

Virtual HR - The Irresistible Force?

By Jamie Liddell

Among the many difficulties facing the HR community today, perhaps none is proving as intractable nor as profound in its ramifications than the question of how to respond to the rapid automation of the discipline. The rise of "virtual HR" challenges the very nature of human resources; with more and more companies opting for increasingly hi-tech solutions devolving growing portions of the core HR burden to the end-users themselves, what is the nature of the role to be played by the remaining human participants within the process? What are the new [organizational structures](#) emerging from the interplay with the technology and how do these behave when put under the stress of, say, a financial crisis, or a 'flu pandemic?

What exactly defines "virtual HR" is a matter of debate among HR practitioners and others - an issue further colored by the fact that many businesses and proprietary systems include "virtual HR" in their names or brands. Generally, if simplistically, it refers to the integration of information-enabled [systems](#) and automated processes into the practice of HR and the daily engagement of HR's various functions. How this occurs and what this entails vary so widely from organization to organization - ranging from automated vacation-request processing to running training sessions through Second Life - that defining the term precisely seems like a discipline in itself.

For Tim Palmer of PA Consulting one specific aspect of virtualization stands out. He highlights a crucial change in HR practice in recent years: a shift in the point of service delivery.

"Virtual HR isn't a term that I'd typically use," Palmer says. "What has happened over the past 14 years or so, in parallel with the rise of the Internet, is the increased use of self service capabilities to deliver HR services. For me, this self service comes in three main ways: employee self service - employees doing HR work online themselves; manager self service - managers doing HR work online themselves; contact-center based service - all parties using a remote voice-based service to perform HR tasks themselves. In almost all cases, these delivery channels have replaced talking to an HR human who will do the work with or for you."

Palmer's organization's work with clients in this area in recent years has been diverse. Solutions, he says, have been developed "through the use of: self service modules within traditional ERP applications, such as SAP and PeopleSoft; software-as-a-service-type applications, which are predominantly accessed via the Internet and are used to provide specific HR services - typically concerning things such as recruitment, assessment, [performance management](#), talent management and compensation management; more rudimentary intranet based services (many companies still use more simple html based self service tools); reporting and analytics tools; outsourcing, where the above methods are incorporated into the offer or solution of the outsourcing provider."

The software-as-a-service (SaaS) model, growing as it has alongside a shift in focus towards SaaS in the wider business and social environment, poses some especially taxing questions for HR practitioners. It offers the prospect of removing virtually (that term again) all the immediate resource burden from the organization, with the majority of contact now taking place "off-site" between the end user and the systems

of a third-party software provider. The potential cost-benefits - particularly attractive given the ongoing economic troubles - are significant, from start-up through to full employer engagement.

"The SaaS (Software as a Service) marketplace has advanced to the point where an HR shared services organization can be enabled entirely through the Web," enthuses Shared Services Institute president Jim Scully. "The core enablers - HRMS, Case Management, Knowledge Management, and Telephony (IVR, ACD, CTI) - are all offered on SaaS platforms. The implications for shared services are major, especially for mid-size organizations who previously could not afford the capital startup costs of shared services. What does this have to do with virtual HR? Everything. Since SaaS products are delivered via the Web, a shared services rep can be located anywhere there's a high-speed internet connection. The time for virtual shared services is now. Jet Blue, the discount airline, has 1,000 home-based reps. Many customer services organizations take advantage of home-based agents. It's just a matter of time."

Such an approach might not be appropriate for all organizations - the nature of certain blue-collar roles in particular can make constant access to internet-enabled hardware a tricky proposition - but it's definitely proving an increasingly attractive option for many. The fact that SaaS retains a degree of impenetrability to many, and can thus be touted as an innovative, blue-sky solution to a sea of troubles, certainly isn't hurting its cause.

Clearly, companies don't have to go the whole SaaS hog to enjoy the benefits of some degree of "virtual HR". The attractions evangelists give virtual HR over "traditional" HR are easy to acknowledge: "The major advantages of working this way," says Tim Palmer, are "lower cost of ownership; more flexible cost base; easier access to services; 24x7 availability; more sophisticated reporting and analytics."

