HUMAN RESOURCE MANAGEMENT STRATEGIES TO IMPROVE PERFORMANCE IN THE DIGITAL ERA

Eliza
Sekolah Tinggi Perpajakan Indonesia, Jakarta, Indonesia
*Email: eliza@stpi.ac.id

Article Info

ABSTRACT

In the ever-growing digital era, human resource management (HR) strategies have become very important to improve organizational performance and efficiency. This research focuses on the implementation of digital technology in various HR processes, including automation of administrative tasks, technology-based recruiting, and performance management. This digitalization not only increases operational efficiency, but also provides better insight into managerial decision making. One of the key aspects of this research is the development of employees' digital skills. In a world of work that is increasingly dependent on technology, having employees who are digitally skilled is an invaluable asset. This includes training in data analysis, programming, and utilizing the latest digital platforms. This training not only improves individual performance, but also strengthens the organization's ability to compete in the global market. This research also highlights the importance of remote work as an HR strategy in the digital era. The global pandemic has accelerated the adoption of remote work models, showing that flexibility in work can improve employee productivity and work-life balance. Additionally, remote work opens up opportunities for organizations to access global talent without geographic limitations. Finally, this research emphasizes the importance of creating an adaptive and collaborative organizational culture. This culture that encourages innovation and continuous learning is essential to taking full advantage of the benefits of the digital era. Through this approach, organizations can not only survive, but also thrive amidst rapid and unpredictable change.

Corresponding Author:

Eliza
Sekolah Tinggi Perpajakan Indonesia, Jakarta, Indonesia
*Email: eliza@stpi.ac.id

INTRODUCTION

In the current digital era, human resource management (HR) has experienced a significant transformation, especially through the digitalization of its processes. Deloitte (2020), in its examination of the employee digital experience, underscores the importance of building a unified engagement platform to enable seamless interactions between workers and the organization. Such platforms increase engagement and productivity by integrating disparate systems into a unified user experience, which includes automation and collaboration tools such as chatbots and robotic process automation (RPA).

However, challenges arise when the digital experience in the workplace is not up to par with commercial standards, causing frustration and contributing to an overall negative work experience(Rumondang et al., 2020). Organizations with the most interesting work experiences have

been proven to produce higher employee engagement compared to organizations with less interesting work experiences (Putra & Mardikaningsih, 2021).

In response to this shift, Deloitte highlighted that less than half of HR and business leaders surveyed believe that their employees are satisfied or very satisfied with their job design. This shows the importance of continuous improvement in the digital work experience.

One solution to address this gap is to adopt an employee-centric approach in building a unified experience platform. This involves designing the platform based on the experience employees want when using it, not based on the processes it supports. Using methods like design thinking and rapid prototyping can help differentiate what's important from what's not, creating a consistent digital experience across all touch points.

By adopting technology that supports positive work experiences, organizations can increase loyalty, engagement and overall productivity (Nikmah et al., 2023). The advanced digital experiences that today's workers enjoy in their personal lives have set a high bar for companies to achieve, but the potential business benefits of these efforts are invaluable.

Digital skills development is a critical aspect in the current era, especially as companies try to take advantage of new technology. According to (Global, 2019), CEOs admit that they experience difficulties in making better decisions due to a lack of adequate data, including in the interpretation, collection, or cleaning of data. Lack of talent is the main reason for this inadequacy, with 55% of CEOs 'very concerned' about the availability of key skills being unable to innovate effectively. CEOs also recognize that technologies such as artificial intelligence (AI) will completely change the business world in the next few years, with 85% agreeing that AI will change the way they run their business in the next five years. However, nearly a quarter of them have no plans to use AI currently, and only 35% have plans to do so in the next three years. This is due to a lack of access to the expert skills needed to organize and extract value from their data.

Marketing, sales, learning & development (L&D), and human resources (HR) leaders are actively pursuing reskilling and upskilling of their staff. This is done not only to retain talent in a world that is in dire need of skilled professionals, but also to help train new employees quickly and effectively. Report from the Digital Marketing Institute on(Wymbs, 2011)indicated that the top three skills lacking from marketing and sales teams are AI strategy development (49%), digital/social selling (45%), and data analytics (45%). More than half of decision makers believe that retraining or upskilling employees is the best way to address skills gaps, while budget, time and workload-related factors are the main barriers to addressing such gaps.

