

xoxoday



HR DIGITAL TRANSFORMATION

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INTRODUCTION

An HR digital transformation requires organisations to undergo tedious change management. It would require leaders and employees to change their thought process and act with higher data orientation. Using technology that replaces a considerable amount of transactional HR, digital transformation helps leverage technology and data for the better. Data allows leaders to make decisions in a more strategic and sustainable way and helps organizations prepare for the challenges of the future workforce.

In this document, we will start with discussing the human resource lifecycle i.e. the various stages of interaction of an employee with the organization. We then discuss employee engagement, the new age phenomenon of improving employee experience at every stage of employment. Next, we walk through the transformation happening in human resources management space with a deep dive on various aspects of transformation including SWOT (Strength, Weakness, Opportunity and Threats) analysis and PESTEL (Political, Economic, Social, Technology, Environment and Legal) analysis.

We will have a quick look at the HR management products, both established and upcoming. A unique section is Change Levers in HR transformation that explains how transformation in this space will be directed in future.

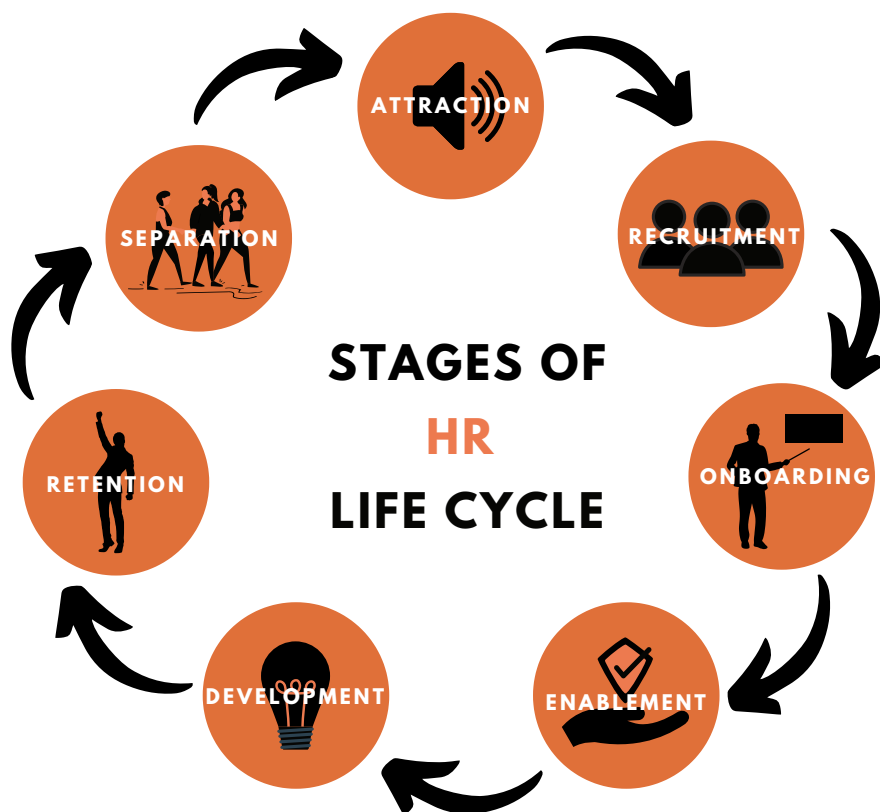
PART

1

WHAT IS HUMAN RESOURCE LIFECYCLE?

The HR digital transformation process needs to follow the basic flow of the Human Resource life cycle since the HR life cycle represents the major experience touchpoints. Paying close attention to each of these junctures are important to craft the HR transformation.

A typical human resource lifecycle is defined as the stages that employees go through in any organization. Each of these stages is important and requires specialized personnel to manage the unique nuances. Speaking from an academic perspective, the nitty-gritty of each step is unique, distinct, and complex; hence, requiring specialized skills and resources.



Source: xceed365.com

Compensation Plan: Compensation offered with all the individual component details. Expected increment, frequency of the increment, variable share, variable payout details, etc. are essential information aspects and should be shared with the candidates during the recruitment process. This ensures clarity and transparency, leading to higher employee satisfaction.

Recruitment Process: This is a critical part wherein the hiring stages, rounds, and evaluation criteria must be set. Understand the complexity of the role, stakeholders, and severity of the position. The process should adequately test all the required skills and talents of the employee (including the organization culture fit). Quizzes, coding rounds, take-home assignments, panel interviews, case studies, group activities, etc. are some types of assessments used majorly.

Information broadcasting: Once the position is identified and created, it must be broadcasted and visible on relevant portals. Publishing it only on your organization's careers page will not attract appropriate talent as the majority of your target workforce might not be accessible via it. Job portals with high reach such as Naukri, indeed, monster-jobs, etc. are the ones used extensively by job seekers. LinkedIn jobs is also a significant hub for bringing job opportunities and job seekers together.

Screening: Now that you have received multiple applications for a position, not every application is worth a detailed review. Establishing and executing a quick and efficient screening process delivers immediate and lasting returns. E.g., does the position require stringent mathematical and analytical skills? Shortlist only those applications with a strong quant or science scores. Screening based on experience, educational background, and abilities is also a suitable method to quickly remove applications that do not fit the expectations.



QUICK TIP:

Always ask the critical question that the position requires. For example, does it require stringent mathematical and analytical skills? Then shortlist only those applications with a strong quant or science scores.

Evaluation: Now, we evaluate the relevant applications in detail. Execute the detailed recruitment process to assess each candidate in depth. Ensure that the assessor is relatively more experienced than the assessed to evaluate the candidate critically. Also, the assessor should have had some experience of the position to explain the requirements and set expectations of the candidate. At every stage, recruitment teams interact with the candidate to take feedback, and capture concerns and requirements. This is usually done by assigning a buddy or point of contact resource to manage the engagement experience of the candidate.



ONBOARDING

3

This stage introduces the employee to the organization, informs him/her about the practices, culture, and values, and prepares them for a long career. Some quick benefits of a detailed and well-planned onboarding process:

- High retain percentage of quality talent.
- Strong employee engagement
- Support business growth
- Augment trust and support
- Improve employee relations and connect

5 BENEFITS OF FORMAL EMPLOYEE ONBOARDING



Source: miro.medium.com



NEARLY 70% OF EMPLOYEES WILL STAY AT A COMPANY FOR AT LEAST THREE YEARS IF THEY HAVE A POSITIVE ONBOARDING EXPERIENCE .

Source www.apty.io



26.5%

of respondents said technology is missing from their organisation's onboarding programme

HR professionals clearly see technology as the missing piece in their onboarding arsenal with

68%

planning to use technology in their onboarding process

ENABLEMENT

4

Employees are trained on the organization's policies, best practices, and working culture. Usually, senior leadership and management interact with the newly onboarded candidates to answer any questions and concerns. Support teams enable the required administrative, tools, and functional accesses to ensure that the employee has a seamless experience while executing the tasks and responsibilities. A good practice is to assign a buddy or mentor to help the new employee find operational answers and process explanations for quick and routine tasks. It also gives the employee support to turn to when the workload overwhelms the employee in the initial phases.



DEVELOPMENT

5

Human resource managers interact with the employee to capture and understand the aspirations and long-term development needs. There is a detailed assessment to assess the leadership potential of the employee and provide adequate opportunities to test and validate those skills and potentials. For bright and top-performing employees, providing them with challenging problems, customer management, and other leadership opportunities go a long way in retaining and motivating such employees.



RETENTION

6

Recognizing, rewarding, and appreciating employee contributions are essential for the continued and strong morale of the workforce. Apart from the usual recognition certificates such as Spot Award, Ace Award, Champ Award, etc., many organizations are now employing employee-centered rewarding avenues.

Xoxoday Empuls long service awards comprises multiple options of selecting gift vouchers that are highly personalized and memorable for the employees.



SEPARATION

7

Final stage of the employee lifecycle. It is a crucial stage that requires diligent attention to detail to accomplish the following:

a) All policies, systems, and procedures should be followed to the complete detail and deliberation.

b) Conduct adequate interviews at the stage of resignation initiation to identify the reasons and retention needs (if any). Also, conduct the exit interview before the final exit to capture employee's experience and take feedback on the processes faced by the employee.

c) The employee should be removed from the database systems and all accesses revoked.

