2022 HR Trends

5 ways HR will transform in 2022

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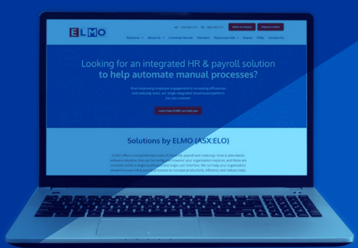

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Introduction

> **"The greatest danger in times of turbulence is not the turbulence itself, but to act with yesterday's logic."**
> – Peter Drucker, author and management consultant

After almost two years of non-stop disruption, in 2022 the onus will be on HR leaders to rethink workforce and employee planning, refresh their talent acquisition strategies, reinvent the employee experience, and address ongoing challenges to the very concept of 'work'. As Peter Drucker suggests above, to do all of that with yesterday's logic – not to mention yesterday's technology and outlook – is dangerous.

Instead, it's time to turn crisis into opportunity and latch onto the positives that have emerged from the global pandemic. An obvious example is the unheralded focus on employee health and wellbeing. Another is the esteem with which the HR profession is now held, as they've helped organisations steer through not only huge transactional challenges, but strategic ones as well.

Similarly, the much-hyped 'Great Resignation' can either be viewed as a major threat to business operations, or it can be seen as the perfect opportunity to re-set, to better understand your workforce and what is driving them to seek new opportunities elsewhere, and implement strategies to reduce the likelihood of that happening.

Now, more than ever, it's difficult to predict the future. The five trends outlined on the following pages provide some clues as to where the world of work – and the HR profession itself – will head in 2022.

Trend #1: The employee experience (EX) will be reborn

The pandemic has redefined the concept of the employee experience (EX). It now needs to cover a much broader spectrum. Indeed, HR observer Josh Bersin says the EX now "covers everything".[1] That means even elements once thought to be beyond the scope of employers need to be included in this new iteration of the EX, which Bersin calls EX 4.0. Consider these daily questions that most employees have dealt with over the past 18 months – they touch on safety, wellness, and support:

- Is it safe to go to work today and if so what mode of transport will I use?
- Am I endangering my own health by going into the workplace?
- Is my employer monitoring vaccination rates – and if so, is my personal data secure?
- If I'm working at home, do I have space, tools and bandwidth to work well?
- Will my manager check in with me and help me succeed when everyone around me is worried, a little overworked, and trying to make things better?

64% of global HR leaders rated the EX a higher priority when planning a return to the workplace than before the pandemic[2]

In 2022, the EX will no longer be 'owned' solely by HR. Instead, stakeholders from across the business – including functional areas ranging from IT, facilities, health & safety, through to finance and legal – will play a more active role. The EX is now a company-wide initiative – a set of programs and strategies that keep employees productive, safe, well, and aligned. The gathering and use of employee data to develop these initiatives will also become increasingly important.

A focus on wellbeing and safety

Bersin states that many larger organisations are implementing new-look Safe Workplace Programs, which merge HR policies with technology – with the end goal of improving workplace health and safety. He explains:

"These are new, integrated strategies that bring together self-attestation, travel and meeting schedules, badge readers, Outlook calendars, and lots of other data to identify where people are, who needs to schedule a desk, who people are meeting with, and what to do if a virus outbreak occurs. And companies are adding wellbeing and mental health to these programs. The whole Safe Workplace Program is basically a massive EX initiative."[1]

49% of employees say their manager understands their health and wellbeing problems and needs[3]

This next stage of EX's evolution has been branded by Bersin as the 'continuous response' phase (see table on the following page). In this phase it's not enough to simply send surveys out to collect employee sentiment data and then quietly file that data away. Instead, feedback is collected in many forms, it is analysed in real-time, and critically, it is then sent to the right person or team to take action.

1. "Employee experience 4.0: Shortening the distance from signal to action", Josh Bersin, March 2021 2. Gartner survey, May 2020
3. Gartner's 2020 Well-Being Employee Survey

The evolution of EX assessment[4]

	EX 1.0	EX 2.0	EX 3.0	EX 4.0
How is feedback gathered?	Annual engagement survey	Pulse surveys with mobile access	Intelligence dashboards and action plans	Continuous response action platforms
Key characteristics	Focus on gathering employee insights. Benchmarked annually. Rigid questions asked year after year	Agile pulse surveys as needed. Feedback on mobile or apps. AI-based action plans. Immediate feedback	Many sources of data. Dashboards recommend action, deliver nudges, suggestions, and learning or action plans for individuals	Tied into internal systems with alerts, feedback, cases and integration with CX systems. Now called EX, not engagement
Key focus area	Focus on benchmarking	Focus on feedback	Focus on behaviour change	Focus on action
Key benefits	Feedback obtained via survey technology	Feedback obtained via mobile, easy-to-use tools	Useful data and learning	Instrumented actions and alerts

Borrowing from marketing's toolbox

To facilitate EX 4.0, there are lessons that HR can learn from marketing, who have for years played an important role in refining and enhancing the customer experience (CX).

For example, marketing professionals have conducted market segmentation to target certain audiences, which have helped obtain warm leads from targeted promotions and advertisements. They've done follow-up surveys for those who purchase the product/service and used focus groups to dissect the responses and better understand what they like or dislike. Net promoter scores added another layer of understanding about what the customer liked about the website, service, support, pricing, etc. Armed with that insight, roadblocks and problems are identified and then resolved by the most suitable person or team.

The same concept can apply to employees. Bersin explains:

"It's not enough to survey people or get them on a conference call to ask them opinions. We have to collect all this information, analyse it, and send it to the person who needs to know. If it's a harassment claim, it should go to legal; if it's a broken PC, it goes to IT; if it's a low performance rating, it goes to HR or the supervisor."

Other thought leaders claim this approach may be too reactive – a matter of 'is the tail wagging the dog, or the other way around?' For example, Deloitte claims:

"Employers feel compelled to respond in the moment to workers' expressed preferences, and to competitor moves, without connecting those actions to a sustainable workforce strategy. It's a self-perpetuating cycle in which the latest trends substitute for a sustained strategy."[5]

While being responsive to employee needs is necessary, a smarter approach may be to build a sustainable EX built upon a core set of ideals that are important to both the worker and the employer. A return to – or a freshening up – of core values and mission (or "North Star") will help anchor employers to their raison d'être when everything else is in a state of flux.

