A Study On Strategic Role Of Hr Managers In A Digital World:

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A B S T R A C T

Digital Revolution is reshaping enterprises by disrupting existing businesses and operating models. It has radically changed the way individuals consume content, communicate, and access products and services. The cycles of innovation are occurring at much faster and exponential manner. The aptitude of enterprises to sustain with these changes will establish their competence to face up to tomorrow's challenges. The Fourth Industrial Revolution (Industry 4.0) is building on the digital revolution that has been characterized by a fusion of technologies that is blurring the lines between the physical, digital, and biological spheres. Merger of key enablers is creating a new digital transformation through the convergence of technologies. Rapid digital transformation is creating a smart, mobile, and connected world. An attempt is made in this Concept Paper to explore the strategic role of HR Managers in terms of the implications and imperatives thereof for creating an agile and future-ready human capital.

Key Words: Digital Enterprise; Digital Technologies; Digital Transformation; Digital   Workforce; and Digital Leaders. **(5)**

STRATEGIC ROLE OF HR LEADERS IN A DIGITAL WORLD: IMLICATIONS AND IMPERATIVES

INTRODUCTION

The Fourth Industrial Revolution (Industry 4.0) has radically changed the way individuals consume content, communicate, and access products and services. The cycles of innovation are occurring at much faster and exponential manner. The aptitude of enterprises to sustain with these changes will establish their competence to face up to tomorrow's challenges. Industry 4.0 is building on the digital revolution that has been characterized by a fusion of technologies that is blurring the lines between the physical, digital, and biological spheres. And it is evolving at an exponential pace and is disrupting and transforming the entire systems of production, management, and corporate governance globally. It is evolving at an exponential pace and is disrupting and transforming the entire systems of production, management, and governance globally and digital enterprises need to understand the key enablers of digital transformation.

The forces for transformation are the surge in devices for mobile connectivity, such as smart phones and tablets, and the creation of social networks, such as Facebook and Twitter. Both of these developments are creating an exponential explosion in data, which, in turn, requires business analytics to make sense of the information and take full advantage of it. Technological innovations are creating a more connected world at much faster pace. However, the falling cost and the opportunities to combine them in innovative ways, such as mobile, cloud, sensors, analytics and the Internet of Things (IoT), are accelerating progress exponentially. This interplay of connected digital technologies

is empowering enterprises across critical digital dimensions, including products and services, customer experience, operations, and workforce. Technology is the multiplier. A key trend is the development of technology-enabled platforms that combine both demand and supply to disrupt existing industry structures. These user-friendly technology platforms, delivered by the Smartphone, bring together people, assets, and data—thus creating entirely novel ways of consuming goods and services in the process. These new platform businesses are rapidly multiplying into many new services.

The rapid digital transformation facilitated by the merger of several converging technologies is creating a new, smart, mobile, and connected world. With these key enablers, today, we are able to leverage the social media platforms as channels to interact with their stakeholders. Mobility is shifting to a "mobile-based approach" for application development. Analytics is enabling the enterprises to gain insights and drive strategic decisions from large datasets.

Cloud computing is the novel approach of delivery of services. Internet of Everything (IoE) is connecting everything to internet (people/things/products/services). Apart from the above 3-D printing, Sensor technologies, Artificial Intelligence, robotics, drones and nanotechnology are just few of the exponentially growing technologies that are radically changing the business processes and making them more flexible and fast. Despite the fact that many of the digital technologies are not altogether new, the recent advancements in their computational power coupled with the economic viability / feasibility have added to their widespread use. This exponential rise in the technological innovation is fuelling and shaping the fourth industrial revolution known as Industry 4.0.

> ## CHALLENGES AND OPPORTUNITIES OF DIGITAL TRANSFORMATION

There are myriad challenges and opportunities of Digital Transformation. The Fourth Industrial Revolution has the potential to raise global income levels and improve the quality of life for populations around the world. Technology has made possible new products and services that increase the efficiency and satisfaction level of the consumers, who are able to afford and access the digital world, gained the most from it. The technological innovations that underpin the Fourth Industrial Revolution are having a major impact on businesses leading to a supply-side wonder, with long-term gains in efficiency and productivity. On the supply side, many organizations are seeing the beginning of new technologies that create entirely new ways of serving existing needs and significantly disrupt existing value chains by improving the quality, speed, or cost at which value is delivered. Major shifts on the demand side are also occurring, as growing transparency, consumer engagement, and new patterns of consumer behavior (increasingly built upon access to mobile networks and data) force people in digital enterprises to adapt the way they design, market, and deliver products and services.

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> ## WHAT IS A DIGITAL ENTERPRISE?

