

Roles of the HR Function in the Digital Transformation Era

In this big wave of digital transformation commanded by the upcoming technology tsunami, all functional departments in a company should proactively anticipate the potential changes and challenges, and get involved in actions at an early stage.

The Human Resource function is particularly crucial, and in many cases it will be the X-factor affecting the success of a company. This is not just for technology companies but applicable to companies in general.

The conventional approach to business planning with minimal and usually a late-stage HR involvement should be consciously changed by Management. This includes the use of both internal as well as external HR resources.

In brief, apart from the usual human resource functions, the HR function in the current business environment should consciously consider to play the following roles-

1. **Be a True Business Partner:** The importance of the HR function should be elevated to proactively support and assist Management in formulating and achieving the company's objectives and strategies.

HR should truly function as BPs, or Business Partners, as many companies rightly call their HR staff nowadays. They should support Management in the business processes to create a dynamic HR strategy, leveraging on both internal and external HR resources.

On the other hand, Management should not be timid to use external consultants, which are valuable resources to get to know the battlefield better and learn about best practices. In any case, the service scopes of external consultants can always be adjusted if they do not prove their value.

2. **Lead the HR Change:** HR should play a leading role in the organizational and structural transformation. They should assist to configure the organization structure to ensure effective execution of business models from the drawing board.

Communication/feedback loops and decision making cycles are among the most important considerations in an optimum organizational structure and should be built in with proper HR considerations.

Transitioning from the existing to the desired structure requires careful steering and monitoring, and the involvement of the HR department is crucial.

3. **Build Sustainable HR Plan:** The HR function should assist Management in formulating an overall personnel development and succession plan, as well as an overall balanced compensation structure and performance evaluation system.

Potential causes to problems may easily be implanted in the initial stages when the Management is too carried away by business objectives, while overlooking HR challenges. 'Creative' incentives and structures thrown in without thorough HR considerations have in fact rapidly become one of the most popular reasons for failures or development hurdles of companies.

HR plans should be sustainable and not sacrificing long term goals for short term preferences. Proper internal staff development and succession plans should be built in to reduce reliance on a few members of the company.

4. **Bridge Cross-functional Gaps:** HR should also assist in defining and identifying cross functional talent needs and also strategize respective recruitment processes and internal development plans. This is a challenge that many companies will eventually face, but early movers will build a distinctive edge in the race.

Again, allow investment to use external consultants to help in this area. Nevertheless, many companies have complained that their external HR consultants or recruitment agents have apparently been inefficient in addressing their needs in the transformation.

You should choose truly professional and experienced consultants instead of going to the cheapest or largest service providers. Work with service providers who have wide spectra of business and management experiences as well as full professional service platforms and they can truly add value to your company.

Good consultants should be ahead of the learning curve and be able to help you in defining your needs, mapping out the strategy and getting the best talents available to you.

5. **Build Culture:** It is important to build an innovation culture in a company. As mentioned in our earlier article titled '*Corporation Transformation for Innovation*' (Feb 2018), innovation is not something that you buy from the shelf and plug for use.

It is the establishment of a culture of a company involving transformation in many aspects and it revolves around the company's core values. HR should help to create and enhance the culture and

values in the company, and build it in with proper performance assessment criteria and reward systems.

6. **Promote Learning:** Learning should be a continuous process for everyone but is even more important now. 'Learning' emphasizes on having a proactive attitude to look for and absorb useful knowledge instead of the passive, receiving-end 'training' mode.

With Management leading by example, HR function should help to promote learning at all levels and positions in the company and turn the defensive mentality to an offensive mode in the upcoming technology disruption tsunami.

From a strategic perspective, Management should proactively learn about the evolving ecosystem, related tech development and tools, latest industry development in order to identify potential challenges and opportunities. The HR function can help to identify, organize and provide learning resources for such purposes.

We are in a challenging era and the ecosystem and business rules will change, if not disrupted, whether you are ready or not. Management should anticipate, embrace and even lead in these changes, to advance their businesses to higher levels.

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