Pressing the demands for cost-reductions may be, but the impact of the increasing trend towards "virtualized" HR services and increasing self-service goes well beyond the bottom line. Just as the rise in social networking and the development of the idea of the online self is changing the way in which social interactivity occurs in the wider world, the shift in the relationship between employee and HR - between user and provider of service - must surely have some consequence for the relationship between employee and the wider organization?

In an interview last year with the Shared Services & Outsourcing Network, HR heavy-hitter Dave Ulrich warned of the possible negative ramifications of the "switch to digital": "Technology has good and bad news. The good news is efficiency, connect 24 hours a day, and distributed work. The bad news is isolation and lack of emotional connection. Not over-relying on technology will help HR do a better job."

That "*lack of emotional connection*" could prove especially problematic during a stressful (for employer and employee) economy when industrial disputes have a habit of coming to the fore and the lines of dialogue between parties tend to prove more tense. Existing prejudices against the proliferation of call centers, for example, have been seen to be magnified among discontented workers whose primary grievances may be very different. Proponents of a more automated HR model can and do blame such situations on faulty engagement or a host of other factors, but regardless, the mere fact of the question arising is proof of the added complexity generated by increased virtualization.

Even the "softer" elements of "virtual HR" such as the use of virtual technology for meetings and training, by virtue of the new possibilities they're creating, are throwing up new potential obstacles to the smooth interaction between HR and employee and hence to the smooth operation of the HR function. These range from the apparently superficial (how long will it be before every Fortune 500 organization has an official dress code for the avatars of company employees?) to the increasingly profound: how should we understand, for example – and to continue the theme – the behavioural consequences of looking an avatar, rather than their flesh-and-blood counterpart, in the "eyes"? You might not consider that a serious issue – but with more and more business (both within and outside individual organizations) conducted in [virtual environments](#) it's only a matter of time before such factors pop up in court where the legislative environment on this topic remains nebulous at best, and it may well be those companies that don't take them seriously now that bear the brunt of, for instance, actions brought by disgruntled employees unhappy with the way the technology was handled.

Tim Palmer of PA Consulting agrees that there is a danger of "less connection for HR professionals with the employees and line managers", the deeper the automation goes.

"[An] issue is the disconnection that can result between the HR professionals and the employees and managers," Palmer explains. "Where previously they would know the people in the organisation, because they interview them, meet them, help them. Now they don't, which makes it harder for them to get under the skin of the organisation and its culture. There are techniques for dealing with this, focused on giving the HR professionals a reason to engage with the workforce."

Palmer points out that one problem is that automation and virtualization in HR – often viewed as a panacea – can't (yet) be applied across the board. Many organizations have been guilty of supposing that their problems can be answered in one fell swoop by removing as much as possible the "human" from the HR equation.

"There are limits to how far you can push virtualisation," Palmer confirms. "There are transactional things that you can do online and do better. However 'human intervention' is needed in at least five places. Someone has got to manage the technology environments to enable this to happen: populate the learning catalogue with approved courses. Someone has got to do the decision-making and policy-type work to enable this to happen - e.g. decide which training courses should appear in the learning catalogue. Someone has got to do the processing that sits behind the technology, get the materials for the training course to delegates and set up the room where the training will be delivered."

"Certain transactions cannot be delivered on a self-service basis: disciplinary support, health and safety records-keeping," he continues.

"Someone has got to interpret and use the data" (regarding which, Palmer adds, there is a "risk of data quality being poor, especially when managing a central [system](#) in a global organisation, with a dependency on local resources to maintain the data") "that is made available through better systems - this is the new job of the HR professional that is enabled by effective virtualisation."

"Interpreting and using data" might always have been core HR specialties – but it seems a remarkably impersonal requirement for "human" relations activities when viewed from the perspective of an end-user requiring assistance. Of course everyone likes to view his or her own concerns as particularly meritorious of individual human attention – but where previously the end-user has been shielded from the reality of simply being HR "data" by the physical reality of human contact, the proliferation and deepening of self-service systems is making it trickier and trickier to maintain that fiction, contributing further to the "disconnection" highlighted by Palmer.

