

## DIGITAL HUMAN CAPITAL STRATEGY: IMPROVING COMPANY PERFORMANCE

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**Abstrak:** Di zaman sekarang, persaingan bisnis semakin ketat, dan perusahaan harus bisa mengelola karyawannya dengan baik agar mereka bisa bekerja lebih maksimal. Penelitian ini membahas berbagai cara yang bisa dilakukan perusahaan untuk meningkatkan kinerja karyawan, terutama di tengah perubahan global yang terus terjadi. Selain itu, artikel ini juga membahas strategi SDM digital dan bagaimana teknologi bisa membantu perusahaan berkembang lebih baik. Dengan perkembangan teknologi yang semakin pesat, perusahaan perlu menyesuaikan cara mereka mengelola SDM agar lebih efektif. Teknologi digital bukan hanya membantu mempercepat pekerjaan administrasi, tetapi juga menciptakan lingkungan kerja yang lebih nyaman dan produktif. Dalam penelitian ini, metode yang digunakan adalah studi literatur, yaitu dengan mengumpulkan informasi dari buku, jurnal, artikel, dan sumber lain yang relevan. Dari hasil penelitian, terbukti bahwa penerapan teknologi dalam pengelolaan SDM punya dampak besar terhadap kinerja perusahaan. Dengan sistem digital, pekerjaan menjadi lebih efisien, proses perekrutan karyawan bisa lebih cepat, dan keterlibatan serta kepuasan karyawan juga meningkat. Tapi tentu saja, ada tantangan yang harus dihadapi, seperti karyawan yang sulit menerima perubahan atau kurangnya keterampilan dalam menggunakan teknologi. Karena itu, penting bagi perusahaan untuk benar-benar memahami bagaimana strategi SDM digital bisa diterapkan dengan baik. Jika dilakukan dengan cara yang tepat, perusahaan bisa lebih bersaing dan sukses dalam jangka panjang dengan memanfaatkan teknologi untuk mengelola SDM secara lebih efisien.

**Kata Kunci :** Strategi SDM digital, Kinerja perusahaan, Teknologi, Manajemen sumber daya manusia, Sinergi

**Abstract:** Nowadays, business competition is getting tougher, and companies must be able to manage their employees well so that they can work more optimally. This research discusses the various ways companies can improve employee performance, especially in the midst of ongoing global changes. In addition, this article also



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discusses digital HR strategies and how technology can help companies develop better. With the rapid development of technology, companies need to adjust the way they manage HR to be more effective. Digital technology not only helps speed up administrative work, but also creates a more comfortable and productive work environment. In this research, the method used is a literature study, namely by collecting information from books, journals, articles, and other relevant sources. From the results of the research, it is evident that the application of technology in HR management has a major impact on company performance. With a digital system, work becomes more efficient, the employee recruitment process can be faster, and employee engagement and satisfaction also increase. But of course, there are challenges to be faced, such as employees who are difficult to accept change or lack of skills in using technology. Therefore, it is important for companies to really understand how a digital HR strategy can be implemented properly. If done the right way, companies can be more competitive and successful in the long run by utilizing technology to manage HR more efficiently.

**Keywords:** Digital HR strategy, Company performance, Technology, Human resource management, Synergy

## I. INTRODUCTION

The rise of digitalisation has changed the way companies compete and create new products and services, making information technology (IT) a key factor in planning and executing business strategies. Digital technologies not only help simplify administrative tasks, but also increase employee engagement and satisfaction and support data-driven decision-making. Therefore, understanding how technology affects HR practices is critical to a company's success.

Human resources are considered to be the most valuable asset that cannot be fully replicated, as well as a major factor in corporate strategy and performance. The huge influence of HR on organisational success has encouraged researchers to develop the concept of Human Resource Management (HRM) in a new perspective, where HRM is viewed as a dynamic ecosystem that includes various interconnected elements, including technology. On the other hand, fierce competition for skilled labour has created the phenomenon of 'talent wars,' which encourages companies to digitalise their work environment and strengthen their corporate image. This situation has led practitioners and academics to re-evaluate traditional approaches to HR management and examine changes in workforce dynamics. Only effective HR practices can support knowledge renewal and help organisations compete in the knowledge-based economy. (Benitez, J., & Llorens, 2020) .

