

Implications of Digital Transformation on Businesses in Emerging Economies: HR Perspective

Prof. Abhinava S. Singh

Professor, Chimanbhai Patel Institute of Management and Research, Ahmedabad, Gujarat (India)

Correspondence Email: talk2me.abhi@gmail.com

1. Demystifying Digital Transformation

It is said, we stand on the threshold of a technological revolution, the 4th industrial revolution. Businesses are increasingly looking at adopting new forms of digital transformation to survive and sustain in the new dynamic. So, what is digital transformation and what role does HR play in it?

In a simple way, digital transformation refers to the digital technology which allows people to solve their traditional problems or may refer to the idea of going 'paperless' affecting businesses and everyone else. Digital transformation may be the effect through the process of digitalization and the conversion through digitization which are collectively hastening the societal and global transformation process. Digital transformation is the integration of digital technology in all areas of business which will fundamentally change the way businesses operate and deliver customer value. It also implies that businesses will undergo cultural change which will require them to continually challenge the status quo, experiment, and get used to failure. Digital transformation elements include customer experience, operational agility, culture & leadership, workforce enablement and digital technology integration (Krify, 2019)

2. Digital Transformation Studies in Indian Context

India currently is on the threshold of digital transformation. Be it SMEs, enterprises, start-ups or the government, everyone is interested or can't afford to ignore digital transformation. Today, every business, irrespective of scale, size or domain, is working at adopting digital technologies to improve business performance, become more competitive and provide a better experience to the tech-savvy consumer. The stage is set for India. We have already made significant headway in pushing through a digital economy, and the next couple of years is likely to see more investments in digital along with strengthening of a digital strategy.

88% of business leaders polled in a study by Microsoft Asia digital transformation study agreed that cloud computing is an essential for digital transformation. 5 technologies or trends via cloud which are the most relevant include AI, IoT, virtual/augmented/ mixed reality, quantum computing and next generation computing. It is also estimated that 60% of India's DGP will have a strong association with the digital transformation trends. By 2021, digital transformation is expected to add an estimated \$154 billion to India's GDP and increase the growth rate up to 1% annually. The latest Dell technologies digital transformation index has listed India at the top for digital maturity across the globe.

3. Role of HR in Reducing Resistance to Change

Digital is a fundamental shift, impacting everything about an individual business. It is, perhaps, the biggest organizational development and design (OD) challenge for human resources (HR) where it would play an important role in enabling the strategic leaders in the organization and equipping them with the necessary skills and improving their capabilities. As a change agent, HR needs to consider both internal and external factors like structure, technology, people, politics, culture and economic conditions. For facilitating transformation, HR must reduce the resistance to change through education and communication, selecting people who are open to change, training & development, increased participation & involvement and facilitation & motivation. Penalties or soft coercion should be the last resort (if required). While managing change, stress and conflicts arise which need to be managed. Transformation process may result in adverse reaction by employees due to excessive pressure arising due to extraordinary demands, constraints and opportunities. HR must handle stress and manage conflicts for successful transformation.

4. Scope of HR

HR leaders need to re-examine their role and contribution in digital transformation. This may require considering new skills, style, cultures, values and new HR processes and policies. Organizations which embrace the new challenges successfully are likely to be future leaders in service value, productivity and stakeholder satisfaction. If it is not successful, it may lead to damage of reputation and create unnecessary risk, distractions and resource wastage. An Eduserv study (2017) showed that over 25% of HR professionals have no role whatsoever in leading or even influencing digital planning and delivery in their organizations. HR professionals need to be given a bigger role to improve the success rate of the digital transformation. They also need to define the digital skills categories including basic like internet access, general like data analysis and higher level like data analytics which ones need to be self-taught and which ones require formal training. One of the challenges for the HR professionals would be to decide which skills should be in-house and which should be outsourced. They will need to define the balance of the internal and external resources like which skills are core or should be developed in-house and which ones are temporary or need to be acquired or outsourced. Rewarding must be based on outcomes like innovation & relationship building not inputs like seniority & scale of budget. Skills & competencies to be developed may include competency in the use of modern IT, navigating systems to 'self-serve' data, understanding social media opportunity for stakeholder engagement and service design, recognizing and staying alert to cyber security risks and

virtual meeting skills and digital methods to support modern, digital democracy.

5. The Way Ahead

People, technology and customer should be at the heart of the organization's digital transformation strategy. Digital transformation succeeds or fails because of *people* and not *technology*. The organization or individual business may fail in anticipating employee or stakeholder fear or concern about the change, misjudge job and role impacts of new digital operating models, over-sell IT benefits or ease of adoption, resulting in wastage of time, energy and resources and over simplify and create unnecessary hype about digital transformation. Designing and executing digital transformation without considering the human impact results and involvement of HR professionals will result

in failure of the adoption process and under-performance against business expectations.

Digital HR interventions may include developing new non-monetary compensation models, establishing internal and external capability pools, seeking real-time understanding of individual capabilities and encouraging new forms of mobility.

HR can play a very important role in the digital transformation process of the enterprise including reconfiguring capabilities, managing talent and cultural change. It will be imperative for the top management team to facilitate HR to have a flexible governance that would lead to successful business transformation of the organization.

References

Seminar (lecture slides)

1. Ganesh, P 2019, TEAM GM Series Seminar: *Role of HR in Digital Transformation*, lecture slides, Chimanbhai Patel Institute of Management & Research, delivered 9 February 2019

Internet/ Websites

1. Bourne, V 2019, *New Dell Technologies Research: Business Leaders Reveal Major Lag in Transformation Globally*, Dell Technologies, viewed 7 February 2019 <<https://corporate.delltechnologies.com/pt-br/newsroom/global-dti-press-release-global-fo-20190129.htm>>

2. Creese, J 2017, *The HR Professional's Guide to Digital Transformation: Becoming a Digital Leader in the Public Sector*, Eduserv, viewed 9 March 2019 <<https://www.eduserv.org.uk/media/1690/the-hr-professionals-guide-to-digital-transformation4.pdf>>
3. *Digital Transformation Heartening Key Business Decisions*, Krify, viewed 11 March 2019 <<https://krify.co/key-factors-that-are-driving-digital-transformation/>>
4. *Digital Transformation*, Wikipedia, viewed 7 February 2019 <https://en.wikipedia.org/wiki/Digital_transformation>
5. Nagpal, J 2017, *Inside India's Digital Transformation Story*, Microsoft News Center India, viewed 7 February 2019 <<https://news.microsoft.com/en-in/features/inside-indias-digital-transformation-story/>>