



Managing Human Capital in the Digital Era

By Courtney Shelton Hunt



The Digital Era is upon us. With roots that extend back to the mid-20th century, and a future that extends as far as anyone can imagine, ongoing advances and changes that seem to occur at warp speed regularly remind us that the most profound changes are yet to come.

We tend to think about social and digital technology more from a personal or consumer perspective than in the context of their business or professional applications, but as the Digital Era continues to progress, many of technology's most profound effects are likely to be in the world of work. In addition to changes in product and business development, knowledge management, data analysis, and other operational processes, transforming human capital management will be a key priority for organizations striving to be employers of choice.

The human capital implications of social and digital technologies impact virtually everyone, regardless of the type of organization they work for, their profession, their functional area, or their career stage. That means that the human capital management functions in all organizations, as well as the professionals who staff and lead them, have a critical role to play in ensuring the efficient and effective transition and transformation from Industrial Era models and processes to their Digital Era upgrades.

The ways in which human capital management is being transformed by social and digital technologies can be considered from three perspectives:

- The impact of social and digital technologies on talent management throughout the employee life cycle
- How the HR function is evolving in both high-tech and high-touch ways
- How human capital management in organizations will have to adapt to the changing nature of work as the Digital Era continues to progress

It's important to note that everything described in this article is currently possible based on available technology; however, not

all of the practices are fully developed or widespread. In fact, many of them haven't progressed past the idea stage yet. Today's tools and technologies are much more advanced than the individuals and human systems that could (and should) employ them. Most organizations are still catching up, and the degrees to which they're leveraging new technologies in conjunction with their human capital management practices vary widely. But the effective deployment of new technologies is on the radar of all top talent management professionals, so it's just a matter of time before these ideas become realities.

Impact of Social and Digital Technologies on Talent Management

Talent acquisition. The logical place to start when talking about the impact of social and digital technologies on talent management is talent acquisition, where the greatest advances have been made. Anyone who has searched and applied for jobs in the past 10 years is very familiar with how technology has transformed the application process, which in most organizations is now almost completely digitized and automated. Job boards like Monster and Career Builder were early players in the digitization movement, but they have struggled to maintain their relevance in recent years due to the rise of social platforms like LinkedIn and Twitter (which are also used for job posting and advertising), as well as career site scraping services like Simply Hired and Indeed. Both social networking sites and search engines are now used for candidate searching and sourcing, particularly for hard-to-fill roles with unique skill sets.

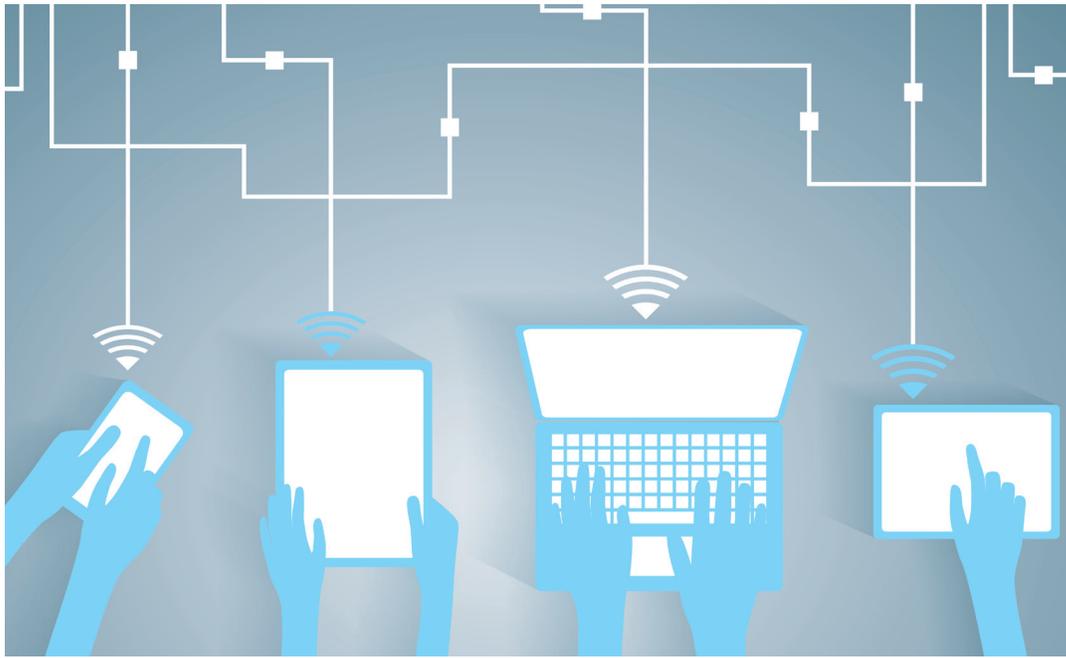
There are other ways social and digital technologies are affecting talent acquisition that may not be as well-known or understood.

