

The Impact of Digitalization in the HR Department: A Post-Pandemic Qualitative Analysis

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Abstract

The impact digitalization has on organizations has been a topic of interest for many years and will continue to be due to its complexity. As long as digitalization evolves, so will organizations, and there will always be new areas to uncover.

In this paper, we aim to offer an answer to the question what is the impact of digitalization, by analyzing one of the main departments of an organization, Human Resources. Our research comes in addition to the existing ones by approaching the topic from a qualitative perspective and considering the post-pandemic period. We conducted qualitative research, interviewing 20 HR professionals from Romania who work in IT&C companies. The interviews were semi-structured and were conducted in the period September-November 2022.

We hope that our research will bring a new perspective on this topic and will be continued in the future.

Key words: Digitalization, productivity, HRM, Covid-19

J.E.L classification: M12, M15, M50

1. Introduction

From the appearance of digitalization, organizations started a long process of evolution, which raised a high interest from researchers. As the impact of digitalization on organizations continues to be studied, many companies nowadays invest in digitalization to gain a competitive advantage. One of the reasons behind this is the relationship between digitalization and productivity. Even though the opinions might be divided, it is believed that digitalization has contributed to increasing an organization's productivity.

Human Resources is one of the main departments that have been visibly impacted by digitalization. The professionals working in this area have an extended responsibility, as they need to implement and promote digitalization. They are among the first employees who need to upgrade their skills in order to adopt changes caused by digitalization in their departments and organization. Furthermore, they also need to fulfill their role as business partners and create and implement a strategy to help all employees embrace the changes brought by digitalization.

A crucial moment in the evolution of organizations has been the Covid-19 pandemic, which has contributed to the acceleration of digitalization. Due to the limitations implemented and the risks caused by the pandemic, organizations had to find new ways to fulfill their goals, and many turned to digitalization for it. For example, before the Covid-19 pandemic, most employees from public organizations could only work from their offices. During the pandemic, they could continue fulfilling their duties from home due to digitalization. The same situation was encountered in some private organizations like banks.

In light of a post-pandemic era, it is of interest to determine the impact that digitalization continues to have. Due to its mission, we decided to concentrate our research on the Human Resources department.

In order to be able to understand better and support such a complex process, it is required first to analyze and understand the impact of digitalization in the Human Resources department.

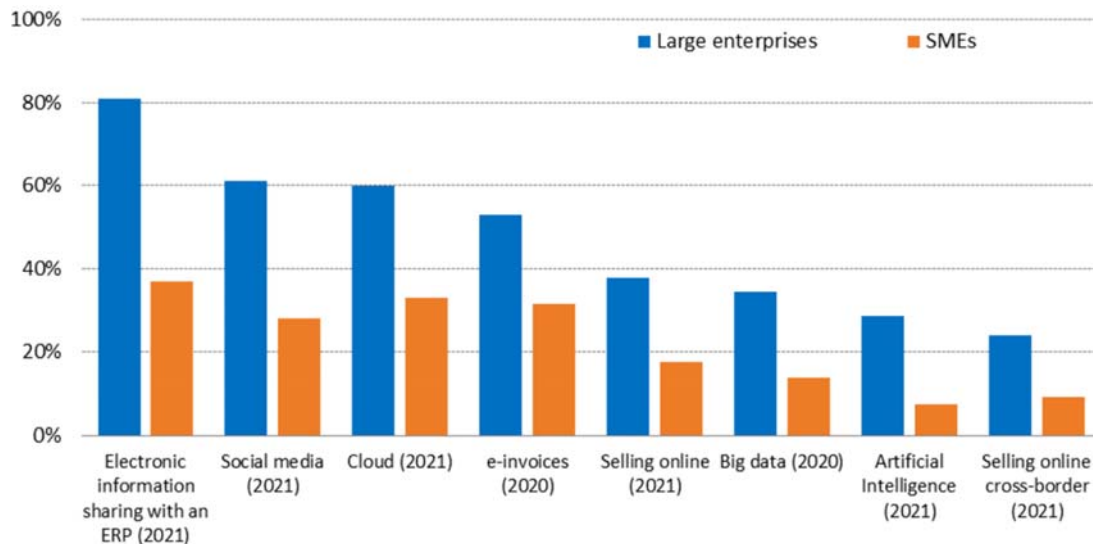
2. Literature review

Although digitalization is a concept adopted in everyday vocabulary many years ago, there still exists confusion around it. Due to this, digitalization is sometimes confused with other concepts like digitization. Hence it is required to define the concepts to bring clarity to their usage.

