Exploring the effects of digital transformation on the Human Resource Management function of SMEs in New Zealand.

Nimesh Silva

A Thesis Submitted to Auckland University of Technology in partial fulfilment of the requirements for the degree of

Master of Business Management (MBM)

2025

School of Business

Table of Contents

LIST OF TABLES: vi

LIST OF FIGURES vii

Attestation of Authorship viii

Acknowledgements ix

ETHICS APPROVAL x

Abstract xi

Chapter 1: Introduction 1

1.1 Background 1

1.2 Motivation of the Study 2

1.3 Statement of the Problem 4

1.4 Research Objectives 6

1.5 Research Design 7

1.6 Significance of the Study 7

1.7 Organisation of the Thesis 8

Chapter 2 - Literature Review 9

2.1 Introduction 9

2.2 Human Resource Management in the Digital Age 9

2.3 Strategic Human Resource Management (SHRM) 11

2.4 Resource-Based View (RBV) 12

2.5 Digital Transformation - Definition and Scope 13

2.6 Key Components of Digital Transformation 14

2.7 Drivers of Digital Transformation 15

2.8 Core Functions of Human Resource Management (HRM) 16

2.9 Intersection of Digital Transformation and HRM 18

2.10 Managers' Perception of Digital Transformation 19

2.10.1 Importance of Understanding SME Managers' Perceptions in Digital Transformation. 20

2.11 Technology Acceptance Model (TAM) 22

2.12 Challenges and Opportunities: Exploring the Complex Landscape of Digital Transformation in HRM 23
2.12.1 Challenges of Digital Transformation in HRM 23
2.12.2 Opportunities of Digital Transformation in HRM 24
2.13 HRM and Digital Transformation in New Zealand SMEs 25
2.14 Summary 27
Chapter 3 - Research Methodology 28
3.1 Introduction 28
3.2 Paradigm 28
3.3 Ontology 29
3.4 Epistemology 30
3.5 Methods 32
3.5.1 Semi-Structured Interviews 32
3.6 Data Collection 35
3.6.1 Implementation of the Snowball Sampling Method. 36
3.7 Data Analysis 38
3.7.1 Thematic Analysis of HRM Practices 38
3.8 Documentation 39
3.9 Triangulation and Integration of Data 40
3.10 Credibility, Transferability, and Trustworthiness 41
3.11 Ethics 43
Chapter 4: Findings and Analysis 45
4.1 Introduction 45
4.2 Integrating Technology and Perceiving Usefulness. 47
4.2.1 Integrating Technology: Adopting Basic HR Technologies. 47
4.2.2 Integrating Technology: Navigating HR System Integration Issues 49
4.2.3 Integrating Technology: Building HR Eco-System 50
4.2.4 Perceiving Usefulness: Automating Administrative HR Tasks 52
4.2.5 Perceiving Usefulness: Utilizing HR Engagement Tools 53
4.3 Building Strategic Digital Capability and Transforming the HR Function 55
4.3.1 Transforming the HR Function: Streamlining HR Operations through Digitisation. 55

4.3.2 Transforming the HR Function: Enhancing efficiency in roles 56
4.3.3 Building Strategic Digital Capability: Enabling Data-Driven HR Decision-Making....58
4.3.4 Building Strategic Digital Capability: Tailoring Digital HR Tools for Strategic Fit 59
4.4 Cognitive Barriers and Experiential Constraints, Learning Through Digital Transformation 60
4.4.1 Cognitive Barriers and Experiential Constraints: Bounded Rationality in HR Decision-Making....61
4.4.2 Cognitive Barriers and Experiential Constraints: Increasing Cognitive Load from HR Digital Tools....62
4.4.3 Learning Through Digital Transformation: Recognizing Digitalisation Benefits. 63
4.4.4 Learning Through Digital Transformation: Learning to Navigate in Digitalisation. 65
4.5 Summary 66
Chapter 5: Discussion and Conclusion....68
5.1 Introduction 68
5.2 Integrating Technology, and Perceiving Usefulness 68
5.2.1 Integrating Technology: Adopting Basic HR Technologies....68
5.2.2 Integrating Technology: Navigating HR System Integration Issues....69
5.2.3 Perceiving Usefulness: Building an HR Eco-System 70
5.2.4 Perceiving Usefulness: Automating Administrative HR Tasks....71
5.2.5 Perceiving Usefulness: Utilising HR Engagement Tools....72
5.3 Transforming the HR Function, Building Strategic Digital Capability 72
5.3.1 Transforming the HR Function: Streamlining HR Operations through Digitisation 73
5.3.2 Transforming the HR Function: Enhancing Efficiency in HR Roles....74
5.3.3 Building Strategic Digital Capability: Enabling Data-Driven HR Decision-Making....74
5.3.4 Building Strategic Digital Capability: Tailoring Digital HR Tools for Strategic Fit 75
5.4 Cognitive Barriers and Experiential Constraints, Learning Through Digital Transformation 76
5.4.1 Cognitive Barriers and Experiential Constraints: Bounded Rationality in HR Decision-Making....76
5.4.2 Cognitive Barriers and Experiential Constraints: Increasing Cognitive Load from HR Digital Tools....77
5.4.3 Learning Through Digital Transformation: Recognising digitalisation benefits. 78
5.4.4 Learning Through Digital Transformation: Learning to Navigate in Digitalisation....79
5.5 Theoretical Contribution 80
5.6 Practical Contribution 81
5.7 Limitations and Future Research 82
5.8 Conclusion and Summary....83
References 85
Appendixes....99
Appendix 1: Ethics Approval....99
Appendix 2: Participant Information Sheet....100

Appendix 3: Participant Consent Form 103

Appendix 4: Email Invitation 104

Appendix 5: Research Advertisement 105

Appendix 6: Interview Questions 106

LIST OF TABLES:

Table 1: Challenges and Opportunities 23

Table 2: Interview Participant Profiles 34

LIST OF FIGURES

Figure 1-Data Structure..... 46

Attestation of Authorship

I hereby declare that this submission is my own work and that, to the best of my knowledge and belief, it contains no material previously published or written by another person (except where explicitly defined in the acknowledgements), nor used artificial intelligence tools or generative artificial intelligence tools (unless it is clearly stated, and referenced, along with the purpose of use), nor material which to a substantial extent has been submitted for the award of any other degree or diploma of a university or other institution of higher learning.

Signature: ……..

Student Name: Nimesh Silva

Student ID: 23193560

Acknowledgements

Completing this thesis has been a significant milestone in my academic journey, and I am deeply grateful to those who have supported me along the way. First, I sincerely thank my supervisors, Dr. Marcus Ho and Dr. Paulette Brazzale, for their invaluable guidance, patience, and encouragement throughout this research process. I am also grateful for the support and resources provided by the Faculty of Business. Special thanks to all the participants who generously shared their experiences and insights, contributing significantly to the depth of this research. Finally, I want to express my appreciation to my family and friends for their unwavering support and encouragement. Their belief in me has been a constant source of motivation.

ETHICS APPROVAL

This research was granted by the Auckland University of Technology Ethics Committee on 18/11/2024 under Ethics Application Number 24/317. (see Appendix A for Ethics Approval Letter).

Abstract

In today's rapidly evolving digital landscape, Human Resource Management (HRM) practices in small and medium-sized enterprises (SMEs) are undergoing significant change as they integrate new technologies into everyday operations. However, much attention has been given to large corporations, and the lived experiences of SME managers navigating HR digitalisation remain underexplored. This study delves into how digital transformation reshapes HR functions within New Zealand SMEs, where formal HR departments are often absent and SME managers are responsible for recruitment, performance management, and employee engagement.

Using a qualitative, interpretivist approach, this research captures the lived experiences of 11 SME managers through semi-structured interviews. These participants, selected via snowball and convenience sampling, share practical insights into using digital HR tools. This study used the Technology Acceptance Model (TAM) and the Resource-Based View (RBV) as the theoretical framework. Findings reveal that some SMEs are increasingly integrating technologies such as payroll, rostering, and communication tools to automate routine HR functions and reduce administrative burden. However, some SMEs use more advanced HR ecosystems for their day-to-day operations. These tools were being adapted and customised to suit internal workflows. This allowed SMEs to build strategic digital capabilities and transform the HR function. This supports efficiency, transparency, and data-informed decision-making. Finally, the study identifies key barriers that shape digital adoption, including cognitive overload, skill limitations, and low awareness. Yet, it also shows how SME adapt and learn through experience, reshaping their digital strategies over time.

Chapter 1: Introduction

This study explores how digital transformation impacts Human Resource Management (HRM) within small and medium-sized enterprises (SMEs) in New Zealand. It investigates how the aftermath of digital transformation changes the HR functions, how SME managers experience the digital transformation process, and the operational and strategic changes that follow. This section introduces the background of HR digitalisation, with a clear problem statement highlighting gaps in our current understanding, particularly regarding how SME managers experience these changes. The research guides three main research questions to set the study's scope and direction. This is followed by a research objective and a summary of the study's main contributions. The chapter ends with a brief overview of the thesis structure. The following section outlines the HRM background and the emerging role of technology in transforming HR functions.

1.1 Background

Digital Transformation refers to integrating digital technologies into all areas of an organisation, fundamentally changing how companies deliver value to customers and engage their employees (Fitzgerald et al., 2014). Digital tools enable HR professionals to make data-driven decisions, enhance employee experience, and improve operational efficiency (Bondarouk & Brewster, 2016). The digital tools and technologies have changed HRM's role from an administrative function to a more strategic partner within organisations (Marler & Boudreau, 2017). With digital tools, HR professionals can shift away from traditional, time-consuming tasks such as manual recruitment and payroll processing (Vrontis et al., 2022). As a result, HR's role has evolved into a more integrated function by leveraging digital tools to improve operational efficiency. However, this transformation has not been without challenges. Many HR professionals have struggled to acquire the digital skills necessary to adopt new digital tools (Caldwell & Peters, 2018). However, the increasing availability of these digital tools and systems allows organisations to automate administrative functions and enhance strategic decision-making (Minbaeva et al., 2002).

SMEs often lack dedicated HR departments or advanced IT infrastructure compared to larger organisations. This makes their digital transformation journey more incremental and context-sensitive (Lepak et al., 2006). Nevertheless, some SMEs have already adopted cloud-based HR platforms to streamline HR processes, reducing administrative burdens, enhancing decision-making, and improving organisational performance (Porkodi & Cedro, 2025). These tools offer real-time access to employee data, automate routine tasks, and enable managers to make faster, more informed HR decisions. The COVID-19 pandemic further accelerated this shift by forcing businesses to embrace digital systems to maintain operations remotely (Carnevale & Hatak, 2020).

Globally, the market for digital HR technology has expanded rapidly. According to a recent Deloitte (2023) report, the global HR technology market was valued at approximately USD 24 billion in 2022 and is

projected to grow at a compound annual growth rate (CAGR) of 10.4% over the next five years. This growth is fuelled by rising demand for HR analytics, cloud-based platforms, and tools that support hybrid work models. In New Zealand, where this study is based, SMEs comprise 97% of all businesses (MBIE, 2022). Their increasing reliance on digital systems is evident, though adoption varies significantly depending on industry, leadership mindset, and digital capability.

This study draws on two key theoretical frameworks to understand how SMEs make sense of this shift. The Technology Acceptance Model (TAM) (Davis, 1989) explains how SME managers adopt and continue using digital tools based on perceived usefulness and ease of use. Meanwhile, the Resource-Based View (RBV) (Barney, 1991) provides a strategic lens for understanding how digital HR capabilities can become internal resources that enhance long-term competitiveness. These frameworks together guide the analysis of both practical experiences and strategic outcomes of digital HRM. Digital HRM has rapidly become a central feature of SME operations, reshaping how small businesses manage people and processes in an increasingly competitive environment. Alongside this transformation come various practical and strategic challenges that raise important questions about technology integration, managerial adaptation, and long-term sustainability. These issues are theoretical and deeply personal, rooted in my lived experiences navigating HRM within an SME context, as outlined in the following section.

1.2 Motivation of the Study

My journey with small and medium-sized enterprises began over a decade ago, in 2012, when I first stepped into the store manager role. Since then, I have worn many hats, handling operations, administrations, and HR duties. As the businesses grew, the complexity of these duties and managing people also increased. I realised just how critical it was to have an effective HR system. However, that realisation came with frustration. Most of the HR platforms on the market were either too expensive, too complex to integrate, or targeted at large organisations. Many of the HR platforms did not match our SMEs' needs. Some systems were not a good fit for a small business like mine. I was not alone. A common problem mentioned when I had conversations with other SME owners and managers as well: many of the SMEs still relied on spreadsheets, paper forms, and fragmented HR tools to manage recruitment, onboarding, payroll, and performance. It wasn't that we didn't want better systems; the available options simply didn't fit our scale, budget, or operational workflows.

These lived experiences made me curious. I began to wonder: How are other SMEs adapting to the digital shift in HR? What tools are they using? How do they make decisions about adoption, and what challenges do they face along the way? One day, I realised that our HR tasks had become inefficient without a proper digital solution. We emailed forms back and forth, tracked sick leave on a shared spreadsheet, and managed payroll manually each month. Sometimes, a holiday pay calculation error led to an awkward conversation with a staff member, which could have been avoided entirely with the right system. Around the

same time, I began noticing how larger firms in my network had fully digital HR systems that made everything from onboarding to performance management smooth and transparent. Their staff had self-service portals, automated reminders, and policy access in a few clicks.

Meanwhile, we were still chasing signatures and filing documents in cabinets. It felt like we were falling behind. Still, the cost and complexity of these systems made me hesitant. Do they work for a team of ten or fifteen people? Would they integrate with the tools we already use? How and who would manage the system? These questions lingered every time I considered investing in a new platform.

My motivation for this research grew as I began to see that the challenges SMEs face in digital transformation go far beyond simply acquiring the right tools. They are deeply tied to managers' mindsets regarding adopting digital tools, the resources they access, and the unique way their businesses operate. Many SME managers I spoke with were not resistant to change; they were cautious. They wanted to make smart decisions, not just jump on digital trends. However, the lack of guidance and real-world insight often made them indecisive. Some SME managers shared stories of trying out a new HR platform only to abandon it weeks later because the setup was too complicated or the staff resisted using it. Others had positive stories, where a well-chosen tool saved them hours of manual work and made staff feel more empowered. These experiences highlighted the complexity of digital change, not just in terms of technology, but in human response. I also noticed that while many academic studies discuss the benefits of digital HRM, very few focus on how SMEs experience it. Most research highlights large enterprises with more resources, structured systems, and dedicated IT teams. However, in reality, the challenges for SMEs are quite different. They face tighter margins, limited time, and a greater need for flexible, easy-to-implement solutions.

Alongside my personal experiences, the gaps I discovered in the existing literature motivated me to explore this topic more deeply. I was not just curious about what digital HR tools SMEs used; I wanted to understand the thinking behind their choices. Why did they pick specific systems over others? How were these tools configured to suit their unique business models? Moreover, once adopted, what changes did they bring about? This curiosity aligned with a noticeable gap in academic research: while digital HR transformation has been widely studied in large organisations, the same cannot be said for SMEs. As Lokuge and Duan (2021) pointed out, very few empirical studies examine how small and medium enterprises adopt and configure HR technologies, with findings often remaining fragmented. Proietti and Magnani (2025) highlights a growing divide between SMEs and larger companies regarding their ability to adopt tools due to barriers such as cost, scale, and expertise. As I spoke with other SME managers, it became clear that adopting technology did not just affect their tasks; it was reshaping the structure of their HR functions. Digital tools were not just streamlining processes; they changed how businesses approached onboarding, performance management, and employee engagement. However, literature remains limited in showing how such strategic and operational

shifts unfold in real-life SME settings. Gao (2024) notes that "our knowledge is but a fraction of the unknown" when it comes to HRM's digital transformation. Adiazmil et al. (2024) emphasises that implementation hurdles like resistance to change and unclear skill requirements are often overlooked in strategic alignment.

My reflections and observations led me beyond the systems themselves. I became fascinated with the people behind them, the SME managers making the decisions. What beliefs or assumptions shaped how they approached digital HR tools? Were they confident in their choices or operating out of necessity and guesswork? I was especially interested in how they made sense of digital change, often without formal training or specialist support. This pointed to another significant gap in existing research: the lived experiences and decision-making processes of SME managers during digital transformation remain largely underexplored. Negt and Haunschild (2025) noted that the disconnect between HRM research and real-world practice has not been thoroughly studied. Similarly, Rahman et al. (2023) observed that managers take varied measurement and control systems approaches, yet their perspectives are rarely examined. These insights highlighted how little we know about how SME Managers navigate digital HRM, how they learn, adapt, and lead through uncertainty. Reflecting on this, I realised that digital HR transformation in SMEs is not just about software or automation. It is about mindset. It is about reshaping how managers think and lead. It is about developing new capabilities while preserving core values like human connection and trust, especially in smaller businesses, where relationships are close-knit and culture is personal. That human side of transformation, the balancing act between tech and people, is where I believe the most meaningful change and research insight lies.

Another key motivation for this study was to make research more relevant and grounded. Too often, academic studies are disconnected from the realities of the people they aim to help. I hope to bring those realities to the forefront by focusing on authentic voices through 11 interviews with SME managers in New Zealand. Their stories offer valuable insight into what digital transformation looks like from the inside, with all its challenges, surprises, and small wins. Ultimately, this research is personal. It reflects my journey as a business manager/owner navigating HR challenges and as a learner, trying to understand what works, what does not, and why it matters. Through this study, I hope to provide a deeper understanding of how digital HR transformation unfolds in the everyday context of SMEs and how it can be better supported through practical, accessible strategies. To situate this personal experience within the broader academic landscape, the following section outlines the specific problem this study addresses, highlighting key gaps in current research on HR digitalisation in SMEs.

1.3 Statement of the Problem

Although digital transformation is accelerating across industries, a substantial gap exists in understanding how HR technology is practically used within small and medium-sized enterprises (SMEs), particularly in New Zealand. Academic research in this area remains limited, fragmented, and often skewed

toward the experiences of large organisations (Gao, 2024; Lokuge & Duan, 2021; Proietti & Magnani, 2025). Most existing studies focus on broad technological trends or adoption frameworks, with insufficient attention to how these developments unfold in SMEs, where resources, staffing structures, and managerial roles differ significantly (Storey & Greene, 2010). As a result, the key question remains: How has digital transformation in HRM affected the management of human resource tasks in SMEs in New Zealand? This question is crucial because New Zealand SMEs play a vital role in the local economy, and their digital maturity directly impacts workforce development, staff retention, and long-term sustainability (MBIE, 2022; OECD, 2023).

While HR technology continues to advance rapidly, there remains a significant gap in our understanding of how such tools are used in small and medium-sized enterprises (SMEs) to manage essential HR functions. These functions, such as payroll processing, time and attendance tracking, recruitment, and employee data management, are critical to business operations. However, the practical adoption of digital tools to support them in SMEs is still under-researched (Lokuge & Duan, 2021). Much of the existing literature focuses on large organisations, where dedicated HR teams, robust IT infrastructure, and ample budgets make digital adoption more systematic and supported (Stone et al., 2015). In contrast, SMEs often rely on informal HR structures, multitasking managers, and minimal technological support, which makes implementing and integrating digital systems far more challenging. Proietti and Magnani (2025) pointed to a growing digital divide, noting that SMEs face greater hurdles in adopting technologies like AI or cloud-based HR platforms due to cost and technical complexity. Despite their outsized contribution to employment and economic innovation, SMEs are rarely the focus of empirical research into how digital HR tools are used in daily practice. This lack of insight makes it difficult to evaluate whether digital systems truly support SMEs in managing HR functions more efficiently or are simply adding another layer of complexity to already overstretched operations.

Beyond the practical use of technology, there is also a limited understanding of how digital tools transform the strategic and operational nature of HRM in SMEs. While digitalisation is often promoted as increasing efficiency and innovation, the effects on HR processes, such as onboarding, performance management, and employee development in smaller firms, are still poorly documented. Gao (2024) argues that our knowledge of HRM transformation through digitalisation remains minimal, highlighting the need for more granular analysis. Adiazmil et al. (2024) echo this concern, emphasising the difficulties SMEs face in aligning digital transformation with strategic HR planning due to change resistance, uncertainty, and a lack of predictive skills planning. These issues are especially pronounced in SMEs, where the absence of formal HR departments and long-term planning frameworks means that digital tools can inadvertently disrupt workflows or deepen inequalities if not implemented thoughtfully. The current literature provides little clarity on whether digitalisation leads to a more strategic HR role in SMEs or merely automates routine tasks without addressing deeper organisational needs. This creates a pressing need to examine how SMEs are not just using digital tools, but transforming because of them.

There is a lack of research exploring the lived experiences of SME managers who are at the frontline of digital HR transformation. Unlike corporate HR departments that are supported by digital change specialists, SME managers often take on multiple roles. They are frequently required to make technology-related HR decisions with minimal guidance.. Their perspectives on what works, what fails, and how they adapt are rarely reflected in the literature. As Negt and Haunschild (2025) pointed out, the disconnect between HRM research and practice has not been adequately investigated, particularly when it comes to decision-making at the managerial level. Rahman et al. (2023) further support this, noting the wide variability in how SME managers approach control systems, which suggests a need for more qualitative insight into their reasoning and sensemaking. These managers are not just passive adopters of technology; they shape how digital tools are experienced, implemented, and managed. The following research objectives have been developed to guide an in-depth exploration of how digital HRM is experienced, implemented, and managed within SME environments.

1.4 Research Objectives

The first objective is to explore how digital HR tools are being used in SMEs to manage core HR functions such as recruitment, onboarding, performance management, and employee engagement. Rather than focusing on a single platform or industry, this study adopts a broad approach, drawing from diverse SMEs across different sectors in New Zealand. The research aims to capture the complexity and variation in how digital technologies are adopted and integrated in real-world SME settings. Importantly, this study does not take a purely technical view of digital transformation; instead, it emphasises the practical, day-to-day realities faced by SME managers, including the challenges of tool selection, implementation, and ongoing use.

A second key objective is investigating the strategic and operational changes resulting from SMEs adopting digital HR tools. While much of the existing literature emphasises efficiency gains or process automation, this study aims to go further by examining how digital tools influence strategic HR capability building, operational process impact, and the aftermath of digital transformation. Grounded in the Resource-Based View (RBV), this part of the inquiry assesses whether and how digital HR tools offer sustained competitive advantage to SMEs.

The third objective is to understand how SME managers cognitively and behaviourally experience the digital transformation of HR. This study draws on the TAM to explore how managers perceive the usefulness and ease of use of digital HR tools, and how these perceptions influence their decisions to adopt, adapt, or reject such technologies. It also examines how these attitudes shift over time, especially in response to practical challenges such as technical complexity, cognitive workload, and system misalignment. Unlike much existing research, which often focuses on employees or IT professionals, this study foregrounds the lived experiences of SME managers, typically both the decision-makers and end-users of HR technologies in small firms. Their

reflections reveal the tools used and how digital transformation is interpreted, learned, and adjusted in real-world contexts. The research fills a crucial gap in digital HRM literature and offers insight into how strategic thinking evolves in response to digital disruption by capturing this managerial perspective.

To fulfil these objectives, the study is guided by the following research questions: How has digital transformation in HRM affected the management human resource tasks in SMEs in New Zealand?

Within this overarching research question, we explore three sub-questions:

1. How is HR technology used in SME to assist in the management of HR functions?
2. What are strategic and operational changes to the HRM practises due to digital HRM technology?
3. What has the been the experience of SMEs business managers in relation to the digitalization of HR processes?

1.5 Research Design

This research utilised qualitative, semi-structured interviews to explore the digital transformation of HRM within SMEs. The study focused on capturing the lived experiences of SME business owners/managers of 11 participants, from various industries such as hospitality, retail, manufacturing, finance, Real estate, Legal, and the services industry. Participants were selected through snowball convenience sampling to ensure relevance and accessibility. Qualitative thematic analysis will be employed to analyse the data, allowing for the identification of the key patterns and developing theoretical insights. The TAM and the RBV will further inform the study, which provides a structured lens for interpreting how digital HR tools are adopted and leveraged within SME contexts. The study is also positioned to contribute meaningful insights into a critical and underexplored area of HRM practice by adopting this integrated approach, as outlined in the following section.

1.6 Significance of the Study

This study will likely offer important contributions to theory and practice by exploring how digital transformation is experienced, implemented, and managed within New Zealand's SME sector. This area remains underrepresented in current HRM literature. By focusing on the lived experiences of SME managers, this research will provide a richer understanding of how digital tools are selected, adopted, and adapted in resource-constrained business environments in SMEs. These insights will help close the gap between large-scale digital HRM frameworks and the day-to-day realities faced by smaller firms.

Theoretically, this study will extend the TAM and the RBV in SME digitalisation. It will explore how SME managers' perceptions of usefulness and ease of use influence their adoption of HR technologies, and

how these tools, when tailored to specific organisational needs, become strategic resources that enhance operational capability. These perspectives will deepen our understanding of digital transformation beyond simple adoption, offering insight into the adaptation, integration, and evolution of HR tools over time in smaller, agile businesses. This research will also shed light on how digital tools are reshaping the HR function in SMEs, not just by automating administrative tasks but by enabling strategic shifts in how HR decisions are made and people are managed.

The study will highlight how digital adoption can streamline recruitment, performance management, and employee engagement. From a managerial perspective, the findings will provide practical guidance for SME owners and managers looking to invest in HR technologies that are both scalable and effective. It will help them make more informed decisions about selecting and using digital tools, especially in contexts with limited resources and minimal IT support. For HR software developers, this research will underline the importance of designing systems that are end-to-end, adaptable, and suitable for SMEs. Finally, for policymakers and business advisors, the study will offer insights into the types of support, training, funding, or advisory services SMEs need to succeed in their digital transformation journeys. This study aims to influence future research, policy decisions, and business practices that support more effective, inclusive, and sustainable digital transformation across the small business landscape by offering a grounded, practice- oriented view of digital HRM in SMEs.

1.7 Organisation of the Thesis

This thesis provides an in-depth exploration of how digital transformation reshapes HRM practices within SMEs with a comprehensive review of relevant literature, identifying critical gaps in existing research, particularly the lack of qualitative insights into SMEs. The methodology chapter outlines the research design, participant selection, interview procedures, and thematic analysis approach. Chapter four presents the key findings, structured around the study's three research questions and unpacks three core themes. These themes are supported by rich interview data and mapped using the Gioia method to show the progression from raw participant insights to theoretical dimensions. Chapter five offers a detailed discussion of these findings, linking them to the literature and theoretical frameworks. It also outlines the study's contributions to theory and practice, includes a summary of the research outcomes, acknowledges its limitations, and offers recommendations for future research. To establish the foundation for this investigation, the next chapter critically reviews existing literature on digital transformation and its implications for HRM, with a particular focus on the SME context.

Chapter 2 - Literature Review

2.1 Introduction

This chapter reviews the existing literature on digital transformation and its impact on HRM function. It begins by outlining the historical evolution of HRM and the emergence of digital transformation as a strategic enabler. The chapter then explores SHRM & RBV, definitions, scope, key components, and drivers of digital transformation in HRM, followed by a detailed examination of core HR functions such as recruitment, training, performance management, and employee engagement. It further investigates how digital tools influence these functions, supported by the TAM theoretical framework. It also highlights the significance of managerial perceptions and the unique challenges and opportunities facing New Zealand SMEs.

2.2 Human Resource Management in the Digital Age

Human Resource Management (HRM) has undergone significant transformations over time. HRM was primarily concerned as administrative functions, such as record-keeping, payroll, and compliance, which were labour-intensive and limited in strategic value (Torrington et al., 2020). The early 20th century marked the inception of scientific management principles introduced by Frederick Taylor, emphasising efficiency and productivity through task specialisation and strict supervision (Taylor, 1911). These principles laid the groundwork for HRM's evolution into a more formalised field, particularly within large organisations where labour required systematic management. However, Taylor's approach, which treated employees as components in a larger machine, faced criticism for overlooking human needs and emotions, which later influenced shifts towards more human-centred approaches in HRM.

The human relations movement influenced the next significant shift in HRM in the mid-20th century. Elton Mayo's Hawthorne Studies revealed that social and psychological factors in the workplace play a crucial role in employee satisfaction and motivation, directly linking these elements to productivity (Mayo, 2004). This period also saw the development of motivational theories, such as Abraham Maslow's hierarchy of needs. He posited that individuals have varying needs that must be met in a hierarchical order, beginning with physiological needs and advancing to self-actualisation (Maslow, 1943). These insights redefined HRM, addressing employees' social and emotional needs as a more committed and productive workforce. This evolution marked a turning point where HR became recognised as vital in creating a positive organisational culture and employee engagement.

In the latter half of the 20th century, Strategic Human Resource Management (SHRM) emerged as organisations increasingly recognised HR's potential to contribute to business strategy. Authors like Boxall et al. (2007) argued that SHRM integrates HR practices with broader organisational objectives, positioning HR as a critical partner in achieving competitive advantage. This strategic perspective shifted HR's role from mere administrative support to a driver of organisational performance, emphasising talent acquisition, employee development, and retention as core elements of business strategy. According to Wright et al. (2001) the RBV, human capital is a unique asset that, when effectively managed, can provide a sustainable competitive advantage. This perspective underscores the importance of aligning HR practices with organisational goals, allowing companies to cultivate a capable, engaged workforce supporting long-term success.

The digital age brought another transformation in HRM, with electronic HRM (e-HRM) systems aimed at automating traditional HR functions. Bondarouk and Ruël (2009) described e-HRM as the digital management of HR processes, such as payroll, recruitment, and performance appraisal, which allows HR professionals to shift focus from routine tasks to more strategic initiatives. This digitalisation has enhanced HR's efficiency by enabling data-driven decision-making and improving the speed and accuracy of HR operations. Strohmeier (2007) states that e-HRM provides a cost-effective approach to managing HR functions, particularly in large organisations where such Automation can lead to significant resource savings. Additionally, HR analytics has gained traction, enabling HR departments to gather insights on workforce trends, predict talent needs, and assess the impact of HR initiatives on organisational performance (Angrave et al., 2016). As a result, digital transformation in HRM has improved operational efficiency and equipped HR professionals with tools to make more informed and strategic decisions.

In recent years, the focus of HRM has shifted to employee experience and digital engagement, driven by the rise of cloud-based HR platforms, artificial intelligence (AI), and automation technologies. According to Vrontis et al. (2022) these technologies, employee engagement and performance have been redefined. Digital platforms such as employee self-service portals and mobile apps enable employees to access HR services anytime, creating a more flexible and inclusive work environment. Similarly, AI-driven recruitment tools streamline hiring by screening candidates, predicting cultural fit, and identifying top talent while reducing biases and administrative workload (Mujtaba & Mahapatra, 2024). This evolution towards a digitally connected HR environment reflects the shift towards employee-centric practices. This growing reliance on digital tools and employee-centric technologies signals a broader shift in how HRM is conceptualised and delivered. As HR functions become increasingly integrated with business technologies and strategic goals, the importance of Strategic Human Resource Management (SHRM) has become more important.