Social media sites in particular (such as Facebook, YouTube, and Pinterest) are a great way to promote an employer's brand and offer realistic previews of work life, people, and culture at an organization. Online games and simulations can also be used to get a sense of what working for an organization would be like, and give organizations themselves an opportunity to determine if a prospective candidate would be a good cultural fit and potentially successful.

Some employers recognize the value of online alumni networks to maintain strong relationships with former employees. One of the primary motivations for doing this is that the employees may return one day or make referrals to or from their personal and professional networks. Similarly, talent networks enable organizations to establish and maintain relationships with professionals in key areas like IT and engineering, even when there isn't a current opportunity to join the organization.

Social media has actually transformed every stage of the recruiting process in significant ways—so much so that the traditional recruiting funnel can be recast in “social” terms. At the top of the funnel are activities like social advertising (placing job ads on social networks like Facebook), social sourcing (searching for candidates who meet certain criteria on networks like LinkedIn), and social referrals (having current employees share position openings with their online personal and professional networks). At the bottom of the funnel is social screening (reviewing a candidate's public activity in social networks to identify potential hiring risks).

Onboarding. Helping new employees make the transition into their roles and responsibilities, as well as learn the culture of the organization and how things are done, is another way social and digital technologies



can enhance processes and improve the employment experience for individuals. Anyone who has started a new job in the past decade is probably familiar with how digitization of various activities, such as payroll set-up and benefits enrollment, has transformed the new hire experience. But there are lots of other potential applications, some of which have already been implemented, but most of which will be developed in the years to come. For example, virtual new-hire groups can be formed in an organization's intranet, with chat and/or discussion features that allow new employees to help each other navigate their initial experiences. The intranet can also be used to facilitate virtual buddy systems and enable mentors to help new hires learn "how things work around here." And a variety of wikis can focus on the things that are most important for new employees to learn and know, particularly with regard to specific policies and procedures.

Learning. Learning management is probably the second most advanced area when it comes to adopting and adapting to new technologies. As with recruiting and other processes, the initial advances are in the area of digitization, with social software applications evolving next. One of the obvious digital effects is the increased use of e-learning and online learning platforms with self-paced study. There are also countless instructional videos on the web, both free and fee-based, that address an almost unlimited range of topics. And we can't forget MOOCs—massive,

open, online courses—which have proliferated in the past couple of years. Finally, many organizations have also started to leverage tablets and other mobile devices for learning, as well as use simulations and games to help employees develop specific skills.

In addition to offering training through a variety of multimedia channels, organizations are increasingly using a range of digital tools for assessing employees' skills. They are also allowing employees to play an enhanced role in identifying their key skill sets and training needs, and can even have them create their own learning and development plans. Allowing employees to take a more active role in their own learning and skills management enables organizations to develop and maintain a more complete and accurate knowledge and skills database, which in turn enables them to maximize the value of the workforce in which they are already invested.

Formal learning management systems and platforms are also beginning to incorporate social technologies in a variety of ways. Promoting connections and interactions among participants, as well as with the instructor, can enhance the learning experience both during and after a course. Creating course-based cohorts that allow people to continue to interact via a digital community—even when their shared learning experience is face-to-face—can promote both knowledge transfer and retention, in addition to increasing

commitment and engagement through interpersonal connections.

