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Digital Transformation and Improvement Paths of China's Human Resource Service Industry under the Background of Digitalization

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Abstract. The purpose of this study is to analyze the digital transformation of China's human resources service industry and to explore how to improve the human resources service industry in the digital context. Through literature review, this study examines the development and challenges of the industry. The study found that digital technologies such as big data and artificial intelligence have greatly improved service efficiency, promoted the development of the platform, and created new business models and higher quality services. However, in the process of transformation, there are also problems such as unbalanced regional development, difficulties faced by small and medium-sized enterprises, insufficient technical support, and imperfect regulatory system. These problems not only reduce the effect of digital transformation, but also widen the gap within the industry. On this basis, this study believes that measures such as promoting the application of technology, improving the institutional system, strengthening personnel training, and encouraging regional coordination can further support the high-quality development of China's human resources service industry. In general, digital transformation brings both opportunities and challenges, and requires the joint efforts of all parties to give full play to its potential.

Keywords: Human Resource Service Industry, Digital Transformation, Artificial Intelligence, Industry Development

1. Introduction

China's human resources services sector is an important part of the productive services industry. It plays an important role in improving the market allocation of human resources and promoting the transformation and upgrading of the economic structure. In recent years, China's human resources services sector has gradually developed from simple talent exchange and job introduction services into a diversified service system, including recruitment, labor dispatch, headhunting and human resources outsourcing [1]. Technologies such as the internet, big data and artificial intelligence are increasingly integrated into the human resources services sector. Therefore, digital transformation has become an important path for the industry to achieve high-quality development [2]. At the same time, although the government has continued to introduce policies and improve the institutional environment to support the development of the industry, the digital transformation of the human

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resources services sector still faces many practical problems and needs further research and improvement.

Existing studies on the human resources services sector have formed a relatively clear research foundation for this paper. However, there are still some obvious limitations in current research. First, many studies mainly focus on the macro level and pay insufficient attention to the differences among different types of organizations during digital transformation. Second, research on regional differences in digital development is still not deep enough. Third, studies on industry regulation, institutional improvement and industry standards under digital transformation are still relatively limited.

Based on this background, this paper focuses on the digital transformation of China's human resources services sector in the context of the digital economy. By reviewing existing studies, this paper analyses the current development situation and the main problems faced by the industry in the digital era. It mainly discusses practical issues such as regional differences, the transformation difficulties of small and medium-sized organizations, and industry governance. On this basis, the paper proposes several optimization paths from the aspects of technological application, institutional improvement and regional coordination, in order to provide some reference for the high-quality development of China's human resources services sector.

2. Transformation and challenges of China's human resources services sector under the background of digitalization

2.1. Transformation of service methods and service content

Digital technology is changing the service methods and service content of China's human resources services sector.

In terms of service methods, new forms of services such as online recruitment, video recruitment and intelligent matching are developing quickly. The online recruitment market is also continuing to expand and has become an important direction for industry development [3]. At the same time, big data and artificial intelligence technologies are widely used in talent screening and job matching, which improves service efficiency and accuracy [4]. In recent years, technologies such as AI interviews, virtual reality training, intelligent recruitment systems and automated payroll systems have gradually been used in practice and become important examples of digital development [5]. Overall, artificial intelligence technology has gradually entered different parts of human resources services and has helped the industry move from experience-based services to data-based services [6].

The service content of the human resources services sector is also becoming more professional and more advanced [7]. In the past, traditional human resources services mainly focused on basic businesses such as recruitment and labor dispatch. However, under digital transformation, mid-to-high-end services such as talent assessment, executive search, management consulting, compensation and benefits design, and flexible employment are developing rapidly. The added value of these services has also increased significantly [8]. Taking Hubei Province in China as an example, the local government has strongly supported the development of high-end services in recent years and has recommended more than 500,000 high-level talents to different enterprises [2]. This has greatly promoted the digital transformation of the local human resources services sector.

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2.2. The development of platform-based services and new business models

With the development of the platform economy in China, the human resources services sector is gradually becoming more platform-based. At present, many platforms combine HR functions such as recruitment, training, performance management, salaries and employee benefits. This allows companies to meet different human resource management needs on one platform. This model breaks the limits of traditional business operations and improves information sharing and efficient matching between companies and workers. It also improves business continuity, provides integrated services for enterprises, and increases overall operating efficiency [4].

