

FUTURE
OF WORK

Digital Transformation and Work

Masterclass Report

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Introduction

For ten years, the Future of Work (FoW) Research Consortium has explored the trends shaping industries, organisations and careers. Our people-centric approach inspired our research into digital transformation, to explore how organisations can respond to the technological trends impacting work.

This FoW report reflects the insights of our multidimensional research approach. This includes interviews, an in-depth literature review and the identification of case studies to provide practical examples of future proofed practices, and the insights shared by our Consortium members and expert guest speakers at our Digital Transformation Masterclass, which took place in London on 18th, June 2019.

Key messages

Employee expectations of their digital experience are shifting

The rise in use of technology in people's personal lives means that, increasingly, employees are living a frictionless digital experience - using digital platforms constantly in their daily behavior, whether for dating, transport, healthcare, or banking. This is often not being matched at work, leading to a mismatch in expectations that can impact engagement and retention.

People instantly impose normativity on digital change

Insights from digital anthropology have shown that implementing a new tool is not enough to shift people's behavior. When using a new tool, people tend to absorb it into the way they have already behaved rather than using it to transform. This means that if organisations want to enact change, they cannot rely only on implementation, and should consider other signals such as leadership or peer behavior.

People have emotional, cognitive and behavioural reactions to new technologies

Organisations therefore need to think about their employees' expectations and motivations when it comes to digital tools and technologies to move from acceptance to adoption. Are the technologies natural and easy to use? Do people feel a sense of mastery and control? Does the new technology promise competitive advantages to an organisation or individual in their personal life? Do they see influencers in their peer group using the technology? By considering these questions, organisations can ensure that any new technology is widely adopted.

Organisations need to consider their digital change narrative

Successful digital transformation occurs when employees feel part of the narrative, and can understand why the change is occurring and what their place in it is. Being clear on the outcome of any digital transformation, and moving away from a top-down approach to a more networked, peer-to-peer approach to communicating this will help employees feel that sense of ownership.

Big data is inefficient if it is not leveraged for a specific outcome and approached ethically

The rise in big data means that there are now multiple forms of data for organisations to measure and innovative ways to measure it. The challenge instead comes in leveraging that data for insight. Equally, organisations need to ensure that their implementation of technology and use of data does not contribute to feelings of anxiety and lack of control for their employees.

Widen your assumptions around digital talent

Many organisations rely on younger employees for their digital skills, or view 'digital talent' as a limited pool they need to attract. However, this is often based on a narrow view of what skills are needed in a world of increasing digital disruption. Thinking more widely, and considering human skills and digital literacy alongside hard technical skills, opens up the potential talent pool for organisations.

Digital leadership is (not) different in an age of digital disruption

Rather than the creation of a brand new leadership style, the skills needed for today's leaders are familiar. They are the skills needed to enable successful change, inspire and influence others and build talent. It is about providing direction and managing it. The digital element comes from leaders having the awareness of digital tools, rolemodelling digital change in their behavior and using tools to support any strategic decisions.

What is
changing?



Digital disruption is accelerating through growth in technology

We are living in a world of rapid technological and digital change. New technologies are proliferating, impacting our personal lives, the way we interact with each other, and the way we work. There have been periods of rapid technological change in the past, such as the Industrial Revolution, when new tools impacted the way that people behaved and shifted the norms of society.

Yet there are several key differences for the current phase of digital change. Firstly, the **speed and rate of change** is exponentially faster! This allows for bigger jumps in innovation, as each new product or tool can build on what came before it, which leads to increasing hype around the largescale impact that each new invention will have. An important caveat to this that not all technologies have an equal impact. Academics differentiate between 'sustaining' and 'disruptive' technologies. Sustaining technology relies on incremental improvements to an already- established technology. Disruptive technology lacks refinement, often has performance problems because it is new, appeals to a limited audience and may not yet have a proven practical application.² Not all new technologies will be disruptive, transforming the way that people behave – but some will. As a result, organisations need to be aware of potential disruptive technologies, as they can upset the status quo.

This exponential change is coinciding with the intersection of several technological laws. Gordon Moore, co-founder of Intel, predicted in 1965, that computing power would double every 18 months, commonly known as **Moore's Law**.³ **Gilder's Law**, coined the American investor George Gilder describes the exponential growth of

bandwidth, at over three times the pace of computing power. This is what has contributed to the explosive growth of internet traffic, making it possible for the acceleration of information-sharing around the world. In 2019, it was estimated that there are 4.388 billion internet users in the world, out of a population of 7.676 billion.⁴

Secondly, we are now living in a networked age. **Metcalfe's Law** describes how being connected to a network becomes increasingly valuable as the network grows. It is networks that give many organisations power. As Nicolas Colin explains in his book, *Hedge*, this new networked age is transforming the way that companies interact with their consumers. The most competitive businesses are now those which excel at harnessing the power vested in billions of individuals using networked applications – like Google collecting user-generated data to train its algorithms, or Amazon relying on its own customers to contribute to the platform with product reviews.⁵ Colin describes how these companies are outward looking and software driven, dedicated to sealing an alliance with an engaged community of networked individuals.

Finally, it is the combination of technologies that are contributing to such explosive change, known as **Varian's Law**. This describes how disruption happens when different elements intersect. This is why your smartphone can achieve so much more than five years ago, and will have transformed again in another five. As the academic Richard Baldwin identifies, this has the potential to have huge ramifications for organisations. This includes the possibility of increased 'telemigration' (where large sections of the workforce are based in another country) as companies are able to tap into a broad pool of talent.⁶

What's your driver?

During our primary research interviews, our Consortium members identified several key drivers that were pushing them to digitally transform.

#1

Organisations want to become more customer-centric, to improve the dynamics of experience and meet current digital needs. The changing power relationship between consumers and organisations is shifting the priorities of companies, meaning that they need to adapt to consumer needs more rapidly. Placing customers at the centre of everything in their organisation, is now a core focus of company culture.

#2

Market speed increase is increasingly contributing to value. Digital disruption means that companies are feeling pressure to be faster and more responsive. As such, a frictionless digital experience is more important than ever before in achieving this and driving rapid change.

#3

Being one step ahead and aligned with change prevents lagging behind competitors. Digital disruption has enabled the success of new organisations that would not previously be competitors for established companies. They are nimbler, more agile and organisations are feeling the pressure to respond and change as a result. They force organisations to think differently as new competitors emerge.

Q: What is your driver?

- Increased customer centricity
- Increased speed to market
- Fear of lag



Disruption is making your workers and customers digitally-savvy

Digital transformation is impacting our behaviour and expectations, as the saturation of digital technologies is increasing. Globally it is now a social norm to have mobile phone, it's expected that you know how to use a computer or have access to the internet. People now have a much more extensive and deeper knowledge of digital tools than at any point in the past, impacting their behaviour, particularly when it comes to our mobile phones. From how we communicate to what we do when waiting in a queue, the ubiquity of smartphones has vastly impacted our daily life.

