Digital HR for government

Employees need a modern experience

Modernize to support your workforce

One of your top employees loses her spouse after a long illness. While she grieves and struggles to catch up on work, she must contact the agency's human resources (HR) department to update her record with the life change, then contact a different HR group to revise benefits in addition to many nonwork updates. Government employees should have a more equitable, modern, and efficient HR experience.

The intersection of evolving employee demographics and expectations with technology improvements creates an opportunity for government agencies to modernize. Employees can have the self-service options and more positive experience interacting with HR they expect. HR leaders and staff can be more productive and strategic with capabilities to plan for their future workforce more accurately. Considering 28 percent of federal employees are eligible to retire within the next 5 years and only 7 percent of federal employees are under the age of 30,[1] leaders' abilities to plan grows more critical each day.

Many government leaders believe modernizing to enable better planning and employee experiences requires millions of dollars and overhauling the entire organization. This article explores **what digital HR makes possible** without huge investments from the **perspectives of HR and IT professionals as well as employees**. It also presents **ideas on where to begin HR modernization efforts** and steps to take to help promote success.

Why modern government is important

Government agencies in the U.S. must modernize in order to keep up with changing user needs, regulations, and health and public safety requirements. Leaders of modern governments rethink business processes and service delivery models to more effectively achieve their mission. This article is one of a series that features how modernizing affects the government workforce and the user experience, improves security and public trust, and accelerates the digital journey. KPMG team members offer insights intended to help guide governments in their modernization efforts to encompass all processes, technologies, policies, and the workforce so each works together to create connected, powered, and trusted organizations.

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[1] Source: "The President's Management Agenda, November 2021.

Barriers to modernizing government HR are lower than many believe, and more valuable

Modernization can happen at a fast or slower pace to align with priorities, capabilities, and budget. Employees, who the government competes to attract and retain, want an engaging, automated HR experience with self-service options. A superior digital employee experience provides three times the revenue and profit growth, 50 percent fewer absence days, and an 18 percent reduction in employee turnover.[2] Digital HR that engages employees, when added strategically, can turn around an agency's capabilities and autonomy as well as boost employee satisfaction and retention.[3]

HR modernization definition

HR modernization is rethinking the HR function with optimized processes to reduce or eliminate manual steps, minimize the number of systems or applications, and share accurate data to drive business-based decisions.

Digital HR definition

Digital HR describes functions in HR organizations that have transformed from manual, paper-based to digital first. These organizations rethink how they approach and execute processes and services based on use of social, mobile, analytics, and cloud technologies. The intended results are improving organization effectiveness and employee experience.[4] These organizations use technology to modernize.

[2] Source: KPMG LLP, "Work anywhere. Adapting your digital employee experience to a work-anywhere workforce," 2022.
[3] Source: U.S. Office of Personnel Management, "The Next Generation of IT Human Resources Systems for the Federal Government," approx. 2016.
[4] Source: TechTarget, Diann Daniel, "Digital HR," August 2018.

Consider multiple perspectives

Digital HR affects and helps HR and IT departments as well as all employees, so it is important to explore HR modernization from all three points of view.

HR department

The average number of federal employees individual HR team members supported increased almost 20 percent from 1993 to 2018 while HR staffing levels dropped.[5] This trend opens an opportunity for efficiency. By modernizing HR processes and using enabling technologies, such as chat bots for self-service, HR professionals can focus on consulting with hiring managers and other strategic work rather than creating job announcements or updating employee records. The result is a more satisfied HR team. Self-service also results in more accurate, real-time data and reports that enable data-driven decisions to help plan the future workforce, which makes the organization more valuable.

IT department

As IT professionals have experienced, processes and systems that lack integration usually create silos and burdens on budgets, operations, and system maintenance. Trying to add new capabilities such as position management, automation, or workforce planning to outdated systems creates functionality limits and may overload them. Many organizations achieve success when they identify a strategy that aligns to the organization's needs, priorities, and goals. This can include modernizing legacy systems, improving user engagement, and additional reporting that interfaces with existing systems.

