

**Inaugural Address**

**Prof Nico Eric Schutte**

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**HR 5.0 - From Digitization to Digitalization**

## **BIONOTE**

Professor Nico Schutte from the Faculty of Management and Economic Sciences delivered his inaugural speech on 12 April 2018. His topic was: HR 5.0 – From Digitization to Digitalisation. Prof Schutte's presentation was based on his extensive research in the field of Human Resource Management.

In 2015, he developed a validated professional HRM competency model that can guide the professional conduct of HR practitioners globally. Currently, there is a growing expectation on HR professionals to be ready and able to respond to the global digitization war, transforming and rapidly changing HR through technology. As a result, new kind of technical knowledge, skills and abilities are required by future HR practitioners who are agile and willing to deal with the ever accelerating pace and often unpredictable changes in the global workplace. The HR professionals need to assess the implications of this technology movement which is resulting into an era of decentralization, which if used properly, can lead to liberty. The era will require a new kind of organisation, based on a different system that can bring together the contribution of autonomous individuals in a socially sustainable way. It is thus clear that a new way to manage HR as a system is emerging, as well as new HR managers should manage themselves.

The model developed by Prof Schutte consists of three main HRM competency domains namely Professional Behaviour and Leadership, Service Delivery and Execution and Business Intelligence. Each of these competency domains consists of four sub competencies each. He decided to combine this model with his practical experience in e-learning and technology and to develop the HR 5.0 model for the increasingly technological world of work. The model will guide HR professionals to equip their organisations for the digital age, by playing a more significant role in digital transformation and challenging the status quo.

# 1. INTRODUCTION

From the time when the 1.0 industrial revolution begun in the seventeenth century till to date, the world has steadily gone through various phases of rapid industrial revolution with some noticeable differences from each other. From industry 1.0 revolution to Industry 3.0 revolution, the world have witnessed and experienced rapid technological advances and changes. Although Industry 1.0 introduced the concept of mechanical mass production to the world, it was Industry 2.0 that employed the proper allocation of resources, such as manual labour. Moreover, during the 1970s, the third industrial revolution started when advances in computing-powered automation enabled people to program machines and networks. However, at the moment, a fourth industrial revolution is transforming economies, jobs, and even society itself known as Industry 4.0. We saw that numerous physical and digital technologies are connected through analytics, artificial intelligence, cognitive technologies, and the Internet of Things (IoT) to create digital businesses that are both interconnected and capable of more informed decision-making. Subsequently, digital businesses can communicate, analyse, and use data to drive intelligent action in the physical world. This revolution is entrenching smart, connected technology not only within organisations, but also within our everyday lives.

Although the terms are different the meaning is roughly the same: the interconnection of a pool of technologies will transform the workplace into Cyber Physical System (Meibner, 2015) where employees will work together with machines, in a role of supervision. The normal towers of the blue collars will be completely different, redefined, and some scholars speculate about the extinction of this kind of workforce in favour of a new one, a decline already started since the third industrial revolution. Thus, it is pivotal that HRM departments will be ready for the challenges that they will have to face, in order to give to the practitioners, the right information to deal with the upcoming situation.

In lieu of the above we recognised the fact that the labour market is changing; routine jobs are being automated or have already vanished with more jobs – also middle and high skilled being threatened. Paradoxically, new work is being created and tasks are combining in new ways to create new jobs. More than 60% of all children now in primary schools will have a job that does not even exist (WEF, 2016).

However, while the forces of the market have fundamentally changed the workplace, HR policies, programs, and practices have been slow to adapt and have even hardly taken the lead in helping firms capitalize on exceptional opportunities. Human resource management has typically focused its attention on honing its ability to do the same kinds of things better and better rather than to consider an entirely different kind of contribution.

So the question that arises is:

## **How ready is HR Managers and Practitioners for Digitalisation?**

In this paper I will address the following:

First I will present a brief overview of the evolution of the field of HR and the current status thereof. After that I will focus on the state of the art competency requirements for HR practitioners in the workplace. Flowing from that I will introduce my HR 5.0 competency model with digitalization solutions to cater for the future world of work.

## **2. THE EVOLUTION OF HUMAN RESOURCE MANAGEMENT: WHERE ARE WE NOW?**

The evolution of the field of HRM is well documented in literature (see Swanepoel, Van Wyk, Erasmus, & Schenck, 2003; Van Rensburg, Basson & Carrim, 2011a; 2011b; Venter & Barkhuizen, 2005). Likewise, it is acknowledged by scholars and researchers that, over the course of the past three decades, people management has steadily developed to include a broader scope of functions and authority. Torrington, Hall, Taylor & Atkinson (2009) proposed that, rather than representing a revolution in people management practices, the rise of HRM signifies a progression towards a more effective practice. Similarly, Watson (2009) emphasised that HRM is not a new, or even recent, managerial or academic 'fad' or ground-breaking invention that is strange to modern circumstances. It is a profoundly sound concept that would be sensibly taken up by people in charge of any human enterprise in which work tasks are undertaken, and where there is a concern for that enterprise to continue into the future as a viable social and economic unit (pp. 8-9).

According to Lengnick-Hall and Lengnick-Hall (2009), numerous attempts have been made to explain and define the influence of HRM in the last 30 years. Most of the studies tracked its origins back to the 1920s, in the United States of America (USA), when more liberal employers were exploring ways to achieve competitive advantage through "unity of interest [between employer and employee], cooperation and investment in labour as a human resource" (p. 64).

Towards the end of this section, a brief timeline is provided that illustrates the historical development of the HRM discipline in South Africa and elsewhere. Figure 1.2 clearly shows how the HRM discipline evolved over the past two decades. HRM, originally termed *personnel administration*, materialised as a clearly defined field by the 1920s, especially within the USA. The focus was mainly on the technical aspects of hiring, evaluating, training, and compensating employees, and was very much a staff function in most organisations. The discipline, as a

general rule, did not focus on the relationships between diverse employment practices and the overall organisational performance. The discipline also lacked a unifying paradigm. Subsequently, we have seen many changes of the name for the field of HRM. The name change was the result of the global changes in social and economic movements (Brewster, Carey, Dowling, Grobler, Holland et al., 2003; Fitzenz & Davison, 2002; Jones, George, & Hill, 2000; Kleiman, 2000).

