"HR - A relic from the past" or

IT IS IMPORTANT TO SHAPE THE FUTURE, DIGITAL AND DATA-BASED HR

Leadership principles or a new understanding of leadership, the correctness of payroll and time management or sophisticated succession planning based on competence models will not lead to the digital world of tomorrow. These are self-evident things that develop and change over time. More is needed. In addition to top management, HR should play an essential role in this.

But: "The fundamental question that has been on my mind for a long time is whether human resources still make a valuable contribution to the success of the company today or whether human resources is a relic from the past and have completely outdated istelf".

The question of the value contribution of HR is not new and has been and is repeatedly discussed in various media. It's more relevant than ever. In these discussions, the question of measurable criteria and the demand for transparency of personnel work quickly arise. I ask the question: "Doesn't the holistic construct have to be rethought and developed instead of adapting it into fragments or forced into models? Often the driver is the supposed cost efficiency. Cost efficiency stands in a blatant contradiction to the desired value contribution."

This "paper" is intended to show that there must be a jerk. It it confident, maybe aggressive. It outlines various subject areas that need to be intertwined, since they cannot be considered alone and separately from each other.

I do not claim that this "paper" provides a complete description of the current circumstances and challenges, describes the status quo in every company or contains the "solution for everything". Hopefully, it acts as a catalyst that helps to think more holistically and digitally - also in HR.
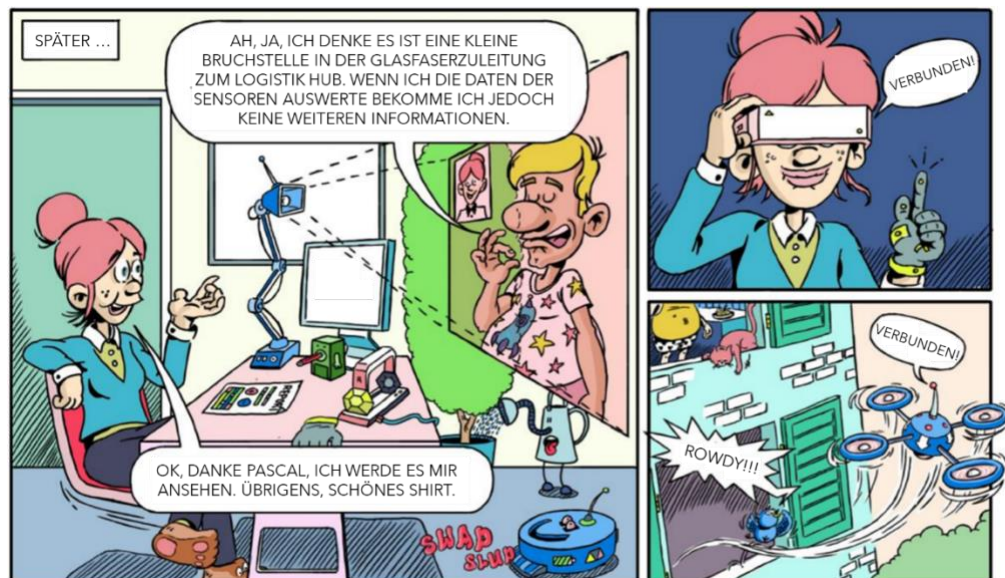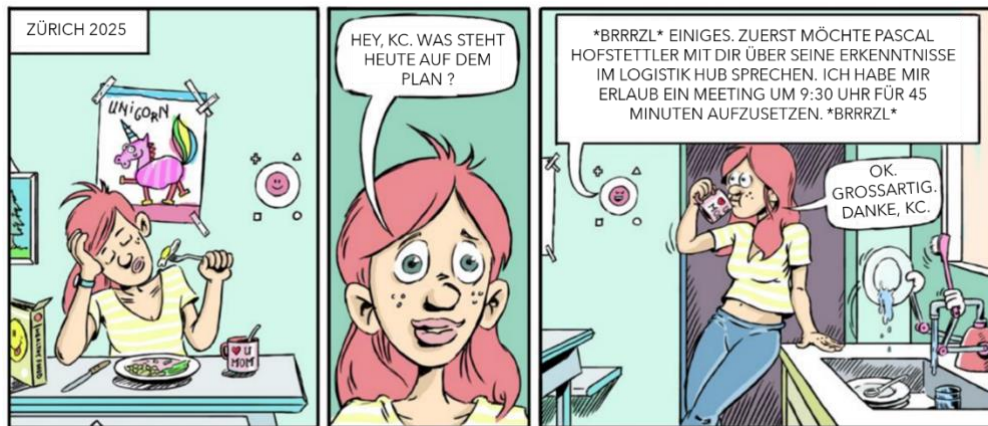
Kay-Christian Schersich