Developing human resources in the digital era requires various skills, such as business understanding, ability to manage human resources, change management, and expertise in technology (Fenech, 2021). Technology skills are related to a person's ability to use computers and complete technical tasks. These skills fall under the category of hard skills because they are usually learned through training, repeated practice, and hands-on experience (Indeed Editorial Team, 2023). Technology skills are essential as they can be applied across a wide range of industries and jobs today. This means that employees must be more superior and productive in order to compete in the digital era. Therefore, HR transformation needs to be implemented immediately. HR transformation is a change in the way HR is managed to be more efficient and provide more value to the company, especially in an



increasingly flexible and digital world of work (Gartner, 2023). HR transformation is essential for business continuity. If done well, this change will continue and adjust to the needs of the company. In other words, HR transformation ensures that all employees are connected to the business strategy and external factors that influence the direction of the company (Harto, 2022).

Developing human resources in the digital era requires a variety of skills, including business skills, expertise in people management, change management, and understanding of technology (Fenech, 2021). Technology skills themselves refer to the abilities and knowledge required to interact with computer systems and complete technical tasks. These skills are categorised as hard skills as they are generally acquired and mastered through training, repeated practice and practical experience (Indeed Editorial Team, 2023). Technology skills are important because they can be applied in many modern industries and professions which means that it is a fact that human resources are required to be superior and productive in the current digital era or in other words, human resource transformation must be implemented immediately. HR transformation is the evolution of the HR function to drive operational excellence and create greater business value in the hybrid world of work. (Gartner, 2023). HR transformation plays an important role in business continuity, because when this HR transformation is carried out in a business, the change will be sustainable because it meets actual needs, which means that HR transformation connects all HR directly to business strategy and environmental factors that shape corporate strategy (Harto, 2022).

As competition in the business world increases, companies are faced with demands to innovate and adapt quickly. HR strategies that integrate digital technology are key to achieving competitive advantage. Through the implementation of the right systems and tools, companies can manage talent more effectively, accelerate the recruitment process, and improve the quality of training. This synergy between technology and HR practices not only improves operational efficiency, but also creates a more inclusive and collaborative work culture.

While digital HR strategies have many benefits, they also face several challenges. One of the biggest obstacles is the reluctance of employees to adapt to new technologies. Some employees may feel uncomfortable or have difficulty using digital systems in their work. In addition, the lack of digital skills among staff can also hinder the effectiveness of this strategy. Therefore, companies need to provide comprehensive training and create a work culture that supports change, so that technology can be fully utilized in HR management.

This article examines how digital HR strategies affect company performance. By looking at how technology can improve various aspects of HR management, it is hoped that readers will better understand how important it is to implement digital systems in an increasingly complex work environment. In addition, this article also highlights the challenges that may arise when implementing this strategy and how companies can overcome them to get optimal results.

## II. RESEARCH METHOD

This research uses the literature study method, namely by collecting and analyzing various sources such as articles, books, journals and internet sites related to the topic discussed. The process



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involves reading, recording, and managing information systematically and objectively. This research is carried out by exploring and analyzing data thoroughly so that the results are in accordance with the research objectives. The data used is secondary data, which is information derived from research or other writings that have existed before and are relevant to the issues being discussed.

### III. RESULT AND DISCUSSION

#### A. Digitalization and Technology in HR Management

Much literature shows that digitalisation and technology have become dominant trends in HR management. The use of HR software, online performance management systems, and digital recruitment platforms are becoming increasingly common. HR Software or Human Resource Management System (HRMS) is a technology used to manage various aspects of employee administration more efficiently helps in managing employee data, salary administration, attendance management, etc. efficiently. It reduces dependence on manual processes and improves accuracy and efficiency. Online Performance Management System, This system enables employee performance measurement in a structured manner and can be accessed in real-time.