As a result, people's expectations around power and the technology they use are shifting. Firstly, this is impacting **power relationships**. As people connect and communicate in a many-to-many way, rather than top down, they can become more distrustful of traditional power structures. Jeremy Heimans and Henry Timms have identified what describe this as 'new power'.⁷ Whereas 'old power' is closely guarded, held by a few and leader driven, 'new power' is participatory, open, and collaborative. Old power works like a currency, new power like a current.⁸



Secondly, and more crucially for organisations, the proliferation of technologies is impacting people's expectations of their experience with technology. They are using digital platforms constantly in their lives and absorbing them into their behaviour - using them for dating, for transport, for healthcare, for banking. These tools provide a frictionless digital experience - it is with people thinking about the outcome, and not thinking about the process. The risk for organisations is that this seamless experience is not being replicated in the workplace. For many people, their lives are digital but their work is analogue. This can be seen in AI, for example - as although 70% of employees use AI in their personal lives, only 24% of

employees use AI at work.⁹ The experience of digital exchange is yet to be matched by organisations, which can in turn impact engagement and retention.

Digital ^{vs} Analogue

70%

of employees use AI
in their personal lives

yet only

24%

of employees use AI
at work

What does
this mean for
organisations?

Are you enabling change?

At its heart, digital transformation is about change, not technology. During our interviews, Consortium members noted that the biggest blocker to successful change is people: their behaviour and their mindset. To successfully digitally transform, then, organisations need to return to the human elements: building a digital culture and communicating a digital narrative.

Culture is frequently identified as one of the biggest hurdles to successful digital change. During our interviews with Consortium members, we found 86% of the responses selected cultural issues as a topic for discussion. Equally, research from Capgemini has shown that 62% of organisations identify culture as the biggest challenge to digital transformation, compared to 48% who selected archaic IT systems and processes.¹⁰

Traditionally, organisations have brought in digital tools in order to shift a culture. However, this is often ineffective because of the way that people interact with technology. People and technology only exist in relation to each other.¹¹

Interview insight: Hurdles to Digital Transformation

During the interviews, Consortium members described how culture can act as a blocker to digital transformation in three key ways:

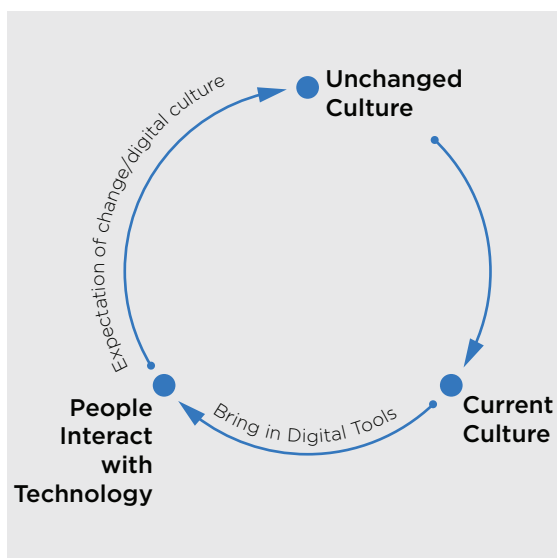
1. It leads to a fixed mindset: Shifting the way that people work can be challenging if they do not feel there is a burning need to; while getting people to spot the need for digital tools before met with an obstacle is often difficult.

2. It makes people not want to change: Members noted how people may have got to where they are by behaving a certain way, and, as a result, not want to change, contributing to a static culture.

3. It blocks collaboration: Consortium members noted how people want to collaborate more but often the structure and culture does not support it. Having a culture of email, for example, which is not inviting or supporting flexibility.

As such, whenever a new tool or platform is introduced, the impact of it is developed in the interactions between people and technology. Research from digital anthropology has highlighted humanity's remarkable capacity to reimpose normativity just as quickly as digital technologies create conditions for change.¹² In other words, people absorb any new tool into the way they already behave, rather than use it as a switch to shift to a completely new form of behaviour. Equally, people anthropologise technology. When interacting with complex technologies like robots, chatbots or other AI applications, we unconsciously apply social rules to them.¹³ For organisations, this means that whatever the dominant behavioural norms or culture was in the organisation will be solidified by a new tool. Implementing a

new collaboration tool will not lead to widespread collaboration if leadership behaviour, reward systems and subtle signals of the day-to-day do not also support it.



To shift the culture, you need to move from employees **feeling a passive sense of acceptance to adoption**, using the tools to change their behaviour. It is important to make the distinction between *adoption* and *acceptance* of technology. Technology adoption is a process – starting with the user becoming aware of the technology and ending with the user embracing the technology and making full use of it. Acceptance, as opposed to adoption, is an attitude towards a technology, and it is influenced by various factors.

If technology is to enable people at work, it should foster self-motivation and self-determination, enhance productivity, and promote job satisfaction, organisational commitment and citizenship behaviours among workers. Feelings of oppression occur when technology leads to a lack of autonomy, competence and relatedness. In turn these lead to stress, demotivation and counterproductive work behaviours.¹⁴

How to move from acceptance to adoption of technologies to drive a digital culture

*When people interact with technology they do so in **cognitive, emotional and behavioural** ways. Organisations therefore need to think about their employees' expectations and motivations when it comes to digital tools and technologies to move from acceptance to adoption and consider the following questions:*

1. Are the technologies natural and easy to use?

Usability concerns the interface between humans and technology and it can be measured in terms of efficiency (time to complete a task) effectiveness (error rate) and user satisfaction.

2. Do people feel a sense of control and mastery?

A second consideration is self-efficacy. People who feel competent to use, or learn to use, new technology are likely to experience less anxiety when the new technology is introduced.

3. Do the technologies help people work effectively?

A third consideration is economic. Does the new technology promise competitive advantage to an organisation or individual in their personal life? If so, they are more likely to accept it.

4. Do the technologies provide status and peer recognition?

It is also important to consider the social factors in the acceptance of technology. The level of the peer group is crucial. If respected friends or colleagues are using a technology, peer pressure means that people are more likely to accept it. If a person believes that using a tool will provide greater accessibility to important work-related information, and also that other people (such as one's supervisor) favour the usage of this technology, they will probably develop a motivation and behavioural intention to use the tool.

Our definition of Digital Culture

- #1 **Agile** – You can adapt quickly as needed and have the culture that supports this.
- #2 **Networked** – People communicate and act in a networked way in order to replicate the ‘new power’ elements that are so crucial.
- #3 **Digital first** – Merely dropping in a new digital tool will not build a digital culture. People have a mindset that uses digital tools to solve problems.
- #4 **Innovative** – You can spot problems before they appear, read patterns and predict what competitors could be doing and act on it first.
- #5 **Collaborative** – People work with each other in smooth and frictionless way.
- #6 **Empowered** – Rather than top down, you have a culture of empowerment, where people feel able to step up and make changes themselves as needed.

