



Implementation of Competence Based Human Resources Management in the Digital Era

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ABSTRACT

Human resource management digitization may help businesses update their HR processes and provide them a competitive edge. At the same time, this problem demands a change in work style and a change in the necessity for Human Resources. The purpose of the study is to determine how competency-based human resource management may be used in the digital age. Additionally, researchers examine the primary advantages and disadvantages of the present situation and examine how they affect the skills and roles of HR professionals. This study used a systematic method, secondary data analysis based on expert judgment and forecasting, and qualitative research based on secondary data gathered through systematic examination and content analysis of scientific literature. The findings show that professional HR applications are typically hesitant to incorporate new technology. Future scholars should note that this study solely focuses on how human resource management is used in the digital age. Therefore, further in-depth study on this issue may be carried out by choosing a larger focal area.

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1. INTRODUCTION

The fate and success of any business, as well as the profitability of the firm, are determined in large part by the company's human resources, which are seen as a long-term investment. The majority of relevant HRM models prioritize organizational rationality and control goals while placing a strong emphasis on strategic and structural alignment with organizational goals [1]. On the other hand, HR managers' choices and methods are still influenced by the "traditional" HRM paradigm linked to social value orientation and welfare enhancement in the workplace. Technology is a tool used to achieve human

objectives. The current age is known as the "digital era" or the industrial era 4.0 as a result of digital technologies [2].

A scenario that is beyond the capacity of individuals and organizations to adapt has been produced by this technological revolution and progress, and this condition will only become worse. Many of the most in-demand positions in industry 4.0 were unheard of only ten years ago [3]. As a result, this job does not currently have the necessary competencies. Research has shown that the distinctions between professions are becoming more hazy due to advanced/digital technologies. 15% of employees claim they seldom or never have time to stop working, while the majority of employees check their work mobile phones and emails after hours. They may work more flexibly, manage their workload, be more productive, and feel more in control of their work lives with remote access to the office (through work equipment, mobile technologies, etc).

The fourth digital revolution, which connects the physical, digital, and biological worlds, is transforming corporate environments, notably the workplace and the practices and systems that HR managers develop and put into place to successfully and efficiently manage the workforce. The responsibilities of HR managers are inevitably evolving, as is the nature and breadth of their work [4]. A conceptual approach was used to enhance comprehension of current HRM ideas, the influence of digital technology, and the evolving roles of HR managers. According to Astley, the most significant outcome of social science research is not hypothesis testing but rather a deeper comprehension of concepts and ideas [5].

Previous studies saw workers primarily as a cost, a resource that should be managed to keep associated expenses (such as salary, perks, bonuses, and social security expenditures) to a minimum and closely linked to performance results, all the while keeping an eye on and managing employee behavior [6]. Since the 1980s, this philosophy and the personnel functions that go along with it have come under fire for not being sophisticated enough to deal with environmental uncertainties, shifting organizational environments, and extremely complex human nature. The phrase "human resource management" (HR) is used to describe management procedures for allocating tasks and selecting employees [7].

HRM is a multidisciplinary organizational function that draws on theories and concepts from management, economics, sociology, and psychology, among other disciplines. Based on their philosophies, the work contexts they looked at, and the management concepts they used, researchers, academics, and practitioners have proposed a variety of definitions of HRM [8]. There is no definition that indicates the "best way" to manage people, and there is still no consensus on what HRM is defined to mean due to the complexity of people, the unique characteristics of each person's workplace, and the characteristics of the external environment (i.e. social, economic, technological). The purpose of this study is to determine how competency-based human resource management (HRM) may be used in the digital age [9].

2. LITERATURE REVIEW

Employees should be considered and seen as a way to generate and add value to the business in addition to other resources that are utilized, according to the theory behind human resource management. They should be developed, enhanced, and maintained in this situation rather than being seen as an expense to be minimized [10]. Additionally, in contrast to the philosophy of personnel management, HRM is a long-term focused function rather than an administrative function to establish rules and regulations[11].

