

# Tomorrow's Higher Ed, Today:

Exploring the Role of Human Resources in  
Digital Transformation



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Original Research conducted by Oracle and Research Now SSI

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# Executive Summary

Digital transformation is shaping the future of higher education institutions across the world. Every functional area—from admissions to student services to human resources (HR)—is actively incorporating new technologies into how work gets done and developing strategies that will impact the future of higher education. This revolution is changing what the student and employee experiences look like, how operational processes happen, and upending educational business models themselves.

As Peter Drucker, the father of management, predicted nearly thirty years ago, the shift to a knowledge society has put tremendous economic value on information and expertise.<sup>1</sup> This reality, alongside the near-constant change of the digital age, puts HR in a crucial position to recruit, engage, and retain a best-in-class knowledge workforce. The good news? HR professionals are rising to the challenge and see digital transformation as an opportunity to be more strategic, better support managers, and build a culture that embraces change.

HR teams are prepared. Most have a plan in place for digital transformation and feel they are actively involved in their institutions' efforts to rethink the future of work. In fact, most organizations have already created a dedicated function or initiative to support digital transformation. This trend appears to be more common outside of the United States and Canada—perhaps due to the importance placed on digital transformation by organizations in these regions.

Competition for talent remains a top concern as institutions focus on recruiting workers with the right skill sets for the coming decade and retaining top talent. Transformational technologies like artificial intelligence (AI) embedded into cloud applications offer an innovative approach for recruiters to attract and place the best-fit candidates and predict flight risk. That's why it's no surprise that the cloud, mobility, and AI are top of mind as HR professionals look to incorporate these technologies into their plans.

This report is based on a survey conducted for Oracle by Research Now in April 2018 of 373 HR Directors, VPs, and CHROs at organizations around the world across several industries, including 6% of respondents in higher education. Our goal was to uncover HR's role in digital transformation, and gain a better understanding of the progress being made by companies from HR's perspective.

***Digital transformation is about how technology changes the conditions under which business is done, in ways that change the expectations of customers, students, and employees.***

<sup>1</sup> <https://hbr.org/2014/10/what-peter-drucker-knew-about-2020>

# Key Survey Findings

## Digital transformation is vital

In this study, HR professionals across industries confirmed that they are witnessing what IT and market analysts have been predicting about the importance of digital transformation. As business, organizations, and the workforce itself is shifting, technology is a major force in how the future of work will unfold. From 2010-2018 enrollment at American colleges and universities fell 5%.<sup>1</sup> To compete for students, it is critical for higher ed to have the latest technology to attract and engage the best faculty and staff.

## Pace of change is the driving factor

In a blink it will be 2020. This next decade is going to mean massive changes coming at organizations faster than ever before. IDC says that by 2022 we'll already be moving into the IT chapter they call "Automation" with new computing architectures and human/digital fusion.<sup>2</sup> This rapid speed of change and the need to support growth are the primary reasons respondents said their organizations are investing in digital transformation.

## Transformation is well underway

Respondents confirmed their businesses and institutions are innovating to new business models and rethinking the customer, student, and employee experiences. It's no surprise higher ed HR sees these changes due to realities like managing adjunct faculty and increased hiring competition with the private sector. At the same time, mergers, acquisitions, and divestitures are happening at record levels as businesses and institutions aim to drive performance.

## Legacy IT systems pose a challenge

As their organizations transform, survey respondents

shared that software built on-premises for a now distant decade was their top challenge. Organizations often have multiple systems, integrations, and cumbersome business processes that impede their path to modernization.

## HR is an agent for change

HR has a big role to play with all of this change. The respondents confirmed that they are actively involved in digital transformation at their organizations. Even better? The majority of HR departments stated they already had a plan in place to support the intersection of technology and the workforce.

## Talent is paramount to executives

When asked what their C-suite cares most about when it comes to HR, the number one answer was hiring and recruiting. This is especially true in the knowledge economy where your organization is only as intelligent as the people working for you. The war for talent will continue as organizations compete to differentiate.

## Skills and agility are impacting the workforce

How is digital transformation impacting the workforce? They need to acquire new skills and be more agile! Of course, this is easier said than done. Organizations are looking to cloud technology to be more agile and provide learning.

## HR is a strategic partner

HR is more aligned with the business than ever before due to the opportunity presented by digital transformation. With new avenues to add value, like change management, agility, and line manager support, human resources is becoming more strategic and less tactical.

1. NCES, *Fast Facts*, 2018

2. IDC, *IDC FutureScape: Worldwide IT Industry 2018 Predictions*



# Introduction

Digital transformation has been a hot topic given the speed, scale, and scope of change over the last few years. For this research, we took the opportunity to reflect on the role of human resources in digital transformation. By surveying 373 HR directors, VPs, and CHROs at mid to large enterprise organizations, we sought to better understand HR's role in digital transformation, and how human resources professionals view their organizations' progress. We also wanted to get a global perspective, so we asked respondents from nine countries across North America, Europe, Latin America, and Australia to share their experiences.

