

# “THE IMPACTING FACTORS OF DIGITALIZATION ON HR, SCOPE FOR DIGITAL SKILLS AND RETENTION”

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## Abstract

The Digitalization of HR has revolutionized the entire process of its operation across the globe. There is a notion that digitization substitutes human. Humans cannot be replaced through digitization. The customized technological support towards the HR sector is paving a way for both existing and future organization to switch over to a new or updated technical knowhow to achieve the targets of the organizations. The primary purpose of this paper is, to sift meticulously the impacting factors in digitalization on the human resource, which manifests digital skills to be collaborated with human resource, to ascertain and accomplish its purpose. Incorporating digital HR will allow the organizations to accelerate to cloud hosted HR applications and platforms. The technology can intervene to improve the employee's way of work, improve the employee's productivity and satisfaction by retention.

**Keywords:** Digitalization of HRM, Innovation, Knowledge transfer, Autonomy, Teamwork and Retention.

## INTRODUCTION

The Digital Revolution (also known as the Third Industrial Revolution) is the shift from mechanical and analogue electronic technology to digital electronics which began in the later half of the 20th century, with the adoption and proliferation of digital computers and digital-record keeping that continues to the present day. Implementation of the HR technology is one of the biggest factors positively affecting the human resource management in any organization.

“Digitalization is the usages of digital technologies that are digital, which helps in changing a business model, provide new revenue and value producing opportunities; it is the process of moving towards digital business, as given in Gartner IT Glossary”. It is evident that there will be a change in the tools that is adapted to carry out the work of HR in digitalization. Digitalization can be elucidated as the technological blending along with the data and automating the same either fully or partially for the paramount purpose. The technological phenomena have certainly contributed in transforming HRM by providing the digital tools. It is apparent that, the digitalization brings digital knowledge which is new to the HR, changing the method of work with the help of ICT tools.

Implementing the digital technology needs to fill the skill gap by training, to ensure the use of new tools in removing the common hurdle of, lack of willingness and preparedness to adopt the new technologies.

There is a need of transformation among the employees with the way they function, by adapting and developing into new digital skills that contributes to the welfare of both the employees as well as the organization to endure in the digital generation.

## LITERATURE REVIEW

The apt version to elucidate the meaning of digitalization can be incorporated from Henning Kagermann. ‘According to Kagermann (2015) digitalization may be defined as’ “the networking of people and things and the convergence of the real and

virtual worlds that are enabled ICT". Digital transformation is process of changing the culture of work with technology by winning the hearts and minds of the human resource. Increase in the use of Information and communication tools (ICT) has given plenty of opportunity in all the organizations to seek and to find wealth and welfare.

To implement the digital transformation, the organization must be transparent and be clear with the process and its effects in convincing, and gaining the trust and confidence of the employees. Sophisticated digital technology with its customised structure and ramification has succoured all the departments of every organization in which HRM is also included. The incorporation and the application of digital technology in human resource are to bring the transformation in HR proficiency and to conquer all the impediments. Embracing to digital HR reduces the strenuous manual work as the technology is connected with the information which can be self operated. The guidelines of human resource can be well catered and administered by digitalizing the human resource management.

There is a need of change in the functions of human resource professionals as the digitalization requires proficiency with the digital skills which would result in enabling the capability of the employees to be successful in the digital age. The organizations will be redesigned, renewed, and made better in its performance by digitally transformed human resource management. The use of information and communication technologies helps in maximising the digital competence of the human resource, resulting in increased output.

Further, digitalized human resource management not only influences the organization with its better output but it also turn out to be a beneficial factor to the human resource, in self governance and composure in the chain of commands leading to contentment in job.

#### Objectives of the study

The study has been undertaken to achieve the following objectives:

- (i) To explore the traits of digitalization on influencing the human resource.
- (ii) To grasp the exigency of digital skills
- (iii) To accentuate the benefits of digitalization on human resource

There are various factors in digitalization. But, the foremost factors without which the digitalization cannot operate are discussed below.

#### The Factors influencing digitalization of human resource

##### The Technology

One of the important attributes of technology is to explore new possibilities. The core functions of human resource, such as, recruiting, training, and development, was done in the traditional way before the impact of technology in human resource management. The major drawback in the traditional human resource management was its limited domain and agility. The information and communication tools greatly impacted employees and the management in a numerous way.