2.3 Strategic Human Resource Management (SHRM)

Strategic Human Resource Management (SHRM) refers to the deliberate alignment of HR practices with an organisation's strategic objectives to gain long-term competitive advantage (Boxall, 2012). It focuses on tasks such as payroll, hiring, training, etc. SHRM emphasises how HR can directly contribute to the broader business strategy. It integrates workforce planning, performance management, learning and development, and organisational culture into strategic planning processes (Delery & Roumpi, 2017). Several scholars argue that SHRM plays an important role in ensuring that human capital becomes a source of sustained value creation. Becker and Huselid (2006) suggest that SHRM practices can improve organisational performance through better employee engagement, innovation, and productivity. This view is supported by Katou (2017), who found empirical evidence that strategic HR practices, particularly in recruitment and training, are significantly associated with improved organisational effectiveness in small and medium-sized enterprises (SMEs).

The Resource-Based View (RBV) underpins many SHRM frameworks, asserting that human resources are valuable, rare, inimitable, and non-substitutable (Barney, 1991). When HR strategies focus on developing firm-specific knowledge and capabilities, it creates a workforce that is hard to replicate by competitors, which supports long-term strategic goals. This perspective has led many organisations to treat HR as a core strategic partner (Wright et al., 2001). SHRM has evolved further to respond to technological changes and workforce expectations. Digital HR tools such as performance analytics, AI-based systems, and e-learning platforms have transformed how organisations plan and deliver HR strategies (Bondarouk & Brewster, 2016). Digital SHRM enables real-time data-driven decision-making, allowing HR teams to track talent metrics and align them with business performance indicators.

However, not all researchers view SHRM as straightforward. Worland and Manning (2005) highlights that strategic alignment does not always lead to positive outcomes, especially if it neglects employee well-being or overlooks contextual factors like organisational culture and industry conditions. Similarly, Purcell and Hutchinson (2007) argue that while SHRM may promise competitive advantage, the actual implementation often falls short due to inconsistent managerial capability or lack of employee buy-in. Recent studies also acknowledge the challenges faced by SMEs in implementing SHRM. Unlike large corporations, SMEs often lack dedicated HR departments or strategic planning expertise, which can hinder the effective deployment of SHRM frameworks (Sheehan, 2014). However, as digital tools become more accessible, SMEs have increasing opportunities to embed strategic HR practices into their operations, especially in recruitment, talent retention, and capability development (Panayotopoulou et al., 2003). This emphasis on leveraging internal strengths through strategic HR practices aligns closely with the Resource-Based View (RBV) principles, highlighting the role of unique organisational resources in achieving sustained competitive advantage.

2.4 Resource-Based View (RBV)

The Resource-Based View (RBV) is a theoretical framework used in strategic and human resource management research. This was introduced by Wernerfelt (1984) and further developed by Barney (1991). RBV suggests that an organisation's sustainable competitive advantage is primarily derived from its internal resources, which are value, rarity, inimitability, and Organisation (VRIO). This view shifts the focus away from external market forces and instead emphasises the strategic role of firm-specific assets in achieving long- term success. Barney (1991) argued that firms gain a competitive advantage when they possess resources that competitors cannot easily acquire or replicate. These resources can be tangible, like physical assets, or intangible, such as organisational culture, knowledge, or employee skills.

Several scholars have extended the RBV to explore how HR practices contribute to organisational capabilities. Wright et al. (2001) noted that human capital becomes a source of competitive advantage only when embedded within a supportive organisational context. They argue that simply hiring talented individuals is not enough; organisations must also develop systems and cultures that enable those individuals to thrive and contribute meaningfully. RBV has been adapted to include digital and technological capabilities. Augier and Teece (2007) introduced the concept of dynamic capabilities: the firm's ability to integrate, build, and reconfigure internal and external competencies to respond to rapidly changing environments.

Scholars like Newbert (2007) have also warns that not all resources automatically lead to performance gains. The way resources are combined and leveraged plays a crucial role. This is particularly relevant in small and medium-sized enterprises (SMEs), where resources are often limited. SMEs strategically adopting digital HR technologies tailored to their context can unlock new capabilities despite resource constraints. Saa-Perez and Garcia-Falcon (2002) argue that integrating human resources with technology can lead to superior performance if supported by strong managerial and organisational processes.

Furthermore, in their empirical study, Jiang et al. (2012) demonstrated that high-performance work systems (HPWS), designed to develop valuable and unique employee capabilities, can mediate the relationship between HR practices and firm performance. This shows the RBV logic that HR practices are most effective when strategically aligned with long-term value creation. The RBV provides a useful lens for understanding how firms, particularly SMEs, can leverage their internal resources, including digital HR capabilities, to build a competitive advantage. While the RBV emphasises the strategic value of internal resources and capabilities, digital transformation represents a key enabler that reshapes how these resources, particularly human and technological, are configured and applied within organisations.

2.5 Digital Transformation - Definition and Scope

Digital transformation (DT) refers to 'a process that aims to improve an entity by triggering significant changes to its properties through combinations of information, computing, communication, and connectivity technologies (Mikalef & Parmiggiani, 2022). In the context of HRM, there is a shift in the role of HR from administrative tasks to strategic involvement in organisational decision-making. Many scholars see digital transformation as driven by advancements in technology. Vial (2021) describes it as a process that leverages the power of digital technologies such as artificial intelligence (AI), cloud computing, and big data analytics to revolutionise the structure and processes of organisations. Similarly, Bissola and Imperatori (2019) argue that technological tools allow HR departments to shift from administrative roles to more strategic functions by leveraging data to drive business decisions.

Other scholars, such as Kane et al. (2015), view digital transformation as not only adopting new technologies, but also as a part of a broader strategic realignment. From this viewpoint, digital transformation involves rethinking the business model and aligning HRM processes with the organisation's strategic objectives. Strohmeier (2007) posits that digital HR tools, particularly in recruitment and performance management, can enhance the strategic role of HR by providing insights that help organisations attract, retain, and develop talent that aligns with their long-term objectives.

Some researchers highlight the broader organisational changes necessitated by digital transformation. According to Vrontis et al. (2022) digital transformation requires more than technological adoption. It is a transformation of organisational culture, leadership, and employee engagement. They argue that managerial perceptions and attitudes toward digital tools play a critical role in determining the success of digital transformation efforts. Restrepo-Morales et al. (2024) support this view by highlighting that resistance to change often exists for smaller firms, particularly SMEs. They note that limited resources and reluctance to adopt new technologies can be significant barriers to digital transformation in these contexts.

Another view of digital transformation focuses on the impact on employees and their organisational experiences. Parry and Tyson (2011) Emphasise that effective digital transformation in HRM can enhance employee satisfaction, engagement, and productivity. The digital tools used for onboarding, training, and performance appraisals also improve operational efficiency and employee experience. However, this perspective acknowledges the potential downsides, such as the depersonalization of HR functions. Rahman et al. (2023) warn that excessive use of technology could lead to a decline in face-to-face interactions and personal engagement between managers and employees, which may affect workplace relationships. Therefore, while digital tools can enhance the employee experience, there is a need for a balanced approach to maintain the human element in HRM.

From an economic standpoint, digital transformation brings benefits to organisations. The financial investment in digital HR tools significantly improves efficiency, productivity, and employee engagement for larger enterprises (Appelbaum, 2000). However, the cost of adopting digital tools can be a big challenge for SMEs. Buisson et al. (2021) argue that digital transformation can offer long-term benefits, such as reduced operational costs and improved decision-making through data analytics. However, the initial investment in these technologies, training, and change management is a significant barrier for SMEs. These organisations often face resource constraints that limit their ability to integrate digital solutions into their HR practices.

As highlighted, digital transformation can be viewed through multiple lenses. Technological, strategic, and cultural dimensions highlight how digital tools and practices reshape HRM and organisational processes. However, a balance of technological innovation with human elements is required to successfully integrate digital tools and technologies into HRM. Examining the key components of digital transformation within HRM is essential to better understand how these different perspectives translate into practice.

2.6 Key Components of Digital Transformation

Digital transformation relies on various digital tools and technologies. In HRM, mainly large organisations use advanced digital tools and technologies to improve the HR process. The human resource management systems (HRMS) allow larger organisations to store and access vast amounts of data remotely, providing scalability and flexibility in managing human resources (Marler & Fisher, 2013). Another vital tool is artificial intelligence, which is growing in automating repetitive HR tasks such as recruitment and talent acquisition. Also, AI-powered tools like chatbots and applicant tracking systems (ATS) can process vast amounts of candidate data, reducing bias and improving hiring efficiency. AI-based platforms can analyse employee performance and recommend development plans to enhance skills, contributing to a more efficient workforce (Tambe et al., 2019). The IoT is another significant technology in digital transformation, providing new ways to monitor and optimise workplace environments (Hasiwar et al., 2024).

Digital transformation shifts the focus from manual, paper-based processes to automated, streamlined workflows that offer greater efficiency and accuracy. Tools such as ATS allow organisations to automate job postings, resume screening, and candidate communication, making the hiring process faster and more efficient (Parry & Tyson, 2011). Employee onboarding is another HR process that has undergone significant transformation due to digital tools. Traditional onboarding, which involves manual paperwork and orientation sessions, is increasingly being replaced by digital onboarding platforms that provide employees with self-service options to complete their paperwork, access training modules, and get acquainted with company policies (Bauer, 2010).

Digital tools have also transformed the process of performance management. Managers now conduct performance reviews more frequently and rely on data-driven insights, replacing the traditional annual reviews that often use subjective assessments (Schrage et al., 2019). Digital performance management systems allow for continuous feedback and data-driven evaluations. Managers can track performance metrics in real time and provide feedback more frequently, leading to more meaningful performance discussions and improved employee development (Marler & Fisher, 2013). Training and development processes have also benefited from digital transformation. E-learning platforms and Learning Management Systems (LMS) allow employees to access training materials at their own pace and from any location, making learning more flexible and personalized (Strohmeier, 2007). Overall, digital transformation in HRM processes ensures that operations are more efficient, data-driven, and aligned with organisational goals.

The strategic dimension of digital transformation in HRM involves aligning HR functions with overall business goals, ensuring that technology supports operational efficiency and long-term organisational objectives. One of the key strategies in digital HRM is the adoption of data-driven decision-making. Organisations can use advanced analytics to inform decisions related to talent management, workforce planning, and employee engagement with available data from digital HR systems (Tambe et al., 2019). Another strategic approach is continuous learning and development. Digital tools such as LMS and AI-driven learning platforms support this strategy by providing employees access to learning resources tailored to their needs and career goals (Hagel et al., 2017). Change management is another strategic component of digital transformation. Implementing new digital tools requires a significant shift in organisational culture and processes, which can often meet with resistance from employees and managers alike (Tummers et al., 2015). Therefore, effective change management strategies are essential to adopt digital HRM practices successfully. It is important to note that there is a limited number of established theoretical frameworks specifically designed to understand the use and impact of digital tools in HRM. Most studies focus on describing tools or reporting outcomes, rather than providing structured models for analysis or implementation. With a few exceptions (e.g. Strohmeier, 2007), there is a notable gap in conceptual models that explain how digital HR tools are integrated and experienced within organisational contexts, particularly in SMEs. This lack of frameworks represents a limitation in the existing literature and presents an opportunity for further development. These frameworks will be revisited and critically discussed in the context of this study's findings in later chapters.

2.7 Drivers of Digital Transformation

Several key drivers of digital transformation push organisations to adopt new technologies in their operations. Technological advancements, competitive pressures, and organisational goals play significant roles (Bharadwaj et al., 2013; Westerman et al., 2014)among these drivers. Each factor contributes to the urgency and necessity for businesses to adopt new technologies. Technological advancements, such as artificial

intelligence (AI), Automation, cloud-based HR systems, robotic process automation, and chatbots, have revolutionised how businesses operate (Vial, 2021). Also, the rise of cloud-based systems has transformed how organisations store and manage data, offering scalable and cost-effective solutions that support remote work and collaboration (Marler & Fisher, 2013). This evolution of technology creates a need for organisations to stay up-to-date with the latest digital tools to remain relevant in an increasingly digitalised world (Westerman et al., 2014).

Competitive pressure is another significant driver of digital transformation as companies increasingly adopt digital technologies into their operations. Adapting new technologies efficiently to competitors who can deliver products and services more efficiently and effectively (Kane et al., 2015)is essential. Digital transformation allows businesses to streamline operations, reduce costs, and improve customer experiences, all essential to staying competitive in today's fast-paced market (Vial, 2021). Organisations face external pressures to keep up with competitors who have embraced digital solutions such as e-commerce platforms, customer relationship management (CRM) systems, and advanced analytics (Bharadwaj et al., 2013). The global nature of competition in the digital era means that organisations must continuously innovate and adapt to maintain market share. They often find themselves disadvantaged if the companies fail to transform digitally, as they cannot meet consumers' expectations or respond to their competitors' innovations (Sebastian et al., 2020).

Digital transformation is also driven by organisational goals, often improving efficiency, enhancing decision-making capabilities, and achieving long-term growth. Some organisations view digital transformation as an operational efficiency method that automates routine tasks, reduces manual errors, and improves workflow efficiency (Westerman et al., 2014). From an HR perspective, digital tools enable organisations to streamline recruitment, payroll, and performance management processes, freeing HR professionals to focus on more strategic initiatives (Psychogios et al., 2019). As every organisation's primary goal is to achieve long-term success, these organisational goals related to innovation are powerful drivers of digital transformation.

The drivers of digital transformation collectively highlight the nature of this process. While technological innovations serve as the foundation for this process, the pressures from competitors and organisations' strategic objectives force businesses to adopt and integrate digital solutions into their operations. As the digital landscape continues to improve, understanding these drivers is essential for organisations to remain competitive.

2.8 Core Functions of Human Resource Management (HRM)

Human Resource Management (HRM) encompasses a set of core functions critical for managing an organisation's most valuable resource, its people. Core functions include recruitment and selection, training and development, performance management, and employee engagement. Recruitment and selection are

foundational HRM processes that aim to attract and select suitable candidates. Armstrong and Taylor (2023) describe recruitment as the process of generating a pool of qualified applicants and selection as choosing the most suitable candidates from that pool. Effective recruitment strategies ensure a match between the organisation's needs and the candidate's skills and contribute to long-term organisational performance. Breaugh (2013) highlights that structured recruitment processes, including clear job descriptions and competency-based assessments, enhance the likelihood of hiring the right talent. Boxall et al. (2007) emphasise that recruitment practices must align with organisational strategy to ensure that new hires can effectively contribute to achieving broader business goals. In SMEs, Beardwell and Wright (2004) notes that recruitment is often informal and relies heavily on referrals, which, while cost-effective, may limit diversity and innovation.

Training and development are essential for ensuring employees have the skills and knowledge to perform effectively. Training typically focuses on current job requirements, while development prepares employees for future roles (Noe et al., 2017). Werner (2014) stress the importance of a structured approach to training, including needs assessments, program design, and evaluation. Salas et al. (2012) research reveals that organisations with robust training initiatives experience higher employee satisfaction and performance. Similarly, Torrington, Hall, and Taylor (2017) highlight that continuous development opportunities are vital to retaining top talent. However, Cardon and Stevens (2004) point out that SMEs often need more resources to implement comprehensive training programs.

Performance management is the process of evaluating and improving employee contributions to organisational objectives. According to Kremer et al. (2019), it involves setting clear goals, providing regular feedback, and conducting performance appraisals. Effective performance management aligns individual performance with organisational strategy, creating a culture of accountability and continuous improvement. DeNisi and Murphy (2017) critique traditional annual appraisals as too infrequent and subjective. Real-time feedback and focus on development are necessary. For smaller organisations, Cardon and Stevens (2004) suggest that informal feedback mechanisms can be effective when formal systems are impractical due to limited resources.

Employee engagement reflects an individual's emotional and intellectual commitment to work and organisation. Kahn (1990) Introduced the concept, emphasising that engaged employees are more likely to invest discretionary effort in their roles. Harter et al. (2002) link high engagement levels to improved productivity, reduced turnover, and enhanced customer satisfaction. Kular et al. (2008) propose the Job Demands-Resources (JD-R) model, which suggests that engagement thrives when job resources, such as support and development opportunities, outweigh job demands. Macey and Schneider (2008) further highlight the importance of recognition, communication, and leadership in fostering engagement. SMEs often rely on personalised approaches to engagement, leveraging their smaller size to build stronger relationships between employees and management. Ulrich et al. (2012) argue that these core functions are interdependent, with

recruitment feeding into training, supporting performance management, and driving engagement. This approach ensures that all HR activities contribute to the organisation's strategic goals and success.

2.9 Intersection of Digital Transformation and HRM

The recruitment process has significantly evolved due to advancements in digital technology. According to Dineen and Soltis (2011) digital tools like artificial intelligence (AI) and data analytics have enhanced recruitment by automating candidate sourcing, screening, and selection processes. AI-driven algorithms enable organisations to efficiently sift through large candidate pools to identify top talent, reducing recruitment time and costs. Marr (2018) adds that predictive analytics tools can identify candidates with high potential based on past performance data, skills, and qualifications, enhancing the quality of hiring decisions. Similarly, Bersin (2017) highlights how online job portals, social media platforms, and mobile applications have expanded recruitment channels, enabling organisations to reach a wider audience. LinkedIn, for instance, allows companies to connect with passive candidates and increase their visibility in global talent markets. However, Dery and Sebastian (2017) caution that digital recruitment tools may unintentionally introduce biases despite these benefits, as AI algorithms may be influenced by historical hiring data that reflects existing biases. Therefore, ensuring ethical and unbiased recruitment processes remains a critical challenge in digitally transforming recruitment.

Training and development are other areas impacted by digital transformation. With the rise of e-learning platforms, employees can access training materials online, allowing for more flexible, self-paced learning opportunities (Latham, 1988). This shift is particularly beneficial for geographically dispersed teams, as it reduces travel costs and logistical constraints associated with traditional classroom-based training. Moreover, analytics-based platforms enable managers to track training progress, assess skill gaps, and tailor training programs to individual needs. According to Noe et al. (2014), data-driven approach improves training efficiency and fosters continuous learning by providing personalised recommendations for skill development. However, Stone and Deadrick (2015) emphasise that digital learning platforms require employees to be self-motivated and digitally literate, which may be a barrier for some, particularly older employees. Organisations may need foundational digital skills training to ensure inclusivity and maximise the benefits of digitalised training programs.

Digital transformation has also redefined performance management by enabling real-time feedback and data-driven evaluations. Traditionally, managers conducted performance reviews annually, but digital tools now enable continuous performance tracking, making the process more dynamic and responsive. Aguinis and Burgi-Tian (2021) argue that continuous feedback systems, facilitated by digital platforms, enable managers to address performance issues promptly, enhancing employee development and productivity. Performance management systems also leverage analytics to identify trends and patterns in employee performance, facilitating objective and data-backed evaluations (Pulakos et al., 2019). This shift is particularly valuable in

reducing biases associated with subjective evaluations. However, some authors caution that data- driven performance metrics can lead to employee surveillance concerns, as employees may feel constantly monitored (Zhang & Chen, 2024). Ensuring transparency and clear communication about data usage is essential to mitigate such concerns and foster a positive culture of continuous improvement.

Employee engagement has become a focal point of HRM, as engaged employees are more likely to contribute positively to organisational goals. Digital tools like employee engagement apps and internal social media platforms facilitate communication and collaboration with management and employees. According to Macey et al. (2011), these tools are essential, particularly for remote workers. Mobile applications, in particular, provide a convenient way for employees to give feedback, receive updates, and connect with their peers, enhancing overall engagement and satisfaction. Using gamification in engagement platforms has also shown positive results in boosting motivation. Gamification uses game-like elements, such as points and rewards, to encourage desired behaviours, making tasks more enjoyable and engaging (Hamari et al., 2014). However, Jeske and Shultz (2016) caution that over-reliance on gamification may lead to superficial engagement if employees focus more on rewards than meaningful contributions. For digital engagement strategies to be effective, they must align with organisational culture and values. While digital transformation has reshaped core HR functions such as recruitment, training, performance management, and engagement, it is equally important to understand how managers perceive and experience these changes in practice, particularly within the unique context of SMEs.

2.10 Managers' Perception of Digital Transformation.

Managers' perceptions of digital transformation also reflect their understanding of its impact on everyday workflows. According to Stone and Deadrick (2015); Stone et al. (2015) managers generally recognise that digital transformation can simplify HR tasks through automation, payroll, recruitment, and performance evaluations. Automated processes reduce administrative burdens, enabling managers to focus on strategic tasks rather than routine operational duties. Similarly, Panayotopoulou et al. (2007) highlight that digital tools streamline workflows by enhancing information accessibility and transparency. However, while automation and data accessibility improve efficiency, some managers perceive these changes as a double-edged sword. As Arnold et al. (2023) discussed, increased reliance on digital tools can create a sense of "information overload," where managers feel overwhelmed by the sheer volume of data available. In such cases, managers may find prioritising tasks or focusing on key performance indicators (KPIs) challenging, potentially complicating their decision-making processes.

Digital transformation has significantly altered how managers interact with employees and manage teams. Managers perceive digital tools as valuable for facilitating remote work and enabling continuous communication with team members, especially in geographically dispersed teams. According to Leonardi et

al. (2021) digital communication platforms like Slack, Microsoft Teams, and Zoom have made it easier for managers to stay connected with employees, enhancing collaboration and ensuring employees remain aligned with organisational goals. On the other hand, some managers express concerns about the impersonal nature of digital communication. Based on a study by Mazzei and Noble (2017), managers report that while digital tools increase communication frequency, they may reduce the depth and quality of interactions. This shift is incredibly challenging in performance management, where feedback and coaching are crucial. Many managers may need help to convey nuanced feedback effectively through digital platforms, which may hinder relationship-building and employee development.

Managers often perceive various challenges that lead to resistance. Research by Kotter (1996) emphasises that managers resist change when it disrupts established routines or requires significant workflow adjustments. Many managers perceive digital transformation as a "disruptive force" that introduces complexity and uncertainty into the workplace. They may need to gain control over processes or improve with the steep learning curve associated with new technologies (Buheji, 2018). Resistance to digital transformation is particularly prevalent among managers with limited technological infrastructure or resources for extensive training. According to Panayotopoulou et al. (2007), managers in SMEs often perceive digital transformation as an expensive endeavour that may not deliver immediate returns on investment. Consequently, financial constraints and resource limitations contribute to skepticism toward digital initiatives, especially in resource-strapped organisations. In addition to cost concerns, some managers resist digital transformation due to the potential impact on job security. According to Buheji and Ahmed (2019), managers in traditional industries may perceive Automation and AI as a threat to their roles, leading to reluctance to embrace digital tools. In this context, managing resistance to digital transformation requires addressing managers' fears and offering support through comprehensive training and change management strategies.

Managers' views on the outcomes of digital transformation are generally positive. Many managers believe digital transformation improves HRM outcomes, such as enhanced efficiency, streamlined workflows, and better employee engagement (Stone & Deadrick, 2015; Stone et al., 2015). However, some managers remain skeptical about the long-term effectiveness of digital transformation. According to Davenport et al. (2007) managers are cautious about the scalability of digital initiatives, notably if initial implementation lacks clear objectives or tools are poorly aligned with organisational goals.

2.10.1 Importance of Understanding SME Managers' Perceptions in Digital Transformation.

Understanding the perceptions and experiences of managers in SMEs is essential to evaluating the outcomes of digital transformation in HRM. In SMEs, the role of managers often extends beyond strategic oversight to direct involvement in HR activities, particularly due to the absence or limited presence of dedicated HR departments (Kelliher & Parry, 2015). These managers are frequently responsible for selecting,

implementing, and using digital HR tools, making their individual attitudes, confidence levels, and digital literacy central to the success or failure of digital HRM initiatives.

Several studies have emphasised that managers' perceptions significantly influence the adoption and integration of digital HR tools. When managers perceive these tools as beneficial, easy to use, and aligned with business goals, they are more likely to invest in and support their use across HR function (Fenech, Baguant, & Ivanov, 2019). Conversely, if managers view digital systems as overly complex, time-consuming, or misaligned with existing workflows, in that case, resistance is likely to emerge, particularly in SME contexts where managerial time and resources are constrained (Mouzakitis et al., 2022). This is consistent with findings that SME digital adoption is not only shaped by external factors but also by internal managerial readiness and perceived value (Garg & Goel, 2021).

Moreover, SME managers' previous experiences with digital technologies can shape their openness to ongoing transformation. Ogunyomi and Bruning (2016) found that positive interactions with digital HR tools enhance managers' willingness to expand digital initiatives across additional HR processes. In contrast, prior negative experiences, such as system inefficiencies, lack of training, or unclear RO1, can result in long- term hesitation or disengagement. In smaller firms, where formal change management processes may be absent, these individual experiences carry greater weight in shaping organisational digital trajectories.

Unlike larger enterprises that often adopt digital HRM through formalised strategies, SMEs typically approach digitalisation incrementally and adaptively (Buisson et al., 2021). As such, the manager's perception becomes a key driver in shaping the pace and direction of HR digitalisation. Ruël et al. (2004) argues that digital HRM practices in SMEs are not simply scaled-down versions of those in large firms; instead, they are contextually embedded, evolving in response to local needs, managerial capabilities, and organisational culture. This makes the lived experiences and sense-making processes of SME managers critical to understanding how digital HR tools are utilised, adapted, and sustained.

In sum, managerial perceptions in SMEs do not merely reflect attitudes toward digital HRM they actively shape its implementation, integration, and evolution. Given the informal structures and limited resources typical of SMEs, the subjective experiences of managers become the lens through which digital transformation is interpreted and enacted. Exploring these perceptions is vital for capturing digital HRM's real-world impact on SME sector organisational practice. It is important to turn to theoretical frameworks that explain individual-level behaviour to understand how these managerial beliefs influence the adoption and use of digital tools. One such framework is the Technology Acceptance Model (TAM), which provides insight into how perceptions of usefulness and ease of use affect technology adoption decisions.

2.11 Technology Acceptance Model (TAM)

The Technology Acceptance Model (TAM) provides a valuable lens for understanding how managers and employees decide whether to adopt digital HRM tools. Initially developed by Davis (1989), TAM model suggests that two key beliefs of perceived usefulness and perceived ease of use largely shape an individual's attitude toward using new technology. If a manager believes a digital system will help them perform their job better and is easy to navigate, they are more likely to accept and use it. This model is especially relevant in the context of SMEs. The success of digital adoption in SMEs often hinges on whether a platform simplifies their workload and aligns with how they already operate (Venkatesh & Davis, 2000). TAM brings a practical, human-centred perspective to digital HRM by focusing on individual perceptions of usefulness and usability. It reminds us that even the best-designed system will fail if users do not believe it helps them do their jobs more effectively or if it feels too difficult to use (Davis, 1989). In SME settings, where time and resources are often stretched thin, these perceptions become crucial drivers of technology acceptance and long-term integration.

Beyond the basics of perceived usefulness and ease of use, researchers have extended TAM to include additional factors influencing acceptance decisions, such as social influence, system compatibility, and trust (Venkatesh & Bala, 2008). These extensions are particularly relevant in workplace contexts where decisions to adopt technology are not made in isolation but are shaped by organisational culture, peer behaviour, and prior experience with similar systems (Schepers & Wetzels, 2007). In SMEs, where informal decision-making structures and interpersonal trust often play a stronger role than formal governance, these social and contextual influences can significantly impact whether a new HRM tool is embraced or resisted.

Furthermore, TAM highlights the importance of managing user expectations early in the technology implementation process. Since attitudes are shaped before actual system use, clear communication, live demonstrations, and early involvement in system design can positively shape perceptions (Venkatesh et al., 2003). For SMEs that often lack formal change management practices, these early-stage interventions can play a crucial role in smoothing the path toward adoption. Aligning system features with existing workflows, providing user-friendly onboarding, and offering basic training opportunities are practical strategies that can help reduce anxiety and promote sustained engagement (Holden & Karsh, 2010). In this way, TAM is a valuable guide for practical action, helping SMEs make informed, user-focused decisions about digital HRM integration.

2.12 Challenges and Opportunities: Exploring the Complex Landscape of Digital Transformation in HRM

Table 1: Challenges and Opportunities

Theme	Opportunities / Challenge	Description	Source(s)
Efficiency & Productivity	Opportunities	Automation of routine HR tasks reduces administrative burden and frees managers for strategic work.	Parry & Tyson (2011); Baykal (2020)
Data Driven Decision Making	Opportunities	Real-time HR data (e.g., recruitment, performance) supports strategic decisions.	Parry & Tyson (2011); Marler & Fisher (2013)
Employee Experience	Opportunities	Digital platforms facilitate communication, self-service, and personalized experiences.	Strohmeier and Kabst (2014); Baykal (2020)
Cost of Implementation	Challenge	Significant upfront costs, particularly problematic for SMEs.	Strohmeier (2020)
Lack of Digital Skills	Challenge	Managers/HR staff often lack the necessary technical competency to use digital tools effectively.	Baykal (2020);
Resistance to Change	Challenge	Cultural inertia and reluctance among staff can slow digital HR adoption.	Strohmeier (2020); Baykal (2020)
Strategic Alignment	Opportunities & Challenge	Proper alignment supports strategic HR; misalignment leads to underutilization and inefficiency.	Lepak & Snell (1998); Kane et al. (2015); Strohmeier (2020)
Data Privacy & Ethics	Challenge	Digitized employee data raises concerns over privacy and ethical use.	Strohmeier (2020)
Scalability & Flexibility	Opportunities	Cloud-based systems enable flexible, scalable HR solutions, especially beneficial for growing firms.	Stone et al. (2015); Baykal (2020)

2.12.1 Challenges of Digital Transformation in HRM

Resistance to change is one of organisations' primary challenges in digital transformation, particularly in HRM, where changes directly affect people and established routines. According to Kotter (1996) employees and managers often resist changes that disrupt familiar processes or introduce uncertainty. In HRM, resistance may stem from a fear of job displacement due to Automation, concerns about data privacy, or discomfort with using new technologies (Strohmeier & Stefan, 2014). Traditional organisations often resist digital tools, viewing them as fundamentally altering work performance. Gregory et al. (2009) argue that overcoming resistance requires effective change management strategies, which involve communicating the benefits of digital tools, providing training, and involving employees in the transformation process. When employees

understand the reasons behind digital initiatives and feel supported in adopting new tools, they are more likely to embrace the changes.

Another critical challenge of digital transformation in HRM is the skill gap between current workforce capabilities and the competencies needed to use digital tools effectively. As Rasmussen and Ulrich (2015) a highlight, digital transformation often requires new technical skills, such as data analysis, proficiency in digital platforms, and an understanding of HR analytics. Many managers may need to gain these skills, especially in SMEs with limited training resources. However, training programs can be costly and time-consuming, posing challenges for organisations with limited resources (Ball, 2001).

Integrating digital tools into existing HR systems can be complex, as different digital platforms often have compatibility issues. As Hussain et al. (2007) highlighted, organisations may need help integrating new digital solutions with legacy HR systems, resulting in inefficiencies and disruptions to workflow. The rapid pace of technological advancements continuously compels organisations to update and adapt their systems to stay current, adding to this complexity. According Kotter (1996) to Panos and Bellou (2016), successful digital transformation in HRM requires seamless integration across platforms to enable data sharing and streamlined processes. However, achieving this level of integration requires significant technical expertise and resources. Organisations that fail to address integration issues may find that digital tools create more problems than they solve, leading to frustration among managers and diminished confidence in digital initiatives.

