Human Resource Managers’ Role in the Digital Era

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Abstract

In any one organization, in Business, Service, Industry or State, Human Resource Management (HRM) is perceived as a set of activities that creates value to both the organization itself in terms of bottom line results and to employees, in terms of well-being and employment/contract terms. Organizations, to a more or lesser extent, have adopted Digital technologies and as a result HR activities are affected, in terms of speed, accuracy, quality, cost innovation, flexibility. The aims of this theoretical study are to highlight HRM in the era of digitalization, emphasize the roles of HR managers in contemporary organizations and discuss the impact of technological changes on HR practices. In order to achieve our aims, we adopt a conceptual approach. Our results summarize the contemporary HRM definitions, discuss the impact of digital technologies in certain HR areas and emphasize the new digital role of human resource manager (d-HRM).

Keywords: Human Resource Management, Role, Digital employee, Digital work, Digital employee management.

JEL Classification: O15, M10

1. Introduction

Employees are considered as a long-term investment and a crucial factor in the fate and success of any business, and in corporate profitability. The most prevailing models of HRM place great emphasis on strategic and structural alignment with organizational goals, and are focused primarily on organizational rationality and control objectives (Pinnington et al., 2007). On the other hand, “old-fashioned” HRM models associated with a social-values orientation and the welfare promotion in the workplace are still affecting HR managers’ decisions and practices (Greenwood, 2013; Simoes et al., 2019).

Technology is “a means to fulfill a human purpose” (Brian, 2009). Digital technologies have led to the current period being characterized as the “digital age” or industry 4.0 age. This technological revolution and evolution has created a situation that is outpacing individuals’ and organizations’ ability to adapt and this situation is only likely to get worse (Deloitte, 2017). Many of the most popular roles in industry 4.0 were not even existed 10 years ago. As a result, the skills that are required in order to undertake these roles do not yet exist. Research findings suggest that advanced/digital technology is blurring the boundaries between work...
and personal lives (Strohmeier, 2009, Parry and Tyson, 2011, CIPD, 2017, IEEE, 2018, Gikopoulos, J., 2019). Most employees check their work mobile/emails outside of working hours, while 15% saying they can rarely or never to switch off from work. Remote access to the workplace (through work devices, mobile technologies etc.) helps them to work flexibly, to stay in control of their workload, to be more productive and empowers them (CIPD, 2017).

The forth revolution based on digital technologies, which combine the physical, digital and biological worlds, generate transformational changes to business environment and particularly to work environment and to systems and practices designed and applied by HR managers to effectively and efficiently manage workforce. Inevitably the role of HR manager is changing, in terms of what and mostly of how of their job is performed.

In order to enhance the understanding of existing HRM concepts, the impacts of digital technologies and the changing role of HR managers, the conceptual approach is adopted. Astley (1985) argues that the greater understanding of concepts and ideas, rather than theory testing is the most important product of research in the social sciences.

This article is articulated in the following way: First, a brief review of HRM definitions is provided and the term HRM is analyzed. Second, the traditional and contemporary roles of HR managers are presented and emphasis is given on the new role of digital HR manager’s role. Third, the trends and impacts of digital technologies on HR practices constitute the discussion part of this article. Finally, we come up with conclusions and provide some suggestions for further research.

2. Literature Review

2.2 Understanding HRM

The old – fashioned or traditional term of “personnel management” was about how (managers) to make best use of employees. The advocates of such term considered employees mostly as a cost, as a resource that should be managed in a way that the associated expenses (such as work payment, fringe benefits, bonuses, social security expenses) are minimized and strictly related to performance outcomes, while employees’ behavior is monitored and controlled. Since 1980 this philosophy and the corresponding personnel functions were criticized in that they were not adequate and sophisticated to cope with the uncertainties of the environment, the changing organizational settings and the very complex nature of human beings (Senyucel, 2009, Alzola, 2018, Simoes, 2019).

The term Human Resource Management (HRM) is a term used to refer to management activities in organizing work and employing people. HRM is a multidisciplinary organizational function based on theories and ideas of various fields such as management, economics, sociology, psychology. Researchers, academicians and practitioners have suggested many definitions of HRM based on their philosophy, the work context examined, and the management ideas adopted. Due to the complex nature of people, the particular characteristics of each one-work context and the external environment characteristics (i.e. social, economic, technological) no one definition points out the “best way” to manage people and there is still no universally agreed definition of the meaning of HRM (Beardwell and Thompson, 2017).