Companies struggle to tell the stories of Digital

Many organisations also struggle to communicate why they are undergoing digital change. Digital transformation is not a silver bullet-it solves a problem, but only if you are clear on what problem you would like to solve. If your employees do not have clarity on what they are working towards or why changes have been made, then they will not be supportive, and can become disengaged.

One of the challenges identified during the Consortium interviews was a feeling that the organisation was not yet explaining the 'why' of digital transformation, and was not telling the story of digital change. What is the end point? How will this impact me? Why are we doing this? These are some of the questions that employees will be asking themselves if you have not yet explained the story of digital change.

Traditionally, companies have tried to impose an 'old power' narrative on 'new power' issues. Although the subject they are dealing with (digital transformation) is about being open to feedback, collaborative, participatory, networked, this is not being reflected in how they communicate. Instead there have been top down narratives, imposed from above down below. A digital story should instead help shape the culture, particularly in the areas of empowerment and collaboration.

Organisations need to reflect on the **why of digital change** and build a narrative so that employees feel involved in any transformation. This is a job for HR. One way to achieve this is **enabling a sense of control** in employees as feelings of control have a positive impact on acceptance of technology. This will in turn **helps employees develop mastery**. People with

high general technological self-efficacy are more likely to engage with new forms of technology.¹⁶ **Building transparency** is essential. It shows employees that you are aware of the changes that come with digital transformation, but that you will be as open as possible around why decisions are being made, which in turn will help them feel part of a collaborative process. It also helps build a sense of collective identity. In times of change, stories and narratives foster a shared sense of belonging and purpose sense of collective identity, feeling a connection with others in the group, helping them become more resilient to change.



Questions for HR Leaders:

#1 Do I know how my employees interact with technology?

#2 Am I aware of my employees' emotional response to technology and change?

#3 Are people clear on why we are digitally transforming and what their role in the change will be?

OSOSIM

LEARNING BROUGHT TO LIFE

Flash Insight: Digital Transformation Simulation at Ososim

Jonathan Knight spoke to delegates about Ososim, a learning technology and simulation company that models human behaviour. Since change is no longer linear and constant and the future of work is uncertain, a key concern for organisations is how to deal with this complexity and adopt a more positive approach to change.

Knight stated that 75% of digital transformation attempts fail, and clients come to Ososim to model what their new change strategy will look like and understand its implications. The simulation is a useful way of learning, as it is a process that fits multiple pieces of information together and offers a boarder experience of change.



Flash Insight: Building a Digital Narrative at UBS

Digital transformation is on the agenda at UBS because they want to create frictionless interactions between both clients and employees. As clients can now be customers, competitors or co-creators, UBS have had to re-evaluate how they use technology to monitor and facilitate these relationships. The Bank had previously been running a number of separate digital initiatives and decided that they needed to bring them together as part of one unifying digital strategy.

UBS noted that digital transformations are not effective if the culture in place does not support change, regardless of the strengths of the new tools offered. They found that, although their top leadership knew how effective their new digital strategy would be, it had not been communicated clearly to the rest of the population. They invited over 10,000 employees to participate in a Jam with HSM to understand how people felt about the new strategy, what it meant to them, and to identify key change agents that could influence a new way of working.

UBS drove engagement on the Jam by explaining people's roles in detail through workshops and targeted internal communications, encouraging a broad range of stakeholder groups to rolemodel correct attitudes and behaviours. Additionally, the Jam is structured through three stages of perspective, debate and action in order to first understand people's views and then surface tangible solutions, which helps to continuously drive the conversation.

UBS's initial findings were that silos were hindering people's productivity and that feedback should be more continuous. One particular surprise was the extent of the gap between front- and back-office functions in terms of the terminology they use and the metrics they measure. Now, UBS are aligning these insights with the different Workstreams that make up their strategy to address these issues and move forwards using solutions explored by Jam participants.

To maintain momentum after the conversation, statistics and poll results will be shared with employees, as well as the results of the final qualitative report. UBS have also created a digital intranet site where all the data is stored for people to access at any time. Line managers throughout the Bank will also receive notes on the hot topics from the Jam and one-page briefs which they can distribute to their direct reports.

Are you mastering data?

Are you maximising insight?

In comparison to the past, today's digital society differs due to the rise of big data. We are living in a world where **data is the new oil** and it is those organisations that leverage their data that have the most value. The rise of quality and types of data has also coincided with the rise of analytics. Organisations now have an increasing number of ways to analyse data quickly and effectively. They can use analytics to analyse images, text, videos, behaviour, emotions, voice or speech. Yet the promise of both big data and analytics has not yet been met. 52% of organisations admit that they are not competing on data and analytics, while 69% say they have not yet created a data driven organisation.¹⁷

This was echoed in our interviews with Consortium members. They noted that the problem is not being able to measure data, but rather **gaining insight from this data**. So far, many organisations are not yet able to fully drive data-decision making forward. There is a disconnect between the data science community, which understands analytics, and leaders and HR, who understand the desired outcomes.¹⁸ Equally, many organisations are currently only using analytics to describe what has already happened, or what is happening in real-time, rather than using the tools to predict and recommend a response. Leveraging data for insight instead means that leaders take action based on data, rather than mining data without results.

Forms of data

There are many new types of data that organisations can measure or track.

- 1. Behavioural** – Data that tracks employee behaviour
- 2. Open data** – Data that is freely available to anyone in terms of its use (the chance to apply analytics to it) and rights to republish without restrictions from copyright, patents or other mechanisms of control
- 3. Workforce data** – Data from recruitment, learning, practices and processes
- 4. Machine data** – Data created by the systems, technologies and infrastructure powering modern businesses.
- 5. Spatiotemporal data** – Data that describes both location and time for the same event
- 6. Real-time data** – Instantaneous computing data that happens about as fast as a human can perceive.
- 7. High-dimensional data** – Facial recognition technologies.

Are you a Guardian of Ethics?

In a world of big data it is not sufficient to think only of the outcome. Organisations instead need to reflect on the ethics of having the ability to track, monitor or predict the behaviours of employees. It is a question that even the most successful technology companies are pondering, with Apple CEO Tim Cook describing what he defined as the 'data-industrial complex', with our data being bought and sold and used against us.¹⁹

In the wake of recent customer data breaches, companies are recognising the need for more protection and transparency around the collection and use of customer data. But few have paid equal attention to the issues arising from the collection and mining of *workplace* data.