2.12.2 Opportunities of Digital Transformation in HRM

One of the most widely recognised opportunities for digital transformation in HRM is the potential to increase efficiency through Automation. Digital tools can automate routine tasks such as payroll processing, leave management, and recruitment screening, reducing administrative burdens on HR staff and allowing them to focus on more strategic activities (Stone & Deadrick, 2015; Stone et al., 2015). This efficiency saves time and resources and minimises human error, improving the accuracy and reliability of HR operations. According to Parry and Tyson (2011), Automation has the potential to transform HR into a more proactive function, as HR professionals can devote more time to strategic initiatives, such as talent management and organisational development. By automating routine tasks, digital tools enable HR to become more integral to organisational strategy, contributing to overall business objectives.

Digital transformation also enables managers to leverage data for informed decision-making, which is a significant opportunity for enhancing HRM practices. With access to HR analytics and real-time data, managers can gain insights into workforce trends, employee engagement levels, and performance metrics (Angrave et al., 2016). This data-driven approach allows HR to make strategic decisions based on empirical evidence, improving the effectiveness of recruitment, retention, and training initiatives. Moreover, data analytics can support predictive modelling, helping organisations to anticipate future challenges and plan

accordingly. As Davenport et al. (2010) suggested, predictive analytics can provide valuable insights into turnover risks, employee satisfaction, and workforce needs. By adopting a data-driven approach, HR can contribute to organisational resilience and adaptability, enhancing its role in long-term planning and growth.

Digital transformation offers opportunities to enhance employee engagement and overall experience by providing employees with digital tools that make HR processes more accessible and transparent. According to Van den Heuvel and Bondarouk (2017), digital platforms such as self-service portals and mobile apps empower employees to manage their HR-related tasks, such as requesting leave or updating personal information, with greater autonomy. This empowerment can increase job satisfaction and foster a sense of control over work-related matters. Also, digital communication tools facilitate real-time feedback and continuous performance management, enabling managers to provide regular support and recognition to employees (Sarwar et al., 2024). According to Westerman et al. (2014) organisations that successfully navigate challenges and opportunities tend to have a clear digital strategy, strong leadership support, and a commitment to continuous learning, contributing to overall business success. It's also important to understand how SMEs in New Zealand adopt and experience digital HRM, which provides valuable insight into the localised challenges and opportunities of digital transformation.

2.13 HRM and Digital Transformation in New Zealand SMEs

Small and Medium Enterprises (SMEs) hold a significant segment of New Zealand's economy, accounting for over 97% of all businesses and employing a significant portion of the workforce (MBIE, 2023). In recent years, digital transformation has enabled them to improve efficiency and enhance HRM practices. However, the initial investment to leverage these innovations into their operations is a big challenge for them. Research highlights that SMEs often need more financial resources, making it challenging to invest in advanced technologies (Treasury NZ, 2023). Security concerns remain another critical challenge, with cyberattacks targeting SMEs becoming increasingly common due to their perceived lack of robust cybersecurity infrastructure (MOJNZ, 2023). New Zealand SMEs have adopted digital tools like cloud-based HR platforms, payroll systems, and performance analytics to streamline HR functions (Stats NZ, 2023). Digital collaborative platforms enable remote working and seamless communication between geographically dispersed teams, which has become particularly important in the post-pandemic workplace (Deloitte, 2023).

The New Zealand government has already recognised digital transformation as an effective means of enhancing SME productivity and competitiveness. Initiatives like the Digital Boost program aim to equip SMEs with the knowledge and tools necessary to adopt digital practices (Digital, 2023). This program provides resources for understanding and implementing digital solutions, specifically improving HRM capabilities. Additionally, funding schemes and subsidies are available to encourage investment in technology, particularly in regions where SMEs face significant adoption barriers. These government-led initiatives collaborate with

some private-sector organisations to provide solutions for SME needs. Xero, a New Zealand-based software company, offers cloud-based HR and payroll solutions designed to simplify HRM for small businesses. Such partnerships illustrate the potential for public-private collaboration in driving digital adoption within SMEs. Digital remote work arrangements became popular during the COVID-19 pandemic. This shift ensured business continuity and demonstrated the potential of technology to enhance work-life balance and job satisfaction (Stats, 2023). However, the success of these initiatives depends on the ability of SME managers to integrate digital tools into their organisational culture effectively.

The extent of digital transformation in HRM varies across different SME sectors in New Zealand. Service-oriented businesses, particularly tourism and hospitality, have adopted digital tools to enhance customer and employee experiences. On the other hand, traditional industries like agriculture face unique challenges, including limited access to technology and a lack of digital literacy among workers (MBIE, 2023). Scholars like Wade and Hulland (2004) argue that industry-specific factors are crucial in determining the pace and scope of digital adoption. SMEs in urban areas benefit from better connectivity and access to technology providers, while rural businesses often lag due to infrastructure constraints. Addressing these issues is essential for ensuring equitable growth across the SME sector.'

Much of the existing literature focuses on large organisations, leaving a limited understanding of how SMEs adopt and configure digital HR technologies in practice (Lokuge & Duan, 2021; Proietti & Magnani, 2025). This lack of attention is critical because SMEs operate under different constraints and opportunities. Unlike larger firms where roles are often specialised, SME managers typically wear multiple hats, performing strategic and operational tasks, which can influence how HR technologies are implemented and perceived (Cassell et al., 2002). Additionally, the SME environment offers a distinct organisational context in which digital transformation and HRM may unfold differently due to resource constraints, informal structures, and varying levels of digital readiness (Vrontis et al., 2022). Understanding how digital tools impact HR practices, strategy, and managerial experience in SMEs is essential to close these gaps and ensure that theory and practice are responsive to the realities of smaller firms.

While the literature offers valuable insights, several limitations and gaps remain, particularly about methodological approaches and ethical considerations. The existing literature provides valuable insights into digital transformation in HRM, but several methodological and ethical limitations persist. Much of the research is dominated by quantitative, cross-sectional designs (Marler & Fisher, 2013; Bondarouk & Brewster, 2016), which restrict understanding of digital transformation’s dynamic and evolving nature, particularly within SMEs. Additionally, many studies generalise findings from large organisations to smaller firms (Kane et al., 2015; Parry & Tyson, 2011), despite SMEs having distinct structural, financial, and strategic constraints. There is a noticeable lack of qualitative and mixed-method research that captures the lived experiences of SME managers (Baykal, 2020), especially in the New Zealand context, which remains underrepresented. Ethical concerns are also apparent in the literature, raising issues such as employee surveillance and data privacy and

algorithmic bias risks in digital recruitment and decision-making tools (Martin & Freeman, 2004). Some Scholars have also highlighted a lack of transparency and informed consent regarding data collection and usage. Ball (2001) warned of "function creep," where data collected for HR purposes is repurposed for monitoring or control without employee awareness (Akhtar et al., 2018). These gaps reinforce the need for context-sensitive, ethically aware, and qualitative research, particularly in SMEs, an area this study aims to address.

2.14 Summary

This literature review explored the intersection of digital transformation and HRM, focusing on small and medium-sized enterprises. It began by tracing the evolution of HRM from its roots in administrative tasks to its current role as a strategic function aligned with organisational goals. The scope and definition of digital transformation highlighted how emerging technologies such as Automation, cloud-based HR platforms, and HR analytics are reshaping organisational processes. Emphasis was placed on the shift from operational to strategic use of digital tools in HR, affecting recruitment, training, performance management, and employee engagement. The review noted the benefits of digital HR tools and potential challenges. Key theoretical models were discussed to explain technology adoption behaviours. The review also stressed how managers interpret and implement digital tools in practice. Finally, attention was given to the New Zealand SME context, literature gaps, and limitations. Chapter 3 will now detail the methodology used to explore these themes empirically.

Chapter 3 - Research Methodology

3.1 Introduction

This chapter provides a detailed overview of the research methodology employed in this study, which investigates the effects of digital transformation on HRM practices within SMEs in New Zealand. The methodological framework aligns well with the study's qualitative approach, collecting and analysing rich contextual data to capture participants' lived experiences and insights (Creswell & Poth, 2016). The research emphasises reality's subjective and socially constructed nature, allowing for an in-depth exploration of how digital transformation influences HRM strategies, operations, and managers' perceptions by adopting an interpretivist paradigm (Pervin & Mokhtar, 2022).

The chapter begins by discussing the philosophical underpinnings of the study, including its epistemological and ontological orientations. These foundations guide the selection of qualitative methods, such as semi-structured interviews and documentation review to understand the research topic (Guba & Lincoln, 1994). Ethical considerations, credibility measures, and validation techniques are also detailed, underscoring the study's commitment to rigorous and ethical research practices. The methodology provides a framework for addressing the research questions and contributing academic and practical knowledge to the field of HRM.

3.2 Paradigm

A research paradigm is a foundational framework that shapes the researcher's worldview and approach to knowledge generation (Guba & Lincoln, 1994). This study is grounded in the interpretivist paradigm, which prioritises understanding the meanings individuals assign to their experiences and the social constructs that influence those meanings (Pervin & Mokhtar, 2022). The interpretivist paradigm is particularly suitable for exploring complex, context-dependent phenomena like digital transformation in HRM, where subjective experiences and organisational contexts play a significant role (Creswell & Poth, 2016). Unlike positivist paradigms, which seek objective truths and generalizable findings, interpretivism values depth, context, and subjectivity (Schwandt, 2000). It assumes that knowledge is constructed through interaction, shaped by social, cultural, and historical conditions. This paradigm is particularly effective for exploring dynamic interactions between people, technology, and organisational processes, such as adopting digital HRM tools in SMEs.

The interpretivist paradigm applies to every aspect of the research design, from data collection to analysis. The choice of semi-structured interviews and documentation review aligns with the paradigm's emphasis on context and subjectivity. These methods enable the researcher to capture the richness and diversity of participants' experiences while ensuring that the findings remain grounded in real-world organisational settings (Denzin & Lincoln, 2011). The paradigm's focus on social constructs and subjective meanings supports the iterative nature of qualitative research. As new themes and patterns emerge during data analysis, the

researcher can refine the study's focus and deepen the exploration of key issues. This iterative process enhances the study's rigour and ensures the findings are credible and reflect the participants' realities (Nowell et al., 2017). The interpretivist paradigm also supports thematic analysis, which is employed to identify patterns and themes within the data. The study provides insights into how digital transformation influences HRM practices by focusing on participants' subjective meanings and social constructions. The themes in this study are examined through the lens of participants' experiences, offering valuable contributions to academic literature and practical applications.

While the interpretivist paradigm offers significant strengths, it also presents challenges, such as the potential for researcher bias, as the interpretivist approach requires the researcher to engage actively with participants and interpret their experiences. To address this, the researcher practised reflexivity, maintaining a journal to document personal biases, assumptions, and reflections throughout the research process (Berger, 2015). This practice ensured that the findings remained grounded in participants' perspectives rather than the researcher's preconceived notions. Despite these challenges, the interpretivist paradigm provides a strong framework for exploring the effects of digital transformation on HRM within SMEs. The study captures the subjective and context-specific nature of participants' experiences by adopting a relativist ontology and constructivist epistemology. Central to this interpretivist foundation is the study's ontological position, which further shapes how reality is conceptualised and how participants' diverse digital transformation experiences are understood.

3.3 Ontology

Ontology refers to the study of the nature of reality and existence, addressing questions about what constitutes reality and how different aspects interact (Guarino et al., 2009). In research, ontological assumptions shape how a researcher views the world and the phenomena under investigation. This study adopts a relativist ontology, which posits that reality is subjective and constructed by individuals based on their experiences, beliefs, and social contexts (Guba & Lincoln, 1994). This perspective aligns with the study's interpretivist paradigm and constructivist epistemology, emphasising the importance of understanding participants' unique perspectives on digital transformation in HRM within SMEs in New Zealand.

Relativist ontology recognises that multiple realities exist, as individuals interpret events and phenomena differently based on their roles, cultural backgrounds, and organisational contexts (Denzin & Lincoln, 2011). For example, some SME managers might perceive implementing digital HRM tools as a strategic advancement that enhances efficiency and decision-making. However, others might view the same tools as a source of increased workload or anxiety due to unfamiliarity with technology. These differing interpretations demonstrate the necessity of an ontological approach that values diverse realities. In the context of this study, adopting a relativist ontology allows the researcher to explore the multifaceted impacts of digital transformation on HRM practices. Digital transformation involves integrating technology into organisational

processes, affecting operational efficiency, employee experiences, and organisational culture (Besson & Rowe, 2012). By acknowledging the subjective nature of these experiences, the study captures the complexities of how digital tools are perceived, implemented, and experienced within SMEs.

This ontological stance also informs the research's methodological framework, which employs semi-structured interview and documentation as data collection methods. These methods enable the researcher to engage directly with participants, uncovering their lived realities and the contextual factors influencing their perceptions of digital transformation. For instance, semi-structured interviews provide a platform for participants to share their experiences and insights, while documentation offer additional context and validation for the findings (Besson & Rowe, 2012).

Furthermore, relativist ontology aligns with the study's thematic analysis approach, which focuses on identifying patterns and themes within qualitative data. This method allows the researcher to synthesise participants' subjective experiences into coherent narratives that reflect the diverse realities of digital transformation in HRM. The study provides an understanding of the phenomenon under investigation by valuing the unique perspectives of SME managers and employees responsible for HR tasks.

Relativist ontology also supports the iterative nature of qualitative research, where the researcher continuously refines their understanding of the data as new themes and patterns emerge. This iterative process ensures that the findings are grounded in the realities of participants and remain responsive to the complexities of the research context (Nowell et al., 2017). For example, initial data may reveal themes related to implementation and adaptation, prompting the researcher to explore additional aspects of training and skill development in subsequent interviews.

Adopting a relativist ontology ensures that this study captures the subjective and context-specific nature of digital transformation in HRM. The research explores how digital tools influence organisational practices and employee experiences within SMEs in New Zealand by considering the diversity of participants' experiences and perspectives. This ontological stance enhances the depth and richness of the findings and contributes to a nuanced understanding of the complexities of digital transformation in HRM.

3.4 Epistemology

Epistemology is the philosophical study of knowledge, focusing on its nature, origins, and limits. It examines how knowledge is acquired, justified, and validated, distinguishing it from belief or opinion (Anastas et al., 2000). This research adopts a constructivist epistemology, emphasising knowledge's subjective nature and co-construction through interactions between the researcher and participants (Berger Peter & Luckmann, 1966). Constructivism aligns with the study's interpretivist paradigm and relativist ontology, prioritising exploring participants' unique perspectives and lived experiences. Constructivist epistemology holds that knowledge is not objective or universally applicable. Instead, it is constructed and influenced by the social, cultural, and organisational contexts within which individuals function (Creswell & Poth, 2016). In the context

of this study, the constructivist approach allows the researcher to understand how SME managers and employees perceive and experience the impacts of digital transformation on HRM practices. For example, a manager's strategic perspective on digital tools may differ significantly from an employee's operational view, reflecting the subjective and context-dependent nature of knowledge.

This epistemological stance informs the study's qualitative methodology, mainly using semi-structured interviews as the primary data collection method. Semi-structured interviews facilitate open-ended discussions, enabling participants to articulate their experiences and insights in their own words. This method allows for a collaborative knowledge-building process, where the researcher and participants co-construct meanings and interpretations of digital transformation in HRM (Kvale & Brinkmann, 2015).

Constructivist epistemology also emphasises the importance of context in shaping participants' experiences and perceptions. For instance, an SME operating in a technologically advanced IT industry may approach digital transformation differently from a traditional retail sector. With these contextual differences, the study captures the diverse realities of digital HRM practices, providing an understanding of how organisational factors influence the adoption and impact of digital tools (Besson & Rowe, 2012). Reflexivity is a key component of constructivist epistemology, requiring the researcher to critically examine their assumptions, biases, and influence on the research process (Guillemin & Gillam, 2004). In this study, the researcher practised reflexivity by maintaining a journal to document reflections on their positionality, interactions with participants, and interpretations of the data. This practice ensured that the findings authentically represented participants' perspectives, minimising the influence of the researcher's preconceptions.

Another strength of constructivist epistemology is its ability to capture digital transformation's dynamic and evolving nature. As SMEs navigate technological changes, their strategies, practices, and employee experiences may shift. Constructivism provides a framework for exploring these changes, highlighting how participants make sense of new technologies and adapt their behaviours accordingly (Orlikowski, 1992). Constructivism also supports the integration of data source, such as documentation to provide an understanding of the research topic. These supplementary data sources validate and enrich the interview findings, ensuring that the study captures the complexity of digital transformation in HRM (Yin, 2003). For instance, training materials and internal reports can offer additional insights into organisational strategies for managing digital change, complementing participants' accounts. Adopting a constructivist epistemology ensures that this study captures the subjective, context- specific, and co-constructed nature of knowledge related to digital transformation in HRM. The study comprehensively explores how digital tools influence organisational practices and employee experiences within SMEs in New Zealand by valuing participants' lived experiences and engaging them as active contributors to the research process.

3.5 Methods

This section outlines the primary method used for data collection in this study: semi-structured interviews. This method was selected as it aligns with the qualitative nature of the research, which seeks to explore participants' subjective and context-specific experiences regarding the effects of digital transformation on HRM in SMEs in New Zealand. Semi-structured interviews were chosen for their flexibility, depth, and ability to uncover rich qualitative data, which are well-suited for addressing the research questions. Specifically, this method allows for a detailed exploration of the key gaps in the literature, such as the use of digital tools to assist in HR management, the strategic and operational changes brought about by digital transformation in HRM, and the experiences of SME business managers regarding digitalisation in HR. These areas are underexplored in the current literature, particularly about SMEs, and the semi-structured interview approach offers a means of filling these gaps by capturing insights from SME business professionals.

3.5.1 Semi-Structured Interviews

Semi-structured interviews are a qualitative data collection method that combines the structure of predetermined questions with the flexibility to explore participants' responses in greater depth. This approach allows researchers to address key research objectives while remaining open to emergent themes and insights (Kallio et al., 2016). The semi-structured interview guide was designed based on the study's research questions and objectives. It included open-ended questions to encourage participants to share detailed accounts of their experiences, perceptions, and challenges related to digital transformation in HRM. The interview guide was reviewed and refined through a pilot test with a small group of participants to ensure clarity and relevance. The research incorporated feedback from the pilot phase feedback from the pilot phase to adjust the phrasing of questions and the interview flow, ensuring that participants could easily understand and respond to the prompts.

The researcher adopted a non-judgmental approach during the interviews, creating a comfortable environment for participants to share their thoughts and experiences openly. The researcher employed probing questions to gain a deeper understanding of participants' responses, prompting them to expand on their perspectives and offer specific examples. This approach ensured that the data collected was both rich and contextually grounded. All interviews were audio-recorded with participants' consent to ensure the accuracy of the data collected. The recordings were transcribed using transcription software, and the researcher reviewed and verified the transcripts to ensure their accuracy. Transcription enabled a thorough and systematic data analysis, preserving the integrity of participants' responses.

The semi-structured interview method offered several advantages for this study. First, it provided the flexibility to adapt the interview questions based on participants' responses, allowing the researcher to delve deeper into emergent themes. Second, the method facilitated the collection of rich, detailed data that captured the complexity of digital transformation in HRM. Third, the open-ended nature of the questions encouraged

participants to share their unique perspectives, providing insights that might not have emerged through more structured methods. The interactive nature of semi-structured interviews also allowed the researcher to build rapport with participants, fostering an environment of trust and openness. While semi-structured interviews provided valuable data, the method also posed challenges. One limitation was the potential for interviewer bias, as the researcher's perspectives could influence how questions or responses were interpreted. To mitigate this, the researchers practised reflexivity, maintaining awareness of their biases and actively minimising their influence during the interviews and analysis (Berger, 2015).

Another challenge was the time-intensive nature of conducting and transcribing interviews. Each interview required significant preparation, execution, and post-interview analysis, which could be resource-intensive. However, the richness of the data collected justified the time and effort involved. The data collected through semi-structured interviews formed the core of the study's analysis. Thematic analysis was employed to identify patterns and themes within the data, providing insights into how digital transformation reshapes SMEs' HRM practices. The qualitative nature of the data enabled the researcher to capture the depth and complexity of participants' experiences relevant to the research topic. The semi-structured interviews were a highly effective method for exploring digital transformation's subjective and context-specific impacts on HRM within SMEs. The following table provides an overview of the demographic characteristics of the participants who took part in the study.

Table 2: Interview Participant Profiles

Participant ID	Role	Organisation Sector	Background Summary
Participant 1	SME HR Manager	Legal Services	Participant 1 responsible for managing HR operations in her SME. She has led the integration of multiple digital tools into the HR function, driving the organisation's digital transformation efforts.
Participant 2	SME Franchise Owner/Manager	Hair and Beauty	Participant 2 oversight overall HR tasks at his business. He is currently in the process of adopting HR platforms but faces challenges in achieving full adoption across the company.
Participant 3	SME Managing Director	Advertising & Design	Participant 3 is partially involved in HR management within his business, primarily utilizing digital tools for training and development, as well as other HR tasks.
Participant 4	SME Managing Director	Hospitality	Participant 4 uses digital tools and technology to manage various HR functions within his business, including employee engagement, recruitment, and training and development.
Participant 5	SME HR Manager	Clean tech startup	As Chief Culture Officer, Participant 5 manages end-to-end HRM processes, including recruitment, onboarding, performance reviews, and employee engagement across the business.
Participant 6	SME Retail Manager	Retal & Salon	Participant 6 has introduced a few digital tools to streamline HR tasks in his business. However, the organisation has not fully digitalized its HR processes yet.
Participant 7	SME Managing Director	Retail	He recently began adopting HR software following the COVID-19 pandemic and has shown a strong interest in further digitalizing the HR function within his organisation.
Participant 8	SME Operations Manager	Beauty Industry	Participant 8 oversees the HR function in his business, including recruitment and performance management. Efficiency and cost-saving are key drivers of his adoption of digital tools within the organisation.
Participant 9	SME Office Manager	Real Estate	Participant 9 is currently fully responsible for the HR function in his business, utilizing platforms for recruitment, onboarding, and training.
Participant 10	SME Owner/Manager	Insurance	As a small business with a limited number of staff, he does not yet require full HR digitalisation. His business is still in the early stages of digitalisation and learning to adoption digital HR tools.
Participant 11	SME Owner/Manager	Finance & Mortgage	The business operates mostly manually, with limited digital adoption. However, most of the HR tasks managed with head office provided could-based platform.

3.6 Data Collection

Data collection is critical to any research study, providing the foundation for analysis and interpretation. This study adopted a qualitative data collection approach to explore digital transformation's effects on HRM within SMEs in Auckland, New Zealand. More than 100 SMEs were invited for this research. However, only 11 SMEs were interested in participating in this study. The researcher used multiple methods to gather data, including semi-structured interviews, documentation reviews. This triangulated approach ensured the credibility and depth of the findings while addressing the research questions effectively. The primary objective of data collection in this study was to obtain rich, detailed insights into the experiences and perspectives of SME managers regarding digital transformation in HRM. This study aimed to better understand the phenomenon under investigation by focusing on participants' lived experiences and integrating supplementary data from organisational documents (Babchuk, 2016).

Semi-structured interviews formed the core of the data collection process, allowing participants to share their experiences and insights in their own words. This method was particularly suited to the study's exploratory nature, enabling the researcher to probe deeper into participants' responses and uncover emergent themes (Kallio et al., 2016). The ethics committee pre-approved interview questions designed to align with the research objectives. The questionnaire was structured around key HR functions, including recruitment, selection, employee engagement, and performance management. While the interviews included structured questions, participants were also encouraged to share their experiences, challenges, and perceptions beyond the predefined topics. The interview guide was developed based on the research questions and refined through a pilot test to ensure clarity and relevance. After receiving the signed consent form via email, the researcher scheduled the interview depending on the participants ' preferences and availability; the interviews were conducted one-on-one, either in person or via online platforms such as Teams. Each interview lasted approximately 30 to 45 minutes, providing enough time to explore the key themes while maintaining participants' engagement. With participants' consent, all interviews were audio-recorded and transcribed for analysis. In addition to interviews, organisational documents such as HR policies, training materials, and internal reports were analysed to provide supplementary data. Documentation served as a stable source of information, offering insights into the formalised aspects of digital transformation. This method was beneficial for understanding how SMEs structured and implemented digital HRM initiatives (Bowen, 2009).

Documents were identified through referrals from participants and direct requests to SME managers. The selected documents were evaluated based on their authenticity, credibility, representativeness, and relevance (Scott, 2006). Thematic analysis was employed to extract key insights, which were then triangulated with data from interviews and documents. Managers' perspectives on HRM and digital transformation were examined through interviews with SME business owners, managers, and HR decision-makers. These discussions provided insights into their strategic decision-making, digital adoption processes, and key

challenges in implementing HR technology. Additionally, the study explored how digital HR tools influenced workforce management, operational efficiencies, and employee experiences.

The study also incorporated secondary data sources, such as industry reports, government publications, and publicly available organisational data, providing additional context and validation for the findings. Content analysis was applied to identify trends and patterns, which were integrated with the primary data to enhance the study's depth and rigor. A key strength of this study's data collection process was the use of triangulation, which involves

integrating multiple data sources to enhance the credibility and validity of the findings. Triangulation allowed the researcher to cross-verify insights from interviews and documentation, reducing the risk of bias and ensuring a more comprehensive understanding of the research topic (Denzin, 2012). All interview data were transcribed and analysed using a systematic coding process. The Gioia method was applied to structure the data into key themes, ensuring a rigorous analytical approach (Gioia et al., 2013). Thematic analysis helped identify patterns related to the adoption, benefits, and challenges of digital HRM tools in SMEs (Braun & Clarke, 2006). A triangulation approach was employed, incorporating documentation sources such as company websites, industry reports, internal communications, and social media content. This method strengthened the validity of the findings and provided a well-rounded perspective.

Snowball sampling, as described in Section 3.6.1, guided the recruitment of participants for the semi-structured interviews. This method enabled the researcher to identify individuals with first-hand experience in digital HRM practices, including SME managers and employees. The diversity of participants ensured that the study captured a wide range of perspectives and experiences. Depending on participants' preferences and availability, the interviews were conducted in person or via online platforms such as Teams. Each interview lasted approximately 30 to 45 minutes, allowing sufficient time to explore the key themes while maintaining participants' engagement. Online platforms, such as Teams, enable individuals to join interviews from different geographic locations while accommodating their busy schedules.

3.6.1 Implementation of the Snowball Sampling Method.

The implementation of snowball sampling in this study was a structured process of identifying and recruiting participants who possess relevant experiences and insights into the effects of digital transformation on HRM practices within SMEs in New Zealand. Snowball sampling, a non-probability sampling method, is widely used in qualitative research to access hard-to-reach populations or individuals with specific expertise (Goodman, 1961). This method relies on referrals from initial participants to identify additional participants, creating a chain of recruitment that ensures the inclusion of diverse perspectives (Biernacki & Waldorf, 1981). The process began with the identification of initial participants, often referred to as "seeds." These seeds are selected based on their relevance to the research topic and their ability to provide valuable insights. The

researcher prioritized SME managers with direct experience in digital HRM tools and processes. The researcher identified initial participants through personal and professional networks. Additionally, the researcher sent research invitation emails to over 100 SMEs in Auckland, New Zealand, and advertised online platforms like Reddit and LinkedIn. Selection criteria included active involvement in digital HRM initiatives, knowledge of HRM practices, and a willingness to participate and refer others (Etikan et al., 2016).

After recruiting the initial participants, the referral process began. Participants recommended others within their professional networks who could contribute to the study. To support this process, participants received an email template that included an overview of the study, the researcher's contact information, and details about the voluntary nature of participation. This approach ensured clarity and consistency in the communication process while respecting participants' privacy and autonomy (Sadler et al., 2010). One of the key challenges associated with snowball sampling is the potential for homogeneity, as participants may refer to individuals with similar backgrounds or perspectives. To address this, the researcher actively encouraged participants to consider referrals from diverse organisations, industries, and levels of technological adoption. Also, the researcher monitored the demographic and professional characteristics of the participants throughout the recruitment process to identify and address any gaps in representation (Heckathorn, 1997). This proactive strategy ensured that the sample captured a broad range of experiences and perspectives, enhancing the depth and validity of the findings.

The iterative nature of snowball sampling was critical to its implementation. Data collection and analysis allow the researcher to refine the recruitment process based on emerging themes and gaps in the data (Noy, 2008). The initial few interviews indicated that some SME managers are unfamiliar with digital HRM tools; the researcher prioritized the future recruitment of participants familiar with HR tools and technologies. This iterative approach ensured the sample was responsive to the research objectives (Guest et al., 2006). Ethical considerations played a central role in the implementation of snowball sampling. Participants were fully informed about the study's purpose, methods, and potential risks through an information sheet. Informed consent was obtained from all participants, ensuring their voluntary involvement and based on a clear understanding of the study (Israel & Hay, 2006). Confidentiality was maintained by storing all participants' data anonymously and securely. The researcher also emphasised that referrals were entirely voluntary, and referred individuals were contacted independently to respect their autonomy (Orb et al., 2001).

Despite its strengths, snowball sampling has limitations, including its reliance on participants' networks and selection bias. To mitigate these limitations, the researcher combined snowball sampling with targeted outreach to professional networks and posted research advertisements on LinkedIn, Reddit, and other social media platforms to recruit participants. This complementary approach expanded the pool of potential participants and reduced the risk of bias. Regular review and adjustment of the sampling strategy further ensured that the study remained inclusive and comprehensive (Atkinson & Flint, 2001). Implementing

snowball sampling resulted in recruiting a diverse and knowledgeable participant pool. Participants included business owners, managers, and employees responsible for HR-related tasks from SMEs across various industries. This diversity provided rich qualitative data, offering insights into the strategic, operational, and experiential dimensions of digital transformation in HRM. The collaborative nature of snowball sampling also enabled a sense of ownership among participants, encouraging them to share their networks and contribute actively to the research process.

The snowball sampling was a highly effective method for accessing participants with specialized knowledge and experiences relevant to the study. The study collected contextually rich data by leveraging the networks of initial participants and employing strategies to enhance diversity and inclusivity. The data analysis was conducted systematically to ensure that the findings directly addressed the research questions and objectives, while capturing the depth and complexity of participants' experiences.

3.7 Data Analysis

The data analysis for this study was conducted systematically to ensure the findings addressed the research questions and objectives effectively. The qualitative nature of the study required a detailed and iterative process of reviewing, coding, categorizing, and synthesizing data collected from multiple sources, including semi-structured interviews and documentation. This study was able to uncover meaningful patterns and themes related to the impact of digital transformation on HRM practices in SMEs by employing thematic analysis, supported by a constructivist epistemology and interpretivist paradigm.