The following definitions of HRM help to identify how understanding of managing people has changed over time and what actually constitutes HRM:

- “HRM is a distinctive approach to employment management which seeks to achieve competitive advantage through the strategic deployment of a highly committed and
capable workforce, using an array of cultural, structural and personnel techniques.” (Storey, 1995)

- “HRM includes anything and everything associated with the management of employment relationships in the firm. We do not associate HRM solely with a high-commitment model of labor management or with any particular ideology or style of management.” (Boxall, P., Purcell, J., 2000)

- “HRM is a managerial perspective which argues the need to establish an integrated series of personnel policies to support organizational strategy.” (Buchanan and Huczynski, 2004)

- “HRM is a strategic approach to managing employment relations which emphasizes that leveraging people’s capabilities is critical to achieving competitive advantage, this being achieved through a distinctive set of integrated employment policies, programs and practices.” (Bratton and Gold, 2007)

- “HRM is the managerial utilization of the efforts, knowledge, capabilities and committed behaviors that people contribute to an authoritatively coordinated human enterprise as part of an employment exchange (or more temporary contractual agreement) to carry out work tasks in a way that enables the enterprise to continue in the future.” (Watson, 2010)

- “HRM is concerned with recruitment, selection, learning and development, reward, communication and employee involvement, teamwork and performance management.” (Beardwell and Thompson, 2017)

- “HRM, as practiced, is concerned with the employment, development and reward of people in organizations and the conduct of relationships between management and the workforce; it involves all line managers and team leaders. The HR specialists exist to make important contributions to the processes involved (Leatherbarrow and Fletcher, 2019)

In the above definitions, the emphasis given to particular constituents of HRM depicts the differentiations in interpreting the term and the different schools of thought that guide decisions and activities of HR managers. Two schools of thought are clear in such definitions, which affect and eventually shape the role of HR managers: the pre-employee (known as soft HRM) and the pre-organization (known as hard HRM). The first one focuses on the “human” side of employment, i.e. employee training, development, motivation, leadership, commitment, participation, individual characteristics, indiosyncrasies and personal needs. The second school of thought or approach is about how employees are “utilized” to achieve organizational long strategy and goals, by cost controlling, effective and efficient business processes. “Nevertheless, one should bear in mind that hard approaches to HRM contain elements of soft practice and vice versa. For example, one cannot rule out the issues of employee morale and motivation when planning cost reductions through lowering wages. Just like people come in different shapes and sizes, organization has different understandings of HRM. One should remember that HRM cannot be defined in isolation but it has to be defined according to its political, economic and social context; thus it is acceptable to have variations in its definition and use.” (Senyucel, 2009)

The term HRM has its origins to the philosophy of personnel management and although is containing the hard word “resource” is not just a contemporary or fancy term. The word “resource” is meaning the source that creates value and/ or is meaning the passage/ the means by which value is available or coming through. Anything that is characterized by:
a) value (the capacity to exploit opportunities or neutralize threats),
b) rarity,
c) imperfect imitability and
d) non – substitutability, is considered as a resource. (Heery and Noon, 2001)

The advocates of HRM suggest that employees are human capital resources and as such they must be treated and viewed as the means to create and add value to organizations alongside the other sources used. In that sense, they must be improved, developed and retained, and not to be considered as a cost to be minimized. In addition, contrary to the personnel management philosophy, the HRM is not an administrative function to set rules and regulations, it is rather a long – term oriented function (Storey, 2001, Kaufman, 2015, Wilkinsone and Johnstone, 2016). It is a set of planned (strategic) activities to design and implement actions in order to recruit, train, develop, retain, seeking agreement between employers/ managers and employees and aiming to engagement and wellbeing of employees.

Although the term HRM is emphasising strategic role of human resources, in practice most HR practitioners overemphasize short- term results at the expense of long-term goals. Marchington et al. (2015) suggest that four key factors have led to this problem: (a) excessive emphasis on short-term metrics of performance, (b) strategic business partner orientation over employee oriented role, (c) focus on top talent (employees) instead of engaging all staff, (d) reinforcement of the division of core workers (employed by organization) and those working for suppliers (Breadwell and Thompson 2017). As professor Sparrow (2015) suggests HR practitioners are distant from staff (not actually people oriented) and not close enough to business strategy.