A digital enterprise stands for more than just using new technologies for the sake of it. Rather, what truly distinguishes and gives a digital enterprise its competitive advantage is its culture, strategy, and way of operating.
Digital enterprises strive continuously to enable new and leaner operating models underpinned by

agile business processes, connected platforms, analytics, and collaboration capabilities that enhance the productivity of the firm. A digital enterprise relentlessly searches out, identifies, and develops new digital business models, always ensuring that customers and employees are at the center of whatever it does. The existing enterprises are often sitting on a vast stream of untapped wealth: **the data**. Data monetization can be particularly profitable for organizations that have collected large amounts of Business-to-Business (B_2B), Business-to-Consumer (B_2C) and Machine-to-Machine (M_2M) data. At the same time, advances in technology are combining to make data monetization more affordable, with the cost of storage falling dramatically and the emergence of technologies and sensors that enable real-time data gathering, analytics, and decision making.

➤ DIGITAL TECHNOLOGIES AND THE STRATEGIC ROLE OF LEADERS

Digital technologies have enabled the emergence of the new business models, such as—"Networks of peer-to-peer groups", delivering outcomes (mainly driven by Internet of Things), '**crowd funding'** and or '**crowd sourcing'**, as a service, e-commerce/marketplaces, and personalization, among others. Leaders should widen the scope of their strategic thinking to analyze how other frameworks, such as networks, channels, and customer engagement can create value for their business. With that in mind, a number of new revenue sources that enable enterprises to profit from the possibilities that digital technology open up. State-of-the-art big data analytics of customer or operations data can also bolster efforts to launch other innovative business models by fueling innovation in new products, services, and solutions. There are a number of areas that many organizations will need to reassess and reform if they are to become digital enterprises. Some of them are: digital business models (what organizations need to do); digital operating models (how they can do it); and digital talent and skills (who they need to work with to succeed).

➤ STRATEGIC RECOMMENDATION FOR DIGITAL BUSINESS MODELS

Organizations need to fundamentally change the way they identify, develop and launch new business endeavors. They have to enhance their strategic toolkit—'buy' versus 'build' is no longer enough in this context. Instead, they need to build, buy, partner, invest, and incubate/accelerate. Organizations have to make investment decisions much quicker and change their internal processes to identify and evaluate investments, with greater emphasis on decisions informed by data and analytics. Existing enterprises can benefit from their large asset base and use cash on their balance sheets to either invest in, partner with or acquire startups. Implementing digital business models is a complex endeavor, but there are a number of initiatives that can help incumbents revolutionize their own business model.

➤ STRATEGIC RECOMMENDATIONS FOR OPERATING BUSINESS MODELS

Developing the right technological capabilities is just the first step in a company's digital transformation. Successfully identifying and implementing the most suitable flexible operating model will depend on other changes, particularly to strategy development and culture. There are a number of tangible steps that organizations can take to successfully implement flexible operating models and exploit new efficiencies across their business. Organizations need to embrace a leaner organizational setup, moving away from traditional hierarchies to a flatter structure, with higher levels of employee empowerment enabling faster decision making and greater agility. Organizations have to emphasize agility. Even mission-critical functions should not be considered untouchable. If there is an opportunity to outsource functions and focus on variable costs rather than fixed costs, it should be thoroughly evaluated. Digital leaders' business processes follow a lean approach.

➤ STRATEGIC RECOMMENDATIONS FOR CREATING A DIGITAL

WORKFORCE IN THE MODERN DIGITAL ERA

With the current and future talent shortages, organizations need to actively develop the skills they need in-house by making training a critical component of their talent management strategy. Employers need to be ambitious in their efforts to train and develop their workforce. They need to:

- Develop required competencies within the workforce by assessing the skills that are currently needed and creating training strategies that are adapted to these. Do this through mapping out where the high-value work is in the coming three years' time versus today.
- Mine your own organization for hidden talent by regularly assessing employees' competencies and match these with in-demand skills. Use digital tools to quickly and easily enter, retrieve and validate your employees' skills.
- Bring new skills into the organization by hiring digital leaders and digital natives. Quickly tap into skills from outside the company for 'just-in-time' competencies by running employee exchange schemes with other digital organizations.
- Bring leadership into the digital age. An authentic cultural shift cannot simply be driven from the top down in a structure where one person owns digital. To ensure real change, digital needs to be owned by every worker in the organization. Leadership must work in collaboration with millennial's to set a joint vision for their organization's digital future.

Leaders need to hire people with digital mindsets and a willingness to challenge the status quo. Moreover, these individuals need to be placed across all levels of the organization to ensure 'real' change. While hiring digital natives might help speed up change, what leaders really need to do is increase their digital fluency, allowing them to effectively articulate the value of digital technologies to the organization's future.

