

DIGITAL TRANSFORMATION IN HUMAN RESOURCE MANAGEMENT

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ABSTRACT

Digitalization is common everywhere today. It is frequently being adopted and trusted for its accuracy and time saving. The digital age is moving at such a fast pace that it is fundamentally transforming the way organizations operate, and hence digital transformation has also been seen in human resources functioning. This paper seeks to investigate prominence of digital transformation in human resource management and various positive and negative ways in which it is affecting various functions of HR and its employee. The study also considers various digital tools came in light with Industry 4.0 which are widely used in HR functioning like artificial intelligence, robots, virtual reality, cloud based services, SaaS etc. The study was conducted using secondary data and is descriptive in nature. Data has been collected from web sources, existing research papers, blogs, articles and company reports.

Keywords: Digital Transformation, Human Resource Management, HR, Industry 4.0, SaaS.

Introduction

Digital Transformation

Digital transformation can be said as the integration of digital technology in every area of a business, it brings out fundamental changes in how one operates and delivers value to the customers. It can also be considered as a cultural change that requires an organization to continually challenge the current status, experiment, and get ready to accept certain failure. (Stolterman and Fors, 2004) described digital transformation as digitalization, and a business model which is driven by the changes related to the application of digitalized technology in all possible aspects of human society.

We must not forget the fact that digital transformation is different from digitization, where digitalization is considered as ability of transforming the available products and services into digital variants and hence offer advantages more than tangible products (Gassmann et al., 2014).

The fourth industrial Revolution, widely known as Industry 4.0, refers to the combination of physical assets and current age digital technologies—the internet, artificial intelligence, robots, drones, autonomous vehicles, 3D printers, nanotech, cloud computing and several more that transfer, conduct analysis, and act upon information, ultimately enabling organizations, all the consumers, and the society to become more flexible and enhance responsiveness and make more data driven and rational decisions.

According to Ram Jambunathan, managing director, SAP.iO in order to fundamentally transform business models and processes Companies are beginning to understand the humongous impact of Industry 4.0 and the important role of digital technology. The challenge yet is to figure out the intermediate steps which are needed to take to harness and exploit the benefits of the Industry 4.0 in future. It is not only about creating a technology adoption roadmap, but also a roadmap for business and investment for the long term.

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Digital Transformation in HRM

Today HR can be seen in the form of portal, rather than a person. Almost every firm is now providing access to HR services via technology and web- based applications universally, gradually changing the practice of human resource management. According to the report of Transforming HR through technology conducted by Richard D. Johnson and Hal G. Gueutal all the organizations that are combining their HR management processes with effective HR technology are more likely to be productive and profitable than those that are not doing the same.

There have been ample of researches and reviews already done on the move towards digitalization by businesses because with digitalization in every walks of life it only inclusive to businesses to participate and this helped the organization in various ways. In a review research report of MIT sloan (2013) it was revealed that 78% of the managers and executives in various business industries believed that achieving digitalization is becoming critical to their organizations. Technical transformation is very important to move along with the time and world. As said by Osman Bayraktar and Can an Atac (2018) for achieving sustainable competitive power, investing in technology is most important condition. Competition will become impossible if an organization stays behind global economy. In order to move along industry 4.0, the country, the companies, the employees, and the machines will have to enhance their capabilities.

Objectives

- To study digital transformation in the context of human resource management.
- To recognize the benefits of having digital transformation for human resource management.
- To recognize the challenges HR has to face in the process of adopting digital transformation.
- To identify various ways of making digital transformation in HR smoother.

Research Methodology

This study is of descriptive nature, based on secondary data obtained by reviewing the existing literature available on the topic and related aspects in the forms of research papers, articles, company report, expert blogs, and etc. The data hence obtained from various sources then was used to identify various objectives of the study.

Digital Transformation Tools in HRM

There are various innovative digital transformation tools used in HRM for various activities, for recruitment process: RPA & Applicant tracking systems (ATS), which is used to widely to eliminate candidates who do not qualify. AI-powered job post writers for writing good and standard job postings. Onboarding softwares provide easier way of orientation of newly recruited employees. Recruiter chatbots, these are also AI enabled softwares that help the recruiter throughout the process (Cem Dilmegani, 2020). SaaS, which provides several services like, payroll, benefits, recruiting and onboarding, training, and various other tools which directly or indirectly implemented in HRM.

Benefits of Digital Transformation to HR

Digitalization in human resource can have several benefits for HR performance that can not be overlooked it is found in the research done by (Mohammad Yusuf M, Dr. Shubha Muralidhar, 2019) that digital transformation in HR helps the organization in increasing efficiency, performance and competency. Not just this, digital transformation helps human resource management in many fold ways if we talk about HRIS (human resource information system) it has minimized time for various lengthy tasks like communicating information within the organization, processing paperwork, correcting errors, feeding the data, making staff decisions and recruiting and training the staff etc. (pallavi singh, 2021).

