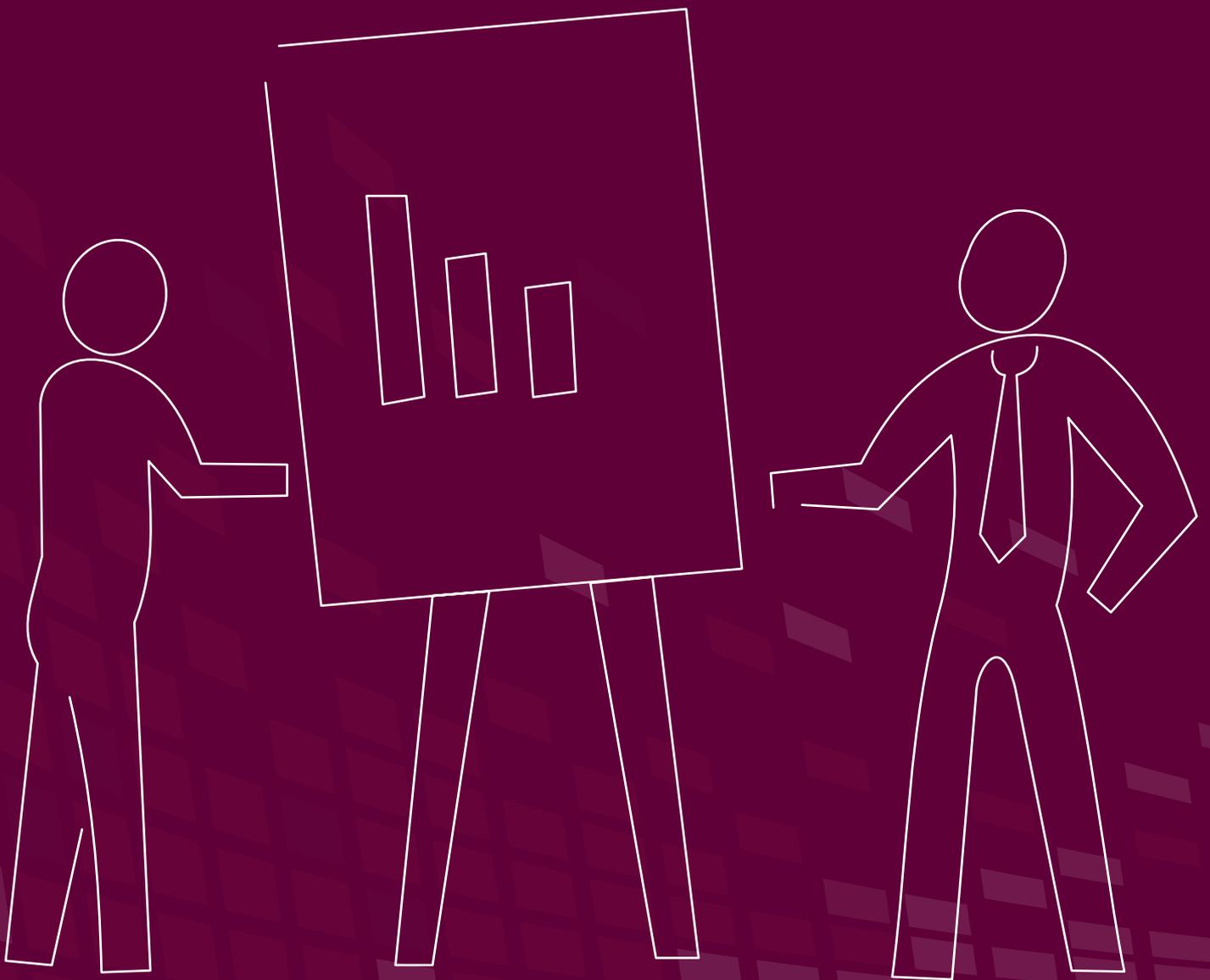




# Now or never - HR's need to shape its own future

Results & Insights from Capgemini's Exploration "The Future Role of HR"



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# 1 Management Summary

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It takes a lot of energy and resources to boil the ocean. This metaphor illustrates the effort HR must invest to drive the necessary transformations within organizations. However, HR does not only drive change, it has to change itself. And while many organizations have just recently succeeded in implementing updated HR structures similar to the often-praised Ulrich model<sup>1</sup>, indicators both in- and outside of organizations increasingly show that the time for a new revolution in the organizational design of HR is soon to begin – or may have already begun.

To shed light on the HR organization of the future, we conducted a survey on “The Future Role of HR”. Building on the expertise of 30 HR professionals from start-ups, corporate departments and academics as well as consultants in DACH/NL, current requirements and needs for a future-proof HR function were identified. Additionally, characteristics and scenarios for potential future operating models were compiled. Two findings stand out:

## **HR has recognized the need for change, but doesn't know how to move just yet**

93% agreed that HR needs to change in the next years to remain relevant.

Furthermore, a strong reluctance to change is widespread.

Many of the experts agree that some current HR responsibilities will remain relevant. But HR should not simply maintain the status-quo. Instead, it should carefully question the processes underlying the current tasks. Many tasks need to be digitalized and automatized to remain or become state-of-the-art business operations and to enable effective and valuable HR work.

In addition, new challenges such as the effective utilization of data through People Analytics and the design of employee-centric talent management processes need to be addressed. According to the experts, the design of modern workplaces and a culture supporting strategic goals and innovational spirit will especially gain importance. Addressing those challenges is inevitable for future HR success.

## **The old, new HR role: Truly becoming a transformation engine for the organization**

HR automation and the rise of employee self-service applications go hand in hand with the need for new HR roles. “HR needs to do the right things, not do the things right”, said one of the participants. Instead of focusing on perfecting existing processes that might not even be relevant in the long run, HR needs to fill new roles and act as a strategic partner in business. This role entails conquering new tasks such as building a compelling employee experience or driving business decisions with the help of People Analytics.

Especially the new role as an HR Data Analyst seizes the opportunity to control, improve and subsequently maximize the effectiveness of people-related activities. This will not only enable HR to act proactively, but will ultimately drive strategic, data-based decisions. All in all, the HR department of the future is meant to actively shape organizational (digital) culture, to be an active part of the business and to ensure a seamless and valuable employee experience.



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<sup>1</sup> Capgemini Consulting (2011)

## 2 Understanding the Status Quo

The objective of our study was to reveal trends and requirements and identify how the future HR function should be organized regarding roles and competencies.

A large body of studies<sup>2</sup> has indicated in recent years that the Ulrich model, consisting of HR Business Partners, Centers of Expertise and Shared Service Centers, is omnipresent in German HR departments. Even though the model is still frequently implemented, it has recently been subject to criticism<sup>3</sup>. Main points of criticism according to our project experience are a remaining lack of strategic orientation and a limited applicability of the proposed model for smaller companies.

