

Methods, Stages and Misunderstandings of Digital Transformation of HR Management From Worship of Technology to Utilization of Technology

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ABSTRACT

The fourth wave of industrial revolution swept across, the 5G Era kicked off, and various technological applications were rapidly updated, which are profoundly changing our lives, business models, and work models. Digital transformation is an inevitable choice for companies to build competitiveness. This paper aims to investigate how to support the digital transformation of enterprises from the dimension of human resources digitalization, so that enterprises can capture new market opportunities, try new business models, and take the lead in the future commercial market. This research is based on the analysis reports of some software companies and listed consulting companies on the digital transformation of human resources. And analyze real cases, study the difficulties and solutions that may be encountered in the transformation. Although many companies have undertaken or are undergoing digital transformation of human resource management, they often encounter difficulties and failures. The article put forward the problems and crises encountered by many companies, and analyzed the reasons for the failure of their HRM digital transformation. Finally, a method to establish a digital framework for HRM is proposed.

Keywords: Digital transformation, HR management, Digital transformation, Digital HR, Artificial intelligence.

1. INTRODUCTION

The development of artificial intelligence, digital transformation and ubiquitous automation, which today is called the Fourth Industrial Revolution. A company under the conditions of the fourth industrial revolution is a mobile company, rapidly developing, capable of quickly developing and bringing products to the market with a flexible structure. HR management in these processes has a unique role: HR can help managers adapt to new digital technologies, employees use new work models and career building, and companies can see the opportunities offered by new technologies and adapt to changes. [1]

This article emphasizes the necessity of HR digital transformation in the construction of enterprise digital economy. From the perspective of misunderstandings and dilemmas, it gives HRs an idea to create a suitable transformation framework, abandon simple reliance on technical tools, and use these tools rationally.

The research's goal is to analyze possible misunderstandings and difficulties in HR digital transformation, as well as propose reasonable solutions. This research goal includes the following objectives:

- to correctly understand the digital transformation of human resources;
- to analyze HR digital transformation stages through real cases;
- to describe possible misunderstandings and dilemmas in HR digital transformation, and its transformation priorities;
- to analyze how to build a framework for the digital transformation of human resource management and avoid misunderstandings reasonably.

2. RESEARCH METHODS

Experts of Deloitte identify three main areas of influence of digital technologies on the sphere of HR management: Digital workforce (introduction of new management methods, a culture of innovation, a set of practical skills that contribute to the creation of a new network organization); Digital workplace (design of the working environment that provides performance, the use of modern communication tools (such as Slack, Workplace by Facebook, Microsoft Teams, etc.); Digital HR management (the use of digital tools and applications for solutions, experimentation and innovation). [1]

This research is based on the analysis reports of some software companies and listed consulting companies on the digital transformation of human resources. As well as analyzes real cases, study the difficulties and solutions that may be encountered in the transformation. This article uses comparative analysis to analyze possible misunderstandings in the digital transformation of human resources through related reports. It also uses analogy to vividly describe the role characteristics of HRs in the bosses, line managers and themselves.

The rest of this paper is organized as follows. The study includes four stages. At the first stage, this paper describes the important role of digital transformation in human resource management and demonstrates the urgency of implementing HRM digital transformation. At the second stage, this article analyzes the concrete implementation steps of digital transformation in actual cases. At the third stage, the paper studies the misunderstandings and problems experienced by most companies in the HRM digital transformation. At the fourth stage, the article shows how to avoid misunderstandings-how to go from blindly worshipping technology to rationally applying technology. For clarity, the results are displayed in the form of figures and tables.

This article gives HRs an idea to create a suitable transformation framework, abandon simple reliance on technical tools, and use these tools rationally. As well as provides an analysis of the stages, methods, and misunderstandings of HRM digital, and on this basis can continue to study the efficiency of digital transformation.