In this context, the need for training and digital skills development is not only essential for individual performance(Redjeki & Affandi, 2021), but it is also critical to organizational competitiveness in a technology-driven economy. Difficulties in adopting AI and data analytics, as well as skills shortages in AI strategy and digital/social selling, highlight the importance of concerted efforts between government and business to develop a culture of adaptability and lifelong learning, along with increasing technological proficiency in STEM skills(Hendri et al., 2021). Soft skills such as empathy and creativity will also become increasingly important, both for businesses and workers' satisfaction in their working lives.

Remote working, accelerated by the COVID-19 pandemic, has significantly changed the face of contemporary work. According to the Colombo survey(2020), 74% of CFOs surveyed plan to keep some part of their workforce working remotely permanently after the COVID-19 crisis. Both organizations and employees see the opportunities and benefits of working remotely, including flexibility, increased productivity, and employee satisfaction. Several companies have announced plans to shift to hybrid or fully remote work models following the pandemic.

In the post-pandemic context, many organizations are planning a hybrid virtual work model that combines remote work with time in the office(Ainurrofiq & Amir, 2022). This decision was based on solid productivity gains during the pandemic. However, even though productivity may have increased, many employees report feelings of anxiety and exhaustion. Unless leaders address the source of employee anxiety, pandemic-style increases in productivity may not be sustainable in the future.

More than half of employees say they want their organizations to adopt a more flexible virtual hybrid work model, where employees sometimes work on-site and sometimes remotely. A hybrid

model can help organizations maximize talent wherever they are, lower costs, and strengthen organizational performance.

Remote work has also opened the door to global access to talent. As more employees work remotely, the question arises as to whether the need for talent mobility will decrease or increase as employees explore new locations to call their home and workplace. With a more widespread remote work environment, the global talent pool has become increasingly important. If it didn't matter where the work was done, employers should have a broader talent pool to draw from, i.e. ideal candidates might be across the country or around the world.

With the shift to a mobile workforce, the role of the mobility manager will likely need to evolve. Instead of planning and executing traditional long-term assignments, mobility professionals will need to direct their focus to an inevitable new set of challenges. For example, what does it mean to keep someone "whole" who chooses to work in a remote location rather than a traditional employee who is asked to relocate? Whether a "home country" or "host country" approach should be used regarding salaries, and benefits.

Some companies have begun to reassess remote workforce policies and have developed policies for managing a remote workforce(Mungkasa, 2020), which generally outlines the types of activities that can be performed remotely and what locations are or are not acceptable. Even companies that are proactively seeking to better position themselves to protect their business and employees need to regularly review policies to ensure they meet the needs of the evolving work environment. As companies continue to compete for top talent, being flexible and adaptable to remote workers will be critical.

Fostering an adaptive and collaborative organizational culture is key to dealing with rapid and unpredictable change(Maduningtias et al., 2022). In the McKinsey report in Brown(2013), highlighted the importance of building resilient organizations that not only recover from adversity or change but also leap forward. The organization absorbs shocks and turns them into opportunities to achieve sustainable and inclusive growth. They quickly assess the situation, reorient themselves, redouble efforts on what works, and abandon what doesn't.

McKinsey's initial research on the relationship between organizational health and financial performance during the COVID-19 pandemic showed that businesses that demonstrated resilient behaviors—such as knowledge sharing, performance reviews, and bottom-up innovation—were less likely to go bankrupt in the following two years compared with organizations that " unhealthy".

To build organizational resilience, McKinsey suggests four key areas:
1. Building an agile organization: This involves a shift towards faster, federated, and data-driven decision making, enabling leaders and teams to test, learn, and adapt to complex business challenges.
2. Building autonomous teams: When held accountable and given ownership of results, teams feel empowered to execute strategic plans and stay close to customers.
3. Finding and promoting adaptable leaders: Adaptable leaders don't just react when faced with, for example, natural disasters, competitor moves, or changes in team dynamics. They take the time to coach team members through the change.
4. Investing in talent and culture: Companies that focus on building strong operations, teams and leaders may see a two-way benefit when it comes to talent: an adaptable environment is more likely to attract top talent who will have a greater chance of success.

