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THINGS

SHAPING

THE FUTURE

OF HR

With old HR practices fading, three themes will drive leaders' thinking on the future of the human resources function: culture, nontraditional HR and a focus on people.

BY ELYSE SAMUELS

Ken Nowack often reminisces about his father's story of attaining the American dream.

After surviving the Holocaust, being smuggled out of Nazi Germany and hiding in France for three years, Nowack's father eventually made it to the United States. He was then raised in an orphanage until his adolescence before he took a job with clothing company Levi Strauss & Co. at 17 years old — an offer that, at the time, came with the expectation of a careerlong commitment.

"They said, 'We promise you you'll have this job until you don't want it anymore,' so my father signed a psychological contract," said Nowack, president, chief research officer and co-founder of human resources consultancy Envisia Learning. "He stayed with the company for 39 years, never looked for another job, never had a résumé. In those days, you would give them your soul, in a way, in return for benefits and lifelong employment."

In Nowack's father's era, organization loyalty held steadfast, both from employees and employers. But now the idea of a 30-year career with a single company is uncommon.

Employees, especially younger ones, appear more turned off by the idea of staying with a single employer for more than a few years. Employers are also constantly evolving as they look for new talent and skills to add to their workforces. The result is a steady flow of job churn unrecognizable to the human resources managers of past eras.

“There’s a shift from organizational loyalty to job-task loyalty,” Nowack said. “We prioritize growth and learning and development. Jobs should be like milk cartons with expiration dates.”

The evolution of the changing employee-employer social contract is one example of the many ways experts say old HR habits, practices and processes are fading.

“Traditionally, people joined an organization and they looked to build a career — it was a traditional upward trajectory,” said Lesley Hoare, vice president of global talent development at technology firm VMware Inc. “I think the way organizations are evolving, that’s not possible anymore and people don’t want it.”

Far from the days of a one-track career with the same company, organizations are now required to expand their talent management and HR programs to provide skills training, learning and development opportunities, and growth within the company and beyond.

Here are some areas where new HR mindsets should aim to have the biggest effect, along with areas industry practitioners and observers say more change is imminent.

1. The Importance of Culture

The employer-employee social contract shift highlights a larger trend in the world of HR toward a focus on culture. As individuals ask for more growth, HR faces some growing pains of its own.

Talent management practitioners are becoming increasingly important in a company’s development and strategy. And this more prominent role introduces a new focus on company culture.

So what’s the best way to build a solid culture?

Ann Rhoades, president and founder of consultancy People Ink, helps companies create what she terms value-centric cultures. The company’s clients include Doubletree Hotel, Homewood Suites and JetBlue Airways Corp. Rhoades said value-based cul-

tures allow for long-term pay off and higher levels of employee performance.

“You have to create the opportunities for people to observe and then to learn and practice,” Rhoades said. “They [employees] have to be given the opportunity to make mistakes.”

Envisia’s Nowack agreed, saying this type of encouragement to learning is vital and must come from the top of the organiza-

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tion. Without visionary leaders who are open, culture will never change. “The single most salient driver for culture at an organizational team level is really what leaders do or don’t do,” Nowack said.

Many HR practitioners and industry observers are preaching a more powerful position for HR leaders, as culture and other people-oriented initiatives continue to take center stage as drivers of growth and success.

In a July *Harvard Business Review* article, Dennis Carey, vice chairman at global advisory firm Korn Ferry, wrote that with the enhanced focus on talent, the top organizational HR officer is poised to join the ranks of other top C-suite leaders in guiding higher-level corporate strategy.

“Fifteen to 20 years ago, HR was a personnel office. It wasn’t positioned strategically to have much impact,” Carey said. “Over time what has happened is that some really good HR leaders emerged and became direct reports to the CEO.”

Carey said he thinks chief human resources officers could find a more realistic pathway to becoming CEO in the future. CHROs are not only gaining clout in organizations but also being trained differently, with an emphasis on business acumen and strategy.

2. Nontraditional HR

John Boudreau, a professor of management and organization at the University of Southern California Marshall School of

Business and *Talent Management* columnist, said in many ways traditional notions of HR will be upended.

“Leaders will face the challenge of fundamentally rethinking the meaning of ‘HR’ and its role in their organizations,” Boudreau said. “They must prepare themselves and their HR organizations to have HR leading change not reacting to it; to have HR educating leaders not just responding to what leaders want; and to consider that in the future world, expertise when it comes to talent and organizations may be more pivotal to success than traditional areas of expertise such as finance, operations, engineering and marketing.”