In the South African context, the legal, social, and political landscape changed dramatically during the 1990s, which put a lot of pressures on organisations to establish HRM practices that are aligned with a new democratic dispensation. Furthermore, South African organisations also came to realise that there is a movement from people management as a support function towards a much more strategic role, in order to attract, retain, and engage talent (Barkhuizen, 2014). Subsequently, it led to the design of the HR- and workforce scorecards (Becker, Huselid, & Ulrich, 2001; Huselid, Becker, & Beatty, 2005), as well as an additional focus on the return on investment (ROI) of the HR function and its programmes (Cascio, 2000; Fitz-Enz & Davison, 2002)

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In addition, since the 1990s, there has been an increased use of technology and a new belief that HRM is adding value to the organisation's product or service (Hall & Fourie, 2007; Ulrich, 1997; 1998; Ulrich & Brockbank, 2005; 2006). HR departments are now viewed as a strategic partner. The theoretical significance of strategic HRM stems from the resource based view of the organisation, whereby human capital is treated as a strategic asset in improving organisational performance, in order to gain a competitive advantage (Becker & Huselid, 2006).

The focus of debates relating to HRM is, however, continuously changing, resulting in the progression of both academic theory and organisational expectations (Ulrich, Allen, Brockbank, Yonger, & Nyman, 2009). It highlights the need for a proactive HR function, its crucial importance to the success of organisations, and the possibility of change in the HR function. Moreover, research clearly shows a disconnection between how far HRM has developed in becoming a profession in South African organisations and the reality of the implementation thereof. Therefore, the need exists to do in-depth analyses of the historical roots of the HRM discipline in South Africa, as it shaped current HRM practices, and will continue to do so in the future.

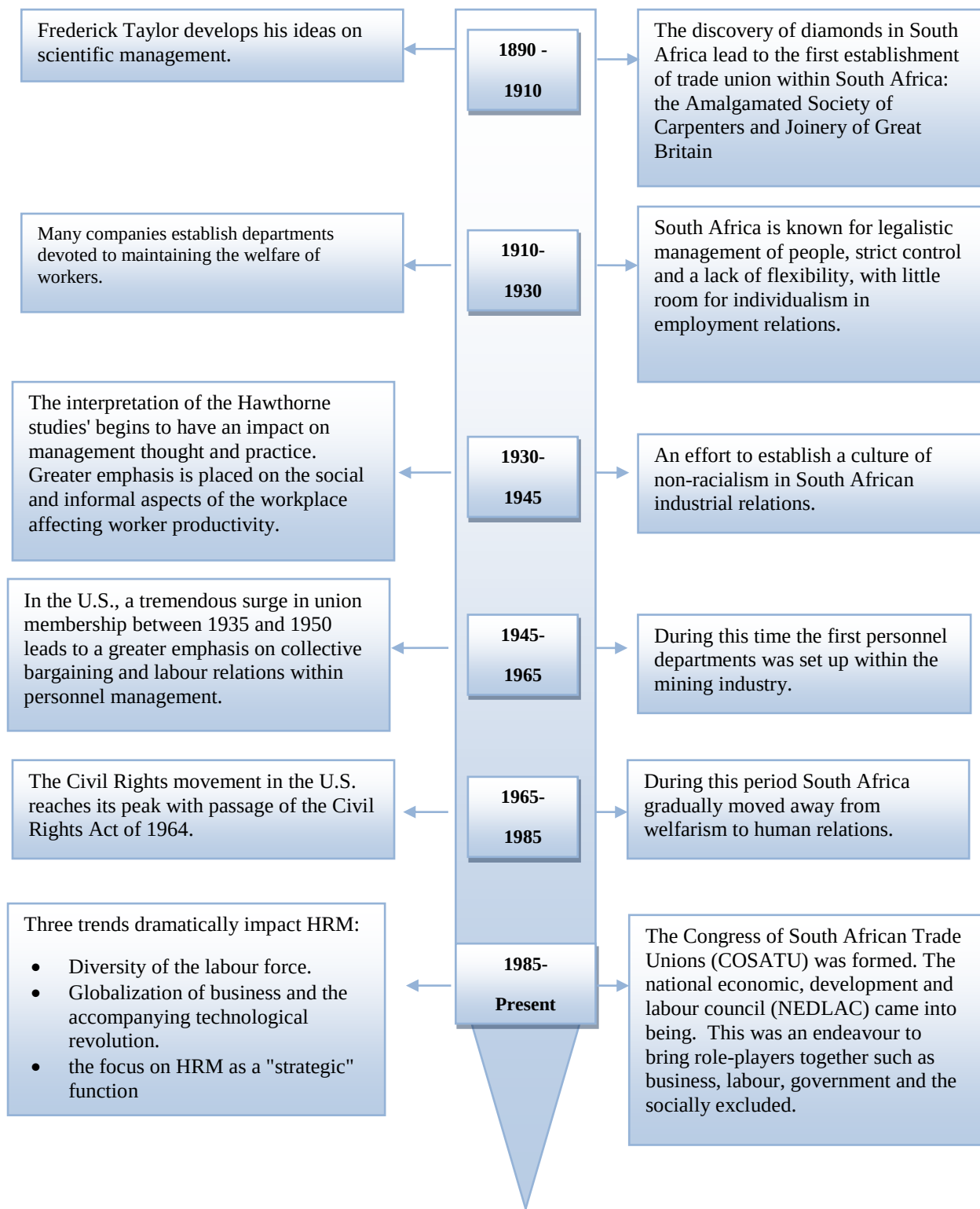


**Figure 1: Global Evolution of Human Resource Management**

**Source:** Schutte (2015)

### 3. HR COMPETENCIES DECONSTRUCTED

The subject of competencies has been a topic of examination and study since the 1950s. The trend began to gain some momentum through the works introduced by McClelland (1973). Since then, a number of studies have been conducted on the subject, with the research literature primarily focusing on managerial or leadership competencies and competence models. Markus, Thomas, and Allpress, (2005, p. 117) stated that competencies were defined "based on functional role analysis and described either role outcomes or knowledge, skills, and attitudes or both ... and assessed by a behavioral standard." During the 1980s, Boyatzis, added to the definition of a competency by stating that it is an "underlying characteristic of a person which results in effective and or superior performance." He defined a job competency as "a motive, trait, skill, aspect of one's self image, or social role, or a body of knowledge" (Boyatzis, 1982, p. 21).

Kochanski (2009) defined competencies as success factors that enable assessment, feedback, development, and reward of individuals. According to Mansfield, (2005, p. 14), a competency is "an underlying ability or trait, and the behavioral indicators describe specific ways in which that ability or trait is demonstrated." Figure 2, below, depicts the symbiotic relationship amongst four categories of factors: the individual's competencies, the individual's occupational specifications, the social context, and the HR practitioner's actions, schemes, and the logic of actions and behaviours. HR practitioners have to ensure their proficiency, in order to meet the organisation's and people's needs, and they also have to understand the environment in which they operate.