At the same time, new business models are continuing to appear, such as flexible employment platforms and shared employment models. These new models can better meet market demand and improve the efficiency of labor resource allocation [9]. For example, new forms of employment such as food delivery, ride-hailing and live streaming have made human resources services more diversified. Among them, live-streaming e-commerce has developed especially quickly. In March 2020, when the Ministry of Human Resources and Social Security of China announced several new occupations, online marketing became a new profession. According to statistics, there were nearly 100,000 workers in this field in 2019. In 2020, the number of workers increased by about 8% every month, and nearly one million people were expected to join this industry by the end of the year. However, overall, the platform-based development of China's human resources services sector is still at an early stage and there is still room for further improvement.

2.3. Regional development imbalance

During the process of digital transformation, China's human resources services sector has shown clear regional differences because of historical, geographical and population factors. Overall, eastern China is in a leading position in digital transformation because it has a stronger economic foundation and a higher level of information technology development. These regions have gradually formed industrial clusters and relatively complete service systems. For example, areas such as the Yangtze River Delta and the Pearl River Delta have developed relatively mature human resources service industrial parks and digital service platforms by using their industrial and talent advantages.

In comparison, the central and western regions are relatively behind in the development and digitalization of the human resources services sector [10]. This is mainly shown in weak technological application ability, a lower level of market development, and incomplete service systems. In addition, there are also imbalances in the movement of human resources between different regions. High-level talents and high-quality resources are more concentrated in developed areas, which further increases regional differences.

In recent years, the Chinese government has started to pay more attention to promoting balanced regional development in the human resources services sector through industrial park construction, regional cooperation and talent policies. For example, the government has built national-level human resources service industrial parks, strengthened the flow of resources between regions, and promoted the sharing of public service platforms. These measures can help reduce regional differences and improve the overall efficiency of resource allocation to some extent.

Regional development imbalance is not only an important feature of the digital transformation of China's human resources services sector, but also one of the major problems that should be solved in the future.

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2.4. The difficulties faced by small and medium-sized organizations in digital transformation

During the process of digital transformation, small and medium-sized human resources service organizations face great pressure in development. From the perspective of industry structure, small and micro enterprises make up most of the industry. However, the industry still shows the characteristics of being small, scattered and weak. Low-level homogeneous competition is common, and the development of high value-added services is still insufficient. For example, there is still a large gap between Chinese organizations and leading international institutions in areas such as strategic consulting and executive search.

First of all, small and medium-sized organizations are at a disadvantage in obtaining financial support. It is difficult for them to afford the technological investment needed for digital transformation, such as information system construction and data platform development. Some organizations also face practical problems such as not knowing how to use digital technology, not daring to use it, or not being able to afford it. These problems further slow down their digital transformation process.

Also, insufficient technical ability is also an important problem. Most small and medium-sized organizations lack professional technical workers, so they cannot effectively use big data and artificial intelligence technologies. At present, the industry needs more multi-skilled professionals who not only understand human resources management, but also understand digital technology and industrial development. However, these kinds of professionals are still relatively lacking. Especially under digital transformation, there are not enough professionals who understand both technology and business operations, and this makes it difficult to meet the needs of the industry's rapid development. As a result, this problem not only affects the digital transformation ability of small and medium-sized organizations, but also limits the improvement of the industry's overall competitiveness to some extent.

In addition, small and medium-sized organizations are in a weaker position in market competition. Large organizations have gained a larger market share by building platforms and expanding their scale. However, because of limited resources, small and medium-sized organizations find it difficult to build competitive advantages. Under the digital economy, this gap has become even larger, and some small and medium-sized organizations even face the risk of being eliminated from the market.

2.5. Industry governance challenges

With the development of the platform economy, many new business models have appeared in the human resources services sector, such as flexible employment and platform-based employment models. Although these new models improve efficiency, they also create higher requirements for industry governance.

On the one hand, employment under these new models is less stable, and labor relations have become more flexible but also more unclear. Some new forms of employment, such as platform-based employment and flexible employment, are still difficult to define under traditional labor standards. This has caused problems in areas such as labor contracts, social insurance and labor rights protection. In addition, there are still no unified standards for the behaviour of platform enterprises, charging standards and information disclosure. To some extent, this affects the standardized development of the industry [4].

On the other hand, the increase in cross-regional and cross-border services has also brought new challenges in law, taxation and cultural differences. As a result, the operating environment of the

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industry has become more complex.

2.6. Insufficient technological support

The human resources services sector depends on a large amount of data in its daily operations, such as job-seeker information, job demand information and talent flow data. However, there are still "information silos" between different departments and platforms, and effective data sharing is difficult to achieve. This not only lowers the efficiency of job matching, but also affects the improvement of the industry's overall service quality.

At the same time, some central and western regions in China are still behind in digital infrastructure construction and have limited ability to use information technology. This further increases regional development differences.

