Human Resource Management Strategy in Organisational Digital Transformation

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ABSTRACT

In the rapidly evolving digital age, organisations around the world are facing new challenges in managing their human capital. Digital transformation has significantly changed the business landscape, affecting the way organisations operate, communicate and compete in an increasingly competitive marketplace. This research aims to identify HRM best practices that can help organisations overcome the challenges of digital transformation and achieve success in the adoption of new technologies. The focus of this study is primarily qualitative. Methods for gathering data include paying close attention to detail while viewing and recording data, and then using analytical techniques such as data reduction, visualisation, and inference to draw conclusions. The study concluded that HRM strategies in organisations’ digital transformation are key to the success of companies in facing the changes of the digital era. By focusing on improving employees’ digital competencies, cultural and leadership changes, proper organisational restructuring, talent management, performance measurement, effective communication, flexibility, and good risk management, organisations can optimally leverage digital technology to achieve competitive advantage, improve business performance, and provide added value to customers.

Keyword: HR, Digital Transformation, Organisation

INTRODUCTION

In the context of the swiftly advancing digital era, entities across the globe are encountering novel obstacles in the realm of human capital management. The business environment has undergone a significant transformation due to the advent of digital technology, leading to a shift in the operational, communicative, and competitive strategies employed by organizations in response to the intensifying market dynamics (Harahap, Kraugusteeliana, et al., 2023).

The process of digital transformation entails the utilization of information and communication technologies with the aim of enhancing efficiency, productivity, and innovation within organizational settings (Harahap, Ausat, et al., 2023). The implementation of novel technologies has an impact not only on commercial procedures, but also necessitates modifications in relation to corporate culture, staff proficiencies, and human resource management tactics (Kraugusteeliana et al., 2022).
The management of human resources during the process of digital transformation within an organization is of paramount importance, given the necessity for employees to possess pertinent skills and knowledge pertaining to digital technology (Kamar et al., 2022). Furthermore, a transformation towards a progressive and inclusive organizational culture is imperative to facilitate the assimilation of novel technologies and to guarantee the ability of employees to adjust to perpetual change (Harahap, Sutrisno, et al., 2023).

The execution of digital transformation is frequently met with various obstacles, including employee resistance to change, incongruity between business requirements and the competencies of existing personnel, and a dearth of comprehension regarding efficacious human resources management approaches within the framework of digital transformation (Ausat & Suherlan, 2021).

The present study aims to examine the efficacious human resource management (HRM) strategies within the framework of organizational digital transformation. The objective of this study is to ascertain optimal strategies in Human Resource Management (HRM) that can effectively address the obstacles posed by digital transformation, and facilitate the successful integration of novel technologies within organisations. Furthermore, this study will investigate the determinants that impact the implementation of human resource management tactics within the framework of technological advancement.

Enhanced comprehension of HRM strategies in the context of digital transformation can enable organizations to maximize the capabilities of their workforce, expedite the assimilation of novel technologies, enhance overall organizational efficacy, and effectively navigate the complexities and prospects that manifest in the contemporary digital landscape.

**LITERATURE REVIEW**

**Human Resource**

The acronym HR denotes the department of an organization responsible for managing personnel, commonly referred to as Human Resources (Rustiawan, Gadzali, et al., 2023). The term "HR" encompasses all personnel who are employed or make a contribution to an organization. The aforementioned term encompasses all personnel, laborers, executives, and individuals in authoritative positions within an organizational unit (Muhamad et al., 2023). The field of organizational management encompasses a range of factors related to Human Resources, including the expertise, aptitudes, proficiencies, talents, competencies, and capabilities of personnel. Human resources (HR) personnel are a crucial asset to organizations, as they are responsible for driving operational activities and generating additional value. The management of individuals, commonly referred to as people management, encompasses a range of activities aimed at effectively overseeing and enhancing the productivity of said individuals. The aforementioned elements encompass recruitment, selection, training and development, performance appraisal, compensation, rewards, employee policies, and labour relations management (Az-zaaklyyah et al., 2022).