Of course, the possibly increased disconnection between end user and practitioner/provider – and therefore between employee and the organization – is only one of the new challenges thrown up by the emergence of "virtual" HR. The shift in emphasis from "traditional" "Personnel"-type HR operations to the new horizons opened up by automation and self-service signifies the replacement of old headaches with new ones (in the hope, obviously, of reducing the overall headache quotient). Some of these headaches (such as an increased focus on data protection with regards to confidential employee information) have clear counterparts in the wider business environment, and thus are accompanied by a number of time-honoured and established approaches for risk-reduction. Others, however, are specific to the discipline of HR itself and to this period of extraordinary change it is experiencing.

Alongside the aforementioned disconnection, Tim Palmer of PA Consulting outlines four of the most awkward challenges which he sees as arising from the accelerating trend towards "virtualization".

Palmer points first to the issue of data protection alluded to earlier: "If you are capturing or giving out sensitive or important information," he says, "such as might be required when recording a health and safety issue, you cannot rely on this to be done accurately, without the intervention of a qualified professional who understands what is required."

This challenge in particular is likely to remain a thorn in the side of many working within the field, since ever-shifting data-protection legislation (across multiple legislations, to boot) and the occasional media storm resulting from any (usually state-sponsored) lapse which enters the public domain, renders it unlikely in the near-future at least that any technology will emerge which could remove this burden from human shoulders to the complete satisfaction of the organization's movers and shakers. Legally speaking, to do so at present would be at best careless; more relevantly, practically speaking the challenges being faced by organizations lie not around removing the human element completely from this equation but around how to streamline the process sufficiently to keep human involvement minimized, while optimizing the [systems](#) framing that involvement.

"Technical and data integration is a second issue," highlights Palmer. "The more clever toys that people buy to capture, present and analyse data, the more difficult and costly it is to integrate data and ensure data quality. HR needs to learn new skills in maintaining an appropriate architecture for its processes and tools."

The appropriateness of that architecture, of course, is currently colored in almost every instance by the peculiarly negative global economic environment and the desires of savings-hungry boards for improving steps which don't take a vast chunk out of the bottom line. However, even at the best of times HR has a responsibility to

keep costs down and the emergence of more and more "clever toys", as Palmer explains, threatens the ability of the function's practitioners to keep at the cutting edge while keeping within budget. As anyone will testify who's struggled to keep the acquisitive natures of their IT boffins – to take a stereotypical example - in check, the natural tendency of practitioners to want the very best, newest and flashiest kit can often result in clashes; HR needs to find a happy medium and remember that the needs of the business, rather than any one department thereof, need to be driving any ultimate decision on investment.,

"A third issue," continues Palmer, "is process integration. There's no point having clever software, if the business process that underpins it (for example learning content fulfillment) lets the process down."

The need for process purity should of course be familiar to anyone working within a shared service-type or outsourced environment and is a field where HR has been able to learn much from other areas of business. A variety of [process improvement](#) methodologies have of course been at play within HR for some time (another apparently radical departure from traditional "core" HR activities but, as such, another indication of the strength of the wind blowing towards virtualization) and as more and more of the work currently carried out by the human actors within HR becomes automated, new process-facing roles will emerge. From which elements of the business they will be filled (ie, will they be roles for a new breed of HR specialists, or for next-generation process wonks) has yet to be decided.

Finally, Palmer believes, "a fourth issue is access... Most self-service tools work well in environments where people have daily and private access to PCs. But in blue-collar environments, or with mobile workforces, they can be wholly inadequate."

This may in the end prove to be one of the most intractable challenges – but also, perhaps, creating an arena in which "traditional" HR practices can – indeed, must – still thrive. Many of the jobs upon which modern industrialized societies are founded simply aren't suited to a hyper-automated, virtual HR environment. Furthermore – and at the risk of venturing into an area of very urgent and often aggressive sociological debate – it remains the case in every society that a proportion of those moving from education into employment do so ill-equipped to make the most of tech-heavy [HR systems](#). This is likely to remain the case for the foreseeable future – as is the requirement by modern economies for the kind of labor which doesn't "have daily and private access to PCs", in Palmer's words. As such, the need for "traditional", human-resource-heavy HR is unlikely to disappear completely. Indeed it may well be the interaction in the nebulous space between "traditional" and "virtual", or "old" and "new" HR, which sees the greatest and most revelatory leaps forward in the discipline over the next decades.