3. Optimization paths and policy suggestions

3.1. Promoting technology application and platform development

3.1.1. Digital technology research and application

It is necessary to strengthen the research, development and application of digital technologies in the human resources services sector. Focusing on "industrial digitalization" and "digital industrialization", market organizations should be encouraged to carry out technological innovation based on the actual needs of human resources services. For example, more technological investment should be made in important areas such as smart recruitment, talent assessment and job matching. At the same time, cooperation platforms between human resources service organizations and research institutions should be established. Through methods such as project cooperation and technology investment, the transformation of technological achievements can be promoted and the efficiency of digital technology application can be improved [11].

3.1.2. Technology accessibility and platform sharing

Technology should also become more accessible in order to reduce the difficulties faced by small and medium-sized organizations during digital transformation. At present, many organizations still face problems such as not knowing how to use digital technology, not daring to use it, or not being able to afford it. Therefore, industry-level public digital service platforms can be built to provide standardized and low-cost technical support for small and medium-sized enterprises. In addition, leading enterprises should be encouraged to share their technological capabilities and form a cooperative transformation model in which large enterprises help smaller organizations improve together. This kind of technology-sharing system can help reduce internal differences within the industry and promote overall development.

3.1.3. Integration of technology and industrial needs

It is also necessary to strengthen the connection between technology and industrial needs. At present, some technological applications still focus more on display than actual results. Therefore, "AI + Human Resources" demonstration projects can be established to promote the practical use of technologies such as artificial intelligence and blockchain in areas such as background checks, skills certification and credit system construction. At the same time, the human resources services sector

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should strengthen cooperation with real industries such as manufacturing. Service organizations should be encouraged to join industrial chains and supply chains, take part in the setting of skills standards, and participate in industry-education integration practices. This can improve the practicality and effectiveness of human resources services [11].

3.2. Improving systems and regulation

3.2.1. Regulatory system construction

Traditional management models based on fixed labor relationships are difficult to fully apply to new forms of employment such as platform-based work and flexible employment. Therefore, regulation should balance development and standardization and avoid directly using traditional systems to manage new business models. At the same time, the government can explore a multi-department regulatory system by combining the regulatory resources of departments such as Cyberspace Administration, Human Resources and Social Security, Public Security, and Industry and Information Technology. In this way, a governance system involving government supervision, industry self-regulation and market participation can gradually be formed [11].

3.2.2. Labor protection for new forms of employment

Labor protection systems for new forms of employment should be improved. With the development of the platform economy, labor contracts and platform registration now exist at the same time, making labor relationships more complicated. Therefore, it is necessary to explore more flexible social security systems, such as social insurance systems suitable for flexible employment and improved occupational injury protection systems. In practice, new methods such as "pay-by-order" contributions can also be explored to reduce labor protection costs and improve the practicality of the system. In addition, new methods for handling labor disputes should be promoted, such as online mediation, online arbitration and smart supervision, in order to improve governance efficiency [9].

3.2.3. Industry standards and credit system construction

Industry standards and credit system construction should be strengthened. Based on the Interim Regulations on the Human Resources Market, related laws and regulations should be further improved, and supervision during and after operations should also be strengthened to crack down on illegal activities. At the same time, the industry should continue to improve its integrity system, standardize platform charging and service behaviour, and improve the overall service quality of the industry [12].

3.3. Promoting regional coordinated development

3.3.1. Strengthening regional information sharing

Digital platforms can be used to publish talent demand information and employment data to improve market transparency and increase the efficiency of job matching. At the same time, human resources service organizations should be encouraged to carry out cross-regional cooperation and business operations. This can help reduce market barriers between regions and promote the reasonable flow of resources.

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3.3.2. Promoting cross-regional cooperation

Regional policy coordination should also be strengthened. Mutual recognition systems in areas such as service standards and talent evaluation can help improve policy coordination between different regions.

3.3.3. Optimizing the regional industry layout

The regional layout of the human resources services sector should be further improved. The government should make better use of national-level human resources service industrial parks to increase their gathering and driving effects. In this way, more resources can gradually move to central and western regions, helping to reduce regional differences and promote balanced development in the industry [5].

4. Conclusion

With the rapid development of the digital economy, China's human resources services sector is accelerating its digital transformation. This paper analyzed the current development and major problems of the industry. The study found that although the industry has developed quickly in areas such as digital services, platform-based models and new business forms, it still faces problems including regional imbalance, difficulties for small and medium-sized organizations, governance challenges, and insufficient technological support.

To solve these problems, this paper suggested promoting digital technology application, improving regulatory systems, strengthening talent training, and promoting regional coordinated development. These measures can help improve the overall development quality of the human resources services sector.

However, this paper still has some limitations. The research mainly relied on existing literature and industry reports and lacked empirical data support. Future studies can further improve the research through more data analysis and case studies.

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