Employee engagement is now becoming an important part of each of these stages. It is in fact the feedback and learnings derived from the engagement that is now governing and directing the transformations happening in these domains. So, before jumping into the detailed analysis of HR transformation, let us understand employee engagement first.

KEY AREAS TO EVALUATE FOR DIGITAL TRANSFORMATION AT EACH STAGE

Attraction:

- *Do you have an attractive career site?*
- *Does the career site integrate with popular hiring platforms?*
- *Do you run recruitment email and social campaigns?*
- *Do you leverage social media for employer branding?*

Recruitment:

- *Can we use an applicant tracking system for bettering the current recruitment process?*
- *Do we use mobile recruitment tools?*
- *Does your current recruitment partner tool use location tracking to recruit from the right talent pool?*
- *Do you use video interviews to improve recruitment turnaround time?*

Onboarding:

- *Do you use collaboration tools to quickly onboard employees?*
- *Do you use task management tools to manage the onboarding checklists, onboarding workflows and task sheets?*
- *Do you use document management tools for candidate documentation?*
- *Do you use social communication to greet and interact with your new recruits?*
- *Do you use video conferencing for remote training and video libraries for on-demand training?*

Enablement

- *Do you use collaboration tools to quickly enable employees to work in a team?*
- *Do OKR tools to quickly align employees to goals?*
- *Do you use a performance management system to track the employee performances?*
- *Development*
- *Do you use collaboration and communication tools for knowledge sharing and pooling?*
- *Does your performance management system track job stagnation?*
- *Does your team management tool enable one-on-one mentoring and cross departmental assignment tracking?*
- *Do you have a learning management system?*

Retention

- *Does your retention platform offer a variety of awards like spot awards, team awards, jury awards or service awards - depending on the need.*
- *Does your loyalty platform offer budgeting and rewarding workflow design?*
- *Does your loyalty platform offer integrations with your performance management systems?*
- *Does your rewards platform offer point based rewarding and a wide range of point redemption options?*
- *Do you have an employee engagement and pulse survey tool?*

Separation

- *Do you have an exit management module?*
- *Do you use task management and collaboration tools for offboarding checklist and work flows?*
- *Do you have an exit survey tool?*

PART 2 EMPLOYEE ENGAGEMENT

WHAT IS EMPLOYEE ENGAGEMENT?

It is a new age practice of engaging with the workforce to measure their feelings, understand their concerns and make products with a people-first attitude. It is a means to grab the pulse of the workforce and create solutions that cater to the expectations, needs, and challenges of the workforce rather than forcing upon them the existing solutions. For the engagement to happen, the following conditions must be fulfilled:

Availability: do employees have a forum to express their feelings and concerns? Since many people are not comfortable with speaking out loud (especially to their boss or HR personnel), do they have access to anonymous tools wherein they can express their concerns and challenges?

Safety: does the organization promote a culture of independence and feedback? Are critical inputs and feedbacks treated well, or are people punished for speaking against the leadership? A healthy environment is essential for employees to speak up and express their fears and concerns.

Meaningfulness: the work, policies, environment, and the organizational culture should be meaningful, rewarding and supportive for engagement to happen. If the employees do not feel at home or feel a connection with the organizational culture, engagement efforts will continue to fail.

TYPES OF EMPLOYEES IN ORGANIZATIONS (BASED ON INVOLVEMENT)

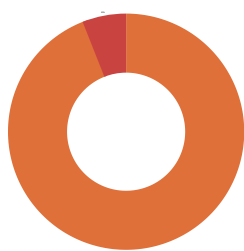
Engaged: These employees love to solve challenges. They are focused on personal and professional growth. Maintain good relationships with their teams and are willing to put in extra hours for the organization's and customer's progress.

Disengaged: Focused on completing their tasks and leaving. Do not involve or participate in other activities. Shy away from complicated or additional challenges. They are satisfied with getting their payouts every month and ensure that their work is just sufficient to earn them that.

Actively disengaged: Do not take an interest in work. Have a negative sentiment towards almost everything that happens in the organization. Do not let go of an opportunity to criticize the leadership team and find flaws in every initiative. Do not, at all, sync with the organization value and culture. The essence of employee engagement is to segregate employees into the above buckets and take suitable action to mitigate the circumstances and create a healthy, supportive, and prosperous work environment.

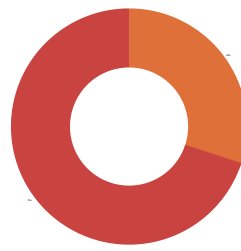
WHAT IS THE IMPACT OF EMPLOYEE ENGAGEMENT?

Here are a few benefits of employee engagement measured across industries, roles and organizations sizes.



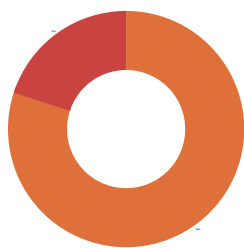
94%

of the world's top companies believe their efforts to engage employees have created a competitive advantage



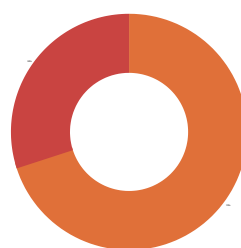
30%

of employees are now working directly with 20 or more colleagues on a daily basis so employers must be more focused on engaging staff for collaboration



80%

of business leaders say employee agility as the most important characteristic of a successful organization.



70%

of engaged employees indicated a good understanding of how to meet customer needs.

Source: www.researchgate.net

EMPLOYEE ENGAGEMENT TOOLS

Wondering how to effectively engage your employees? How to provide a conducive and supportive environment to the employees? Check out the low hanging fruits below to get started on your engagement journey and start capturing the essence of your workforce:

Flexibility: Employees expect flexibility of working hours, location, travel, and other factors. Leadership should be willing to allow employees to experiment and find the optimum work style based on their preferences, comfort, and capabilities.

Enablement support: Work requires multiple hardware and support tools, and these should be provided to the employees in a seamless manner. Approval and access processes should be made simple with minimum handshakes to cut the throughput time.

Capturing the pulse: Employee feedback, sentiment and feelings are captured using surveys and other tools. These anonymous and instantaneous methods provide realistic and actionable insights to improve the work environment and employee loyalty. Xoxoday Pulse surveys can help play an important role in capturing these employee sentiments.

Supportive leadership: Line managers and senior leadership should be open to suggestions and expectations of the employees. It is not always necessary to follow a rigid structure or processes, and innovation should happen in the employee-manager relations too!

Growth opportunities: Employees expect and deserve growth opportunities such as learning tools, skill development, customer management, leadership roles etc. Managers should be cognizant of these needs and offer growth avenues to deserving employees. It is a highly successful method to retain valuable employees.

TRANSFORMATION IN EMPLOYEE ENGAGEMENT

Employee friendly and user-first approaches have brought about rapid changes in the engagement exercises across organizations. Here are some of the transformations that have altered the way employee engagement is now perceived and executed.

Shifting Focus: Focus of HR professionals has moved from employee satisfaction to employee commitment to employee engagement.

Multi-channel communications: Two-way communications started with emails and messaging apps which later evolved into engagement apps wherein employees can communicate on a variety of topics and in varied ways. Information exchange happens almost everywhere and in diverse forms such as forums, feedbacks, opinions etc.

Improved Trainings: Trainings are now built with a user focus. The industry has moved from instructor-led classroom training to digital training, self-paced modules, online tutorials, graphical solutions etc. Mobile focus has delivered learning in the hands of users and can be accessed while commuting or anywhere.

Support as a Service: Engagement has become a recurring and constant activity with information exchange happening at various touchpoints throughout the day. Feedbacks are collected for various initiatives and processes almost every time an employee experiences that process. This mode of providing support as a service has enabled all-time engagement access for employees and is no more a one-time activity.

Data Leverage: Availability of data volumes has enabled analytics and artificial intelligence applications to derive trends, insights and recommendations that enable immediate decision-making and optimization of processes leading to cost reductions and improved employee satisfaction.

Now that we understand employee lifecycle and employee engagement, let us dive into the digital transformation and understand what it means in the human resources domain.

PART 3

DIGITAL TRANSFORMATION IN HUMAN RESOURCE MANAGEMENT

WHAT IS DIGITAL TRANSFORMATION?