We're currently living and working in one of the most challenging—but exciting—times for higher education. Many of the driving forces impacting institutions around the world are directly related to advances in technology. Well-known institutions like Purdue University have helped launch dozens of tech startups and USC offers a Mixed Reality program that improves the fluency of human-computer interactions.<sup>1</sup>

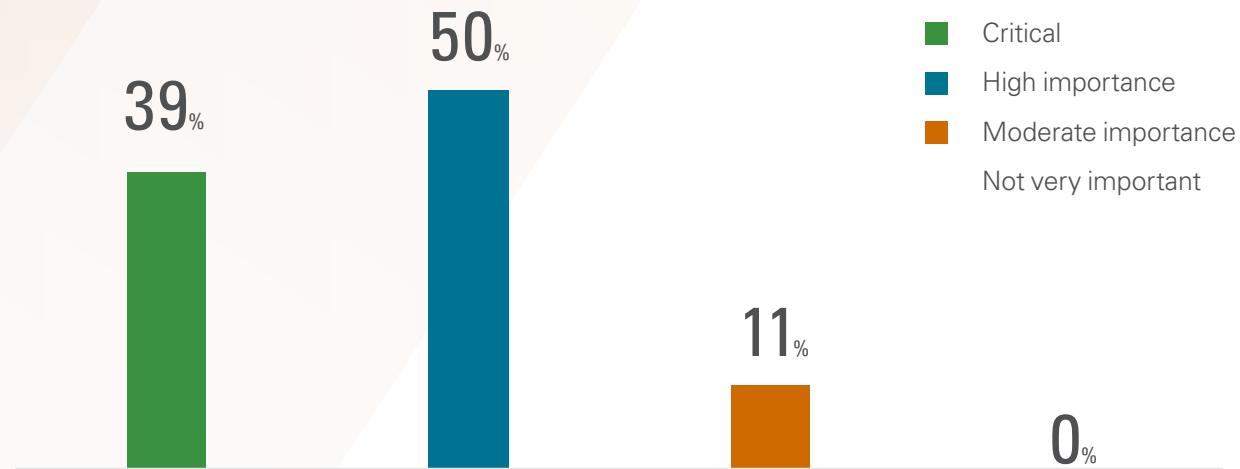
Successful organizations are introducing new business models, and leveraging opportunities like smart campuses and augmented reality to differentiate. Necessary conversations about the student experience, changing workforce, and investments in emerging technologies like artificial intelligence (AI), the Internet of Things (IoT), and Blockchain are healthy exercises as campuses evolve. With all this disruption, HR has the chance to lead the institution through change management and bring the workforce together to collaborate in the spirit of innovation.

As you read through the survey results in this report, we hope it will help you reflect on where your institution is in preparing for the future of work, and perhaps even illuminate areas where you can improve your partnership with the rest of the administration and academic leadership.

<sup>1</sup> Mission.org, Higher Education Innovation: 25 Examples of Excellence, Aug 2018

FIGURE 2

**89% put critical to high importance on digital transformation**



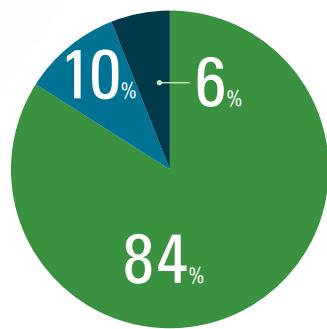
Who better than HR professionals to ask about how companies and institutions are organizing themselves at work to prepare for digital transformation? The findings were clear: most organizations, eighty-four percent, have dedicated digital transformation functions or initiatives. With a clear directive and working group focused on change, organizations can more effectively plan and communicate initiatives aimed at future readiness.

FIGURE 3

**84% of organizations have dedicated digital transformation functions or initiatives**

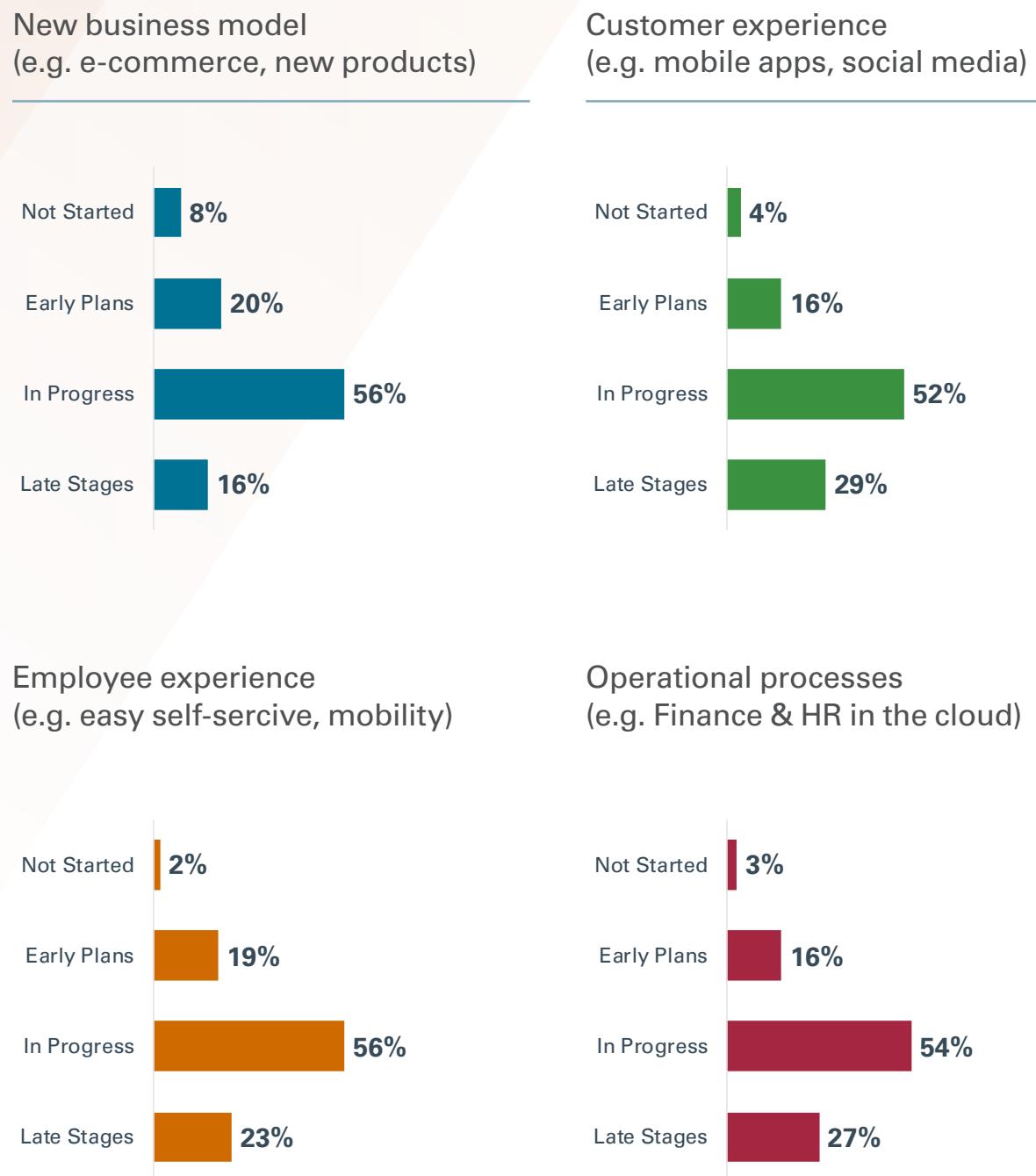
Digital transformation is a broad term that can apply to many kinds of change using technology. We broke it down for this study to find out where global organizations stand when it comes to four big areas of transformation: building new business models (e.g. online courses, continuing ed might be examples for higher education), improving the student or customer experience (e.g. mobile apps, social media), improving the employee

