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# DIGITAL DOCUMENT MANAGEMENT AND E-SIGNATURES OPTIMIZE THE NEW HR

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In the age of artificial intelligence, HR's role is changing, leaving less time for manually-completed, internal, employee-management processes. Digital documents management and e-signature options help HR to communicate faster, reconcile compliance issues more accurately, and generate approvals more efficiently. For HR, managers, and employees, however, productivity is a top concern.

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### HR's Role Keeps Evolving

Aberdeen has found that nearly 1 in 3 HR departments have digitally transformed at least two of their labor-management procedures to optimize labor task-management and performance oversight. What this means for HR professionals is that their role has shifted to focus more on how to use data to improve organizational performance metrics, while individual managers focus on how to align individual employee goals with the organization's mission. Best-in-Class companies are, now, only 28% more likely than All Others (32% vs. 25%) to grant managerial access to workforce and labor data. Previously, this information was exclusively for HR; the gap between the Best-in-Class and All Others has narrowed 13%.

- ▶ **The good news:** Broadening the data view to include managers is a winning strategy. For every 1% that organizations invest in expanding access to performance management data, they are 4x more likely to improve workforce productivity.
- ▶ **The bad news:** Moving to a real-time performance-management structure changes the role of HR, adding more back-office tasks in the absence of ready-to-go automation. Chief among these tasks: Dedicated time to process a range of documentation procedures that involve and impact how to engage the workforce and their efforts with the firm.

The Aberdeen maturity class framework encompasses self-reported data that determines overall company performance. Classified across several key metrics, each respondent falls into one of three categories:

- ▶ **Best-in-Class:** Top 20% of respondents based on performance
- ▶ **Industry Average:** Middle 50% of respondents based on performance
- ▶ **Laggard:** Bottom 30% of respondents based on performance

A fourth category, **All Others**, combines Industry Average and Laggard.

To make matters worse, the shift to manager-led performance guidance — and the resulting re-centralization of HR within the average firm — has amplified the decline of HR staff numbers. In 2017, Best-in-Class firms were 6.1x more likely than All Others (67% vs. 11%) to reduce HR headcount by reassigning tasks outside the department. Today, the Best-in-Class figure has increased by 24% (67% vs. 43%) with All Others quickly closing the gap. With a larger-scale managerial role on the horizon, more routine tasks to oversee and less human capital on hand, HR needs to automate routine task management wherever it can.

HR now oversees the talent-acquisition strategy while facilitating payroll compliance and data management, compensation management, headcount analysis, and departmental approvals alongside VP-level staff-and-benefits administration. While all these tasks relate, they occur throughout the employee lifecycle, which requires HR to remain engaged with the workforce at-large rather than navigating from back-office dashboards.

HR is stuck between a rock and a hard place. On the one hand, HR needs to find a way to cope with reduced headcounts. On the other hand, expanded back-office tasks — that require knowing context and indicators to resolve issues — continue to grow. Since HR cannot be in three places at once, what is the solution to reduce their time-management footprint?

### **Digitalization Eases HR Time Management**

Digitalization within routine HR tasks is a quick, relatively easy way to improve data accuracy and reduce the amount of time required to process vital employee information. The new HR automates the processing of myriad forms and approval requests, from payroll reporting to benefits-plan registration and executive decision-making (i.e., in the event of performance-based employee status changes.) Traditionally, many of these components go through a multi-step / multi-touch review and approval process that requires signoff by each touchpoint. In some cases, delays may relaunch the entire process, which costs time, resources, and personnel that HR does not have.

Digitalizing documents management and offering e-signature options is an easy way to reduce the burden. It also improves workflow, productivity, efficiency, and streamlines multi-stage processes. Furthermore, digitalization reduces compliance costs, improves accuracy, and generates longer-lasting transaction records.

