Research report: first results

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Executive summary

Organizations heavily invest in the implementation of Digital HR. Yet, it remains largely unclear why some organizations do manage to successfully implement Digital HR and let it contribute to HR and business performance, while others don’t.

In collaboration with Capgemini Consulting, the University of Twente therefore explored what the prerequisites are for Digital HR to contribute to HRM- and business performance. The research involved in-depth interviews with 52 HR leaders, e-HRM leaders, and business managers from 22 large organizations located in the Netherlands.

Eight key-categories of prerequisites emerged from the research:

- 1. Keep it simple. Good enough is the new perfection.
- 2. First upgrade, standardize, and harmonize. Then migrate.
- 3. Move from push to pull. Answer the ‘what’s in it for me’ question.
- 4. Who should use the system? Build true partnerships.
- 5. Enough is enough. Consider system adoption as a gradual process.
- 6. Encourage role modeling to realize true changes in culture and behavior.
- 7. Get to know your new system, but don’t forget its provider!
- 8. Who can join the team? Find out who should join the team?

Results demonstrated that the core focus of HR is on realizing a successful implementation of Digital HR, meaning realizing the technical solution and of course actual usage of the system. That a successful implementation of Digital HR does not automatically imply its actual contribution to HRM or business performance, is largely ignored though. Especially when it concerns indirect contributions to business performance – via better HRM performance – organizations are simply ignorant about if, how, or to what extent Digital HR makes a true contribution. Fact-based underpinnings of such relationships are largely lacking.

In today’s organizational context, that becomes increasingly fact-based, technologically driven, and transparent, where budgets are under pressure and where IT implementation becomes increasingly complex and prone to fail, we wonder: how long can HR still get away with it? Carefully monitoring Digital HR’s actual contribution to HRM- and Business performance during and after its implementation should become a central element of any Digital HR implementation.
From Digital HR to Performance

Introduction

Organizations heavily invest in the implementation of Digital HR. Within some organizations such an implementation simply concerns the digitization of personnel files or providing a digitized HR dashboard to managers, while at others it concerns the introduction of an e-learning module, the expansion of direct access opportunities for managers, or the cloud-based integration of social media in the recruitment process. Whatever the Digital HR solution is, the goal is always the same: contribute to HRM- and business performance.

It remains largely unclear why some organizations do manage to successfully implement Digital HR and let it contribute to HR and business performance, while others don’t. Of course, a blueprint for success does not exist, if only because of the major differences between organizations in terms of the specific HR practices that have been digitized or outsourced, or the maturity of the HRM function in general. From a scientific perspective, also little is known yet about how organizations can actually make Digital HR contribute to HRM- and business performance.

In collaboration with Capgemini Consulting, the University of Twente therefore explored the research question: ‘What are the prerequisites for Digital HR to contribute to HRM- and business performance?’

About the research

The central research question addressed in this research was: ‘what are the prerequisites for Digital HR to contribute to HRM- and business performance?’ The research involved in-depth interviews with 52 HR leaders, e-HRM leaders, and business managers from 22 large organizations (4,000 to 90,000 employees) located in the Netherlands, which are either founded or strongly positioned in the Netherlands. Participating organizations are active in various industries, including banking, insurance, chemicals, retail, IT, power generation, rail transport, education, business consultancy and public services. The interviews were semi-structured, were conducted face-to-face at the interviewees’ office locations, and lasted approximately one hour. Respondents were asked about their views on a number of topics related to the influence of Digital HR on HRM- and business performance with the main emphasis on the prerequisites for successful implementation of Digital HR solutions, prerequisites for the contribution of Digital HR to HRM performance, and the prerequisites for the contribution of Digital HR to business performance. All interviews were transcribed, and analyzed in accordance with the analytical hierarchy approach described by Spencer, Ritchie, and O’Connor (2003).
What actually is Digital HR?

Digital HR, how did respondents understand this term? For the majority of the respondents Digital HR was associated with – as could be expected – the automation and digitization of transactional HR tasks and processes. Most respondents explained the meaning of Digital HR in relation to conducting HR tasks anytime, anywhere. Digital HR therefore comprises intuitive self-service options for both employees (ESS) and managers (MSS). It essentially represents the ‘click’ in the click-call-face strategy of many HR services organizations, and was considered as a key enabler for efficiency.

“Digital HR is the digital support of transactional HR processes, the gas, water and light of HR so to say.”
(respondent 7)

Digital HR was broadly considered to have the aim to digitalize – and as much as possible to automate – end-to-end processes in areas such as performance management, absence management and hiring.