Besides the challenges of Ulrich's model, the continued digital transformation creates new opportunities while at the same time implying new and previously unknown challenges (e.g. service chatbots). Borderless business and economic growth require HR to rethink its work and find a balance between standardization and personalization of processes.

The changing workforce dynamics result in an unprecedented need for understanding the implications and challenges of employee diversity.

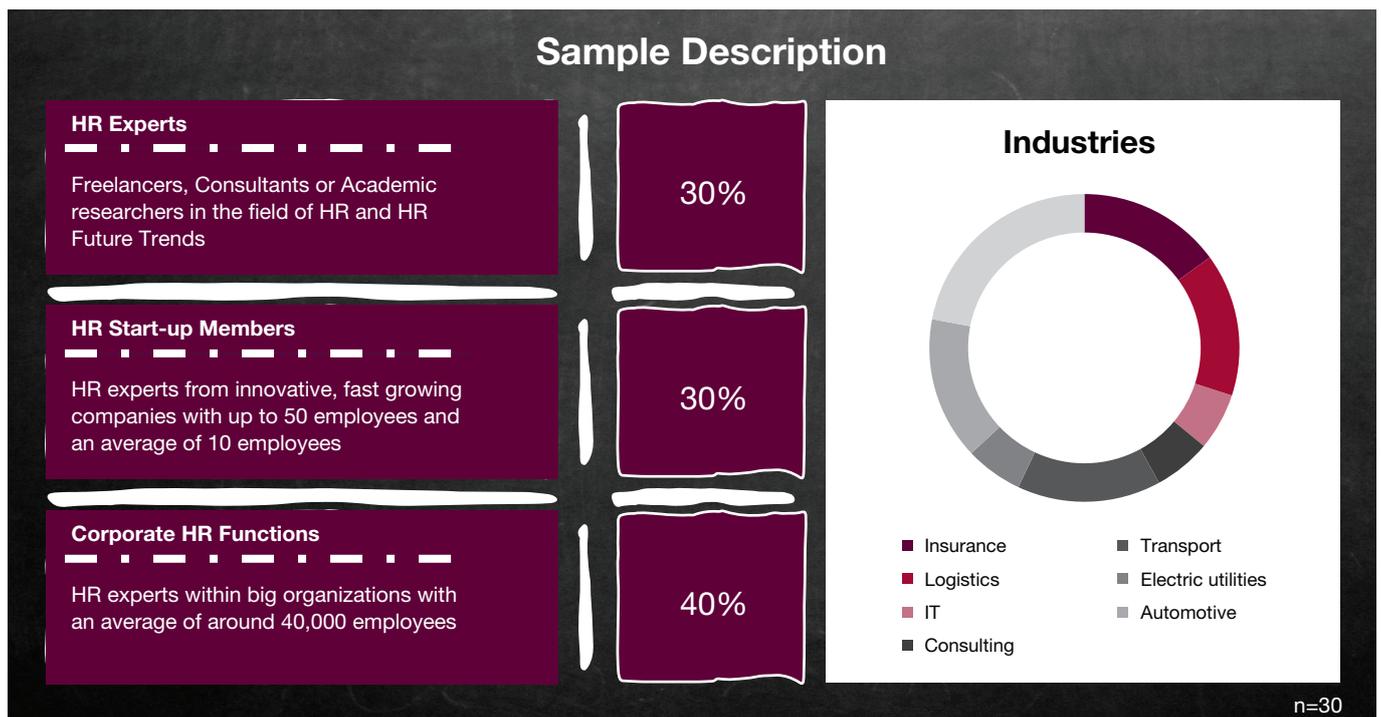
Judging from the facts stated above, the necessity for HR to rethink its current role and capabilities can hardly be neglected. This notion is underlined by the iconic words of the Harvard Business Review: It is "time to blow up HR"<sup>4</sup>.

### A unique set-up: How to get different results and new insights on the future of HR?

In 30 interviews, averaging 35 minutes, experts from various disciplines related to HR topics were surveyed in June 2017 (see figure 1). The experts, all of whom are based in the DACH/ NL region, were chosen with regard to their experience in the field of HR, their awareness of current trends and future challenges for personnel divisions, and their personal innovative ability.

A half-structured interview-guideline formed the basis of the interviews. During the interviews, we collaboratively developed ideas by applying different creativity techniques. In a sequentially and iterative approach, we proved and further developed initial drawn ideas for (1) Future HR Scenarios - see chapter 3 - and (2) Future HR Roles - see chapter 4.

Figure 1: Expert Sample Description



<sup>1</sup> Capgemini Consulting (2011)

<sup>2</sup> Stehr (2017)

<sup>3</sup> Harvard Business Review (2015)