Digitization is the concept used to describe the action of converting information into a digital form by using digital tools. It can be used to define the action of storing and processing information using computers.

Compared with digitization, digitalization is a more complex concept. It describes the entire process of implementing digital technologies in an organization, from how it organizes its business to how it communicates with its clients and has long-term effects on an organization (Demyen, 2021). Based on the definition presented, digitization can be considered part of digitalization. As can be noticed, digitalizing an organization takes time and requires many resources. This is why organizations have a different percentage of digitalization. Some of them embrace it with more ease than others. For example, in the European Union, large enterprises have a higher percentage of adopting digital technologies than small ones, as seen in Figure 1.

Figure no. 1. Adoption of digital technologies (% enterprises) in the European Union

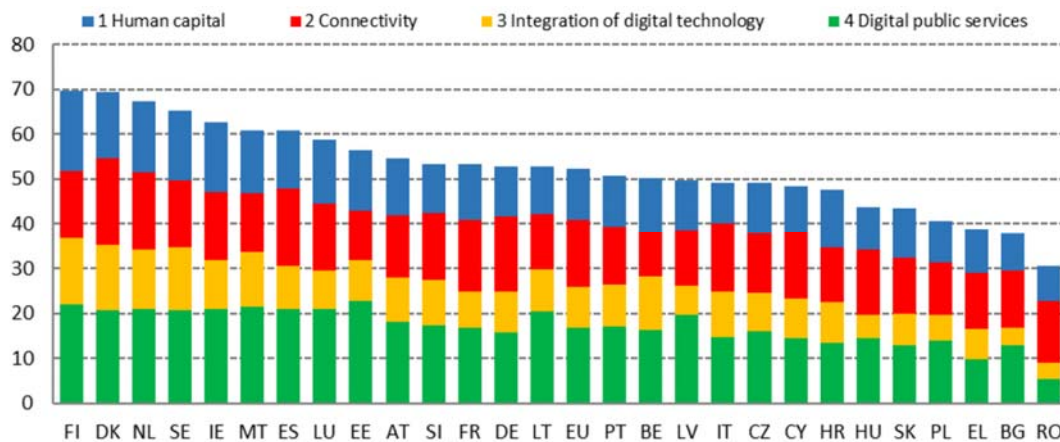


Source: (DESI, 2022, Eurostat, European Union survey on ICT usage and e-commerce in enterprises)

Nowadays, when discussing digitalizing organizations, some main technological trends are taken into consideration: big data, cloud, artificial intelligence, process automation and robotics and so on. These trends are adopted by organizations from different industries, not only IT&C. Even though the adoption of digital technologies is desired by private and public organizations, like the European Parliament, a large number of factors are affecting this process, to name a few: high financial costs, the complexity of implementing different digital solutions, lack of digital skills of both employees and customers.

From the digitalization perspective, Romania is one of the European countries that faces many challenges. According to the data provided by DESI (2022), Romania is among the low rank from the digitalization perspective, with a large gap between it and other European countries, as seen in Figure 2. When discussing digitalization, the main criteria that are taken into consideration are the digital skills of the human capital, digital connectivity infrastructure, integration of digital technologies, which refers to the usage of electronic information sharing, social media, big data analysis, artificial intelligence, cloud services, and digital public services, which refers to both digitalization of public organizations and use of digital tools to access public services.

Figure no. 2. Digital Economy and Society Index 2022 - DESI scores



Sources: (DESI 2022, European Commission)

One of the reasons why digitalization is considered a key element in the evolution of an organization is due to its influence over productivity. The relationship between digitalization and productivity has been widely debated for decades. Some studies prove a positive impact of digitalization on productivity, and others claim that there is no influence between the two.

In a study performed in 2019, Cette et al. demonstrated that productivity is higher in organizations with a high digital technology adoption. Thus, productivity can increase in organizations with a high digitalization adoption. During this study, it was also discovered that digitalization varies based on industry. For example, the services industry has a higher digitalization rate than manufacturing.

However, despite the differences between industries, there could be demonstrated a higher impact of digitalization on productivity in the manufacturing industry than in the services one due to the increased number of repetitive tasks, which can be replaced with digital tools (Cette et al., 2020).