It is a collection of (strategic) activities designed to create and carry out measures to hire, train, develop, and keep people as well as to seek consensus between employers/managers and workers and to promote employee engagement and well-being. Despite the fact that HRM stresses the strategic function of human resources, most HR professionals really concentrate an excessive amount of attention on short-term outcomes at the expense of long-term objectives[12].

Then, Marchington identified four main factors that have contributed to this issue: (a) an overemphasis on short-term performance metrics; (b) an orientation of strategic

business partners over employee-oriented roles; (c) a focus on the best employees rather than involving all staff; and (d) a strengthening of the division between core employees (those employed by the organization) and those who work for suppliers. HR professionals, according to professor Sparrow, are too far removed from employees (not truly people-oriented) and too far off from corporate strategy. HRM has grown more computerized during the previous two decades. Artificial intelligence machines enhance people's analytical skills and increase their capacity for thought [13].

With the use of natural language processing and effective people analytics, electronic machine learning is able to solve problems and alter how employees are handled. Jobs and the required skills for employment are changed by automation. Cognitive and socio-behavioral abilities are in short supply in the digital era, yet flexibility, creativity, and critical thinking are in fact crucial qualities for modern employment [14]. While this is going on, the workforce is diverse in terms of gender, age, color, and digital skills. transactional and necessitates flexibility, continued education, and work-life balance.

In order to thrive and remain competitive, employers, and HR managers in particular, must be attentive to cultural, ethical, and changing distinctions. The primary duty of a human resources professional employing technology is to assist company executives in making the best decisions while freed from monotonous activities to focus on people-centered responsibilities. The world of work and the employment market have been significantly impacted by the worldwide phenomena of digitization and robotization [15]. The fast digitalization of the workplace, the continual influx of new technology and information, new types of labor, and the shifting demands for employee abilities are forcing today's businesses to reevaluate how they manage their workforces [16]. In this situation, the HR department is crucial to driving transformation and enhancing the business' strategic value in the digital age. HR may help businesses by highlighting the advantages that new digital technologies have to offer, as well as by helping people advance their careers. Digital literacy is generally seen as being at least somewhat necessary for nearly all occupations [17]. The HR department now has access to new capability thanks to the quick development of digital technologies including artificial intelligence, cloud computing, big data, robotic process automation, social media, real-time communication, and the growing usage of virtual reality [18]. As a result, the use of digital tools and apps to innovate processes, make choices, and solve problems has an impact on how HR tasks are carried out. In order to maintain employee wellbeing and organizational sustainability in the digital age, digitization necessitates a rethink of the role of HR experts and the creation of new competences [19].

Digital HR refers to the integration of social, mobile, analytics, and cloud (SMAC) technologies with the goal of automating different HR activities for higher efficiency, reinventing how HR operations are provided, and enhancing work-life balance with a focus on real-time access, judgment, and outcomes [20]. The major goal of this approach is to streamline entire human resource management solutions and operations by utilizing real-time interactive platforms, mobile-first applications, integrated analytics, and staff training and skills development. Digital HR, according to Molotkova, is a flexible approach to staff development that actively participates in the digital world to promote change and make the most use of employee expertise and ability [21].

3. METHOD

This essay's major goal is to determine how human resource management's adoption relates to digitalization and how it has an influence on the necessary HR professionals' skill sets [22]. This study used a systematic method, secondary data analysis based on expert judgment and forecasting, and qualitative research based on secondary data gathered through systematic examination and content analysis of scientific literature. In this study, secondary data were analyzed using information from the European Commission database and the literature research [23]. In the initial step, academic databases Scopus, Web of Science, SpringerLink, and Science Direct were searched for relevant content using keywords such as digital technology, ICT competency, and Fourth

Industrial Revolution. The data source selection was motivated by the high reliability and quality of the research [24].