The last two decades HRM is getting more digitalized. Artificial Intelligence machines enhance people analytics and extend human cognitive capabilities. Machine learning helps in problem solving and natural language processing (NLP) coupled with good people analytics changes the way employees can be managed. Automation is reshaping work and the skills demanded for work. In digital era cognitive and socio-behavioural skill are in shortage, while adaptability, creativity and critical thinking are indeed key attributes of contemporary employees (Korn and Pine, 2011) Meanwhile employees are diversified by age, race, digital skills and genders, are more transactional and require work life balance, flexibility and continuing education. Employers and particularly HR managers have to be sensitive to cultural difference, ethics and change in order to survive and remain competitive (Gulliford and Dixon, 2019). By using technology, human resource practitioner’s main responsibility is to help business leaders towards making the best decisions, while he will get free of repetitive tasks and work on human-centric tasks (Hogg, 2018).

2.2 The roles of HR managers

According to role theory, a role refers to a pattern of behaviors, of any job occupant, expected by others (Winship and Mandel, 1983, Allen and van de Vliert, 1984, Truss et al., 2002, Briggs, 2005, Pritchard, 2010). In an organization setting stakeholders (i.e. managers, employees, owners, workers’ union, society) define explicitly (for example, in the form of job description) or implicitly their expectations of the occupant of the HR manager position. These expectations are a set of behaviors that reflect duties and responsibilities of the role of the jobholder (Nadiv et al., 2017).

In his influential model of HR functions in 1997, Ulrich defined four roles of HR managers, by combining focus on people and on HR activity. He suggested the roles of: (a) strategic partner, (b) work organization expert/designer, (c) change agent and (d) employee’s representative. This framework attracted a lot of attention and acceptance as well as criticism,
as encompassing a hidden conflict: Human resource managers are, in practice, divided between employers and employees; whom they should satisfy (Lawler and Mohrman, 2003, Bhatnagar and Sharma, 2005, Lemmergaard, 2009, Pritchard, 2010, Caldwell, 2011, Yusoff, 2012)? Ulich and most of the other researchers suggest that this conflict can be resolved if HR practitioners identify the interest of each party and develop the requisite skills to balance their claims (Andolsek, Primozić and Stebe, 2013).

In 2012 Ulrich, et al. developed a new framework of HR manager’s roles by renaming some of them and identifying two more to be adopted by HR managers, to face the challenges in the new business and work environment. These six roles (Ulrich actually used the term “competencies”) are as follows (Beardwell and Thompson, 2017):

- **Strategic positioner**: Helps to development and implementing business strategies.
- **Credible activist**: Makes sound business decisions and get things done.
- **Capability builder**: Helps build and ensure that capabilities reflect organizational values.
- **Change agent**: Develops organizational capacity, overcomes resistance to change and ensures the necessary resources
- **Human resource integrator**: To initiate and integrate HR practices with business targets
- **Technology advocator**: Applies social networking technology to help people and contributes to the effective management of information.

The continuous and rapid changes in the external environment of organizations due to digital technologies have increased the importance of HRM, as the effective way to implement business strategy, attain goals, remain competitive, and being flexible. As a result, HR managers are facing new challenges for performing effectively the old – fashioned activities (administrative roles) as well as to perform new strategic roles that reflect the needs of contemporary organizations.

The needs of contemporary organizations are actually formulating the roles of their HR managers, the main objectives of whom are (Torrington et al., 2017):

- **Staffing objectives (strategic role)**: Recruiting and retaining the staff with the right characteristics and the necessary skills to perform, from a labor market where competitors are also looking for, is one of the main responsibilities (role) in recent years. They also have to design organizational structure and attractive employment contracts as well as to adopt a strategy of differentiation and positioning in the labor market to meet the needs of staffing objectives.

- **Performance objectives (strategic role)**: Any organization, in order to meet its performance targets needs trained, developed, empowered, committed, motivated and satisfactorily rewarded employees. Those being responsible for managing HR have the heavy duty to create such an environment, where employees will not only be able to meet performance standards but they will also like to demonstrate discretionary effort. Meanwhile disciplinary policies and actions are part of HR-manager’s role to ensure an effective and equitable treatment of those employees who fall short in performance.

- **Change-management objectives (strategic role)**: Change is inevitable, continuous and fatal for most organizations. For an organization to survive and remain competitive, it has to cope successfully with future challenges and embrace change (Bodla and Ningyu, 2017). The HR manager role is to take strategic decisions, design and get
involved in transformative HR practices, in order managing effectively the change process, in terms of employee reaction, change agents and implementation processes.