# FUTURE



# 3 HR standing at the Crossroad

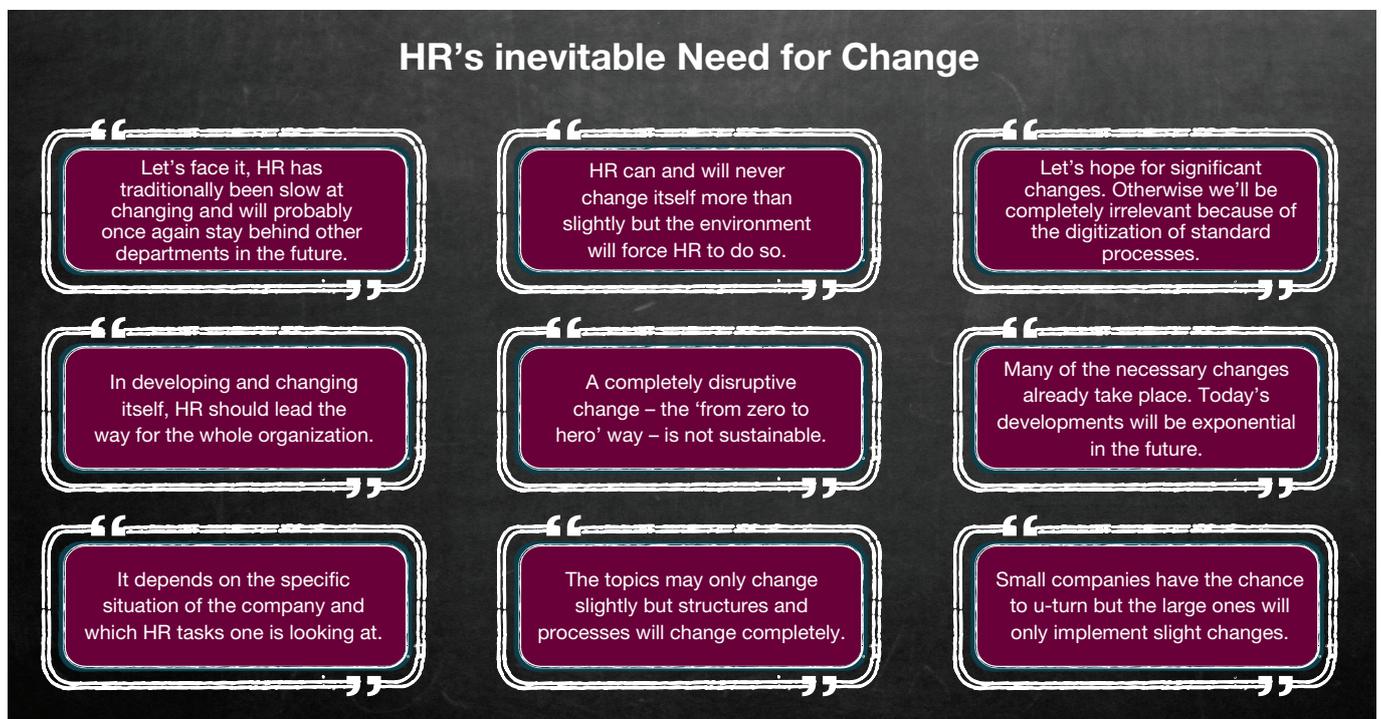
## 3.1 Time's up

93% of the respondents agreed that HR needs to change immediately to stay relevant and create value. However, the answers are less unanimous when it comes to guessing the extent to which HR will presumably have changed until 2030. Whereas only 2 out of 30 participants think that only slight changes will take place, almost a third of the experts (34%) believes in a complete directional change. The participants indicate that the scope of the changes in HR depends on the current situation of the company, the size of both the company and HR department, the self-perception of the personnel division as well as the industry the company operates in. The experts' comments indicate that a remarkable reluctance

to change is a significant characteristic of many HR departments. Moreover, several respondents argue that certain tasks of HR functions will be subject to larger changes than others, such as the recruiting department and HR controlling. The major driver for changes in day-to-day HR operations is, however, the continuing digitalization.

The responses confirm that HR needs to get prepared for the challenges imposed by current and future trends. Not only to justify its existence, but mostly to remain or become a valuable source for organizations (see figure 2).

Figure 2: HR's inevitable Need for Change



### 3.2 Trapeze act

Challenges for HR are diverse and cover a wide range of issues. For instance, the challenges include becoming an expert in well-known HR-related tasks, “finally get[ting] rid of the self-adulation that is common in HR offices” and shifting the focus from transactional tasks to strategic topics. All of them are of high relevance for the success of future HR departments aiming at becoming a valuable component of the business (see figure 3). Although highly diverse, the biggest challenge is the variety of expectations for HR departments itself.

The requirements of the HR function are expected to increase and change significantly in the next years. Quoting one of the participants, “[i]t’s not only about doing things in a new way, but also about doing new things” – personnel divisions must adapt and optimize known operations while at the same time fulfill duties that are not yet common for HR departments. The four most frequently mentioned challenges for HR represent a vivid example of this tightrope walk: Whereas personnel divisions are usually responsible for the classic transactional tasks, being more strategic and becoming part of the business belong to the requirements

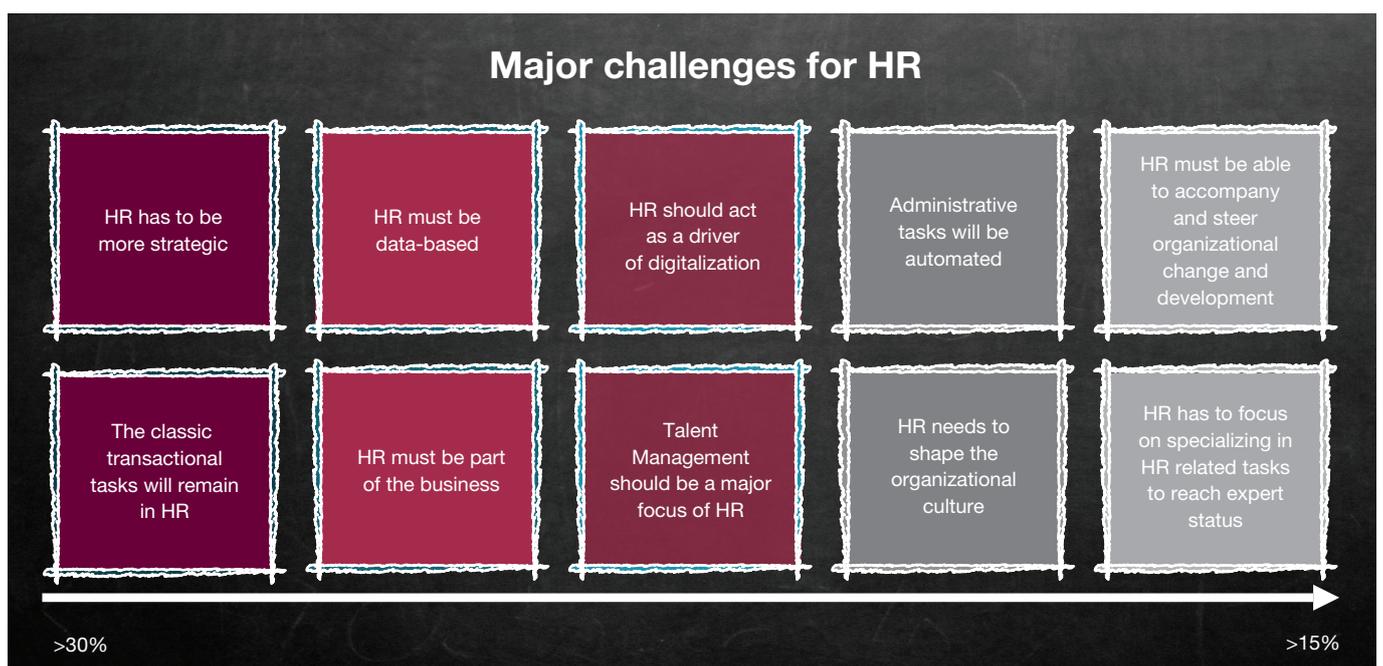
HR organizations often neglect or heavily struggle with, not even mentioning the “novelty” of becoming more data-based.

As these new challenges often touch topics such as the continuing digitalization, data analytics, new work and artificial intelligence, HR needs to develop new skills, knowledge and processes.

The mere awareness of these internal and external challenges and requirements is not enough. Understanding and accepting the implications for the HR operations is a vital key to future HR success. This requires that HR departments frequently question and challenge their self-perception and ways of working.

“Curiosity is key. HR needs the courage to try new things – and learn from failures. But most importantly, personnel managers need to really want the change.”

Figure 3: The 10 Major Challenges for the future HR



### 3.3 Fast Forward to Future HR

Besides the need for a radical change in HR, companies are required to build a clear plan for shaping their personnel division. The results show that the HR function is facing a process of self-development and adaptation in the next years and that the potential future scenarios are quite diverse (see figure 4). Organizations should not rely on a miracle to help their HR organization but adapt a forward-looking vision of what the HR department would ideally look like in a few decades. Respondents outlined four key future scenarios for the HR organization supported by future HR roles (see chapter 4):

“  
*HR will simply not exist. The whole organization profits from an HR that focuses on eliminating itself.*”

#### **Scenario 1: Bye, bye, HR – we are better off without you**

An extreme scenario, which several respondents propose to a varying degree, is the complete extinction of the HR department - which might create greater value for the organization in the end.