The objective of people management is to guarantee that the enterprise possesses proficient and capable human capital that aligns with the business's goals and requirements (Ausat, Widayani, et al., 2022). Additionally, it entails establishing a workplace milieu that fosters the advancement and enhancement of personnel, and encourages their involvement, contentment, and efficacy. Within the framework of digital transformation, the domain of human resources management encompasses the comprehension and implementation of digital technologies in the realm of HR management practices. The implementation of technology-driven human resource management systems, HR analytics, e-learning, digital collaboration platforms, and communication tools have facilitated the enhancement of HR management efficiency and effectiveness. In general, the Human Resources (HR) function plays a crucial role in the achievement of an organization's objectives. Effective human resource management is crucial in establishing a competitive edge, enhancing organizational productivity, and attaining strategic objectives by maximizing the utilization of available human capital (Diawati et al., 2023).

**Digital Transformation**

The term "digital transformation" pertains to the significant alterations that take place within organizations as a result of the implementation of digital technologies across all facets of
operations, business processes, and engagements with customers and business associates. Digital transformation pertains to the utilization of information and communication technologies to modify the operational procedures, foster innovation, and enhance value addition in organizations (Subagja et al., 2022). In essence, digital transformation pertains to the utilization of digital technologies to effect substantial change within organizations. The implementation of novel technologies, including but not limited to cloud computing, data analytics, artificial intelligence (AI), Internet of Things (IoT), robotics, and process automation, is entailed (Sudirjo et al., 2023). The process of digital transformation encompasses the utilization of large-scale data and a comprehensive comprehension of how technology can enhance the operational effectiveness and efficiency of an organization (Ausat, Suherlan, et al., 2023).

The implementation of digital transformation has significant implications that extend beyond the immediate scope of the organization. It has the potential to alter business models, organizational frameworks, work environments, customer relations, and interactions with other entities within the business ecosystem (Subagja, 2023). The implementation of this approach allows organizations to enhance their adaptability, innovation, efficiency, and responsiveness to dynamic market conditions and evolving customer demands. The primary aims of digital transformation encompass attaining a competitive edge, enhancing customer experience, augmenting operational efficiency, expediting innovation, and generating enduring value. The process of digital transformation has the potential to create novel prospects, including the emergence of innovative products and services, wider market reach, and enhanced collaboration with commercial associates (Ausat, 2023); (Salamah, 2023); (Barera, 2023) and (Hermansyah, 2023).

The process of digital transformation encompasses various obstacles that must be surmounted, including but not limited to the alteration of organizational culture, intricate technology integration, safeguarding of data, the imperative to cultivate digital competencies among personnel, and the implementation of efficacious change management strategies (Ausat, Al Bana, et al., 2023). In essence, the process of digital transformation is a strategic undertaking that is essential for addressing the challenges of change and leveraging the capabilities of digital technology to propel an organization towards progress. Addressing the ongoing transformations in this era of digitalization constitutes a crucial measure.

**Organisation**

Organisation refers to a structured and organised entity that has a specific purpose. Organisations can be businesses, governments, educational institutions, non-profit organisations, or any other entity that operates within a defined framework (Satriadi et al., 2022) and (Vionika, 2023). Organisations have several distinctive features, including:

1. **Purpose**: An organisation has a purpose or mission that serves as the foundation for its activities and operations. This purpose describes the results that the organisation wants to achieve.
2. **Structure**: Organisations have an organised and structured structure, which governs how work and responsibilities are divided, as well as the relationships between members of the organisation. This structure can be a hierarchy, departments, or work teams.
3. **Process**: Organisations involve a series of processes or activities that are carried out to achieve their goals. These processes include decision-making, planning, task execution, supervision, and evaluation.
4. **Resources**: Organisations use resources such as people, finance, technology, and materials to carry out their activities and achieve goals. The management of these resources becomes an important part of the organisation’s operations.
5. **Coordination and Communication**: Organisations require effective coordination and communication between its members so that activities and tasks can be carried out properly. Good communication helps coordinate tasks, share information, and facilitate collaboration.
6. **Organisational Culture**: Organisations have a culture and values that guide the behaviour of organisational members. Organisational culture influences the way people interact, work together, and view the organisation.
The main purpose of organisations is to achieve their goals effectively and efficiently. Organisations also function as entities that provide products or services to customers or society, create added value, empower their members, and contribute to economic and social growth (Gadzali, 2023). In the context of digital transformation, organisations must also adapt to technological developments and leverage them to improve their performance and competitiveness. Digital transformation can help organisations to be more innovative, flexible, and responsive to changing markets and customer needs (Ausat & Peirisal, 2021).

RESEARCH METHOD

The study did not involve primary data collection through extensive field research. Rather, the researchers utilized secondary sources and subjected them to laboratory analysis. The investigators referred to several sources in order to carry out the inquiry with efficacy. Relevant sources pertaining to the presented topic were retrieved through keyword searches conducted on digital media and scientific databases. The subject matter discussed pertained to the implementation of human resource management strategies within the context of digital transformation initiatives undertaken by organizations. The authors employed a versatile search methodology, which enabled them to access a broader spectrum of both physical and virtual resources in order to procure the necessary data. The resultant time savings proved advantageous for us. The argument presented is substantiated by academic literature and databases, including ResearchGate, Elsevier, and Emerald Insight. The primary focus of this study is the implementation of human resource management strategies within the context of organizational digital transformation. The utilization of keyword emphasis was employed by the authors in order to delimit the scope of the discourse and guarantee logical consistency in the presented arguments. In order to accomplish this objective, qualifying terms were employed. The primary emphasis of this study was on scholarly publications such as journal articles and essays that were released subsequent to 2017. In the course of conducting the search, specific keywords were employed to peruse diverse online databases. It is important to acknowledge that the scope of this study is limited to articles, journals, and publications that are deemed relevant to the subject matter of human resource management strategies in the context of organizational digital transformation. Exclusion criteria were applied to eliminate papers, journals, and magazines that were not directly relevant to the topic. In general, the article's 42 cited works offer comprehensive coverage of the subject matter.

The present investigation is classified as qualitative research. During the process of data collection, various methodologies were employed, including active listening and comprehensive documentation of all relevant data. The techniques mentioned above were employed during the process of data analysis, encompassing data reduction, data presentation, and conclusion formulation, in order to guarantee a comprehensive analysis. The principal aim of this investigation was to enhance our comprehension of the literature scrutinized for this endeavor. The data reduction process entails a methodical arrangement, classification, and refinement of the gathered data to enable the extraction of valuable insights and the generation of significant outcomes. Due to the intricate and diverse nature of the data, it was necessary to conduct analysis during the reduction phase. In this phase, the primary objective was to streamline the information by extracting its most pertinent elements, with the aim of attaining the ultimate objective. Initially, a compilation of 60 distinct sources was assembled. The initial procedure yielded a deviation of 42 units for the numeric variable. In addition, the incorporation of visual aids, such as graphs and charts, will be employed to elucidate the presented data. The subsequent phase of data reduction entails a methodical arrangement of the dataset in a structured configuration, with the aim of enhancing comprehension and expediting inference. Currently, the dissemination of information is commonly achieved by utilizing field notes, which can be interpreted as a form of written communication. The utilization of this particular methodology for data representation possesses the potential to enhance the categorization and arrangement of data within relational frameworks. The ultimate step of the inquiry involves deducing rational conclusions based on the gathered data, ultimately culminating the investigation. The outcome of the previously mentioned action has resulted in the attainment of a comprehensive methodology for examining qualitative data. After the process of data reduction and presentation, a thorough analysis was conducted to verify the congruity of all components with
The objective of this undertaking is to collect precise and reliable information with the purpose of enhancing comprehension. The research objectives. The objective of this stage is to extract significance from the gathered data by detecting regularities, resemblances, and disparities that can be utilized to formulate remedies for pre-existing issues. The outcomes obtained from these sources are widely acknowledged as being of great reliability. The objective of this undertaking is to collect precise and reliable information with the purpose of enhancing comprehension.