3.7.1 Thematic Analysis of HRM Practices

This approach is widely used for its flexibility and systematic nature in identifying, analysing, and reporting patterns or themes within data (Braun & Clarke, 2006). This method was particularly suited to exploring the effects of digital transformation on HRM practices within SMEs, as it allowed for extracting meaningful insights from participants' lived experiences and organisational documentation. The process of thematic analysis began with data familiarization. The researcher immersed themselves in the data by reading and re-reading the interview transcripts and organisational documents to understand the content. The initial notes and observations documentation captured first impressions and identified potential areas of interest. This phase ensured the researcher developed a deep connection with the data, forming the foundation for subsequent analysis (Nowell et al., 2017). After familiarizing with the data, the coding process systematically highlighted significant features relevant to the research questions. Labels identified specific data segments representing key ideas or patterns, such as participants' experiences with digital HRM tools. Both manual coding and qualitative data analysis software (Nvivo) maintained accuracy and consistency throughout the process. Iterative refinements ensured that the codes captured the complexities of the data, accurately reflecting the diverse realities of digital transformation (Vogt et al., 2014).

The next stage of analysis involved moving from individual codes to broader themes by grouping together similar ideas that reflected shared experiences. These second-order themes were then further abstracted into three overarching dimensions that captured the essence of how SME managers experienced digital transformation. For example, codes about adopting payroll, rostering, and communication tools were grouped under the theme Adopting Basic HR Technologies, which contributed to the broader dimension of Integrating Technology and Perceiving Usefulness. Other themes, such as Enabling Data-Driven Decision-Making and Tailoring Digital Tools for Strategic Fit, emerged from data about aligning digital systems with business goals and improving HR processes. These became part of the second major dimension, Transforming the HR Function and Building Strategic Digital Capability. A third set of themes came from participants' reflections on challenges they faced, like feeling overwhelmed by digital systems or struggling to make decisions without enough information. These were grouped into themes like Bounded Rationality in HR Decision-Making, Increasing Cognitive Load, and Learning to Navigate Digitalisation, which together formed the final dimension: Cognitive Barriers, Experiential Constraints, and Learning Through Digital Transformation. This ongoing movement between the data, emerging patterns, and interpretation reflects the flexible and thoughtful nature of thematic analysis in an interpretivist study, where meaning is constructed through the lens of participants' lived experiences (Braun & Clarke, 2006; Nowell et al., 2017).

Once the themes were finalized, they were given clear definitions that explained their core ideas and why they mattered for the research. Each theme was described in detail, along with key features and support from the data. The thematic analysis also offered several strengths in the context of this study. Its flexibility allowed the researcher to adapt the analytical process to the complexity of the data, while its systematic approach ensured transparency and rigor. Moreover, thematic analysis facilitated the exploration of explicit and implicit patterns within the data, capturing the depth and richness of participants' experiences. However, the method also presented challenges, such as the potential for researcher bias in theme identification and interpretation. To mitigate this, the researcher practiced reflexivity, maintaining an ongoing reflective journal to document biases and ensure that the analysis remained grounded in the data (Berger, 2015).

The thematic analysis provided a strong framework for analysing the qualitative data collected in this study. The analysis generated valuable insights into the organisational and human dimensions of technological change within SMEs by systematically identifying and interpreting themes related to digital transformation and HRM practices.

3.8 Documentation

Documentation refers to using written records, reports, and other textual materials as a data source in research (Bowen, 2009). While this study primarily relied on data collected through semi-structured interviews,

documents served to provide additional context and validate the findings. Documents offered insights into the strategies and practices adopted by SMEs participating in the study. Yin (2003) categorized the documents as Internal organisational documents, such as administrative records and operational data, which often serve as valuable sources of information. Media publications, including newspaper articles and industry reports, offer external perspectives on organisational developments. Evaluative documents, such as formal assessments or performance reviews, provide critical appraisals of the organisation's activities. Correspondence, including letters, memos, and internal communications, captures the flow of information and decision-making processes. Additionally, meeting records, such as agendas, minutes, and event summaries, document key discussions and outcomes within the organisation.

Documentation is a valuable tool in qualitative research as it provides a stable source of data that can be reviewed repeatedly (Bowen, 2009). Unlike interviews, which rely on participants' recollections, documents offer a record of events and decisions, thereby enhancing the credibility of the research. In this study, documentation enabled an understanding of the various aspects of digital transformation in HRM, such as policies and procedures governing the implementation and use of digital tools. The researcher identified relevant documents through direct requests to SME managers. The researcher assessed the documents based on authenticity, credibility, representativeness, and meaning to ensure relevance and quality (Scott, 2006). Authenticity ensured the documents were genuine and reliable, while credibility assessed their accuracy and trustworthiness. Representativeness ensured that the documents reflected the broader organisational practices, and meaning referred to the clarity of the content.

The documents were analysed using thematic analysis to identify patterns and themes related to the study's research questions. For example, the researcher examined the organisational policies to understand the strategic and operational changes brought about by digital transformation, while training materials provided insights into adaptation strategies. This analysis supplemented the findings from semi-structured interviews, enabling the researcher to triangulate data and enhance the study's validity (Yin, 2017). Documentation offered several advantages for this study. It provided a non-intrusive data source, reducing the potential for researcher bias and participant influence. Also, documents offered historical and contextual insights, enabling the researcher to trace the evolution of digital HRM practices over time. However, documentation also posed challenges, such as limited access to sensitive or confidential records and the potential for selective reporting within organisational documents (Henttonen, 2017). The researcher ensured transparency by corroborating document findings with data from interviews to address these limitations. This triangulation helped mitigate the risk of bias and provided a broad understanding of the research topic.

3.9 Triangulation and Integration of Data

Triangulation and integration of data were employed in this study to enhance the validity and depth of

the findings. Triangulation involves the use of multiple methods, sources, or theoretical perspectives to cross-verify data, ensuring a more comprehensive understanding of the research topic (Denzin, 2012). In this study, triangulation was achieved through the integration of data collected via semi-structured interviews, and organisational documentation. This methodological approach provided a framework for exploring the effects of digital transformation on HRM practices within SMEs in New Zealand.

The first type of triangulation employed was data triangulation, which involves collecting data from multiple sources to gain a well-rounded perspective. Semi-structured interviews allowed participants to share their personal experiences and insights regarding digital HRM tools and processes. This primary data was supplemented with organisational documentation, such as HR policies, training materials, and internal reports, which offered formalized and structured accounts of HRM practices. The study ensured that the findings were not limited to a single viewpoint but reflected multiple perspectives by comparing and cross-referencing these diverse sources. Methodological triangulation was another key strategy used in this study. The researcher captured both individual and organisational dimensions of digital transformation by employing different qualitative methods, including interviews and, document analysis. Theoretical triangulation was also applied by incorporating existing frameworks and concepts to interpret the data. The study drew on theories such as the TAM model and RBV to analyse participants' adoption of digital HRM tools and their perceptions of organisational change. These theoretical perspectives provided a lens through which the data could be understood, offering deeper insights into the dynamics of digital transformation within SMEs.

Integrating data from multiple sources and methods was central to the thematic analysis process. Themes identified during the coding of interview transcripts were cross-referenced with findings from documentation. For example, a theme related to workforce adaptation to digital tools was supported by evidence from training materials that highlighted organisational efforts to upskill employees. This iterative data integration process ensured the themes were comprehensive and grounded in empirical evidence. Validation strategies were employed throughout the triangulation process to ensure the credibility and reliability of the findings. Peer debriefing with research supervisors and colleagues provided additional layers of scrutiny, helping to refine the analysis and address potential biases. This approach ensured that the findings remained balanced and reflective of the complexities inherent in digital transformation processes.

3.10 Credibility, Transferability, and Trustworthiness

Establishing credibility, transferability, and trustworthiness is critical to ensuring the rigor and reliability of qualitative research. These principles safeguard the study's integrity by ensuring its findings accurately represent participants' perspectives and offer meaningful insights into the research topic (Guba & Lincoln, 1994). As this study investigates the effects of digital transformation on HRM practices within SMEs in New Zealand, the researcher implemented several steps to uphold these standards. Credibility refers to the

confidence in the truth of the research findings and their alignment with participants' experiences (Guba & Lincoln, 1994). To enhance credibility, the study employed triangulation by using multiple data sources, including semi-structured interviews and organisational documents. This methodological triangulation ensured that the findings were not limited to a single perspective but reflected diverse viewpoints, thereby increasing their authenticity (Denzin, 2012). which ensured that the study captured diverse intended meanings and minimized potential misrepresentations (Birt et al., 2016). Prolonged engagement with participants during interviews further enhanced credibility by allowing the researcher to build trust and gain deeper insights into the contextual factors influencing digital transformation.

Transferability refers to the extent to which the findings can be applied to other contexts (Guba & Lincoln, 1994). While qualitative research does not aim for generalizability, providing detailed, rich descriptions enables readers to assess the relevance of the findings to their own settings (Guba & Lincoln, 1994). This study achieved transferability through thick descriptions of the research context. This allows readers to draw parallels to similar contexts by offering detailed accounts of participants' experiences and the organisational environments in which they operate. Purposeful sampling further contributed to transferability by ensuring the inclusion of diverse participants from various industries, broadening the applicability of the findings.

Trustworthiness contains the overall rigor of the research process, ensuring that the findings are dependable, confirmable, and credible. Data saturation was another strategy used to ensure trustworthiness. Data collection continued until no new themes or insights emerged from additional participants, indicating that the data were comprehensive and sufficient to address the research questions (Fusch Ph D & Ness, 2015). This approach ensured that the findings represented various perspectives and were not limited by incomplete or insufficient data. Transparency was maintained throughout the study by clearly outlining the research design, data collection methods, and analytical processes. Participants were provided detailed information about the study, including its purpose, methods, and ethical considerations, fostering trust and encouraging open communication. Ethical approval from AUTEC further reinforced the study's adherence to ethical and methodological standards, ensuring the integrity of the research process. While the study implemented strategies to enhance credibility, transferability, and trustworthiness, certain limitations were acknowledged. The reliance on snowball sampling introduced bias by favouring participants within specific networks, potentially limiting the diversity of perspectives. To mitigate this, the researcher sought participants from various industries, such as law, design, manufacturing, retail, and professional services. Additionally, the qualitative nature of the study means that the findings are context-specific and may not be directly generalizable. However, providing detailed contextual descriptions allows readers to evaluate the applicability of the findings to their own settings.

3.11 Ethics

Ethical considerations are a cornerstone of qualitative research, mainly when working with human participants and sensitive organisational data (Bryman, 2016). This study adhered to rigorous ethical standards to ensure participants' rights, privacy, and well-being while maintaining the research process's integrity. The Auckland University of Technology Ethics Committee (AUTEC) approved the ethical framework guiding this study under code 24/317 on 18th November 2024. Data collection commenced after securing this approval, ensuring all research activities complied with institutional and ethical guidelines. The principle of informed consent was central to the ethical design of this study. The nature of the research with a detailed information sheet was sent to participants, outlining their role in the study and the potential benefits and risks of participation. This document highlighted that participation was entirely voluntary and that participants could withdraw at any stage without any consequences. Written consent was obtained from all participants before the interview, ensuring that they fully understood their rights and the scope of their involvement (Israel & Hay, 2006). Confidentiality was another critical aspect of the ethical framework. The researcher removed all personal identifiers from the data to protect participants' identities, and pseudonyms were used to report findings. Data were stored securely on encrypted AUT cloud storage, accessible only to the researcher. These measures complied with the AUT data protection policies, ensuring participants' information was handled carefully (Saunders et al., 2018).

All participants in this research had voluntary participation strictly throughout the study. Participants were assured that their decision to participate or withdraw would not impact their professional relationships or standing within their organisations. This approach encouraged an environment of trust, encouraging participants to share their experiences openly and honestly (Orb et al., 2001). Additionally, snowball sampling required careful consideration of referral dynamics to avoid perceived coercion. Participants were explicitly informed that referrals were optional and referred individuals would be contacted independently to ensure their voluntary consent. The research also adhered to the principle of beneficence by minimizing potential risks and ensuring that the study generated meaningful benefits. The interview process was designed to be non-intrusive and respectful, allowing participants to share their perspectives comfortably. Topics such as challenges with digital HRM tools were approached with empathy and professionalism, and participants were encouraged to share only what they felt comfortable discussing. Support resources, including contact information for professional organisations, were provided to participants who sought further assistance.

The ethical approval process involved a thorough review by AUTEC of the research design, data collection methods, and potential risks that could arise. This review ensured that the study met ethical standards and that adequate measures were in place to protect participants. The approval granted by AUTEC underpinned the study's commitment to ethical research practices and provided a clear framework for addressing any

unforeseen ethical issues during the research process (Hammersley & Traianou, 2012). Reflexivity played a key role in maintaining ethical rigor throughout the study. The researcher maintained an ongoing reflective journal to critically examine personal biases, assumptions, and participant interactions. This practice ensured that ethical considerations were not treated as a static checklist but as an evolving commitment to ethical integrity (Guillemin & Gillam, 2004). The researcher was able to adapt to ethical challenges and maintain the trust and confidence of participants by continuously reflecting on the research process.

Overall, this study adhered to strong ethical principles to ensure participants' rights, privacy, and well-being. The approval from AUTEC, combined with strategies such as informed consent, confidentiality, and reflexivity, ensured that the research was conducted with integrity and respect. The study safeguarded participants and enhanced the credibility and reliability of its findings, contributing to the literature on digital transformation in HRM within SMEs by prioritizing ethical considerations at every stage. This chapter presented a qualitative, interpretivist approach tailored to understanding how digital transformation shapes HRM practices in New Zealand SMEs. By employing semi-structured interviews and thematic analysis, the research provides an in-depth, context-sensitive exploration of managerial perspectives, system use, and strategic implications of digital HR tools. The methodological design ensures the study’s credibility, reliability, and ethical integrity, setting the stage for the findings presented in the next chapter.

Chapter 4: Findings and Analysis

4.1 Introduction

This chapter presents the findings of this study, which investigates how digital transformation affects HRM practices within SMEs in New Zealand. As digital technologies continue to reshape organisations' operations, SMEs increasingly adopt digital HR tools to manage recruitment, onboarding, training and development, performance management, and employee engagement. While existing literature often highlights the potential benefits of digital HR systems, limited qualitative research has explored strategic and operational changes in the aftermath of digital transformation and how SME managers experience and interpret these changes in practice. This chapter addresses that gap by presenting key themes from interviews with 11 HR managers, capturing their lived experiences and evolving perspectives on digitalisation within the HR domain. The following central research question guides the analysis:

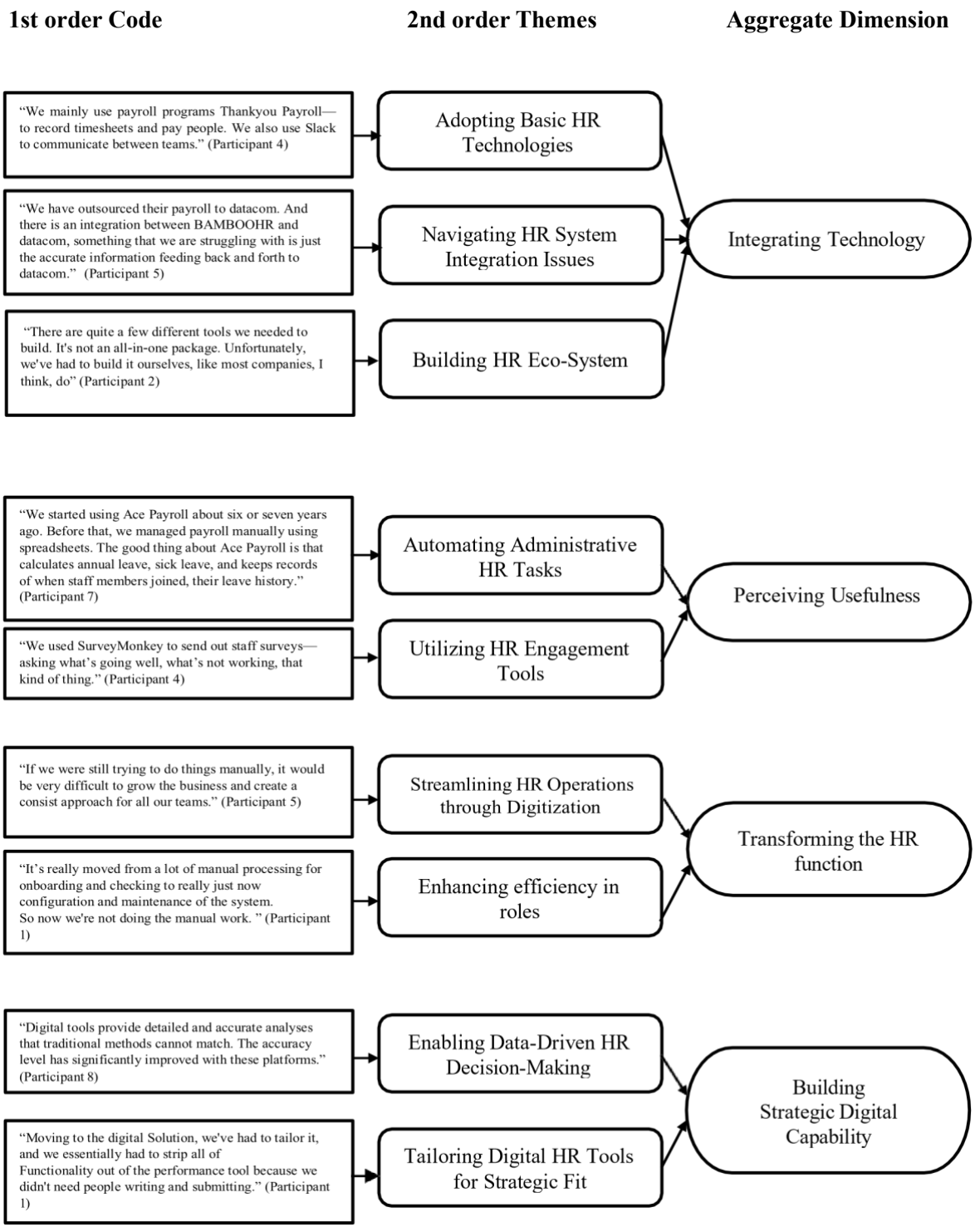
How has digital transformation in HRM affected the management of human resource tasks in SMEs in New Zealand?

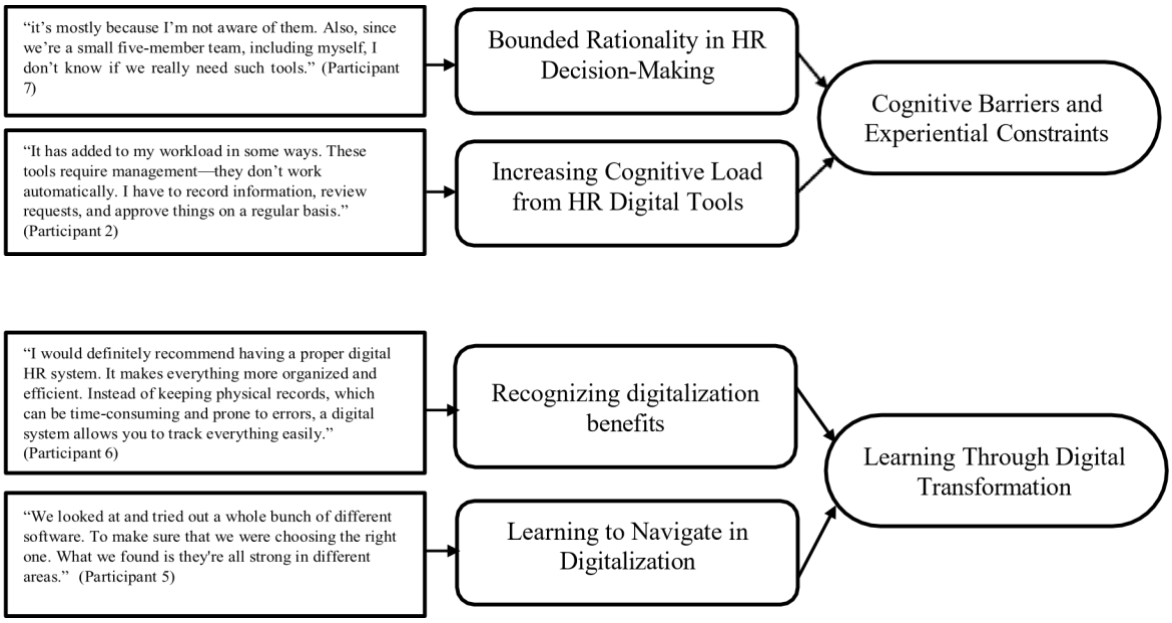
1. How is HR technology used in SMEs to assist in managing HR functions?
2. What are the strategic and operational changes to HRM practices due to digital HRM technology?
3. What has been the experience of SME business managers in relation to the digitalization of HR processes?

This chapter is structured around three main themes closely aligned with one of the research sub-questions. The first theme, Perceived Usefulness and integrating technology, addresses RQ1 and explores how SMEs use digital HR tools to manage core HR functions. Drawing on the TAM, this section focuses on perceived usefulness and ease of use. The RBV is used to explain how these tools align with the existing operational capacities of the business. The second theme, Strategic and Operational Capability Formation through Digital HR Integration, corresponds to RQ2 and examines how digital systems support broader organisational transformation. This part applies RBV to understand how digital tools enhance long-term capability and competitive advantage and draws on TAM to explain how SMEs maintain sustained engagement with digital systems over time. The third theme, Managerial Cognition and Evaluative Framing of Digital HR Transformation, addresses RQ3 and focuses on how SME managers perceive, interpret, and evaluate digitalisation within HR practices. This section draws on TAM to examine attitudes toward system use and technology fit. Participant quotes are embedded throughout to support interpretation and demonstrate how the

findings relate to real-world SME settings. Additionally, the chapter includes data structures developed to visually demonstrate the transition from raw data to theoretical themes.

Figure 1-Data Structure.





4.2 Integrating Technology and Perceiving Usefulness.

Integrating technology in HRM refers to the strategic and operational process of embedding digital tools, platforms, and systems into human resource functions to enhance HR activities' efficiency, accuracy, scalability, and strategic value (Hagel et al., 2017). Perceiving usefulness in HRM refers to the extent to which HR managers or employees believe that using a digital HR system or tool will improve their ability to perform HR-related tasks efficiently and effectively (Venkatesh & Bala, 2008). These two overarching dimensions were grouped based on how participants described their experience with digital HR tools (See Figure 1). The table illustrates how first-order concepts from participants' data lead to 2nd second-order themes that are progressively abstracted into these two aggregate dimensions.

The first aggregate dimension of integrating technology includes the second-order themes such as Adopting Basic HR Technologies, Navigating HR System Integration Issues, and Building HR Eco-System. The second aggregate dimension, Perceived Usefulness in SME Operations, includes second-order themes such as Automating Administrative HR Tasks, Utilizing HR Engagement Tools. These dimensions directly address Research Question (a): How is HR technology used in SMEs to assist in managing HR functions?

4.2.1 Integrating Technology: Adopting Basic HR Technologies.

Adopting basic HR technologies is the initial phase of digital transformation, where organisations implement basic systems such as payroll and employee recordkeeping tools to automate routine tasks and

improve administrative efficiency, and this stage lays the groundwork for more strategic uses of HR technology in the future (Ruël et al., 2004). Participants described how manual HR processes often led to errors and inefficiencies. In response to these challenges, many SMEs have adopted basic digital tools like Thankyou Payroll, Tanda, Timbel, and Slack to streamline the HR process. These tools were viewed as significantly reducing administrative burden and improving daily HR operations.

Participant 7 shared his experience with basic HR tools:

"We started using Ace Payroll about six or seven years ago. Before that, we managed payroll manually using spreadsheets." (Participant 7)

For Participant 7, the adoption of digital HR technology began from spreadsheets to a basic payroll system. This decision marked a meaningful first step toward digital transformation. Resources are often limited in small and medium-sized businesses, where time and precision are critical. This move echoes what Bondarouk and Brewster (2016) describe as the foundational stage of HR digitalisation, where businesses implement basic systems to automate routine tasks, and then gradually move to advanced HR platforms. From the TAM lens, Participant 7's shift reflects a recognition of the tool's perceived usefulness, which offered a clear improvement over manual processes by reducing complexity and improving record accuracy (Davis, 1989). The RBV explains this transition by framing the digital tool as a valuable, firm-specific resource supporting internal efficiency (Barney, 1991).

Participant 4 also added:

"We mainly use payroll programs Thankyou Payroll, to record timesheets and pay people. We also use Slack to communicate between teams." (Participant 4)

This quote shows that SMEs have begun to shift toward basic HR technology to simplify essential administrative processes rather than implementing comprehensive digital HR ecosystems. Participant 4 relied on Thankyou Payroll, a tool for managing wages and timesheets. Although limited in scope, this type of digital solution represents a significant first step in the broader journey of HR digitalisation. According to the TAM, the decision to continue using such tools is often shaped by perceived usefulness, whether they make tasks faster, easier, and more accurate (Davis, 1989). These tools contribute to long-term efficiency and lay the groundwork for future digital upgrades.

Participant 4 further supports this theme:
"We use Tanda for rostering. It's great because all the rosters are set up there, and staff can access them from their phones." (Participant 4)

This quote also highlights how foundational digital tools like Tanda are helping SMEs digitize basic

but critical functions like staff rostering. For Participant 4, the adoption of this technology was driven by convenience and accessibility, attributes that are often decisive in early-stage digital HR adoption. According to Martin et al. (2008), the implementation of such foundational basic HR tools is a hallmark of the administrative phase of e-HRM, where the focus is on improving day-to-day functionality. The TAM reinforces this by identifying ease of use and perceived usefulness as central to adoption; in this case, employees' ability to access rosters on their phones translates directly into improved operational coordination. Though seemingly simple, rostering tools like this help SMEs transition from reactive to proactive workforce management.

This sub-theme highlighted how SME managers are adopting basic digital HR tools such as payroll systems, timesheet trackers, and communication platforms as part of their initial adaptation process. The transition away from manual processes was often driven by factors that save time, reduce human error, and support business growth. While these technologies are not comprehensive HRM solutions, their adoption reflects a foundational step in the broader digital transformation journey. Underpinned by the Technology Acceptance Model, perceived usefulness emerged as a critical factor in adoption, Viewed through RBV lens of the VRIO framework, these tools can be considered valuable, as they improve administrative efficiency and reduce errors. However, they are neither rare nor inimitable, since many SMEs across sectors can adopt similar off-the-shelf solutions. Additionally, unless they are organised within well-aligned internal routines and supported by staff training or managerial capability, their impact may remain limited to short-term operational gains. Therefore, while these basic tools help build initial digital capability, they are more likely to provide competitive parity rather than sustained competitive advantage unless they are further integrated and customized within a strategic HRM context.. These findings directly contribute to the first Research Question (RQ1).

4.2.2 Integrating Technology: Navigating HR System Integration Issues

Navigating HR System Integration Issues refers to the organisational effort to address the challenges that arise when multiple HR technologies are not seamlessly connected (Parry & Tyson, 2011). One of the challenges identified was the lack of seamless integration between the various digital HR tools used by SMEs. While many participants expressed an interest in improving efficiency through digital systems, they also reported that these tools often functioned in isolation, requiring manual intervention to fill in gaps. This undermined the purpose of digitalisation and added unexpected layers of complexity to routine HR tasks.

Participant 5 shared a specific example that illustrates this breakdown:

> "We have outsourced the payroll to Datacom. And there is an integration between BambooHR and Datacom; something that we are struggling with is just the accurate information feeding back and forth to Datacom." (Participant 5)

This quote points out the integration Challenges between the two platforms of BambooHR and Datacom, which frequently malfunction. As a result, Participant 5 and her team had to manually correct errors. These disruptions not only negate the efficiency benefits expected from the technology but also cause frustration and reduced trust in the system. According to TAM, users are more likely to reject or under-utilise systems they perceive as complex, unreliable, or time-consuming (Holden & Karsh, 2010). In this case, even though the technology had been adopted, its inability to function smoothly within the broader HR ecosystem reduced its perceived usefulness and ease of use, two key drivers of acceptance.

Participant 5 further support for this theme:

> "We use Seek to manage applicants, but unfortunately, Seek and Bamboo don't have strong integration." (Participant 5)

Here again, the value of digital tools was diminished by the absence of system cohesion. When the applicant tracking system and the advertising platform lack strong integration, the recruitment team must manually transfer data between platforms or manually go through applicants on the recruitment websites. This approach slows down the hiring process. From the RBV perspective, technologies that do not align with a firm's internal capabilities or cannot be leveraged effectively offer limited strategic advantage (Elrehail et al., 2020).

In summary, while digital HR tools are often adopted with the promise of streamlining processes, participants' experiences revealed that poor integration across systems can compromise these benefits. Rather than enabling seamless workflows, disconnected platforms like BambooHR, Seek, and Datacom introduced inefficiencies that required manual corrections and delayed HR functions. These integration issues not only eroded confidence in the technology but also disrupted the intended flow of recruitment, payroll, and data management tasks. As shown through both the Technology Acceptance Model and, a lack of system cohesion reduces perceived usefulness and hinders the strategic potential of digital tools in SME environments.

4.2.3 Integrating Technology: Building HR Eco-System

The Building HR Eco-System refers to the deliberate selection and implementation of digital tools optimally aligned with an organisation's specific HRM needs (Parry & Tyson, 2011). A consistent pattern across the interviews was that SMEs rarely rely on a single, unified HR system. Instead, they combine specialised tools to meet their unique operational needs. These combinations are often developed through trial and error, resulting in HR systems that are highly customised, flexible, and built around specific organisational workflows.

Participants 2 and 5 explained the strategic approach towards building HR ecosystem:

> “What we found across the board is there's no one tool that. Does everything, so it depends on how extensively you put weight behind it. Different tools. Sometimes you would have to get different tools to build onto the other and create an ecosystem of HR platforms.” (Participant 5)

> "There are quite a few different tools we needed to build. It's not an all-in-one package. Unfortunately, we've had to build it ourselves, like most companies, I think, do." (Participant 2)

These approaches support the second-order theme, Building HR Eco-System. SMEs are different from one another. It is important to strategically adopt digital tools to build an HR ecosystem that aligns with their internal workflows and business logic. RBV notes that organisational performance improves when systems are adapted to fit internal capabilities rather than the reverse process (Teece, 2018). This customisation process becomes a source of strategic differentiation, enabling SMEs to scale their digital operations gradually while maintaining flexibility.

Participant 1 illustrated this principle in the financial management context:

> "We also use a time tracking system. Our consultants record their time. It's called Harvest, and it flows into Xero for billing and payroll. And we also use PayHero for payroll." (Participant 1)

This example shows the importance of the strategic value of an interconnected system of specialised digital tools. Harvest tracks time, Xero handles invoicing, and PayHero manages payroll; each tool performs a focused function. This interconnected setup reflects ease of use, TAM, and strategic alignment with the company’s needs, RBV.