Despite this discovery, digitalization still has a visible impact on productivity in all organizations. Digitalization is impacting all departments, including the Human Resources one, which transforms and increases in complexity along with the changes undergone by the organization. If decades ago, the Human Resources department was seen more as a support department for the organization, now it is considered a partner for the business. Nowadays, the responsibilities of this department extend from mainly recruitment and performance review to employee development, talent succession plans, and many more.

The role of the Human Resources department or Human Resources Management (HRM), as it is known, has increased in importance once organizations started to adopt digital technologies (Rana, 2019). The new HR professionals need to be able to facilitate the proper human capital strategy to support the digitalization process of the organization, promote and adopt change faster than other employees, offer guidance to other departments and employees, who have taken some HR responsibilities, and so on. The digitalization of HR is, on the one hand, about HR operations, and on the other hand about the transformation of the workforce and the way jobs are done (Verlinde, 2018).

For example, due to digitalization, managers can access data about employees and perform activities that were once specific only for HR professionals. The border between the HRM responsibilities and those of managers is now blurred due to digitalization and HR professionals need to adapt to the specific context of their organization.

During the past decades, the digitalization of HRM has been deeply analyzed, especially due to its effects and implications on the entire organization (Rana, 2019). Some of the specific activities of the HRM function, like recruitment, were of particular interest due to the visible changes brought by digitalization. For example, nowadays, job portals, the company's website, and career page, social media platforms have become indispensable for recruitment. If in the past people used to apply for jobs via newspapers, now they can do it using a company's career page.

The digitalization of HRM increased in attention during and after the Covid-19 pandemic. If before the pandemic an important element of HRM activities used to be face-to-face interactions, during the Covid-19 situation, they were replaced with online ones. For example, recruitment activities continued only in a digital environment, candidates attended interviews using digital communication tools, and new employment contracts were signed using digital signatures.

The global new context created by the Covid-19 pandemic has been challenging for HR professionals. On the one hand, they had to adapt their activities to the new context and accelerate the digitalization of their function, and on the other hand, they had to support the entire company to adapt to the new context (Gigauri, 2020). Furthermore, a huge responsibility has been placed on HR professionals' shoulders concerning employees' well-being. In the context of remote work, where employees have to work from home with their families, the borders between professional and personal life have been blurred, and many employees need support to find their balance.

The challenges faced by the HRM function during and after the Covid-19 pandemic have been numerous, to name a few: employees' well-being, maintaining safety for all employees, upgrading employees' digital skills, maintaining a healthy organizational culture (Peasly et al., 2020; Giuge et al., 2020; Gigauri, 2020). Implications brought by these changes to HRM function are still being studied by researchers and will also be addressed in this paper.

3. Research methodology

In this paper, we aim to clarify the impact of digitalization in the HR department after Covid-19. As mentioned before, HRM has a critical role in the functioning of an organization, so it is considered of high importance to have visibility over the effects of digitalization to optimize an organization's performance. By acknowledging the effects, new measures to sustain digitalization can be adopted.

In order to answer our main research question, what is the impact of digitalization in the HR department, we chose as a time frame the post-pandemic period, as we considered it to be of high importance for organizations nowadays. The research topic was addressed from a qualitative perspective by performing qualitative research, which used the method of semi-structured interviews.

We chose to analyze the impact of digitalization from the perspective of employees working in HR, that have at least four years of experience in this domain in order to be able to compare the situation before and after the pandemic. Based on the data provided by Eurostat, we chose Romania as our main country for the first stage of research due to its low percentage of digitalized companies. In the future, we plan to continue the research in other countries and compare the findings.

In choosing the respondents, we used as main criteria besides their work experience, the type of company where they work. We choose respondents who work in companies with more than 500 employees and have as their main activity domain the IT&C industry in order to ensure that our respondents have access to digital tools. The decision was taken based on the data provided by DESI and Eurostat. We chose companies from the same industry in order to be able to compare the collected data, even though this is another limitation that our study has. In the future, we would like to collect data from employees who work in other industries and compare the results.

The semi-structured interviews were conducted with 20 respondents, all females, aged between 25 and 38, who have roles in recruitment, learning & development, and HR operations. The respondents were four specialists from learning & development, six respondents from HR operations, and ten from recruitment.

The questions addressed during the semi-structured interviews were divided into themes based on the literature review. The themes can be seen in Table 1. The interviews were conducted using digital tools from September 2022 to November 2022. The identity of the respondents was kept anonymous.

