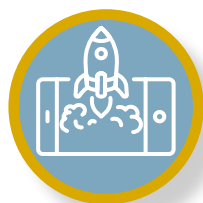




BANKING AND FS FORUM

NOTES FROM DISCUSSION

At a Zoom Interactive Event on 23rd July, CRF, with special guest **Professor Alan Brown** (University of Exeter Business School), hosted HR Directors and experts in discussion on the topic of digital transformation and its implications for the HR function. This summary shares some of the key insights from the discussion.



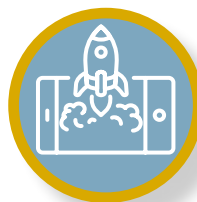
Driving Innovation in a Digital World



The Role of HR in Digital Transformation



Impact and Implications of the Current Crisis



Driving Innovation in a Digital World

- Three interconnected ideas lie behind the concept of innovation: What is **feasible** with the technology? What is **viable** in the marketplace? What is **desirable** to users?
- We need to look forward in order to drive change and deliver value. The volatility and uncertainty in our political, social, economic, technological, and physical environments require this.
- HR should be asking: How can we use digital technologies to help us look ahead? How can leadership be changed to help the organisation be more innovative?



The Role of HR in Digital Transformation

- We're living in a digital world. It's changing many aspects of our lives and who we are, such as how we manage risk and how we use digital devices in our homes and personal lives.
- Digital transformation is a broad set of ideas aimed at improving our understanding and use of digital technology to impact business, organisations, individuals, and society.
- There are three lenses for the relationship between digital transformation and HR. Digital transformation can happen **in** HR, **to** HR, or **through** HR.
- HR needs to be leading on the implications of digital transformation for the organisation's people. HR, as a function, more often has digital transformation happen in or to it, than through it. This needs to change.



BANKING AND FS FORUM NOTES FROM DISCUSSION

- Organisation culture can help or hinder digital transformation. Some of the risks include slow or stalled decision-making, too much focus on technology rather than mindset change, a lack of understanding of operational issues, management's fear of losing control, and challenges proving the business value of digital through traditional measurements (which subsequently may lead to loss of sponsorship from senior leaders).



Impact and Implications of the Current Crisis

- The current crisis has redefined organisations' strategies, plans, challenges, opportunities, and priorities. Consequently, innovation and digital transformation have been **accelerated**.
- But discipline around how new digital tools should be used is largely still to come.
- The increased flexibility in working practices ushered in by the crisis has opened new opportunities in diversity and inclusion.
- There is a challenge around managing and decision-making effectively at a distance.
- There are five critical dilemmas that must be addressed now. These are the productivity, value, ethical, leadership, and human dilemmas.
- Despite widespread digitisation, measured productivity growth has declined by half over the past decade. There are several reasons for this – false hopes about the potential productivity gains from digitisation, mismeasurement, redistribution, and implementation lags. The key question for HR is: which digital skills are critical, and how do we measure their impact?
- The digital revolution means moving from value-in-exchange to value-in-use. The key question for organisations is: how is value created, shared, managed, and maintained?
- Ethically, there is a need to balance growth against the wider impacts of growth. There needs to be

a good understanding of employee and other stakeholder needs, and of how to deliver digital personalisation without invading privacy. The key question for companies is: what is the right balance between people, profit, and planet?

- The digital era raises new questions for leadership. Digital native companies tend to use different organisational forms; leaders need to learn new skills for the digital era. HR must ask: What is the leader's role in a decentralised, disrupted, data-driven world?
- Perhaps most importantly, digitisation introduces a human dilemma. Digital technology can complement or replace human activity – is it supporting or dehumanising workplaces and people? The key question for HR is: how do we accelerate digital ways of working while supporting and enhancing people?
- There is evidence that digital technologies are contributing to record levels of disengagement, absenteeism, and mental health issues. This has important implications for HR and the organisation's wellbeing strategy.

Further Reading

- CRF. 2019. **Digital Disruption – Exploring the Implications for Leaders and Leadership Development**. Full Report. <https://www.crforum.co.uk/research-and-resources/digital-disruption-exploring-the-implications-for-leaders-leadership-development>
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- CRF. 2019. **Harnessing the HR Technology Revolution**. Speed Read. <https://www.crforum.co.uk/research-and-resources/speed-read-harnessing-the-hr-technology-revolution>