ARE WE READY FOR THE FUTURE?

A Report on HR Readiness for The New Digital Wave
DISCLAIMER:-
This study has been carried out by FICCI in collaboration with Helix People Systems, as part of the 3rd edition of the FICCI HR Conference – 2018 by conducting an opinion survey structured for the purpose. The Report is based on responses received from the HR professionals, CHROS, HR leaders, CXOs and HR Practitioners and may reflect a combination of practices in their respective organizations as well as personal views. The objective is to look at a larger inference from the overall responses and not to study / represent thoughts of any particular respondent / organization. The explanation provided in the report are given based on the responses and should not be construed as advice or endorsement of any kind from FICCI or Helix People. This survey, results and the report are proprietary property of FICCI and Helix People Systems.
About FICCI:

Established in 1927, FICCI is the largest and oldest apex business organisation in India. Its history is closely interwoven with India’s struggle for independence, its industrialisation, and its emergence as one of the most rapidly growing global economies.

A non-government, not for profit organisation, FICCI is the voice of India's business and industry. From influencing policy to encouraging debate, engaging with policy makers and civil society, FICCI articulates the views and concerns of industry. It serves its members from the Indian private and public corporate sectors and multinational companies, drawing its strength from diverse regional chambers of commerce and industry across states, reaching out to over 2,50,000 companies. FICCI provides a platform for networking and consensus building within and across sectors and is the first port of call for Indian industry, policy makers and the international business community.

FICCI Quality Forum (FQF), the specialised training and consultancy division of FICCI was set up in 1992 to sharpen the competitive edge of Indian Industry. It provides training consultancy and research services focused on enhancing quality quotient of client and partner organizations.

About HELIX:

HelixPeopleSystems works in the space of Organizational Transformation Change. We at Helix believe that organizations have a DNA that is constantly evolving and adapting to survive in a challenging environment and any organization that does not evolve faces the risk of extinction.

We at HelixPeopleSystems work at this core. We understand the organization’s founding DNA, its business model and strategy, its culture and people dynamics to enable transformation and change. We partner with HR and work with business to design bespoke interventions that impact the business and help achieve sustainable results.

Helix was started by Samir and TD who have experience across diverse sectors. Samir started from the Army and his last stint in the corporate was as Director of Performance Excellence in RBS. TD did his engineering from IIT Delhi and MBA from XLRI and his last corporate role was as Head of Ameriprise Financial, India – a Fortune 300 spinoff of American Express.
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<tr>
<td>Key findings</td>
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<td>Strategy</td>
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<td>Capability</td>
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<td>Business Impact</td>
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CONTEXT
Technology has changed the landscape more rapidly than anything else in the last decade. With easy access to funds and rapid improvement in technology and computing, new players are finding innovative solutions to client problems and disrupting the old order. Business models, business processes and the underlying skill sets that drive excellence are changing; AI and ML as technologies of the future are bound to impact roles, structures and efficiencies.

This will change the dynamics of business. In this rapidly changing world, is HR ready for the future? Do we have a clear strategy and a capability plan that supports us in the future? Are we looking at game changing strategies or just incremental gains? How do these technologies impact decision making and the ways in which we connect with the customer and each other?

FICCI in collaboration with Helix tries to find the answer to these intriguing questions through the survey conducted over a period of one month. The survey attempts to answer these questions and is designed around 4 key factors that are critical for business i.e. digital strategy, business impact through technology, sourcing and developing the capabilities required to leverage technology and using technology and social media as tools to build an employee network. The report consists of the following sections:

- Key findings
- Strategy
- Business Impact
- Capability
- Social Media
- Respondent Demographics

We hope that this report will make a good read and trigger some conversations and deliberations required to make the impact in the community that we are aspiring to.
KEY FINDINGS
Irrespective of size or scale, organizations are planning for the future and Digital HR is part of the overall HR and Technology Strategy.

Organizations are setting aside separate budgets for Digital HR. This trend is noticed in organizations irrespective of size, from organizations with less than 500 employees to more than 5000 employees. This clearly shows that organizations see technology as a key priority and want to invest in it for the future.

Irrespective of size or scale the selection of technology seems to be driven primarily by the need of the organization, with organizations going for need based local solutions or comprehensive world class solutions based on the requirement.

The survey indicates that HR’s involvement in the overall strategy process is limited, with an average of approx. 6 on a 10 pointscale. It would be interesting to see how HR leaders plan ahead to enhance this score.