This sub-theme highlights how SMEs strategically combine digital tools to create customised HR ecosystems that best align with their operational needs, rather than relying on comprehensive all-in-one systems like large organisations. Participants described assembling modular platforms often through trial and adaptation, which offer practical functionality without overcomplicating internal workflows. Participants' examples show that this best-fit ecosystems approach allows SMEs to control HR processes while gradually building digital capacity. From the Resource-Based View, this tailored digital configuration represents more than just a technical solution. it becomes an internal capability shaped by organisational learning, decision-making, and business context. Applying the VRIO framework, these SME-specific HR ecosystems are clearly valuable, as they improve operational control and adaptability. In many cases, they are also rare because no two systems are assembled the same way. Where SMEs develop systems through lived experience, tight integration, and internal alignment, these ecosystems may become difficult to imitate, especially if their

effectiveness is rooted in firm-specific routines or tacit managerial knowledge. When supported by organisational processes and digital fluency. When they are organised to capture value, they move beyond short-term efficiency and begin to deliver sustained competitive advantage. These findings suggest that the strategic assembly of digital HR tools, when uniquely configured and organisationally embedded, can become a core capability for SMEs.

4.2.4 Perceiving Usefulness: Automating Administrative HR Tasks

Automating administrative HR tasks means using digital technologies and software systems to streamline and perform routine human resource management activities such as payroll processing, leave tracking, employee record keeping, onboarding, and performance reviews without continuous manual input (Willis et al., 2020). Several participants described how automation and tools have become embedded in daily HR operations. These tools are increasingly used to streamline repetitive tasks, support decision-making, and reduce administrative burden. Importantly, their adoption reflects convenience and a more profound shift in how SMEs design lean, data-driven HR systems to address capacity limitations and strategic needs.

Participant 9 explained how automation is being applied in recruitment:

> "AI now can integrate HubSpot with automated responses. You can even use ChatGPT to craft professional HR responses." (Participant 9)

This quote shows how businesses are integrating AI tools to automate candidate engagement, reducing the need for HR staff to send messages manually. According to the TAM, tools that reduce effort and increase perceived usefulness are more likely to be adopted (Holden & Karsh, 2010). Participant 9's comment demonstrates this: AI offers immediate value in time savings and consistency. From an RBV perspective, AI-enhanced communication strengthens operational efficiency by standardising workflows and freeing human resources for more strategic tasks (Chillakuri & Attili, 2022).

Participant 4 provided insight into how automation supports ongoing business monitoring:

> "Our system is really good at generating reports. You can pull a lot of different data, branch-specific reports, overall staff & company performance, or even sales trends by time of day." (Participant 4)

This aligns with the second-order theme, Automating Administrative HR Tasks. Digital systems that produce real-time, visual data enable managers to quickly analyse trends, identify weak spots, and make informed decisions. From the RBV lens, tools that enhance organisational insight provide a sustained competitive advantage by improving agility and responsiveness (Datta, 2007). These capabilities go beyond

administrative convenience; they represent a strategic asset that supports continuous improvement and performance visibility across the business.

Participant 8 added a further operational perspective:

> "We use digital tools to analyse employee performance. They make analysis easier and save a lot of time. We have a small administrative team, so these tools helped us manage tasks more efficiently." (Participant 8)

This quote also supports the second-order theme, Automating Administrative HR Tasks. SMEs with limited staffing can use automation for repetitive tasks to enable efficient performance evaluation without overburdening the team. In TAM terms, the perceived usefulness of these tools makes them highly adoptable in resource-constrained environments. In RBV terms, maintaining structured performance analysis even with minimal staff contributes to a more scalable and resilient HR function (Gerhart & Feng, 2021).

In summary, the automation of administrative HR tasks has had a transformative impact across participating SMEs. Whether through payroll systems, AI-integrated communications tools, or digital platforms for recruitment and performance review, automation has enabled these businesses to reduce administrative overhead and improve the reliability of HR processes. From both the TAM perspectives, such tools increase perceived usefulness, streamline resource deployment. From the Resource-Based View, these technologies enhance operational efficiency and can become internal assets when embedded into workflows. Applying the VRIO framework, automated HR systems are clearly valuable, offering time savings, consistency, and data-driven insights. However, they are typically not rare, as many SMEs have access to similar tools. Their imitability depends on the degree of integration. Standard payroll software is easily replicable, but when automation is tailored to organisational workflows and supported by internal knowledge or AI-driven data customisation, imitation becomes more difficult. Finally, the tools offer strategic value only when SMEs are organised to leverage them through skilled staff, reporting routines, and decision-making practices. In most cases, automation contributes to temporary competitive advantage or competitive parity, unless it is part of a broader, uniquely configured digital HR strategy. Thus, automation serves as an enabler, but its strategic potential depends on how well it is embedded and differentiated within the SME context.

4.2.5 Perceiving Usefulness: Utilizing HR Engagement Tools

Utilizing HR Engagement Tools refers to digital platforms and systems to enhance interaction, feedback, and collaboration between employees and management (Minbaeva et al., 2002). In the context of SMEs, maintaining engagement and communication is essential to organisational success. Participants shared examples of how digital tools transmit information and foster workplace connection, responsiveness, and

inclusion. The interviews strongly emphasised adaptability; businesses frequently combined informal tools such as WhatsApp with more structured platforms like Microsoft Teams or SurveyMonkey to meet various engagement needs.

Participants explained:

" WhatsApp is just quicker and easier to engage with each others as Small business." (Participant 7)

"WhatsApp is a tool we use to get staff feedback as a small business. Engagement is more important." (Participant 2)

These statements highlight how informal tools like WhatsApp support engagement among SME staff and the management. The choice of this tool was based on its simplicity, speed, and familiarity. The TAM helps explain this user behaviour. When a technology is perceived as easy to use and useful, it becomes integrated into routine practice (Holden & Karsh, 2010). Low-barrier tools like WhatsApp are often preferred in SMEs where formal digital infrastructure may be limited because they allow teams to stay connected without technical support.

Participant 4 added a different perspective on employee engagement:

"We used SurveyMonkey to send out staff surveys asking what's going well, what's not working, that kind of thing." (Participant 4)

This reflects where digital platforms are used to gather structured feedback. Unlike WhatsApp, SurveyMonkey enables formal, anonymous expression, giving staff a safer channel to share concerns and suggestions. From an RBV perspective, creating structured feedback loops is a strategic resource that enhances organisational decision-making. It contributes to internal transparency, employee voice, and trust, all vital for building a resilient workplace culture (Elrehail et al., 2020).

In summary, participants explained how utilizing HR Engagement Tools is critical in maintaining connection, responsiveness, and employee voice within SMEs. Whether through instant messaging platforms like WhatsApp or structured feedback systems like SurveyMonkey, the emphasis was on accessibility and adaptability. These tools were not only chosen for their functionality but also for their ease of integration into everyday routines. According to the Technology Acceptance Model, such perceived usefulness and ease of use drive user adoption. Furthermore, From the Resource-Based View, these engagement tools are certainly valuable, as they facilitate real-time feedback and contribute to a stronger organisational culture and employee alignment. However, most tools, particularly widely available apps like WhatsApp or SurveyMonkey, are neither rare nor inimitable, as they can be easily adopted by competitors. They are unlikely to be inimitable or to lead to sustained advantage. Finally, while these tools are often well organised within SME workflows due

to their ease of use, they mostly support temporary or parity-based advantages. To achieve more lasting strategic value, engagement platforms must be paired with unique organisational routines or cultures that are difficult to replicate.

4.3 Building Strategic Digital Capability and Transforming the HR Function

Building Strategic Digital Capability is an organisation's ability to effectively utilize its internal digital resources to gain a sustained competitive advantage (Barney, 1991). Transforming the HR Function means reengineering daily workflows and routines, which includes integrating digital technologies that streamline, automate, and modernize human resource practices (Hammer, 1990). These two concepts are closely linked, as digital transformation streamlines HR operations and supports long-term capability development within SMEs. These insights were grouped into two aggregate dimensions based on how participants described their use of digital HRM tools (See Figure 1). The table illustrates how first-order concepts from participant interviews were systematically abstracted into second-order themes and broader aggregate dimensions.

The first aggregate dimension, Transforming the HR Function, includes the second-order themes of Streamlining HR Operations through Digitization and Enhancing Efficiency in Roles. The second aggregate dimension, Building Strategic Digital Capability, includes the second-order themes of Enabling Data-Driven HR Decision-Making and Tailoring Digital HR Tools for Strategic Fit. Together, these aggregate dimensions directly address Research Question (b): What are the strategic and operational changes to HRM practices due to digital HRM technology?

4.3.1 Transforming the HR Function: Streamlining HR Operations through Digitisation.

Streamlining HR Operations through Process Digitisation means streamlining and automating routine tasks such as data entry, record keeping, and transaction processing through digital technologies, leading to faster, more accurate, and cost-effective outcomes (Davenport, 1993). In many small and medium-sized businesses, the HR department used to be overloaded with repetitive, manual tasks, like tracking leave, filing paperwork, creating rosters, or updating employee records. But with digital HR tools, smarter, faster systems are replacing this manual workload. This section shows how participants have experienced real gains in Streamlining HR Operations through Digitization.

> Participant 5 explained how digitising HR operations supported organisational growth and consistency across teams:
>
> “The manual aspect of HR management has reduced, but we have grown the business significantly, so using that tool means we could grow the business. If we were still trying to do things manually, it

would be very difficult to grow the business and create a consistent approach for all our teams." (Participant 5)

Participant 5's reflection illustrates how important it is to adopt technology for a fast-growing business environment. Her narrative shows that reduced manual work not only improves workflow but also creates the infrastructure needed to scale without compromising consistency. This aligns with the RBV, which views internal systems like digital HR platforms as strategic resources that enhance operational capabilities (Bresciani et al., 2021). Her emphasis on standardisation across teams reflects how digitisation supports organisational alignment, which is a key factor in performance sustainability.

Participant 5 also described how automation improved onboarding procedures:

"All forms are automated and built into templates for the onboarding pack… employees can fill in their information directly into BambooHR and upload their documents… we're not having to manually receive them and put data and upload files." (Participant 5)

The automation of onboarding is not only efficient but also reduces data entry errors and time lags. It reflects the TAM, which posits that ease of use and perceived usefulness drive user adoption (Venkatesh, 2000).

Similarly, Participant 4 highlighted time savings gained through digital rostering tools:

"When we switched to Tanda, it probably saved me about two hours a week… now it takes about half an hour." (Participant 4)

This quote indicates that automation directly reduces weekly admin hours. These hours can be reallocated to planning or business development. This finding also supports the TAM, where perceived usefulness is a key determinant of technology adoption. In Participant 4's case, the time savings directly enhance the perceived value of the system.

In summary, the shift to digital HR tools marked a turning point in managing routine tasks. What once consumed hours of manual input, such as onboarding, rostering, and leave tracking, was now handled through automated, user-friendly platforms. Participants like Participant 5 and Participant 4 described how digitization allowed their businesses to grow and do so with consistency and control. These findings reveal a coherent pattern: SMEs use digital tools to offload administrative weight, enabling staff to shift focus toward value-added roles.

4.3.2 Transforming the HR Function: Enhancing efficiency in roles

Enhancing efficiency in roles refers to the use of digital tools, streamlined workflows, and automated

processes to enable employees, particularly those in HR and management, to perform their responsibilities more quickly, accurately, and with reduced administrative burden (Kavanagh et al., 2015). This includes improving access to information, reducing manual tasks, and facilitating better coordination across functions. It's not only removing manual work, but also restructuring it. Instead of manually entering data or completing paperwork, HR teams are now responsible for configuring, maintaining, and overseeing digital systems that perform these tasks. The transition from Manual Execution to Digital System Management was evident across several accounts. Participant 1 and Participant 4 explained:

> "It's really moved from a lot of manual processing for onboarding and checking to really just now configuration and maintenance of the system. So now we're not doing the manual work." (Participant 1)

> "With Slack and other tools, you don't have to repeat the same tasks or conversations over and over. That also helps cut costs. Plus, having a record of everything is helpful." (Participant 4)

Together, these reflections indicate an evolution in HR roles, moving away from repetitive, administrative tasks toward maintaining and optimising digital systems. This shift not only increases operational efficiency but also reflects a growing strategic capability within the organisation. From a RBV perspective, these digital platforms become valuable internal resources difficult to replicate.

However, this transformation is not without added burden; participants described new forms of workload added. Participant 2 reflected:

> "It has added to my workload in some ways. These tools require management, they don't work automatically. I have to record information, review requests, and approve things regularly." (Participant 2)

This statement reveals a key tension in digital HR work. While automation reduces routine tasks, it introduces constant oversight duties, system monitoring, exception handling, and manual intervention when needed. These insights highlight Ball (2001) the observation that digital HR reduces drudgery but increases technical and cognitive responsibilities.

In summary, the adoption of digital HR tools is driving a noticeable shift in how HR roles are defined and executed within SMEs. Tasks that once involved manual paperwork and repetitive input are now managed through digital systems. This transformation, however, is not without trade-offs. As Participant 2 noted, digital tools require ongoing oversight, which introduces new layers of responsibility. These changes align with the TAM, where tools that enhance perceived usefulness drive adoption, even if they also shift cognitive demands.

4.3.3 Building Strategic Digital Capability: Enabling Data-Driven HR Decision-Making

Enabling data-driven HR decision-making refers to the integration of digital tools and analytics systems that allow human resource professionals and managers to make informed, evidence-based decisions regarding people management (Rasmussen & Ulrich, 2015). Previously, HR tasks such as performance tracking, payroll processing, and employee data storage were manual administrative tasks. Participants described that the transition to digital platforms allowed firms to standardise HR procedures, improve reporting consistency, and enable data-driven decision-making and transparency.

Participant 7 emphasised the transparency enabled by these systems:

> "Digital tools make work easier. We are more efficient, and everything is more transparent. For example, with ACE Payroll, staff can see their wages, leave balances, sick leave, and more. It has improved transparency." (Participant 7)

This reflects how digital tools contribute not only to efficiency but also to internal trust and engagement. Applying the TAM, this represents perceived usefulness from the employee's perspective, where transparency directly reduces reliance on HR for routine inquiries. When employees and managers can access real-time HR data through user-friendly platforms, it reduces ambiguity and builds trust in the system (Schnall et al., 2015).

Participant 8's comment illustrates a complementary angle:

> "Digital tools provide detailed and accurate analyses that traditional methods cannot match. The accuracy level has significantly improved with these platforms." (Participant 8)

This quote shows how digital tools improve analytical accuracy in HR reporting. This shift from manual records to digitally generated reports enables businesses to reduce human error and maintain improved datasets. These improvements are enabling consistent HR reporting and helping performance evaluation, especially in SMEs where small administrative teams are tasked with managing multiple HR responsibilities. These developments align with the RBV, which emphasises that internal capabilities such as high-quality HR information systems can serve as a basis for sustainable competitive advantage (Wright et al., 2001).

Participant 3 expanded on the broader organisational impact:

> "It gives a clear picture of where the business stands. It helps with decision-making. Full transparency. You always know what's going on and what needs to be done." (Participant 3)

Here, the digital HR systems are not simply administrative tools. They function as enablers of

organisational insight, informing operational choices and helping managers respond proactively to workforce trends. Participant 3's insight reinforces the view that digital HR platforms offer timely and relevant feedback loops, aiding daily decision-making and cross-functional communication. From the TAM lens, this contributes to system habitual use, while from the RBV perspective, it supports ongoing capability enhancement through real-time resource visibility.

In summary, the integration of digital HR systems in SMEs has facilitated a meaningful transformation in how people-related decisions are made. These tools have helped SME managers strengthen their HRM function both operationally and strategically by improving data visibility, reducing manual errors, and supporting transparency. When assessed through the dual lenses of TAM and RBV, this theme illustrates how perceived ease of use and usefulness drive adoption, while the ability to leverage HR data effectively becomes a core organisational capability.

4.3.4 Building Strategic Digital Capability: Tailoring Digital HR Tools for Strategic Fit

Tailoring digital HR tools for strategic fit refers to the deliberate customization and alignment of digital human resource technologies with an organisation's specific strategic goals, internal processes, and workforce characteristics (Fenech et al., 2019). SMEs move beyond initial adoption of digital HR systems to more transformative strategic systems as digital tools are not only streamlining HR tasks, but they are also enabling a reconfiguration of strategy, structure, and competitive logic. Participants described a shift from using HR software merely for administrative convenience toward leveraging these tools to redesign internal workflows, enhance adaptability, and reposition HR as a strategic partner.

Participant 1 shared a compelling example of such reconfiguration in action:

> "Moving to the digital solution we've had to tailor it and we essentially had to strip all of functionality out of the performance tool because we didn't need people writing and submitting." (Participant 1)

This quote illustrates the importance of tailoring digital tools to match with organisational strategic fit, rather than accepting the tool's default settings, Participant 1's organisation modified the system strategically to align with their internal workflows, demonstrating how digital maturity involves experimentation, re-alignment, and context-driven adaptation. From the RBV perspective, these tailored capabilities become unique resources embedded in organisational routines, not easily replicable by competitors (Barney, 1991).

Participant 9 mentioned:

"Some companies actually have a competitive advantage because of their digital HR tools. But you'll have to figure out which ones to match your business."(Participant 9)

Participant 9's insight signals a growing awareness that digital HR systems, when strategically aligned, can move beyond their traditional role as administrative tools to become core drivers of competitive advantage. His comment underscores the importance of fitting the idea that not all technologies offer value universally, but rather, their effectiveness depends on how well they align with an organisation's specific needs, processes, and strategic direction. This view is supported by Becker and Huselid (2006) the strategic HRM framework, which asserts that the value of HR lies not just in efficiency gains but in its ability to amplify firm agility and transformation readiness.

In summary, Digital HR transformation is not about adopting the newest technology; it's about adopting digital HR tools strategically to match with organisational workflow. Participants shared how they customised platforms to fit their needs. This sub-theme closely aligns with the TAM in that tailoring digital tools to fit internal workflows enhances both perceived usefulness and ease of use, key drivers of user acceptance. When employees and managers feel that systems reflect their actual needs, they are more likely to adopt and engage with them effectively.

4.4 Cognitive Barriers and Experiential Constraints, Learning Through Digital Transformation

Cognitive and experiential constraints reflect the mental and perceptual challenges managers face when digital tools are unfamiliar or when exposure to HR systems has been limited. It is not just about whether a tool is available but about whether managers feel ready, informed, and confident enough to use it. When awareness is low or the digital landscape feels overwhelming, the pace of transformation naturally slows (Venkatesh & Davis, 2000). Many SME leaders begin to reshape their thinking over time, driven by necessity and experience. This process, which we refer to as Learning Through Digital Transformation, involves more than just learning to operate a new platform. It is about reimagining what HR can be in a digital age, building confidence through trial and error, and adjusting strategies based on what works in practice (Teece, 2018).

These two overarching dimensions were developed from participants' reflections on their digital HR journeys and change experiences (See Figure 1). The table shows how first-order concepts derived from interview data were progressively organised into four second-order themes, and these themes were further synthesised into aggregate theoretical dimensions. The first aggregate dimension of cognitive barriers and experiential constraints includes the second-order themes: bounded rationality in HR decision-making and increasing cognitive load from HR digital tools. These themes capture how internal uncertainty, workload, or digital unfamiliarity contribute to hesitation and complexity in HR digitalisation. The second aggregate dimension, Learning Through Digital Transformation, includes the second-order themes: Recognizing digitalisation benefits and Learning to Navigate in Digitalisation. These themes reflect how SME managers

interpret, evaluate, and adjust to digital HRM, often learning by doing and building strategic confidence over time. Together, these aggregate dimensions directly address Research Question (c): What has been the experience of SME business managers in relation to the digitalisation of HR processes?

4.4.1 Cognitive Barriers and Experiential Constraints: Bounded Rationality in HR Decision-Making

Bounded Rationality in HR Decision-Making refers to how SME managers make HR-related technology choices based on limited information, cognitive constraints, and time pressures, often opting for solutions that are good rather than optimal (Simon, 1957). While digital systems are often promoted as time-saving and efficient, participants described multiple hurdles that limited actual adoption. These include cost constraints, lack of awareness, resistance to change, added workload, and limited digital literacy. One of the central issues raised by participants was the mismatch between available digital HR tools for SMEs and the financial constraints typical of SMEs. Several managers perceived these systems as costly, especially given the scale of their operations.

Participant 4 Noted cost as a big factor:

> "Cost is a big factor, since we're a small business in hospitality. I've seen a lot of HR tools, but they seem more targeted at medium-sized businesses like those with 50 to 100 people not smaller ones like ours, with 10 to 30 employees." (Participant 4)

Participant 4's comment illustrates how digital solutions are often perceived as economically unviable when pricing structures are tailored to larger organisations. This perception creates a cognitive barrier, leading managers to dismiss potentially beneficial tools based on cost alone, and instead adopt only those they consider essential and "good enough" for the business. Even when the value of these systems is recognised, affordability concerns limit consideration and uptake, reinforcing a mindset of inaccessibility rather than strategic potential.

In addition to cost, several participants pointed to an overall lack of awareness regarding which tools exist and how they might benefit their business. This limited visibility creates a disconnect between digital opportunities and practical decision-making.

> "Mainly because we are not aware of any tools that could help. No one has introduced us to them." (Participant 11)

> "It's mostly because I'm not aware of them. Also, since we're a small five-member team, including myself, I don't know if we really need such tools." (Participant 7)

These insights expose a critical knowledge gap. In firms without dedicated HR or IT departments,

managers often operate in isolation, making digital awareness highly dependent on external networks or service providers. From a Managerial Perception Theory perspective, this shows how SME managers may overlook digital tools simply because they aren't exposed to enough strategic options. When unfamiliar with what's available, they tend to stick with what they know and avoid exploring new solutions (Hodgkinson & Healey, 2011).

Cultural resistance was another consistent theme, particularly related to generational differences within the workforce. Participants expressed how older employees often resist digital change, even when systems are introduced with positive intent.

"There's always resistance, especially from older agents, but those who embrace it benefit from both their experience and new technology. Those who break through become incredibly effective. But yes, there's always resistance." (Participant 9)

Participant 9's insight highlights the importance of change readiness and digital confidence. As Parry and Tyson (2011) note, successful HR digitalisation depends not only on systems but on social structures that shape employee engagement. Resistance also adds pressure on managers to continuously support and motivate adoption, which affects their strategic framing of such tools.

This section explored the cognitive barriers that limit SME managers from fully engaging with digital HR tools. It highlighted how decisions are often shaped by limited awareness, cost concerns, a lack of digital confidence, and resistance from staff. These factors often lead them to make the best decisions they can with the information and resources available. To help more SMEs embrace digital HRM, it's important to raise awareness about available tools, offer more affordable options, and provide support to ease the transition, especially for teams that may be hesitant about change.

4.4.2 Cognitive Barriers and Experiential Constraints: Increasing Cognitive Load from HR Digital Tools

Increasing Cognitive Load from HR Digital Tools refers to the mental effort and psychological strain experienced by SME managers when engaging with digital HR systems, particularly when these tools are complex, unintuitive, or require constant oversight (Sweller, 1988). While digital HRM platforms are often introduced to reduce administrative burden, participants in this study described a parallel challenge, like transforming it into a form of cognitive and technical labour that demands sustained attention and adaptability. Even when systems are installed, they are not always used to their full potential. This is often because managers and staff lack the technical skills to use all the features. In some cases, the software is too complex or poorly designed.

Participant 10 explained:
"It's hard to get our heads around how to use it properly. It can do a lot of things, but it's complicated. We're not the most tech-savvy people, so we don't use it to its full potential." (Participant 10)

Tools may have strong functions, but if the users are not well-trained or if the interface is difficult, the tool remains underused. Strohmeier (2007) warned that design and support must match user needs. Without this, even motivated managers may stop using the system.

Some SMEs are still using spreadsheets and paper systems alongside digital platforms. This hybrid approach often emerges when tools don't support complex needs or when confidence in the system is low.

Participant 2 shared:

"When it comes to individual performance, it gets a bit more complicated. I look at things like wages and earnings in relation to performance. It's more detailed, and I often end up using my own charts or Excel spreadsheets to track things instead of digital tools." (Participant 2)

Participant 2's experience shows how digital HR tools can add to cognitive load when they don't match a manager's real needs. Even though the system was available, it wasn't flexible enough for tracking individual performance or matching the requirements, so the manager returned to using spreadsheets. This highlights how complex or mismatch systems can lead to frustration and underuse. From the TAM perspective, this reflects low perceived ease of use, which often discourages full adoption (Davis, 1989).

In summary, this section explored how digital HR tools can create unexpected mental strain for SME managers. While these tools are usually introduced to reduce manual tasks, participants described how managing and adapting to them often increases workload in different ways. Complex interfaces, lack of training, and limited system flexibility often lead to frustration and underuse. Instead of fully relying on these platforms, some managers fall back on manual methods. This reflects not only a high cognitive load but also low perceived ease of use, key reasons why digital adoption remains limited in many small businesses.

4.4.3 Learning Through Digital Transformation: Recognizing Digitalisation Benefits.

Recognizing Digitalisation Benefits refers to the process by which managers become aware of, understand the value that digital tools and technologies can bring to organisational operations. This includes improvements in efficiency, accuracy, communication, decision-making, and strategic alignment (Bharadwaj, 2000). In the context of HRM, recognizing these benefits is a critical step in motivating adoption and integration, as perceived usefulness is a key predictor of technology acceptance (Davis, 1989). SME managers no longer view digital HR tools as optional add-ons. They recognize digitalisation as a core component of

future-ready business operations. The advice shared by participants in this study shows that successful digital transformation in HRM depends not only on adopting the technologies available but also on managers' mindset, recognizing the benefits of digitalisation, and willingness to engage with new digital practices.

Participant 11 articulated this emerging mindset directly:

"My advice would be to adopt digital HR tools sooner rather than later because that's the future. If you don't, your business will be left behind." (Participant 11)

The comment positions digital HR capabilities as essential resources for ensuring long-term survival and competitiveness (Barney, 1991). This view contributes to the literature by reinforcing the idea that managerial cognition, rather than tool availability alone, drives digital maturity (Kane et al., 2015).

Participant 7 also added a similar advice:

"I'd strongly advise them to start using digital HR tools. By now, I think most businesses are using them. I'd be surprised if they're not. It's 2025, and if you're still not using digital HR tools, your business is probably suffering." (Participant 7)

Participant 8 highlighted the link between digital transformation and competitive survival:

"it's really challenging to survive in today's market. It's like survival of the fittest, and to compete, you need to be using digital HR tools and platforms to make your business more efficient and productive." (Participant 8)

Participant 6 focused on the operational control and reduction of manual errors brought by digital systems:

"I would definitely recommend having a proper digital HR system. It makes everything more organized and efficient. Instead of keeping physical records, which can be time-consuming and prone to errors, a digital system allows you to track everything easily." (Participant 6)

Participant 10's reflection linked digital adoption with future readiness:

"It's the future. It makes things easier, so SMEs should embrace HR tools and see how they can use it in their business. Otherwise, we're stuck in the past. We don't rely on paper anymore. Everything is online." (Participant 10)

Collectively, these managers' advice shows how SME managers increasingly recognize the strategic value of digital HRM, reflecting strong alignment with the TAM and RBV. From a TAM perspective, participants mentioned both usefulness and ease of use, indicating high intention to adopt and promote digital HR systems (Venkatesh & Davis, 2000). From an RBV standpoint, digital tools are now viewed as internal resources that can enhance operational control, decision-making, and long-term competitiveness (Bharadwaj, 2000). These findings contribute to the HRM literature by showing that managerial attitudes toward digital HR are evolving, with technology seen not only as a tool for automation but as a driver of strategic transformation in SME contexts.

In summary, this theme highlighted how SME managers are increasingly taking on the role of digital advocates, actively promoting HR technology adoption as essential for staying competitive and future-ready. Their reflections revealed a shift in mindset, where digital HR is no longer just about reducing paperwork but about leading change, improving operational control, and ensuring long-term business relevance. Through their comments, it became clear that many managers are not only using digital tools but also encouraging others in the SME sector to do the same.

4.4.4 Learning Through Digital Transformation: Learning to Navigate in Digitalisation.

Learning to navigate in digitalisation refers to the continuous, experiential process by which managers engage with digital HR tools, evaluate their effectiveness, adapt to challenges, and refine their use to better align with the organisation's operational needs and strategic goals (Bresciani et al., 2021). In the context of SMEs, managers found that adopting digital tools isn't a one-time decision; it's an ongoing journey of learning, trial and error, and adjustment. They described how successful adoption often comes from testing different platforms, facing technical challenges, and gradually shaping the systems to fit their unique business needs.

Participant 5 elaborated on the importance of testing and comparison:

> "We looked at and tried out a whole bunch of different HR software To make sure that we were choosing the right one. What we found is they're all strong in different areas." (Participant 5)

This comment shows that managers are not just blindly picking tools; they're actively testing and learning through real use. Participant 5's approach reflects a hands-on style of learning where the best fit is discovered through direct experience. This kind of exploration is a great example of how digital navigation works in SMEs: learning by doing, comparing tools, and figuring out what suits the business best.

Participant 1 also shared her learning experience:

"Configuring the system to meet our specific needs was a bit challenging, and adapting to the system was difficult. You have an idea of how things should work in your head, but the system isn't always built that way, and sometimes it simply can't be configured, even with assistance from the provider, unless you build your own API. That created a lot of roadblocks. We often had to find workarounds because the system couldn't accommodate our exact needs." (Participant 1)

Participant 1 advised a more informed pre-adoption strategy:

"Before you sign up with a certain product, get demos, get calls, have meetings, and actually investigate what's what offerings out there before you rush to one." (Participant 1)

Participant 9 shared a similar learning curve from a recruitment-related task:

"While I focus on selecting the right candidates. That said, I did have to learn some things, like generating reports on leads versus active and inactive candidates for my director. It took a bit of a learning curve, but with IT support, it wasn't difficult." (Participant 9)

These findings show managers often start with uncertainty, testing different platforms, and overcoming challenges. However, over time, they build confidence and adapt the tools to fit their business needs by learning to navigate digital transformation. In RBV terms, digital systems become valuable internal resources when managers learn to customise and embed them into daily operations. The findings support research that shows digital transformation is not purely technical; it is deeply human, shaped by learning, adaptation, and minds (Kane et al., 2015).

In summary, this section explored how SME managers approach digital HR adoption not as a one-off decision, but as an evolving process shaped by trial, learning, and strategic adaptation. Participants described how learning curves, technical limitations, and system mismatches required continuous learning to adjust their expectations and configurations. While the lack of IT support in SMEs made this journey more complex, many managers emphasised the importance of testing, comparing, and staying adaptable. Through these experiences, digital HRM becomes more than just a tool; it becomes a space for strategic learning and managerial growth

4.5 Summary

This findings chapter presented an insightful exploration of how SMEs in New Zealand navigate the digital transformation of HRM. The chapter uncovered how adopting digital tools reshapes admin tasks, business strategy, operations, and managers' experience with digital transformation based on interviews with 11 HR managers.