It is defined as the evolution of processes, systems, and mechanisms of managing the human resource tasks including (but not limited to) recruitment, payroll, benefits, learning, rewards and recognition, appraisals, separation, etc. Prominent goals of a digital transformation exercise in the human resource department are:

- Automate manual and repetitive tasks
- Anytime, anywhere and near real-time access to information
- Enable employees to access information, execute basic tasks and processes without dependency
- Improve employee experience on the following:
 - i) Time is taken to complete a task.
 - ii) Touchpoints required to complete a task
 - iii) The volume of information exchange
 - iv) Recurring availability of similar information
- Employ freed-up time and resources for constructive use
- Gather regular feedback on system and process efficiency
- Identify areas of improvement and continually improve system features and benefits.

6 STAGES OF DIGITAL TRANSFORMATION



Source: www.digitalhrtech.com/

HISTORIC PROGRESSION IN THE HR DIGITAL TRANSFORMATION

HR Systems have evolved over many years. In the ancient times, human resource management was done manually with paper records maintained for every bit of information. Slowly, technological progress caught up and organizations started adopting record keeping systems. These were followed by recruitment systems and later smart systems.

Broadly, we can classify the HR management systems into two categories: Static Systems and Dynamic Systems.

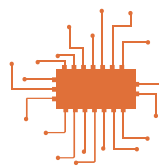
SYSTEM OF INTELLIGENCE



TRUSTED DATA



INSIGHTS AND
REPORTING



DATA SCIENCE



AUTOMATION

SYSTEM OF RECORD



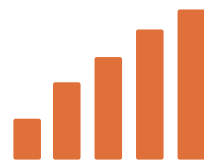
BILLING AND
STATEMENT



FINANCE AND
PROCUREMENT



SALES AND
SERVICE



INDUSTRY AND
MASTER DATA

Static Systems (system of records): The first arrivals in the HR technology during 1970s – 1980s was to automate paper transactions and maintain digital records. Next arrived systems to manage talent and the recruitment activities of the organization. The purpose of these systems was to build upon the benefits of automation and move into the talent management domain. Secondary objectives were to track the efficiency of employee training and improve their productivity, reach, and impact. They also focused on measuring employee engagement by giving employees improved, lasting, and quality access to information and resources.

Dynamic Systems (Systems of Intelligence): Built upon the growth of the predecessors (discussed above), these systems started appearing around 2010 and continue to be developed. Rapid development in technology led to an exponential increase in the availability of cloud solutions. This moved the focus of HR transformation from employees to integration of various applications into a single suite. This resulted in tremendous time and cost savings as data exchange became seamless.

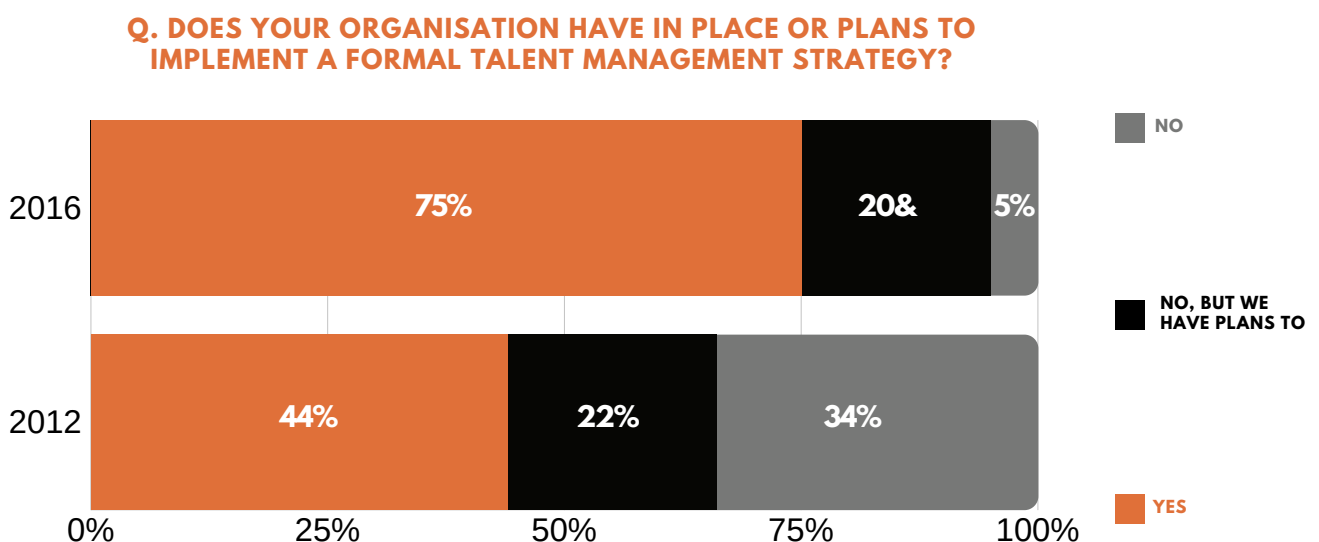
HR managers were now able to analyze information across systems and look at a birds-eye view. Post the growth in cloud solutions and large-scale data management tools; data analytics, machine learning, and AI are the future. Large scale automation coupled with AI can deliver considerable benefits such as identifying pay variations and abnormalities, learning needs and their fulfilment, and lack of transparency or clarity in the various stages of the recruitment process discussed earlier. Systems of intelligence like Xoxoday Empuls can capture valuable information from data systems and give you great insights into organisation culture and engagement.

BUT DO I NEED HR DIGITAL TRANSFORMATION?

Digital Transformation is a time consuming and complicated exercise that requires time, resources, and commitment at various levels. It is generally seen that many organizations jump into digital transformation just because everyone is. Or, because the leadership believes in the modernization and initiates a project. But as a department insider, how do you take an informed decision on the need for digital transformation? Here are a few questions to discuss in your team:

- Can you measure the value gained from your recruited employees?
- How is your data organized in a database? Do you use separate master data for permanent, temporary, contract, and other workers?
- Can you track the attrition rates department and business unit wise?
- Can you identify resources based on a skill or talent?
- Is it easy to identify salary corrections and increments required and the relevant candidates for it?
- Finally, how easy it is to extract this information in real-time? Do you have a live reporting application that gives you quick access to this information?

Did you get multiple 'No'? Your department likely requires a digital transformation exercise.



Source: saphr.idcinteractive.net

HERE ARE SOME CURRENT FACTS:

About

60%

of companies are working on transforming HR systems to include digital and mobile tools

Barely

8%

of organizations have self-organizing teams.

Not more than

10%

organization believe that they can find and tap top talent.

Only

17%

of organizations have integrated their talent management and human resource systems.

31%

of organizations are already using artificial intelligence-based solutions for solving pressing challenges

55%

of companies are working towards changing the organization to prepare for digital business models and digital realities.

41%

of organizations are investing heavily in mobile technologies to increase the reach and accessibility of their services

WHEN SHOULD YOU OPT FOR HR DIGITAL TRANSFORMATION?

Just because everyone around you is initiating large scale transformation projects, does not mean you give in to the “fear of missing out!”. Here is a quick checklist to determine whether your organization required an HR transformation.

- Your organization has data warehousing systems to capture and store information. This system, along with the information, serves as the backbone of transformation and enhancements.
- You have 50 or more employees
- You have an IT department to take care of the technical project requirements and management
- You have a data-first outlook and understand the benefits of leveraging data for decision-making
- Why do you want to initiate an HR digital transformation? – If you can clearly answer this question without confusions or multiple iterations, you are ready for the digital transformation exercise.

Convinced to jump into the digital transformation project? But confused on how to go about it? Read on to know how you can manage the entire process smoothly.

PART 4 STRATEGY FOR HR DIGITAL TRANSFORMATION

STRATEGY FOR HR DIGITAL TRANSFORMATION

Follow this simple plan to regularize and simplify the complex process.

1) Goal definition: clear identification of the goal is essential. Here is a crucial checklist to follow:

GOAL DEFINITION CHECKLIST

Impact of transformation on the workforce:

- ☒ Will the transformation activity make the routine task of most employees easier?
- ☒ Will the employee benefit from the new systems, fresh interfaces, and increased data availability?
- ☒ Does it reduce their turnaround time for finding relevant information and support?
- ☒ How easy is it for employees to manage their information in the new systems?

Metrics:

- ☒ What are the accepted (industry-wide and organization-wide) metrics to measure this goal?
- ☒ What is the primary metric (North Star) and the secondary metrics to assess the success of the transformation?

Comparison:

- ☒ How do we compare the performance for the existing or alternate solution?
- ☒ Can we devise experiments or A/B testing scenarios to run tests on random samples and assess the performance of the system and measure the difference in performance?