Responses indicate that almost half the participants see Digital HR as a means to achieve operational efficiency and the other half see it as a tool for better decision making. This poses a question - “Is there a need to step back and look at the big picture, to see how we use technology to drive better decisions?”

Leveraging technology for the entire HR Value Chain. Organizations seem to be using technology primarily for HR Operations. The survey indicates that not too many organizations are using it for learning & development, recruitment or manpower planning. HR leaders need to see how they can use technology for greater advantage in their functions.

Potential of social media as a tool for employee engagement and decision making. The survey indicates that organizations can use social media platforms more effectively for employee engagement and decision making. More than 50% of the respondents said that currently it’s not being used effectively.

Table 1: The Primary Impact of Digital HR

<table>
<thead>
<tr>
<th>Digital HR, according to you, is primarily for</th>
<th>5%</th>
<th>46%</th>
<th>47%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not clear of its impact</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operational efficiency</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reducing cost of HR</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Taking better decisions</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Investing in change management will become important. The landscape of the future will be very different, with very different jobs and skills. Organizations need to invest more in change management to educate, enable and re-skill employees.

Newer technologies have given the flexibility to employees and organizations to offer flexi-working options. This means more flexibility, lower cost and better productivity, if managed well. Organizations need to step back and reflect if they are adequately prepared for this new landscape? Do they have the tools, systems and culture to leverage this opportunity?

Do we really have the right skills for the future? Responses indicate that there’s a moderate to good match between the skills required and the skills available in fresh graduates. This can keep the cost of hiring and re-skilling low, while increasing the employability of new hires in the future.

Table 2: Most Impacted Services by Digital HR

<table>
<thead>
<tr>
<th>Service</th>
<th>Impact Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>HR operations (payroll etc)</td>
<td>64%</td>
</tr>
<tr>
<td>Learning &amp; Development</td>
<td>16%</td>
</tr>
<tr>
<td>Manpower planning</td>
<td>8%</td>
</tr>
<tr>
<td>Recruitment</td>
<td>12%</td>
</tr>
</tbody>
</table>

Table 3: Use of Social Media in an Organization

Your organization has used social media effectively for

- Building an employee network: 16%
- Focused employer branding: 44%
- I don’t see a clear strategy: 26%
- Internal communication: 14%
STRATEGY
The primary trend here indicates that there is a clear acknowledgement that Digital HR is a key part of the HR and Technology Strategy. About 80% of the respondents said that there was a strategy in place; however, employee involvement in the strategy formulation process is limited to 6 on a scale of 10. It can be deduced that, while there is a strategy, there isn’t enough seat at the top table in the process of strategy formulation.

81% of respondents said that their organization is committed to a digital future and has budgets for the same. This is a significant trend as 68% of the respondents are from senior management and heads of department. Almost 46% of the participants also have more than 15 years of experience. The two data points together show that close to 50% of the participants have the experience and level to give a good inside view on Digital HR.

<table>
<thead>
<tr>
<th>Yes, to a significant extent</th>
<th>Yes, to a limited extent</th>
<th>We have a plan but yet to put in action</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>49%</td>
<td>30%</td>
<td>15%</td>
<td>6%</td>
</tr>
</tbody>
</table>

Digital HR is a part of your overall HR Strategy

- We have a plan but yet to put in action: 30%
- Yes, to a significant extent: 49%
- Yes, to a limited extent: 15%
- No: 6%

Table 5: Is Digital HR part of overall Technology Strategy

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Only 43%* of respondents said that they currently use HR Analytics to drive better decisions. 42%* said that they were only using HR Analytics to analyse data and present trends. Does HR need to build better analytical and decision-making skills to leverage the vast amounts of data that sits with them?

63% of the participants said that they are currently using technology to impact HR Operations. This might lead to short term efficiencies, reduces cost of HR and improve the employee experience but we need to introspect and see if we can leverage technology to impact other functions more strategically.

63% respondents said that the technology they currently use is need based and developed in-house or procured locally. It’s also worth noting that only 48% of the respondents said their systems were cloud based and another 15% said that they were planning to migrate in the next 12 months. The two data points together pose the questions:

“Are our people and systems ready?
Do we have the skills and are our systems scalable and resilient?”
CAPABILITY
Is your organization developing you for the Digital Future?