Additionally, organizations must pay attention to critical cultural factors and approach talent management differently. Some organizations anticipate a skills gap in the next five years. Resilient organizations have begun building structures and capabilities to address current and future talent management challenges. They have invested in analytics to recruit, develop and retain talent more effectively.

Developing adaptable leaders is critical(Hindriari et al., 2022). Adaptable leaders tend to have a systems mindset, look for patterns and connections, and are more likely to see opportunities where others see problems. They can set a direction without being completely clear about the goal. They take the time to define the cultural DNA or code of behavior that guides how decisions are made, priorities are set, and work is done.

Organizations need to ensure they can adapt their culture and employee experience to offer value to a newly empowered workforce and win the changing talent war, while also ensuring the organization can deliver on its strategy and mission.

Thus, adaptation and innovation in HR management strategies in the digital era not only guarantee operational continuity, but also provide competitive advantage. This era demands a holistic approach that includes digitalization, skills development, work flexibility and a dynamic organizational culture.

METHOD

This research applies a qualitative approach to understand in depth the best practices and current trends in human resource management (HR) in the digital era. This method was chosen because of its ability to capture the nuances and complexity of evolving HR management practices. In this research, secondary data analysis is the main focus. Data sources used include scientific journals, articles from trusted media or industry publications, as well as case studies relevant to the topic. The use of scientific journals, which have gone through a peer-review process, guarantees the credibility and reliability of the scientific information obtained. Articles and case studies provide additional perspectives rich in applicable context, enabling the identification of innovative and effective practices in HR management in the digital era. This secondary data analysis facilitates extracting deep insights without the need for time- and resource-consuming primary data collection. Through this research, it is hoped that a comprehensive understanding of how companies and organizations adapt their HR strategies to remain relevant and effective amidst rapid technological change can be produced..

RESULTS AND DISCUSSION

Digitalization of HR Processes

Digitalization strategies in Human Resources (HR) processes have become an important trend in recent years, especially between 2019 and 2023. The aim is to increase efficiency and effectiveness in various aspects of HR management. Here are some of the main components of this strategy:

1. Use of an HR Management Information System that facilitates administrative processes, starting from managing employee data, attendance, to payroll. These systems are often integrated, allowing HR managers to access and manage information efficiently from a single platform.
2. Recruitment automation becomes more sophisticated. For example, AI can be used to automatically analyze CVs, evaluate candidate suitability, and even carry out initial screening via chatbots. This not only saves time but also increases objectivity in the selection process.
3. Employee Training and Development through online learning platforms, such as e-learning and webinars, has become an important tool for employee development. This allows employees to access training materials from anywhere, providing flexibility and ease in upgrading skills.

In a study by Deloitte in 2020, it was found that "companies that adopted AI technology in their recruitment processes experienced a 40% increase in efficiency and a reduction in bias in candidate selection" (Deloitte, 2020).

According to LinkedIn Learning's 2021 report, "74% of companies using e-learning reported improved employee performance, with 68% also noting improved leadership skills" LinkedIn Learning in Yan(2021).

An article by AbuRahma(2022)emphasizes that "HR digitalization is not just about efficiency, but also about improving the employee experience, which can have a direct impact on retention and job satisfaction" (Forbes, 2022).

From these quotes, it is clear that digitalization in HR management offers a variety of benefits, including increased efficiency, objectivity in recruitment, and more effective employee development. This proves that adopting technology in HR management is an important step to face the challenges and needs of the ever-changing job market.