RESULTS AND DISCUSSION

The Human Resource Management (HRM) Strategy in Organisational Digital Transformation is a method employed by corporations or entities to effectively equip and oversee their personnel during the period of digital transformation (Subagja et al., 2023). The term "digital transformation" pertains to the utilization of digital technology to modify the manner in which we conduct our work, function, and furnish supplementary benefits to our clientele (Touriano et al., 2023). In the contemporary digital landscape, enterprises encounter swift and intricate transformations, encompassing novel technological advancements, alterations in consumer conduct, and modifications in the commercial milieu (Almaududi Ausat et al., 2021). In order to address these challenges, it is imperative for organizations to embrace digital technologies and undergo a business transformation. The achievement of a prosperous digital transformation is contingent not solely upon technological advancements, but also on the presence of capable and proficient human resources (Ausat, Risdwiyanto, et al., 2023).

A crucial approach in human resource management during the process of digital transformation is the augmentation of digital competencies and skills (Al-Alawi et al., 2023). It is recommended that organizations promote the acquisition of knowledge and skills pertaining to digital technologies utilized in their operations among their employees (Rustiawan, Ausat, et al. 2023) and (Fitriah et al., 2023). The acquisition of digital skills can be facilitated through various means such as internal training and development, partnering with external educational or training institutions, or the recruitment of individuals with a robust digital proficiency.

In conjunction with enhancing digital proficiencies, it is imperative for organizations to prioritize cultural transformation and leadership considerations (Ausat, Suherlan, et al., 2022) and (Cahyono et al., 2023). The process of digital transformation encompasses not solely the implementation of technological advancements, but also necessitates a shift in cognitive and operational paradigms (Zen et al., 2023). For digital transformation to be successful, it is imperative to have an organizational culture that fosters innovation, collaboration, experimentation, and risk-taking (Sutrisno et al., 2023). Furthermore, visionary leadership that is dedicated to digital transformation and capable of inspiring and motivating employees is also imperative. Subsequently, it is imperative for organizations to assess and modify their organizational framework to align with the process of digital transformation. The implementation of digital initiatives may necessitate the establishment of novel teams or departments, or alternatively, a more comprehensive restructuring aimed at enhancing interdepartmental collaboration and communication. In certain instances, corporations may need to conduct a comprehensive evaluation of their overarching business framework to guarantee that they are effectively leveraging digital technology.

The management of talent is a crucial element within the realm of human resources management strategies during the process of digital transformation (Martínez-Morán et al., 2021). Organizations ought to contemplate strategies for enticing, acquiring, and preserving the digital expertise required within their workforce. This may entail the implementation of brand marketing tactics to entice proficient candidates, provision of appealing incentives and perks, or establishment of an alluring work milieu for digital experts.

The implementation of pertinent performance measurement in digital transformation is of equal significance. It is imperative for organizations to engage in monitoring and evaluating the advancement of their digital transformation initiatives and the resultant effects on their overall business performance. The assessment of pertinent metrics, such as enhanced operational efficiency, heightened customer satisfaction, or augmented revenue via digital initiatives, can facilitate the achievement of this objective (Ausat & Suherlan, 2022). Through the process of
accurately measuring various metrics, organizations can effectively identify specific areas that require improvement or enhancement within their digital transformation strategy. Moreover, it is imperative for organizations to foster collaboration between the human resources (HR) department and the information technology (IT) department. The optimal development and execution of digital initiatives can be facilitated through the establishment of a strong collaborative relationship between the aforementioned departments (Kraus et al., 2021). The human resources department can offer valuable perspectives on the digital competencies that employees must possess, whereas the information technology department can furnish the essential expertise and technical assistance for the assimilation of digital technologies.

