected right through to the day they leave, also known as the employee lifecycle. It is the most common form of employee experience and most organizations focus on this today. The first stage is hiring and onboarding, which has some overlap with the candidate experience. Organizations with exceptional onboarding and hiring experiences are more likely to attract and retain the best talent.

Further down the lifecycle, employees need a clear purpose, and they want to feel like they're part of the organization and its vision, which is only possible through clear communication from their leaders. Moments that are generated during an employee's learning initiatives could directly reflect their career decisions and development plans, and any positive experiences in these can help the workforce to become more motivated and work efficiently.

In the next stage of an employee's lifecycle, moments also matter for their team, which should be based on trust and respect. Similarly, a good experience with flexibility, wellness, recognition and feedback-driven performance measures makes employees happy and successful in their job. In the later stages, experiences with opportunities for growth, promotion, mobility and even a formalized off-boarding matter a lot when covering the entire lifecycle experience for employees.

- **Alumni experience:** people no longer stay in the same job forever, which means employees of today could also become the customers and networkers of tomorrow. It's a common misconception that employees who have left a company no longer have any influence over it. Alumni are among an organization's most effective means of external communication, and actively nurturing these relationships contributes immensely to a business's success.

Therefore, an alumni experience can be a big turning point for both workforce and organization and should not be separated from the entire employee experience. Today, though in most cases this is the weakest experience for people, it's very vital as such moments can help with building long-term relationships, networking and leveraging social capital.

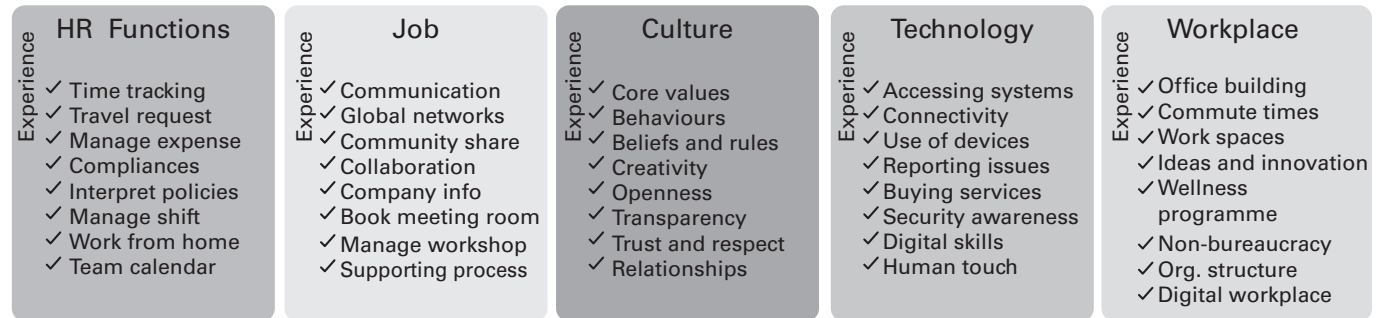
- **Organizational journey experience:** different moments are generated where employees interact with their team, bosses, workplace and culture. Employees form relationships with others and connect emotionally; they collaborate openly in their team and they either learn or contribute to the culture of the organization through their experiences with the organization's different functions.

Figure 5.4 shows the dimensions of the organizational journey experience, where moments matter equally for an employee. The experiences vary from moments with the HR function, whether requesting holiday, working from home, a travel request and expense management, or experiencing employee relations, policies and compliance. Moments also matter that employees come across in their daily jobs such as accessing news, contacts, offerings, the lunch menu or booking a meeting room, or purchasing or ordering office supplies.

Employees are also quite attached to their workplaces, the place where they spend most of their working time and where their senses are being put to work. Employees have different experiences and feelings in the workplace, including use of technology, collaboration, communications, regulations, reporting issues, doing training and many more in their organization journey.

The wider employee experience is the sum of all the experiences and interactions that affect employees' perceptions, behaviours and feelings. Creating an inspiring employee experience is not about providing extra benefits, perks and usage of modern technologies. It is also important to motivate and engage employees, help them to become better at their job, and to provide them with a great culture and leadership, which inspires them to work continually and happily.

Figure 5.4 Moments that matter in the organization journey experience



Listening to employees

An inspiring employee experience can't be created from the top down; employees should be encouraged and engaged to be the part of the creation process. It is always better when individuals or teams provide feedback and share ideas about the experiences they desire. Simply listening to the employees is one of the easiest ways to keep their experience of the organization positive, from their hiring to retiring (Meister, 2017).

By understanding what type of wider employee experiences are important and which moments matter to employees, HR organizations will not only be able to make the current workforce more comfortable and motivated but also have a better sense of the candidates who can fit into specific positions in the future. In addition, maintaining a good relationship with alumni can impact the employer's branding to a great extent as well.

HR organizations may be hearing employees, but if they are not listening to them they are missing out on opportunities to improve engagement and happiness. Listening is a more advanced skill than passively hearing, and better listeners are more in tune with their organizations, workforce and customers. The purpose of employee listening is to catch trends in time, and it should provide a continuous real-time method of capturing challenges and experiences by employees in the present. Attention should then be on listening to respond rather than listening to understand (Harter, 2018).

When compared with conventional methods of measuring employee engagement levels, a continuous tool should help businesses to stay ahead on implementing positive changes in experiences. Continuous listening does not mean surveying frequently, as collecting feedback so often makes it hard to take significant action. There is always a need to balance the different experiences.

Balancing the digital and human experiences

Today, the workforce prefers an exceptional digital experience where they can free themselves to do more important and engaging work, and where they can impose value with more human skills. According to PwC's report (Duarte *et al*, 2018), almost half of the workforce prefers digital interactions for common HR tasks and activities such as job searches, scheduling vacation, enrolling for benefits or getting IT support.

On the other side, the workforce isn't getting what they really need and only a few people feel satisfied with how technology improves the experience for HR and people management tasks. Too much technology is also

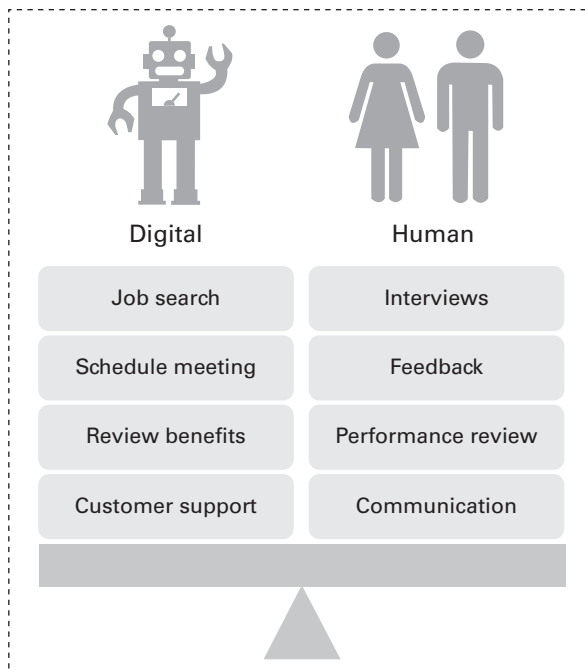
isolating the workforce from the genuine connections and relationships, as they start to lose the human touch.

In general, the workforce does not want to interact with machines that take the place of valuable human connections that are needed to feel a sense of belonging at work and provide customers with the human touch. Many of us may feel technology is taking the workforce away from human interactions, which is true. Hence workforces still prefer human interaction in HR tasks and activities like performance reviews, communicating with the team, asking HR questions, providing feedback and training.

Finding the balance between technology and human needs means business leaders have to ask important questions about technology choices. Technology will maximize its impact in the workplace only when integrated with human skills. Figure 5.5 shows the balance needed between digital and human interactions today to give employees exceptional experiences.

Today, most organizations are investing in minimal technology to support key HR processes, efficiency and decision-making. Digital solutions to enhance the employee experience and engagement are in most cases an add-on. An appropriate digital solution can make a huge difference in change

Figure 5.5 Balance needed between digital and human interactions



agility, having a captivating employee value proposition and seeing HR as an adviser on human capital risks. All these can only be achieved by engaging in sufficient human interactions.

The workforce wants new ways of working and an employee experience that offers digital access, personalization and effectiveness. They also want digital solutions that will help them do their jobs better, faster and smarter. Employee experience interventions must be designed holistically and break through functional barriers to address how work gets done with a proper balance.

A digital culture is needed where people are comfortable with transparency, curious about new things and interested to have the latest technology, all of which are critical to success. Today technology is the backbone of the overall work experience such that one can't separate it from the people agenda. Today's workforce is overwhelmingly positive about the potential for technology to improve their lives, but they also have concerns about how it can be used.

Adopting a continual learning mindset is what we need. Upskilling isn't just about completing courses or adding new tools; it's also about giving people opportunities to explore new mindsets, behaviours, relationships and ways of working. Organizations certainly need to support their workforces to become more incorporated with new skills and competencies, which can also help them to improve their culture for the future.

So, we can see that there is a clear demand in both digital and human-centric experiences that we can't separate and it is very complicated. Organizations that adopt a consumer approach to the employee experience are establishing a culture that values employee happiness and satisfaction. Organizations need to know the boundaries that separate and balance the digital and human experiences in their jobs, work and workplaces.

Designing future workplaces

We have already explored how everyone is unique and different, so what works for one employee may not work for another. New ways of working change behaviours and the growth of the digital world clearly demands the right workplaces for human connection in the future. These workplaces are places where employees' senses are being put to work and are key to creativity, collaboration and their wellness.

Organizations are already realizing the dynamic pace of technological change, and they cannot be sure what work will look like as the world of work is changing at such a fast rate. They need to design spaces that allow for heterogeneity and flexibility wherever possible and that encourage employees to be creative and honest about how these can be improved; after all the workplace reinforces the organization's culture and innovations.

Understanding the challenges is very crucial to organizations while designing future workplaces together with the benefits based on different user groups.

Workplace challenges and benefits

In today's highly technology-enabled workplaces, understanding the complex ways in which teams collaborate in person and remotely are key to the right-sizing of workplace solutions. In many legacy office spaces, it is common to see a closed unused private office not being used during an executive's period of travel away, while employees struggle to find places for their meetings. So, designing new spaces won't resolve these open challenges, but organizations need to inspire new behaviours and workplace norms.

Another aspect noted while designing modern and future workplaces is about the next generation, as many millennials have grown up with apps and social media that may make them digital natives but doesn't mean they don't like to connect physically and always prefer digital connections. We should not generalize the features of the next generation to every case (Fry, 2018).

Workplaces should never just serve one age group, gender, race, or any other demographic and social preference. A good workplace design must support desired behaviours such as collaboration, interaction, innovation, or production in the future. And organizations can always have a mix of both focused work and collaborative activity, which allow their employees to become more productive yet be able to innovative individually as well. So, it is quite beneficial to have the right flexible workplace. Figure 5.6 shows the benefits of having the right workplace.

As we can see from Figure 5.6, the right workplace not only provides a positive environment and yields better productivity but also boosts leadership and develops trust among colleagues and teams. Working together imparts opportunities to be creative and have a more experimentation mindset, along with reducing stress, ensuring proper safety and being happy at work. People can start to have more human contact in this isolating age where technology governs most of our activities today.

Figure 5.6 Benefits of the right workplace

Positive environment	Happy workforce	Reduce stress
Better productivity	Develop trust	Boost leadership
Enhance creativity	Proper safety	More experiments

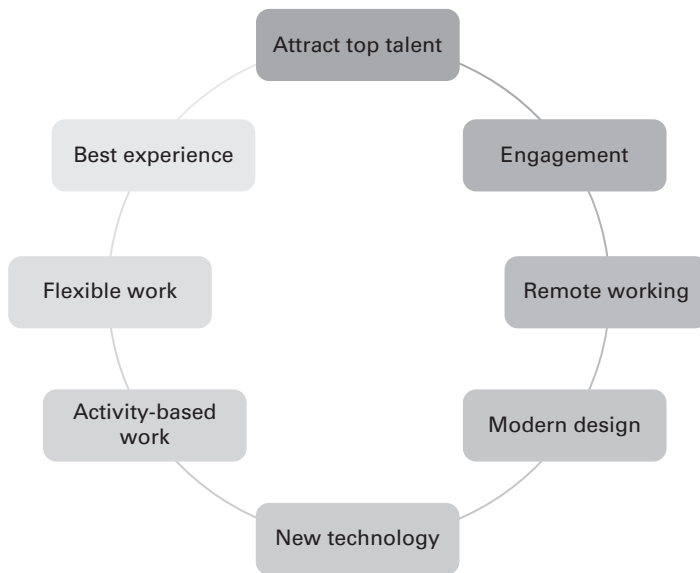
Trends for future workplaces

Although there is growth in mobile and remote workforces, the workplace still plays a key role in how we experience culture, make relationships and resolve business challenges. Based on how differently people prefer to work on their daily tasks and the type of workplaces that support their work styles, new programme and design decisions can be made to better support productivity and cultural effectiveness.

Business and HR leaders need to fully incorporate agility into the workplace and hence co-create a collaborative culture. It is important to understand the current workplace trends, so that organizations can prepare for the future by gathering, assessing and outlining trends that impact them most. Figure 5.7 shows valuable trends that need to be considered when creating future workplaces (McCarthy and Barrett, 2018).

These workplace trends should be based on the study of behavioural science, organizational design, change management, performance metrics, demographics and technological advances. The following is an overview of the trends for future workplaces:

- **Attracting top talent:** creating flamboyant workplaces that have flexibility and choices in how to work is one tactic to recruit and retain top talent.

Figure 5.7 Top trends for future workplaces

- **Engagement:** the workplace can engage employees by provisioning the communication and integration medium that helps in recognizing individual or team contributions and by providing space for effective collaboration.
- **Remote working:** employees are also working while travelling, staying in hotels, at customer sites and at home. So future workplaces need to be supported with the right technology that allows employees to work effectively from anywhere.
- **Flexible work:** employee engagement becomes quite high when employees are motivated and this impacts positively with flexible working. Workplaces must be flexible enough to support such needs to reactivate disengaged workforces.
- **Activity-based work:** to reduce complexity, workplaces need to be built in such a way that they can help support different work activities by using different dedicated work areas and facilities.
- **Modern design:** modern workplaces should have good thermal comfort or air quality, natural light, low levels of noise, spaces that do not feel crowded and good ergonomics in order to grow productivity and provide a healthy working environment.

- **New technology:** the use of new technologies is increasing in the workplace today; these could be smart desks and boards, or intelligent devices and assistants, or a virtual team room.
- **Best experience:** for workforces, all that matters is having the right relevant experiences within their workplaces. So, the main purpose for building any workplace should be to focus on providing the best experience to the workforce.

Many of these trends provide opportunities for the growth of digital workplaces that will continue to evolve, with or without input from management. We have seen a high rise in the use of mobile and smart devices already. Current technologies are being exchanged for new ones, and this new technology is being adopted within organizations.

The digital workplace

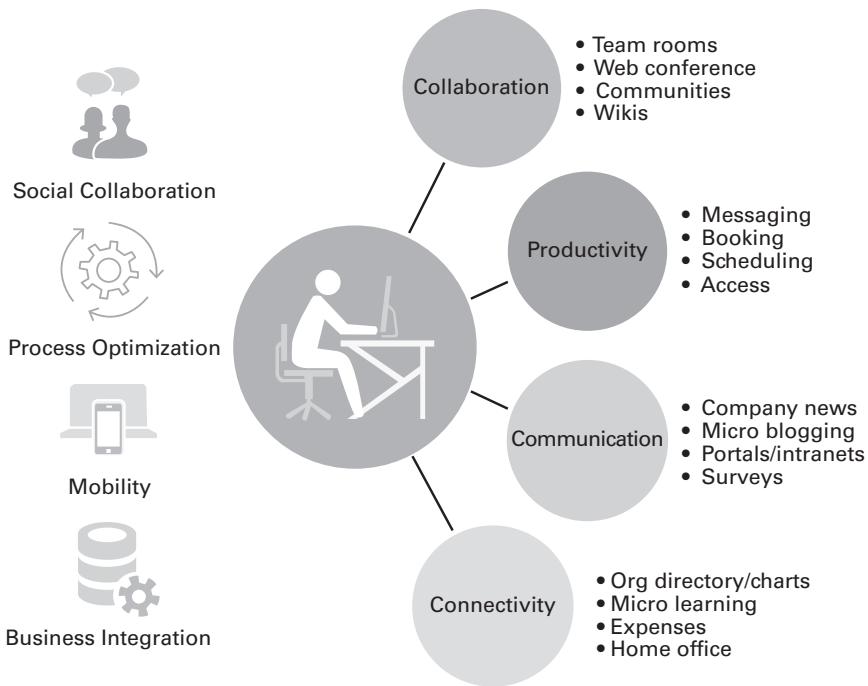
A digital workplace enables new, more effective ways of working and increases employee engagement and agility. It is a change in the mindset of an organization, as the way we work today is different from the past, and this difference is driven by the rise of digital technologies.

So far, when we use the term workplace, it means a physical space where employees go to get work done. Today, a digital workplace is a connected environment that provides instant access to everything employees need to get work done, anytime and anywhere. The digital workplace is also a built-in collector of data, and it uses this data to deliver measurable results and actionable insights.

Workplace analytics helps to understand how the organization invests its time and how groups collaborate across the organization. One can use this data to identify business opportunities, implement change and measure success.

Creating an effective digital workplace is quite challenging for many organizations, but it helps businesses to be better positioned in areas of innovation, productivity and collaboration. In addition, the right digital workplace can help organizations to attract the right talent in this digital world (Finklestein and Wong, 2018). Figure 5.8 shows a future digital workplace framework.

As shown in Figure 5.8, it isn't about how organizations think employees work, but rather how they actually work. The digital workplace increases interaction, raises employee engagement and experience, and improves efficiency, using the power of data and technologies.

Figure 5.8 Future digital workplace framework

As we can also see, the digital workplace framework has four main areas. Collaboration, which includes tools like team rooms, wikis, web conferencing and communities, all make work more effective and help improve collaboration within a team. Another area focuses on productivity and includes tools such as messaging, scheduling, booking and other accesses, all of which optimize the workforce's productivity.

The next two areas are communication and connectivity. Communication includes tools such as company news, micro blogging, intranets/portals and surveys, while connectivity includes tools such as access to the organization's directory, micro learning, expenses and home office management. All four areas must be supported with business integration, mobility, process optimization and social collaboration.

The digital workplace delivers all the tools employees need to accomplish their tasks, while opening up existing silos. A successful digital workplace strategy can deliver measurable returns such as increases in efficiency and productivity, a greater level of innovation and collaboration, reducing security risks, attracting greater talent, improving the employer brand, improving

employee engagement and retention, reducing costs and providing a better level of service and experience.

All these areas drive employee experience to a new level as technology and workplace experiences are one of the major components when measuring employee experience. Creating such high performing digital workplaces needs all of the pieces of the digital workplace strategy jigsaw to drop into place, alongside understanding the need for, and incorporating, relationships and wellness and wellbeing programmes.

Importance of relationships and wellbeing programmes

Understanding the value of relationships is something that is very important in our personal and professional lives. What happens at work often impacts our love lives, and our relationships at home also affect our careers.

We often forget to give the best of ourselves to our relationships. In addition, technology has transformed how we connect and has isolated us somewhat in the digital age, impacting our relationships to a great extent. Often, addition to these technologies, a good example would be our smartphones, signifies a lack of empathy and a diminishing in relationship accountability. This is something we should start thinking about before it has gone too far.

According to Esther Perel, an author and renowned psychotherapist, relational intelligence is one of the top determinants of business success. The quality of our relationships determines the quality of our lives, how we cope with life today, how we act and/or what we neglect intentionally or unintentionally. All of these often directly affect our lives both personally and professionally (Perel, 2017).

Different relationships and change

Although in both personal and professional relationships people should respect one another and aspire to be reasonable, responsible and polite, there are also significant differences between us.

We become more caring, connected and spend more time with each other in our personal relationships, whether this be our family and friends or with our partners. Although we also have partners in our professional relationships, it is more a reflection of working together to attain certain objectives and helping each other in our career growth and our organizational journey.

A clear difference between these two types of relationship can assist workforces to maintain a balance between them.

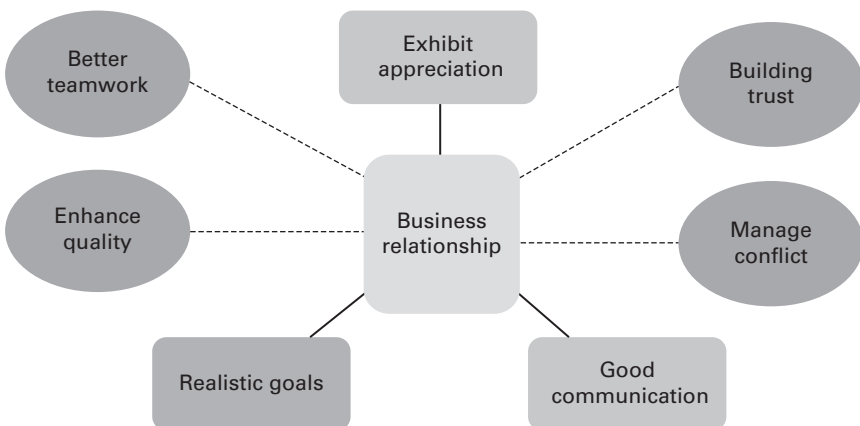
The relationship with our co-workers is critical, and many employees spend more of their waking hours with co-workers than they do with their families. So, it is important to allow employees to build quality relationships with their co-workers. When people know one another well, they are much more likely to work well together, respect each other and be more willing to collaborate.

In this digital age where ways of working are changing at a very fast pace, be it through new technology or new work schedules, so too are relationships. Our personal and professional relationships have changed dramatically in the past few years, focusing on managing our time and respective workloads and in our use of technologies.

However, the fundamentals of a good relationship are based on communication, trust and respect and these should still exist with or without technology. People need to consider how they should use technology to make sure they are using the right mode to communicate. We should use technology in an appropriate way and become smarter to improve productivity, but we should not become addicted.

The workforce should be able to rethink relationships based on changes in the workplace and uses of technology, and thus deliberately redefine the organization's culture to make it stay ahead of the others. Organizations and leaders should consider the right approach to build healthy relationships among their workforce and should start understanding how to foster new relationships and develop trust. Figure 5.9 shows an approach for maintaining healthy business relationships with stakeholders.

Figure 5.9 Approach for maintaining healthy business relationships



This approach is based on three components:

- **Exhibit appreciation:** Appreciation, when expressed sincerely and regularly, builds trust, which is critical for being productive and forming lasting relationships. Human connections matter everywhere, and a small show of appreciation can lead to much better relationships between these connections.
- **Good communication:** A business relationship can't be successful without effective communication. Whether it is between team members or between leaders and their team, good communication is an essential requirement.
- **Realistic goals:** For an everlasting business relationship in today's professional world, it is important we should be authentic and trustworthy. Goals are used to help businesses grow and achieve their objectives; hence it is vital to identify and share realistic goals and values, based on honest clear communication.

The above approach can lead to better teamwork and building trust among people. It enhances the quality of relationships and helps to manage conflicts easily. Organizations that embrace this culture are more successful and have better productivity, performance and creativity, while employees possess superior experiences. There are more benefits when organizations bring together a better work-life balance and wellbeing initiatives.

Work-life balance and wellbeing

As we must maintain two sets of relationships, a personal and a professional one, we also need to balance these between our work and home life. This is not a new concept, rather it is finding a way to integrate the work-life balance that is changing every day. It has always been difficult to find the balance between work and our personal lives, as the line becomes blurred between work and our home life.

When people want to succeed, they start working hard at their job. Now technology has connected our lives such that it is literally impossible to unplug from our working lives unless we set our minds to do so. But if we do not do this, we leave very little time for other important aspects of our lives such as family, hobbies and our personal happiness.

On the other hand, due to higher competitive demands, organizations are always looking for better results and growth, which in turn lead to needing more contributions from their workforces thereby ignoring personal lives. The more dependent the organization is on technologies and social media,

the more life is made difficult for the workforce in balancing their two different lives, which can have a severe impact.

The constant use of social media and technology is associated with other negative outcomes, especially the negative impact on our wellbeing. Also, when we are stressed and work overtime, the risk to our physical and mental health is high too. A poor work-life balance can lead to a range of symptoms that can affect our wellbeing.

‘Wellbeing is not a soft benefit – it’s a necessity, and our goal isn’t nirvana, but just being able to live a life that you find fulfilling and that allows you to thrive’, as said by Arianna Huffington, an author and businesswoman. The strategies that build better wellbeing and wellness are valuable for every workforce, including and especially those in challenging circumstances. Organizations who can understand this and follow respective actions can thrive in this world (Huffington, 2015).

Business leaders have a responsibility to help all their people to balance their different lives, irrespective of their engagements. Leaders must make sure that the workforce can do their personal affairs while at work just as they do work matters in their personal time. This balance can be leveraged to maintain the motivation of the workforce.

Also, just because we are physically accessible all the time doesn’t mean we must be. We need to set boundaries for using technology, social media and doing professional work during our personal and family time. Without a better work-life balance, it is not only difficult to maintain a healthy personal life, but it also impacts on productivity and the performance of the workforce in their working lives.

When the workforce feels connected, respected, healthy and safe, they stay longer with the organization, are more motivated, create positive energy for others and are happy in their personal lives. But these are not easy to achieve, as irrespective of such awareness by employers, today most of the workforce is suffering from major burnout problems. Employees are becoming disengaged as well as unhealthy, and attrition rates are increasing as a result.

Increased burnout

Flexible working hours and working remotely have both positive and negative impacts, in addition to the negative effect from the higher use of technologies. All these lead to working hours that are so flexible that in some cases leaders expect their employees to work at night, at weekends and

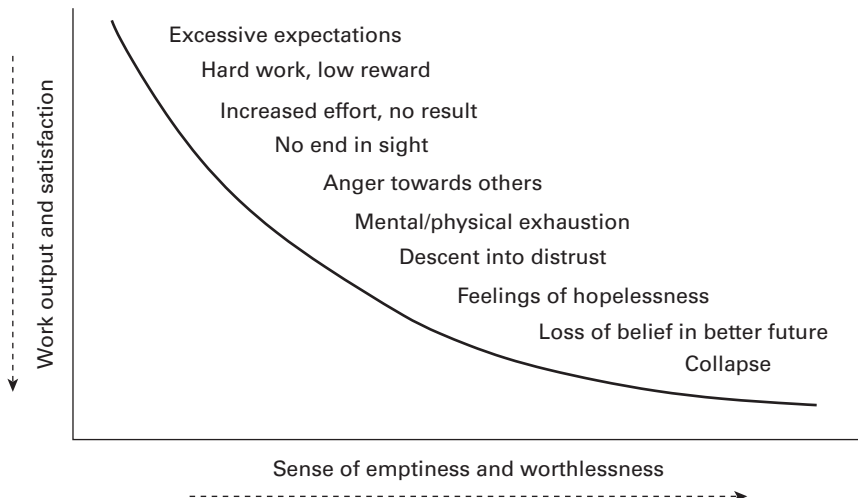
during holidays resulting in stress and burnout. Furthermore, in many cases, unfair wages, the lack of appreciation and the mistreatment of employees can lead to more burnout.

We all get stressed from time to time; it is unavoidable; but it occurs more when we feel overwhelmed and unable to meet constant demands. However, workplace burnouts are avoidable, and leaders should make every effort to ensure this doesn't happen to their workforce, but sometimes they become the reason. The negative effects of a burnout can affect every aspect of our lives, both professional and personally.

Fostering employee wellbeing is good for both the workforce and the organization. Promoting wellbeing can help prevent stress and create positive working environments where people and organizations can thrive. So, good health and wellbeing are the major enablers of employee engagement and organizational performance, and organizations and their leaders should see burnout as a very serious challenge.

One of the side effects of burnout is a lack of sleep, along with obesity and malnutrition. Moreover, it is difficult to get work done when someone is unhealthy and stressed, as mental health affects our wellbeing and happiness as well. Workers feel more isolated as they lose the human connection with their co-workers, and this can become even worse when they change jobs, which is a failure for both organization and workforce. Figure 5.10 shows the overall burnout curve for people as an example.

Figure 5.10 Burnout curve



Today, workplace wellbeing is on the rise and is in demand from both organizations and the workforce. A lot of wellbeing and wellness initiatives and programmes are increasingly being brought in by organizations. As we see the rise in stress, anxiety and depression, organizations should realize that there's a direct connection between the workforce's ability to disconnect and their mental health issues. So a lot of effort in setting the right boundaries is expected from the individuals themselves, apart from attending these programmes.

Wellbeing and wellness strategy

Wellbeing is one of the popular buzzwords these days and different people have different perspectives on it. While for some this means doing yoga or eating a low-fat diet, for others it means tracking daily physical activities using the latest technology and devices. But wellbeing is much more than this, in particular how the workplace is changing, and organizations need a well-articulated strategy for better execution.

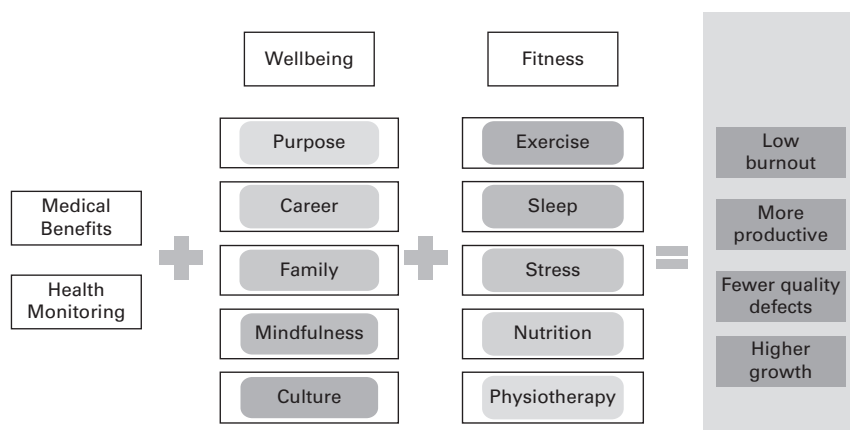
Today, organizations are certainly looking forward to providing their workforces with a better, healthy, motivating and happy environment through which they can be at their best. A proper strategy is needed in organizations in terms of wellbeing and wellness, as this can help take care of the workforce in respect of their physical and mental health.

It is also important to check how an individual has spent their time during a week, including their personal time, physical activities, social activities and leisure time to identify specific risk areas. Organizations need to adopt good communications, flexible working practices, effective management and good team support to build good wellbeing strategies.

On the other side, these strategies must be mandatory for the workforce, otherwise they will never be prioritized by the team. Many successful organizations put mental health, stress and burnout in their regular team meetings, which helps them to make better decisions for their team and the organization overall (Dowling, 2017).

A basic framework for a wellbeing and wellness strategy for organizations is shown in Figure 5.11. In this framework, there are four areas: medical benefits, health monitoring, wellbeing and fitness. All other important components mentioned previously are part of one of these. A good strategy helps to achieve lower burnout, higher productivity, less quality defects and higher growth-oriented results for the organization and the workforce.

It is also important to periodically analyse the wellbeing data to measure effectiveness. When it comes to wellbeing in the workplace, employees need

Figure 5.11 Wellbeing and wellness strategy framework

to see a real value in their health and work, while leaders need to see outcomes in the business. However, wellbeing shouldn't be a reactive measure; it should be proactive and strategically implemented.

HR organizations need to take steps to understand the challenges faced by employees within the organization and to choose the right strategy to help the organization build a culture of wellbeing. HR professionals need to take the lead on wellbeing and establish it within their people strategies to help create a better future workplace. This involves executing the right wellbeing strategies and engaging the workforce with consideration of future jobs, work and skills.

Summary

Realize how we are forgetting the human in human resources:

- HR should not focus on people as resources; rather they should help to rebuild a human-centric experience with more human capabilities for the future workforce to create a better culture and a sustainable organization.
- It is not simple to bring back the human side into the workplace and work, as it is not common practice to understand human capabilities that include the human touch or even human empathy.
- The major ways to return the human side to the workforce are spread across four areas: reinforcing human-focused training, investing in emotional

intelligence, rewarding outstanding behaviours and encouraging an innovation-driven culture.

- Design thinking is defined as a creative, solution-based method for problem-solving. It can enable HR organizations to think beyond the typical process and transactional approach to focus instead on the experience.

Outline how to build a valuable wider employee experience:

- Human experiences can be thought of as a series of intimate, meaningful, precious and natural moments, where some moments stay for a long time and others just expire quickly; some are positive, while others are negative.
- Today organizations are aiming to provide their people with positive touch points at all stages of the employee lifecycle and organization journey. The experiences come from consuming HR functions, the job and the organization's culture, together with technology, the workplace and the digital experience for the workforce.
- Creating an inspiring employee experience means motivating and engaging employees, helping them to become better at their jobs, providing them with a great culture and leadership, which then inspire them to work continually and happily.
- Simply listening to the employees is one of the easiest ways to keep their experiences of the organization positive, from the moment they are hired to when they retire.
- There is a clear demand for both digital and human-centric experiences as they can't be separated, and we need to know the boundaries in their jobs and in the workplace that separate and balance these digital and human experiences.

Explore the trends and ways of designing future workplaces:

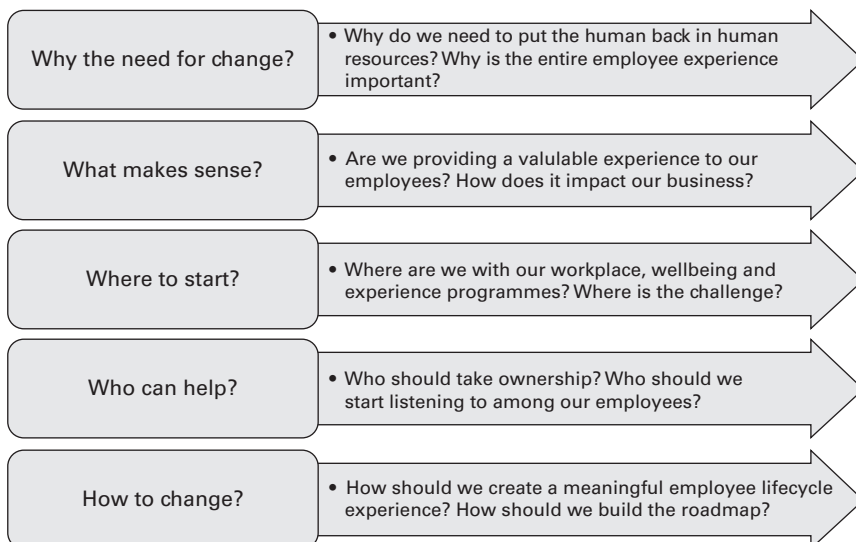
- Workplaces should never serve just one age group, gender, race, or any other demographic and social deference; rather they should possess creative and diversified ideas for the entire workforce.
- The right workplace not only provides a positive environment to aid productivity, but it should also boost leadership and develop trust between colleagues and teams. It also helps employees to reduce their stress levels, be in a safe environment and be happy at work.
- It is important to understand current workplace trends so that organizations can prepare for the future by gathering, assessing and outlining trends that will impact them in the future.