4. Adapted from: "Employee experience 4.0: Shortening the distance from signal to action", Josh Bersin, March 2021 5. "The worker-employer relationship disrupted: If we're not a family, what are we?", Deloitte Insights, July 2021

Reinventing the EX

Not sure where to start? The “3 Bs” are the foundations of a solid EX.

Believing

(find personal meaning from the work)

Workplaces where there is purpose and meaning in a role and managers and their teams have meaningful relationships, not just transactions, will benefit, not only in retaining talent but also attracting talent. When employees find meaning in their work, they experience increased personal wellbeing, self-confidence, and personal productivity.

Becoming

(learn and grow from work)

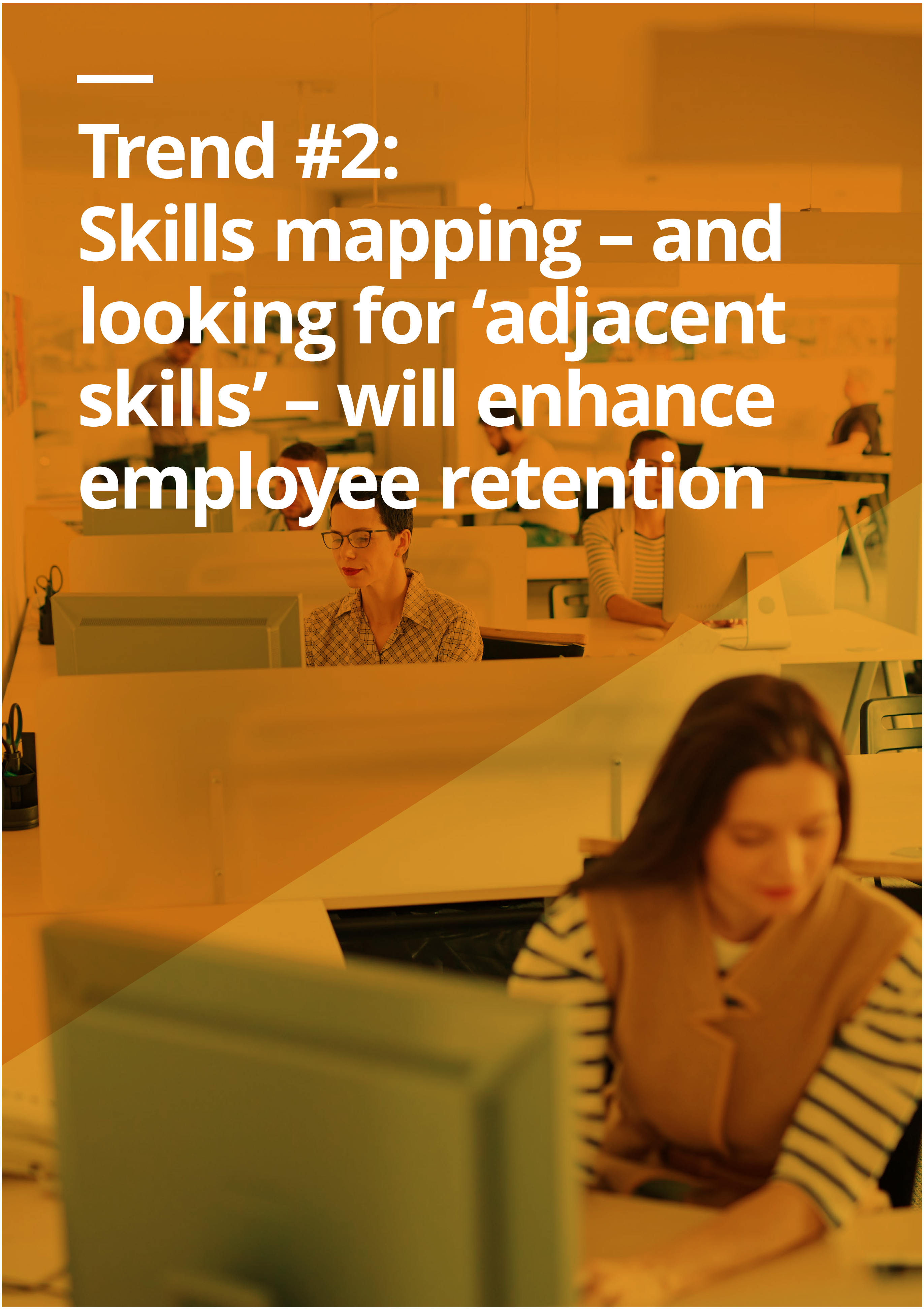
By giving employees opportunities for stretch assignments, training, and new projects, employees learn and improve in their work. Provide people with career paths and the steps they’ll need to take to move into future roles. When employees learn and grow in their work setting, they find more personal meaning. They are also more likely to stay if they can see a clear way forward.

Belonging

(foster positive relationships at work)

It's a basic human need to feel psychologically safe. Top employers create an environment where employees can offer ideas, ask for help or report a mistake without negative repercussions. This is how they build a sense of belonging for employees. Belonging requires employers to invest in relationships, use technology to connect, and encourage empathy between people. Such employers understand that everyone has a background, has experience, and a story to tell. Belonging is active, not passive; it requires constant work.

Trend #2: Skills mapping – and looking for ‘adjacent skills’ – will enhance employee retention



Thanks in large part to international border closures, skills shortages have been a key challenge for business leaders throughout 2021. Even if 'The Great Resignation' in early 2022 results in more talent on the market, it doesn't necessarily mean they will be the right talent. The supply of talent impacts how easy or difficult it is for an organisation to find appropriately skilled workers. For employees, the talent supply dictates how easy or difficult it is to get a job. There are other, far-reaching impacts. For example, talent supply could influence:

- Whether or not an organisation is willing to invest in reskilling existing workers
- The extent to which technology is used to replace or augment employees
- To what extent employers might tap into other labour market segments – for example 'gig workers' (contractors, freelancers, project-based workers)

And for employees, using the supply / demand equation, talent availability may impact whether or not they will seek jobs elsewhere or consider an overall career change.