A survey of more than 10,000 workers across all skill levels and generations and 1,400 C-level executives in 13 countries and 13 industries found that more than 90% of employees are willing to let their employers collect and use data on them and their work, but crucially *only* if they benefit in some way.²⁰ However, only 30% of the executives whose companies use workforce data reported being highly confident they are using the data responsibly.²¹

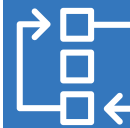
HR's role in the responsible collection of data is to become ethical gatekeepers – dealing with people anxieties. People are anxious about how their data is used, and how technology is integrated into their work, and organisations need to provide a point of view in order to alleviate some of these concerns. There are three areas which companies can focus on, in order to achieve this:

1. Digital Taylorism - Frederick Winslow Taylor, an American mechanical engineer is often identified as one of the first management consultants. In the 1880s, he developed 'Taylorism' (also known as scientific management), a theory of management which aimed to improve economic efficiency and labour productivity by examining how workers should be motivated, and breaking down complex jobs into simple tasks.

Digital Taylorism is based on maximising efficiency by standardising and routinising the tools and techniques for completing each task involved with a given job, and monitoring employees to ensure they operate at maximum efficiency. Just as Taylor measured all aspects of his employee's lives, many of today's organisations are using technology to monitor where, when and how their employees work. While in their personal lives, the rise of the 'quantified self-movement' has led people to pursue self-improvement and regulation through self-tracking, at work, organisations are using technology to surveil and monitor their employees: 56% of employees feel they are being monitored at work.²² This has negative ramifications for employee wellbeing. Employees who are monitored at work are more likely to feel mentally exhausted after work, more likely to experience physical pain, anxiety and depression, and feel they have significantly less autonomy or control over their work.²³

2. Technostress - This refers to the psychological reactions employees have to the use of technologies. This includes information overload or feeling of helplessness, with 46% of employees saying they feel they are overloaded by information at work.²⁴ It also includes other forms of anxiety that people feel around new digital tools such as task performance anxiety, fear of social embarrassment, frustration with technology, or anxiety about dealing with any technical problems.²⁵

3. Algorithm anxiety – This refers to perceptions of job insecurity and fairness. People are aware that these tools are being used in ways that impact their work and fear the security of their jobs is on the line. Equally, they are aware that data and algorithms are used to make decisions around recruitment and retention. 67% of employees are worried about algorithms making hiring decisions.²⁶The outcomes of HR decisions have such serious consequences for individuals that, as explored in our previous report on *The Future of High Performance*, organisations need to ensure that they are not relying on biased algorithms to make decisions.



Use data for
an outcome



Be
transparent
and open to
feedback



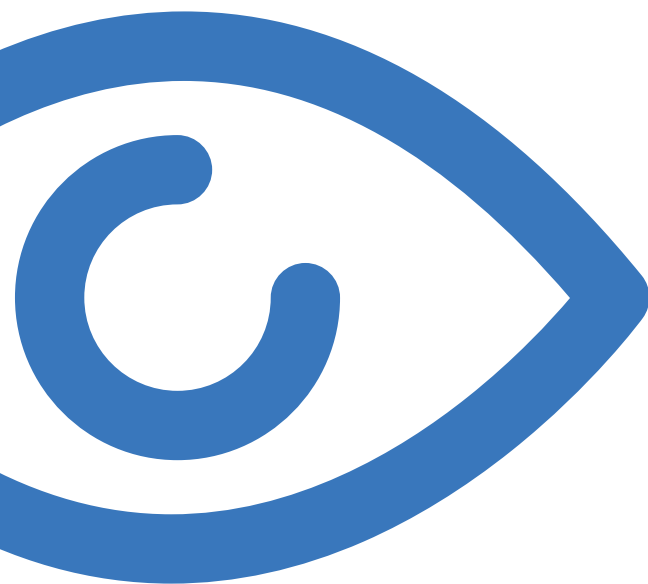
Provide a
sense of
control



Be
empathetic



Use data to
personalise



Questions for HR Leaders:

#1 Am I using data for an outcome?

#2 Am I being ethical in how we use data?



Flash Insight: HR Search Hub at Fidelity

Ranjani Kearsley and Madeline Clarke spoke on the new digital transformation infrastructure at Fidelity. Their team wanted to create a toolkit for people which would be intuitive, free of jargon and meaningful. To achieve this, HR was positioned as a distributor of knowledge, enabling leaders and employees to access the information they need to perform in their jobs.

It was important to Fidelity to consider the user experience of their employees, as they wanted everyone to be able to log onto the new system without extensive training. With the aims of global consistency, simplicity, flexibility and scalability, Fidelity launched their new intranet as a strategically-governed knowledge management solution.

The intranet is a one-stop shop for employees which can be customised to their role, department and region. For example, an employee who wants information on pregnancy support and maternity leave will see personalised results to her search, showing the policies in place in her country/region.

So far, the intranet has had 31,000 visits from Fidelity's 8,000 employees. It has reduced the emails received by HR by 51% and reduced company queries by 28%. The annual employee survey has revealed that people feel positively about it and appreciate the ability to seek out the information they need on demand.

Are you developing Digital Talent?

Are you addressing the digital gap?

In our interviews with Consortium members, one of the challenges identified was the difficulty in attracting digital talent. They described how there is great competition for people with digital skills, and companies are often having to compete with the like of Google or Facebook to source the talent that they need. These are organisations that are ‘branded’ as digital in a way that traditional organisations are not. In addition, organisations are often slow to build avenues for attracting digital talent or figuring out whether they have a means to place people on specific projects as needed rather than hiring them full-time.

“We need to develop new avenues in attraction, pulling in people as needed.”

“The talent is incredibly competitive, which poses a business challenge for us as an organisation.”

Interviews with Consortium Members

Within the next two decades, 90% of jobs will require some level of digital proficiency, but there is not a single set of competencies that is appropriate for all settings and individuals.²⁷ What skills a person needs will depend on their role, sector, level of education, career trajectory, and a host of

other factors. It is possible to identify generic digital skills for a diverse set of people. However, a data scientist’s ‘digital skills’ won’t be the same as an office manager’s. Identifying this definition of digital skills early on, by stating what group or groups it is referring to will help to avoid confusion.²⁸

The most in-demand digital skills

There are many new types of data that organisations can measure or track.