- Yes: 47%
- No: 17%
  - There has been focused development to build specific skills: 29%
  - There have been some awareness sessions: 7%

Organizations seem to be building awareness towards a digital future. 47% of the respondents said that their organization had invested in them, but it’s important to note that only 7% of respondents said that their organization was investing towards building specific skills. HR might need to look at future Org. Designs to start investing in building specific roles and skills for the future.

Table 9: Readiness for Managing Data Security

Has your organization invested in educating you on managing data security in the new economy?

- Yes: 61%
- No: 39%

Only 61% of respondents said their organization was investing in change management interventions to help them adapt to a Digital future. It’s important to note that almost 39% aren’t investing. Change is as much a psychological process, as systems and process driven and businesses need to help their people navigate through ambiguity. A gap here might result in attrition, low employee morale and might also impact employer branding.
82% participants said that there was a moderate to very good match in fresh graduates for the knowledge and skills required for future roles. However, only 19% of the 82% said that there was a very good match. While there seems to be an overall positive trend, we need to reflect if there is a gap for specific skills in the market?

Investing more in educating employees on data security might be an imperative. Only 61% of employees said that their organization had invested in educating them on managing data security in the new economy. This is important to note because as we move towards more modular and cloud-based systems, data security will become important and non-negotiable. First-line security will be critical to manage customer and organization data with huge penalties for a data breach.

Only 36% of respondents were using Gaming and simulations for Learning and Development. Almost 35% of the respondents said that their use of technology was limited to running webinars and e-learning.

Respondents were optimistic about the future and Digital with 82% of them saying that their people and organizations were ready to thrive in the future.

### Table 10: Suitability of Fresh Graduates

<table>
<thead>
<tr>
<th>Match Type</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>A moderate mis-match</td>
<td>8%</td>
</tr>
<tr>
<td>A significant mis-match</td>
<td>10%</td>
</tr>
<tr>
<td>A very good match</td>
<td>19%</td>
</tr>
<tr>
<td>A moderate match</td>
<td>63%</td>
</tr>
</tbody>
</table>

Do fresh graduates match the knowledge and skills required for future roles in your organization?

### Table 11: Usage of new technologies for Learning and Development

<table>
<thead>
<tr>
<th>Technology Use</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Limited use of technology e.g.</td>
<td>35%</td>
</tr>
<tr>
<td>webinars and e-learning</td>
<td>29%</td>
</tr>
<tr>
<td>Yes</td>
<td>36%</td>
</tr>
</tbody>
</table>

Your organization is actively leveraging new technologies and moving towards gaming and simulations for Learning and Development.
BUSINESS IMPACT
94% of the respondents said that Digital HR will help them drive operational efficiencies and take better decisions. However on another questions 67% participants said that Digital HR has impacted HR operations the most. The two data points pose the question – are we truly using technology for strategic advantage?

AI is the next big frontier of services excellence and quality. 67% of the respondents said that they aren’t using AI in their processes. HR services manage a large amount of repeat transactions and need to explore opportunities to implement AI. This will reduce the cost of HR services and HR could start by identifying processes that show a positive ROI.

Technology has impacted how you manage manpower and you have a strategy towards

<table>
<thead>
<tr>
<th>Percentage</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>28%</td>
<td>Encouraging people to work from home</td>
</tr>
<tr>
<td>30%</td>
<td>Hiring freelancers for specific projects and durations</td>
</tr>
<tr>
<td>42%</td>
<td>Hiring more people on contract</td>
</tr>
</tbody>
</table>

Technology has impacted the way we have known workplaces and working. 28% of the participants said that their organization encourages them to work from home, 30% said that they hire freelancers for specific projects and durations and 42% saying that they hire more people on contract. While these trends seem positive, HR will need to work at the backend to make new policies and processes to manage this mobile workforce and their productivity. This fluidity will require a new culture where Managers are more aware, agile and emotionally intelligent to manage employee motivation, productivity and retention.
Digital HR, according to you, is primarily for:

- 47% Taking better decisions
- 46% Operational efficiency
- 5% Not clear of its impact
- 2% Reducing cost of HR

47% participants said that they were using HR Analytics for better decision making. This presents a key gap, as the landscape of the future will require HR to analyse data to drive better decisions – the complete landscape of the future of skills, talent, compensation and the workplace itself will be very different and HR will need better models for decision making. Rigorous scenario planning might be the need of the hour to help HR prepare for this future.