It is clear, then, that for all its undoubted benefits, the trend towards automated or technology-assisted human resources is throwing up a number of new and potentially destabilizing challenges for HR practitioners. How to overcome these challenges - or at the very least navigate through them with the minimum of discomfort - will, it seems, remain a critical question for the HR community for the foreseeable future; even the most cursory glance at, for example, some of the presentations and debates featured at SSON's 6th Annual HR Shared Services & Outsourcing Summit, held in Chicago in May this year, reveals both the degree to which this issue is dominating discussions and the diversity of the emergent

challenges: "Striking The Right Balance Between People & Technology: Optimizing The Automation Model To Ramp Up The Productivity Of Your HR Services While Retaining The Human Touch"; and "Leveraging Technology To Gain Top-Level Visibility For Your Succession Planning Pipeline", to cite but two.

Part of the responsibility for ensuring that some of the problems highlighted in previous installments of this article are avoided (or at least dealt with to the satisfaction of all concerned) must, of course, rest with the creators of the technology, processes and systems comprising "virtual HR". If the most oft-quoted and potentially devastating problem associated with technology-assisted HR operations - the "disconnection problem that can result between the HR professionals and the employees and managers", in the words of PA Consulting's Tim Palmer - is to be avoided, it's obvious that the designers of the technology itself need to keep the avoidance of that disconnection as one of their top priorities. While it's clear that a degree of flexibility and a willingness to change must be demonstrated by the end users of any new system - as mandated from above - these efforts will be wasted if said end users are confronted with "inhuman" systems and processes which both alienate and confound them.

[Software architects](#) can create the sleekest, fastest and most powerful kit on the market but if it's unable to engage the end user it will almost certainly lead to resentment and "disconnection". Millions of dollars are being spent developing "people-friendly" systems which combine the advantages of virtualization with the benefits of the human touch: it's safe to say that this is still a work in progress. While "the needs of the business" for cost-effectiveness, speed, quality of reporting and the rest of course remain paramount, in the case of HR it's vital for all concerned from conception-stage onwards to bear in mind the possible requirements of the end user - who could be any one of many thousands of very different and disparate individuals across a multinational business.

This indeed is one area where existing HR practitioners with an aptitude for technology can help to shape the HR function of the future. It's not just about entrepreneurial types sniffing an opportunity to earn big(ger) bucks in the IT creative powerhouses: there are so many different HR-related products in the marketplace now, and so many different and potentially tortuous routes to market, that a provider looking to strike it big simply can't afford not to include HR practitioners at the deepest possible level of design to ensure a product that works on all requisite levels, not just the bottom line. As such a growing number of current HR practitioners globally are stepping outside their organizations (in many cases permanently) getting involved with the design and creation of the technology which will determine how the function develops over the next decade and beyond. Leaving it to the techies is not an option.

But the need for a "human touch" isn't just limited to externally-developed technology, of course: in-house "virtual" HR solutions and [systems](#) are just as susceptible to the dangers of disconnection, and it's absolutely vital that practitioner input during development is as profound as possible. The pressure from board level to find cheap solutions might seem overwhelming at times, but out of such adverse circumstances true HR heroes may arise, and it can only be for the good of the business in the long-term to ensure that any solutions developed in-house satisfy the human resources, as well as budgetary, requirements of the organization. One very important thing HR practitioners can do to help optimize the technology of the future

is to demonstrate this fact as clearly as possible to potentially selectively deaf board members - no-one ever said it would be easy...

It's key to remember, too, that it's not just at the most automation-heavy end of the virtualization spectrum that the requisite degree of "humanity" needs to remain in play. As with many other facets of business and society, the rise of self-service HR technology has resulted in the parallel rise of call-center or contact-team set-ups; as with contact centers the world over, these set-ups risk being viewed with suspicion by end users at the best of times and problems can be seriously and rapidly exacerbated if the aforementioned "disconnection" begins to creep in.