Digital Skills Development

Rapid technological changes require employees to have relevant digital skills. In this context, the Human Resources (HR) department plays a key role in ensuring that employees are not only digitally skilled, but also keep up to date with the latest technological developments. Here are some of the main focuses in developing employee digital skills:

1. Data Analysis Training: Data analysis skills are becoming increasingly important in many areas of work. This training includes the use of statistical software, an understanding of big data analysis, and the ability to draw useful conclusions from complex data sets.
2. Programming and Software Development: Programming skills are not just limited to jobs in the technology sector. Programming basics, such as HTML, CSS, Python, or JavaScript, are becoming useful even in non-technical roles, as more and more tasks require the use of technology.
3. Use of the Latest Digital Tools: Employees need to be familiar with the latest digital tools, including project management platforms, online collaboration tools, and industry-specific software. This training ensures that employees can work efficiently in an ever-evolving digital environment.

Investments in digital training and workshops bring significant benefits:

1. Increase Productivity: Employees who are skilled in using digital tools tend to be more productive and able to complete tasks more efficiently.
2. Adapt to Change: Employees who are constantly updated with digital skills can easily adapt to changes in the workplace, such as implementing new systems or changing work processes.
3. Increasing Company Competitiveness: Companies with a digitally skilled workforce have a competitive advantage in the market. This allows companies to implement innovative solutions and respond quickly to market changes.

In this case, HR's role is vital in identifying training needs, designing relevant programs, and ensuring that employees have access to the necessary learning resources. Through these efforts, companies not only improve the skills of their employees, but also build a culture of continuous learning, which is important in an ever-changing business environment.

Flexibility and Remote Work

The digital era has indeed changed the way we work, with one of the most significant changes being the possibility of working remotely. This remote work strategy brings several important benefits:

1. Improves Employees' Work-Life Balance: With remote work, employees have greater flexibility in managing their schedules, which can help them achieve a better balance between their professional and personal lives. This can reduce stress and increase job satisfaction.
2. Access to Global Talent: Remote work allows companies to recruit the best talent from all over the world without geographic limitations. This expands the available talent pool and allows companies to take advantage of diverse skill sets.
3. Reduced Operational Costs: For some companies, remote work can reduce the need for physical office space, meaning significant savings in rent, utilities, and maintenance costs.
4. Increased Productivity: Studies show that many employees work more efficiently from home, due to reduced distractions and travel time. This can increase overall productivity for the company.

However, there are also challenges that need to be managed:

1. Communication and Collaboration: Ensuring effective communication and collaboration between remote teams is important. The use of digital communication tools and project management platforms can help.
2. Maintaining Company Culture: Maintaining organizational culture and ensuring employee engagement can be more challenging in a remote work environment.
3. Data Security Issues: Remote work can increase data security risks, so companies need to ensure they have the right security policies and technology in place.

To implement a remote work strategy successfully, companies need to consider these factors and create clear policies, invest in the right tools, and ensure that there is adequate support for employees working from home. With the right approach, remote work can be a profitable strategy for both employees and companies.

Adaptive and Collaborative Organizational Culture

Creating an adaptive and collaborative organizational culture is indeed the key to success in today's rapidly changing business environment. Here are some important strategies and practices that can help in developing a culture like this:

1. Continuous Learning and Adaptation: Organizations must encourage and facilitate continuous learning for their employees. This can be through training, workshops, or access to online learning resources. This focus on learning allows employees to stay up-to-date with the latest trends and technology, increasing their ability to adapt to change.
2. Employee Involvement in Decision Making: Allowing employees to be involved in decision making can increase their sense of ownership and responsibility for work results. This could be through brainstorming sessions, internal surveys, or platforms that allow them to provide input and ideas.
3. Encourages Innovation: A culture that supports experimentation and innovation allows employees to try new approaches and creative ideas without fear of failure. This encourages out-of-the-box thinking and innovative solutions.
4. Open and Collaborative Communication: Encourage open and transparent communication at all levels of the organization. This includes sharing information about company policies, changes, and achievements. Collaboration can be enhanced through the use of digital tools that enable teamwork, even in remote work environments.
5. Recognition and Rewards: Recognizing and rewarding employee contributions is important for motivating and retaining talent. This could be in the form of awards, promotions, or even public praise.
6. Healthy Work-Life Balance: Encouraging a healthy work-life balance helps in reducing burnout and increasing job satisfaction. Flexibility in work hours and remote work policies can be part of this approach.