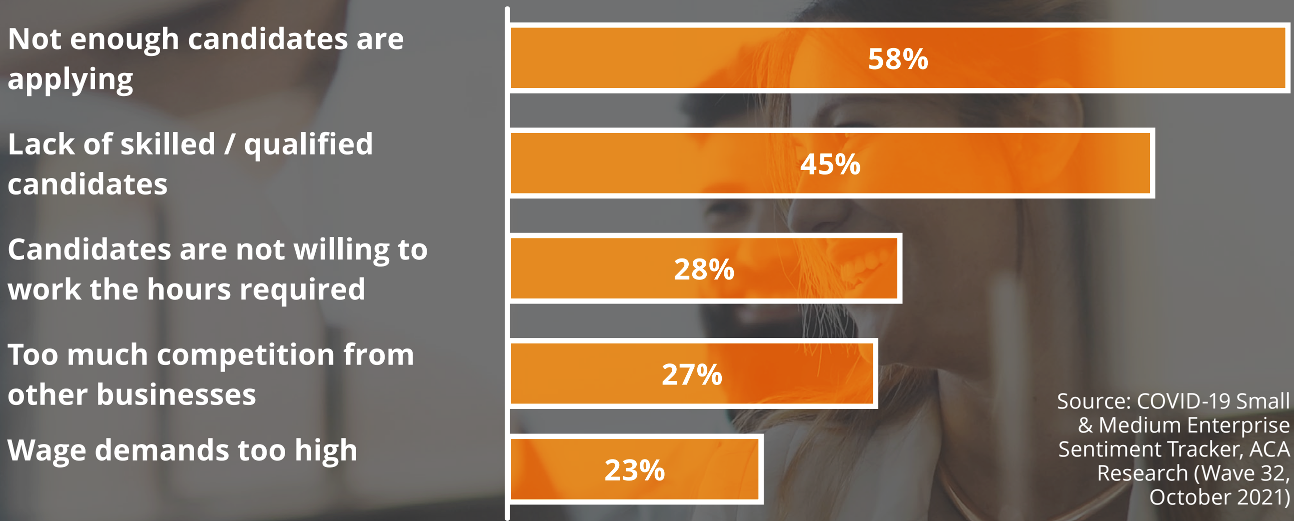
According to the Australian Government's September 2021 'Recruitment Experiences and Outlook Survey', 52% of recruiting employers said they were having trouble hiring someone in terms of finding suitable applicants, and more worryingly, any applicants at all.

It's a similar story in New Zealand. The 2021/22 Australia and New Zealand salary guide from Hays Recruitment said that in the next 12 months, 64% of employers believe skills shortages will impact the effective operation of their organisation or department, either in a significant or minor way.

A range of factors are impacting the ability to find suitable staff, as seen in the graph below.

Why is it difficult to fill roles (in October 2021)?

(Among those who found it difficult to fill roles)



Source: COVID-19 Small & Medium Enterprise Sentiment Tracker, ACA Research (Wave 32, October 2021)

As those results show, 'lack of skilled / qualified candidates' is a major obstacle, cited by 45% of respondents as a key challenge. Of course, recruitment professionals have known of this looming crisis for some time – however, it has been magnified by two years of border closures, economic uncertainty, and ongoing wage pressures. They even have a term for the most elusive of candidates: 'Purple Unicorns'. These are candidate profiles with a combination of skills and experiences so rare as to be practically mythical.

The rise – and rise – of skills mapping

To combat these shortages, and to retain employees for longer, employers are getting more creative. There is a steady shift taking place from ‘job-based roles’ to ‘skill-based roles’. This is being facilitated by the process known as skills mapping – effectively, an audit of the skills held by existing employees. Skills mapping refers to creating a visual representation of the skills needed to perform well in any given role and comparing that with the existing skills held by employees throughout the organisation. This comparison allows gaps to be identified and filled.

Did you know?

58%

of the workforce needs new skills to get their jobs done[6]

The total number of skills required for a single job has been increasing by

10%

year over year since 2017[6]

1 in 3

skills in an average 2017 job posting in IT, finance or sales are already obsolete[6]

Skills mapping can be done on an individual, team and organisational level and can feed into development plans across the business. Ideally, a skills map should show both what skills are needed for a given role and how far along the required skills pathway any given person is.

Having this level of insight makes it easier to find adjacent skills.

Time to look for skill adjacencies

Certain skills are related to others in a way that might not seem obvious, and pools of skills can be expanded with ‘skills adjacencies’. Adjacent skills are those related to a skill or competency an employee already has or could be easily developed. They are often skills that are not targeted in job descriptions or in job-related education, but play an essential role in enhancing an employee’s ability to fully understand their role and perform it more effectively.

6. Gartner TalentNeuron data, February 2021

Consider each job in terms of the skills required, rather than in terms of a job title. Such people might exist in other, seemingly unrelated departments and functions.

“HR leaders don't necessarily have to look in the IT function to fill a critical role in IT," Gartner suggests, "but instead, they can look at skills throughout the organisation to identify opportunities to fill those skills gaps.”[7]

Developing adjacent skills allows workers to perform their current roles more effectively, and it also prepares them to accept promotions, make lateral moves within the same organisation, or adapt to changes in the way their current job is done. These highly transferable adjacent skills may include technical skills that improve their understanding of their field, digital marketing, data analytics, and communication.

An example is an employee in marketing with social listening skills. They’ll likely be familiar with sentiment analysis, which has direct parallels – and an easier skills progression pathway – to a role requiring natural language processing. “Essentially, that employee can be [a bridge] from the marketing function to the IT function through upskilling," Gartner said in its report.[7]

Tips for identifying skill adjacencies

- Make current employee skill sets visible, and encourage managers and employees to maintain a portfolio of skills to share with HR.
- Identify skill adjacencies that are not obvious and determine which secondary or tertiary skills to start building upon. An analysis that LinkedIn's data science team performed for the World Economic Forum revealed that many employees who have moved into 'emerging roles' over the past five years came from entirely different occupations. For example, LinkedIn reported that half the employees who moved into data science and artificial intelligence dominated jobs came from unrelated fields.[8]
- Adjust career path strategies to encourage flexible career progression. Assess the benefits to both the organisation and the employees. For example, giving employees something tangible to put on their CVs – such as a certification that will be relevant both inside and outside the organisation – will resonate well.
- Don’t force employees to make a job change (unless there’s a pressing need to do so, such as a redundancy). Instead, point out how the strengths and skills they hold are a good fit for the roles needing to be filled.