Table no. 1. Themes of the semi-structured interviews

Themes	Number of questions
Usage of digital tools before and after Covid-19	3
Workload volume before and after Covid-19	2
The relationship between digitalization and productivity	4
Wellbeing appreciation	2

Source: Authors' contribution

4. Findings

The results obtained from the conducted semi-structured interviews offered a better understanding of the impact of digitalization in the HR department after Covid-19. From the daily activities perspective, the differences are not very big between before and after the pandemic are not very big. Our respondents consider that their main responsibilities remained the same, but how they perform their duties has changed. The usage of digital tools has increased in their daily job. For example, some replaced face-to-face interactions with virtual ones, including after Covid-19.

Significant differences were noted from the productivity perspective and well-being appreciation. Some respondents appreciated that they feel more productive because digitalization has helped them perform certain tasks, and now they have more time to focus on other things. Even though digitalization positively impacts their activities, we also noticed some negative effects, which affected our respondent's well-being.

During our research, we noticed that all our respondents knew how digitalization impacted their profession. Furthermore, as HR professionals, they were also aware of the changes that digitalization brought to the entire organization and how they contributed as partners.

Usage of digital tools before and after Covid-19

As employees of IT&C companies, our respondents were used to having access to digital tools. The companies where they worked invested for years in digitalization and promoted the usage of digital tools. For our HR respondents, it is common to use computers to perform their activities, to use different software solutions to track candidates and employees, and to use digital tools to communicate internally. In time, they noticed an increase in digitalization in the companies where they work.

Even though they were used to using digital tools in their daily activities, our respondents did notice a difference after Covid-19. Most of them appreciated that their usage of digital tools increased after the pandemic. One of the most obvious areas where this happened is communication.

Before Covid, we were used to having face-to-face meetings with the Hiring Managers with whom we worked. Even though we had two days of work from home per week, we made sure to schedule the meetings for when we were at the office. We continue to have a hybrid way of working, but almost all our meetings are virtual. I was surprised to notice that I was having a virtual call with participants at the office at the same time as me, but we were taking the call from different meeting rooms (R05, Talent Acquisition Specialist).

Another respondent commented similarly:

During Covid, we had to work from home, so we got used to communicating only virtually, and we started to use often our internal tool, Teams. If I had something to say to a manager, I was writing to him on Teams, I was not waiting to have a call with him. Now that you have asked me, I realize that even if I'm at the office and can talk directly with someone, I prefer to text that person on Teams. I do that for confidential and random matters, like sharing a joke (R04, IT Recruiter).

Another aspect we noticed from the answers we received is the change in the attention offered to digital tools. The companies where our respondents worked realized the importance of having the proper digital tools after the pandemic and started investing more in them. For example, five of our respondents have been involved in auditing new providers and choosing other tools.

During the pandemic, when we switched to virtual interviews, we realized how important an Applicant Tracking System is. The one we were using was ok but not the best, so at the end of 2021, we implemented Workday. It took us a few months to learn how to use it and ensure that we were all using it the same way, but now it is easier to do our job. Hiring managers can access the entire recruitment process and do not need us to find out what they need about a candidate (R07, Senior IT Recruiter).

Workload volume before and after Covid-19

From the workload volume perspective, the answers we received were not enough to conclude. All our respondents considered that their role responsibilities remained the same, but how they do their job changed. For example, for our respondents who work in learning and development, their activity had moved almost entirely in a digital environment:

Before Covid, I used to do all the trainings face to face, conduct research interviews face to face. My job was all about face-to-face human interaction. When Covid came, I was terrified and wondered how I could do my job while maintaining the quality...I remember that during my first online trainings, I was shaking and had difficulties keeping my audience active. It was easy for everyone to read an email while they were listening to me...and it was not like I could do something because I was not near them. After two years since Covid, almost all my trainings are online, and I structured them in such a way that I manage to keep everyone active (R01, L&D Specialist).

Among our respondents from HR operations, we also noticed a significant change in how they do their activities. If before the pandemic most of them used to take care of all the documents needed by employees, physically, now they are using digital tools:

It is much easier for me now when we have a new hire, and a candidate needs to sign the employment contract. In the past, I had to call the candidate and ask him or her to come to our office to sign the contract. Now I send them the contract using a secured system that we have. I don't need to wait for candidates to come after 6 pm, I do everything while sitting comfortably in my house (R11, Senior HR Operations Specialist).

