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The Future of Human Resources: A Shift to a Network Driven Approach

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Abstract

[Excerpt] As companies continue to thrive in a global context, the nature of work and organizational relationships will grow increasingly complex. Initiatives will span across traditional functional and geographical boundaries, heightening the need for greater knowledge sharing and collaboration. With a higher premium placed on achieving flexibility and agility, organizations that rely on strong internal networks have been more successful at coordinating efficiency and innovation. From a talent management perspective, organizations will need to adopt a more network-centric approach to foster leadership effectiveness within this new context. Just as the human resources arena has recently evolved from an individual-focused, personnel-service mindset to a team-oriented framework, the next decade may require human capital strategies to further shift to a network-driven mentality.

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THE FUTURE OF HUMAN RESOURCES: A SHIFT TO A NETWORK DRIVEN APPROACH

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Introduction

As companies continue to thrive in a global context, the nature of work and organizational relationships will grow increasingly complex. Initiatives will span across traditional functional and geographical boundaries, heightening the need for greater knowledge sharing and collaboration. With a higher premium placed on achieving flexibility and agility, organizations that rely on strong internal networks have been more successful at coordinating efficiency and innovation.[1] From a talent management perspective, organizations will need to adopt a more network-centric approach to foster leadership effectiveness within this new context. Just as the human resources arena has recently evolved from an individual-focused, personnel-service mindset to a team-oriented framework, the next decade may require human capital strategies to further shift to a network-driven mentality.

Definition and Network Benefits

Though the team format will certainly not disappear in the near future, ignoring the merits of a network approach will limit the execution options for a company. More importantly, such a narrow focus on the team context prevents HR from maximizing its organizational impact. HR needs to be equally prepared to enable leaders to perform within a network-centric environment.

For definitional purposes, a network consists of a large, informally defined group of professionals who often possess a wide range of expertise. In contrast to a team, a network may not designate specific group leaders and usually functions as a long-term forum for mutual consultation. It is not necessarily responsible for a targeted objective or project that needs to be accomplished within a stipulated time frame.

Instead, the structure and contextual traits of organizational networks allow for specific benefits. For instance, the broader range of expertise within networks can offer more diverse solutions to organizational issues than individual teams. This functional range, in addition to a wider span of leadership levels within a network, can also help enhance the credibility and leverage needed to push through new initiatives or operating models. The flexibility of networks may strengthen leadership capacity as well.[2] For senior managers or executives who may not have the time to contribute to full-time teams, a network may provide a more ideal setup for them to offer consultation on an ad-hoc basis. A network analysis can also identify employees who consistently leverage network relationships and

proactively contribute to such collaborations, even though they may not be recognized as high performers based on individual performance.[3] Networks allow for the sharing of best practices, client contacts, and mentoring resources through organic, employee-initiated interactions.

A focused network might also advantageously serve as a more inclusive context than smaller teams. In a recent study on joint decision-making and collaboration, Wharton researchers Jennifer Mueller and Julian Minson explored the potential for teams to become more insular and consequently less efficient. They found that working together in teams encourages individuals to be less receptive to external feedback.[4] Their experiment demonstrated that team members exhibited a lower tendency to incorporate external information and modify opinions in response to such new data. Mueller and Minson identified confidence as a mechanism explaining this correlation –a team setting built higher confidence and conviction in the accuracy of one's group responses.[5]

Networks, on the other hand, could potentially mitigate this drawback, as members operate individually and usually form independent judgments before consulting each other. Research indicates that network transactions are not only more balanced but also exhibit a stronger learning orientation, higher trust levels, and a longer-term duration. [6] Networks offer an alternative to traditional working relationships that might be inadvertently weakening the opportunity for inclusive, open discourse.

Current Trends

HR practices today have already started to reflect a network-driven methodology. This consideration of the collaboration matrix beyond the team level has impacted areas such as staffing, training and development, performance management and compensation, and employee engagement.