experience (e.g. easy self-service, mobility), and modernizing operational processes (e.g. HR & Finance in the cloud). Not too surprisingly, most organizations are “in progress” with all four areas of change, and will continue to be as the pace of change quickens. Across the board, about one-fifth of respondents said they had either not started or were in the early stages of planning. Improving the employee experience and modernizing operational processes are the most mature of the four areas of transformation.

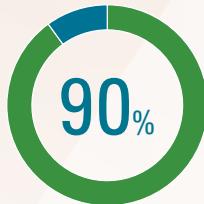


- yes
- no
- don't know

FIGURE 4



# HR Can Be the Agent for Change



Human Resources can become more strategic, and digital transformation is a practical catalyst. Our survey found that 90% of HR professionals felt they were actively involved in their organizations' digital transformations.

Yet, it's not a given. According to a 2017 report by the Human Resources Certification Institute (HRCI), "HR must answer the call to develop a more strategic paradigm. Many real-world examples and case studies prove that it is possible, but there is also a vast body of evidence to suggest that it is not inevitable." The report also cites that less than a third of certification holders believe their organizations have adopted some form of strategic HR.<sup>1</sup>

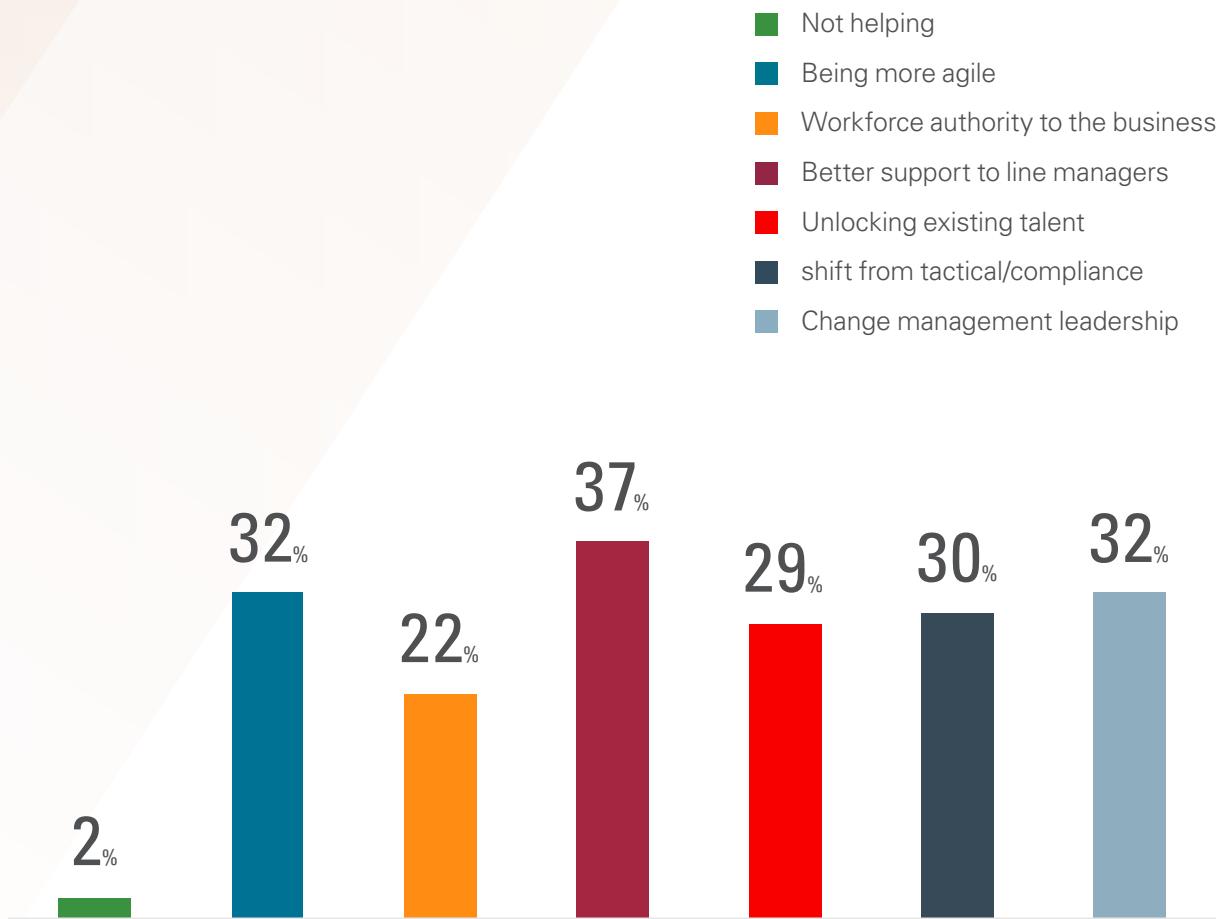
When asked what ways digital transformation is helping HR be more strategic and add business value, 37% of respondents felt the top avenue is providing better support to line managers. This is closely followed by agility (32%), change management leadership (32%), shift from tactical/compliance (30%), and unlocking existing talent (29%). It's time to act and develop initiatives that leverage the environment of change to put HR in a more strategic position. Which areas of opportunity is your HR team using to its best advantage?

