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**The future of Human Resources**  
A glimpse into the future

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The best way to predict  
the future is to create it.

Peter Drucker

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# Scenario thinking

Scenarios offer a glimpse into the future and help to stress-test corporate strategy

The global economy is continually being shaken by disruptive forces that will affect both social and professional life. Not only will the day-to-day work of employees and the tools they use change, but also entire organizational processes, such as the way companies find, reward, and retain talent. The days of Human Resources (HR) as we know it at present may be numbered.

For example, shifts in the role and importance of unions in the business world, employee preferences regarding employers and working models, and autonomy in the job, will impact relationships between employers and employees, and thus affect Human Resources.

At the same time, the increasing degree of process automation has implications for employees' data security and privacy, and also for the level of specialization required of HR employees and investment in the HR department.

Thus, the questions that need to be answered are: what will the relationships between employers and employees look like in the future? And what will be the implications for Human Resources?

Whatever the future holds, it will have far-reaching consequences for the future of HR departments across industries and countries, and for the environment people work in. The objective of this study is to address these questions in a structured and thorough manner and with a focus on HR issues - well knowing that there are many more facets to the future of work that go beyond the scope of this study.

To navigate the changing HR landscape and respond to both opportunities and risks at an

early stage, an understanding of possible Human Resources in the future is imperative.

The challenge is therefore to capture the complex interaction between employee preferences and employer realities in different technological settings. This will help to identify concrete implications and develop suitable strategic options.

Scenario design provides the basis for decision-making in view of uncertainty by analyzing and structuring a multitude of driving forces in condensed critical uncertainties that will shape the future and have the potential to drive it into one direction or the other. Based on these critical uncertainties, scenarios are a means for reducing their complex interaction. They are narratives of alternative but thinkable futures that provide a sound basis for developing robust, future-proof strategies for anybody with ties to Human Resources.

Together with Deloitte experts and HR professionals we have developed four plausible scenarios to illustrate what Human Resources might look like in 2030.

In the **HR 4.0** scenario, most HR solutions are highly automated and employers are investing in recruiting and retaining the best talent. This leads to customized offerings and a thriving relationship between employers and employees.

In **Welcome to 1984**, the relationship between employers and employees has been reduced to a mere exchange of work for money. Combined with a high level of automation in the HR department, this leads to standardized, low cost HR solutions.

In an **Old School in a New Sharing World**, employers are interchangeable. At the same time, stagnating economic development and difficulties in automating HR solutions have made employers reluctant to invest in their workforce.

In the **Only Humanity Matters** scenario, companies are personal career partners for their employees. The return to old values and more stringent data regulations paired with a positive economic outlook results in personalized HR processes where human interaction is still the key.

All of these scenarios demonstrate plausible versions of how the evolution of HR solutions could play out. Let's explore each scenario in more detail to better understand the implications.

Enjoy the ride,  
Your

center  
for the long view

# Critical uncertainties

We identified key drivers that will shape Human Resources



At the outset of our exercise, we developed a holistic list of future-relevant trends and drivers that have the potential to affect Human Resources in the future. This was done with the help of expert interviews and Artificial Intelligence (AI)-based natural language processing algorithms. These identified drivers were then clustered into social, technological, economic, environmental, and political factors and rated by subject-matter experts as to their degree of uncertainty and their impact on Human Resources. The resulting list of prioritized drivers formed the basis of our scenario analysis, since it enabled the determination of the most critical and influential uncertainties in the context of Human Resources.

According to our experts' ranking, the first critical uncertainty that will determine the future of Human Resources is the quality of employee-employer relationships. The quality of relationships can either improve in terms of stronger, more long-lasting relationships, where the employer is perceived as a trusted partner in personal career development. Or on the other hand, the quality of the relationships can decline as they become less stable and more fragile, while the role of the employer is reduced to a provider of work.