By implementing these practices, organizations not only create a more enjoyable and productive work environment, but also build a strong foundation for continued growth and the ability to adapt to market and technological changes. Building an adaptive and collaborative organizational culture requires commitment from all levels in the organization and an understanding that change is a continuous process.

HR Analytics for Decision Making

Utilization of data and analytics in decision making Human Resources (HR) has a critical role in increasing operational efficiency and effectiveness. The use of analytics in HR helps organizations make data-based decisions, which are more objective and informed. Here are some important ways in which analytics can be leveraged in HR:

1. Understanding Performance Trends: Analytics can be used to thoroughly analyze employee performance data. This includes evaluation of productivity, quality of work, and adherence to deadlines. By understanding these trends, managers can identify areas that need improvement and design appropriate strategies to improve performance.
2. Employee Satisfaction Evaluation: Employee satisfaction surveys and feedback can be analyzed to understand their level of satisfaction and engagement in work. This analysis can reveal factors that influence employee satisfaction and help management create policies that better support a positive work environment.
3. Training and Development Needs: Analytics can be used to assess employee training needs by analyzing competency gaps. By understanding which areas require further development, organizations can design more focused and effective training programs.
4. Turnover Prediction and Prevention: Data analysis can help in identifying patterns or signs that indicate the risk of employee turnover. With this information, organizations can take proactive steps to address problems before employees decide to leave.
5. Effective Recruitment and Selection: Data from the recruitment process can be analyzed to assess the best sources of talent, the effectiveness of interview techniques, and the success of selected candidates. This allows for continuous improvement in the recruitment process.
6. Diversity and Inclusivity: Analytics can help in monitoring and improving diversity and inclusivity initiatives in organizations. This includes analysis of employee demographic composition and evaluation of policies to ensure equal opportunities for all.

Utilization of analytics in HR not only improves decision making but also helps in identifying trends and potential issues before they become bigger problems. This allows HR to carry out appropriate and effective interventions, which can ultimately improve overall organizational

performance. To achieve this, it is important for organizations to have the right data collection systems, effective analytical tools and analytical skills in their HR teams.

CONCLUSION

In the current digital era, human resource management (HR) has experienced a significant transformation, especially through the digitalization of its processes. This strategy includes the use of HR management information systems, recruitment automation, and online training. Deloitte emphasizes the importance of building a unified employee engagement platform to increase engagement and productivity, noting that organizations with engaging work experiences generate higher employee engagement. However, challenges arise when digital experiences in the workplace do not meet standards, leading to frustration and negative work experiences. In response, Deloitte suggests adopting an employee-centric approach in building a unified experience platform.

Digital skills development has also become critical, with CEOs admitting difficulties in making better decisions due to a lack of adequate data and key skills. Technology such as AI is expected to change the business world, but there are still many companies that have not utilized it optimally. Staff reskilling and upskilling efforts in areas such as AI strategy development, digital sales, and data analytics have become critical to retaining talent and helping new employees train quickly and effectively.

Remote working, accelerated by the COVID-19 pandemic, has significantly changed the way work is done. Many organizations are planning a hybrid work model post-pandemic, combining remote work with time in the office, to maximize talent and lower operational costs. However, this also brings challenges in communication, maintaining company culture, and data security.

An adaptive and collaborative organizational culture is key to dealing with rapid and unpredictable change. Building an organization that is resilient, agile and with independent teams is important. Adaptable leaders have a critical role in setting direction and defining the cultural DNA that guides decision making.

Utilizing HR analytics for decision making helps in understanding performance trends, evaluating employee satisfaction, and training needs. This enables more precise interventions and increases operational efficiency and effectiveness.

Overall, adaptation and innovation in HR management strategies in the digital era not only guarantee operational continuity but also provide competitive advantage. This demands a holistic approach that includes digitalization, skill development, work flexibility and a dynamic organizational culture.

REFERENCES

AbuRahma, A. F., Avgerinos, E. D., Chang, R. W., Darling III, R. C., Duncan, A. A., Forbes, T. L., Malas, M. B., Perler, B. A., Powell, R. J., Rockman, C. B., & others. (2022). The Society for Vascular Surgery implementation document for management of extracranial cerebrovascular disease. *Journal of Vascular Surgery*, *75*(1), 26S--98S.