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Table 1: HR Pressures from Their Changing Role

	Best-in-Class	All Others
Declining productivity	59%	72%
Rising compliance costs	47%	99%
Increased demand for HR headcount	33%	89%
Rising HR time spent on routine tasks	27%	96%

% of respondents, n=160, Source: Aberdeen, January 2019

Table 1 shows the top pressures that HR professionals face due to their changing role requirements and organizational position within the company. Declining productivity tops the list of Best-in-Class concerns, which should not be surprising given the hypocritical mandates to straddle the old and new worlds of HR. On the one hand, asked to play a more central role in organizational optimization, HR juggles demands from the operations team and management groups lower down the hierarchy. On the other hand, all teams fully expect HR to engage the workforce to understand the daily challenges that employees face.

This contradiction places a burden on more than just productivity. The Best-in-Class' second top concern is rising compliance costs. When spread too thin, HR filing, signature, and approvals-oversight errors rise exponentially. Ironically, while their importance to central administration increases, HR is setup to fail when asked to do more with less. It should come as no surprise that among the Best-in-Class, the third and fourth highest-ranking pressures are the demand for more HR personnel and the increasing time spent on routine task management

The good news for employees at Best-in-Class companies is that their firms are further ahead of All Others in recognizing the connection between procedural inefficiencies, declining productivity, declining engagement, and the emerging toxicity of employee relationships. (It turns out that removing HR from day-to-day employee interactions is a bad thing). The Best-in-Class are 2.1x more likely than All Others (35% vs. 17%) to shift more of their automation focus onto documents processing and to streamline internal processes for approvals and oversight. Chief among the automated processes are documents and records management and e-signature and digital approvals.

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**Best-in-Class organizations are most concerned about declining productivity.**

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Table 2: Productivity Gains from Documents Management

	Likely to Increase Productivity
e-signature	2.8x
Documents management	2.0x
Documents digitalization	1.9x

% of respondents, n=160, Source: Aberdeen, January 2019

Table 2 shows the increased likelihood that organizations will realize gains in productivity for each element of the digitalization and automation strategy. As Best-in-Class HR departments shift their focus to pursue time management improvements in documentation-heavy parts of their workday, e-signature, documents management, and overall documents digitization rapidly free up time to address pressing issues within the firm, including the need for HR to engage within the workforce.

- ▶ **Electronic Signing:** Aberdeen has found that for every 1% that a firm is more likely to increase spend on e-signature, employees, managers, and HR are 2.8x more likely to see productivity improve. A key reason for this is that e-signature reduces the hard-copy paperwork that transfers between these three layers of the workforce. Making documents accessible anywhere, e-signature speeds up application signing, approval, and error resolution, all of which can happen at any stage of this multi-touch process. Reducing time on these elements allows the organization to respond to change more rapidly while managers facilitate a host of large-scale processes — from anything as earth-shattering as payroll submissions to redeployment strategies for top-performing employees.
- ▶ **Documents Management:** Aberdeen has found that for every 1% that a firm is more likely to invest in documents management, employees, managers, and HR are 2.8x more likely to see productivity improve. As with e-signature, automating documents management increases filing accessibility making it easier for HR to apply permissions, stage-gate approvals procedures, and access historical information. Unlike e-signature, automated

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documents management does not affect as many employees as frequently; however, it impacts organizational productivity significantly simplifying access to the version-controlled data needed during procedural reconciliation in the event of a conflict between employees and / or managers.

- ▶ **Documents Digitization:** For every 1% that a company is more likely to support the digitization of historical records, managers and HR are 2x more likely to see productivity improve. Importing historical records into the digital repository improves internal accountability while expanding documentation access and record-keeping in the event of requests, requisitions, approvals, or conflict resolution. As compliance risks mount and the organizational importance of processing dates and records increases — especially in the wake of GDPR and the global standard established — digitization is an integral component to a successful documents-management strategy.