The drivers underlying this critical uncertainty include the nature and balance between supply and demand for work, the degree of employee loyalty, and the importance of a healthy work-life balance. Furthermore, the degree to which employees strive for independence in their professional lives, as well as the degree of diversification in their daily jobs and tasks, will directly affect the expectations towards the employer in general while HR solutions in particular affect the expectations towards HR departments. Lastly, the level of transparency of processes within

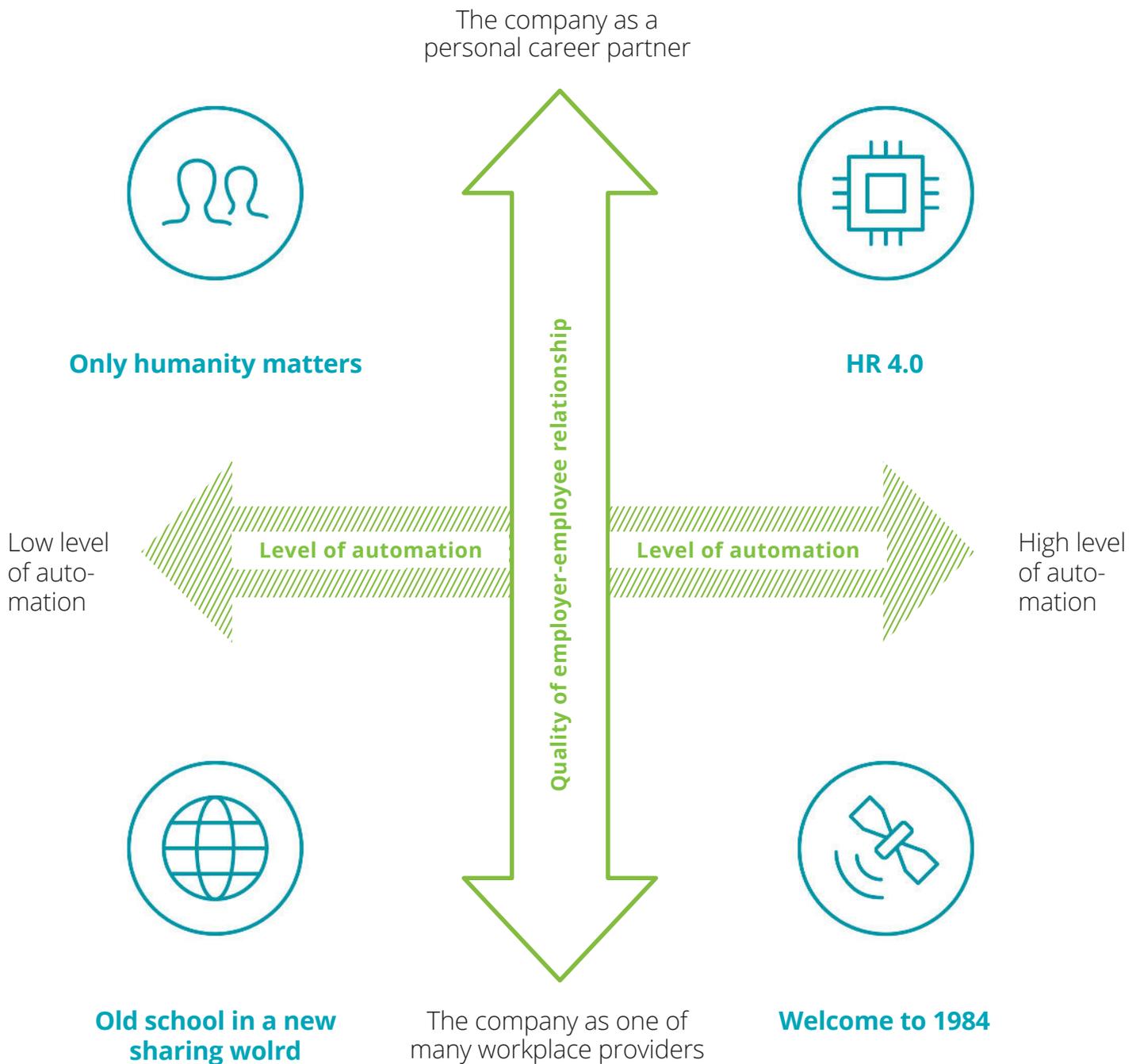
the HR department, and the role of unions in processes related to topics such as compensation, benefits, or time and attendance of employees, alter the environment in which relationships between employees and employers evolve. On the other hand, the nature of Human Resources in the future will be highly dependent on the impact of technological progress. Advances in technology and digitalization have led to the rise of automated and machine-controlled workflows that have the potential to disrupt HR departments. For instance, machine learning and AI may replace or enhance increasingly complex HR-related tasks, while cloud storage can lead to more flexibility.

Nevertheless, the continuing automation of processes is not carved in stone. Firstly, it depends largely on the complexity of the tasks related to HR and whether state-of-the-art technologies allow large-scale and reliable automation. Furthermore, since HR departments handle highly sensitive employee data, data privacy regulations, and successful encryption of data gain importance. The level of investment in HR departments and the size and specialization of HR teams will further determine the level of automation in the future.