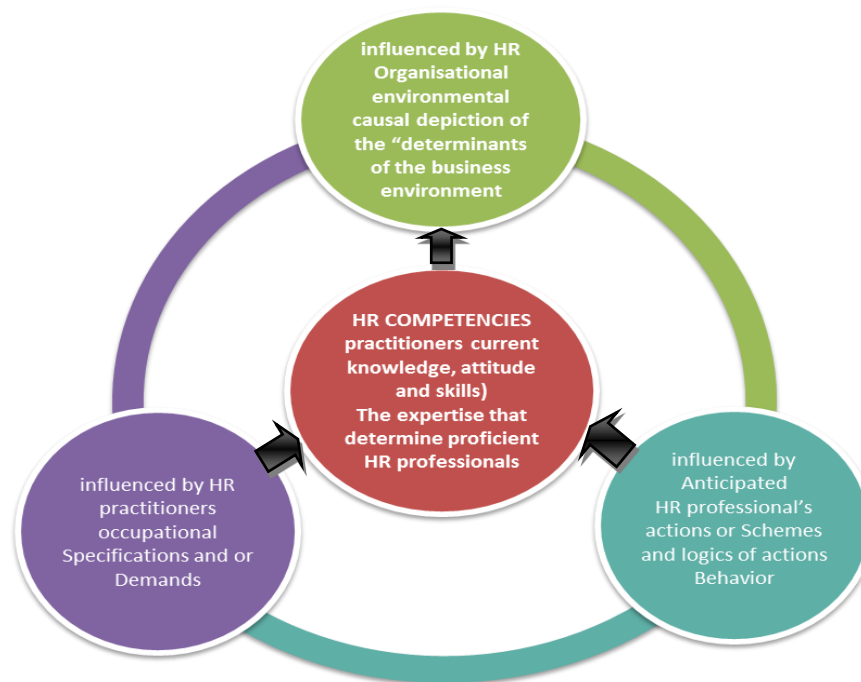


**Figure 2: Symbiotic Relationship between HR Competencies**

Source: Author's own

### **3.1 HR Competence Models**

The most prominent HR competence model currently used emerged from the USA, and was developed by Ulrich (1997). The original model included four roles, categorised according to their strategic or operational focus and their being business-oriented ('hard') or people oriented ('soft'). Strategic HR roles include management of transformation and change (where the HR practitioner is the change agent) and the management of strategic HR (where the HR practitioner is a strategic partner). Operational roles include the management of employees (where the HR practitioner champions the rights of employees), and the administrative function (Ulrich, 1997). This model shows that HR practitioners have to become valued business partners who can actively contribute to organisation's success and competitiveness. This model has now been expanded to include six competencies, namely cultural and change steward, organisational designer, strategic architect, credible activist, business ally, and operation executor (Brockbank & Ulrich, 2008). These competencies have been re-tested in several studies, and some of the competencies descriptions were replaced with newer terminology (see Ulrich, 2012). This competency model serves as a guideline for various global organisations; however, the empirical validity and usefulness of the model remains questionable (O'Brien, 2014; Linehan, 2014).

Lee and Yu (2013) recently highlighted other prominent HR competence models, and advocated HR practitioners adopting the professional behaviour and leadership needed in the 21st century workplace. The Ross School of Business's HR Competency Model identifies six competencies: strategic positioner, credible activist, capacity builder, change champion, HR innovator and integrator, and technology proponent. The Society for Human Resource Management identified nine HR competencies. These are: HR technical expertise and practice, relationship management, consultation, organisational leadership and navigation, global and cultural effectiveness, communication, ethical practice, critical evaluation, and business acumen. Lee and Yu (2013) further emphasised the importance of digital skills, agile thinking, risk leveraging, and global operating skills to enable HR practitioners to deal with organisational and environmental changes.

Applied within the South African context, Walters (2006) compared the competence requirements for HR professionals in South Africa (see Boninelli, 2004; Minervi, 2003) with the relevant competence areas for HR Professionals established by the Michigan studies of leadership. According to the Michigan studies, the foremost HR competency is the ability to manage, supported by personal credibility. Therefore, HR practitioners in South African should be customer-centric, manage alliance partners, display project management skills, and support and facilitate change initiatives. The second competency is the ability of HR professionals to manage culture. HR professionals have to be champions of employment equity and diversity in South African workplaces, and understand global human capital management. In terms of the delivery of HR practices, HR professionals should display knowledge of the full spectrum

of HR disciplines, such as training and development, compensation, organisational design, change management, and performance management, to name but a few. Furthermore, HR professionals should also demonstrate excellent communications skills, and be able to implement knowledge management systems. Finally, HR professionals should understand the business; they should display business- and technological acumen, and be competent to perform corporate analyses.

In conclusion, it clear there is a great divergence of opinions regarding the competencies that HR professionals should demonstrate in the workplace. Much confusion still exists regarding the exact roles and subsequent competence requirements of HR professionals globally (O'Brien & Linehan, 2014). In order to fill this gap, the SABPP developed and launched a new competence model in 2012, to clearly express what HR professionals should be able to deliver in the South African context (Meyer, 2012). The competence model provides a foundation for the continuous professional development of South African HR practitioners. Furthermore, this model recognises that HR practitioners function at different levels, have different fields of specialisation, and are at different stages in their careers; yet, this model was intended to provide focus and consistency, and to suggest development areas for HR professionals in South Africa.

#### **4. THE DIGITIZATION AND DIGITALISATION OF HUMAN RESOURCE MANAGEMENT**

In the digital age the importance of competences and competence modelling is increasing dramatically: Not only the European Union by its European Digital Agenda 2020, but also experts and practitioners in human resources (HR) and learning, education, and training (LET) are confirming the importance of skills and competences building. This is valid for the working places in the globalization times as well as in particular for the vocational education training.

Currently, there is a growing expectation on HR professional to be ready and able to respond to the global digitization war, transforming and rapidly changing HR through technology. As a result, new kind of technical knowledge, skills and abilities are required by future HR practitioners who are agile and willing to deal with the ever accelerating pace and often unpredictable changes in the global workplace. The HR professionals need to assess the implications of this technology movement which is resulting into an era of decentralization, which if used properly, can lead to liberty. The era will require a new kind of organisation, based on a different system that can bring together the contribution of autonomous individuals in a socially sustainable way. It is thus clear that a new way to manage HR as a system is emerging, as well as new HR managers should manage themselves (Anyim, Ikemfuna & Mbau, 2011).