The perpetuity of change poses a significant challenge that necessitates consideration in the human resources management strategy during digital transformation. The contemporary digital epoch is distinguished by a heightened pace of technological advancement, necessitating corporate preparedness to swiftly adjust to evolving circumstances (Vial, 2019). Consequently, it is imperative that human resource management (HRM) strategies exhibit flexibility and adaptability, enabling them to accommodate emerging technological advancements and evolving market requirements.

Furthermore, it is imperative to engage the workforce in the process of digital transformation. It is imperative to provide individuals with a lucid comprehension of the objectives and advantages of digital transformation, and afford them the chance to engage in digital undertakings. Establishing open and transparent communication channels regarding forthcoming changes and outlining the ways in which employees can contribute is likely to enhance their level of buy-in and acceptance (Bucăța & Rizescu, 2017). It is imperative to acknowledge that the HR management strategy during digital transformation is an ongoing process that does not conclude after a single instance. The process of digital transformation is a continuous endeavor, necessitating organizations to consistently evaluate and modify their approaches in response to advancements in technology and shifts in business operations (Ausat, Azzaakiiyah, et al., 2023). This entails the surveillance of industrial patterns, staying abreast of cutting-edge technology, and periodically revising human resources tactics.

In the context of an organization’s digital transformation, a comprehensive and enduring approach to workforce preparation and management for the digital era constitutes an effective strategy for HR management (Hee & Shanmugam, 2019). By prioritizing the enhancement of digital competencies, instilling cultural and leadership transformations, implementing appropriate organizational restructuring, managing talent effectively, measuring performance, fostering collaboration between HR and IT, promoting employee engagement, and embracing adaptability in the midst of change, organizations can effectively attain success in their digital transformation endeavors. This will enable them to fully harness the potential of digital technology to achieve a competitive edge and drive business growth. By implementing efficient HR management strategies during the process of digital transformation, organizations can enhance their operational efficiency, optimize their business processes, improve customer experience, and generate substantial value addition.

In implementing a strategy for managing people in digital transformation, there are several steps that organisations can take:

1. Needs Analysis: The first step is to conduct a thorough analysis of the organisation's needs in the face of digital transformation. This involves identifying digital technologies that are relevant to the company’s industry and business, as well as identifying the digital skills and competencies needed by employees.

2. Training and Development: Once the needs have been identified, the organisation needs to devise a suitable training and development programme to enhance the digital skills of the employees. This can be in-house training organised by the HR or IT department, collaboration with external educational or training institutions, or even participation in relevant certification programmes.

3. Culture and Leadership Change: Digital transformation also involves a change in organisational culture and strong leadership. Companies need to promote a culture of innovation, collaboration, experimentation, and risk-taking. Organisational leaders should
lead by example and communicate the vision of digital transformation to employees, and encourage active participation and engagement from the entire team.

4. Organisational Design: Organisations need to evaluate their organisational structure and design to support digital transformation. This may involve the creation of new teams or departments focused on digital initiatives, or broader restructuring to improve collaboration and communication between different business units.

5. Talent Management: Organisations need to consider how they can attract, recruit and retain the digital talent needed in digital transformation. This can be done by identifying the key competencies required, using brand marketing strategies that appeal to digital professionals, and offering relevant incentives and benefits.

6. Measurement and Evaluation: Organisations should monitor and evaluate the progress of their digital transformation and its impact on business performance. This involves measuring relevant metrics and regularly monitoring the digital initiatives undertaken. From the results of this evaluation, organisations can identify areas for improvement or enhancement and take necessary corrective actions.

