



Volume 3	Issue 1	February (2023)	DOI: 10.47540/ijias.v3i1.692	Page: 31 – 37
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Human Resource Management and Digitalization in a South African Public Enterprise

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ARTICLE INFO

Keywords: Digitalization, Human Resource Management, State-owned Enterprise.

Received : 20 October 2022

Revised : 14 February 2023

Accepted : 17 February 2023

ABSTRACT

Although digitalization has been experienced in many business operations, we are still lacking complete knowledge of the impacts of the application of these technological operations in Human Resource Management (HRM) at both an individual level and organizational level. This paper, therefore, seeks to clarify the importance of digitalization to organizations and the challenges facing HRM due to the lack of digitalization. This paper is a study carried out in a South African public enterprise to identify the organizational effects of lack of digitalization in the Human Resource Management department. Qualitative research was applied and interviews were used to gather data from Human Resource professionals and section managers in a public corporation. Twenty-four individuals were purposively chosen for data collection. The research discovered effects such as lack of digital training, the occurrence of errors, service delays, and the possibility of employee burnout due to manual systems used to serve a large organization. The discussion provided in this study would strengthen the body of knowledge on the importance of digitalization in public enterprises, especially public organizations that have a role to protect national security.

INTRODUCTION

One of the most innovative methods of managing employees efficiently is using the World Wide Web for Human Resource applications. Electronic Human Resource Management (E-HRM) involves an extensive range of operations, from creating organizational human resource strategies and guidelines accessible through its intranet to effectively managing and deploying the strategic skills of the firm (Grobler et al, 2012). In the past several decades, technology has had a dramatic impact on human resource management (HR) processes and practices (Stone and Dulebohn, 2013). Ruël and Van der Kaap (2012), provided that electronic HRM is a term that includes all possible integration mechanisms and contents that exist between HRM and Information Systems that aim to generate value inside and across companies for targeted workers and leadership. E-HRM is thus regarded as a way of applying human resource plans, practices, and procedures in organizations by

way of a mindful and directed backing of the complete use of web-based technology channels (Poisat and Mey, 2017). Also, several researchers stated that e-HRM is becoming common and has the potential to provide amazing changes in organizations (Marler and Fisher, 2010; Ruël and Kaap, 2012; Kaur, 2013, Strohmeier and Kabst, 2014; Nivlouei, 2014; Fındıklı and Bayarçelik 2015). Nevertheless, E-HRM is taken for granted as a driving force behind HRM value creation (Shah, Michael, and Chalu, 2020). This has created challenges in public sector organizations which this study aims to reveal.

Human Resource practices that were considered in cultures that believe in command and control are now creating new strategies that involve more employee motivation, collaboration, and communication coupled with new expectations, new working measures, and the amalgamation of new digitization such as e-HRM (Warnich, Carrell, Elbert and Hatfield, 2022). Many years ago, HR-

related information was mainly paper-based. With companies fighting to streamline information and the desire to have readily available data, the use of human resource information systems has become popular. However, we need to keep in mind that in South Africa this aspect may take some years to have an impact (Warnich, Carrell, Elbert, and Hatfield, 2022). This has led to this study focusing on South African public enterprises as they experience slow technological adaptation and determine the challenges they are facing in this digital era. Tsegay and Singh (2020) stated that previous studies have paid little attention to public service in developing countries contexts. This is supported by Bruton et al (2015) that there was not much attention and consideration paid to hybrid organizations that have characteristics of both profit and non-profit, thus State-Owned Enterprises (SOEs) are considered hybrid organizations because they do not only pursue financial obligations, they also seek to achieve public and non-profit goals. It is broadly recognized that the performance of public sector organizations has become a very important issue in this knowledge-based economy (Vermeeren, 2014). Public service organizations are owned by the government and are funded by organs that provide basic services to citizens of the country (Obiageli et al., 2016; Knies et al., 2017). Consequently, the welfare of every nation depends on the performance of public service organizations (Knies et al, 2017).

All organizations regardless of size, do have operations of human resources conducting numerous people-related functions. As we move towards digitalization, technology is impacting HRM roles and altering the execution of personnel activities on daily basis. Today, human resource departments have extended their purview and are adopting e-HRM systems for catering to the needs of the organization. Consequently, the role of HR professionals is also undergoing transition and the focus is shifting from 'operational' to 'strategic' aspects and leading to new challenges. A study by Gopal and Juneja (2017), which examined the status, trends, advantages, challenges, and implications of e-HRM in India found that traditional HRM activities that focus on the collection of information, endorsements, and process flows have been recently replaced by human resource digitization. Furthermore,

innovative HRM roles are replacing current jobs which focus on analytics, program management, vendor management, employee experience, and management of productivity (Gopal and Juneja 2017).

The main objective of electronic human resource management is to make human resource management a strategic partner in the organization. A study by Marler and Fisher (2013), showed that empirical and theoretical investigation in this area is still in its early development. Hence, this study aims to show the effects of a lack of digitalization in HRM activities, which impact the strategic role of HRM. Reduction of costs through streamlining of human resource operations, improved efficiencies, and minimized redundancy through the provision of better delivery of HRM services and transformation of the HRM function to a strategic business partner are the stated organizational goals for electronic Human Resource Management investments (Farndale, Paauwe, and Hoeksema, 2009; Marler and Fisher 2013; Fındıklı and Bayarçelik, 2015).

