

Digitalization of Human Resources – the transformation journey into automated and data-driven service organization

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Degree programme Master's Degree Programme in Information System Management	
Thesis title Digitalization of Human Resources – the transformation journey into automated and data-driven service organization	Number of pages and appendix pages 97 + 5
<p>The nature of work and workforce are changing because of the ongoing era of digitalization. Digitalization will inevitably have an impact also on Human Resources (HR) as cost-effective, efficient and high-quality digital HR services are becoming an expected value. Out of the topical global HR Trends, HR organizations need to find those that are relevant focus areas for the company in question. Hence, HR organizations are challenged to renew their operating model and their service delivery but also challenged to explore the opportunities of HR technology to reclaim its place as the key for the company in achieving sustainable competitive advantage. Thus, HR needs to improve its alignment with IT and with the business to be successful in the digital transformation journey. Digital HR Service Delivery and HR Service Management could be means to achieve the next level of professionalism and service-oriented mind-set also in HR. By means of digital HR Service Delivery, HR would be able to become automated and data-driven.</p> <p>The conceptual framework for this study consisted of HR, Human Resources Management (HRM), HR processes, HR policies and HR operating model, and how those are linked to HR Service Delivery and HR Service Management. Furthermore, the concept of HR Maturity and HR Service Maturity was studied in order to have understanding about the elements affecting the HR digital transformation journey. Moreover, some HR trends were studied in order to obtain understanding of the relevant topics HR is suggested to be facing in the future.</p> <p>This research was conducted as a case and somewhat an action research. The study was mainly deductive where the data was collected by using interviews and existing theory was applied to the study. The research sample for this study was 10, consisting of companies of different sizes, operating in different industries. All interviewees were HR Executives or HR Managers giving the research credibility. The theory was collected during fall 2017/early spring 2018 and the interviews for this study were held in February/March 2018.</p> <p>As an outcome, it was found that the overall stage of digitalization of HR but also the level of HR service maturity was somewhat low. It seemed that HR organizations were more focused with the HR trend areas that aim to support business strategically and structured digital HR Service Delivery and HR Service Management was not seen that important. However, when looking at the crucial elements and lessons learned when entering digitalization of HR, they support the value proposition of structured HR Service Delivery and HR Service Management. It can be debated whether HR could learn from IT – the pioneer of service management – during their digitalization journey. This study could spin-off various future researches such as design and implementation of integrated HR Service Delivery and HR Service Management into case organization.</p>	
Keywords HR Digital Transformation, HR Service Delivery, HR Service Management, HR Maturity, HR Service Maturity, HR Operating Model.	

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1 Introduction

The nature of work and workforce are changing. That fact has been showing in Human Resources (HR) trends in recent years hence inevitably a topic to which modern HR organizations are focusing on. Ongoing digitalization, with all its possibilities – from having simple integrations to using robotics and AI solutions - will inevitably have an impact to all organization's functions but especially has an effect to HR. It even has been stated that HR is going through a digital revolution (Stephan, Uzawa, Volini, Walsh & Yoshida 2016).

In the era of digitalization, companies are forced to reinvent their business models in order to survive in the highly competitive and global business environment. Thus, the business organizations are expecting to have stronger support from HR in developing the necessary organizational skills and capabilities to develop and run the digital business, mentoring and providing insights on how to manage talent acquisition. (Bersin 2017.) Hence, HR needs to find new ways of operating effectively and cost-efficiently. HR departments are challenged to evaluate its identity, its skills, its operating model, its service delivery and the opportunities of HR technology to reclaim its place as the organization's strategic partner, and a key to achieving sustainable competitive advantage with the valuable intangible assets thus being the organization's internal valuable force to be reckoned with.

The HR function overall has been studied quite heavily during recent years. However, the advances in Human Resources Information Systems (HRIS) / Human Resources Management (HRM) technology has brought up the aspect of digitalization of HR i.e. enabling automation also in HR. Interestingly enough, HR has been offering some level of digital services for years for instance providing basic Manager Self-Services via Service Portals or having system for the employees to manage e.g. absence requests. However, the digitalization of the whole end-to-end process has been at poor level, resulting into for instance service ineffectiveness, poor quality and poor employer experience. However, because business organizations are expecting to have return of investment from HR by means of data driven, cost-efficient and top-notch HR Service Delivery, HR cannot anymore afford to ignore the importance of digital HR Service Delivery and focusing on HR Service Management.

The challenge is that historically HR has been considered to be humanistic, quite people centric function where individual service is a matter of pride. Thus, streamlining HR processes, standardizing HR Service Delivery and measuring and improving those services (i.e. utilizing Service Management best practices) can be challenging in HR. Hence, it

seems that there is no such thing as HR Service Delivery or HR Service Management best practice (Berry 2017). Market for this kind of framework exists, and for instance Deloitte, global management consultancy company, has a long track record for developing HR operating model best practices for organizations but also providing services around HR process development (Deloitte 2018a; Deloitte 2018b). However, the awareness of the possibilities of integrated enterprise service delivery and service management solutions is only emerging also in HR. Break through is yet to be achieved as because of for example the fact that people working in HR think and operate differently than for instance people working in IT: technology and IT Service Management concepts may seem even frightening and the possibilities may be overlooked because the areas are felt to be too complicated or irrelevant for HR.

Furthermore, in many organizations, there is a fundamental gap between HR and IT departments that have developed over time because of IT driven projects. HR and that way users (employees) have lost their faith to the quality and methods of HR Service Delivery as HR systems may not be serving the needs of business. Catching up the gap between IT and HR but also aligning with its stakeholders is essential for HR's digitalization journey. With this kind of strong alignment HR is able to upgrade its operations to the next level, transforming itself into credible and cost-efficient service organization, that is data driven and run like business. Thus, HR needs to ask itself how it is currently delivering and managing its services, what is the level of maturity of HR processes and HR operating model, what is the purpose of HR tools and above all, how HR could learn from IT – the pioneer of Service Management – about the value of managing services in order to reclaim the business expectations in this digital world.

2 Purpose

Purpose of this study was to research how HR's digital transformation was approached in the selected case companies and what kind of lessons learned and crucial elements was recognized when entering HR digitalization journey. Furthermore, the purpose was to evaluate what steps had been taken in automating repetitive, routine but necessary operational administrative HR work in the case organizations. Thus, the purpose was to study how HR organizations delivered and managed their services. Furthermore, purpose was to evaluate how could ITIL - Information Technology Infrastructure Library, set of best practices for IT service management (itSMF.fi 2018) – could be utilized in HR Service Delivery and HR Service Management and why/why not.

With that obtained information and different research material available, the sponsor of this study – Symfoni Finland Oy – was able to obtain relevant information about HR organizations for their future HR Service Delivery and HR Service Management project offerings. Symfoni Finland Oy is part of Symfoni ESM – company owned by Fujitsu since 2016 - and it delivers comprehensive Enterprise Service Management solutions to its customers (Symfoni ESM 2018). By means of ServiceNow system – the integrated enterprise service management tool (ServiceNow 2018) - Symfoni ESM aims to simplify and improve companies' enterprise service management processes (Symfoni ESM 2018).

I was very motivated to study the digitalization of HR because I have been working closely with HR organizations and HR technology for about 10 years and I have experienced first-hand the challenges of HR Information System (HRIS) implantations projects but also the difficulties in streamlining and managing HR operations and collaboration between IT and HR. I was keen to study how HR organizations would be able to be successful in their digital transformation journey and on the other hand why digitalization of HR and managing HR services can be quite difficult. Furthermore, I was curious to find out how could HR Service Delivery be effective and productive by means of technology and proper service management. Furthermore, I was curious to understand what kinds of challenges adopting service management contains and what elements of HR is essential to be addressed when transforming into a proper service organization.

2.1 Objectives

The objective of this Master Thesis research was to study the selected HR organizations' digital HR transformation journey and obtain information about how HR services are delivered and managed in this transformation. Based on the obtained information, the purpose was to discuss what are the critical elements and lessons learned in this transformation journey, what would be the value of digital HR Service Delivery and HR Service Management and how could HR adapt ITSM best practices to its operations why/why not. In addition, it was to be evaluated that how HR trends and the future of digital HR services are connected to the overall digitalization of HR.

Secondary objective of this study was to obtain relevant information for Symfoni Finland Oy in order it to have the opportunity to refine its HR Service Delivery and HR Service Management project offerings. As an outcome, Symfoni Finland Oy would have recommendations and insights how to develop and target their HR project offerings but also what elements should be considered when implementing HR Service Delivery and HR Service Management technology. This part of the study was handled as confidential and was disclosed from the public thesis work.

2.2 Research questions

The research questions for this study were:

RQ1: How is HR Service Delivery and HR Service Management handled in case organizations?

RQ2: What are the crucial elements and lessons learned when entering digital HR transformation journey?

- What is the value of Digital HR Service Delivery and HR Service Management?

RQ3: What HR trends are currently relevant in case organizations and how those are connected to digital HR Service Delivery and HR Service Management?

RQ4: How could IT Service Management best practices be utilized in HR, why/why not?

2.3 Scope

In this study, the focus was the digitalization of HR (i.e. the digital HR Service Delivery) and also what would be the key elements behind value adding, effective and cost-efficient HR. Furthermore, scope included some reflection to the relevant HR trends case organizations are focusing on and how those are connected to e.g. the crucial elements of digitalization. Furthermore, based on my own experience but also by the background material on HR and HR Information System implementation projects, I decided to study HR's operating models and service delivery methods, the importance of HR maturity and how those elements impact to successful digitalization of HR. Thus, I thought that it was important to understand what variables are connected to the way HR delivers, manages and develops its services and its end-to-end processes.

This study and its topic was indisputably relevant for the sponsor and based on the study, the company could be able to plan its next steps in its business development. However, as it was necessary to narrow the scope of this Master Thesis to follow through work in time, e.g. strategic planning and execution was not included to this study. However, the work will be continued via separate internal projects and may be subject for future studies.

The concept of HR digital transformation in general includes several crucial factors such as how HR is strategically aligned with business, what impacts does organizational culture and cultural integration have in the digitalization journey, what is the importance of development in e.g. performance management, leadership and talent management. Furthermore, digital HR transformation includes elements such as finding a new identity of HR, developing new skills and capabilities insides HR and most importantly adapt new approach and mind-set of HR by utilizing the concepts of Lean and Agile in the way of operating.

Moreover, the increasing of use of methodologies such as customer journey mapping, service design gamification and user experience has a significant role in the HR's digitalization initiatives. Also, for instance strategical alignment with the business, conducting and mastering stakeholder communication and analysis methods, mastering change management but also HR's alignment with IT are important pieces of the digital transformation buzzle. However important these factors are, these areas were **not** to be researched and discussed in detail in this study.

As a summary, the scope for this Master Thesis study included:

- Study of HR processes, HR operating models, HR Information Systems (HRIS) to obtain knowledge and understanding how HR services could be delivered and managed.
- Reflecting theory and analyzing selected organizations' digital HR transformation journey so far.
- Based on the gained information, analyzing whether some specific patterns could be recognized i.e. lesson learned and crucial elements related to the digital HR transformation journey.
- Reflecting on what HR trends were relevant for case HR organizations and how those were connected to e.g. crucial elements of HR digitization, HR Service Delivery and HR Service Management.
- Offering some insights of what kinds of elements and factors should Symfoni Finland Oy take into consideration when approaching and implementing HR related Service Delivery and Service Management projects.

The scope for this project did not include:

- Handling any HR Information Systems (HRIS) or Service Management technology/tools in detail.
- Addressing other factors related to HR transformation such as change management, organizational design, organizational culture, strategy work or HR system implementation project methodologies in detail.
- Addressing HR or HR trends in detailed level, such as employee branding, changes in leadership or talent management.
- Creating targeted any offering document to Symfoni Finland Oy that could have been utilized in customer acquirement.
- Creating any specific business case suggestions or offerings for the studied HR organizations.

3 Methodology

The research methodology structure was built by utilizing the Research Onion shown in figure 1 (Saunders, Lewis & Thornhill 2009, 106-108).

The following chapters explains exact methods of collecting the data to answer research questions, including research philosophy, research approach and research strategies.

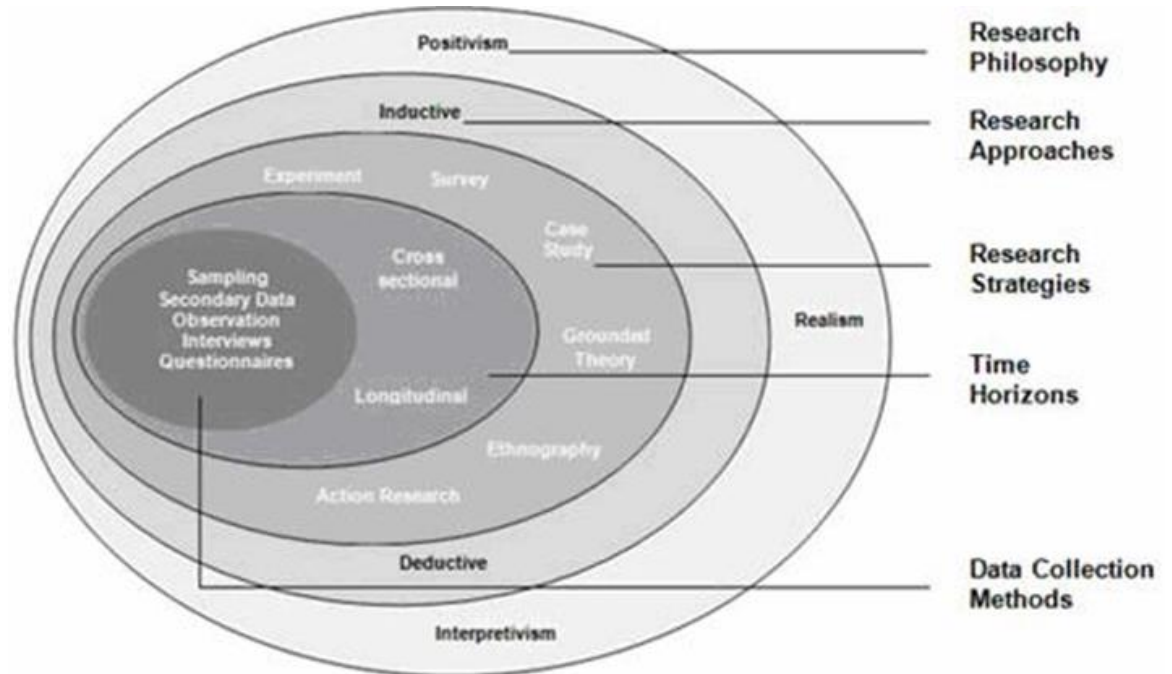


Figure 1. Research Onion (Saunders, Lewis & Thornhill 2009, 106-108)

3.1 Research philosophy and approach

Research philosophy for this study was Pragmatism Research Philosophy as that perspective integrates the basic insights of empirical (experience-based) and rational (concept-based) thinking. Also, pragmatism approach suggests that the most important determinant of the research philosophy adopted is the research question. (Saunders et al. 2009, 106-10.) Furthermore, the focus is on applied practical research that integrates different perspectives to help interpret the data.

The study was mainly deductive where the data was collected by using interviews and existing theory was applied to the study. However, because of the nature of the pragmatic research, also the possibility of inductive approach was not overlooked. Inductive approach was not suitable as main approach for this study as the objective was not to create new theory around the subject. (Saunders et al. 2009, 124-126.)

3.2 Research strategies and methods

This study was mainly conducted between December 2017 and May 2018. However, the theory was collected during fall 2017/early spring 2018. The interviewees were held in February 2018 - March 2018 and analysing the data was done in March-early May 2018. This study was conducted as a Case study but also somewhat as an Action Research. The study was descriptive but also exploratory. This is because it was important to really understand the phenomenon and what elements are associated with it. Case study was most appropriate strategy for this research as case study is considered to be the empirical inquiry that investigates a phenomenon within its real-life context. (Soitinaho 24.10.2016.)

Action Research on the other hand aims to continuous improvement hence was seen suitable approach for this study as for instance supportive objective was to offer insights for Symfoni Finland Oy to refine its HR related offerings. For example, constructive research was not suitable for this study as it aims to solving concrete problem. Also, this study was not Survey Research because the data was not to be collected from large amount of population rather that the study focused to research on particular phenomenon in specific context. (Soitinaho 24.10.2016.)

As the strategy was to analyze case organizations' HR departments' digital transformation journey, the research was mainly qualitative. The qualitative methods are suitable for especially developing actions as it focuses gathering information from specific group instead of random sampling. Quantitative study as such was not suitable as main approach for this study as there is no possibility to observe the phenomena via statistical, mathematical or computational technique. It was also to be noted that it is quite typical that in qualitative research, that when the research process goes on, the originally set objectives may not be so important and the change and adjustments into the research plan are natural part the development process. (Saunders et al. 2009, 153-154.)

Most typical data collection methods in qualitative research are individual interviews, theme interviews and data collection by observation (Saunders et al. 2009, 151). In this study, the relevant data was collected from interviews but also from other studies and theories (i.e. secondary data). Hence, the material was gathered in practical situations using individual deep interviews as primary source of information. The interview material was recorded, viewed intricately and in detail. Thus, the interview recordings were transcribed close to word-to-word, and the answers was categorized in order to find patterns and themes to support the study's research questions and objectives. All raw data i.e. the transcribed interviews were declared as confidential and were disclosed from the public

thesis. However, the interview data was summarized and anonymized to public thesis to have coherent research as an outcome.

3.3 Research sample and categorization

Companies selected for this study were chosen according to their business area, size and geographical operating area. This was because the purpose was to gain understanding and acknowledgement about what kind of challenges HR digitalization includes depending on e.g. organization's industry or country. Furthermore, even though HR digital transformation and overall digitalization is relevant in all organizations, especially large and medium size, international and global companies are most likely to have taken or will be taking steps in the near future in their HR transformation journey i.e. digitalizing HR Service Delivery.

In addition, because the supportive objective for this study was to gain information and acknowledgement for Symfoni ESM Finland Oy in order to provide recommendations for the company when they are supporting their customers in the HR Service Delivery journey, it was natural to target the companies in question. That is to say that most likely small organizations would have also small HR organization thus the need for e.g. specific HR Service Management tool may not be seen as top priority. However, it was seen important to understand the nature of small companies HR as relevant insights was likely to be gained. The selected interviewees were all from HR organization and the aim was to have HR Executive level respondents to have as comprehensive understanding of the whole HR organization and HR operations in the target organization as possible.

Because the interview results and interviewees were kept confidential, detailed information about the case organizations was not disclosed to the public study. However, some categorization and classification were made according to business and size of the company to be able to analyze the data properly. In this context size refers to the number of employees in the company. The categories were small (1 to 1000 employees), medium (1001 to 10 000 employees) and large (10 001+ employees). Furthermore, as geographical operating area was seen somewhat relevant for this study, classification was also made according to the area the company was operating in. The areas were divided into local (meaning Finland in this case), International and Global.

The total sample for this study was ten (10) from which 10 percent was small, 20 percent medium and 70 percent large organizations. Out of the ten companies interviewed, 20 percent operated in Financial Services business, 30 percent in Consumer business, 30 percent in Energy & Resources business, 10 percent in Construction and Infra services

and 10 percent in Technology, media & telecommunications. From geographical area point of view, 40 percent of the companies operated globally, 40 percent internationally and 20 percent locally. The segmentation is summarized in detailed in figures 2 and 3.

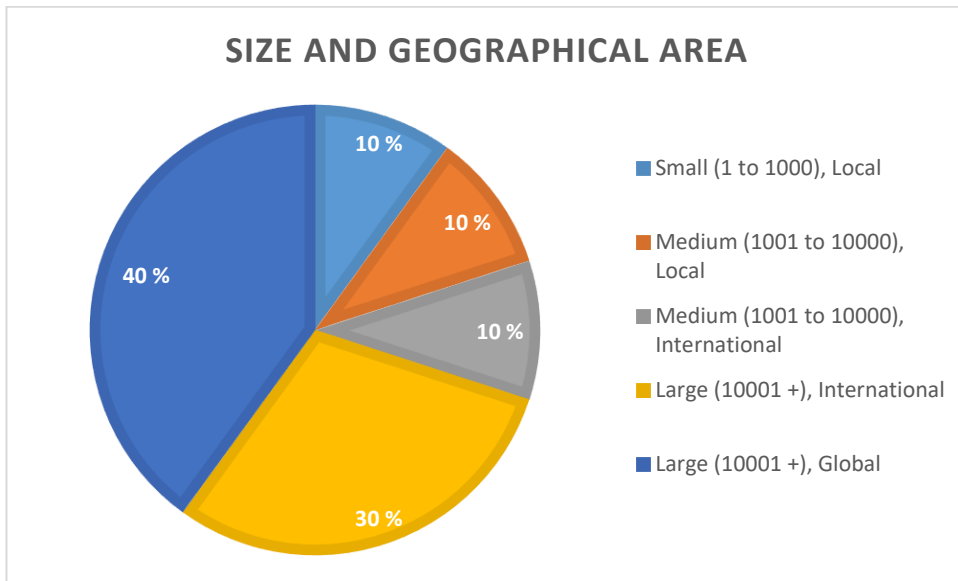


Figure 2. Research sample categorized by size and geographical area

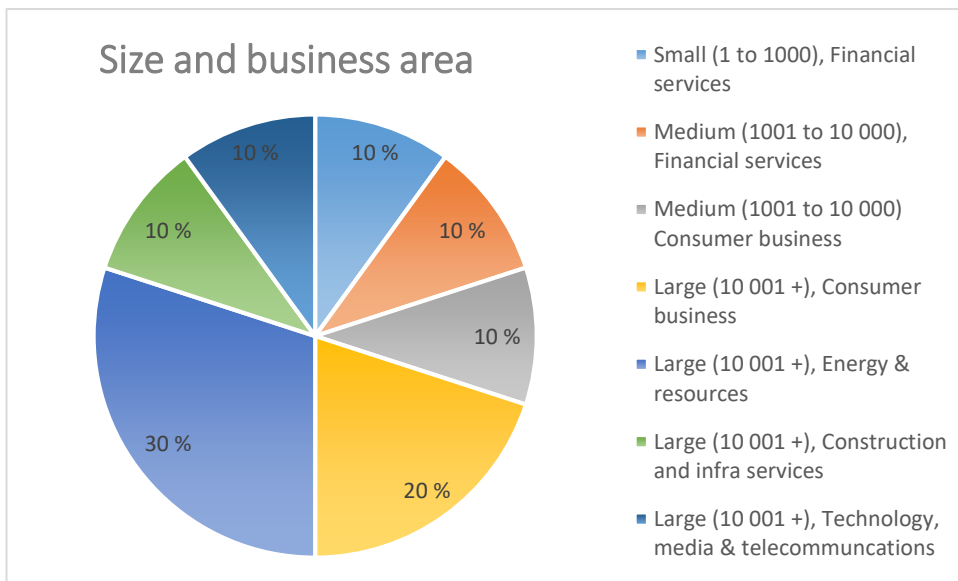


Figure 3. Research sample categorized by size and business area

The interviewees that participated to this research were all from HR organization. Out of the ten interviewees, 50 percent had a title Executive Vice President HR or Vice President HR, 20 percent had title HRD Manager / Vice President HRD, 20 percent of the positions referred to Directing HR processes and services and 10 percent referred to leading HR

digital transformation. All in all, all interviewees were decision makers and had long experience in the field of HR hence the information gained from the interviewees could be qualified as credible for this research. The segmentation is summarized in figure 4.

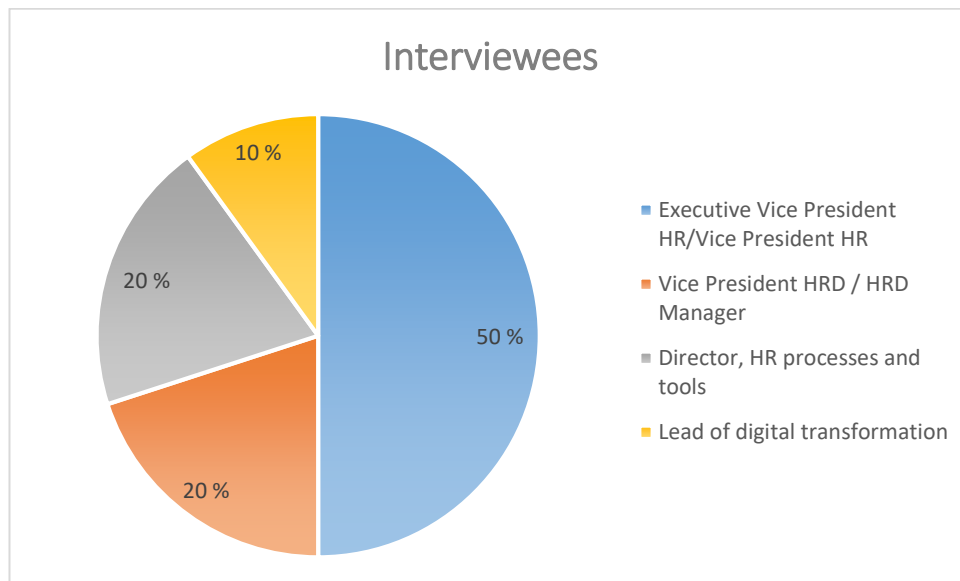


Figure 4. Interview sample categorized by interviewees position

3.4 Analysis methods

The qualitative data obtained from individual interviews was analyzed in order to find patterns and other insights. Based on the data analysis, recommendations, insights or even improvement ideas may be listed. It is to be noted that analyzing qualitative data was quite a challenge as there was lot of material from the interviews. Furthermore, researchers' own opinions, experiences and interpretations may have influences on the reliability of the results (Hirsjärvi, Remes & Sajavaara 2009, 221-223).

