THE IMPACT OF DIGITALISATION ON HUMAN RESOURCE MANAGEMENT: CHALLENGES AND OPPORTUNITIES

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Abstract:

In today's digital age, e-learning or training, remote working and performance and wellness management are the key trends in the modern global business.The work process of the Digital Human Resource Management will take place Internet and also with the help of Information Technology. All these resources will make HRM more relevant in the current situation. Digital HRM is able to do people's work with the help of software, various apps and the internet embedded in them. In the course of the rapid digital transformation of companies, the integration of advanced technologies and digitization has become an important factor for business firms success. The introduction of digital tools and platforms has significantly impacted the field of human resources (HR). This study looks at the impact of digitization on HR practices and highlights the challenges and opportunities facing HR professionals in the digital age.And also it attempts to highlight the role of digital HRM in improving organizational performance. The data used for this research is secondary, findings of the study are very important for organizations to implement digital HRM to improve and enhance organizational performance.

Keywords: Digitalization, e-learning, Internet, Information Technology, Human Resource and HR Practices, Global business and Corporate Success

I. INTRODUCTION

Digitalization in HRM is of the utmost importance for a company. It is a critical and strategic function that aims to optimize the workforce to achieve business goals. HR functions and processes have evolved with technological advancements, changing consumer behavior and the increasing globalization of markets.The digitalization of Human Resource Management (HRM) has changed the way companies manage their employees and brings with it both significant opportunities and challenges. In the course of the rapid digital transformation of companies, the integration of advanced technologies and digitalization has become an important factor for corporate success. The introduction of digital tools and platforms has had a significant impact on the field of human resources (HR).

I.1 HR Digitalization:

The digital transformation is the integration of digital technologies into HR processes in improving efficiency, accuracy and effectiveness. It includes the use of digital tools such as HR Information Systems (HRIS), Applicant Tracking Systems (ATS), virtual interview platforms, employee self-service portals, etc. Without digital transformation, HRM will lag far behind the requirements of companies worldwide. Digital transformation in HRM aims to

streamline HR processes, reduce paperwork, increase employee engagement and improve decision-making. It also enables HR departments to automate routine tasks such as on boarding and data management, freeing up time for more strategic initiatives. With the increasing reliance on digital technology, HR departments must adapt to the changing landscape to remain competitive and meet the evolving needs of their employees. Overall, digital transformation in HR is a crucial aspect of modern management, and it has become imperative for HR departments to embrace digital technologies in order to remain competitive and effectively support their organization's goals This research paper seeks to shed light on the role of digital HR in improving organizational performance. The data used for this research comes from secondary sources.

In the recent time period, we have observed an increasing the use of digitalisation in organizations. The essential factors for the successful digitalization of Human Resource Management are

I.2 Factors for the Successful HR digitalization:

I.2.1 Technical factors:

A) Application and characteristics
  • Ease of use
    • Usefulness

B) Data characteristics

C) Integration

I.2.2 Organizational factors:

A) Organizational characteristics
• Company Size
• Sector characteristics
• HR Department size
• Business concern area
• Geographical area

B) Resources and Capabilities
● Budget limitation and financial resources

● Lack of awareness of HR systems potential

● Capacity to acquire technical knowledge among HR staff

I.2. 3 Human Factors

A) Top Management Support

● User Acceptance

● Age, education, gender, job experience

● Customer Participation

I.3 Some of the examples of the digital transformation of HR:

There are many examples of how the HR sector is transforming (slowly):

Ford	It has digital design teams within HR department that are using the cloud as a "platform" and building on top of it for company-specific needs.
Unilever	It is changing its hiring process and experimenting with digital tools, including AI, to further digitize its hiring process.
IBM	It is actively using AI tools to give managers a regular overview of their teams' performance.

II. OBJECTIVES OF THE STUDY

(i)To examine how digitalization affects human resource management.

(ii)To realize the importance of digital skills.

(iii)To demonstrate the benefits of digitalization for human resource management

(iv) To work on the impact of digital HRM on organizational learning and development