- **Administration objectives (Operational role):** This role of HR manager is not strategic but it helps an organization’s smooth running. Keeping employee records of performance, attendance/absence, designing and implementing training programs following and executing rewarding/payment processes, etc. help an organization to take rational and fair decisions. Compliance with law (for example, about maternity pay/leave, sick pay, safety system and conditions) is also part of this role. Managing professionally and effectively the delivery of the administrative tasks can add to the competitive advantage, comparing to other organizations less efficient in administrative processes.

- **Reputational objectives (Operational role):** Information Communication Technologies (ICT), in particular Internet and social media devices, make it very easy for people, either employees, perspective employees, customers or suppliers to networking and change information (positive, negative, true, fantastic) about organizations. This information is very often about policies, practices and ethics on employment, rewarding, employee relations, diversity management and work-life balance. HR manager’s role is to create and maintain a corporate reputation of acting and behaving ethically, complying with law and promoting the welfare of its employees. As far as HRM is considered it is HR manager’s responsibility to advance and protect corporate reputation and built a brand of good on leader-employer (Klikauer, 2014 Linehan and O’ Brien, 2017, Parkes and Davis, 2013, Sarvaiya, Eweje and Arrowsmith, 2016)

In addition to the aforementioned traditional roles of HR managers, in contemporary organizations, a new role is emerging. The role of advocating, adopting and managing the consequences of digital technologies, to carry out the operational tasks of HRM, in order to reduce cost, increase monitoring and advance the accessibility to employees. The use of such technologies is taking place, very often, in the areas of HR planning, recruiting and selecting, training and development, remuneration and performance/employee evaluation.

- **Digital HRM objectives (mostly strategic role):** Information technologies are used by organizations to shape work (i.e. virtual teams, outsourcing, networking, individual-people functioning- as connected individuals) (Taylor and Bain, 2015). Automatic Call Distribution System is used to access, collect, retrieve and analyse data on individual and team performance. Human Resource Information Systems (HRIS) are the effective means of collecting, storing, and analysing information-data relating to most aspects of HR, in order to install systems and apply HR practices that increase productivity, retain talent, predicting staffing needs and most often to recruit and select people. Most companies use networking and internet technologies through networking devices and websites to collect data of their employees and increase their engagement to organization. Artificial Intelligence and machine learning are enhancing people analytics. Meanwhile many of organizations are unsure about how to manage these technologies effectively (Wilkinson, et al., 2017). Social media is very often used in the HR functions of recruitment and selection, but managerial and legal issues arise and need to be faced, usually by HR managers, such as ethical, legal, fairness, privacy, cyber-loafing discrimination/issues. (Thornthwaite, 2013, 2015, Slovensky and Ross, 2012).

The above mentioned technological advances define the new role(digital proponent) of HR managers: to assess the impact of these changes on organizing work, on performance and
productivity, on HR engagement and commitment, and on relations between employees and organization, between candidates and recruiters and between line managers and their subordinates. Their responsibilities are to become strategic business partner by escalating the HR function from routine tasks towards a more sophisticated approach (Wilkinson et al., 2017). They should also take initiatives and install practices to improve communication between HR department, line managers and current and future employees and other stakeholders.

3. Discussion

Digital technologies create a new work environment by playing an increasingly prominent role in performing the job, on the organization’s structure and on the lives of employees. The basic Human Resource Management (HRM) functions are also greatly and in multiple ways affected. The digital changes of HRM concern three focal areas: “digital employees”, “digital work” and “digital employee management” (Strohmeier et al., 2009).

a. “Digital employees”

The interaction with digital technologies has shaped a new generation of people with distinctively different attitudes, qualifications, behaviors and expectations (Lancaster and Stillman, 2002; Prensky, 2001).

This generation’s people – prospective new entrants in organizations – are more multitaskers, have digital capabilities/qualifications, they like and search for more information and networking they are learning by doing and ask for more and instant gratifications and rewards.