Informal learning, also referred to as social learning, is greatly enhanced by social technologies as well. In fact, this is probably the greatest opportunity and area of growth for organizations of all types and sizes. Through private social networks, intranets, and other internal platforms that have incorporated social technology elements, organizations are better able to facilitate employee learning as they perform their job duties and complete work activities. Along with the networks themselves, features like advanced search, identified subject matter experts, digital communities of practice, wikis, and more

enable employees to access and learn from colleagues who are not just next door or down the hall, but even in another city, state, or country!

As organizations move forward with leveraging technology to enhance learning initiatives, it will become increasingly important for them to address issues related to digital literacy and digital competencies. For the past several decades we've generally taken an "LIY," or Learn It Yourself, approach to digital knowledge and skills. Although organizations may invest in teaching someone how to use a specific application related to their job, they do not make much of an investment in helping individuals learn how to use standard software like Microsoft Office or even email. Left to their own devices, most people are much less efficient and effective at using these tools than they should be. As tools become even more sophisticated, we need the foundational knowledge and skills to be able to use them well, and this foundation should be provided via more formal training. In other words, many people need to be "taught how to learn" in the Digital Era. If organizations aren't going to provide the formal training workers need, it is in employees' best interests to pursue development opportunities on their own.

Performance management. Performance management is also being transformed by social and digital technologies. Going paperless is now standard in many organizations,

but the changes go beyond that. Specifically, because of more advanced technologies, performance evaluation doesn't have to be a major bureaucratic process that only gets completed once or twice a year. Now managers can capture and provide feedback to employees nearly continually, so that they always know how they're doing and where they stand. This informal feedback can also be directly fed into the formal performance management process, which can help increase thoroughness and accuracy and minimize surprises.

Although most people don't think of performance management as something that can be fun and energizing, new features like gamification and social recognition are intended to do just that. There are a variety of software platforms (e.g., YouEarnedIt, WooBoard, Small Improvements) that digitally leverage game elements and social tools to enhance an organization's performance, rewards, and recognition initiatives. The goal of these platforms is to increase employee morale and engagement, which in turn can increase employee citizenship behavior and job performance. What many of them offer is a social "atta girl/atta boy" system that enables any employee to provide thanks or recognition to any other employee who has helped him or her or someone else in some way. Employees collect badges and points for the positive impact they've had on clients and colleagues, which can be converted into specific rewards. These rewards can include company-oriented items, such as extra time off, lunch with the CEO, and branded swag, as well as other items of value, such as dinner and entertainment certificates, tablets, and high-end cookware. The platforms are very flexible, so organizations can leverage them in a way that best fits their culture and employee populations.

Career development. As noted earlier, new social technologies, particularly those that allow employees to create and maintain their own organizational profiles, can enhance an organization's efforts at helping employees develop themselves as professionals and manage their careers. With a more complete and accurate skills database and employees who have better tools and more motivation to engage, organizations are better equipped to assess the skills of their workforces and devel-



op more sophisticated approaches to planning, staffing, and career pathing. More effective systems that are better populated with current and accurate employee data provide a stronger foundation for organizations to create more reliable and flexible succession plans.

In addition, social and digital technologies better enable employers to identify high-potential employees by leveraging more data points, applying sophisticated analyses, and eliminating the biases and errors that can come from human judgment alone.

The company Fuel 50 has a solution that demonstrates how digital technologies can facilitate career engagement and planning in organizations. They have taken career counseling to new levels. With traditional, paper-based approaches, counselors guide individuals through a series of card-sorting exercises to identify their most important values, aspirations, and desires. The resulting card stacks are then fed into a system and analyzed, and counselors schedule follow-up appointments to discuss the results. Fuel 50's

platform not only uses tablets to digitize the exercises, but it also enables counselors to provide feedback and discuss the results and their implications with individuals in real time. Not only that, the data gets fed into a system that can help an organization with staffing, career pathing, and succession planning. This is a great example of how high tech can also be very high touch.