7. “Trouble finding critical skills? Widen your view”, Gartner, 2020 **8.** “Skill building in the new world of work”, LinkedIn Workplace Learning Report, 2021

Trend #3: Performance management will fundamentally change in a post-pandemic world

The events of 2020/21 proved there is no longer a 'typical' employee experience (EX). There are too many variables to consider – including where people undertake their work. Yet while there seems to be a consensus that hybrid work arrangements are here to stay, asking people where they want to work might be the wrong question. A better question is: What unlocks a person's potential, enabling them to be healthy and productive, regardless of where they work?

However, there are signs that this question is being ignored. Many employers are still utilising productivity and performance measures from a bygone era.

It seems the mentality of "if I can't see you, clearly you are not working" still lingers. This can be seen in the surge of interest in so-called 'tattleware' or 'bossware', which is being used to monitor employee activities. According to one survey[9], the vast majority (78%) of bosses and/or executives said they use software to 'track employee performance and/or online activity' and more than half (57%) incorporated these technologies in the first half of 2021.

There are obvious dangers associated with this approach – not least because increasing employee surveillance raises privacy issues and risks the erosion of employee / employer trust. However, in a data-driven world, it's no surprise that technology is being used to track employee activities. There is one major upside to this: automated data collection and analytics around employee activities can be powerful for helping employees understand how they are performing and where there is room to improve.

Employee monitoring – what's being used?

Research[10] shows that 16% of employers are using technology more frequently to monitor their employees through methods such as virtual clocking in and out, tracking work computer usage, and monitoring employee emails or internal communications / chat. While some employers track productivity, others monitor employee engagement and wellbeing to better understand the EX.

For those who fear these trends are a step too far and will impinge on employee privacy, there are also significant changes expected to performance management processes, which in theory should ease the need to rely on employee monitoring technology.

Research[11] indicates that COVID-19 has impacted performance management practices in three key ways, and these will continue to shape this area moving forward:

- A greater demand for personalised, on-demand, data-driven performance feedback for all employees to 'nudge' them towards different behaviours in real time
- An increased use of people analytics to mine the trove of data that organisations now generate
- A stronger emphasis on team, rather than individual, performance as processes and deliverables increasingly depend on cross-functional cooperation

9. "ExpressVPN survey reveals the extent of surveillance on the remote workforce", ExpressVPN, November 2021 10. "9 future of work trends post-COVID-19", Gartner, 29 April 2021 11. "Individual performance management in the COVID-19 world", McKinsey & Company, December 2020

Those three trends are resulting in a greater need for regular check-in conversations between managers and team members. However, in 2022 these conversations require some ground rules:

1.Focus on contribution, not just performance

Since COVID-19 hit, business priorities have changed and so too have personal circumstances. The fact that 'normal' is a moving target presents challenges for managers looking to balance business outcomes and expected behaviours. It's significant that:

22% of surveyed organisations asked managers to focus more on behaviours than outcomes when assessing performance in 2020/21[12]

87% of HR leaders were considering changes to performance reviews in the coming 12 months[12]

Gartner commented: "To help managers prepare, most organisations are equipping them for different kinds of conversations, validating the contributions employees have made over whether they are meeting rigid KPIs."

2.Enable timely, flexible goal setting

Agility has been crucial to navigate the uncertain waters of the past two years. Employee roles are evolving rapidly, new skills are being adopted and business plans have to turn on a dime. When it comes to performance management, setting flexible goals helps employees – and the broader business – keep pace with change. Focus on short-term prioritisation of workflows rather than long-term goals susceptible to change.

This agile approach will also facilitate how employees are being engaged by organisations. With business models being reconfigured to factor in more project-based work, it makes sense that performance management practices should also shift to more timely feedback. Employees will expect to be evaluated after each project, and these evaluations should tie in with compensation. Feedback and evaluation from peers and clients, as well as rewards, will be based on project-to-project performance. For employers, regular performance assessments mean that staffing and resourcing decisions can be made as projects conclude instead of quarterly or annually.

3.Focus on the 'whole person'

As boundaries between work and home continue to blur, expectations about work are shifting. The pandemic has resulted in people re-evaluating what's important in life. Gartner predicts this will result in a greater integration of work goals with personal goals, such as wellbeing or acquiring skills not directly related to work. As mentioned elsewhere in this report, creating a sense of belonging is critical.

82% of employees want their organisation to view them as people, not just employees[13]

12. Gartner coronavirus polling on performance management (1 June 2020) **13.** Gartner 2021 EVP Employee Survey

'Belonging' and employee performance

A 2019 study[14] found that workplace belonging can lead to an estimated:

56% increase in job performance

50% reduction in turnover risk

75% decrease in employee sick days

The study found that a single incidence of "micro-exclusion" can lead to an immediate 25% decline in an individual's performance on a team project.

It takes real commitment to build a culture where employees get that sense of belonging – the feeling their employer cares about their overall happiness and understands that everyone has a unique background and is coping with unique circumstances, and so on. Empathy goes a long way! This new era will depend on employees being able to honestly and openly discuss their personal goals with their managers, and employers investing in tools that allow for self-assessment so that employees can evaluate progress towards both personal and professional goals.

This more 'human' approach will transform performance management.

Technology such as 'tattleware' should never be a replacement for good communication and people management skills. A complex web of interactions, processes and technology must work in harmony to address the changing size, shape, and skills of the workforce.

It's also critical to ensure managers have the skills required to have meaningful conversations with employees. That's how social bonds are formed. From there, a greater degree of personalisation can occur and employees feel empowered to 'bring their whole selves' to work.

Research suggests that employees are prioritising the relational aspects of work while leadership is focused on the transactional elements. It's time to marry the two together.