- A digital workplace enables new, more effective ways of working by increasing employee engagement and agility, acknowledging that the way we work today is different from the past.

Interpret the importance of relationships and wellbeing programmes:

- Understanding the value of relationships is something that is very important for our personal and professional lives. What happens at work often impacts our love lives, and our relationships at home also affect our careers.
- The fundamentals of a good relationship are based on communication, trust and respect and these would still exist with or without technology. We should use technology in an appropriate way to improve productivity but not become addicted.
- We also need a balance between our work and home life. This is not new, rather the way we integrate work and home life is changing every day. It has always been difficult to find the balance between them as the boundary between the two is becoming more blurred.
- A good wellbeing strategy should include culture, stress management, work-life balance, absence management, nutrition, medical benefits, health monitoring, and both physical and mental health.

Time to act



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Evolving the future of work, jobs and the workforce

06

Objectives

- ✓ Explore the future of work and the need for adaptive working
- ✓ Understand the impact of the gig economy and the next generation in jobs
- ✓ Outline the preparations by HR for the future of work, jobs and the workforce

The basis for the future of work and the need for adaptive working

The world of work is undergoing a major process of change and hence is drawing a great deal of attention. Over the next few years, we are likely to witness some of the most significant disruptions in the workforce and the world of work. The demographic, political and socioeconomic trends of the past few years, such as rapid urbanization, globalization and polarization, are influencing these disruptions considerably.

The perception of work has always been changing. When industrialization occurred, work gained more influence in society but since then has changed considerably over the years. Many countries are at different levels of development and thus have different ways of going forward, while some are leading innovations and technology and still others are late adopters. This is also true when we consider an organization's level of maturity.

The impacts on the world of work

Challenges arose with the advent of trade unions in organizations and the labour market. In the world of work, trade unions were adapted to the traditional employment relationships, but their ability to protect workers in this changing world of work, especially in the digital economy, is inadequate. Lots of organizations have already been affected by this and are taking different measures to overcome it.

The fourth industrial revolution and its focus on technological developments like robotics, artificial intelligence and augmentation, has had a strong impact on the world of work and the labour market. The digital economy is also redefining the types of jobs transforming our economies, which is also having an impact on existing skills. These are all certainly putting different expectations on policy-makers and governing bodies.

If we look at the definition of the future of work as a term, it's more about the future that will be created and influenced by current changes that will be impacted by forces and trends looking towards a new world of work and creating a better society. The International Labour Organization defines the future of work along five dimensions in which current changes are already impacting the world of work: the future of jobs; their quality; wage and income inequality; social protection systems; and social dialogue and industrial relations (Balliester and Esheikhi, 2018).

Automation, the gig economy, digital platforms and other innovations are changing the fundamental nature of work, and the rise in new technologies has brought organizations to a crossroads in the world of work. These are leading to many open questions being asked of organizations, some of which are shown in Table 6.1. Organizations need to answer them in order to create the right fundamentals for their own futures.

We are going to find many of the answers during this or later chapters and we may also raise some other questions. Although the new world of work is generating a lot of new opportunities, there are also significant challenges occurring due to the change in working methods. These challenges include dysfunctional labour markets, wage stagnation, displacement of jobs, revising employment relationships, the development of new skills, and governance of work, none of which is easy to handle. These have become major worries for organizations and their leaders.

It is not natural to adopt all the changes that are already happening in the world of work, but it is necessary for workforces to undergo significant change while also considering their own skills, demographic factors, current jobs and experiences with their organizations and the labour markets. Many

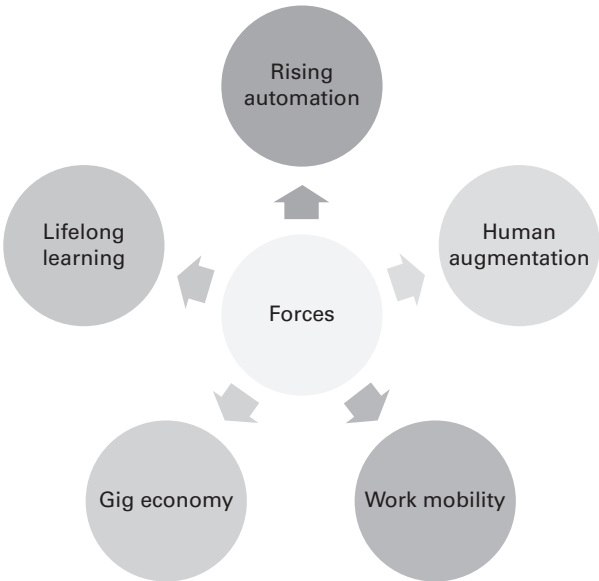
Table 6.1 Questions to consider for the future of work

Questions to consider	Check
• What is the impact of a changing world of work?	<input checked="" type="checkbox"/>
• How should people and organizations adapt for a better, more sustainable future?	<input checked="" type="checkbox"/>
• How will we be working in the future?	<input checked="" type="checkbox"/>
• What role will future businesses play in society?	<input checked="" type="checkbox"/>
• How will businesses attract new talent?	<input checked="" type="checkbox"/>
• Will technology make matters even worse as we look forward?	<input checked="" type="checkbox"/>
• How does a workplace actually change?	<input checked="" type="checkbox"/>
• How can HR be more aware and make organizations ready for the future of work?	<input checked="" type="checkbox"/>

strong forces are impacting the future of work, but there are some main forces that are significantly changing our lives now, both personally and professionally (Manyika, 2017).

Figure 6.1 shows the main forces that are impacting the future of work, organizations and the workforce. We have already noted the main forces such as rising automation, human augmentation, work mobility, the gig

Figure 6.1 Main forces impacting the future of work



economy and lifelong learning. When these forces arise, there are a few major concerns and points embedded within them.

The main concern is definitely the impact on the workforce of growing automation, intelligent systems and augmentation of tasks, and the fear of losing their jobs. The second concern is related to the changing models for work, work structures and the new ways of working. This includes questions around independent work, the gig economy and also adapting the working styles of the workforce.

The world of work should also care about equality, bias, diversity and inclusion. Organizations should transform their cultures in these disrupting economies to create a better society. The future is about creating an organization that is a living system not a machine and becoming more sustainable with high performance teams and collaborative leadership. All these need to be well supported through better transitions and lifelong learning. We will explore many of these in later chapters.

The journey to transition

Since the beginning of the industrial revolution, machines have been taking over our tasks and activities. The workforce has had to adapt and take responsibility for providing a better collaborative approach in terms of working together with machines. Although the shift to automation brought about mass production and a rise in global demand, it also created tensions over job losses. The impact of artificial intelligence and automation always gives rise to conversations about whether we are going to create enough work to make up for what we are going to lose.

In the last few years we have seen the remarkable appearance of and progress with artificial intelligence, automation, augmentation and robotics. Compared with the automation of the past, there is a perception that maybe this time it will be different. Organizations and workforces are going to see several different kinds of transition in the world of work while they are considering the current situation.

The first transition is that the mix of jobs is going to shift significantly. There are jobs that are shrinking as a result of augmentation of the activities and tasks, and in the same way there are jobs that are growing as a result of the capabilities required that can't be replaced by automation. These lead to transitions among the workforce from their old jobs to new ones through a process of significant unlearning and new learning.

This also leads to the next kind of transition, which is the transition in skills. When people move to new jobs, they usually need higher skills to do those jobs. As we already know, the demand for skills is going up significantly. Also, as people are going to be working alongside highly capable machines, this in fact demands higher skills.

In order to work together with machines, we humans need to rehumanize ourselves to bring back those skills that are irreplaceable, and this requires a high level of involvement in transitioning to the right skills. A significant effort is required by organizations in terms of reskilling and upskilling their workforces. In some cases, workers are in the same job, but the job now requires a higher level of skills in order to be effective, so all possibilities need to be considered while managing such transitions.

Another transition that we also need to consider is the potential impact of all this on incomes and wages. In the past economy, a job was not just rewarded once; most jobs come with not only payment but also health care, a pension, the ability to buy assets, the promise of stability, constant enrichment and experience. Now with multi-value jobs, salary packages containing benefits and security make the relative differences more acceptable.

With globalization, the industrial revolution, automation and the dysfunctional labour market, jobs are less and less linked to traditional benefits. Wages have declined. The new economy has stopped organizations from offering workers job security. The old way of compromise is becoming of less interest to new generations; indeed they are looking for more meaningful and satisfying work.

An increasingly large number of migrants in relatively large cities is also having a massive impact on the job market. So the delinking of jobs with benefits and security is provoking intense transformations that are reshaping organizations in terms of coordinating work, and as a result, work is changing in drastic ways and at an extraordinary speed (Vitaud, 2018).

Before coming up with some solutions, organizations need a logical framework for adapting ongoing and upcoming changes in the future workplace. A similar framework can be seen in Figure 6.2, which is followed by a brief overview of each of its components (Morgan, 2017).

- **Analyse the working environment:** the first and foremost requirement is to analyse how the work has been done so far within the organization. It is also important to know why that matters to the leaders and the workforce.

Figure 6.2 Framework for adapting transition in future of work

- **Decide responsibilities and roles:** every initiative needs a sponsor, and it's the same for the future of work initiatives and the related transitions. Organizations need to define the responsibilities and roles to handle all the tasks.
- **Apply future work strategies:** this step focuses on what work looks like in the future and is based on what transitions are necessary, including communications to the workforce and new learning.
- **Process and implement changes:** the experiments and hypotheses of the initiatives that started off as something undertaken by a pilot group within the organization, once successful, need to be implemented across the entire workforce.
- **Review work and workplace:** organizations that want to adapt and prepare for change need to review the work and workplace constantly. They need to care about innovation, engagement and empowerment within work.

The world of work is in a state of drift. While on the one side there is fear, on the other there is excitement. Organizations need to be aware and effective on this sensitive topic, whether it's about labour-market opportunities, unemployment, stagnating incomes, income inequality or migration, or indeed the evolution of automation and augmentation enabled by technologies and

increasing skills gaps. All these make change feel very uncertain, notwithstanding the potential benefits.

New ways of working

While looking into new ways of working, agile working certainly must come first. This is a way of working in which an organization empowers its people to work in a way that has maximum flexibility and minimum constraints, which in turn optimizes their performance and delivers top value. The new ways of working should also empower workforces through the efficient use of technologies and the right methods of communication.

With the availability of new technologies to the business, there are numerous instruments to help the workforce work in new and different ways and to meet the requirements to reduce costs, increase productivity and improve sustainability. Agile working should be driven by business needs as it has the capability to develop an effective organization and eventually create better working environments for the future.

But all this needs a shift in mindset to let go of the old ways of working. It's understandable that people want change but don't want to change themselves. So normally they want to stick to their desk, their paperwork and their routine tasks. Organizations need to encourage their workforces to let go and move towards the new approaches of employee experience.

The main goal is to create sustainable performance, happiness and well-being at work. We have already explored in the last chapter how it improves employee health and wellbeing as well as creates workspaces and practices that help people blend their work and social lives – something that will be increasingly important to the next generation. And this is a win-win for both organizations and workforces today, when considering the next generations and the growing gig economy.

The impact of the gig economy and the next generation in jobs

We have explored how the fourth industrial revolution is having an effect on other socioeconomic and demographic aspects to create disruptions in the business model in almost all industries, which in turn is creating major changes in the labour markets. And that has led to the emerging of a new set

of jobs, partly or completely displacing others. The skills required in both old and new jobs are also changing in most industries and transforming how people work.

All these make it interesting for the future of work initiatives, and an awareness is growing among the workforces and organizations around the world. Many are considering all these as opportunities for business investment and we are seeing a pick-up in pace in the startup world. Startups are becoming a most favourable source of new jobs and are becoming vital in many countries in reducing unemployment rates.

The typical thinking on employment within startups is that many of the jobs they create are very condensed and that most startups fail or only exist for a few years. But the jobs created by these startups do not fade overnight; in fact, they are surprisingly durable and transformable. And all these have a huge impact on the current labour and the job markets with demands for proper transformation.

Job transformation

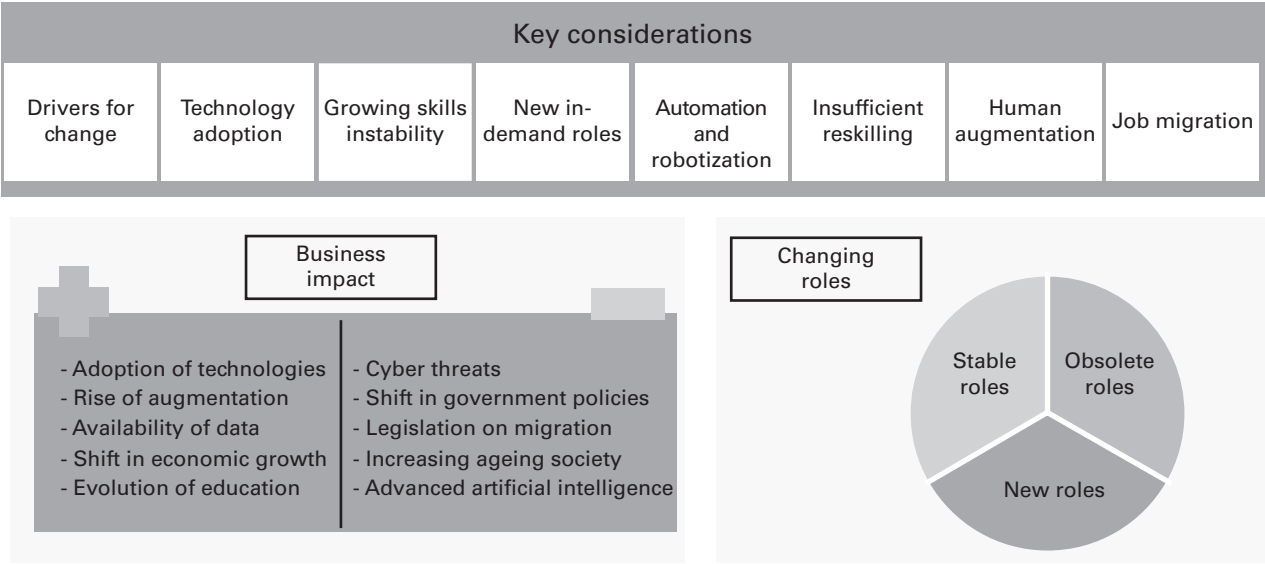
According to the World Economic Forum, 75 million existing job roles may be displaced by the shift in the division of labour between humans and machines, but 133 million new job roles will be created (Leopold *et al*, 2016). Job transformations are surging, thus creating a window of opportunity for businesses, governments and workforces to plan and put in place a new initiative for the global labour market. A new mindset of agile learning is going to be needed for organizational leaders and workforces.

Figure 6.3 shows the future of the jobs transformation landscape, which includes key considerations, business impact and an overview of the changing roles of organizations (Leopold *et al*, 2016).

There are many factors behind job transformations, starting from change drivers, technology adoption, human augmentation, shifts in economic growth and job migration challenges, which we explored in the previous section. To become successful with job transformation, workforces need to unlearn old skills and learn new ones and adopt the right mindset for learning agility. This should be balanced by factors such as growing skills' stability, new in-demand skills and proper reskilling.

Enrichment through continuous lifelong learning initiatives, investing in human capital and collaborating in working with machines are now becoming the key business imperatives for organizations, as well as being an important contribution to society. Organizations also need to deal with business

Figure 6.3 Future of jobs transformation landscape



impacts like shifts in government policies, legislation or rules on migration, the increasing ageing population, cyber threats and the effects of advanced artificial intelligence. All these business impacts, whether positive or negative, are important factors for determining job transformations in organizations.

As stated earlier, workforces need to learn agility as they will need to shift from their old roles to new ones. The new roles are being created due to changes in existing roles and activities, as a result of the augmentation of human work by machines. The number of new roles is quite similar to those in the stable roles, while the number of obsolete roles keeps increasing in the job transformation landscape.

For a successful transformation of jobs, there is a need to decompile them into discrete tasks and activities. Organizations then need to start analysing these tasks and activities and come up with a method to segregate the duties to be performed by humans and by machines based on their respective capabilities. Accordingly, organizations can then rebuild the deconstructed components into the right jobs and roles for their workforce.

This shifting of jobs and changing of skills is growing at a significant rate, but there are also opportunities to reintroduce the human element back into work. This all results in rapidly inflated opportunities in a diverse set of new and emerging job roles; on the other hand, many employees are experiencing a strong decline in the range of job roles previously considered as life-time careers.

So job transformation is also changing the nature of work dramatically. Different patterns of work, diverse structures of employment contracts including payments, and an increasing passion for flexibility have also transformed concurrent working relationships. As the world of work continues on its transition, a new economy has been derived, and the gig economy has emerged as a key driver of this change.

The gig economy

Gigs are typically not full-time workers. They lack any long-term commitment from their organizations and their working hours are unpredictable, with arrangements usually being highly flexible and totally dependent on demand at any given moment. The gig economy or freelance work has expanded in the last few years, especially within the younger workforce. It is growing and changing the way we work.

The gig economy is a labour market characterized by the prevalence of short-term contracts or freelance work as an alternative to permanent jobs.

Nearly half of the next generation workforce are freelancers, and that number is only expected to grow. It is anticipated that approximately 60 million of the next generation will be joining the gig workforce in the next few years and around 35 per cent of the workforce worldwide will be gigs in the future (Harris and Istrate, 2017).

Whether it is Uber or TaskRabbit or YourMechanic, many of the prominent startups or companies have been established during the gig economy. For them, gig work has been widely seen as perfect for people who want the flexibility and autonomy that traditional jobs don't offer. But it has also been seen in many ways that these jobs don't deliver the financial returns in many respects.

Organizations operating in the gig economy usually use new online digital platforms that connect customers directly to provide services by a workforce that is working more as independents than as employees. These workforces are looking for a high degree of flexibility, having more control over their own work and wanting to work remotely in most cases, with minimal commitment to these organizations and usually being paid per individual task they complete.

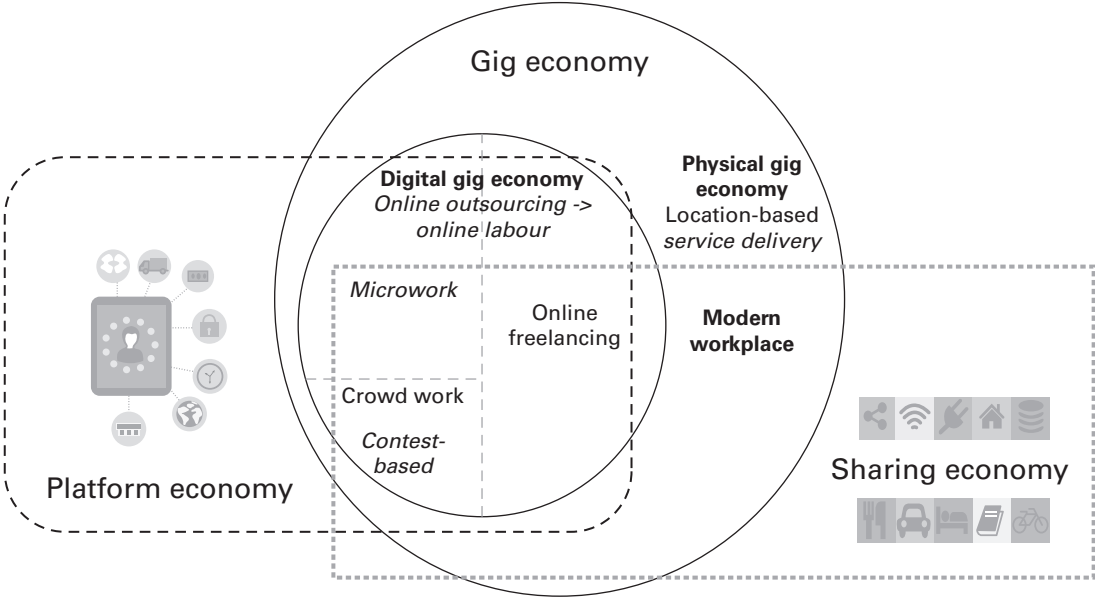
Many of them who earn income through these online digital platforms only do it for a few months each year. One reason is that some portion of the workforce that experiments with gig work usually land conventional jobs as the economy shifts from time to time. These also lead to the growth of other new economies, for example the rise of the platform economy and the shared economy having quite an overlap with the gig economy. Figure 6.4 shows the growth of the new economies and their relationships.

The platform economy embraces a new set of economic relationships that depend on networks, computations and data. The platform economy is an economic and social activity facilitated by platforms. The ecosystem created by each such platform is a source of value and sets the terms by which users can participate. These platforms are typically online brokers or technology frameworks for gig workers.

The sharing economy is an economic model defined as a peer-to-peer-based activity of acquiring, providing or sharing access to goods and services that are enabled by a community-based online platform. The relationship between these newly created so-called economies is impacting a lot of workforces, mostly young ones, which we can see in Figure 6.4. These new economies also provide benefits to the organization such as cost reductions, on-demand labour and less investment.

There has been a remarkable change in the workforce with the involvement of the new generation who have a lot of different expectations from

Figure 6.4 Growth of the new economies and their relationships



their jobs compared to the older generation. Many of them prefer multiple short-term, short-hours jobs and are happy with their gig life as they prefer more flexibility over protection and much favour using new technologies in their work and workplaces.

The new generation

The changing population dynamics in emerging and developing countries have led to a surge in the proportion of the young population entering the labour market, which is also contributing to urbanization and leading to international migration. Many young people are starting their working lives in less secure and unstable forms of employment.

These young respondents prefer flexible work schedules as they find more value in owning their work and being paid for the tasks done rather than pursuing any conventional forms of employment, such as ones with good incomes, opportunities for career development and social benefits. As their participation in the gig economy and startup ecosystems continues to rise, many organizations are turning towards this growing alternative workforce segment and trying to hire more of these workers.

The gig economy is not just a buzzword, but rather an exposition that has empowered and opened up a means of opportunity to the workforce while simultaneously enabling businesses to cut costs and investment by hiring independent, short-term workers. Many young workers are also more in favour of choosing the startup life after graduating, as they want to work in a more innovative domain and have the opportunity to be more instantly involved in the growth of the organization.

The growing popularity of independent work could have tangible economic benefits, such as raising labour-force participation, contributing opportunities for the unemployed and enhancing productivity. Consumers and organizations could benefit from the greater availability of services, enabling trust and improved talent availability that better satisfies their needs (Denham, 2018).

Policymakers need to interpret the challenges that the younger generation counter in the labour markets and they need to capture their voices. One thing that current leaders should understand is that the younger workforce is the future driver of governments, regulation, economies and also society. Issues such as benefits, income-security measures and training need to be revisited by policy-makers.

One common aspect, irrespective of the generation or type of worker, be they independent or traditional jobholders or any other demographic diversity, is that the current and future workforce will have to become more proactive in managing their skills. Changes in the growth of technology, interconnectivity, collaboration and increased individual responsibility are beginning to transform the way we live and work.

Changing skills

The transformation of jobs and the increased demand for valuable new skills are best revealed by the rise in freelancing and autonomous working. Organizations will need to follow a range of organizational strategies in order to be competitive in respect to the rapidly changing workforce's skills' requirements.

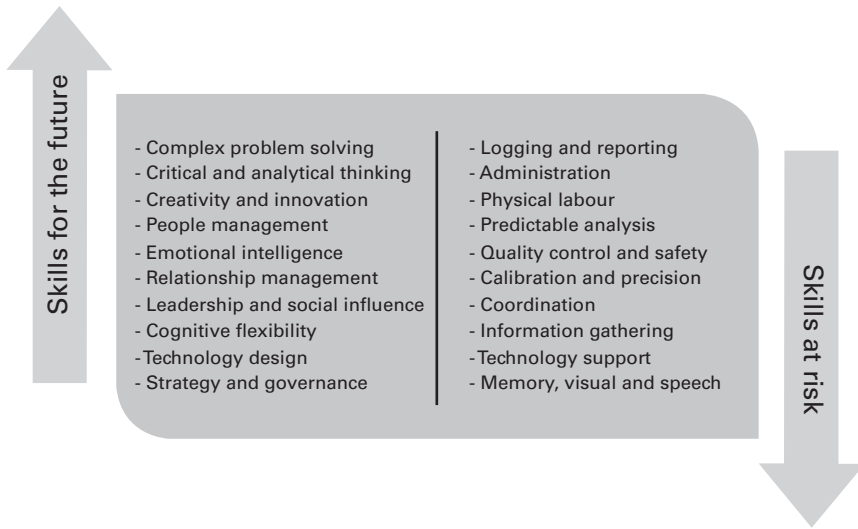
On the one hand, we are seeing a continuous drop in the demand for manual, administrative and physical skills abilities, and a shrink in demand for skills related to the management of other areas that include technology support and maintenance. On the other, there will be a rise in the demand for skills that are more pertinent to the jobs of the future.

Human skills such as creativity, complex problem-solving, critical thinking, persuasion and negotiation will further retain or increase their value in the future, as will people management, relationships, strategy and governance. Skills such as emotional intelligence, cognitive flexibility and new leadership are also seen as being in demand not only in the future but also in the here and now, as we watch skills' needs change.

The future workforce will need to become adaptable lifelong learners because of the continuous requirement to reskill, and there will be a need for them to quickly locate the right resources to develop and update new and changing skills. Figure 6.5 shows the skills in demand for the future and skills at risk in workforces.

Emerging skills gaps among leaders and the workforce may notably challenge an organization's transformation today. Many organizations are likely to turn to external workforces, temporary workers and freelancers to fill their skills gaps. An extensive approach to strategic workforce planning, reskilling and continuous learning initiatives is key to managing such challenges with skills gaps and changing skills.

The major skills that will be in demand over the next few years will need to be evolved through the collaboration of people, organizations and

Figure 6.5 Skills in demand and risks for the future

education institutions. The benefits of globalization should somehow be relayed from organizations to the workforce, and it is critical that organizations look at their functions and consider how to reskill, upskill and adopt the concept of lifelong learning.

The shifts in skills are already in progress, which in turn is displacing many workers within the new workforce, while at the same time also creating new opportunities for others. Organizations should be maximizing their gains and minimizing their losses, and this requires the right level of awareness not just from the policy-makers but also from HR to find a win-win solution to share with the workforce.

Preparing HR for the future of work, jobs and the workforce

The world is moving at an exceptional pace and that is only going to become faster in the future as technology is evolving at a very high speed as well. This means that HR organizations not only need to prepare to face them but also ensure they can help workforces and leaders to respond to the needs of the business, to the demands of the marketplace and foresee the fast-growing changes in the related technologies around us.

The changing landscape in the labour market and job transformations worldwide also raises the need for international framework agreements to facilitate the mobility of workers across borders. There are aspects of globalization that must be inscribed to accomplish the appropriate working conditions for all. In this situation, organizations should play a vital role in fostering internationally recognized standards and instruments to better deal with globalization.

We have explored the remarkable changes in demographics, the automation and augmentation of human tasks, growing demand, the instability of skills, globalization standards and new models of work that are all shaping the world of work and the workplace. Precisely nobody quite knows what the future will hold, but we can all be part of this change and play our part in getting things in better shape.

Transformation is a common buzzword these days, but within HR organizations the transformation of the workforce will be critical. As skills are the fastest evaporating and reappearing commodity in organizations and the workforce, HR can play a very essential role in preparing the workforce for the future. HR must be ready and prepare themselves in the appropriate way.

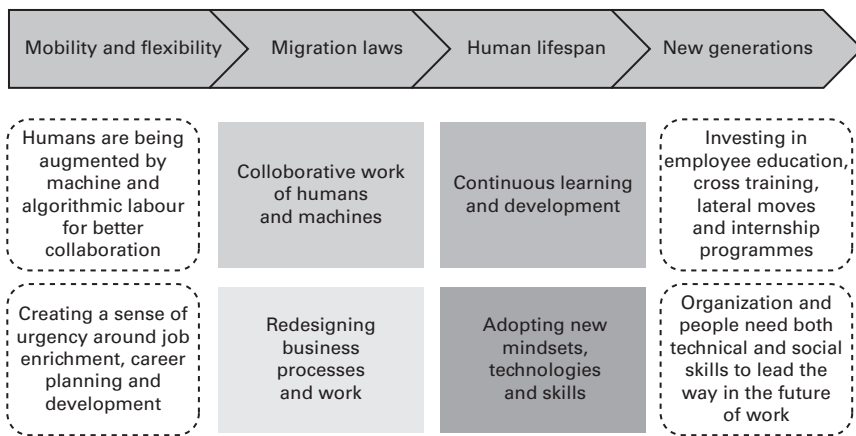
HR readiness

At this crucial time, HR leaders and professionals need to focus on helping businesses to understand the skills demands and prepare for the future by ensuring they provide an invigorating experience for employees so that they can learn new ways to engage with continuous learning techniques and encouraging collaboration with other people and machines. All these need a new environment in which they can work, learn, be motivated and develop.

We have already explored how workforces are becoming more geographically diverse as younger generation workers are moving to bigger cities and successful countries for their work. In addition, we notice a rise in the use of remote workers in the workforce landscape as well. All these again certainly demand a well-articulated approach from HR (Maurer, 2015).

Figure 6.6 shows the framework approach to HR readiness for the future of work. In this framework, the key considerations are the mobility and flexibility of the workforce, the rise of the gig economy and different migration challenges, which are some of the examples we have seen already that also include changing migration laws across the globe to enable talent mobility.

Another important contemplation is the multi-generational workforce where people from different generations work together to benefit from each

Figure 6.6 Approach to HR readiness for the future of work

other in the ways of work. This also includes the changing human lifespan such that older workers are working longer and can impact the next wave of workforce transformation.

HR organizations should expect these changes worldwide sooner or later, which will trigger more expectations of increasing benefits, mobility, flexible work and new ways of work possibilities. Due to the shift in changing skills and job transformation, the number of workers in different levels of skills will also change, which will need some form of preparation and balance so that there can be a constant increase in employee engagement, retention and productivity.

Figure 6.6 also describes the four main elements of HR readiness to help organizations to prepare:

- Providing continuing learning and development opportunities to employees in organizations by investing in different employee education, cross training, lateral moves and internship programmes.
- Adopting new mindsets, technologies and skills to lead the way in the world of work, as the future needs both technical and social skills in the workforce.
- A demand to redesign both business processes and the ways of working, which need to be done urgently throughout the process of job transformation and career development in a workforce.
- Start building a collaborative work environment for two different segments of the workforce – human and machines – due to the large increase in automation and augmentation of human tasks and activities by machines.

New skills shortages are on the rise due to the rapid change in technology and businesses that has led to many challenges in finding the right skilled workers for the organization. This has also created instability in the labour market, especially if we include the job transformation landscape. Mitigating this will depend on the decisions made by business leaders, as they are responsible for their workforces.

There is a need for more partnering opportunities with learning institutions to enhance education and training to produce the required skills. In addition, offering more internship programmes, increasing the talent pools and contributing towards workforce development are also important roles to consider for the HR organization.

As more and more workforces and organizations are preferring remote working, flexible working options keep on rising. The challenges for HR will be in managing these remote workers, ensuring productivity and maintaining trust levels across teams and the organization. HR organizations need to embrace such diverse changes and arrangements, and business leaders should use them as advisers for others on the demand for skills, new ways of working and the changing relationships and risk management.

The new paradigm for HR

There is no pre-planned future roadmap for the world of work as it has many possibilities and approaches, but some of them will always be more effective than others. There is a need to discuss employment relationships, and the key challenge here is how to reduce the impact of marketization that creates inequalities in the workforce landscape.

The future of work can generate distinct challenges for HR organizations as it is the joining together of intelligence and augmentation where both humans and technology work together for better collaboration and higher productivity. Organizations need to redefine the art of work where distinct disconnected tasks included in an activity must be considered in terms of a collaborative effort where humans and machines work together to achieve results that they could not attain alone.

For organizations to be successful, HR functions need to identify ongoing changes so that they can prepare well for a new work and jobs landscape. HR professionals need to proactively formulate the strategy to deal with this massive change by transforming business processes and redesigning the world of work for the existing and future workforce.

All these indicate a clear requirement for the HR organization to redefine itself so that it can influence the progression of a strategic human capital

plan, deliver a framework to gain competitive advantage and build a strong business case for the contribution of HR functions. The new paradigm for HR could change the DNA of the HR function and would encourage a new way of working and make work easier, more productive and more meaningful for the workforce.

HR people are finding all these issues harder than ever before. The war for talent is not over, yet today it is still considered one of the top challenges for the c-suite and business leaders. This cause is impairing their businesses through lower revenues, slower development, and increased employee dissatisfaction and burnout. In addition, a large number of workers are preferring to become entrepreneurs, freelancers or work for startups. All these demands represent an exclusive transformation of HR organizations.

On the other hand, all these are also leading to the growth of many outside-the-box brains that want to learn new things, work on multiple projects, adapt quickly, raise a growth mindset, and are resilient and self-dependent. If organizations need to lead the war on talents, they must change the way they view talent and HR today. Organizations need to reinvent themselves, and they need the help of those who can help them to lead; HR professionals and leaders are vital.

Many of the best talents are rejecting jobs because of present bureaucracies and silo-driven organizations. They value their personal growth and flexibility more than the comfortable regular income, and they want to work in an open and innovative culture. In addition, collaborative work between humans and machines is on the rise as a result of the radical growth of augmentation and also the demand for reskilling. All these changes are unavoidable today, but how HR organizations respond to all these can eventually determine the success of the workforce and the organization.

Summary

Understand the future of work and the need for adaptive working:

- The notion of work has evolved over time, from a philosophical, sociological, historical and juridical perspective. The future that will be created and influenced by current changes should impact the new world of work for a better society.
- The impact from the strongest force in the future of work, which is the rise of intelligence and automation, will always raise a question as to whether we are going to create enough work to make up for what we are going to lose.

- The transition of the workforce starts with the mix of jobs that is going to shift together with the skills. Organizations need a logical framework for adapting to the coming changes in the future of work.
- Adapting the ways of working can be only achieved when organizations provide more trust, freedom and responsibility, and influence the growth of new competencies and knowledge for their workforces.