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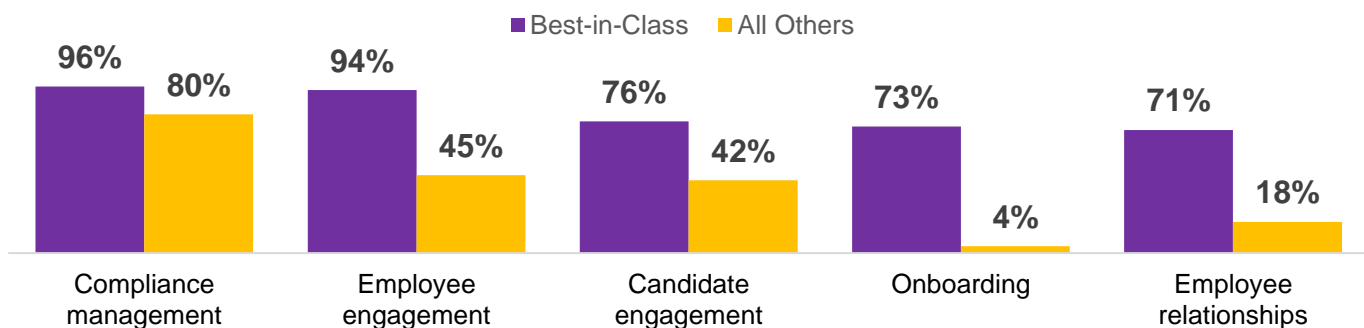
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### Back-Office Benefits of Digitalized Documents Management

To improve process management and engagement without compromising transparency or compliance, today’s HR organizations must satisfy the growing demand for digital transformation. With transformation accelerating for more than 70% of companies, digitalization now includes using technology behind-the-scenes to improve the secured transfer, storage, and retrieval of personal information while making it accessible to HR, management, and employees when and where necessary. Developing a seamless talent-placement process for HR, candidates, new hires, long-term hires, and their managers is vital. Digitalization reduces procedural disruptions, allowing all to complete filing requirements on time.

Figure 1: Top Areas Benefitting from Documents Digitalization



% of respondents, n=160, Source: Aberdeen, January 2019

Figure 1 shows the top organizational areas to benefit from a digitalization strategy: documents management, e-signature, and digitization of historical records. As Figure 1 shows, more organizations realize benefits in compliance management than in any other internal procedure. For every 1% that organizations are more likely to digitize historical records — and implement options for continued digitalization — they are 4.4x more likely to reduce compliance costs. Furthermore, for every 1% that firms are more likely to support digital documents management, they are 1.6x more likely to reduce compliance costs.

After compliance management, employee and candidate engagement are the top operational areas to benefit from digital documents management and e-signature. Onboarding, payroll filing (as an extension of onboarding), performance management, and reviews are all areas where hard-copy processing takes the candidate or employee out of the workplace for the duration of the procedure. Furthermore, completing the paperwork often involves indiscriminate calls to confer with HR. Today, 56% of Best-in-Class companies use digital documents management to facilitate a smoother workflow to accrue and process important employee information. Additionally, 42% of companies use e-signature to reduce the amount of time it takes for employees to process and authenticate forms, and for HR to complete informational transactions with employees.

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**For every 1% that a company is more likely to implement e-signature capabilities, they are 2.8x more likely to see productivity improve.**

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**Figure 2: Process Improvements Using Documents Management**

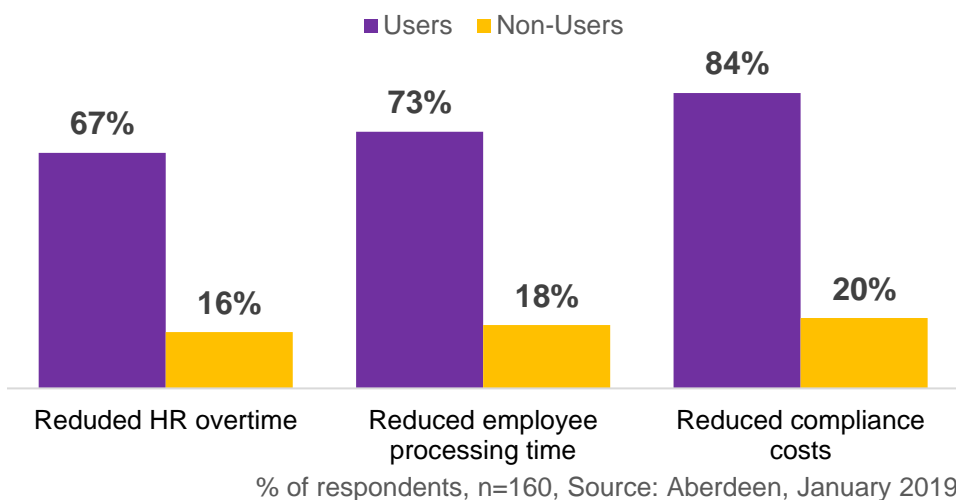



Figure 2 illustrates the significant benefits of digitalization. When managing employee records, HR can automate checks and increase accessibility in the stage-gated approvals process, which affects employees, managers, and HR. By digitizing records — and digitalizing