14. "The value of belonging", BetterUp, 2019

Trend #4: HR's influence will be bolstered by data storytelling

The shift from HR relying on gut instinct alone to make decisions, towards a more data-centric approach, is well underway. Many of the decisions made over the past two years would have been much tougher without skilful gathering and analysis of people data.

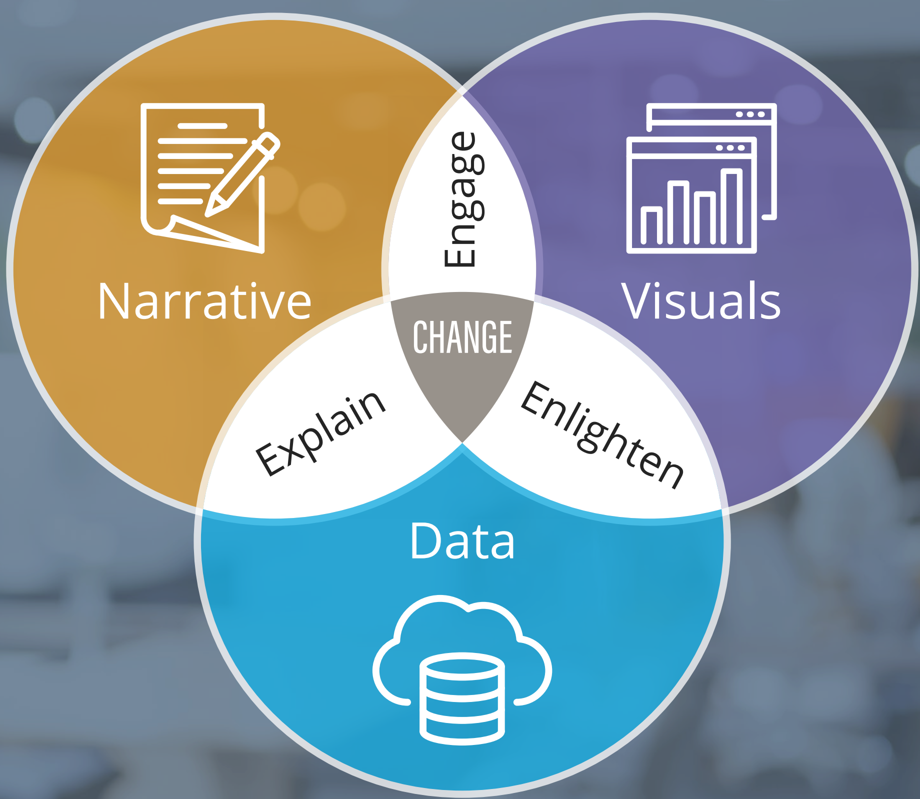
However, there's a potential problem. It's not unusual for HR professionals to spend weeks collating and conducting analysis of data from multiple sources. That data might then be loaded into a presentation to the wider business with graphs, charts, and other visual aides. After years of being told to 'speak the language of business', this is how to get a proposal off the ground. Right? Wrong.

If you were to survey colleagues after the presentation, would they remember any of the key points? Did the data produce any kind of shock, surprise, or any emotion at all in the audience? Did it spur any kind of action? Perhaps – but more likely, it was just a blur of numbers. What went wrong? It's possible the story behind the data was overlooked.

The diagram below clearly demonstrates that when narrative and visuals are merged together, they can engage or even entertain an audience. It's no surprise that humans spend billions of dollars each year on entertainment such as movies: we want to immerse ourselves in different worlds and adventures beyond our everyday lives.

However, when the right visuals and narrative are combined with the right data, it's possible to create a data story that can influence and drive change. For HR professionals, that's powerful.

Using narrative, visuals and data to produce change



Storytelling with data is an under-developed skill, but it's critically important. Successful novelists and scriptwriters understand how to tell an engaging story by ensuring they follow a narrative arc, based on rising and resolving tension.

The typical structure would be:

- Exposition
- Rising action
- Climax
- Falling action and resolution

Such an arc makes a story more memorable, while the tension makes it compelling and interesting to the reader or audience.

When taken by itself, business data tells us what is happening, but not why. This is where storytelling with data adds the most value. If there's no compelling story behind the data that resonates with the audience, it will quickly be forgotten.

In the business world, the 'tension' might be a particular pain point – perhaps it's a drop in productivity seen in remote workers.

The 'rising action' and 'climax' would be a solution to that pain point – perhaps it's the introduction of a new collaboration platform.

The 'resolution' would be the anticipated or actual results from that solution. Hopefully in this example it would be enhanced collaboration and, leading from that, improved productivity.

The above outline might not equate to a screenplay for a Hollywood blockbuster in terms of action or tension, but the same principles apply: you've lured your audience in, outlined a way forward, and provided a satisfying resolution.

The essentials

It's important to understand the theme of the story: the 'big idea' that needs to be communicated to the audience. There are five core narratives for telling stories with data, namely:

- **Trends.** For example, how hybrid working is increasing or decreasing
- **Rank order or league tables.** For example, which departments in the business are getting the most employee referrals, or which geographic regions are struggling to fill vacant roles
- **Comparisons.** For example, how one company is performing relative to another in Glassdoor ratings
- **Surprising or counterintuitive data.** Data that challenges or confirms something that people believe to be true, or data that is simply surprising
- **Relationships.** For example, correlations, potentially through to causation and prediction

Remember: data doesn't mean much by itself. It needs context. For example, if your organisation's employee turnover rates are escalating, then that information only becomes helpful if other data helps explain why turnover is rising. Another way to do this is to weave a compelling story around the data: a story that touches on the pain points or concerns of the audience, uses real-life examples, is personalised, and comes up with a solution so the road ahead can be seen.

The time is right for HR to add this element of storytelling to its arsenal. ELMO's 2021 HR Industry Benchmark Report, based on a survey of over 1800 HR professionals in Australia and New Zealand, found that 'HR reporting and analytics' was the second most popular area for HR to develop their skills in (trailing only 'strategic planning').

Storytelling with data should be a key part of this upskilling. Afterall, if you can't communicate the insights and recommendations effectively to your audience, you've only done half the job.