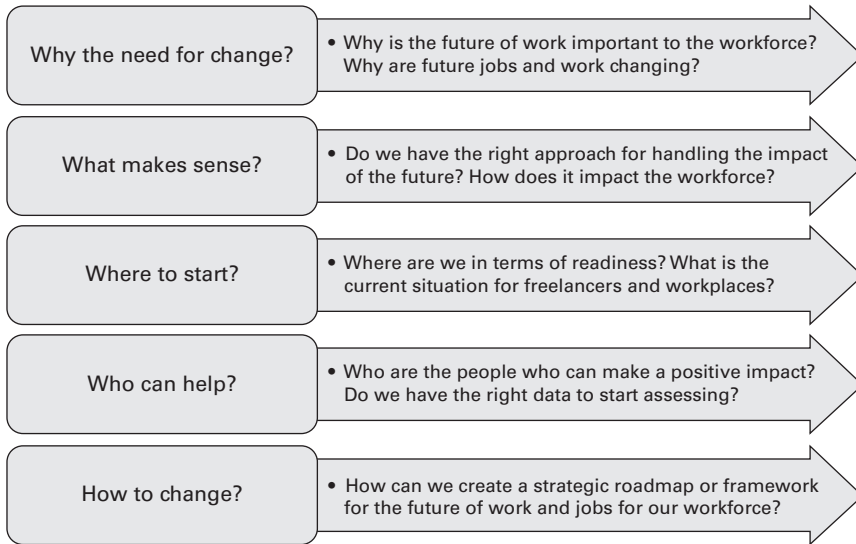
Understand the impact of the gig economy and the next generation in jobs:

- The skills required in both old and new jobs are also changing most industries and transforming how people work. A new mindset of agile learning is needed in organization leaders and workforces.
- Gigs are typically not full-time and lack any long-term commitment from organizations. Their working hours are unpredictable, with arrangements usually being highly flexible and totally dependent on demand at any given moment.
- Organizations operating in the gig economy usually use new online digital platforms that connect customers directly to provide the services of a workforce that is working more as independents, rather than as employees.
- As the younger generation's participation in the gig economy and startup ecosystems continues to rise, many organizations are turning towards this growing alternative workforce segment and pursuing the hiring of more of these workers.

Outline the preparations by HR for the future of work, jobs and the workforce:

- HR organizations need to ensure they can help employees and leaders to respond to the needs of the business, to the demands of the marketplace and foresee the fast-growing changes in related technologies.
- HR organizations should expect these changes across the globe soon or later, which will trigger more expectations towards increasing benefits, mobility, flexible work and new ways of working.
- HR leaders and professionals need to focus on helping businesses understand the skills demands and prepare for the future to ensure they provide an invigorating experience for their employees.
- The future of work can generate distinct challenges for HR organizations as there is going to be a joining together of intelligence and augmentation where both humans and technology work together for better collaboration and higher productivity.

Time to act



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Ongoing augmentation, reskilling and collaboration

07

Objectives

- ✓ Be familiar with the rise of automation, artificial intelligence and augmentation
- ✓ Understand reskilling imperatives and solutions for organizations in the future
- ✓ Explore the future of human and machine collaboration
- ✓ Understand the importance of ethics, protection, risks and humanity

The rise of automation, artificial intelligence and augmentation

Technology is not only a key enabler in creating the best employee experience or in business process reengineering; organizations can leverage this empowerment to provide a significant culture of innovation. Going digital and embracing automation in the most coherent manner will certainly enhance human performance to a very high level in organizations, resulting in excellent outcomes.

Technology like artificial intelligence is already transforming the nature of work and the workplace to a great extent. Machines can carry out more of the repetitive tasks done by humans today, complement the work that humans do best and, in addition, perform some activities that go beyond what humans can do. This is bringing about a huge transformation in the

world of work, and thus, some jobs are declining, new jobs are emerging and many more are undergoing big changes, which we have already explored.

The journey with artificial intelligence and automation

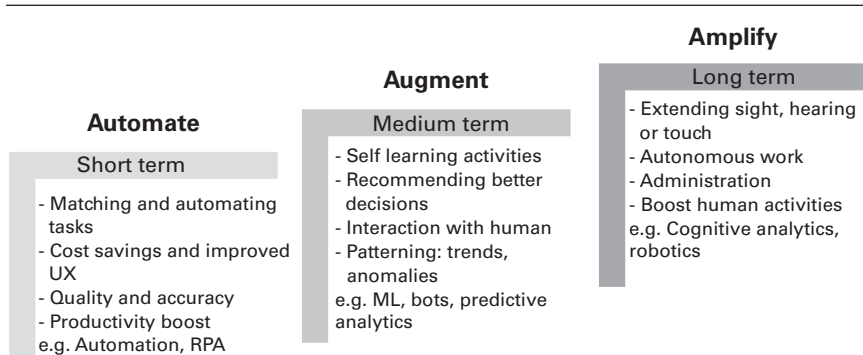
Automation and the use of artificial intelligence are not new, but the latest technological progress is driving the frontier of what machines can do alongside humans. All these enhancements are going to provide significant value for businesses, contributing to economic growth and possibly solving some of our most difficult societal challenges.

Artificial intelligence and automation have been changing our lives for many decades, but today its presence is more substantial than ever before. Sometimes we don't even realize it when a new application, system, tool, or product that use intelligent technologies emerges and outperforms us. There are no more costly research projects anymore; today we can experience them even through the apps we are using in our smartphones or any other smart devices.

In fact, artificial intelligence is affecting human life on all kinds of levels varying from the automation of tedious, time-consuming tasks to the augmentation of human capabilities and the amplification of human functions to their greatest extent.

However, the benefits of artificial intelligence and automation for organizations and the workforce don't appear instantly. It's a journey and organizations should see the short-term benefits that come with automation, the medium-term benefits with augmentation and finally the long-term benefits in the amplification of human activities or tasks. Figure 7.1 shows the artificial intelligence and automation journey.

Figure 7.1 Artificial intelligence and automation journey



As we can see from Figure 7.1, the journey starting with automation is mainly focused on automating tasks and business processes, particularly to create more cost savings, better user experiences and higher qualities. The main objective with automation is to boost productivity and performance for the organization, as well as for the individual workers. The majority of organizations today are part of this phase. Robotic process automation is one of the very best uses of this.

The augmentation phase requires more intelligent behaviours from machines, where they are able to learn on their own, make recommendations to humans for better decision-making and start to make predictions based on patterns learnt from the past. This phase also interacts and collaborates with humans, by augmenting human tasks to some extent and by constantly complementing activities already under way. A lot of interesting case studies using bots and predictive analytics are appearing today from early adopters in this phase.

The last phase of amplification can provide tremendous opportunities to enhance human beings, which will raise aspects of risk, ethical questions and challenges in the future. Autonomous work, extending sight, hearing and touch, and other cognitive intelligence including robotics are major focuses in this phase. Several examples have arisen in the last few years of the amplification of human activities by robots, humanoids and machines. But the future of this phase is still not clear for the human workforce.

Impacts of automation and artificial intelligence

Organizations need to look at the various impacts of artificial intelligence and automation on the workforce and workplace in greater detail. They also need to explore how they can adopt this new technology and what the basic strategies are to move forward as an organization while turning potential threats into opportunities.

Artificial intelligence is everywhere today, and there are many aspects to consider as to how it will impact the future of work and the workforce. According to *Personnel Today*, 38 per cent of enterprises are already using artificial intelligence in their workplace with 62 per cent expecting to start using it imminently (Min, 2017). According to Bersin by Deloitte, 33 per cent of employees expect their jobs to become augmented by artificial intelligence in the near future (Bersin, 2018).

Many workers are progressively using chatbots and virtual assistants in their personal lives, and now there are trends to use them in the workplace

as well, for example to assist them in finding new jobs, setting up reminders and scheduling meetings, to answer frequently asked questions, or receive coaching and even call to book an appointment. The growth of artificial intelligence in organizations could help us to create a more seamless, flexible and user-driven employee experience, boosting productivity to new levels.

Whether we are aware of it or not, artificial intelligence has an immense impact on our daily lives already. For most workforces, artificial intelligence technology is helping them to do their jobs more efficiently and it's generally making their lives and jobs easier. It is radically changing our lives personally and professionally, whether we agree with it or not.

On the other hand, there are significant impacts that vary by country, industry and between jobs and functions within those sectors. In terms of the technical, economic and social factors affecting the pace and scope of automation, McKinsey estimated that up to 30 per cent of current work activities could be displaced by 2030 (Manyika *et al*, 2017). Figure 7.2 shows the impacts of artificial intelligence and automation on the workforce, and we can see that some of the top countries, industries, jobs and functions are either at risk or under threat from these impacts.

When the topic of artificial intelligence and its impact on jobs and the economy comes up, the principal focus of the conversation used to be on blue-collar jobs, and we can see the jobs most at risk are indeed blue-collar jobs. According to CB Insights, there are around 4.3m cooks and waiters, 3.8m cleaners, 2.4m movers and warehouse workers, 1.8m truck drivers

Figure 7.2 Impacts of artificial intelligence and automation on the workforce

At risk (most prominent)			
Countries	Industries	Jobs	Functions
<input type="checkbox"/> China	<input type="checkbox"/> Hospitality	<input type="checkbox"/> Cooks and servers	<input type="checkbox"/> Production
<input type="checkbox"/> India	<input type="checkbox"/> Manufacturing	<input type="checkbox"/> Cleaners	<input type="checkbox"/> Supply chain
<input type="checkbox"/> United States	<input type="checkbox"/> Transportation	<input type="checkbox"/> Warehouse workers	<input type="checkbox"/> Services
<input type="checkbox"/> Brazil	<input type="checkbox"/> Mining	<input type="checkbox"/> Construction workers	<input type="checkbox"/> Administration
<input type="checkbox"/> Russia	<input type="checkbox"/> Retail	<input type="checkbox"/> Truck drivers	<input type="checkbox"/> Logistics
Under threat (most speculated)			
Countries	Industries	Jobs	Functions
<input type="checkbox"/> Japan	<input type="checkbox"/> Agriculture	<input type="checkbox"/> Data entry clerks	<input type="checkbox"/> Sales and marketing
<input type="checkbox"/> Mexico	<input type="checkbox"/> Wholesale trade	<input type="checkbox"/> Nurses and health aides	<input type="checkbox"/> Compliance and HR
<input type="checkbox"/> Germany	<input type="checkbox"/> Utilities	<input type="checkbox"/> Retail salesperson	<input type="checkbox"/> Finance and audits

and 1.2m construction workers' jobs at risk in the United States alone due to artificial intelligence (CB Insights, 2017).

Today, these developments based on artificial intelligence are starting to threaten white-collar jobs and many other functions as well. They are also going to impact most of the common professions like lawyers, compliance and HR, audits, traders, sales, marketing, finance, accountants and many others. But this growing wave of artificial intelligence driven by expert automation and augmentation software platforms will steer organizations towards a new era of augmented enhanced productivity.

As such, artificial intelligence plays a big role today in transforming HR and the workforce. Reducing human bias, increasing efficiency in candidate assessment, improving relationships with employees, improving compliance, increasing the adoption of metrics, and improving workplace learning are some of the benefits organizations are already experiencing today and many others are under development. We will explore the impact on the HR function in later sections.

The drift in mindsets

The purpose of artificial intelligence, automation and robotics is not to automate the jobs of humans, rather to automate tasks and augment human activities that in turn increase productivity and performance. As long as workforces can reskill themselves for the future, their roles will evolve and fit into a collaborative way of working with machines. We can definitely anticipate a structural shift in jobs once we start segmenting them into tasks and activities.

Today most of the daily jobs undertaken by workforces and leaders are associated with tasks such as paperwork, scheduling, timesheets, accounting, expenses, etc., as shown Table 7.1, which also shows the percentage of repetition. Time spent on these tasks is not adding a huge value to workers' daily jobs, rather it is consuming all their time in tedious activities and providing less room for creativity (Bothun *et al*, 2017).

So, it is certainly useful to outsource these repetitive tasks to digital assistants or automated software, so more time can be spent by the workforce on deep or cognitive thinking, relationship building, analysing and encouraging creativity. Also, the machines or systems that can analyse, learn and interact naturally with people will likely continue to eliminate repetitive tasks, helping the workforce to do their jobs better and faster, and free up time for more valuable activities.

Table 7.1 Top repetitive tasks associated with our daily jobs

Repetitive tasks	Percentage
Paperwork	80–90
Scheduling	75–85
Timesheets	70–80
Accounting	65–75
Expenses	60–70
HR functions	55–65
Messaging	50–60

In addition, the rise in intelligent augmentation is also clearly visible, which combines artificial intelligence with automation to enable machines to sense, understand, learn and act – either independently or with human reinforcement. Intelligent augmentation enables machines to reproduce not only manual activity but also make intelligent decisions in the human world.

When it comes to jobs, those involved in more physical work in predictable environments, such as production workers, construction workers, cleaners and office support roles like data entry clerks and administrative assistants, are likely to face a significant impact on their activities and hence changes in their job roles. Professionals like doctors, engineers and business specialists, on the other hand, are less likely to experience such impacts (Manyika and Sneider, 2018).

Work tasks that are impacted by automation are easily identified, while new jobs that are created indirectly as a result of technology and a shift in skillsets are less visible and are spread across various industries and geographies. The current levels of educational requirements for jobs tend to be correlated with the possibilities of these activities being automated. Occupations requiring some higher education generally include work activities that are less automatable than those requiring a high school diploma and some experience.

For most workforces, these cognitive technologies will likely enable them to move into new and more rewarding roles, releasing them to achieve more human skills that have been neglected behind current repetitive tasks. Consequently, most organizations and workforces are likely to experience positive effects from artificial intelligence and automation; they just need to alter their mindsets accordingly.

Strategy and approach

In most cases, HR functions in our modern corporations are very much process driven where the organization is treated as a machine and manages people like assets, rather than as unique human beings requiring individual attention. We will explore in the following chapters how to recreate an organization as a living organism rather than a machine and why this is important for organizations.

One of the keys to reviewing all these impacts and changing mindsets is to develop an artificial intelligence and automation strategy that starts by analysing what job roles, work processes and segmented tasks will need to be revisited or reskilled in the future.

One way to do this is to simply start asking what makes sense for the organization in its current phase of its artificial intelligence and automation journey (Meister, 2018).

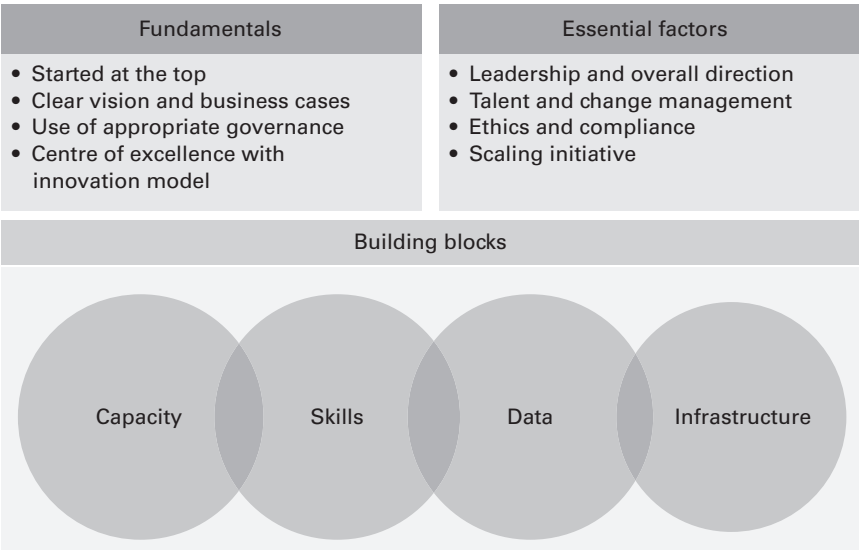
- **Automate:** What are the key activities within the role that could be automated to provide greater efficiency and benefit to perform routine tasks?
- **Augment:** Which human tasks need augmentation by machines for better productivity and superior recommendations for decision-making?
- **Amplify:** Which work processes and tasks could be redesigned with machine intelligence to boost human activities and autonomous work?

These questions must be followed by the approaches that an organization may take going forward. Figure 7.3 shows the critical factors and fundamentals that are needed for an artificial intelligence and automation strategy and approach for an organization. Based on these fundamentals and essential factors, a value proposition can be created for the business and future workforce.

As we can see from Figure 7.3, the right leadership, vision, business case and use of governance are vital in building up such a strategy. This should start from the top and consider proper ethical guidelines, the approach to scaling and a dedicated centre of excellence for innovation, with strong support through talent and change strategies. Capacity, skills, data and infrastructure are the basic building blocks of an artificial intelligence and automation strategy that every organization should have on their list as a minimum.

Machine intelligence and automation have the potential to transform business functions, including HR, by boosting efficiency, improving productivity

Figure 7.3 Artificial intelligence and automation strategy and approach



and fostering innovation. This can help the workforce and its leaders to make smarter decisions and help them do more with less, as well as helping the HR function to shift its focus away from manual, repetitive tasks to take on a more strategic role in the business.

These new technologies are already creating value in various products and services, and organizations across industries are already using them in processes to personalize product recommendations, find abnormalities in production, identify unfair transactions, and in many more cases. All these will also accelerate the shift required in workforce skills that we have seen over the past few years.

While the demand for physical and manual skills is starting to decline, the demand for elementary digital skills has been increasing, and that trend will continue to accelerate because of this ongoing augmentation and change. This will certainly put further stress on already existing workforce skills challenges and energize organizations to reskill and upskill their workforces.

Reskilling imperative and solutions for organizations

Technology is impacting the world today, and although these technologies increase productivity and improve the lives of individuals, their usage will

also substitute some work activities performed by them. Today, in about 60 per cent of jobs, at least a third of the elementary activities could be automated, implying significant workplace transformations, and in turn, the need to reskill the workforce (Illanes *et al*, 2018).

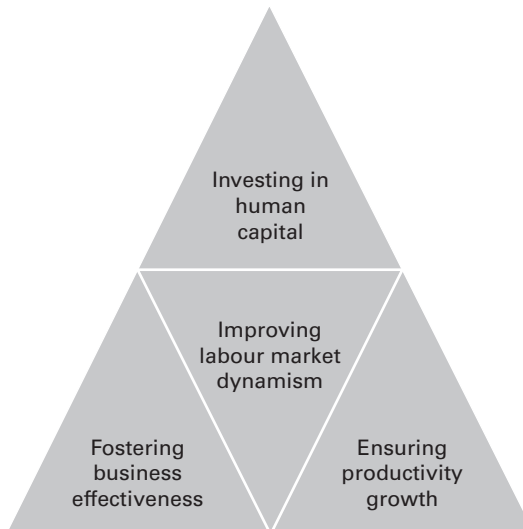
Ongoing and upcoming workforce transitions could be very challenging for organizations as this will also change net job growth, implying a very large number of workers needing to move jobs and learn new skills to survive. New jobs will be available, but these will be based on future labour demand and on the net impact of automation and augmentation. Transitioning needs to be clearly encouraged with constant learning and training across different segments of the workforce.

Way for workforces to transition

Ongoing cutting-edge technologies will create an economic surplus that can help societies to manage workforce transition, which we explored in the previous chapter on the new world of work. Organizations should focus on ways to ensure that these workforce transitions happen smoothly for their people, and this requires actionable and scalable resolutions in several key areas. Figure 7.4 shows the resolutions needed for workforce transition.

One of the primary focuses is on investment in human capital, including job creation, learning and capacity building, along with income growth. The basis of investment should aim to fix the low trend for, and declining public

Figure 7.4 Workforce transition resolutions



investment in, the workforce. Through tax benefits, regulations and incentivization, policy-makers should encourage organizations to invest in human capital, as this will make a huge contribution towards society as well.

Productivity growth is a key benefactor of economic growth. Therefore, ensuring the right investment and adopting automation to enhance productivity are critical. The growing entrepreneurship and new emerging disruptor business models are going to boost productivity and drive job creation. Expediting the rate of business growth and competitiveness in the vibrant environment for both smaller and large businesses creates opportunities for fostering business effectiveness, which in turn endorses job growth and transformation.

Ultimately, we also need to improve labour market dynamism, which is in continual flux. One way is to enable the matching of the right workforce to the right work, which is not in a good place right now in most economies. The growing digital platforms arising from the new economies like the gig economy and the sharing economy are already helping match people with the right jobs and restoring vibrancy to the labour market, which we explored in our previous chapter.

As greater diversity of work and income-earning opportunities are emerging, the desire to resolve challenges such as portability of benefits, workforce classification and wage variability are increasing as well. For example, wages are declining in jobs where labour demand is falling. All these factors and consequences are very important to consider when planning workforce transitions.

Organizations must be associated with an efficient labour market to improve their competitiveness, address employment concerns and manage other labour issues such as mobility. There is a need for a high degree of effectiveness across businesses and the labour market to bring about higher workforce productivity. This demands investment in health and education, skills training, technology and innovation, infrastructure and supporting economic transformation (Manyika *et al*, 2017).

Current educational requirements are various based on the demands of the relevant occupations, which creates a need for investment in continual learning and development. Providing job retraining and new skills development for workforces are becoming major challenges for organizations. Businesses also need to take a lead in some areas, including in providing on-the-job training, continuous learning, which we explored in our last chapter, and providing opportunities for the workforce to reskill.

The need to reskill

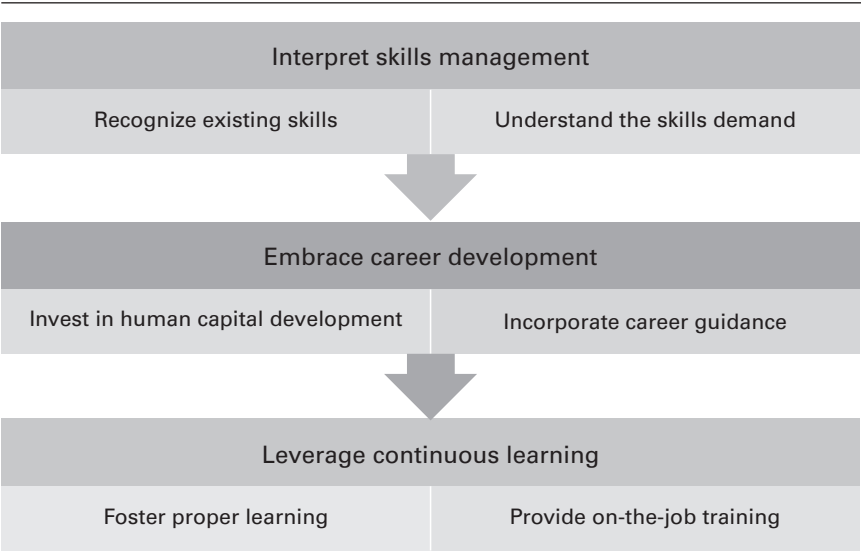
Today, organizations need to be on the front line for both workplace and workforce transformation. This will require them to reoptimize their business processes and re-evaluate their talent or people strategies and workforce needs, thoroughly considering which individuals are needed, which can be redeployed to other jobs and where new talent and skills may be required.

Workforces will also need to be prepared for rapidly evolving changes occurring in the world of work, which we have already explored. Attaining new skills that are in demand and remaining intuitive about the world of work will be critical for their own wellbeing. Individual workers should engage in lifelong learning if they want to have satisfying and rewarding careers, and this forces them to learn how to be agile.

More than half of the workforce will need reskilling in the next few years, and to address the evolving needs of organizations, governments should also look at raising both technical and soft skills among the future workforce through revised education systems. They should consider revisiting social policies that support lifelong learning and reskilling as well.

So, there is no doubt, reskilling is the future for most workforces, as many in their current jobs may need to switch their occupations and learn new skills over the life of their careers. Organizations need a well-articulated framework to support this. Figure 7.5 shows a reskilling framework for workforces (Zahidi *et al*, 2018).

Figure 7.5 Reskilling framework for workforces



As we can see from the framework, understanding the skills in demand and recognizing existing skills are the first steps for organizations in interpreting skills management. Moving towards skills-based recruitment and work to develop relevant skills assessments is vital. A regular part of professional associations and ecosystems for skills measurement, international benchmarking and evaluation are some of the action points an organization can undertake in this part of the framework.

The next step embraces the career development opportunities for the workforce by investing in the existing workforce and human capital development. Organizations can create this by a healthy working environment based on learning and collaboration. Adopting the right mix of financial instruments and proper career guidance to the workforce are also very significant for organizations.

Reskilling cannot just be a one-time plan; it must be built as a long-term strategy for the organization. This means it is essential to develop continuous learning practices with on-the-job training throughout the organization. Leveraging a continuous learning environment by designing practical training that can be directly applicable to the workplace is the next component within this framework. This also requires the right culture where the workforce is always ready to unlearn and learn new skills, and organizations need to consider this as well in their reskilling imperatives.

For an employee this means having the support to continually learn and evolve, either through internal learning and development opportunities, or accessing external learning programmes. Organizations must provide that foundation by embracing strategies that include training, collaboration techniques, as well as a recognition of emerging technologies, especially as the future of work demands more collaboration between two completely different segments of the workforce: humans and machines.

The future of human and machine collaboration

The current augmentation of human activities and higher productive values to organizations implies a strong new wave of future collaboration, where humans and machines cooperate, reinforce and complement each other in the world of work. In spite of the rising rational fears that artificial intelligence is going to eventually replace human workers throughout the economy, which is neither right nor wrong, we have already explored how some jobs are becoming obsolete but have also looked at how new jobs are being created as well.

Technologies like artificial intelligence are already changing work being done today, and it's very clear that the major impact will be in complementing and augmenting human capabilities, not replacing them. Organizations need to understand how machines can more effectively augment and amplify human activities, and how the business can redesign its processes to support this collaboration.

As these intelligence-driven machines become smarter, it can proactively offer insights and recommend actions that would eventually help the workforce and its leaders to make the right judgements to solve increasingly complex problems. In addition to this, these technologies are also impacting business functions in a way that it can leverage them for improved outcomes and results. The HR function is not being left behind, especially when it comes to the experiences of the workforce.

Impact on HR functions

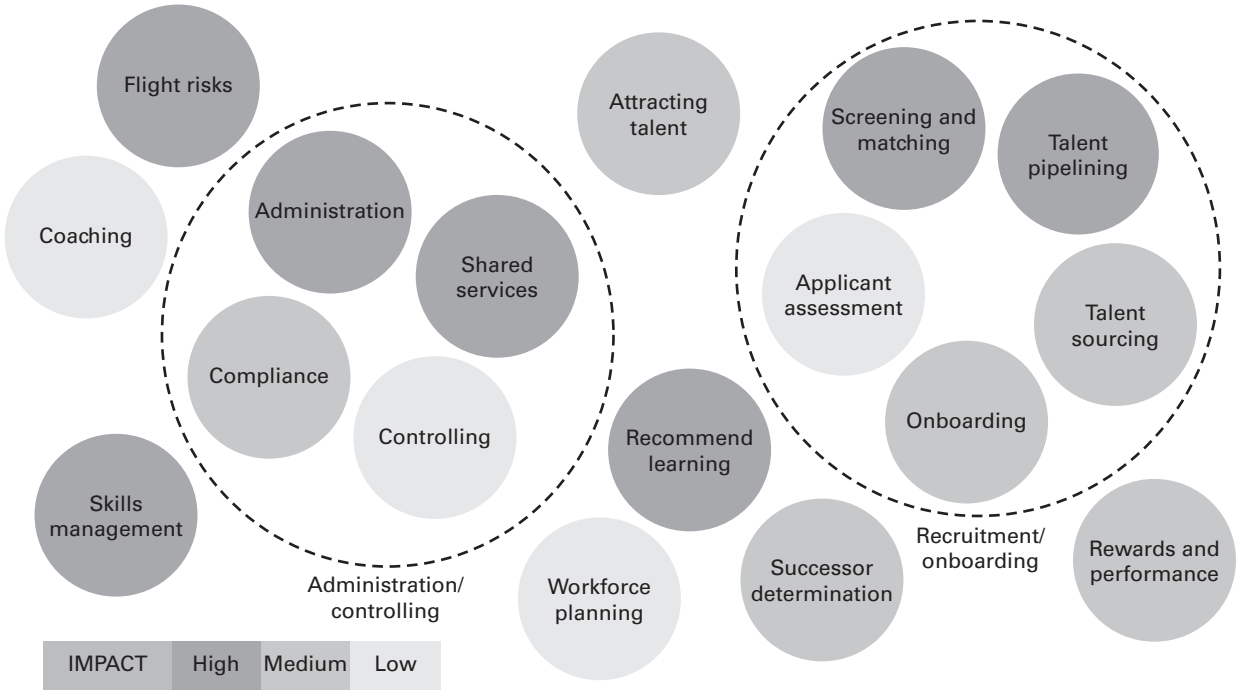
Today technologies are not only radically transforming individuals' professional lives but also our world of work and the roles of the workforce. In addition, it is impacting most of the HR functions today. Figure 7.6 shows the most common HR functions that have been impacted by technologies such as artificial intelligence.

As we can see from Figure 7.6, HR functions such as administration and recruiting are the functions most affected by intelligence technologies today compared to others. But overall, it's going to impact every single area with more automation, augmentation and amplification, and the high impact can already be seen in processes such as screening, matching, talent pipelining, learning recommendations, flight risks, skills management and many other functions. Of course, many new areas will emerge as well, as impact and adoption are not the same for all these functions.

Today, there are different types of HR technologies out in the market, and many of them are using some form of machine learning or AI technologies in their platforms. One of the biggest areas where we can see an impact is in recruitment, along with HR functions such as administration, learning and development, talent management, benefits, engagements and many others.

Another significant facet is that we are living in a data-driven world and analytics is no longer about finding interesting information and identifying it for leaders. Now, data is being used to understand every part of a business

Figure 7.6 HR functions and areas impacted by artificial intelligence



operation, and analytical tools are being embedded into the daily decision-making of business operations. We have explored this in previous chapters where we have seen that the use of people analytics is becoming a must-have for any organization and that analytics are going to play a vital role in the world of work in the collaboration between humans and machines.

We have also explored that most of the repetitive tasks have skills that are at risk of being replaced by technologies and machines sooner or later. Machines are not only better for physical tasks but also good and effective in skills such as administration, analysis, controlling, calibrating, reporting, logging, information gathering and many others.

On the other hand, the most promising skills or human capabilities that can put humans at the centre of future work and are more valued are creativity, complex problem-solving, emotional intelligence, relationship making, critical thinking, negotiation and other cognitive complex behaviours that we also explored in the previous chapter.

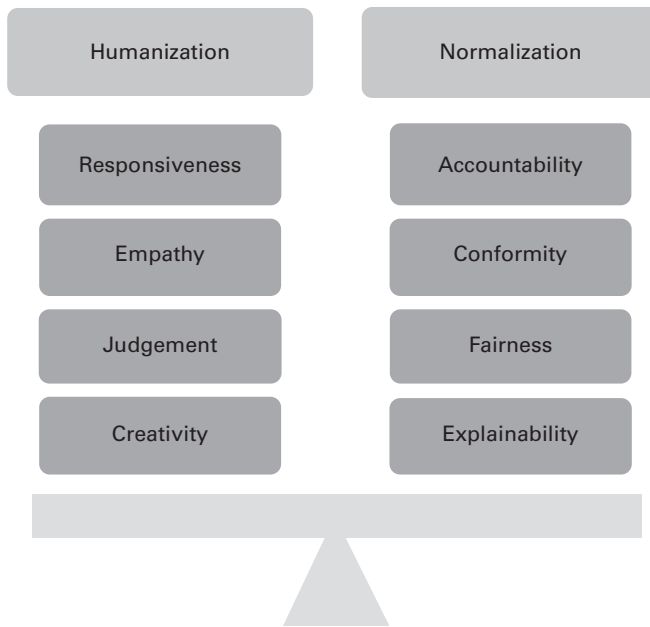
Most activities at the human and machine interface require people to do new and different things, such as train a chatbot and then use it to provide better customer service. So far, however, only a small number of organizations have begun to reimagine their business processes to optimize this collaborative intelligence.

Opportunity for rehumanization

Organizations that use machines merely to displace workers through automation will miss the full potential of artificial intelligence. Such a strategy is misguided from the outset and is not recommended for organizations. Future leaders will instead be those that embrace collaborative intelligence, transforming their operations, their markets, their industries, and no less importantly their workforces, to have a positive impact.

Most of our human-centric accomplishments have been made by groups of people, not by lone individuals. So when organizations incorporate more intelligent technologies further into traditionally human processes, they can achieve a stronger form of collaboration as a result. If they want to establish such a human-centric experience, they shouldn't only focus on reskilling their workforce but should also consider humanization as a benefit. Figure 7.7 shows such a concept.

Humanization is the non-violent process of reviving the sense of humanity. The natural condition of human beings includes a large capacity for empathy and mutual identification. Humanization calls for a creative mind,

Figure 7.7 Rehumanization of the workforce

enduring patience and an open mindset. We should think about the world where we will humanize again or rehumanize, in particular to restore humanity and move from a machine to a living system.

Humanization is also about bringing the following human capabilities into the work that we humans are very good at, even while collaborating with machines, and it's indispensable for the digital economy:

- **Responsiveness:** the act of reacting quickly and positively in the perception of both human-human and human-machine interactions.
- **Empathy:** to use the experience of understanding the other's feelings to improve relationships.
- **Judgement:** the ability to decide a course of action when a state is uncertain.
- **Creativity:** forming something new and valuable by using knowledge effectively and readily in execution.

These skills are valuable for humans because they are not easily replaceable by machines; moreover, humanization must also be accompanied and equally balanced by normalization, which refers to a process that makes augmentation and amplification by machines more normal or regular in this

digital era. Normalization mainly brings the following human capabilities for better collaboration with machines and technologies:

- **Accountability:** identifying the decisions needed for human intervention and being responsible for the results.
- **Conformity:** generating the moral principles for compliance with standards, rules or laws to avoid any misuse.
- **Fairness:** assuring the balance and not being biased in terms of decision-making.
- **Explainability:** providing transparency and interpretability for immediate outcomes.

These human-centric experiences will also provide better opportunities for innovation led by human capabilities and empowered by new technologies. Organizations also need to adapt themselves very well overall, no matter what the initiative is about, and they need to empower adaptive self-managed teams with a sense of entrepreneurship to be successful and enable dynamic organizations to emerge and endure.

Establishing human and machine collaboration

Whether we agree or not, it is certain that the future is about collaboration, not only among humans but also between humans and machines, and there, the human-centric experience will be at the forefront of engaging with machines and creating a sustainable future for organizations in the digital economy.

The fast progress in machine intelligence and growing robotics and cognitive technologies are creating a critical challenge for businesses and HR leaders, specifically in the current jobs and tasks of the workforce. Organizations need to redesign and manage the new world of work, workforces and workplaces to create a feasible collaborative environment (Wilson and Daugherty, 2018).

Future workforces will need to balance the human and technical experience, and leaders should focus on interpreting the distinction between crucial human skills and non-essential tasks that can be done by machines. This requires the reframing of careers, learning, development and shaping new ways of working and learning for workforces in organizations.