Another frequently heard response to the question what Digital HR actually was, concentrated around the analytical capabilities of Digital HR. Respondents emphasized that the digitization of the HR landscape provides access to more HR data than ever, which enables a more data-driven and fact-based approach to human resource management. In general, providing management information and insights was considered to be a key purpose of Digital HR. But Digital HR increasingly provides the opportunity to move from information to insights, and now even beyond traditional reporting and benchmarking. HR Analytics, which was said to be enabled and facilitated by Digital HR, now provides the insights for strategic HR policy making. In relation to this, several respondents also mentioned the improved visualization possibilities of Digital HR, supporting the strategic positioning of HR towards the business. The analytical support of Digital HR was particularly mentioned in relation to more ‘high-value’ processes, such as recruitment, learning, and performance management.

Another important theme in the responses to what Digital HR actual is, relates to the notion of seamless interfacing. This essentially concerns the integration of technologies across all processes, or as one respondent called it: “transforming spaghetti into lasagna”. It refers to the intuitive process of finding what you are looking for, and quickly doing what you want to do:

“So for me, what you actually want to achieve with seamless interfacing, is that the amount of mouse clicks does not exceed two, that it is intuitive, that you understand where you are, that you understand what you need to do, that you have clear overview, that you don’t have to search for icons, that you basically see all the actions that are requested from you.” (respondent 9)

In that respect, several respondents made the comparison with activities in our personal lives. They indicated that employees expect their organizations to provide comparable experiences as they have in their private lives. One respondents for example explained that seamless interfacing enabled employees to exercise control over their own data, their own processes, their own progress, and how this is therefore not really different from online shopping where you buy something, have a track & trace code, and are thus pretty much in control as well. Another respondent made the striking comparison with booking a holiday nowadays:

“You used to go to the travel agency to retrieve all sorts of information about the country where you were going. And now you just Google and will not visit a travel agency anymore. And it’s the same with the HR related needs among managers and employees. You also want to help them to easily find everything, without having to go to a person.” (respondent 7)
The term Digital HR did not resonate well with all respondents though. One respondent considered it to be just another buzzword, like talent-management and strategic workforce planning, while another respondent perceived the term as being pompous, and even noted she needed to laugh a bit when she read the term in the invitation for the research. In her opinion, we should simply talk about systems that contribute to the efficiency of the HR function, or to the general functioning of the organization. Within another organization, terms as e-HRM or Digital HR were basically non-existent, neither in the day-to-day vocabulary, nor in the naming of roles or departments. Instead, this organization consistently referred to business solutions, regardless of the disciples in which these solutions originated. The respondent argued:

“Everything what we are doing in the HR-field has to support the business. Therefore, we don’t make the separation here.” (respondent 21)

Although in some organizations, particularly (semi-) public organizations, the term e-HRM was more commonly used than Digital HR, it was noted as well that the term e-HRM had pretty much become outdated, and consequently was not used anymore in for example tenders. Moreover, it was indicated that the distinction between Digital HR and non-Digital HR is likely to disappear within the near future:

“I don’t think we will speak about Digital HR anymore in five years. Then we will talk about HR performance, regardless of whether or not it is digital or computerized. It will be the core of our processes. That’s what you already see with all sorts of business processes. We will gradually stop making that distinction.” (Respondent 1)

Goals

The research identified six central goals to implement Digital HR. The main goal mentioned was to reduce the total cost of ownership. Although respondents were reluctant to share exact numbers, they indicated that cost reductions often add up to millions of Euros. Cost reductions were said to be realized on the one hand by improving process efficiency, and on the other hand by reducing direct run-, license- and maintenance costs. Often high costs were associated with the current system to be at the end of its technical lifecycle. Updates of present systems were often much more expensive than the replacement by a cloud solution. A second goal was to facilitate fact-based decision making. Digital HR was expected to provide organizations with more intelligent insights which could be generated faster as well than they can be at the moment. The third central goal was to make HR more strategic. The main argument here was that the automation of operational and transactional HR tasks would free up time for the HR business partner, which could subsequently be used for more strategic activities. Furthermore the improvement of data quality and the reduction of errors in HR processes was said to contribute to the service quality of HR which would help in being perceived as a true strategic partner. A fourth goal was to facilitate integral management. Respondents indicated that Digital HR would help the HR function to reposition responsibilities for executing certain HR tasks where they actually belong. Furthermore it was mentioned that Digital HR was meant to improve operational excellence, for example because real-time reporting would facilitate managers in steering the operation. A fifth goal of Digital HR was to facilitate talent acquisition, management and development. This included providing easier access to online training and improving the opportunities to attract the top talents, but comments were also made about the integration of the complete chain of talent management activities. A final goal respondents mentioned was to assure compliance. Digital HR would enable proper authorization to access data; it creates uniformity in personnel files, enables checking the completeness of data, and assures compliance to privacy legislation.
Prerequisites