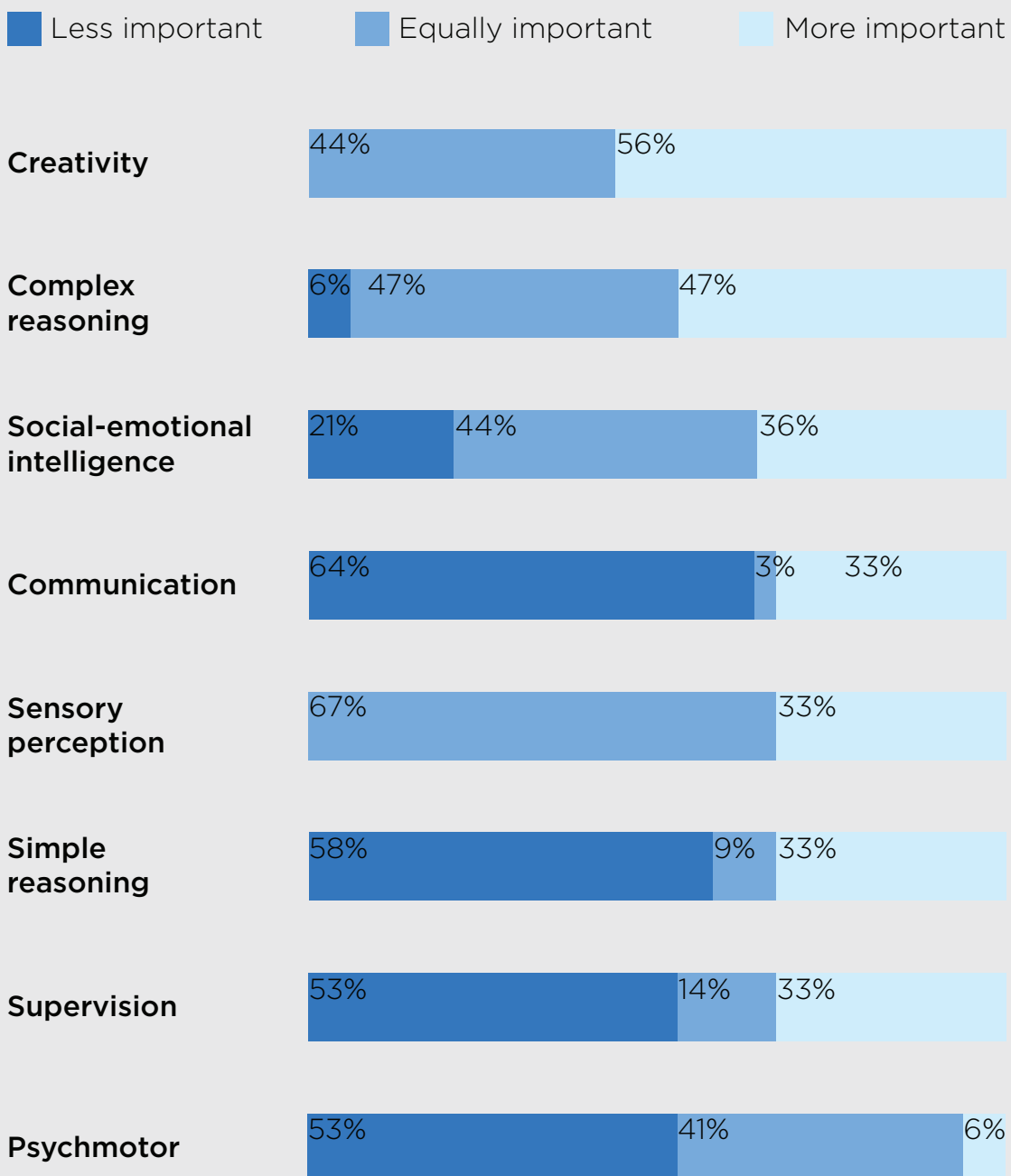
1. Cloud Computing
2. Artificial Intelligence
3. UX Design
4. Mobile Application Development
5. Video Production
6. Audio Production
7. Natural Language Processing
8. Scientific Computing
9. Game Development
10. Social Media Marketing

However, it is not enough to focus solely on digital skills. As more tasks become automated and AI and machine learning are increasingly adopted, work will transform, with some roles fully automated, others completed by humans or a collaboration between humans and machines. As such, organisations need to widen their assumptions around what skills are needed to thrive in the future. Alongside hard, technical skills, people also need **human skills** such as collaboration, communication and openness to change, as well as

translation skills which bridge the two groups, such as the capacity to spot patterns and train digital tools.²⁹

Change in the importance of skill type in U.S. (2004-2016)

100% = 151 million jobs in U.S. as of 2016



Organisations also need to be aware of the importance of digital literacy. Many organisations use 'digital' to mean the implementation of new technology, but successful digital transformation instead requires a shift in mindset. Digital literacy refers to the ability to use technologies to find, evaluate, create and communicate information, requiring technical and soft skills. For example, someone might be able to manually use a technology, but without judgement know-how or situational experience they will not be able to use the technology for a successful outcome. Equally, even if an organisation has a high-level of technical skills, without a mindset that is adaptive and open to change, the growth towards a becoming a digital organisation will be stalled.

Enabling digital literacy requires abandoning your assumptions, particularly around generations and digital skills. 40% of employers say their organisation relies on younger employees and graduates for the digital skills they require, bypassing the need to train up mid-level employees.³⁰ Nearly half say their organisation would be more productive if their entire workforce was savvier with digital tasks.³¹

It is a mistake to assume that exposure to digital tools and technologies automatically equates to the knowledge of how to use these effectively. It is the case that many young people have digital aptitude when it comes to using certain tools, with digital understanding peaking between the ages of 14 and 15 before dropping gradually throughout adulthood.³² However, the gap is not as wide as you would expect: among six and seven year olds who have grown up with technology the average digital quotient score was 98, compared to those aged between 45-19 who have an average score of 96.³³ Surprisingly, younger employees are less likely to have the digital literacy that is so important in successful digital change. They do not, for example, have the experience to judge the best context for using a tool, how to communicate the

information they learn, or the specific technical skills required for the workplace. The idea of the 'digital native' is a dangerous fallacy as it risks leaving young people without the competencies they need and sidelining older employees who have both the technical skills and the digital literacy required. One recent study, for example, showed that 50% of students could be described as rudimentary users, lacking productivity skills such as presentation software, spreadsheets or word processing.³⁴

Developing digital talent also requires abandoning your assumption that only certain groups have the capacity for – or interest in – technical skills. One study showed that when asked if they were developing their digital skills in their own time, 58% of digital talent said they were, compared to 48% of all employees.³⁵ It is also not automatically the case that all those classed as 'digital talent' have the digital literacy or a digital mindset. Investing only in those who have been pre-defined as 'digital talent' risks losing out on employees who have the human or translation skills necessary, and only training in technical skills.

Do you have digital leaders?

As organisations adapt to a turbulent business environment, they require strong leaders that not only articulate a vision people can rally around but also create the conditions that enable digital maturity, attracting the best talent and bringing out the best in the talent they have.