3. RESULTS

Towerswatson's 2018 research¹ shows that 60% of people believe that cloud computing will have a major impact on enterprises. 29% of HRs use cloud computing technology in their recruitment, including job resume sending and receiving, resume screening and classification, test task arrangement and reminders, online feedback, talent pool, data aggregation, etc. 26% of HRs use cloud computing technology in employee management, including visualization of organizational structure, employee transfers and transfers, flexible schedules, check-in and attendance, and online employee files. 26% of HRs use cloud computing technology in corporate welfare management, including various holiday management, organizational support, employee relations, and corporate culture construction 26% of HRs use cloud computing technology to manage employee salaries, including auxiliary salary calculations such as docking attendance information, performance awards, tax calculation systems, and labor cost inventory. KPMG2018 research shows that among the HRs who have already used artificial intelligence technology, the vast majority (88%) believe that investing in AI is worthwhile.²

3.1. The necessity and rationality of HRM digital management

The coronavirus crisis in 2020 has also made us deeply appreciate that digital enterprises can respond more quickly and flexibly to crises and changes. The digital transformation of enterprises needs the support of the digitalization of human resources, so human resources must be innovated simultaneously to support the digital transformation of enterprises.

In general, this is the digital transformation of human resource services and processes through social, mobile, cloud, analytics and AI technologies. The transformation will build a new HR operation model and employee experience to enhance the organization's ability of the company.

Combined with the daily work of the HR department, we can summarize the value of Digital HR as:

Convenient collaborative interaction. In the work of HR, a lot of communication and collaboration are

¹ Towerswatson is an Anglo-American, Irish Domiciled global multinational risk management, insurance brokerage and advisory company, 2018, Retrieved from: <https://www.towerswatson.com/>

² KPMG is an Anglo-Dutch multinational professional services network, and one of the Big Four accounting organizations, its report on 2018, <https://assets.kpmg/content/dam/kpmg/xx/pdf/2018/11/future-of-hr-survey.pdf>.

required within and between departments. Digital human resource technology can help companies use fewer resources to achieve faster and easier information sharing between members. One platform can meet most of the sharing and collaboration needs. [2]

Simplifying data analysis. Data analysis in the field of human resources can effectively influence and optimize the personal management, which can bring benefits to the core business of the enterprise. After the enterprise completes the digital transformation of human resources, when HR is doing data analysis, it no longer needs to collect data item by item slowly, nor does it need to use papers and pens or Excel for complex calculations. The digital platform can automatically generate data statistical reports for HR, greatly simplifying statistical analysis.

Recruiting more accurately. Mobile review of resumes + arrangement of tests + submission of feedback + job approval, AI technology-based resume screening and recommendation... These are just small parts of the many cases of recruitment digitization, which can ultimately help companies recruit better and faster.

Employees improve their work experience by themselves. Digital technology provides a platform for employees to connect with corporate resource management in real time, which helps to improve the experience of employees. It is like completing the approval process such as asking for leave and working overtime quickly on a mobile phone. You can also view your own check-in records, team vacations, files, and salary information, and update and modify part of the information.

In addition to the above-mentioned values, the new generation of employees is increasingly dependent on the Internet and mobile devices, and the requirements for working experience are getting higher and higher. Digital human resource management is due to its simple, flat, and flexible characteristics, is very popular among new generations. When companies truly achieve Digital HR, their ability to attract future talents will also increase. [3]

3.2. Six stages of digital transformation

American Timken has more than 21,000 employees in 33 countries around the world. However, the company has gradually discovered that the complexity and cost of management methods are getting higher and higher, and it affects the operational efficiency of the company. Therefore, Timken hopes to replace its old system with a more integrated

solution, so as to achieve standardization, integration and simplification of human resource management processes.

Timken decided to transfer its human resources operations to SAP Success Factor's cloud platform to provide support for various processes such as employee recruitment, salary payment, succession planning, learning, performance management, manpower planning and manpower analysis. Through cooperation with Accenture, Timken deployed this software, integrated it with SAP enterprise resource software, and redesigned the related technology application process.

It is impossible for a company to go from almost no digital gene to fully digitalized overnight. Therefore, in the process of building Digital HR, we still need to go through many "intermediate stages". [4]

Brian Solis (Altimeter) once proposed a six-stage model. He believes that most companies will go through these six key stages in their digital transformation.

Business as usual – This one is pretty self-explanatory.

Present and active – Various experiments throughout the organization drive digital literacy & creativity.