Initially, SMEs adopt basic digital HR tools like payroll software, time tracking systems, and

communication platforms to replace manual tasks. Over time, this shift often progresses toward more advanced and integrated HR ecosystems. While many managers found these tools helpful for boosting efficiency, they also encountered integration issues. Some SME managers strategically selected "best-fit" technologies tailored to their unique needs rather than adopting one-size-fits-all platforms. The TAM helped explain why ease of use and usefulness were critical to the ongoing adoption. At the same time, the RBV highlighted these tools as internal assets that improve efficiency and performance.

Beyond simple automation, digital tools have enabled SMEs to rethink HR as a strategic function. Tools supported growth, improved employee engagement, and enabled data-driven decisions. Significantly, systems were often adapted to support flexibility, aligning technology with user-friendliness. This transformation marked a shift in HR roles from routine data entry to a more strategic, data-driven HR function.

While digital tools offered clear benefits, many managers faced barriers such as limited awareness, technical complexity, and cognitive overload. However, over time, they reframed these challenges as learning opportunities. Through trial, adaptation, and peer recommendations, they saw digital HRM as essential for long-term survival and competitiveness. RBV deepened this analysis by assessing whether digital capabilities such as customised HR ecosystems, automated processes, and learning agility were not only valuable, but also rare, difficult to imitate, and organisationally embedded. While many tools contributed to operational efficiency and competitive parity, only those systems that were uniquely configured, internally aligned, and continuously improved offered potential for sustained competitive advantage. Overall, the chapter reveals a dynamic, ongoing transformation where digital tools streamline HR and reshape how SME leaders think, plan, and lead.

Chapter 5: Discussion and Conclusion

5.1 Introduction

This chapter discusses the findings presented in Chapter 4, drawing comparisons to the existing literature on digital transformation in HRM, particularly in SMEs, as discussed in Chapter 2. The study focused on understanding the experiences of SME managers and how they navigate the integration of digital tools into their daily HR functions. It clarifies how SMEs leverage technology for HR management despite unique constraints by examining their perceptions, challenges, and adaptive learning. The findings reveal that, while digital tools have transformed administrative tasks, many SMEs' journey towards full digital integration is ongoing. The key themes: Perceiving Usefulness, Integrating Technology, Building Strategic Digital Capability, Transforming the HR Function, Cognitive Barriers and Experiential Constraints, and Learning Through Digital Transformation highlight the complexities and evolving nature of digital transformation in the SME sector.

5.2 Integrating Technology, and Perceiving Usefulness

This section discusses the findings concerning how SMEs integrate technology into their HR practices, particularly focusing on the challenges faced during the initial stages of digital transformation and the perceived usefulness of the tools adopted. The transition to digital tools represents a critical phase for SMEs, where the integration of systems designed to streamline administrative tasks is important for enhancing operational efficiency. However, the findings highlight significant challenges in this phase, especially the difficulty in achieving seamless integration across various HR systems, which can hinder the full benefits of digitalisation. As observed by Davis (1989), the perceived usefulness of a technology is a key driver for its adoption, and this study reinforces that while tools like payroll systems and engagement platforms simplify certain processes, their value is often undermined by integration issues that reduce their overall effectiveness. The study also resonates with the work of Strohmeier (2007), who noted that the administrative phase of e- HRM often faces obstacles related to system incompatibilities, making it challenging for SMEs to fully realize the benefits of these digital tools.

5.2.1 Integrating Technology: Adopting Basic HR Technologies

Adopting basic HR technologies represents the first phase of digital transformation for SMEs, where basic systems such as payroll tools, employee record-keeping software, and engagement platforms are implemented to automate routine tasks and improve efficiency. This initial adoption lays the foundation for

more complex and strategic uses of HR technology down the line (Parry & Tyson, 2011). Participants in this study highlighted that manual processes were often prone to errors and inefficiencies. As a response, many SMEs adopted digital tools such as Ace Payroll, Thankyou Payroll, Tanda, and Slack to streamline basic HR functions. These tools significantly reduced the administrative tasks and allowed SMEs to focus on value-adding activities. Participants reflected on the transition from spreadsheets to a payroll system in the early stages of digital adoption. This shift from manual to digital HR practices represents the foundational stage of digitalisation described by Ruël et al. (2004). From the RBV perspective, these technologies represent valuable resources. They enhance operational efficiency and accuracy, which directly supports better HR management (Barney, 1991). This shift represents an operational change and a strategic move toward strengthening internal capabilities, providing SMEs with an early-stage competitive advantage in managing HR tasks.

Similarly, Participants' experience with technology such as Thankyou Payroll and Slack highlights how SMEs incorporate multiple digital tools to manage core functions such as payroll and internal communications. SMEs take incremental steps toward fully digital HR operations by adopting these tools. The decision to use such tools is driven by the perceived usefulness of tools that simplify time-consuming tasks and improve overall efficiency (Davis, 1989). This approach echoes the findings of Strohmeier (2007), who described foundational tools as part of the administrative phase of e-HRM, where the focus is primarily on improving the functionality of daily HR operations. Additionally, Participants used cloud-based HR tools to access remotely and through mobile phones, improving staff coordination and facilitating smoother day-to-day management. This digital adoption enhances operational efficiency, reflecting the importance of ease of use and convenience, both central to TAM (Davis, 1989). From an RBV perspective, these tools provide value by improving the speed and accuracy of information. While they may not be rare, as similar tools are widely available, the way they are integrated into firm-specific workflows can be difficult for competitors to copy. In particular, when SMEs build custom processes around these tools or train staff to maximise their use, this knowledge becomes organisationally embedded (Wright & McMahan, 2011). Although these tools may appear simple, they are instrumental in the shift from reactive to more strategic HR practices within SMEs. Most SMEs in this research reported that their adoption of HR tools was a direct response to broader technology uptake across the business.

5.2.2 Integrating Technology: Navigating HR System Integration Issues

Despite the widespread adoption of digital HR tools, Participants highlighted that these systems often operate in isolation, lacking integration with other tools. This disconnect creates inefficiencies that can offset the benefits of digital transformation, adding complexity to routine HR tasks that were intended to be streamlined. As a result, the integration challenges undermine the potential advantages of HR technology

adoption, leading to frustrations and a reduction in system effectiveness. Participants shared an example of how integration issues between HR platforms significantly affected the efficiency of payroll management. While both platforms were intended to work together, inaccuracies in data transfer led to frequent errors that required manual correction. This issue reflects what Holden and Karsh (2010) was identified in TAM: users tend to reject or underutilise systems perceived as unreliable, time-consuming, or complex. In this case, the lack of seamless integration reduced the technology's perceived usefulness and ease of use, critical drivers for continued adoption and effective use (Davis, 1989). Perceived usefulness is not a static judgment formed only at the point of adoption. Instead, it develops over time as they experience how the system works in practice. This evolving perception is where this study adds to the TAM model, especially in showing how integration problems can change users' views long after adoption.

Similarly, participants pointed out a clear gap in integration between recruitment, onboarding, engagement, and training platforms. As a result, HR teams often had to transfer data from one system to another manually. For example, in the recruitment process, the lack of connection between the applicant tracking system and the main HR software leads staff to re-enter candidate information manually, slowing down the entire hiring workflow and increasing the risk of errors. This inefficiency reflects a broader issue discussed in the RBV, where technologies that fail to align with a firm's internal processes or capabilities do not provide a strategic advantage (Al-Harazneh & Sila, 2021). The resulting operational inefficiency creates a misalignment between the organisation's HR objectives and technological resources.

5.2.3 Perceiving Usefulness: Building an HR Eco-System

Another theme from the study was the building of an HR ecosystem that matches SMEs' specific needs. Participants explained that instead of relying on one all-in-one HR system, they often combined several specialised tools to meet their unique operational demands. For example, Participants mentioned that their company had to create a customised HR system because an all-in-one solution did not exist for SMEs' needs. This "trial and error" approach led to a flexible system that could easily adapt to the company's needs, which aligns with the idea that technology should fit the company's internal capabilities (Teece, 2018). Participants also shared how their company used interconnected tools for time tracking, payroll, and invoicing. Even though these tools have some integration issues, with IT support, the HR team was able to handle HR tasks more efficiently. The idea here is that instead of using one massive system, it is more effective to use smaller, specialised tools that connect well with each other. This finding supports the view that digital transformation is not always a single and large-scale initiative. It often unfolds through a series of small, incremental steps, especially in SMEs, where limited resources and capabilities demand a more flexible and gradual approach (Vial, 2021).

The strategy of customising and connecting digital tools helps SMEs maintain control over their HR

functions. Participants' modular approach allowed them to gradually scale their digital HR systems without being locked into one rigid system like large organisations. They also found that this method helped reduce administrative work, as the tools were tailored to their workflows. This approach aligns with previous research (Strohmeier, 2007), but it also offers new insights by showing how SMEs use technology to create flexible and adaptive HR ecosystems. What stands out in these findings is that SMEs are increasingly looking for ways to integrate their HR tools strategically, rather than relying on a single comprehensive system. This reinforces earlier studies Parry and Tyson (2011) that highlight that SMEs take a more customised and adaptable approach to their digital HR needs, which may be less common in larger organisations.

5.2.4 Perceiving Usefulness: Automating Administrative HR Tasks

The use of automated HR tools for handling routine tasks has been a common theme in existing research, with many studies highlighting how these tools save time and reduce administrative work (Kavanagh & Johnson, 2017). In this study, participants shared similar experiences in the SME context, describing how they have integrated digital tools into their daily HR operations. These tools are beneficial for streamlining repetitive tasks and supporting better decision-making, which reflects what other studies have found about the efficiency gains and cost reductions that automation brings to small businesses (Marler & Fisher, 2013).

One of the interesting new findings in this theme was the use of AI tools for automating engagement with candidates. While automation in HR often focuses on payroll and recruitment tracking systems, this study found that AI is now used for tasks like automatically generating responses to candidates. This recent development in HR automation highlights how SMEs are not just using technology to handle operational tasks, but are also adopting advanced tools to make their processes more efficient and even enhance their decision-making. This aligns with the TAM, which suggests that the more useful a tool is, the more likely it is to be adopted by organisations (Holden & Karsh, 2010).

As Participants mentioned, another valuable insight from this theme was how SMEs use digital tools that generate real-time reports to help businesses make informed decisions quickly. This aligns with the RBV, as these digital tools represent a valuable resource, enhancing decision-making capabilities by providing timely insights, which enable businesses to gain a competitive edge when they leverage technology to improve their operational flexibility and responsiveness (Beckers & Bsat, 2002). The study adds a fresh perspective by showing that SMEs with smaller teams can use these tools to monitor performance effectively, which larger businesses typically do with bigger teams. These findings expand on previous research by Khan and Rinaudo (2025), who demonstrated that even small businesses can strategically use technology to enhance their decision-making and improve overall performance.

5.2.5 Perceiving Usefulness: Utilising HR Engagement Tools

Utilising HR Engagement tools is significant for SMEs, as effective engagement in small teams is vital for operational success. Participants discussed how tools designed to enhance interaction and get feedback, while prioritising user accessibility and ease of use, have been crucial in promoting better workplace engagement. These tools help bridge the communication gap between employees and management by offering platforms that are both efficient and easy to integrate. In line with Minbaeva et al. (2002) findings, SMEs in this study frequently combined informal tools like WhatsApp with more structured platforms such as Microsoft Teams and SurveyMonkey to meet diverse engagement needs. For example, Participants shared that WhatsApp was chosen as a quick and informal communication tool. As a small business, it was seen as faster and more accessible than formal communication systems. Similarly, Participants emphasised how WhatsApp was used to gather staff feedback, reinforcing the importance of engagement in smaller teams. This approach reflects the Technology Acceptance Model (TAM), which highlights that when a tool is perceived as easy to use and useful, it becomes an integral part of daily work routines (Holden & Karsh, 2010). This also highlights that SMEs often extend the use of tools their staff already know, like WhatsApp, rather than investing heavily in new systems, as a way to make better use of existing digital capabilities. Unlike larger organisations with formal IT structures, SMEs tend to adopt what is already familiar and easily accessible to their teams (Bharadwaj, 2000), allowing them to improve engagement without significant financial or technical overhead.

On the other hand, participants highlighted the use of SurveyMonkey and other formal tools to collect more structured feedback. Unlike WhatsApp, SurveyMonkey offered anonymity and a formalised process, allowing employees to share concerns and suggestions safely. The shift toward using informal and formal tools to support communication is an emerging trend in SMEs, emphasising the value of providing employees with varied platforms to express their thoughts.

5.3 Transforming the HR Function, Building Strategic Digital Capability

This section discusses the transformation of HR functions within SMEs, focusing on how the adoption of digital tools has significantly streamlined HR operations and enhanced strategic capabilities. Participants in this study highlighted that, through integrating digital HR tools, SMEs have improved the efficiency of their HR processes while also building strategic digital capabilities that empower more proactive decision-making. The shift to digital tools has made HR operations more efficient and positioned HR as a key enabler of organisational flexibility and responsiveness. This transformation mirrors findings from Panayotopoulou et al. (2007) suggested that well-implemented HR technologies are essential for supporting SME growth while maintaining control over processes. Additionally, aligning digital tools with strategic goals has become critical, reinforcing that technology must be tailored to fit a company's unique needs to enhance its competitive advantage (Barney, 1991). As Ramadan et al. (2024) point out, when many SMEs start using the same digital

tools and follow similar HR processes, there's a risk that they all begin to look alike. Instead of standing out, they may end up operating in much the same way, which can make it harder to stay competitive. While digital transformation offers many benefits, this highlights a potential downside of adopting the same systems as everyone else may limit a business's ability to be different.

5.3.1 Transforming the HR Function: Streamlining HR Operations through Digitisation

Streamlining HR operations through process digitisation was an important sub-theme of the study, as many participants highlighted the significant benefits of this process. After adopting digital HR tools, participants reported faster, more accurate results and reduced administrative workload, which aligns with existing research by Davenport (1993) noted that digitisation improves efficiency and reduces the burden of repetitive HR tasks. This shift from manual to digital HR processes enables SMEs to focus their resources on more strategic activities. For example, the Participant explained that digital performance management maintained consistency across teams while the business grew rapidly. The ability to scale operations without losing operational integrity is a clear advantage of digital HR tools. This observation is supported by the RBV, which emphasises the strategic role of internal capabilities like HR technology in enhancing a company's competitive advantage (Huselid et al., 1997). The digital tools helped ensure consistent practices across teams, reinforcing the idea that well-implemented technology can provide a solid foundation for growth, aligning with findings by Bondarouk and Brewster (2016) on the importance of digital tools in supporting SME scalability.

Participants discussed that the automation of onboarding processes could cut down on manual data entry and reduce the likelihood of errors by allowing new employees to input their own data and upload documents directly to a cloud-based system. This reflects the TAM, which suggests that technology's perceived ease of use and usefulness are critical factors in its adoption (Venkatesh & Davis, 2000). This finding aligns with Kavanagh and Johnson (2017) highlighted that HR automation saves time and enhances HR processes' accuracy and reliability.

However, not all participants had successfully implemented these systems, and some expressed concern that SMEs who delay digital adoption risk falling behind. Some managers noted that they are wasting time on things they know could be automated and are not as fast as the others who've gone digital. Most participants shared that lacking financial resources and confidence in digital tools had kept their HR processes manual, leading to errors and inconsistencies. These reflections suggest that without proper digital integration, SMEs may struggle to keep up with competitors who are already operating more efficiently and scaling with ease. Additionally, Participants described how the digital rostering tool saved valuable time that was previously spent hours on scheduling. The saved hours were reallocated to more strategic tasks, reinforcing the practical value of time-saving technologies in SME environments. Reducing administrative hours allows HR teams to

focus on activities that can positively impact the business, echoing findings from Lengnick-Hall and Moritz (2003) and other studies on the role of digital tools in freeing up resources for more value-added roles. However, this study contributes new insights into how SMEs use technology to support growth and scalability while maintaining control over HR processes.

5.3.2 Transforming the HR Function: Enhancing Efficiency in HR Roles

This allows the HR management team to perform their duties faster, more accurately, and less manually. Participants described how the digital transformation of HR operations has allowed them to focus on more strategic activities. This aligns with Strohmeier (2007), who emphasised that automation of HR processes improves employees' efficiency and the accuracy of HR functions. As manual work replaces digital tools, employees can focus more on value-added tasks that enhance overall organisational performance. For instance, Participants highlighted how the transition of onboarding processes involves configuring and maintaining the system itself. This shift allowed HR staff to move away from repetitive administrative HR roles, enabling them to focus on optimising the system for efficiency. This transition exemplifies the strategic value of digital platforms, as they become indispensable resources that enhance operational efficiency, echoing the RBV, which views technology as a key driver of organisational performance (Teece, 2018).

However, digital transformation also introduced new challenges. Participants expressed that while digital tools helped reduce manual work, they added new responsibilities related to monitoring and managing the system, reviewing requests, and approving activities. This reflects the findings of Marler and Fisher (2013), who noted that although digital HR systems reduce routine tasks, they also increase cognitive and technical demands. In this case, participants were responsible for ensuring that the digital systems functioned effectively, adding a new layer of complexity to their roles. This tension between reduced manual labour and increased system oversight is an important consideration for SMEs in their digitalisation efforts. To manage this shift more effectively, SMEs could consider assigning specific HR responsibilities to digitally capable staff, investing in user-friendly systems, or providing training to reduce the cognitive load on business managers.

5.3.3 Building Strategic Digital Capability: Enabling Data-Driven HR Decision-Making

Enabling data-driven HR decision-making allows managers to make evidence-based decisions by leveraging digital tools and analytics systems within human resource management (Rasmussen & Ulrich, 2015). Traditionally, HR tasks such as performance tracking, payroll processing, and employee data management were manual and time-consuming. However, the transition to digital platforms has significantly improved efficiency, standardised HR procedures, ensured consistency in reporting, and enhanced data-driven decision-making. Several participants in this study highlighted how digital tools have streamlined operations and empowered HR teams to make more informed, strategic decisions.

Participants highlighted the key role of cloud-based HR tools, which allow employees to access their data, such as wages, leave balances, and sick leave, thereby reducing the need for HR to handle routine inquiries. This shift mirrors the TAM, where perceived usefulness drives technology adoption. As Schnall et al. (2015) argue, when employees have direct access to relevant information, trust in the system is boosted, uncertainty is reduced, and greater engagement is fostered. This dynamic aligns with the broader trend in HRM where self-service platforms are seen as essential for operational efficiency and improving employee experience. Digital systems offer detailed analyses that far exceed the capabilities of traditional methods, ensuring that performance reports are more accurate and reliable. This shift aligns with the RBV, which positions high-quality internal resources, such as digital HR platforms, as a source of competitive advantage (Wright et al., 2001). This improvement in analytical capability is critical for SMEs, as small HR teams often handle multiple, diverse responsibilities. By reducing errors and enhancing the quality of HR reporting, these tools create a sustainable strategic advantage that is difficult for competitors to replicate.

Additionally, Participants noted that digital HR platforms offer a comprehensive view of business operations, thereby enhancing decision-making. This insight aligns with the idea that digital tools provide real-time feedback, which is valuable for HR departments and broader organisational decision-making. From a TAM perspective, frequent use of these systems reinforces their perceived ease of use and usefulness. Furthermore, in line with the RBV, leveraging real-time data becomes a critical resource for managers, helping them respond more proactively to workforce trends and challenges.

5.3.4 Building Strategic Digital Capability: Tailoring Digital HR Tools for Strategic Fit

Tailoring digital HR tools for strategic fit involves customising HR technologies to align with an organisation's unique goals, processes, and workforce characteristics (Strohmeier & Stefan, 2014). As SMEs mature in using digital HR systems, they go beyond simple adoption to strategically adapt tools to fit their internal needs. Participants in this study highlighted how digital tools are no longer just about streamlining administrative tasks; they have become essential to reshaping internal workflows, improving organisational agility, and positioning HR as a strategic partner rather than just a support function. For example, Participants shared how their organisation reconfigured a performance management system to better align with its internal processes. They ensured the tool served their specific needs by stripping out unnecessary features. This tailored approach reflects the importance of aligning digital tools with organisational strategy, an idea supported by the RBV. Customising systems to fit an organisation's unique workflows turns these tools into valuable resources difficult for competitors to replicate, reinforcing competitive advantage (Barney, 1991).

Participants mentioned that organisations gain a competitive advantage specifically because of how

well their digital HR tools align with their strategic objectives. This highlights that not all digital HR tools are universally beneficial; their effectiveness depends on how well they are customised to fit the business's needs. This perspective aligns with Becker and Huselid (2006) the strategic HRM framework, which argues that the value of HR tools lies in improving efficiency and enabling greater organisational agility and transformation. For SMEs, how well these tools work often depends on the resources such as existing digital tools, budget, and capabilities they already have, like staff experience, digital confidence, or past use of similar systems.
When there's already some familiarity, the learning curve is shorter, and new tools are easier to adopt.

Furthermore, Participants discussed plans to further digitise various HR processes, including recruitment and administration, to make operations more efficient and adaptable. This forward-thinking mindset demonstrates how SMEs use digital HR tools for operational improvement and strategic innovation. From the SHRM perspective, HRM is evolving from a mere support function into a core enabler of organisational flexibility and responsiveness (Gerhart & Feng, 2021). Tailoring digital HR tools to fit organisational needs is key to realising their strategic potential.

5.4 Cognitive Barriers and Experiential Constraints, Learning Through Digital Transformation

This section discusses the findings related to the cognitive barriers and experiential constraints SME managers face when adopting digital HR tools, revealing the challenges they encounter in their decision-making processes. Many participants mentioned how these challenges led them to opt for "good enough" decisions rather than exploring the optimal digital solutions for their businesses. This is consistent with Simon (1957) concept of bounded rationality, where decision-makers settle for acceptable options due to cognitive limitations. Moreover, experiential constraints, such as limited knowledge of digital tools, also played a significant role in hindering the adoption process. Many participants struggled to make informed decisions without understanding the tools available. This aligns with Managerial Perception Theory (Hambrick & Mason, 1984), which highlights how a lack of exposure to alternatives can negatively impact decision-making quality. Some SMEs had tools that didn't suit their needs or weren't used effectively, leading to wasted time, added frustration, or stalled progress. These missteps sometimes made staff hesitant to support further digital changes. As managers navigated these barriers, they learned and adapted over time, gaining valuable insights into digital HR tools that helped them refine their strategies. This learning process, described by Bresciani et al. (2021),was crucial in overcoming initial challenges and aligning technology with their businesses' needs.

5.4.1 Cognitive Barriers and Experiential Constraints: Bounded Rationality in HR Decision-Making

Bounded Rationality in HR Decision-Making is the cognitive limitations and constraints managers face when making decisions about adopting HR technology. Instead of seeking optimal solutions, managers often opt for "good enough" choices due to limited information, time pressures, and resource constraints

(Simon, 1957). This phenomenon was evident in the interviews, where participants described various hurdles such as cost concerns, lack of awareness, and resistance to change that hindered the adoption of digital HR tools. Despite recognising the potential benefits of these systems, many participants admitted that the financial cost and lack of understanding about available tools for SMEs led to suboptimal decisions.

For instance, Participants highlighted a critical issue related to the mismatch between digital HR tools' pricing structure and smaller businesses' needs. They mentioned that most tools seem tailored to larger companies, leaving SMEs with fewer affordable options. This cost barrier becomes a cognitive constraint, where managers, perceiving these systems as expensive, dismiss them outright without thoroughly assessing their potential benefits. This aligns with findings in HRM literature, where cost is a primary barrier to adopting technology in SMEs (Panayotopoulou et al., 2007). This illustrates bounded rationality in action, as managers default to less-than-ideal choices because of perceived financial constraints. Another significant barrier identified by participants was the lack of awareness about available digital tools. Many managers admitted that they were unaware of the digital solutions that could help streamline HR processes in their businesses. For example, Participants noted that they had no introduction to such tools, leading to a knowledge gap that hinders their ability to make informed decisions. This is consistent with Managerial Perception Theory, which suggests that limited exposure to strategic alternatives leads to a lack of engagement and lower decision-making quality (Hambrick & Mason, 1984). SMEs often miss opportunities to explore and adopt relevant technologies without access to external networks or dedicated HR departments.

Cultural resistance to digital change, particularly from older employees, was another key barrier discussed by participants. They explained that resistance was particularly evident among older staff, even when digital tools were introduced with good intentions. This mirrors findings by Strohmeier and Stefan (2014), who emphasised that successful HR digitalisation is not just about the technology itself, but also about the social structures that support employee engagement and adoption. The generational divide and resistance pressure managers, who must find ways to motivate their teams to embrace digital tools, further complicating the decision-making process.

5.4.2 Cognitive Barriers and Experiential Constraints: Increasing Cognitive Load from HR Digital Tools

This burden is particularly significant when the tools are complex, unintuitive, or require ongoing oversight (Sweller, 1988). While digital HR tools are designed to reduce administrative workloads, participants in the study shared that the complexity of these systems often added to their cognitive load. For example, SME managers discussed how introducing digital tools did not necessarily streamline their tasks; instead, they were required to constantly oversee the systems, integration issues, and a lack of digital knowledge, which demanded sustained attention and adaptability. This trend was particularly evident in small businesses that lack dedicated

IT support or have limited training and system integration resources compared to larger organisations, which typically have dedicated IT teams that handle system maintenance and troubleshooting, significantly reducing the cognitive burden on individual managers.

Participants expressed frustration with the complexity of the tools, noting that although the systems had the potential to perform many functions, they were difficult to use without technical support. This highlights a key issue in HRM technology adoption: even when systems offer valuable features, they may remain underutilised if users cannot fully navigate or leverage them (Hussain et al., 2007). A mismatch between the tools' capabilities and the users' technical skills contributes to inefficiencies, as the systems fail to achieve their intended potential. These findings resonate with the concerns raised in the literature, where complex systems without sufficient user support are likely to face resistance or become underused (Blom et al., 2020).

Furthermore, some participants admitted to continuing to use spreadsheets and manual processes, particularly for tasks like performance analysis. This hybrid approach indicates partial adoption, where businesses implement digital HR tools for simpler tasks but revert to traditional methods for more complex functions. This reluctance to fully embrace digital HR tools for strategic tasks is consistent with the findings of Trenkle (2023), who noted that many digital solutions are too generic to meet the specific needs of SMEs. Managers often perceive the tools as not matching the unique requirements of their organisations, which leads them to rely on familiar, manual alternatives.

5.4.3 Learning Through Digital Transformation: Recognising digitalisation benefits.

Recognising digitalisation benefits in SME practice involves understanding the tangible value that digital tools bring to HR functions, such as improved efficiency, data-driven decision-making, and enhanced employee experiences (Hagel et al., 2017). Participants in this study emphasised that digital HR tools are no longer optional but essential for future business operations, recognising that the benefits of digitalisation are important to remain competitive; SMEs must embrace digital transformation, not only through technological uptake but also by aligning their organisational culture and mindset with the changing digital landscape.

For instance, Participants strongly advocated for early adoption, viewing digital HR tools as necessary for business survival. Advice reflects a shift from seeing technology adoption as a mere operational improvement to viewing it as a strategic necessity. This mindset aligns with previous literature suggesting digital adoption is no longer about convenience but long-term sustainability and staying relevant in an evolving business environment (Kane et al., 2015). Similarly, Participants noted the widespread use of digital HR tools, emphasising that businesses failing to adopt such technologies are at a strategic disadvantage. This perception is echoed in the literature, where businesses not keeping up with digital trends are seen as lagging in leadership and innovation (Weill et al., 2017). Participants further linked digital adoption to a competitive edge,

positioning digital HR systems as crucial for survival in today's market. This reinforces the idea that technology in HRM is not just about operational efficiency; it is about gaining a competitive advantage, improving productivity, and ensuring business resilience. Similarly, Participants highlighted how digital systems reduce errors and enhance efficiency, making them particularly beneficial for SMEs with limited resources. These insights align with the RBV, which suggests that digital tools are operational necessities and strategic assets that create value through improved business processes (Barney, 1991).

Finally, Participants encapsulated the collective sentiment by framing digital HR adoption as a matter of future readiness, emphasising that businesses must embrace technology or risk being left behind. This shift toward viewing digital HRM as integral to business success underscores the growing importance of leadership in driving digital transformation. As supported by the TAM, managers who perceive digital tools as useful and easy to use are more likely to champion their adoption, driving wider organisational change (Venkatesh & Davis, 2000). In summary, SME managers increasingly recognise the benefit of digital HR tools and adopt them as operational tools and strategic resources for long-term business success.

5.4.4 Learning Through Digital Transformation: Learning to Navigate in Digitalisation

Learning to navigate digitalisation in HRM is important as managers assess the performance of digital HR tools, learn from their implementation, and continuously adapt systems to better align with their organisational needs and goals (Bresciani et al., 2021). Adopting digital HR technologies is a dynamic, journey for SME managers. It is not a one-time decision. Rather than relying on formal strategies, managers engage in a continual process of evaluation and adaptation. This evolving experience is essential for creating HR systems that fit their specific operational realities.

As revealed in the study, many SMEs have adopted a modular approach to digital HR, integrating various tools rather than relying on a single system. Participants highlighted this trend, explaining that no tool could meet all HR needs, creating custom digital ecosystems that combine multiple systems to fit the organisation's best structure. This approach reflects the RBV, where organisations customise internal resources to enhance their competitive advantage and operational fit (Barney, 1991). This strategy ensures that each tool aligns with the firm's unique goals, and flexibility is a key component in creating long-term value from these digital resources. Moreover, participants emphasised that their decision-making process was not solely based on external reputations or marketing claims. Instead, hands-on testing of different platforms allowed managers to evaluate their usefulness in practice. For example, Participants mentioned how they compared various HR software solutions before settling on the best fit ones. This aligns with the TAM, which suggests that perceived usefulness, based on real-world use, drives adoption and engagement with technology (Venkatesh & Davis, 2000). By testing and comparing, managers gain a deeper understanding of what works best for their organisational needs, enhancing the likelihood of successful adoption.

However, the process of system adaptation is not always smooth. Participants pointed out that they faced significant challenges in customising the system to meet their specific operational needs. Even with vendor support, the lack of flexibility of some tools still required customisation. This underscores the importance of adaptability in digital systems for SMEs, as tools that cannot be tailored to internal workflows often lose their value as strategic resources. While earlier research has warned of the risks associated with adopting inflexible systems (Strohmeier & Kabst, 2009), this study extends the Technology Acceptance Model (TAM) by showing that in SMEs, perceived usefulness is not just a static judgment made at the point of adoption. It emerges through an ongoing customisation process, trial and error, and adaptive learning. This way, usefulness is developed over time, as systems are gradually refined to meet the business's needs. Despite the early challenges, this adaptive approach allows SME managers to reshape their digital tools in ways that support their evolving HR strategies..

Summary

The discussion shows that SMEs often start by adopting basic HR tools to reduce manual work, motivated by perceived usefulness. However, there are challenges, especially with system integration issues and cognitive barriers, that make full digital adoption difficult. Despite these hurdles, SMEs gradually build strategic digital capabilities by tailoring tools to fit their needs and using data-driven decision-making to improve HR functions. Over time, digital tools help transform HR from a mainly administrative function into a more strategic partner that supports business growth and agility. Participants also emphasised that digital HR tools are no longer optional but essential for staying competitive, aligning with wider research that views digitalisation as a long-term strategic advantage. The discussion concludes that while SMEs face constraints like cost, limited knowledge, and integration challenges, they learn and adapt over time. SMEs can successfully navigate digital transformation and enhance operational efficiency by combining practical experimentation with a clear understanding of business needs.