The rapid changes associated with digital disruption can be disorienting, so many organisations assume leadership needs to be completely rewritten for the digital age. In reality, the skills that leaders need are not brand new – they remain the skills needed to enable successful change, inspire and influence others and build talent.³⁶

The new digital element for leaders comes through digital literacy, supports the other capabilities. A leader needs to have knowledge and awareness of digital tools and use those tools to support their experience. For example, a leader could have a basic knowledge of data science but the higher value-add is them being able to use the data to make strategic decisions, or to empower others. The digital capability is a tool in their toolbox, used most effectively in tandem with their experience and capability as a leader of people.

Questions for HR Leaders:

- #1 Am I aware of the digital literacy of my employees?
- #2 Do I have assumptions around digital talent that are restricting?
- #3 Do we have leaders who are able to use technology to make effective decisions?

Concluding remarks

As technological disruption accelerates and people increasingly use digital tools in their personal lives, the expectations of both individuals and organisations have shifted. Individuals want to have a digital experience at work that matches that of their personal lives, while organisations know that, to survive in a world of rapid change, proliferation of competitors and customer-centricity they need to be able to digitally transform as needed.

Yet this does not mean implementing the most innovative technologies and then stepping back. Digital transformation is instead about people, and ensuring they are open and adaptive to change. This requires reflecting on why you are undergoing digital change and communicating this to employees; and being aware of the emotional, cognitive and behavioural reactions to new technologies from your employees. It also requires an insight-driven and human centred approach to data. Leveraging data for insight and ensuring that you behave ethically when it comes to how you monitor or track your employees is therefore crucial. Being transparent about why you are using data, providing a sense of control to employees, and using data to personalise not generalize are all key in achieving this.

Finally, organisations need to abandon some of the assumptions around digital talent. Rather than equating digital aptitude with youth, or assuming that 'digital talent' is a limited resource, broadening the skills needed to include digital literacy allows organisations to tap into older workers and those internal employees they may not have been aware of.

For organisations, responding to digital disruption does not mean implementing the new technologies. It is instead about building the capacity to change in your employees; creating the environment – in culture and in communication – for employees to feel a sense of control, mastery and autonomy over that change. It is about remaining human-centred as you increasingly make decisions using technology, and not being limited when it comes to sourcing and building the skills needed for your employees to thrive in the future.

Consortium Members' key takeaways from the Masterclass

#1

The 4 technology laws that are contributing to digital acceleration: Moore's Law, Gilder's Law, Metcalf's Law and Varian's Law

#2

How when employees come to work their experience is a downgrade compared to their everyday life

#3

How to utilise employee experience. People have cognitive, emotive and behavioural reactions to technology, which impact how they are interacting with the tools that are being developed.

#4

Translating strategy into narrative – personas are a really good way of building a narrative.

#5

Digital literacy and broadening assumptions around the skills that are needed: digital skills, translation skills and human skills.

#6

How UBS decommissioned legacy systems – not just IT & HR practices.

#7

Fashionistas kill profits – businesses that go for a stream of digital initiatives will increase revenues but will reduce profits.

#8

Diagnose reality: there are unwritten rules that either enable/block performance. You need to find out the reality of the digital transformation and how people think about it

#9

How culture is the major challenge - we now know how to overcome these challenges.

#10

How nudging can drive team performance

About FoW

Over the last ten years, the Future of Work (FoW) Research Consortium has brought together a global community of 108 of the world's most influential companies, a number which keeps growing. By combining energetic live events with cutting-edge collaborative technology, we have connected more than 500 executives, all of whom are leading their organisations in preparing for the future.

Our Consortium is widely acknowledged as one of the most innovative and collaborative forums for exchanging insights, models and concerns about the future of work. Led by Professor Lynda Gratton, we unite academic research and organisational practice to deliver a unique multidisciplinary experience. Members of the Consortium benefit from access to the very latest academic research along with practical insights and have the ability to learn and develop in a way that is customised to their needs.

For more information on any of the topics explored in this report, please contact Anna at anna@hotspotsmovement.com.



Anna Gurun
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Europe



North America



South Africa



India



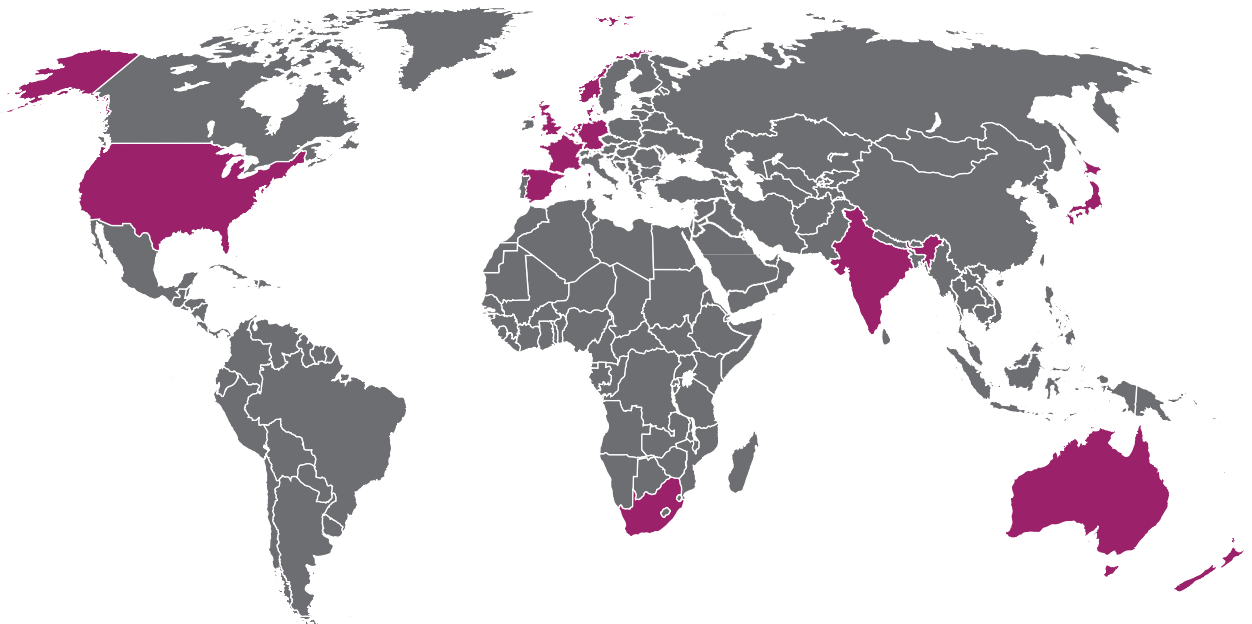
Australia



New Zealand



Japan



Appendix I - Activity results

During the Digital Transformation and Work Masterclass, delegates were asked to complete an activity which asked them how they are currently enabling or depleting digital transformation in their organisation within three areas: Culture, Data and Talent. Below are some of the common themes that emerged during the activity.