The central aim of the research was to identify prerequisites for the contribution of Digital HR to HRM- and business performance. Eight categories of prerequisites emerged from the research:

1. Keep it simple. Good enough is the new perfection.
2. First upgrade, standardize, and harmonize. Then migrate.
3. Move from push to pull. Answer the ‘what’s in it for me’ question.
4. Who should use the system? Build true partnerships.
5. Enough is enough. Consider system adoption as a gradual process.
6. Encourage role modeling to realize true changes in culture and behavior.
7. Get to know your new system, but don’t forget its provider!
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In the following part we elaborate on these categories, supported by some illustrative quotes and central summarized comments made by the respondents, presented as bullet points.

1. Keep it simple. Good enough is the new perfection.

One of the central messages coming forward from the research was: keep it simple. This was mentioned with respect to both the IT solution itself as the underlying processes (as discussed in the second category of prerequisites). In the last decades, organizations have become used to fully customized systems, completely tailored to the processes within those organizations, regardless of their complexity. Not only do today’s HR cloud-solutions often limit the possibilities to fully customize the solution, respondents particularly emphasized that the implementation speed significantly decreases as a result of too much customization. Moreover, from an end-user perspective, transactional HR processes supported by Digital HR just need to be simple and reliable. And standard solutions most often satisfy this need. As one respondent indicated, deviating from the standard ideally requires compelling argumentation:

“Together we have said: these are our standard processes and then we had one simple principle: bring your lawyer. So we do it like this, unless you convince me that there is legal evidence that it is not allowed like this.” (respondent 22)

- Good enough is the new perfection
- Follow the philosophy and standards of the application
- Keep what is needed to go live, and loose the rest; this significantly increases implementation speed
- Accept that you cannot or should not customize or tweak
- Transactional processes, just as their digital solutions, should just be simple and reliable
- Clearly defined requirements are important, but beware of going in too much detail, this causes inflexibility
- Do as little interfacing as possible, only where it is really needed

2. First upgrade, standardize, and harmonize. Then migrate.

In order to ‘keep it simple’, the processes, policies, and collective labor agreements that underlie the system should be ‘simple’ as well. Digitalizing too complex or user-unfriendly processes won’t stimulate usage of the system, nor contribute to business performance. Respondents stressed the importance of determining and communicating design- and configuration principles at the very beginning of the project. For example:

“Your principle either is that you trust people [..], or that you mistrust people and need to check everything. Well, if you say ‘I can trust the people and I conduct all checks afterward’, then you get much more simple processes.” (respondent 23)

- Design and configuration principles should be determined upfront. Examples of such principles are ‘stick to the standard, or let the decision board
decide on it'; ‘don’t ask the user for information that is already available elsewhere’

- Communicate design principle already during the kick-off of the project

Furthermore, it was noted that simplifying processes, policies and collective labor agreements is a time-consuming process, especially because it should be a bottom-up process in order to assure post-implementation commitment from end-users and process owners.

“We have ‘locked’ everyone for a week in a room in Amsterdam to do the process design. People from all over the world were together there. It was truly a bottom-up process, and we reached agreement on about 80% of the processes.”
(respondent 22)

It may seem logical to first implement a new system, and subsequently migrate the data, clean the data and where needed renew data. However, respondents stressed the importance of first upgrade, standardize and harmonize the processes, policies, labor agreements and underlying data before actually implementing a new system.

