Connections between HR and IT to guide digital transformation
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Research Summary

This master thesis has been researched and written in collaboration with Inetum-Realdolmen, a Belgian IT-consultancy firm. It investigates which types of organisational structures are most suited to bridge the gap between HR (human resources) and IT (information technology), for the purpose of guiding the digital transformation in companies.

Inetum-Realdolmen noticed that within their internal organisation, and with their customers, the relationship between HR and IT departments is characterised by 'silo thinking'. 'Silo thinking' can be described as the unwillingness of employees to share knowledge between their respective organisational departments. Previous research shows that breaking through this thinking can create benefits for the digital transformation process, and consequently, for the company. Dery (2005), for example, states that when both departments collaborate, the potential of IT investments in projects can be maximised.

Based on these findings, we formulated the following research question: "Which organisational structures could align HR and IT so they can guide the digital transformation in companies?" To answer this question, the researchers conducted an analysis of scientific research on the subject. This was followed by 16 in-depth interviews with experts from different fields (HR, IT and Digital). The respondents who voluntarily participated in the survey work in Flemish companies. Because this is an exploratory study, no selection was made based on industry, size, or maturity of the company. By combining theoretical and practical knowledge and insights, the researchers want to develop a scientifically based, practical solution for the proposed problem definition.

For the purpose of conducting this research, we considered it important that we started with examining what the current collaborative approach is between HR and IT in the digital transformation process. From this brief analysis, it became clear that currently the chief digital officer and/or chief information officer plays an important role in determining what the digital transformation process looks like, and that their strong focus on the technological aspect of the process is a recurring phenomenon. This has been described by Kane (2019) as the 'technological fallacy'. The focus is on the technology when, in fact, there should be a focus on the people, because their support, or lack thereof, will determine the outcome of the transformation process. Other theoretical research supports this finding, it shows that a combination of the expertise of IT (in technology) 'in connection' with HR (in employees) can lead to

possible synergies in the guidance of the corporate digital transformation process.

This interim conclusion was an important step in our research to determine whether or not both departments can offer added value to a digital project, and it formed the basis of the second part of this research: defining the different organisational structures that are able to facilitate the synergies as mentioned in the previous paragraph.

From an academic perspective, there are three different types of organizational structures that can be employed to create the desired connection between HR and IT for digital transformation (Dery, 2003, 2005). These same three organisational structures also come into play when analysing existing connections at respondents' companies. They are: (1) chief digital officer; (2) HR/IT business partners; (3) multidisciplinary teams.

When choosing to adopt one of the three structures, there are situational factors within the company that must be considered. Additionally, there are external factors, such as (innovative) competitors, changes in client behaviour, and disruption in technologies, that determine the pressure from the environment (sector), and the speed of transformation at which the company must change in order to remain competitive. Lastly, there are also internal factors, such as the employees' resistance to change, that help determine which one of the three types of connections is deployed.

Three types of collaboration structures:

Connecting HR and IT through the role of Chief Digital Officer (CDO)

A first connection between HR and IT can be made by using a Chief Digital Officer (CDO). From the job description of the interviewed CDOs, it can be concluded that they act as a catalyst to kickstart the digital transformation within their organisations. CDOs are constantly trying to determine the added value of digital trends and new technologies that can benefit their business. In addition to introducing digital innovations, they must also develop and structure a comprehensive digital strategy for the corporation. It is important that the CDO involve the entire organisation in this plan, and this is also precisely where the problem lies in their role as a connector between HR and IT. In order to engage them effectively in the digital transformation process, the CDO must actually comprehend the added value of HR and IT bring before he can enable collaboration and connection between the two departments. Our research has found that when appointing a CDO, organisations often have a 'digital focus' rather than a focus on the connection between both departments.

Connecting HR and IT through HR/IT business partners

A second connection can be created by using HR/IT business partners. The need of a good 'translation' of knowledge and information between HR and IT is what forms the impetus for creating this role. These business partners mainly work on a tactical and operational level. Their main task is to break through the silos, make connections, and to obtain an exchange of information. By using HR / IT business partners in a company, the focus is strongly on the cooperation between both departments. As a result, a strong 'coordination focus' can be established with this type of connection.