The relationship between digitalization and productivity

Digitalization has significantly changed how our respondents perform their duties. During our research, we wanted to investigate their perception of their productivity in relationship to digitalization.

Our respondents consider themselves more productive since digitalization has erased time and place limitations. They appreciated that now they could attend meetings anytime and anywhere. The most increased appreciation regarding productivity was noticed among our respondents, who work in recruitment:

Before Covid-19 I was having all my interviews face to face at the office...it was nice to see the candidate in person, but now when I think about it, I realize that I was wasting a lot of time. If the candidate was not good for the job, I still had to spend one hour with him or her. I could not end the interview sooner, knowing they came all the way to the office. Now, if a candidate is not good, I can end the interview sooner (R08, Senior Talent Acquisition Partner).

Another aspect noticed regarding the relationship between digitalization and productivity was the increase in the number of tasks that can be performed daily. Due to digitalization, our respondents can perform more tasks per day. For example, the learning and development specialists can organize more trainings per day because all the participants are attending the training online and do not have space limitations, and the recruitment specialists can organize more interviews per day for the same reason.

During the pandemic, we switched to full virtual interviews, and we have continued that way. For example, it is much easier to schedule all the interviews that I have only in two days. That is easier for me because all I have to do is connect online, but it is also easier for the candidates. Now they do not need to take a day off to visit our office. They can attend a half an hour interview during their lunch break or anytime they are free during the day. We have to just click on a link and connect (R09, Senior IT Recruiter).

Wellbeing appreciation

During the semi-structured interviews, all our respondents appreciated the positive effects digitalization had on their work. However, when it came to their well-being, their opinions were divided. Some respondents noticed that having no time and space limitations made them work overtime or answer emails and messages after working hours. In time they realized that this affected their personal life, as it became harder for them to disconnect from work and keep a balance between the time spent at work and their one. While focused on supporting other employees in maintaining a work-life balance, they neglected their well-being.

I was so focused on proposing and implementing well-being practices in the company that I did not realize I was neglecting myself. I do not know when I started accepting on-the-spot meetings after 6 pm or when I started to answer emails and work on different projects very late in the evening (R19, Senior HR Operations Specialist).

Other respondents perceived the opposite regarding their well-being. They are using the flexibility offered by digitalization to their advantage. For example, they installed on their mobile phones the needed applications, and now they do not have to sit for eight hours only near their laptop. They organize their schedule in order to be able to participate in different family activities and so on.

Now when I take D. to his swimming classes, I use that time to work from my phone if something urgent needs my attention. I have all my work on my phone too (R06, Senior Talent Acquisition Partner).

The interview data revealed that overall our respondents experienced positive effects of digitalization over their work. For most of them, using digital tools and having online interactions has become the standard way to do their work.

5. Conclusions

By applying qualitative analysis, we started a journey to answer the question what is the impact of digitalization in a post-pandemic period. We focused our research on the HR department as we considered it vital for the excellent function of an organization in the context of digitalization and the post-pandemic era. HR professionals must focus on their function while ensuring that the entire organization works correctly.

For our research, we chose to limit ourselves to HR professionals based in Romania, one of the European countries with a low digitalization percentage, in order to add value to the academic world by offering insights about digitalization's impact. The results that we had were similar to the ones presented by other researchers from different countries. The Covid-19 situation accelerated the digitalization of the HRM function and brought changes in how daily activities are performed.

Digitalization's most significant impact on the HR departments after the Covid-19 pandemic was in the communication process. Before the pandemic, most of our respondents had mainly face-to-face interactions. After the pandemic, they switched to a virtual one and continued that way. For

example, even though recruitment specialists can attend face-to-face interviews, they prefer to continue to have them online as it helps them be more productive compared with the pre-pandemic period.

Another significant result was the discovery of higher usage of digital tools. Many of our respondents' activities are now done with the help of different software solutions. Furthermore, their companies started investing more in digital tools. These changes have also contributed to an increase in their productivity. At least, this is how our respondents perceived it.

Similar to other researchers, we also discovered digitalization's harmful effects on some of our respondents. By having no space and time limitations, some of our HR respondents faced work-life balance challenges. Even though they are aware of all the implications digitalization has on well-being, they focus more on helping other functions and neglect themselves.

Given the results, we can conclude that the impact of digitalization in the HR department after the Covid-19 pandemic is positive. We want to continue our research by collecting data from HR specialists from other industries and countries.

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