Today technology has impacted every sphere of management. Organizations are rapidly adopting e-HRM to gain a competitive advantage and cater to the needs of the HRM team (Thite et al, 2012). Gopal and Juneja (2017) suggested that e-HRM is a term that identifies a form of technology that enables HR professionals to integrate an organization's human resource strategies and processes to improve overall HR delivery. In India, many medium and large companies adopted e-HRM in the last decade and also adopted various technologies to cater to their human resources needs. It has been suggested that contemporary human resource practitioners need to create a technology-based culture for greater impact in the organization. This helps them to adjust their roles and support the organizational goals by promoting a culture of digitalization (People Matter, 2017). In many organizations in developing economies, several HRM practices have been adopted based on the experiences and initiatives of western counterparts. However, studies on developing countries show a lacuna between the linking of HR strategies with business strategies and despite the implementation of HRD systems, a focused and integrated approach like in the western countries is still needed (Gopal and Juneja, 2017).

A study by Parry (2011) found that electronic Human Resource Management may help human resource practitioners to add and improve their value in the organization by becoming more strategic. A similar study by Poisat and Mey (2017) which identified the major contemporary areas of e-HRM research and examined the link between e-HRM and organizational productivity, found that electronic Human Resource Management led to strategic advantages such as productivity improvement. This suggests that electronic Human Resource Management can be used to transform human resource professionals from transactional work to more strategic and value-added activities in the organization (Parry 2010). One of the important objectives of electronic Human Resource Management is thus to contribute to the strategic alignment of the HRM function. In this regard, electronic Human Resource Management systems help to provide management with data that is reliable and accurate about their employees which may prove crucial in business decisions (Ghazzawi, Al-khoury, and Saman, 2014). This study aims to provide insights into the importance of digitalization to organizations; and the implications of the lack of digitalization in public enterprises through a case study conducted in Johannesburg, South Africa.

METHODS

This study was done using a qualitative research method and data was collected using structured interviews. A case study for the research was a selected South African state agency located in Johannesburg. Non-probability sampling method was applied, and a technique called purposive sampling was adopted. Wagner, Kawulich, and Garner (2012) stated that by using purposive sampling, the researcher can rely on his or her own experience, past research, and ingenuity. Employees such as Human Resource professionals and departmental supervisors were used in this study. Data were obtained by the use of in-depth interviews. According to Du Plooy-Cilliers et al, (2014), in-depth interviews permit the study to obtain answers from participants and gather more opinions and beliefs about a specific phenomenon. The thematic analysis method was used to analyze data, and Wagner, Kawulich, and Garner (2012) provided that thematic analysis assists the

researcher to gain knowledge of some phenomenon by taking into consideration how participants are experiencing that phenomenon. NVivo software was used in this study and it assisted in organizing data, facilitating data analysis, identifying themes, and generating conclusions.

RESULTS AND DISCUSSION

The researcher interviewed twenty-four people who volunteered to contribute to this study. Each interview session lasted between 25 to 30 minutes. The interviews took place on the premises of the organization. Substantial responses from participants are showing that the lack of digitalization in the HRM department is one of the reasons for human resources' ineffectiveness in fulfilling its role in the organization. The HR component is still very manual in its operations. HR professionals expressed great disappointment in the lack of technological aspects in their department. This results in delays, losing good candidates, exhaustion and employee burn-out, and making errors in serving the organization. Thus, Nivlouei, (2014) provided that organizations can find themselves in never-ending competition with respect to customers with high expectations in performance, quality, and low cost. The following sub-themes and responses confirmed the implications of the lack of technology:

Lack of Employee Management System training

Despite having some systems such as the Employee Management System, nobody really understands its abilities or operations. This entails that employees do not have adequate skills and knowledge on how to use the existing operating systems. This may be caused by a lack of employee training on new employee management systems that are introduced to the organization.

A respondent noted that: We have EMS (Employee Management System) but we don't know what EMS does, all we do is just push papers. That's what I have picked up so I would say we haven't been playing that role. Another response stated that: We are not there yet; however, we have identified a good technology system as a gap and currently reviving that section. A study by Dlamini, Zogli, and Muzanenhano (2021), Muzanenhano & Dlamini (2022) released that some human resource professionals in state-owned enterprises are still

lacking the latest technological systems in their departments.

Errors in data capturing

The lack of technology in the organization has caused a human error, where practitioners make some mistakes in data capturing. This is due to the large volumes of data being handled manually by human resources professionals. Such data-capturing mistakes may affect the credibility of the organization and lead to employee frustration. Furthermore, unreported data-capturing mistakes can lead to a wrong analysis of the organizational status as they may generate unreliable data.