4. RESULTS AND DISCUSSION

4.1. The Effect of Digitalization on HR Professional Competencies and Skills

A skills revolution is required as a result of changes in the structure of work, the way businesses operate, and employee skill requirements brought on by digitization. According to the PwC report, by the 2030s, about 5% of occupations in the UK would include robots, artificial intelligence [25], or other emerging technology. At the same time, a McKinsey Global Institute study emphasizes that by 2030, 14% of the global workforce may be required to change job categories and acquire new skills as a result of the impact of automation, artificial intelligence, and digitalization. HR plays a vital role as a result. help promote new worker habits, spot skill shortages, and retrain people in a technology environment that is evolving quickly [26].

In line with this, HR must be imaginative, and this creativity may, of course, be extremely beneficial not only to enhance recruiting and regulatory compliance, but also to allow them to play a strategic role. In the business's overall performance and decision-making process [27]. In a study done in nine countries in Europe, Australia, North America, and Latin America by Oracle and Research Now SSI in 2018, HR practitioners were asked to list the key factors that are assisting HR in becoming more strategic and important to organizations. The reasons, according to respondents, include giving top managers greater assistance (37%), fostering adaptability and flexibility in management leadership (32%), and using untapped potential (29%).

The poll is based on combined data from 2,547 HR experts and 25,812 leaders from 54 different nations. In order to increase their expertise and credibility, HR professionals' responsibilities and behaviors are being influenced by new business models, organizational structures, analytics, and digital disruption, according to this paper [28]. According to data, 70% of HR professionals believe that HR technology use and analytical skills need to expand. Furthermore, just 16% of HR leaders believe they are prepared to work in a highly digital world.

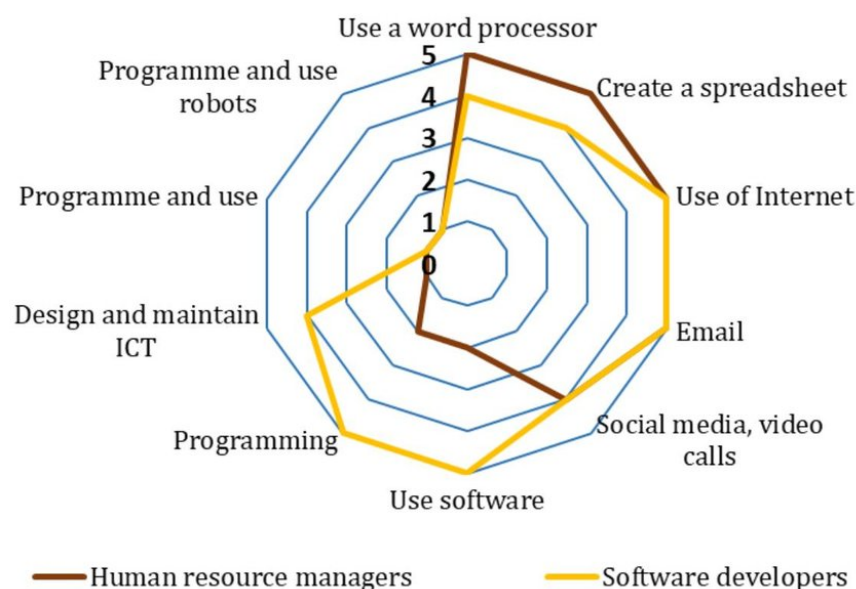


Figure 1. Comparison of the importance of digital skills in certain jobs

Several trends in the digitalization of HR expert professions may be recognized based on the European Digital Skills Survey, which was performed among a representative sample of 7,800 businesses in six EU member states (Germany, Finland, UK, Portugal,

Sweden, and Slovakia). Even though the survey's respondents were not HR managers, numerous questions hint to certain conclusions regarding how digitization has affected HR's ICT proficiency [29]. Based on the kind and degree of digital skills had by employees in the chosen career, human resource managers are included in the jobs chosen as being most crucial for day-to-day operations per sector. However, only the basic digital skills of HR managers were identified as essential, compared to all other positions where some level of advanced or specialized digital skills is also required.