Why does storytelling matter?
We all have short attention spans and time is precious. Your audience likely does not have the 'full story' (i.e. the context) or the time to determine what the message is behind the numbers you're presenting to them. It's therefore up to you to ensure you speak in an accessible and easy to understand way. Just as critically, ensure your visual aides are straightforward: don't ask your audience to spend precious time trying to understand what the graph or chart means.

A podcast by David Green, HR analytics expert, and Cole Nussbaumer Knaflic, CEO of Storytelling with Data, outlined three key principles for effective data storytelling:

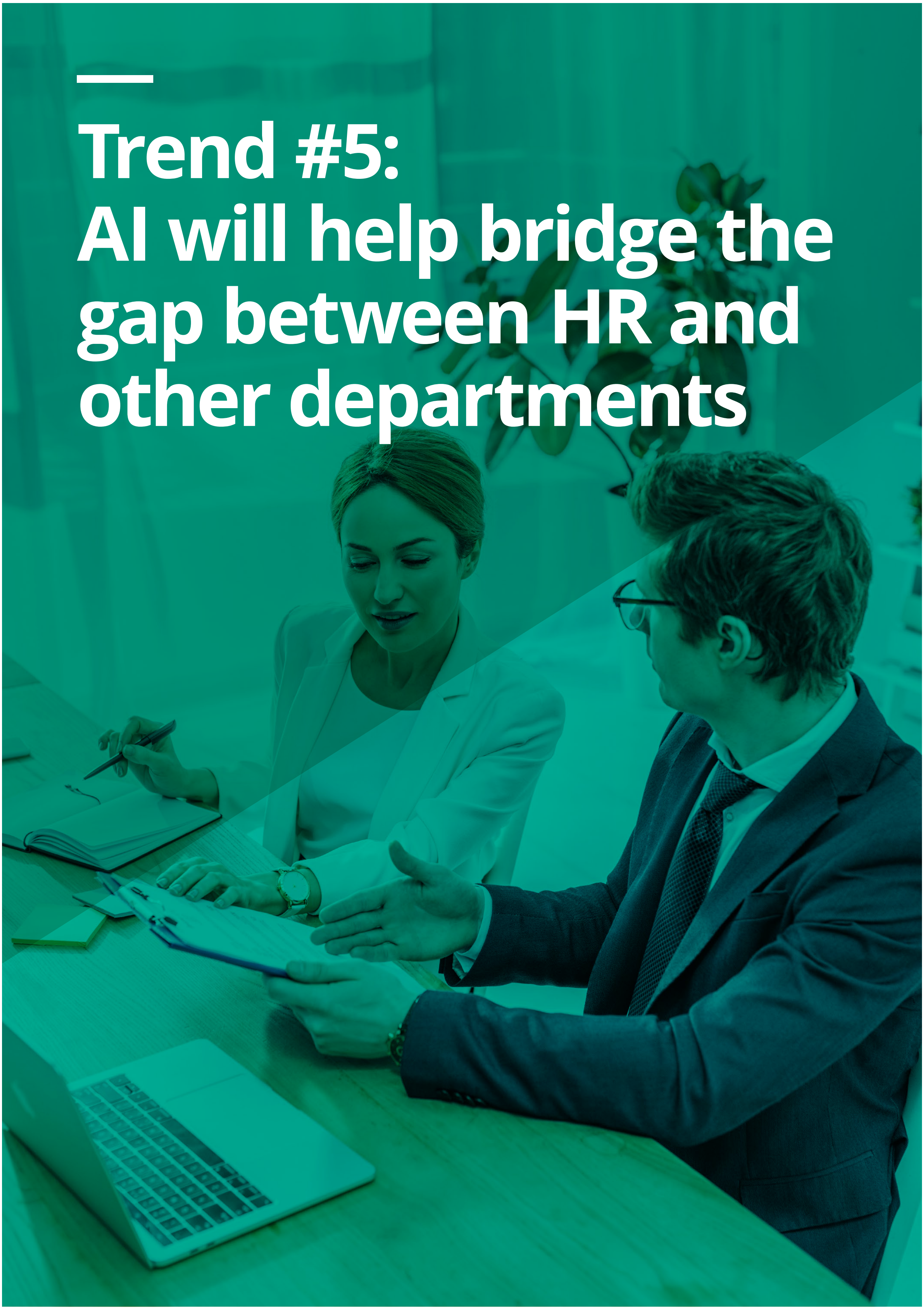
1. Be specific
Know who your audience is, what they care about and what keeps them up at night. Framing what you need your audience to know or to do in terms of these motivating factors will not only capture their attention and ensure your message is consumed, it will also increase the likelihood that it will lead to action.

2. Use clever design to draw the audience's attention to the right areas
The presentation of data in the form of graphs, charts and other visual aides can impact where people focus their attention. Colour can act as a cue for the audience, a way to direct them to where you want them to focus. Therefore, use colour sparingly and with purpose. Create space and contrast within your graphs. Another recommendation is to put words around your data to not only make it clear what your audience is looking at, but to clarify what you want them to take away from the data. A final tip is to put the key takeaway into words – i.e. verbalise the one key piece of information you want your audience to remember.