The data analysis process was started as soon as possible after the interview recordings were transcribed. In the data analyzing process, the collected data was gone through with critical approach means of the data reduction: it needed to be evaluated what data and information was meaningful and what was not. The reduction was made by focusing on the research questions and objectives thus the collected data was reflected heavily to them. In addition, the Fishbone cause-and-effect Diagram was utilized for making analysis as this method enables identifying possible causes for some for some specific problem or phenomenon (ASQ 2018). Hence, utilizing fishbone method gave understanding of e.g. elements connected to HR digital transformation journey and especially to the aspect of HR Service Delivery and HR Service Management.

4 Conceptual Framework

As mentioned earlier, HR and the phenomenon of digitalization have been studied quite comprehensively during the recent years. Hence there was plenty of literature and other material available to be utilized in this study. Backbone for this study came from theories and studies conducted by Dave Ulrich, Josh Bersin and Tanya Bondarouk, all known influencers and researches in the field of HR, HR Service Delivery, transforming HR and digitalization of HR. Also, relevant research material provided by HR management consultancy organizations such as Deloitte or HR Trend Institute, was utilized during this study.

Dave Ulrich is an experienced researcher in the field of HR. He has published over 20 books and 100 articles about how organizations build capabilities of leadership, speed, learning, accountability and talent through leveraging human resources. Furthermore, he has been involved in generating award winning data bases that assess alignment between strategies, organization capabilities, HR practices, HR competencies, and customer and investor results. (The RBL Group 2018.)

Josh Bersin is respected researcher in the field of HR, talent and learning. Bersin is the Founder and Principal at Bersin by Deloitte, and together with HR organization been actively involved major global trends in leadership, management, HR and talent management technologies. (Josh Bersin 2018.)

Tanya Bondarouk is one of the founder of the new research areas of Human Resources Management (HRM) and technology called electronic HRM. She has done many publications covering integration of HRM and social aspects of (Information) Technology Implementations. Her researches also include innovating the HRM function, HRM Frames and Global Talent Management. (University of Twente 2018.)

It was interesting to notice that even though various of studies about HR transformation and setting up HR shared services exists, I did not find actual study that would study the utilization of integrated service management tools in detail. For instance, the HR digital transformation has been widely researched, i.e. how HR organizations have adapted the digital e.g. SaaS based Human Resources Information (HRIS) systems but not really taking a perspective to the overall digital service delivery and service management. That is what happens beyond HR and beyond those core HR processes supported by core HCM Systems. Study or research articles that was found from this area handle mostly Service-Now but did not include e.g. a specific case study in detail from this area.

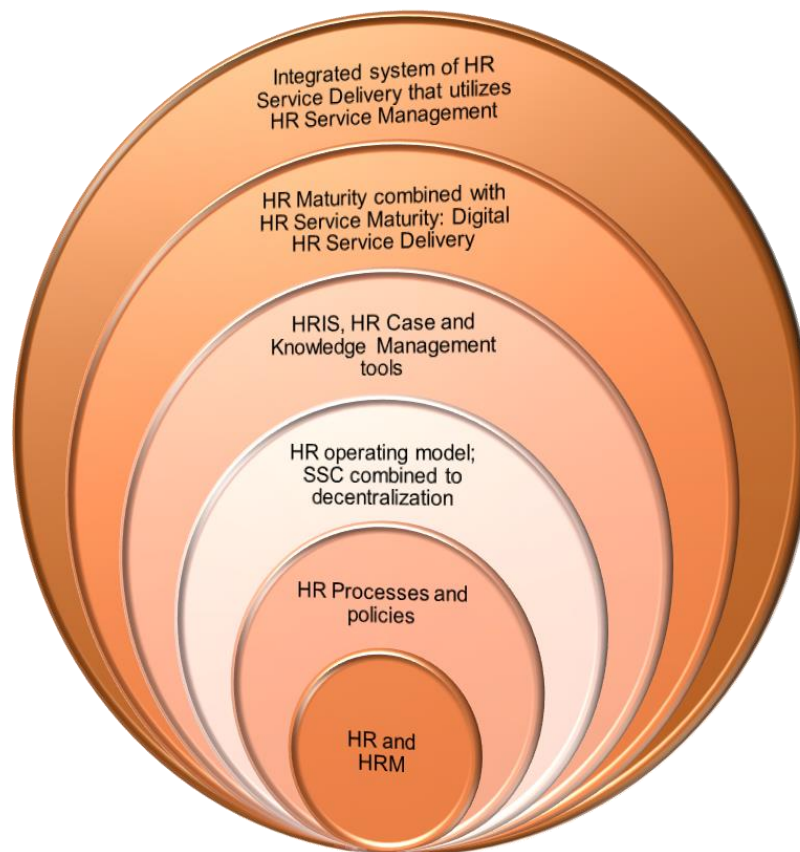


Figure 5. Summary of conceptual framework for this study

The main terms and concepts used in the study were 1) HR, 2) HRM / HCM, 3) HR processes, 4) HR policies, 5) HR operating model, 6) HR Shared Services, 7) HRIS, 8) HR Case Management, 9) HR Knowledge Management and HR Knowledge Base, 10) HR maturity and HR Service Maturity, 11) Digital HR Transformation, 12) Service, 13) HR Service Delivery and 14) HR Service Management. The key concepts are summarized in figure 5.

1) Human Resources (HR) is the company's division that focuses on activities relating to employees. Quite often these activities include recruiting and hiring of new employees, orientation and training of current employees, employee lifecycle events, benefits, and retention and so on. (Business Dictionary 2018a.) In this study HR was the core of this study as impacts of digitalization is reflected to how HR deliver its services digitally.

2) Human Resources Management (HRM) / Human Capital Management (HCM) means a set of management practices associated with Human Resources (HR), thus term(s) Human Resources Management (HRM) or Human Capital Management (HCM) are used. The practices can be divided into three categories (workforce acquisition, work-

force management and workforce optimization) as those practices are focused on the organizational need to provide specific competencies. The concept of Human Resources Management (HRM) /Human Capital Management (HCM) views employees as assets that can be invested in and managed to maximize their business value, including e.g. recruiting people for the job, orientation and training, managing wages and salaries and communicating with all employees at all levels. Hence, usually some HCM technology is implemented to support HRM / HCM activities such as Core HR or Talent management. (Gartner 2018a; TechTarget 2017a; Business Dictionary 2018b). In this study the understanding of HCM was essential as the components relating to Human Resources Management connects to what services does HR deliver and how the delivery is done.

3) End-to-end HR processes form the foundation of organization's HR Management. Most commonly modern HR organization structures around HR processes – e.g. talent acquisition processes, employee lifecycle management processes and performance management processes – and by means of approved HR Model, those processes are facilitated into a correct function within Human Resources. (Creative HRM 2018.) Understanding HR processes were relevant for this study as how HR is able to implement the necessary HR processes across organization is the core of digital HR Service Delivery and HR Service Management activities.

4) HR policies commonly refer to the documentation that set out the company's stand point on various issues, such as code of conduct, computer and mobile policy or even dress code policy. Thus, policies are crucial for the HR department's effective functioning as these compliance documents help to define the relationship between employer and employee. (HRZone 2018.) Creating unambiguous company policies but also communicating them to all stakeholder's clearly is essential part of strategic HR. This kind of activities are usually operated through Center of Excellence (CoE) type of HR team which is responsible for delivering this service. Hence the digitalization of HR enables also improvement in this area as e.g. policy distribution via common and 24/7 accessible modern platform is enabled, documentation version management becomes more transparent enabling accountability but also HR is able to measure and give feedback about employees' reading activity related to HR policies – i.e. HR Knowledge Base is the home for also HR policies.

5) HR operating model can be defined as HR function's blueprint built on adaptability, innovation and sustainability. It is the way HR delivers its services to its stakeholders by using e.g. shared service model, outsourcing and so on. (Mazor, Mike, Sivak & Premji 22.2.2017; Ulrich 2009; Creative HRM 2013.) In this study, it was relevant to understand

what kind of options HR has in delivering its services but also how HR should be able to renew its operating model to be able to improve its service delivery and become more agile.

6) As defined by Deloitte (2018f) **HR Shared Service** enables “*HR to create capacity by streamlining and automating work, to build credibility through the execution of processes, and to improve customer experience with the enablement of digital tools and exceptional service delivery*”. In this study, the concept of HR Shared Services or HR Shared Service Center (SSC) was considered to be one of the crucial factors when building the backbone for the HR digitalization i.e. digital HR Service Delivery combined with HR Service Management capabilities.

7) Human Resources Information Systems (HRIS) is software that the Human Resource Management (HRM) group needs for supporting core human resource (HR) processes. The functions of most Human Resource Information Systems (HRIS) are often the same as Human Capital Management (HCM) system thus in this study both terms are used during this study. HRIS provides a centralized repository of employee master data and enables e.g. reporting capabilities, making the employee data stored in the system more accessible and usable. (TechTarget 2017a; TechTarget 2017b.) As mentioned, HRIS is also referred as Human Capital Management (HCM) systems. Workday, SAP Success Factors and Oracle can be mentioned as examples of modern, cloud based HRIS systems most commonly used in medium and large size organizations (Gartner 2017a). In this study the basic understanding of HRIS created a solid background and introduction the theme of digital HR Service Delivery.

8) Derived from definition of Case Management, **HR Case Management** can be defined as planning, processing and monitoring of HR services delivered to stakeholders by a coordinated group or HR service providers. Case management’s core idea is to fulfil stakeholders needs while controlling for the cost. (Investopedia 2018.) In this study, case management was used as it is one of the key concepts in effective and high-quality digital service delivery but also core of HR Service Management thus the concept of HR Case Management needs to be addressed.

9) Derived from definition of Knowledge Management, **HR Knowledge Management** can be defined as system of strategies and processes that are designed to for instance identify, capture, structure, value, leverage and share the organization’s intellectual assets to enable enhancements in organization’s performance and competitiveness. Knowledge management is based on two critical activities: capture of documentation and its sharing

within the organization. Thus, **HR Knowledge Base** can be defined as one centralized system of knowledge article's that may contain for instance HR policies, benefits guidance, holiday schedules and general HR instructions. (Business Dictionary 2018c; ServiceNow 2018.) In this study the concepts of HR Knowledge Management and HR Knowledge Base were handled as key elements in digital HR Service Delivery, HR Service Management but also upgrading HR Service Maturity: knowledge sharing is essential being able to collaborate across organization, being able to continuously improve its operations and being able to support business organizations in their growth and so on.

10) Maturity is commonly associated to IT, referred as IT maturity. Maturity defines how advanced and proactive the department in question is (Barney 4.11.2016). Derived from this, the concepts of **HR maturity** and **HR Service Maturity** are processed in context of HR Service Delivery and HR Service Management development. This was essential in this study because understanding the HR maturity and especially HR Service Maturity was seen important when identifying the gaps between the current and future HR service organization but also how digitalization of HR should be planned step by step.

11) Digital HR Transformation can be defined as the change process of moving to a digital HR to become automated and data-driven. It is the use of technologies that enables changing business model thus providing new revenue and value-adding opportunities. (Gartner 2018b; Verlinde 2018.) This study focused to the digitalization of HR and it was also evaluated what kind of impacts the phenomenon has to HR's operations. Thus, term HR digital transformation was used during this study.

12) Service is defined as the valuable actions and efforts performed to satisfy and fulfil the demand and expectations of the business (Business Dictionary 2018d). In this study, service is defined as the actions between HR and its stakeholders. Commonly in HR, the different end-user-groups receives different HR services such as managerial services vs. executive services or managerial services vs. employee services. Services may include for instance payroll service processing, employee benefits, career advice and leadership support. (Stroud 2018, 4-5; Souter 2017.) This was important to understand also when planning the digital HR Service Delivery concepts and the way how those services are delivered.

13) HR Service Delivery is the way HR delivers its services and information via omnichannel experience – case management system, phone, chat or other modern ways of interaction to large workforces based on what's known as the HR Service Delivery model. In this study, HR Service Delivery was one of the key terms used during the study because

the way HR delivers its services to its stakeholders, also creates ground the HR Service Management activities. Also, term *Integrated HR Service Delivery* was used when discussing about the possibilities of automating end-to-end processes across organization enabled by integrated platform.

14) Derived from the definition of IT Service Management, **HR Service Management** 's core idea is to provide a central system for planning, development and delivery of services to its stakeholders, whether internal or external. It can be defined as system that enables streamlining and improving HR Service Delivery: it is the means to steer, measure and improve HR operations preferably enabled by technology. (Technopedia 2018; Stroud 2018, 4-5.) In this research, the purpose was to study how HR Service Management is utilized in HR organizations and on the other hand what opportunities HR would have around this topic.

5 Human Resources and Human Resources Management

Human Resources (HR) is the company's division that focuses on activities mainly related to the organization's employees (Ulrich & Brockbank 2005, 10). Naturally, HR function needs also to be managed and Human Resource Management (HRM) offers the framework to how employment issues should be managed. Price (2003, in Holbeche 2012, 27) introduces one definition of HRM:

"A Philosophy of people management based on the belief that human resources are uniquely important to sustained business success. An organization gains competitive advantage by using its people effectively, drawing on their expertise and ingenuity to meet clearly defined objectives. HRM is aimed at recruiting capable, flexible and committed people, managing and rewarding their performance and developing key competencies."

As can be deduced from the definition of HRM, Human Resources is built on many complex entities and objectives which are crucial for any organization's success. HR operations consists of various HR processes that contains both mandatory administrative tasks and value adding strategical elements and features. As illustrated in the figure 6, HR can be defined as two sides of the same coin where on the other side HR is seen as service provider for the administrative, repeatable tasks such as employee agreements, employee verification letters, payroll, repeatable questions for example on absences and so forth. On the other side, HR acts as the strategic business partner for the business, enabling business to grow and achieve sustainable advantages by means of high quality HCM. Strategic activities consist of for instance talent management, rewarding and learning and Human Resources Development (HRD) as shown in figure 7. The challenge is how to find balance between these two activities. Digitalization of HR aims to automating the HR services as much as possible in order to release time and capacity into creating HR partnership.

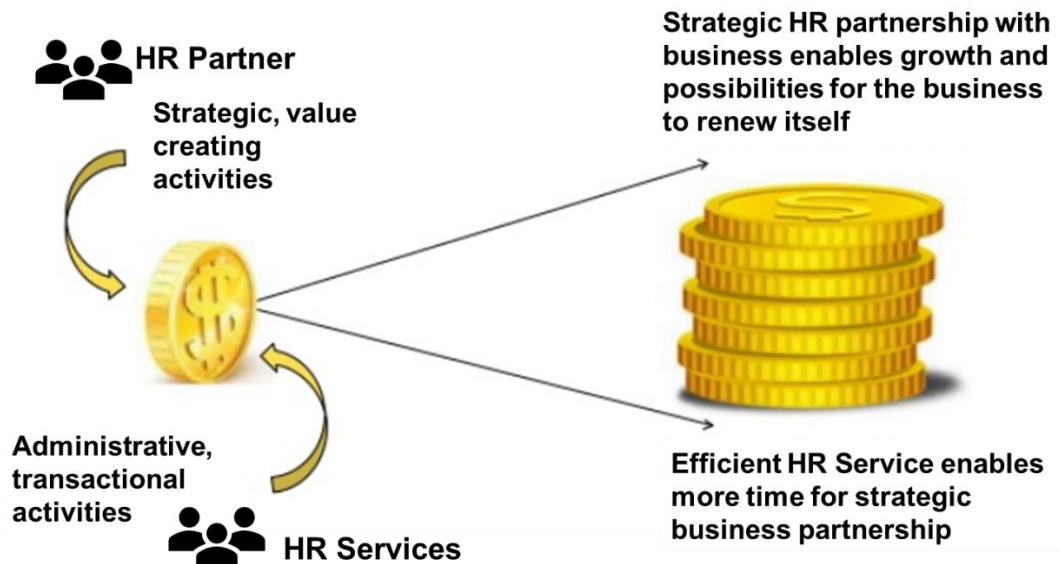


Figure 6. HR illustrated as two sides of the same coin

Mercer’s HR business Design Framework (2012, 9) in figure 7 summarizes the elements of HR comprehensively in my opinion. As scoped in previous chapters, this study mainly focuses to the HR operating model section. As can be noted from the framework, when HR is developing its services, it needs to address the questions how the services are delivered (i.e. decide operational model) and with what kind of infrastructure (i.e. processes and technology) but also how those services are governate (i.e. utilization of HR Service Management).

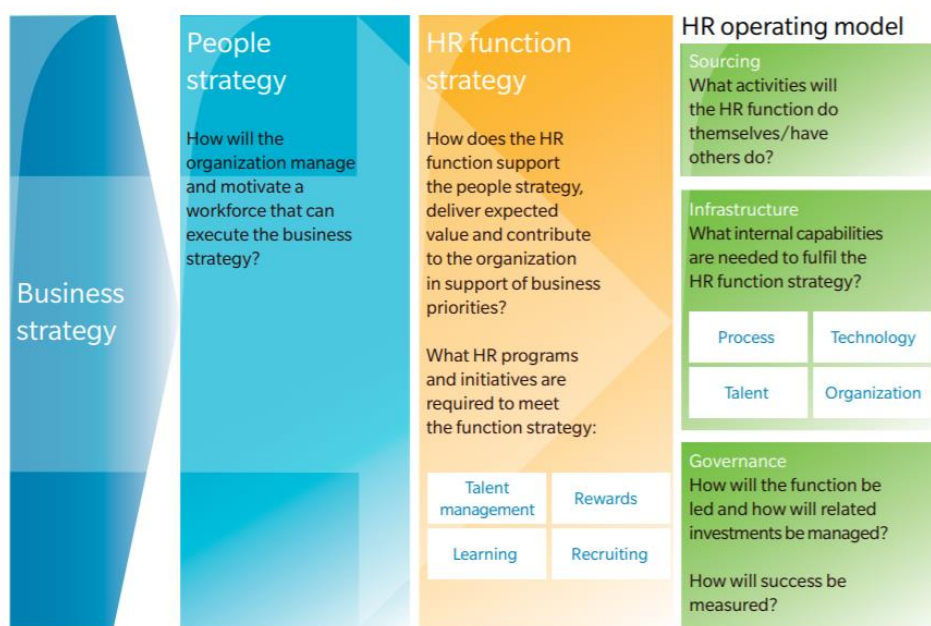


Figure 7. HR business Design Framework (Mercer 2012, 9)

The proposition that HR needs to focus more to the strategic activities and spend less time and effort to the administrative activities is not new. It is interesting to notice that many organizations still use most of their time in administrative/advisory activities because their digital HR transformation (i.e. service delivery automation) and HR Service Maturity levels are somewhat low. This fact can be deduced from e.g. Deloitte’s study for 2018 HR trends that indicates the fact in global level only 31 percent of organizations are ready for addressing the challenges that automation, AI and robotics brings i.e. HR has not been able to focus on e.g. talent management or talent acquisition as much as business would need (Abbatiello et al. 2018, 73). Hence, as to be argued during this study, HR would benefit in the long run from focusing more to digital HR Service Delivery and especially how those services should be managed. Hence, HR would be able to release its time from the HR Services side into HR Partner activities – the activities that is the core of value proposition of HR.

Overall, the value of HR has also been widely debated. Ulrich and Brockbank (2005, 10) have summarized the value proposition of HR into five factors illustrated in figure 8. I argue that these value propositions should be reflected and utilized when HR is entering its digitalization journey but also when HR starts to build proper system of service management.

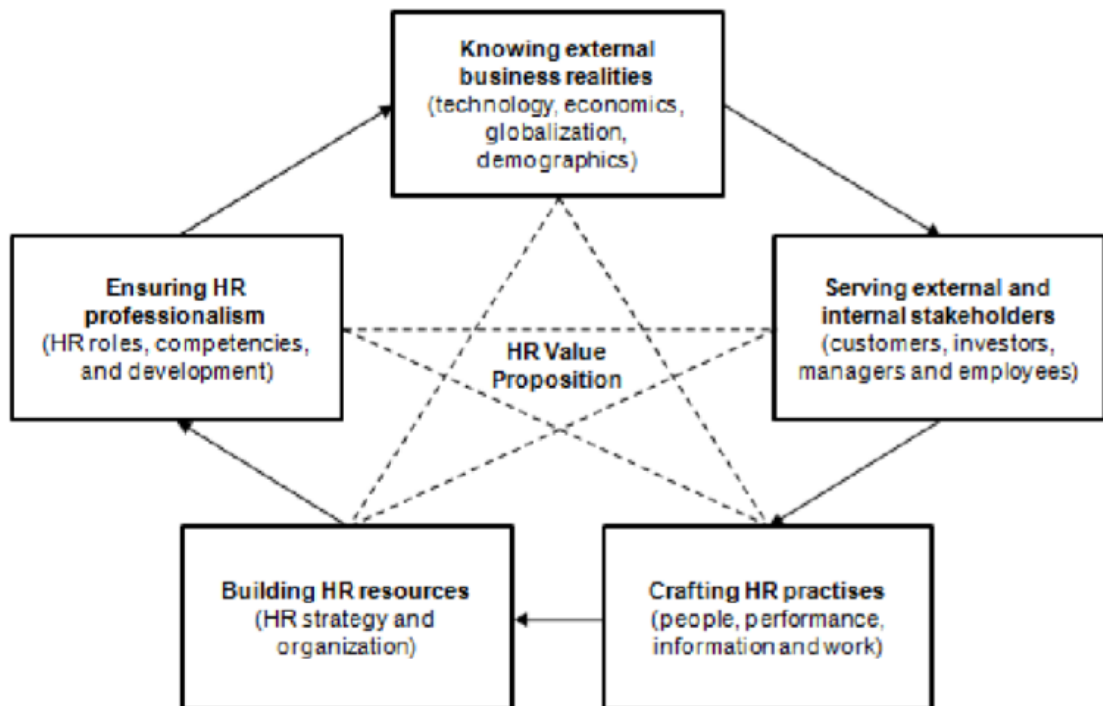


Figure 8. Value proposition of HR (Ulrich & Brockbank 2005, 10)

First, it is important that HR function recognizes its external realities such as technological development or impact of globalization in order to adapt HR resources and processes accordingly. Secondly, as HR has various stakeholder groups with different expectations, it is relevant that HR understands values, goals and needs of its stakeholders. As a third step, HR needs to organize and manage people processes, practices and tools so that they add value to its stakeholders. (Ulrich & Brockbank 2005, 11-14.)

Fourth point suggests that it is crucial that HR has clear strategic planning process for aligning HR organization, its actions and investments with business requirements, overall strategy and goals. Fifth and final point is that HR must build professionalism and develop competencies and have clear, appropriate roles. (Ulrich & Brockbank 2005, 11-14.) Thus, it can be stated that these value proposition principles act as a backbone and check list when HR is planning and implementing their digitalization initiatives. More importantly, I think that the framework illustrates the fact that all these factors needs to be addressed to be successful in any HR transformation initiatives, digital or not, which also illustrates the complexity of HR.

5.1 HR Digital Transformation journey

The digital age demands and calls for new ways of working which includes elements such as collaboration over cascading, adaptive over prescriptive and leadership over management. HR is the crucial driver and enabler in this overall workforce transformation. Thus, as Mario Moreira states (2017, 249-250), HR is required to be able to reinvent its role to support an Agile world, the future of a value-driven enterprise, and happier, more productive employees. Technology thus digitalization is key success factor in this journey but will not drive the HR transformation alone.