As a result, the second critical uncertainty of our scenario framework is represented by the automation of HR processes with either automation of only selected repetitive tasks, as the competitive pressure to increase efficiency is low, or large-scale automation across the department, due to heavy competitive pressure to reduce costs and increase efficiency.

The combination of both critical uncertainties results in four plausible but highly distinct visions of the future which are illustrated here.

Fig. 1 – Scenario matrix to describe the future of Human Resources



# Four possible scenarios for the future

The days of Human Resources as we know it today may be numbered

## HR 4.0

High level of automation and the company as a personal career partner

Spurred by economic growth and easy access to capital, companies have heavily invested in new technologies. The automation of complex tasks in this world has materialized faster than expected. While many jobs have been replaced by machines, the few remaining jobs became more challenging, but at the same time, the supply of qualified workers exceeds demand for it.

In HR departments, new technologies such as AI and Virtual Reality (VR) are commonly applied to build close, long-lasting relationships with employees. In their day-to-day work, employees have more touchpoints with the HR department than ever. Services ranging from compensation and benefits to training and development are customized to perfectly match the employee's needs, and

offered at relatively low cost, thanks to the automation of HR solutions. These needs are easily identified as employees are willing to share sensitive data - new encryption technologies have brought the level of data security to a new height and the acceptance of digitalization has soared. Employees are generally loyal to their employer and identify themselves with the company they work for.

All in all, employers have become the one trusted partner for personal career development. Although unions openly criticize the accumulation of sensitive data within HR divisions, their significance has declined, as employers have taken over the helm.





## Welcome to 1984

High level of automation and the company as one of many workplace providers

Across industries, competitive pressure has increased tremendously and made companies refocus on maximizing shareholder value in the short term. Their goal is therefore to extract the most value out of the human capital they have employed. To do this, employers have invested heavily in technology whenever proven track records signaled large savings. They downscaled their HR departments' workforce to a minimum, leaving room only for highly skilled specialists to manage the technology that executes highly standardized HR processes.

Overall, companies have successfully automated most jobs to facilitate large-scale cost cutting, but managed to do so without disappointing their customers.

For many tasks, specialist talent is required and is often difficult to find amid generalist talent. Many companies are focusing their

efforts and finding and recruiting the best talent.

All in all, the relationship between employers and employees is weak in this scenario. Companies prefer to invest in machines rather than in humans, and use advanced data analytics to design employment contracts that optimize the relationship between incentive and performance. At the same time, employees do not feel appreciated and change employers often. Individuals thus want to be independent of their employer, with whom they only exchange money for work. In the end, employees increasingly turn to unions to be their partner in HR-related negotiations.



## Old school in a new sharing world

Low level of automation and the company as one of many workplace providers

After a multitude of hacker attacks revealed the low level of data security in many HR departments, buzz-words such as “value-based-compensation”, “dynamic benefits” and similar ideas have failed to materialize due to the strict data privacy laws that followed these data breaches. At the same time, the lack of data security has demystified the promises of economic growth fueled by breakthroughs in Artificial Intelligence, and put the brakes on the investment frenzy. Most jobs and tasks have not changed much in the last ten years. On the other hand, demographic change has led to an imbalance in the demand and supply of work. Many companies struggle to find the best talent.

HR departments are still among the largest teams in most companies, and a high level of

manpower is necessary to accomplish the large number of repetitive tasks. Still, HR policies are shareholder driven: HR employees do not focus on the individual and his or her personal development, but rather on matching supply and demand at the lowest cost, resulting for example in a low level of training and inflexible compensation policies. Extremely mass-customized HR solutions were, are and will be the success factor for developing and retaining talent.

In the end, employees think of companies only as a provider of a job that can easily be changed, resulting in a high level of fluctuation across the workforce.

## Only humanity matters

### Low level of automation and the company as a personal career partner

In this scenario, the economy has experienced the collapse of trade barriers and a return to old values. At the same time, the rise of Artificial Intelligence has been interrupted abruptly by the introduction of more stringent data regulations. Finding the talent with the necessary skill requirement is easy, companies focus their energy on retaining the best people. For most companies, business is still a people business, both externally and internally.

Thus, most companies are reluctant to invest in a technological revolution in the HR department. They rather rely on a large HR workforce that understands the needs of their employees – be it customized training programs, flexible working models, or global mobility solutions. Doing this enables

employers to build a close relationship with their workforce and to promote the personal development of each employee. Employees feel appreciated and reward their employers with loyalty, performance, and a renunciation of unions.