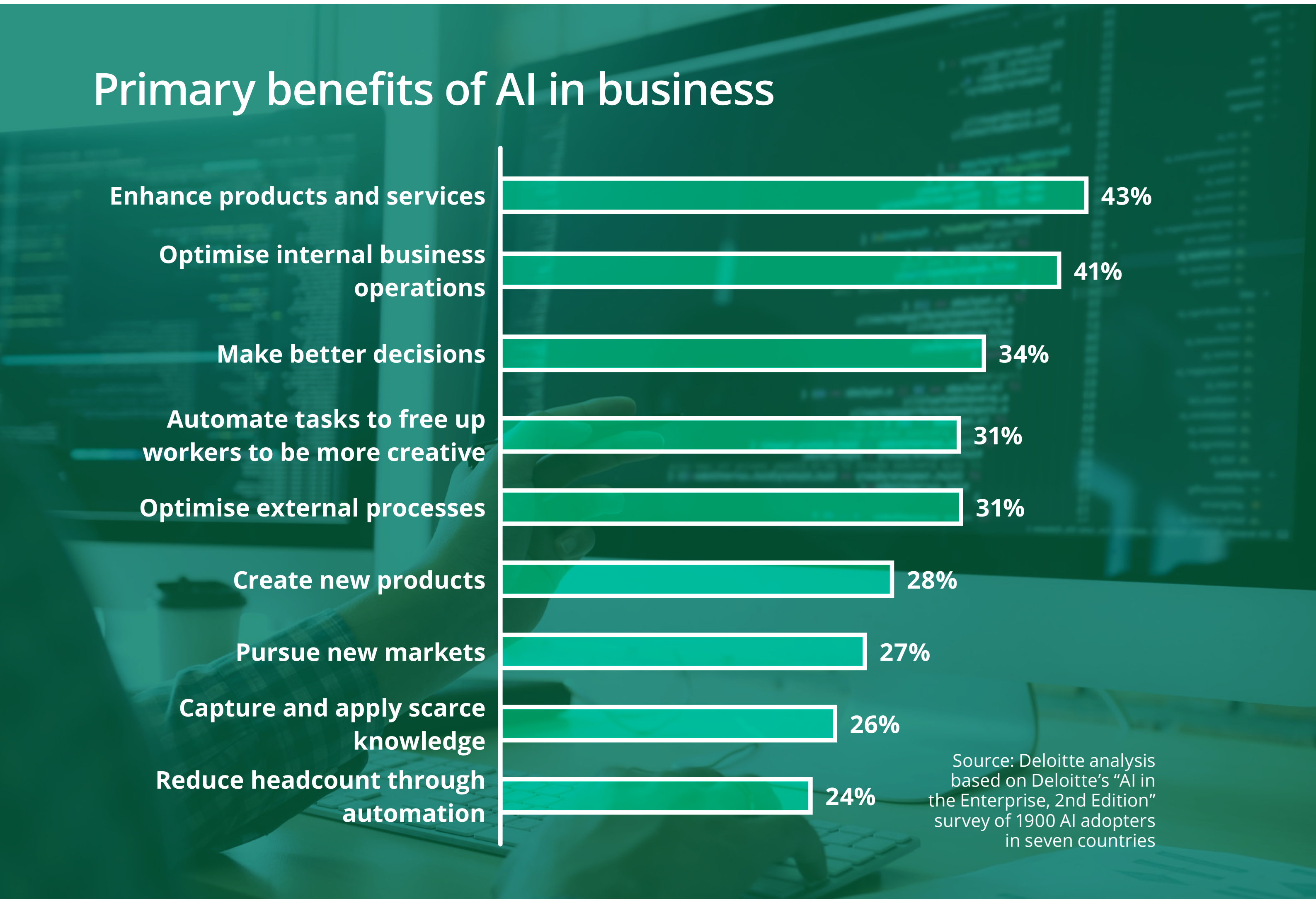
3. Use words, not just data visualisation
It's wrong to think that words have no role to play if your data is being presented via graphs, charts, infographics, and the like. Words play a critical role in making the numbers and graphs consumable. This is even more important if the audience is not data savvy. Using words to communicate the key takeaway instantly makes your data more consumable. With the storytelling tips outlined above, words can also reinforce where you want the audience to focus.

Finally, every successful story needs a conclusion. In a HR presentation to the business, that conclusion might be a new insight into how various factors are impacting productivity or other KPIs. It might be a prediction or a suggested change in operations. The conclusion will reinforce why you set out to make the presentation in the first place, and will make your main point clear: How did the presentation benefit the audience? How will it benefit the organisation as a whole?

Trend #5: AI will help bridge the gap between HR and other departments



The benefits of artificial intelligence (AI) in the business world are starting to be recognised and appreciated, and with that recognition comes wider usage. It's established that AI can be used to facilitate better analysis, make more accurate predictions, and streamline operations (see graph below). In terms of HR's usage of AI, helping the organisation to make better decisions will perhaps have the biggest impact. New developments in AI will facilitate scenario planning and ultimately help all business departments better understand the needs of their peers in other areas of the business.



The present: AI and HR

With the COVID-19 challenges of the past two years hopefully behind us, 2022 may be the year that HR starts to unleash the full potential of AI, both for themselves and the broader business. For example, AI is already able to:

- Predict future performance of new hires in a more accurate fashion through analytics
- Use historical data to predict employee flight risks (read more about ELMO's Predictive People Analytics solution here)
- Raise performance and behavioural flags for managers
- Identify potential issues such as bias and inequalities in pay and benefits
- Serve employees 24/7 via virtual agents
- Build understanding of workplace risks through the help of AI-powered dashboards that can amalgamate data from across the business

3 HR focus areas

Every HR process is an opportunity for AI. However, most organisations are focusing their AI efforts in three areas: HR operations (40% of organisations), talent acquisition (38%), and employee engagement monitoring (38%).[15]

The future: AI and scenario planning

Instead of replacing human decision-making – which is shaped and informed by human understanding, capability and capacity limits – AI will eventually augment decision-making.

AI is still limited in its understanding of the human reasoning process. For example, why a decision was made a certain way related to the construction and application of scenarios. Humans have the benefit of learning over time, through experience and experimentation. AI systems fuelled by machine learning will eventually be able to do the same.

Over time, AI will play a key role in optimising the use of data in business. For example, the use of AI in scenario planning will help to make sense of the explosion of data being created.

A Forbes article[16] succinctly defined scenario planning:

"Scenarios are alternate futures in which today's decisions may play out. They are stories with beginnings, middles and ends. Good scenarios have twists and turns that show how the environment might change over time."

In some ways, scenario planning can serve as low-cost insurance policies. An organisation is less likely to be overcome by an unexpected change if various scenarios have been formulated beforehand. They can also be used to identify "white space opportunities" where no products or services are currently in place to serve customer needs, or that less informed competitors are aware even exist. Every scenario ends up with its own set of implications that suggest what needs to be done.

Any good scenario and resulting strategy will be built on a foundation of data.

15. "AI shows value and gains traction in HR", 13 March 2020, Gartner **16.** "Scenario planning and strategic forecasting", 8 January 2015, Forbes

Making sense of data does not come cheap. Consider that organisations need to have the ability to properly assess external market research data, internal company data, and will need to deal with the added complication of limited human capability to analyse data. That's where AI comes in – as an aide to gather, process and analyse the data – and then present multiple scenarios to business leaders.