Managers and employees can evaluate, provide feedback, and set performance goals more effectively. Digital Recruitment Platform, This platform facilitates the recruitment process from vacancy announcement to candidate selection. Digital recruitment allows companies to reach more prospective employees globally, increase the speed of filling positions, and optimise applicant data management. Advantages of Digitalisation, Apart from operational efficiency, digitalisation also brings benefits such as more in-depth data analysis related to employees and overall company performance. This enables better data-driven decision-making and responsiveness to changing market or business needs. Challenges and Adaptation, Despite its many benefits, digitalisation also brings challenges such as the need for significant initial investment, the need for employee training in the use of technology, as well as data secu

#### B. Influence of Technology on HR Practices

Technology has had a profound impact on Human Resources (HR) practices, changing the way companies recruit, train and manage employees. One of the most visible changes is in the recruitment process. With the advent of online recruitment platforms and e-recruitment systems, companies can reach more candidates globally, speed up the selection process, and improve recruitment quality. The use of algorithms and artificial intelligence as we know it, namely AI, to screen and assess the suitability of candidates can help companies to make more efficient and data-driven decisions, and reduce bias in the selection stage (Dery, K., Sebastian, I., & Meulen, 2017) .

Apart from recruitment, technology has also changed employee training and development methods. With online learning platforms and e-learning modules, companies can provide training programs that are more flexible and easily accessible at any time by employees. This not only reduces training costs, but also increases employee engagement in the learning process. When given the freedom to choose materials that suit their career needs, employees tend to take more responsibility for



their own development. In addition, a learning management system allows companies to monitor employee progress and tailor training programs according to individual needs.

On the other hand, technology also increases effectiveness in performance management. Data-driven systems allow companies to collect real-time employee performance information, so that feedback can be provided in a more accurate and timely manner. With data analysis, managers can recognize performance trends, identify top performers, and devise strategies needed to improve work performance. However, challenges remain, such as ensuring employees have sufficient digital skills and maintaining the privacy and security of their data. With the right approach, technology can be a major factor in improving HR practices and supporting overall organizational performance (Kim, S., Wang, Y., & Boon, 2021).

### **C. Synergy between HR and Technology**

Collaboration between Human Resources (HR) and technology is a powerful mix that can improve operational efficiency and organizational performance. When technology is integrated with HR practices, companies can create a more innovative and collaborative work environment. For example, utilizing digital collaboration tools such as communication and project management platforms allows employees to interact more effectively, share information, and work together on projects in real-time. This not only increases productivity, but also strengthens relationships between teams, creating a more inclusive work culture (Mithas, S., & Rust, 2016) .

In addition, this integration also plays an important role in talent management and employee development. By utilizing analytics technology, companies can identify the skills and competencies required to achieve business goals. This data allows managers to design training programs that are more relevant and in line with employee needs. Analytics-linked performance management systems provide deeper insights into strengths and areas for improvement, helping employees to develop their careers more optimally.

However, to achieve maximum synergy, companies need to face the challenges that arise from these changes. Employees need to receive adequate training to develop the necessary digital skills to effectively utilize technology. In addition, it is important for companies to build an organizational culture that supports innovation and change. With the right approach, the synergy between HR and technology not only improves efficiency, but also encourages creativity and innovation in achieving organizational goals.

### **D. Impact of Digital HR Strategy on Performance**

Digital strategies in Human Resources (HR) have a major influence on company performance in various aspects. First, the application of digital technology in HR practices, such as data-driven performance management systems and e-recruitment, helps improve operational efficiency. Tasks that were previously done manually and time-consuming can now be completed more quickly and accurately, reducing the cost and time needed to handle administrative work.



Secondly, digital HR strategies can also make employees feel more at home and enthusiastic at work. With digital-based communication and cooperation tools, employees can interact and collaborate more easily. This makes the working atmosphere more comfortable and supportive. If employees feel valued and closer to the company, they will also be more motivated at work., they tend to work harder and be more loyal to their jobs. In addition, digital-based training gives employees the flexibility to learn and develop their skills on their own time and needs, so they are more motivated and their skills remain relevant to the company's development (Henseler, 20117) .

Lastly, digital HR strategies enable companies to make more informed decisions. With data analytics, HR managers can identify performance patterns, recognize top performers, and design the steps needed to improve team effectiveness. Accurate, real-time data provides deep into workforce dynamics, allowing companies to quickly adapt to business changes and challenges.