TABLE OF CONTENTS

© 2024 Kay-Christian Schersich

TO THE TUNING - A DAY WITH PATRICIA
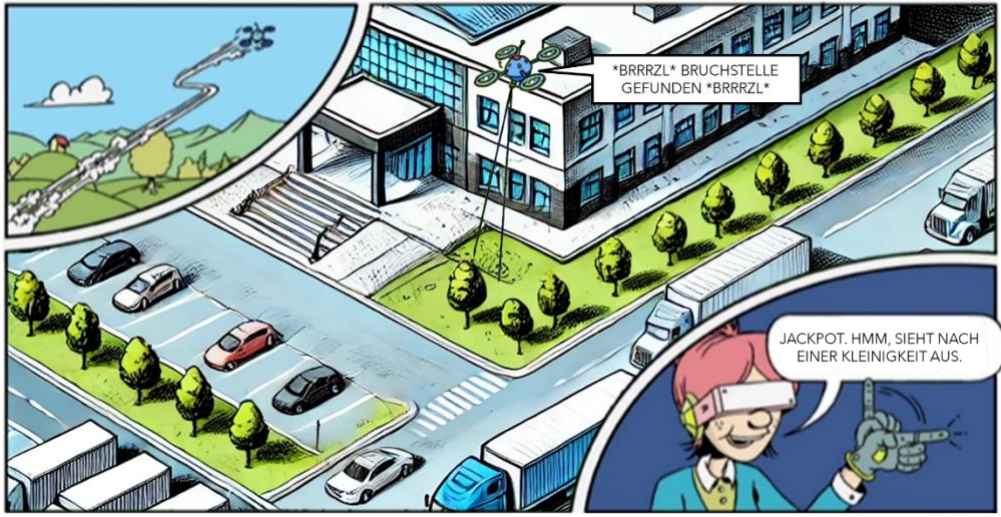
THE VALUE CONTRIBUTION OF HR

The functions that go beyond the personnel administrative tasks depend in their expression on the maturity and the size of the company. Regardless of the maturity and size of the company, however, the question arises as to how much human resources a company can or must afford.

Is recruitment a function that justifies capacity (capacity in the sense of permanent staff) or can this function be obtained as a service? How to decide on the necessity, added value and meaning of this function for the company? In order to create a basis for decision-making and to assess it, it is important to answer questions about the frequency of business transactions and company-specific severity, criticality or complexity.

The same applies to personnel administration or personnel development. Are these functions that justify the existing capacities, or could this, or individual elements, also be provided as a service?

"Without a powerful personnel apparatus, the personnel management processes cannot be managed at all and we have even shifted the operational activities of the personnel administration with great effort to a service organisation specially created for this purpose".

Questions about the value contribution are usually linked to a long-lasting dissatisfaction of the company's management, individual areas, functions or even just individual persons towards HR: a dissatisfaction with the costs of HR, a dissatisfaction with the performance of HR, a dissatisfaction with the performance and quality of HR or the insufficient flexibility of the company's ability to change, which HR would have to guarantee and accompany.

I am convinced that neither the personnel administration, the recruitment, nor the advanced functions in human resources can be the corporate value contribution in themselves. These are all bundlings of purely transaction-oriented processes.

From my point of view, the value contribution of human resources is to be defined exclusively through the contribution to the further development and existence of the company and in particular the company's ability to change in today's rapidly changing world.

"But how do we measure that?" "Sentitled question. These have to be answered. And, if we do it right, DIGITALIZATION plays into our hands as a megatrend. We should definitely use this. "

DIGITALISATION AS AN INITIATOR TO THINK BEYOND THE EDGE

Let's go back to that of E. Gutenberg (1951) developed system of factors of production, which is still the basis for many structure and process organisations today. The production factors are divided into two groups, the elementary factors, I referred to as core business, and the dispositive factors, or support functions, to which the personnel management and commercial processes belong.