4.2. Digital Employees and Working Digitally

A new generation of individuals with distinct attitudes, credentials, habits, and expectations has been formed by interaction with digital technology. People from this generation have the potential to become new employees of the company. They are better at multitasking, have digital skills and certifications, and value and seek out more networks and information. They acquire knowledge via practice and want more immediate fulfillment. It is obvious that HRM needs to adapt to this new segment of the labor market, such as "digital employees," and match its plans and initiatives with them.

Young workers from a digitally-immersed age are significantly more complicated and diverse than previous generations [30]. Through innovative, distinctive, and automated hiring, selection, and leadership procedures, the business will be further supported by the strategic and operational adaptation of HRM to a changing workforce. For instance, artificial (machine) intelligence may help recruiters focus more on the human or recruitment side while also enhancing the applicant experience by saving them time (i.e. less response time, regular communication, interview scheduling). The majority, if not all, job material is now digital. Employee employment information is becoming more and more reliant on digital tools and media since all current information is either already digital or can be converted to digital form.

4.2. Digital-Based Employee Management

Digital technology should be planned for and implemented by every business to assist and expand the network of HR professionals. Payroll processing and other operational HR tasks, as well as managerial HR tasks like compensation, performance management, or development, are "digitally supported." The advantages of digital employee management include reduced expenses, improved HR process speed and quality, enhanced corporate trust among HR stakeholders, better strategic focus, etc. It is obvious. Negative factors including poor user acceptability, privacy risks, the loss of human relationships, the shrinking of the HR department, or the burdening of HR personnel with administrative, technical, and application activities should not be disregarded. Issues to be addressed by HR managers, regarding rising unemployment (downsizing), hiring bias, inappropriate use of employee data, transparency.

The findings show that professional HR applications are typically hesitant to incorporate new technology. Future scholars should note that this study solely focuses on how human resource management is used in the digital age. Therefore, further in-depth study on this issue may be carried out by choosing a larger focal area.

5. CONCLUSION

HR operations are undoubtedly impacted by digital technology, and HR managers now play a dynamic and strategic role rather than a static one. By successfully integrating digital employees with automated work, new digital forms, and organizational structures, HR managers may boost employee productivity and, ultimately, profitability. To promote diversity, facilitate work-life integration, and keep the talent pool of digital employees, a new HR strategy is required. HR managers must operate primarily as strategic positioners (need to understand the business environment and externally imposed variables), change agents, and technology champions in order to succeed in their new positions (need to know how to access, analyze, assess and share information and how to implement new information technology).

Human resource managers themselves must develop their digital skills and adaptability. More study is required to examine how and to what degree job and organizational variables affect the function of HRM in order to deepen our understanding of this role. It is necessary to do a more thorough empirical investigation of the ethical implications of employing digital technology to access, store, and use employee data.

But digitization also poses a significant challenge for businesses, employees, and government agencies, and it must be properly understood in order to identify the best policy alternatives for making it a positive opportunity for everyone. The competences needed for various tasks and the extent to which they are already used in the workplace are both being impacted by the effect of digital technology. The purpose of this essay is to examine how digitalization impacts HR competencies and how HR managers utilize and require digital skills.

One thing that might be lucrative is having staff who have good insights and who can stay up with the digital age. To ensure that its human resources can compete with those of other companies, a corporation must offer a variety of training if it hasn't been able to obtain this. Different types of training can be provided both inside and outside the business. As an alternative, businesses might use digital technology competence exams to apply hiring requirements. Future scholars should note that this study solely focuses on how human resource management is used in the digital age. Therefore, by choosing a larger target area, more in-depth study on this subject may be done.

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