Fitzgerald, Kruschwitz, Bonnet, and Welch (2013) maintain that in the 21<sup>st</sup> century digital transformation will become a decisive factor for most organisations in a wide range of industries sooner than later, and warns that almost no organisation is protected from the competitive disruption brought by the widespread adoption of digital technologies.

In addition, Bharadwaj et al. (2013) argues that it is becoming increasingly more difficult to separate digital products and services from their underlying IT infrastructures. They emphasize that innovative industries, such as banking and telecom sectors, reveal how new digital online service offerings have been built and run on top of historical object information systems, resulting in numerous complex system dependencies between commercial online services and internal transactional back-end systems. In practice, this leads to business models where internal information systems cannot be separated from sellable products and services anymore. IT services will become an integral part of digital business strategies and future customer solutions. Top management has to revisit the existing business architectures and IT governance practices to successfully manage this digital transformation. The role of corporate IT is, thus, drastically changing at the moment – from the traditional business-IT alignment thinking to IT-enabled business.

- **Technology** is evolving fast and faster and our basic understanding is changing more rapidly as well as the basic IT infrastructure layer from a physical to more virtual world. In the contemporary world we find that organisations increasingly move away from managing their own data centers to make available basic IT infrastructure and services to the employees, because the basic services are supplied in telecom networks as cloud based services – like power in electricity networks. This will sooner or later lead organisations to use more open platforms rather than building specific intra-company platforms.
- **Application management** is also moving from away from organisation providing IT services and infrastructure in a silo routine, to Software as a service (SaaS)-based services, built on Service Oriented Architecture (SOA) that will ultimately replace outdated point-to-point integrations. Moreover, future applications will be more user-centric, cross-organisational software that operate on top of the traditional intra-company transactional systems, such as SAP ERP systems.
- **Information and its sharing across companies** will become the new norm in the new world of work and will set organisations apart from being mediocre or great. Real-time data analytics and technology learning will enhance the strategic positioning for the business and ascertain greater market value. The role of data and its management are going to play a key role in future business models.
- **Business is becoming more dynamic and networked**, resulting in that various stakeholders can provide the same customer with real-time services to offer tailored customer solutions. Data will be the key differentiator between businesses of the future. Business models are moving from transactional processes to distributed business processes that add end-customer value.

Digitalization demands HRM to evolve, requires new HR competencies, new employment forms and agile HR processes (Bengtsson & Bloom, 2017). This ongoing digitalization of HRM is basically assumed to offer large opportunities for the discipline. In particular, it is hoped to improve operational aspects, such as costs, speed and quality of HR processes, relational aspects, such as corporation and trust among HR stakeholders, and also transformational aspects, such as the strategic orientation, organisation and standing of the HR function (Strohmeier, 2009).

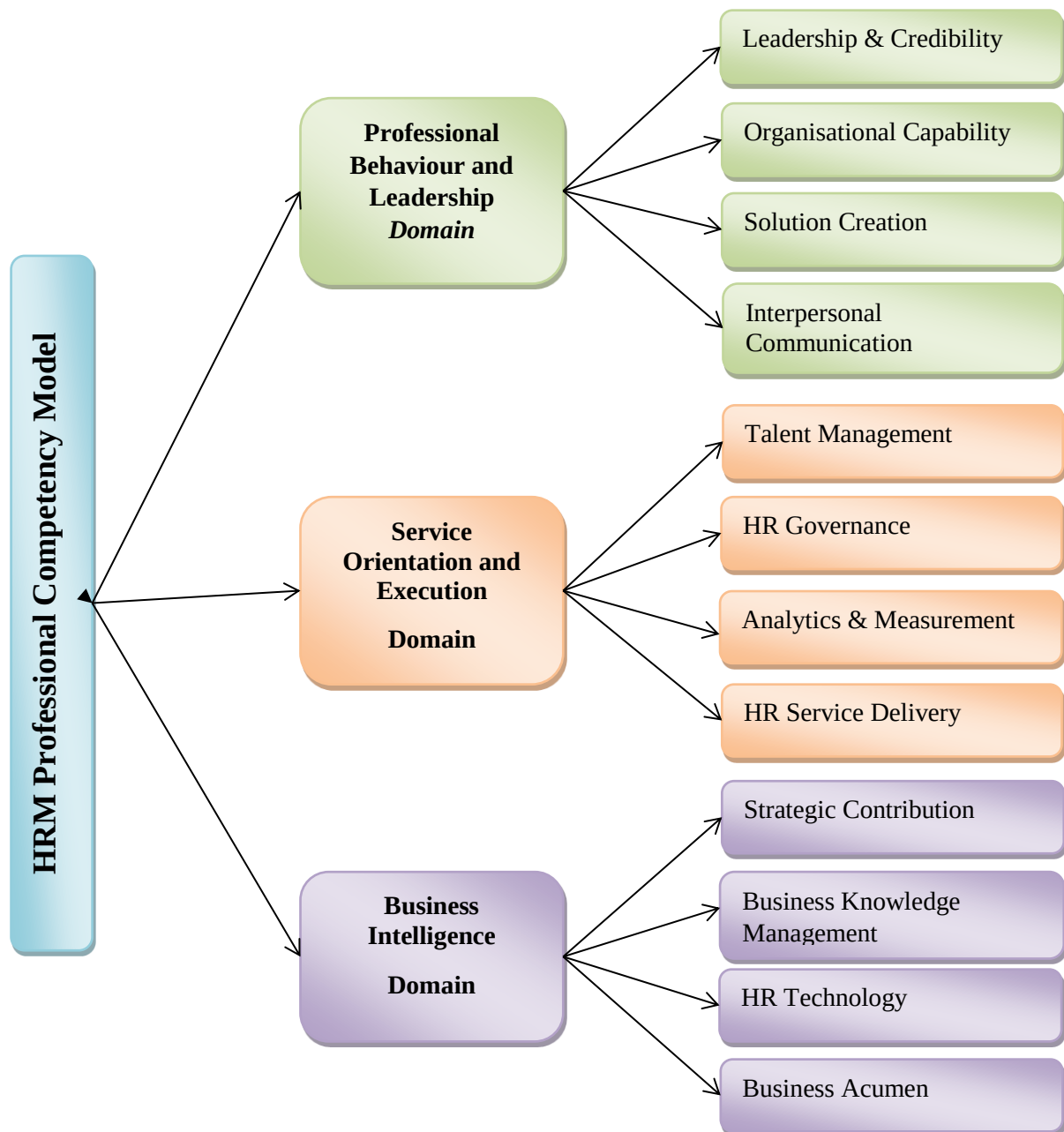
## **5. TOWARDS THE HR 5.0 COMPETENCY MODEL**

Today, as most organisations struggle with the impact of technology on existing business models, clarity is increasingly important. In particular, since people lie at the heart of business transformation, and ‘digital’ is truly transformational in terms of service design and delivery, then it is realistic to expect HR leaders to be at the heart of digital change programmes – designing new organisational structures, processes, roles, cultures and performance systems.

