

SCTCMG 2021
International Scientific Conference "Social and Cultural Transformations in the Context of
Modern Globalism"

DIGITALIZATION OF HR: CHALLENGES AND PROSPECTS
FOR DEVELOPMENT IN ENTERPRISE PERSONNEL
MANAGEMENT

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Abstract

This article focuses on the digitalization of HR, which has attracted increasing attention in recent years. The authors identify the main reasons for the digitalization of HR, as well as opportunities to address them further in the process. The authors believe that the process of digitalization in today's environment is irreversible and that enterprises should pay attention to this important aspect. Most business managers are unprepared for digitalization and believed that it would have a negative impact on employment. On the contrary, another part of business managers is actively adopting digital technologies, trying to strengthen the skills of employees to meet the demands of the labour market. The authors note that the digitalization of HR involves achieving the company's strategic goals. After all, HR professionals are responsible for assimilating employees into the organization and further incentivizing them. Unfortunately, not all business managers understand the importance of digital technology and do not give it the attention it deserves. A great role in the effective formation of HR services is the availability of personnel consisting of specialists with a psychological background and capable of grasping mathematical problems. The authors believe that the demand for such specialists will increase every year. After all, HR specialists become the strategic centre of a company's development influencing the formation of its HR brand. In today's environment, most businesses prefer to do business online, which has been the trigger for new HR approaches.

2357-1330 © 2021 Published by European Publisher.

Keywords: Digital transformation, digital economy, digital technology, human resources, human resources, personnel management



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1. Introduction

The shift to a digital economy and the application of digital technologies in various sectors of the economy requires a re-examination of the strategic objectives of the enterprise and a further digital transformation of production processes. In an era of transition from the traditional economy to the digital economy, the competitiveness of enterprises largely depends on the introduction of innovative technologies and rapid response to changes in the external environment. In today's environment, most businesses prefer to do business online, which has been the trigger for new HR approaches. This led to the development of corporate networks, online education, the use of artificial intelligence in production process management, and the creation of mobile applications that provide quick access to information. We should note that these tools of the digital economy play a decisive role in business management in the modern world (Gumerova & Shaimieva, 2018).

In a world that is changing rapidly and requires people to adapt quickly to changing conditions, people are faced with the problem of a time shortage to get an education for skills development, to buy things or to enjoy their favourite activities. Digital technology, in turn, aims to reduce the time spent travelling, shopping, and getting an education anywhere in the world, regardless of geographic location. This explains the relevance of digital technologies in human resources management. The issue became particularly acute during the COVID-19 pandemic when organizations switched to remote working. Despite the quarantine, the personnel of the enterprises have been able to perform their regular work tasks at home without any downtime (Yudina, 2019).

The demand for digital technology is generating supply. Thus, there is a need to monitor personnel and work tasks, which has created a demand for certain programmes. The demand, in turn, has led to the emergence of employee time management programmes with the ability to broadcast what is happening on the employee's screen online. One such programme was Kickldler, ActivTrak, Teramind, Hubstuff and Time Doctor.

2. Problem Statement

Today, the main challenges in HR digitalization are the lack of specialists with digital skills and the low level of HR automation.

In an increasingly competitive environment, companies are interested in personnel training, learning more and mastering innovative technologies to strategically develop their business activities. In turn, to remain competitive, company personnel need to perform work tasks at the highest level, which requires further improvement of skills in the digital world without disrupting work. Therefore, this created a need for online education, which consequently gave rise to many online universities and various courses offering professional development through distance learning.

Distance learning has a number of advantages, primarily related to the ability to learn from anywhere in the world with Internet access. Training runs on a special educational platform where the learner has the opportunity to listen to lectures, complete homework and submit it to the teacher, who will answer the learner's questions online and check the completed assignment.

3. Research Questions

To date, one of the prominent online universities providing distance learning opportunities is Skillbox, which has become one of the leading online universities in digital skills-oriented vocational education. Skillbox Online University offers training in internet marketing, programming, design, game development and other professions. In 2019, the online university won the Runet award in the Technology and Innovation category, and the year before in the Education and Human Resources category.

With the COVID-19 pandemic, most companies have actively embraced digital technologies to run their businesses efficiently and address workplace challenges. According to various estimates, 44 % of enterprises are planning to use the new management model in their activities in the near future, and 41 % of enterprises are planning to automate HR processes (Vaseyskaya & Glukhov, 2018).

The COVID-19 pandemic has accelerated the digitalization of HR. By 2025, it is estimated that HR technology applications will reach \$30 billion, and 20 million people will consider advice for better job choices. Among foreign companies on the Russian market, SAP SuccessFactors, the world leader in human capital management, has demonstrated good results. Today, there are more than 120 million SAP SuccessFactors users worldwide, covering more than 200 territories.

The digitalization index of Western companies now stands at 2.08. Russian companies lag their foreign counterparts in terms of digitalization. The digitalization index of Russian companies does not exceed 1.84. Today, enterprises solve many issues using traditional paper-based media and their rate varies in the range of 25 % (Novikova & Strogonova, 2020).

Industrial enterprises, telecommunications companies and financial institutions are leaders in digital application in the Russian HR segment. Enterprises in the transport logistics, services and oil and gas sectors show a low level of digitalization. Although, the oil and gas industry has made a significant leap in the application of digital technology in recent years.