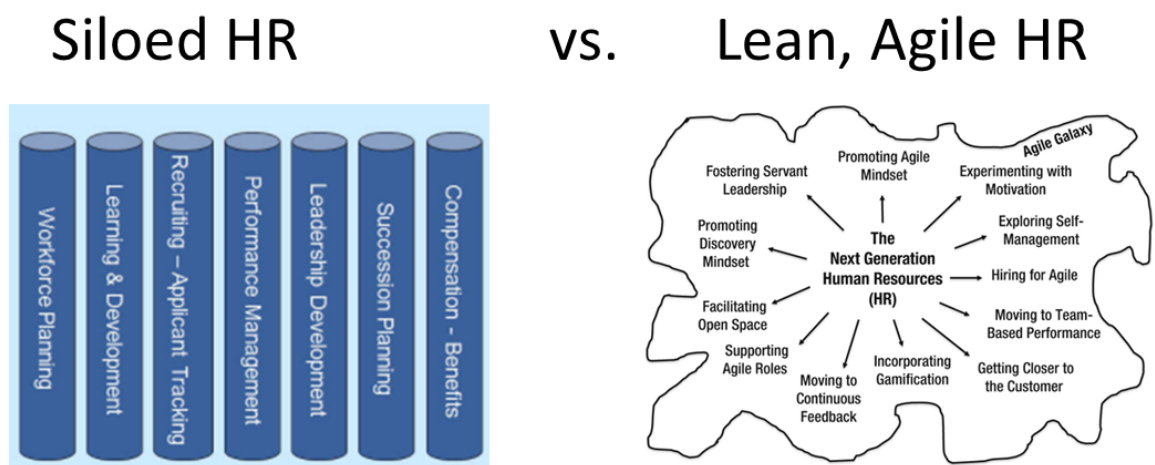


Figure 9. Traditional HR processes and systems vs. New world of HR (Bersin 2015; Moreira 2017, 250.)

Illustrated in figure 9 is how the transformation of HR appears but also explains why the change is crucial in this fast changing, even more digital and agile, globally challenging competitive business environment. I agree with Ulrich, Allen, Brockbank, Younger and Nyman (2009,5; 8-9) that overall a successful transformation increases the value of HR but also that digital HR transformation approach should be integrated, aligned, innovative and above all business-focused. However, what makes the digital HR transformation even more extensive and more difficult to organizations is because HR touches every part and every employee of an organization (Cappelli & Tavis 2018). Hence, as Ulrich emphasizes (2009), HR organization's need to take the whole system into account: it is not a genuine transformation if one or two best practices are taken into use such as e-HR, employee self-services or implementing some HRIS system. At its best, technology is the driver and enabler of the change and the capabilities of the organization or a single employee but does not drive the change alone.

Ulrich et al. (2009) introduces a simple transformation model that integrates four crucial elements of the transformation: Business Context, Outcomes, HR Redesign and HR Accountability. This transformation tool enables organization to take best practices and shape them into integrated best system. I argue that Ulrich et al. (2009,10) model on HR transformation in figure 10 can be utilized also in digital HR initiatives because it takes into consideration all the necessary elements that should be considered in e.g. digital HR Service Delivery transformation.

Furthermore, in digital HR transformation initiatives, it is also important to understand the starting point (i.e. current status) and set transformation objectives, define future status by developing service delivery model, outsourcing strategy and governance model. Furthermore, it is important to plan roadmap by designing future state structure, processes and technology and align by milestones. (Mercer 2012, 8.)



Figure 10. Model for HR Transformation (Ulrich et al. 2009, 10)

Ulrich et al. (2009, 32) model's first phase answers the question why the change has been done i.e. the business context. Reasons can be e.g. economical, global, demographical or social (i.e. the changing world we are living in). Also included to this phase is identification of stakeholders: investors, customers, regulators, suppliers or competitors. These two elements give organizations the rationality to why do the change. (Ulrich 2009.) In this context, I would also emphasize to have clear and real business reason for the digital HR Service Delivery initiatives, for instance if organization's competitors all seem to "go digital", companies may feel that they also need to do so without really needing or being ready for such change.

Second phase covers the outcomes i.e. answers question what: What are the benefits of the digital HR transformation (Ulrich 2009). Ulrich et al. (2009, 33) have defined the benefit to be as the capabilities (i.e. what the company is good at doing) that the company needs to compete and win. Phase three includes how the digital transformation is done. This includes e.g. HR redesign: HR structure, HR Strategy, set of HR practices, strategy for digital HR Service Delivery and the role of HR Service Management in order HR to deliver against the stakeholders' expectations. To be successful in such transformation, HR department needs to be organized and focused to the right things, that the practices are aligned and innovated and that the HR professionals have the relevant competences. (Ulrich 2009.)

Phase four consist of *who* does the transformation and *who* has what responsibility in the transformation. According to Ulrich (2009) it is the line managers that usually are ultimately accountable for the transformation initiatives, HR professionals are the architects that should take the lead in designing transformations, employees are the recipients seen as advisor and all these people come together in the transformation. When thinking about digital HR Service Delivery, the approach is basically the same: line managers are able to handle their subordinates' cases through HR Service Portals and HR professionals act as service architects, managing and developing the services by means of HR Service Management capabilities.

In the digital transformation journey, I agree with Verlinde (2018) that HR has sort of dual challenge: on the other hand, it is transforming HR operations and on the other hand transforming the workforce and the way work is done. As Verlinde concludes (2018) HR digital transformation is not being about only HR rather it's a metamorphosis that involves organizations as a whole. This fact makes the digitalization of HR so challenging.

I also agree with Bondarouk (2011, 1) that implementing HR technology i.e. digital solutions into HR is challenging and complex because it includes integrating HRM, people

management and all related aspects to the implementation. Furthermore, as mentioned previously, because HR transformation touches the entire organization, digitalization of HR generates stress among HR professionals, holds potential for users' dissatisfaction, and line managers' resistance (Bondarouk 2011, 1).

Overall the phenomena of innovative technology and age of smart machines in the workplace presents an interesting challenges and contradictory depending on how it is presented in different situations and contexts. For instance, as mentioned by Ruël, Magalhães and Chiemeké (2011, 23) some contexts, technology may have an "automatic" effect (i.e. turning previously interesting manual tasks into dull repetitive and un motivating) but on the other context, technology has an "informative" effect (i.e. manual tasks become more challenging and interesting because the richer information environment enabled by technology). I think this dilemma also brings up the additional challenge of digitalization of HR as well as when automating HR services and enabling HR Service Management, HR needs to address these topics.

However, nevertheless of the challenges, I argue that well planned and suitably organized HR Service Delivery followed by effective HR Service Management is ideal for promoting organizations' digital HR transformation. This is because technology can improve the productivity of HR organization when transactional tasks can be accomplished more efficiently (Thite et al. 2012, 15). Hence, the following chapter clarifies HR processes, HR policies, the concepts of HR Service Delivery and HR Service Management and what impacts does HR operating model and HR Service Maturity have in the digitalization of HR from this point of view.

5.2 HR Processes and HR Policies

HR has many different types of HR processes that can be divided into different categories and subcategories as can be deduced from the HR service catalogue examples illustrated in appendix 3 (confidential because HR service catalogues are part of Symfoni Finland Oy customer project materials). Those HR processes usually have different workflows (i.e. acceptance steps) depending on e.g. law or company policies related to that specific process such as promotion or demotion.

One commonly recognized way of categorizing the core processes is introduced by Josh Bersin (2015) who has divided the core HR processes into seven sections: Workforce Planning, Learning & Development, recruiting – Applicant Tracking, Performance Management, Leadership Development, Succession Planning and Compensation – Benefits

(see figure 9, left picture). Furthermore, as addition to this list, I think that Employee Relations processes are an essential part of HR because it is the backbone for the entire HR. How these processes are delivered and what kinds of tools HR utilizes in delivering these processes, depends on the elements illustrated in the value proposition framework of Ulrich and Brockbank in figure 8 but also in the Mercer's HR business design framework in figure 7. Moreover, it is essential to understand from enterprise service management point of view that many of the HR processes span across organization, such as employee onboarding process which has usually touch points into e.g. IT, Finance and Facilities. Hence, integrated digital service delivery solutions enable collaboration across organization thus brings efficiency into such processes.

HR policies commonly refer to documentation that set out the company's stand point on various issues, such as code of conduct, computer and mobile policy or even dress code policy. Thus, policies are crucial for the HR department's effective functioning as these compliance documents help to define the relationship between employer and employee. (HRZone 2018.) Thus, creating unambiguous company policies but also communicating them to all stakeholder's clearly is essential part of strategic HR. This kind of activities are usually operated through Center of Excellence (CoE) type of HR team which is responsible for delivering this service. Hence the digitalization of HR enables also improvement in this area as e.g. policy distribution via common and 24/7 accessible modern platform is enabled, documentation version management becomes more transparent enabling accountability but also HR is able to measure and receive feedback about employees' reading activity related to HR policies – i.e. HR Knowledge Base is the home for also HR policies.

The challenge in the so called traditional HR process, policies and operational models is that there is no unified vision of talent capabilities and gaps, they are not connected or responsive to business requirements, organization is unable to share information and processes and more importantly HR is administratively inefficient (Bersin 2015) and figure 9 left picture illustrates just that. Nowadays, as agility is required also from HR, it is one of the drivers of the digital HR transformation. Human Resources Information Systems (HRIS) technology enables HR organizations to improve their HCM in strategic, tactical and operational level (Thite & Kavanagh & Johnson 2012, 17; Bondarouk, Ruël & Looise 2011, xi). However, it is important to keep in mind that digitalization of core HR processes just because some fancy HR technology is available is never sustainable. Hence, digitalization of HR (i.e. digital HR Service Delivery) needs to make business sense and meet the actual business expectations.

For instance, being able to automate probably one of the most complex processes in HR i.e. onboarding and offboarding, has proven to be one of the key motivators when HR organizations are considering going digital. As presented by Hannes Hirvikallio at Fujitsu's digitalization of HR seminar (19.4.2018), Sidra Medicine Hospital in Doha Qatar wanted to automate their complex onboarding process in order to achieve cost-efficiency and effectiveness when onboarding its over 3000 new employees to its new hospital. By utilizing digital HR Service Delivery tools, the organization was also able to manage its onboarding process more comprehensively but also manage it by different KPI's: how long end-to-end process take, is SLA's elapsed or kept, what has been the customer satisfaction to the process and so on. (Hirvikallio 19.4.2018.)

5.3 HR Operating Model

HR operating model can be defined as HR function blueprint built on adaptability, innovation and sustainability. It is the way HR deliver its services to its stakeholders, by using e.g. shared service model or outsourcing. (Mazor et al. 22.2.2017; Creative HRM 2013.) As pointed out by Maatman and Meijerink (2017, 1297), organizations are increasingly centralizing HCM activities in an HR shared service centers (SSC). However, the value creation potential exists in the HR operational model's hybrid nature and specially in the fact that organization's integrate centralization and decentralization models. (Ulrich 1995, Jansen and Johan 2006, Meijerink, Bondarouk and Kees Looise 2013 in Maatman & Meijerink 2017, 1298.)

Decentralization and centralization refer to how much authority has been passed down to lower organizational levels or retained at the top. Without fully understanding how integrated centralized and decentralized features bring value to HR Shared Service Center (SSC), it is likely that managers and employees will remain suspicious about the advantages of HR SSC. It is to be noted that in HR SSC the content of the services is determined primarily by its stakeholders thus characteristics of the services may differ between HR SSC's. Furthermore, different end-user-groups might receive different HR services, e.g. managerial services vs. executive services. Centers of Excellence (CoE) focus on HR activities that transform the company by centralizing functional expertise. These capabilities are distributed throughout a company, helping HR in accomplishing business goals in innovative ways. (Maatman et al. 2010 in Bondarouk 2011, 85; 87; Bondarouk 2011, 93.)

Organizations may have to go with gut feeling in deciding which HR SSC features – centralized, decentralized or both – HR should invest in to ensure their centralized operations brings high value to the organization. Moreover, HR SSC could be able to improve HR

Service Delivery by integrating centralization and decentralization models. The value of HR SSC can be explained by using formal controls (such as service level agreements) and informal control mechanisms (such as trust and shared language). Interestingly, formal controls relate negatively with HR shared service value, but this relationship becomes positive once balanced and combined by informal control mechanisms and operational HR capabilities. Also, it has been studied that the dynamic capabilities of HR SSCs relate positively to HR shared service value for the business units, but only because of their effect on operational capabilities. (Maatman & Meijerink 2017, 1297-1298; 1300.)

I argue that the debate around HR operating model and use of SSC supports the fact that HR needs to put emphasis on how it delivers its operational services (i.e. utilization of digital HR Service Delivery) but also how HR operations are measured and developed (i.e. managed). Thus, HR needs to have formal controls in place, ability to measure its services in order to improve it accordingly. However, as also Maatman and Meijerink conducted in their study (2017,1311) it is important that the formal controls are not used only as sanctioning device but rather use the controls as “signaling device” that informs both leaders of HR, HR SSC and HR’s stakeholders if HR service processes have become insufficient. Thus, I argue formal controls should be used for building trust and collaboration (i.e. informal controls).

Having relevant HR operating model implemented is one of the crucial success factors in digital HR transformation. It also supports the way HR services are delivered hence how HR services could also be managed. Moreover, having a mutually acknowledged of HR model is important for example because it makes the management’s visions and initiatives visible for rest of the organization and because HR model makes the relationships visible also for the external stakeholders. Visualized HR model enables HR to organize the relevant HR processes, responsibilities and roles accordingly. All in all, HR operating model describes how responsibilities are split between HR and employees and it defines how key HR tasks will be delivered and who will be accountable for the delivery. Thus, modern HR departments cannot function effectively without defined and visualized HR operating model. (Creative HRM 2013.)

The fact that every organization have diverse needs for HR i.e. has different business context, makes creating a standard-like HR model somewhat difficult. For instance, Deloitte has studied this with co-operation with companies for many years and have been developing a high impact fit to purpose operating model for HR (Deloitte 2018c). Also, for instance Dave Ulrich’s HR model and modifications of it has been widely used. Ulrich pro-

posed that in giant organizations or large-scale businesses, HR functions should be compartmentalized into four segments: Strategic partner, Change agent, administrative expert and Employee champion (Ulrich 2009).

The concept of HR Service Delivery via HR Shared Services has been known for many years now. Dave Ulrich introduced a HR operating concept already in the 1997 in his book *Human Resource Champions: Next Agenda for Adding Value and Delivery Results*. More importantly, Ulrich stressed out that shared service activities should be operated in call centers which has necessary supporting technology. This way HR could be able to provide the basic support and administrative functions to the business more efficiently. Nowadays the strategic activities are operated through specific Centre of Excellences (CoE), that e.g. develops policies while also providing the support needed by different business units as well as shared services (Shingal 14.5.2018.) Even though the Ulrich’s model has evolved during the years and there has been debates over whether the model is outdated. I agree with Shingal (14.5.2018) that if understood properly and used accordingly without so called “cherry picking”, it is a good operational HR blueprint that creates a unified structure that delivers value, defines a clear distinction or role for the Human Resources, creates a competitive edge for the company, and enables measurement how a company has performed according to metrics.

Illustrated in figure 11 is Mercer’s next generation HR and its operating model that is somewhat derived from the Ulrich’s model. The next generation HR includes HR SSC with the tier levels. HR leadership is the glue that connects HR Business Partnership and HR Center of Excellence (CoE) in strategic level. And, as also can be seen from the figure, line managers have an important role of managing people during the operations.

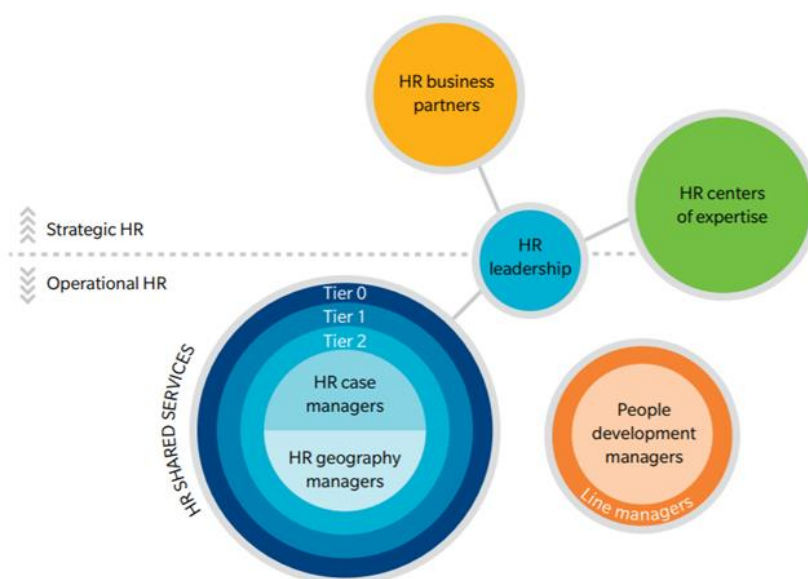


Figure 11. Next Generation HR Model (Mercer 2012, 3)

This kind of operating model creates the solid ground for digitalization of HR and how the digital services could be managed. As can be noticed from the figure, the different layers and roles between administrative and strategic HR activities can be recognized which enables also to categorize and map the use of HR Information Systems in HR Service Delivery more accurate. Hence, whilst the concept and development of HR's functional activity i.e. operating model is not new, the advantages in technology has left HR out of excuses staying in operational/transactional comfort zones (Holbeche 2012, 29-30). The following chapters handles HRIS in more detail.

5.4 Human Resources Information Systems

Kavanagh et al. (1990, in Thite & Kavanagh & Johnson 2012, 17) has defined the Human Resources information systems (later HRIS) as followed:

“system used to acquire, store, manipulate, analyze, retrieve and distribute information regarding an organization's human resources. An HRIS is not simply computer hardware and associated HR related software. Although an HRIS includes hardware and software, it also includes people, forms, policies and procedures, and data.”

The functions of most Human Resource Information Systems (HRIS) are often the same as Human Capital Management (HCM) system thus in this study both terms can be used. Thite et al. suggests (2012, 15) that HRIS are usually built around traditional Human Capital Management (HCM) tasks such as registering employee and employment data, recruiting and selecting, training, managing compensation and employee relations. Depending on the purpose of the HRIS, the systems can be divided into three categories: transactional, traditional and transformational. Transactional systems focus on record-keeping, traditional systems manage basic HR processes and transformational systems bring business value to organization. (Thite et al. 2012, 15.) Moreover, HCM systems can be divided into four different application categories (Bondarouk 2011, 3):

1. Administrative and Workforce Management Applications consisting of core HR, payroll, record-keeping systems, time management and absence management.
2. Service Delivery applications consisting of self-service transactional services
3. Strategic HR applications consisting of talent acquisition, eLearning, training, performance management, succession planning, competence planning and workforce planning
4. Business Intelligence applications which combined enables organizations to move toward metrics-based management.

Depending on how well the different HR systems and processes are aligned with the overall strategic goal of the organization, also transactional and traditional systems can also provide strategic business value for the company. As mentioned previously, most of the HR organizations still spend majority of their time in transactional activities and only small portion of their time in transformational activities. Hence, I agree with Thite et al. (2012, 15) that when developing, designing and implementing digital HR services, it is important to make sure that the technology enables decreasing the time spent to transactional activities, and release time for traditional and transformational activities (i.e. helping cultural or organizational change, strategic direction, structural realignment, or increasing innovation).

Interesting point is that making a business case for HRIS may be challenging. HR is usually seen as source of costs rather than source of revenue, especially if HR has no service management mechanism in place to justify reasons for the HR costs by means of data. Those activities that have impact on company's revenue is usually indirect – for instance effective HR program or practices that have been targeted for specific units – such as sales – may lead to significant increase in sales thus revenue. However, increase in revenue is classified as success of business organization, not HR. (Carlson & Kavanagh 2012, 184.) Hence, it can be said that the effects of HR's activities are often seen as "soft" or indirect and HR is challenged to find arguments and means of valuing indirect and direct benefits resulted from e.g. HRIS investments. Thus, HR needs to find and argue its value proposition: how by enabling high quality services, resulting into high stakeholder satisfaction results into high customer satisfaction and loyalty that can be measured by e.g. NPS (Net Promoter Score).

Nowadays because of the overall HR transformation, also the HR technology has been developing in fast phase. Moreover, the development of enterprise-wide technology solutions has enabled the HR function to make solid business cases for its technology investment initiatives, aligned with other support function such as Finance and Facilities. Thus, advances in enterprise service management technology enables also more mature HR Service Delivery and HR Service Management (Bondarouk 2011, 3; Holbeche 2012, 29). All in all, it can be stated that advances especially in the transactional HR technology enables organizations to build more effective, cost-efficient and high-quality HR Service Delivery models that are managed in professional, metrics-based (i.e. operational KPI's) manner thus HR can become automated and data-driven as defined in the term of digital HR transformation.

6 HR Service Delivery and HR Service Management

I argue that as long as HR has existed, it has delivered *services* to its stakeholders – even though the HR's mind-set for service providing has not necessarily existed. Service Delivery is the way HR delivers its services and shares information to large workforces via omni-channel experience consisting of e.g. case management system, phone, chat or other modern ways of interaction based on what's known as the HR Service Delivery model. Services may include for instance payroll services processing, employee benefits, career advice and leadership support. (Stroud 2018, 4-5; Souter 2017.)

As mentioned in the previous chapter, for delivering HR services, there are two main model types: traditional model and Ulrich's model. Furthermore, because agility and digitalization are changing HR, other types of next generation HR operating models has been introduced for instance by Mercer illustrated in figure 11. Providing Self-Services i.e. enabling employees to leverage service portal to access and have information they need, is other key type of digital HR Service Delivery. Service Delivery applications (e.g. HR oriented help-desk, employee self-services ESS and manager self-services MSS) bring extra value through the fact that HR is able to serve more employees with same or fewer staff but also enables reducing transaction cycle time and cost (Bondarouk 2011, 4-5).

Outsourced HR services such as payroll and recruiting are increasing that may be result of the fact that IT has given the possibilities to digital connections which enables delivery of services from distant (Edwards 2013; Mercer 2012, 3; Ruel et al. 2011, 30). Thus, outsourcing some of the administrative, repeatable activities is also one strategic approach for delivering HR services. However, in order to be successful in also outsourcing HR shared services to third party, it needs to be ensured that key internal stakeholders are fully engaged with throughout the process in order to obtain the trust of employees towards outsourced services (McCracken & Mclvor 2012, 1685). I argue that HR could benefit from integrated HR Service Delivery system also from this perspective as technology enables also a platform of compliancy, transparency and accountability towards service providers' operations. Hence, this feature can be reflecting to concept of SIAM that is used in IT world. SIAM (Service Integration and Management) framework offers best practices applied in an environment that includes services sourced from several service providers (Agutter 3.3.2017). I argue that HR will have need to increasingly manage multiple service providers because of e.g. the fact that modern SaaS solutions bring independency to HR system admin users and the situation may be that HR will also have more technical service providers in their service provider portfolio. Hence, this will also bring additional pressure for HR to develop their own skills and capabilities what comes to service delivery

and service management. As Edwards states (2013), HR needs to for instance develop its business intelligence capabilities (i.e. understanding the business company operates in), technical/functional competence (i.e. strong process and project management capabilities) and behavioral competence (i.e. ability to establish creditable relationship with senior management).

HR organizations are feeling the pressure to focus also how HR services are run. This trend has been visible already couple of years as also HR Trend institutes studies show (Roebroek 2016; Roebroek 2017). Hence, HR organizations are increasingly exploring the service delivery space, that is how HR could interact more efficiently with people before the actual transaction occurs. For instance, employee enquiries are quite typical transactional activities, that take up HR's work time 60% or more weekly. Thus, adoption of integrated HR Service Delivery (IHRSD) solutions is increasing as HR departments seek to improve their efficiency while providing a modern service experience. (Souter 2017; Lougee, Chandra & Burden 2017.)

Shown in figure 12, is an example of how modern integrated HR Service Delivery concept enables seamless collaboration across organization, providing coherent employee experience by means of case management and service management solutions. It is to be noted that such service management solution does not replace any core HRIS systems rather it integrates with them and complements them. This enables transparency and control over the work HR mostly often handle via email. Thus, HR can truly manage its services by means of measurement and data driven service improvement initiatives i.e. develop the organization's HR Service Management framework.