The reasons for a competency model are in order to audit the current skills gap and to provide appropriate development to ensure the function is able to add value. The HRM professional competency model is designed to serve as a resource for HR professionals inspired in developing proficiency within each essential competency, from professionals just entering their HR career to those at the executive level. In other words this competency model can help HR professionals, the HR professional, develop a road map to achieve their HR professional goals. Competencies can be characterized as behaviors, knowledge, skills and abilities, exhibited in professional practice. It is believed that the demonstration of competency (or lack thereof) directly impacts the success of individuals and organisations. Applying the competency model causing competencies to be objectively measured, enhanced, and improved through learning experiences, both formal and informal.

Core competencies, for HR professionals, are areas of focus upon which future learning and professional practice could be developed. Using core competencies as the baseline for a HR professionals improves knowledge acquisition and performance improvement. Competencies can serve as development indicators for the evaluation and assessment process. Competencies should not be static or fixed, but are continually enhanced through theoretical engagement, experiential learning and ongoing professional development.

The author developed the HR 5.0 model that can serve as guide for HR practitioners and managers to prepare themselves adequately for the new world of work. The HRM professional competency model is grounded in 12 competencies within three domains. The HR 5.0 model is presented in Figure 3 below:



Source: Author's own

The author identified three domains of human resources activities or professional competencies:

- Professional Behaviour-Leadership Domain
- Service Orientation-Execution Domain
- Business Intelligence Domain

There are three main domains of professional competencies and all human resources professionals should acquire these competencies to become better at their jobs. Each domain as illustrated above has a taxonomy associated with it. The taxonomy will also take a closer look at the digitalization and outline the needed competencies per domain

Following is a framework that guides HR professionals in order to aid them to equip their organisations for the digital age, by playing a more significant role in digital transformation and challenging the status quo. However, we also realise that not all organisations will be ready for the scale of change envisaged in this framework - the pace and depth of digital adoption in each organisation will in reality depend on individual HR leaders, their teams and the organisation's digital preparations.

## **5.1 Professional Behaviour and Leadership Domain**

The professional behaviour and leadership are facets of a leader's personality. It is believed by scholars and practitioners worldwide that personality is partly genetic and partly shaped by early experiences. It defines the space, the range, and the comfort zone in which a person as in this case a leader acts. The construct of personality has been globally researched for over one hundred years and scientists agree that it is a strong predictor of business outcomes.

In a study done by Ulrich and Filler (2015) they found that the leadership profile of successful CEOs matches the leadership profile of effective chief human resources officers (CHROs), and that HR issues are more and more a part of business valuation by thoughtful investors (Bassi, Creelman and Lambert 2014; Ulrich 2015a, b, c). They further maintain that estimates are that about one-third of the issues discussed at the board level are HR related (e.g. succession planning, talent review, executive compensation, governance, strategy execution, ethics, and culture). In addition, as the role and function of HR remain to evolve, the business world's perspectives on the field will need to evolve with them. To respond to the new HR opportunities, many HR traditional focused mind-sets that may have been true in the past need to evolve to modern realities. HR professionals that are good digital activists and can lead digital programmes with the associated business change, will position themselves and the HR profession for the future. As the Industrial Revolution 4.0 develops rapidly, leaders must take on new skills to take advantage of digital trends and create new business and functional models.

It is also believed that Industry 4.0 is not a technological issue, but more a leadership issue that demands new ways of thinking and behaving. Development in digital technology is driving exponential changes in the global business environment, leaving business leaders with the need to acquire new skills, thinking and behavior.

The Professional Behaviour and Leadership Domain consists of the following HR sub-competencies:

- Leadership and personal credibility
- Organisational Capability
- Solution Creation
- Interpersonal Skills

## **5.2 HR Service Delivery and Execution Domain**

Service systems are the arrangement of the systems that create value and include people, share information, technology and organizations as well as language, measures, models, laws, and so on Demirkan (2008, 1-21). The convergence of digital and physical value networks as well as an increased importance of service business can be seen as key challenges for digital business strategy and the design of contemporary new business models (Kane, 2016; Lucas et al., 2013; Zolnowski, 2015).

To achieve consistent and improved employee experience, leading shared services organisations are adopting cutting edge technology platforms.

- 1) Increased usage of new technologies such as “Cloud Computing,” SaaS (Software-as-a-service) is enabling reduced spend, improved utilization and increased consistency across enterprise.
- 2) Automation through self-service tools maximizes efficiency as well as reduces cycle times through real-time based exchange of data.
- 3) Increased application of business intelligence and customer relationship management software for HR processes is opening up the possibilities for organisations to offer more customized services.
- 4) Increase in use of intranet or automated kiosks with self-service functionality for delivery on aspects related to compensation, employee data updating, etc., has led HR shared services to move up the value chain and deliver value-added tasks.
- 5) Instead of focusing only on administrative aspects of recruitment and employee exit management, leading HR shared services are also using HR analytics tools to drive recruitment decisions and perform attrition analysis.
- 6) Rewards and recognition programs are now being managed by HR shared services through automated interfaces on the company portal.

- 7) Robotics Process Automation replicates human behavior and execute non-judgmental sequence of activities across applications enabling organizations to automate existing user actions resulting in major cost savings, rapid processing and reduced error.

The HR Service delivery consist of four sub-competencies:

- Talent Management
- HR Governance
- HR Analytics and Measurement
- HR Service Delivery

### **5.3 Business Intelligence Domain**

The term “business intelligence” has been around for about 50 years. Earlier definitions focused on the tools for data analysis (Anandarajan & Srinivasan, 2004). Over time, the definition for BI has broadened to include not only technology, but also organisational and business processes. This is important, because BI is not only about technology, but also about organisational decisions, analytics, information and knowledge management, decision flows and processes, and human interaction (Herschel, 2010). In order to achieve success with BI strategy, it is important to understand how people think and work with one another. In the case of BI, performing a BI readiness assessment within an organisation can be beneficial in understanding the culture and readiness level for BI technologies and strategies. A BI readiness assessment goes beyond a review of the technology infrastructure. It must also extend to an understanding of governance, policy, culture, and business processes.