“We needed to stop the first project that needed to replace our HR-ERP system with a cloud solution. We had been working on this project for two years! What happened – which is a valuable lesson learnt – is that we initially went for ‘first migrate, then upgrade’. It is actually a common approach in the business. However, it simply became a big disaster. So now we adopted a ‘first upgrade, then migrate’ approach.” (respondent 7)

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“We have a large HR landscape. We sometimes call this a plate of spaghetti, from which we try to make lasagna. Now we not only have our own plate of spaghetti, but also the plate spaghetti of [acquired company], from which we try to make lasagna at once.” (respondent 09)

- First harmonize and standardize (paper) processes and collective labor agreements, then digitalize, and only then – if really needed – customize again
- Data quality, data completeness, data correctness, and interfacing are essential to earn and maintain user’s trust in system
- Underlying processes should be simple as well; performance management workflows with 11 steps won’t work
- A decommissioning plan for the current landscape needs to be in place; the complexity is not in the configuration of a new system, but in getting rid of a ‘spaghetti’ of systems and their interfacing
- Carefully consider local –country specific – processes
- A clear vision and organizational policies need to guide process development. For example, do you want an expensive manager or a less expensive HR advisor to conduct certain HR tasks?
- Redesign processes in well-prepared workshops with managers, employees and HR. Give employees influence so that it becomes their process
- Conduct a solid analysis of current processes, to-be processes, and specific differences between current and to-be processes
- Determine upfront how you deal with differences between current and to-be processes. For example: will you make adjustments in the system, or in the ways of working
- Process analyses should be conducted on the lowest possible level of abstraction: the devil is in the details

3. Move from push to pull. Answer the ‘what’s in it for me’ question.

Too often Digital HR implementations, or IT implementations, are imposed on the employees. A very frequently mentioned comment made by the respondents was that the ‘why’ of the Digital HR should be clear to all stakeholders, and especially the end-users of the solution. So what is the vision behind the system? What is the need? Why is there a sense of urgency? And most of all: what’s in it for me as an end-user? Often, Digital HR solutions are – at least partly – implemented for reasons of simplifying the IT landscape or reducing maintenance costs. Especially in such situations it may be hard to formulate a compelling story on the benefits of the
solution for the end-user, as the comment below shows:

“Looking back, our explanation of why the business should be happy with the solution and why the solution would contribute to the organization wasn’t a good story. [...] We announced that in some years we would roll out other modules of [provider] and by doing so would create a portal for integrated steering. [...] So, we have drawn a vista that could not really be felt by management because it remained pretty vague.” (respondent 26)

- Explain the vision behind the Digital HR solution
- Explain the specific context, not just train people on process and tools
- Explain why we should work digitally in general
- Explain the specific benefits for the specific end-users
- The added value for end-user should be clear; e.g. in terms of professional development, employability
- Provide inside in time savings you generate for end-users
- Realize that explaining the vision does not automatically mean that employees embrace the vision
- Let the client or sponsor, not the project team, explain the ‘why’ behind the project
- Don’t explain the why from an IT standpoint: that’s not appealing to end-users

Clarity on the ‘why’ and the ‘what’s in it for me’, was said to be the key to receiving commitment and a mandate from the end-user. Respondents noted that the factual new, or changed, responsibilities for end-users should be made clear as well. In general, end-users should be provided with realistic promises and outlooks:

“If one expects his life to become easier because of [system], and he logs in and finds out it became three times more complicated, yes, then you will of course experience less support. [...] On the contrary, when you remove three or four steps from the process which makes his life much easier, then also tell that!” (respondent 35)

So in general, organizations should adopt a pull strategy instead of a push strategy. Systems should not be imposed, but commitment should be created bottom-up, during the decision making process. End-users should be empowered so that they actually pull the new solution towards them.

4. Who should use the system?
Build true partnerships.

In relation to the previous category of prerequisites, respondents emphasized the need for HR and IT to – perhaps finally – join forces during the implementation of Digital HR. Without the strong involvement of HR, Digital HR solutions become plain IT solutions, that may have a technical performance as anticipated, but don’t realize true change in terms of behavior- and culture change, for example managers considering the execution of certain HR tasks truly their own responsibility and a way to improve their business results. HR should be involved during package selection, the formulation of functional requirements, piloting, and so on. At the same time it was noted that HR should then not only take on the role of advisor, and limit its efforts to that, but also gain hands-on experience in IT projects, which is often lacking.

- HR should be involved, otherwise perhaps the IT solution is in place, but no true change has been achieved in terms of behavior and commitment
- Realize that implementation of Digital HR not only includes adjustment of the IT system, but also of processes, organization and governance, as the trefoil method prescribes.
- Close collaboration between HR and IT is needed, it should be a true partnership
- Strong involvement of HR and end-users during the full selection process is required; IT shouldn’t decide on its own. This results in better functional requirements, and generates commitment, because HR is actually being listened to
Another aspect concerns the adoption of a multi-stakeholder perspective. This was especially mentioned in the context of decision making. Although it seemed to be dependent on the specific organizational context which stakeholders were most crucial to be involved in the implementation at hand, stakeholders such as the works council, the HR management team, the HR director, a sounding board from the business, directors of targeted businesses, and executive board members were mentioned.