Employees

As consumers, employees expect technology to function the same at work. A recent study found 34 percent of U.S.-based workers have considered leaving their position partially because of technology applications and tools available to them.[6] Only 66 percent of government workers say their organization provides modern digital tools and other technology that are easy to use and enable them to be more productive.[7] As an outcome of digital HR, employees should be able to meet HR needs in one system, and not have to contact HR for every personnel request or task. For example, employees have a single digital step that requires uploading documentation to update a life change, such as marital status or adding a dependent. This step is part of an approval workflow prior to automating system of record updates.

Nearly three in four young people who left federal jobs in 2019 had been employed fewer than two years.[8] Government organizations can make a better first impression by rethinking processes and technology to improve access to job opportunities, time to hire, and onboarding.

Five must-haves for successful HR modernization initiatives

1 **Leadership buy-in.** Leaders must see the value HR modernization can bring to their organization and secure buy-in from across the organization. Taking a value-based strategy approach helps strengthen the message and increase acceptance.

2 **New technology.** Many technological options support more effective, efficient HR, including platforms that offer the same functions. The goal is to identify technology that enables the desired outcome. Think broad and into the future to plan for flexibility to grow with your technology and identify opportunities to minimize technical debt, which includes unnecessary platforms, applications, and licenses.

3 **Data cleanup.** Modernization efforts that use workflow automation and robotic process automation standardize, consolidate, and detect erroneous data. Modern processes provide greater control over how people enter data. They include checkpoints to ensure employees provide all required documentation. The process can start with identifying and requesting data updates without full automation. More mature processes include bad data identification, a workflow to update and approve data, then writing data into core and other HR systems.

4 **Change management.** Organizations often forget change management as a critical factor for successful HR modernization. Engage users early and often throughout the change process to increase commitment and buy-in. Also help them understand the benefits and opportunities modernization can bring to them personally without fear of being displaced.

5 **User experience.** Since users must adopt new process and systems, creating a positive user experience is vital. Engage users in each step of the process. Build on their feedback and create a positive overall experience. Once the system is live, schedule regular user experience and design workshops to identify enhancements and promote full platform adoptability.

[5] Source: FCW, Lia Russell, "Federal HR offices have been slow to recover since 1990s downsizing, says MSPB," May 19, 2020.
[6] Source: Fast Company, Bill Harrod, "It's past time for federal IT modernization funding," August 25, 2022.
[7] Source: KPMG LLP, "American Worker Study," May/June 2022.
[8] Source: Nextgov, Frank Konkel, "Report: Biden Administration Must Prioritize Workforce, Tech Modernization," August 13, 2021.

Where to begin and main steps to modernize HR

The most important aspect is to **collaborate between IT and HR** and develop a modernization strategy that can achieve long-term success. The strategy includes two critical components. First the collaborating group must **understand your employees** so you can modernize the right processes and systems in the ways they prefer. Then **use a value framework** to identify high-value initiatives and tasks to develop a roadmap.

Collaborate with IT and HR to achieve better outcomes

HR contains so many complex and regulated functions making it essential for HR and IT teams to collaborate throughout modernization planning and implementation. Many organizations already work together. In a recent IEEE global study, 97 percent of IT leaders agree their team is working more closely than ever with HR leaders to implement workplace technologies.[9]

In addition to aligning HR modernization efforts to the organization's strategy, system and platform owners and functional/business owners should collaborate. The collaborating team should:

- **Understand requirements** from HR and IT team members' and employees' perspectives.

- **Consider additional needs** and capabilities that the same initiative can solve such as position management, workforce planning, onboarding, and learning management.

- **Evaluate your current IT infrastructure.** Determine what systems can be retired and what technology the organization needs to add to support new capabilities. You can reinvest return on investments to continue modernization. Consider the options to meet the functional requirements and how to effectively address future needs.

- **Engage users starting with the first planning sprint** to secure feedback that will improve the experience from the start. For example, users can recommend the order in which the system captures data to improve process efficiency.