Financial Impact:

- ☒ What is the net financial implication of the transformation exercise?
- ☒ What are implementation, purchase, support, and other tangible costs?
- ☒ What are the intangible costs such as training the staff, lost productivity hours, phasing out existing systems?

2) Implementation team: Responsibility and ownership are essential pillars of any successful metric. Identify the right team to lead and manage the product. A secondary decision such as in-house implementation or outsource to an external vendor. Further, post-production support is to be managed in house by fresh hires or a support and maintenance contract created for a third party. Careful deliberation is necessary to find answers to these questions. (Tip: Unable to find an answer? Answer a quick question: 'What business are we in?'. If the in-house implementation and support go with the answer to the previous question, do it in-house else outsource it. Not a one-stop solution but a good starting point.)

3) Resource requirements: Do we need to hire additional resources to plan, manage, and execute the transformation? What are the specifications and job descriptions? (Remember the part discussed earlier?). How long do we need those positions? These questions will help to identify the staffing requirements for the transformation exercise accurately.

4) Project deadline: Deadline definition is essential and critical for any project. There should be realistic expectations and deadline setting and necessary to stick to those deadlines. Here is why we put so much stress on it:

- **Cost-Benefit Analysis:** The deadline extension breaks down the analysis did earlier, and the value calculated earlier no longer holds. In many cases, the transformation exercise ends up putting more costs than benefits on the organization.
- **The lifespan of Transformation:** In today's rapidly evolving markets, digital products have a limited life span. If your transformation is delayed, there is a high probability that the market will have moved on to newer and better technology, and you will be stuck with an outdated system. Though it will continue to provide desired results, it will not give you the competitive advantage that you expected from it. Again, this leads to the breaking down of the cost-benefit analysis.
- **Employee readiness:** Post the implementation, training, and readying employees to adopt the new system is a mammoth task. Any delays in transformation cascaded the delays further leading to significant losses for the organization.

5) As-Is -> To-Be: Identifying the existing systems to be discontinued post the transformation is a mandatory exercise. In most cases, the current systems are not suspended due to ease, comfort, and lack of training on the new systems. This puts data redundancy stress, lack of updated information on the new system, and information mismatch among systems. Staff continues to work as per convenience, and the organization is not able to realize the gains. It is a good practice to set a deadline for retiring legacy systems and stick to them.

6) Convince the leadership: As the HR manager, you have identified the need, performed due diligence on short term and long-term effects, and estimated the cost-benefit analysis. Now is the time to present your master plan to the leadership. Explain the benefits clearly. Be it costs, time, employee engagement, show the current and expected stats by highlighting the variation. Put clear cases for the technology selected and how is it in sync with the overall organization goal and practices. Remember, the leadership does not have a set budget for such transformations. They will have to cut slack at other places to let you have your way. Make sure your presentation is compelling, well researched, and complete.

7) Encourage and train the workforce: Done with the transformation? Now is the time to take it to masses. Prepare catchy communications and messaging to engage your workforce. Explain the benefits to them in the language of their understanding. (E.g., try telling a finance executive that this transformation will reduce our data fetch speeds by 5x!). Conduct frequent training and workshops for the employees to understand how to navigate and work around the new tools. It is a good idea to prepare easily accessible documents that explain the routine task clearly. This eliminates the need to reach out to someone for support. Another good practice is to provide sandbox systems to the workforce to play around with the interfaces, understand the landscape, and perform their daily tasks on a dummy system. This instils confidence and makes the transition smooth and quick.

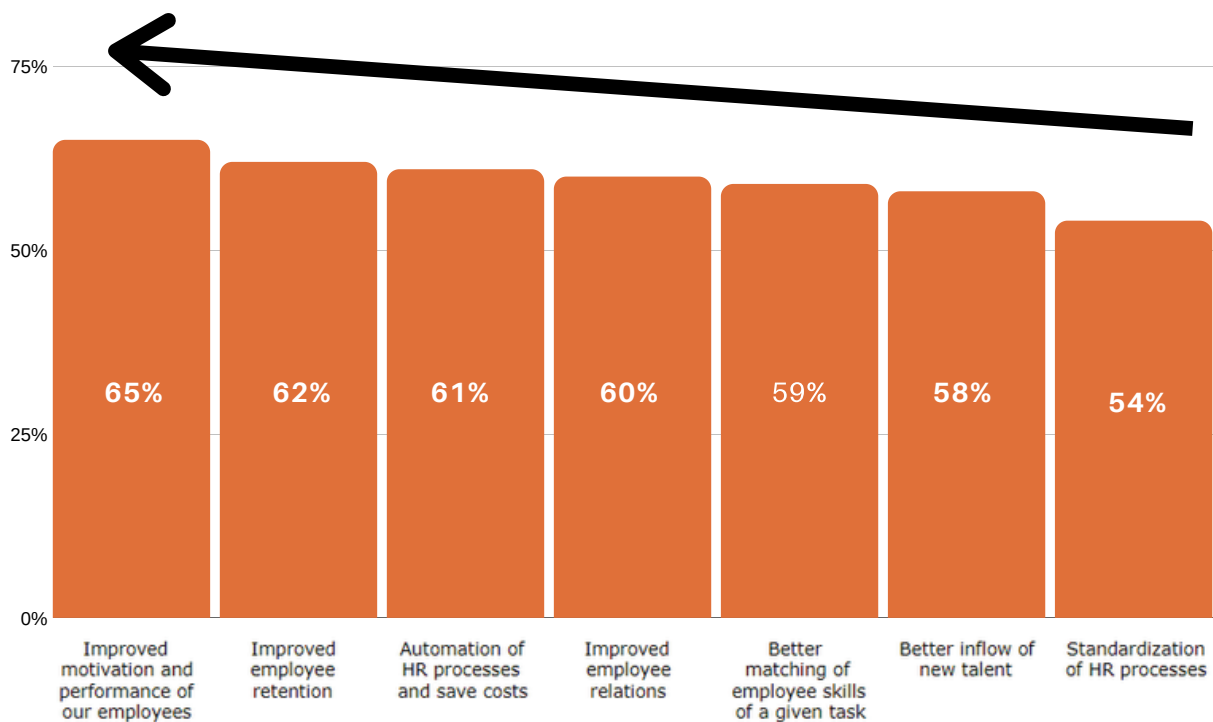
8) Institutionalize digital transformations: Digital transformation is not a one-time anomaly. It is a continued aberration. With the continually evolving markets, organizations must keep transforming to keep pace with the demands. For this, a culture of continued transformations must be established in the organization. Systems should be routinely updated, older systems retired, and changes executed. This ensures that the workforce remains committed to innovation and is not alienated to change.

PART 5

BENEFITS OF HR DIGITAL TRANSFORMATION

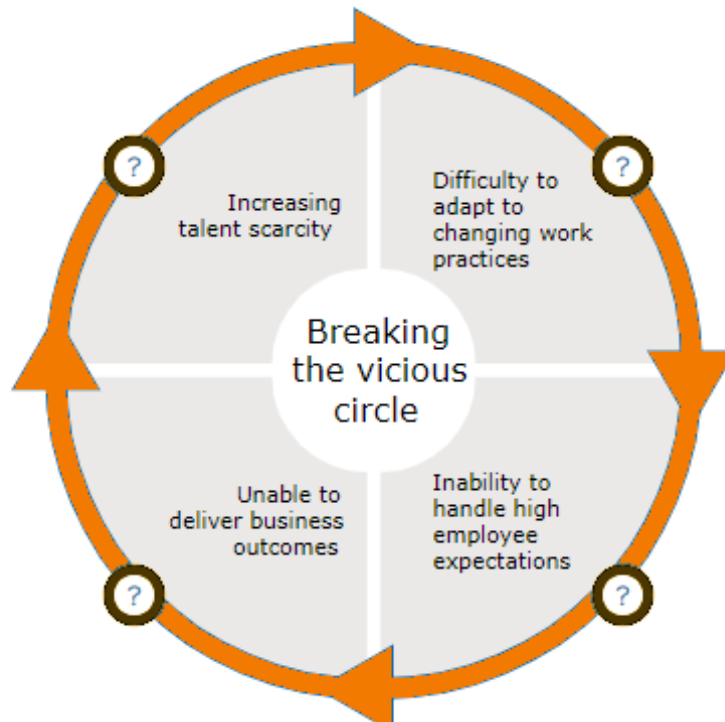
We list some broad benefits of the digital transformation exercise. Actual benefits will be a lot more than these and you will keep discovering them one after the other.