Formalized – This is where the business relevance comes in. If it's not relevant for the business, the leadership shouldn't support it – although that's not always the case, unfortunately. [5]

Strategic – Individuals realize the power of collaboration. Their shared efforts and insights lead to new strategic roadmaps.

Converged – This is where a dedicated digital transformation team is formed to guide the company strategy and operations.

Innovative and adaptive – Digital transformation has become the new "business as usual" and a new ecosystem is established. (Fig. 1).

These six stages of digital transformation are applicable to all initial transformation companies. But during the application period, it should be noted that the digital transformation of human resources is a never-ending process, not a result. Using only digital

technology tools to blindly carry out digital transformation often leads to misunderstandings³. [6]



Figure 1 Six stages of digital transformation

3.3. Misunderstandings and dilemmas in HR digital transformation

According to a study by MIT and Deloitte⁴, more than 63% of executives believe that technological change in their companies is too slow. In the digital transformation, employees' "lack of urgency" becomes a problem that bothers them. However, there are so many HR technologies on the market, and some companies spend a lot of money to buy and introduce these technologies [6]. Why do they still fail in Digital HR transformation?

The following are the reasons why some companies have failed in digital HR transformation:

Lack of users' experience. For all HR software and systems, the ultimate user is every employee. Now the younger generation of employees have high expectations for application experience due to their constant exposure to various new technologies. As users, if they don't like it or use it very rarely, the efforts of the enterprise in transformation and technology promotion will be in vain

Stakeholders do not support. Any successful implementation of HR digitalization project requires

the active participation of stakeholders in the enterprise. For example, the recruitment management system not only belongs to the HR department, but is also closely related to the test officers of various business departments. If an enterprise does not get the approval of users or decision makers before implementing new technologies or new systems, the probability of failure will be very high. [7]

Lack of connection with operating business. Does this technology really help the company's current or planned business operations? This is a question to think about. For example, if your company is not small, but it is not in a period of rapid expansion and sharp increase in recruitment, the value that the recruitment system brings to you may not be as good as a set of HCM (Human Resource Management System). [8]

Lack of evaluation and optimization. Before you truly understand the current situation of your company, any management measures and suggestions for improvement are meaningless. In the process of transformation, if there is no regular evaluation of the effect and no flexible adjustment of solutions, then the final transformation effect will definitely not be as expected or even directly fail⁵.

Some other reasons. In addition to the above 4 points, there are some reasons that will cause enterprises to fail in the process of digital transformation of human resources: the selected technology and supplier are not qualified; lack of effective integration of new technologies and existing technologies; the time from the start of implementation to completion is too long; lack of consensus between the IT information department and the human resources department; [9]

Some companies seem to be succumbing to the pressure of the market and other companies, because their competitors are embracing "digitalization", so they feel they must do something.

However, it is not a good idea to digitize for the sake of digitization. This may result in the failure to implement a large number of "expensive" technologies, fail to meet actual needs, and fail to solve problems, and finally lead to "rebound" within

³ N. Verlinden, HR Digital Transformation: The 6 Stages of Successful HR Digital Transformation, AIHR: Digital, 2017. Available at: <https://www.digitalhrtech.com/guide-hr-digital-transformation-hr-transformation/>

⁴ Aligning the Organization for its Digital Future (2016). MIT Sloan Management Review and Deloitte University Press Received from:

https://www2.deloitte.com/content/dam/Deloitte/ie/Documents/Consulting/2016_MIT_Deloitte-Aligning-Digital-Future.pdf

⁵ X. Yang, The dilemma of traditional human resources to digital transformation, 2020. Available at: http://www.hejun.com/page92?article_id=683.