Rethinking the strategy for the workforce in the world of work is important for organizations in establishing their human and machine collaboration partnerships. This needs to answer many questions, as shown

Table 7.2 Multidimensional questions for human-machine collaboration

Questions to consider	Check
<ul style="list-style-type: none"> • What sections of a job can be automated, and what are the human values around these skills? 	<input checked="" type="checkbox"/>
<ul style="list-style-type: none"> • How can we reskill and retrain the workforce to learn new skills and the tools needed for transition? 	<input checked="" type="checkbox"/>
<ul style="list-style-type: none"> • Does our organization have enough open, collaborative, physical and digital spaces to ease collaboration? 	<input checked="" type="checkbox"/>
<ul style="list-style-type: none"> • How can we redesign the workplace to be more digital and open to the human-centric experience? 	<input checked="" type="checkbox"/>
<ul style="list-style-type: none"> • How can we distinguish activities to bring in higher automation or an increase in the use of machine intelligence? 	<input checked="" type="checkbox"/>
<ul style="list-style-type: none"> • How do we explore the way machines can cross functional boundaries to move humans into different work? 	<input checked="" type="checkbox"/>

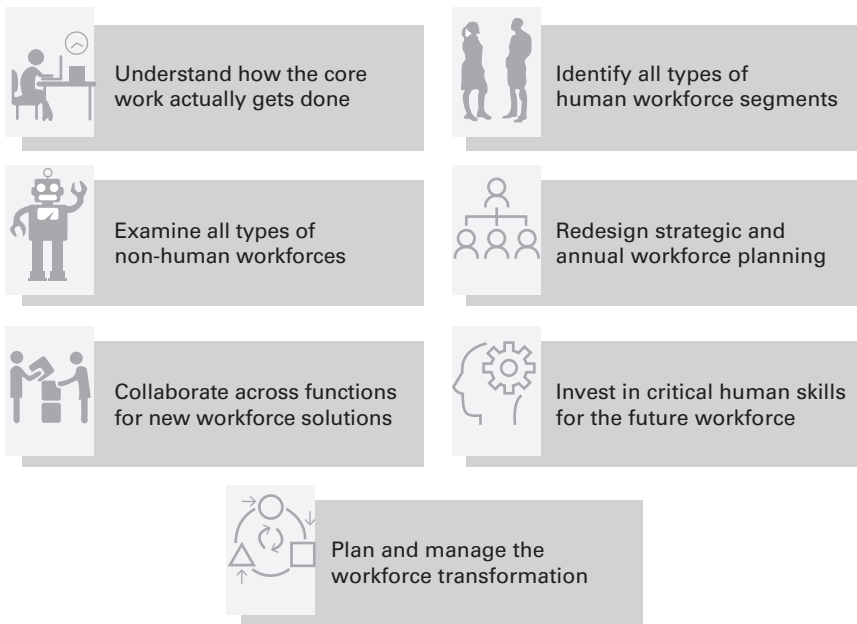
in Table 7.2, about combining talent, technology and the workplace across multiple dimensions.

A visual representation of the actual work, solutions, people, augmentation and information involved in a job should be mapped for a certain period. This analysis can help organizations to understand which tasks can be transferred to machines and which ones can be enhanced by humans. So, the target should be to find out how that work could be strengthened by collaboration between humans and machines.

To get the most value from artificial intelligence and augmentation, operations need to be redesigned and organizations must first locate and describe an operational area that can be improved. While evaluating the business process in that operational area, it is important to determine which of the characteristics, such as flexibility, speed, scale, decision-making and personalization, are useful to the required transformation.

An intelligent collaboration could have a huge positive effect on a successful workforce transition in respect to future work. Irrespective of the impacted sectors, functions, jobs and tasks, the right approach can help to drive business effectiveness. It is crucial that this transition be handled correctly for both the business and its workforce. Early movers become experts at optimizing the use of machines and humans to drive productivity.

As the future of work has already arrived, organizations should embrace this disruptive opportunity. Figure 7.8 shows the approaches to human and machine collaboration for future work, which is necessary in order to establish the correct strategies for the world of work (Guszcza and Schwartz, 2019).

Figure 7.8 Human-machine collaboration approaches for work in the future

Below is an overview of the different approaches mentioned in Figure 7.8:

- **Consider how the core work actually gets done:** rethinking is necessary within the organization to not only know what work needs to be done but to consider the scope of workforce segments and technologies that can be used in combination to best complete that work.
- **Identify all human workforce segments:** identifying all elements of the human workforce both inside and outside the organization, which means including contingent workers, partners, service providers and customers.
- **Examine all types of non-human workforces:** this includes the entire lineup of robotics, cognitive, artificial intelligence applications and technologies that augment the human workforce, leveraging the capability of machines to accomplish higher productive tasks.
- **Redesign strategic and annual workforce planning:** it is necessary to redesign the strategic and annual workplace planning that grooms new talent segments and technologies to develop specific future scenarios for the workforce within an organization.
- **Collaborate across functions for new workforce solutions:** ensuring that the new scope of the augmented workforce aligns with the business

strategy and presumes the full participation of business, HR and other corporate functions. This needs more harmonization across organizational silos.

- **Invest in critical human skills for the future workforce:** when planning the future of the workforce, it is important to consider the long-term human skill needs based on job transformations and task augmentation by machines.
- **Plan and manage the workforce transformation:** scaling the scope of upcoming changes to work, workforces and workplaces is important. This plan should include an actionable view of talent, learning, communication, leadership, culture, jobs and organizational impacts.

The focus of these approaches, in the short term at least, will be on enabling machines to carry out the repetitive and routine tasks within an organization, leaving the workforce with more high value work that requires more human capabilities that machines cannot achieve. The 2020s will see a turning point for artificial intelligence and augmentation, when the changes will evidence some severe opportunities for the workforce and organizations.

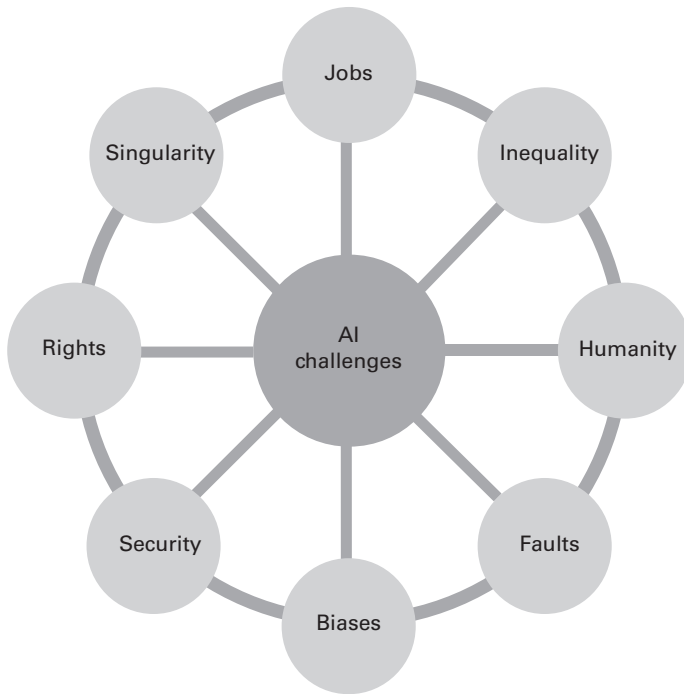
Ethics, protection, risks and humanity

In today's digital age, the potential of sharing knowledge and data is very high, both within and outside the organization. While we embrace the ease of sharing information, it always raises the question of how much information we should consider, who should have access to that information, and when the sharing of that information is helpful to us, and when it crosses the line as a breach of privacy.

On the professional side, it also forces the question of whether organizations can or should ask their workforce to take part in information-sharing or data-gathering exercises. Ethics and risks are one of the most important topics that are being discussed all over the world when considering data-driven transformations.

The challenges to consider

Many large organizations, including technology leaders as well as individual thought leaders, believe that now is the right time to talk about the nearly unlimited terrain of artificial intelligence. In many respects this is just as

Figure 7.9 Challenges with artificial intelligence

much a new limit for ethics and risk assessment, as there are many challenges arising with the superior growth of artificial intelligence. Figure 7.9 shows the major challenges with artificial intelligence, which is followed by an overview and examples (Bossmann, 2016).

As we have already explored, there are many ways in which machines are augmenting human activities and automating their jobs. This is also generating room for humans to acquire more complex roles, moving from activities with repetitive tasks to cognitive intelligent ones that are recognized as more strategic. This transition in jobs is a top challenge with technologies like artificial intelligence.

Many organizations depend on the hourly workforce when it comes to delivering products and services. When these organizations are using artificial intelligence, they can drastically reduce time and don't need to rely on the human workforce. This means that rewards are not distributed among the people. In this case, organizations who undertake artificial intelligence-driven developments make all the money, causing inequalities in the economy.

We humans have created a technology that is finally able to develop itself further, but with potentially terrible consequences. If we keep using artificial intelligence and giving it autonomy, there may indeed come a time when things get out of control, and this could be fatal for humanity. There are serious questions and challenges about the values that are being created with technology like artificial intelligence and who is ultimately responsible for it.

Artificial intelligence has a processing capability that is far beyond that of humans, although it cannot always be trusted to be fair and neutral. There are many recent examples of mistakes being made when using this technology. Amazon scrapped their artificial intelligence recruiting tool as it showed bias. In another case, Google's photos service, where artificial intelligence was used to identify people, objects and scenes, went wrong and showed bias against black people.

We shouldn't forget that these artificial intelligence systems are created by humans, and so is the data, so whenever we have a dataset of human decisions, it naturally includes bias. This could include hiring decisions, medical diagnoses, loan approvals, anything described in text, image or in voice that requires information processing that can be influenced by cultural, gender or race biases.

If this technology is used in the correct way, it can become a catalyst for positive change. But the more powerful this technology becomes, the more it can be used for wicked reasons, along with good ones. These include cases such as robots produced to replace human soldiers, a rise in autonomous weapons, or any cases involving cybersecurity. We should not forget that we are dealing with something that is not only faster but also more capable than us due to its sheer size and processing capacity.

Once machines become entities that can perceive, feel and act, we will need to introduce new legislation. But there are always ethical questions about mitigating the rights and negative outcomes. While we consider these risks, we should also keep in mind that this technological progress means superior lives for everyone, but its responsible execution is up to us.

There is always going to be a big challenge that arises from the fact that human beings may no longer be the most intelligent beings on earth in the future; this is also known as singularity. If we rely on artificial intelligence to bring us to a new world of labour, security and efficiency, we need to ensure that the machines perform as planned and that people can't control them for their own ends.

Preparations for HR organizations

We are at a crossroads where both what is possible with technology, especially artificial intelligence, and what is covered by legislation, is becoming broader. The HR organization should start preparing, mostly by compiling workforce data, to avoid the negative consequences that can be created.

Most countries have a strong ethical ethos and this presumes that organizations need to consider ethical and protective measures by which their businesses can perform well while using workforce data appropriately. Table 7.3 provides some recommendations for preparing HR to use ethics, protection and risk management regarding workforce data.

Preparation begins by establishing a governance council and sponsoring a code of practice. It is very important today that these councils constantly support data protection and privacy measures, and, in this case, HR needs to partner with the IT and legal areas. HR professionals and leaders should continually encourage the workforce to comply with the data protection and privacy guidelines by promoting transparency and trust so that they understand the need.

HR organizations also need to be agile, and this agility can be created by encouraging iterative ways of working, looking outside of the organization, establishing new mindsets for experimenting and failing, and lastly, communicating success. Today, it is difficult to imagine a technology that is as fascinating and terrifying as artificial intelligence. On the one side, it can become the biggest driver of positive change in business and society, while on the other, there is a question on everyone’s mind of what happens if it all goes terribly wrong.

Table 7.3 Recommendations for preparing HR to use ethics and risk management

Preparation	Openness	Agility
<ul style="list-style-type: none">• Establish a governance council• Prepare a code of practice• Support data protection and privacy• Partner with the legal and IT areas	<ul style="list-style-type: none">• Promote transparency and trust• Understand the digital footprint of employees• Personalize and empower• Be clear on views from employees	<ul style="list-style-type: none">• Encourage test, validate and iterate• Look outside of the organization• Don't be afraid of experimenting and failing• Communicate success

A better world for humankind

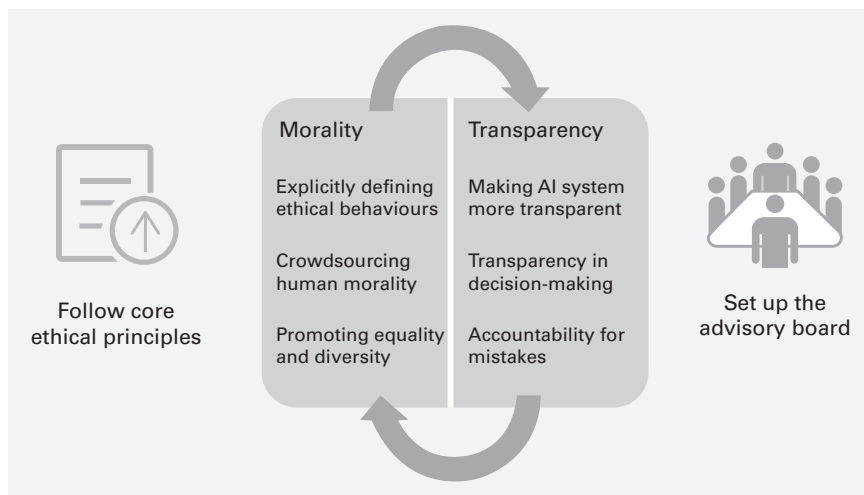
Today, an ethical implementation of artificial intelligence systems needs to be developed so that future intelligent machines work well for society; however, the position of artificial intelligence research and its applications in society require us to finally define morality and to quantify it in explicit terms. This is difficult, but we can't build a good and ethical intelligence system if it lacks a technique to create human beings around the world who are good and ethical.

A robust legal framework is needed to deal with the risks and issues that are threatened by these radical technologies. This can be accomplished not only by a political and legal process alone; an ethical code of conduct will be equally important. Governments should also encourage discussions on the ethics of artificial intelligence and ensure that all relevant groups are involved. This would help organizations in the development of an ethical code that keeps up with technological, social and political changes.

There is a need to design more ethically aligned machines through the use of ethical guidelines and practices, as shown in Figure 7.10 (Polonski, 2017).

An ethical guideline and practice should strictly follow the core ethical principles and codes set up by the government and other policy-makers, and this also needs to establish an advisory board on organizational and broader

Figure 7.10 Ethical guidelines and practices



levels. The most important part of such practice is based on morality and transparency. In addition, flexibility is necessary to allow for different bodies to develop and commit to more specific codes of conduct in certain sectors, building on these ethical principles.

In terms of morals and explicitly defining ethical behaviour, the need to focus on equality is very important. On the other side, these ethical guidelines should make sure intelligence systems that have been developed are transparent enough to be understood by humans. There is also a need to define accountability in case mistakes are made by these intelligent standalone machines.

For example, on automated and connected driving, Germany's Ethics Commission has recommended specifically programming ethical values into self-driving cars to prioritize the protection of human life above all else. So, in the event of an unavoidable accident, a car shouldn't be able to choose whether to kill a person based on individual features such as age, gender or physical, mental constitution when a crash is certain.

Artificial intelligence researchers and ethicists need to compose the ethical values as quantifiable parameters. In simple terms, they need to provide machines with explicit answers and decision rules to cope with any potential ethical problem it might encounter. This would also require humans to agree among themselves on the most ethical direction in any given situation and this is very important before building such initiatives.

Machines cannot be presumed to be inherently capable of behaving morally; humans must teach them what morality is, how it can be measured and optimized. This should not be just as easy as it is today. In order to build some intelligence systems, we cannot skip the ethical part. While defining moral values is a challenge humanity has struggled with throughout its history, unless we agree on what makes a moral human, we can never make an intelligent moral machine.

The main aim behind all these ideas is to provide people throughout the organization with information to make better decisions and augment human tasks for higher productive performance. And this must be done in compliance with the ethics, protection and morality that need to be engaged with and by educating people on the probable consequences and the remedy they can take or the steps they should follow to avoid it. They should also know how to use their data in the right way and to trust them to make the right decisions.

So we cannot avoid establishing our values by walking away from this critical ethical discussion, as machine intelligence is increasingly penetrating into society, and the price of inaction could be enormous. This right-thinking approach can also unleash an organization to move away from being a machine in itself, and finally to behave more responsibly to gain sustainability.

Summary

Be familiar with the rise of automation, artificial intelligence and augmentation:

- Technologies like artificial intelligence are already transforming the nature of work and the workplace to a great extent. Machines can carry out more of the repetitive tasks done by humans today and complement the work that the humans are best at.
- Organizations need to explore how they can adopt new technology like artificial intelligence and they also need to define the fundamental strategies to move forward as an organization while turning potential threats into opportunities.
- The benefits of artificial intelligence and automation for the organization and workforce don't appear instantly; it's a journey and one should see the benefits arising in the short term, medium term and finally the long term.
- Artificial intelligence technology is helping workforces do their jobs more efficiently and it's generally making their lives and jobs easier. It is radically changing our lives personally and professionally whether we agree with it or not.

Understand reskilling imperatives and solutions for organizations in the future:

- As long as workforces can reskill themselves for the future, their roles can evolve and fit into the collaborative way of working with machines; however, they can definitely anticipate a structural shift in their jobs and roles.
- The demand for physical and manual skills is starting to decline, while the demand for elementary digital skills has been increasing and that trend will continue to accelerate. This will put further stress on already existing workforce skills.

- One of the primary focuses for the organization for workforce transition should be on human capital investment, including job creation, learning and capability building, and income growth.
- Reskilling cannot just be a one-time plan; it must be built as a long-term strategy for the organization. This means developing continuous learning practices with on-the-job training throughout organizations as essential.

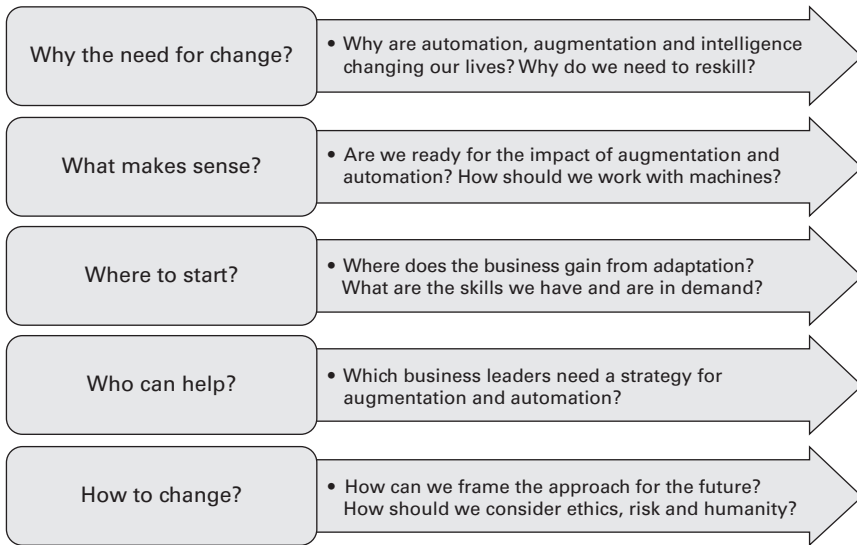
Explore the future of human and machine collaboration:

- Most promising skills that can place humans at the forefront of future work are driven by creativity, complex problem-solving, emotional intelligence, relationship making, critical thinking, negotiation and other cognitive complex behaviours.
- If organizations want to establish a human-centric experience, they should focus on reskilling their workforces and trying to balance the two completely different types of workforce segments: humans and machines.
- Leaders should focus on interpreting the distinction between crucial human skills that can be done by humans, and non-essential and repetitive tasks that can be undertaken by machines to augment human processes.

Understand the importance of ethics, protection, risks and humanity:

- Many organizations are considering the challenges generated by artificial intelligence, such as jobs displacement, rising inequality, bias, issues on humanity, security and rights and lastly the question of singularity.
- We are at a crossroads where both what is possible with technology, in particular artificial intelligence, and what is covered by legislation is widening. HR organizations need to start preparing for this soon.
- An ethical guideline and practice should strictly follow the core ethical principles and codes set up by government and other policy-makers, and they also need to establish an advisory board on organizational and broader levels.

Time to act



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PART THREE

Sustainability

A progressively competitive environment can lead to significant challenges for organizations when they stumble while adapting to change, and many organizations fail to create a state that can lead to sustainability over the long term, consequently affecting the capabilities of workforces. Today, most large organizations represent the advancement of industrial revolutions, seen as complex machines driven by processes, rules and methods. The management of these organizations is mainly focused on competition, results and performance.

Organizations and businesses grow, evolve, change, mature and plunge over a period of time and are very similar to living entities that respond, react and evolve in relation to their surroundings. Survival and growth are entirely dependent on the continuous exchange of the external and internal environment that keeps happening all the time across multiple dimensions, in particular when considering work, workforces and workplaces.

Innovation also plays a vital role in most organizations as it can create new opportunities for the organization while considering new markets and technologies and help organizations to do things in a more sustainable way. Sustainability has been a hot topic over the last few decades, although always at a very abstract and scientific level, disconnected from the concerns of the common citizen.

Despite the various analyses being made by academics worldwide, most conclusions are still not considered part of the genesis of economic and sustainable development that can gradually create a fairer society for the future. Organizations could not achieve sustainability without contributing to the community and society, as there is strong relationship between them on many levels.

The future is created by what we do today, and organizations need to explore and identify new ways to learn and develop themselves in this ever-changing environment. This can certainly help them to encourage long-term results and assist in attaining sustainability in their continuous journey of transformation. Hence for this journey phase we need strategies and learning to:

- refocus organizations from being machines to living systems so they become sustainable;
- empower innovation with the right diversity and inclusion, leading edge leadership, and inspire culture within workforces;
- develop a fairer society and support ecosystems from more community-driven learning and enforce social capital.

It is always important for an organization to create value for the long term as this can help them to endure in different conditions and circumstances, including thriving in the constant process of change. Sustainability is built on the presumption that developing such strategies fosters long life, and management needs to make sure that the strategy for these efforts is aligned and undertaken in a more human-centric way.

The new way of thinking brings aspects that treat organization as living systems that consist of organizational DNA, birth, maturity and death. The concept of organizations as living organisms or living systems is not new and the vast work in systems thinking in organizations has brought this perspective more into the limelight. Living systems theories have been used to model organizations for future generations, particularly with an emphasis on the self-regulating properties of humans as a subsystem of social systems and networks.

The new economy created in this fast-changing world has brought a need to handle people's curiosity, quest for knowledge and understanding to develop a sustainable society. There are many drivers actively affecting these next generation organizations like trust, empowerment, transparency, respect, versatility, passion, knowledge, harmony, merit, accountability and many others, and these also act as major change agents for the transformation into a sustainable organization.

This part includes the following chapters that help us to understand the necessary strategies and learning approaches for creating a sustainable world for both the workforce and the organization. This will also guide us in leveraging innovation, unleashing new leadership and creating a more responsive and living organization, which in turn will build a better society for human beings:

Chapter 8 – *Recreating the organization as a living organism*: This chapter helps us to understand the evolution of modern organizations and new movements of work. It also assists in exploring how to transform organizations from being machines to living systems and also outlines the enabling of responsive and sustainable organizations.

Chapter 9 – *Driven by innovation and led by people*: In this chapter we learn how to unlock the new values of innovation in this fast-changing world. This chapter also outlines the leadership and diversity that are needed in this VUCA world and provides you with the guidance to explore ways of establishing an innovation culture in an organization.

Chapter 10 – *A sustainable development and a fairer society*: This chapter helps us to understand the importance of caring for sustainable developments and bringing a fairer society in the digital world. It also assists in exploring the growth and changes in the ecosystem and social capital in the workforce and organization. Finally, we interpret and learn more about community-driven learning and effective communities for organizations.



Recreating the organization as a living organism

08

Objectives

- ✓ Understand the evolution of modern organizations and new movements
- ✓ Explore how to transform the organization from being a machine to a living system
- ✓ Outline the enabling of responsive and sustainable organizations

Evolution of modern organizations and movements

We cannot ignore the fact that the theory of evolution is a scientific fact and organizations must evolve to survive. Those that evolve in the most successful way will have a competitive advantage, as without evolution, the organization will not be part of the growth in the economy. Organization evolution leads to the stability it needs to thrive and survive in the world.

According to evolutionary economics, the evolution of the organization takes place as a series of individual adaptations alongside the evolution of the environment. However, population ecology suggests that organizations do not have the ability to adapt themselves and the process of organizational evolution beyond the norm. So the changes in environmental conditions are achieved largely by the transformation of an old organization into a new one.

Organizations and businesses grow, evolve, change, mature and plunge over a period and are very similar to living entities that respond, react and evolve in relation to their surroundings. Survival and growth are entirely dependent on the continuous exchange between the external and internal environments that keep happening all the time across multiple dimensions and different movements.

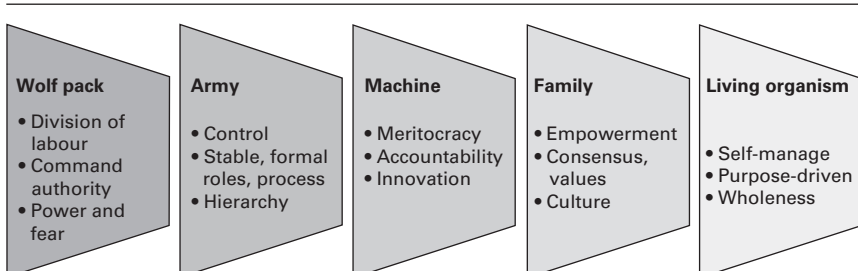
The history and evolution of organizations

Down the centuries, organizations have made major contributions to the enhancement of humanity, whether it has been extending life spans, or eliminating deadly diseases, or making education available to all, or developing remarkable products and services that improve life. Today, organizations influence the way human society is structured and their evolution is essential for all of us.

Organization iconoclast Frederic Laloux explains in his book *Reinventing Organizations* how organizations have evolved over time in line with seven historic stages of human development, expressed as different paradigms. Figure 8.1 shows the evolution and history of the organization, focusing on the last five stages. Although organizational models and human consciousness have evolved over time in seven stages, the first two stages represent humanity's earliest phase when people banded together in small family groups and then assembled into tribes (Laloux, 2014).

As we can see from Figure 8.1, the major organizational evolution started with the division of labour along with establishing command and authority, originating from the idea of the wolf pack. This type of organization also falls under what is known as the red paradigm and can still be seen today as street gangs and mafias. They remain relatively small, and their leaders exert

Figure 8.1 Evolution and history of organizations



fearsome authority. These organizations can easily deal effectively with sudden threats, but they are weak on planning and strategy.

The next evolution of the organization originated primarily within the army, with the involvement of hierarchy and command-control systems for people and positions. Also known as the amber paradigm, these organizations value stability, formal roles, processes and predictability. Today, catholic churches, the military and public schools rely on such types of organizations, along with many complex enterprises.

The machine or orange paradigm emphasizes effectiveness as an act more akin to a machine. Most global corporations are like machines and also have a dark side, with more corporate greed, political bureaucracy, overleverage and exploitation of resources and ecosystems. We will explore more about the organization as machine in the following sections and also about transitions.

The next evolution of organization, the organization as a family, also known as the green paradigm, is based on fairness, equality, harmony, community, cooperation, consensus and empowerment. Academics, non-profit professionals, and social and community activists tend to follow the family organization philosophy, which neglects power and hierarchy but may fail to replace them with something that works just as well.

The modern organization should be more like a living organism or living system, also known as the teal paradigm, because they make decisions based on trust and collaboration instead of on ego-driven fears, ambitions and desires. Organizations as living organisms evolve towards a desirable state of wholeness, self-management and purpose-driven working. This requires a big transformation for large organizations, as most of them are typified as being slow-moving, bureaucratic, old-fashioned or simply obsolete.

The way we're organized makes it harder for us to do our work rather than easier. The way decisions are made slows things down when it should be speeding things up. The way we collaborate and communicate with our teams makes us feel like we'd be better off working by ourselves than working together. Today, organizations need the ability to empower people with new work to contribute, no matter who they are or where they are, and to break the limits of hierarchy, functional silos, cultural norms and even the organization itself.

Organizations and work movements

Work is changing and is becoming more centred on people rather than on routine-oriented and process-driven systems. Workforces need to introduce

and adapt to new ways of working and they need to forego their old ways of the traditional corporate model. Instead they need to emphasize on the new ways of working and look into the changes and possibilities of new working models and movements by considering their purposes, as one size never fits all.

Rather than learning with certainty, the best opportunities rest with those who embrace learning uncertainty. This needs an agile mindset that empowers current and future generations to thrive in a rapidly shifting economy that moves from one set of known experiences to another at a higher pace. This leads to the need for movements between organizations and workforces with new models as well.

Figure 8.2 shows the different organization models and work movements. These movements around the world are altering organizations by putting people and teams first and taking them towards the next generation of organizational paradigms around the world. Many of these new models and movements share common traits, values and overlapping practices, and they are all part of a much bigger and lasting shift in the way we work.

These models and movements aren't vast in nature, and while they share philosophical similarities, their main styles propose tools and paths to fit different organizations. As a collaborative style of management, they often lead to a culture shift by reframing value systems to include transparency, self-management, creativity as well as personal and professional growth. By using these principles, organizations can also create systemic change in their teams, focusing on the core beliefs of people-centric management.

These also impact enhanced employee engagement, optimized productivity through innovation and reframing control to the collective instead of a hierarchy. We should remember that the most exciting breakthroughs of the 21st century will not occur because of technology, but rather because of an expanding concept of what it means to be human. What follows is an overview of these work and organization movements:

- **Holocracy organizations:** started in 2009 by Brian Robertson, this movement replaces the traditional management hierarchy with a peer-to-peer operating system that increases transparency, accountability and organizational agility. The movement's vision is to distribute authority among its teams to empower all employees to take leadership roles and make meaningful decisions.

Holocracy is a self-management practice for running purpose-driven, responsive companies. By empowering people to make meaningful decisions and drive change, the holocracy practice unleashes your

Figure 8.2 Different organization and work movements

Holocracy	Lean startup	Responsive org	Semco style	Sociocracy	Google re:Work	Teal org
<ul style="list-style-type: none"> Started in 2009 By Brian Robertson 	<ul style="list-style-type: none"> Started in 2008 By Eric Ries 	<ul style="list-style-type: none"> Started in 2015 By Adam Pisoni 	<ul style="list-style-type: none"> Started in 1980 By Ricardo Semler 	<ul style="list-style-type: none"> Started in 2014 By Auguste Comté (1851) 	<ul style="list-style-type: none"> Started in 1998 By Google team 	<ul style="list-style-type: none"> Started in 2014 By Fredric Laloux
Principles <ul style="list-style-type: none"> Roles over jobs Distributed authority Rapid iterations Transparent rules 	Principles <ul style="list-style-type: none"> Entrepreneurs are everywhere Entrepreneurship is management Validated learning Innovation accounting Build-measure-learn 	Principles <ul style="list-style-type: none"> Profit to purpose Hierarchies to networks Controlling to empowering Planning to experimentation Privacy to transparency 	Principles <ul style="list-style-type: none"> Trust Reducing control Self-management Extreme stakeholder alignment Creative innovation 	Principles <ul style="list-style-type: none"> Effectiveness Consent Empiricism Continuous improvement Equivalence Transparency Accountability 	Principles <ul style="list-style-type: none"> Psychological safety Dependability Structure and clarity Meaning of work Impact of work 	Principles <ul style="list-style-type: none"> Living organism Self-management Wholeness Evolutionary purpose

Table 8.1 Differences between conventional and holocracy organizations

Conventional organization	Holocracy organization
Job descriptions – Employees are assigned to their jobs, which are defined by fixed job descriptions.	Roles – Employees are assigned to roles that are not fixed and are updated regularly based on work.
Delegated authority – Authority stays with leaders or managers who make the decisions.	Distributed authority – Authority is distributed to teams and roles assigned with decisions taken as teams.
Hierarchical structure – The organization structure is hierarchical based on management.	Holocracy structure – The organization structure is formed by multiple self-organizing teams.
Silo driven – Teams work in silos with a lot of office politics and bureaucracy.	Transparent rules – Teams work with more transparency for rules and communication.

organization's untapped power to pursue its purpose in the world. Table 8.1 shows the differences between conventional and holocracy organizations (Robertson, 2015).

- **Lean organizations:** lean organizations are obsessed with customer value and they recognize this by establishing it as their number one priority for every employee, manager and executive. This movement focuses on streamlining processes and removing unwanted requirements. It was started in manufacturing by the carmaker Toyota and hence is also called the Toyota Way (Liker, 2004).

Similar to lean manufacturing, lean startup methodology was begun in 2008 by Eric Ries in his efforts to eliminate wasteful practices and increase value-producing ways of working during the earliest phases of a startup so that it would have a better chance of success without requiring large amounts of outside funding, elaborate business plans or a perfect product (Ries, 2011).

In a lean organization every member of the team understands the mission, values and strategic priorities of the business. Focus is more on collaboration within the team than just working in silos. For organizational success it is very important that the workforce shares knowledge and their work so that others can learn and help whenever needed, as nobody can be successful by working in isolation.

- **Responsive organizations:** responsive organizations are built to learn and respond rapidly through the open flow of information. This encourages

experimentation and learning in rapid cycles. They are organized as networks of employees, customers and partners, motivated by a shared purpose. This involves several paradigmatic shifts with respect to traditional organizations (Kimpton, 2015).

Rather than viewing profit as the primary goal of an organization, it is seen as a byproduct of success and focuses more on purpose, which also empowers people at the edges to pursue their work as they see fit rather than just being controlled. This requires people to embrace agile methods that encourage experimentation and fuel learning, and have a long-term vision rather than just focusing on planning.

It is no longer necessarily true that coordinating through a manager is more effective than people self-organizing as a network with increased autonomy, hence a shift is required from hierarchies to networks. This can be achieved by using the potential benefit of trusting people who share the organization's purpose to act on information as they see fit, compared to other ways of using privacy, although it's still a debatable topic for organizations.

- **Semco style:** developed over 30 years ago by Ricardo Semler, this management approach organizes around humans instead of around structures and procedures. It is designed to treat adults as adults and put people above organizational modes. Some of its characteristics (Semler, 1995) are:
 - promotes building a culture of trust where there is a free exchange of ideas and transparency in decisions, meetings and planning;
 - advocates for innovation and creativity to be nurtured in workforces and organizations;
 - removes control systems and returns accountability and self-management to team members.

Most people working in conventionally managed organizations tend to ignore the imbalances in their personal and professional lives until the moment something goes wrong. Research invariably shows that people who are unable to dedicate enough time to their personal lives tend to be employees who are physically present, yet mentally absent. And it works both ways: people who work in high stress environments often find all that negativity reflecting on their personal lives, disrupting their familial and social relationships. We explored this issue in earlier chapters and showed how these make a great impact on the organization.

- **Sociocracy:** conceptualized by Auguste Comté, sociocracy can be traced back to 1851 but has since re-emerged in 2014 as sociocracy 3.0. It enables organizations and teams to manage themselves as an organic whole, meaning

everyone gets a voice in the management of the organization. It is designed to grow effective, agile and resilient organizations of any size, from small startups to large international and internal networks (Bockelbrink *et al*, 2017).