A respondent noted that: There are many things that I am doing manually. In doing reports there are things that I should do in 30 minutes but I end up taking 4 hours. For me a system has to work 100%, if it is less than 100% then it's not effective because if I put one wrong number, it messes up the whole report. Another respondent stated that: Somebody could say but I don't think they are coping because they are errors on certain here and there. That's due to the fact that the organization is big, the manual work towards reporting can cause you to do such errors. It's not because we are not capable, we just don't have functions or things in place to provide the outcome of the required results. Marler and Parry (2016) stated there is a need to build an efficient administrative infrastructure in firms where the administrative function is dominant.

Delays in service delivery

The need for technology ranks very highly, as it presents a challenge to effectiveness. Everything is manually based and tasks that could take minutes are taking hours. Human resource-related reports are taking time to be processed as they are done manually due to the lack of technological equipment in the department. This may have a huge impact on other departments that rely on human resource reports/data in the organization.

A respondent noted: Yes, we are fine. But the challenge is that we still have a lot of projects to improve the technology. Currently, we are still using a lot of paper which can be slow. It's something that we are currently working on. Another respondent stated that: The main challenge that I see affecting the HR department is that they are still using a manual process which causes them to take more time in offering services to the

company. This is in line with Grobler et al.'s (2012) argument that electronic HRM does not only lead to improved services and cost reduction, but also to the goal of achieving organizational competitiveness.

Employee exhaustion and burn-out

Data revealed that due to the lack of systems, HR staff are overworking manually. They are working harder rather than smarter and this is causing staff burnout. This may be a source of dissatisfaction among human resource professionals as data revealed high labor turnover in the HRM department.

A respondent noted that: This HR, the staff members here don't have the capacity but if we had proper systems in place it will be okay. It might look like we are coping, as much as we are coping on a face value which is the observation, behind the scene the work we are expected to do, I feel like I am suffocating, like I am going to burn out. This is because it's just too many people to serve and I feel if we had certain systems in place which depend on the company to purchase those systems we might function a lot better and quicker and less exhausted.

Another respondent stated that: And that is only depended on the fact that most of the reports that you require will be like a press-a-button situation and then you get what you are looking for instead of going manually and working with things like Excel, which can be really exhausting. We are coping with people that we work face to face with but at the back end what we need to report on becomes really exhausting.

Thite, Kavanagh, and Johnson (2012) argued that due to technological advancements, the time for administrative tasks is decreasing, thereby allowing Human Resource professionals to deal with more complex strategic activities. This entails that the Human Resources department, through executive support, needs to rethink the way HR is organized and delivers its services to the organization.

Losing good candidates

The lack of technological systems is in turn causing slow recruitment processes and has a ripple effect whereby good candidates are lost as they take up positions in other organizations. This causes inefficiencies in other departments as they continue to work with inadequate staff.

A respondent noted that it: Definitely because other companies that have sophisticated HR

systems can fill vacancies quicker may be within a month. For example, we did an interview with another person in December 2019 and the document was still in circulation and was only signed this week (28 February 2020). The person is already with another company.

There is also a memorandum that we need to print out for the line manager to sign, the divisional manager has to sign, the HR manager signs, the executive of corporate services signs, the CFO signs, and the CEO. So that 6 people signing a hard copy document and that where a lot of time is taken. If one of them is on leave or in a meeting and you can't get hold of them that document doesn't go anywhere. If it was online people can just approve from where ever they are. Poisat and Mey (2017) stated that an integrated HRIS, with appropriate technology, is vital in organizations as it permits the acquisition, storage, analysis, and flow of human resources information, enabling a quick response to organizational needs.

CONCLUSION

Data showed that the response time to queries that are related to employee records was very poor. Human resources professionals are taking more time to respond to employees' needs and challenges due to the lack of technology in the HR department. This further irritates employees, leading to high levels of dissatisfaction in the organization. Moreover, the lack of digitalization has caused delays in finalizing recruitment processes due to the manual systems currently used in the organization. Human Resource professionals are required to download and print the CVs of candidates before calling them for interviews which is a cumbersome process. Additionally, the final endorsement of appointments is done manually by many relevant individuals in the organizational hierarchy. The manual processes become too long, thereby causing the organization to lose potential candidates as they quickly get jobs in other organizations that have quick recruitment and selection processes. Data revealed the occurrence of mistakes in data capturing as human resource professionals capture data manually for an organization with many employees. This may reduce employee satisfaction as well as organizational integrity. Lastly, due to the use of a manual system in the department, human resource professionals handle large volumes of data

manually. A very strong response indicated a possibility of employee burnout due to the use of manual systems. This has the potential of high labor turnover as employees become frustrated and demotivated. However, data revealed that the organization has Employee Management System (EMS) facility in the human resource department but not many employees know how to use it. This suggests a lack of organizational change to digitalization as there is a possibility of a lack of digital training to move away from a manual system.

It is therefore recommended that the organization implements digitalization; which is electronic Human Resource Management in their Human Resource department as an innovative approach in this fourth industrial revolution. This can be effectively done by making use of external change agents who are knowledgeable about organizational development in the digitalization space. Implementing digitalization in a support department like human resources assists the organization to gain a competitive advantage and maintain its integrity. This should be followed by robust employee digital training to ensure effectiveness and efficiency. This also reduces employee burnout and errors in information capturing and improves employee satisfaction in the organization.

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