



THE RESURGENCE OF HUMAN CAPITAL MANAGEMENT

A woman with curly hair, wearing a yellow sweater, is seated at a wooden table. She is looking down at a document in front of her. To her left, another person's hands are visible, also looking at the document. The background is a blurred office setting with a window and some furniture.

Twenty years into the future, people will not only view 2020 as the year where the COVID-19 pandemic gripped the world but will also consider it as a watershed moment for human capital management (HCM). Over the last six months, companies have restructured how they conduct business by viewing performance through a new lens, reorganizing supply chains, and establishing remote operations for both the customer and employee.

While employees always were an essential constituent of business performance, customers' interests usually took precedence. The pandemic highlighted employee criticality for business continuity and prompted employers to consider employee experience as strategic to business interests and as critical as customer welfare. Organizations today are more aware and willing to shoulder the responsibility for their people's welfare, health, and even existence. In a recent McKinsey survey, 80% of close to 900 respondents said their company leadership had acted proactively for their welfare¹.

The HCM practice at Infosys is actively tracking the situation and identified five fundamental changes in the HR arena.

- 1. Uptick in adopting technology** - Gone are the days when most business transactions took place in person. In fact, physical presence was assumed to be a critical success factor. The pandemic has turned this assumption on its head and pushed companies to develop innovative ways to conduct business virtually with the customer. It automatically spells more use of technology - digital transformation and contactless technologies have assumed significant importance this year. Videoconferencing is a classic example of a technology that has penetrated all spheres from business meetings to online education and even doctor consultations.
- 2. Shift to lateral ways of thinking** – Organizations have transformed in the last six months to cope with the unprecedented circumstance and have demolished previously cherished beliefs on change management. Today, no activity is impervious to change, and it applies across the organization from business leaders to employees and customers. Irrespective of the complexities involved, the pandemic has demonstrated that change management is possible when needed. Change management is a significant differentiator, and those who adapted have navigated the pandemic successfully.
- 3. Enhanced collaboration** – In the past, people tended to work in silos. With remote working, there is more need than ever to collaborate. Collaboration tools such as Zoom, Google Meet or Microsoft Teams have made it simple to interact with people. However, expect to meet your colleague in their dining or study room and get more exposure to their personal life. Virtual working environments will make people more tolerant and receptive to the gig workforce. Thanks to the COVID-19 pandemic enforcing restrictions

on travel and social distancing, organizations were compelled to act in top speed to enable their employees to work from home or remotely.

- 4. Employee-centric organizations** - HR professionals have discussed much on improving the employee experience and elevate it a level akin to retail customer experience. But the discussions translated to little action on the ground. The accelerated changes turned out for the better and gave employers a new perspective into employee engagement. Now, companies are exploring ways to turn such quick-fixes as laptops or own device enablement for employees into more sustained measures to care for their remote worker. Some companies agreed to share wi-fi bills or sponsor additional computer hardware such as headphones or keyboards. Another vital area that companies are investing in is emotional and mental health. In addition, they are actively seeking flexible workforce solutions. An uncertain environment is a catalyst for a gig workforce, making it easier for employers to cut costs and support a remote office environment. GigSmart, a staffing company, said that it experienced a 25% increase in demand for its gig economy apps ever since the pandemic broke out.²
- 5. Growing empathy** – Typically, organizations handled spikes and dips in demand with a hire-and-fire approach. Since the onset of the pandemic, organizations experienced a sudden and severe drop in business, which in turn had a devastating impact on employees. At the same time, the universality and starkness of the situation induced more empathy in the way organizations handled their employees. They resorted to pay cuts, furloughs, or lowered working hours instead of layoffs, signaling a massive change in approach. Employees also have become more empathetic to each other, and voluntary pay cuts have been seen around to save the jobs of fellow workers.

The threat of COVID-19 is immediate and now. Increased empathy, acceptance, collaboration, and adoption of technology tools must happen concurrently; else, organizations face the risk of losing business or people or both. Some examples testify to both possibilities. Those businesses that failed to adapt or could not shift from a physical presence model experienced a sharp drop in revenues or, even worse, were forced to shut down. The Indian restaurant aggregator Zomato rewarded the loyalty of those employees who voluntarily agreed to a pay cut with stock options.

Employees segregated work and personal life before the pandemic. In stark contrast, the boundaries between personal and professional are blurred today and will continue to be so in the post-COVID era too. Psychological, physical and technology dimensions influence new business models. Organizations must equip themselves to handle these changes to thrive in the post-COVID environment. They must accept the permanent changes to lifestyles of employees, ways of thinking and learn to deal with mental illnesses.



To handle the large-scale shifts sweeping business organizations and ensure a sustained positive work environment, here are three more recommendation for companies to consider -

- 1. Aim for the long-term** – Companies must take all efforts to ensure that they persist with the new habits inculcated during the pandemic, such as employee centricity, empathy and willingness to change. These changes are not only for the short-term and essential for a business to truly thrive over the long-term.
- 2. Collect data responsibly** – With a significant percentage of employees now working remotely, employers

collect more data as they monitor employee activity, health, productivity and engagement. Industry analyst Gartner said that 16% of companies are using technology more frequently to track employees³. Data privacy, data gathering techniques and data usage come under scrutiny as a result. Companies should employ best practices to gather data and ensure responsible use of it.

- 3. Engage with the employee** – The pandemic has made people vulnerable and fearful of the virus, especially the middle-age employees. It takes considerable effort to continue in the same mental state as before.

Organizations now have the additional responsibility of addressing the psychological health of employees. Techniques such as exhibiting empathy, safety measures and reward mechanisms are worth considering. In turn, they will foster a positive environment that will facilitate clarity of thinking and ensure sound business decisions.

Employees have always been a critical ingredient for an organization's success, and today that has been proved irrefutably. Organizations must seize the opportunity and institute best practices to keep employees engaged, motivated, safe, and healthy in a sustained manner.

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Jitendra is an Industry Principal with Infosys and has invested 26 years in HR domain and IT consulting across different industries and countries. While he manages SAP SuccessFactors practice globally for Infosys, he also is an active mentor for new breed of consultants, while propagating the diversity mantra in leadership situations. In his spare time, he is an avid reader of short stories.

References

- ¹ [COVID-19 and the employee experience: How leaders can seize the moment](#)
- ² [Coronavirus Fuels the Gig Economy](#)
- ³ [9 Future of Work Trends Post-COVID-19](#)

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