record-keeping directly in the system — HR can program notifications that identify missing information ahead of advancing through employee onboarding. Digitalizing stop-gap requirements for routine information processing enhances compliance eliminating the need to manage employee records, manually, improving productivity as a result.

Digitizing documents to be accessible and changeable within digital information systems allows HR to send notice of the required forms and information directly to any employee. When combined with natural language processing and full-text analysis, automated notifications increase efficiency. By linking documentation directly into the central system of record, digitalization reduces HR overtime, processing employee / candidate records, and compliance costs, significantly.

HR does have some concerns with the e-signature component. Best-in-Class HR organizations are 3.2x more likely to offer e-signature capabilities than to process verifications manually (82% vs. 26%). Best-in-Class companies are equally as likely as All Others (22% vs. 22%) to have security concerns, with peace of mind coming for those that have a data-security strategy in place (not because the risks are lower.)

For HR professionals specifically, the Best-in-Class are 33% more likely than All Others (40% vs. 30%) to have data security concerns when processing vital information (i.e., payroll files or amending central employee records.) Regardless, the Best-in-Class are 3.2x more likely (76% vs. 24%) to use e-signature capabilities, despite being 5% less likely to use e-signature than to facilitate documents processing. In other words, HR digitalization focuses on streamlining the back-office ahead of automating communication within the workforce. For every 1% that a company is more likely to implement e-signature capabilities, it is 2.8x more likely to improve productivity within the organization.

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## The Result: The New HR

Digitalizing documents management standardizes HR tasks and routines. Automating processes to verify that employee information is in order before implementing strategic changes to central records makes sense from a time-savings standpoint and a compliance one. Adding an e-signature component — provided the necessary steps to enforce digital security and proprietorship are in place — further reduces approval and revision times by improving version control, stage-gating oversight, and eliminating workday-intrusive review procedures.

- ▶ Best-in-Class companies are 39% more likely than All Others (25% vs. 18%) to attribute the simplicity and engaging nature of their applicant experience to the reduction in multiple documentation stages, which puts HR on the frontlines to communicate directly with vetted candidates.
- ▶ The Best-in-Class are also 18% more likely than All Others (32% vs. 27%) to note that digitalization and electronic-signature capabilities reduce time-to-hire by more than 20%.
- ▶ Within the employee lifecycle, Best-in-Class companies are 3x more likely than All Others (54% vs. 18%) to find that more than 50% of their employees are highly engaged. More than 40% of the Best-in-Class attribute this spike to back-office digitalization, which has expanded mobile access and enabled self-service capabilities that keep HR on the frontlines of communication, performance review, and talent management.

Today, organizations turn to digitalization to streamline the new HR back office, to improve data-transaction timing, and to keep HR personnel on the front lines, engaged directly in personnel outreach not navigating behind back-office dashboards.



## Related Research

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*Building Holistic Employee Development: The Performance Cycle; September 2017*

*Building a Seamless Employee Experience: Documents Management and eSignature; October 2017*

*Workflow Automation: The Case for Best-in-Class Management; January 2017*

*Understanding Your Workforce: Platform Analytics is the Key; April 2017*



## About Aberdeen Group

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Since 1988, Aberdeen Group has published research that helps businesses worldwide to improve their performance. Our analysts derive fact-based, vendor-neutral insights from a proprietary analytical framework, which identifies Best-in-Class organizations from primary research conducted with industry practitioners. The resulting research content is used by hundreds of thousands of business professionals to drive smarter decision-making and improve business strategies. Aberdeen Group is headquartered in Waltham, Massachusetts, USA.

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