Leadership development. There are also several ways the implementation of social technologies can enhance an organization's leadership development efforts. Leadership blogs, for example, can help more junior leaders learn from the philosophies, styles, and experiences of more senior leaders. Leaders at all levels can form virtual support groups with their peers to discuss specific challenges and opportunities. They can also form cross-generational and cross-functional mentoring groups. Organizations can further enhance mentoring efforts by adding more opportunities and channels through which mentors and protégés can communicate with one another, enhancing the efficiency and effectiveness of their interactions.

Both within specific tiers and across tiers, leaders also can form groups to share best practices. And, of course, junior leaders can access leader wikis and other tools to develop the knowledge, skills, and abilities they need to increase their effectiveness and be more successful.

Otherwise, for example, is building an e-mentoring platform that uses data and analytics to create the best possible matches between mentors and protégés, as well as a variety of software tools (and more analytics) to facilitate the process and ensure it is meaningful and successful for both parties. They also emphasize their use of "real people" in conjunction

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with technical tools—yet another example of the necessary interplay between high-tech and high-touch.



How the HR Function Is Evolving in Both High-Tech and High-Touch Ways

High-tech. The HR function is increasingly becoming “high-tech.” Many solution providers now offer integrated, cloud-based, software-as-a-service human capital management systems that tend to be both cheaper and more flexible than traditional ERP (enterprise resource planning) systems, especially as technologies and organizations’ needs change at a more rapid pace.

I’ve already mentioned the digitization of many employment related activities, as well as the corresponding rise in employee self-service. In most organizations today, administrative activity related to things like payroll and benefits has been digitized and can generally be handled without direct involvement from someone in HR. Forms and statements are accessible online, as are handbooks, plan descriptions, policies, procedures, and FAQs. Even when some kind of customer service is needed, it can often be handled through a chat feature rather than on the phone or in person.

Digitization is impacting human capital management in other ways, too. In conjunction

with putting more forms and documents online, organizations have started accepting digital signatures, and companies are offering the capability to capture and manage those signatures in more sophisticated ways.

Biometrics is also on the rise, with thumbprint and eye scans being used not just for security purposes but also for more mundane activities like clocking in and out.

Of course, as more technology is created and used in organizations, more employee-related data gets created, which produces more opportunities to use sophisticated analytics and algorithms to inform decisions and actions.

Finally, although it’s not expressly an HR function, many aspects of internal communication are now digitized as well, including employee newsletters and various announcements.

High-touch. The high-touch aspects of more advanced HR technology are evident from many of the examples already offered. Although things like employee self-service may seem dehumanizing to some, for others they are empowering and engaging, because it enables them to be more self-sufficient and take more responsibility for managing various aspects of their employment and career. In addition, because many of these aspects affect other people in a family, greater digitization and remote access allows dependents, like spouses and partners, to get the information and services they need faster and more directly.

The benefits go beyond administration, however, to include education. For example, digital technologies can be used to inform employees about their health and retirement benefits and how to better manage their physical and financial well-being. Corresponding social elements, like online disease management support groups or retirement investment groups, can enable employees and their families to join others with similar interests or concerns to learn from and help each other.

Interest and affinity groups can also focus on extracurricular activities, demographic and social identities, or specific issues that may affect individual employees and their

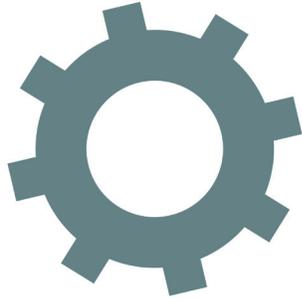
loved ones. For many organizations striving to be employers of choice, meeting the non-job-related needs of employees can increase loyalty and commitment in addition to enhancing productivity.

Social communication tools can also enable organizations to engage in real-time dialogue with employees, in addition to facilitating communication among employees themselves. “Talking at” can truly be replaced by “talking with,” and conversations can evolve in more organic, dynamic, and meaningful ways.