One interviewee envisions a scenario in which employees themselves carry out the classic HR tasks with self-service applications. The possible increase in operational speed could, for instance, immensely increase employee satisfaction whereas the lower demand for HR personnel could lead to significant cost reductions.

“  
*The business world functions the survival-of-the-fittest way – we'll soon have to cut HR out.*”



The digitalization in general might offer enormous opportunities for the HR work of the future, however, not all experts believe in fully automated HR processes. They argue that increasing employee engagement, managing talents and driving overall organizational development will remain an important HR goal. This will even be the case in organizations with a core focus on automation, as shown in the following role descriptions.

While most of the experts agree that HR will increasingly automatize standard tasks, they derive a completely different conclusion from this premise. HR will finally be able to focus on more strategic and employee-centric work.

### **Scenario 2: HR's new super power – using data analytics to consult the business**

In today's organizations, spotting an HR executive sitting at the decision table and contributing to the discussion is highly unlikely. HR officials are well-known for raising complaints without offering feasible solutions and producing emotion-oriented and unfounded arguments. This has led organizations from relying on their personnel divisions regarding strategic decisions.

But recent developments such as the relevance of People Analytics and the increased automation of HR processes have finally equipped HR with the necessary objectiveness to drive strategic decisions. By becoming more data-based and leveraging the potential of enormous masses of personnel data, HR takes on the role of a Data Analyst and repositions itself. One interviewee envisions a situation in which this enables HR executives to become the most relevant, respected and valuable advisors to the board and division managers. Additionally, the experts expect HR employees to increasingly fulfill a consulting role. It needs to become common to "have an HR person in every project group". This is expected to result in a greater appreciation of the people perspective in every aspect of the organization's business.

The ideal future HR function is characterized by a strong organizational and strategic alignment and the ability to contribute significantly and measurably to the organization's success. One expert's quote perfectly sums up what HR organizations could soon become: "Relevant, finally".

### **Scenario 3: Bringing out the "Human" in Human Resources – putting employees first**

Although the HR department of the future will change considerably, employee topics will stay at the very heart of HR work. In contrast to the advocates of scenario 1, these experts argue that "employees will notice HR's existence in their everyday work and have the opportunity to ask for personal coaching at any time". The employee-centric future HR department focusing on the individual employee experience welcomes employees with open doors and fulfills a coaching role. Besides anticipating and understanding employee needs, this future version of the HR department has a strong ability to put ideas into action. Furthermore, this HR department is a specialist in facilitating team collaboration and providing employees with a network of specialists regarding all relevant topics. One of its most important tasks lies in connecting the employees and utilizing this strong network to "listen to the organization's inner voice to find out what employees actually need and think".

This means that an organization's employee is developed, motivated, and appointed more effectively, resulting in an increase in employee satisfaction.



*HR is an employee's companion, no matter where he or she is heading for – and supports him or her by putting things on the right track.*

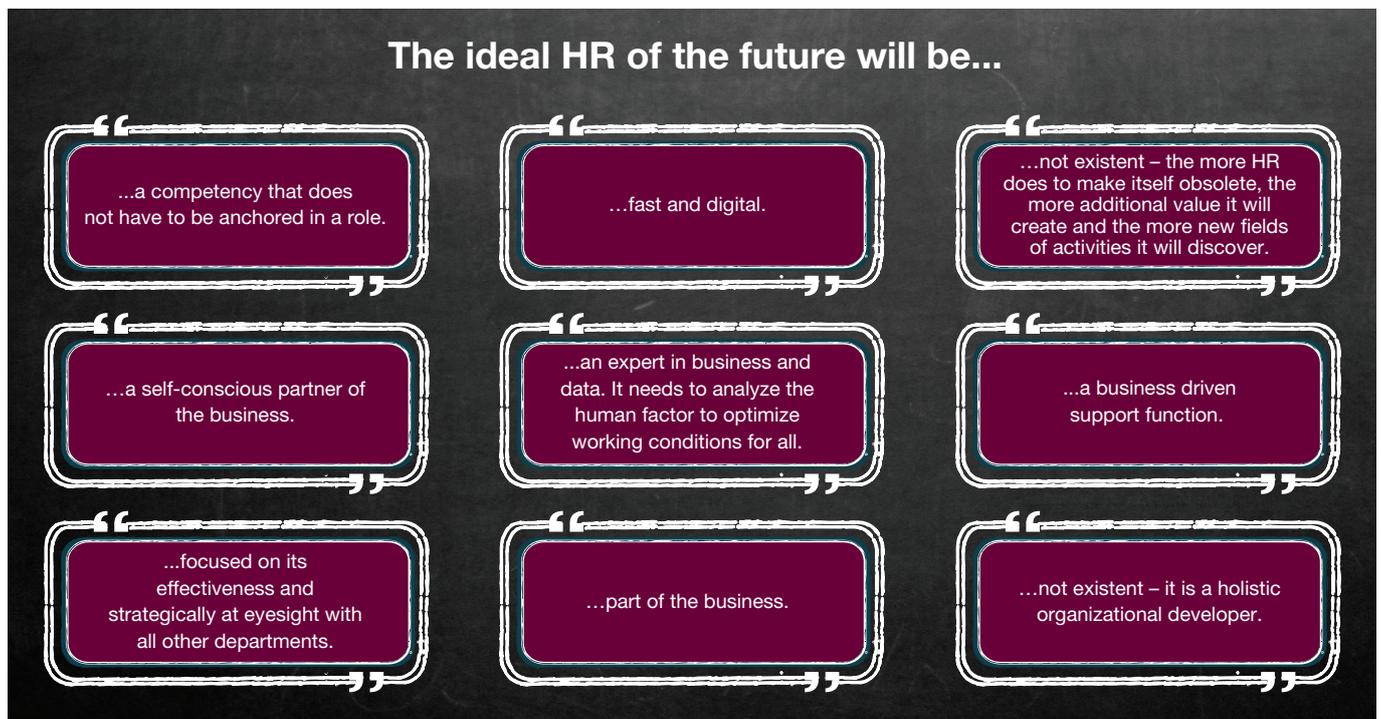


#### Scenario 4: It's all about the culture – HR as the culture engine

Instead of fulfilling automatable tasks, the HR department of the future in scenario 4 focuses on more fundamental personnel topics, such as building the organizational culture and work environment. Focus points include fostering the nature of inter- and intra-organizational relationships and improving the work

culture regarding the quality of communication and collaboration. Furthermore, establishing an open, innovative and digital work culture to gain organizational efficiency<sup>5</sup> will be a key element of this future HR organization. The work of the HR department will not necessarily be visible anymore in this scenario, but it will impact the organization more than ever.