1) Employee Engagement: Enhanced mobility, seamless integration across platforms and devices, and hyper-personalization make it extremely convenient for the workforce to execute their routine tasks and responsibilities. Here is a snapshot of how employee engagement improves with increasing transformations in HR practices:



Source: saphr.idcinteractive.net

2) Vicious Circle: Helps to break the vicious circle of low productivity, failure, and losses



3) Sync Goals across Stakeholders: Transformation exercises help to sync up various stakeholders (leadership, IT service department, workforce, legal, marketing, etc.) and bring them on the same page. It answers the concerns, reduces doubts, and convinces people of the need for transformations.

4) Insights: Interconnected systems and real-time access to data give on-demand availability of crucial insights. Explore and analyze trends across parameters for any period. These custom analysis and self-BI tools help HR managers to accurately identify areas of improvement and employ resources for solving an identified problem rather than shooting in the dark.

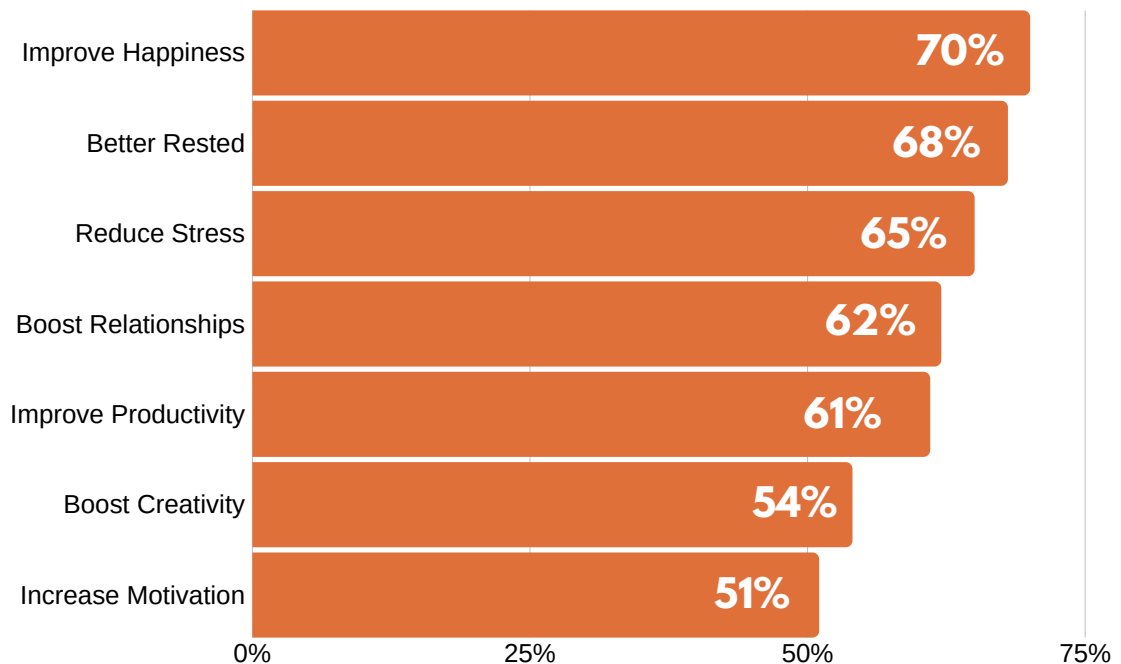
5) Adaptive Intelligence: These systems have inbuilt AI, and machine learning algorithms that learn on the go and continually improve their outcome accuracy and capabilities by learning from the database and available information. Thus, these systems leverage the available treasure of data to provide accurate and optimum solutions.

6) UI -> UX: HR Systems have transitioned from giving a custom user interface to employees to providing custom, pleasant, and complete user experience. E.g., apply leave using Google, Alexa, and other voice-controlled platforms. Or, get any time anywhere access to information when you need it. This enables the transition from engagement to experience. Workforce can now get customized experiences as per their requirements and needs, rather than accepting a uniform standardized experience.

7) Capture the pulse: It lets you run surveys on the workforce and capture the pulse on new age topics. (E.g. what do employees think of a four-day workweek?). It also helps to get instant feedback on various aspects of the working environment, policies, and practices. The ability to get instantaneous feedback ensures that we capture the feelings and emotions associated with the activity.

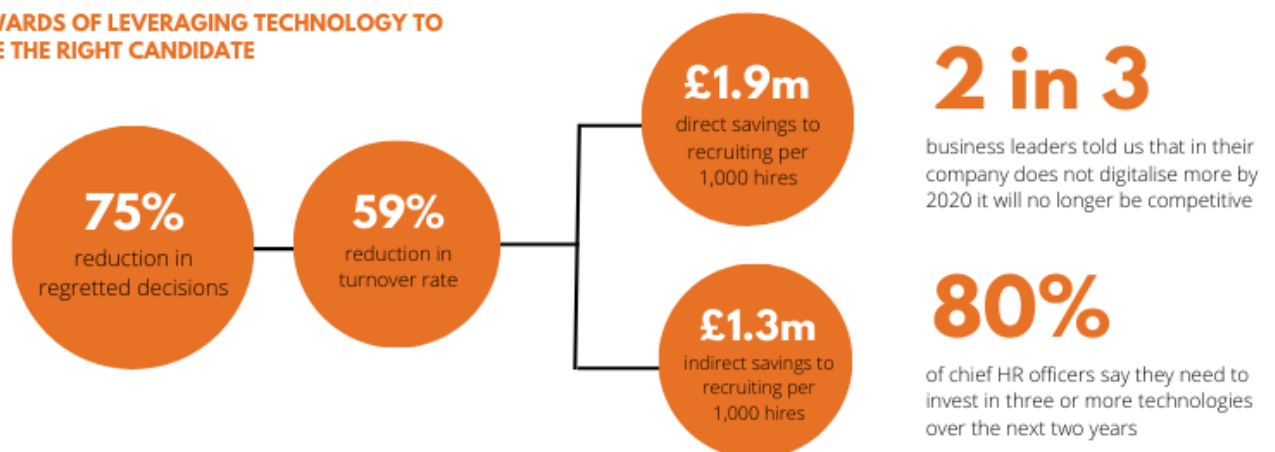
TOP EXPECTED BENEFITS OF REDUCED HOURS

Survey of full-time employees in the UK



Source: emtemp.gcom.cloud

REWARDS OF LEVERAGING TECHNOLOGY TO HIRE THE RIGHT CANDIDATE



Source: emtemp.gcom.cloud

CHALLENGES IN HR DIGITAL TRANSFORMATION

Like every other technology project, HR digital transformation exercises too have challenges which can lead to severe consequences. But there is nothing to worry about as long as you keep the basics in check. Here, we explain some of the prominent internal or intrinsic challenges that organization usually face when executing a transformation project. Refer this list to ensure that you are not missing out on any basic factors:

1) Lack of technical skills: If the implementation and project management team is not technically aware, there is a chance of selecting incorrect tools or designing flawed or less than optimum processes. This can deteriorate the quality of the transformation and hurt the short-term and long-term goals of the transformation.

2) Resistance to transformation: Workforce tends to get comfortable with the existing processes and is not always willing to learn new skills and tools. This is a significant intangible risk to transformation and must be dealt with great care. Often, a great way to alleviate this concern is to involve the workforce in the transformation exercise. Take their inputs on how the tasks can be optimized and renewed. Pay special attention to imparting adequate training to the affected workforce members on how to use the new tools efficiently.

3) Selection of right tool: The decision-maker vs end-user conundrum has jeopardized multiple transformation projects. Usually, the decision-making teams (on selecting tools, allotting budgets, and estimating benefits) are not the ones to work on the tools daily. Unfortunately, they do not always understand the on-ground complexities and end up making decisions based on their biases. This leads to an additional burden on the affected workforce, and the transformation exercise becomes the ultimate casualty. Keeping a healthy mix of all stakeholders in the decision-making process is essential for the success of the transformation exercise.

