Lecture 24: Metaverse in HRM

Hello learners, welcome back to the course on AI in Human Resource Management. Today, as part of the last lecture of Module 7, where we are looking into innovation and HR, we'll look into a new aspect, which is metaverse. Now, most of you might have already heard or would have been quite acquainted with what is metaverse and what are the different uses or what are the different aspects within metaverse. But I'm here to take you to a very crude level of understanding so that you'll try to appreciate it

In terms of the relevance of metaverse and AI, specifically HRM, AI enabled HRM specifically, I want all the participants of this particular course to be aware of. So I'm starting from a basic level so that, you know, people who are not aware of what is metaverse also would be there at some point of, you know, understanding they might be at a level where they can also, you know, appreciate what HRM or what Metaverse can do for HRM or facilitate for HRM. So please, those who are experts in Metaverse or might be already good with the understanding of Metaverse, I will try or I will request you to cut me some slack with respect to that. We will try to enhance our understanding with the understanding of metaverse and with the understanding of HRM specifically. So, I am Dr. Abraham Cyril Issac. I am an assistant professor at the School of Business, Indian Institute of Technology, Guwahati. Now, when you look into metaverse in HRM, let's start from the basic. What do you mean by metaverse?

When you look into the metaverse specifically, the term 'metaverse' combines 'meta' and 'universe.' So, it describes a conceptual universe. A digital space that is closely intertwined with the physical world. So initially, if you want to know the history, it was

introduced in Neil Stephenson's 1992 novel, 'Snow Crash.' The idea has evolved considerably, gaining significant traction, especially in 2021-22.

Following Facebook's rebranding to Meta. So when you look into the metaverse, it is envisioned as a post-reality domain. It's a continuous, shared, multi-user environment that merges the physical and digital worlds seamlessly. When you're looking into the world of the metaverse, this space is supported by the convergence of technologies like virtual reality (VR) or augmented reality (AR), facilitating complex interactive experiences between virtual environments, digital objects, and even, to a great extent, human participants.

So in dispersed work environments, the metaverse addresses the challenge of limited face-to-face interaction, which is vital. For building strong employee relationships. So its potential to transform business operations, especially in the human resource management domain, is significant. So the metaverse can be utilized for various HR functions. It could include virtual meetings, recruitment interviews, onboarding, and employee engagement. Facilitating smooth communication across different locations. Additionally, it offers opportunities to improve HR processes, such as new employee orientation, sharing employee information, administering online aptitude tests, and even using, let's say, AI for job search. Capacity assessments, etc. So there's a whole lot of possibilities that come with this metaverse. Let's understand it in greater detail, especially the metaverse-driven HR transformation.

This is what is significant for us. When you look into the introduction to the metaverse's impact on HR, the metaverse initially influenced specific niche areas. It is now expected to significantly impact various professional sectors, including human resource management. So in the metaverse, users interact through digital avatars, allowing for immersive experiences and the creation or consumption of content in the virtual environment. So this experience is what makes the metaverse unique and most promising. When you look into the metaverse, the creation and consumption of content in virtual environments enhance engagement and, to a certain extent, connectivity. Now let's look into how this can reshape workplace dynamics and culture. A major implication of the metaverse is For human resource management is its ability to reshape traditional

workplace dynamics and organizational culture. So as virtual offices and remote work become more common, HR departments must adjust their strategies.

So it fosters a sense of community and belonging among employees who may be geographically dispersed but remain digitally connected. Another possibility is that it addresses new challenges in HR practices. Let's say HR practices will need to tackle emerging challenges related to digital identity and the metaverse. There are also privacy and security concerns that must be addressed to ensure employees feel secure in their virtual interactions, ensuring trust in digital environments is vital for employee confidence and engagement. You also see there is a possibility of innovative opportunities for talent acquisition. The metaverse also opens up innovative opportunities for talent acquisition and recruitment. Companies can typically leverage virtual job fairs. to attract a diverse pool of candidates. And even when you look into talent acquisition, you see that immersive experiences and, to a great extent, gamified assessments can enhance the evaluation process for potential hires. When you look into the virtual reality angle, you see how utilizing VR for training and assessment can be effective. We understand that virtual reality simulations can be employed for realistic job previews and skills assessment, providing a more accurate evaluation of a candidate's abilities. There are also VR-based training programs that could simulate real-world scenarios. enabling employees to develop their skills and improve decision-making in a risk-free environment.