Figure 4: The ideal HR of the future



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<sup>5</sup> Capgemini Consulting (2017a)



# 4 Calibrating the Compass to the Future HR Organization

## 4.1 Juggling Old and New

To evolve to these future HR scenarios, HR needs to develop or externally recruit key skills and competencies. Therefore, the second part of our interviews focused on key (future) HR roles. A total of ten potential roles of HR were developed iteratively, evaluating their potential to cope with the challenges HR must face (for an overview see figure 5).



*For me, it is most important that the basic operations run smoothly – if that does not work, I don't need to care about the rest.*



The extent to which these roles have to be present in the HR department naturally depends on the specific company, the strategic vision and the existing skill portfolio in the respective HR department. Before implementing the roles described below, companies are therefore advised to assess the roles and competencies currently fulfilled by their HR departments (see also chapter 4.2).

### Re-focusing and optimizing existing and well-known HR activities

Whereas the need for roles focusing on new aspects of HR is omnipresent in the survey results, experts from all fields also mention that strategically relevant topics such as talent management and classic HR expertise remain relevant. Consequently, there are five current HR roles in the future which have distinct and characteristic core elements. However, these current roles can be combined in different ways to adjust to diverse situations. The five current HR roles include:



#### People Manager

Despite all new challenges, HR needs to be proficient in its classic tasks and an expert in all people-related fields to fulfill the role of a competent service provider. Seam- and frictionless basic HR operations are crucial for both employee satisfaction and organizational success. Nonetheless, this knowledge should not be monopolistic. The awareness for and focus on people-related topics should increase throughout the organization and elevate the relevance of HR. By living employee-centricity, HR reactivates the importance of its classic tasks. Classic tasks requiring emotional intelligence such as HR marketing, recruiting, compensation and

benefits, performance management and development remain within the scope of HR regardless of new technologies.



#### Health Guide

HR needs to create a work environment that enables employees to reach their full capabilities and feel satisfied. Acting as the “feel-good manager” becomes especially important as employees increasingly work project-based. Shifts between high and low workload occur frequently in work settings, which is why HR needs to pay special attention to stress levels and health conditions of an organization's employees. This need is intensified by the increasing popularity of remote work and the associated loss of control over employees' actual working hours. HR needs to ensure the work-life balance for its employees in this case. Current HR initiatives that offer health programs, flexible work spaces and working times should be further amplified in the future.



#### Culture Builder

Our results suggest that HR has the responsibility to actively shape the organizational culture regardless of the trend the organization is currently pursuing, be it digital culture or agile culture<sup>6</sup>.

If the organization decides to establish a more digital culture, HR ensures that the focus is on employees instead of technologies by e.g. creating a Center of Expertise for digital workplaces. This employee centricity will differentiate successful pioneers in this field from others<sup>7</sup>. By challenging change readiness and cultural dimensions such as leadership styles with proven methods<sup>8</sup> and focusing on the identifiable opportunities for development, HR departments enormously support organizations striving to profit from the digital revolution. If the organization decides to become more agile, it is the responsibility of HR to establish a culture where it is acceptable to fail as well as a culture of trust. In this way, HR departments instantly address obstacles for changing an organization's culture<sup>9</sup> by reducing silo mentality, enhancing the communication with employees and managing fears of employees.



*HR needs to offer a colorful bouquet of operative solutions and corresponding KPIs for strategic goals.*



<sup>6</sup> Capgemini Consulting (2017a)

<sup>7</sup> Jacob (2017)

<sup>8</sup> Capgemini Consulting (2017b)

<sup>9</sup> Jacob (2017)

Figure 5: Current and Visionary Roles of HR





*People, after all, are still people. While a huge amount of tasks can be automated, there is still a need for people who are experts in emotional understanding.*

Regardless of the focus on cultural transformation, HR must take the initiative and actively shape the culture of tomorrow.

In cooperation with the top management, HR develops and sets the conditions for a pleasant and performance-enhancing culture and environment, while ensuring an employee-oriented approach in cultural change.



### Talent Accelerator

When looking at the skills required, many originate from the increasingly digitalized environment a company operates in. To select the most suitable talents for an organization, HR must have an overview of competencies needed as well as those already existent in the organization. Acting as Talent Accelerator, HR is responsible for allocating the most qualified employee to the most suitable position. This constitutes a big challenge since organizations in general lack digital talent<sup>10</sup>. It will be specifically relevant for HR departments to carefully identify which digital skills are needed for which position within the company and to develop those skills accordingly.

But HR focuses not only on digital skills as the sole source of competencies required in the future. HR departments create a holistic and future-oriented competency model which includes both basic skills that are needed for every position as well as specific job-related competencies.

Once this fundamental framework has been developed, HR departments derive specific talent activities to mitigate and match current and/or future challenges. By ensuring that these activities and all HR development tools are not only aligned to the competency model but also interconnected, a comprehensive employee experience is created. Consequently, by hiring, maintaining and developing talent in the organization, HR supports the organization with the right resources to reach its objectives. In this way, HR accelerates employee satisfaction as well as the effectiveness of the organization.



### Organization Shaper

As several respondents argue, “the time has come for HR to finally become part of the business”. Although organizations have attempted to align their HR strategy with their overall organizational strategy for a long time, the existing models seemingly fail to

exploit the full potential of this opportunity. The experts questioned for this study strongly agree that one important step towards this favorable state lies in the role of the Organization Shaper.

As Organization Shaper, HR creates value for the company by supporting the organization’s shared vision in a proactive rather than a reactive manner. Meaning, HR combines the tasks of optimizing HR processes in the organization, facilitating collaboration as well as adjusting and developing employees according to the organization’s strategic goals.

Furthermore, to actively drive and shape organizational development, HR makes use of the results of its work as Data Analysts. Not only does this enable HR to proactively drive fact-based decisions, but it will support HR in becoming the most valuable source for any people-related decision and an equal business partner for strategic decisions.

Taking those four described roles of HR into consideration, the study results summarize that the basic operational fields of HR work such as operations and contracting will remain. Nevertheless, many of the tasks associated with the roles of People Manager and Talent Accelerator are perceived as “automatable”. The experts leave no doubt that transactional tasks will be automated soon and that the sole question to be discussed in this context regards the speed and effectiveness of this development. As a result, several experts assess that “[w]hile people management will remain, the HR function is questionable”. Whereas the aggregated survey results do not necessarily indicate a complete extinction of HR departments, they clearly signal a need for HR departments to shift the focus from its classic responsibilities towards more contemporary topics. As one expert from the insurance industry argues, “people management starts adding value as soon as it exceeds service and consulting”. HR needs to increasingly focus on those fields, in which it truly creates value for the business. According to our results, HR must therefore adapt to the following five visionary roles in the future:



### Network Connector

Because of developing work forms such as the so-called gig economy, globally dispersed teams and the need to attract talent with new expectations, HR becomes both the center as well as the creator of meaningful networks. Building on an organizational vision, HR builds an effective organizational infrastructure that benefits both the organization and its employees. Acting as a Network Connector, HR is not only responsible for connecting employees and teams, but also for fostering networking and exchange as well as intercultural understanding within increasingly global companies. On this note, HR has numerous opportunities to promote these values. For instance, HR redesigns the onboarding process in a way that encourages new hires to develop meaningful bonds with other members of the organization. This is achieved by e.g. adding a session in which

<sup>10</sup> Capgemini Consulting (2017c)

they get the chance to work on virtual co-creation platforms. In that way, they collaborate without being limited by constraints such as department or location affiliation. Furthermore, inhouse social networks that are developed in close collaboration with top management and the IT function offer immense opportunities for increasing employee interaction.

