Trends Reshaping the Future of HR

Digital Radically Disrupts HR

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High performance. Delivered.
Digital technology is continuing to evolve at breakneck speed, and it permeates nearly every aspect of our working lives. In the coming years, digital will empower people to take significantly more responsibility for talent management and HR activities. As digital enables talent management to become less of a centralized HR activity and more of an activity that is embedded in the fabric of everyday business, it will fundamentally change HR as we know it.
The Trend: Digital Advances Promise to Reshape Work as We Know It

Digital is fundamentally changing the way businesses and governments operate—from how they interact with customers, citizens and suppliers, to how they manage their employees. New digital technologies enable not only greater integration and flexibility than ever before, but also the ability for employees to have a greater share of voice and ability to participate in defining and even creating their own work experiences. Digital is thus poised to radically disrupt HR as usual and redefine the future of the human resources function in the next decade. Eventually, HR and talent processes and the technology that enables them will no longer constitute their own domain or even be primarily performed by a central HR function. Rather, many aspects of HR and talent management will become fully embedded in how work gets done throughout an organization, thereby becoming an everyday part of doing business. HR departments that ignore this transformation could face obsolescence.

In this point of view, we explore five recent digital developments that we believe will conspire to transform HR:

- **Data and integration will be king.**
- **Digital will give power—and people management—to the people.**
- **Consumer applications will find a home in the enterprise.**
- **Digital will enable customized talent management.**
- **Cloud computing will enable new flexibility and agility.**

### Data and Integration Will Be King.

Analytics—the use of data to produce business-relevant insights that lead to action—has been heralded as the new step change for HR. Yet few HR organizations have a robust analytic capability. Collecting data on employees (such as engagement rates) can be expensive and time consuming; new technologies like Cultureamp’s Murmur promise to make this easier by enabling HR professionals to offer different employees a ten minute or less online “pulse” survey every day to provide a real-time view of engagement that is not possible with traditional, annual surveys.

Moreover, companies have found it difficult to gather clean, consistent and integrated data. But service-oriented architecture, data analytics, master data management (MDM) of HR data technology, and industry consolidation will help companies surmount these challenges. Such developments can unify talent management applications and enable companies to integrate data from transactional systems with business data and HR data in a single database. In addition, data on contingent workers can now also be more easily integrated into a single system to give employers a more complete view of all of the workers—employees and contingent workers alike—who are working to create value for an organization. With these changes, and as analytic capabilities increasingly get embedded into software, the dream of a data-driven HR function may finally become a reality—if HR professionals can keep pace.
Eventually, the lines between business and people management systems may blur, wiping away functional silos within HR and even the silo of HR itself. For example, better integration may fundamentally change the role of professionals in HR Centers of Excellence. Typically, professionals in these roles are organizationally divided by functions such as recruiting, compensation and benefits, training and development, and career development. But when information systems help enable talent management to become truly integrated across processes, rigid functional boundaries between talent management processes may no longer continue to make sense.

And it won’t stop there. As mobility applications develop and people spend more of their work and personal time on technology platforms, they will leave an ever larger digital trail of information that can be tracked, integrated, and analyzed as well. Already, enterprises like Google Inc. are analyzing a wide array of data on people’s lives (such as whether someone has set a world record or what magazines someone subscribes to) to create statistically valid predictors of performance at work. For example, Google has determined through quantitative analysis that ability to take initiative is a far better predictor of high performance on the job than stellar academic records from prestigious schools. SuccessFactors, an SAP company, tracks employees’ searches of external blogs or podcasts to show executives how and what employees are learning. And it is now possible for benefits information to be provided to individuals based on their physical location as determined from the GPS system embedded in a person’s mobile device. In the future, companies will integrate traditional business and talent data with Big Data obtained from social and local data sources—tweets, blog posts, RSS feeds, customer service feedback, GPS coordinates and more—to get a complete picture of their workforce’s abilities, wants and needs.

Data and the insights it yields may eventually trump processes in terms of relative importance. The ability to statistically determine the key drivers of performance and productivity for particular workforce micro-segments based on hard data, for example, may become much more important than generalized rewards, development, or learning processes.
Digital Will Give Power—and People Management—to the People.