Connecting HR and IT through internal multidisciplinary teams

Finally, a connection can also be made by deploying multidisciplinary teams of employees from across the company. These teams make it possible to bring together internal experts with the necessary knowledge and skills to guide the transformation. Both HR and IT have their place on this team, while other specialists (in communication, business, and finance) can also easily be involved. Due to this convenience, the team can be fully assembled according to the needs of the digital project. Despite this advantage, these teams are often only put together temporarily with a loss of connection after the project has been completed. Several respondents indicated that they try to prevent this by using project methodologies (SAFe, scaled agile framework) to pursue continuity in the company's digital transformation process.
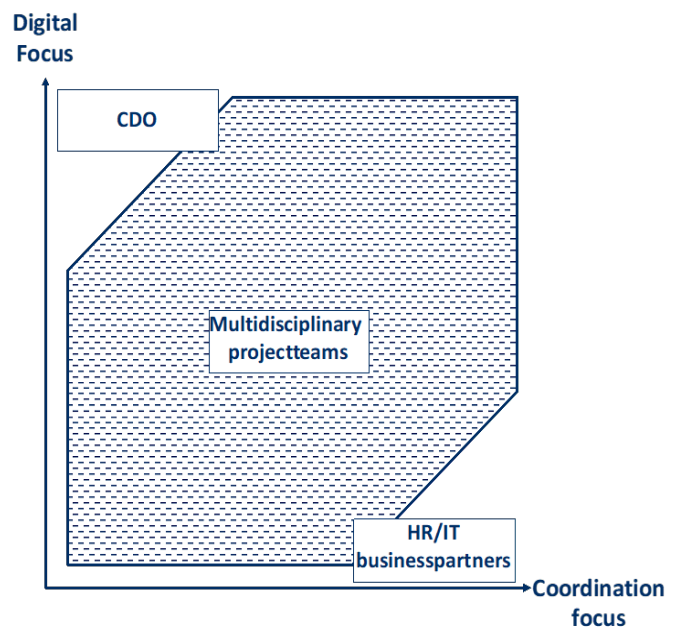
Conclusion

There are three possible structures that can be used to connect HR and IT to guide the digital transformation. Each type of connection comes with a specific focus and must be chosen depending on the situational factors of the company and the necessities arising from the digital transformation process. These two influencing factors must be thoroughly investigated before creating a connection between the two departments. A strong connection between the two will optimise the digital transformation process and therefore also contribute to the competitive advantage of the company.

Key Take Aways

While conducting our research into connecting HR and IT, we made the following observations:

- CDOs are mainly used by companies that want to start a digital strategy or expand and update their existing range of digital applications (digital focus).
- HR/IT business partners are deployed to make the translation from HR to IT and vice versa because according to respondents, both departments speak a different 'language'. In addition, they are increasingly used on digital projects between both departments, such as HR analytics tools. (coordination focus).
- Multidisciplinary project teams can be deployed flexibly to add the required knowledge and experience to the team depending on the scope of the project (flexible focus). However, there are two points to keep in mind when choosing a project team:

'Strive for continuity'

Project teams are usually temporary in nature and this can cause a fragmented digital strategy in the enterprise. Many companies that are well advanced in digital transformations therefore strive for continuity. This continuity is achieved by using project methodologies such as SAFe (scaled agile framework).

'Create unity'

The seconded team members must be able to work independently of their hierarchical goals. This can be achieved by making the team work towards one common goal with equal rules, evaluation and bonuses.

Extra take aways

- Many companies make a business case to determine the (financial) benefits of a new digital project before the start. It is striking that few companies effectively perform measurements after implementation to determine the effects and user rate. Corrective measures could be taken precisely because of these post-measurements. These post-measurements can be a collaboration between HR and IT for the adoption of the new digital application.
- We have determined that internal and external factors can influence the choice of a specific organizational structure.

Internal factors include the maturity and size of the company. For example, it could be established that companies that have recently been established are often 'digitally born' and as a result digital transformations are less drastic than in 'older' companies.

External factors that influence the choice of an organizational structure are, for example, competitors and changes in customer needs. This largely determines the degree to which a particular sector has progressed in the digital transformation (in size and complexity of the projects). Advanced companies mainly use multidisciplinary teams with a focus on continuity. Companies that start with initiating a digital strategy and are therefore in the initial phase mainly use CDOs.