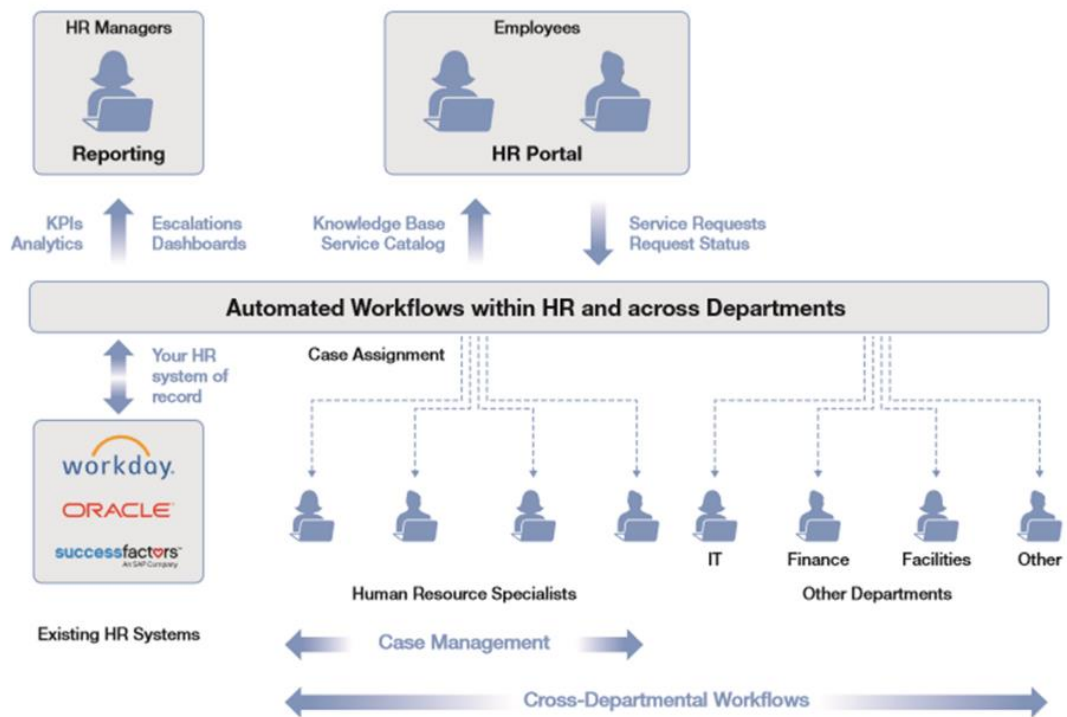


Figure 12. Integrated HR Service Delivery concept (Stroud 2018, 4)

HR Service Management 's core idea is to provide a central system for planning, development and delivery of services to its stakeholders, whether internal or external. Efficient HR Service Management enables streamlining and improving HR Service Delivery: it is the means to steer, measure and improve HR operations preferably enabled by technology. (Technopedia 2018; Stroud 2018, 4-5.)

Organizations usually have some HRIS system used for managing e.g. employee data or benefits and pay-related activities. However, organizations don't necessarily have an automated system to handle all the different employee inquiries and to fulfil requests. (Technopedia 2018; Stroud 2018, 4-5.) In other words, even though many organizations have been able to digitalize some of the core HR processes such as performance management process, there may be some steps in the end-to-end process that rely on physical paper-work or emails. By means of automated HR Service Management, HR would be able to replace emails and transform the way it engages with employees.

The key aspects of HR Service Management are *HR service portal, case assignment and case management, cross-departmental workflows, reports and dashboards and HR services maturity*. *HR service portal* enables employees to find HR information and submit requests to HR. Hence employees can have visibility and can take control of their basic HR needs around the clock via laptop or mobile device. (Stroud 2018, 4-5.)

HR Case Management can be defined as planning, processing and monitoring of HR services delivered to a stakeholder by a coordinated group or HR service providers. Case management's core idea is to fulfil stakeholder's needs while controlling for the cost. (Investopedia 2018; Stroud 2018, 4-5.) Example of HR Case is general HR related inquiry or e.g. request of leave of absence. Cases can have linked to tasks and parent task/cases, e.g. in onboarding process IT Service Requests can be linked as parent tasks to the main HR Case.

Case Assignment and Management enables automatization as management system can automatically route HR requests (i.e. cases) to correct HR expert / assignment group using predefined workflow rules. Workflows and automation also considers the possible multiple steps or approvals which brings value as end-to-end process is streamlined. With service management system, HR can track history of the case and follow that agreed service level agreements (SLA's) are followed. (Investopedia 2018; Stroud 2018, 4-5.)

Especially in case of HR, *cross-departmental workflows* are important to take in to account when talking about digital HR Service Delivery and HR Service Management. For instance, in complex HR processes such as employee onboarding, integrated enterprise service management system adds value as it drives the entire end-to-end process. Organizations are increasingly utilizing enterprise service management in other departments such as Finance, Facilities and Field Services which makes collaboration via service management possible across organization, including naturally IT that is pioneer of service management. (Stroud 2018, 4-5.)

Sharing information across organization is also very important factor in top-notch HR services. *HR Knowledge Management* can be defined as system of strategies and processes that are designed to for instance identify, capture, structure, value, leverage and share the organization's intellectual assets to enable enhancements in organization's performance and competitiveness. Knowledge management is based on two critical activities: capture of documentation and its sharing within the organization. *HR Knowledge Base* can be defined as one centralized system of knowledge article's that may contain for instance HR policies, benefits guidance, holiday schedules and general HR instructions. (Business Dictionary 2018e; ServiceNow 2018.)

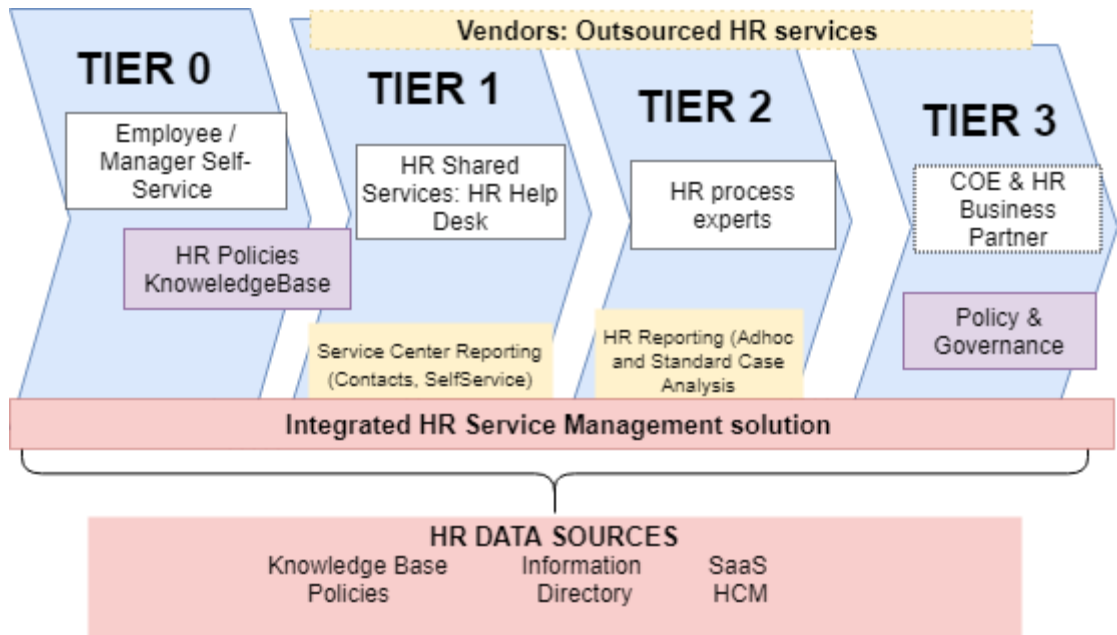


Figure 13. Example of HR Service Delivery concept (modified from Dayyani, 2015)

To be successful in HR Service Delivery concept illustrated in figure 13 but also being able to utilize elements of HR Service Management in continuous improvement activities, HR needs to have some level of centralization. I argue this by the fact that one objective of HR Service Management is for the HR organization to become more efficient and effective by finding synergies in centralization. Furthermore, the second objective is to improve the service delivery, quality, measurement capabilities and increase reliability of the department in question. These similar aspects are mentioned also as objectives of IT and business alignment thus reasons for utilizing e.g. ITIL framework. Thus, summarized in figure 13 is illustrated how HR operating model with different support (i.e. TIER) levels, vendor management and overall HR Service Delivery methods come together but also how use HR technology are connected to each other.

However, nevertheless of the possibilities of technology, I argue that before making any decisions on HR operating model and service delivery methods, HR organization needs to understand its HR maturity and especially the HR services maturity to be able to approach this area appropriately.

6.1 HR Maturity and HR Services Maturity

When HR organizations are beginning their digital transformation journey, it is important to understand the current HR maturity level as this enables contextualizing relevant service and technology adoption. There is HR maturity tools available for these purposes, similar matrix tools such as used in IT, for instance with ITIL Maturity model (Axelos 2018).



Figure 14. Human Resources Maturity model (Bersin, 2014, 18)

One example of HR Maturity Model is introduced by Josh Bersin (2014, 18) which divides HR's maturity into four levels: Compliance-Driven HR Services, Fundamental HR Services, Strategic HR Department and Business-Integrated HR. Model is illustrated in figure 14.

According to the HR Maturity model, organization's HR is at level 1 if it does not have HR Strategy, personnel function in mostly separate from the business, where HR activities can be carried out by staff other than HR professionals and line managers act as they see best and so on. At Level 2, HR organization has HR strategy partially or fully defined, HR operates somewhat in silos and some standardized processes and policies exists, core HR services are managed rather well, and some automation exists in talent management. When HR organization reaches level 3, it has for example HR strategy that is aligned with business strategy, HR can support business needs and also some system integration exists too. When having reached level 4, HR is fully business-integrated where for example HR strategy is part of the business strategy, data is utilized to analytics enabling relevant insights and where business & HR systems are integrated and advanced. (Flynn 2012; Bersin 2014, 18.)

Similar kind of maturity approach can be applied to HR Services. As illustrated in figure 15, as HR Service Delivery increases, so does employee experience and HR efficiency. HR Services Maturity Model is divided into 5 phases: 1) High touch decency 2) Managed Services 3) Self-Service 4) Self-Reliance and 5) employee driven HR experience.

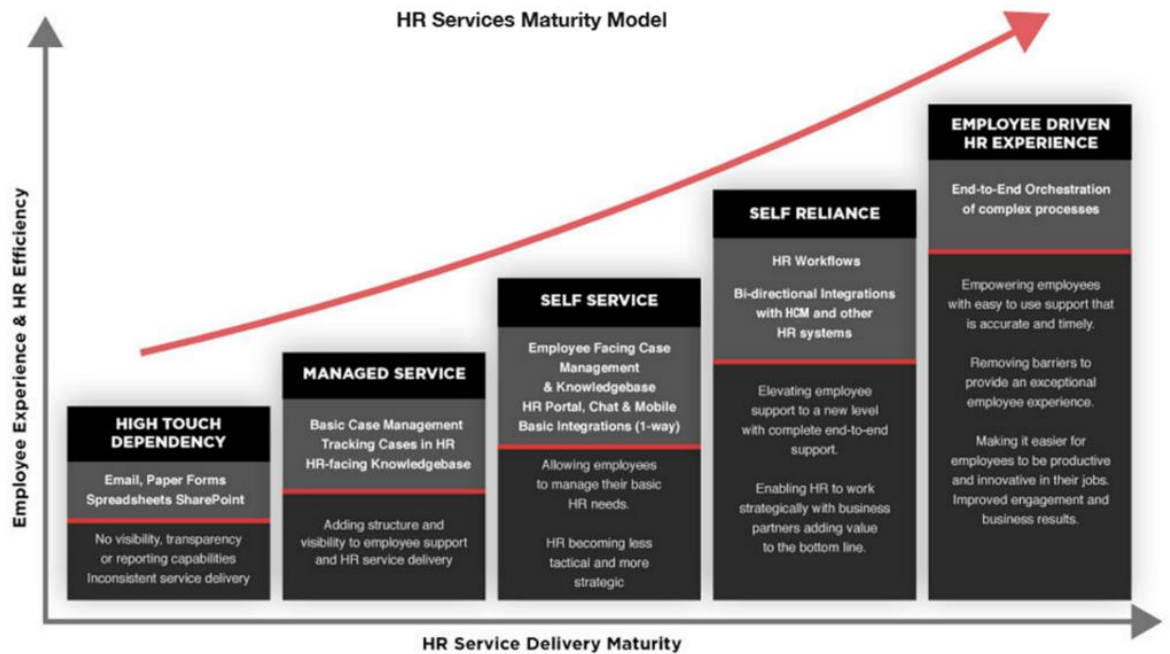


Figure 15. HR Services Maturity Model (Stroud 2018, 5)

At level 1, HR operates with high touch dependency i.e. using emails, paper formats and spreadsheets in their work. Thus, HR operations are unstructured, including lot of manual work and there is no HR specific Knowledge Base rather HR policies and instructions are visible in intranet or some other SharePoint workspace. This results into lack of transparency and that reporting capabilities are inconsistent in HR Service Delivery but also brings challenges into managing HR facing knowledge base. (Stroud 2018, 5.)

At level 2 HR has achieved some service management capabilities: HR has basic HR Case Management structure and HR is able to track their ongoing cases in HR. Moreover, HR has HR-facing knowledgebase i.e. structured way of managing HR policies and instructions. Hence, enabled by HR Service Management tool, HR is able to add structure and visibility to employee support but also HR Service Delivery. (Stroud 2018, 5.)

At the next level 3, HR has been able to implement employee facing case and knowledge management and services are used via HR portal, chat and mobile. Moreover, basic one-way integration exists for instance integration between HR Service Management tool and HRIS core system. This model enables employees to manage their basic HR needs and HR is transforming from tactical level into strategic level. (Stroud 2018, 5.)

Continuing to level 4, HR can increase self-reliance. This means that HR utilizes predefined HR workflows that means that HR has automated different kinds of approval workflows and notification activities to mention a few examples. Furthermore, bi-directional integrations with HRIS and other HR systems exists. At this level, HR can offer complete end-to-end support enabling top-notch employee experience. Hence, HR can work more strategically with business partners, adding value to the bottom line. (Stroud 2018, 5.)

Final level is where HR is able to deliver employee driven HR experience. This is achieved by end-to-end orchestration of complex processes such as onboarding and offboarding. Thus, employees are empowered with easy to use support that is accurate and timely but also enables employees to be innovative and proactive in their work which in turn improves engagement and business results. Furthermore, as HR is fully integrated across organization, all barriers are removed providing high-quality employee experience. (Stroud 2018, 5.)

Thus, I argue that to have genuinely efficient and digitalized HR Service Delivery, both HR maturity model and HR Service Maturity model needs to be synchronized. Furthermore, HR operating model and used HRIS have clear dependencies how mature HR is in its service delivery. I would point out that it is crucial for the organizations to understand that the HR maturity and HR Service Maturity levels create building blocks or steps that creates a staircase. As also Flynn states (2012), aiming from level 1 straight to level 4 is not sustainable or having activities going parallel from higher levels if starting point is level 1. Thus, for example if HR organization is very compliance driven but aiming to have self-services with predefined service catalogues, it most likely will result to poor use of resource, time and effort. Hence, metaphorically, a solid base for house must be created before aiming to setting up the roof. I think this is the reason why HR organizations find HR Service Delivery transformation enabled by technology so challenging – HR services are usually unstructured and there is no visibility to what is done (i.e. model and processes are missing or inadequate) but still technology is implemented without having a clear business case and what should be done with the tools.

7 HR Trends

When looking into HR trends, it can be noticed that there is lots of studies, analysis and writings available around this area. For instance, Deloitte has launched yearly global study on future of HR, HR trends or Digital transformation, as also has organizations such as HR Trend Institute, KPMG and PwC to mention a few. As a summary of these all studies, it is clear that emphasis is more on core HR and strategic activities such as The Organization of the Future, Careers and Learning, Leadership, Performance management, Culture and Employee experience, Talent acquisition, People analytics and The Future of Work. According to the Deloitte study, these themes are rated as important top five global trends, depending on organization's industry or size. (Bersin, Pelster, Schwartz & van der Vyver 2017, 12-13.) The trends that seems to be less important globally according to Deloitte study (Bersin et al. 2017, 12-13) – Digital HR, People Analytics, The Augmented workforce and robotics, computing and AI – creates an interesting point of view to this study also as digitalization is a topical also in HR organizations. Figure 16 summarizes the key trends that also were a backbone and assumptions for the interviews. It is to be noted that HR trends in figure 16 are from year 2017 study. These were used because the timing of the study prevented using HR Trend study 2018 as it only was released in April 2018.

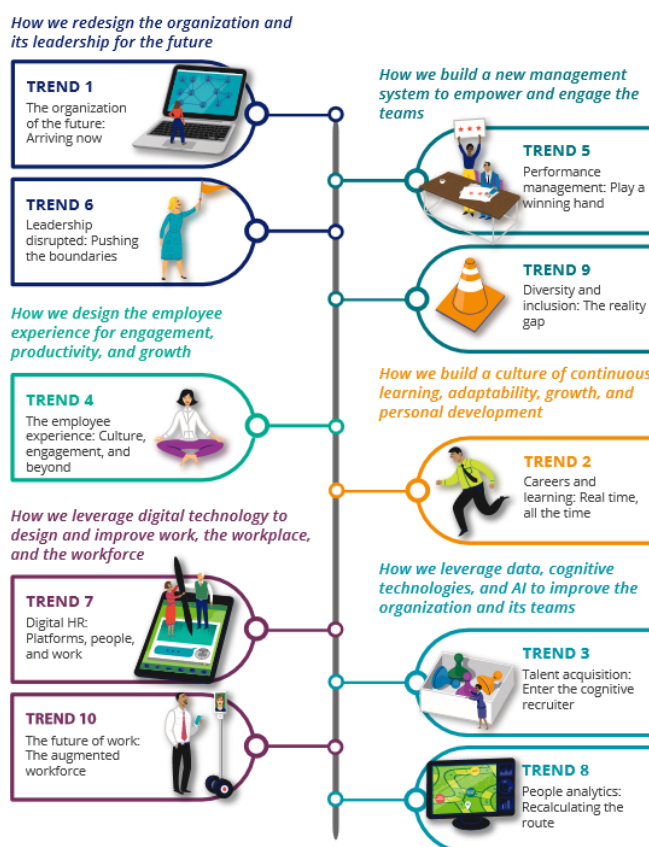


Figure 16. The summary of the HR trends provided by Deloitte (Bersin, et al. 2017, 8)

Supporting the assumption that digitalization is important trend in HR, the concept of digital HR and digital workplace is processed regularly. For instance, Deloitte has developed The Deloitte digital workplace framework that is a tool for organizations to understand their current digital workplace and identify areas of opportunity to support a better way of doing business by helping to think holistically. (Bersin, et al. 2017; Herrera, Chan, Legault, Kassim & Sharma 2018; KPMG 2018; PwC 2017; HR Trend Institute 2018.)

It was interesting to discover that importance of HR Service Delivery and HR Service Management is not brought up as a major trend per se. I rather see them as included as sub-elements of the key trends. But, this area has been processed as for instance Deloitte and HR Trend Institute that have been highlighting the evolvement of HR operating model and HR shared service trends for couple of year now. For instance, adding self-services, having single point of contact (SPOC) platform, having integrated services, running HR as business, moving from HR centric to employee-centric, increasing use of new technology such as HR apps and Virtual Reality, moving from transactional to knowledge-based HR operations and focusing on more service are mentioned in some of the material written around this area (Roebroek 4.2.2016; Roebroek 6.2.2017; Deloitte 2018c; Haak 2018).

Naturally, when transforming the HR function, the emerging opportunities of advance technology is seen as key drivers for success. It has been predicted that some of the technological trends that the HR will look forward to in the coming years include: Artificial Intelligence (AI) and Machine Learning (ML), Conversational User Interfaces (CUI), Augmented Reality (AR), Virtual Reality (VR) and Big Data Analytics (Pant 2018). For instance, Augmented and Virtual Reality can be used to give office tours to potential candidates as well as presenting a day in the life of an employee at the company people are applying to (AREA 2016). Thus, this enables to offer top-notch HR service to candidate which has a positive effect on employer brand and image and candidate experience, to mention few pros.

However, I would also highlight the possibilities and emerge of integrated HR Service Management tools. For instance, ITSM tool providers have been developing capabilities to adapt generic ticket-handling and workflows for also non-it departments such as HR and Finance (Gartner 2017b). I would predict that this tendency will continue and development of capabilities of such cloud enabled platform will continue. Moreover, as use of integrated HR Service Management technology increases, it enables standard processes, consistent service, automation by use of e.g. RPA and chat bot technology, use of analytics (e.g. im-

plementing Google analytics tool on top of HR Service Delivery and HR Service Management tool to obtain relevant user information about the use of the virtual shared services) and so on. Moreover, I argue that the use of VR also in context of Integrated Enterprise Service Management will likely to increase in the future as e.g. offering top-notch employee experience is seen so important: in the future employees could enter a genuinely virtual enterprise shared service center consisting of all support functions and being able enter into virtual HR department and do business with virtual HR professional thus have a real-life experience 24/7.

8 Interview results

The results of the interviews will be introduced in the following chapters. The interviewees from the companies participated to this research were all from HR organization. Out of the ten interviewees, 50 percent had a title Executive Vice President HR or Vice President HR, 20 percent had title HRD Manager / Vice President HRD, 20 percent of the positions referred to Directing HR processes and services and 10 percent referred to leading HR digital transformation. All in all, all interviewees were decision makers and had long experience in the field of HR hence the information gained from the interviewees can be qualified as credible for this research. The data collection samples were introduced in chapter 3.3., in figures 2-4.

The results were divided according to the Interview structure (appendix 1). This means that I broke down the interviews to 4 sections and not 5 because the introduction section is not relevant in this context. The interviewees were categorized as follows:

- Interviewee 1: HR Lead/Manager from large size global Technology, media & telecommunications company
- Interviewee 2: HR Director from large size global Energy & resources company
- Interviewee 3: HR Executive from medium size local Financial Services company
- Interviewee 4: HR Manager from medium size international Construction and Infra services company
- Interviewee 5: HR Executive from large size global Energy & resources company
- Interviewee 6: HR Executive from large size international Consumer business company
- Interviewee 7: HR VP/ Director from large size international Consumer business company
- Interviewee 8: HR Director from global Energy & resources company
- Interviewee 9: HR Executive from large size international Consumer business company
- Interviewee 10: HR Executive from small size local Financial Services company

8.1 Human resources

8.1.1 HR Trends

When discussing about human resources and overall HR trends, interviewee 1 told that the organization is mostly focusing on **careers and learning, talent acquisition** and **leadership** development. Interviewee 1 explained this because of the changes in the business environment that forces the organization to develop new set of skills and capabilities but also because it needs to focus on talent acquisition to have the best employees into the company. Interviewee 1 also emphasized the value of internal talent growth in that sense that also current employees are trained as much as possible for the open positions. However, when discussing about talent acquisition, interviewee 1 also brought up the importance of **employee experience** in employer branding, image and reputation. Interviewee 1 told that this aspect is taken into consideration especially in their recruiting process where common courtesy e.g. in responding to all candidates on time is one of the elements in their recruiting process.

Interviewee 2 told that out of HR trends, the company is focusing on how to utilize robotics and AI more in their operations. Also, **leadership** and **employee experience** are important. Interviewee 2 told that their HR transformation project started already 5 years ago, and they are quite mature, e.g. performance management is at good, digitalized level already. Thus, the organization has lots of different kinds of gathered HR data already, also from HR service point of view thus the organization is able to focus on finding means to utilize that data (i.e. analytics, RPA).

Interviewee 3 told that HR trends that are visible in their company and to which it focuses on are especially: **leadership, performance management** and **talent acquisition**. Interviewee 3 mentions that the financial business overall is going through huge transformation and this shows also in the **change of leadership**, meaning that the shift is more towards coaching leadership, away from traditional authoritarian management. Thus, focus for the upcoming years for their organization is not that technology oriented nor is especially focused on how HR is delivering its services.

Interviewee 4 told that the organization has been and will also in the future be focusing on developing the company's **leadership competences**. Interviewee 4 explained that the company has recognized that leadership is changing also in their business so new kinds of leadership competences are required. Also, leadership is seen important part of **employee experience** and for instance new employee onboarding is something that the organization has been focusing on. When continuing the discussion about what is seen as

elements of good employee experience, interviewee 4 brought up aspects such as flexibility at work, that working conditions are safe and tools used at work sufficient and easy to use. Furthermore, interviewee 4 mentioned naturally **talent acquisition** and **continuous learning** are always at the agenda. Also, **performance management** is mentioned to be huge part of the organizations operations. However, as the company is currently going through a bigger change and transformation, the focus is also in **creating a culture** and **identity** of the whole organization.

Interviewee 5 listed some priorities to which the organization is and will be focusing on following years: **reporting and analytics**, continuing **strengthening leadership and high performing organization**, **talent management** (which includes also talent acquisition) but also bringing **employee experience** and organizational culture to the next level. The organization has quite mature in that sense that it has been digitalizing its HR services for some time now and this continuous improvement is ongoing work that means also training HR professionals so that the services would become more professionalism, interviewee 5 continued.

Interviewee 6 describes the organization HR to be overall quite traditional in that sense that the organization does not currently followed the megatrends in HR. Themes relevant for the business are development of the **organization culture** and **identity** as the company has been going through some major organizational changes lately, interviewee 6 explained. Interviewee 6 continued that **leadership** and **performance management** are also seen as important themes and so is well-being at work. People development is also kept in mind but is not at the three top focus areas now. Naturally **digitalization of HR** overall is important, but HR organization needs to have solid base before starting to implement any advanced digital services, interviewee 6 pondered.

Interviewee 7 told that recently there has been **activities around leadership** from which creating common leadership principles and promises for the whole organization has been one huge step. Next phase is to start following with some tools what effect those principles and promises has had and how they have been realized. **Employee experience** is seen also as important theme however is not yet been thought in detailed in our organization, interviewee 7 continued.