Table 1. Different roles in the digital transformation of human resources

HR department	Leadership	Related business departments	IT Information Department
Transformation leader	Support, understanding and patience	Abandon the "It's none of my business" mentality	Landing support
Using scenarios of mining technology Understanding employee pain points Collecting all kinds of feedback	Informing the most urgent questions Accepting new things Seeing below the iceberg	Providing possible technical support Providing feedback actively Don't be resistant	Providing expertise Correctly assessing customization needs Do not refuse external technical support

Table 2. The needs of HR customers and HR's roles

The roles	The compass	The sensor	The robotic hands
Objects	For bosses	For line managers	For HR
Tasks	<i>Human resources cockpit indicator system:</i> human resources information services, data modeling, investigation and analysis, planning and forecasting <i>Talent standards based on big data:</i> AI-based recruitment + digital talent pool <i>Organizational Health Examination Linked with Business Data:</i> Based on various types of data to form corporate organizational health values	<i>Digital performance management:</i> data-driven, incentive management and performance management integration <i>Artificial intelligence-based talent management:</i> timely understanding of team dynamic data, employee transfer, succession planning <i>Work status analysis and time management based on various technology platforms:</i> organize network analysis, link training and recruitment.	Digital employee service: omni-channel, intelligent service access, effectively improving the efficiency of human resources Digital talent management: using big data technology to detect and analyze employees' daily behavior performance, establishing business data analysis models, and predicting employees' future performance and turnover intentions Digital workplace: high-quality, intelligent, and user-friendly online working environment to improve transparency and collaboration efficiency

the enterprise. Undoubtedly, this goes against the company's goal of digital transformation.

Therefore, there are thousands of reasons for choosing Digital HR, but they do not include blindly "following the trend."

3.4. Build a framework for the digital transformation of human resource management

To build a digital framework for human resource management, we must first clarify-what should HR do

in the future. The advent of the digital age makes many people worry: Whether they will lose their jobs. Obviously, simple repetitive positions will disappear. The HRs of the future are full of emotions and have multiple creative ideas. They will do more in-depth, more interesting, more emotional, and more diversified work. The most important thing is to allow all kinds of talents all over the world to be connected and used by enterprises. [10].

Define the goal. First of all, HR should establish a

clear, feasible, and business-worthy goal for the digital transformation of human resources. The content of the goal is generally to solve various problems encountered by employees through transformation. Focus your time and energy on important things.

Working designer. All HRs should think about how to plan the future work of the organization, what work should be outsourced, what work is done by machines, and what work is done by people. Start thinking about the composition of the real work from now on, and play the role of the designer of the future work. [11]

Create two mindsets. Understand the corresponding customers, and put resources, time and energy on the highest priority technology transformation work. This is the first work for HRs to break through. The second breakthrough is whether you can think about the pain points of all customers like a product manager, and the technical methods that can be used by him to solve his pain points.

Get everyone involved. The digital transformation of human resources requires the support of all stakeholders in the enterprise, and different roles must play corresponding roles in their own positions. (Tab. 1).

The needs of HR customers. All human resource management tools and technical methods should be returned to HR customers. For HR, there are three types of customers. They are bosses, line managers and other HR. The boss is the makers and planners of the highest strategy of a company. [12]

But many bosses' decisions are formed suddenly, especially with regard to organizational expansion, organizational development, business expansion, and personnel increase or decrease. [13] Many of these decisions are made on the basis of some one-sided fragmented information obtained externally or internally. In fact, many bosses need a compass, and HR needs to provide a compass to let him see the current status of the organization. The line manager is the link between the boss and the customer. [14] But this connection is sometimes not tight, so it requires HR to act as a sensor [15]. HR is like a complicated machine, it needs more robotic hands to make their work easier, more efficient and more powerful. (Tab. 2).

4. CONCLUSION

This paper analyzed the significance of the digital transformation of human resource management, and described the six steps of digital transformation through a case. The article put forward the problems and crises encountered by many companies, and analyzed the reasons for the failure of their HRM digital transformation. Finally, a method to establish a digital framework for HRM is proposed. According to this series of analyses, which led us to the following conclusions:

- HRM digital transformation is the digital transformation of human resource services and processes through social, mobile, cloud, analytics and AI technologies;
- It is impossible for a company to go from almost no digital gene to fully digitalized overnight. Therefore, in the process of building Digital HR, we still need to go through many "intermediate stages";
- Using only digital technology tools to blindly carry out digital transformation often leads to misunderstandings;
- HR in future will do more in-depth, more interesting, more emotional, and more diversified work.

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