Sociocracy was conceived of as applied sociology. Sociology is a social science that studies social groups and how they function. It was to be a governance method based on information from sociologists. Sociocracy is built on seven principles that shape organizational culture. Practising sociocracy 3.0 helps workforces appreciate the essential value that these core principles bring to both individuals and organizations. The seven principles consist of effectiveness, consent, empiricism, continuous improvement, equivalence, transparency and accountability.

- **re:Work:** re:Work is a collection of practices, research and ideas from Google and others to help you put people first. Their goal is to provide resources to help other organizations design workplaces to make people happier, healthier and more productive. It promotes leaders acting as role models for continuous growth and improvement and supports treating employees like owners, while removing unconscious bias and replacing it with education, measurement and accountability.

Some of the practices include setting goals to align efforts, communicating objectives and measuring processes. This is better than hiring decisions made using job descriptions, structured interviewing, hiring committees and so on. Apart from the goal setting and hiring, practices also focus on learning, development, leadership and the team. re:Work also emphasizes making people decisions using science and data along with reducing the influence of unconscious bias by educating, measuring and holding everyone accountable (Bock, 2015).

- **Teal organization:** introduced in the book *Reinventing Organizations* by Frederic Laloux in 2014, this movement advances the idea of soulful workplaces that focus on their impact in the world versus management targets. By focusing less on the bottom line and shareholder value and by implementing agile practices, teal organizations are reaching new heights in financial results and are outpacing their competitors (Laloux, 2014).

The next generation of organizations or teal organizations release entrepreneurial forces and self-organization to realize a given purpose. It creates pioneer organizations with increased employee engagement, productivity and meaningfulness. Teal organizations exhibit three distinctive characteristics: self-management, wholeness and evolutionary purpose.

Teal organizations use an employee-driven advice process as part of each team's self-management. Anyone in the organization can make decisions

that affect the overall company if they first consult those whom the decision will affect and those with expertise on the issue at hand.

The list of new organization models and movements is growing every day, including:

- **Aequacy:** removes any element of hierarchy, even between roles and circles not just between individuals.
- **WordBlu:** is growing with its freedom, purpose, respect, transparency and accountability centred organizational democracy.
- **Theory U:** is based on the theory of learning and management developed by Professor Otto Scharmer to foster specific leadership capacities and to design social systems through awareness, attention and consciousness.
- **BetaCodex:** by Niels Plaeffing with its 12 laws for defining a 21st-century organization guided by market sensing, systemic thinking, decentralized decision-making, transparency and self-management.
- **Beyond budgeting:** is an adaptive management philosophy rooted in purpose, shared values, autonomy, transparency, directional and flexible planning.
- **B Corporation:** has a vision of business as a force for good and not just for profit, already aggregating thousands of certified organizations in countries.

There is no one model and approach that fits all organizations – there is no one size fits all. Organizations and their leaders need to explore different possibilities and ways and find the answer on their own based on their own organizations, their own purposes, strategies, approaches, cultures, people and ways of work. The goal should be to move or transform an organization from being a machine to a living system, as we will explore in the next section.

Transforming an organization from a machine to a living system

Today most large organizations can be seen as complex machines driven by processes, rules and controls. Top management is mainly focused on competition, results and performance. When an organization is analogous to a machine, it focuses more on inputs and outputs, efficiency and effectiveness,

assessing problems and solutions. Efforts consistently revolve around re-engineering processes, determining resources and managing costs.

This is the easiest metaphor to understand and is the foundation of Taylorism, which is the principle of scientific management and work efficiency as practised within a system. The machine metaphor also reveals the dynamic nature of the organization as compared to previous evolutions that we explored in the previous section. On the one side organizations can be treated as rigid, unchanging sets of rules and hierarchies, and there is little room for energy, creativity and innovation. On the other side, the machine metaphor means these organizations are lifeless and soulless.

Only a few organizations have thrived over time as the industrial revolution and the pace of uncertain change and technological evolution have forced these organizations to adapt at a rapid pace. When we focus on improving efficiency, raising productivity, driving change, re-engineering, delegating responsibility or cascading objectives, we are used to viewing these organizations more as machines. But the machine metaphor is so deeply entrenched that we do not realize there may be other ways of thinking about the organization, which is as a living organism.

The new paradigm: organizations as living organisms

The new way of thinking brings aspects that treat organizations as living systems that consist of organizational DNA, birth, maturity and death. The concept of organizations as living organisms or living systems is not new and the vast work in systems thinking in organizations has brought this perspective more into the limelight. Living systems theories have been used to model organizations, particularly with an emphasis on the self-regulating properties of humans as a subsystem of social systems.

When organizations become living systems, their environment grows wider to fulfil their needs through a consistent engagement of humans and technologies thereby creating better outcomes. Organizations must adapt to grow if they want to survive in this digital age with its uncertainties and constant changes. The relationship between executions at every level of the system is vital, as it is an important element of organizational effectiveness. Organizations can only transform once they are ready to learn and develop.

A living organization has subsystems such as social systems that operate independently and are accountable for their roles in providing a common purpose. Organizations also behave like an open system and therefore require proper management and need to be balanced by adapting to the

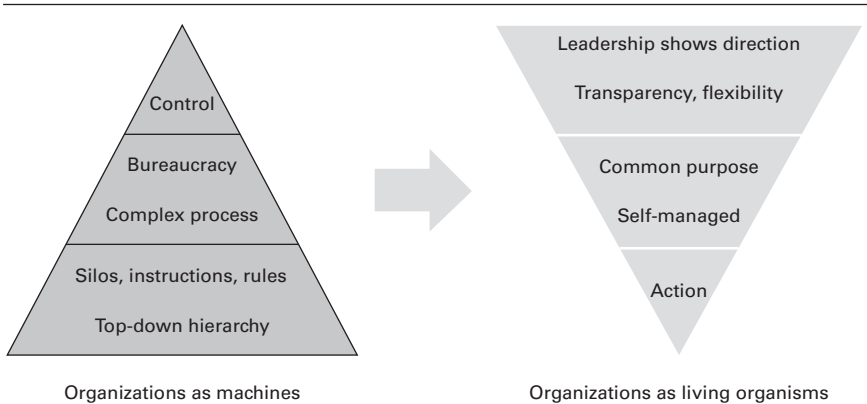
different environmental contexts with an emphasis on the relationships within their environments. Living systems always rely on flexibility and resilience to survive and these are key aims for such organizations.

By becoming a living organism organizations can look at the opportunities and co-create value for stakeholders by becoming more people-centric. Rapid decision-making, quickly learning from their mistakes and empowering the workforce are also key characteristics of such organizations. In the end it changes how organizations and the workforce work in unknown circumstances. Figure 8.3 shows the new paradigm of organizations as living organisms (Aghina *et al*, 2018).

As we can see from Figure 8.3, an organization as a living system is supposed to have a brain, where leaders promote participatory processes and influence decision-making and goals. Leaders in living systems give direction to their teammates and need to be transparent about their goals, objectives and communications. As the organization as a living system learns, grows, adapts and evolves, it can self-repair and restore distributed authority, distributed power and open communications. All these make the organization unique compared with how they were in the past when they were driven by control and top-down hierarchy along with bureaucracy and silo mentality.

The way of thinking for a living organization requires us to consider the subsystems and components within an organization along with its larger environment. Hence, organizational concepts are entirely different from the traditional organization when we consider the living system. A more systems-thinking approach is necessary to manage such organizations in the future, which will be quite different from the conventional ways of today.

Figure 8.3 Transforming organizations into living organisms



Transformation towards the future

Many organizations have started experimenting with alternative management practices, but only a handful of them have succeeded as they haven't fully transformed from one to the other. As living organizations change in increments rather than changing everything at once, it makes more sense to start with small iterations. It is important to listen to what best suits the organization's needs at that point in time.

For some organizations it may be important to explore the purpose first, so that the workforce resonates with a common goal, while for others it may be important to build sufficient trust and a community of people before accepting any change. In some cases the hierarchical structure first needs to be changed to the right one to enable better self-management and responsive organizational practices (Arauz, 2016).

Lots of organizations are experimenting with responsive organizational practices, from mature, global, complex organizations like PepsiCo, to companies offering new platforms like Airbnb. We will explore both case studies to better understand their transformations (Seidman, 2018):

- **Airbnb's journey:** Airbnb wanted to create a culture within the company that aligned with their brand, which is about creating a sense of belonging. They started exploring within their own company to understand the creation of belonging inside the company, along with identifying the role of culture and the importance of structures, behaviours and managing change.

People at Airbnb report that they did their best work when exploring, and when they have the feeling that they have the freedom to explore. They identified the behaviours linked to a belonging culture and what conditions needed to be in place to obtain those behaviours. This helped Airbnb to build and invest in the culture of the future. The next box is a case study exploring Airbnb's culture.

CASE STUDY Invest in company culture (Airbnb)

What matters for Airbnb?

- Role of culture in company
- Structures, behaviours and mechanisms
- Moving in new challenge

Conditions for behaviours that are important to Airbnb

- Practices
 - Physical spaces
 - Articulation of culture
 - Onboarding mechanisms
 - Accountability
 - Shared languages and norms
 - Transparent communications
 - Adoption of boundaries
-

Airbnb embedded culture in various organizational practices. Leaders were encouraged to understand who their people were and to get to know them to make sure that team members got to know one another, to be mindful of instances where ‘out groups’ may be forming so that the larger group could come up with ways to bring them in, and also to ensure that people could protect the time they needed for themselves and their families.

- **PepsiCo’s journey:** One of the divisions in PepsiCo, in their efforts to implement responsive organization practices, noted that leadership support was key. They measured people against the new organizational dimensions through the performance review process and leveraged setting annual goals, since these were what incentivized people. PepsiCo brought responsive practices with new rules to forums outside of specific organizational units and projects to energize and amplify the changes. The next case study looks at PepsiCo’s practices.
-

CASE STUDY New organizational practices (PepsiCo)

What matters to PepsiCo?

- Inspire leadership at all levels
- Align incentives at all levels
- Amplify stories about who is leading change

Rules that are important to PepsiCo

- **Smaller teams are effective:** If there are more than seven or eight people on a task, it brings too much uncertainty. Smaller teams were assigned specific tasks.

- **Progress over perfection:** Just make progress. Value is more about progress than perfection.
 - **Delegate responsibility:** If you give someone the responsibility to do something, let them do it.
-

The PepsiCo division set three rules that considered smaller teams to be more effective, together with the notion of progress over perfection and delegating responsibility. The benefits of using a responsive practice came from listening to the people, asking people what they cared about, what was important to them. Team awards were aligned to the principles of working with the people they needed to work with and building in chances to get together for a particular purpose. It was important to inspire leadership and align incentives at all levels and amplify the stories about who was leading the change.

There are many other stories like this, but what is important here are the different shifts from the old paradigm to the new one, and that organizations must undergo these to be truly transformed. There are many such shifts happening within organizations when transforming from the old to the new paradigms.

A shift is underway as organizations move away from focusing on shareholder value towards pleasing their customers and having a shared purpose, as organizations must put the customer at the centre of their aims. While shareholders have a controlling interest in the company, organizations must realize the intangible benefits of putting their customers first. Organizations need to learn to build robustness, resilience and agility into their culture to adapt to the changes.

The shift is also happening away from efficiency towards engagement and adaptability, requiring organizations to be less concerned with metrics and more with morale and human capabilities. Organizations need to create a more human-centric culture to be truly effective at solving complex problems, dealing with the unknown challenges of the future and engendering creative solutions from a diverse and talented workforce.

All these shifts can lead an organization towards becoming a living organism and result in changes to an organization's structure, HR functions, workspaces, leadership and many other processes and practices. Table 8.2 shows some of the changes compared to the old ones.

At first we can feel vulnerable when we bring more of who we are into the community, but once we do, it is as if life has become more meaningful. Workplaces where we feel we can show up with all of who we are unleashing

Table 8.2 Different practices involved in different organization types

Practices	Organization as machine	Organization as living organism
Organizational structure	Mostly hierarchical pyramid	Many self-organized teams with common purposes
Coordination	By fixed meetings at every level, often overloaded with meetings	Coordination and meetings mostly ad hoc when needs arise
Job titles	Every job related to a job title and description	Fluid and granular roles instead of fixed job titles and descriptions
Decision-making	Taken by small group, mostly confidentially, in top-down approach	Fully decentralized based on transparency and collective advisory
Performance management	Focus on individual performance and appraisals established by hierarchical supervisor	Focus on team performance with cross-team feedback culture
Compensation	Decisions by superiors with meritocratic principles and large salary differences	Peer calibration and equal profit sharing with narrow salary differences
Recruitment	Interviews by trained HR personnel, focus on fit with job descriptions and skills	Interviews by future colleagues, focus on fit with organization and purpose
Onboarding	Mostly administrative onboarding processes	Significant focus on relational skills and culture
Training	Mostly designed by HR, emphasis on compliances, skills and management training	More on-demand training with focus on importance of culture and team building
Projects	Heavily controlled and planned in terms of budget, resources, time and deliverables	Radically simplified management of project with minimal plans and budgets
Innovation	Outside proposal based on customer segmentations and wishes	Inside proposal defined by purpose and guided by intuition
Strategy	Only done and charted by top leadership along with limited partial communication	Strategy emerges organically from the collective intelligence with open communication

unprecedented levels of energy and creativity. People switch to intrinsic motivation, doing what feels right in relation to inner values and assumptions. It is important to understand these shifts and transitions and learn from these organizations who are dealing with responsive practices to transform the future.

In the end, the main purpose is to move organizations towards being responsive and sustainable, although this will not be easy and will need a severe change in mindsets, ways of working, leadership and other competencies.

Enabling a responsive and sustainable organization

A responsive organization is one that embraces change and can learn quickly and counter its business environment. This agility is necessary in order for the new approaches to work, leadership and resource management to remain viable. This organization places purpose ahead of profit, empowerment ahead of controlling people, and values transparency over privacy, as we have already explored before.

Organizational responsiveness is primarily enabled through energized workforces who are kept informed, involved and have the authority to make decisions. When information is moving faster outside the organization, then the decision-making within the organization needs to operate at a similar pace. Authority, which typically revolves around a hierarchy, needs to become more distributed to make decision-making faster and to make use of the information at the peripheries.

Organizations that make decisions locally benefit from the opportunities this brings. The distributed system breaks down bigger challenges into smaller components that can be dealt with more rapidly, replacing incorrect top-down control over an uncertain future and elevating it to a state of having active control over the current direction to become more sustainable.

Responsive organizational shifts

Most organizations today are still using an obsolete operating model that was designed over 100 years ago for a world that no longer exists. This industrial model worked well for a long time, and early on leaders could gain an immense amount of value out of using this model better than their competitors. The

focus was on working with a clear, specific and usually profit-driven collective purpose to achieve success.

This model worked well when it was possible and useful to be certain about what was going to happen next. But in an uncertain world it is very difficult, as work is done in a closely controlled environment where more value is given to efficiency. We humans are good at the least routine, most complex, collaborative, creative work, and this is where teams and organizations of humans need to work together towards a shared goal and can create massive value.

This is where the world needs the change, but most organizations that we work in are optimized for certainty. Optimizing for uncertainty looks different, and it's what allows organizations to thrive in constant change. If organizations want to optimize for uncertainty, they should begin by defining a clear and specific collective purpose. But, unlike the industrial era, the purpose should involve people from both inside and outside the organization so that they can all be part of a meaningful mission.

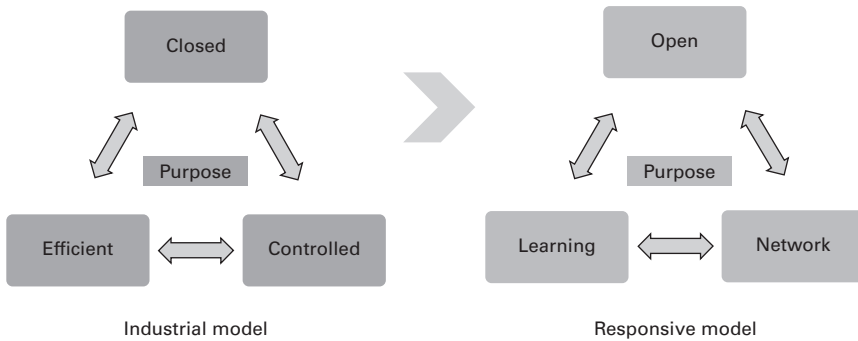
The success of the organization in pursuing that mission will depend on different abilities such as sharing useful information, continuously learning and improving, empowering the workforce to contribute, etc. They need to break the limits of hierarchies, functional silos, cultural norms and even the organization itself, if required. This is a primary way of working for a responsive organization.

Organizations that embrace this way of working are moving towards becoming a responsive organization because they are better able to sense and respond quickly to new opportunities, challenges and changes in their environment. But the question remains, how should organizations shift and transform themselves from their industrial models into a responsive model? Figure 8.4 shows such a transformation (Arauz, 2016).

There are some basic specific practices that can begin to move an organization towards responsiveness and quickly unlock tangible benefits. Let's explore these along with looking at some short case studies from different industries and functions (Arauz, 2016):

- **Live with purpose:** as everything begins with purpose, this is the primary place to start. Purpose defines the correct frontier of an organization and is also the reason for the workforce to contribute beyond financial reasons. People always want to be part of something bigger than themselves, and with a specific purpose, organizations not only increase the ability to improve engagement but also help their workforce to achieve more in their lives.

Responsive organizations are based on clear and specific purposes that help to make better decisions and contributions. It's useful to deal within an

Figure 8.4 Transformation of old industrial paradigm to responsive model

uncertain environment and also vital in order to build a better business for the future. The responsive organizational shift is primarily driven by purpose.

At first organizations need to figure out what makes their teams so capable, as this is the essence of work, and people wake up every morning and are motivated to come to work. This motivation comes from being involved in exploration and learning, not just having a fixed way of working. It is important for organizations to make their missions meaningful and they may need to define these at the individual level or by adding a social impact component.

This is not the case for most organizations today, but there are many who believe that they can create value for others with their way of working, their culture and their mission. Below are a couple of short case studies about Tesla and Patagonia on living with the purpose and mission to become a responsive organization.

CASE STUDY Living with purpose and mission

Tesla: With the mission to ‘accelerate the advent of sustainable transportation’, Tesla always focuses on its purpose, whether launching a new product or a new business (Arauz, 2016).

Patagonia: The power of purpose in Patagonia is very high, with a mission to build the best product, cause no unnecessary harm, use the business to inspire and implement solutions to the environmental crisis. It shows in most of their campaigns, whether it’s the bus tour to the cotton fields or repairing their worn clothes instead of buying something new, or in donating the proceeds from an entire Black Friday sale (Arauz, 2016).

Organizations need to combine their leadership teams and make their collective reason for being explicit. Their purpose and mission should express the impact they aim to have on those they serve. It should be easily understood and inspire the team to be the best. And it doesn't have to be perfect, rather it should give clarity about what their leaders and the workforce need to start doing, and what they should stop doing.

- **Staying open and learning:** being open is always good for those who are committed to the purpose, as it helps to access and share information that might be useful across the organization. We are living in a world now that is inundated with data, and it is vital to have some centralized control and constraint on information to improve sharing with individuals and within the team. In addition, it is also important to consider learning, which is more about what the organization and workforce do with all this information, and how to improve continuously.

For responsive organizations, it is quite common to be open and share knowledge continuously. A responsive organizational shift can only be achieved when the organization follows principles that help their people to contribute in a similar way and with the same degree of importance. They should make it as easy as possible for their leaders and the workforce so that they can be helped promptly.

There are some good learning practices in other successful organizations. The next case study looks at Zara and Amazon on staying open and learning and transforming towards becoming more responsive organizations.

CASE STUDY Staying open and learning

Zara: Whenever a customer returns a product to Zara, the reason is always collected and sent to everyone on the designer's database. This open behaviour approach of Zara's, when applied to fashion retail, increases customer visits to 17 per year compared to the industry average of 3 (Arauz, 2016).

Amazon: The internal platform for experimentation in Amazon with real customers has led to all kinds of useful new features and it is quite successful in creating a commitment to learning and continuous improvement.

Many organizations are working and collaborating openly within their teams and locations. There is continuous growth and openness about the usage of tools such as cloud-based collaborative storage, project engagement solutions and collaboration platforms, which allows internal and external teams to work much faster and efficiently compared to their old ways. For such initiatives, organizations and their leaders need to bring a continuous learning mindset into the team.

- **Empowering people with networks:** organizations should empower their people irrespective of their title, role and performance, and this can be massively driven by building networks. Cross-functional and self-organizing teams and their efforts are necessary to overcome silos and the hierarchical way of working. Further efforts are also needed to work with the organization's culture and the respective behaviours among the leaders and their workforce.

Networking is held to be of great professional value for ambitious individuals and organizations, and it is defined as goal-directed behaviour that occurs both inside and outside of an organization and is focused on creating, cultivating and utilizing interpersonal relationships. It also helps people to learn and share new skills and knowledge by using the power of networking.

The role of networks in organizational change is also massively valuable, and organizations shouldn't focus only on formal structures, but rather also on informal ones. The growing involvement of communities and decentralized accountability of work are making huge progress in many organizations. Below are a couple of short case studies of such organizations empowering people by networking.

CASE STUDY Empowering people through networking

GE: A community for engineers working in a network model helps GE to expand their collaborative engineering, which results in generating new designs rapidly. The best design resulted in an over 80 per cent weight reduction and over \$20m in annual fuel savings for GE's customers (Arauz, 2016).

Tangerine: By empowering autonomy and minimizing bureaucracy in their local retail branches, Tangerine Bank has been able to serve 1,800 customers and handle over \$40,000 in deposits per employee, compared to the respective industry average of 250 customers and \$10,000 deposits per employee (Arauz, 2016).

One of the best and easiest ways to get started is to eliminate the hierarchy and silos at the team level by taking initiatives to use the new structures to embrace new ways of working. This is a good approach for building responsive teams that could be using responsive practices in a project that the organization is undertaking and applying new team design rules and strategy to the team that owns the project.

For responsive shifts, organizations need to start focusing on smaller teams with a mix of cross-functional skills and demographic diversity and with one common purpose, clear roles and responsibilities. It is vital that the team be open, has learning agility and is good enough to work in a network with specific goals and able to switch direction if the project is failing. It has been seen that the self-organizing team that decides for itself and is independent enough to deliver without external approval is the best fit to become a responsive team.

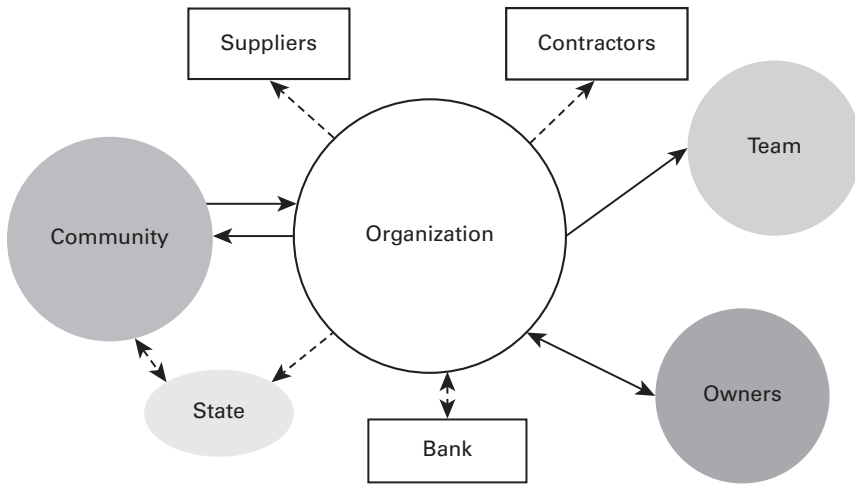
By shifting towards becoming responsive organizations, corporates take themselves closer to sustainability; they then need to further move towards becoming sustainable organizations.

Sustainable organizational shifts

Sustainability has been a hot topic over the last few decades, although always at a very abstract and scientific level, disconnected from the concerns of the common citizen. Despite the various analyses being made by academics worldwide, most conclusions are still not considered to be part of the genesis of economic development. It has now become a broader concern among organizations, when they are already going through many iterations due to ongoing changes.

These shifts have changed the rules for nearly every organization, even the way they think about cultural transformation and the pace at which they must learn in order to evolve the functions of leadership and management. All business leaders have experienced these shifts and it is very clear that they can no longer continue to operate according to the old methods. They must now embrace new ways of thinking about their organizations, culture, leadership, talent and how they will approach transformation.

For a sustainable organization, the relationship between different internal and external entities is very important. The people working for the organization as employees or in the teams are in a community that includes customers. Both are important along with the stakeholders or owners, as all of them have a relationship with the organization. A sustainable organization should create value for all of them, and the list should also include their

Figure 8.5 Relationships in a sustainable organization

suppliers, contractors, the state and even their bank. Figure 8.5 illustrates the relationship between the different entities of a sustainable organization.

Organizations are focused on a group of people, a high-performance team that shares a common vision, goals and metrics and collaborates, challenges and holds everyone within the team accountable to achieve outstanding results. The high-performance team is regarded as tight-knit, focused on their goal and has supportive processes that will enable any team member to overcome any barriers in achieving the team's goals. But the organization itself is definitely beyond any such team.

Enabling all members in such an organizational ecosystem is necessary so that they can determine the real economic value these organizations produce, create a transparency that will necessarily enable people to build organizations characterized by strong and positive economic development, balance and stability that necessarily lead to more economic value. For organizations to become truly sustainable, it is essential to create a new organizational approach, where they will have more cooperative leaders, a new way for people to cooperate inside the organization and a new way for organizations to be measured by society.

The sustainable organizational approach

The new economy created in the fast changing world has brought about the need to handle people's curiosity, quest for knowledge and understanding to

develop a sustainable society. We have already explored in previous sections that there are many drivers that actively affect the next generation's work, such as trust, empowerment, transparency, respect, versatility, passion, knowledge, harmony, merit, accountability and many others. These also act as the major change agents for transforming the organization into a sustainable organization (Brandao *et al*, 2015).

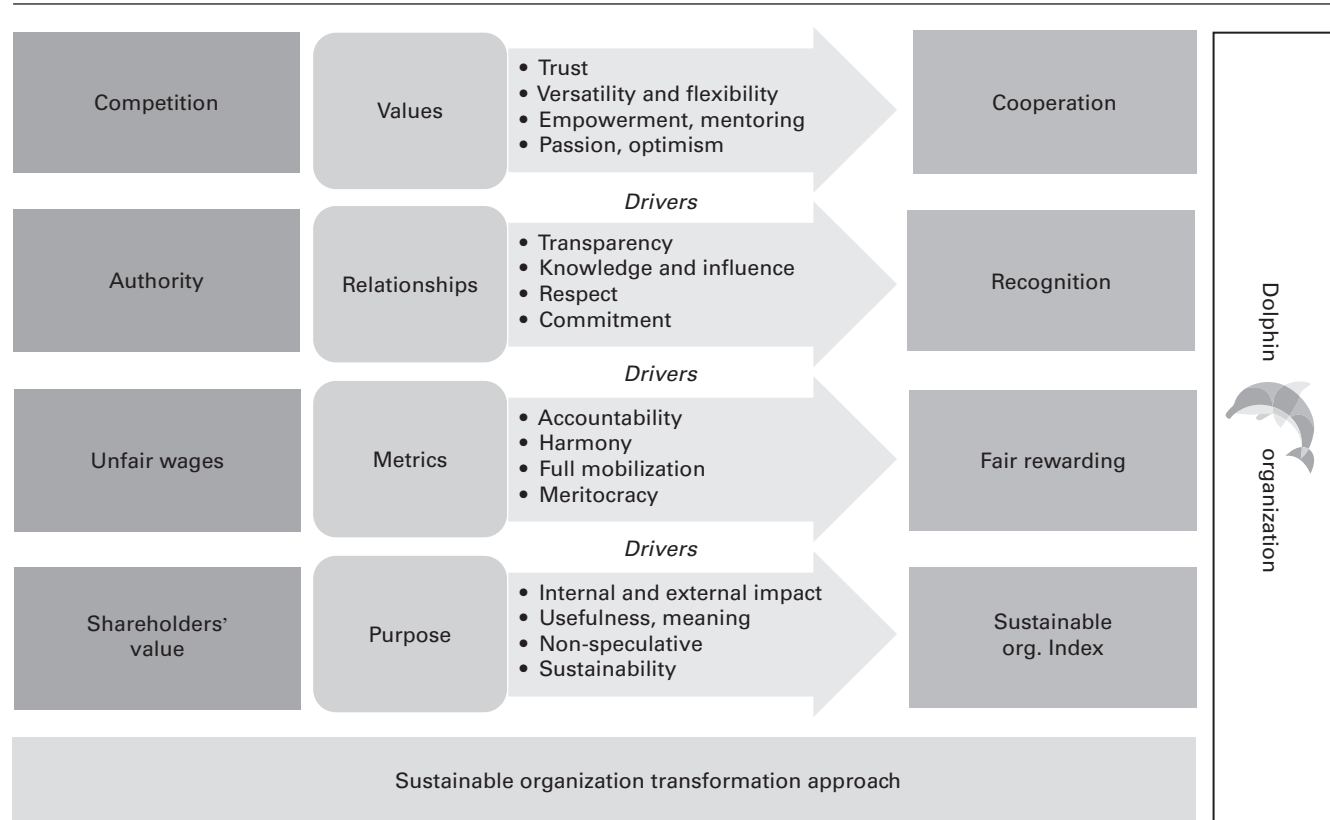
The sustainable organizational approach needs to be started based on the interest of people to understand the world along with the possibilities and efforts to make it better. It is very important that people understand, think, compare and make wise decisions in an organization. The approach is much influenced by the way people behave, work and make relationships, as all of these impact society a great deal. It is also vital to possess such an approach to survive in this uncertain world.

The approach and framework for a sustainable organization is also characterized as a 'dolphin' organization, as shown in Figure 8.6. The approach showcases the transformation from an organization that followed old principles to a new form of organization that is much more sustainable and empowered, with 16 different drivers for change. The sustainable organization is driven by cooperation, recognition, fair reward and the sustainable organization index and must be measured continuously to attain the best results.

The values should be more important than competition, which can be achieved more through cooperation. To achieve this, organizations need to emphasize more on drivers such as trust, flexibility, empowerment, passion and mentoring. Trust is one such powerful driver that not only creates fairness and reliability but also helps the organization to revive its culture with greater recognition and fair rewards. This should encourage drivers such as transparency, respect, commitment, accountability, harmony and meritocracy. All these drivers are somehow interlinked and possess a greater influence when it comes to relationships and the appropriate performance metrics.

All these drivers increase engagement, motivation and focus among the workforce, so they feel more involved with the purpose and vision of the organization. Organizations that are driven by cooperation, recognition and fair rewarding are more successful in the long term and achieve sustainability. This is not true for organizations that are still driven by competition, authority and unfair wages, as the workforces lose trust, motivation and empowerment from their leaders. So, again, an organization really needs to focus on its culture first when it needs to leverage such transformations for sustainability.

Figure 8.6 Approach and framework for sustainable organization



Apart from these values, relationships and metrics, organizations also need a purpose that corresponds to stakeholders' value. The sustainable organization index is the answer and is also the corollary of the approach. Its main purpose is to enable the organization to achieve a real outcome in contrast to the stakeholders' value, and the focus is primarily on sustainability. Today, for organizations, this is much more important than stakeholder value as it can provide equal value to all the departments within an organization as a means of fairness and future sustainability for all.

Using the sustainable organization approach, any organization can produce a much better outcome for the longer term, regardless of its size, location and purpose. It actually helps organizations to generate a greater and more efficient value in terms of attaining sustainability compared to that of their peers who don't use this approach. Today, because of constant, fast and uncertain change, organizations need to move themselves more towards a living system and a sustainability that is driven by diversified people, leadership, innovation and the right culture.

Summary

Understand the evolution of modern organizations and new movements:

- The survival and growth of organizations are entirely dependent upon the continuous exchange of external and internal environments that keep happening all the time across multiple dimensions and different movements.
- The modern organization should be more like a living organism or living system that makes decisions based on trust and collaboration instead of on ego-driven fears, ambitions and desires.
- Work is changing, and workforces need to emphasize on the new ways of working and look at the shifts and possibilities with new working models and movements by considering their purpose, as one size never fits all.
- Most of the modern movements like holocracy, lean, semco, sociocracy, teal, etc. share common traits and values and overlapping practices, and they are all part of a much bigger and lasting shift in the way we work.

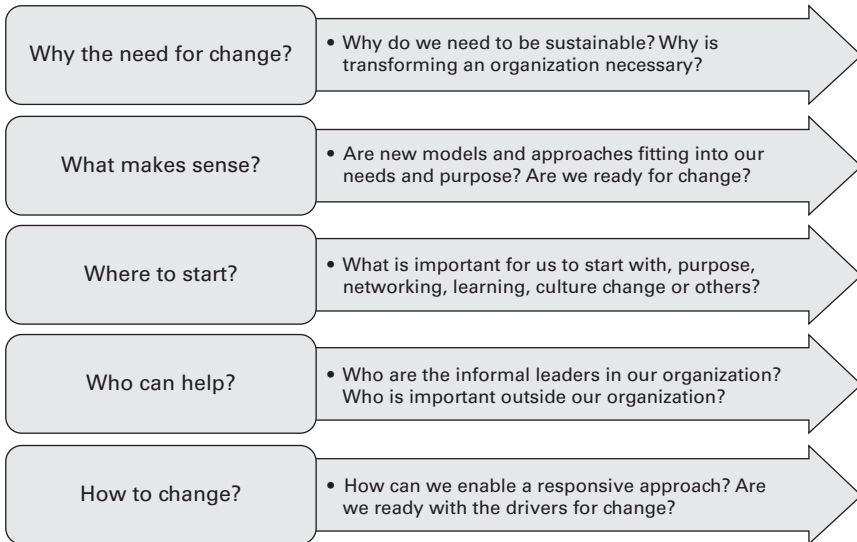
Explore how to transform the organization from being a machine to a living system:

- When organizations are a metaphor for machines, it is more about units and layers, inputs and outputs, efficiency and effectiveness, scoping problems and scaling solutions, information flows and bottlenecks, re-engineering and downsizing.
- Human organizations are self-organizing and have the capacity to function autonomously as part of a larger system, with each subsystem tending to organize itself accordingly and possessing a high degree of flexibility and elasticity.
- As living organizations change in increments rather than changing all at once, it makes more sense to start with only small iterations as one can't transform fully from one to the other instantly.
- Organizational shift happens when focusing on shareholder value moves to focusing on customer desire and shared purposes. Adapting to these shifts requires organizations to be less concerned with metrics and more with morale and human capabilities.

Outline the enabling of responsive and sustainable organizations:

- A responsive organization is one that embraces change and can learn quickly and respond to its business environment, while this agility is necessary for the new approaches to work, leadership and resource management to remain viable.
- Everything begins with a purpose and this is the central reason for being; the collective why. Responsive organizations are based on a clear and specific purpose that helps them to make better decisions and contributions.
- To move to becoming a responsive organization, the workforce needs to be open and learn from one another based on a clear common purpose. Leaders are required to empower people to help them achieve that purpose, regardless of their relationship with the organization.
- For a sustainable organization, the relationship between different internal and external entities is very important. A sustainable organization should create value for all of them, for better organizational sustainability.