As digital technology advances, it’s helping companies embed talent management into the fabric of everyday business and into employees’ work and personal lives. Technology advances are enabling HR to put the “human” back into human resources, and helping give people management back to the people.

We're not talking about the traditional notion of self-service here, or the ability for employees to perform mundane administrative HR activities themselves, like updating their address or viewing a paycheck without HR's intervention. Instead, we're talking about involving employees and managers in high-impact talent processes—including recruiting, hiring, succession planning, learning and shaping career paths. All this will happen thanks to an emerging class of social and market-based tools that will let employees manage almost every aspect of their professional lives digitally.

For example, in the section above, we saw how talent management practices and data are becoming more integrated with general business practices and business data to drive strategic decisions about talent. As this development unfolds, line managers will be more likely to engage in critical talent processes like workforce planning—using data to determine gaps between workforce projections and available supply of staff, and modeling different scenarios that could be used to close any gaps.

In addition, managers and employees will shoulder more talent management responsibilities. Take salesforce.com's work.com, an information system that lets workers and managers give feedback and recognition for jobs well done on an ongoing basis. Work.com is integrated with salesforce.com's CRM solution, so a salesperson looking at accounts in the CRM system could send performance feedback to a customer service representative without having to change applications—thereby enabling users to fluidly interact with the tool where they do work every day.

Likewise, as mobility applications designed for tablets and smart phones become ever more user-friendly, and as intuitive user interfaces finally permeate talent management software following the success of consumer-oriented technologies, employees will be more inclined to adopt IT-enabled talent processes as well. Consider TouchBase, for example, a wall-dockable tablet that takes a digital photo of each worker to verify the worker's identity instead of requiring workers to punch in to time clocks. Or consider new technology that is being developed that will let workers open a talent management application on a laptop and then work seamlessly in that same application throughout the day on other devices. Although mobile HR and talent management applications have well permeated recruiting, time and attendance, employee relations, and learning areas, mobile applications are being developed
it combines gaming, analytics, and the application of behavioral insights from science. (For more on gaming, see sidebar on page 8: “Changing the HR Game: How Serious Games and Gamification Are Disrupting Human Resources”). We expect innovations to keep arising in this space, as start-ups take off and as talent management software companies continue to layer social and gaming functionality onto their existing offerings. Eventually, new social, gaming and mobile capabilities may replace traditional talent management practices, as well as time-honored HR tools such as employee surveys and e-mail communications.

Eventually, advances in digital will not only empower the line to take much more responsibility for talent management, but they may even shift the locus of information and decision making from a central group like HR or a small group of top leaders to employees themselves. Social media could take HR as a middleman out of the picture, for example, by enabling the following:

- Employees to define their own compensation in reverse talent auctions.
- Employees to negotiate scheduling changes with one another on shift-swapping sites.
- Benefits choices to be determined by consensus through analysis of corporate social media sites revealing which benefits are important to which employee populations.
- Managers to analyze Big Data from sources like blogs, social networking sites and other online forums to determine what employees need and want and to find new employees.
- Talent exchanges where workers and hiring managers can find each other without the help of an intermediary through matching of open opportunities with an analysis of individuals’ skills or past performance and interest profiles; or exchanges that act like stock markets, where the value of each individual worker is determined by the crowd in a quantifiable and searchable way for sourcing purposes.
- Workers to define their own career paths by seeing each other’s customized career paths (through sites that mine transfer and promotion histories) and network with them.
- New leaders or successors to be selected in part through opinion polling by those most affected by the decision.

In this future, the administrative burden that HR departments currently carry may lighten up considerably. Not only will technology continue to automate transactional HR processes like benefits administration, but it will continue to enable more strategic practices like many of those described above to be performed by employees. Technology could then free HR professionals so they can focus on other work such as analytics. As a result, the group primarily responsible for HR processes and transactions—whether a shared services organization, a business services group or an outsourcing partner—may shrink to a fraction of what it is today. Employees may even manage their own data, and HR data and transactions may become the sole responsibility of the business with the
support of IT. What's more, HR may shift its mission and mandate to concentrate on building a culture where people can use talent management tools to enhance their own job performance. New roles and responsibilities for HR professionals may ensue accordingly.