All in all, HR processes are people-driven, and so is the zeitgeist of HR. After all, a machine cannot replace a good conversation.



# Scenario personas

Based on our scenarios, we have designed four personas for HR in 2030

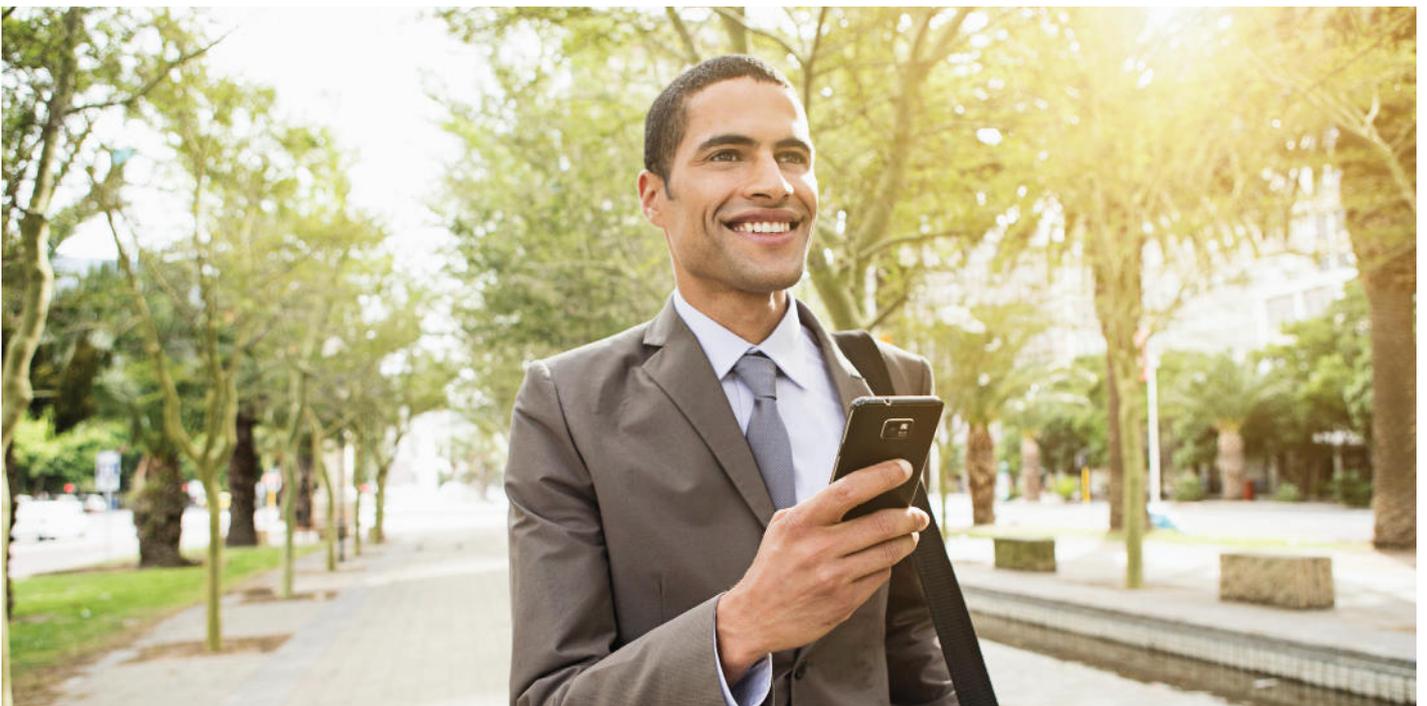
## HR 4.0

"My work is my life and the opportunities I have are priceless"

Patrick is a 34-year-old software developer. Driven by a triad of economic growth, skill shortage, and cost-pressure driven automation, his profile is in demand in the labor market. His negotiating strength with his employer is thus mirrored in his employment contract: open-ended with good pay and full flexibility to accommodate his needs. Virtual training, AI-based performance management, dedicated career development programs, and retirement schedules are included as well, and he is eager to make full use of what his company offers.