IT systems have found their way into administrative functions (commercial IT), robotics, sensors, Industry 4.0 into production/logistics (process IT). As a result, IT takes on a new place and importance. The initially attempted approach of seeing IT as another factor of production failed. IT is rather an entrepreneurial operating medium that runs through all areas of the company and must therefore be controlled or orchestrated across the board. So there is a need for governance. An IT governance, in today's definition, has one goal: value creation, i.e. value creation or, in my words, value contribution.

Is IT found in today's human resources industry? I don't mean that we provide IT-supported payroll systems, easy-to-use portal solutions and maybe even mobile apps to employees and managers. My question is whether it makes sense and is necessary to learn from the evolution and exponential development of IT, to apply it to human resources management or to merge it to some extent. There is much to suggest that digitisation is not only the trigger for questioning HR - but should also be its answer.

Recent predictions still assume that fully autonomous vehicles will be a reality on our roads by 2025, although not in nationwide penetration. When this becomes true, driving becomes safer, more efficient and gives us freedom for other things that we can do, do, experience during this time. Automotive companies are not only investing to accompany or implement this change, they may have to shape and design new business models.

If this is possible in the automotive industry, what can be possible in other areas and industries? Which activities or activities can we automate either completely or at least more than today. What benefits can we achieve? Are we becoming safer and more efficient? Will we create and enable freedom and business models? And: What does this mean for HR?

A few theses are important to me, which must be understood and recognised:

- *Digital is really not an IT issue, it's more about how we work.*
- *We have to do our homework, the basics right. Meaningful specialist concepts, effective processes on an efficient IT.*
- *We have to think and shape our processes from the customer's point of view (means for us managers, employees and applicants).*

- *"Software as a Service" is also "the new normal" in HR. Our differentiation from our competitors does not lie in administrative HR processes.*
- *Data is the key: If only we knew what we know.*
- *We will let technology or machines do what technology or machines can do better than humans. This frees up resources in many ways.*
- *We must distinguish between "digitisation" by automating manual processes and "digitalisation", with which we design new digital products and digital services, as well as new possibilities of interaction with our customers (again: executives, employees and applicants).*

To a certain extent, both digitisation and digitisation are interconnected. The latter is much easier to do if we have created a company with clear processes and responsibilities. So, already mentioned: "Let's fix the basics first" - Our homework, the basics do right.

"SOFTWARE AS A SERVICE" PENETRATES HR

Let's travel back in time again, but not quite that far: Into the time of the branches; the branches of the banks. The banks were doing well. They were full and bursting with liquidity. Customer proximity was represented by branches. There was even a displacement competition to shape one's own brand through local representation. What's left? What has become of the banks? Which one survived the upheaval with what image? Who are the winners, who are the losers?

Many services of the banks, commodity services, have been transferred to the Internet. Purely digital banks, such as N26 or Revolut, started the displacement. Personnel costs have been replaced by IT. The services have not only become more reliable, but also available around the clock and much easier to use. The consumer goods industry followed and today the B2B and B2C is omnipresent via online portals and the machine industry is currently seeing the light of day.

What has changed for human resources in these companies? How much staff is needed to provide today's personnel management services? How big is the effort to "put them online", not only as an interface between employees, applicants or managers and the service centre or other personnel areas, but to replace them completely. Technology takes over these services.

If HR also wants to further develop its own concepts, methods and processes, the market has been showing for years a further standardisation of these processes, on the one hand, on the other hand the shift of operations to an external hosting based on Software as a Service (SaaS). Fortunately, many companies have recognised this and already taken the first step.

This requires rigor, willingness to implement and perseverance to ensure the goals of the HR transformation:

1. Up-to-date HR management to increase the contribution of HR to the achievement of business objectives and transformation projects.
2. Cost optimisation by reducing costs in HR administration and increasing efficiency among employees and managers.
3. Transition to the cloud: on the one hand to standardise processes and data and on the other hand to harmonise regulations, such as collective agreements and their interpretation. This creates the basis for a modern user experience and the possibility of data-based and data-based decisions in the future.

WHAT IS DIGITISATION, WHAT DOES IT MEAN?

We are confronted with new technologies and new product / service offers in our personal lives. The music industry was turned upside down by iTunes (now Apple Music) and Spotify. Many retailers no longer exist, entire brands disappear from the scene. Platforms such as Amazon, Digitec Galaxus and companies that have created a balanced balance between online and offline representation conquer the customer. Telecommunications providers are being overtaken by Google and Microsoft, which offer free communication. We are moving into a world of asset-light companies, such as AirBnB, Milano Vice and Uber.