**Consumer Applications Will Find a Home in the Enterprise.** Closely linked to the advent of cloud computing is the rise of businesses like LinkedIn® and BranchOut™, where talent management systems live on the web and are shared by companies. Today, for example, employees and job candidates can input the equivalent of their resumes and skills on such sites. By doing so, they may circumvent the need for internal talent profile databases that aggregate individuals’ skills, job history, education, competencies and more. Other sites, like GILD™ and TalentBin, even let organizations build talent profiles by mining the “social exhaust” from sites like Facebook®, Twitter®, Meetup™ and Quora® to build searchable talent profiles about people’s professional interests, skills, passions, and accomplishments. With the advent of companies like these that support more user-friendly processes, such as searching for people with particular skill sets in particular geographies and interviewing them through video, processes like staffing can be shifted to line managers instead of being performed by HR. Market-based mechanisms could motivate people to use external systems for internal purposes. For example, if employees don’t input their skills into a site like LinkedIn®, they risk missing out on opportunities (such as projects and new job assignments) that might have benefited from their skills.

Already, some organizations are drawing more on such external, public sites and integrating data from these sites into their own HR information systems. Although doing so may require some work matching data definitions used in external sites to data definitions used in internal systems, some companies are successfully blurring the line between internal and external applications. We expect use of public sites to accelerate—especially if the sites can ensure that data is accurate and qualified. We may even see the equivalent of electronic medical records for people arise. In this scenario, organizations won’t maintain their own talent management records on employees, training histories, performance reviews, salary information and so forth. Instead, such records will be shared in a standardized format across companies on a public site, and they won’t be lost when an individual leaves an organization. Shared solutions such as these will be particularly valuable as people more rapidly move from employer to employer or strike out on their own as independent freelancers. (See: Trends Reshaping the Future of HR: The Rise of the Extended Workforce). With this change, HR organizations may become primarily coaches and educators for line managers—explaining how they can get the best value from such shared applications and data.

**IT Will Enable Customized Talent Management.** Technology transformed marketing by enabling customization of products, services and marketing messages. (See: Trends Reshaping the Future of HR: Managing Your People as a Workforce of One). Likewise, it can transform HR by empowering it to offer highly customized talent practices that optimize each employee’s performance. Most organizations have already achieved maximum cost savings by using information technology to standardize and harmonize their people practices across their global operations. But HR professionals can now leverage that standardized framework to tailor employment practices to every worker (see Figure 1).

![Figure 1: Evolution of talent management](image-url)
Since the first Nintendo sets arrived in homes in the mid-1980s, the workforce has become increasingly populated with employees who have grown up with computer games. For many people entering the workforce now, such games—including Massively Multi-Player Online Role-Playing Games (MMORPGs)—are more than just an occasional pastime. Games form the very backdrop of their lives. These individuals do much of their socializing through computer games and use the vocabulary of gaming [“leveling up,” “epic win,” “GG (good game)”] even in conversations that have nothing to do with games. With gaming concepts and terminology gaining prominence among young employees, it’s probably not surprising that companies eager to attract, engage, incentivize and retain members of this generation have been taking games seriously. Gaming concepts have begun working their way into key HR processes in two distinct forms, often called serious games and gamification. Whereas serious games are actual games used in the workplace whose purpose is beyond merely providing entertainment, gamification is the weaving of game mechanics such as virtual currency, leaderboards (boards that display leaders in a competition), badges, or leveling up (progression to the next level in a game) into existing work activities or processes without the development of a full-fledged actual game.

Why now?