Time to act



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Driven by innovation and led by people

09

Objectives

- ✓ Know how to unlock the new values with innovation within an organization
- ✓ Outline the leadership and diversity benefits in this VUCA world
- ✓ Explore ways to establish an innovation culture

Unlocking new values with innovation

Every single organization today is either exploring or has already started their innovation journey, and as we have seen in previous chapters, uncertainty can only be tackled if we can bring creativity and become innovative. So organizations need to see all these changes as an opportunity not a threat to their growth, and innovation can take them to their goals in this fast-changing environment in a meaningful way ensuring their survival.

Today, creativity is not limited to research or any one dedicated team. New ideas can be brought by any individuals or teams and can materialize in many forms and functions, not only in startups but also in enterprises. This also means organizations need to build a proper method to recognize creativity and build a culture in which organizational influences can affect creativity in a positive way. This can lead to changes in business practices, organizational structure, workplaces or external relations, and changes to the way organizations are doing things today.

The importance and journey of innovation

With creative thinking, problems and challenges can be solved efficiently and strategically. The right approaches, new ideas and new ways of thinking can help organizations to not only save valuable time and money but also give them a competitive lead in growing their businesses. So innovation is vital to the organization when considering the workplace, workforce and working culture, because it gives organizations an edge in shaping their markets faster and providing an advantage so they can stay ahead of their peers.

When an organization can build an innovative culture, it can grow easily despite different external challenges, changes and uncertainty. Organizations need to leave their comfort zones and reliable ways of doing things and try out new ways and experiment allowing failures to happen more rapidly. Innovation not only means conjuring up ideas out of thin air, leading to significant discoveries and accomplishments. Innovation is much more than that and needs a lot of effort, and we will explore this in more detail in this chapter.

Let's first start with the definition. According to *Merriam-Webster*, the United States' most trusted online dictionary, innovation is defined as the introduction of something new or different and the act of innovating and steering to the introduction of new ideas, products or methods. Apart from products, innovation can also involve new and modified services, business models, processes and functions, adapting to the changes that arise.

An innovative idea has no meaning unless it has been applied successfully to the business, with proper consideration of the costs, resources and resolving existing challenges. Innovation is about originality that can increase efficiency and considerably affect organizations, workforces and society to create a better future. So, in the end, innovation has a journey and organizations have to understand that so that they can continually explore new ways to attain their goals (Henderson, 2017).

Organizations need to contemplate different dimensions for this journey, some of which we have started to explore and some of which will follow. Figure 9.1 shows the dimensions of the innovation journey that an organization needs to consider.

As we can see from Figure 9.1, the dimensions of the innovation journey consist of consideration by the leaders of the business model, leadership, culture, diversity, the competitive context and the organization structure, and this should be supported by the other dimensions such as maturity, collaboration, experience and capabilities in order to drive creativity among

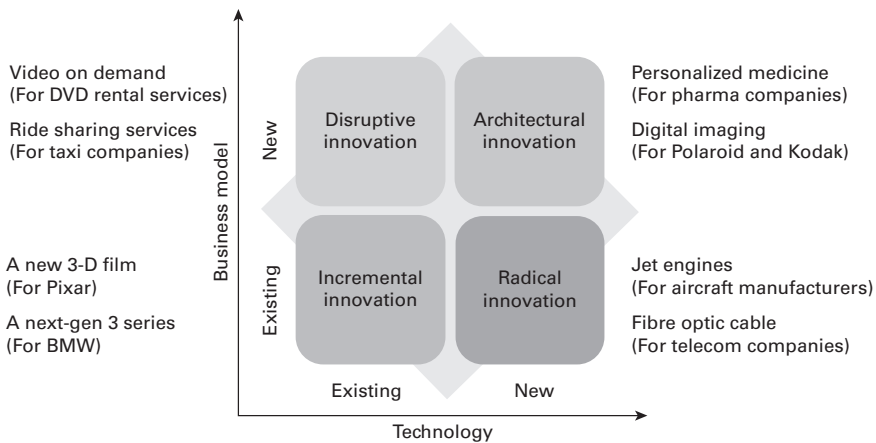
Figure 9.1 Dimensions of the innovation journey

the workforce. The intensity and need for all these different dimensions can vary across different organizations, based on their needs, scope and their own maturity.

For a sustainable continuous journey, just having a revolutionary innovative idea does not work, or more precisely does not last long, until the organization can build a sustainable strategy with it. To be efficient, continuous distinct and different ideas should come from a variety of minds and there should be good leadership for its execution. It is also important to understand that becoming innovative is not binary. Having the right perspective does need to be considered, as there are different types of innovation that organizations can and do pursue based on multiple dimensions, their capabilities, maturity and experience.

Types of innovation

Innovation can be of different types of dimension, the two strongest in today's changing environment being technology and the business model. To innovate we need to work with either new or existing technology and business models. Figure 9.2 shows the types of innovations with examples (Lopez, 2015).

Figure 9.2 Types of innovation

An overview of the four types of innovation seen in Figure 9.2 based on the two dimensions of technology and business model follows:

- **Incremental innovation:** incremental innovation is the most usual form of innovation, and it uses existing technology to increase value to the customer within the existing business model and market. Almost all organizations engage in such incremental innovation in some form as a continuous improvement to their product or services. There are many examples of incremental innovation, as it can include adding new features to existing products or services, such as a new 3-D film from a film company or a new car model.
- **Disruptive innovation:** disruptive innovation includes applying new technology or processes to the existing business model of the organization in the current market. This is the most common form of innovation that many organizations are looking for today, but it's not easy to undertake. These new technologies can be more expensive, have limited or fewer features and are harder to use as usually there are a limited number of knowledgeable experts that understand it. There are quite a few examples of disruptive innovations, such as the disruption caused by smartphones or video streaming over rental DVDs, or using shared taxis such as with Uber, who has started to disrupt the existing market.
- **Architectural innovation:** architectural innovation learns from the current, uses new skills and technology and applies them within a different business model and market. This innovation is incredible at growing new customers, and the risk involved in architectural innovation is low due to the resilience of proven technology, although most of the time it is not easy

to match the needs of the new business model to an understanding of the market. Personalized medicines by pharma companies are the major examples in architectural innovation. Digital imaging is another one that can be included here.

- **Radical innovation:** radical innovation is the type of innovation we typically think of when considering innovation. It gives rise to new business models, industries and markets by involving existing revolutionary technology. It may destroy the existing business model. Radical innovation typically results in a high level of benefits and rewards when successfully achieved, although it can come with a high degree of risk. Jet engines and fibre optic cable are a couple of examples of radical innovation and the list has kept on increasing in recent years.

We have seen four types of innovation that show various ways that organizations can innovate, but there are more ways to innovate than these four. The essential point is to find the type that best suits the organization and results in success, as there is no one way or type that is suitable for all businesses. It is also important for organizations to select the right innovative ideas and look beyond the frontiers of existing technology and business models, and exhibit insights into building opportunities through discovery and the formation of ideas.

In this digital age and growing digital economy, businesses across all industries, sizes and geographies are investing significant amounts of time, money and effort to redefine themselves through digital technology. Until an organization chooses the path of innovation to differentiate themselves, it is very difficult to achieve success, as each of their peers will also be digitalizing in a similar way.

Just going digital would not make a big difference, unless the organization can generate ideas that can be turned into real solutions that eventually increase the delivery of a higher customer experience, achieving the organization's goals and surviving into the future. Many innovative companies create value by owning patents or using innovative methods or technology to boost efficiency, save time, improve customer service and drive results. An organization doesn't need to be the next Google or Microsoft to be innovative; innovation should be embedded in their genes, their culture, as only their own people can drive them towards a better world.

Value creation through digital innovation

Innovative organizations are more valuable than others, and for the same reason investors are most attracted to those organizations that engage in

new technology, go with industry trends and are continually looking for ways to improve their experience, performance and profits. Digital innovations are creating values for organizations such that they can lead with their new organizational thinking and help in becoming better positioned for future growth compared to their peers (Bhide, 2009).

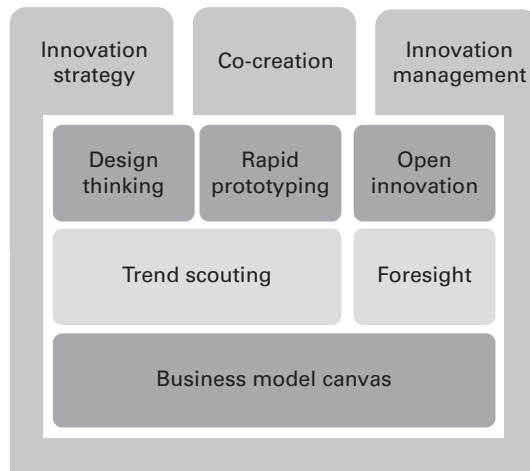
Digital innovations may take many shapes and forms, from new products and services, to radically different business models, as we saw before with the different types, but such innovations are only going to thrive when an organization has a digitally capable culture and structure to make them work. So, for any such initiatives, organizations must start by transforming their cultures and revisiting their structures to overcome the barriers between management and workflows caused by working in silos and lacking the right talent in the workforce.

To go forward with these initiatives organizations also need to create a digital innovation roadmap that can guide the organization's innovation functions and scan their progress. On the one side, organizations need to manage their external and internal data sources and build up an analytics function to achieve improved decision-making; on the other, organizations also need to focus on creating a superior and seamless customer experience across digital by mapping their customers' journeys and experiences with the organization.

There are numerous tools and methods that are useful for digital innovations, and not having them during the journey is definitely a big drawback for organizations. Figure 9.3 shows some important methods and tools needed to work on digital innovation projects and programmes in organizations.

Some of the more common methods and tools are explained below, although others are quite useful as well:

- **Trend scouting:** Trend scouting is a method by which organizations can identify trends that their business can latch on to. There are very different approaches to observing trends, from scientific surveys to consulting the market or using a trend research company to gather information on trends. In the end, organizations can gain knowledge in their own field that they didn't even know existed.
- **Foresight:** Through foresight, one can establish a new way of thinking within the organization while challenging existing models, and this new way of thinking can inspire the organization to new successes. Foresight prepares organizations not only for what may come, but it also reduces complexity and uncertainty within the business. Foresight enables organizations to build a view of the future to drive innovation.

Figure 9.3 Methods and tools for innovation

- **Open innovation:** Open innovation is a term used to describe a distributed innovation process based on purposively managed knowledge flows across organizational boundaries, using financial and non-financial instruments in line with the organization's business model. The open innovation paradigm can be interpreted as more than just using external sources of innovation such as customers, peers and educational institutions.

There are other tools and methods as well that can be involved across the innovation roadmap. What follows is a very basic overview, and each of them adds great value to digital innovation practice for any organization:

- **Business model canvas:** this is a strategic management and lean startup template for developing new or documenting existing business models.
- **Rapid prototyping:** this enables the rapid and inexpensive development of rough prototypes of new products and components that can help foster an innovative design through various iterations and bring the final product to market more rapidly.
- **Innovation strategy:** this is a plan to grow market share or profits through product and service innovation and it's a very important strategy for the organization.
- **Innovation management:** this is a combination of the management of innovation processes and change management needed for any innovation initiative.

- **Innovation process:** this describes the way of translating new and/or existing knowledge into marketable solutions for the innovation journey.
- **Co-creation:** this is a management initiative that brings different parties together to jointly produce a mutually valued outcome.

Digital innovation is impacting every single business function and HR is not lagging behind in this. HR has historically been modest about adopting new technologies and innovations, but the increasing speed of digital adoption and the continued exposure of new trends in HR make this a critical concern for HR organizations. As business leaders are focusing on digitalization to enable a higher-performing workforce, then digitalizing and innovating HR is also one of the top priorities for most organizations.

Innovation in the HR function

HR innovation is not only the next big key to success; it also denotes the journey of HR in adopting new technologies and processes throughout many decades. We have already explored how innovation can be interpreted, its different types and how organizations can start such initiatives. This is not about bringing in something new but could also be something big, bold and game-changing for HR. In the last few years we have come across many such examples, a lot of which have been explored already.

We have explored incremental innovation, and most vendors are now providing better solutions that can fulfil new requirements, specific needs in industries or functions, or existing market needs. But we have also seen the need for other innovations, especially when the changes are happening very quickly in a world of uncertainty. So, let's explore more about how all these are related and can be applied to the HR function.

HR innovation is not only about the execution of new ideas, methods and technologies to better meet the requirements of the organization and its workforce. It also moves forward to take the HR organization to new heights and become fit for the future. So it is important to foresee future needs and situations rather than simply sticking with the present, and all these must be explored as a journey. As mentioned before, there are in fact some remarkable examples, and Figure 9.4 shows the areas of successful HR innovation.

An overview follows of these areas in the HR function with examples that have been impacted by HR innovation:

- **HR innovation in recruitment:** this is one of the most impactful areas in HR with innovative technologies and a lot of investment still going on as

Figure 9.4 Successful areas of HR innovation

the challenge in hiring talent is still considered one of the biggest problems for any business. We can see the impacts in many of the recruitment processes such as sourcing, pipelining, job adverts, screening, selection, candidate access, interviewing, scheduling, etc.

The use of cases such as augmented writing in a job advert, automating pipeline solutions, automated CV screening and candidate selection, automated interview and scheduling are many of the others that are already taking place. The use of chatbots in HR has seen a huge growth as well, especially for talent acquisition. There are possibilities to provide interactions with candidates, and growth has also been seen in process automation and the use of more smart assistants and assessment tools in this area.

- **HR innovation in onboarding:** most attrition happens within the first three to six months after recruitment and the non-existence of a good onboarding process is one of the top reasons for that. Onboarding has evolved more than in the past due to new HR technology that manages the entire onboarding process today. In some cases organization can also have a pre-onboarding session as soon as the candidate has signed a contract. Today, one can organize virtually everything related to the arrival of a new employee, from all the paperwork to the introduction of colleagues, the organization, company policies, to even managing training.
- **HR innovation in learning:** another area where we see a lot of impact on HR innovation is employee learning and development. Most organizations today can offer their workforce on-demand and real-time learning with benefits such as micro learning, mobile learning and integration with Massive Open Online Courses (MOOCs). Many learning programmes can be customized to the preferences of each individual employee and can also be automatically based on their own preferences and performance. With

growing demand for continuous learning, today workforces can access the learning content on any kind of device, from anywhere and at any time.

- **HR innovation in talent management:** to a wider extent, talent management is a very important area not just for HR leaders but also for business leaders. Integrated talent management dashboards give recruiters, hiring managers and business leaders a comprehensive overview of their talent pool and future talent requirements. In most cases, talent management platforms are very integrated with talent acquisition, learning and development, performance management, compensation, workforce planning, succession planning and many other areas. This enables leaders to communicate, collaborate and nurture their talent in order to plan for the future.
- **HR innovation in performance:** performance management has been evolving a lot in recent times, such as in the old ways of appraisal: the yearly appraisal. Many organizations have started understanding the importance of regular feedback to performance management, including 360-degree feedback. The new solutions can track an employee's progress and give valuable insights into it to leaders and be well integrated into other areas such as succession planning, compensation and more. This also enables managers to support their employees whenever necessary and help to create a better culture.

These are only a few examples, but there are in fact many changes going on within each HR functional area in terms of innovation and digital technologies. Apart from these successful areas, HR innovation and its trends have been continually evolving in many other areas and processes for a long time. We will explore these to understand where they are coming from and where they are going.

There has been a huge shift in HR over recent times to move it from being just an administrative function to becoming a key strategic player in the business. This transformation is neither easy nor going to happen very quickly. In early transitions towards innovation, the HR function has been seen as progressing more towards accountability, and the focus has been on people and dealing with the war on talent. Investment has been seen attracting, developing and retaining talent to achieve competitive advantage.

Evolving HR trends in innovation

There has been a lot of involvement in benchmarking, health and safety, and employee assistance for better work practices than in earlier decades. Going forward, the psychometric market has become more prominent, with

changes proposing different tests and all claiming to be the best way to understand people. This has been further transformed into assessments and employee engagements. More investment has been seen in areas such as onboarding, performance, and learning and development, which we have already explored. Gradually, HR innovation will shift more towards the productivity and engagements dimensions in many organizations.

When we move on and look further at HR innovation, we can see more and more dimensions are being activated in parallel, such as focusing on employee experience. Organizations that are investing in employee experiences usually outperform those that are not, and this is not only impacting the usual employee lifecycle, talent acquisition, leadership and compensation but also the workplace, culture and organizational journey, as we have explored in previous chapters on this. This is also one of the most common dimensions that organizations are focusing on currently.

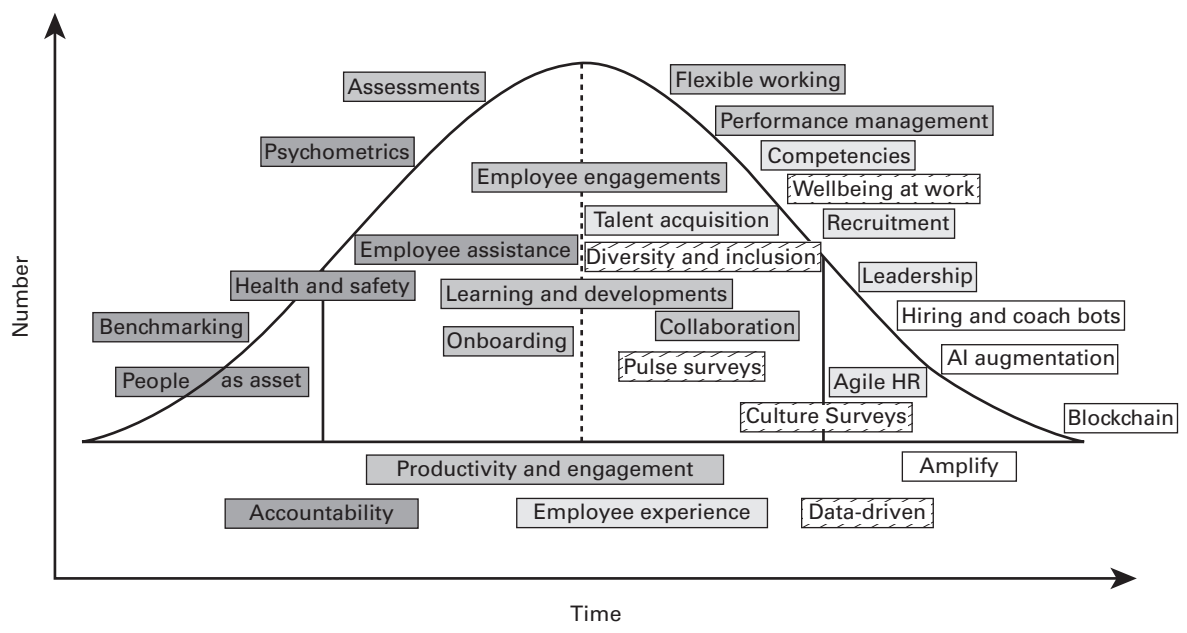
The next two dimensions of HR innovation are pretty new and are already being seen as the most impactful of all, as they can help HR to move into a more strategic role. The HR organization has already start preparing to change its mindset, embrace a more data-driven approach and work in partnership with the business and the workforce. Data-driven HR can embrace the use of analytics to optimize their workforce through better decision-making and creating real business value. Figure 9.5 shows an HR innovation curve based on the five dimensions currently used.

A lot of investment is going on in the area of people analytics, together with pulse surveys, cultural analytics, wellbeing, diversity and inclusion. Although these are not new areas, with the data-driven approach, these are making some high-end moves in their evolution. As we move into the future, we will also likely see AI becoming more prominent in other areas of HR. AI can help reinvent and automate some of the tedious, repetitive processes in HR, allowing the HR function to spend more time creating a positive work environment and building relationships with workforces, leaders and business.

Also, evolving technologies such as blockchain can make a huge difference in dealing with trust, data ownership, the gig workforce, etc. This dimension has already started contributing a lot, whether it be through AI, augmentation, automation or ongoing changes in the future of work. We have already explored these in our previous chapters dedicated to these areas and trends.

The purpose of this HR innovation curve is to understand how HR has been evolving over the years and show exactly where we need to be focusing

Figure 9.5 HR innovation curve



our efforts to build the right future for HR, the workforce and the organization. This progressively digital world is going to challenge humans in innovating beyond technology, as not losing the human experience is very important in the VUCA world, and all these lead to a new form of leadership and diversity for the future organization and workforce.

Leadership and diversity in this VUCA world

In this digital era of uncertainty and constant change, leaders need to be optimistic about not knowing all the answers, and rather be comfortable in developing trust, understanding where they are and who to ask for help. Leaders need to be the role models for others and need to pass on positive vibes, confidence and trust to their teams. Today, leaders need to act more like ‘servant’ leaders and bring more empathy and understanding to their people and be positive agents for change in the ongoing transformation of the business.

We have already explored VUCA at the beginning of the book, but as a reminder the acronym describes the world we live in today. VUCA stands for volatility, uncertainty, complexity and ambiguity, and today’s business leaders have no choice other than to create the urge to embrace it. If leaders don’t prepare themselves to lead effectively in this constantly changing environment, they will simply be kicked out by others.

One very important aspect is to increase agility in the leadership and increase the space to bring back the human facets of leadership. In their book, *Leadership Agility*, Bill Joiner and Stephen Josephs mention an eminent validated leadership model that explains exactly this. The research discussed in the book indicates that only about 10 per cent of managers have mastered the level of agility needed to be consistently effective in the chaotic global workplace.

Leadership agility

In this digital economy, leadership agility is vital for enduring sustainability and hence organizations need leaders who have the ability to influence in a complex and rapidly changing world. Current leaders need to build the required capabilities and skills to become a more agile leader, so that they are flexible enough to manage the changes, teams and decisions about challenging situations. According to the research by Bill Joiner and Stephen Josephs

there are three levels of leadership agility most prevalent in today's organizations: expert, achiever and catalyst, and the first two levels account for almost 90 per cent of leaders (Joiner and Josephs, 2006).

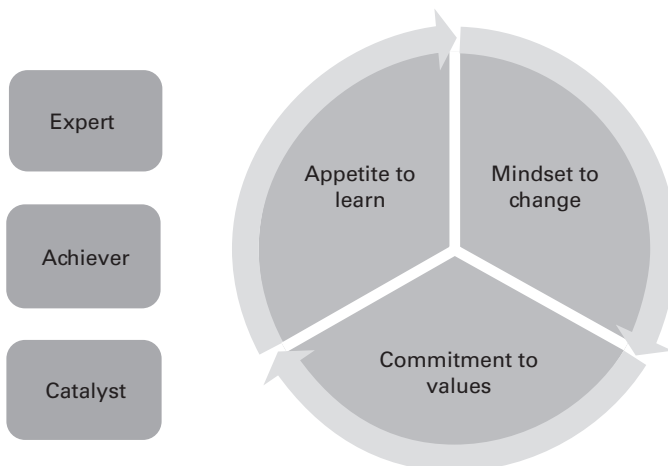
The expert level includes skills such as prudence and problem-solving, and they emphasize their authority such that others follow them. The achiever level has a strategy and outcome orientation; they motivate others by offering challenges and including them in contributing to the organization's objectives. The catalyst level has visionary and influence capabilities as skills, and they communicate an innovative, inspiring vision and bring together the right people to make that happen (Lau, 2017).

Figure 9.6 shows these levels together with principles such as the appetite to learn, the mindset to implement change and the commitment to values as the strategy for leadership agility.

Next are three leadership principles that will help leaders to lead successfully in times of uncertainty:

- **Appetite to learn:** In this ever-changing era, where knowledge is also changing at a rapid pace, leaders need a huge appetite to learn, more specifically, they need to learn, unlearn, and relearn, and this is a continuing process to embrace the future. Learning is relevant to leaders from the outset, not only to be successful in the present but also to foresee the challenges in the future. This learning can't be completed unless they are also eager to unlearn so that they can bring innovation and new ways of exploration. They also need to follow this unlearning by a relearning process in order to thrive.

Figure 9.6 Strategy for leadership agility



- **Mindset to change:** In this VUCA world, change is the only constant and it's all about how we can accept, adapt and manage it. The most difficult is the first part, in other words accepting the changes. Effective leaders don't resist change, rather they embrace and support it in its execution. For leaders, this mindset is very important and great leaders change before change is even needed, to stay ahead of others in respect of influencing innovation. This can help leaders to enhance their leadership capabilities to build strategies, optimize processes, contribute to the culture and mitigate risks to manage uncertainty.
- **Commitment to values:** The opportunities for ongoing change are huge, but without a purpose it does not make any sense. So, unless leaders create the right vision and purpose for the people and the organization, they won't be able to prepare well and ready their organizations for what the uncertain future may hold. Leaders need to commit to the values to do the right thing for the people and the organization, and it also helps to know what needs to change and what does not. A good understanding will help leaders to build long-term sustainability in the organization for the future.

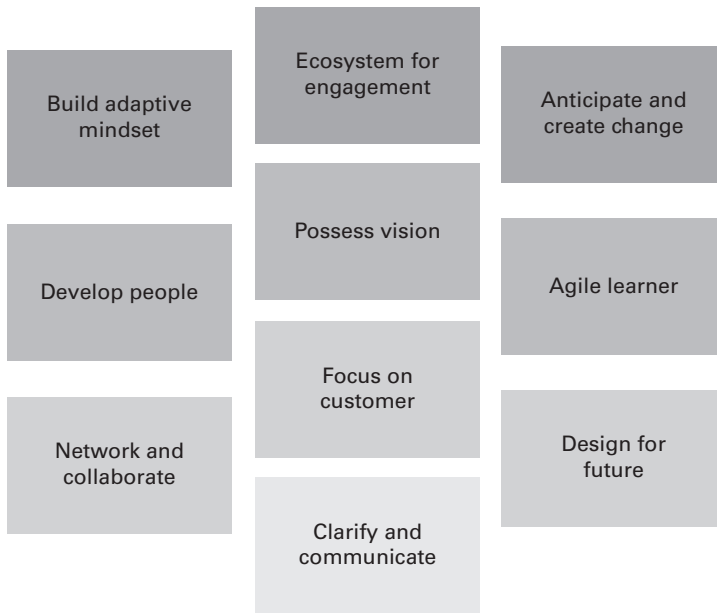
It may be very challenging for a leader to prepare themselves for such strategies unless they have the right competencies, as highly developed readiness competencies and skills are key to success.

Leadership competencies for VUCA

Today, many organizations are investing in executive coaching for their leaders. If done properly, this can help leaders to excel in creating a vision, engaging others in it and sharpening their readiness skills to thrive in a VUCA world. Organizations should build specific goals to achieve an effective coaching approach that can focus on a variety of skills and competencies that will be needed in preparing them for the future. Figure 9.7 shows the primary competencies for leadership in VUCA (Vora, 2015).

What follows is an overview of some of the essential competencies and skills leaders need to thrive in a VUCA world, as outlined in Figure 9.7:

- **Build adaptive mindset:** One of the very important competencies and effective approaches for leaders to deal with constant uncertainty is to build an adaptive mindset that will help them to steer successfully through the network of VUCA. Today adapting to change is a critical skill, and for leaders it is crucial that they drive and influence those changes with the right mindset.

Figure 9.7 Primary competencies for leadership in VUCA world

- **Ecosystems for engagement:** Engaging the workforce is one of the primary causes of increased business performance and results, growing productivity, retention and wellbeing. Leaders must create an environment that can provide an inherent motivation to the workforce by building an ecosystem of trust, integrity, commitment, transparency, collaboration and positive influence.
- **Anticipate and create change:** As the changes are constant and happening very quickly, leaders should have the ability to foresee them in a proactive way rather than being reactive. Leaders must anticipate and drive the changes and must involve the workforce in the change process from the outset, directing the priorities and executing changes in a pragmatic way throughout the journey.
- **Develop people:** Today the best leaders are those who can build more leaders for the future, and therefore they need to invest their time in developing people to make things work. Leaders should be role models in their behaviour as they pursue, serve and coach people in building their skills and influencing them to become motivated to engage and perform for the organization with opportunities for their growth.

- **Possess vision:** To thrive in this digital era, organizations need to have a clear vision of where they want to be, and leaders play a vital role in creating this vision for the organization and workforce. A captivating vision is an important factor for success, building the right strategies, driving decisions and providing a purpose for the people to motivate, engage and perform.
- **Agile learner:** The rapidly changing environment demands continuous learning, and leaders must learn every day in their jobs about what they need to build to create good habits to boost learning agility. To become an agile learner, leaders need to be more flexible, curious and open to new ways of thinking that can eventually lead them to success.
- **Network and collaborate:** To be more sustainable within the changing context, leaders need to collaborate relentlessly within and outside the organization, which will help leaders in our diverse communities to resolve complex challenges in a more substantial way. For this, leaders need to develop networks in a way that builds relationships and strengthens associations for successful work and goals.
- **Focus on customer:** Focusing on customers is generally a robust contribution to a business's success in terms of making customer satisfaction and centricity a priority. To achieve effective results, leaders need to continually listen to their customers, communicate clearly with them, engage them more profoundly and build a long-term relationship with them, all of which will certainly add value to their customers.
- **Design for the future:** During periods of constant change, leaders need to focus on building a better future proactively and for that they need to involve themselves in reconsidering change in current organizational structures, methods and processes. To design the future, leaders also need to focus on the purpose, their workforce and experiences.
- **Clarify and communicate:** One of the top competencies for leaders is to communicate effectively with their workforce and stakeholders, in addition to providing clarity to avoid multiple interpretations. This clarification and communication are continual processes, and leaders must constantly remind people of what is important in the meaning of their work and the underlying vision.

There are no silver bullets for leaders in the VUCA world. As we have already explored, leaders always need to be adaptive to change that is happening and prepare themselves for the future as well. Also, the future is not so

far away, as many things are already occurring now, and leaders must be ready to shift their mindsets, values and organizations to achieve superior results. It is also equally as important to emphasize workplace diversity and inclusion when considering their workforce and bringing innovation to the organization.

Workplace diversity and inclusion in the VUCA world

The era we are living in now, the VUCA world, demands that today's workforce be more agile, fast, innovative, collaborative and adaptive to thrive. The workforce must also be diverse and inclusive in order to reach successful high-impact verdicts in such an uncertain world. Both are critical to organizations and leaders. Today, fostering diversity and inclusion is a catalyst for success and a foundation for driving innovation in the organization.

Organizational diversity in the workplace refers to the differences between various people interpreting personal traits such as age, gender, race, marital status, ethnic origin, religion and many other qualities. Diversity is also about differences in education, personalities, lifestyles, perspectives, opinions, family composition, skillsets, experiences and knowledge bases, and organizations need to consider the full spectrum for their workforces (Bourke *et al*, 2017).

Today, diversity is also perceived differently by generations, as we have multi-generation workforces, some taking diversity to mean the differences as mentioned above and others viewing workplace diversity as uniform and of fair composition regardless of demographics and its relationship to business results. In the end, diversity has no meaning unless the different aspects are being heard, convincingly considered and people's opinions integrated into the results.

Driving innovation is a proven strategy to thrive in a VUCA environment, as innovation creates the new value that is needed in the fast-changing context. It has been seen by many organizations and researchers that diverse teams bring more creativity and innovation into the workplace. So combining diversity and inclusion within an organization's innovation strategy and roadmap ensures success in dealing with the constant changes. Hence, organizations need to bring innovation into their DNA.

Today, for many organizations, building diversity throughout an organization is seen as a mandatory decision. A lot of them are bringing about diversity in their people and HR strategies, as it brings a huge benefit to organizations in boosting performance and efforts towards building a better

society. The right approach can also help organizations and leaders to drive their employee experience and innovation programmes with a diversified workforce.

Organizations need to come out of their comfort zones and make the workplace an environment that everyone is encouraged to join and to express their ideas. Inclusion is no doubt a crucial factor for workplaces today in growing and sustaining business. In this perspective, inclusion is different from diversity as the latter just means that differences in workforce characteristics are not enough unless they feel welcomed. Inclusion is very much dependent on the organization's culture and assesses how the workforce is valued, respected, approached and encouraged to contribute to the organization.

It is vital for organizations to understand the importance of inclusion to create a better culture with the right behaviours, appreciation, inclusion and integration in the diverse workforce. Organizations and their leaders need to comprehend the various attributes in respect to demographic, social status and others, as we have explored before, based on all the levels and roles in the organization. In a similar way, organizations also need to provide a collaborative, understanding and respectful environment that increases the contribution of the workforce.

Diversity and inclusion strategies

Diversity and inclusion should be part of an organization's mission, strategies and execution, not just to build a diverse workplace but also to leverage the benefits from them for the organization's success in this digital era. They provide a great opportunity for organizations to establish a society with fair opportunities for all, and therefore they need the right strategies and approach to diversity and inclusion. Some of the vital strategies and approaches required are shown in Figure 9.8.

As we can see from Figure 9.8 diversity and inclusion already incorporate practice, which is important for every organization. Today, the workforce certainly appreciates fair treatment, respect, equal access to opportunities, and being agile and flexible, which enable workers to increase teamwork, collaboration and enhance innovation and creativity. Organizations need to make sure that they have representations of diversity at all levels, with proper education and training in place. They should enforce these practices, which should be welcomed by everyone in the workplace and help organizations to build the right culture.

Figure 9.8 Strategies for and approaches to diversity and inclusion

To form such practices, organizations must have the right strategies and approaches to encourage them. Many organizations are already focusing on diversity and inclusion programmes, but these must be led and sponsored by a top leader. Organizations must create the respective behavioural standards and leaders should take account of the results. These can be supported by expanding employee networks and communities internally and externally as well.

Diversity and inclusion are very affected by individual bias within a company, mostly in terms of unconscious bias, so organizations must also provide effective training to all their workforce to make them aware of it. When considering overall strategies, it is also important to integrate diversity and inclusion strategies in recruitment, performance management, leadership assessment and training. All these certainly lead to the building of a culture in the organization that can sustain innovation.

Establishing the innovation culture

We have already explored in the previous section how a culture is the foundation of future innovation and transformation, and organizations must prepare themselves to create an innovation culture that requires new leadership skills, contemporary people skills, modern processes and a dedicated purpose where people can build opportunities from the ever-changing contexts. But building such a culture is not easy, as it is difficult to define an innovation culture and equally difficult to achieve it.

Today, organizations need to be innovative and they know this already because of the ongoing uncertainty and market shifts occurring due to disruptions. Leaders are starting to feel anxiety about the future, about trying different ways, and experimenting and investing, but not all are surviving, which makes for a high degree of uncertainty in business. Innovation is always driven by the attitude that an organization must create competitive advantage by reinventing itself in order to survive.

The difference with innovation culture

We explored culture in previous chapters. The culture of an organization mainly determines the relationships and behaviours of its workforce within the organization. Culture is not openly visible; it can only be manifested through values, norms, beliefs, attitudes and even knowledge that the workforce shares collectively.