This affects all companies and industries and it is important to prepare to defend and attack in a world in which new digital market participants have a disruptive effect. On the one hand, we face challenges from competitors who want to disintermediate, and on the other hand, opportunities to automate either completely or at least more than today, to be safer and more efficient, to create time and new business models.

DIGITALISATION PENETRATES OUR LIVES. Each and every company talks about "digital" and everyone has a different understanding of it. Therefore, it is important to sharpen a common understanding, also in HR, for "digital" and in particular the effects and associated opportunities in the application of digital technologies for us and our business.

DIGITALISATION ENABLES NEW BUSINESS MODELS. Digitalisation is one of several megatrends that have an impact on us as individuals, but also on companies. If "social drivers", such as the digital lifestyle, sustainable resource optimisation, security, mobility or "everything in real time" meet technological trends such as AI, HoloLens or IoT, then there is a high potential for new areas of growth and value creation. How does this change HR and what does HR have to do as a corporate function for the company?

DIGITAL IS NOT ABOUT TECHNOLOGY. We know that it is not primarily and exclusively about technology. We can design and deploy new IT solutions. Rather, it's about how we deliver and receive products and services. We already experience this in our private lives and it will increasingly influence us in the company in our work. We need to empower ourselves and train new skills. We must learn to work and work in these new environments and structures.

DIGITALISATION IS A WAY OF THINKING. "Digital" is more than an app, an innovation or a digital laboratory. We need to make sure we think from a customer's perspective. For us, this means thinking from the perspective of (top) managers, employees and applicants. We need closer relationships with partners (instead of service providers or an extended workbench) to help us succeed and offer better solutions. This requires a rethinking in the head.

Digitalisation TAKES PLACE, WHETHER WE LIKE IT OR NOT. I will repeat again and again that digitisation is not technology. But I believe that technology will play an increasingly important role in the way we work. New technologies will enable new digitisation options – directly in HR or with consequences for and requirements for HR:

- Technology helps with decision-making – Artificial Intelligence

- Technology helps to convert data into valuable assets, i.e. resources – big data and advanced analytics

- Technology enables interactions between people, computers and environments - mixed reality, even on mobile devices

- Technology helps solve new and unknown problems – machine learning

- Technology eliminates routine, banal and trivial knowledge work - Robotic Process Automation (RPA)

- Technology enables communities to work more effectively and work in a way they like better – Office 365 Teams

- Technology provides feedback on how to get to a 21st century digital human being. Century - Office 365 Graph/Viva

- Technology allows us to solve problems in new, more favourable and secure ways – drones and virtual reality.

WHAT REALLY NEEDS TO BE CLEAR:

DIGITIZATION is the transition from analogue to digital. From cassettes to CDs. From writing on paper to PDF, from typing on keyboards to robot-driven process automation (RPA). Digitisation is about optimisation, automation and efficiency. It is an important step.

DIGITALIZATION is the use of the latest technologies to change a business model and create new sales or value-added opportunities. It is the process of entering a digital business model to create additional or different revenue streams. What would a digitised HR look like and how would these services be provided, received and invoiced? HR services by gigabyte, as a flat rate, CHF per click, or also subscriptions?

THE DIGITAL TRANSFORMATION is the change associated with digitisation in all areas of human society; thus also with society in the company, the workforce: starting with top management, managers, employees and applicants.

TO SUCCEED IN A DIGITAL WORLD …

> … We are expanding the digital skills in HR. We need to do this faster, bolder and more aggressive.

> … Business and IT should work hand-in-hand. The best digital companies work as a team.

> … We invent our future before others invent it for us. It is important to have the scope to know and actively manage.

> … We invest in our future before we need it. We already have entrepreneurial and financial challenges today, but I think the business pressure we will face tomorrow is clear. We can't save ourselves too much.

> … We simplify our processes. This makes dealing with us, as HR, easier and attractive (customer centricity).

> … We eliminieren schlechte Prozesse. Sich wiederholende, nicht benötigte Arbeit und Arbeit, die keinen Mehrwert schafft, ist eine Verschwendung. It is also easier to digital a "good-read" business.

> … We invest in the sing of differentiating skills.

INFORMATION TECHNOLOGIES WILL DRIVE STANDARDISATION AND AUTOMATION. We can become more and more efficient and effective in what we do. Information technology will drive this automation forward. We must be aware that the prerequisite for success is our ability to better understand our processes and to understand and interpret data.