The Business Intelligence domain consists of four sub-competencies:

- HR Strategic Contribution
- Business Knowledge Management
- HR Technology
- Business Acumen

**Table 1: Professional Behaviour and Leadership Competency Sub-competencies with technology solutions**

| COMPETENCIES                        | DESCRIPTION                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | HR 5.0 TECHNOLOGY SOLUTION                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|-------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Leadership &amp; Credibility</b> | Organisational competitive advantage in the digital age lies not in securing the best technology, but in utilising and managing talent well – and that requires truly great leadership. According to a report compiled by the World Economic Forum (2016) digital leadership can be defined by a leader’s contribution to the transition toward a knowledge society and their knowledge of technology. They are further of the opinion that is essential that leaders must keep up with the ongoing global revolution and understand technology, not merely as an enabler but also for its revolutionary force. HR professionals should be at the forefront of organisational strategic leadership by developing and driving the technological solutions required for the new world of work. | <p>Leaders must create a culture where innovation thrives, ideas spark into life and people – whoever and wherever they are – are bound together in a common cause. Petty (2016) maintain that there are four essential skill sets for leading for the future in the digital era, they are:</p> <ul style="list-style-type: none"> <li>• <b>Technical agility:</b> In this day and age, management is not possible without the use of IT tools.</li> <li>• <b>Data agility:</b> The multitude of information and access to them requires data processing capability.</li> <li>• <b>Project agility:</b> A manager must know how to lead teams, processes and projects.</li> <li>• <b>Networking agility:</b> Management lacking organisational communication horizontally or vertically becomes ineffective.</li> </ul> |
| <b>Organisational Capability</b>    | A capability can be defined as an organization’s ability to ‘perform a set of co-ordinated tasks, utilizing organizational resources, for the purposes of achieving a particular end result’ (Helfat & Peteraf, 2003, p. 1000). Dynamic capabilities can be distinguished from operational capabilities, which pertain to the current operations of an organisation. Dynamic capabilities, by contrast, refer to “the capacity of an organization to purposefully create, extend, or modify its resource                                                                                                                                                                                                                                                                                     | In the digital age HR professionals must focus on the organisational capabilities of mobilizing and creating knowledge for innovation. Therefore HR capabilities are specified as an organisation's ability to mobilize knowledge, and combine and convert individual knowledge embedded in different disciplines for creation of new knowledge that results in innovation in products and/or processes. Managers who understand the principles of organisational capability and who are                                                                                                                                                                                                                                                                                                                                |

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|--------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                          | base” (Helfat et al., 2007). The basic assumption of the dynamic capabilities framework is that core competencies should be used to modify short-term competitive positions that can be used to build longer-term competitive advantage.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | continually able to adapt their practices to those principles will be able to sustain their competitive advantage. Organisational capabilities to mobilize and create knowledge for innovation are critical for competitive advantage, however, we still do not have a theoretical framework of how to develop them.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>Solution Creation</b> | <p>The importance of activities performed by human resource management (HRM) seems to be losing ground in the majority of organisations, while other functional areas (for example, information technology, operations, finance, and marketing) are gaining greater influence (Guest &amp; Woodrow, 2012). In most cases, HRM appears to be playing a secondary role, at a time when the ability to harness an organisation's HR should be more in demand and more valued than ever before (Compton, 2009).</p> <p>Therefore, as expected from any other business, HR departments (and other staff groups) must have a vision or strategy that defines where they are headed, a set of goals (objectives, outcomes, or deliverables) that focus the priorities for the work and investments essential to carrying out this vision, and an organisation structure that allows HR to accomplish these goals (Ulrich &amp; Brockbank, 2005).</p> | <ul style="list-style-type: none"> <li>• <b><i>HR partners are IT savvy:</i></b> HR business partners use IT systems to achieve business outcomes and drive organizational change. HR business partner role becomes vital for the cultivating of top line performance.</li> <li>• <b><i>Digitization imposes decentralization:</i></b> Digitization decentralizes HR activities to users and embeds them in the business.</li> <li>• <b><i>HR business partners comprehends the overall business:</i></b> Through digitization HR can now ‘integrated technology architecture to capture employee feedback and data across business lines. HR departments can mine employee data and perform human capital analytics, get insight and make prediction in order to add value in areas such as their employee value proposition and engagement as well as to build their talent pipelines.</li> <li>• <b><i>HR business partners move from support to cohorts:</i></b> HR business partners can now actively play an essential part through data-driven insights</li> </ul> |

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|                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | <p>that could assist in manage the workforce but moreover, in strategically position the business.</p> <ul style="list-style-type: none"> <li>• <b>Predictive talent management:</b> Data analytics improves hiring and retention rates by identifying the capabilities best matched to a particular position.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| Interpersonal Communication | <p>The rise of the internet has resulted in move from interpersonal to digital communication. People are significantly limited in their ability to connect and interact on a personal basis. Hal Varian of Google (2014) suggests that by 2025 people will talk to their devices in the same manner that they talk to other people and will be permanently connected to a network of wearable devices.</p> <p>Tiffany Slain from AOL, expands on the notion of Varian by puuting a more a humoristic angle to the situation by stating the following:</p> <p>‘Can we talk?’ will have new meaning. Finally, the refrigerator will talk to my smartphone to tell it I need to order milk before I am out. Finally, my toothbrush will tell my dentist if it detects something that needs fixing. There will be ‘blinking’ instead of ‘clicking,’ of course”</p> <p>The question remains: How do HR prepare employees for the “new” interpersonal relationships with “cyberhumans”</p> | <ul style="list-style-type: none"> <li>• According to a reported by Mecer (2015) the most desired life skills for future young talent in 2020 are: public problem-solving through cooperative work (sometimes referred to as crowd-sourcing solutions); the ability to search effectively for information online and to be able to discern the quality and veracity of the information one finds and then communicate these findings well (referred to as digital literacy); synthesizing (being able to bring together details from many sources); being strategically future-minded; the ability to concentrate; and the ability to distinguish between the “noise” and the message in the ever-growing sea of information.</li> <li>• HR needs to be prepared for the communication needs and skills of future and current generations in the workplace and implement educational solutions that can assist individuals to manage multiple information streams more effectively.</li> </ul> |