The idea that gaming elements can be useful in the workplace is not new. For example, sales groups have long used leaderboards and other gamification-like mechanisms to foster friendly competition. And organizations as serious as the military have used war games and their civilian equivalents to train soldiers and leaders. What is new is that more and more workers are familiar with and enjoy gaming. In addition, the commercial platforms that have industrialized the development of games and gamification are more widely available to organizations. These factors have made it much more affordable for enterprises to create serious games and to incorporate gamification into business processes. For example, some serious games leverage general-purpose game engines (such as Unreal Engine from Epic Games, or Unity Technologies’ platform)—which provide graphics, game editors and artificial intelligence functions—to achieve high levels of sophistication and create simulated characters. Likewise, vendors such as Bunchball and Badgeville have created cloud-based gamification engines, which deliver key gamification functions as web services. This greatly reduces the cost and complexity of incorporating gamification into enterprise web applications. These developments have given rise to a varied set of applications that have transformed various HR processes.
## HR processes and gaming applications

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<tr>
<th>HR process</th>
<th>Gaming application examples</th>
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<tr>
<td>Recruitment</td>
<td>America’s Army® (AA) comprises serious games and was developed as an element of the U.S. Army’s recruiting program. AA strongly resembles battlefield entertainment games. The simulation-based game conveys the challenges involved in common Army missions, making the soldier’s role appealing to the Army’s target audience.</td>
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<td>Training</td>
<td>Stone City is a serious game commissioned by Cold Stone Creamery Inc. The purpose of the game is to help employees learn correct “portioning behavior” for ice cream and understand its effect on profitability and customer satisfaction. A viscosity model simulates the way in which various flavors “scoop” differently. Success in the game requires speed and skill, which makes the simulation fun and effective. America’s Army® has been extended to include training components in addition to recruiting. Training modules enable players to try out various types of weapons, vehicles and military procedures. The game environment allows safe trial-and-error learning of job functions that are dangerous in real life.</td>
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<td>Sourcing</td>
<td>TopCoder® is a programming community site that, among other things, uses gamification to help companies identify strong programmers for contract work or permanent hire. Software projects are divided up into small competitions. Participants can earn royalties for winning results that are licensed for sale. However, the reputation a programmer earns by doing well in the competitions is often more important to participants. TopCoder® maintains programmer reputations and makes them accessible to potential employers.</td>
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<tr>
<td>Performance Management</td>
<td>Work.com™, from salesforce.com, Inc., uses gamification mechanisms to provide timely feedback to employees and to recognize high performers. Employees can recognize colleagues with customized badges that reflect their company’s culture and values. Any recognition employees receive becomes part of their social profiles, making their reputation visible throughout the enterprise. ContestBuilder, by LevelEleven, LLC, enables sales managers to gamify any aspect of the sales metrics tracked in salesforce.com’s customer relationship management (CRM) system. Managers can design contests to incentivize creating, responding to or converting leads or closing deals. The contests motivate salespeople to achieve, thus boosting their productivity. Companies can create customized contests and change the contests to reflect shifts in their sales pipeline, making this an agile approach to performance management. Achievers provides companies with a stand-alone, branded social recognition portal, through which employees can recognize each other with endorsements and virtual currency points. Recognition is broadcast in a social newsfeed and on the platform’s dashboard, fostering a sense of accomplishment and friendly competition. Recognition points can become a source of pride for employees and can be redeemed for merchandise.</td>
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### The road ahead

Gamification of HR is still in its early days. Still, games and gamification have begun to alter the way HR professionals and employees experience various HR processes. Some of the changes are incremental. Others could prove disruptive, such as Work.com™’s use of gamification to replace occasional, private top-down feedback with real-time, public 360-degree feedback. We’re just beginning to understand which game-related transformations are most beneficial to organizations and how to estimate the degree to which workers may embrace these changes. As games and gamification—along with insights into how they can help organizations generate valuable business outcomes—continue to improve, this trend will likely become more important. We may never get to the point where the experience of going to work is as exciting and engaging as a great game. But high-performance enterprises will likely push the boundaries to see just how close they can get.
executing the business strategy as well as model the impact of losing specific people in a network in order to target tailored retention practices.