Even in the academia, we see a lot of simulations and a lot of projects being simulated to give a real-time experience. We are adept, we are pretty much aware about the case study methodology, but what I see is that the case study methodology is being replaced or to a certain extent reinforced, I would try to use that term, by simulation-based scenario planning and scenario analysis. And recent experiences of my visit to the Academy of Management conference also gave me this opportunity to look into some of the simulations that are happening within the classroom and that could guide students to a more of relevant and practical experience, especially in the world of practice. Rather than sticking on a theoretical footing, they can have more of a practical relevant experience. So I just wanted to add this particular point when you're looking into the training and

assessment part. So it's not only the industry, but also the academy is seeing a change with respect to the pedagogy and with respect to the way the faculty members are approaching the students and the students are taking it up or consuming the world of education. So when you look into these aspects, there are also some challenges and ethical considerations that we have to actually look into. When you are looking into organizations that adopt the metaverse, they must also address these challenges.

Ensuring digital equity, accessibility and inclusivity is critical to providing equal opportunities for all employees to engage and succeed in virtual environments. So in summary, the metaverse represents a transformative shift in HR practices and You know, offering new opportunities for talent management, employee development and not to forget organizational culture. So by embracing these technologies, by embracing these understandings or rethinking traditional approaches. HR departments or HR functions can actually leverage the metaverse potential to create engaging, inclusive and future ready workplaces. So let's see how we can actually leverage metaverse technology in HRM. So possibly we start with each function. We go into detail with respect to each function and we'll try to understand that. So first, let's start with recruitment. We had a great amount of discussion over the previous few modules with respect to the possibility of inclusive recruitment.

So the metaverse also has the potential to revolutionize and accelerate the recruitment process. Employers and job seekers alike. So employers can utilize, let's say, virtual environments to organize global job fairs or networking events, making it easier to connect with candidates from various locations. These immersive platforms typically enable candidates to gain insights into company cultures and even improve their skills, maybe with respect to recruitment skills that are required, like interview skills. Additionally, the metaverse enhances recruitment by offering realistic job previews and allowing candidates to experience the work environment directly. As I mentioned, it creates a sort of simulated scenario planning atmosphere. Key opportunities presented by the metaverse in recruitment could include, you know, immersive interviewing and virtual onboarding. Let's say the metaverse could facilitate immersive virtual interviews, offering a great interactive platform for employers to assess candidates more engagingly.

A virtual onboarding process helps new employees adjust to the company culture and work environments within a digital setting. There could also be a possibility of global talent engagement. The metaverse removes geographical limitations, allowing recruiters to engage with candidates from around the globe. So this expansion of the talent pool, you know, typically enhances, let's say, recruitment efforts and provides access to exceptional talent. There could also be a possibility or opportunity of metaverse-enhanced job fairs and networking opportunities.

So metaverse platforms can host virtual job fairs, which you have seen in the previous slide, and networking events providing job seekers with the critical opportunity to interact with the potential employers using their avatar. So this method presents creative avenues for identifying talent and conducting jobs. recruitment more interactively and engagingly. There is also a possibility of real-time interactive skill assessment. Recruiters can perform practical skill evaluations in metaverse settings, offering a more precise depiction of, let's say, the candidate's qualifications and his capabilities, etc.