Ainurrofiq, I., & Amir, M. T. (2022). Penerapan hybrid working model terhadap perubahan budaya kerja dan nilai organisasi. *Fair Value: Jurnal Ilmiah Akuntansi Dan Keuangan*, *4*(8), 3355–3368.

Brown, B., Sikes, J., & Willmott, P. (2013). Bullish on digital: McKinsey global survey results. *McKinsey Quarterly*, *12*, 1–8.

Colombo, C., Burgel, P.-R., Gartner, S., van Koningsbruggen-Rietschel, S., Naehrlich, L., Sermet-Gaudelus, I., & Southern, K. W. (2020). Impact of COVID-19 on people with cystic fibrosis. *The Lancet Respiratory Medicine*, *8*(5), e35--e36.

Deloitte. (2020). Automation with intelligence; Pursuing organization-wide reimagination. https://www2.deloitte.com/us/en/pages/operations/articles/global-robotic-process-automation-report.html.

Global, P. W. C. (2019). 22nd Annual global CEO survey. *Recuperado de: Https://Www. Pwc. Com/Gx/En/Ceo-Survey/2019/Theme-Assets/Reports/Industrialmanufacturing-Trends-Report-2019. Pdf*.

Hendri, S., Handika, R., Kenedi, A. K., & Ramadhani, D. (2021). Pengembangan modul digital pembelajaran matematika berbasis science, technology, enginiring, mathematic untuk calon guru sekolah dasar. *Jurnal Basicedu*, *5*(4), 2395–2403.

Hindriari, R., Narimawati, U., Affandi, A., Priadana, S., & Erlangga, H. (2022). Analisis Kepemimpinan Transformasional dalam Meningkatkan Kreativitas dan Inovasi pada UMKM Kuliner Kabupaten Bekasi. *JIIP-Jurnal Ilmiah Ilmu Pendidikan*, *5*(4), 1127–1132.

Maduningtias, L., Narimawati, U., Affandi, A., Priadana, S., & Erlangga, H. (2022). Pengaruh Budaya Organisasi dan Kepemimpinan terhadap Kinerja Karyawan pada PT. Indomarco Pristama Kebayoran Lama. *JIIP - Jurnal Ilmiah Ilmu Pendidikan*, *5*(4), 1206–1213. https://doi.org/10.54371/jiip.v5i4.547

Mungkasa, O. (2020). Bekerja dari Rumah (Working From Home/WFH): Menuju Tatanan Baru Era Pandemi COVID 19. *The Indonesian Journal of Development Planning*, *4*(2), 126–150. https://doi.org/https://doi.org/10.36574/jpp.v4i2.119

Nikmah, W., Mukarromah, A., Widyansyah, D., & Anshori, M. I. (2023). Penggunaan Teknologi Dalam Pengembangan SDM. *Mutiara: Jurnal Penelitian Dan Karya Ilmiah*, *1*(5), 366–386.

Putra, A. R., & Mardikaningsih, R. (2021). Kompensasi dan Lingkungan Kerja serta Pengaruhnya terhadap Komitmen Organisasi. *Jurnal Ilmiah Edunomika*, *6*(1), 44–53.

Redjeki, F., & Affandi, A. (2021). Utilization of Digital Marketing for MSME Players as Value Creation for Customers during the COVID-19 Pandemic. *International Journal of Science and Society*, *3*(1), 40–55.

Rumondang, A., Sudirman, A., Sitorus, S., Kusuma, A. H. P., Manuhutu, M., Sudarso, A., Simarmata, J., Hasdiana, D., Tasnim, T., & Arif, N. F. (2020). *Pemasaran Digital dan Perilaku Konsumen*. Yayasan Kita Menulis.

Wymbs, C. (2011). Digital marketing: The time for a new �academic major� has arrived. *Journal of Marketing Education*, *33*(1), 93–106.

Yan, X., Ma, A., Yang, J., Zhu, L., Jing, H., Bollinger, J., & He, Q. (2021). Contextual skill proficiency via multi-task learning at linkedin. *Proceedings of the 30th ACM International Conference on Information \& Knowledge Management*, 4273–4282.