A final element concerns partnerships with end-users. End-users may of course be HR-administrators, HR advisors, or HR business partners. But especially when employees or managers from the business are the targeted end-users, close involvement of them in determining requirements and designing the solution is crucial for its eventual adoption and the quality of the technical solution itself:

“If you don’t speak the same language as the business, meaning you have different definitions in place and you have implemented different information models across the systems, it is impossible to merge and link data to each other.” (respondent 20)

- Involve end-users in the design phase, by organizing Information sessions, walk-in sessions, have a communication plan in place
- Assign much more value to the user-acceptance tests to truly find out if end-user can work with the product
- Truly understand the language of end-users; this results in better questions, better answers, better solutions
- Involvement does not only mean talking about a system, but also actually working with the system in the design phase
- Create an atmosphere in which the business is encouraged to ask critical questions: we know it, but so often don’t act accordingly
- You should know what practice really looks like, and you won’t find out about that from behind your desk
- There should be clearly defined requirements from end-users; too often it’s an HR or IT party

5. Enough is enough. Consider system adoption as a gradual process

Changes in organizations are no longer the transition from one stable situation towards another stable situation. To stay in business, organizations are forced to increase the frequency and speed of organizational changes. Continuous organizational change may very well describe today’s reality. Respondents indicated that this imposes limitations on the resilience of organizations and the adaptive capacity of employees during the implementation of Digital HR. A more gradual process of Digital HR implementations was therefore suggested.

- Realize that the resilience of the organization has limitations, especially when other reorganizations are taking place
- Don’t overrate the adaptive capacity of people: that’s too often the case
- Accept that gradual implementation takes more time, and includes moments of reflection
- Gradual implementation includes piloting, sharing experiences, and adjusting systems on a smaller scale, before implementing a solution organization-wide

“Managers were the most important end-users. They simply did not accept the tool, you saw that in their usage. The tool was simply launched, and well, from now on we use this tool, here are the deadlines, if you have questions you go to your advisor, and here are some videos. [...] I think we moved too quickly through the adoption process.” (respondent 26)

One organization chose an approach that included the constant assessment of operational readiness, including so called check points, to increase the likelihood of adoption. Of course, a lot has to do with perceptions of end-users, and therefore communication and after go-live support is crucial. Moreover, the feedback loop between the end-user and the implementation team, either via floor support
or a service desk, should be in place to facilitate the perception of a gradual implementation process.

- Assess operational readiness, create checkpoints
- Implementation should not be a surprise for end-users
- Constant feedback loops between the implementation team and targeted end-users should be in place during and after implementation
- Feedback loops via a service center enable you to quickly intervene, because you hear about all issues
- The service desk needs to be prepared for questions after the go live, also in terms of capacity
- Support on the work floor after go live; explaining the system, solving issues, training on the job, creating commitment
- Hands-on training rather than sending out PowerPoint with explanation of new process
- Simply good performing systems; Pilot when possible, test extensively with end-users; systems failures shortly after implementation are killing

“With the implementation of [system] there was a big banner in the corridor, and then you had these [system] champions walking around for two weeks, and then ready and gone. Everybody was very happy about it. It did not come as a surprise.” (respondent 8)

“With the implementation of [system], we for example had floor walkers, so if you ran in to any problems, even if you yourself did not conduct enough research, you just made a call and then a student came by wearing an orange T-shirt, and this floor-walker could just help you out at your PC. That creates support.” (respondent 26)

6. Encourage role modeling to realize true changes in culture and behavior

It was frequently mentioned that in order to achieve successful implementations of Digital HR, actually a change in culture and behavior is needed. Of course, the system may work perfectly fine, but if targeted users stick to their old ways of working the new solution will be of little value.

- Mental change is needed to change the way of working, both for employees and managers
- People need to understand that HR no longer solves issues that are a manager’s responsibility
- Managers should accept that systems are no longer fully customized to their needs and desires
- IT change demands change in behavior of managers, alignment is needed; of course intuitive systems facilitate such changes

When it comes down to the actual usage of a new system, leadership behavior therefore plays a crucial role. Not only does role modeling send out to right signal to other end-users, it was stressed as well that it eases the configuration of the system, since less control mechanisms or restrictions need to be build in.