Despite of that, digital communication and collaboration processes provide organizations with new methods for data collection and knowledge transfer within networks and the company. By enhancing knowledge management, HR immensely boosts the speed of task and project completion.

For this, HR needs to “stop thinking in silos” and “let go of the idea of organizations being organizational charts with boxes”, as two HR experts put it. Therefore, HR needs to assume responsibility for establishing relationships exceeding the organizational chart and even exceeding the organization’s border.

“

*Organizations are more than their mere organigrams – HR needs to see and seize this chance.*”

”



#### Agile Enabler

The relevance of agility in organizational structures and processes can hardly be neglected and those who succeed in grasping and internalizing agile working principles aim to go one step further by rolling out agile working methods within their whole organization<sup>11</sup>. However, agile working methods do not necessarily represent the best approach in all matters. For this reason, each HR department has to figure out which agile working methods are useful in a specific context and thus, should be implemented.

“

*Old organizations must find a way into today’s world.*”

”

To act as a role model in this matter and to promote agility within the organization, HR itself must understand what agility truly means by experimenting with different agile working methods. Based on the experience made, HR derives the extent to which its organization should be agile and employ four levers (organizational structure and processes, leadership and change, information technology and corporate culture) to drive the agile transformation of its organization accordingly<sup>12</sup>. Depending on the requirements

of the organization, this affects HR to a varying degree. In extreme cases, HR tasks such as providing feedback are undertaken by teams working with agile methods. Several interviewees indicate that they agree with this thesis to a certain extent by stating that HR works “on making itself obsolete” by qualifying employees to take over HR tasks such as recruiting if reasonable. In this setting, HR functions as the Agile Enabler and facilitator of all people-related processes. However, most respondents assess that a completely agile personnel division is neither very likely to come into existence nor recommendable. Therefore, agility should “not be seen as a universal remedy”, but rather be implemented “where it makes sense”.

The same applies for the implementation of agile teams and working methods within the organization. In this setting, HR needs to carefully decide and evaluate responsibilities and tasks which can be carried out in agile teams. By coaching teams and supporting for example Scrum Masters to apply agile working routines, HR cannot only enable these teams to carry out their tasks, but also promote the agility of the whole organization. With this, HR plays a crucial role in embedding an agile mindset into the organization as otherwise, the approach towards an agile organization is uncharted territory for most organizations. In this role, HR therefore also becomes the go-to unit when it comes to learning and applying agile working routines, thus significantly supporting the success of the business.

“

*The roots of HR are very traditional and standardized – that’s outdated.*”

”



#### Innovation Architect

While several experts assess that “HR nowadays is completely lacking the mentality to take entrepreneurial risks”, others argue that “HR needs to detect trends fast” and “deal with culture productively to unleash potential and increase pleasure to innovate”. One respondent even cites the case of his own company, in which HR is the main driver of the digital transformation, as a proof for HR’s ability to foster innovation. Most respondents agree that HR’s main levers for boosting innovation and innovative thinking within the organization lie in the opportunity to shape innovative ways of working and design creative spaces. On this occasion, HR provides employees with the physical setting and the allocated time to be innovative and creative. Thus, facilitating innovation by creating platforms, physical spaces and think tanks among others is a major contribution of the HR organization of the future. Additionally, as remarked by an interviewee, HR takes the role of a sponsor of innovation

<sup>11</sup> Capgemini Consulting (2017d)

<sup>12</sup> Capgemini Consulting (2017d)

and creates awareness in the top management by designing the compensation system in a way that motivates employees to work on their own inventions and innovative concepts. This motivation also arises from an overall innovative corporate mindset that values leaving the trodden paths and trying out new things. Although HR on its own cannot achieve the mindset shift that is often necessary, it can support the process by encouraging top management and innovative pioneers within the company to promote the value of innovation and creativity.

At the same time, intrapreneurship strongly depends on the employees that work for a company. At this point, HR's role as a Talent Accelerator (see chapter 4.1) comes into play: Attracting the right talent is of central importance.



### Data Analyst

“Proving the effectiveness of one’s own actions” and “becoming incredibly valuable for the organization by planning ahead and acting proactively” are among the central benefits of a data-based HR function, according to the HR experts. Furthermore, if HR employees themselves become experts for employees and data, not only do their recommendations and decisions but also the interaction between employees and business results become measurable, transparent and comprehensible. Citing “the power of the numbers”, several respondents believe that data-based HR is the basis for HR to do more strategic work as Organization Shapers since their decisions are of higher quality and legitimation. Consequently, this finally enables HR to “join the discussion and become a person to contact”.

Although most experts consider data-based HR a necessary and valuable scenario for the future, applications such as predictive analytics are often seen critical due to legal hurdles. Other road blocks include the lack of internal capabilities and data quality, which, according to one expert, “does not enable any strategic decisions”. As several respondents argue, methods such as People Analytics will become a standard in around ten years. Nonetheless, one respondent states that “starting now offers enormous chances” because of the opportunity to experiment with the variations and possibilities of analytical approaches. One way to build up data-based HR organizations lies in hiring new (HR-foreign) talents like Data Analysts (e.g. Engineers) that complement the existing HR teams with the required analytical skills.



*I'd hope for a completely data-based HR – but I can't really imagine it.*



### Digital Consultant

By using the opportunities of digitalization, HR moves away from its administrative function to providing an excellent employee experience. While a completely digital HR still supports and assists employees, HR as Digital Consultant focuses on providing consultancy and the best service to the employees, e.g. by providing support for coping with digital challenges or the automation of classic HR tasks. Automation can support ensuring a seamless employee experience by decreasing the workload of post-processing. With a digital HR application in place, the HR department's main responsibility becomes defining the service range and acting as the process owner of the digital HR applications. As consumers, we've grown accustomed to pleasing, well-designed devices, therefore, workplaces are required to cover these needs, too. Employees need to be given the opportunity to receive individual information on-the-go, conduct virtual meetings with colleagues abroad, get access to global networks and experience an engaging work life.

With ensuring this, HR has a key role within the digital world. The digitalization will therefore most likely not result in the complete substitution of the HR organization as described in the future HR scenario 1. It will more likely enable HR to become the frontrunner of the digital revolution within organizations.