Interviewee 8 revealed that the organization is following global HR trends and those are utilized in the HR roadmap planning. The focus areas for this year are connected to **recruiting and talent acquisition**, **learning** and **leadership**. Furthermore, especially suc-

cession planning and recognizing key potential are top priorities. Interviewee 8 also continued that HR is closely involved with the concept of digital workplace that the organization is currently working on. This includes also thinking what digitalization in wider context effects to HR's work as well. Also **use of robotics and AI** is in the agenda as well as people **analytics** and the concept of **good employee experience**, interviewee 8 concluded. Interviewee 9 told that out of global HR trends, the organization is and will be focusing on especially to **talent management** and **talent acquisition**. Furthermore, **leadership, employee engagement, employee experience** and **continuous learning** are top priorities because those are seen means to support the business to achieve its strategic goals. What comes to leadership, the organization has common principles of leadership and the organization focuses a lot to new manager trainee's as well as maintain the leadership skills of existing managers as well. Interviewee 9 mentioned that the organization will be focusing on digitalizing of all HR services in couple of years, but this is not seen yet as top priority.

Out of the global HR trends, interviewee 10 listed learning and development **and leadership** to be top priorities. Of course, also HR organization is starting to think about the possibilities of using robotics more in their daily work. Overall, the organization is going through some organizational changes hence **creating organizational culture and identity** is something that needs to be focused on. However, the overall starting the actual implementation of digitalizing of all HR Services and HR Service Delivery is not seen that crucial now as operations seems to be in fairly good level, interviewee 10 explained.

8.1.2 HR Strategy

Interviewee 1 told about organization's HR strategy and vision that they do have one in global level. However, because of the organizational changes in the recent past, the new **HR strategy and vision does not appear to be visible** in the local HR operations in which also interviewee 1 is currently working.

When talking about HR strategy and vision, interviewee 2 told **that strategy and vision is strongly present in daily work**, e.g. performance targets are connected to that. **HR and business' alignment is strong in strategy work** and HR representative is also member of the executives' board.

Interviewee 3 explained that HR is on the board of directors also locally. This is something new in the company in question. **HR is closely involved with overall strategy** in a way that HR aspect is included to the overall corporate strategy. Overall the strategy and espe-

cially HR related aspects are closely included to daily work. Interviewee 3 gave an example of how (HR) strategy is utilized in their recruiting process in that sense that it guides what kinds of candidates the organizations wants to hire. Also, Interviewee 3 often rationalizes **HR related changes and development initiatives to the business by aligning them to the strategy**. “This method seems to be effective”, interviewee 3 concluded.

Interviewee 4 described **the cooperation between HR and business organization to be tight and aligned. HR Director is involved with the strategy work** and is member of the board. Interviewee 4 told that **HR’s strategy is always included to the overall strategy** of the company hence **every action made in HR is linked and aligned to that**. For instance, employee development programs and learning activities are linked to strategy. Furthermore, the organization has specific vision for their employees that also guides that HR’s actions but what is also communicated to all levels of the organization, interviewee 4 explained. The importance of being able to be proactive and forward looking without forgetting the operative business side has been recognized and finding the **balance between strategy work and operative work** can be challenging, interviewee 4 pondered.

Interviewee 5 told that organization has had HR / people strategy for long time. Hence **HR has been participating closely with strategy work and cooperation with the business is at good level**. HR Director is naturally also member of the executive’s board. “HR related initiatives and development themes are always aligned and connected with the overall strategy”, interviewee 5 concluded.

Interviewee 6 mentioned that the organization has been going through major organizational changes and this change has been included also **crafting a new strategy**, basis for new organizational culture and identity. Interviewee 6 told that **HR has been closely involved with that** work which has been seen very positive change in their organization. **HR activities and future focus areas are aligned and linked to overall strategy**. Interviewee 6 emphasized also that change is seen as new start for the organization and the momentum is also important to keep up. Moreover, it is important to have **strong leadership** and **courage** to implement the new ways of working to every day consistently, without looking some deviations or possible misbehaviours through ones’ fingers.

Interviewee 7 told that their organization **does not have an actual own HR strategy** but **rather they use term HR policy or HR principles** that is facilitated to business organization. Overall, the organization is very value oriented and this fact shows also in HR’s principles, from which the created leadership principles is one example. **HR gets it guidelines from the corporate level strategy** and especially HRD organization participates

closely to the development of skills and capabilities together with the business, interviewee 7 continued.

Interviewee 8 briefly explained that **HR is closely involved with strategy work** and HR representative also is member of the executive board. HR is strongly lead which has enabled the fact that the organization is so far in its HR's digitalization.

Interviewee 9 told that their **HR strategy is closely linked to the overall strategy** and all **HR activities are connected to the overall strategy** in a concrete manner. Moreover, common mission is executed across organization, regardless of is the organization so called support function or business organization. **HR is closely involved with strategy work** and HR Director has been a member of executive board during past few years. "This also indicates the fact that HR's strategic value to the business has been recognized", interviewee 9 stated.

When discussing about strategy and HR's alignment with the business, interviewee 10 told that their organization has **strong collaborative relationship between HR and business**. HR does not have a specific HR strategy but **HR's agenda is included in the overall corporate level strategy**. **HR is involved with the strategy work** and HR related strategic topics are discussed and brainstormed actively together with the business, interviewee 10 concluded.

8.1.3 HR Operating Model

Interviewee 1 explained that the company has **Global HR in matrix organization** which includes for instant global HR service desk -like services, rewarding and learning & development. Interviewee 1 pondered that, at least the **local HR organization** is quite efficient consisting of about 10 HR professionals that each have their own focus business areas to which they are **HR Business Partners**. However, at least in local level, there still might be some grey areas in roles and responsibilities thus business may reach out to familiar HR person deviating from some agreed process, interviewee 1 continued.

Interviewee 2 told that the company's **HR organization is genuinely global** meaning that organization **does not have local HR organizations**. The HR is organized by **Ulrich's model** and HR is strongly lead which has enabled service center function and global HR to operate successfully. Interviewee 2 explained that they have **global HR service center** that takes care of operational, routine tasks, then there is **HR Business Partners** that focus more to the coaching of business and then **Group HR organization** that focuses more to policy, concept and process development (i.e. CoE).

Interviewee 3 described their **HR organization to be agile and quite small**. The company has a **Group HR** that gives some guidelines and provides HR policies and common HR system development services. Thus, the company has **local HR organizations** and those are rather small, from 1 to approximately 3 HR persons. Interviewee 3 told that local HR organizations are quite independent meaning they have quite much power in how execute things locally inside HR group's given guidelines. Interviewee 3 concluded that in order to find synergies, local HR teams have started to organize monthly meetings to exchange information, issues and best practices.

When talking about HR's operating model, Interviewee 4 explained that the organization has a **group HR function and then every country has their own HR organization**. There is **no HR Partner role** as such, but labour relations team managers have equivalent roles. Interviewee 4 clarified that **Group HR's** responsibility is to for example create common policies and processes that are then followed in the somewhat **independent country HR organizations**. Also, HR Master Data system development and HRD (Human Resources Development) functions are part of Group HR. Interviewee 4 described that the needs of business are somewhat different what comes to for instance training needs and Group HR participated on developing those activities with the business if needed.

Interviewee 5 told that **HR is organized in global and regional level**. This means that group HR function is responsible for developing common HR policies, core HR processes and providing global HCM tool that regional HR teams then facilitate and utilize. Hence **HR is not shared service in that sense but global it certainly is**. Every region has its own HR organization hence employees have **regional HR contact** that they can reach out if needed. Every region has **some own operational models** (e.g. payroll that hardly can be ever a truly shared and standard service because of different law regulations without outsourcing) but aim **has been to harmonize HR as much as possible** – goal has been that employees will have **same user experience regardless of the country** they are in, interviewee 5 explained.

When discussing about the company's HR's operating model, interviewee 6 explained that currently they have quite **traditional model including Group HR** responsible of core HR processes such as compensation and performance, development of reporting and HR systems and HRD function. Additionally, they have **local, centralized payroll**. Each country has local HR organization, consisting of HR managers and HR generalists that work closely with the local business organization. Organization also has **HR Business Partner** roles, interviewee 6 concluded.

Interviewee 7 told that the organization has a **Group HR** that **support local business HR organizations** by providing HR policies, common HR tools and guidelines to specific core HR processes such as performance management. Also, **payroll services are centralized** in the company. **Local, quite independent HR organizations** consists of **HR managers** and **few HR specialists** that support the local business organization in all HR relates activities. Overall, HR organization is quite small comparing to the overall size of the entire company. Interviewee 7 told that the HR teams are changing information in regular meetings in order to find synergies between HR organizations.

Interviewee 8 described company's **HR organization** to be rather small and simple comparing to the overall size. **HR has a Centre of Excellence (CoE)** -unit that is responsible for processes development, concept development and development of HR tools. **Each country has its own HR organization** with dedicated local HR resources. Interviewee 8 told that HR teams exchange information via meetings thus HR does not have specific tool or system to do that.

When discussing about the HR's operating model, interviewee 9 explained that the company has **Group level HR** that creates common HR policies, core HR processes and provides the common HR Master Data system. In addition, **each country organization have their own HR organization** that are somewhat independent, but in line with group HR's guidelines. Locally there usually is **HR Business Partner** type of roles working closely with the business that facilitate and implement the strategic initiatives given from head-quarter HR, interviewee 9 continued.

"Because the overall size of the organization, also HR organization is quite small", interviewee 10 clarified. **HR has few HR Business Partner** type of roles that includes dedicated responsibilities, including for instance developing common HR policies, core HR processes and HR tools. HR is located headquarters thus local organizations does not have their own HR organizations. "The idea is that HR Business Partners are the single point of contact for the business in any operative or strategic HR issues and initiatives", interviewee 10 concluded.

8.1.4 Leadership, Feedback and employee satisfaction measurement

Interviewee 1 told that **leadership** is seen important in the organization and there is principles and leadership trainee-programs available. The culture of **feedback is something that is evolving**, and organization encourages to continuous face-to-face feedback culture. Development discussions and yearly employee satisfaction surveys are the place to give feedback at least. Interviewee 1 also knows that **pulse survey and other feedback**

technology is used at least in some parts of the organization to have insights of e.g. specific team's spirit however the interviewee 1 does not currently have visibility to that data.

According to interviewee 2, **the culture of feedback and level of leadership is good in the company**. It appears things like genuine agility and the fact that they have high response rate and quality of applications to open positions. Thus, the quality of applicants and candidates is rather high. **Leadership is supported by modern technology solutions and constant feedback is enabled between employee and manager**. Thus, the organization is able to **follow-up on feedback** and proves that the culture of feedback is in a good level, interviewee 2 explained. Also, as the yearly survey results show, **employee experience and employee satisfaction rate are good**. According to interviewee 2, elements of good employee experience are good immediate supervisor experience, nice team and co-workers and as simple processes as possible from user's point of view, and "our organization seems to be successful in these areas" interviewee 2 concluded.

Interviewee 3 explained that **leadership principles but also feedback mechanisms are being re-shaped**. The organization holds the traditional yearly development and performance discussion that are just recently been digitalized. In addition, as part of that work the company has agreed on common 11 steps development and learning program that is aligned also to whole company's targets and strategy. Interviewee 3 mentioned that **the culture of feedback is also still developing** that i.e. is the organization is practicing of giving and receiving feedback. Currently the feedback is basically given in early performance and development discussions according to interviewee 3. acknowledgement.

Interviewee 4 told that **the gut feeling is that feedback culture is in fairly good level**. Interviewee 4 argued this by bringing up **the people centric leadership manner** the company has had but also by the **culture of openness and integrity**. Interviewee 4 felt that people working in the company are not afraid to talk each other regardless of the position. However, interviewee 4 mentioned that they **don't have any channels to give feedback** or means to follow this aspect so there is surely is room for improvement too. Thus, interviewee 4 told that the organization **does not currently have a sort of pulse surveys or happy signals surveys**, but this is something that the organization is focusing on in the future.

When discussing about feedback, interviewee 5 reckoned that **the culture of feedback could be better in the organization**. It seems to depend also on the country in question (i.e. cultural differences) but also there can be differences between divisions interviewee 5

pondered. "Giving and receiving feedback seems to be difficult in expert organization in my experience", interviewee 5 pondered. Mechanism for giving continuous feedback are being planned to be executed in form of pulse surveys. Yearly development discussions and engagement surveys give some direction to the organization, but the problem is that the information is somewhat outdated, and input should be obtained more frequently, interviewee 5 concluded.

Interviewee 6 highlighted the **importance of feedback** in their organization's "new beginning". **Listening and giving feedback are important tools for organizational development** but also involving and engaging employees to new organizational model, encouraging them to innovation and promote openness at the same time. However, interviewee 6 brought up the fact that the foundations are still being built. Hence **feedback and overall communication is also an important future development area** that will be developed co-operating closely with communications department but also training managers' interaction skills. Also, to support this, different technology solutions will be investigated including solutions to measuring feelings and spirit of the employees. "Of course, there are those standard-like employee surveys and other relevant surveys utilized already, but specific happy signals surveys or pulse surveys are not currently in used, but this has been in the development list", interviewee 6 explained.

When discussing about the culture of feedback and employee satisfaction measurement, interviewee 7 told that the overall level of **giving feedback seems to be good** if looked from teams or departments point of view. However, there is **still lot of room of improvement** if looked from whole company point of view. Yearly development discussions are the official place to give feedback, also yearly employee surveys are conducted. Interviewee 7 pondered that the organization is now **creating a culture that supports transparency and openness** also in person evaluations which also enables the culture of feedback. Currently there is **no pulse surveys or happy signals -type of solutions** as those has been seen difficult to form in a way that the surveys would serve the whole organization and the different business areas in relevant way, interviewee 7 clarified.

Interviewee 8 did not actually know what to say the culture of feedback in the company. Organization has sort of official opportunity to give feedback is in the yearly development discussions but interviewee 8 pondered that the **culture of giving and receiving feedback daily is a bit challenging**, partly perhaps because of the cultural differences (i.e. each country has different culture). However, this is seen as an important area of **development in the future and especially exploring the possibilities of feedback enabling technology**, interviewee 8 concluded.

Interviewee 9 described the **culture of feedback to be still developing**. That is to say that the importance of continuous feedback (giving and receiving) is recognized but it has not yet been implemented to everyday life, interviewee 9 told. Feedback is given in the yearly development discussions and by yearly employee satisfaction surveys. However, the organization is thinking about starting to utilize pulse type of survey technology. The challenge however is to think about the actual purpose of the survey (i.e. what type of questions is included to the survey) and how the survey would reach employees that has no laptop or mobile provided by employer, interviewee 9 pondered.

When discussing about the culture of feedback, interviewee 10 told that because of the organizational changes going on, also the new **culture of feedback is only forming**. Yearly development discussions are one place to give feedback and also yearly employee satisfaction surveys, interviewee 10 explained. Interviewee 10 revealed that at the moment there is no specific technology supporting the continuous feedback mechanisms, however some pulse meter or happy signals type of surveys are under investigation. “This kind of information is seen important in order to have relevant information and acknowledgment to be able have data-driven decision-making mechanisms”, interviewee 10 concluded.

8.2 Digitalization of HR – journey so far

Interviewee 1 told that the organization’s **HR digitalization journey in somewhat in the beginning**. The organization has just implement new cloud based HCM system (excluding payroll that is still in separate system). HR has been able to **digitalize some basic core HR processes** and **provide some basic self-services to the employees** such as updating some own person data. Furthermore, managers are able to start some basic processes from the HR tool hence some automation has been able to carry out. Interviewee 1 revealed that there will be further development to self-service in the future which includes also harmonizing payroll to same HR Master Data system. “Business is also expecting to have more and more high quality digital services from HR which also is showing in HR’s development roadmap”, interviewee 1 concluded.

As interviewee 2 described in the beginning of the interview, **the organization is quite advanced in the digitalization of HR**. The organization has global **cloud based HCM system that enables self-services for the managers and for the employees**. Furthermore, the organization has **HR case management tool supporting the HR organization’s TIER model** i.e. the organization has global shared HR helpdesk for the questions and requests that the self-services does not enable. Because of the utilized case management technology, **HR services are continuously measured and improved** based on the

service data. Interviewee 2 concluded that the HR organization **utilizes RPA** in reporting area already, also **use of chat bot technologies are under investigation** and will be most likely implemented during this year.

According to interviewee 3, the company's **HR's digitalization journey is at good beginning**. Some of the basic core HR processes has been digitalized such as yearly development discussions and recruiting. Also, technology supports some of the time management processes. Managers use self-services during development discussions however employees do not currently have much self-services available. Interviewee 3 revealed that there most likely will be **development relating to self-services during next few years**. However, because of the overall size of the organization, "digitalizing HR services is not seen as that critical", interviewee 3 concluded.

Interviewee 4 described the **HR's digitalization journey to be at the beginning**. Interviewee 4 pondered this to be partly **because of the industry** the company is at. The organization has just got their **common cloud HCM system** up and running but there is **only limited group that utilizes the tool** in their daily work. Near future development activities is to have more use cases for HR master data i.e. **reasons for employees to use the HR tool**. Also, other collaborative tools are available in the company, such as Yammer, however the usage is somewhat poor level and increasing that use is also in the agenda, interviewee 4 explained. The organization does not have specific HR technology roadmap documented.

Furthermore, Interviewee 4 told that the organization has pondered the **problematic of harmonizing certain HR processes** but also aspect of data ownership. It has been recognized in the **HR organization that without common HR processes, there is no point of trying to implement modern cloud HCM system** as those are not so easily customized and does not bend to every need. Furthermore, the organization acknowledges that there is **cultural differences and maturity level differences** that needs to be taken into consideration when digitalizing HR – for instance some systems does not provide translations in Russia or Poland that makes system usage in those countries is almost impossible, interviewee 4 explained.

Continuing with discussion about data ownership, Interviewee 4 clarified that lot of discussion has been around that in the organization about **the roles and responsibilities**: who gives input, who starts processes and who has what kind of role during some specific HR process. These are key questions when the organization is starting to digitalize their HR processes, interviewee 4 pondered. Interviewee 4 specified that currently **there is no full-**

scale manager or employee self-service processes supported by technology, only some minor employee data changes may be done by employee from the HR Master Data tool. That means that for instance performance management processes are **manual** meaning **Excel sheets and Word templated are utilized during the process**. However, some part of the onboarding process is digitalized meaning managers have a digital check list available in the HR Master Data tool during new employee onboarding. This has received positive feedback from the business.

Regardless of the low usage of technology in HR Service Delivery, Interviewee 4 does feel that the organization would be **ready for more digital HR services**: for instance, mobile time and absence management and automated pay rise processes is something that have been **requested by the business**. Also, HR has thought the usage of chat bots, people analytics and usage of VR tools in the safety trainings in the future, interviewee 4 concluded.

Interviewee 5 explained **that a solid foundation has been created for the organization's HR's digitalization journey during the past 7 years**. This has included e.g. implementing a global HCM system. HR organization offers some self-services for employees and managers and basically all core HR processes are supported by HCM tool. As organization has become cloud enabled also in HR, it has enabled more **online possibilities**, offers **visibility** and enables **increase of self-help** functionalities. Future initiatives in digitalization of HR Service Delivery will be focusing on the **use of chat bots and robotics** in e.g. reporting, interviewee 5 assumed. Overall, digitalization of **HR is going to desired direction**, however it must be kept in mind that what is considered to be **sensible and value adding to users**, interviewee 5 reminded. This means that the tools implemented needs to be as **user friendly** as possible (intuitive) and using them **cannot over-complicate** for example **managers work** – time that is always away for the business' productive work interviewee 5 stated.

According to interviewee 6, the organization's **HR digitalization journey is only just started**. A common HR Master Data System has been implemented quite recently. Next step is to **start supporting some selected HR processes with the tool**, such as performance management and talent management which includes for example recruiting, leadership development and overall learning and development. Moreover, onboarding process in **somewhat manual** at the moment hence this process is most likely to be digitalized and automated in the future at least some level, interviewee 6 explained. Also, as the organization has time management and payroll in separate system, this would also be something that would need to be thought and changed. **HR system roadmap exists (i.e.**

vision), and steps have been taken already in that road as well. Interviewee 6 continued that currently white-collar employees are able to update some own data to the system and managers are able start some HR processes from the tool. However, a lot of manager's work is still done by HR and the challenge will in the future how to change this set up in a way that it does **not bring too much administrative load to managers** because that would have negative influence on the business operations. Hence, what is done and where needs to be carefully thought through case by case, interviewee 6 explained.

Interviewee 6 also explained that a bit of a challenge in the HR's digitalization journey is the fact that the new organizational operating model is still forming. Hence, the organization is also **developing its maturity**. In addition, as the organization is in a competitive market situation, there is lots of points of development also from HR's point of view. Thus, **prioritizing the limited HR resources** (i.e. money and people) can be challenging. Furthermore, as most of the company's employees does not have computers or mobile devices behalf of the employer, it makes offering digital services an obvious challenge. When asked about has the business been consulted what kind of modern digital HR tools and services they would need or would like to have, interviewee 6 told that this kind of survey has not probably been done.

Interviewee 7 described their **HR's digitalization journey just to be at the beginning**. The organization has a **HR system roadmap** that is in the core HR process planning phase. Renewal of the common HR Master Data system will be done in the near future which also means transition to HR cloud technology. "Basically, today there is quite much manual work done because of the fragmented HR system landscape", explained interviewee 7. For instance, the organization does not have common recruiting and onboarding process, and this is something that is one of the top development topics for this year as onboarding is so important also from employee experience point of view, interviewee 7 stated. **Some requests to have manager and employee self-services have been received also from the business organization** which also supports the journey, interviewee 7 told. However, as also communicated from the business organization, **the fear is that the HR technology would make taking care of daily HR tasks harder for the business**. Hence **user experience and inclusive system design** and thorough process design utilizing e.g. customer journey mapping is seen very important, interviewee 7 emphasized.

Interviewee 7 also brought up the challenge to **identify the steps and touch points in the HR processes that would be relevant to harmonize and digitalize** and which steps could be left to be handled with Excels, Word or other rather manual methods. "Moreover,

the challenge is how to manage change and diversity of our businesses and its employees”, interviewee 7 concluded.

“The digitalization of HR Service Delivery is quite far in our organization”, interviewee 8 stated. The digitalization journey started already several years ago. Now the organization is in the situation where basically all global core HR processes has been digitalized such as performance management, succession planning, compensation management, recruiting, learning and development and HR master data management. Managers are already used to self-service tools and now with current cloud based HCM solution, **managers are able access more their team’s data** and are able **run more reports** which increases the usage of the system, interviewee 8 pondered. Also, as more HR Master data is **visible**, also the **validity and quality of the data is higher** as employees are able see what kind of data is saved to the HR system and make corrections / ask HR to correct the data if needed, interviewee 8 continued. Next step in the digitalization of HR would be to think more about use of **chat bots and automation**, besides of developing already existing HR core processes. All in all, interviewee 8 saw **the digitalization of HR Service Delivery as very positive and necessary tendency** but HR needs to be somewhat proactive and have courage when suggesting ideas to the business about use of different HR technology. “Argumentation needs to be concrete and rarely implementation of new system saves money immediately hence the business case needs to be well built”, interviewee 8 concluded.

Interviewee 9 described the organization’s **HR digitalization journey to be rather its early stages**. Some basic HR processes are somewhat automatized, and some are being implemented soon - fully digitalized recruiting process being one example. Currently managers have some basic data available from the HR tool, however advanced manager and employee self-service processes are being implemented in the future. All in all, the organization has been able to decrease the use of paper and it is pursuing to be entirely paperless during the digitalization journey, interviewee 9 envisioned. Overall, interviewee 9 sees **the digitalization of HR as a very positive direction**. According to interviewee 9, nowadays digitalization of HR is almost premise for larger organizations to be competitive as digitalization enables e.g. process automation. Moreover, because of digitalization, there is **HR tools available for guaranteeing data integrity and reliability** but also the tools **enable decreasing the possibility of misconduct and misuse of data** in different situations for instance. “Digitalization also **enables measurement** and **brings visibility** that is seen very positive fact as well”, interviewee 9 concluded.

When discussing the digitalization of HR, interviewee 10 told that their **HR digitalization journey is just in the beginning**. The organization has just implemented new, common HR Master Data system but any HR processes have yet been digitalized. Interviewee 10 said that all core HR processes such as performance management and benefits related processes should nowadays be digitalized even for compliance reasons and having those basic core processes digitalized cannot be seen as competitive factor as such. Interviewee 10 continued that **many of the administrative HR task can and should be automated and also increase self-services to employees in the future**. Thus, also our HR organization will most likely be utilizing more technology and increase self-services, interviewee 10 concluded.

