

## Reinventing Your Human Capital Culture

### Finex Insights

As businesses are transforming, never have we seen the Human Resource element of businesses been elevated to this level of importance and with so many potential and expectation of changes, evident by the trend that all top consulting firms and service providers in the world are setting up and stepping up in large scales to provide human capital services to their clients.

In deed, with all the digital and transformational challenges driving for fundamental business model and value changes, the Human Capital strategy of a company is becoming the one critical piece in the process, which will seriously affect the success of future changes of companies.

The key to reinvention is to think outside the box. The Human Capital function should take a leading role to support organizational transformation. Its visions and missions should be reviewed and reinvented to ensure meeting the high expectations and challenges, and with culture as the priority. The “human” element in Human Capital should be re-emphasized and fundamental corporate objectives should be thoroughly understood and aligned with the “human” perspectives.

Finex is sharing below some useful observations and development trends to consider when reinventing your Human Capital culture:

1. **Leadership Competence-** Traditional businesses are linear, but digital businesses are not. Digital leadership skill requirements nowadays are multi-dimensioned, suggesting new standards and styles of leadership. An example is the complementary, improvising “Jazz Leadership” style in some situations. Also, the lack of conventional wisdom in many new areas with emphases of innovation and disruption also commands empowerment and the need for more “trust-based” management.

2. **Collaboration and Coopetition-** Some propose to think of business nowadays not as a portfolio of services and products, but as a series of capabilities and relationship across ecosystems. Emphases of personal experiences and one-stop platforms prompt co-creation of capabilities within and across ecosystems, and hence the need for more collaboration and competition (cooperative competition).

New management skills and communication systems are required to facilitate the evolving needs of such cross-disciplined, multifaceted business models. The Human Capital function can play a key role in assessing the sensitivities, creating skills and systems for new competencies.

3. **Social Responsibilities-** Shareholder values and profit-driven goals should be balanced with social responsibilities. Enhanced social awareness will in turn enhance employee cohesiveness and loyalty. Digital enterprises are expected to be more inclusive and aligning the purposes of the employer and employees will help achieve goal congruence.

4. **Crossing of Disciplines-** Boundaries of disciplines and professions are disappearing. As knowledge is abundant and easily accessible, competence is elaborated differently and people are expected to be more knowledgeable, multi-skilled and multi-tasking. The need for building speed, scale and scope of businesses also demands congregation of functions. There are increasing cross-functional and cross-border flows of talents, with “data platforms” functioning as gathering and incubating hubs.

5. **Structure-** Agile organization structures allowing multi-nodal communication, and fast decision making processes are vital. Typical structures tend to have smaller operating units and multi-dimensional interactive organizational framework facilitating higher-speed and more frequent communication and decision making on trial and error bases. The Human Capital function can play a key role in the transformation process perhaps in stages and with experimental units or parallel runs.

6. **HR Tools-** HR systems have traditionally been used primarily to capture trivial information for compliance, payrolls and duty records etc. Technology development has allowed systems to capture and analyze data in new dimensions and evaluated from new perspectives.

Enhanced employee access to the HR system has been a trend and this is a relatively underdeveloped and unconventional approach potentially capable of improving performance management with employee participation, especially for various workforce engagement alternatives.

7. **Alternative Workforce-** The work force should be engaged and managed with innovative approaches, and various workforce arrangements may be used to allow for higher flexibilities including outsourcing, contractors, senior advisors, gig workers, part-timers, freelancers etc. Each group may need a different set of innovative management approaches for unlocking talent values and stimulating vitality.

8. **Cross-discipline Learning-** Emphases of cross-discipline learning will be key to success for businesses, and it should be stressed at all levels. Companies need to provide programmed learning to equip management with up-to-date concepts and knowledge framework. The staff will need company support, resources and guidance for knowledge enhancement.

Ironically, research shows that this is the least ready area by most companies. Hence, it will be the quickest way to improve upon if efforts are properly orchestrated and led by senior management. With the shifting of job nature brought about by technology development, the staff will welcome and embrace such learning as added values to their personal advancement.

9. **Recognition-** Employee mobility is much higher and average employment length much shorter these days as a general trend, even more noticeably so in Asia. There has been significant changes in employee values but recognition has remained a major element in retaining employees.

Non-material incentives are increasingly important as employees emphasize more and more on their personal experiences. The “Team” element is to be balanced with “I”. Empowerment is important and employee loyalty is to be aligned with fairness and transparency.

10. **Talent Access-** People networking has become much easier given the social platforms and service providers, but why is recruitment becoming even harder and harder? Leveraging external resources and working effectively with service providers with the relevant competencies will be key to success. Outsourced HR work should be done strategically and carefully and ideally with service providers with full spectra of expertise, as single area service providers may not be able to cope with the needs and challenges in the digital era.

*FINEX specializes in Human Capital consulting and the recruitment of senior level talents in the technology, banking & investment, finance & accounting, consulting, management and sales, medical and other industry sectors for multi-national corporations and leading Chinese companies in Greater China.*

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