**Table 2: HR Service Delivery and Execution Domain Sub-competencies with technology solutions**

| Competencies             | Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | HR 5.0 Digital Solution                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
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| <b>Talent Management</b> | <p>Talent Management is nothing new to the business world. Various managers, practitioners and researchers advocate that talent management is the key to competitive and sustainable organisations. The unfortunate reality is that there is still a thick veil of confusion around the definition and application of the concepts of talent and talent management in the workplace. Therefore is not a surprise that a recent audit by the South African Board for People Practice highlighted talent management as the poorest applied HR Competency across six South African provinces.</p> <p>It is of the author's opinion that talent management is an integrated, strategic process that entails the effective management of the talent career life cycle of an individual from start to finish. Future talented individuals are those who encompass the "smart skills" required for the future world of work that can contribute to the success of any organisation. HR practitioners should be allowed to play a more strategic role in implementing talent management practices and detect the talent indicators required for the different functions and roles in the organisation.</p> | <p>In particular, Business Executives and HR professionals need proactive strategies to respond to the rise of the:</p> <ul style="list-style-type: none"> <li>• Gig economy –which is reshaping the business landscape. New technologies and digital talent marketplaces are evolving, connecting highly skilled professionals with specialised skills to specific roles across the world. Organisations can now use contingent workers to expand and strengthen their capabilities, while employees enjoy the flexibility, mobility and variety in work available through online platforms and digital marketplaces.</li> <li>• Cognitive era – which has taken cognitive technology, such as Robotic Process Automation (RPA) and Artificial Intelligence (AI) out of the lab and into the world of work. RPA creates a virtual workforce of software 'bots' that can perform repetitive tasks more quickly and cost effectively than their human equivalents.</li> <li>• AI is both transforming how organisations drive their strategic decisions and supporting HR to match talent to roles.</li> <li>• Organisations, in turn, are rethinking their talent mix and exploring the possibility of digitization; and executives also gain the significant value of diversity – of creative thinking and innovation – to create value in the digital age.</li> </ul> |
| <b>HR Governance</b>     | Part and parcel of the strategic role that HR Practitioners have to play, is the effective governance                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | The entire matter of how the HR function is to be structured, organized and managed is an important <i>HR governance</i> issue.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |

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|                                    | <p>of HR functions. Research by Mecer Consulting show that HR governance includes functions as optimising talent performance, financial management, minimising HR risk management, alignment of HR function with the business and enable HR executive decision making. It is worth mentioning that although the concept of HR Governance has been existence for more than half a century, a clear-cut definition thereof are still lacking. Although the latest King Report provides guidelines for effective corporate governance, it is time for HR to find their own voice in effectively governing the organisation's most important asset: <b>PEOPLE</b></p>                                                           | <p>This comprises not only of who does what within the HR department, but also who has the authority to approve certain transactions and make decisions relating to various policies, procedures, practices and programs.</p> <p>However, as digital becomes increasingly core to most businesses, several specific pressures are pushing <i>HR digital governance</i> up the corporate agenda.</p> <ul style="list-style-type: none"> <li>• New regulatory requirements demand action.</li> <li>• Growing cybersecurity risks need to be addressed.</li> <li>• Perceived digital weaknesses can do irreparable damage to brand reputation.</li> </ul>                                                                                                                                                                                                                 |
| <b>Analytics &amp; Measurement</b> | <p>HR analytics and measurement is an emerging field in HR literature, which if effectively applied can yield significant benefits for both individuals and organisations. HR Metrics can help to align, synchronize and integrate an organisation for continued success and sustainability. Leaders of high performing organisations are nine times more likely to use sophisticated metrics to assess the quality of the workforce compared to low performing organisations (Brooks, 2014).</p> <p>Currently there is a great need for the development of theory and practice to effectively determine the return on investment for various HR initiatives. Return on investment has become one of the most important</p> | <ul style="list-style-type: none"> <li>• In current highly competitive environment, talented people are definitely the most valuable assets. During the last decade, large investments were put into tools and information systems to manage performance, hiring, compliance and employees' development in order to enhance organisational capabilities and increase efficiency.</li> <li>• Using data produced by these tools and systems classically implemented into an organisation HR department, most organisations are able to provide reports at least at some basic level.</li> <li>• It is believed that organisations that already launched digital transformation processes are progressing by supplement their reporting with basic analysis of HR metrics</li> <li>• It's important to note that HR metrics are not the same as HR analytics.</li> </ul> |

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|                            | <p>tools to assess the effectiveness of Human Capital Management initiatives in the workplace. The ROI process is a balanced approach to measure the bottom-line impact of HCM initiatives namely to compare the monetary and non-monetary benefits derived from the costs of HCM programmes.</p> <p>The rapid change of the work environment emphasise a greater need for theory, practice and models that can accurately predict future human capital needs and preventative human capital risk measures.</p>                                                                | <ul style="list-style-type: none"> <li>• HR managers classically used metrics to measure such data as turnover rates and sick days.</li> <li>• However, with HR analytics, HR professionals can gauge employee engagement and whether or not workers have the skills to reach company goals.</li> <li>• Moreover, the biggest struggles in achieving better utilization of data resources and information systems are inefficient use of the data, asking wrong questions and lack of analytical ability in HR environment in general.</li> <li>• It is deemed that HR departments are in need for analytically capable people enabled to provide right insights combining reporting skills and domain knowledge.</li> <li>• This combination of right analytical approach and experience is the crucial premise for successful HR IS and data utilization.</li> </ul> |
| <b>HR Service Delivery</b> | <p>Innovation in HR is exploding. As a result, the HR function is extending beyond core activities like recruitment or talent management systems, and increasingly exploring the service delivery space – addressing the people <i>‘interaction’ before the HR ‘transaction’ occurs</i>. This is transforming the experience of employees and HR professionals, and increasing the strategic value HR can bring.</p> <p>HR service delivery is about how HR service and information are delivered to employees, via Omni-channel experiences (like using telephones calls/</p> | <p>Souter (2017) suggest that automating an HR Service delivery model should include the following:</p> <ul style="list-style-type: none"> <li>• <b>Automate workflow:</b> –Minimising manual work is critical. Wherever there is manual work, there is greater opportunity for errors, delays and missed deliverables. Enabling technology to move work through your organisation from requestor to fulfiller is at the heart of an effective service delivery strategy. Without automation, you cannot free up your HR resources to focus on more strategic initiatives.</li> <li>• <b>Sophisticated cross-departmental case management:</b> The best way to minimise or eliminate email as the primary communication method between employees and HR, is to</li> </ul>                                                                                              |