<sup>1</sup> Human Resources Certification Institute (HRCI), "Strategic HR Emerges as a Company-Wide Priority," 2017, <https://www.hrci.org/docs/default-source/default-document-library/strategic-hr-report.pdf?sfvrsn=2>



FIGURE 5

### Ways digital transformation is helping HR be more strategic to the business

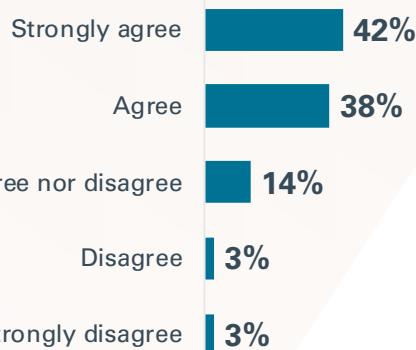


The driving question behind our research is, “What is HR’s role in digital transformation?” In this next question, we directly asked respondents whether they felt HR is actively involved when it comes to digital transformation. The answer was a resounding YES! We asked our respondents this question for each functional area in the organization. Sales and finance lagged in terms of involvement with only about three quarters of respondents feeling they were involved. Yet, HR soared to the top with ninety percent of respondents saying they are involved and more than half strongly agreeing that they are actively involved. Customer service (85%), executives (84%), and marketing (80%) followed in terms of HR’s perceived level of involvement of these departments in digital transformation. In addition, eighty-five percent of HR professionals worldwide have a strategy or plan in place to support company digital initiatives. So, not only are HR teams involved in the technological evolution of their workforce, but the vast majority have a plan and are prepared!