OUR CUSTOMER. The biggest digital stories I know revolve around companies that offer newer and better services to their customers. We need to sit back and ask ourselves if we are really doing enough to involve our customers (the company's management, executives, employees and applicants) in our digital design and thinking.

THE CREATION OF DIGITAL PEOPLE OF THE 21ST CENTURY. Digitisation and digitisation affects the different areas of the company: people (skills, culture, leadership), control (governance, processes, investments), skills (business models, technology,

innovation) and brand (how employees and the company appear digitally in B2B and B2C). We need to invest in new skills that help us build digital trust and competence. Future executives will have other qualifications that already need to be developed and strengthened today. They must enable and strengthen cross-functional and interdisciplinary work. They must be incredible motivators, communicators and enablers of their teams by being the first to pilot, introduce, use and emplify innovations. It is important to convey the right message to the organisation.

IMPACT OF DIGITISATION ON AND IN HR

IMPACT 1 - DATA DRIVEN HR

Data becomes a "must have" for us to access hidden values or insights from existing sources. We will create new insights and options for action with existing, external and newly generated data.

To transform ourselves into a digitalised, data-driven organisation, the data landscape, but also the way we manage data, must change.

"Data Driven HR" will convince! All relevant data is stored in one place, the data platform, that is highly integrated, quality-assured, protected and secure. We rely on the data and trust it to make decisions. The data platform integrates data from any source, is not limited to specific users and can process data and analysis in real time. The data processes are completely digitised without human intervention.

Use cases in HR, but also in correlation with other business data, can be quickly prototyped and realised due to the reusability of the underlying framework.

We are fundamentally renewing the way we work with data in HR. Our ability to transfer and analyse the problems in use cases will become a core competence in HR. This, I call it "speed-of-data", will strengthen and accelerate the value creation of HR in companies and lead to a combination of customer centricity, customer experience and customer engagement (customer for us in HR = manager, employee and applicant).

Digital skills, people with a digital DNA, are essential to act as data engineers, digital platform managers, data architects or data scientists.

IMPACT 2 - DIGITALIZATION @ HR

The HR function is decisive for the transformation of the organisation in four respects.

1. The HR function enables the workforce to meet the competitive requirements of a more digital business and market environment. Targeted development and learning initiatives will build up the necessary skills and the use of the tools.

2. The HR function establishes the organisational principles and structures that enable the workforce to develop their full potential. Depending on the company and area, it is necessary to work in autonomous, customer-oriented project teams. This makes it possible to react flexibly and adaptably to the rapidly changing requirements of the competition. Digital leadership styles will focus on the transformative side of collaboration and balance with today's transactional leadership.

3. The HR function will influence the culture of the company to internalise the values that are essential for a digital working environment. A collaborative, trust-based culture puts the team before the individual and lays the foundation, where appropriate and necessary, for a more flexible organisation.

4. HR will use digital applications to achieve quality and efficiency gains. Our customers experience state-of-the-art solutions along the HR life cycle and recognise the integrity of technical concepts, processes, data and systems/metrics:

Recruiting: A digital employer brand will attract talents of the next generation. Based on predictive algorithms, the most suitable candidates are brought together, taking into account ethical aspects of digitisation, and integrated into a transparent and modern candidate experience.

The AI recruiting bot predicts the expectations of superiors, suggests a recruitment profile and takes over the comparison of applicants with the search profile. Virtual interviews along with biometric and psychometric tests provide accurate selection lists of qualified candidates who go into a final interview. Unqualified candidates are automatically discarded.

Based on algorithms, potential candidates are proactively integrated into social and business networks through recruiting bots. The AI recruiter accompanies the interactions in real time and gives feedback in both directions.

PERFORMANCE MANAGEMENT: Artificial intelligence understands company-specific causalities of performance expectations in the various business areas. Predictive analytics predicts and designs possible effective incentive models.

TALENT MANAGEMENT: The talent analysis understands the requirements for skills, commitment, leadership and succession. Talents are recognised at an early stage and

developed effectively. The turnover is low, while the workforce becomes more flexible in size, location and skills.

LEARNING: Virtual und Augmented Reality schafft eine effektive und sichere Lernumgebung, um Fähigkeiten am Arbeitsplatz zu erlernen, zu testen, zu teilen oder zu erweitern.