5.5 Theoretical Contribution

This study adds to the theoretical understanding of how digital transformation reshapes HRM within SMEs, especially by highlighting the lived experiences of SME managers navigating HR digitalisation. Drawing on the TAM and RBV, this research uncovers how perceptions of usefulness and ease of use influence the adoption and evolution of digital HR tools in resource-constrained environments.

Traditional TAM studies often focus on end-users or IT staff in large organisations (Venkatesh & Davis, 2000). However, this research reframes TAM in a small business context, where decision-makers are typically also end-users. This dual role intensifies how usefulness is perceived regarding individual efficiency and

organisational survival. As managers adapt tools like payroll platforms or recruitment software, they are not just accepting technology but actively shaping its integration into core business processes. This highlights the importance of cognitive and experiential learning in technology acceptance, extending TAM beyond one- time adoption to include continuous adaptation and realignment over time.

From the RBV perspective, this study demonstrates how digital tools become valuable internal resources when customised to fit a firm's specific workflows, culture, and constraints (Barney, 1991). Rather than seeing digital HR systems as plug-and-play solutions, SME managers strategically adapt and combine basic tools to form lean but effective HR ecosystems. These digital capabilities, though modest, support real-time decision-making, transparency, and agility, all of which enhance the firm's ability to compete and grow. This tailored use of technology reflects a unique resource configuration that can lead to sustained advantage, even without large-scale investment.

This research also extends existing theory by capturing managerial decision-making's emotional and cognitive aspects during digital transformation, an area often underrepresented in HRM literature. Managers in SMEs are not passive recipients of change; they make meaning through trial, error, and reflection, forming what this study frames as "strategic reframing." This process highlights that digital transformation is a technological shift and a personal and organisational learning journey. This study contributes to theory by showing how TAM and RBV can be applied in SME contexts to better understand how digital tools are adopted, adapted, and internalised. It also highlights the importance of managers' experience, learning, and strategic thinking in shaping HR digitalisation. These insights expand our understanding of digital HRM, not just as a set of tools, but as a dynamic process of organisational change and capability development.

5.6 Practical Contribution

This study offers practical insights into how SMEs in New Zealand can effectively navigate the digital transformation of HRM. The findings provide actionable guidance for SME managers, HR software developers, and policy-makers on supporting meaningful, sustainable digital adoption in real-world business settings. For SME managers, this research highlights that successful digital transformation does not require expensive, all-in-one platforms. Instead, practical benefits can be achieved by integrating simple, affordable HR tools that address immediate HR needs, such as digital payroll, time tracking, performance management tools, and recruitment systems. Managers reported that even basic digital systems reduced administrative burdens, improved efficiency, and increased transparency across HR tasks. SMEs can improve operational efficiency without needing large-scale change by tailoring tools to fit their existing workflows. For practitioners, this means adopting a "fit-for-purpose" mindset, choosing technology based on how well it complements the business, not how advanced or feature-rich it is.

The study also shows that digital transformation is most successful when treated as a learning process. Participants often began with limited digital confidence but gradually became more comfortable through hands-on use and trial-and-error. This suggests that continuous learning, whether through peer sharing, informal training, or experimenting with new tools, is essential for digital progress. From a staff management perspective, the study found that digital tools streamlined HR tasks and enhanced employee engagement. Some features, like cloud-based platform access, self-service options, and employee engagement tools, helped create a more inclusive and flexible work environment. Managers should consider which tools are the right match for their SMEs by choosing tools that prioritise user experience, systems that are easy to navigate, and allow employees to engage with HR processes effectively. These user-friendly tools can improve communication, empower employees, and reduce reliance on face-to-face interactions, which are especially valuable in hybrid or remote settings. For HR tech developers, the findings underline the importance of designing products that address the needs of small businesses. Many SME managers in the study cited integration problems, steep learning curves, and the high expense of tools as key barriers. Developers can respond by introducing a platform that can link recruitment, onboarding, performance management, and employee engagement HR tools together, or build an all-in-one platform specially for SMEs for an affordable price, and provide practical, non-technical support to help clients implement tools effectively.

Finally, this study highlights the role of government and policymakers in supporting digital HR adoption. Participants repeatedly highlight a lack of resources for the initial digital transformation process, a lack of knowledge about what tools are available for SMEs, and limited access to formal training, which are significant barriers to digital HR transformation. Programs like New Zealand's "Digital Boost" could be expanded to include an HR-specific program or funding schemes focused on digital capability-building for people management. Bridging this support gap would empower SMEs to adopt digital HRM tools more effectively.

5.7 Limitations and Future Research

While this study offers valuable insights into how digital transformation reshapes HRM practices in New Zealand SMEs, several limitations should be acknowledged. First, the study's sample consisted of 11 SME managers, which may limit the generalisability of the findings. Although qualitative research prioritises depth over breadth (Creswell & Poth, 2016), a larger and more diverse sample across different geographic regions could strengthen the robustness of the insights and allow for broader application of the results (Bryman, 2016). Another limitation is the reliance on self-reported data through semi-structured interviews. While these interviews provided rich, first-hand accounts of digital HR adoption, they are also subject to personal bias or memory recall issues where participants may overstate successes or underreport challenges (Beardwell & Wright, 2004). Additionally, the interpretive nature of qualitative analysis means that researcher subjectivity

could influence theme development, even though care was taken to ensure accuracy through thematic cross-checking. The study also focused solely on SME managers, which, while appropriate for the research aim, limits the employees' perspective to a digital transformation in SMEs. Including employees or external consultants in future research could offer a broader view of how digital HR tools are experienced across different roles within SMEs.

Future research could also explore industry-specific differences in digital HRM adoption. For instance, tech or professional services SMEs may engage differently with digital tools than those in agriculture or hospitality. Investigating these sectoral nuances could help tailor practical strategies for digital HRM more effectively. Additionally, future studies could examine how external factors, such as government policy, vendor support, or economic conditions, influence digital HR decisions in SMEs. Understanding the interplay between internal decision-making and external pressures will be key to supporting sustainable transformation as the digital ecosystem expands. While this study lays a strong foundation for understanding the lived experiences of SME managers in HR digitalisation, expanding the scope, perspective, and methodology in future research would enhance the depth, applicability, and impact of the findings.

5.8 Conclusion and Summary

This study has shown that digital transformation is significantly reshaping how HRM functions are carried out within SMEs in New Zealand. The digitalisation in HR is connected to how SME managers think, learn, and lead, far from being a purely technical process. The findings confirm that many SME managers are taking an active and adaptive role in shaping their organisations' HR digitalisation journey. The main drivers of HR digitalisation are perceived usefulness and ease of Use, which lead to streamlining HR tasks and saving time. SME managers strategically embed digital HR tools to align with their internal workflows, which enhances operational efficiency and long-term competitive advantage. SMEs are in an ongoing adaptation process, configuring tools to suit their business size and needs, learning through trial and error, and responding to new challenges with adaptation strategies.

The research revealed that some SME managers often experience digital transformation as a complex journey. While tools have improved administrative efficiency, they have also introduced new responsibilities and cognitive demands. By drawing on the TAM and the RBV, this study deepened our theoretical understanding of how perceived usefulness and ease of use influence digital HR adoption in SME settings. Also, these insights highlight how SMEs can turn digital systems into strategic assets through thoughtful alignment with internal processes and culture to gain a competitive advantage. The study also underscored the human side of digital transformation. Managers' perceptions, confidence levels, and personal learning journeys were critical in shaping digital outcomes. Digital HR tools that offered simplicity, flexibility, and user-friendly design were more likely to be embraced, while poor integration or high complexity often led to frustration and

abandonment. Overall, this research contributes theoretical and practical insights into how HRM evolves in the digital age.

References

Adiazmil, A., Hidayat, M., & Basuil, D. (2024). Strategic Human Resource Planning in the Era of Digital Transformation. Management Studies and Business Journal (PRODUCTIVITY), 1 (1), 130-137. In.

Akhtar, P., Moore, P., & Upchurch, M. (2018). Digitalisation of work and resistance. *Humans and Machines at Work: Monitoring, Surveillance and Automation in Contemporary Capitalism*. https://doi.org/10.1007/978-3-319-58232-0_2

Al-Harazneh, Y. M., & Sila, I. (2021). The impact of E-HRM usage on HRM effectiveness: highlighting the roles of top management support, HR professionals, and line managers. *Journal of Global Information Management (JGIM)*, *29*(2), 118-147. https://doi.org/10.4018/JGIM.2021030107

Anastas, P. T., Bartlett, L. B., Kirchhoff, M. M., & Williamson, T. C. (2000). The role of catalysis in the design, development, and implementation of green chemistry. *Catalysis today*, *55*(1-2), 11-22. https://doi.org/10.1016/S0920-5861(99)00222-9

Angrave, D., Charlwood, A., Kirkpatrick, I., Lawrence, M., & Stuart, M. (2016). HR and analytics: why HR is set to fail the big data challenge. *Human resource management journal*, *26*(1), 1-11. https://doi.org/10.1111/1748-8583.12090

Appelbaum, E. (2000). *Manufacturing advantage: Why high-performance work systems pay off*. Cornell University Press. https://doi.org/10.2307/259189

Armstrong, M., & Taylor, S. (2023). *Armstrong's handbook of human resource management practice: A guide to the theory and practice of people management*. Kogan Page Publishers.

Arnold, M., Goldschmitt, M., & Rigotti, T. (2023). Dealing with information overload: a comprehensive review. *Frontiers in psychology*, *14*, 1122200.

Atkinson, R., & Flint, J. (2001). Accessing hidden and hard-to-reach populations: Snowball research strategies. *Social research update*, *33*(1), 1-4. https://doi.org/10.1046/j.1365-2648.1997.00371.x

Augier, M., & Teece, D. J. (2007). Dynamic capabilities and multinational enterprise: Penrosean insights and omissions. *Management international review*, *47*(2), 175-192.

Babchuk, W. A. (2016). Review of Qualitative Research: A Guide to Design and Implementation (2016) by SB Merriam & EJ Tisdell. https://doi.org/10.1177/0741713616671930

Ball, K. S. (2001). The use of human resource information systems: a survey. *Personnel Review*, *30*(6), 677-693. https://doi.org/10.1108/EUM0000000005979

Barney, J. (1991). Firm resources and sustained competitive advantage. *Journal of management*, *17*(1), 99-120. https://doi.org/10.1177/014920639101700108

Bauer, T. N. (2010). Maximizing success. *SHRM Foundation's Effective practice guidelines series*.

Baykal, E. (2020). Digitalization of human resources: E-HR. In *Tools and techniques for implementing international e-trading tactics for competitive advantage* (pp. 268-286). IGI Global. https://doi.org/10.4018/978-1-7998-1930-2.ch015

Beardwell, J., & Wright, M. (2004). Recruitment and selection. *Human resource management: A contemporary approach*, 190-229.

Becker, B. E., & Huselid, M. A. (2006). Strategic human resources management: where do we go from here? *Journal of management*, *32*(6), 898-925. https://doi.org/10.1177/0149206306293668

Beckers, A. M., & Bsat, M. Z. (2002). A DSS classification model for research in human resource information systems. *Information systems management*, *19*(3). https://doi.org/10.1201/1078/43199.19.3.20020601/37548.7

Berger Peter, L., & Luckmann, T. (1966). The social construction of reality. *A Treatise in the Sociology of Knowledge*.

Berger, R. (2015). Now I see it, now I don't: Researcher's position and reflexivity in qualitative research. *Qualitative research*, *15*(2), 219-234. https://doi.org/10.1177/1468794112468475

Besson, P., & Rowe, F. (2012). Strategizing information systems-enabled organizational transformation: A transdisciplinary review and new directions. *The journal of strategic information systems*, *21*(2), 103-124. https://doi.org/10.1016/j.jsis.2012.03.002

Bharadwaj, A., El Sawy, O. A., Pavlou, P. A., & Venkatraman, N. v. (2013). Digital business strategy: toward a next generation of insights. *MIS quarterly*, 471-482. https://doi.org/10.25300/MISQ/2013/37:2.3

Bharadwaj, A. S. (2000). A resource-based perspective on information technology capability and firm performance: an empirical investigation. *MIS quarterly*, 169-196.

Biernacki, P., & Waldorf, D. (1981). Snowball sampling: Problems and techniques of chain referral sampling. *Sociological methods & research*, *10*(2), 141-163.

Birt, L., Scott, S., Cavers, D., Campbell, C., & Walter, F. (2016). Member checking: a tool to enhance trustworthiness or merely a nod to validation? *Qualitative health research*, *26*(13), 1802-1811.

Bissola, R., & Imperatori, B. (2019). *HRM 4.0 for Human-centered Organizations*. Emerald Group Publishing.

Blom, R., Kruyen, P. M., Van der Heijden, B. I., & Van Thiel, S. (2020). One HRM fits all? A meta-analysis of the effects of HRM practices in the public, semipublic, and private sector. *Review of Public Personnel Administration*, *40*(1), 3-35.

Bondarouk, T., & Brewster, C. (2016). Conceptualising the future of HRM and technology research. *The international journal of human resource management*, *27*(21), 2652-2671.

https://doi.org/10.1080/09585192.2016.1232296

Bondarouk, T. V., & Ruël, H. J. (2009). Electronic Human Resource Management: challenges in the digital era. *The international journal of human resource management*, *20*(3), 505-514. https://doi.org/10.1080/09585190802707235

Bowen, G. A. (2009). Document analysis as a qualitative research method. *Qualitative research journal*, *9*(2), 27-40.

Boxall, P. (2012). High-performance work systems: what, why, how and for whom? *Asia Pacific Journal of Human Resources*, *50*(2), 169-186.

Boxall, P., Purcell, J., & Wright, P. (2007). The goals of HRM. *The Oxford handbook of human resource management*, 48-67.

Braun, V., & Clarke, V. (2006). Using thematic analysis in psychology. *Qualitative research in psychology*, *3*(2), 77-101.

Breaugh, J. A. (2013). Employee recruitment. *Annual review of psychology*, *64*(1), 389-416.

Bresciani, S., Huarng, K.-H., Malhotra, A., & Ferraris, A. (2021). Digital transformation as a springboard for product, process and business model innovation. In (Vol. 128, pp. 204-210): Elsevier.

Bryman, A. (2016). *Social research methods*. Oxford university press.

Buheji, M., & Ahmed, D. (2019). *The intent: Shaping the future of 'poverty economy'*. AuthorHouse.

Buisson, M.-L., Gastaldi, L., Geffroy, B., Lonceint, R., & Krohmer, C. (2021). Innovative SMEs in search of ambidexterity: a challenge for HRM! *Employee Relations: The International Journal*, *43*(2), 479-495.

Caldwell, C., & Peters, R. (2018). New employee onboarding–psychological contracts and ethical perspectives. *Journal of Management Development*, *37*(1), 27-39.

Cardon, M. S., & Stevens, C. E. (2004). Managing human resources in small organizations: What do we know? *Human resource management review*, *14*(3), 295-323.

Carnevale, J. B., & Hatak, I. (2020). Employee adjustment and well-being in the era of COVID-19: Implications for human resource management. *Journal of business research*, *116*, 183-187.

Cassell, C., Nadin, S., Gray, M., & Clegg, C. (2002). Exploring human resource management practices in small and medium sized enterprises. *Personnel Review*, *31*(6), 671-692.

Chillakuri, B., & Attili, V. P. (2022). Role of blockchain in HR's response to new-normal. *International Journal of Organizational Analysis*, *30*(6), 1359-1378.

Creswell, J. W., & Poth, C. N. (2016). *Qualitative inquiry and research design: Choosing among five approaches*. Sage publications.

Davenport, T. H. (1993). *Process innovation: reengineering work through information technology*. Harvard business press.

Davenport, T. H., Harris, J. G., Jones, G. L., Lemon, K. N., Norton, D., & McCallister, M. B. (2007). The dark side of customer analytics. *Harvard business review*, *85*(5), 37.

Davenport, T. H., Harris, J. G., & Morison, R. (2010). *Analytics at work: Smarter decisions, better results*. Harvard Business Press.

Davis, F. D. (1989). Perceived usefulness, perceived ease of use, and user acceptance of information technology. *MIS quarterly*, 319-340. https://doi.org/10.2307/249008

Delery, J. E., & Roumpi, D. (2017). Strategic human resource management, human capital and competitive advantage: is the field going in circles? *Human resource management journal*, *27*(1), 1-21.

Deloitte. (2023). *2023 Global Human Capital Trends*. https://www2.deloitte.com/global/en/pages/human-capital/articles/human-capital-trends.html

DeNisi, A. S., & Murphy, K. R. (2017). Performance appraisal and performance management: 100 years of progress? *Journal of Applied Psychology*, *102*(3), 421.

Denzin, N. K. (2012). Triangulation 2.0. *Journal of mixed methods research*, *6*(2), 80-88.

Denzin, N. K., & Lincoln, Y. S. (2011). *The Sage handbook of qualitative research*. sage.

Dery, K., & Sebastian, I. M. (2017). Managing talent for digital.

Digital, B. (2023). *Digital Boost Programme: Helping SMEs Adopt Digital Tools*. https://digitalboost.business.govt.nz/

Dineen, B. R., & Soltis, S. M. (2011). Recruitment: A review of research and emerging directions.

Elrehail, H., Harazneh, I., Abuhjeeleh, M., Alzghoul, A., Alnajdawi, S., & Ibrahim, H. M. H. (2020). Employee satisfaction, human resource management practices and competitive advantage: The case of Northern Cyprus. *European Journal of Management and Business Economics*, *29*(2), 125-149.

Etikan, I., Musa, S. A., & Alkassim, R. S. (2016). Comparison of convenience sampling and purposive sampling. *American journal of theoretical and applied statistics*, *5*(1), 1-4.

Fenech, R., Baguant, P., & Ivanov, D. (2019). The changing role of human resource management in an era of digital transformation. *Journal of Management Information & Decision Sciences*, *22*(2).

Fitzgerald, M., Kruschwitz, N., Bonnet, D., & Welch, M. (2014). Embracing digital technology: A new strategic imperative. *MIT sloan management review*, *55*(2), 1.

Fusch Ph D, P. I., & Ness, L. R. (2015). Are we there yet? Data saturation in qualitative research.

Gao, H. (2024). The reform of human resource management in enterprise digital transformation. SHS Web of conferences,

Garg, M., & Goel, S. (2021). Financial inclusion and mobile banking adoption: A structural modeling approach. *SGS-Engineering & Sciences*, *1*(01).

Gerhart, B., & Feng, J. (2021). The resource-based view of the firm, human resources, and human capital: Progress and prospects. *Journal of management*, *47*(7), 1796-1819. https://doi.org/10.1177/01492063211007264

Gioia, D. A., Corley, K. G., & Hamilton, A. L. (2013). Seeking qualitative rigor in inductive research: Notes on the Gioia methodology. *Organizational research methods*, *16*(1), 15-31. https://doi.org/10.1177/1094428112452151

Goodman, L. A. (1961). Snowball sampling. *The annals of mathematical statistics*, 148-170.

Gregory, B. T., Harris, S. G., Armenakis, A. A., & Shook, C. L. (2009). Organizational culture and effectiveness: A study of values, attitudes, and organizational outcomes. *Journal of business research*, *62*(7), 673-679.

Guarino, N., Oberle, D., & Staab, S. (2009). What is an ontology? *Handbook on ontologies*, 1-17.

Guba, E. G., & Lincoln, Y. S. (1994). Competing paradigms in qualitative research. *Handbook of qualitative research*, *2*(163-194), 105.

Guest, G., Bunce, A., & Johnson, L. (2006). How many interviews are enough? An experiment with data saturation and variability. *Field methods*, *18*(1), 59-82. https://doi.org/10.1177/1525822X05279903

Guillemin, M., & Gillam, L. (2004). Ethics, reflexivity, and "ethically important moments" in research. *Qualitative inquiry*, *10*(2), 261-280. https://doi.org/10.1177/1077800403262360

Hagel, J., Schwartz, J., & Bersin, J. (2017). Navigating the future of work. *Investing in America's Workforce*, 175.

Hamari, J., Koivisto, J., & Sarsa, H. (2014). Does gamification work?--a literature review of empirical studies on gamification. 2014 47th Hawaii international conference on system sciences,

Hambrick, D. C., & Mason, P. A. (1984). Upper echelons: The organization as a reflection of its top managers. *Academy of management review*, *9*(2), 193-206. https://doi.org/10.5465/amr.1984.4277628

Hammer, M. (1990). Reengineering work. *Harvard business review*, *68*(4), 104-112.

Hammersley, M., & Traianou, A. (2012). *Ethics and educational research*. British Educational Research Association London.

Harter, J. K., Schmidt, F. L., & Hayes, T. L. (2002). Business-unit-level relationship between employee satisfaction, employee engagement, and business outcomes: a meta-analysis. *Journal of Applied Psychology*, *87*(2), 268.

Hasiwar, D., Gruber, A., Dragschitz, C., & Ivkić, I. (2024). Towards a Cloud-based Smart Office Solution for Shared Workplace Individualization. *arXiv preprint arXiv:2403.18883*. https://doi.org/10.48550/arXiv.2403.18883

Heckathorn, D. D. (1997). Respondent-driven sampling: a new approach to the study of hidden populations. *Social problems*, *44*(2), 174-199. https://doi.org/10.2307/3096941

Henttonen, P. (2017). Privacy as an archival problem and a solution. *Archival Science*, *17*(3), 285-303. https://doi.org/10.1007/s10502-017-9283-6

Hodgkinson, G. P., & Healey, M. P. (2011). Psychological foundations of dynamic capabilities: Reflexion and reflection in strategic management. *Strategic management journal*, *32*(13), 1500-1516. https://doi.org/10.1002/smj.968

Holden, R. J., & Karsh, B.-T. (2010). The technology acceptance model: its past and its future in health care. *Journal of biomedical informatics*, *43*(1), 159-172. https://doi.org/10.1016/j.jbi.2009.07.002

Huselid, M. A., Jackson, S. E., & Schuler, R. S. (1997). Technical and strategic human resources management effectiveness as determinants of firm performance. *Academy of Management journal*, *40*(1), 171-188. https://doi.org/10.5465/257025

Hussain, Z., Wallace, J., & Cornelius, N. E. (2007). The use and impact of human resource information systems on human resource management professionals. *information & Management*, *44*(1), 74-89. https://doi.org/10.1016/j.im.2006.10.001

Israel, M., & Hay, I. (2006). *Research ethics for social scientists*. Sage.

Jeske, D., & Shultz, K. S. (2016). Using social media content for screening in recruitment and selection: pros and cons. *Work, employment and society*, *30*(3), 535-546.

Jiang, K., Lepak, D. P., Hu, J., & Baer, J. C. (2012). How does human resource management influence organizational outcomes? A meta-analytic investigation of mediating mechanisms. *Academy of Management journal*, *55*(6), 1264-1294.

Kahn, W. A. (1990). Psychological conditions of personal engagement and disengagement at work. *Academy of Management journal*, *33*(4), 692-724.

Kallio, H., Pietilä, A. M., Johnson, M., & Kangasniemi, M. (2016). Systematic methodological review: developing a framework for a qualitative semi-structured interview guide. *Journal of advanced nursing*, *72*(12), 2954-2965. https://doi.org/10.1111/jan.13031

Kane, G. C., Palmer, D., Phillips, A. N., Kiron, D., & Buckley, N. (2015). Strategy, not technology, drives digital transformation. *MIT sloan management review*.

Katou, A. A. (2017). How does human resource management influence organisational performance? An integrative approach-based analysis. *International Journal of Productivity and Performance Management*, *66*(6), 797-821.

Kavanagh, M. J., & Johnson, R. D. (2017). *Human resource information systems: Basics, applications, and future directions*. Sage Publications.

Kavanagh, M. J., Thite, M., & Johnson, R. D. (2015). Human Resource Information Systems: Basics. *Applications, and Future Directions*.

Kelliher, C., & Parry, E. (2015). Change in healthcare: the impact on NHS managers. *Journal of Organizational Change Management*, *28*(4), 591-602.

Khan, N., & Rinaudo, O. (2025). Harnessing Intelligent Cloud Platforms to Drive SME Growth and Innovation.

Kotter, J. P. (1996). Leadership change. *Harvard Business School Press: Boston, MA, USA*.

Kremer, H., Villamor, I., & Aguinis, H. (2019). Innovation leadership: Best-practice recommendations for promoting employee creativity, voice, and knowledge sharing. *Business horizons*, *62*(1), 65-74.

Kular, S., Gatenby, M., Rees, C., Soane, E., & Truss, K. (2008). Employee engagement: A literature review. *Kingston University*, *19*, 1-28.

Kvale, S., & Brinkmann, S. (2015). *Interviews*. Sage.

Latham, G. P. (1988). Human resource training and development. *Annual review of psychology*, *39*(1), 545-582.

Lengnick-Hall, M. L., & Moritz, S. (2003). The impact of e-HR on the human resource management function. *Journal of labor research*, *24*(3), 365. https://doi.org/10.1007/s12122-003-1015-1

Leonardi, P. M., Woo, D., & Barley, W. C. (2021). On the making of crystal balls: Five lessons about simulation modeling and the organization of work. *Information and Organization*, *31*(1), 100339. https://doi.org/10.1016/j.infoandorg.2020.100339

Lepak, D. P., Liao, H., Chung, Y., & Harden, E. E. (2006). A conceptual review of human resource management systems in strategic human resource management research. *Research in personnel and human resources management*, 217-271.

Lokuge, S., & Duan, S. X. (2021). Towards understanding enablers of digital transformation in small and medium-sized enterprises. *arXiv preprint arXiv:2111.05989*.

Macey, W. H., & Schneider, B. (2008). The meaning of employee engagement. *Industrial and organizational Psychology*, *1*(1), 3-30. https://doi.org/10.1111/j.1754-9434.2007.0002.x

Macey, W. H., Schneider, B., Barbera, K. M., & Young, S. A. (2011). *Employee engagement: Tools for analysis, practice, and competitive advantage*. John Wiley & Sons.

Marler, J. H., & Boudreau, J. W. (2017). An evidence-based review of HR Analytics. *The international journal of human resource management*, *28*(1), 3-26. https://doi.org/10.1080/09585192.2016.1244699

Marler, J. H., & Fisher, S. L. (2013). An evidence-based review of e-HRM and strategic human resource management. *Human resource management review*, *23*(1), 18-36. https://doi.org/10.1016/j.hrmr.2012.06.004

Marr, B. (2018). *Data-driven HR: How to use analytics and metrics to drive performance*. Kogan Page Publishers.

Martin, G., Reddington, M., & Alexander, H. (2008). Technology, outsourcing, and HR transformation: an introduction. In *Technology, outsourcing & transforming HR* (pp. 1-35). Routledge.

Martin, K. E., & Freeman, R. E. (2004). The separation of technology and ethics in business ethics. *Journal of Business Ethics*, *53*(4), 353-364. https://doi.org/10.1023/B:BUSI.0000039399.94737.76

Maslow, A. H. (1943). A theory of human motivation. *Psychological review*, *50*(4), 370.

Mayo, E. (2004). *The human problems of an industrial civilization*. Routledge.

Mazzei, M. J., & Noble, D. (2017). Big data dreams: A framework for corporate strategy. *Business horizons*, *60*(3), 405-414.

MBIE. (2022). *Ministry of Business, Innovation Employment, .* https://www.mbie.govt.nz/

Mikalef, P., & Parmiggiani, E. (2022). An introduction to digital transformation. *Digital transformation in Norwegian enterprises*, *1*.

Minbaeva, D., Pedersen, T., Björkman, I., & Fey, C. F. (2002). MNC knowledge transfer, subsidiary absorptive capacity and HRM. Academy of management proceedings,

MOJNZ. (2023). *Family Violence and the Justice System: Annual Review 2023*. Wellington, New Zealand: Ministry of Justice Retrieved from https://www.justice.govt.nz/assets/Documents/Publications/family-violence-review-2023.pdf

Mouzakitis, S., Kontzinos, C., Tsapelas, J., & Kanellou, I. (2022). by Extreme-Scale Analytics, AI and Digital. Intelligent Systems and Applications: Proceedings of the 2022 Intelligent Systems Conference (IntelliSys) Volume 3,

Mujtaba, D. F., & Mahapatra, N. R. (2024). Fairness in AI-driven recruitment: Challenges, metrics, methods, and future directions. *arXiv preprint arXiv:2405.19699*. https://doi.org/10.48550/arXiv.2405.19699

Negt, P., & Haunschild, A. (2025). Exploring the gap between research and practice in human resource management (HRM): a scoping review and agenda for future research. *Management Review Quarterly*, *75*(1), 837-879. https://doi.org/10.1007/s11301-024-00335-4

Newbert, S. L. (2007). Empirical research on the resource-based view of the firm: an assessment and suggestions for future research. *Strategic management journal*, *28*(2), 121-146.

Noe, R. A., Clarke, A. D., & Klein, H. J. (2014). Learning in the twenty-first-century workplace. *Annu. Rev. Organ. Psychol. Organ. Behav.*, *1*(1), 245-275.

Noe, R. A., Tews, M. J., & Michel, J. W. (2017). Managers' informal learning: A trait activation theory perspective. *International Journal of Training and Development*, *21*(1), 1-17.

Nowell, L. S., Norris, J. M., White, D. E., & Moules, N. J. (2017). Thematic analysis: Striving to meet the trustworthiness criteria. *International journal of qualitative methods*, *16*(1), 1609406917733847. https://doi.org/10.1177/1609406917733847

Noy, C. (2008). Sampling knowledge: The hermeneutics of snowball sampling in qualitative research. *International Journal of social research methodology*, *11*(4), 327-344. https://doi.org/10.1080/13645570701401305

OECD. (2023). *Organisation for Economic, Co-operation*

Development, . https://www.example.com/oecd-report

Ogunyomi, P., & Bruning, N. S. (2016). Human resource management and organizational performance of small and medium enterprises (SMEs) in Nigeria. *The international journal of human resource management*, *27*(6), 612-634.

Orb, A., Eisenhauer, L., & Wynaden, D. (2001). Ethics in qualitative research. *Journal of nursing scholarship*, *33*(1), 93-96. https://doi.org/10.1111/j.1547-5069.2001.00093.x

Orlikowski, W. J. (1992). The duality of technology: Rethinking the concept of technology in organizations. *Organization science*, *3*(3), 398-427. https://doi.org/10.1287/orsc.3.3.398

Panayotopoulou, L., Vakola, M., & Galanaki, E. (2007). E-HR adoption and the role of HRM: Evidence from Greece. *Personnel Review*, *36*(2), 277-294. https://doi.org/10.1108/00483480710731353

Panos, S., & Bellou, V. (2016). Maximizing e-HRM outcomes: a moderated mediation path. *Management Decision*, *54*(5), 1088-1109.