Digital culture

Enablers

- Narrative: top down integration of a digital 'story'
- Digital Tools: Metric software, Social Media, Yammer – shift towards data orientation, intranets, e-learning platforms (role of chatbots)
- Remote/Virtual Teams: connected services, inc. flexi-working

Blockers

- Complexity of organization: difficult to implement internal tools due to differentiation between teams (results in too many systems – lack of standardization)
- Lack of clarity: no clear digital vision/ no cohesive digital narrative
- Fear of change/Fear of Failure/Lack of Confidence
- Lack of time compounded by technostress.
- Information Asymmetry of the benefits of digital transformation.

Solutions

- Build a 'story' that emphasizes its significance in the: productivity, reputation and experience of the organization. Clear vision – leads to a greater synergy between divisions surrounding perks.
- Emphasis on 'top-down' change: lead by example, trial and error, remove fear of failure.
- Conversely, agile structure was also prioritized – employees as responsible for business strategy. Co-creation of ideas.

Effective use of data

Enablers

- Guardian of Ethics: confidentiality (data), wellbeing data used to inform wellbeing agenda – increase in transparency
- Accessible and Secure Data: alignment across functions

Blockers

- Privacy: ethical issues, trust is security focused, feeling of being monitored. Issue of transparency
- Regulations: GDPR in limiting activity
- Quality: lack of data science impacts insightfulness
- Data sources not linked – lack of a 'holistic' data strategy
- Archiving – restricted access, feeling of being disconnected

Solutions

- Data driven insights to increase personalization – growth towards qual. over quant.
- Data transparency/integrity: achieved via an integrated, understandable system.

Digital talent

Enablers

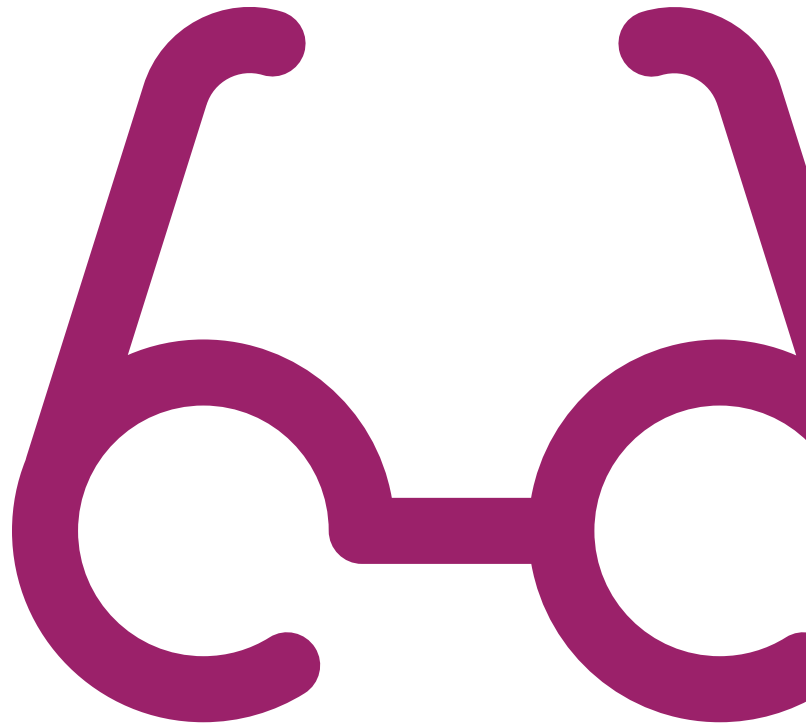
- Appreciation of the Skills Gap: use of AI, apprenticeship schemes, talent acquisition tools
- Emphasis on scouting and identifying visible leaders: Lead to an investment in data science.
- Cross Pollination within workforce: greater scope, willingness for employees to shift position/rotate within the firm. Creation of internal apps.
- E-Learning/Digital Hiring Platforms: skills, tech masterclass

Blockers

- Lack of adequate talent management systems, or, if there is one, lack of communication/articulation pertaining to its use.
- Unwillingness to adapt: ageism vs. younger, digitally savvy. Missing a leadership strategy
- No external benchmarks - what does 'good' look like/requirement for a better understanding of what digital talent is.
- Lack of resources to analyze data within a competitive market.

Solutions

- Role of AI in addressing the skills gap, within this, emphasis on hiring 'soft skills'.
- Storytelling - be clear on what 'good' looks like for the firm + link to career structure = strengthening of brand
- Increase opportunities for re/upskilling - internal (and external) talent strategy



Appendix 2 - Digital Transformation of HR at Heineken



Overview

Heineken has 80+ operating companies around the world. Today there are 69 HR technology solutions in place, resulting in inefficiencies and lack of reliable people insights. Furthermore, Heineken's current HR systems and processes are not set up to support its global business. To enhance HR's end-to-end productivity and create a seamless employee experience, a digital HR transformation programme was set up.

Heineken asked, "What do we aspire to become with the help of technology?" and developed two key aspirations: to become fully employee-centric and people-insight-led. Enabled by state-of-the-art technology, Heineken will work more efficiently, use data to provide powerful people insights and add real value to the business. Using these aspirations as a "north star", Heineken has developed a global template solution. Three core design principles (1) excellent employee experience, 2) simple & end-to-end, 3) technology enabled* allow Heineken to revitalise traditional, transactional HR processes across the globe.

The outcome is successful uptake of the new technology features and strong adoption of the new ways of working – within a few weeks of the initial launch, 90%+ of employees had logged in and user feedback is good!

Aims

- Better employee experience, designing HR processes with the business in mind (enabled by intuitive technology).
- Simplified HR technology landscape, using one global system for a seamless employee experience.
- Powerful people insights, driving even better business outcomes by enabling Heineken leaders to make informed (talent) decisions based on accurate HR data.
- Better use of HR time and skills, giving the HR function more time to be a strategic partner and improve end-to-end productivity.

Key Elements

Powered by SAP Successfactors, Heineken's global HR solution contains all transactional HR process, including, for example, promotion, demotion, annual leave and pay. The core integrates with performance management, learning, recruitment, etc..

MyHR lets employees update their personal information (e.g. contact details, bank details, emergency contacts, dependents, etc.) and request time off (e.g. holidays, sickness absences, etc.). Line managers can manage transactions for their teams across the complete employee lifecycle (e.g. promotions, leavers, etc.). With the global core in place, Heineken is now exploring other digital innovations, such as a chat-bot, to even further enhance the employee experience.