7. Communication and Employee Engagement: It is important to involve employees in the digital transformation process and communicate the changes that will occur. Leaders and management must communicate openly and transparently about the vision, goals, and benefits of digital transformation. Employees need to be given a clear understanding of the changes that will occur, how they can contribute, and how digital transformation will affect their work. Through active engagement, employees will feel more involved, motivated, and ready to deal with the changes that occur.

8. Flexibility and Readiness for Change: Digital transformation is an ongoing and rapidly changing process. Therefore, organisations need to have a flexible attitude and readiness to adapt to changes. They must be ready to deal with new technological advancements, market trends, and changes in the business environment. This flexibility also means being able to adjust HR strategies quickly to meet evolving needs.

9. Risk Management: Digital transformation also brings certain risks. Organisations need to identify, manage and mitigate the risks associated with digital transformation, whether they are related to data security, privacy, vulnerability to cyberattacks, or cultural and organisational change. Effective risk management will help protect the organisation from potential losses and ensure the sustainability of digital transformation.

Effective collaboration among HR, IT, and organizational leaders is crucial in the overarching approach to personnel management during digital transformation. The tripartite collaboration will facilitate the fulfillment of digital technology and skills requirements, the cultivation of a climate that fosters innovation and change, and the seamless implementation of digital transformation.

Organizations can optimize the potential of digital transformation to enhance business performance, sustain competitive edge, and address the challenges and prospects of the digital era by executing an appropriate strategy for people management. The successful implementation of digital transformation in an organization can be achieved through various means, including the improvement of employees’ digital competencies, cultural change, organizational restructuring, talent management, performance measurement, effective communication, flexibility, and good risk management. This can result in the addition of significant value to the organization.

CONCLUSION

The implementation of effective Human Resources (HR) management strategies is crucial for companies to achieve success in navigating the challenges posed by digital transformation within their organizations. Organizations can attain a competitive edge, enhance business performance, and offer additional value to customers by optimally utilizing digital technology through the improvement of employees’ digital competencies, cultural and leadership changes, proper organizational restructuring, talent management, performance measurement, effective communication, flexibility, and good risk management.
In light of the aforementioned, this research presents a number of recommendations, which include:

a) The task at hand involves discerning and ranking the digital transformation requirements of the organization. Undertake a comprehensive examination to ascertain the pertinent digital technologies that are applicable to your enterprise, in addition to the proficiencies and aptitudes that are necessary for your personnel.

b) Develop a comprehensive plan for training and development aimed at improving the digital skills of employees. Offer internal training sessions, establish partnerships with external educational or training organizations, and evaluate applicable certification programs.

c) Foster a corporate environment that encourages the cultivation of novel ideas, cooperative efforts, and the willingness to undertake ventures with uncertain outcomes. The promotion of this cultural shift can be facilitated by effective leadership, transparent communication, and a willingness to embrace novel concepts.

d) Evaluate and adjust the organisational structure to support digital transformation. Consider creating new teams or departments that focus on digital initiatives, and update working patterns and relationships between business units.

e) Establish an effective talent management strategy to attract, recruit and retain the necessary digital talent in the organisation. Use attractive brand marketing strategies and offer relevant incentives.

f) Define appropriate performance metrics to measure the progress of digital transformation and its impact on business performance. Conduct regular monitoring and evaluation, and take corrective action if needed.

g) Engage employees in the digital transformation process through open communication, a clear understanding of the changes that will occur, and active participation in digital initiatives.

h) Be prepared for continuous change and the adoption of new technologies. Consider industry trends and the latest technological developments, and be flexible in adapting HR strategies quickly.

i) Manage the risks associated with digital transformation, including data security, privacy and cultural change. Identify potential risks and adopt appropriate measures to minimise them.

By implementing these suggestions, organisations can build a strong foundation in managing HR in their digital transformation, and successfully achieve the expected results in the ever-evolving digital era.

REFERENCES