On the other hand, an innovation culture describes a form of organizational culture that is primarily considered to influence the enforcing of innovation within the organization. A positive innovation culture creates motivation for the workforce to bring its creativity and encourage innovation capabilities in the organization. An innovation culture helps organizations to reduce uncertainty to some extent, and it can at least provide a way to handle the impact of uncertainty together as a team.

An innovative culture enables people to be flexible, helps them to become more curious and creative, provides an ability to visualize what is sustainable with more passion and finally get ready for the future. To shape such a culture, organizations need to be more focused on upcoming opportunities that can eventually drive process efficiency and increased productivity for the business. Organizations need to activate the drivers to create the innovation culture, with an emphasis on the right aspects. Figure 9.9 shows the drivers and dimensions for a culture of innovation (Ishak, 2017),

The main drivers for creating an innovation culture, as shown in Figure 9.9, are vital for organizations in any context. Positive collaboration among people within the team and cross-functional team is one of the primary drivers where organizations should place more emphasis from the outset. This can certainly help to encourage creativity and make the workforce feel more challenges in their jobs.

Another important driver to enable an innovative culture is to provide an environment of flexibility within the workforce where they are allowed to take risks in order to thrive. To do this people need huge support from top

Figure 9.9 Drivers and dimensions for a culture of innovation

leaders and management so that they can concentrate on bringing in new ideas and driving innovation. Going from effective control behaviours to a growth mindset is likely to be the biggest challenge in creating an innovation culture.

Figure 9.9 also shows three dimensions for a culture of innovation that influence each other a great deal. These are described below:

- **Potential:** to generate new ideas and convert them into sustainable innovations, organizations must influence their workforces to develop and evolve their creative potential. Being creative is not only an advantage for individual people but creates an option for the entire workforce within the organization to maintain a culture of innovation. This needs the constant involvement of an innovation-driven mindset together with a demand for continuous learning.

Organizations need to make innovation culture a top priority and focus on new trends and future opportunities. People should learn new methods and tools for evaluating new ideas, utilize new technologies and build diverse knowledge across cross-functional teams for better collaboration. The ever-changing context also demands the need for engagement within a community, with strong cooperation among organizations, educational institutions and experts.

- **Readiness:** organizations can't activate innovation suddenly unless they regularly motivate their workforce to establish a long-lasting culture of innovation that drives the workforce to think out of the box and develop

innovations from their ideas. Organizations and their leaders need to raise awareness of the importance of innovation to the organization, be open to new ideas from their people and encourage change with the ability to learn from their mistakes by adopting a more risk-taking attitude.

Leaders must provide an environment for their workforce that can deliver a continual motivation and appreciation of their contribution towards innovation. An innovation culture also demands dedicated roles within leaders and the workforce with a new directional leadership mindset. As we have already explored in previous chapters, a growth mindset among leaders is what the organization needs today to enable a constant learning environment, with an ability to learn from each other.

- **Opportunity:** organizations and their leaders must allocate dedicated time to their workforces and create enough budget to explore different ways for innovation. Leaders need to define clear goals, responsibilities and strategies to drive innovation, with effective communication across all levels and by creating efficient decision-making structures. Within an organization, a framework of appropriate circumstances is needed that can provide the workforce with the opportunity to think and act innovatively.

The right culture of innovation also needs to involve their workforce in the innovation process right from the start and adopt a diverse mindset. Organizations need to focus on the entrepreneurial initiatives from their workforce, in which they should be free to present any idea that can impact the business in a positive way.

An innovation culture is certainly making a huge difference in the ways of thinking and working. This can build a serious need within the organization to encourage innovation and release people to foster their human capabilities with more creativity and a growth mindset.

One of the most important aspects for the organization is to define an innovation strategy, which can certainly help in deriving what kind of innovation culture is required for the organization. Once the organization can define the desired target innovation culture and which behaviours are expected of its leaders and workforce regarding innovation, they can also start measuring it effectively.

Creating a culture of innovation

There are many barriers to creating a culture of innovation. The critical ones are insufficient leadership support, the absence of an innovation strategy, an understanding of the appropriate culture needed for innovation and the lack

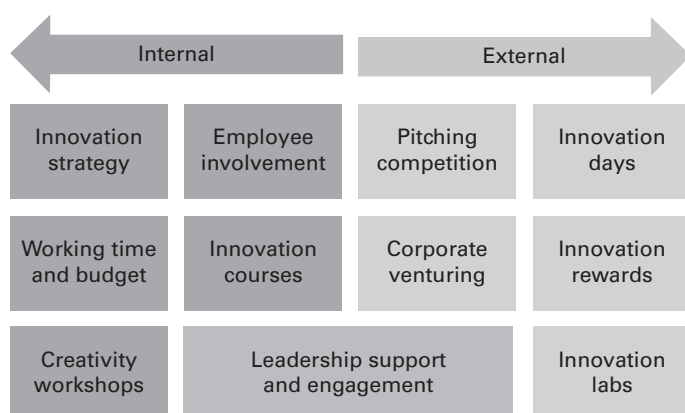
of engagement by the workforce. If organizations consider them seriously, then there are simple efforts that can be made to enhance the culture of innovation. They can be easily implemented with few barriers and have a very positive effect on the culture of innovation.

An innovative culture starts with a new way of thinking, especially when an innovative culture doesn't yet exist in the organization. How an organization can make it happen and how organizations develop an innovation culture certainly depend on the approaches that are needed for innovation in the organization. Figure 9.10 shows several approaches to creating a culture of innovation.

Below is an overview of the approaches as shown in Figure 9.10. These approaches can be divided into internal and external contexts, along with the common approach of leadership support and engagement, which we have already explored before. First, the internal approaches:

- **Innovation strategy:** the most important part of driving any innovation within an organization is to build an innovation strategy that sets the direction and framework for going forward, with clear expectations and goals, and explicit communication across the organization.
- **Employee involvement:** involving the workforce from the very beginning is necessary to create a culture of innovation, and leaders need to make sure they communicate the right innovation strategy to their people, with a clear understanding about their responsibilities and expectations.
- **Working time and budget:** organizations need to set specific working times for their workforce to work on innovation and their own ideas,

Figure 9.10 Approaches to creating a culture of innovation



along with a dedicated budget. This can generate enormous potential and motivation for innovation among the workforce.

- **Innovation courses:** workforces need to know what innovation means for the organization and for them, and how they can contribute. To be creative and innovative, workforces also need to acquire the right skills and knowledge, so appropriate innovation courses are good options for this.
- **Creativity workshops:** apart from awareness and knowledge, workforces also need to be involved in creativity workshops, to learn more about ideation and imagination processes with tools such as design thinking, which help them to develop new ideas and solutions.

Today, organizations can only thrive when they continue their learning agility beyond internal collaboration, contributing also to the community and learning from one another externally as well. Below we discuss some of these external approaches:

- **Pitching competition:** there is nothing better than pitching your idea in front of others, where the best idea wins an award and is processed further. Using the form of a competition, people can ask to develop ideas and learn from others, and finally contribute their creativity to an external community.
- **Innovation days:** innovation days are becoming very common in organizations and can focus on activities such as bringing the latest innovations, hackathons, ideas workshops, barcamps and other events. These provide a huge opportunity to bring a large population under one roof.
- **Corporate venturing:** corporate venture establishment aims to fast-track the growth of startups through a full alignment with the corporation's mid- to long-term strategy, scaling, innovating and attracting top talent, along with bringing an entrepreneurial mindset to the team.
- **Innovation awards:** innovation contests and awards are the very best way to motivate and influence the best talent to enable creativity and drive innovation. The major factor is not some monetary benefit in most cases, rather the public recognition and respect they bring.
- **Innovation labs:** innovation labs are dedicated to outsourcing innovative initiatives and are free from the usual obstacles and barriers to enable participants to think outside the box. These labs are not only an organizational innovation unit but also a workplace where people can go to use the infrastructure and boost their creativity.

With strong support from the leadership, today's organizations need to encourage their talent and workforce to spend their time creating and executing innovative ideas. In addition to business leaders, HR organizations play a very vital role in contributing to the creation of a culture of innovation.

Role of HR in innovating culture

As HR is moving progressively towards a strategic role in organizations, it will be important that the contribution from HR organizations should be more on innovation throughout the organization. One of the most prominent ways for such contributions is by shaping the organization's culture of innovation. The HR functional areas that have the more strategic tasks are more notable in providing the benefits of culture formation.

When HR organizations commit to creating and conserving the desired corporate culture of innovation, it's very important that creativity and innovation should become important key indicators of performance, success and growth for the organization. This also requires a deep perception of the awareness of typical components of an innovative culture.

Once organizations have a proper awareness, they can hire the right creative talent that can contribute to this culture as well. These talents must be developed, managed and recognized as being part of the organization's DNA, and HR can certainly take a big initiative here. There's no universal recipe for creating an innovative culture, but there are key elements that lead to being able to achieve this goal, as we have explored in previous sections (Camps, 2017).

Important also is the decision to integrate innovation into the existing culture when considering it alongside the approach to constant change and adaptation. This drive to transform into a new, mature culture is necessary to make the culture evolve. As it is not a common method of accepting change, organizations can meet with huge resistance to such changes, so both leaders and HR must be ready and should consider the questions that arise when driving a culture of innovation, as shown in Table 9.1.

When we talk about fostering innovative cultures, during the entire journey it is important to raise questions on how to encourage innovation in relation to the HR function. In respect of the culture of innovation, HR organizations can also contemplate their functions and processes, and keep optimizing them by bringing more innovative solutions and leveraging new creative ideas. Corporate culture is certainly not the responsibility of HR and business leaders alone; the entire workforce is equally accountable for

Table 9.1 Questions to consider for a culture of innovation

Questions to consider	Check
• Is the importance of innovation constantly communicated?	<input checked="" type="checkbox"/>
• Do leaders lead by example when demanding innovative behaviour?	<input checked="" type="checkbox"/>
• Are we hiring creative people who can contribute to influencing an innovative culture?	<input checked="" type="checkbox"/>
• How can we create an environment that makes people feel comfortable to take risks?	<input checked="" type="checkbox"/>
• Do we offer any training and development in creative skills?	<input checked="" type="checkbox"/>
• Are we encouraging the workforce by rewarding and recognizing innovation?	<input checked="" type="checkbox"/>
• Does our performance appraisal system include innovation?	<input checked="" type="checkbox"/>
• Do we have workspaces that embrace creative thinking?	<input checked="" type="checkbox"/>
• How does HR drive innovation? Is HR innovative?	<input checked="" type="checkbox"/>

the cultural contribution in the organization. HR leaders can make a big impact in determining whether the organization is culturally accustomed to innovation.

Innovation has been recognized as a critical capability in many organizations. It is the responsibility of leaders and HR organizations together to predominately work to ensure the people within the organization develop this competency and lead the transformation of the workforce and the organization. This is a must for organizations to attain a sustainable evolution and contribute to a fairer society.

Summary

Know how to unlock the new values with innovation within an organization:

- Today, creativity is not limited to research or to any one dedicated team; new ideas can be brought by any individuals or teams and can materialize in numerous forms and across many functions, not only for startups but also for enterprises.
- Innovation is to do with originality that can increase efficiency and considerably affects organizations, workforces and society to create a better future. It has no meaning unless it has been applied successfully to the business.

- Innovation can be of different types based on the dimensions of technology and business models, and include incremental, disruptive, radical and architectural innovations.
- Digital innovations may take many forms from new products and services, to radically different business models, but such innovations are only going to thrive if the organization has a digitally capable culture and structure.
- HR innovation is not only about new ideas, methods and technologies to better meet the requirements of the organization and its workforce but is also about moving forward to take HR organization to new heights and be fit for the future.

Outline the leadership and diversity benefits in this VUCA world:

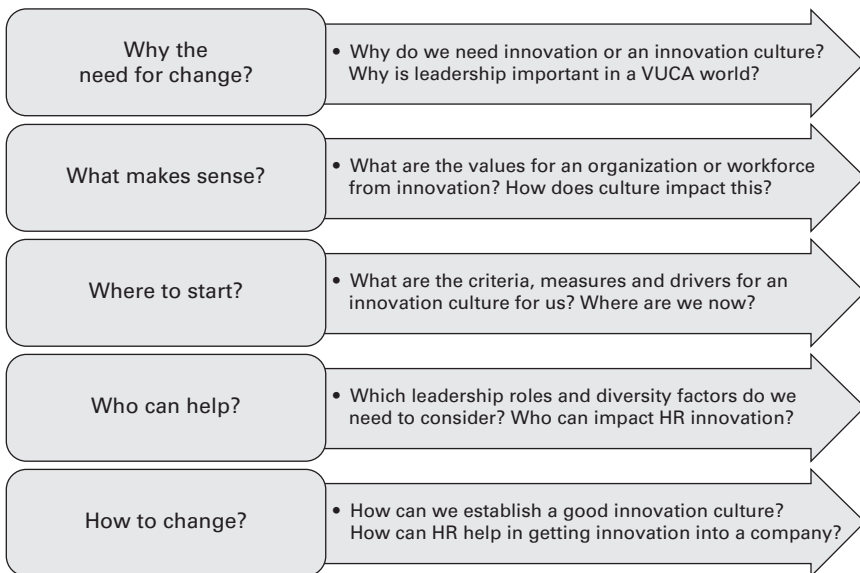
- In this digital era of uncertainty and constant change, leaders need to be optimistic about not knowing all the answers; they should be comfortable in developing trust in why they need to do this, where they are and who to ask for help.
- Today, many organizations are investing in executive coaching for their leaders. If done properly, this can also help leaders excel in creating a vision, engaging the workforce and sharpening their readiness skills needed to thrive in a VUCA world.
- In this digital economy, leadership agility is vital for enduring sustainability, and organizations need leaders who can influence in a complex and rapidly changing state and have the capabilities and skills to become a more agile leader.
- The VUCA world demands that today's workforce be more agile, fast, innovative, collaborative and adaptive to thrive. The workforce must also be diverse and inclusive to make a successful impact.
- Diversity and inclusion should be part of the organization's mission, strategies and execution, not only to build a diverse workplace but also to leverage the benefits from them in the organization's success in this digital era.

Explore ways to establish an innovation culture:

- Innovation culture describes a form of organizational culture that is primarily considered to create motivation for the workforce to bring out their creativity and encourage innovative capabilities in the organization.

- A culture of innovation is part of the corporate culture and defines the framework for every innovative activity that an organization requires to enable their leaders and workforce to build a constant learning context.
- There are many barriers to creating a culture of innovation, the critical ones being insufficient leadership support, the absence of an innovation strategy, knowing the right culture needed for innovation and not engaging the workforce.
- HR is moving progressively towards a strategic role within organizations, and it's important that HR organizations should contribute more on innovation throughout the organization by shaping its culture of innovation.

Time to act



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A sustainable evolution and a fairer society

10

Objectives

- ✓ Know the importance of caring for sustainable development and creating a fairer society in the digital world
- ✓ Explore the growth and changes in the ecosystem and social capital
- ✓ Understand community-driven learning in respect of organizations

Caring for sustainable development and creating a fairer society

The growth in digital technologies and digitalization is playing a key role in accelerating access to knowledge, economic growth, the reskilling imperative, equality and diversity in terms of involvement by different groups and demographics, institutional accountability and new opportunities for innovation across all industrial sectors. These digitalization initiatives are also revising the rules of competition by keeping those organizations most at risk of being left behind away from disruptive rapid change.

This increasingly competitive environment is posing significant challenges to many of these organizations, as most of them today are struggling to adapt to the changes. As a result, they fail to create the state that can lead to sustainable development over the long term, thus affecting the capabilities of their workforces as well, as the perspective on sustainable change and development in organizations sees a clear connection between competitiveness, productivity and social sustainability. Organizations must look for inclusive growth and at the same time foster conditions that are favourable

to society, with the focus being to create more and better jobs when considering all the ongoing changes related to the world of work.

Dimensions of organizational sustainability

Organizational sustainability is often misinterpreted as meaning primarily financial sustainability. This occurs because when an organization becomes unsustainable, this shows in its financial performance. There are many dynamic dimensions that must be sustainable in an organization, and if the organization can manage these primary dimensions properly, they can have a greater positive impact on organizational sustainability.

In this growing digital economy, traditional organizations will need to transform their cultures and ways of working as well if they are to succeed in the digital world. This transformation should not just happen once as they need to become comfortable with constant change during their journey of transformation. For that they need to consider different dimensions to achieve organizational sustainability (Cahill, 2018).

Below are the primary five dimensions of organizational sustainability:

- **Strategic sustainability:** one of the most important considerations for strategic sustainability is to have a realistic purpose and vision for the organization, aligning the top team behind it and communicating it clearly and compellingly within the workforce. The right strategic planning determines basically where an organization is going over the next year or more and how it's going to get there.
- **Business sustainability:** while strategic planning is planning for the entire organization, business planning is focused on a product or service. Business sustainability is key to any business today when considering ongoing disruption in business models and the constant changes in market opportunities. Organizations need to build a better framework for planning that enables this to happen, and this is likely to mean fundamental changes in their operating model and structure.
- **Workforce sustainability:** workforces need clarity about the vision of the organization, including their role in delivering it, their place in the structure, their job description, the metrics by which they'll be measured, and the rewards and opportunities for achieving these. For a sustainable workforce and to keep it motivated, organizations must focus on their staffing, retaining and development processes and consider new ways of rewarding, performance measurement and skills management.

- **Financial sustainability:** whenever the other dimensions are not effectively addressed, symptoms then show up in the finances that effectively spell trouble for an organization's success and sustainability overall. So the right financial controls to ensure integrity in the financial processes and transactions are very important to create better financial management and are a must have for financial sustainability for the organization.
- **Digital sustainability:** digital sustainability is needed by organizations to adapt to the changing market conditions at speed, and this helps organizations to decide, implement, learn and iterate quickly. This sustainability also focuses on bringing solutions to market quickly and then evolving them based on feedback. This also emphasizes investing in the workforce, developing agility, learning from experience and performing in a constantly changing environment.

Sustainability is a holistic approach and an organization that is pursuing sustainability must have a comprehensive and coherent sustainability strategy. Once organizations start understanding the different dimensions, there is a greater possibility of them developing a broad and coherent strategy towards accomplishing them. This will consequently drive them towards sustainable development.

The sustainable development approach is therefore playing an important role in evaluating impacts, expediting change and fostering knowledge transfers in organizations. There are huge opportunities as well to use digitalization to achieve the sustainability strategy goals in order to position them as the enablers of sustainable development.

Sustainable development for organizations

The Sustainable Development Goals adopted by all United Nations member states in 2015 are the blueprint to achieve a better and more sustainable future for all. They address the global challenges we face, including those related to poverty, inequality, climate, environmental degradation, prosperity, peace, innovation, economic growth and many others. The goals are quite interconnected and most of them are also effective for an individual organization to achieve and respond to. Figure 10.1 shows the sustainable developments that are important for organizations across three dimensions.

Below is an overview of each sustainable goal based on the dimensions. The first level of dimension is based on the individuals and teams in an organization, whereas the next level is directly based on the organization and

Figure 10.1 Sustainable developments for organizations

Individuals and teams	Good health and wellbeing	Quality education	Gender equality	Reducing inequalities
Organization and industry	Industry, innovation and infrastructure	Decent work and economic growth	Responsible consumption and production	Partnerships for the goals
Environment and context	Sustainable cities and communities	Climate action	Affordable and clean energy	Peace, justice and strong institutions

industry. The final dimensional level determines the environment and the context related to an organization (UNDP, 2015).

Individuals and teams

Good health and wellbeing for people: *‘Ensure healthy lives and promote wellbeing for all at all ages.’* Good health is essential to sustainable development and it also needs to be considered in terms of the widening economic and social inequalities, rapid urbanization, threats to the climate and the environment.

Wellbeing for the workforce is a key factor in determining an organization’s long-term effectiveness, as healthy organizations, culture, climate and good practices create an environment that can encourage employee health and safety. Wellbeing and burnout have been a big challenge for workforces around the world and we need to take care of these to create a better future.

Quality education: *‘Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.’* Ensuring quality education is the foundation to creating sustainable development and to improving the quality of life, together with developing innovative solutions to the greatest problems.

The changes in the world of work require a robust system of lifelong learning and education, and it is now already part of our jobs, whatever they

may be. Today, any activities and tasks that are repeatable or predictable, can be achieved by some form of technology and, therefore, organizations need to think differently about what works well for their workforces.

Gender equality: *‘Achieve gender equality and empower all women and girls.’* Gender equality is vital for any economic development, and workforces need to consider equality in respect of their rights, responsibilities and opportunities, irrespective of their gender for a sustainable world.

Gender inequality in organizations is a tangled experience that can be seen in organizational structures, processes and practices, and organizations need to play an important role in overcoming these impediments in their workforces.

Reducing inequalities: *‘Reduce income inequality within and among countries.’* To reduce inequality, policies should be universal in principle, paying attention to the needs of needy and marginalized populations.

Increasing income inequality could be the result of factors like globalization, technological advances, deregulation, and other institutional factors. The impact from this inequality include higher rates of health and social problems, and lower rates of social goods, a lower population-wide satisfaction and happiness. Organizations need to be involved in reducing this in their countries.

Organization and industry

Industry, innovation and infrastructure: *‘Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation.’* For any sustainable industrialization, there is a need to build an adaptable and robust infrastructure that can help to bring innovation into industries and sectors and is driven by organizational innovation.

There is intensive growth in the number of new industries, businesses and technologies, and to successfully implement innovation, organizations need to know how to build an innovative culture and holistic approach where everyone can think independently and contribute.

Decent work and economic growth: *‘Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.’* As the new world of work is taking hold, it is very important for organizations and workforces to understand the importance of decent work and developing opportunities with entrepreneurial mindsets.

Entrepreneurship is important to economic development, and the benefits to society and the economy are huge as it brings innovation, provides new

job opportunities, increases competitiveness, grows productivity across organizations and helps grow the global economy.

Responsible consumption and production: *‘Ensure sustainable consumption and production patterns.’* There is a need to achieve sustainable management and the efficient use of natural resources to substantially reduce waste generation through prevention, reduction, recycling and reuse.

Sustainable consumption and production of goods and services is necessary to reduce the impact on the climate, environment and health of the people. Hence the need to encourage organizations to adopt sustainable practices and integrate sustainability information into their reporting cycle.

Partnerships for goals: *‘Strengthen the means of implementation and revitalize the global partnership for sustainable development.’* In this fast-changing uncertain world, no organization can advance without being part of the ecosystem and collaborating with others. This can only be realized through strong global partnerships and cooperation.

Developing partnerships helps in the sharing of knowledge, expertise, technology and financial support to promote the overall success of organizations. Good partnerships are built by strong relationships between organizations, where there is a shared purpose to achieve a common objective.

Environment and context

Sustainable cities and communities: *‘Make cities and human settlements inclusive, safe, resilient and sustainable.’* More than half of the world’s population now lives in urban areas and the movement from rural to urban areas has accelerated as the population has grown and better housing alternatives are available, especially for the young workforce.

Sustainable development cannot be achieved without significantly transforming the way we build and manage our urban spaces. It also involves investment in public transport, creating green public spaces and improving urban planning and management in a way that can be sustainable.

Climate action: *‘Take urgent action to combat climate change and its impacts by regulating emissions and promoting developments in renewable energy.’* Climate change is one of the biggest threats to development, and its extensive, unusual impacts inappropriately burden the poorest and most vulnerable human beings.

Contribution towards a better climate and environment is very much necessary for all human beings and entities such as organizations. There have been a lot of initiatives seen so far, and many such are needed in the

future as well to make that future better for us and create a sustainable world.

Affordable and clean energy: *‘Ensure access to affordable, reliable, sustainable and modern energy for all.’* We need to continue to focus on the availability of clean energy at affordable prices, and for that, necessary measures need to be adopted by all of us.

For economic growth, investment on energy productivity is very important and is more or less interlinked with both individuals and organizations. New adaptations of technologies actually make it easier for us to establish such initiatives across the globe.

Peace, justice and strong institutions: *‘Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.’* Such strong initiatives are required to keep humanity alive and create a world with more value and sustainability.

The world is moving very rapidly and technologies are changing very quickly as well. These changes are also impacting the development of countries and humankind, both positively and negatively. In particular, increases in crime, armed violence, exploitation and huge suffering caused by the possibilities that come with the rise in intelligent machines could create big challenges.

Building a fairer society

Sustainable development goals and initiatives are often seen more as a contribution to the environment, although sustainability is about using economic development to foster a fairer society while valuing ecosystems and natural resources. There are in fact three pillars at the core of sustainable development: the society, the economy and the environment. We live in a society where growth and economic activity have been the central focus for a long time, but we should also emphasize building a fairer society.

This is not an easy task, based on our current situation on globalization and economic growth. There is a role here for all of us as governments, enterprises, regulators, associations and citizens. And as we are in the digital era, digitalization is also radically changing society and reshaping many key areas of life such as communication and information management to the new world of work as a driver of sustainability. So for successful development we need a high degree of dynamism and openness from society, science, politics and business on the new methods and measures.

Figure 10.2 Organizational approach to building a better society

An organization should also make a positive contribution to society, focusing in particular on the workforce, as after all they represent a huge part of society and the economy. Figure 10.2 shows the approach to building a better society from an organizational point of view when considering the workforce.

As we can see from Figure 10.2, when looking at approaches and strategies for the workforce, organizations must focus on diversity, inclusion and agility. Diversity and inclusion are helping organizations all over the world to improve productivity, retention and the ability to succeed in the complex globalization of markets. It also helps to create a working environment that allows everyone to achieve their full potential by embracing different perspectives, approaches, backgrounds and mindsets.

Today, workforces continue to evolve with these changes, especially in the ways of working. Workforces across generations recognize inclusion as a key factor in determining engagement and relationship with an organization. With all these uncertain changes, people can certainly contribute more ideas and become creative if organizations incorporate agility into their workforce, and that perception boosts performance and innovation in the end. However, company culture and flexibility in work are the biggest barriers to increasing diversity and inclusion on the other side.

Creating a better society also needs a lot of initiatives from all organizations as they are the major means of engagement with the workforce. A meaningful approach to diversity, inclusion and agility would help organizations to contribute to creating a better world where workforces will be

blessed with good health and wellbeing, opportunities for quality education and training, especially when it comes to reskilling. In the end it impacts positively with gender and income equalities and the concept of decent work for all that lead to economic growth.

Organizations also play a vital role here, as almost every activity commenced in the world today is dependent in some way or another on an organization. They make contributions to society by providing goods and services. They are also a prominent source for workforce employment and the key to the labour market. We have seen different dimensions already for sustainable development, and organizations are equally responsible for contributing to the environment and other contexts, whether these are action on climate, clean energy, peace, justice or building communities.

However, there is a rising focus on the deviation between constructive economic growth with globalization and digitalization, versus the unequal distribution of the gains of sustainable development. These will remain for a while based on the current situation and conditions, as in many countries, steady economic growth is associated with sluggish or falling real incomes for large parts of the population, including aging and multi-generational workforces.

Changing population dynamics have also led to a rise in the segment of the younger population entering the labour market, boosting urbanization and contributing to international migration. Organizations can't ignore these facts and must become involved and contribute by adding a perception of leadership, work ethics, values, experiences, mentorship, collaboration and culture impacts for these workforces.

The role of corporate social responsibility

Sustainable development is not the sole responsibility of the business, therefore they need to establish a pragmatic approach so that they can move ahead effectively with their workforce. It's also extremely important that organizations operate in a way that exhibits social responsibility. It is also seen as good practice for organizations to consider social and environmental issues and be held accountable for them.

Organizations should have certain specific roles and responsibilities towards these issues, and one such initiative is corporate social responsibility (CSR). CSR is a self-regulating practice by which an organization can operate in an ethical and sustainable way and be aware of the kinds of impacts they are having on all aspects of society including economic, social and environmental.

CSR assigns a role to business and sets some realistic parameters that allow businesses to continue growing their markets (McPherson, 2018).

For an organization to be socially responsible, it must have a well-defined approach in respect to its own corporate and workforce strategy. The more recognizable and successful an organization is, the more responsibility it should set on standards of respective behaviours towards its peers, competitive outlook and the industry. Figure 10.3 shows the strategy and approach to CSR by organizations.

A comprehensive CSR programme includes stakeholder analysis, extensive strategy design of the workplace, marketplace, community and environmental dimensions, activation programmes, and measuring and reporting. The approach should be pragmatic and consider initial risk impact assessments and defining guidelines and proper training. An appropriate governance structure is necessary, with the right objectives, KPIs, and regular audits and reviews of the programme.

Building strategy across four dimensions is very important and demonstrates different components of an organization's contribution. In terms of the workplace, the focus is on labour rights, business ethics and harassment cases; in terms of the marketplace, the focus is clearly on the right governance, standards and economic conditions. The community dimension emphasizes social investment, engagement, privacy and rights. And last but not least, organizations should also consider environmental aspects in respect to protection, regulation and climate resilience.

Figure 10.3 Strategy and approach to CSR by organizations



The inception of a CSR strategy is a critical component of an organization's competitiveness and this means having the right policies and procedures in place that incorporate social, environmental, ethical and economic concerns into business strategy, including close collaboration with stakeholders. For organizations, the overall aim is to accomplish a positive impact on society while maximizing the formation of shared value for the owners of the business, its employees, shareholders, partners, the community and the growing ecosystem.

Growing ecosystems and social capital

The third and fourth industrial revolutions have changed the ways businesses operate in society. Businesses are no longer seen as rigid units that each have their own function; instead, modern successful businesses must establish meaningful ways to integrate their various functions so that they can become more productive and effective. To do this, organizations need each other to remain sustainable in this complex and uncertain world, in order to compete and collaborate in innovative and unpredictable ways.

This new world of business needs new ways of thinking beyond the core business and enterprise; it needs an ecosystem to bring about the concept of community, where organizations as living organisms interact with their environment. We have seen in previous chapters how organizations need to transform their old ways. While transforming they should also consider shifting the businesses entirely onto the ecosystem model, in which every action a business takes can affect other segments of the system. These segments can be trade associations, regulatory bodies, unions, investors and many others.

Ecosystem model in the digital world

Ecosystems have a strong influence on how organizations plan, so the right tools, methodologies and collaboration are needed to succeed within this complex environment to help organizations to improve their effectiveness, manage risks and apply innovations. While the fundamentals of the ecosystem have always been centred on people, viewing a business as an ecosystem requires a shift in perspective and a change in the way businesses are organized entirely.

Today, digitalization drives substantial changes in organizations' business ecosystems, making them broader, more rigid and ready to take action on

sustainability. However, digitalization in most organizations is not yet mature enough, but as it starts to grow, these organizations become part of a larger digital ecosystem that not only provides connections between partners and customers but also a way for unknown entities to connect with one another.

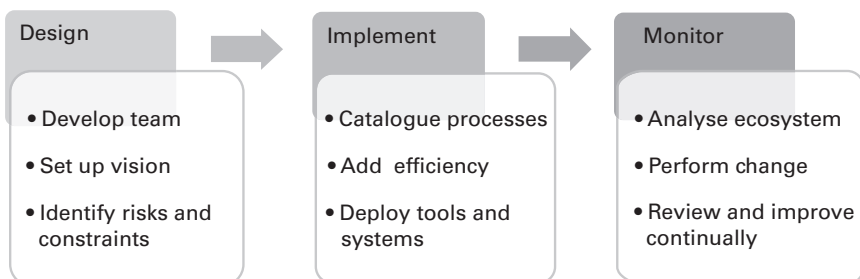
Ecosystems are the dynamic networks of these entities interacting with each other to create and exchange sustainable value for contributors. The challenge for organizations is to survive and thrive within its ecosystem, hence leaders need to understand the diversity of an ecosystem and the roles played by people and businesses. As many organizations engage in multiple ecosystems, it is important to understand how these ecosystems are interconnected, identify potential gaps and overlaps, and recognize constraints.

The dynamic relationships of ecosystems encourage economic development as they can change an industry, ways of working, and in fact society as a whole. Hence it is necessary to build an ecosystem model for an organization that should work well in this digital world. Typically, there are three phases associated with this transition, Figure 10.4 shows the approach to this ecosystem model.

Below is an overview of the approaches to the ecosystem model, which has three phases:

- **Design phase:** in this phase, which is also a planning phase, the organization develops its team, sets out its vision and identifies the risks and constraints that bound the business.
- **Implementation phase:** in this phase the business puts its plan into action and lists all of its vital processes, incorporating the right elements to achieve greater efficiency and deploying the required tools and systems.
- **Monitoring phase:** in this phase the business continually analyses its ecosystem, making changes as needed, reviewing and improving continuously.

Figure 10.4 Approach to ecosystem model



Building an efficient ecosystem for organizations is much more than just implementing new technology or digitalizing old processes. Ideally, organizations must consider changes to their culture, structure and ways of working to become more effective. For organizations, ecosystems are about reliability, the value chain, relationships and sustainability. The ecosystem should be fair enough for all contributors and must be in balance with the environment and other overlapping ecosystems.

In this digital age, where new disrupting businesses are beginning to dominate, the survival of existing businesses will only be effective if organizations align their purpose with that of the ecosystem. It's important to understand that the connection between organizations, their relationships and the community can only be built by keeping people at the heart of any business. An ecosystem can't grow without the right communities and talent building.

Importance of community and talent

The war on talent is not new and was coined by McKinsey's Steven Hankin in 1997 (Keller and Meaney, 2017). In very simple terms, it refers to the growing vicious competition to attract and retain talented workers. To attract the right talent to successfully compete, organizations are already starting to think beyond the traditional sourcing approaches. This drives the labour marketplace to discover new ways of finding and sourcing talent by enforcing collaboration, sharing and building community.

In this digital era, the demand for talent is not just driven by technological need; many organizations are transforming their business models, focusing on more customer-centric approaches, proceeding with digitally integrated operations, and they need talent not only with the right skills but also with the ability to enable these changes and collaborate in more agile ways.

Today, the new generation workforce makes it more challenging for organizations as their expectations of their employers and jobs are quite different from previous generations. While previous generations possess more value in terms of security and tradition, new generations are more motivated by personal happiness, achieving their aspirations and recognition. They also expect higher flexibility, more adaptable career paths, a clear work-life balance and a defined purpose.

The changing demographics and skills requirements in the talent market make top talent hard to find for organizations, and hence many organizations are looking for innovative ways to access talent. Many organizations are becoming more experimental in an increasingly complex and diverse talent ecosystem by taking advantage of communities (Christidis, 2018).