Parry, E., & Tyson, S. (2011). Desired goals and actual outcomes of e-HRM. *Human resource management journal*, *21*(3), 335-354. https://doi.org/10.1111/j.1748-8583.2010.00151.x

Pervin, N., & Mokhtar, M. (2022). The interpretivist research paradigm: A subjective notion of a social context. *International Journal of Academic Research in Progressive Education and Development*, *11*(2), 419-428.

Porkodi, S., & Cedro, T. L. (2025). The Ethical Role of Generative Artificial Intelligence in Modern HR Decision-Making: A Systematic Literature Review. *European Journal of Business and Management Research*, *10*(1), 44-55.

Proietti, S., & Magnani, R. (2025). Assessing AI Adoption and Digitalization in SMEs: A Framework for Implementation. *arXiv preprint arXiv:2501.08184*. https://doi.org/10.48550/arXiv.2501.08184

Psychogios, A., Nyfoudi, M., Theodorakopoulos, N., Szamosi, L. T., & Prouska, R. (2019). Many hands lighter work? Deciphering the relationship between adverse working conditions and organization citizenship behaviours in small and medium-sized enterprises during a severe economic crisis. *British Journal of Management*, *30*(3), 519-537. https://doi.org/10.1111/1467-8551.12304

Pulakos, E. D., Mueller-Hanson, R., & Arad, S. (2019). The evolution of performance management: Searching for value. *Annual Review of Organizational Psychology and Organizational Behavior*, *6*(1), 249-271.

Purcell, J., & Hutchinson, S. (2007). Front-line managers as agents in the HRM-performance causal chain: theory, analysis and evidence. *Human resource management journal*, *17*(1), 3-20.

Rahman, M. M., Terano, H. J., Rahman, M. N., Salamzadeh, A., & Rahaman, M. S. (2023). ChatGPT and academic research: A review and recommendations based on practical examples. *Rahman, M., Terano, HJR, Rahman, N., Salamzadeh, A., Rahaman, S.(2023). ChatGPT and Academic Research: A Review and Recommendations Based on Practical Examples. Journal of Education, Management and Development Studies*, *3*(1), 1-12.

Ramadan, A., Alkhodary, D., Alnawaiseh, M., Jebreen, K., Morshed, A., & Ahmad, A. B. (2024). Managerial competence and inventory management in SME financial performance: A Hungarian perspective. *Journal of Statistics Applications & Probability*, *13*(3), 859-870.

Rasmussen, T., & Ulrich, D. (2015). Learning from practice: how HR analytics avoids being a management fad. *Organizational dynamics*, *44*(3), 236-242. https://doi.org/10.1016/j.orgdyn.2015.06.008

Restrepo-Morales, J. A., Valencia-Cárdenas, M., & García-Pérez-de-Lema, D. (2024). The role of technological innovation in the mitigation of the crisis generated by COVID-19: An empirical study of small and medium-sized businesses (SMEs) in Latin America. *International Studies of Management & Organization*, *54*(2), 120-136. https://doi.org/10.1080/00208825.2024.1807526

Ruël, H., Bondarouk, T., & Looise, J. K. (2004). E-HRM: Innovation or irritation. An explorative empirical study in five large companies on web-based HRM. *Management revue*, 364-380.

Saa-Perez, P. D., & Garcia-Falcon, J. M. (2002). A resource-based view of human resource management and organizational capabilities development. *International journal of human resource management*, *13*(1), 123-140.

Sadler, G. R., Lee, H. C., Lim, R. S. H., & Fullerton, J. (2010). Recruitment of hard-to-reach population subgroups via adaptations of the snowball sampling strategy. *Nursing & health sciences*, *12*(3), 369-374. https://doi.org/10.1111/j.1442-2018.2010.00541.x

Salas, E., Tannenbaum, S. I., Kraiger, K., & Smith-Jentsch, K. A. (2012). The science of training and development in organizations: What matters in practice. *Psychological science in the public interest*, *13*(2), 74-101.

Sarwar, N., Afrin, K. H., Patnaik, R., Pattanaik, S. R., Verma, N. K., & Shaw, S. (2024). Digital Media Impact on Employee Communication and HRM Practices. *Journal of Informatics Education and Research*, *4*.

Saunders, B., Sim, J., Kingstone, T., Baker, S., Waterfield, J., Bartlam, B., Burroughs, H., & Jinks, C. (2018). Saturation in qualitative research: exploring its conceptualization and operationalization. *Quality & quantity*, *52*, 1893-1907. https://doi.org/10.1007/s11135-017-0574-8

Schepers, J., & Wetzels, M. (2007). A meta-analysis of the technology acceptance model: Investigating subjective norm and moderation effects. *information & Management*, *44*(1), 90-103.

Schnall, R., Higgins, T., Brown, W., Carballo-Dieguez, A., & Bakken, S. (2015). Trust, perceived risk, perceived ease of use and perceived usefulness as factors related to mHealth technology use. *Studies in health technology and informatics*, *216*, 467. https://doi.org/10.3233/978-1- 61499-564-7-467

Schrage, M., Kiron, D., Hancock, B., & Breschi, R. (2019). Performance management's digital shift. *MIT sloan management review*.

Schwandt, T. A. (2000). Three epistemological stances for qualitative inquiry: Interpretivism, hermeneutics, and social constructionism. In *Handbook of qualitative research* (pp. 189-213). Sage Publishing.

Scott, A. J. (2006). Creative cities: Conceptual issues and policy questions. *Journal of urban affairs*, *28*(1), 1-17. https://doi.org/10.1111/j.0735-2166.2006.00256.x

Sebastian, I. M., Ross, J. W., Beath, C., Mocker, M., Moloney, K. G., & Fonstad, N. O. (2020). How big old companies navigate digital transformation. In *Strategic information management* (pp. 133-150). Routledge.

Sheehan, M. (2014). Human resource management and performance: Evidence from small and medium-sized firms. *International Small Business Journal*, *32*(5), 545-570.

Simon, H. (1957). A behavioral model of rational choice. *Models of man, social and rational: Mathematical essays on rational human behavior in a social setting*, *6*(1), 241-260.

Stats, N. Z. (2023). *Title of the Stats NZ Report*. https://www.example.com/statsnz-report

Stone, D. L., & Deadrick, D. L. (2015). Challenges and opportunities affecting the future of human resource management. *Human resource management review*, *25*(2), 139-145. https://doi.org/10.1016/j.hrmr.2015.01.003

Stone, D. L., Deadrick, D. L., Lukaszewski, K. M., & Johnson, R. (2015). The influence of technology on the future of human resource management. *Human resource management review*, *25*(2), 216-231. https://doi.org/10.1016/j.hrmr.2015.01.002

Storey, D. J., & Greene, F. J. (2010). *Small business and entrepreneurship*. Pearson.

Strohmeier, D. E. P., & Stefan, P. (2014). HRM in the digital age–digital changes and challenges of the HR profession. *Employee relations*, *36*(4). https://doi.org/10.1108/ER-05-2013-0064

Strohmeier, S. (2007). Research in e-HRM: Review and implications. *Human resource management review*, *17*(1), 19-37. https://doi.org/10.1016/j.hrmr.2006.11.003

Strohmeier, S. (2020). Digital human resource management: A conceptual clarification. *German Journal of Human Resource Management*, *34*(3), 345-365.

Strohmeier, S., & Kabst, R. (2009). Organizational adoption of e-HRM in Europe: An empirical exploration of major adoption factors. *Journal of Managerial Psychology*, *24*(6), 482-501.

Strohmeier, S., & Kabst, R. (2014). Configurations of e-HRM–an empirical exploration. *Employee relations*, *36*(4), 333-353.

Sweller, J. (1988). Cognitive load during problem solving: Effects on learning. *Cognitive science*, *12*(2), 257-285. https://doi.org/10.1207/s15516709cog1202_4

Tambe, P., Cappelli, P., & Yakubovich, V. (2019). Artificial intelligence in human resources management: Challenges and a path forward. *California Management Review*, *61*(4), 15-42. https://doi.org/10.1177/0008125619867910

Taylor, F. W. (1911). Principles and methods of scientific management. *Journal of Accountancy*, *12*(3), 3.

Teece, D. J. (2018). Business models and dynamic capabilities. *Long range planning*, *51*(1), 40-49. https://doi.org/10.1016/j.lrp.2017.06.007

Torrington, D., Hall, L., Atkinson, C., & Taylor, S. (2020). *Human resource management*. Pearson UK.

Trenkle, S. (2023). *Unemployment Insurance Receipt, Take-Up and Labor Market Conditions*.

Tummers, L., Kruyen, P. M., Vijverberg, D. M., & Voesenek, T. J. (2015). Connecting HRM and change management: The importance of proactivity and vitality. *Journal of Organizational Change Management*, *28*(4), 627-640. https://doi.org/10.1108/JOCM-05-2014-0093

Van den Heuvel, S., & Bondarouk, T. (2017). The rise (and fall?) of HR analytics: A study into the future application, value, structure, and system support. *Journal of Organizational Effectiveness: People and Performance*, *4*(2), 157-178.

Venkatesh, V., & Bala, H. (2008). Technology acceptance model 3 and a research agenda on interventions. *Decision sciences*, *39*(2), 273-315. https://doi.org/10.1111/j.1540-5915.2008.00192.x

Venkatesh, V., & Davis, F. D. (2000). A theoretical extension of the technology acceptance model: Four longitudinal field studies. *Management science*, *46*(2), 186-204. https://doi.org/10.1287/mnsc.46.2.186.11926

Venkatesh, V., Morris, M. G., Davis, G. B., & Davis, F. D. (2003). User acceptance of information technology: Toward a unified view. *MIS quarterly*, 425-478.

Vial, G. (2021). Understanding digital transformation: A review and a research agenda. *Managing digital transformation*, 13-66. https://doi.org/10.1007/978-3-030-56127-7_2

Vogt, W. P., Gardner, D. C., Haeffele, L. M., & Vogt, E. R. (2014). *Selecting the right analyses for your data: Quantitative, qualitative, and mixed methods*. Guilford Publications.

Vrontis, D., Chaudhuri, R., & Chatterjee, S. (2022). Adoption of digital technologies by SMEs for sustainability and value creation: Moderating role of entrepreneurial orientation. *Sustainability*, *14*(13), 7949. https://doi.org/10.3390/su14137949

Wade, M., & Hulland, J. (2004). The resource-based view and information systems research: Review, extension, and suggestions for future research. *MIS quarterly*, 107-142. https://doi.org/10.2307/25148626

Weill, P., Woerner, S., & González, F. (2017). Is your company a digital leader or a digital laggard. *MIT Sloan CISR*, *17*, 1-4.

Werner, J. M. (2014). Human resource management and HRD: connecting the dots or ships passing in the night? In *The Routledge companion to human resource development* (pp. 89-98). Routledge.

Wernerfelt, B. (1984). A resource-based view of the firm. *Strategic management journal*, *5*(2), 171-180.

Westerman, G., Bonnet, D., & McAfee, A. (2014). *Leading digital: Turning technology into business transformation*. Harvard Business Press.

Willis, M., Duckworth, P., Coulter, A., Meyer, E. T., & Osborne, M. (2020). Qualitative and quantitative approach to assess the potential for automating administrative tasks in general practice. *BMJ open*, *10*(6), e032412.

Worland, D., & Manning, K. (2005). Strategic human resource management and performance.

Wright, P. M., Dunford, B. B., & Snell, S. A. (2001). Human resources and the resource based view of the firm. *Journal of management*, *27*(6), 701-721. https://doi.org/10.1177/014920630102700607

Wright, P. M., & McMahan, G. C. (2011). Exploring human capital: putting 'human'back into strategic human resource management. *Human resource management journal*, *21*(2), 93-104. https://doi.org/10.1111/j.1748-8583.2010.00165.x

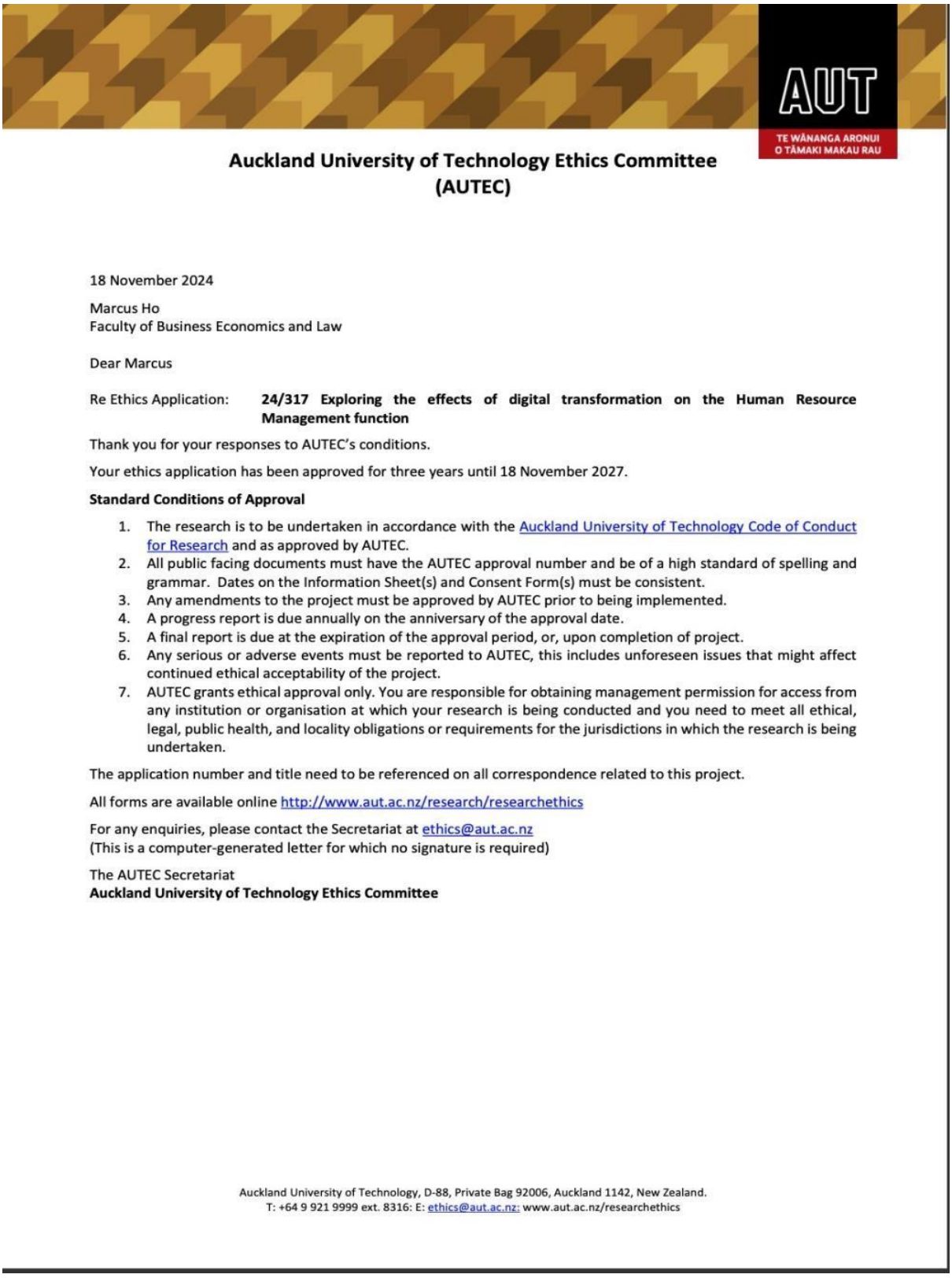
Yin, R. K. (2003). Design and methods. *Case study research*, *3*(9.2), 84.

Yin, R. K. (2017). *Case study research and applications: Design and methods*. Sage publications.

Zhang, J., & Chen, Z. (2024). Exploring human resource management digital transformation in the digital age. *Journal of the knowledge economy*, *15*(1), 1482-1498. https://doi.org/10.1007/s13132-022-00974-0

Appendixes

Appendix 1: Ethics Approval



Auckland University of Technology Ethics Committee (AUTEC)

18 November 2024

Marcus Ho
Faculty of Business Economics and Law

Dear Marcus

Re Ethics Application: **24/317 Exploring the effects of digital transformation on the Human Resource Management function**

Thank you for your responses to AUTEC's conditions.

Your ethics application has been approved for three years until 18 November 2027.

Standard Conditions of Approval

1. The research is to be undertaken in accordance with the Auckland University of Technology Code of Conduct for Research and as approved by AUTEC.
2. All public facing documents must have the AUTEC approval number and be of a high standard of spelling and grammar. Dates on the Information Sheet(s) and Consent Form(s) must be consistent.
3. Any amendments to the project must be approved by AUTEC prior to being implemented.
4. A progress report is due annually on the anniversary of the approval date.
5. A final report is due at the expiration of the approval period, or, upon completion of project.
6. Any serious or adverse events must be reported to AUTEC, this includes unforeseen issues that might affect continued ethical acceptability of the project.
7. AUTEC grants ethical approval only. You are responsible for obtaining management permission for access from any institution or organisation at which your research is being conducted and you need to meet all ethical, legal, public health, and locality obligations or requirements for the jurisdictions in which the research is being undertaken.

The application number and title need to be referenced on all correspondence related to this project.

All forms are available online http://www.aut.ac.nz/research/researchethics

For any enquiries, please contact the Secretariat at ethics@aut.ac.nz
(This is a computer-generated letter for which no signature is required)

The AUTEC Secretariat
Auckland University of Technology Ethics Committee

Auckland University of Technology, D-88, Private Bag 92006, Auckland 1142, New Zealand.
T: +64 9 921 9999 ext. 8316: E: ethics@aut.ac.nz: www.aut.ac.nz/researchethics

Appendix 2: Participant Information Sheet

Participant Information Sheet

8 October 2024

Project Title: Exploring the effects of digital transformation on the Human Resource Management function of SMEs in New Zealand.

An Invitation:

Hello, my name is Nimesh Silva, and I am a student at Auckland University of Technology, completing a Master's in Business. I am conducting research as part of my thesis to understand how the digital transformation of Human Resource tasks affects Human Resource Management (HRM) within Small to Medium-sized Enterprises (SMEs). We will be interviewing managers who have sole or shared responsibilities for HRM, such as recruitment, selection, performance management, etc, in the SME. If you are a business manager working in a SME responsible for completing HRM functions as part of your job, I invite you to participate in this study. Participation is entirely voluntary, and you can withdraw at any time until the end of data collection. There is no advantage or disadvantage to your participation.

These interviews will be conducted one-on-one and take place at either the AUT city/ south campus or online (via Microsoft Teams, phone, or similar). It will take approximately 30-60 minutes and will be audio recorded. The interviews will cover participants' perceptions of digital transformation in HRM and their usage of digital HRM technology, including its benefits, challenges, and overall impact on HR tasks such as recruitment, performance management, and employee engagement. I plan to interview up to 15 people for this study.

What is the purpose of this research?

This study seeks to understand how the digitization of HRM functions, processes, and tasks such as recruitment, selection, performance management, and talent management is being adopted in SMEs. We are interested in what factors may enhance or hinder access to this technology, as well as its application and effectiveness. The research design includes one-on-one interviews with SME business managers for their insights into how digital transformation in HRM affects the HRM tasks they undertake as part of their role. This research will increase the understanding of the access to and impact of digital HRM in SMEs and will be used to make recommendations to SME business managers, HR professionals, and HR researchers about the practical application of HR technology.

How was I identified and why am I being invited to participate in this research?

You have been identified as a potential participant because you have sole or shared responsibilities for HRM tasks, such as recruitment, selection, and performance management, within your SME.

How do I agree to participate in this research?

To participate in this research, you must complete, sign, and return via email the Consent form that has been attached to this email. Please return this to me to confirm your participation in this study. Your participation in this research is voluntary. You can withdraw from the study at any time. If you choose to withdraw from the study, you will be offered the choice between having any data

that is identifiable as belonging to you removed or allowing it to continue to be used. However, once the findings have been produced, removal of your data may not be possible.

What will happen in this research?

This part of the study is aimed at collecting information on your usage and experience with digital HRM technologies as part of the HRM task you perform in your role. You will be asked about what you believe makes these technologies effective or ineffective. You will be interviewed by Nimesh Silva for between 30-60 minutes on an agreed date and time that works for you. You will be asked to give your opinion on how the use of digital tools and systems such as HR information Systems, HR Analytics Platforms, Applicant Tracking Systems, Performance Management Software, Employee Self-Service (ESS) Portals transformation in HRM, its benefits and challenges, and what components you feel make for a successful implementation. The interview, where possible, will be conducted in one of the meeting rooms at AUT City or South campus or held online through Microsoft Teams, phone call, or similar, depending on your accessibility to available technology. The interview will be audio recorded and transcribed by the interviewer. Your name and that of your organization will not be used, and a pseudonym will be utilized. The data gathered via this interview will then be analyzed by the researcher under the guidance of their thesis supervisors, Dr. Marcus Ho and Dr. Paulette Brazzale. The information collected through the interview will be securely stored at AUT.

What are the discomforts and risks?

The interview will focus solely on your views of digital transformation in HRM and what you feel can improve these initiatives. However, there may be times when some of the questions may cause some discomfort. There is the possibility that participants may suffer discomfort as they reconcile the possible requirements of their company's digital transformation strategies with their own experiences and opinions. You will be able to answer the questions you feel comfortable answering or not answering at all. You will be offered confidentiality; we will not use or divulge any information that identifies you, any organization, or individuals you may mention to protect your identity and the data you provide. Additionally, to ensure that accuracy of data, you will be offered the opportunity to review and correct the transcript to ensure the transcript accurately reflects the interview prior to the interview being analyzed.

What are the benefits?

For participants, this study provides an opportunity to reflect on their experiences with digital HR tools and processes. This reflection may enhance understanding of how digital transformation has impacted their management of HR functions. Participants might also gain insights into new ways to adapt and respond more effectively to ongoing digital changes in HRM.

For the researcher, this study is a chance to contribute valuable knowledge to both academic and professional HRM fields. Specifically, it will expand understanding of how small to medium enterprises (SMEs) in New Zealand, where business managers often handle HR responsibilities and adapt to digital HRM tools.

How will my privacy be protected?

Names of participants will not be disclosed, and pseudonyms will be used at every phase of the research. Your privacy will be secured by maintaining confidentiality. The names of any organizations or individuals mentioned will be removed and replaced by pseudonyms to further ensure confidentiality is maintained.

What are the costs of participating in this research?

The only cost associated with your participation in this research is your valuable time. I understand that you have a busy life, Therefore I will manage the interview so that it will not take more time

than necessary, which is around 30-60 minutes. Further, you can choose to decide which day works best for you.

What opportunity do I have to consider this invitation?

Due to the limited timeframe to gather information for this study, you will have two weeks to confirm your participation in this study by responding to the email and returning the completed signed consent form.

Will I receive feedback on the results of this research?

You may request a summary of the research findings upon completion of the study.

What do I do if I have concerns about this research?

Any concerns regarding the nature of this project should be notified in the first instance to the Primary Researcher, Nimesh Silva, in writing to wxk8196@autuni.ac.nz. Concerns regarding the conduct of the research should be notified to the Executive Secretary of AUTEC, ethics@aut.ac.nz, (+649) 921 9999.

Whom do I contact for further information about this research?

Please keep this Information Sheet and a copy of the Consent Form for your future reference. You are also able to contact the research team as follows:

Researcher Contact Details:

Primary Researcher: Nimesh Silva
Email: wxk8196@autuni.ac.nz

Project Supervisor Contact Details: Name: Marcus Ho
Email: marcus.ho@aut.ac.nz
Phone: +64 9 921 9999 ext 5448

Approved by the Auckland University of Technology Ethics Committee on 18 November 2024, AUTEC Reference number [24/317]

Appendix 3: Participant Consent Form

Consent Form

In person interviews of SME Managers.

Project title: Exploring the effects of digital transformation on the Human Resource Management function.

Project Supervisor: ***Marcus Ho***

Researcher: ***Nimesh Silva***

- ○ I have read and understood the information provided about this research project in the Information Sheet dated 08/ 10 /2024.
- ○ I have had an opportunity to ask questions and to have them answered.
- ○ I understand that notes will be taken during the interviews and that they will also be audio-taped and transcribed.
- ○ I understand that taking part in this study is voluntary (my choice) and that I may withdraw from the study at any time without being disadvantaged in any way.
- ○ I understand that if I withdraw from the study then I will be offered the choice between having any data that is identifiable as belonging to me removed or allowing it to continue to be used. However, once the findings have been produced, removal of my data may not be possible.
- ○ I agree to take part in this research.
- ○ I wish to receive a summary of the research findings (please tick one): Yes○ No○
- ○ I wish to review my transcript before analysis (please tick one): Yes○ No○

Participant's signature: .....

Participant's name: .....

Participant's Contact Details (if appropriate):

.....

.....

.....

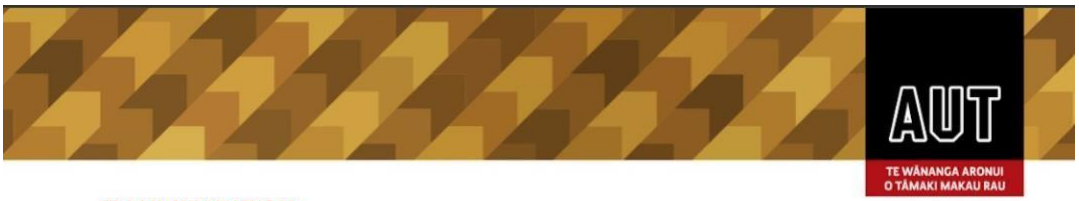
.....

Date:

Approved by the Auckland University of Technology Ethics Committee on 18 November 2024, AUTEC Reference number [24/317]

Note: The Participant should retain a copy of this form.

Appendix 4: Email Invitation



EMAIL INVITATION

Kia Ora,

You are invited to participate in the research that Nimesh Silva, a Master's student at Auckland University of Technology (AUT), is conducting in New Zealand.

Research Title: Exploring the effects of digital transformation on the Human Resource Management function of SMEs in New Zealand.

An Invitation

Background: The purpose of this study is to contribute to our understanding of Exploring the effects of digital transformation on the Human Resource Management function. Our research design includes one on one interviews. The interview aims to gather insights from SME managers on the impact of digital transformation on HRM tasks.

Eligibility Requirements

We are seeking participants who have sole or shared responsibilities for HRM such as recruitment, selection, performance management, etc in the SME. These interviews will take place in person at either the AUT city or south campus, or online (through Zoom, Teams, phone, or the technology of your choice) and will last around 30- 60 minutes. These interviews will cover your perceptions of digital tools and systems within HRM, including its benefits, challenges, and overall impact on HR processes such as recruitment, performance management, and employee engagement. It is hoped that the study's findings will provide valuable insights into how SMEs can better align and integrate digital transformation with their HRM tasks, enhancing both efficiency and employee experience.

For more detailed information about the research, Please find the following documents attached:

- Participant Information Sheet (see attached)
- Consent Form (see attached)

If you are willing to help Nimesh Silva in this research, please email Nimesh Silva (wxk8196@autuni.ac.nz) to record your expression of interest.

Participants may request a summary report on the findings by requesting it from the researcher. Approved by the Auckland University of Technology Ethics Committee on 18 November 2027, AUTEC Reference number [24/317]

Kind regards,

Nimesh Silva
Masters Student
Department of Management and New Zealand Work Research Institute
AUT Business School,
Private Bag 92006,
Auckland 1142,

Appendix 5: Research Advertisement

Looking for Research Participants! Research Title: Exploring the effects of digital transformation on the Human Resource Management function of SMEs in New Zealand.

Our research design includes one on one interviews. The interview aims to gather insights from SME managers on the impact of digital transformation on HRM tasks.

Eligibility Requirements

We are seeking participants who have sole or shared responsibilities for HRM such as recruitment, selection, performance management, etc in the SME.

These interviews will cover your perceptions of digital tools and systems within HRM, including its benefits, challenges, and overall impact on HR processes such as recruitment, performance management, and employee engagement. It is hoped that the study's findings will provide valuable insights into how SMEs can better align and integrate digital transformation with their HRM tasks, enhancing both efficiency and employee experience.

Please email Nimesh Silva (wxk8196@autuni.ac.nz) to record your expression of interest.

Participants may request a summary report on the findings by requesting it from the researcher. Approved by the Auckland University of Technology Ethics Committee on 18 November 2027, AUTEC Reference number [24/317]

Appendix 6: Interview Questions

Interview Questions

Preamble:
Thank you for taking the time to be interviewed. I really appreciate this and am very interested in hearing your views on digital transformation in Human Resource Management (HRM). If there are any examples you want to give that you think better answer the questions, please try to remember not to mention specific names of individuals or companies. I know this can be hard to remember, and if you do give these details, they will be replaced with a pseudonym to help with confidentiality.

Opening Questions

1. Can you describe your organization's size, industry, and primary business operations?
2. What percentage of your role involves HR-related tasks?
3. What sort of digital tools and systems are you currently using for HR-related tasks in your organization?
4. How do you feel about adopting digital tools for HR-related tasks in your business?

Adoption of Digital Tools

1. What was your initial reaction when you first started using digital tools for HR-related tasks?
2. Do you believe digital tools have improved the efficiency of HR-related tasks in your SME?
3. How has your overall workload changed since adopting digital tools for HR-related tasks?

Recruitment & Onboarding

1. Do you currently manage recruitment in your organization?
2. What digital tools or platforms do you specifically use during the recruitment process (e.g., job boards, applicant tracking systems)?
3. What does your company's onboarding process look like?
4. Are there any digital tools or platforms you use to onboard new employees?
5. How do digital tools help you streamline the onboarding process?
6. Do you feel the use of digital tools for onboarding helps new employees become productive faster?

Training & Development

1. Do you use any digital tools or platforms for training employees? If so, which ones?
2. How effective do you think digital tools are in delivering training content compared to traditional methods?
3. Has digital transformation supported skill development for employees in your organization?

Performance Management

1. How often do you review employee performance, and do digital tools support this process?
2. Do you feel that digital tools have streamlined or complicated the performance review process?
3. Do you think real-time feedback from digital tools influences employee performance and engagement compared to traditional methods?

Employee Engagement

1. Have digital tools impacted employee engagement within your organization?
2. Do you think digital tools have made it easier for employees to connect with each other and with management?

Perspectives on Digital Transformation

1. In your opinion, what are the biggest advantages of integrating digital tools into HR processes?
2. What have been the most significant challenges in adopting digital tools or technology for HR management?
3. Have you received any training or support to adapt to new digital tools?
4. Do you think the government should address the challenges SMEs face during digitalization?

Opportunities

1. Have digital tools helped streamline HR tasks such as recruitment, onboarding, or performance management?
2. What has been the most significant change or benefit resulting from digital HR tools?
3. What are the key lessons you've learned from integrating digital tools into HR processes?
4. In your opinion, what digital tools or technologies must be available for SMEs like yours?
5. If you could give advice to other SMEs planning for digital transformation in HR, what would it be?

Future Outlook

1. Are there any digital tools or technologies you wish to implement for HR-related tasks in the near future?
2. Are there tools you wish were available or more affordable for SMEs to enhance HRM?
3. What advice would you offer to other SME managers starting their digital transformation journey in HR?

Closing Question

1. Is there anything else about your experience with digital HR that you'd like to share?