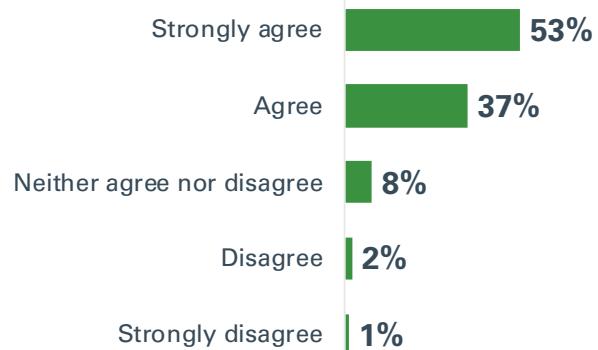
FIGURE 6

### HR feels strongly that it is actively involved in digital transformation efforts

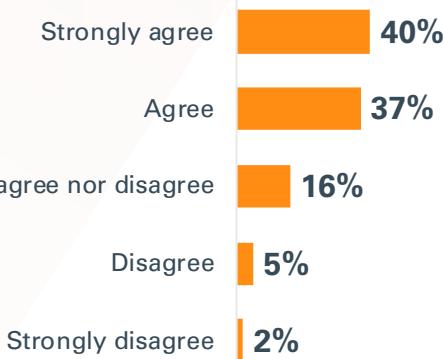
#### Marketing



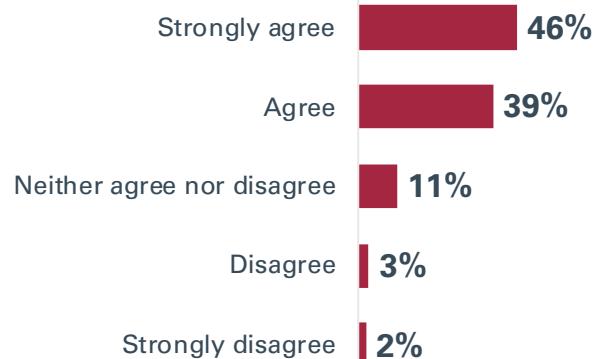
#### Human Resources



#### Sales



#### Customer Service



#### Finance

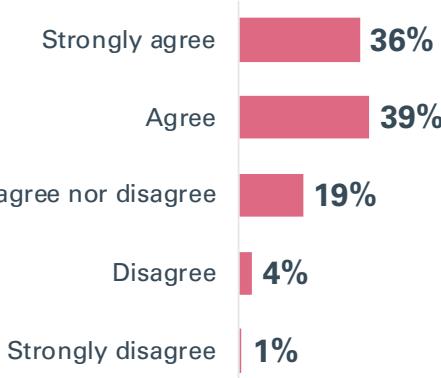
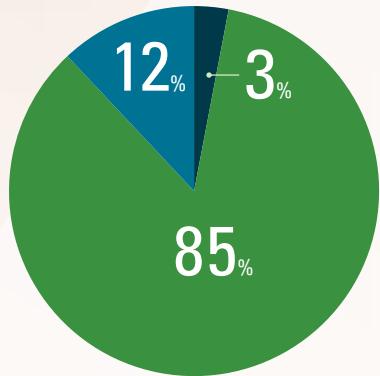


FIGURE 7

## 85% have an HR strategy or plan in place to support digital transformation



HR leaders in higher ed need to deliver on the priorities that matter most to university leadership in order to support the institution. According to our respondents, “hiring and recruiting” and “employee engagement and retention” are what their leadership teams have identified as HR’s top two priorities. These are fundamentally strategic areas, and as technology advances, areas like predictive analytics and artificial intelligence (AI) are becoming available through Human Capital Management solutions to enable HR to deliver exceptional results.

■ yes ■ no ■ don't know

FIGURE 8

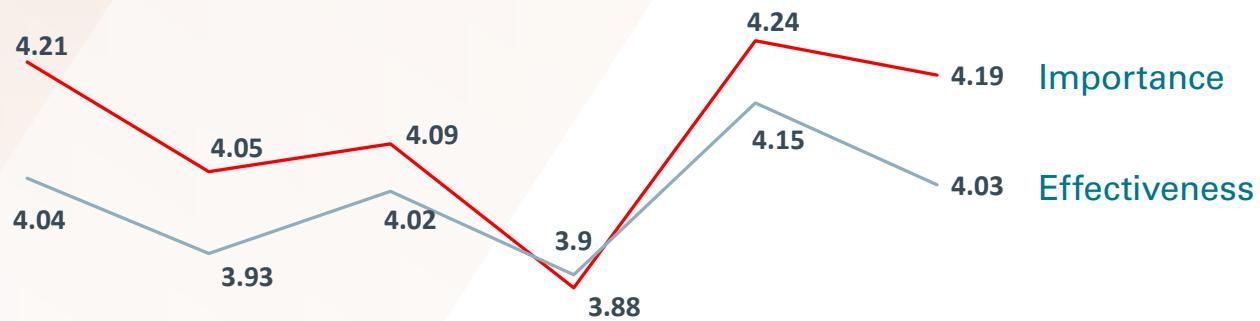
## Hiring/Recruiting and Engagement/Retention are C-Level Execs’ Top Two Priorities



Next, we looked at areas where HR could make an impact on digital transformation. We asked respondents to reflect on how important these activities are and how effective they feel their HR teams are at these activities today. The data shows that there is a small gap in most areas, except fostering a different organizational culture, which was the least important. Recruiting the right talent and using technology to improve collaboration and productivity have the most room for improvement because they are important but not well executed according to respondents.

FIGURE 9

### Most impact digital transformation will have on HR areas



Recruiting the right talent Empowering managers to make decisions Developing new learning tools for the workforce Fostering a different corporate culture Using technology to improve HR processes Using Technology to improve collaboration and productivity

Human Capital Management (HCM) systems are the main path to productivity, agility, and intelligence for most HR organizations. There are several technologies, some already mainstream and others more emergent, that are part of many of these systems. For example, having a back-office system built for the cloud with social and mobile capabilities is not new, yet according to MIT Technology Review's research<sup>1</sup> about one third of organizations are still making that shift. Newer technologies like AI (think Siri or Alexa) and chatbots (automated message replies based on what you type) are less understood, but areas like recruiting are already starting to leverage these newer forms of automation and intelligence. The respondents in our survey had the opportunity to rank order which technologies they felt were most important to their plans for HR/ERP technologies in the future. Cloud and mobile topped the list, followed by AI, social features, and chatbots. Higher education is intimately affected by emerging technologies as many graduate workers and staff are part of the younger generations expecting the latest technology in their workplace.

FIGURE 10

### Cloud, mobile, and AI top the list of emerging technology to HR/ERP plans



<sup>1</sup> MIT Technology Review, Finance and HR: The Cloud's New Power Partnership, 2017, <https://www.oracle.com/solutions/erp-hcm/mit-technology-review.html>

# Challenges in the Face of Change

Change may be a constant, but that does not make it easy. Successful HR leaders are identifying key challenges and solutions. One notable example is the issue of security. In the past, security was a reason not to move on-premises systems to the cloud. Now, organizations realize that cloud vendors can boost security.