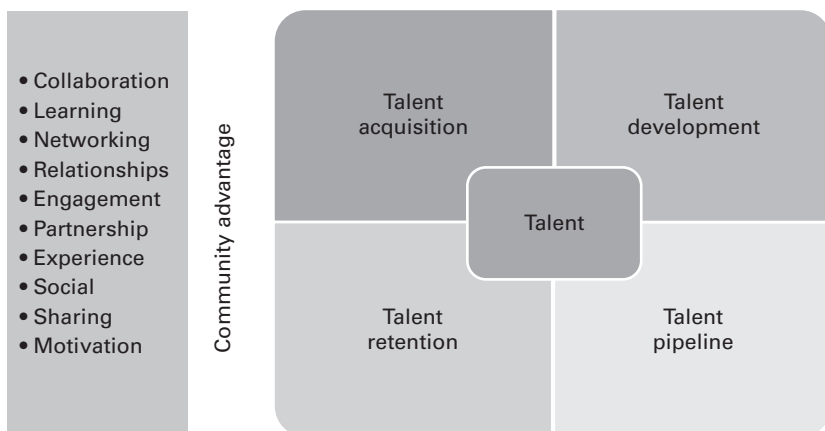
Organizations should establish more successful, wider and higher-quality talent pipelines by collaborating with others and enlarging the existing talent base and leveraging talent ecosystems by sharing talent more effectively within and across organizations. The same is true for talent acquisitions, development and retention. These communities are driven by collaboration, learning, networking, partnerships and many other factors. Figure 10.5 shows the advantages of having a community for talent in an organization.

These are not enough on their own for organizations to succeed in an open source talent market. Today most organizations are focusing on creating a world-class employee experience, including candidate experience, as we have already explored in previous chapters. This also creates active engagement within current and future potential employees to better shape the workplace.

Leveraging knowledge and personalization, aligning the employee value proposition and syncing employees' purpose with the company's vision, business strategy and operating model are some crucial factors for organizations to be successful in their journey. Other than the value propositions, many agile and innovative organizations are developing new talent acquisition models that reflect the current digital age by winning the talent war and progressing towards success.

A successful talent acquisition model should be built on collaboration, sharing and a community-building strategy. The war for talent can only be won by adopting this new mindset and embracing the concept and competitive advantage of the open source talent ecosystem. Many organizations are

Figure 10.5 Advantages of having a community for talent in an organization



already investing in their workforces in terms of talent, and this investment becomes more effective once organizations start understanding the importance of human and social capital within ecosystems and communities.

The human and social capital

Human capital is not new and has been used in the field of human resources management for a long time. It is an intangible asset and includes knowledge, skills, competencies and other attributes incorporated into an individual workforce; in other words, it is the economic value of a workforce's experience and skills. Understanding human capital is important for HR organizations to build strategies for talent acquisition including creating talent pools, learning and training, talent development and skills management.

The notion of social capital has become popular recently, although the term has been in use since the 1910s. Social capital may first have appeared in a book published by Lyda Hanifan in 1916, which discussed how neighbours could work together to manage schools. Social capital is referred to there as tangible assets such as goodwill, fellowship, sympathy and social interchange between individuals and families who gradually build a social unit (Arena, 2018).

With the growth of enterprise social networking, social dimensions related to work and the workforce are acquiring more awareness within organizations. Social networks in an organization include trust among employees, their satisfaction level with the job and the nature of communications that take place with peers, managers and subordinates. Social capital, which mainly refers to the factors of effectively functioning social groups within those social networks, is becoming an important component of the wealth of an organization.

Social capital is defined as the features of a social organization such as networks, norms, interpersonal relationships, shared values and social trust that enable coordination and collaboration for mutual benefit. For organizations, social capital has been used to interpret the performance of diverse groups, the growth of organizations, leadership behaviours, relationships, collaborations and the evolution of communities.

This relational interpretation is missing in human capital, and for the HR organization, social capital enables them to recognize and understand team behaviours including performance, measuring communication patterns, knowing about the information brokers or blockers in the organization and identifying informal leaders. Combining both capitals can certainly help HR

Table 10.1 Differences between social capital and human capital

Social capital	Human capital
✓ Is a term from sociology	✓ Is a term from economics
✓ Focuses on the complex and often intangible values associated with human social relationships	✓ Focuses on the nature of human labour and resources within the transactions of an economic system
✓ Has more of an individual-centred perspective	✓ Views human labour as a commodity
✓ Involves relationships and networks employees build to enable them to get work done	✓ Involves traits and skillsets that enable employees to perform and do their work

organizations to better manage their function, but it is also important to understand the differences between them, as shown in Table 10.1.

In contrast to human capital, social capital has more relevance to an individual's perspective and therefore can be used to explore ways to improve the workforce's experiences. Social capital implies a much wider and flexible conception of value to the workforce and can also include social boundaries, reputation, connections, mentoring and other forms of influence that are related to human relationships.

In today's rapidly changing world, it is essential that organizations acquire, develop and retain their talents. So they must ensure that the workforce is unleashing social capital potential that can be a competitive advantage for the organization over their peers. As a result, HR organizations need to concurrently focus on both human and social capital practices.

Empowering social capital with ONA

Accessing social capital within a social or organizational network is vital today, whether it is connected to informal groups, collaboration, uninterpreted performance, employee relationships or information flow. In most organizations, these are happening on a regular basis, but the visibility is not tangible. These unsolicited connections are critical as they define the way knowledge is generated, distributed and retained across an organization and within the ecosystem.

The challenge is that these connections are not always created in a predictable way or have some genuine pattern, so the possibility of understanding these inter-relations is quite difficult in general. Organizational network

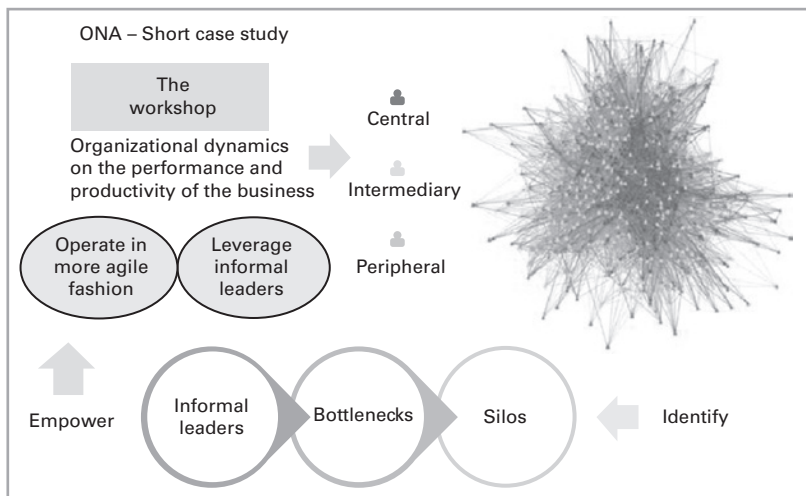
analysis (ONA), which is a branch of people analytics, empowers us to visualize and analyse the relationships that exist within the organization and help it to thrive in a rapidly changing environment.

We have already seen how interpreting social capital together with human capital can assist organizations in various areas such as networks for information flow, innovation, leadership and many others. Social capital itself is a big aspect of individual, team and organizational performance, and all these are a big reason to explore tools like ONA. By evaluating these connections, which are not normally visible to us, we can determine more about individual and team behaviours, both inside and outside an organization. Figure 10.6 shows a short case study on ONA (Marin, 2019).

In this case study ONA helps organizations to identify informal leaders and enable them to visualize and mitigate organizational silos and bottlenecks. For the workshop, the significance of understanding and evaluating the way that organizations work at an informal level is crucial in this uncertain changing world. ONA empowers the organization to operate in a more agile way, leveraging the influence of informal leaders to maximize business success.

Informal interchanges are usually captured through online surveys, and they are visualized in an interactive network; for example, the workforce could be categorized by its level of influence as central, intermediary or peripheral. The interactions can be used to study the informal ways of communication with leaders. By capturing all these business collaborations, organizations can

Figure 10.6 Case study on organizational network analysis



provide various insights into the social capital competencies of leaders, which can then be leveraged for leadership development.

The constant changes and technological revolutions are redefining our workplace, workforce and work culture, and are gradually leading to an organizational and cultural transformation in this data-driven and connected world. Many organizations have already started using technologies like analytics to generate, build and leverage human and social capital to enter a new phase, and there are no doubts that these social interconnections with others are key to individual and organizational development.

ONA empowers organizations to explore what is happening within their workforces to an incredible level of detail. This helps organizations to identify informal leaders and leverage their influence in strategic roles, whether it be in managerial positions or as early adopters of organizational change. ONA is also used for other purposes such as diversity and inclusion, burnout risk assessment, and cultural assessment and analysis. Initiatives using ONA can influence learning opportunities within organizations and development among workforces by building communities.

Community-driven learning in organizations

The more the way of working is changing today, the more it is profoundly impacting business, workplaces and collaboration between humans and machines. There is a clear indication that the future of work will be significantly determined by the future of learning, and that's where all organizations should focus their energies and make the necessary plans. With the enablement of technologies, learning is reaching more and more people in a much easier and more effective way today.

The future is learning

Today, a huge number of people, especially the younger generation, are entering the workforce, and automation and augmentation are becoming ever more important in many business functions. All these require not only additional skills but also a way that initiates an experiential learning to make those skills applicable to the job from day one. This also needs a new work mindset with high levels of self-awareness, adaptation and value creation, which can eventually move towards continuous learning and adapting. So in the future, those who continuously learn will continue to lead the way.

Our existing systems of education and management of the workforce are based on a linear pathway, however, where workforces are learning, experiencing and growing in their careers. This is working well in certain environments, but in times of uncertainty, this does not work at all. To thrive in a future that is evolving faster than we can predict, we must learn and adapt continuously, as the future is about learning.

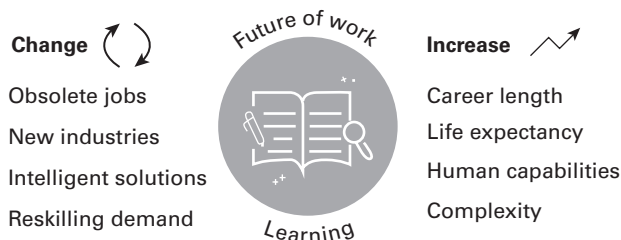
The changes are already happening, whether it's from massive job losses for predictive jobs, or jobs becoming obsolete due to the creation and demand for new jobs. The creation of new business models and industries is also evolving, together with disrupting global markets with new technologies such as intelligent solutions. So in terms of the future of organizations and workforces, there are many open questions about these ongoing changes and a clear demand for reskilling current skills.

Apart from these changes there has also been a constant increase in human life expectancy for the last few years, which is also increasing the age of retirement. In addition, there is a clear interest in working beyond retirement today for an ageing workforce due to growing learning agility in this uncertain world. Learning uncertainty is the effect that is now empowering all generations to thrive in a rapidly shifting economy.

Lifelong learning is no doubt a key ingredient in sustaining such growth and complexity and is already becoming a responsibility for both individuals and organizations. There is also an increasing appetite for building and enriching human capabilities and making learning more the central focus of the future of work. Figure 10.7 shows how the future of work is more about learning (Edmondson and Saxberg, 2017).

To stay relevant, organizations need to step up and do more in order to develop their workforces. But while organizations are struggling to predict the future climate, it is also very hard for them to enhance their learning and development strategies, especially when proper skills' management is

Figure 10.7 The future of work is about learning



missing in most of them in respect to the past, present and future skills and their trajectories.

This is not simple as there are no individual courses that can ever meet all the challenges occurring in organizations, which triggers a need for agility and innovation. No matter how focused people are on hard skills expertise, above all else they need to learn to work effectively and efficiently with others on their teams, and sooner or later these could also include elements of a non-human workforce.

To build the organization of the future, continuous learning is crucial for business success, and digital competencies are the foundation upon which the jobs' skills of the future should be based. Furthermore, in this digital age, organizations have no better choice than to become a learning organization by creating a culture of learning and learning together within communities.

Learning within communities

Becoming a learning organization is not something that can only be driven just by learning and developing leaders; it often also requires strong leadership including sponsorship from the top to create an appropriate learning culture. The important part is to understand its value to ensure that it is a key driver of business strategies. For this, HR leaders need to align with business leaders at regular intervals.

An organization with a learning culture inspires continuous learning and workers influence one another to stay ahead and adapt. As the business environment is changing rapidly, many organizations are enforced to learn faster than their peers and this apparently leads them to create a culture that can help them to thrive in this digital age. So developing a learning culture is no longer just another creative idea, rather it is becoming more crucial for organizations to elevate learning to stay in business.

Community-focused learning provides a space for learning and sharing, and opportunities for career aspirants, educational institutions and a proper structure for people to align around a shared goal. An effective community is aspirational and functional, and it can connect people, organizations and networks that are eager to learn and work across boundaries. These communities enable people to share results and learn from each other, improving their ability to adapt in their journey.

Community is not only connecting people; it also brings change agents across industries, functions, disciplines and geographies to connect, share ideas and results, and learn from one another. Most of these communities

support contributors around common goals, metrics, managing changes and areas of practice, and in the end it enables shared learning for people and organizations.

The scope of community-driven learning also offers a wide range of leadership roles and skills-building opportunities. These communities expedite fast-cycle learning and measure results to understand what is working for whom and what needs to be done. All this learning and sharing is based on experiences, and objectives for learning are also tied into the engagement experience.

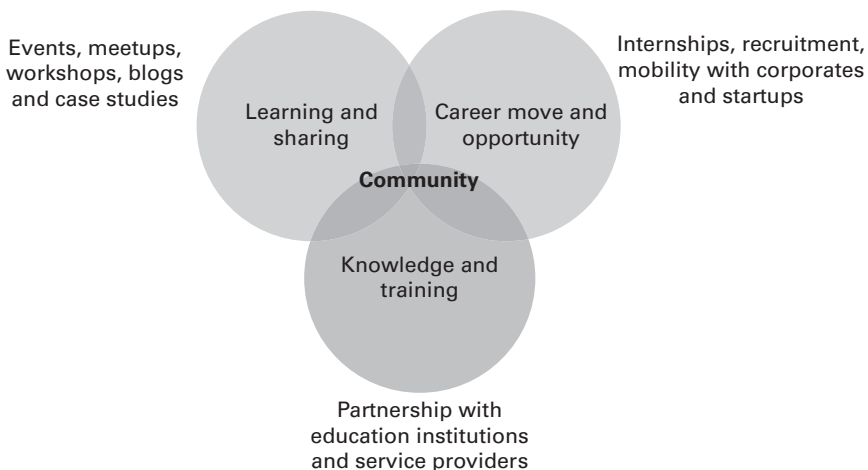
Establishing community-driven learning

Organizations must establish community-driven learning with a proper learning culture that benefits from increasing meaningful content, improving collaborative approaches to learning, enhancing human capabilities and skills such as critical thinking and writing, and creativity and emotional intelligence. Figure 10.8 shows the purposes of community-driven learning.

As we can see from Figure 10.8, in most cases a community-driven learning process has multiple purposes:

- **Learning and sharing:** communities drive events, meetups and workshops for sharing experiences. The contributors in a community also share their thoughts with blogs and articles and share case studies for learning purposes.

Figure 10.8 Purposes of community-driven learning



- **Career move and opportunity:** communities provide opportunities for internships, recruitment, service-learning and career exploration within various corporates and startups, by sharing opportunities.
- **Knowledge and training:** communities also possess partnerships with educational institutes and service providers to deliver appropriate training to future aspirants and members for their career growth and development.

The purposes are fulfilling when community engagement takes place to its greatest extent, where contributors don't just share and learn but also inspire others to become involved in engagements. The right community programmes help to develop personal skills, interests, strengths and increase awareness on how these can be used to benefit organizational learning and planning for the future.

Communities also provide an inspiring opportunity for members to enhance their learning, along with gaining an understanding of their industry situations, potential ways to progress and building the necessary skills in their field of work. Effective communities are able to contribute to shaping future leaders.

Building effective communities for future HR

An effective community includes all contributors and participants and provides a proper collaboration between them within the community, with mutual respect and interest to learn from each other. A valuable community can certainly help to bring people together to boost and support each other in overcoming challenges, especially when change will never be as slow as it is today. The more we people can connect and share our experiences, the more we can benefit from the many relationships we develop and keep moving forward towards sustainability.

Below are some of the most effective, diverse and fast-growing communities for future HR, along with a brief overview of each:

- **SHRM:** the Society for Human Resource Management (SHRM) is one of the largest HR professional communities, and for nearly seven decades the community has been the leading provider of resources serving the needs of HR professionals and promoting the practice of human resource management. SHRM provides education, thought leadership, certification, community-related activities and advocacy to strengthen the practice of human resource management and the effectiveness of HR professionals in the organizations and communities they assist.

- **CIPD:** the Chartered Institute of Personnel and Development (CIPD) is the professional body for HR and people development. This community has been setting the benchmark for excellence in people and organization development for more than 100 years. It has the second largest membership across the world and provides thought leadership through independent research on the world of work and offers professional training and accreditation to those working in HR and learning and development. The online community of CIPD also provides a place to learn, debate and connect with other professionals.
- **Hacking HR:** one of the newest and fastest growing communities around the world has a strong belief that HR can be the most important pioneer and explorer to drive organizations and their people forward into the future of work. The main purpose in Hacking HR is to create the best HR that has ever existed and that's why this community is focusing on the intersection between the future of work, technology and HR. This community is predominantly made up of HR and tech evangelists passionate about the intersection between HR and tech, and the future of work, and focusing on events to share and learn from each other.
- **myHRfuture:** myHRfuture is also building a community that has been established very recently and focuses mainly on academic learning. This is the leading destination for HR professionals looking for online courses that focus on the future of the HR profession on topics such as people analytics, strategic workforce planning, digital HR, design thinking, stakeholder management, the future of work and other areas impacting the future of human resources.
- **Analytics in HR:** another new and fast-growing community that believes there is a much smarter way to make people-related decisions. This community has a mission to help HR professionals all over the world to become more strategic in a way that drives better outcomes for both the organization and its workforce. With people analytics, organizations can leverage the power of data to identify the relationships between HR practices and business outcomes to make better, evidence-based decisions. The AIHR community provides a platform that shares knowledge about HR analytics through blogs, cases and academic research.
- **Digital HR Tech:** as the digital revolution within HR is in full swing, human resource practices are changing more rapidly than ever before, and new technologies and solutions are disrupting all aspects of the HR discipline. The community formed with a wide range of subject matter experts

and writers in the areas of digital HR, HR and HR technologies, and also include the revolution for HR in the digital age. Digital HR tech also provides a platform to share knowledge through articles, stories and academic research and learning.

- **People Matters:** this is the HR community of practice and excellence that fosters blending new ideas from talent and business leaders, technology disruptors, HR service providers and CXOs to bring about impactful talent decisions. The main aim of this community is to make a positive impact on businesses and society with innovation at the core. The community organizes HR events, publishes HR magazines and articles, shares stories and also conducts webcasts.
- **ChatTalent:** ChatTalent is the community for anyone who wants to start or join discussions about the hottest topics in HR, people and talent. The community makes live broadcasts, organizes informative webinars, creates podcasts, publishes blogs, delivers technology demos, shares career opportunities and provides training – anything that is interesting and useful to people who want to better themselves and their organizations.
- **Bersin Academy:** this newly created community delivers programmes and resources for HR professionals through integrated learning experiences and offers both micro and macro learning courses. The academy has been established to continuously provide HR professionals with research-based, future-focused learning to solve the strategic business issues impacting the future of work. They also have a world-class faculty and rapidly growing community.

Other known effective HR communities are People Analytics and Future of Work Community, HR Tech Weekly, HCI, Human Resource Development, HRTech Community, HR.com, Agile HR Community, HRD, Recruiting Blogs, Talent Culture, TLNT and many others.

Communities help to drive growth by emphasizing creativity, working with each other, helping organizations to avoid isolation and breaking down silos, which is in fact a primary obstacle to growth. Another major aspect organizations need to insist on is the use of communities to make positive differences to a society, which can help by building social and economic foundations. Communities can certainly help with the big picture and connect the dots in our fragmented world. At the end of the day, we can build a better future for all of us.

Summary

Know the importance of caring for sustainable development and creating a fairer society in the digital world:

- Sustainability is a holistic approach, and an organization that is pursuing sustainability must have a comprehensive and coherent sustainability strategy and needs to consider different dimensions to the organization's sustainability.
- Sustainable development goals address the global challenges we face, including those related to poverty, inequality, climate, environmental degradation, prosperity, peace, innovation, economic growth and many others.
- There are three pillars at the core of sustainable development: society, the economy and the environment. Growth and economic activity should be the central focus when considering building a fairer society and better world for all.
- Creating a better society needs a lot of initiatives from all organizations, as they are the major means of engagement with the workforce. Having a meaningful approach to diversity, inclusion and agility contribute to creating a better world.
- Corporate social responsibility is a self-regulating practice that organizations operate within in an ethical and sustainable way on all aspects of society, including economic, social and environmental.

Explore the growth and changes in the ecosystem and social capital:

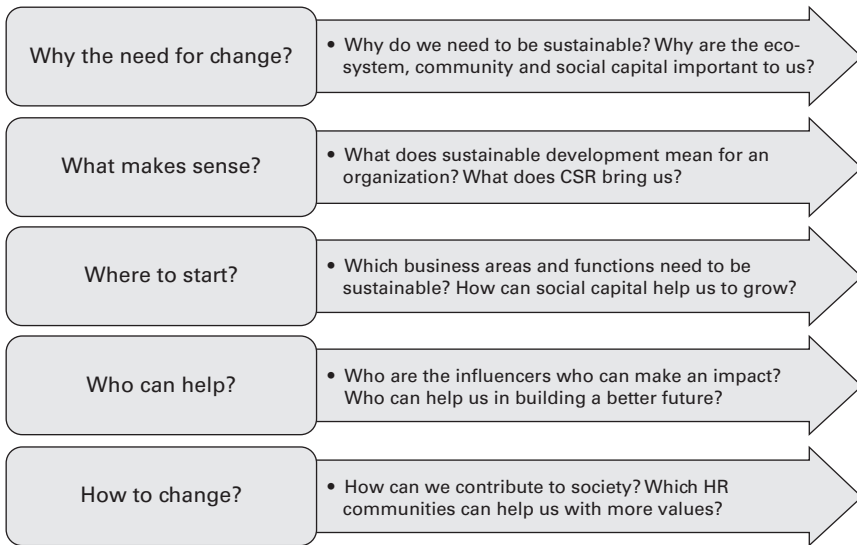
- Ecosystems have strong implications for how organizations plan, and with the right tools, methodologies and collaboration they can help organizations to improve effectiveness, manage risks and apply innovations.
- Building an efficient ecosystem for organizations is much more than just implementing new technology or digitalizing old processes. Ideally, organizations must consider changes in culture, structure and ways of working.
- The war for talent can only be won by adopting a new mindset that embraces the concepts built on collaboration, sharing and community building, along with the competitive advantage of open source talent ecosystems.
- With the growth of enterprise social networking, social capital refers to the factors of effectively functioning social groups within social networks and is becoming an important component of the wealth of an organization.

- ONA empowers organizations to explore what is happening within them to an incredible level of detail and helps them to identify informal leaders and leverage their influence in strategic roles, along with many others.

Understand community-driven learning in respect of organizations:

- Current changes require not only skills additions but a way that initiates experiential learning to make those skills applicable to the job from day one. This also needs a new work mindset with a high level of self-awareness.
- Lifelong learning is no doubt a key ingredient in sustaining growth and complexity that is already becoming a responsibility for both individuals and organizations and putting learning more at the centre of the future of work.
- Community-focused learning provides a space for learning and sharing, and opportunities for career aspirants and educational institutions. It is an appropriate structure for people to align with a shared goal within that effective community.
- Organizations must establish a community-driven learning process with a proper learning culture. This can be beneficial in increasing meaningful content, improving collaborative approaches to learning and enhancing human capabilities.
- A valuable community can certainly help bring all the contributors and participants together to boost and support each other in overcoming challenges, especially when change will never again be as slow as it is today.

Time to act



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Conclusion

Where are we now?

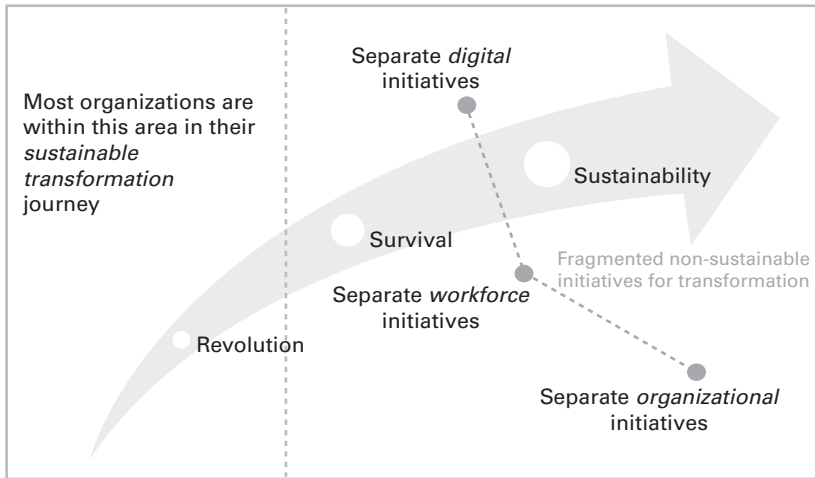
The world is changing constantly at a very rapid pace, and organizations need a revolution in this digital age to understand the patterns of change based on these challenges and also in relation to their workforces to lead them to reach their desired future state by defining the correct aims together. They really need to understand that key to success is not only having the correct new technologies but also the right mindset so that they can explore the new world full of opportunities and become ready for their own journey of transformation.

Despite all these, more than 70 per cent of digital transformation initiatives and programmes don't succeed, which means that two out of every three digital transformation programmes fail. Many organizations are misunderstanding transformation or more precisely digital transformation. It is in fact a constant journey of realignment of business models, technologies and organizational culture to more effectively do business in the digital age.

Organizations' silos are perhaps the biggest barrier to organizations aiming to harness the power of data and insights. To break that hurdle, the transformation initiative must examine all of the organization's data assets and other ongoing transformation efforts within various functions and operations. Organizations also need a further survival trail in their transformation journey to the future and need to consider the growth of intelligent technologies, the new world of work and the demand for human-centric experiences.

A progressively competitive environment can lead to significant challenges for organizations as not going digital is no longer an option. It is the default and organizations need to create the state that can lead to sustainability over the long term. A right sustainable transformation can only be accomplished by framing a clear, sensible approach, strategy and collaboration. So organizations need to consider a phased transformation journey to attain sustainability in this digital era.

Figure C.1 Sustainable transformation for organizations and workforces in the digital age



Many organizations have started the above strategies and approaches as separate initiatives, some through their HR organizations and some from other business functions. But unless they can assimilate all this into their entire journey of transformation and fit them into the journey's phases and start collaborating with one another, there will be no sustainability. Organizations need to go beyond their current digital HR approaches and set strategies for a sustainable transformation journey in the digital age.

Figure C.1 shows the phase-based sustainable transformation journey for organizations and workforces in the digital age, consisting of *Revolution*, *Survival* and *Sustainability*. It also shows the current situations of most organizations in their journeys, along with the different fragmented initiatives for the workforce, digital and organizations separately, which in most cases do not work.

Why should we care?

The digital economy focuses on the opportunities and the need for organizations and workforces to use technologies to execute those tasks better, faster and often differently than before, the aim being to improve productivity and efficiency. The fourth industrial revolution is distinguishable from the third

because it is where humans meet the cyber world; where technology and people are not distinct, not separate.

We now live in a world that is defined by exponential change. This exponential change is driven, not exclusively, but more than anything else, by technological innovation. The difference between these organizations that are acquiring all the benefits in this new world is in the way they work being fundamentally different.

Today organizations should aim to provide their people with positive touch points at all stages of the employee's lifecycle and the organization's journey of experiences for its workforce. Consumerizing the employee service experience can be a win-win scenario for both workforces and companies. The experience comes from including the HR function, the job and the culture, and last but not least, technology, the workplace and the digital experience in everything.

If organizations want to establish a human-centric experience, they should focus on reskilling the workforce and should also consider humanization as a benefit. Think about the world where we will humanize again or rehumanize, especially restoring humanity and moving from a machine to a living system, and organizations and workforces become sustainable with their relevant journeys of transformation.

What could we do now?

Everything should begin with a purpose, and this is the central reason for being; the collective 'why'. Organizations should have a clear and specific purpose so that they use it to guide decisions and align the actions of everyone who contributes. For a sustainable organization, the relationship between different internal and external entities is very important. Along with that importance is the correct level of collaboration between HR and the other business functions in the future, while considering the transformation of the organization and the workforce in the digital age.

We are living and working in a world today that is changing so fast that it has become impossible to predict, or even to effectively plan for. This old way of working is fine in a few limited contexts where tasks are mostly routine and require the minimum amount of collaboration. The biggest challenge now is building a digital-ready workforce in an evolving business environment. To do this, organizations must start by filling the talent gap in technological skills that is also vital to their digital strategy.

As transformation in this digital age needs constant exploration, experimentation and learning, all individuals with a growth mindset can make a big difference, as they are more likely to put in the extra effort to learn and do things in new ways and have a resilience that helps them to overcome challenges. Any change initiatives also depend on the cultural transformation of an organization; actually it starts with a cultural change, although it is not an easy step to follow.

Enriching by continuous lifelong learning initiatives, investing in human capital and collaborating in working with machines are now becoming the key business imperatives for organizations, as well as being an important contribution to society. The future workforce will need to be adaptable lifelong learners because of the continuous need to reskill, and they will need help to quickly put together the right resources to develop and update their new and changing skills.

As long as we can reskill ourselves for the future, our roles can evolve and fit into the collaborative way of working with machines; however, we can definitely anticipate a structural shift in our jobs. Reskilling cannot just be a one-time plan; it must be designed as a long-term strategy for the organization. This means developing continuous learning practices with on-the-job training throughout the organization as essential.

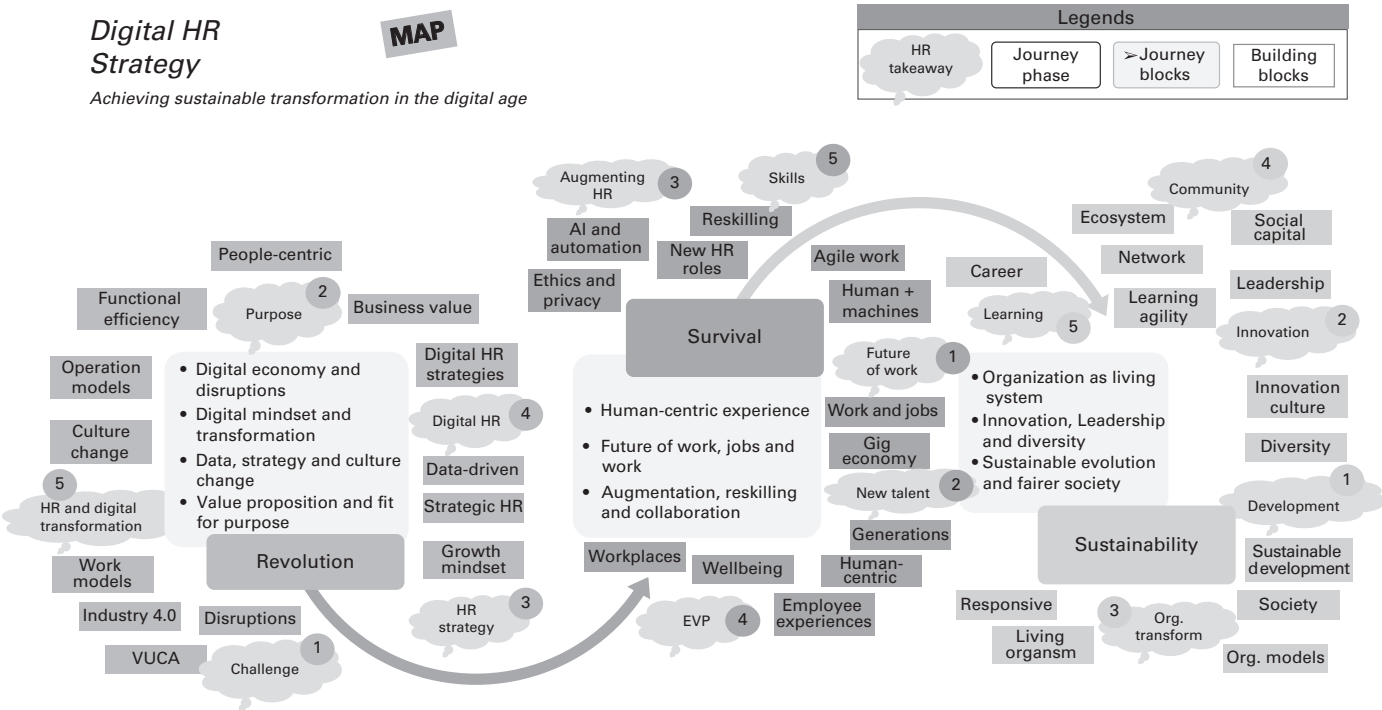
Everyone is unique and different. What works for one may not work for another. Across industries, organizations know that a one-size-fits-all approach doesn't always hit the mark with their customers. Organizations need to ask more relevant questions to start with their own journey, as they need to build their own models and approaches and they may vary from company to company. Five basic questions to start the 'Time to act' are:

Time to act

- Why the need for change?
- What makes sense?
- Where to start?
- Who can help?
- How to change?

For reference, the answers to these questions have been provided in each of the chapters. Figure C.2 provides a detailed look into the Digital HR Strategy Map covering all the chapters, with different journey phases, journey blocks and respective building blocks of the transformation journey. The map also provides the key HR takeaways from all the chapters and the journey.

Figure C.2 Digital HR Strategy Map



How should HR change?

HR is not about what it implies today or in the past; rather the emphasis is on the values that it creates. For organizations, it matters most when HR activities and capabilities add value to the investor, customer, community and the workforce. If HR cannot adapt, it may not be able to keep up with today's fast-changing work environment, which would not only be a loss for HR leaders and professionals but also to management, business leaders and the workforce itself. The future of HR is not doomed, but it must adapt to flourish and to deliver true value for organizations' successes in this digital economy.

In order to establish the next generation of HR service delivery model, the HR leader must see the transformation of the function as a personal mission and the most important means for contributing to business success. The human element must not be forgotten in human resources and should become a strategic business partner. HR needs to focus on the most critical element of business strategy: the people and workforce strategy.

HR organizations and leaders must create a culture and environment in which the workforce can enjoy and be motivated and happy in their work. The important thing is to create the human connections and build relationships with people with whom you work and interact. It is also essential to recapture the human interactions with more open and agile communication and collaboration.

HR should not be focused on people as resources; rather it should help in rebuilding a human-centric experience with more human capabilities for the future workforce, for a better culture and for a sustainable organization. HR professionals with expertise in psychology, anthropology and other fields that explore human behaviour can be powerful change catalysts in this case and can be great coaches for leaders.

The future of work can generate distinctive challenges for HR organizations as it is going to be the conjunction of intelligence and augmentation where both human and technology work together for better collaboration and higher productivity. All these will eventually create a lot of opportunities for HR to be strategic, and they can't do it without a balance and collaboration with other business functions, leaders and by leveraging technologies for their own functions and workforces.

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