There is a lot of possibility of leveraging metaverse technologies Within onboarding. So when you look into onboarding, effective onboarding is vital. There is no doubt about it for retaining employees with the certain research study showing that a well implemented onboarding process can improve the retention rates by as much as, let's say, 82 percentage. So, however a significant gap remains. 88% of the organizations typically fail to onboard effectively. So the metaverse presents a possible solution by facilitating virtual onboarding in an entirely immersive 3D environment, allowing new employees to explore the company's facilities and culture more engagingly. So this virtual method promotes collaboration among teams that are geographically dispersed and offers employees real time feedback on the process of new hires, etc. So basically, when you look into the virtual, you know, onboarding, it enables targeted interventions before they fully integrate into the workforce. Another possibility to leverage the Metaverse is in performance management. The Metaverse offers innovative approaches to assessing employee performance. Virtual environments can replicate work scenarios, allowing for immediate feedback and enabling more precise and objective evaluations. So by

incorporating sensors, let's say some data analytics, Performance assessments can become more data-driven and impartial, resulting in fairer reviews.

So when you look into organizations, it can create simulations to evaluate employee skills in realistic contexts, aiding in identifying areas needing improvement and customizing training accordingly. And there is a possibility of leveraging the Metaverse in training and development. One of the key areas where the Metaverse presents innovative opportunities is in this field, especially as HR professionals can leverage this technology to design. Immersive training experiences, you know, enabling employees to hone and enhance their skills in a safe, controlled virtual environment. That is the beauty of this system altogether.

It gives you a controlled environment. So this experiential learning approach is particularly beneficial for mastering complicated tasks. As it allows learners to interact with the material more engagingly. And when you look into the entire process of changing work contracts, we can also see that there is a possibility of remote work. You know, leveraging Metaverse technology can happen in remote work also.

So the metaverse can transform remote work by providing virtual offices and meeting spaces that facilitate more natural and immersive interactions compared to conventional video conferencing tools. So the metaverse is still in its early development. Please note. So HR professionals must keep up with the emerging trends and technologies, the evolution of those, to successfully navigate this new virtual environment. As we discussed in the previous session, succession planning is important, and leveraging the metaverse can also apply to succession planning.

Specifically, the metaverse offers innovative approaches for evaluating high-potential employees and developing their leadership skills. It could also support knowledge transfer during transitions. So when you're looking into one employee leaving and another coming in, or a team being replaced, or maybe retirements or employee departures on an individual basis. By establishing engaging and interactive repositories that capture the expertise of seasoned employees, it is vital and sometimes aids in developing a certain memory, institutional memory. Or organizational memory. So this

ends up as this repository. If it is there, it becomes part of or it becomes, in itself, institutional memory. And that is vital for an organization's sustainability. You also have a possibility in cognitive decision-making, you know, cognitive engines, as illustrated by IBM, have the potential to greatly improve HR decision-making by automating the routine tasks that HR departments typically handle. Let's take an example. AI can analyze audio to evaluate employee sentiment and offer suggestions, such as recommending breaks before significant meetings. However, the implementation of AI in HR also brings ethical issues to light. We concluded the last session with this particular thought. Especially if the system is trained on biased data, which could result in unsuitable recommendations and emotional manipulation.

Another use case of this could be benefits optimization, where AI can enhance vacation scheduling by examining employee availability, examining conflicts if any, minimizing conflicts, and boosting departmental efficiency. We also see a cost-benefit dynamic of metaverse integration. This is the crux of today's discussion. When you look into establishing a metaverse environment for HR functions, it offers a mix of opportunities and challenges, particularly concerning costs. Although the initial investment might be considerable, the potential long-term advantages could surpass the initial expenses.

So we look into high initial costs. Establishing a metaverse, please note, a metaverse environment involves a significant upfront cost. Primarily in acquiring the necessary hardware and software to create and maintain a virtual workspace. There are some possible long-term cost savings. Despite the high initial investment, the metaverse is expected to provide cost savings over time.

By providing cost savings over time by reducing the need for physical office space. You don't need an office space because of this. Lowering transportation and commuting expenses. Please take note of that. Minimizing other operational costs associated with traditional workspaces.