“

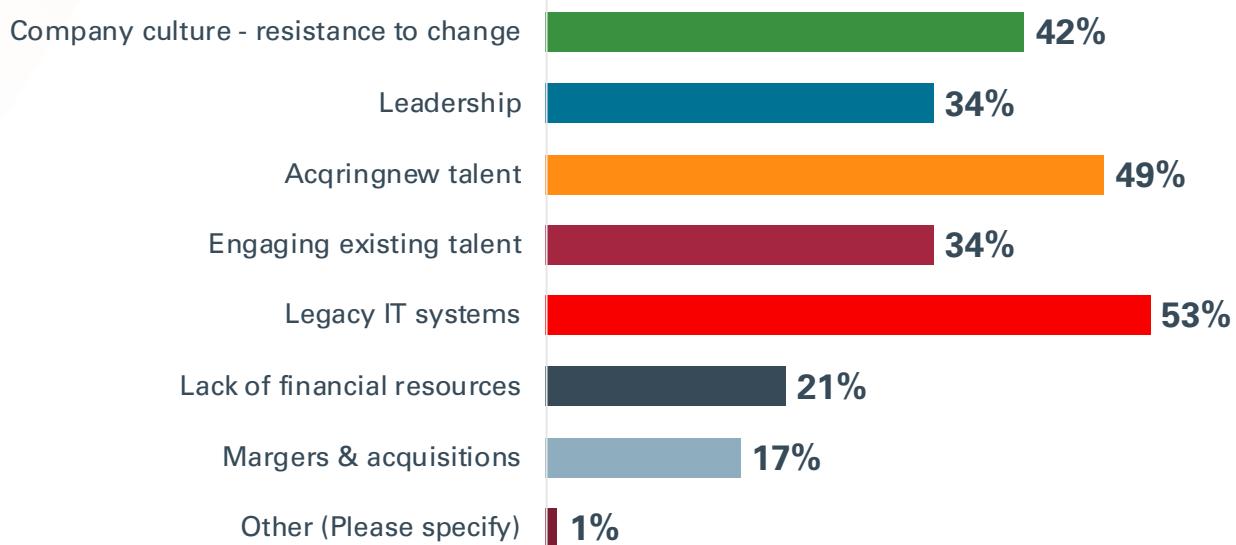
Security is probably the single biggest (factor) in selecting a cloud vendor. The security that Oracle has in place with the cloud was far superior to what we had, and Oracle has a vested interest to stay ahead of the bad actors out there. Oracle will be 10,000 times better (than us) at keeping our environment secure.”

- Jim Rhodes, VP of HRIS, Emerson

The HR professionals we surveyed identified three key challenges in pursuing digital transformation. More than half (53%) of respondents said that legacy IT systems are the top concern—with thirty-eight percent of respondents saying they still use at least one on-premises system to manage HR today. This is followed closely by acquiring new talent and resistance to change within the organizational culture. All three of these factors can become closely intertwined, as change management and the right talent are critical to the process of moving systems to the cloud.

FIGURE 11

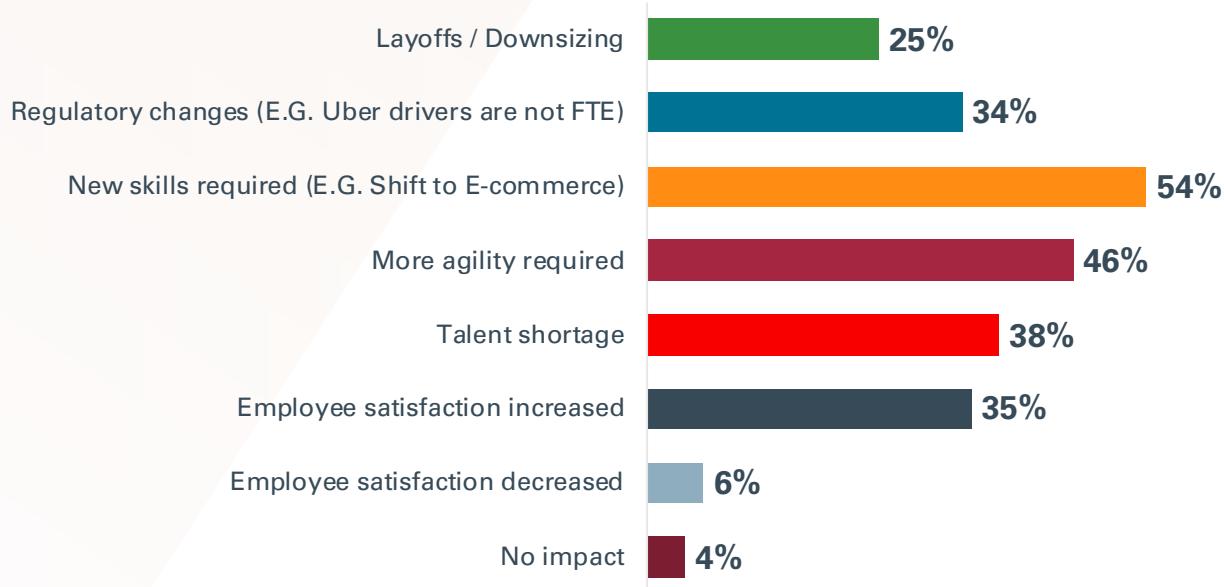
**Legacy IT systems, acquiring new talent, and resistance to change are top challenges.**



Engaging the higher ed workforce with contextual, ongoing learning is going to be crucial for institutional success as technology continues to evolve. Our respondents said that new skills (54%) and more agility (46%) requirements are the top two ways their workforce has been impacted by digital disruption. A shortage of talent (38%) is the next major factor impacting the workforce.