70% of the participants said that they have a component of digital HR built into their goals. This shows good traction and an effort to align employees.
SOCIAL MEDIA
Respondents were asked how their organization currently uses social media. 44% said it’s currently used for employer branding, but only 30% said that it’s currently used for building an employee network and internal communication. Only 14% of the 30% said that their organization uses social media effectively for internal communication. With the speed of change and disruption it’ll become imperative for leaders to communicate in real time using these channels. This presents a clear opportunity to organizations.

Social media can be used as a powerful tool for employee engagement. A query on this elicited the following response. 26% participants said that it was being used effectively, 28% said that it wasn’t being used effectively and 46% said it was being used in a limited way. This presents a clear opportunity as organizations are social constructs and address employees’ need to belong to a group. Strong employee engagement can increase productivity, improve team work and reduce attrition. Leaders must leverage this as an opportunity to build stronger teams using social networks.

Respondents were asked how their organizations were currently using tools like 'WhatsApp' and 'Slack' for decision making. 43% said that it was being used only for information exchange, 18% said that it was being used for decision making even at a senior level and 48% felt that it wasn’t being used adequately. This presents an opportunity to use these tools for faster decision making, by putting the right governance and in place.

Table 15: Use of Social Media in an Organization

<table>
<thead>
<tr>
<th>Purpose of Using Social Media</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building an employee network</td>
<td>16%</td>
</tr>
<tr>
<td>Focused employer branding</td>
<td>44%</td>
</tr>
<tr>
<td>I don’t see a clear strategy</td>
<td>26%</td>
</tr>
<tr>
<td>Internal communication</td>
<td>14%</td>
</tr>
</tbody>
</table>

* Refer to table no. 16 | * Refer to table no. 16 | ^ Refer to table no. 17
Has your organization started using Social media platforms for employee engagement?

Table 16: Use of Social Media for Employee Engagement in an Organization

<table>
<thead>
<tr>
<th>Usage</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>In a limited way</td>
<td>46%</td>
</tr>
<tr>
<td>In a significant way</td>
<td>26%</td>
</tr>
<tr>
<td>No</td>
<td>28%</td>
</tr>
</tbody>
</table>

Are chat applications like 'Whatsapp/Slack' used as decision enabling and monitoring tools in your organization?

Table 17: Usage of 'Whatsapp/Slack'

<table>
<thead>
<tr>
<th>Usage</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>In a limited way, for information exchange</td>
<td>43%</td>
</tr>
<tr>
<td>Not used effectively</td>
<td>39%</td>
</tr>
<tr>
<td>In a significant way, for decisions even at senior level</td>
<td>18%</td>
</tr>
</tbody>
</table>
RESPONDENT DEMOGRAPHICS
The survey was taken by 122 respondents. 68% of these respondents were senior management and heads of department; 66% of them were also more than 35 years of age. This is important as it means that respondents have more than 10 years of work experience and are from senior roles, with an adequate understanding of business and business strategy.

Only 12% participants were between the ages 25-30. Some more data from the younger generation would be a useful perspective to have.

The survey also covers a good spectrum of organizations and responses. 31 respondents were from organizations with more than 5,000 employees and 64 from organizations with less than 1000. This provides a good range of views, from very large organizations with fairly stable functions and practices, to smaller ones that are more nimble with different decision criteria.

There was more than a 70% overlap in responses between large and small organizations i.e. with more than 5000 and less than 1000 employees. This is important as it shows that a lot of choices made by organizations are irrespective of size or scale. It’s worth asking ourselves “are technology decisions size agnostic? And can best practices be learnt from others irrespective of size?”

The survey had the largest representation from consulting, manufacturing, services, IT/ITES and banking & financial services with 12, 15, 12, 11 and 9 % representation respectively.

**SUMMARY**

It is a marathon not a dash- The pace of digitization and the level of technology usage in HR is only going to accelerate in the coming decades. Just like being ready for the internet era, organizations need to view this as a longer term journey and need to have a multi year plan and not view it as stitch episodic projects and initiatives meant to plug an operational gap. Like in other business arenas, fast and low cost experimentation will be critical for long term success.

In the 70’s Moore stated his famous law that “the computing power of processors and computers will double every two years”. Digitalization is here to say and the world will change even more in the next twenty years, than it has in the last twenty. This is an opportunity for HR to wear a different hat and draw up a landscape of the future that is systemically linked and driven by technology and people.
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