It is obvious that HRM should change and align its strategies and activities to this new labor market cohort such “digital employees”. The generation of younger employees grown up in a digital environment is both considerably more complex and considerably more heterogeneous (Helsper and Eynon, 2010). The strategic and operative adaptation of HRM to a changing workforce constitutes a step necessary to support organizations further on (D’ Netto and Ahmed, 2012), through new, different and automated practices of recruiting, selecting and leadership practices. Artificial Intelligence (machines), for example, can save time for recruiters and enable them to focus more on the human aspect or hiring, as well as improve the candidates’ experience (i.e. less response time, regular communications, scheduling interviews).

b. “Digital work”

A great part if not all of the work content has been digitalized. Given that, [...] all information today is either digital, has been digital, or could be digital (Bawden, 2008, ) information work of employees more and more depends on digital tools and media. In consequence, in order to perform effectively a job, a new set of technical as well as mental skills to systematically acquire, process, produce and use information is needed (Nawaz and Kundi, 2010; Bawden, 2008).

Digital technologies have enabled new forms of organizing work that range from single virtual workplaces, to virtual groups, teams or communities, and even to virtual organizations (Hertel et al., 2005; Powell et al., 2004). For example, E – lancing organizes work via web – based marketplaces where organizations offer certain tasks to freelancers. E –lancing replaces conventional employees and changes and sometimes questions “classic” HR functions (Aguinis and Lawal, 2013).
Managing such members clearly differs from managing conventional employees in a lot of aspects such as leadership, performance feedback or development, while still a lot of practical aspects are not sufficiently tackled (Hertel et al., 2005).

Human Resource managers, then, beyond recognizing the requirements of these digital changes on the work organization. Face the challenge to develop corresponding strategies and policies aided by automation. For example, in order to organize work (i.e. task assignment, outsourcing work), to train and develop staff or e–lancers/ partners, to collect and elaborate a lot of information (Big Data analytics), to compensate staff, and create engaged employees.

c. “Digital employee management”

“Digital employee management” is about planning and implementing digital technologies to support and network the HR profession. Operational functions of HR such as pay roll processing, but also managerial functions such as compensation, performance management or development are “digitally” supported. The positive operational effects of this digital employee management such as less cost, higher speed and quality of HR processes, increased corporation and trust among HR stakeholders, more strategic orientation, etc. are obvious (Parry, 2011; Strohmeier, 2009). Some negative issues such as lack of user acceptance, threats to privacy, loss of personal contacts, downsizing the HR – department or burdening HR professionals with technical implementation, administration and application tasks, should not be out of consideration. Artificial Intelligence (AI) ethics is another one – very important – issue that must be addressed by HR managers, regarding growing unemployment (downsizing), hiring bias, inappropriate employee data usage, transparency.

The intelligent machines/ systems built by Big Nine Companies [(G-MAFIA), Google, Microsoft, Amazon, Facebook, IBM, Apple, and (BAT), Baidu, Alibaba, Tencent], make artificial intelligence possible and scalable the recruiting and hiring tools used are only as objective as the humans who program them. As a possible result, human bias can spell big discrimination problems and ethical issues amplified by the scale at which AI tools operate (Charles, 2019). The challenge of the HR profession is to identify, develop and utilize the positive potentials of digitalization, while avoiding or at least reducing the accompanying downsides.

It is recognized that the fate of organizations and the success of any business, apart from technology and leadership, is determined by: the quality of its human capital and how its human resources are managed. Digitalized HR activities are the most crucial way to ensure these determinants, which help any organization to execute effectively its strategy and achieve its operational and strategic goals. This means that HR managers must change their role, from diagnostic and descriptive about the workforce to predictive and prescriptive, in others words to change their role from operational to strategic. This transformation requires recruiting technologically educated people, filling the skills gap and retaining employees. As a result, HR managers have to acquire the capability (knowledge and skills) and to be given the capacity (by the organization) to control in – depth workforce analytics and utilize digital technologies for HR functions.

4. Conclusions

Digital technologies obviously affect HR activities and change the role of HR managers from static to dynamic and strategic. The challenges and opportunities for HR managers are many to increase employee productivity and eventually profitability, by linking effectively digital employees to automated jobs and the new digital forms and organization structure. New HR strategies are needed to fill the digital skills gap, to build loyalty and engagement, managing
diversity, enabling work-life integration and retaining the talent pool of digital employees. In order to fulfill successfully their new role HR managers need to act primarily as strategic positioners (need to know the business context and the imposing external factors), as change agents and as technology proponent (need to know how to access, analyze, assess and share information and how to apply new technologies of information). Human resource managers themselves need to acquire digital skills and increase their digital dexterity.

To increase our insight about HRM roles more research is needed to investigate how and to what extent these roles are affected by occupational and organizational characteristics. The ethical dimensions of using digital technologies to access store and use employee data need to be even more empirically examined.

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