The Changing Nature of Work in the Digital Era

Social and digital technologies are changing the nature of work, and those changes have extensive human capital management implications, ranging from human capital strategy,

Changes in job responsibilities may necessitate a reevaluation of pay. In certain areas (e.g., customer service and HR), there may be fewer people meeting the needs of a client population, but the needs they have to address—and the skills required to address them—could be more complex. Organizations may have to increase the compensation for these positions to reflect their increased sophistication.



organizational structure, and staffing to job design, training and development, performance management, and compensation.

Strategy and structure. As the Digital Era continues to progress, more organizations will change their strategies and tactics to reflect the ways in which their operating environment and operations will be digitally transformed. As they do, they'll find that changing technologies will give rise to a variety of new socially- and digitally-oriented jobs and career paths, while also causing potentially significant declines in more traditional roles. These projected position-level changes will in turn require changes in organizational structures (e.g., departments, divisions, and reporting relationships), as well as leadership roles and hierarchies. In some cases, those changes will be limited to certain functional areas; in others, the impact will be fairly extensive.

Planning and staffing. As new positions are created, organizational leaders will have to define the job responsibilities, relevant knowledge, skills and abilities, and key performance indicators for those positions. These factors will also have to be addressed for existing positions that are transformed by the increased relevance and use of social and digital technologies.

Job design changes will also necessitate changes in planning and staffing approaches. Organizations must determine how many positions are necessary and when they need to be filled, as well as the optimal criteria and approaches for selecting the best candidates.

Planning and staffing challenges are complicated by the fact that digital transformation will take time. In the short run, organizations may need to add more staff to accommodate new functions and responsibilities while

retaining existing staff to maintain traditional systems. Once the transition is complete, overall headcount should end up decreasing because the organization will be able to accomplish more things with fewer people. The risk, however, is that organizations will not make the necessary cuts, which could lead to bloat and create inefficiency and impaired financial performance. Finding people whose skills can bridge old and new requirements can help alleviate those issues.

Training and development. As jobs change to incorporate more social and digital technology elements, employees will need to increase their proficiency with digital technology, as discussed earlier in this article. In addition to knowing how to leverage the technological tools that are directly related to fulfilling their own duties, workers will need to understand how new tools are being used in other related areas and by the organization as a whole. Their knowledge and skills will have to be refreshed and upgraded on an ongoing basis.

In addition to understanding the social and digital requirements for their staffs, training for managers will have to emphasize technology's strategic importance to achieving the organization's mission, as well as the tactical ways it can improve their group's efficiency and effectiveness. They'll also need to understand what it means to be a leader in the Digital Era and develop and maintain the requisite skills to do so effectively.

Finally, everyone will need to be trained on the organization's relevant policies and procedures, to be sure they understand the rights and responsibilities of employees, managers, and the organization in the Digital Era. Training should be provided on an ongoing basis to reinforce key concepts and reflect the fact that the "rules of the game" change as technology evolves.

Performance management. As job requirements and responsibilities change, so too will the standards used to judge and measure employees' job effectiveness. Performance management systems will have to be updated to adequately and accurately match newly expected knowledge, skills, and behaviors. In addition, managers will need to understand the new methods they should use to evaluate the success of their staff in achieving objectives.

Compensation. Finally, changes in job responsibilities may necessitate a reevaluation of pay. In certain areas (e.g., customer service and HR), there may be fewer people meeting the needs of a client population, but the needs they have to address—and the skills required to address them—could be more complex. Organizations may have to increase the compensation for these positions to reflect their increased sophistication. Similarly, the criteria used to determine variable pay for certain positions, such as business development and sales, may have to change to reflect the new performance metrics created by social and digital engagement.

Conclusion

Viewed in light of today's challenges and realities, all these possibilities and potentialities can seem somewhat daunting. It's important to remember, however, that digital transformation is a marathon, not a sprint. None of these changes need to be made overnight. The key is to create a vision of where you want your organization to be, develop a crawl-walk-run strategy to get from here to there, and then execute the tactics stemming from that strategy with rigor and discipline. **P&S**

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