FIGURE 12

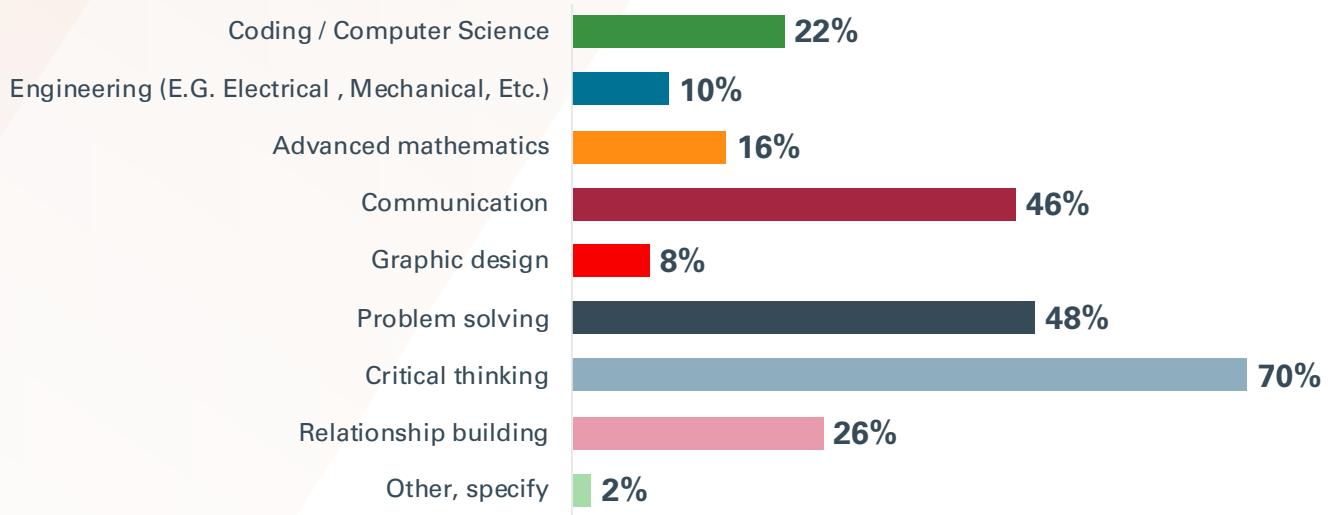
### Skills, Agility, and Talent Shortage are Top Three Areas Digital Disruption Impacts the Workforce



The multi-generational workforce is ready to take on the future. Eighty-seven percent of the global HR professionals who responded to our survey felt their employees had the skills needed to survive in the digital age. Thirteen percent, however, stated their employees did not have the necessary skills. So, we asked them which skills they felt were lacking. The top answers included: critical thinking (70%), problem solving (48%), and communication (46%). Skillsets that are especially important in the higher education industry where the intersection of academia and administration require soft skills that will bring institutions into the next decade.

FIGURE 13

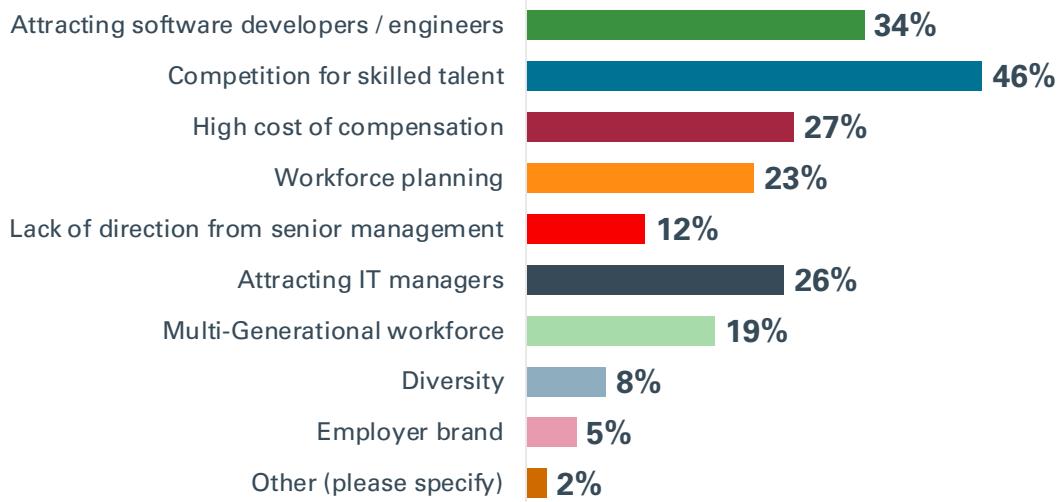
**13% of employers felt employees did not have the needed skills for the digital age. Critical thinking tops the list of skills they are lacking.**



Finally, we delved into hiring challenges, which confirmed that attracting software developers and engineers is the second largest challenge for HR leaders. Competition for skilled talent overall was number one, with nearly half of respondents stating that the hot talent market continues to impact their businesses.

FIGURE 14

**Competition and hiring engineers are top challenges in hiring for digital transformation**



# Conclusion

We will see more changes in the next 5-10 years than what we have seen in the last 50-75 years in the age of acceleration. HR professionals are poised to take on the rapidly accelerating change being discussed in higher education by leveraging digital technology. In fact, this change presents new and exciting opportunities for HR to rally the existing workforce around their institution's vision for the future, attract skilled workers to carry out plans for new initiatives, and retain highly skilled employees by understanding more about them. Our study found three areas of opportunity where HR believes it can become more strategic because of digital transformation, namely: better supporting line managers, leading change management, and being more agile. Legacy IT systems also surfaced as one of the largest barriers to organizations' successful digital transformation.

With an increasingly global, mobile, and diverse workforce, expectations are high for employees' work-lives to reflect the experiences of their daily lives. That's why it's not surprising that the HR professionals in our survey identified the cloud, mobile, and AI technologies as instrumental to their HR and financial system plans. It also speaks to the readiness we saw—from dedicated digital transformation functions to plans in place for how HR will support digital transformation.