His job promotes a sense of security in him and he caters for his family accordingly. Eight years ago, he married his high-school sweetheart, Julia, and together they have twins. Both are strongly engaged within their

local community, and value their work-life balance. In his free time, he regularly joins the firm's running team which meets every morning. For him, the transition between private and professional life is smooth – however, the blurring boundaries sometimes make it difficult to develop true friendships. In general, he values dedication, loyalty, and performance. He is not reluctant to share private data with others, but sometimes he feels that the automated performance measurement systems may not forgive him if he should have a bad day. Knowing this and that the skill-set will be the only differentiator in the future, he worries about his children: will their skills be sufficient to find a (good) job?





## Welcome to 1984

"Right now, I need to focus on my career - everything else comes second"

Johanna is 46 years old and a customer experience (CX) expert with a computer engineering background as well as a PhD in behavioral sciences. She is a member of various CX initiatives across the globe, and her expertise is in high demand. Thus, she knows her market value and can assert her salary claims. Training and work-related development programs however are often not offered by employers, or are highly dependent on the results of automated performance management systems. This is mainly driven by the competitive pressure to reduce cost and increase efficiency.

Like most of her peers, she rarely spends more than two years with the same employer and is willing to leave the firm for a better offer even if she has to relocate or commute at the weekends. Her private life is optimized accordingly and kept entirely separate from her professional life. She shares custody, with

her ex-husband, of their ten-year-old son. His poor grades and the trouble he causes at school worry her.

Johanna is an introvert and driven by the will to perform, but is struggling with finding a sustainable work-life balance and having a close relationship with her son. In the little free time she gets, she likes to do yoga. In former days, she thought about joining the union as many of her peers did, but as one of the few people that benefitted from the technology investment and cost-saving programs, she could not see the advantage .



## Old school in a new sharing world

"I work to live - still, I want to feel appreciated and others to feel comfortable"

Anne is 28 years old and fascinated by human interactions. This interest made her study psychology and work in Human Resources. She feels that the repetitiveness of her work would bother her less if she believed in the purpose her job, which is to oversee training policies, as the purpose of the training is to increase productivity, but not to develop employees. At work, she wants to be the lynchpin of the firm, yet internal policies prevent her from doing so. Nevertheless, everybody in the department knows and likes her.

She has been with other firms before, but never felt appreciated as an employee. She is hence reluctant to go above and beyond for her employer, and is aware that her performance at work is not the best she can

do. Still, she knows that she could be replaced easily in future as soon as competitive pressure increases and thus wonders sometimes whether she should go the extra mile more often. In contrast, many of her colleagues are willing to sacrifice their spare time for their job. Furthermore, recent cyber-attacks made her warier when it comes to using technology, both at work and at home.

Recently she married Martin, a carpenter. They are both highly involved in the do-it-yourself movement and are thinking about having kids soon. However, job insecurity and the poor economy make her hesitate to follow through with their plan.

## Only humanity matters

"Work without creativity and a human touch is possible, but pointless"

Jan is 36 years old and studied design. As a creative person he likes to establish a deep connection with other people to inspire his thinking. He works in the marketing department of a large fast-moving consumer goods firm. His background in design helps him to cater to the customers' desire for personalized products. He is good at his job, and knows that his employer is willing to accommodate his demands by offering a high level of flexibility, e.g. when it comes to life-cycle-dependent working models and training. As cost pressure is low, companies can afford to treat their employees generously.

He has a good relationship with his colleagues and participates in many company events outside working hours. At one of these events

he met his current girlfriend, Janine, who works in the HR department and whom he plans to marry soon. They both identify with the company they work for and decline external offers. In their free time, they like to hike and to go skiing and appreciate their healthy work-life balance.

Sometimes he worries about their job security as productivity is expected to increase and large-scale automation would render their work superfluous.



# Conclusions and outlook

The future of Human Resources will have tremendous impact not only on the workforce, but also on the societal and business sphere

Looking at the final set of scenarios, what may strike the reader first is how divergently the futures of HR may play out because of technological change and the evolution of the relationship between employees and employers.

The four scenarios paint highly divergent pictures of the future, yet they each have distinct implications for decision-makers within corporations that go beyond the pure management of Human Resources. While the scenarios **Only humanity matters** and **HR 4.0** may call for the development of a diverse and individualized set of career options and more flexible working models and contractual

arrangements within the company, the scenarios **Old school in a new sharing world** and **Welcome to 1984** may require a more dedicated approach to knowledge management to handle fluctuation within the company. In this way, each scenario entails a different optimal approach to the organizational setup to manage risks and opportunities that may arise in the future.