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|  | <p>SMS, chat functionality &amp; other ways we interact in our consumer-world). Often, the standard “self-service” options of HR departments don’t meet the evolving needs of employees today.</p> <p>Ulrich and Brockbank (2005) maintained that it is the role of the HR function to create value for investors and customers external to the organisation, and to create value for line managers and employees inside the organisation. This value is created through the facilitation of HR practices that focus on:</p> <ul style="list-style-type: none"> <li>• <b>"the flow of people"</b> - ensuring the availability of talent to accomplish organisational strategy;</li> <li>• <b>"the flow of performance management"</b> -promoting accountability for performance by defining and rewarding it;</li> <li>• <b>"the flow of information"</b> - ensuring that employees are aware of what is occurring in the organisation, and can apply themselves to those things that create value; and</li> <li>• <b>"the flow of work"</b> -providing the governance processes, accountability, and physical setting that ensure quality results (Ulrich &amp; Brockbank, 2005, p. 20).</li> </ul> <p>To stay relevant in the era of digital transformation, HR professionals should be focusing on building the workplaces of the future.</p> | <p>implement case management functionality with workflow capabilities. Cases are auto-routed to the appropriate person or team for follow-up and response, and everyone, including the requestor, has visibility to the status of all requests.</p> <ul style="list-style-type: none"> <li>• <b>Develop a comprehensive HR knowledge base:</b> Empowering your employees to get answers to their questions without being dependent on HR is at the heart a good service delivery strategy. The best type of HR case, is no HR case! Without a knowledgebase, HR will continue to spend a significant part of their day answering basic questions. Knowledge bases build over time, but once in place, they save organisations huge amounts of time and money.</li> <li>• <b>HR service delivery platform:</b> To fully automate your processes, you must consider your current HR technology and the gaps in service delivery you are experiencing. Missing from many organisations and HR initiatives is a service delivery platform designed to manage how work gets done across an organisation.</li> </ul> |
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**Table 3: Business Intelligence Domain and Sub-competencies with technology solutions**

| Competencies                  | Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | HR 5.0 Digital Solution                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
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| Strategic Contribution        | Most of the literature to date is dominated by the extent to which HR practitioners are allowed to play a strategic versus an operation role in organisations. Ulrich, Brockbank, Younger, and Ulrich (2013) recently revised the focus of their traditional model, to adapt it to the changing business world. According to the revised model, HR practitioners as strategic business partners are a "high-performing HR professionals" who should understand the global context. The capacity-building role includes the ability of HR professionals to define and build organisational capabilities. HR, as a change agent, needs to assist organisations with effective change processes and structures, whereas the innovation and integrator roles require HR professionals to integrate HR business practices to support change initiatives. | <ul style="list-style-type: none"> <li>• During the 21<sup>st</sup> century it is inevitable that HR becomes a strategic business partner of note in that HR need to be strategic drivers converting organisations <i>into</i> digital, not just <i>arranging for</i> digital.</li> <li>• Today's HR managers must understand the impact of emerging technologies upon company culture, strategy, operating plans and future talent needs. This includes understanding how the effective use of technology can elevate HR's role as a strategic business advisor.</li> <li>• Nevertheless, HR's renewed business focus, internal customers, i.e. the employees can benefit from easy-to-navigate platforms that make various processes such as new employee on boarding friendly and seamless.</li> <li>• These could take the form of mobile apps that help roll out and access quick pulse surveys or of an e-communicator that helps employees connect with their HR partners anytime, anywhere.</li> </ul> |
| Business Knowledge Management | Organisation's that effectively manage and leverage the knowledge and expertise embedded in individual minds will be able to create more value and achieve superior competitive advantage (Ruggles, 1998; Scarbrough, 2003). How can HR staff stay on top of the latest changes to maternity leave, contracts, vacation policies, and retirement accounts and how these policies affect employees? And what if special                                                                                                                                                                                                                                                                                                                                                                                                                              | <ul style="list-style-type: none"> <li>• Decision-Support Systems (DSS), Information Technology (IT), and Artificially Intelligent (AI) can all be used to enhance knowledge management and its knowledge conversion processes: i.e., tacit to tacit knowledge sharing, tacit to explicit knowledge conversion, explicit knowledge leveraging, and explicit to tacit knowledge conversion.</li> <li>• One of the primary potential applications of information technology to sharing tacit knowledge is the use of digitized</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |

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|                 | <p>agreements for regions and applicable laws must also be taken into consideration? The best answer to all these questions is a good knowledge management solution.</p>                                                                                                                                                                                                                                                                                                                              | <p>filming of the physical demonstration of a process. Once stored, this digitized film clip can be made available on the internet for anytime, anyplace viewing. The film clip can also include slow motion segments of the physical process where applicable, complete with verbal explanations included within the clip to enhance the understanding of the process being demonstrated.</p>                                                                                                                                                                                                                                                                                                                                                    |
| HR Technology   | <p>Increasingly advanced technologies in the workplace requires from HR to develop more decentralised attract, develop and manage talent in the workplace. Technological innovation can assist HRM to enable a high performance culture by delivering the value-added activities required to fulfil the organisation's strategy ((Shrivastava &amp; Shaw, 2003).</p>                                                                                                                                  | <p>HR managers and practitioners should be technologically resourceful and be able to make sense and respond to new technologies (Srinivasan, Lilien, &amp; Rangaswamy, 2002, p. 48). Two aspects are important here: Capability to acquire knowledge about and understand technological development and willingness to respond to new technologies. HR needs to be technologically savvy and "fit-for-purpose" to apply SMAC (social, mobile, analytics and cloud) methodologies in the workplace.</p>                                                                                                                                                                                                                                           |
| Business Acumen | <p>Most HR professionals don't understand this new digital phenomenon and because of this lack of Business Acumen skills could be missing the great disruption of their industry. Having the Business Acumen skills - to know what to do with the data and how to present a new digital value propositions will mean the difference between survival and becoming disrupted. Its HR's role to map the future required digital capabilities and where they should be executed in the organization.</p> | <p>Digital business acumen capabilities can include the following:</p> <ul style="list-style-type: none"> <li>• <b>Strategy:</b> How will digital drive value for the organization? What role does the organization want to play in the digital space? How does it want to win in the digital era?</li> <li>• <b>Planning and operations:</b> How will digital plan, operate, monitor and track value captured?</li> <li>• <b>Product or service development:</b> what are the technical capabilities required for product or service development?</li> <li>• <b>Innovation:</b> What are the capabilities required to drive the innovation needed to meet the strategic objectives of the digital operating model under construction?</li> </ul> |

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|  |  | <ul style="list-style-type: none"><li>• <b>User experience:</b> What are the capabilities needed to understand the needs of customers? Understand the internal and external business environment</li><li>• <b>Know the numbers:</b> being able to read, understand and analyse financial statements such as profit and loss reports, cash flow statements and balance sheets. Understand and use the organizational metrics and their correlation to business success</li></ul> |
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## **CONCLUSION**

HRM has an important role to play in the competitiveness and sustainability of organisations through its people. This can only be achieved through clearly defined HR professional competencies. The proposed HR 5.0 competency model can be used to detect the level of competencies of HR professionals in the workplace. HR practitioners and managers are therefore encouraged to assess the current levels of HR competence and professionalism, to enhance their value-add and strategic contribution to South African organisations.

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