“Role modeling was an issue as well. There was none. [...] So there was no steering. I think in the end, that has been the most crucial one. Because of course every system has an adoption curve. You have to get used to something, right? Many people often think ‘well, let’s wait and see’. But if you are then not forced to work with it anyway, to familiarize yourself with the system, then you remain in this early phase.” (respondent 26)

It was mentioned that ‘digital’ increasingly becomes a central component of leadership, which stresses the need for the development of digital skills among leadership in general. Especially in organizations where such skills are lacking, a critical perspective toward leadership’s systems usage and role behavior during and after system implementation is crucial. One respondent explained how he implemented a performance management system, and afterwards asked a direct report of one of the top managers about this manager’s role modeling in the performance management process:
“So I asked him: ‘well, how does it work, do you then occasionally have a conversation about your competencies?’.
Well, he looked at me if I was crazy. ‘Well boy, you clearly don’t have a clue how it works out there’. […] So what happened was that the secretaries were clicking through the process steps in the system.” (respondent 12)

- There needs to be role modeling in usage of a Digital HR solution
- Project teams should adopt a critical perspective towards top management’s system usage and thus to their role modeling
- General development of ‘digital leadership’ is increasingly important; digital increasingly becomes part of leadership
- Finding balance in changing of management behavior and letting system impose restrictions.

A final comment needs to be made on the role of top management. It is generally assumed that top management should support such a Digital HR implementation project. And indeed, it was also mentioned here that support from, and a sense of urgency among the executive committee members, management board, and process owners of strategic processes is crucial in making the project a priority and thus to obtain required resources. Nevertheless, organizations with a highly divisionalized structure (i.e. strong autonomous business units) pointed out that top management commitment doesn’t pay off here. So called ‘user-boards’ with representatives from all business units may be more effective in moving towards a uniform Digital HR solution.

7. Get to know your new system, but don’t forget its provider!

In their private lives, employees are spoiled with state of the art applications for banking, shopping, and communicating. Obviously this influences the expectations that employees have of the application in their organization. Not surprisingly, it was therefore important to get to know the system that you are about to buy in great details, in order for it to demonstrate good performance, and to meet expectations.

- Truly intuitive application; prerequisite for adoption and usage
- Usage of latest technology to assure adoption by end-users
- Having extensive demo sessions, click sessions, and reference visits in the selection process
- Selection of an already mature Digital HR solution: being a promising solution isn’t good enough

Nevertheless, the actual system is only part of the story when it comes to the successful implementation and the subsequent contribution of a Digital HR solution to HRM- and business performance. Respondents first of all indicated that it is important to have good insight in one’s own capabilities and shortcomings.

- Insight in one’s own organizational capabilities, and the area’s where external partners can add more value
- As an organization, you should have execution and implementation power; only having people with good ideas, but without a hands-on mentality, is not good enough

But it may be even more important to really get to know the system’s provider and implementation partner. Meaning not only the company in general, but the specific people that will become part of the project. And once a system and a provider or implementation partner are selected, building and maintaining a good relationship was even mentioned as one of the main predictors of implementation success:

“What is crucial, is that you have a cultural fit with such a company. So besides the system, what is your impression of the organization, what kind of people work there, and is there some sort of a fit? We worked with two providers. With [provider A] we had an extreme good fit, with [provider B] absolutely not! And that was really because of how this organization was
organized. Stale, corny, poor internal communication. Along the process the general director left, the commercial director left, and our project leader left. Dramatic, really dramatic [...] So, I wouldn’t recommend [provider B] to anyone.” (respondent 15)

- It is especially important to get to know the provider, the people working there
- Building a strong and positive relationship with the Digital HR provider; this may be one of the main predictors of implementation success
- A cultural fit with the solution provider and implementation partner, regardless of the Digital HR solution itself

8. Who can join the team? Find out who should join the team?

Finally, the staffing of the project or program team was mentioned as an essential factor in the eventual success of Digital HR solutions. Not in the last place because the staffing largely determines what kind of program culture emerges. Obviously, program culture, especially when teams are staffed with internal people, is largely dependent on the organization’s culture.

“Here you can introduce something, you can have a deadline, but someone can just, just ignore it. That is unusual, right?”
(respondent 26)

- Program members should point at each other’s responsibilities
- A decision should really be a decision
- Team-spirit is needed, collaboration, and the right people within project team; otherwise even twice as much funding won’t bring you anywhere
- A cooperative approach is important, also across countries
- A team should have the courage to stop the project when needed, instead of muddle along

References were also made to the program leadership, especially to their availability and dedication to the program, both in good and bad times and from the beginning to the end of the program.