4) Cloud configuration: This a difficult puzzle to crack and is dependent on organization type, data rules, number of employees, and many other factors. Here is a quick comparison of the three configurations to make your decision-making process simpler:

PUBLIC CLOUD	HYBRID CLOUD	PRIVATE CLOUD
<ul style="list-style-type: none"> Services are owned and operated by a third party provider. The maintenance is bared by the service provider. Pay-as-you-go model. Thus, the setting and operating cost is less. Lesser Security as the platform is shared Lesser flexibility and control over the cloud environment 	<ul style="list-style-type: none"> It combines both public and private clouds Greater flexibility & more deployment options Cloud bursting is also possible Network complexities and compliance issues Can be extremely expensive 	<ul style="list-style-type: none"> Dedicated to a single organization Higher security as the resource are not shared Greater flexibility to control the cloud environment Purchase and maintenance has to be born by the organization Expensive than public cloud

Source: qph.fs.quoracdn.net

5) Cost-benefit analysis: The average number of digital systems used by an organization to manage HR operations is up from 7 in 2018 to 9.2 in 2019. Further, organizations are now spending about \$300+ per employee per year, which is ~30% more than the previous year. Also, are we getting enough returns from the high initial investment of the transformation exercise and the recurring maintenance and subscription expenses?

6) GDPR and employment contracts in Europe: Data regulations differ in different parts of the world, and the transformation exercise must include varied technical aspects. Further, if the system is not flexible enough to accommodate the changes in the future, it will put additional financial and resource pressure on the organization, completely messing up the expected returns.

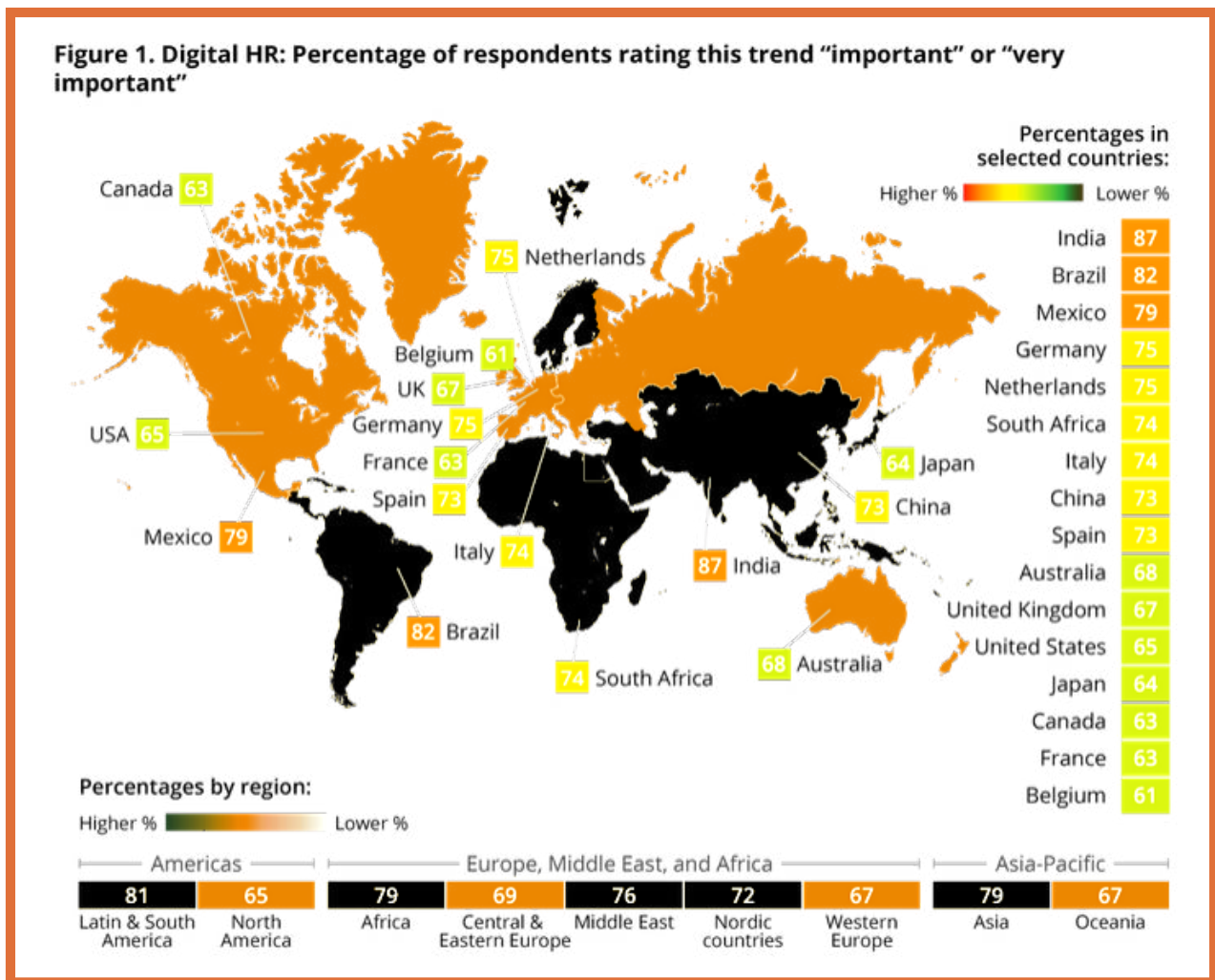
7) HR management differences - Company Size:



- **HR tasks:** Office size, employees, customers, and management layers differ based on organization size. In small companies, HR tasks are taken care of by a group of people who have other responsibilities to take care of too. Hence, any HR transformation activity has a lot of freedom and scope for exploration.
- **Responsibilities:** Since small companies have a lot of tasks to accomplish and few people to work, responsibilities often overlap. Hence, it is easy to get swayed and choose a product that solves the short-term challenges but offers limited long-term capabilities and returns. Large organizations, on the contrary, take a lot of time to complete the research and approval process, and many times the technology being researched becomes outdated or is replaced by an updated version.
- **Resources:** Limitation of capital, people, infrastructure, and time limits the value addition that small organizations can deliver in human resource transformations. This means that HR professionals in a small organization must come up with creative and collaborative ways to manage these requirements.
- **Recruiting:** For large companies, recruiting is not as difficult as they have better access to resources and candidates. Whereas small organizations do not have easy access to such resources and are hard-pressed on time to drive these themselves. This is an excellent opportunity for a transformation exercise that can automate or streamline verifications on social handles and cut throughout time for verification of documents and work experience.

8) Country Wise: A study was conducted on HR professionals worldwide to capture the sentiment on digital transformations in human resources. It asked questions on how important or relevant are digital transformation projects in HR departments and many more detailed questions. Here is a quick summary of the study results that

show how does the perception of HR digital transformations change across geographies. The image below shows the % of HR professionals considering HR transformations important or extremely important. The responses are aggregated at the country level and are displayed for major countries.



Source: www.deloitte.com

(% of HR professionals rating ‘digital transformation in HR practices’ Important or extremely important)

These factors make the transformation exercise and complex. Having multiple stakeholders across geographies, cultures and backgrounds make decision-making difficult and time taking. Pay special attention to managing these intangible complexities and ensuring that the project does not deviate from the timeline. Now, let us look at some external factors impacting the transformation exercise.

PART 7 PESTEL ANALYSIS

It covers the Political, Economic, Social, Technological, Environmental, and Legal Aspects of the digital transformation exercises in the HR domain. In simple terms, these are the external or extrinsic challenges to the entire transformation exercise. We list them out here for an easy reference:



PART 8 | SWOT ANALYSIS

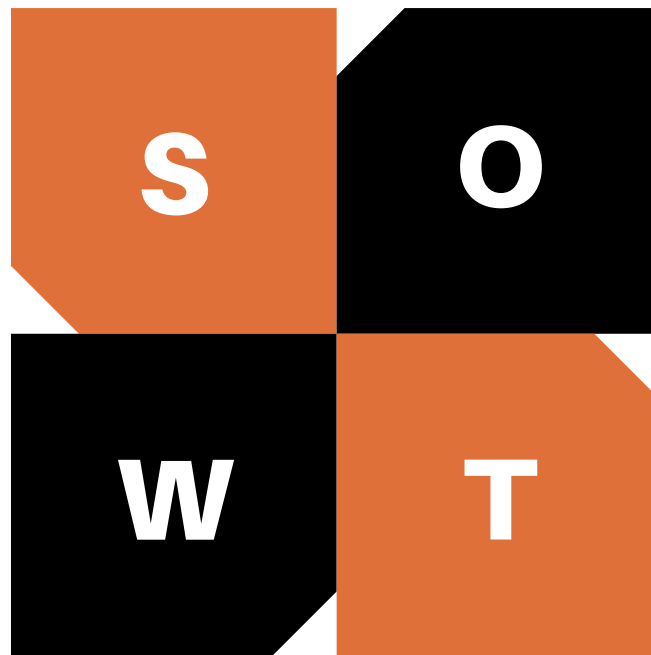
Let us summarize the HR digital transformation with listing the strengths, weaknesses, opportunities, and threats involved in the entire exercise.