#### **E. Barriers to Implementing a Digital HR Strategy**

Implementing a digital HR strategy in a company is no easy feat. There are several key barriers that often arise during this process, including:

1. Resistance to Change

One of the biggest challenges in implementing a digital HR strategy is resistance to change from employees. Many employees are comfortable with traditional ways of working and may feel uncomfortable with the changes brought about by new technologies. Uncertainty regarding the use of new tools, fear of job loss, or concerns about the skills required can lead to resistance to digital initiatives. To overcome this, companies need to take an approach that involves clearly and transparently communicating the benefits of change, as well as providing adequate support.

2. Lack of Digital Skills

Inadequate digital skills among employees is also a significant barrier to implementing a digital HR strategy. Not all employees have the necessary technological background or capabilities to use new systems and tools effectively. This can hinder the efficiency and effectiveness of strategy implementation. Therefore, it is important for companies to provide comprehensive and continuous training so that employees can adapt to new technologies and maximize their use.

3. Data Security and Privacy

As the use of digital technology increases, so do the risks related to data security and privacy. Systems that store employee data must be properly maintained to keep sensitive information safe. If data is leaked or misused, it can adversely affect the company's reputation and make employees and customers lose trust. Therefore, companies need to implement strict security policies and ensure all systems are protected. In addition, employees must also be given training so that they understand the importance of maintaining data security and not carelessly sharing important information

4. Lack of Support from Management





The success of implementing a digital HR strategy largely depends on the support of the company's superiors or management. If management is not really supportive, the digitalization program can run in place or even fail. Management needs to be involved, both in terms of providing budget and resources, making important decisions, and increasing employee understanding of the benefits of digitization in HR management.

#### F. Strategies for Developing Human Resources in the Digital Age

Developing human resources in the digital era according to (Datacore, 2022) can be done by implementing the following strategies:

1. Improve the digital employee experience A new employee may have to navigate multiple systems to complete basic tasks such as getting a laptop, badge, signing up for benefits, and setting up direct deposit. Simplifying and integrating these processes can improve the employee experience and increase productivity.
2. Encourage Employees to Express Ideas  
Every employee has ideas and opinions that can help the company grow. Giving them the opportunity to share their thoughts can not only boost their creativity, but can also be a valuable input for the company.
3. Use Technology in HR Management  
Digitalization can make work more efficient, from tidier administration, smoother communication, to more effective collaboration between employees. This can make the work atmosphere more productive and innovative.
4. Organize Employee Training and Development  
In order for employees to continue to grow, they need training that is in line with the times. With digital-based training, employees can improve their skills without having to spend a lot of money on transportation or renting a training venue.
5. Appreciate Employee Performance  
Giving appreciation to employees who work well can be a motivation for them and also other coworkers. This can encourage everyone to give their best and help the company grow faster.
6. Budgeting In order to implement the staffing programme, the company certainly has a budget that is prepared according to the needs. Although organising digital training does not require too large a budget compared to having to visit trainers and rent buildings.

#### IV. CONCLUSION

Digitalization in HR management has changed the way companies manage their employees. While there are challenges to be faced, the benefits are far greater, especially in making work more efficient, effective and data-driven. Therefore, companies must keep up with technological developments and ensure that digital changes in HR are carried out with the right strategy.

Digital HR strategies have proven to have a major impact on company performance. By using technology in various aspects of HR management, companies can work more efficiently, speed up the



recruitment process, and increase employee engagement and satisfaction. The combination of technology and HR management also helps companies adapt more quickly to market changes and workforce needs, resulting in a more productive and innovative work environment.

One of the main advantages of a digital HR strategy is operational efficiency. By automating administrative tasks such as payroll and employee data management, companies can save time and money. This allows HR teams to focus more on important matters such as developing employee skills and improving company performance. In addition, digitization also helps companies adjust more quickly to changes in the world of work.

However, for a digital HR strategy to work optimally, companies must be prepared to face challenges, such as employees who find it difficult to adapt to change or lack of digital skills. Therefore, companies need to provide adequate training and create a work culture that supports innovation. With the right approach, a digital HR strategy will not only increase employee productivity, but also help companies survive and thrive in an era of increasing competition.

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