“And [program leader] was never present, she was here just once a week. And it was always ‘no’, it was always negative. And I think, if she would just have been present at our meetings, then she would have understood the rationale, then she would have known what we were doing, and what kind of things we ran into. But she never did so, and therefore it was always a ‘hear say’ via others.”
(Respondent 6)

- Program leadership should be 100% passionate, dedicated, available
- Program leaders should dare to ask ‘stupid’ questions, and have mandate to do so
- You should demonstrate leadership, also when things go wrong

Some other comments that were made concerning the resources involved in Digital HR projects, mainly concerned the resources’ commitment and availability:

- Commitment (time and effort) from resources of all relevant departments is required
- (HR) Resources in project teams should be largely exempt from daily (operational) business
- Resources in project teams need to be dedicated from the very beginning to the very end of project
- People from daily operations, such as team-leaders, should be involved as experts (geniuses)
- Appoint process owners, both in the IT and the HR domain
- You need a seasoned project manager, ‘light ones’ won’t make it
- Roles should be sharply defined within the project

Furthermore, several suggestions were made for specific resources to be increasingly involved in the implementation of Digital HR. One of the most interesting suggestions that was made, concerned the inclusion of former or even retired employees, who were said to have a much better understanding of the
complexity and interdependencies within the current IT landscape than many consultancies have. In general, it was argued that true digital expertise is largely lacking within the HR domain. As a respondent indicated:

“Here, we know so little about Digital HR and what it could mean for us [...] so the knowledge at HR, an expert that really knows how the field develops, would be helpful.” (respondent 26)

- In cross-national projects a single point of contact (SPOC) per country should be involved for the purpose of communication and collaboration
- Involve HR Analytics teams in the project; underlying processes also need to be more fact-based, rather than derived from merely a vision or a feeling
- Involve internal communication in steering committee and workgroups, especially when you are spread across countries
- Bring former or retired employees on board; they may understand the complexity and interdependencies of the current IT landscape better than external consultancies.

Finally, some comments were made that could be considered as hygiene factors for project management:

- Escalation process needs to be in place for swift decision making: when IT and HR cannot decide, the decision board will make a decision, on a weekly basis
- Clear mandate including governance, deliverables, business case
- Clarity on budget: who owns budget?
- Clearly formulated and measurable objectives
- Keep payroll out of scope, or rather make a separate and successive project out of it

Fact based

From the interviews, we learned that the underlying assumption is that once properly implemented, Digital HR contributes to HRM- and business performance. But to what extent are these contributions explicitly measured? In response to the explicit question whether the relationship between Digital HR and HRM- and business performance is explicitly measured, common answers were:

“Good question, we didn’t think yet how we then... how we should measure that properly.” (respondent 3)

“But no, quantifying, no, we’re not able now to do that. Now it is all on the basis of expectations.” (respondent 6)

“We don’t do that enough. We don’t do that now.” (respondent 17)

Some respondents indicated that indicators of system usage and system quality were measured, think for example about the amount of application visits, tickets issued, processes started. But the factual influence of Digital HR on HRM- and business performance was not measured explicitly. Several reasons were provided. One respondent, for example, argued that in his organization, there wasn’t a time-productivity mindset, as is most often the case in consultancy firms. He argued that in such environments people are more aware of factors that contribute to, or harm, productivity. Another explanation was that goals weren’t clearly formulated, which made it hard to measure the actual contribution to performance. Several other organizations indicated that they simply did not have the manpower or the knowledge and skills to do so, or that it is in general rather impossible to measure such contributions:

“It is easy from an IT point of view to show that you don’t need those two persons on system maintenance anymore. You can measure that and say, yes, we realized that. But measuring whether the quality of the appraisal talks has increased, that’s tough.” (respondent 30)

And in some cases, the financial business case purely on IT aspects (e.g. reduction of maintenance costs) was so strong, that the need for and interest in measurements of operational aspects was lacking.
“But we didn’t do that. [Provider A] and [Provider B] really wanted to do that with us. But you know, in the end, the cost savings were so enormous, that the need simply wasn’t there at the moment.” (Respondent 16)