*If HR misses this shot, the outlook is rather grim.*



## 4.2 Finding the Right Balance

A holistic HR function that integrates all the roles described before in a different degree and fulfillment is key to an HR management that creates a significant competitive advantage in the form of measurable added value for the organization. It was frequently highlighted in the interviews that the future roles are not exclusive but rather complementary to each other. Despite the individual characteristics and implications that distinguish the roles, an HR organization only reaches its full potential through an effective combination of competencies lying behind those roles. The relative importance of the respective roles according to the experts' responses is shown in figure 6 and perfectly reflects the scenarios for a future HR organization described in chapter 3.



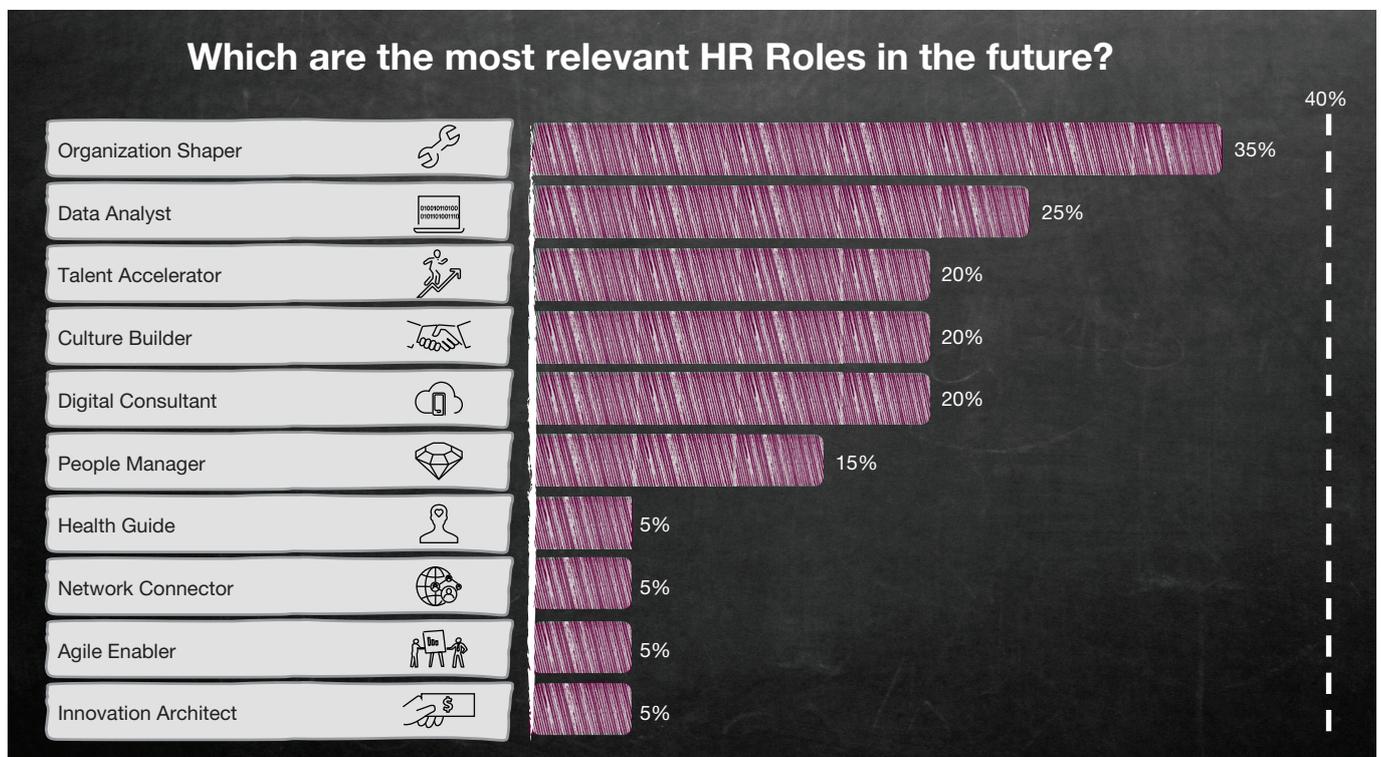
*We have been doing the same things for 30 years. Of course, the change will not come about easily. But the time has come.*



The role that HR must take most urgently is the one of a strategic partner<sup>13</sup>. Thus, our study once again confirms that a strategic HR function constitutes the most relevant component of the optimal future HR organization. Clearly, the need to make up for the delay in becoming part of strategic business development must be taken seriously by HR executives and needs to be tackled soon to sustain the relevance of the HR organization. As one interviewee puts it, "just reacting to demands is history - we are part of the business, we just have to realize it".

The more strategic orientation of the future HR organization goes hand in hand with a strong need for data-based work and decisions. Through the targeted use of People Analytics, trends and patterns are identified to prepare decisions that need to be taken shortly<sup>14</sup>. As data serves as a vehicle for HR to make well-founded decisions, it is obvious that the respondents view the roles of the strategic partner and the Data Analyst as highly interconnected (see also scenario 2 in chapter 3). People Analytics

**Figure 6: The most relevant HR Roles in the future**



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<sup>13</sup> Capgemini Consulting (2011)

<sup>14</sup> Jacob (2017: 77)

is perceived as the “next big thing” in HR, some respondents go as far as arguing that HR will soon see the rise of HR Data Departments. They furthermore warn HR executives to not rest on poor excuses, such as the lack of data quality and availability.

Nevertheless, data analyses alone will not suffice to sustain the future relevance of the HR department. “The war for talent is on”, and this leads to talent management remaining one of the top priorities for the personnel division. The changing needs of today’s generations will significantly intensify the pressure for companies to attract, develop and sustain the right (digital) talent<sup>15</sup>. To contribute to the long-term success of the company, HR must “accept and execute its responsibility as the company’s brand ambassador”.

Although this poses significant challenges for HR, HR employees should also recognize the opportunities this brings. “Putting talent on the strategic agenda can bring HR closer to the decision makers” as talent management is one field in which personnel divisions can prove themselves and their legitimacy in the next years. Ensuring a seamless and motivating employee experience and therefore increasing the employee satisfaction is the HR organization’s key future value proposition, which perfectly evolves in our future HR scenario 3 (see chapter 3).

Unsurprisingly, the ideal future HR organization also uses the chances arising from the omnipresent digitalization. Automating standard administrative tasks with feasible algorithms, utilizing application possibilities for artificial intelligence and increasing the availability of employee self-service applications are central prerequisites for any future HR organization (see also future HR scenario 1 in chapter 3). While most respondents are sure that digital programs will never fully be able to substitute a complete HR department, there is a strong consensus that automatized and self-service processes can, if HR “plays its trump cards in the right situations”, enable HR staff to shift their focus towards

more meaningful and strategic tasks. Obviously, HR decision makers should therefore not hesitate any longer to invest in the right technologies that significantly boost their departments’ effectiveness and legitimacy.

