HR Digital Transformation: A step by step guide to HR digital transformation

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HR digital transformation can transform HR departments across the various businesses in different industries. It is mainly how HR functions in organisations are transformed using data. This is usually time-series data that guides all HR functions, including performance management, payroll, benefits, learning and development, rewards and recognition, and other types of data recorded. The HR digital transformation is a data-led process using automation and digitisation. This article looks at the six stages of a successful HR digital transformation process that organisations can adopt.

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What is HR digital transformation?

HR digital transformation is changing the manual ways of HR functions adding technology to be at the core of the HR functions.

It integrates technology into the HR business functions to enhance the processes, reduce the turnaround time, and deliver value to the clients. The technology is there to change the old redundant ways of doing business into new modern ways which are effective and efficient. These new ways brought about by the digital technologies will modify the existing processes by enhancing the processes, the culture and the customer experience. The change is not only HR-oriented, but it affects the organisation as a whole.

According to a [Deloitte 2017 Global Human Capital Trends Report](), HR is going through very rapid and profound change which is taking place in the following areas in organisations:

1. **Digital workforce**: *How can companies foster new management practices (dubbed "digital DNA"), a culture of innovation and sharing, and a set of talent practices that support a new network-based organisation?*
2. **Digital workplace**: *How can businesses create a work environment that encourages productivity, uses current communication tools (such as Slack, Workplace by Facebook, Microsoft Teams, and others), and promotes employee engagement, wellness, and a sense of purpose?*
3. **Digital HR**: *How can businesses transform their HR departments to work in a digital world, deliver solutions with digital tools and apps, and constantly experiment and innovate?*

The Why of HR 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 fast caterpillar.

George Westerman

Research shows that 56% of companies redesign their HR programs and functions to be digitised with technology as the core of all the redundant functions. According to a [Deloitte survey](), 30% of the HR teams use artificial intelligence to automate the HR functions, and 41% are developing mobile applications to deliver value to their clients. Despite the majority of the HR teams automating and transforming the redundant operations, it is not a good idea to transform just for the sake of transforming or because all of the competitors have digitised. Instead, it is prudent to initiate the transformation process with a clear objective in mind, making business sense as this will most likely win.

Which factors are necessary for a successful digital transformation?

Once a business has identified the one clear objective for going ahead with the HR digital transformation change, the following factors need to be considered for a successful digital transformation:

1. **Orientation:** To effect substantial change, you must adopt a fresh perspective. Update your organisation's structure to focus on client needs, wants, and priorities. It should be structured on an inside-out paradigm, which means it is organised on internal procedures and activities. A well-thought-out approach with clear transformation objectives is necessary during the first stages of the digital transformation process. The strategy explains why, what, and how, all of which are linked to particular, measurable business results.

2. **People:** Recognise the values, expectations, and habits of your customers. This necessitates buy-in from all company levels, including employees and management. This will enable the entire business to align with digital goals and plans. Putting high-caliber people to work is a must. The most capable resources are identified and freed up by management to lead the transformation effort.

3. **Processes:** To enable change, evaluate operational infrastructure, and update (or overhaul) technologies, processes, and policies. A flexible governance attitude that encourages widespread adoption is encouraged. Leaders promptly resolve bottlenecks, adapt to changing circumstances, and instill cross-functional, mission-oriented, fail-fast-learn behavioral change across the organisation. They deal with particular problems while keeping the big picture in mind.

4. **Objectives:** Define the goal of digital transformation and bring all stakeholders (including shareholders) on board with the new vision and strategy. Set objectives for your digital transformation—what specific areas do you aim to enhance with the help of technology? What kind of results do you want to see? Setting quantifiable KPIs might assist you in achieving your digital transformation goals. Effective tracking of progress toward predetermined goals is also crucial once they have been set. With appropriate data availability and quality, the organisation develops precise measurements and targets surrounding processes and outcomes.

5. **Structure:** Form a specialised digital experience team with clearly defined roles, duties, objectives, and accountability. Ensure that everyone on your team is aware of your goals and processes so that you can stay on track.

6. **Insights & intent:** To guide digital transformation, gather data and apply insights to strategy. No matter how your customers connect with your brand, data can help you streamline experiences across their journeys. Data can also assist you in evaluating your digital transformation outcomes, such as brand relevance, higher revenue, and so on.

