

With Humans at the Heart of Digital Transformation, It's Time to Accelerate the Journey to HR 3.0

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By Amy Wright

As the pandemic pressures companies worldwide to rethink virtually every aspect of how they operate and address people and talent issues, the role of talent executives has never been more critical.

Pre-pandemic talent issues like the skills gap have only been heightened during COVID-19. IBM research before COVID-19 showed in the next three years, as many as 120 million workers in the world's 12 largest economies may need to be retrained or reskilled as a result of AI and intelligent automation.

Now, as C-suite leaders look to rapidly transform to meet new customer needs and overhaul business models, they report inadequate skills among their biggest hurdles to progress. These include both technical skills to work with technology as well as behavioral skills like agility and the ability to collaborate effectively.

At the same time, our consumer research shows there has been a permanent shift in the expectations employees have of their employers, including better support for their physical and emotional health or skills training.

Amid these sweeping changes, HR is ripe for disruption. CHROs can seize this moment to evolve, just as CFOs did in 2008 with the economic crash, to bring forward a new era of HR—what we at IBM refer to as HR 3.0.

It's an exciting vision, in which HR shifts away from a process-oriented function to an agile consulting arm and in doing so, drives engagement and productivity, fosters trust in uncertain times and cultivates resilient workforces. And amid the unprecedented disruption of the past months, HR 3.0 has shown to be a true business

imperative.

In our work with companies across every industry, as well as in a [new study](#) with global CHROs conducted by IBM and global independent analyst Josh Bersin of the [Josh Bersin Academy](#), we're seeing key patterns in how leading HR executives are taking action to progress on their journeys to HR 3.0.

Accelerating the Pace of Continuous Learning and Feedback

As employees increasingly apply new digital tools, they need new skills. In HR 3.0, leaders focus on establishing cultures of continuous learning, using advanced analytics and AI to identify the skills workers will need in the future and providing multi-model training opportunities. It's also about developing systems for continuous feedback and personalized experiences.

Companies like KBC, a multi-channel banking and insurance organization, are moving away from compliance-based reskilling models, for example, and creating digital "skills marketplaces," or personalized learning platforms.

Cultivating Empathetic Leadership to Support Employees' Holistic Well-Being

The pandemic, and massive shift to remote work, has given leaders a clearer view into the context in which their people are working—helping children attend school remotely, working from their kitchen with a roommate, handling personal health concerns and so on.

In HR 3.0, businesses foster a new kind of leader—one who focuses on individuals' holistic well-being, meeting each person where they are, listening and responding with transparency, and personalizing how they coach and support each person and their productivity according to their circumstances.

COVID-19 has also accelerated the need for HR policies that support workers' mental health and well-being. And with social justice issues top of mind, diversity and inclusion is critical. Leaders must be focused on building an environment where people feel comfortable bringing their full selves to work, and teams are formed with diverse perspectives to drive better outcomes. In fact, our study identified a small set of "outperforming companies"—those that outpace all others in profitability, revenue growth and innovation—and found that 65 percent of them are actively investing in building diverse, adaptable teams, compared to 16 percent of others.

Reinventing the HR Function and Technology Architecture to Make Data-Driven Decisions

Like the rest of the workforce, the HR function needs to adopt new skills and ways of working, and improve how they apply technologies like cloud, AI and automation to be more agile and operate more strategically.

By moving HR systems to a hybrid cloud environment, leaders get the scalability and flexibility to make evidence-based decisions that correlate with long-term strategy as well as deploy consistent global self-service HR tools that improve the employee experience. Before the pandemic, IBM found that only 30 percent of companies had AI capabilities within the HR function. During the pandemic that shifted, as many turned to AI-enabled HR applications like chatbots to give workers critical health, safety and logistical information, like [Burger King Brazil](#).

As organizations look toward a post-pandemic future, the HR function has an opportunity to help businesses cultivate a sustainable workforce that can weather any disruption, and build a culture that prioritizes its greatest resource—its people.



Amy Wright is Managing Partner for IBM Talent and Transformation in IBM Services.



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