We also have a cost-benefit analysis specific to enhancing productivity and collaboration. The metaverse can potentially increase employee productivity—there is no doubt about it—by enabling more flexible and immersive work environments. Communication and

teamwork through advanced virtual and augmented reality tools. Efficiency in task completion by providing instant access to necessary information and resources. Then there are some traditional versus virtual work comparisons that can happen in terms of cost-benefit analysis. If you look into the traditional costs, conventional offices incur ongoing costs for, let's say, renting space, purchasing equipment, or even maintaining office supplies. You look into the metaverse benefits of that. Virtual offices offer limitless space at a lower cost. Enabling continuous, location-independent collaboration and typically the most important thing: problem-solving. This is another wonderful comparison that could actually work in favor of the metaverse. There is also a space and resource efficiency argument. When you look into the physical office, it requires tangible resources like desks, chairs, and conference equipment, which are costly and do occupy space. Whereas, in a virtual office, these resources are provided in a digital format. It reduces both costs and the need for physical space. You conduct a cost-benefit analysis with respect to the total opportunities available.

You see that organizations need to carry out such a comprehensive cost-benefit analysis to evaluate the potential ROI, the return on investment, associated with implementing a metaverse environment for HR functions. So, this analysis typically will aid in making well-informed decisions about the integration of virtual workspaces. So, in summary, although introducing the metaverse into HR functions demands a significant upfront investment, the long-term advantages are there. These include cost reductions, improved productivity, and better collaboration. All these factors could typically justify the effort. By thoroughly examining the costs and benefits, organizations can more effectively gauge the value of adopting this innovative technology. Then we look into performance. Then we move into the multifaceted challenges of metaverse integration in human resource management. When you look into the challenges, the incorporation of metaverse technologies in human resource management offers a groundbreaking opportunity to transform organizational practices.

We have seen this in the previous slides. We have done a serious research. cost-benefit analysis for that. However, this integration comes with complex challenges that necessitate careful consideration and to a great extent strategic planning. So these

challenges include various policy, technological and operational issues that need to be resolved to facilitate a smooth and effective transition to virtual environments. There are some policy and safety concerns. Let's start with that. When you look into the policy and safety concerns, the main aspects would be Development of a comprehensive policy. Let's say crafting robust policies to mitigate risks such as cyberbullying, harassment, discrimination within virtual spaces could be one of the significant aspects.

Ensuring a secure virtual environment and establishing mechanisms to maintain a safe and comfortable working atmosphere in the metaverse is also vital. Another challenge could be the generational resistance, which we have touched upon in the previous module, specifically module two. When you're looking into generational resistance, please note overcoming traditional workspace reluctance is there. Addressing the resistance from employees who are accustomed to conventional work settings, facilitating training and cultural adaptation, implementing extensive training programs and fostering cultural shifts to embrace and support new technologies is vital. There could be challenges with respect to technological expertise and cost. You look into acquisition of these technological skills. We have seen that necessity for advanced technical knowledge and expertise to manage metaverse technologies effectively, but managing the substantial financial and time investments required for metaverse integration happens to be a high implementation challenge or high implementation cost challenge. You also have some critical technical limitations, you know, connectivity and performance issues are there. Tackling challenges related to connectivity, bandwidth and latency that may affect the overall user experience is there.

There are also physical work limitations in accommodation of physical work requirements, acknowledging that certain roles and industries necessitate technology. Physical presence of specialized equipment which may not be fully replicable in a virtual environment. So that is all about today's discussion with respect to metaverse. Please note we are. Going into a territory of innovative HR practices. So with this innovative HR practices coming up with technology enabled activities like metaverse will bring its own challenges, which you have seen. We have done the cost benefit analysis. What we see is that initial implementation cost would be high. integration cost also would be high but

that said in a long-term perspective you look into your organization if you are having one or if you are associated with one or if you are planning to associate with one in the future you look into that you'll see that there is a possibility that metaverse could work in your favor could work in the favor of human resource management could actually streamline a lot of activities within each dimension so this is what metaverse will do. It will add to the efficiency of different processes. It will add to the possibility of more objectivity in different processes. So that would be the takeaway I would want you to take from this particular session. We'll provide more details about AI in HRM in the next session. Till then, take care.

Bye-bye. Thank you.