STRENGTH

- Market readiness
- Analytical and AI capability leverage
- Enhanced employee engagement
- Cost and resource optimization
- Instantaneous feedback and response

OPPORTUNITY

- Optimize recruitment
- Integrate departments and practices
- Actionable insights
- Ease of use
- Mobile first solutions
- Remote working capabilities



WEAKNESS

- Lack of technical skills
- Ambiguous transformation goals
- Integrate multiple systems with limited handshakes available

THREATS

- Excessive options of tools
- Rapidly evolving market
- Diverse workforce requirements
- High implementation and recurring support costs

PART 9 HUMAN RESOURCE TECH PRODUCTS

Now that we have thoroughly covered the HR digital transformation landscape, let us now move towards the tech products that are available in the market. Though we cannot (and do not intend to) cover the entire available range, we show some tools based on their operation area for representation purposes.

According to the Gartner's human [resource product study 2019](#), the products are classified into Challengers, Leaders, Niche Players, and Visionaries based on their capabilities, features, ease of use, and return on investment.



Challengers: provide unique solutions such as labor scheduling and optimization, ability to customize a solution based on the diverse geographical or legal framework and policies for payroll, leaves, recruitment etc.

Leaders: tools that demonstrate strong and expanding use of digital assistants, mobile responsive designs and customized user experiences. Availability of powerful features such as account management, training, enhancement request handling. Provide varied cloud deployment options and plans. Another major offering is the strong customizations possible based on varied business and functional requirements.

Niche Players: have strong product quality, system performance and integration capabilities with other tools and systems.

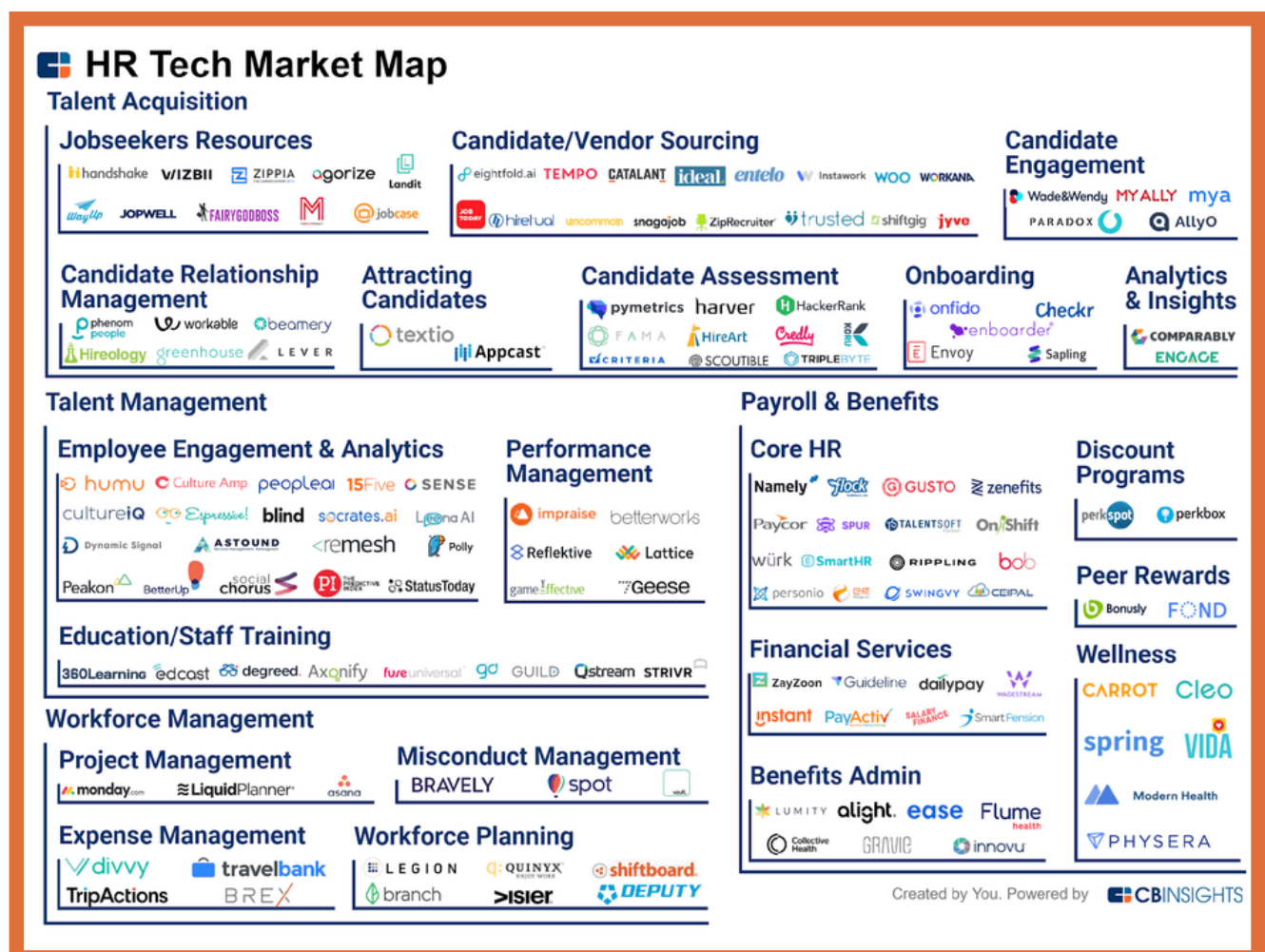
Visionaries: enable quick adoption, reduced operational cost and better analysis of returns.

Next, we show some of the established players and some emerging startups operating in the HR technology space. This is in no way an exhaustive or representative list. It shows some of the tools with their domains.

Established tools

<https://www.capterra.com/human-resource-software/hr-landscape>

EMERGING TOOLS IN THE STARTUP AND INNOVATION SPACE



Source: s3.amazonaws.com

PART 10 | FUTURE OF HR

Before we end, we would like to speak a bit about the future of HR management. Here is a quick compilation of trends and ideas that will govern the future of transformations and the way HR practices and employee engagement will be managed in the future.

AI & ML: Artificial intelligence and machine learning-based solutions are disrupting the HR industry in a big way. Here are some of the key areas expected to be heavily impacted by the AI wave:

- **Core HR:** Recommendations instead of analytic reporting. Systems suggest changes, corrections, and process improvements.
- **Recruitment:** Automation in recruitment tasks such as verification on social platforms, verification of documents, work-experience, and background checks, testing of technical and behavioral skills.
- **Learning:** Recommendations for training and learning content. Matching of mentor and mentee. Progress tracker and skill identification.
- **Diversity & Inclusion:** Make communication and documents bias-free. Put safety checks on document accessibility and information availability. Understand industry trends and update current processes to bring them at par with industry standards.
- **Management & Leadership:** Employee engagement activities, feedback collection, and analysis. Derive insights and plan of action for improvements.
- **Career:** Suggestions on open positions, recommended tasks, career growth avenues, and streams.
- **Organizational Structure:** Identify areas of friction and inefficiency. Suggest changes for optimized and seamless operations.
- **Wellbeing and productivity:** Recommend physical activity, diet plan, and health routines based on workload, hours of operations, and other factors—customized recommendations based on the unique requirements of each employee.
- **Service delivery:** Chatbots to solve recurring requests such as payroll, leave, document generations, tax-related queries, etc. Free up resources for other analytical tasks. Reduce turnaround time for solution finding by enabling self-help processes.