Rhoades cited examples like strict working hours, seniority models, noncompetes, full-time-only positions and annual 360-degree reviews as structures and practices likely to experience the most change. Replacing them will be policies that are more flexible and efficient for

HR FUTURE continued on page 38

managers and employees in today's world of work.

One policy change already experiencing this sort of change is the annual performance review. Companies like Adobe Systems Inc. and Microsoft Corp. have made headlines by ditching the once-a-year performance appraisal approach in favor of more frequent, qualitative performance conversations. Other companies have since followed.

Aubrey Daniels, founder of behavioral advisory firm Aubrey Daniels International and who is a talentmgt.com blogger, said companies that haven't already made a change in this area should reconsider the validity of the workforce evaluation model known as stack ranking, where managers rank employees along a curve.

He said companies should move to a more coaching-oriented environment, where managers aren't entrenched in annual ratings paperwork but are working with their employees on a daily and weekly basis to help them change their behavior and improve their performance.

"My recommendation is you scrap the whole thing," Daniels said. "It's a total waste of time that serves no useful purpose. HR should do this from top to bottom. We need to ask the question, 'How does this help the performer?'"

Amy Wilson, vice president of human capital management products at technology firm Workday Inc., said helping people improve in their jobs is increasingly going to come from how talent managers use the troves of employee data now at their disposal.

"There are more real ways to determine how employees are doing rather than a potentially subjective performance rating," Wilson said. "We should be looking at the real things that happen — how many job changes have they had, how many promotions have they had, and so on. We can get this real data analysis and don't subject our employees and managers to archaic appraisals. The new process

is about the conversations employees and managers are having."

3. Even Greater Focus on People

A common thread in the changes to come in HR is the focus on people from the organization's top strategy-setters.

"I think talent is always a hot topic and should be" said Keagan Kerr, vice president of corporate affairs and human resources for Coeur Mining Inc. "You'll see more HR practitioners learning more about organizational effectiveness and culture and people because that's what makes a difference in the organization."

Michael Beer, a professor of business administration at Harvard Business School, said talent managers should focus on people in a way that's meaningful and personal.

"The biggest problem in HR is the truth cannot speak to power," Beer said. "You really want managers to have a direct conversation with their people. They need to create the mechanisms to allow conversations to be open and productive. They should be directly in touch with those issues instead of using HR as a canary in the mines to tell them something is wrong."

Workday's Wilson said she often sees a higher need for inclusion of all people in an organization. "What we're seeing with our customers is this need to engage every single person within the organization," she said.

"Businesses do not compete — people do," Korn Ferry's Carey said. "It's people who drive value. It's people who decide on strategy. It's people who have to organize to get things done. It all relates to people. The people need to have the right attitudes, right skills, right passion. It's the difference between winning and losing or winning and being mediocre. This is the linchpin for value and success in companies." **tm**

Elyse Samuels is a former *Talent Management* editorial intern. To comment, email editor@talentmgt.com.

Reader Reaction

What big developments or themes are poised to shape the future of HR?



@EastSideStaff

HR is shifting from a "generalist" model towards a specialized business function. i.e., More roles for Talent/OD/L&D experts.



@michelemulier

Using talent analytics properly will be key to driving business success and getting that edge above competitors.



Marc Marasco

The HR team that can develop and execute on systems and processes to reduce friction and meet the employee where they are will win. I'm talking just-in-time training served up from the systems that the employees live and work in instead of boring LMS systems. I'm talking real-time performance feedback prompted by regular workflow instead of traditional performance management systems. I'm talking fun, engaging, social perks instead of boring rewards systems. Meanwhile all of these signals and feedback systems are aggregated across multiple orgs and tweaked/optimized efficiently using data science practices. I might as well throw in mobile, open source and "uberized" workforce now as buzzwords just to catch everyone's attention.



Josephine L. Simmons

What will shape the future of HR and what is currently shaping the future of HR is people. It has always been about people even with updates in HRIS and new benchmarking software. The savvy human resources business partner will continue to prepare policies and programs "for the ages" ... for all generations in the workforce. Each employee must be able to see and understand how their production affects the culture and the bottom line.

What do you think? Join the discussion at talentmgt.com/FutureOfHR or follow us [@TalentMgtMag](https://twitter.com/TalentMgtMag).