Staffing

In addition to the use of traditional employee referrals, the staffing and recruiting function has heightened its focus on networks through social media tools. The emergence of social networking websites such as Facebook and LinkedIn has obviously facilitated the ease of execution with such efforts. According to social recruiting firm Jobvite's *Social Recruiting Survey 2011,* 84 percent of surveyed recruiters employ LinkedIn for candidate searches, whereas 64 percent of the participants used two or more online networks.[7] Some companies have applied a similar approach internally through employee profile systems that help managers to staff projects. For instance, global design firm IDEO's internal platform allows leaders to select talent through profiles that highlight individual capabilities, performance ratings, and even contributions to collaboration and knowledge sharing.[8] Employees use the same tool to discover project opportunities within the organization. Through these technology platforms, staffing teams and hiring managers can explore more expanded avenues of talent and establish organizational connections for potential future collaborations.

Training and Development

Many organizations have already employed a network mentality as the foundation for their training and development initiatives. Formal coaching and mentoring programs, for instance, are increasingly global and cross-functional in their scope. Leadership development programs, centered on either individual training or a specific cohort action project, now aim to heighten collaboration through identifying and leveraging advisors from peer networks. For instance, KPMG Australia has implemented an internal platform that enables leaders to connect in analyzing consumer issues from different client teams, while grocery store conglomerate SuperValu has utilized social profiles to facilitate knowledge sharing among store managers across its various brands.[9]

Performance Management and Compensation

To truly transform network-based collaboration into an integral part of an organization's culture, HR should consider incorporating such criteria into performance management systems. Employee competency models tend to assume an individual-centric framework, but many are beginning to include collaborative and network-building behaviors (such as the IDEO employee ratings described earlier). Though collaboration and network relationships may be more difficult to capture than other performance measures, they are not impossible metrics to define and acquire under a standardization attempts. For example, employee bonuses at some organizations are based on an individual's efforts to strengthen network ties. Integrating such a network-oriented mindset into the performance appraisal and compensation processes will cultivate the perception that collaboration is an integral component to job roles.

Employee Engagement and Retention

In terms of fostering higher engagement among talent populations, organizations have utilized larger network tools (such as online social networking platforms) to enhance organizational commitment. Such platforms provide forums for employees to share professional and personal insights, participate in organization-wide discussions and planning, and strengthen cross-functional relationships. On a smaller scale, some companies have introduced mentor networks to new employees that consist of individuals from outside their immediate teams. Employees ideally become more socially embedded in the overall organizational community through these network-driven engagement campaigns.

Even beyond retention for current employees, some organizations have pushed this approach to include alumni. Organizations present former employees with opportunities to consult for specific projects, mentor, or participate in engagement or development events. IBM, for instance, created the Greater IBM Connection, which serves as an exclusive online community for current and former employees to connect through professional development events, forum interactions and IBM job opportunities.[10] If logistically and strategically appropriate, HR can shape employees' envisioning of the organizational network as one that spans beyond employment terms and aligns with

career longevity.

Future Direction

Moving forward, the field of human resources should further embrace the described network framework in developing talent management initiatives. Depending on industry and specific business goals, some organizations will obviously continue to rely on traditional team models. But this change will not require a complete abandonment of former methodologies. Instead, an integration of this network approach into existing programs and policies will facilitate collaboration, talent development and knowledge sharing. Adopting additional network-centric tools will only further reinforce an organization's ability to leverage its resources and flexibly adapt to environmental contingencies.

A stronger network-driven approach for human resources will also help transform the profession into a model of continuity. In other words, HR initiatives will start to shift from episodic processes to more of a continuous cycle of talent management, mirroring the ongoing activity of networks. Practices such as recruiting, performance appraisals, engagement assessments, and professional development will occur on a more constant basis than the defined annual touch points and other frequencies currently employed. Fostering a network mentality within HR will not only promote collaboration but also a deeper integration of the HR function into daily business operations. א

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