Other roles, such as the one of the Innovation Architect and the Health Guide seem to be less important for the future HR department at first sight. However, there are two aspects that deserve special emphasis in this context. Firstly, although the HR specialists’ answers differ to a certain extent, they all agree in one basic conclusion. It was frequently highlighted that the HR department of the future is a cross-functional and multidisciplinary unit that can positively influence the development of the organization through different levers and by adopting a multifaceted set of roles. Therefore, the relevance of roles such as the Network Connector should not be neglected. As one expert highlights, “[t]he new role of HR is a very broad one with many multidisciplinary tasks”. This assertion clearly indicates that, although certain tasks have a higher relevance than others, the HR organization of the future must integrate the variety of roles described before to a certain degree. Secondly, the prioritization of the various roles can only serve as a blueprint for organizations. The actual potential of a role for a specific company and the associated prioritization of the most relevant tasks ultimately depend on the strategic goal of the organization and the maturity of the HR department. In particular cases, additional roles might be developed according to individual organizational requirements.

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<sup>15</sup> Capgemini Consulting (2017d)

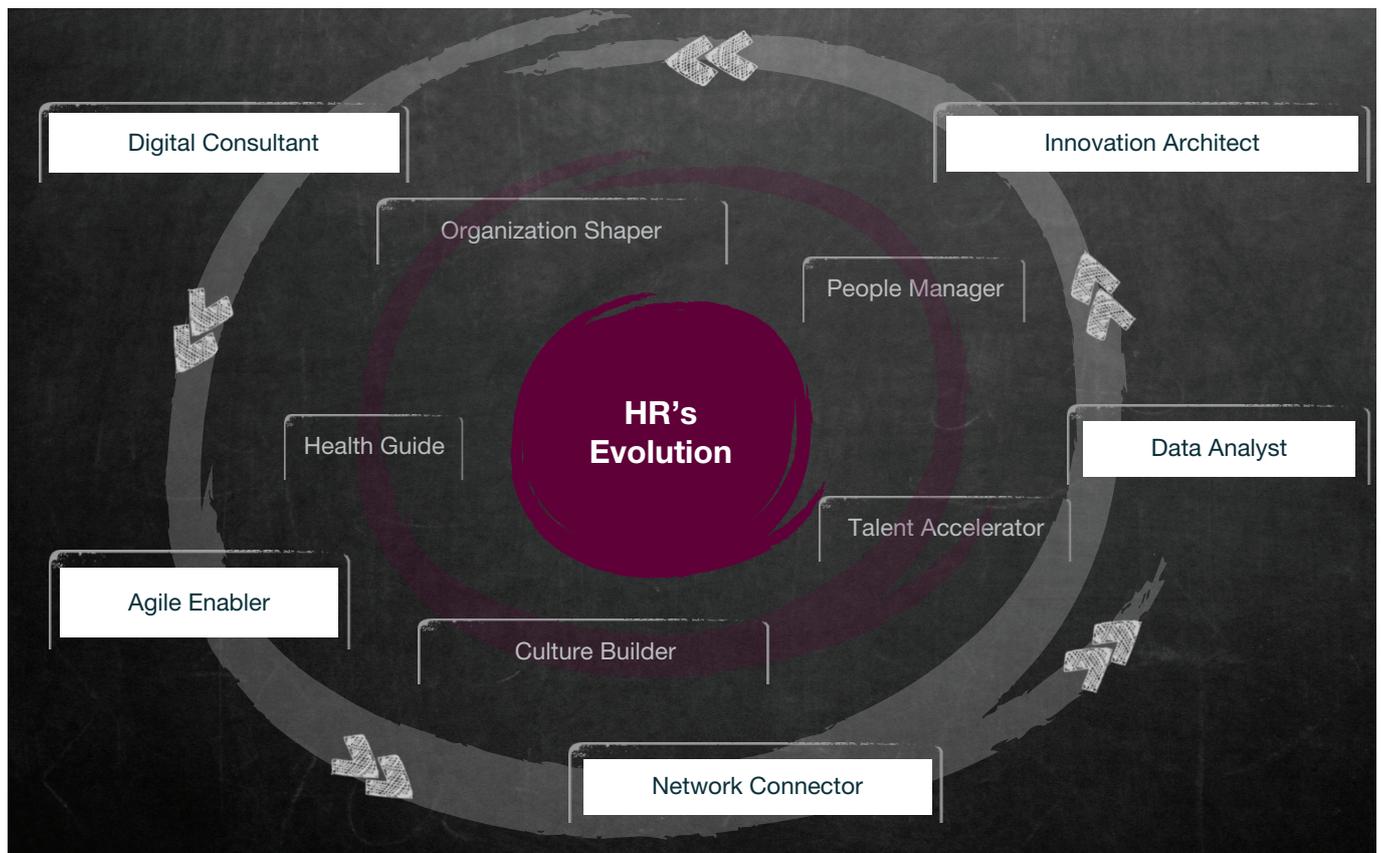
## 5 How to get started

One quote perfectly sums up the main requirement for a future-oriented and sustainable personnel division: “HR needs to do the right things, not just do the things right”.

Our investigation clearly shows that the time has come for the next evolutionary steps in the roles fulfilled by HR (see figure 7). In contrast to Ulrich’s model, the described roles can also be implemented in small and medium-sized enterprises and need to be shaped with regards to the specific context and strategic goals of the organization.

Personnel divisions are as unique as the organizations they belong to and the employees they serve. Naturally, the optimal HR division must be developed with respect to these individual characteristics. Companies should not instantly accept or duplicate strategies or even take the sledgehammer approach to implement models that are considered best practice. Otherwise they risk keeping back their HR department from taking the next evolutionary step towards an innovative and individual function that is targeting towards the demands of their own organization.

**Figure 7: The next evolution of HR roles and competencies**



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Only as and when such roles are aligned with the company's strategic orientation, it will put the firm in a position to leverage HR roles as a competitive advantage.

Although the three scenarios described in chapter 3.3 match partially with the discussed roles, this is not the mandatory target picture. We see the scenarios as a first step when shaping the future HR to be followed by the iterative creation of new HR role prototypes.

The solution cannot be to set back HR by defining one static scenario. It is rather time to proactively build new multi-faceted and flexible HR roles and responsibilities. We recommend an iterative approach that combines parts of current as well as visionary new roles.

This would mean a substantial change of our understanding of and expectations for a role concept. Generally roles need to be more flexible for those who hold them and be conceptualized like a playbook. As a consequence, one HR person would be requested to offer multiple roles and boot up the adequate one depending on situational requirements.

Although the study on "The Future Role of HR" has yielded a variety of implications that are highly relevant for HR organizations, all results come down to a central statement: "HR is at a crossroad: Leaving ancestral terrain or becoming obsolete." Thus, HR divisions should not hesitate to embark on the journey from being old-fashioned to becoming highly relevant. We encourage all HR leaders to be bold, take a step forward and seize their chance to experiment with new roles and build the future of HR!



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