Consider also how technology can enable organizations to break down information on things like learning content, performance appraisal criteria, benefits, or even job activities into smaller chunks, keep track of it, and modularly configure it to create a custom offering. For example, some companies use internal temporary staffing agencies to allow employees to mass configure their jobs by choosing specific assignments best suited to them. Such internal agencies can draw on skills databases that send only relevant assignment choices to employees based on their skill and interest profiles. Or take learning. Learners at the news service Reuters can custom configure learning on the fly, based on their individual needs and preferences, by choosing among a vast array of ten- to twenty-minute bite-size learning components. Companies today can create small components like short videos, simulations, games, traditional e-learning, podcasts, virtual classrooms, and more to be delivered on an employee’s platform of choice.

Digital can also now be used to push out customized offerings, including learning and job opportunities, targeted, personalized messages, or personalized information based on an analysis of an individual’s social media digital trail and artificial intelligence that predict what an individual needs and values based on their unique employee segment. For example, to help people forge customized career paths, technology can now provide a few well-defined options regarding possible next positions—both lateral and vertical—that each employee may consider based on competencies and experience, and compute the person’s readiness for each opportunity. To support such a customized model, HR may need to evolve to look more like the marketing department next door. That is, it may have to become “employee-centric” just as marketing organizations have become “customer-centric.” HR might also need to create altogether new roles (such as those focused on understanding and supporting specific segments of the workforce), new activities (including collecting and mining data to determine employee segments or preferences) and new organizational models (for example, integration of talent solutions that work together to suit specific employees’ needs). (See: Trends Reshaping the Future of HR: Managing Your People as a Workforce of One).

Cloud Computing Will Enable New Flexibility and Agility. Increasingly, organizations are accessing shared resources, software and information over the Internet on a pay-as-you-go basis. Whereas the traditional big, siloed, industrial HR application that spanned...
multiple areas of functionality was created precisely because connecting disparate systems from different vendors was quite difficult (and usually involved expensive systems integration experts on the back-end), today big ERP vendors like Oracle and SAP are offering these systems over the Internet in the form of software-as-a-Service (SaaS). Likewise, new cloud-based platforms like those from Workday and Salesforce.com are being built from the ground up with web-services-based connectors, open architecture, and an orientation toward data analytics and integration. This may make it increasingly easy and inexpensive for newer cloud-based solutions to connect with one another.

We thus imagine a future in which faster-moving, loosely collaborative cloud-based HR applications tied together in an integrated network may replace existing systems altogether. Unencumbered by legacy code, mindsets or business models, newer cloud-based players may also be able to more nimbly capture market share – through building successful businesses by (for example) charging 10 people within a single client organization a subscription fee rather than relying on licensing fees based on thousands of users per organization.

This cloud computing approach will give HR more flexibility to support the business. With the advent of software-as-a-service, for example, companies can now update and introduce the latest innovations enabled through software every 3-6 months instead of every few years. In addition, organizations can more quickly scale their computing power up or down and switch vendors as their needs change.

Although fewer organizations have adopted platform-as-a-service (PaaS), we expect more of them to in the future. That’s because PaaS will enable HR organizations to more easily tailor software applications to their unique requirements and processes. How? PaaS will let HR build an ecosystem of extension applications from a variety of vendors based on business needs—without requiring an army of IT support to handle messy customizations and integration with other systems. The result is that software can be readily configured to meet the needs of users in an individual group, business unit, department or geography.

Thanks to SaaS, technology updates, flexible configurations and applications integration are easier than they have been in the past. But they still require some work from organizations, including the conversion of data so that it maps to vendors’ data structure or the restructuring of a company’s IT environment. But in the future, such conversion efforts could disappear if vendors adopt consistent or compatible data structures. Of course, this may be a long way off, as there is currently no commitment by vendors to do so. But if that ever happens, managers may be able to easily download HR applications from an app store and integrate them with core HR systems as handily as consumers download apps to their mobile phones or tablets today.

In the consumer world, people are becoming accustomed to smaller, single-use applications available for iPhones and iPads. By using similar kinds of applications in the enterprise, organizations can provide employees with the functionality they need and can avoid costly seldom-used features. With smaller cloud-based apps, companies can implement and change HR apps swiftly as their business demands shift. The resulting flexibility could reduce costs and the number of IT and HR staff needed in organizations. Organizations like Accenture are now developing their own internal app stores, offering extensions of existing internal apps and third-party apps to their employees.