7. **Technology:** A modular technology and data platform based on business needs are critical. To provide safe, scalable performance, rapid change deployment, and seamless ecosystem integration, the company implements a fit-for-purpose, modern technological architecture driven by business demands. Rethink front-end and back-end technologies to provide seamless, integrated, and native customer and employee experiences. Utilise technology to increase credibility and fulfill rising client expectations. Ensure that your content and messages are platform-agnostic, so that algorithm changes do not disrupt customer experiences.

8. **Execution:** To guide ongoing digital transformation and customer experience efforts, implement, learn, and adapt. Regularly assess the state of your change so that you may make required improvements.

Examples of HR digital transformation

As technology is evolving, the HR digital transformation examples are also increasing. The majority of the repetitive tasks done by HR teams, such as employee onboarding and offboarding, tracking and validating timesheets, training, performance, payroll – leave requests, etc., can be automated. The top management consulting firms take up most of the market for HR digital transformation, including BCG, Bain, and McKinsey. However, other companies are experimenting and implementing new solutions driven by technology.

One of the top American technology firms, IBM, launched a digital learning platform for its employees with a comprehensively enhanced user experience. LinkedIn also launched LinkedIn Learning which is an online learning platform enabling individuals and organisations to develop.

Unilever changed its hiring process to include social media, online games, and experimenting with artificial intelligence to improve the digitised recruitment process. Cisco often runs hackathons to build new HR products, and this has cultivated an innovative culture for unending improvements. The people who also attend the hackathons are motivated to be a part of something new which is improved based on the rapidly evolving technology.

The stages of HR transformation

As mentioned in the previous sections, change is a gradual process; hence it cannot occur overnight. According to AIHR Academy, the following six stages are needed for an HR transformation process:

1. **Business as usual** – the business should continue as usual with the transformation process being done parallel.
2. **Present and active** – there should be different kinds of experiments running in the organisation as the transformation team implements and eliminates these until the best that fits perfectly is found.
3. **Formalised** – all the experiments being run by the transformation team must pass through the management team because their buy-in is very important during the transformation process.
4. **Strategic** – the power of sharing efforts and insights leads to new strategic roadmaps which individuals participating in the transformation process need to know.
5. **Converged** – it is a must to formulate a dedicated transformation team that will give the whole organisation guidelines as the transformation process is being executed.
6. **Innovative and adaptive** – technological advancements are rapidly happening. Therefore, it is essential to note that this is the new norm, and people should also get used to that.

How to get started with HR digital transformation?

Now that you know the stages for digital transformation, we must understand how we can get started. Most people struggle with the implementation part, but the following steps will help companies turn the theory above into a reality:

1. **Setting a clear goal** – this is the most important phase for the digital transformation process. Setting a clear goal that makes business sense is critical as it forms the basis for the digital transformation process and it prepares the company for prospective future challenges it may face. It also guides the employees showing clearly where the organisation is headed and helps them get familiar and explore other factors such as digital leadership models, organisational network analysis, etc.
2. **Bringing the people together** – bringing everyone on board in the organisation is essential because HR digital transformation affects the HR team and the organisation. So getting people on board is critical for the success of the transformation process.
3. **Selecting the right technology** – old redundant systems have to be replaced using the best technology. Upgrading is needed, especially with the continuously evolving technology. Most HR functions are affected, i.e., onboarding and offboarding of employees, performance management, tracking and validating timesheets, etc.
4. **Evaluating performance** – to assess the organisation's growth outcomes, it is necessary to evaluate performance. This will also help identify the gaps and any other challenges being faced. For example, technological-related issues can be quickly identified and resolved as the transformation process is being implemented.

One Last Thing to note

Change does not happen at once, but it happens over time since it is a gradual process. Understanding why a transformation has to be done is key first and increases the chances of the process being successful. With a clear objective that makes business sense and drives the business towards the right direction, victory is certain. Technology is rapidly changing, making the process of digitisation mandatory. HR digital transformation is also a bonus to the organisation as it will enhance the processes and improve customer experience. It makes everything a lot easier, from work itself to the availability of getting reports and insights in real-time using cloud-based solutions.

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