At Oracle, we are seeing on-premises customers move to the cloud to enable more agility, close the innovation gap, and create tomorrow's campus, today. Oracle HCM Cloud brings together simplicity and intelligence in the cloud while offering greater agility to prepare your organization for digital transformation and student success. Through an artificial intelligence (AI)-first approach, Oracle HCM Cloud provides a complete enterprise human capital management solution on a single cloud to be more personal, adaptable, and intelligent so that the information you need instantly finds you.



# Respondent Demographics

We reached 373 HR professionals around the world in numerous industries and sizes. Here is the breakdown of who responded to our survey.

FIGURE 15

## Human Resources Job Title

More than half of respondents are HR Directors, fifteen percent are VPs, and a quarter are CHROs.

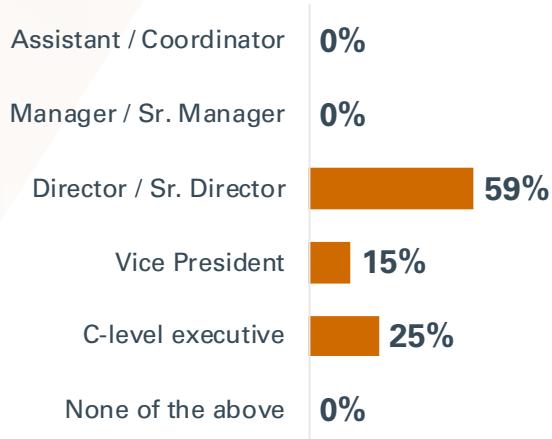


FIGURE 16

## Company Size (# of Employees)

The majority of respondents are employed by companies between 1,000 and 9,999 employees. We also reached HR leaders from large enterprises of 100,000 employees or more.

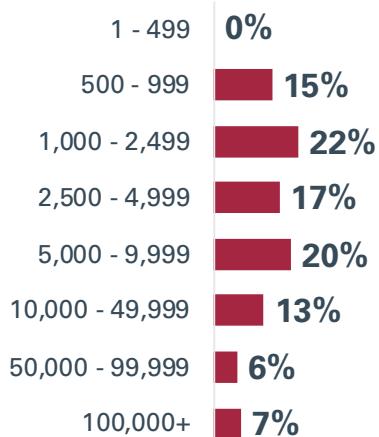


FIGURE 17

## Industry

The respondents represent a wide range of industries from education to manufacturing. The technology industry had the highest representation at 13%.

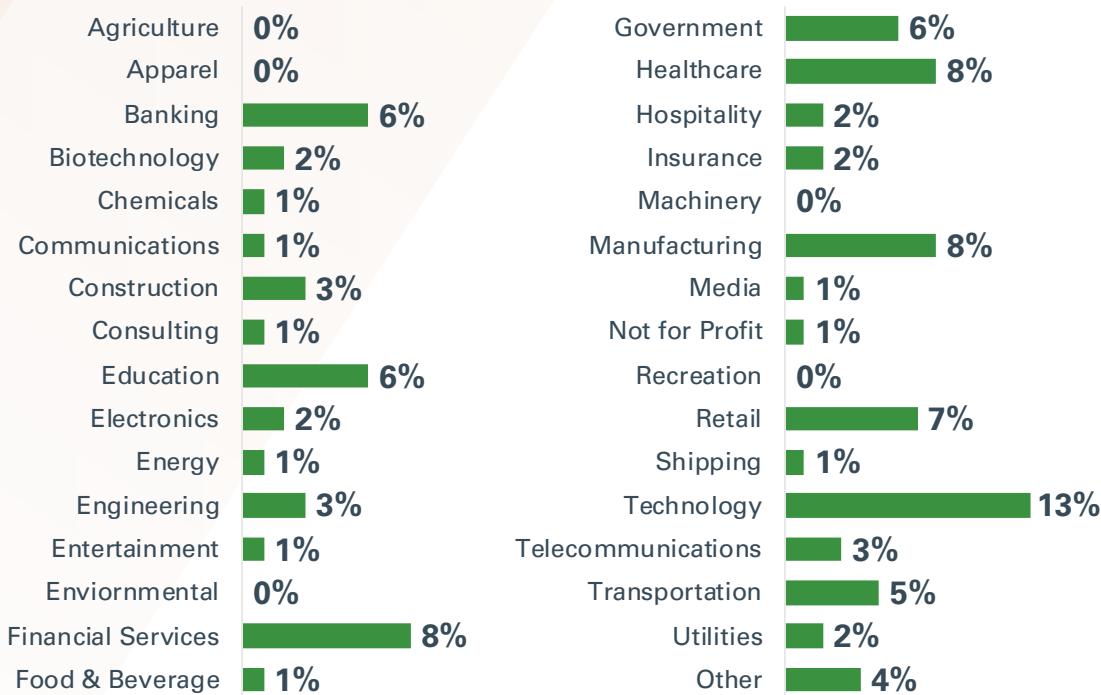


FIGURE 18

## Country

Respondents represent HR professionals from nine countries around the world.



# Methodology

The results of Tomorrow's HR, Today are based on a survey of global HR professionals at mid-enterprise sized businesses and organizations in a broad range of industries. Research Now SSI of Plano, Texas conducted the online survey for Oracle using their industry-leading survey panel. 373, or 14% of the over 2,700 HR directors, VPs, and CHROs who clicked through to the survey completed it in a way that was deemed qualified as a valid response. This is approximately a 95% confidence level with a 5% margin of error. The data collection took place in April 2018.



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