PART 11

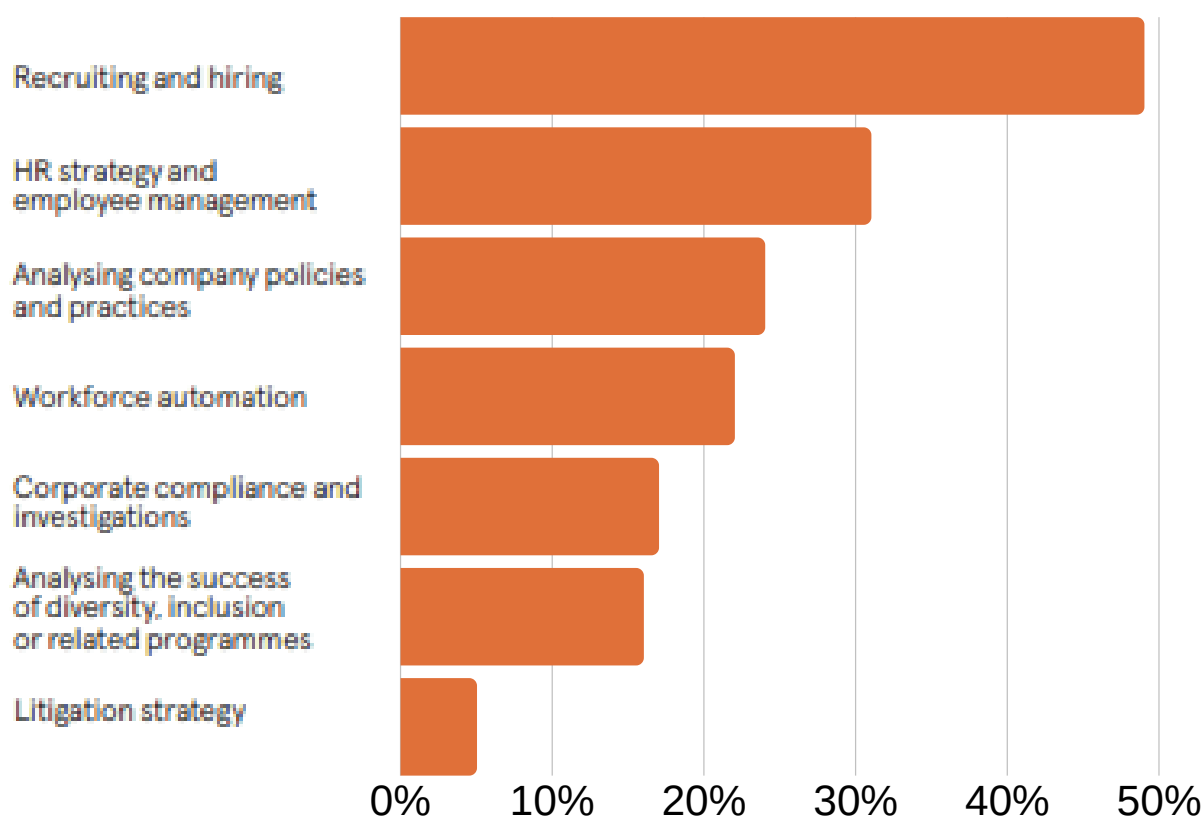
CHANGE LEVERS IN HR TRANSFORMATION

These factors will continue to dominate the growth and evolution of HR transformation in the future. It is better to be prepared and well-equipped with capabilities around these trends. While their presence will deliver results and growth avenues, their absence will be a severe blow to your growth story.

AI: Systems that have built-in AI has been training and acclimatizing based on the data available. These systems are now beginning to give recommendations based on the information set available. Organizations are increasingly looking at the benefits of recommendations than just analytics or reports. As the access to mobile devices increases, the range of tasks and operations achievable by these systems will increase.

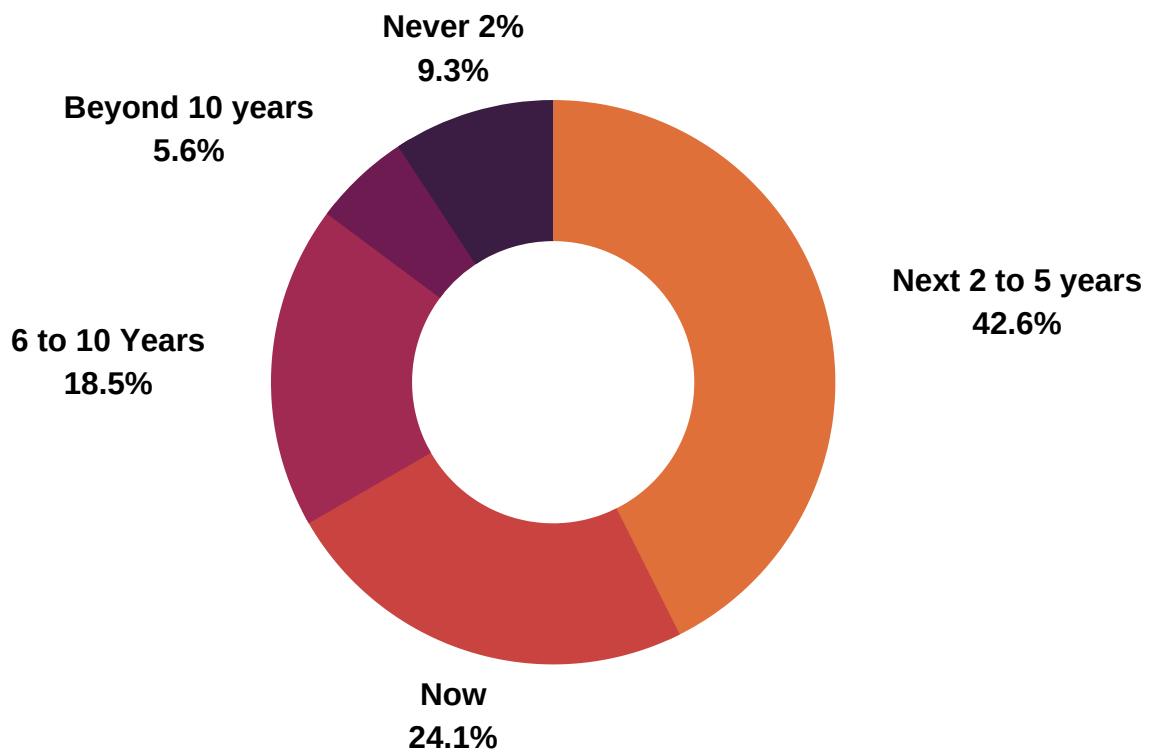
AI AND DATA ANALYTICS IN HR

Areas where AI and data analytics are being used to improve workforce and management decisions



HR PREDICTIONS ABOUT AI

When HR professionals think AI and automation will be advanced enough to impact workforce planning



Voice: Voice command and operations have started taking shape and are expected to be a significant control element for tasks. (Ok Google; apply to leave for tomorrow!) This will become a reality sooner than we expect.

Mobile Devices: Small screens of mobile devices are now increasingly becoming the dominant category for information exchange. Applications are now built with mobile-first aims and are optimized for mobile usage. Some constraints to take care of are:

- Limited screen size
- Optimized apps with limited data consumption
- Power saving mode of applications
- Easy to navigate (user experience)
- Simple to find relevant information
- Applications should work across devices, platforms, and operating systems.

Heterogeneity of the workforce: Workforce demographics are becoming increasingly diverse, distributed, and dynamic. Requirements are frequently evolving and will continue to play a significant role in the transformation definition.

- Age diversity: Organizations are now employing a workforce across age groups. Transformations planning should ensure that all age groups will be easily able to operate new applications and processes.
- Educational background across a wide variety means the workforce cannot be assumed to carry a certain level of technology comfort.
- Type of employment: Evolving roles and requirements have given rise to multiple categories of employment, such as permanent, temporary, contractual, desk jobs, and field jobs. Most of these have unique requirements and challenges, and the digital transformation should ensure the manageability of all such distinct needs.

Learning opportunities: Workforce today cannot be stuck with limited skill sets as technologies are evolving rapidly. It becomes essential for the employees to learn new skills and update their learnings. Digital transformations should put a significant focus on identifying and building adequate and impactful learning opportunities for the workforce.

Payment frequency: Different employment types and roles require custom payout frequencies and processes. Today, a lot of work is done by freelancers, and they cannot always be paid with the usual payout cycles.



PART 12 | CONCLUSION

HR transformation exercise is complex and complicated with multiple stakeholders, alternatives, and diverse requirements. It is normal to feel lost given the endless options, pressure of deadlines and the competitive pressure exerted by market forces. But it is a manageable and simple to follow process if the basics are in place. Having a clear idea of the goals, diligent attention to detail on the process, steps and implementation teams along with a clear identification of managers and team members to manage and lead the project will ensure that this mammoth task is simple and seamless.