To make the shift to SaaS, HR will need to work closely with IT to regularly evaluate new software innovations and functionality, assess current people management processes and determine how emerging software may change those processes. New roles may arise within the HR function to perform these evaluations in conjunction with IT professionals. And as SaaS becomes increasingly user-friendly and intuitive, HR professionals might be able to configure software on their own without the help of IT at all. The move toward SaaS will be one of many factors contributing to a future of HR in which the HR function integrates other disciplines or relies heavily on spanning boundaries between itself and other functions such as IT.
Impact on the Business

As we have discussed in the context of each of the five IT developments, digital advances will have significant implications on employees, managers, and leaders alike. The most important implications include:

• Talent management will become an everyday activity for each employee and manager.
• The locus of information and decision making will shift to employees—and away from a central group like HR or a small group of top leaders.
• Digital will knock down silos and blur boundaries—between HR and business lines, between consumer applications and enterprise applications, between layers in the organizational hierarchy, between business processes and HR processes, and between work and personal life.
• Talent management processes will better serve the business—because they’re customized to an organization’s changing needs and to the employees that work to make the business a success, and are able to more flexibly adapt to changing business conditions.
• Talent practices will become more integral to the business’s strategic capability—because they are data-driven, and because talent data is better integrated with an organization’s business data.

Impact on HR

As digital infuses nearly every aspect of talent management and work itself, it will transform how HR organizations operate and how they serve the business. It will impact HR in the following ways:

• Structure and size of the HR function. The HR function may become smaller as digital more efficiently enables transactional processes and as line managers and employees adopt consumer-like applications to handle HR processes themselves. What remains in HR may become more project-oriented and aimed at improving organizational effectiveness—such as helping to integrate a new acquisition. In addition, new organizational structures may arise to help HR professionals collaborate closely with the business and other functions such as IT.
• Core activities of the HR function. HR may start acting like a marketing organization, by analyzing employee data to mine it for insights; creating customized talent offerings; and marketing, branding and educating employees about talent and HR processes. Already, in some leading companies, HR analytics groups have been established whose mission is to analyze data to determine drivers of workforce performance. HR professionals will also likely take on more of a coaching role, helping to design cultures, incentives and educational programs to support employees as they engage in IT-enabled talent processes.
• HR information management and technology roles. As the line continues to blur between internal and external applications, the role of HR information management and technology professionals could change. Instead of implementing internal applications, information technologists specializing in HR and talent management may be more involved with evaluating external applications and building interfaces between them and an organization’s own data and systems. In addition, new roles associated with constantly evaluating new cloud-based software and the impact the software might have on the business may arise. And as software becomes increasingly user-friendly and intuitive, HR professionals may configure packaged software instead of IT experts. Eventually, software and the manipulation of data may become so user-friendly that employees themselves may even be able to manage their own data, with only limited involvement from the IT or HR function.

Bottom Line

For years, the human resources function has shouldered much of the responsibility for managing people, in a largely segregated operation. Technology advances will change all this, by integrating talent management into the fabric of everyday business. HR IT will thus become a vital component of organizational performance in an increasingly competitive and fast-changing world. As HR heads toward a future characterized by Big Data, integration, mobility, social media, gamification, and cloud computing, the ability for organizations to manage their people will grow more flexible, agile and customized.
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About Our Research

The primary objective of the Accenture Future of HR research initiative is to develop insights that can be useful to both HR and business executives as they seek to maximize the role of HR as a critical function within the organization. We are exploring how current business trends might reshape the nature of the function—in terms of HR’s mission and mandate, the key activities HR performs, the skill set necessary for HR professionals, the metrics on which to evaluate HR’s performance, and the organization and governance models and roles that will most effectively help HR maximize its value to the business. We also are examining current best practices in HR, as well as some of the obstacles HR is facing and how those obstacles can be overcome in the future.
Notes


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