III. REVIEW OF LITERATURE

Several important research studies have been conducted by various authors on the

impact of digitalization on the development of human resources. Researchers have generally tried to determine the importance of digitalization in increasing the performance of employees and effectiveness of the work they perform. Jane Indira JA emphasizes that: Digitalisation is a tool that speeds up the communication process by reducing costs and helping organizations to work more productively and efficiently (Indira, Jane, 2020)[1]. Alena, Federova, et all, opined in their study Digitalization of Human ResourceManagement highlighted the fact that: Digitalisation, automation and robotization have a significant impact on the transformation of the labour market. New technologies are changing the usual functions of employees in various professional fields. Digital tools are being introduced into business processes, including HR management processes (Federova, Alena Zarubina,Anastasia Pikulina, Yulia Moscovskikh, Aleskey Balandina,Tatiana Gafurova, Tatiana, 2019)[2]. Jeroen Meijerinka, Mark Boonsb, Anne Keeganc and Janet Marlerd found that: HRM is indirectly affected by how digitalization developments may impact the future of work. Digital technologies will change the organization and the nature of work (Meijerinka, Jeroen Boonsb, Mark Keeganc, Anne Marlerd, Janet, 2018)[3]. Deotima Saha and Deepika Pandita found in their study that: Workers of the industrial revolution were known as labourers and those of the information age as knowledge of employees. The workers of today's technological age are a new kind of generation known as Native Digital (Saha, Dontima Deepika, Pandita, 2017)[4].

IV. RESEARCH METHODOLOGY

This research is essentially a descriptive study. Descriptive research is research that is conducted to obtain a more detailed picture of a symptom or phenomenon. The study is conceptual in nature and highlights the opportunities and challenges of HR digitalization. The data is collected from secondary sources such as previous research papers, journals, websites, etc.

V. AN OVERVIEW of the impact of Digitalization on HRM

Digital HRM can help companies promote their employer brand via social media and offer career opportunities for advancement[5].

V.1. Opportunities:

1.Improved Efficiency and Automation:
A) Recruitment and On-boarding: Digital tools streamline the hiring process through applicant tracking systems (ATS), automated resume screening and virtual interviews, reducing time to hire and improving the candidate experience.
B) Payroll and Benefits Administration: Automating payroll processing and benefits administration reduces administrative burden and minimizes errors.
2.Enhanced Data Management and Analytics:
A).Data-Driven Decisions: HR departments can use Big Data and analytics to gain insights into employee performance, turnover rates and recruitment effectiveness. This helps to make informed decisions and predict trends.
B).Improved Reporting: Digital tools make it easier to create comprehensive and accurate reports on various HR metrics, supporting strategic planning and compliance.

3.Better Employee Experience:

A).Self-Service Portals: Employees can access and manage their personal data, benefits and training through self-service portals, increasing convenience and satisfaction.

B).Communication Tools: Digital platforms support real-time communication and collaboration, promoting team engagement and cohesion.

4.Flexible Work Arrangements:

Remote working: Digital tools support remote working and flexible working arrangements, making it easier for organizations to attract and retain talent from different geographic regions.

5.Learning and Development:

E-Learning: Online training and development platforms provide scalable and accessible learning opportunities that support continuous professional development and skills improvement.

V. 2 Challenges:

1.Data Privacy and Security:

Sensitive Information: Managing and protecting employee data becomes a critical with an increasing digitalization. Compliance with data protection regulations (e.g. GDPR) and safeguarding against cyber threats are essential.

2.Change Management:

Resistance to Change: Employees and HR managers may resist new technologies because they are unfamiliar with them or perceive them as a threat to job security. Effective change management strategies are needed to address concerns and enable smooth transitions.

3.Integration Issues:

System Compatibility: Integrating new HR technologies into existing systems can be complex and costly. Companies may face challenges in achieving a seamless flow of data between different platforms.

4.Skill Gaps:

Technology Adoption: HR professionals need to develop new skills to effectively manage and utilize digital tools effectively. This may require training and upskilling efforts to keep pace with technological advances.

5.Over-reliance on Technology:

Human Element: Relying too much on digital tools could overshadow the human aspects of HR, such as personal interactions and empathy, which are critical to effective management and employee relations.

6.Bias and Fairness:

Algorithmic Bias: Automated systems and algorithms used in recruitment and performance appraisals can inadvertently perpetuate bias if not carefully designed and monitored.

VI. FINDINGS AND SUGGESTIONS

The study proves that the digitalization of HRM leads to better talent management and employee retention, as digital HRM tools enable companies to track and manage the performance of their employees more effectively. It can improve the employee experience by providing more personalized and convenient services such as self-service portals and mobile apps.

The findings suggest that HRM digitalization can have a positive impact on business performance by improving employee engagement, talent management, recruitment efficiency, data-driven decision making and employee experience.

VII. CONCLUSION

The digitization of HRM has a double-edged effect. While it offers numerous

benefits, such as increased efficiency, better data analysis and greater employee engagement, it also brings challenges in terms of data security, change management and potential bias. Organizations need to address these challenges strategically by investing in technology, addressing skills gaps and ensuring that digital tools are used to complement, rather than replace, the human elements of HR.

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