- **Focus on implementation** once HR and IT agree on the decisions and requirements in the above bullets. At this stage, change management is as important as the technology.

[9] Source: SHRM, Nicole Lewis, "IT Workers Will Be Heard to Find and Keep in 2022," December 13, 2021.

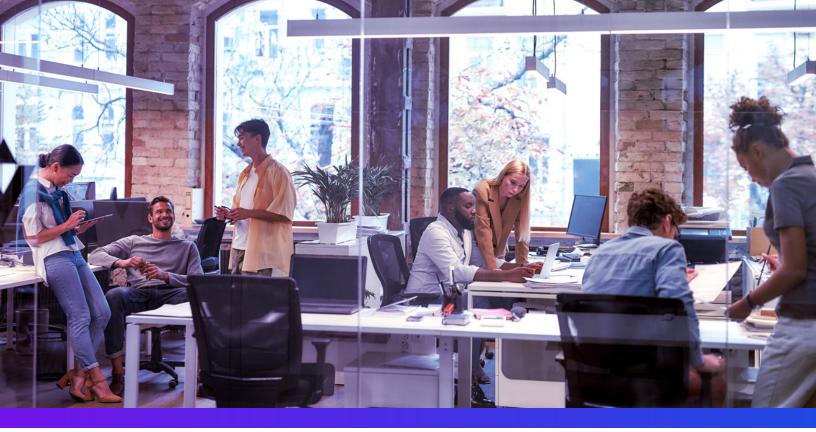## Understand your customers to create better experiences

Complete target audience research for each unique customer type to understand the moments that matter most to them and difficulties they have in meeting their wants and needs. This should include employees in various roles and demographics and a combination of roles that work in the office, remotely, and hybrid. The research should also include prospects who will become the future workforce.

Creating customer personas can help categorize distinct types of employees and prospects that will help determine appropriate ways to deliver services. Using journey mapping helps visualize how employees and prospects interact with HR across various touchpoints as well as identify pain points and improvement opportunities.

Use a value framework for better returns

A value framework helps synchronize initiatives to organization priorities and needs, shows positive results the modernization effort will have, and helps develop a roadmap that aligns to future budget cycles. An effective value framework will identify quick wins and priority projects with the greatest impact potential to focus time and money.

HR value framework pillars

We use our **HR value framework** to determine the return on investment based on user and business value and technical complexity. Our value framework helps assess platform architecture and functionality to analyze whether one solution will solve multiple issues in order to help minimize **technical debt**. Then we identify the right technologies to enable the identified goals. After initial deployment, the framework is part of the continuous improvement process to prioritize enhancements.

User Value

Business Impact

Technical Complexity

HR modernization is an investment in your employees

Invest in your employees by modernizing HR and you will see results. The outcomes can be a simpler IT infrastructure, more effective budget use, data-driven planning, and a better HR experience, for HR staff and employees.

KPMG helps private and public sector organizations' modernization efforts of any scope and budget. Our broad capabilities and successful methods often lead to modern HR functions with a smaller investment than they expect. We use our HR value framework to understand where you can achieve the quickest wins and greatest returns. Wherever your organization is in the process, we can help you reach your HR modernization goals at a comfortable pace, which will also help your organization achieve its mission.

About KPMG

KPMG has worked with federal, state, and local governments for more than a century, so we know how agencies work. Our team understands the unique issues, pressures, and challenges you encounter in the journey to modernize. We draw on our government operations knowledge to offer methodologies tailored to help you overcome these challenges and work with you from beginning to end to deliver the results that matter.

The KPMG team starts with the business issue before we determine the solution because we understand the ultimate mission. When the way people work changes, our team brings the leading training practices to make sure your employees have the right knowledge and skills. We also help your people get value out of technology while also assisting with cloud, advanced analytics, intelligent automation, and cybersecurity. Our passion is to create value, inspire trust, and help government clients deliver better experiences to workers, citizens, and communities.

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