Other important digital tools like cloud computing which have already proved their usefulness and benefits to various organizations also help in HR by reducing their cost, less dependency on their internal infrastructure and resources, better communication, enhanced flexibility and completely agile workplace (poonam arora, 2019).

The bottom line is digitalization empowers new work frames through better approaches for conveying and associating all around with the utilization of computerized apparatuses. E-HRM (electronic human useful resource control) is boost business answer which offers a complete on-line support inside the control of all processes, sports, statistics and statistics required to manipulate human sources in a modern business enterprise. (Tanvi Rana, 2019).

Challenges Faced by HR in Adopting Digital Transformation

“When digital transformation is done right, it’s like a caterpillar turning into a butterfly, but when done wrong, all you have is a really fast caterpillar”. -George Westerman

A study by *MIT Sloan Management Review* and Capgemini Consulting found that these days companies face a digital urgency, either adopt new technologies promptly or face competitive antiquation. While there is general agreement on the increasing importance of implementing digital technology, most employees tend to find the strenuous and slow. Many employees said that their leaders do not show urgency and hence fail in sharing a systematic vision for implementations of technology to change the business. Companies that succeed tend to have leaders who share their vision and define a road map, create cross-organizational authority for adoption and reward employees for working towards it. It vouched that the most frequently cited obstacle to digital transformation was “lack of urgency”.

As most of the organizations already have automated HR administration to some extent, hence simple automation of processes involved in HR can no longer provide a competitive advantage. Adding to this, with enhanced use of technology there are certain social cum economic variables that might get affected like employment. In the research conducted by Osman Bayraktar and Canan Ataç (2018) The common opinion of business managers interviewed is that some of the low-qualified employees will lose their jobs, while Industry 4.0 will widely affect employees’ expected skills and profiles of skills, which will result in higher demand for highly-qualified employees.

The important demarcation between work and personal life is destroyed: employees have to be available almost anytime and anywhere. Digital technologies inevitably make companies more “transparent” by accessing specialized resources, you can see salary levels, find out the specifics of conducting interviews in specific companies, including possible questions, etc. Information about companies is spreading quickly on the network, and bad feedback from employees is made public. The amount of feedback that a company receives from employees increases on average by a factor of 10 with the qualitative implementation of relevant mobile HR applications (E.A. Mitrofanova et al (2019). A problem expressed by a plant manager in a research interview conducted by (Jonet Johansson, 2017) that we have neither lack of information technology experts nor have shortage of people who are familiar with their work. However, in order to make improvements in information efficiency through this new management system, such people are needed who are both good at using the system and familiar with the whole operation process in the manufacturing industry.

Ways to Make Digital Transformation in HR Smoother

There have been several ways found out by various previous researchers in order to make new age technological transformation in HRM possible in a better way. Starting from certain suggestions given by (Zhao Lei and Yang Jing, 2016) that we need to follow the overall strategy of unified planning, top-level design, step-by-step implementation and constant improvement, emphasize the value, and refine the procedure of relevant business and eliminate the individual Information Island through business integration. Besides, we should also standardize the “weighting system” of management, realize the high-level resource sharing, and gradually enlarge the application range to bring the final purpose into reality.

Conclusion

The purpose of this study was to analyze the existing literature and valid information available regarding HRM digital transformation and to find out impact on human resources and various underlying benefits and challenges faced by HRM in the process of digital transformation. Digitalization brought out various changes in the working of HRM some desirable some not so, but all mentionable. Organizations apply various tools for digitalization in HR like artificial intelligence for screening candidates through Q&A, checking social media. AI cuts down work amount of management, cloud based human capital management which ensures shareability of resources and their accessibility at one place or the other, VR training another very important tool emerging which helps in providing real time experience training, and several other tools like chatbots and SaaS etc. application of these digital tools has benefitted HR in many ways, summing up increasing efficiency and productivity of the organizations, it has shorten the time spent for almost every lengthy tasks from communication to training employees. But all the benefits can be availed without facing certain challenges come along with digital transformation like resistance to change amongst employees, not getting the right talent, lack of urgency amongst leaders and hence vision less implementation, and many more challenges but the question is how to resolve these, though there is very little available on this aspect such as preparing an overall strategy of unified plans for long term, top-level design, gradual implementation and constant improvement. Lack of availability of practical ways for smooth digital transformation in HR can become an area of focus for future researchers.

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