“We didn’t need a data warehouse anymore, so you don’t need people to maintain it anymore. So there are savings, and we included those hard FTE’s in the business case. But in the business case, we did not include time savings of people, of team leaders or employees who needed to spend less time on the IT system. [...] We explained the story to the board of directors to get the budget for this investment, and they approved it based on this business case.” (Respondent 29)

Various respondents also indicated, that there might not be a lot of value in such measurements, since the internal context would change anyway, which in general makes it hard to assign consequences to the Digital HR solution. Furthermore, time savings that may be realized will often not deliver results in terms of reduced FTE’s. Change in the context then demands for additional resources in other domains:

“In that same period we observed an increase in laws and regulations. Therefore a compliance specialist came on board.” (Respondent 17)

Moreover, Digital HR’s contribution to HRM- and business performance was not considered to be a linear, nor a direct relationship. One respondent for example explained that Digital HR mainly served to provide touch points between the manager and employee, which could subsequently improve the engagement of employees. Others argued that Digital HR has simply become a hygiene factor.

Still, many respondents expressed the explicit desire to become more fact-based, also when it comes down to the contribution of Digital HR to business performance.

“But if you really want to move to the type of organization that we want to be, then it will be on the level that you provide insight in those activities [...] If you give back 4 hours a week, than that means that you simply want those 4 hours effectively used by that sales person or that leader. That is the world you would like to go to.” (Respondent 14)

**Conclusion**

The main aim of this research was to gain more insight in what the prerequisites are for Digital HR to contribute to HRM- and business performance. Many prerequisites have been identified, varying from simplicity of the system and the underlying processes, to the role of leadership, the composition of project teams, and the relationship with the system provider.

Surprisingly however, by far most of the prerequisites were focused on the successful implementation of Digital HR. Of course, one may adopt a very broad definition of implementation which includes system adaption by end users as well. Nevertheless, this still does not imply that the Digital HR solution actually contributes to HRM- and/or business performance.

Yes, it makes perfect sense that a successful implementation is a prerequisite for Digital HR to contribute to HRM- or business performance. But no, a successful implementation of Digital HR does not yet automatically imply that it actually does contribute to HRM- or business performance.

Especially when it concerns indirect contributions to business performance, via HRM performance, organizations are simply ignorant about if, how, or to what extent Digital HR contributes. For example, does Digital HR truly lead to better successors for key positions compared to an Excel- or paper-based process? Does Digital HR truly result in more effective performance appraisals and personal
development plans? Does Digital HR truly enable managers to focus on their core-business, and consequently generate more sales?

Or a more concrete example. Often recruitment processes are optimized with digital tools, and when conversion rates are subsequently higher, the tool is considered to be a success. But basically, such metrics are merely indicators of efficiency. To determine its effectiveness, one should know whether the tool improves the quality of hired employees in terms of their actual performance, retention rates, sales, or whatever indicator is relevant in the specific context.

Fact-based underpinnings of such relationships are largely lacking. Measurements of pre- and post-implementation indicators of such qualitative aspects of HR practices and organizational outcomes are basically absent. However, in today’s organizational contexts that become increasingly fact-based, technologically driven, and transparent, and in which budgets are under pressure and IT implementation become increasingly complex and prone to fail, we wonder: how long can organizations still get away with it? Shouldn’t a careful monitoring of Digital HR’s actual contribution to HRM- and Business performance during and after its implementation be part of any Digital HR implementation? We believe so.

Moreover, one of the central goals that was mentioned for implementing Digital HR was to make HR more strategic. By being able to demonstrate how much cost- and time saving have been generated, how the quality of hires actually improved, or to what extent incompliance with legislation has been improved, HR can actually demonstrate its strategic value and become this strategic partner. Furthermore, Digital HR provides great opportunities to present the business with intelligent insights to facilitate and improve decision making. In other words, there are many opportunities for HR to let Digital HR be a lever for its strategic added value.

The results of this research should help organizations to smoothly implement Digital HR. This research provides valuable hints for successful Digital HR implementations. However, considering Digital HR to be successful only when its implementation was a success, is a missed opportunity for HR. A major one.

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**HRM research group University of Twente**

The HRM research group, operating within the Institute for Innovation and Governance Studies at the University of Twente focuses its research efforts on the interface between the three domains: HRM, Information Technologies, and Innovation. Since 2008, the group published more than 120 articles in international refereed journals, 11 books, and almost 50 book chapters. The group’s lines of research focus on HRM & Innovation Performance, Innovating HRM function, and HRM & Technology.

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