HR-OPERATIONS supports managers and employees on their way through the lifecycle with mobile 24/7 cloud solutions that meet the needs of work flexibility and mobility: from time and travel management to information on salary and retirement provision, from onboarding support to applications for real-time feedback. HR products, services and the experience will be completely embedded in our everyday life.

HR will be able to focus strongly on significant business changes. Executives and the company's divisions value and trust this effective digitisation in their favour, as we support and empower them accordingly.

Employee feedback is collected unobtrusively and automatically over the entire customer journey, i.e. the employee lifecycle, and pays for the engagement.

IMPACT 3 - EMPOWERING OUR EMPLOYEES

How would I describe the future of employees, including managers? Actually quite simple (I will not specifically go into the different industries and the diverse business areas):

We have a work environment in which we can think, design, collaborate and exchange or share content. Our managers and employees make decisions and take risks. We build networks, are driven by curiosity, open-minded and technically savvy. The employees work seamlessly with any device and from anywhere (of course in accordance with the applicable regulations). Machines will do what machines do best. Employees will have more time to do what they do and should do best.

We've recognised how increasing automation impacts roles, skills, and organisation. We actively develop managers and employees in these new skills. Or, where necessary, we ensure your employability.

Especially in the administrative areas, employees have developed from experts who work in and support processes into experts who create added value on the basis of four basic skills: design, process efficiency, deep business-specific knowledge and customer-oriented change management. This with the aim of enabling and accelerating the ability to change in the company.

The employees are characterised by the urge for continuous learning, i.e. by curiosity and openness to change. The workforce is diverse, technically savvy, with comprehensive soft skills and a commercial mindset.

Employees are an integral part of our future more digital environment: Through the use of modern technologies such as virtual or augmented reality, smart wearables and services or sensors or even autonomous drones, barriers between the digital and physical world are broken down and seamlessly integrated into everyday life.

Usual future roles, both in HR and in related functions (Finance, Accounting, Controlling, Procurement, ...) are data scientists, specialists in applied machine learning, software engineers and creative specialists, e.g. to make data available, to continuously analyse data for new insights and to develop algorithms.

Decision-making is shifted to the organisation, where the individual is encouraged to take risks. The leaders create the environment that allows employees to think, use data, turn it into information and make decisions.

WHY HR TRANSFORMATIONS FAIL

I have summed to a big mistake. Within the framework of my previous experiences of transformations, changes and reorganisations within human resources - and beyond - I have always assumed that a clear goal picture, a goal state, a goal model is described, plus a procedure model in the sense of a gradual conversion into logical and comprehensible, measurable units. I did not become deaf when hordes of well-known management consultancies took the sceptre in hand, which modelled HR management strategy and first process models.

Today I realise that - and this is a fact and due to the function of human resources - the experience and competence for change is not present. Perhaps apart from the small Gallic village, which held up the flag and is still waving today. There is a lack of decisive methodological competence: When it comes to corporate changes, reorganisations, process renewals or new technologies that even affect the HR department itself, the competence and experience of project management is particularly lacking.

Human resources, once defined and established, focusses on the delivery of the agreed services, possibly perhaps even measured against agreed criteria/KPIs. Marginal changes, such as in salary policy or employee development, are certainly also feasible. Controlling fundamental changes in the company, recognising these needs, raising them and actively controlling or accompanying them are unusual. Human resources is thus highly focussed on personnel management, primarily transaction-oriented operations.

What characterises project management, what is important here? There is certainly literature, seminars, trainings, certifications and much more. Project management differs from day-to-day business in two ways: (1) There is a clearly defined start and finish state, i.e. a beginning and an end and (2) a described way to get from the start to the target state. There is thus a clear goal picture, the ability to describe the way there and the necessary goal orientation and result assurance.

This requires that HR recognises, accepts and reinvents itself. There are corresponding impulses. However, they are all too easily caught up in opposing interests. In order to reinvent oneself, it usually takes considerable pressure from the outside. The initiation and implementation of dramatic changes should not depend on those who are currently benefitting from the status quo. However, this is exactly what happens.

Consequently, it must not leave the company management to express discontent or approve the next projects, but must see itself as the client of corresponding restructuring projects. In other words: the company management, the administration, the supervisory board would have to deal intensively with the meaning and purpose of HR (and IT) for the company and accompany such a project. This is very much to ask – but it is my basic conviction that the current megatrends and developments require a corresponding discussion and thus bring together the external vision and the inner view.