8.3 HR Service Delivery and HR Service Management

Interviewee 1 explained that even though the organization has some modern tools supporting the core HR processes, **HR can be contacted via email, phone or chat**. However, the company do have global HR service center to which all basic operational questions should go, and that organization does utilize some case management tool. Nonetheless, at least locally there is **lots of communication via email and manual activities still**. Hence **visibility and measurement of HR services can be somewhat difficult**, interviewee 1 pondered. There has been some indication from the business that **HR does not always operate as efficiently and fast that the business would expect**. If some HR case management tool would be implemented in the future, it would be important to build the solution **as user friendly** as possible but also ensure that HR does **not become too faceless** because of some system, interviewee 1 speculated.

Interviewee 2 told that the concept of **digital HR Service Delivery integrated with mind-set of HR Service Management is very familiar in their organization**. As interviewee 2 had mentioned, the HR organization operates according **Ulrich's TIER model** and the organization has HR Service Management tool supporting that model. By this way **HR organization has been able to reach advantages in efficiency and cost-effectiveness**. Moreover, monitoring the **quality of the HR services** and **managing HR's workload** has been easy and there is **transparency** to HR services, interviewee 2 listed. Some KPI meters that is followed every month are e.g. the amount of cases (e.g. average of handled cases every month is 4000 cases), response times and overall time from opening of a case to completion. In addition, **customer satisfaction surveys** are sent from each case enabling **continuous service improvement** based on facts, interviewee 2 explained.

When discussing about structured HR Service Delivery and HR Service Management aspect, interviewee 3 did not find that to be that important in their organization. **Currently**

HR can be reached via email, phone or face to face and there is no need to measure or follow the quality with official controls as gut feeling is good about the level of performance and customer satisfaction in that sense. Relevant information and knowledge about the necessary HR cases are shared in HR team meetings and other unofficial discussions. Interviewee 3 reckoned that **HR Service Management may be an area that the organization will be developing** at some point but for now it is not seen as top priority.

For interviewee 4, the term HR Service Delivery felt somewhat strange. The term is familiar from IT world where Service Level Agreements and Service promises are done, there is specific Service Catalogues, but the HR organization does not use this kind of thinking, interviewee 4 explained. Interviewee 4 continued that their **HR organization does use term service (e.g. HR usually refers payroll services)** however it is not seen necessary to have **specific services rather each case is handled case by case**. Interviewee 4 told that **channels to contact HR are common HR's email box, Yammer, Skype, common HR's phone number or personal visit**. The **quality, efficiency or content of the HR services are not measured formally** thus the KPI's are mostly related to HR data itself, not to the actual HR services. Interviewee 4 told that numbers of email contacts are followed at some level and content has been reviewed informally. This means that if it is noticed that similar kinds of issues or questions is received, relevant guidance and information is communicated accordingly, interviewee 4 explained. When asking about has the business been consulted whether pre-defined modern HR Services would be seen relevant, interviewee 4 told that there has not been such surveys or indications for that matter. "Gut feeling is that everything is fairly good level", interviewee 4 concluded.

Interviewee 5 explained that **besides of the self-services enabled by HCM tool**, HR uses **traditional contacting channels such as email, phone and chat to deliver HR services**. There has been some discussion about implementing some HR case management tool in order to have more **visibility especially globally to HR**. Furthermore, service management tool could enable **adding professionalism to the HR Service Delivery** but also would enable **harmonizing the service experience** in that sense that employees would be able to have **similar answers regardless of the person or the geographical location**. Because all discussion is now handled by emails, it is hard to measure the amount of cases or workload. Knowledge and issues are shared in team meetings or ad hoc discussion in case some escalation, interviewee 5 added.

Interviewee 6 told that **terms HR Service Delivery and HR Service Management are not used as such in the organization**. Currently **channels to reach HR are personal**

email, phone and chat (i.e. instant messages) and there is no specific common HR email boxes or phone numbers. Thus, **HR has quite personalized service delivery** in that sense, interviewee 6 clarified. Activities to **find synergies and harmonize some HR services has been taken.** However, interviewee 6 somewhat finds the concept HR pre-defined HR services by form of specific **service catalogue** to be **unsuitable for the organization in question.**

Interviewee 6 also brought up that the organization has had somewhat poor user experiences using their IT service catalogue as it is not so user friendly. Hence this would be something that would need to be thought carefully if implementing any service catalogue-like thinking to HR. Interviewee 6 described that currently the business organization knows the persons from who to ask specific HR questions and how the needed support from HR is got. In addition, HR Business Partners have role in facilitating the HR partnership aspects. However, “the role and need for HR service center type of operation model is surely justified also in our organization” - interviewee 6 continued – “but is important not give a delusion to business that they could outsource e.g. their managerial activities to HR that would been seen as a service”. Hence it is important to **keep the focus in that sense that the responsibility and doing stays where the accountability also is**, interviewee 6 pondered.

Overall, interviewee 6 has understood the **value of consistent HR services.** Currently, because the HR operates somewhat fragmented manner, **it is hard to measure quality and efficiency of the service**, interviewee 6 told. The measurement is based on gut feeling and possible feedback from the business, for example if getting answers from HR Business Partners takes too long. Also, the emails and contacts (i.e. HR cases) are discussed in team meetings but official KPI service measurements are not done, interviewee 6 concluded.

Interviewee 7 told that the **concept of HR Service Delivery and HR Service Management is not that familiar in their organization. HR delivers its services also via email, phone or chat.** There is no quality or efficiency measurement as such, information about HR cases and local issues are shared in team meetings and other formal/unformal discussions. Interviewee 7 reckoned that because the organization is so early stages at the overall HR transformation, this kind of HR Service -thinking is not topical just now. On the other hand, because **the organization wants to keep their HR organization small in the future as well, they would need to think about for instance service automation to make HR even more efficient**, interviewee 7 stated.

Interviewee 8 explained that even though **the organization has quite mature** HR Services what comes to the **manager and employee self-services**, they do not have a specific HR case management tool in use. This means that **in case of questions or requests that cannot be handled via HCM self-service tool, HR can be contacted via email, phone or chat**. Group HR has common email box to which for instance local HR can send questions or comments to Group HR if needed. “Even though this kind of model has been somewhat efficient, there has been difficulties to have **visibility** to what sort of cases is being handled and how they are proceeding, hence having KPI meters from this area is quite difficult”, interviewee 8 explained. The goal would be **to handle the administrative, repeatable tasks as effective as possible, releasing time for the essential activities that is the business partnership**, interviewee 8 concluded.

For interviewee 9 the concept of HR Service Delivery and HR Service Management did not feel strange at all. It came out that the **HR organization will have a specific HR case management tool implemented** in the near future, same as the organizations ‘IT currently uses. Interviewee 9 saw this as very positive change as currently there **is no visibility to the workloads, quality or efficiency of HR**. Thus, one needs to rely on sort of gut feeling, teams’ unformal communication and random feedback received from the business in case some matter has been taken too long to take care of. Thus, because there is almost no visibility, service KPI’s are virtually impossible to form. When the case management tool has been implemented, **the intention is to start following some service KPI’s such as response time and how long cases take to be resolved**, interviewee 9 mentioned.

About HR Service Delivery and HR Service Management theme, interviewee 10 acknowledged that their **organization is quite its early stages. HR uses mostly email, phone and Yammer when delivering services to its employees**. Because all cases and issues are handled in emails and on personal level, there is **no visibility** to for instance to the workloads. Hence **measuring the HR service is somewhat impossible**, although some service satisfaction surveys is done. **The service feedback received from those are based mostly on perceptions and gut feeling**, not to hard facts (i.e. SLA’s). Interviewee 10 emphasized that it is also important to their organization – even though small – **to find areas to be service automated also in HR**. However, because HR is often perceived as highly personal service, “implementing a case tool or other service management technology should be done thoroughly in a way that the **tool is not too hard to use, and communication does not become too faceless**”, interviewee 10 reminded.

8.4 Strengths, challenges, opportunities and lesson learned

Interviewee 2 listed agility, co-operation across organization and forward-looking mind-set to be their HR's strengths. Also, strong HR leadership is key for being able to **be successful in HR's digitalization and in creating such functional HR Service Delivery model**. Challenges for upcoming years is to develop the **skills of HR professionals** to the next level, but also continuing on **developing the use of HR technology**, such as more use of robotics or implementing HR chat bots, interviewee 2 concluded.

Interviewee 3 listed strong organizational culture and good spirit as their strengths – **there is a solid basis to build on more future elements**. Development areas and challenges for the future will most likely be how to manage the change that the business is going through and **how to be able develop the skills and capabilities of employees** into right direction, including also leadership capabilities. "Digitalization of HR seems so far in our organization that is hard to say what kind of challenges this would bring in the future", interviewee 3 stated.

Interviewee 4 saw that their strength is that **HR has been aligned with the business and the overall strategy hence the foundation is rather solid**. Besides of the next steps for digitalization of HR, it is seen important to **improve and enable innovation and experimentation also in HR**. In addition, inspirational and participatory leadership is something that needs to be developed, interviewee 4 listed. Naturally, also communication and interaction skills are seen important hence challenges in those areas needs to be addressed. Interviewee 6 summarized that overall the organization's situation is good – **solid foundation and basis has been created and top management is committed** to people related initiatives in the organization. Challenges is to find correct prioritizing order and execute efficiently all the way. Moreover, it is relevant follow-up activities related to the implemented development initiatives whether they were process related or technology related changes, interviewee 6 concluded.

Interviewee 7 summarized that the overall strength of the organization is the solid value foundation to which its whole operations are built on, including HR's operations. Also, **HR is working closely with the business and aligning all activities with the business** is a very positive thing because this way business is involved and engaged at early stages of different kinds of development initiatives. Challenge is that when comparing to other companies, not only direct competitors, the organization is somewhat behind what comes to employer image branding, employee experience thinking and usage of technology across all functions of the organization, not only HR, interviewee 7 pondered.

As strengths of the HR organization interviewee 8 mentioned the **capability to implement and follow-through for instance HR system implementation projects. Change leadership** is very strong and no “shadow-HR” has been left regionally during the HR digital transformation journey. Also, strong **co-operation with IT** but also across organization has enabled the organizations successful digitalization of HR. Next theme for development is analytics and somewhat **creating the mind-set for HR professionals to thinking analytically**. Furthermore, investigating the usage of advance technology (robotics, AI, etc.) will be something the organization needs to focus on, interviewee 8 concluded.

When summarizing the strengths of the HR, interviewee 9 mentioned **good mixture of people with versatile backgrounds and expertise**. This makes **HR organization to be solid support function and credible business partner to the business organization**. Also, the HR organization has the needed **proactivity** and **courage to look forward** even though business does not necessarily see it, and this courage has been visible in the HR’s capability to acquire talent and nurture that talent for the future even though the business would not be growing just at that moment. This courage has been realized lately as the business has been growing fast and there has not been such “panic” because skilful employees have been trained along the way, interviewee 9 explained. In turn, when discussing about challenges and development areas, interviewee 9 listed **the amount of manual work and data management** to be in the center but also **the communication channels would need to modernized and digitalized**. Once those areas are being automated and digitalized, the organization is in a rather good place in the path, interviewee 9 concluded.

Interviewee 10 summarized that overall organization’s HR operates rather efficiently, and HR team is very **capable and skilful**. Also, their **HR has very positive mind-set towards digitalization and innovation** around that can be expected once that work can be started. On the other hand, the small size of HR causes a bit challenge as managing unexpected workloads can be challenging, interviewee 10 pondered.

Interviewee 1 mentioned that overall global HR has its **unique** challenges. For instance, some local feedback has been received that **HR is hard to reach and quality of the service is somewhat poor**. Interviewee 1 pondered that all the made organizational changes have not been so successful as **HR seems to be somewhat siloed** and HR is not that closely involved with the business as it has been in the history. Interviewee 1 continued that it seems that currently **building the culture is outsourced entirely to the business** and HR is focusing more to the operative side. This set up would need to be changed and this is one of the most **lesson learned** during the transformation, interviewee 1 pondered.

Interviewee 2 also listed some sort of **lessons learned** or insights from their HR digitalization journey. Firstly, it is important to have **strong leadership** when transforming also the structures of HR. Furthermore, especially **collaboration between IT and HR** in digitalization initiatives and IT and HR Directors genuine commitment to the transformation program can be seen as critical success factor. Supporting the management's commitment, one way to engage e.g. line managers for the change is to include elements of the change to their target and performance discussions.

Interviewee 2 also mentioned that any change and initiative need to be **communicated** accordingly. Meaning that if nothing changes, it is not sensible to even change anything. Thus, the transformation and especially digital transformation starts **by mutually understanding that everything changes**. Hence **strong change leadership** and **process discipline** is needed. For instance, if some specific HR TIER model is implemented and mutually agreed in the organization, everyone must follow the process. Moreover, interviewee 2 emphasized that it needs to be kept in mind that **HR tools cannot be built as HR back office tools**. This means that any HR tool need to be **user friendly, intuitive** and really **bring value to the users**, in this case especially line managers and employees. This also includes for example that if any self-services are implemented, it is crucial to offer some data visible for the managers as this way the tool really benefits the user AND also enables the improvement of the data quality, interviewee 2 concluded.

As Interviewee 5 explained earlier, the organization had started their HR's transformation and HR digitalization journey already approximately 8 years ago. Interviewee 5 emphasized that before starting any digitalization hence automation initiatives, **the foundation needs to be solid and clear**: if the processes are not thought through and commonly agreed, it is no point of automating crap so to speak. Thus, **it is important to understand the end-to-end process** with all its phases and components and only then start to map and design which elements could be automated and whether automation even would be **relevant / sensible**. Thus, as HR is not a one-size-fits all function, overall organizational transformation needs to be considered. Hence, **finding a business case** for the changes (in this case digitalization of HR) is essential: does the change really improve efficiency or does the change pass the bottle neck to some other part of the process (e.g. managerial tasks become harder and complex), interviewee 5 emphasized. Furthermore, as sort of **lesson learned** in becoming credible strategic partner, **HR needs to move towards professional service mind-set and operations**. For instance, it is crucial for HR to really know their numbers and obtain credibility in the eyes of business also in that way. Know-

ing the numbers also includes the ability to think more **analytically**: what does the numbers indicate, what are the reasons behind e.g. employee turnover or employee engagement rate, interviewee 5 stated.

Additionally, Interviewee 5 strongly emphasized based on own experience that any tools implemented in HR, especially the self-service tools, need to be **user friendly** (i.e. results into high user experience), **intuitive** (i.e. no need for separate courses for tool use) and needs to be **high-performing** (i.e. taken care of some HR case or taking a HR report cannot take too long). Interviewee 5 told that their organization has been systematically improving all these aspects during their journey: the challenge is how to find the “good enough” solution without causing too much change resistance from the employees (i.e. end users). “Especially getting line-managers behind the HR digitalization initiative is crucial factor for success”, interviewee 5 concluded.

Interviewee 8 mentioned that their HR digitalization journey started about 7 years ago. Some **lessons learned** and challenges in their digitalization journey relates to the HR master data and basic structure of HR. The organization had learned through experience how important that really is that **HR Master data is in order** but also that **HR processes and HR model is thoroughly thought** before any tool implementation. Interviewee 8 also emphasized that implementing such HR digitalization transformation requires **strong change leadership** (i.e. commitment and accountability from top management) and also leading by example (i.e. also top management uses the HR self-service tools to initiate processes or get reports). “It all really culminates how the change is being communicated and executed: involve, communicate, follow through, iteratively improve, by systematic and align all initiatives to overall strategy”, interviewee 8 stated.

9 Data Analysis

The following chapter will include analysis on the interview data but also reflection to the secondary data. Analysis diagrams such as cause-effect fishbone, pictures and tables were utilized to find answers to research questions.

9.1 How is HR Service Delivery and HR Service Management handled in case organizations (RQ1)?

Based on the interview findings, HR organizations had various methods and ways of delivering its services. All organizations had some cloud or on-premise common tools used as HR master data repository but also means of delivering some HR services. MSS and ESS capabilities had been implemented to most of the organizations but with variable service catalogue content. However, most of the HR organizations still have manual steps in their end-to-end processes but also utilizes rather manual service delivery methods (i.e. email, phone, chat, walk-in). Thus, reflecting to HR Service Maturity figure 15, it can be stated that most HR organizations are somewhere between steps 1 and 3, having high-touch points combined to some level of self-services. Only few case organizations had been able reach early steps at stage 4 but no organization was purely at stage 5.

Because it seemed that the overall **HR Service Maturity was low/medium, also structured HR Service Delivery and HR Service Management were not seen that important**. Proof of level of service immaturity was that most of HR's had and relied on "gut feeling" that HR was able to deliver its services smoothly and that (personal) emails, chat, phone calls or personal visits were appropriate channels to service the different stakeholders. Some organizations did have some common HR email boxes used (i.e. some kind of HR SSC set up), however moving emails into some service management system was not seen that important. However, on the same time, organizations were pursuing to have harmonized core HR processes such as recruiting. Thus, HR was able to see the benefits from HR process harmonization when the process runs on core HR system. For me, this seems a little contradictory – HR organizations seem to be somewhat mature in their core HR process digitalization but looking to the whole value stream of some core HR process (that usually still includes many manual steps such as email), it appears that HR does not fully agree with or see the value of e.g. Case and Service Management tool.

Based on my own experience but also on the studies on this subject, I would be curious to understand how HR managers or directors understands operating without relevant structure or rules is e.g. efficient or motivating in any way – on the contrary, I would assume

many HR professionals may be frustrated and demotivated about the loads of unstructured manual work and hassle. This in turn reflects to business as this mode spreads like butterfly effect across organization causing only inefficiency, confusions and frustration. I argue that this is due to the historic reasons (i.e. difficulties to implement HR systems together with IT because of communication and capability challenges but also attitude towards service management tool to mention a few) but also because the lack of awareness the organizations have about e.g. the capabilities of enterprise service management technology. This is surprising also because I have been involved in HR SSC project already in years 2010-2011 where such tool was implemented to HR but also integrated to IT enabling smooth end-to-end process in case of e.g. some HR system failure. Example process was: end user noticed error in core HR System -> ticket from service portal to HR agent -> if HR agent was not able to solve ticket, created a child ticket to HR system key users -> if Key User was not able to solve ticket, created a child ticket to IT. This way the entire process was transparent, the accountability of the ticket was clear and end user knew where his/her incident was going. Hence, capabilities have existed for some time, but it is only now that HR organizations are mature enough for this kind of swift.

As mentioned in the previous chapters, HR organizations are feeling pressure to transform from siloed, traditionally managed HR into next generation, agile HR. However, based on the interviews, I interpreted that some level of **siloed HR still exists**, making also harmonising of HR services i.e. setting up genuine HR SSC somewhat difficult. Surprisingly, only few HR organizations had really discussed with the business and about their expectations towards HR. Moreover, I got the impression that many HR organizations does not fully recall what digitalization of HR included: that includes and means also process harmonization and evaluation of operations in very detail level. Some organizations have used e.g. Lean methods in their process development but still managed to implement some process ineffectively as no manual steps were taken out after all. Like one interviewee put it, "there is no point of automating crap". Hence in that sense also, HR should involve more stakeholders in order to find out whether what HR is doing is even relevant for the business and its stakeholders.

Reflecting to the study of Maatman & Meijerink (2017, 1297-1317), lack of stakeholder interaction causes only misalignment and leads to a situation where HR has its own agenda – it may be that HR would like to do all the fancy strategic things (such as develop elements of employee experience), but what business would actually like is to have cost-efficient HR services i.e. HR SSC that is run by some digital HR Service Delivery and HR Service Management tool. Thus, it may be that HR Service Management would be higher

in HR's agenda IF business was genuinely consulted and listened to. I think one of the interviewed organization, that is quite mature and cloud-enabled from HR point of view, has really succeeded in aligning business, HR and IT and because of this fact, this organization was able to operate HR very cost-efficiently but at the same time being able to be agile.

Summarizing the overall maturity of the HR's digitalization and digital service delivery, it can be stated that the overall level was quite low / medium. HR Service Management capabilities were somewhat poor because lack relevant HR Service Delivery tools and methods. Thus, HR still operated somewhat unstructured and manual manner which made HR Service Management challenging. Case HR organizations seemed to struggle in finding the balance between centralized and decentralized operations and having formal vs. un-formal service measurement mechanism in place. This may also be the reasons behind why value of proper HR Service Management has not yet been fully embraced. It was clear that if organization was large and operating globally, having adequate service management tool was seen more relevant than in smaller, local organizations. This was because the resources and data are more scattered, even physically hence managing that entity can prove to be quite challenging.

Only few organizations were quite far in their digitalization journey and only one organization had some HR Case Management and Service Management tool in use. Naturally those organizations that were more mature in delivering digital services, had RPA (Robotic Process Automation) in use / to be used in the near future. Also chat bot technology came up in many interviews. What was interesting to me was that even those organizations that did not seem to have so structured HR hence the HR Service Delivery and HR Service Management foundation was somewhat immature, still considered using chat bots in their HR Service Delivery. For me, this was a bit contractionary because I wonder how those organizations would be able to utilize HR chat bots in e.g. the TIER 1 level since they might not even know exactly what kind of cases the robot would be taking care of (i.e. how would they know what to teach the Digi-HR agent i.e. chat bot).

Following listing summarizes the key findings to how HR organizations are delivering and managing their services currently in the case companies:

Methods and channels used in HR Service Delivery:

- Delivery model: centralized combined to decentralized
 - Variations from Ulrich's model, only one organization had implemented all the elements of the model which may be one of the crucial key factor to their successful HR Service Delivery organization (including HR Service Management)
 - Operating model and service maturity: overall better in large, global organizations where delivering digital services is more crucial than in small, local organizations.
- HRIS enabled ESS & MSS
 - manage own HR data
 - start processes: e.g. development discussions, leave of absence, pay-rise
 - view subordinates and team data
 - reporting
- Traditional channels
 - SharePoint / Intra for knowledge sharing
 - monitors around workplace
 - email, chat, email, phone, walk-in
 - Excels, Words and other documents
 - > in some organizations used partly as only methods -> HRIS is just HR data repository to which data received is saved / entered by HR.

HR Service Management and service measurement:

- Based on formal survey feedback and informal feedback from the business / customers (NPS)
 - Even though core HR processes are digitalized, service management is not that visible. Sure, such measures like how many development discussions are held is followed but that does not really imply the efficiency of that process delivery.
- Measurement mainly *informal*: amount of emails and gut feeling
- *Formal* service measurements: service KPI's, SLA's: amount of tickets, resolution time, count of re-assignments etc.

9.2 What are the crucial elements and lessons learned when entering digital HR transformation journey? (RQ2)

When discussing about digitalization of HR, some **critical elements** was clearly recognized. Figure 17 summarizes the crucial elements that were found based on the interviews and secondary data available. Six main components were: organization, leadership, environment, HR model & HR processes and HR Service Maturity. What was interesting to notice is that some of these identified crucial elements in figure 17, is aligned with the relevant HR trends HR organization seemed to be focusing on now and in the near future (see figure 20). For me, this indicates that HR organizations are focusing on to essential digitalization building blocks, even though the HR organizations is not consciously doing that.

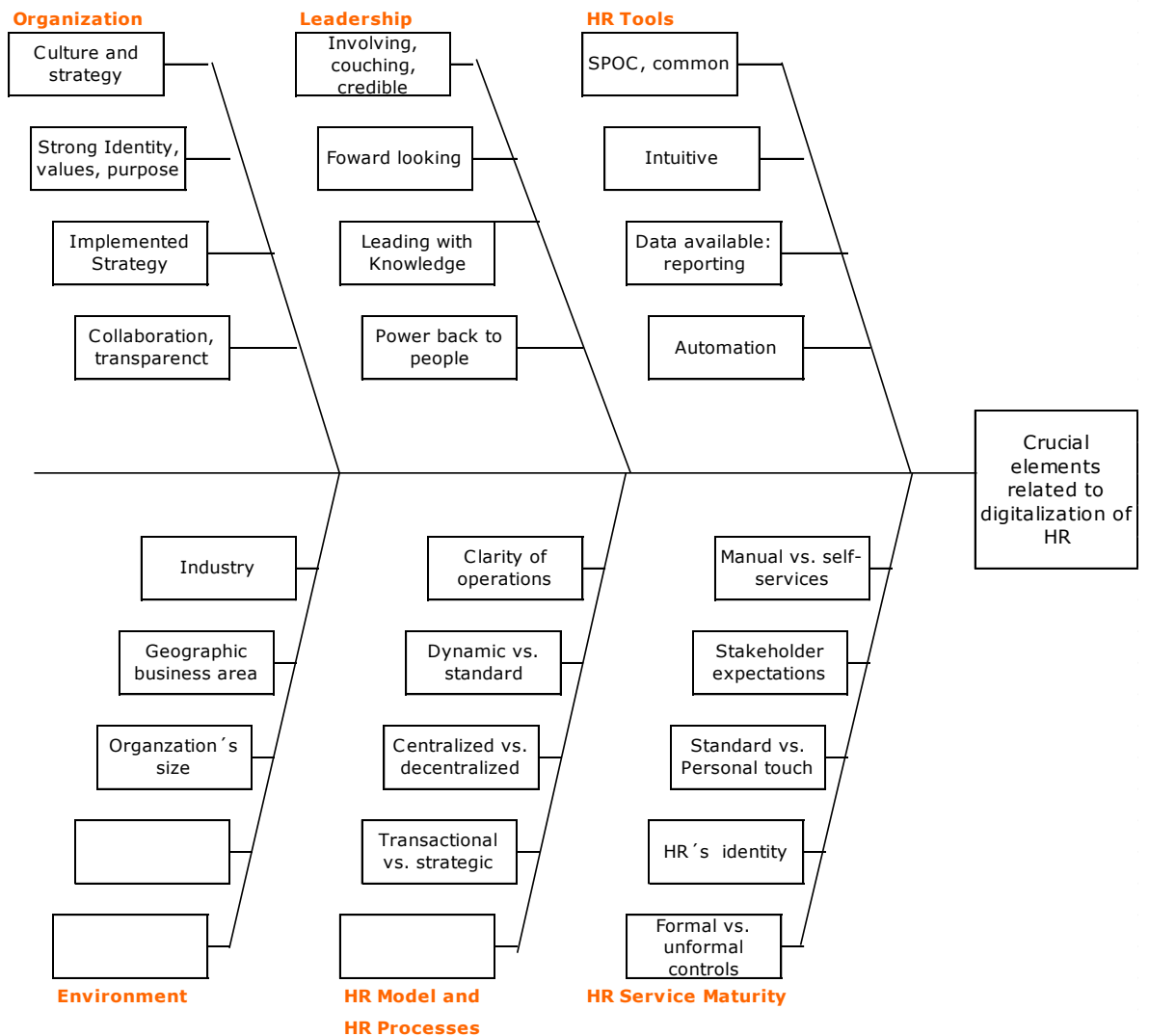


Figure 17. Summary of crucial elements in digital HR transformation

The most crucial elements that all the interviewees brought up when entering an HR digitalization journey was organization and leadership. Meaning that organization should have strong culture that nurtures innovation and forward-looking, have strong sense of purpose and identity and that the organization values collaboration and transparency.