Implementation

Heineken invited 18 business representatives from 8 countries (referred to as the Business Reference Group) to Amsterdam to participate in a workshop to shape the future

employee experience. The intention was to set the right tone for the roll-out of the new technology solution (bringing simple, standard, global processes to a very decentralised organisation). They asked everyone to consider typical pain points in their interactions with HR and then translated these into tangible “moments that matter” and three design principles to inform their digital HR transformation:

1. Excellent employee experience

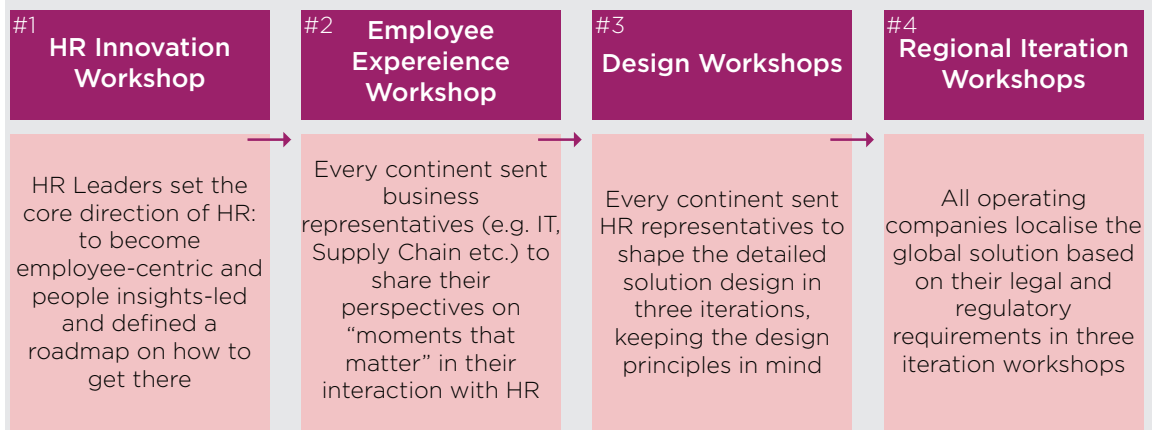
This references Heineken’s ambition to become fully employee-centric and people-insight-led. They aimed to create simple, standard, global processes and set clear KPIs for the user experience.

2. Simple, end-to-end

Heineken sought to minimise the number of approvals required, eliminating non-value-adding activities and data duplications. HR transactions should be smooth and fast.

3. Technology enabled

Heineken aimed to maximise the use of self-service for employees and managers so that people could control their own data. This also enabled line managers to take accountability and have more intelligence at their disposal to make informed people-related decisions.



On 15th January, Heineken’s digital HR offering went live across Asia-Pacific serving approx. 9,000 employees

Localisation and personalisation

From the very beginning, HR leaders acknowledged that the deployment approach could not be one-size-fits-all. Heineken is a very decentralised organisation with a huge range in terms of size and complexity – Heineken Asia-Pacific employs approx. 9,000 people across 16 operating companies, whereas Heineken Mexico alone employs over 16,000 people. Levels of maturity also vary greatly, with some operating companies having sophisticated technology solutions in place and others using only Excel.

To take all operating companies on the journey, Heineken has ensured that change management stays at the top of the agenda throughout the implementation. This includes continuous activities such as weekly check-ins, campaign support and surveys that

support the local teams through the change. They recognise that different types of employees will experience change in different ways and work with personas to consider different perspectives, tailoring change management activities accordingly.

The deployment of Heineken's digital HR offering is structured around three iteration workshops where the operating companies come together in regional hubs. In addition to capturing local requirements for the solution design, time is spent to shape local change plans. None of the plans are ever identical. Every company has different types of interventions, with the local teams tailoring their approach to their unique target audience and personalising their actions.

Outcomes

Feedback: Heineken has run one user experience survey since their initiative went live in January 2019. The feedback has been positive, describing how easy the new solution is to use. Heineken's approach of continually asking questions about the user experience enables them to establish an internal benchmark on how users experience HR technology, from which success measurements can be made.

Usability: Heineken sees high adoption rates since launch (within a few weeks of the initial launch, 90%+ of employees had logged in). Despite this, the support teams continue to receive a low number of tickets from users, suggesting that MyHR is stable and functional.

Line Manager buy-in: Heineken initially expected to receive some push-back from their line managers on the concept of self-service. However, they were surprised when these line managers responded: "We should lead by example". Line managers are now taking on the new ways of working, initiating processes in the system and approving requests from their direct reports.

Lessons Learned

Any HR solution needs to have a strong business case for change. Being able to communicate clearly about the benefits – both qualitative and quantitative – is vital.

Transparent communication ensures everyone is engaged, informed and clear on what is expected along the journey.

Identifying stakeholders and planning how they will be engaged is key. Leaders need to ensure that one individual owns and drives this plan.

It is vital to gather feedback at every opportunity. Reflecting on what you are doing, how you are doing it and how it's being perceived allows people to see where improvements can be made.

Next steps: 2019 and beyond

Heineken plans to continue closely monitoring the experience that they are delivering and the performance of MyHR. Heineken frequently engages in exercises to explore lessons learned, in order to continue improving the implementation throughout the programme.

Heineken believes it important to reflect on their progress regularly, noting how actions are being done and how they are being received. Regarding reception, the company welcomes feedback from others to improve processes.

Heineken tells a clear story to their stakeholders, describing the aspirations and the benefits of their digital transformation, which helps drive sustained engagement. Heineken leaders have expressed an interest in seeing all features move from desktop to mobile devices, such as the case with the new global core, so that information can be accessed “anytime, anywhere.”

Heineken’s MyHR solution will be fully implemented across Africa/Middle East/ Eastern Europe (Russia) and the Americas by the end of 2019, with Europe following in 2020.

Why this is future-proofed

Winning CHROs are positioning HR at the center of an organisation’s change agenda, while playing a critical role in reshaping the future workforce to fuel business growth¹.

Today, organisations are striving to deliver tools and technologies that will make HR solutions more convenient, collaborative and quick to implement. Such solutions will help organisations to build a better people experience, create stronger connections between processes and yield greater insights from data and analytics. Heineken is doing this by using intuitive HR technology with easy access anytime, anywhere (incl. mobile phones). Simplified HR processes (e.g. fewer paper forms and e-mails). A more digital HR experience that is consistent across the globe. Reliable people data and meaningful analytics. With one global system, Heineken will be able to identify and develop talent across borders – benefiting its people and global business.

Company background

Back in 1873 a young entrepreneur named Gerard Heineken discovered a passion for brewing. In 1864, Gerard bought a micro-brewery in Amsterdam. At the heart of Heineken’s success lies pure, natural ingredients: malted barley, water, hops and a small but significant extra called A-Yeast. Heineken’s unique A-Yeast is responsible for the rich balanced taste and subtle fruity notes that have distinguished every single Heineken since the 19th century.

Today, Heineken brews and sells over 250 brands of beer, including Heineken®, Strongbow, Bulmers, Foster’s, Amstel and Desperados, in over 190 countries.

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