Helen Dickens is Senior Manager, EMEA HR Direct Services for Symantec, a global security, storage and [systems management](#) solutions provider. During her time in her current role she has spent a great deal of energy implementing an HR helpdesk which provides as "human" as possible an experience to those Symantec employees requiring its services.

"With remote or virtual HR there needs to be a concerted effort to bridge the gap between the human query or issue and a desire to drive business efficiencies by automation and technology," Dickens believes. "The key goal is to ensure that employees are engaged with the organization and not turned off by a faceless and impersonal employer. I have worked to build a credible HR Helpdesk and to overcome some of the criticisms about remote or virtual HR being impersonal.

"One of the key areas of focus at inception was to explore what experience the customer would have of our helpdesk. I was adamant that we would have a personal and friendly approach. This was achieved from a combination of simple steps such as using a lovely local Irish accent on the phone menus (as opposed to the corporate American one). We have not gone along a heavily scripted route on our phone lines, and in our training our agents devised their own greetings and sign-offs. The approach is therefore more individual and flows more naturally."

As Dickens explains, her organization has gone to great lengths to ensure that the tendency towards dehumanization which has blighted so many contact centers across the world is avoided at all costs: "One of our 'rules' is that we also refrain from asking someone's employee ID number and use other methods of security checking when needed. We want people to feel as if they are a person to us rather than a number. We also make sure that we say 'congratulations' if someone notifies us of a new family member for their healthcare policy and make personalized replies as much as possible. This tends to be intuitive from the members of our team rather than forced."

Dickens is proud of the success she feels she and her team have achieved in a comparatively short time.

"This," she says, "was one of our customer feedback comments: 'Actual human beings knowledgeable in HR answering your HR-related questions! What more could you ask for??!! Very good tool.' I have also profiled our 'typical customers' based on our user demographics which enables us to focus on the end user. We can then put ourselves in the shoes of our customers by thinking through the implications of our service for Katy in Finance in Dublin or Patrik in Sales in Stockholm."

Including such a determinedly human element in an increasingly automated HR set-up might seem at first glance to be almost the antithesis of "virtual" HR; however, says Dickens, her department remains very much technology-enabled despite the organic nature of the contact center. Indeed, the very fact of humans staffing the center and dealing directly with individual queries has given rise to new technology-enabled tools.

"One of the benefits of creating an HR helpdesk has been the use of technology to track trends in transactions and queries," Dickens explains. "This provides the HR team with a constant stream of feedback on what our employee population are doing and thinking at any one time. Careful construction of meaningful metrics enables the HR team to identify common issues across the whole spectrum of HR activity from employee relations to systems. Actions can then be taken to address issues and improve education or information. The net result is a better experience for our end user and a stronger employer/employee relationship."

Solutions like those found by Dickens and her team are, of course, specific to a given organization - and the wider view of that fact is that for each of the challenges thrown up by the trend towards technology-enabled, "virtual" human resources, there may be a variety of specific solutions to suit each organization, or even each industry or sector. However, the bottom line remains that while the virtualization juggernaut rolls ever onwards, with all the many benefits that that entails, many of those solutions boil down to the requirement to keep humans involved at some levels at least throughout whatever human resources architecture exists.

In many areas of business the degree to which automated systems can replace hands-on human involvement is all but unlimited: one only has to look at the incredible benefits yielded via maximum automation by providers in the F&A arena, where costs per transaction have been hammered down to a remarkable level, to see the attraction of such potential. But within the HR arena things are and must be different, since the "transactions" in question involve not mere figures to be moved along a binary highway, but that most complex and potentially disruptive of elements, the human being. Keeping at least a limited human presence in the new structures, from conception through design and implementation to full operation, can provide the flexibility and responsiveness which can go a long way to preventing the "disconnection" which can prove so destabilizing within any workplace.

Automation and virtualization have done, are doing, and will do great things for organizations looking to optimize their HR functions; it's now up to HR practitioners globally to provide the counterweight to the technology, and to demonstrate to their organizations that, far from slowing a vessel down, a counterweight exists to keep it smoothly on course, speeding straight and true towards the brave new world of technology-enabled human resources.

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