In the end, what they all have in common is that the implications of each scenario depend to a large extent on how people perceive and experience their environment. Thus, to better understand employee behavior and emotions in each scenario, we collected empirical

evidence from the fields of behavioral economics and neuroscience.

In the behavioral part of this study, more than 200 HR experts from around the world were asked to participate in a behavioral economics experiment whose aim was to measure the impact of the scenarios on employee performance. To do this, each participant watched a video depicting the world of one of the four scenarios and was afterwards asked to perform a task that required concentration.

The different performance levels across the four scenarios revealed that a high level of



automation in HR processes was associated with higher performance, but the effect of a good relationship between employers and employees was of little value on its own.

The emotional reaction to the scenarios was then measured by assessing the brain activity of ten participants who were given a detailed description of each scenario.

Our neuroscience experiment indicates a general preference for personalized HR solutions and the rejection of excessive automation. Furthermore, a high level of data privacy and the notion of HR as a supporting role in professional development were

determined as motivating factors. On the other hand, automated access to non-work-related information, loss of employee privacy, and standardized HR solutions significantly decreased motivational levels.

Taken together, these experiments indicate that high performers might prefer to be assessed by an automated system to minimize the impact of personal relationships on their evaluations. Median performers on the contrary might prefer to be assessed by a person to compensate for the potential performance gap through establishing a personal relationship with their evaluator. At a higher level, the results of the experiments

also show the importance of aligning emotions and behavioral incentives to optimize workforce performance and motivation.

These experiments of course offer only a snapshot of the current view of the role of HR and the optimal level of automation, and it remains to be seen in what direction the world of Human Resources will eventually evolve.

Nevertheless – already today we can observe players placing bets on how the future will play out. What bets are you willing to make?



# Making sense of 2030

## Introduction to scenario design and methodology

The methodology of this study on the future of Human Resources is based on earlier achievements developed by Deloitte. A seven-step scenario development approach (see image) applies the guiding scientific principles of objectivity, reliability, and validity. The study is the outcome of a series of workshops involving HR experts from the Deloitte EMEA network as well as experienced scenario practitioners from the Center for the Long View (CLV).

Scenario design starts by identifying the focal question of the underlying issue. Since we could tell an infinite number of different stories about the future of the Human Resources sector, we first had to agree on the issue or strategic challenge we wanted to address. This enabled us to support the decision-making of our key Human Resources clients in an appropriate way. Scenarios are tools for shedding light on the strategic challenge, while the focal question sets the scope of the scenarios. In the present case we focused on the question “What will Human Resources departments look like in 2030?”

Scenarios are a way of understanding the dynamics that shape the future. Therefore, in the second step, we pinpoint the forces that drive the focal questions. Driving forces are fundamental sources of future change. They shape the course of events and history and dramatically enhance our ability to imagine future scenarios. These drivers can be grouped into five categories, known as STEEP forces, as they consist of Social, Technological,

Economical, Environmental and Political forces.

Since most issues involve more than one of these categories, they are only handles. To derive our driver list, we also conducted expert workshops using CLV Deep View, an AI-based trend-sensing and analysis machine. CLV Deep View helps to avoid the bias of the traditional approach, which often has a built-in tendency based on the character, mood, or preferences of the scenarists.

As a part of the workshop series, we identified in a third step the critical uncertainties for the focal question. Not all driving forces are uncertain, some may be predetermined. These are the trends already in the pipeline, unlikely to vary significantly in any of the scenarios. Critical uncertainties are driving forces with the potential to tip the future in one direction or another. They have two fundamental characteristics: they have an unusually high impact and are uncommonly uncertain or volatile. Initially, all uncertainties appear unique, but by stepping back, we can reduce bundles of uncertainties to bundles that serve as the building blocks for creating our scenario sets.

The scenario framework was developed in the next step by focusing the entire list of related uncertainties into two orthogonal axes. We then defined a matrix consisting of crossing and independent axes that allowed us to define four very different, but plausible, quadrants of uncertainty. In the underlying study, we used the quality of the relationship between employers and employees and the level of automation as critical uncertainties.

In the fifth step we developed the scenario

narratives by using the previously investigated drivers that became characters in the developed stories. It is not our goal to tell four different stories, one of which — we hope, as futurists — will be true. We recognize instead that the real future will not conform to any one of the four scenarios, but that it will contain elements of all our scenarios. Our goal is to pin down the corners of the plausible futures. These corners are exaggerated — the outer limits of what is plausible. Thus, our scenarios will have a near caricature quality.

Fig. 2 – Seven step scenario development approach



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