Moreover, linking any development initiatives with overall strategy and aligning them to the organizations' values and culture are equally important in any transformation, digital or not. It was not surprising to notice that all case organizations had understood the value of these things and e.g. HR was involved in strategy work and discussing daily with top executives about human resources just to mention few examples.

In addition, digitalization equals change and change always requires strong leadership. For instance, involving and coaching change management and leading with the top management's example was seen as methods of engaging the organization to the change. Furthermore, e.g. getting business' comments and involvement to the digital HR initiative has naturally positive impact on the result and usage of the systems and services. This was clearly noted also in the case organizations. Also, it was emphasized that leading with knowledge is important (e.g. HR service measurement KPI's) which is an area that more mature organizations (i.e. those having enough data collected to different databases) are focusing on more in the future.

HR tools naturally has a relevant role in digitalization initiatives. Many of the interviewees listed intuitive, common HR systems (i.e. user-friendly UI) as important. Also, HR would like to have SPOC (Single Point of Contact) to their services: HR traditionally has multiple HR Systems in the roadmap and it may sometimes be difficult to get the big picture from fragmented solution landscape (i.e. which system does what and where does information flow). Thus, it may a bit confusing for the end-user to use multiple service portals which in turn decreases the overall employee experience and satisfaction. Furthermore, the fact that used HR system enables automation with smaller efforts and enables reporting and analytics, was listed as crucial elements of HR tools.

Environment has also role in HR digitalization. Depending on the industry, geographical business area and organization's size, the importance HR's digitalization and methods of delivering and managing service vary. Thus, it is important to understand that there is no "one size fits all" solutions to HR digitalization initiatives. Based on the interviewee data, global and international companies are longer in their HR digitalization journey than local companies due to probably by the fact that the pressure for managing HR related data and processes also from compliance point of view is higher.

HR model and HR processes can also be listed as crucial elements of HR digitalization. As was pointed out, the HR operations need to have clarity thus having HR operations organization modelled and having roles and responsibilities in place (i.e. what is HR's role and what is line managers role for instance). Moreover, it is crucial to find balance with dynamic and standard way of operating, deciding which services are centred and which de-centred and how traditional and strategical services are handled in the case organization. Once this kind of solid foundation has been created, it is easier to initiate and likely to be also successful in HR digitalization revolution.

HR Service Maturity is also major success factor when entering digitalization journey. Digital HR Service Delivery and HR Service Management enables continuous improvement that is based on facts and those facts makes also decision making more reliable. In entering and going through HR digitalization journey that is very important factor. Furthermore, HR Service Maturity includes finding the balance between manual services and self-services, knowing different stakeholders' expectations and needs and managing them correctly, finding balance between standardized services and so called personal touch services (i.e. basic HR inquiries vs. employee career advice) but also having the balance between formal and unformal controls when measuring HR services. Connected to HR Service Maturity is also the new identity of HR (i.e. renewed service mind-set, skills and capabilities): transforming HR into truly service-oriented organization requires HR to be open for discussion, cooperate across organization, building relationships and above all learn from and interact with IT, business executives, line managers, external stakeholders and employees to mention a few.

The lessons learned when entering HR digitalization journey are: not fully knowing and understanding HR maturity, poor quality of HR Master Data, ineffective, unclear HR operating model with unclear roles and responsibilities, unclarity in the content of HR services, misuse of technology and gap HR's skills and capabilities. Figure 18 summarizes the lessons learned and tips that was brought up in the interviewees but also found from secondary data.

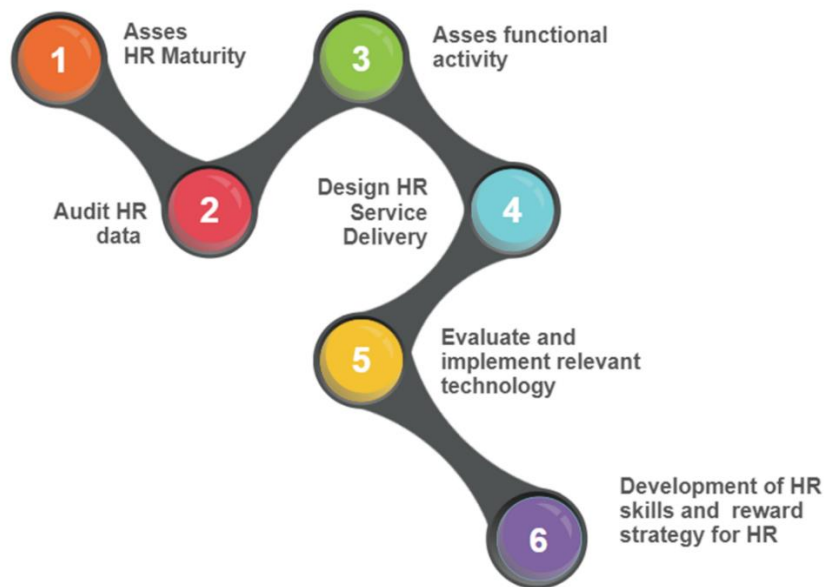


Figure 18. Summary of digitalization of HR lessons learned

Firstly, it is important to asses and understand the overall HR maturity, including also evaluating HR´s vision and HR Digi-strategy: why the organization is entering the journey (i.e. what is the business value) and how the goal is achieved. Second step is to validate HR data: usually HR digitalization journey means data migration from some old legacy / on-premise system to modern SaaS solution. However, if the HR master data and relevant integrations are not in order or known, the digitalization initiative most likely have a bad start, decreasing the trust of business towards HR.

Third step would be to evaluate the HR operating model, including processes, policies, roles and responsibilities. To avoid misunderstandings and enabling process discipline, it is crucial to have transparent and justified HR operating model, including responsibilities of HR, business organization, employees and line managers to mention a few. When forming such operating model, it is essential to include also e.g. middle management to it as it increases engagement to the HR operations.

Fourth and fifth steps include designing HR Service Delivery and evaluating the current HRIS systems and what kind of tools would be needed to support the transformation based on maturity and operating model. HR Service Delivery may include for instance manager´s self-services, employee self-services, having HR service center phone/email boxes or case management tool. Depending on the methods and technologies used, service management and service measurement capabilities could be enabled.

Final step – that however is not necessarily the last step rather action going parallel during the journey– is developing the skills and capabilities of HR professionals in order to be

able to transform to service-oriented organization. Also, this means that it is essential to plan reward strategy for HR i.e. how possible formal controls utilized in service management is linked to HR's development and compensation plan (e.g. bonuses).

9.2.1 What is the value of Digital HR Service Delivery and HR Service Management?

Based on the studied secondary data and deduction from the interviewees, I state that the value proposition of having integrated, digital HR Service Delivery can be argued also by utilizing HR Shared Services approach and value proposition introduced in chapter 5. This is quite natural as efficient service delivery and proper service management is based on at least some level of centralization. Maatman and Meijerink (2017, 1297-1317) mentions few value propositions to HR SSC that in my opinion can be reflected also to the value of HR Service Management and why it is important for HR. Value of digital HR Service Delivery and HR Service Management, utilizing service management tool can be justified by the increase of trust among HR's stakeholders that is enabled by knowledge sharing (i.e. use of knowledge base), being able to manage workloads and resource management efficiently thus being able to provide appropriate resources to business units, (i.e. utilizing different service KPI's and analysing service and case data) and by being able to deliver its services more reliably, just-in-time and with high quality (i.e. SLA management and service satisfaction surveys). However, it is crucial to find balance between somewhat standard versus dynamic activities, balance between unformal and formal controls but also understanding value of collaboration with various stakeholders and different business units.

Motivation for setting up an HR SSC can according to Bondarouk (2011, 86) be strategical and organizational (e.g. reduction of uncertainty/complexity, increase productivity, clear control of HR function or speedy response to HR needs), political (e.g. enhancing credibility or elimination of local and complicated control of the HR function), technical (e.g. better performance of local HR staff, higher service levels, control over HR and maintenance costs or standardization of platform and reduction of overcapacity) or economic (e.g. freeing resources for core activities, accountability of control or control of cost and better cost predictability). Hence, I argue that HR should consider these pros also when debating whether harmonized digital HR Service Delivery and HR Service Management is needed also in HR. As per own experience on this subject, HR may have some level of centralization but the benefits haven't been fully discovered because the lack of visibility and control over operations (i.e. lack of having inadequate service management mechanisms in place).

Overall, harmonization and digitalization of HR Service Delivery enables 24/7 services, accessible from any smart device HR self-services but also structured HR knowledge base, combined to TIER 1 Digi-HR agent (i.e. Chat Bot). Thus, this enables consistency of services to all HR's customers regardless of location or time. Furthermore, visibility and accountability to submitted HR cases e.g. also increases the level of trust towards HR. Hence, automation that is enabled, increases speed of delivery but also enables resource utilization (also because HR Managers are able to make resource related decision based on case data.) Hence, HR is able to provide the administrative, transactional services as cost-efficiently as possible, releasing resources to the decentralized, dynamic and strategic HR Business Partnership activities.

One important value adding facture in HR Service Management is that it gives transparency and visibility. Hence, HR is able to measure and improve their HR Service Delivery performance by utilizing different reports and dashboards with key KPI's (Key Performance Indicators). Just like IT manages their tickets (i.e. requests, incidents and change requests), HR Service Management makes possible to collect a wide range of process metrics in order to spot process' bottlenecks but also gives opportunity to increase operational efficiency. (Stroud 2018, 4-5.) Hence, integrated digital HR Service Delivery enables also HR Service Management based on facts: measurement of whole end-to-end process, SLA measurement, count of reassignment of cases and so on. Thus, HR is able to make continual service improvements based on actual data: customer satisfaction feedback (i.e. surveys), based on discovered bottlenecks in some processes and so on. Overall, having data available, enables data analysis, predictive analytics thus having insights to support the decision-making process.

Having service measurement and feedback mechanisms in place is important. Without them, as also Maatman and Meijerink (2017, 1300) indicate, e.g. in HR SSC environments, goals are likely to conflict that is because HR SSC may operate based on different logic than the business unit needs. For instance, there might be conflicts of interest when HR SSC management desires to create strategic value by acting as strategic partner whereas business requests cost-efficient HR services (Maatman & Meijerink 2017, 1301).

Another reason for conflicts may occur when HR is serving different business units, each having different expectations thus has HR SSC to pursue various goals from being cost-efficient to being innovative. In addition, as other stakeholders (e.g. board of directors) have their own expectations, misalignment and conflict in goals will most likely occur resulting that only limited value is created for specific business units. To overcome these challenges, HR SSC and business units need to collaborate and share information to

achieve common goals and mutual understanding about the value proposition of HR. (Maatman & Meijerink 2017, 1301.)

I state that integrated digital service delivery enables applying Lean management to HR. This is because complex cross-department processes such as onboarding and offboarding can be managed with integrated digital HR Service Delivery. Thus, open system of architecture is enabled which promotes e.g. movement (i.e. dynamic), adaptability (i.e. agility), responsiveness and flexibility Lean focuses on maximizing customer value while minimizing waste and it is creating value with fewer resources. A Lean organization understands what the customer values and aims to continuously increase the value by focusing on its key processes. (Lean 2018.) For me, Niklas Modig's visualization of Lean shown in figure 19 grasps the essence of traditional HR vs. next generation HR.

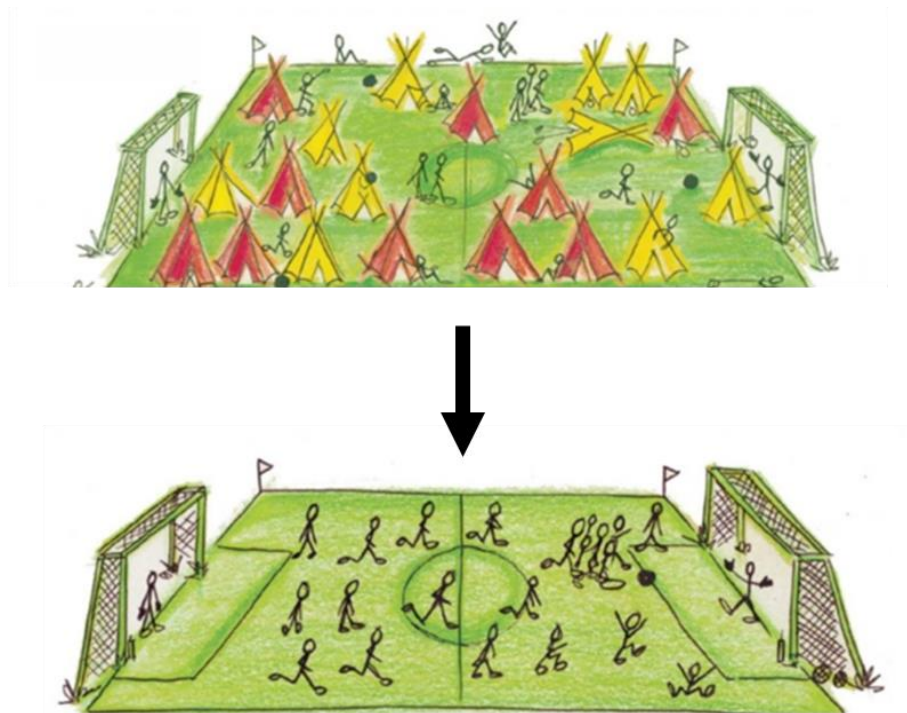


Figure 19. Lean HR operations (Modig 2015)

In the upper picture in the figure 19 is illustrated HR operations run rather manually without structured, digitalized service delivery and service management. Organization being the playground, HR professionals and other employees being the players, goal being the mission of the organization, different HR departments (e.g. local HR organization's in global organization or HR professionals spread across organization) forms a camping site type of environment, where every department or individual operates in their own tents, having their own agendas, knowledge and methods of taking care of business. The ball (e.g. HR Case in this example) bounces from tent to tent, no one has visibility or accountability of the ball, players don't even necessarily know where the ball is – is it still on the

game or out or are the players even playing in the same direction. Because of the lack of visibility, movement and flexibility is nearly impossible – if player's capabilities that is located in the backfield tent would be needed to make the goal, that movement would be so slow that the possibility to score would be long gone and game would be lost. The coach (e.g. HR Director) on the other hand, waves its hands desperately on the edge of the field, being unable to manage the game, make needed player changes or modify game strategy resulting into bad decisions, frustration, having to rely to gut feeling resulting into misunderstandings, and so on. All in all, unbearable situation that is familiar in most HR organizations.

However, as integrated digital HR Service Delivery promotes open architecture like lower picture in figure 19, it means that playground is visible for all the players, everybody knows where the ball has been and where it is going (i.e. transparency) and who has the ball (i.e. accountability). Furthermore, movement across the playground can be organized quite effortless and fast (i.e. agility and dynamic HR), thus utilizing players strengths and capabilities in specific situations is possible. Furthermore, knowledge sharing, and collaboration is much easier than in camping site environment. The coach is satisfied because she/he understands the big picture by means of data and continuous feedback, is able to make necessary game changes and plan strategy and so on (i.e. HR Service Management). All in all, HR could reach flow state that motivates all players, increases effectiveness and overall satisfaction.

Table 1 provides a summary of value proposition of integrated digital HR Service Delivery and HR Service Management. The table also describes the content and meaning of the suggested value. All in all, even though having such integrated digital HR Service Delivery tool implemented to an organization does bring challenges to HR (e.g. yet another system to be used with its own license fees and support, maintenance and development costs and HR system project related challenges: change management, engaging line managers, collaboration with IT and so on), the formal and informal benefits are so evident hence can be debated also in such business case. The ultimate value of digital HR Service Delivery and HR Management is that they increase HR's credibility and level of professionalism enabling HR to run its operations like business.

Table 1. Summary: Value of Integrated Digital HR Service Delivery and HR Service Management

Value	Description
Top-notch Employee and Candidate Experience	Enable Accessibility, Timeless of services, Visibility, Consistency of services and high quality, Accountability
Enable Effectiveness and Cost-Efficiency	Speed and quality of the services, Resource utilization
Measurement, Feedback Surveys, Continual service	Enable Data Driven HR
Enable alignment and collaboration across organization	Open system of organization architecture
TOTAL SUMMARY	Increase HR´s Efficiency, Creditability and Level of Professionalism: Run HR as Business

9.3 What HR trends are currently relevant in case organizations and how those are connected to digital HR Service Delivery and HR Service Management? (RQ3)

HR trends researches emphasize the role of digitalization as being the “how” to reach desired goal i.e. what. The trends that HR organizations seems mostly be focusing on is the “what”, meaning high-level themes such as leadership, talent management and employee experience. However, illustrating the sort of inner struggle relating to finding the new identity or figuring out the balance between automation and human touch, HR organizations are less focused on “how” i.e. what kind of technology could be utilized to transform HR. Few popular topics related to this area are chat bots (i.e. AI) and RPA but no advanced use of technology such as AR was mentioned. This is naturally because the fact that HR organizations are only starting their digitalization journey hence their maturity level is somewhat low, and foundations are only being created. These findings clearly support the assumptions that were made before the interviewees and the answers were quite in line with Deloitte´s global HR Trend study (see figure 16, chapter 7).

When discussing about HR trends, it became clear that main focus still is in (strategic) core HR processes. The importance of leadership raised from every organization, also learning & development and employee experience. Moreover, depending on the business area, thus working environment, well-being at work was seen one of major focus areas but also HR communication (i.e. collaborative workplace) was something that few of the HR organizations were focusing on in the near future.

One major trend visible is also the importance of on-demand feedback from every level of the organization. For instance, pulse type of surveys was hot topic based on the interviews and few of the organizations had already made initiatives towards that kind of technology. However, the challenge here is that how to be able to build surveys that are not too rigid or uninteresting i.e. organization should have some basic questions and the ability to change the questions depending on department, country etc. Also, it was seen difficult how to be able to measure the right things and also how to be able to analyse the data correctly. Hence, developing HR's capabilities towards analytical thinking and utilizing analytics was seen important.

HR's new identity and the call for new set of skills when working in HR was also clear important trend topic. Challenge in my opinion is that HR is so focused on developing business organizations' new set of skills (e.g. sales needs new skills and capabilities as the business models evolves), that it is difficult to find time to think how HR should develop itself. For instance, as many HR systems will be on cloud in the near future, HR needs to develop technology skills as HR admin users will have more possibilities to operate independently within the system. Hence, understanding ITIL (i.e. release management, change management, vendor management or incident management and so on) is becoming more essential also in HR. In addition, as mentioned earlier, HR will need to have capabilities to see HR as a service thus understanding the elements of service management will become crucial. Few of the interviewee called for professionalism and credibility in HR's context. In my opinion this could be achieved if HR would be able to really manage its services and thus base their decisions on numbers i.e. measure performance, measure end-to-end process in order to find bottlenecks and process development initiatives, promise to keep agreed SLA's (i.e. service promise) and so forth.

Also, as some of the HR tasks will be handled by robots in the future, HR may require capabilities to maintain and teach those Digi-HR agents. Moreover e.g. communication skills, negotiation skills and so-called people skills that are emphasized to the business organization, need to be develop also among HR as HR will take more like mentor-kind of HR role as administrative tasks will be more and more automated.

As mentioned previously in chapter 9.2., it was interesting to notice is that some of these identified crucial elements in figure 18, is aligned with the relevant HR trends HR organization seemed to be focusing on now and in the near future. For me, this indicates that HR organizations are focusing on to essential digitalization building blocks, even though

the HR organizations is not consciously doing that. Furthermore, this observation indicates that there are various elements behind each HR Trend that needs to be addressed when entering HR digitalization journey, i.e. digitalizing HR Service Delivery.

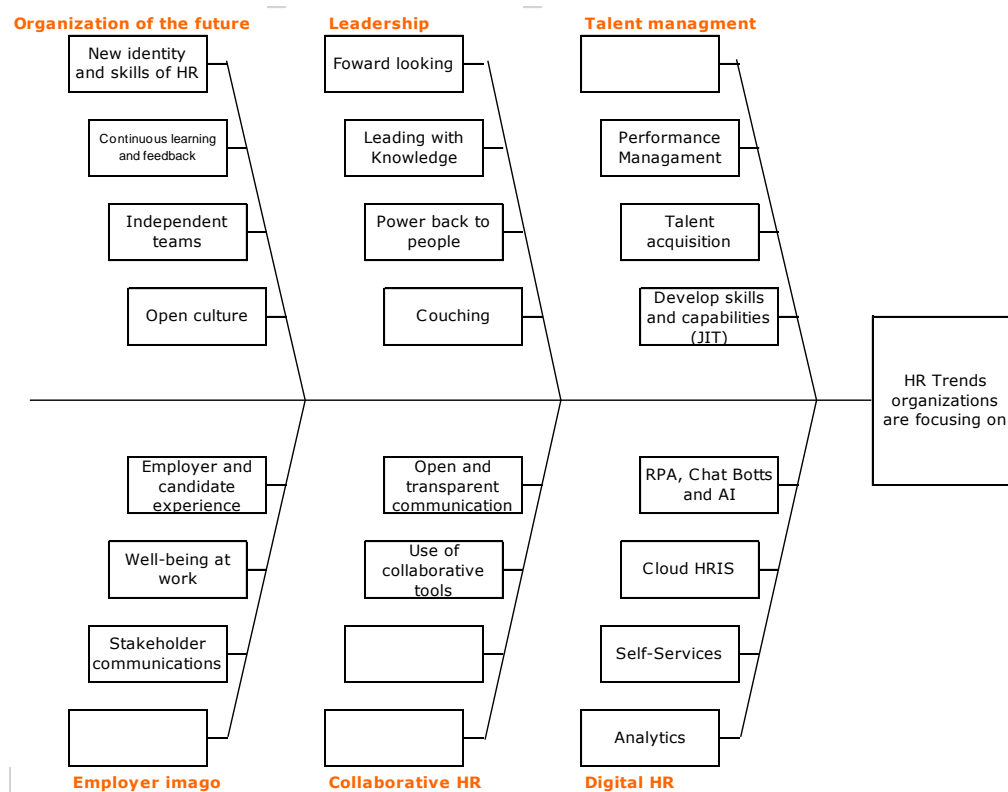


Figure 20. Summary of relevant current HR trends

Summarized in figure 20 are the relevant HR trends that the case organizations are currently focusing on. Those are (not in importance order): 1) *organization of the future* (including finding new identity of HR, enabling continuously learning organization that also encourages receiving and giving feedback, having independent teams and overall open organization culture), 2) *leadership* (including developing leadership from management into coaching, leading with knowledge and forward looking), 3) *talent management* (including initiatives related to overall talent acquisition by means of consumer-like candidate experience but also how to develop current employees skills and capabilities just in time to meet the business needs and performance management), 4) *employer imago* (including having high employee and candidate experience, having well-being at work promoting positive image and having efficient stakeholder communications), 5) *collaborative HR* (including having open and transparent communication of HR related matters across organization by utilizing collaborative tools such as Slack, Yammer or Teams), 6) *digital HR* (including use of RPA and AI, Cloud enabled HRIS enabling e.g. on-demand self-services and analytics).