Organizations need to move away from a risk-averse mindset to one that accepts failures and encourages employees to take higher amounts of risks. However, this change cannot happen without the support of the senior leadership, through, for example, rewarding longer-term thinking over short -term goals. A possible way for organizations to facilitate change at the top is by creating technology immersion workshops for boards, digital acceleration courses or tours of digitally native organizations. Finally, companies need to move away from bureaucracy and hierarchy, and embrace flatter structures.

➢ BUILDING AN EFFECTIVE DIGITAL STRATEGY

Organizations may need to rethink their approach to strategy development. Many organizations still rely on traditional five-year strategic planning horizons. In today's disruptive and uncertain market environment, this classic planning approach is destined to fall short. Instead, leaderships should consider moving to an experimentation-oriented focus that uses real-time data to give instant feedback about the effectiveness of their strategic initiatives. A move toward a one-year planning cycle would be beneficial. Leaderships should also bear in mind that, with the pace of change so high, extrapolating from past data to guide future actions is unlikely to be successful. A culture of constant, iterative experimentation is more effective. To stay ahead, organizations need to constantly start new strategic initiatives, building and exploiting many transient competitive advantages at once. To transform and thrive in the digital world, enterprises need to reassess and remodel every aspect of their business if they are to successfully carry out digital initiatives. It is the strategic imperative for enterprises for the long-term future in the digital economy.

➢ STRATEGIC RECOMMENDATIONS FOR DIGITAL TRANSFORMATION

Some of the major recommendations to aid organizations looking for their digital transformation can be listed and are as follows:

A. Identify and develop new digital business models

- Organizations need to define their digital interventions which need to be aligned or

embedded with their organizational mandate/strategy for greater outreach. This would entail having an attractive website and linkage to social media platforms.

- Organizations need to look for various business models for their digital interventions choices (like build, buy, partner, invest and incubate/accelerate as possible strategic)
- The organizations need to showcase the steps/actions taken to convince external stakeholders for budgetary support needed for their digital transformation initiatives.

B. Re-examine every aspect of operations
- The digital interventions should explicitly be integrated into strategic plans and across various business functions.
- The employees should be empowered through digital channels to enable faster decision making and encourage greater agility within the organization.

C. Understand and leverage data
- The organization should leverage analytics around customer/client data, operational data, predictive analytics and compliance.
- The organization should consider increasing investments in security in order to address the security breach, hackers etc.

D. Building innovative digital workforce
- The organization should create and form digitally educated leadership team of multigenerational, diverse and with sufficient expertise in business and technology topics.
- The organizations need to establish appropriate training policies/schemes to overcome the digital skills gap and re-skill their existing employees.
- The organizations need to internal policies up-to-date to allow collaboration and knowledge sharing using Knowledge Management and social media tools.

- The organizations need to cope with constant change and cultural transformation at every level of organization and driven by the Top management leadership team.
  The organizations need to address the productivity and quality through evaluating and analyzing the existing workforce and address the need for efficiently leveraging on automation.
- The organizations need to identify areas in their business operations/ processes where automation is most relevant and needed.
- The organizations need to develop strategies and frameworks that take into account all the functions and tasks in enterprise where they can leverage and benefit from automation.

E. Establish the right digital traction metrics
- The organizations need to establish the right behavioral Key Performance Indicators (KPIs) to measure the traction of their digital business models (e.g., user engagement/employee engagements/user feedback etc.).
- The organizations need to develop the capabilities and mechanisms to track metrics in real-time in place and to take the appropriate decisions and initiatives to benefit from the insights gathered.

➤ SUMMARY THOUGHTS
Digital revolution is reshaping enterprises by disrupting existing businesses and operating models. It has radically changed the way individuals consume content, communicate, and access products and services. Overall, the inevitable shift from simple digitization to innovation based on combinations of technologies would be forcing organizations to reassess the way they do their work.

These new technologies and platforms will increasingly enable all the stakeholders to engage with organizations, voice their opinions, and coordinate their efforts. Now, corporates would face pressure more and more to change

their current approach to stakeholder engagement and corporate policymaking. For example, the present systems of policy and decision-making processes were designed to be linear. But following such a strict "top down" approach is no longer feasible. Eventually, the ability of human resources to adapt and embrace the world of disruptive change will enable them to maintain their competitive edge. This means that they must continuously adapt to a new and fast-changing environment by reinventing themselves so as to collaborate closely with all the relevant stakeholders. The bottom line, however, is the same: **HR Leaders in organizations need to understand their changing digital environment, challenge the assumptions of their operating teams, and relentlessly and continuously innovate.**

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