In 2019, the Future of HR report was published, showing that 40 % of business managers stated that they had a digital plan ready to go at the HR function level. However, only 37 % of business managers believe that HR is vulnerable to change through the use of artificial intelligence. We emphasize that managers who recognize the importance of HR functions in the strategic development of enterprises tend to adopt digital technologies swiftly in business operations than managers who do not attach importance to the role of HR in an increasingly competitive enterprise. At the same time, there were 67 % of the first managers against 48 % of the latter (Borisova et al., 2020).

Although business managers recognize the role of HR, only 20 % of them said they are ready to apply analytics to HR management in the next two years, compared to 12 % who emphasize an interest in artificial intelligence.

Today, investment in HR is increasing. For example, 49 % of HR managers have already invested in human capital management and 32 % of HR managers have chosen to invest in cloud technology. In the near future, 60 % of HR managers plan to invest in predictive analytics, 53 % in process automation, and 47 % in artificial intelligence (Idigova et al., 2019).

Despite the active use of artificial intelligence, not all companies are prepared to apply it to their activities. This includes 50 % of businesses indicating that they are not ready to use digital artificial intelligence. However, there is a high proportion of those who said that investing in AI has yielded significant benefits, 88 %: 35 % prioritized professional development for digital skills and 33 % for analytics (Idigova & Rakhimova, 2021).

Based on the above, we can note that there is a significant difference between managers who opted to use artificial intelligence in business and those unprepared for the digital transformation in HR.

On the other hand, the majority of HR managers, over 60 %, believe that the digital application could cause a decline in employment. On the contrary, another part of HR managers believes that the digital application will have a beneficial effect on increasing employment levels and help create new jobs.

In today's world, one of the obstacles to digitalization in HR is corporate culture. Personnel in most companies note that the corporate culture is geared towards achieving the strategic objectives of the company and does not aim to introduce digital technologies for human capital management. Today, the role of HR in personnel management is increasing year by year and must be geared towards digital transformation in an increasingly competitive environment. The digital labour market is transforming, leading to the emergence of new professions such as Internet marketer, web developer, graphic designer and others. Therefore, HR professionals should react quickly to changes in the external environment and have the ability to work in the new environment, namely to automate recruitment processes for vacant positions, to apply digital technologies in solving everyday tasks and manage artificial intelligence (Idigova et al., 2019).

In recent years, only 25 % of HR professionals have seen work experience as the main development tool in the short term and say that senior management sees work experience as a priority for HR professionals. At the same time, HR specialists point out that there are difficulties with the management staff of companies that do not consider the peculiarities of generation Y, which experienced the development of digital technology, they are more difficult to motivate and place emphasis on the introduction of a healthy lifestyle. Only in recent years has there been a shift in this direction, and business managers are trying to listen to different generations, including Generation Y.

Schneider Electric, a French power and machine-building company, is seen as a pioneer in the digital transformation of the new age, focusing on improving employee well-being and empowering employees to make their own decisions.

4. Purpose of the Study

The purpose of the study is to look at the challenges and prospects of the digitalization of HR in the current context. This purpose requires achieving a number of objectives:

- identify the main problems in the digitalization of HR;
- assess the level of application of digital technology to the digital skills of the enterprise's personnel;
- analyse the level of applying digital technology in HR in personnel management.

5. Research Methods

The research used statistical and comparative analysis methods, as well as methods of expert assessments, to identify the main problems in the development of HR digitalization.

6. Findings

Based on the above, we should note that the digitalization of HR is hindered by a number of problems related to the low qualifications of personnel with digital skills and insufficient automation of HR processes.

Firstly, we point out that the digital environment needs to be responsive to changes in the external environment. Thus, the demand for digital technology to monitor employees' workflow has led to the emergence of various personnel time management programmes.

Secondly, the implementation of digital technology in enterprise human resources management requires human resources with digital skills. To meet the labour market demand for skilled workers, online universities have begun to emerge to provide relevant digital skills without reference to geographical location. The only prerequisite for taking the relevant courses is the availability of the Internet.

Thirdly, the main businesses applying digital technology to HR are businesses in the IT and finance industries. The rest of the economy lags in the application of digital technology. There is an imbalance between entrepreneurs who are ready to adopt digital technologies and those who are not ready to accelerate the digitalization of enterprises. About 88 % of businesses are investing in some form of digital technology, and 60 % of managers believe that the use of digital technology will cause a decline in employment.

7. Conclusion

The study identified the main reasons preventing the digitalization of HR. There are various measures to address the emerging problems. One such measure is staff development and government support for businesses that seek to actively apply digital technologies in HR. The digitalization of HR plays an important role in the selection of employees for vacant positions. In turn, potential employees have the opportunity to find vacancies that match their needs. In addition, the introduction of artificial intelligence allows potential employees to get actionable advice for the position they want.

HR specialists play a direct role in the strategic development of a company. They are responsible for adapting staff to the new environment, providing various motivational training and taking an individual approach to the company's employees.

Thus, we believe that the further management of human resources in today's environment is impossible to imagine without digital technology. These technologies have greatly improved the efficiency of HR services.

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