9.4 How could IT Service Management best practices be utilized in HR, why/why not? (RQ4)

As can be noticed and deducted based on the previous chapters, HR Service Delivery does include all the same features and elements that e.g. ITIL framework has: for instance, HR has specified delivery models, concept of HR service desk is somewhat familiar and TIER3- models are utilized. Furthermore, HR does have KPI meters for their digitalized core HR processes, hence the concept of service performance measurement is not that strange. But why HR has not been able to adapt the best practices e.g. from ITIL to HR operations can be debated.

Based on the interviews and discussion, the subject of HR's digital transformation is on every organization's HR influencers' top priority. However, what kind of approach organization has to this theme, depends on the size, business area but also geographical area of the company. Moreover, as can be deducted both on previous research but from the interviews, HR organizations are still struggling to find correct balance between operational activities and dynamic activities. I came to conclusion that one reason to why the concept of HR Service Management is so hard to approach in HR is that HR is somewhat afraid of losing its agility – a feature that is very important for modern next generation HR.

Elements of IT Service Management are already adopted in some HR organizations. Things like maturity evaluations, Service Level Agreements (SLA's), Service Catalogues, KPI metrics or surveys are utilized in order to continuously improve the quality and content of HR services. Hence, IT Service Management best practices could be utilized also in HR. However, it seems that HR's processes cannot be unified (parable to ITIL processes) because the specific nature of HR. Surely best practices can and does exist for delivering, managing and measuring the performance of HR Services, but it is important to understand the factors that impacts to HR before designing and implementing HR Service Delivery and HR Service Management mechanism into HR. Thus, recommendations for Symfoni Finland Oy in appendix 4 takes these factors into consideration.

Reason why HR has not been able to create ITIL -like standard for how HR services should be delivered and managed is most likely because each HR operates differently depending on the overall environment. Hence the stakeholder expectations vary from organization to organization. However, best practices are recognized and are also followed as many HR studies on this subject prove.

Furthermore, HR is still seen as something unique and building up specific service catalogues are seen somewhat rigid when serving business. Also, I detected that depending on how IT – the pioneer in IT Service Management also in case organizations – had designed their service catalogues and done the digital IT Service Delivery implementation, has negative/positive effect to what kind of overall attitude HR has towards digital Service Management tool. For instance, few interviewees mentioned that IT has been able implement very user friendly and intuitive ITSM tool with transparent change communication during the implementation project and go-live whereas some companies had experienced poor solution design, poor user experience including unclear service catalogues which showed also in the interviewees comments.

Figure 21 summarizes the challenges of adapting ITSM into HR. Those being 1) HR relates services' roles and responsibilities 2) HR's operating model, 3) nature of HR, 4) HR services and definition of quality 5) HR's capabilities and 6) measurement.

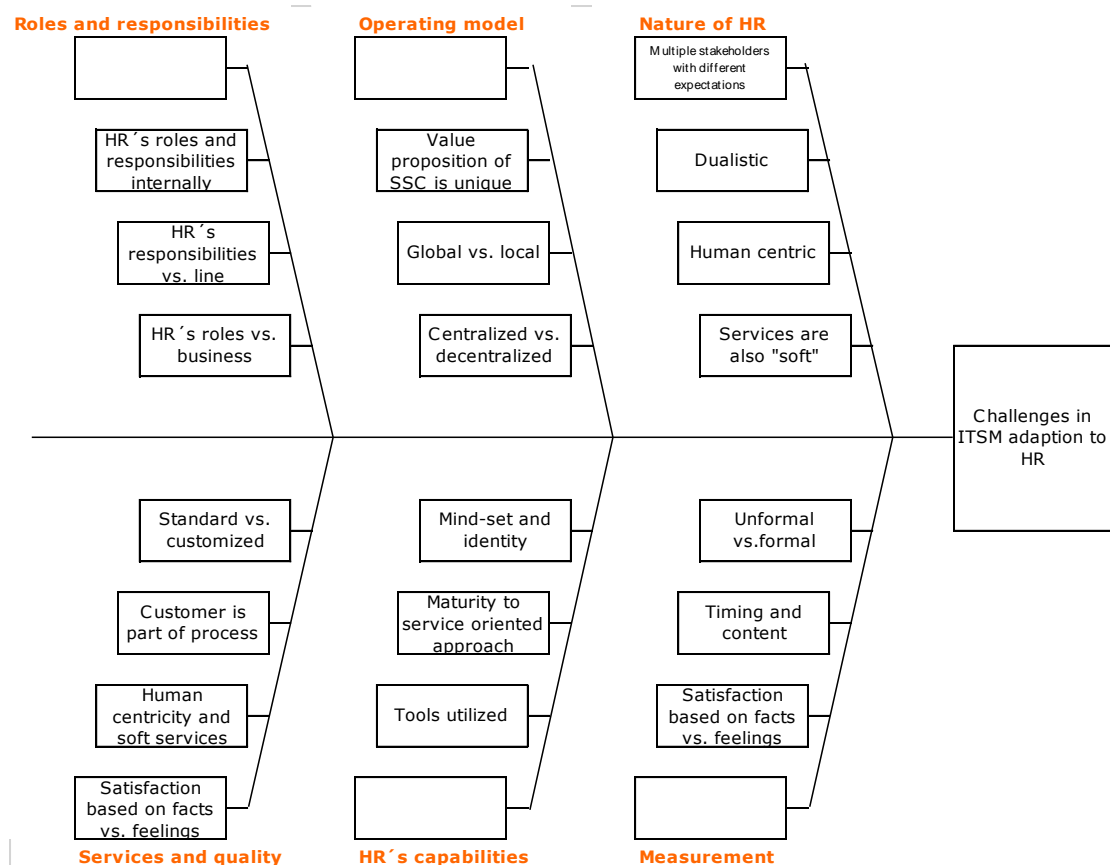


Figure 21. Summary of challenges adapting ITSM to HR

I argue that one reason for why applying ITSM to HR is challenging is **the dualistic nature of HR** – having relevant operational capabilities but also dynamic capabilities. Thus, HR Service Management is more complex because the services include both “hard” and “soft” elements whereas in IT the services are usually “hard” – ordering hardware, software, equipment where e.g. service performance measurement is quite straightforward. Maatman and Meijerink’s study show (2017, 1312) that centralized features (i.e. operational capability deployment) correlate positively with decentralized features (i.e. formal and informal control usage by the business units). It needs to be noted that HR may need to be quite agile in the operational level for instance in situations where changes in labour laws and regulations will require e.g. for the HR SSC to update its service portfolio in order to stay compliant (Maatman & Meijerink 2017, 1302). Thus, finding the relevant HR operating model is essential before starting to apply ITSM into HR.

Defining the **HR Services and quality** measures can be quite problematic for several reasons. Overall, service management concepts enable to view HRM services as experiences (intangibles) to rest of organization provided by HR. There is two main characteristics determine the content of HRM services: 1) HRM services are simultaneously produced and consumed hence it is impossible to “stock” HRM services as inventory items, 2) customers participate in HRM service contribution but as they don’t get paid for their contribution, this possess clear challenge for management. (Bondarouk 2011, 93.) This statement is quite relevant especially when HR is digitalizing and enabling self-services for its employees and managers: the role of line managers needs to be integrated tightly into HR and its roles in order to avoid possible conflicts and confusions among HR and managers. Thus, it is important to understand and think how HR administrative staff, the line managers and employees respond to their new tasks and expected new roles (Ruël et al. 2011, 29).

Bondarouk also suggests (2011, 93) that service management concepts enable to view HRM services as experiences (intangibles) to rest of organization provided by HR and that two main characteristics determine the content of HRM services: 1) HRM services are simultaneously produced and consumed hence it is impossible to “stock” HRM services as inventory items, 2) as customers participate in HRM service contribution but as they don’t get paid for their contribution, this possess clear challenge for management.

Naturally, the larger the organization – in size and geographical business area – the more challenging it is to find that balance but also relevant **HR operational models**. This is because working environment i.e. laws, country cultures and work life values differ from area

to area, setting challenges also to HR when designing its services. This is because different similar stakeholder groups (e.g. line managers, executives, employees) may have different expectations depending on country.

I somewhat agree with Bondarouk (2011, 83) when she suggests that every HR SSC model thus its value proposition is somewhat unique. She continues that this fact is somewhat difficult business to understand and instead of trying to create standard governance models and value propositions, it would be better to focus on unique value propositions and unique governance models. However, even though it might be harder to create and implement ITIL like standards to entire HR Service Delivery, I argue that operational HR services could be an area to be standardized by means of standard HR models. Thus, HR could have TIER 1 support enabled by technology, with its standard approval workflows for different requests but also standard KPI measurements indicating service performance and so on. I think that it is more about HR's mind-set and their own belief that their department is unique whereas when you come to think about it, especially the mandatory operational activities (i.e. law or union regulations), could and should be performed somewhat standard manner regardless of the organization.

HR service measurement is clearly one point of challenge in HR Service Management initiatives. For instance, managing cross-country HR teams sets challenges to measuring performance and how to adjust formal and unformal controls in a way that it motivates HR rather than measurement would be seen as negative. This means that high level of trust is needed when operating in global environment. However, in order to establish that trust, usually formal controls needs to be in place.

Roles and responsibilities are important base for every functional service. However, as described earlier, the nature of HR and HR services brings challenges also to defining roles and responsibilities inside the service. For instance, when HR is digitalizing and enabling self-services for its employees and managers, the role of line managers is changing in this transformation even more. Thus, line managers role needs to be integrated tightly into HR and its roles in order to avoid possible conflicts and confusions among HR and rest of the organization. Hence, as also Ruël et al. states (2011,29), it is important to understand and think how HR administrative staff, the line managers and employees respond to their new tasks and expected new roles.

Based on the studies and personal experience around this subject, I argue that bottom-line reason why HR as not yet fully embraced the value of HR Service Management thus applying ITSM into HR is because earlier there has not been modern tools available for that. For sure there has been different kinds of HRIS solutions available for years enabling

some level of automation in some core HR processes, such as development discussions or performance management. However, those core HRIS solutions does not take into consideration the whole value-chain meaning the additional steps that are involved around the core processes: possible questions from managers and employees, some manual steps that is related to process, collaboration with HR service providers or e.g. IT in case of system errors and so forth. Those are traditionally handled by email or partly with IT Service Management solution (i.e. ticketing and communication tool with in-house IT) but still a lot of work is unstructured and transparency to end-to-end process is very poor. Additionally, I argue that challenges in **HR capabilities** is to be considered. HR has had gap in their skills and capabilities meaning that HR professionals mind-set and knowhow about the possibilities of Service Management is not yet mature enough. I argue that this is yet another fact that makes applying IT Service Management thinking directly into HR so difficult – even though automating and standardizing the operational activities is indisputably value-generating, HR lacks belief that it would retain its dynamic ability to respond business organizations sometimes unique and distinguished needs if it decides to create e.g. solid service catalogues.

It became clear that the possibilities of integrated HR Service Delivery and HR Service Management enabled by ITSM -like tools are yet to be uncovered to HR. I argue that there certainly is potential but in order to really build awareness and enable successful HR Service Management, HR would need to find balance between standard & dynamic activities, create itself a new service minded and service-oriented identity that is ready for next generation agility. This combined with ITSM best practices creates a solid ground for credible, data-driven HR as e.g. operational tasks are performed as cost-efficiently as possible, not forgetting compliancy and high-quality. Hence, similarities in HR's service operations when comparing to IT can be unquestionably recognized, but it is yet to be discovered why IT service management best practices and service management maturity and mind-set has not been fully applied by HR.

I would argue that HR will be adopting more elements of the IT service management in the future as the awareness and possibilities increases. In the meanwhile, HR Directors and managers will need to focus on leading people's fears and expectations in front of this digital HR change. Furthermore, HR still needs to win the battle inside: find its identity and find relevant operating models that supports the business. This means finding the balance between standard and dynamic, operational and strategic but also what kind mix of controls – formal and unformal - will be used when measuring the overall HR Service Delivery.

Furthermore, I argue that HR cannot leave itself out of service management discussion, claiming that it is only something that IT does. This is because different service delivery solutions that enable service management is increasing also in other support functions such as Finance, Facilities or Customer Service Management (CSM). I find it a bit contractionary in that sense that HR should be in role of leading with example as e.g. organizational culture creation is one of HR's core value propositions and I would assume that if efficiency, transparency and credibility is something that is valued basically in every organization, HR needs to address that also from their own point of view.

10 Conclusions

Digitalization of HR is inevitable. HR organizations are facing the challenges relating the need of design, source and manage the future of work, workforces, and workplaces to incorporate a solid understanding of which skills are essentially human. HR needs to find balance between standard and dynamic: offering relevant administrative services as efficiently as possible and at the same time being able to be a value creating strategic partner for the business. Thus, as robots and cognitive technologies are making steady advances, particularly in jobs and tasks that follow standardized rules and logic, this a critical challenge for business and HR leaders is reinforced.

The objectives for this study were reached in satisfactory level. Objectives were to study the selected HR organizations' digital HR transformation journey and obtain information about how HR services are delivered and managed in this transformation. Also, aim was to discuss and reflect what have been the critical elements and lessons learned in HR digitalization journey, what would be the value of digital HR Service Delivery and HR Service Management and how could HR adapt ITSM best practices to their operations, why/why not. In addition, it was evaluated how HR trends and the future of digital HR services are connected to the overall concept of HR Services. Moreover, based on the interviews and secondary data, Symfoni Finland Oy was able to get relevant recommendations and insights relating to HR Service Delivery and HR Service Management (confidential appendix 4). Thus, relevant reliable information was obtained in order to find answers to research questions.

Answer to RQ1 "How is HR Service Delivery and HR Service Management handled in case organizations?" is that HR Service Management capabilities and HR Service Maturity levels were somewhat poor/low because of lack of relevant HR Service Delivery tools and methods. Some parts of the HR Services had been digitalized but when taking a closer look to the end-to-end process, manual steps still existed. Thus, HR operated somewhat unstructured and manual manner which has made HR Service Delivery and HR Service Management challenging. Studied HR organizations seemed to balance between finding relevant combination of centralized and decentralized operations, having formal vs. unformal measurement mechanism in place which were most likely the reasons behind why value of proper HR Service Management had not yet fully been embraced. (See chapter 9.1 and 9.1.1 from more detailed information)

When answering RQ2 "What are the crucial elements and lessons learned when entering digital HR transformation journey?" and "What is the value of HR Service Delivery and HR

Service Management?”, it can be stated that the lessons learned when entering HR digitalization journey were: not fully knowing and understanding HR’s maturity and HR Service Maturity, poor quality of HR Master Data, ineffective HR operating model with unclear roles and responsibilities, unclarity in the content of HR services, mis-use of technology and gap in HR’s skills and capabilities. Crucial elements in successful HR digitalization included the following high-level elements: how the relevant organizational elements were in place, how leadership had been taken care of, what impact the business environment had, what kind of delivery HR model & HR processes were in place and relevant tools to support that model but also what was the HR’s and HR Service Maturity. It was found that the ultimate value of digital HR Service Delivery and HR Service Management is in the increase of HR’s credibility and level of professionalism, enabling HR to run its operations like business. (See chapter 9.2 from more detailed information).

Answer to RQ3 “What HR trends are currently relevant in case organizations and how those are connected to digital HR Service Delivery and HR Service Management?”, is that future HR trends emphasize in the case organizations mainly focused on the high-level strategical initiatives such as leadership, talent management and employee experience. These findings are in line with global HR Trend studies. However, illustrating the sort of inner struggle relating to finding the new identity of HR or figuring out the balance between automation and human touch, HR organizations seemed to be less focused on how reach the goals, for instance what and how technology could be better utilized to digitalize HR services in order to achieve the desired business outcome. Few popular topics related to this area were chat bots (i.e. AI) and RPA. No advanced use of technology such as AR was utilized in the case organizations. This is probably because the fact that most of the case HR organizations were only starting their digitalization journey hence their maturity and service maturity was somewhat low. It is noteworthy that relevant HR trends include similar elements that were listed as crucial elements of digitalization, thus HR organizations does consider e.g. digital HR Service Delivery topical, even though somewhat unconsciously. (See chapter 9.3 from more detailed information).

Final research question (RQ4) was “How could IT Service Management best practices be utilized in HR, why/why not?” It can be stated that elements of IT Service Management were already adopted in few HR organizations. Things like maturity evaluations, Service Level Agreements (SLA’s), Service Catalogues, KPI metrics or customer satisfaction surveys were utilized in order to continuously improve the quality and content of HR services. Hence, it can be stated that IT Service Management best practices could be utilized also in some parts of HR. However, it seemed that HR’s processes cannot be unified (parable to ITIL processes) because the specific nature of HR. Surely best practices does exist for

delivering, managing and measuring the performance of HR Services, but it is important to understand the factors effecting to HR before designing and implementing HR Service Delivery and HR Service Management mechanism into HR. (See chapter 9.4 from more detailed information).

Overall, it can be stated that synergies and benefits in having one, integrated service platform for employees to reach different support functions (i.e. HR, IT, Finance, Facilities) are significant. Advances in technology enable just that: e.g. knowledge sharing, transparency, service performance management, expectations management, similar kind of “look and feel”, surveys enabling e.g. satisfaction information and feedback – all this available 24/7 on mobile or laptop. I argue that it is only the matter of question whether HR decides to step up and take its digital service delivery and service management to the next level.

11 Discussion

When looking back to the research methodology and to the selected research methods, it can be stated that the deep interviews produced a lot of data that was from the analysing point of view a bit challenging to handle. But on the other hand, if the data collection would have been conducted via surveys (i.e. quantitative data), the quality of the data would not have given the opportunity to have deep understanding about the topic and the phenomenon of digitalization of HR. The data collection sample was sufficient for this study. However, it could have included some line managers' or HR agents' opinions to have more comprehensive approach to the subject. However, then the data sample would have been too large, and the total amount of organizations should have been maximum three hence the data collection material would have not been too extensive. Moreover, it would have been interesting to use more observation methods in case organizations to have deeper understanding of the overall company (i.e. culture, identity, purpose), but this would have also required longer period of time to do the thesis and also smaller research sample.

All in all, the validity and reliability of this study is good. However, it is to be noted that because of the nature of this study, repeating this study can be challenging. Looking back, the interview questions could have been scoped better. The topic of HR digitalization is so extensive, including multiple streams and impacts across organization for example how the change in nature of work will inevitably affect also to HR and on the other hand how should HR also be ready for this change and so on. Hence it could have been useful to concentrate debating why HR is delivering its services in a modern manner but at the same time wants to keep some services manual, even though some organizations have been able to fully digitalize them. In addition, it would have been interesting to debate more about does HR influencers see HR Service Management as means of control (i.e. quantitative measurement mechanisms), where this kind of mind-set originates and how that mind-set could be changed into service organization with qualitative measurement mechanisms in place.

I think that the theme of digitalization of HR could spin-off multiple future development researches. However, if concentrating to HR Service Delivery and especially the development of Service Management adaption into HR, suggestions for future research topics would be studying more closely a case company that has been able to adopt disciplined way to deliver HR services, enabling also HR Service Management. The study could include listing lesson learned, success factors, tools that are utilized in detail and how the overall transformation has been implemented within HR. Furthermore, it would be interesting to study how an integrated HR Service Delivery solution project is followed through,

what are the benefits hence value of such technology to case organization and what kind of continuous improvement ideas to overall HR services emerges from the service data acquired. Also, developing and implementing some HR service governance model to some case organization would be an interesting subject for future study.

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Appendices

Appendix 1 Interview structure

Interview Structure

The Interview will be divided into five sections with following themes:

- 1. Introductions (10 minutes)**
- 2. Human Resources at Company X and HR Trends for 2018 (25 minutes)**
 - 2.1. HR Trends
 - 2.2. HR Strategy and Vision
 - 2.3. Organization and how HR operates at Company X
 - 2.4. Culture and leadership at Company X
 - 2.4.1. Employee empowerment and engagement
 - 2.4.2. Employee experience and satisfaction
- 3. Digitalization and HR at Company X (25 minutes)**
 - 3.1. Digital HR transformation journey
 - 3.2. HR Technology trends for the future: role of technology: threat or opportunity?
- 4. HR as a service (20 minutes)**
 - 4.1. HR Service Delivery at Company X
 - 4.2. Service Measurement and continuous improvement
- 5. Summary and final words (10 minutes)**

Appendix 2. Interview questions

1. Introductions

Who I am, why this interview is held, what are the objectives and purpose

Question: May I record our interview?

Question: May I mention your name and company in my final Master Thesis?

Question: Please briefly introduce yourself: background, current role and what does it include

2. Human Resources at Company X and HR Trends for 2018

Because the era of digitalization, HR organizations are in a brink of a revolution. HR needs to transform in order to meet the needs of business organization more agile and collaborative manner. Josh Bersin - a respected researcher and advisor in the area of Human Capital and Founder of Bersin by Deloitte - has evaluated in his studies that HR organizations are phasing the biggest revolution in 20 years.

2.1. HR Trends for 2018

As enablers of this revolution, Bersin has listed ten major HR trends (2017 survey) such as organization of the future, talent acquisition, leadership, performance management, employee experience, careers and learning, digital HR and people analytics.

Question: How has HR revolution showing at Company X?

Question: What kinds of trends / areas will be Company X's HR be focusing on in following years?

2.2. HR Strategy and Vision

As emphasized in its various HR studies and researches (e.g. by PwC, KPMG and Deloitte), especially now in the era of digitalization, Human Resources is one of the key success factor and enabler for the company's to achieve competitive advantage.

Thus, HR needs to align its strategy and vision with the business.

Question: What is Company X's HR Strategy and Vision? How has the HR trend focus areas been aligned with the strategy? How has HR strategy and vision been implemented; how is present in everyday in the organization?

Question: Has the collaboration with business been easy – does business organization understand the value of HR?

2.3. Organization and how HR operates at Company X

Even though Human Resources exists in every organization, how it operates depends on e.g. the overall size of the company, industry and business environment, where it

operates. Furthermore, one of the HR trends for 2018 is the organization of the future which includes elements such as having more agile way of working, having self-reliant teams and having a continuously learning organization.

Question: How Company X's Human Resources has been organized?

Question: As operating globally, is there some clear differences of how HR is present in business operations? Please give few examples.

Question: What kind of impacts have the organization of the future had at Company X? How has HR been able to support and enable the business organizations to achieve their goals?

2.4. Culture and leadership at Company X

HR is in key role in building and sustaining a favourable and positive organizational culture – the backbone of the entire organization. Furthermore, having a favourable organizational culture and high employee satisfaction has huge impact also to the employer image and brand hence somewhat makes talent acquisition easier. Elements of great culture are for example leadership and overall employee engagement and satisfaction – also listed as HR trends.

Question: What kinds of principles and elements are emphasized and followed in the leadership work at Company X (e.g. elements: performance management, succession planning, learning, etc.) How has those principles been enabled and developed in daily operations?

Question: Listening to employees but also feedback (giving and receiving) is an important part of leadership. How is this enabled at Company X, is there any tools to utilize that purpose, discussion forums, other means of communication? Do you feel that you as HR Director have enough feedback from all layers of the organization?

Argument: Organizations should be able to deliver its employees the employee experience they deserve. What is your standpoint to this proposition and why?

Question: In your opinion, what kinds of elements and factors great employee experience consists of? How have those elements visible and enabled in the organization?

Question: Overall, the nature of work is changing. Many jobs cease to exist in the future as e.g. use of robotics and automation continues to increase. What measures have been taken to ensure continuous learning and career development at Company X?

3. Digitalization and HR at Company X

HR's digitalization is one part of HR's transformation journey. At its best, technology is the driver and enabler of the change of an organization or a single employee.

Question: What does digitalization of HR mean in your organization?

Question: Where does Company X position itself in its HR transformation journey? What tools are currently used to support e.g. realization of HR strategy and vision?

Question: In your evaluation, what is the organizations maturity and overall adoption rate what comes to using HR technology?

Question: What kind of role different HR technologies have at Company X's future and what kind of HR technologies it has or will invest in?

4. HR as a service

In context of HR outsourcing and HR service providers, term HR as a service (HRaaS) has often been used. The concept of HRaaS can be approached also without any outsourcing. It is the way HR delivers its predefined services (Service Catalog) to whole organization.

Question: How do you see HR as a service at Company X – is it transparent and efficient?

Question: What kind of channels is currently used in communication – how can employees reach HR?

Question: How does HR collaborate with other departments – how does HR go vertical at Company X?

Question: How do you measure the quality, efficiency and costs of HR Service?

5. Summary and final words

To be able to improve its operations and efficiency, every organization needs to know and acknowledge its strengths and weaknesses.

Question: Please sum up your HR organization's strengths and how do you maintain those strengths? What kinds of overall challenges have been recognized and what kinds of measures have been taken to overcome those challenges?

Appendix 3. Example of HR processes in HR Service Catalogue form (confidential)

Appendix 4. Recommendations to Symfoni Finland Oy (confidential)