While COVID-19 threw an unforeseen, hugely disruptive spanner in the works for long-term business strategies, now is the time to look beyond COVID-19 and consider long-term workforce strategies.

Making it happen

To optimise the impact of AI and utilise it for scenario planning, new roles will need to be created. According to Deloitte[17], in addition to 'AI builders', organisations will need 'AI translators', who bridge the divide between the business and technical staff – both at the front and back ends of building AI solutions. These AI translators will include:

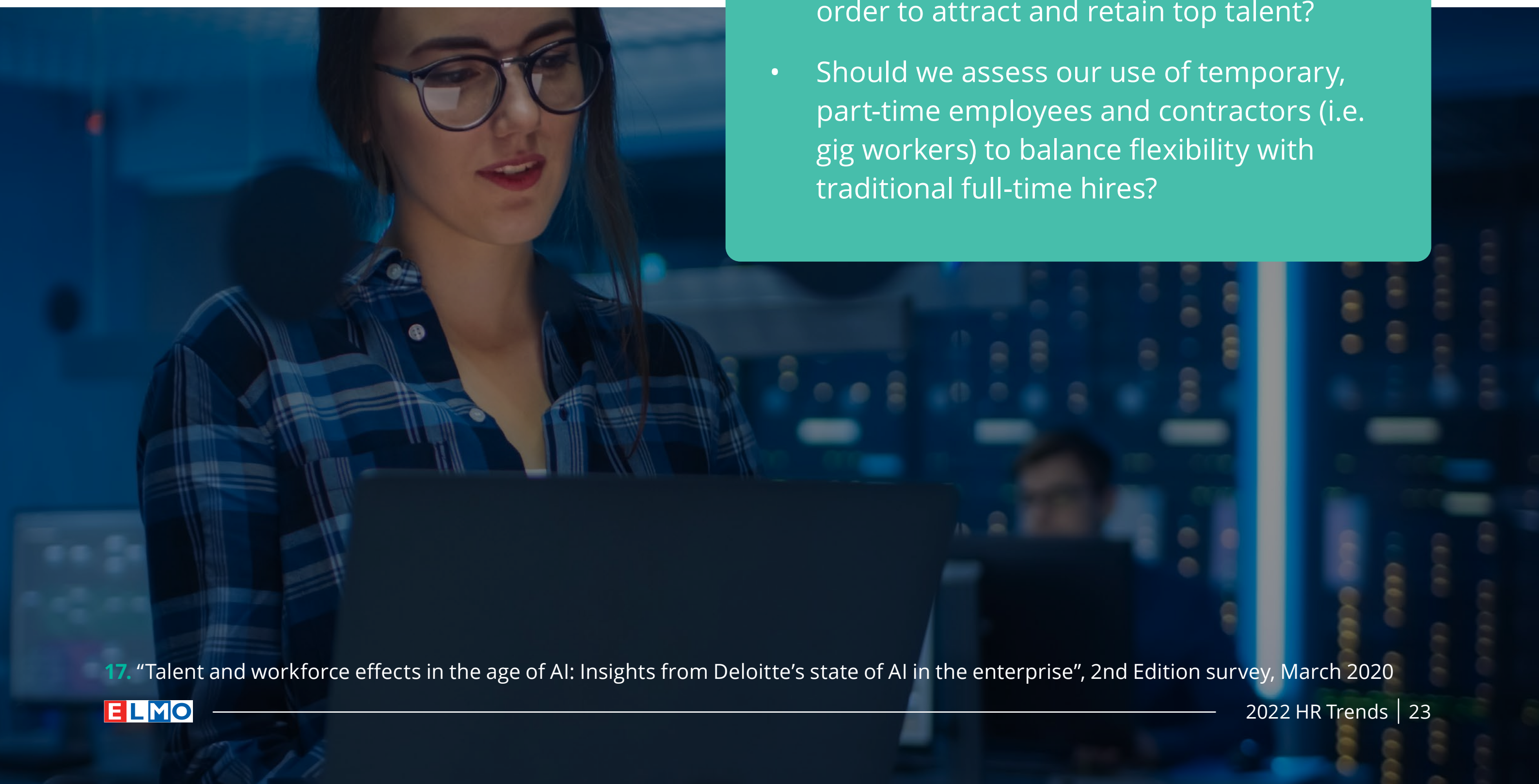
- Business leaders to translate business problems / needs into requirements that guide the building of a solution, and to interpret results from an AI system and make decisions
- Change management experts to implement change strategies and help integrate AI into the organisation's processes
- User experience designers to make AI systems easier to navigate
- Subject-matter experts to infuse their domain expertise into AI systems

It's clear that HR will need to be more agile than ever before to understand, manage and constantly improve organisational performance. Data, AI and new skills will be crucial to making this happen in 2022.

Sparking questions:

Each of the following questions may spark any number of scenarios – and are worth considering as starting points post-coronavirus:

- Do policy changes in response to the pandemic reflect a 'new normal', and if so, what adjustments need to be made to policies and programs to make them sustainable in the long-term?
- Have we stress-tested our workforce plans to respond to compound events (e.g. pandemic, major storm, cyber-attack)?
- Do we need to change our strategies around flexible work arrangements in order to attract and retain top talent?
- Should we assess our use of temporary, part-time employees and contractors (i.e. gig workers) to balance flexibility with traditional full-time hires?



17. "Talent and workforce effects in the age of AI: Insights from Deloitte's state of AI in the enterprise", 2nd Edition survey, March 2020

How ELMO can help

Whatever the future holds, 2022 is guaranteed to present just as many opportunities as it does challenges for HR professionals. We're with you every step of the way.

ELMO Software (ASX:ELO) is a cloud-based solution that helps thousands of organisations across Australia, New Zealand and the United Kingdom to effectively manage their people, process and pay. ELMO solutions span the entire employee lifecycle from 'hire to retire'. They can be used together or stand-alone, and are configurable according to an organisation's unique processes and workflows. Automate and streamline your operations to reduce costs, increase efficiency and bolster productivity.

For further information:

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