Digitalization puts an end to the traditional way of human resource function. Technology has not replaced the human resource, rather replaced the traditional method of work. So, "Technology is "a means to fulfill a human purpose".(Brian, 2009). The combination of technological application for the process of gathering, storing, disseminating, resulted in Information Communication Technology, brought a radical change in the HR.

The ICT tools like, computers, laptops, software programs, printers, scanners, etc., and its adoption with the human resource, assures the efficiency of HR because of its ubiquity, accessibility, re-productivity etc. The information and communication tools help in well organizing the organizational information. The use of internet in the organization has greatly impacted in the organizational information being passed on multiple stages without any hurdle leading to a productive teamwork. There is an instantaneous and collaborative communication in the work place with use of social media. Systematic and innovative atmosphere is created by the application of technology in human resource, resulting in, doing things faster with precision,

improving productivity and performance. Technology improves its internal processes, core competencies, and performance in the organization. Training and development program for employees with the sophisticated technology is the key factor for the success of an employee and the performance of an organization. On the other hand, research has proved “IT tools in the HR not only help to hire the best potentials, but also retain it”. The companies use the IT HR tools containing all the HR processes, which are coupled with “Recruit to Retire” function within the company. The branding of the company is important in retaining the employees which is the proven result of technological tools in the HR; subsequently leading to low recruitment and on boarding cost and sustains high productivity. There is professional development, efficiency among employees and the improved retention rate with digital technology.

Technology can influence the HR management in three ways

- a. The Digital Employees- Is an inception of technological tools in the organization to create new ideas, distribute the ideas, and to come up as a digitally skilled human resource in an institution.
- b. Digital workplace- It is a customized atmosphere in accomplishing the tasks with the help of information and communication technology crossing all the geographical boundaries but digitally connected with multiple work stations.
- c. Digital governance- It is an effective, efficient manifestation in the management of digitally skilled human resource in solving the problem in an innovative way.

The Innovation – “Digital HR is built on innovations and experimentation”. Innovation is an improved product or process, whose technological characteristics are significantly different from before is an extended concept of, the technological concept of innovation. The blend of creativity and competence connected with the information and communication technology is the source of institutional progress. Innovation means the implementation of new technological ideas, methods, to better meet the ever revolving requirements of the organization and its workforce. Creating new ideas are made possible by incorporating the prevailing technology into an organization impacting the lives of human resource and the management of the organization. Innovation in the HR, manifest to, identify solutions quickly and flexibly. Digitally driven human resources, use technology in creating new ideas for the development of the institution. The creative ideas are rooted to the digital technology and it is dynamic in nature. Digital technologies have the potential to boost innovation in enhancing services. An innovative idea, with the help of technology, empowers the organization in making complaisant and quick resolution. Flexibility and autonomy are the significant contribution from technological innovation in the field of digital HR. “Innovation also may encourage retention”. To sum up, advancement of digital technology, supplements the innovations and impacts HR positively paving a way for success in retaining its employees. It is often necessary for organizations to adapt and overcome challenges of change with innovation.

The Knowledge Transfer- The knowledge transfer can be explained in simple terms as, sharing or disseminating of knowledge by providing the inputs, thereby solving the problems. The digital technologies have seasoned and simplified in acquisition of knowledge. Knowledge sharing is increased with the help of information and communication tools to accomplish the digital tasks. The steady advancement in the technology, demands a continuous training or knowledge transfer in accomplishing the day today tasks at the work place. The technological development is an important activity in innovation, which include acquiring knowledge to train the employees to promote and retain with competitive skills and making a career path for the employees. Knowledge transfer makes the HR more independent with their enhanced skills and abilities. The more knowledgeable employees are in the organization, more the competitive that the organization would be. The knowledge sharing has been made simple with the help of information and communication tools reaching the various virtual work places in resolving issue of physical work place. Digitalization impacts the entire organization with creative ideas, by sharing the knowledge within the organization enabling the human resource and the human resource management to be digitally skilled. Knowledge transfer is incredibly effective to gain deeper visibility into performance, approaching the shift as a means which revolutionize the process that helps the team in fulfilling the work even from the remote workplace.

The Autonomy- The digitalization transforms the jobs in accordance to the convenience of the employees, giving them the state of equilibrium to accomplish the assigned tasks even from remote location. This factor of digitalization has shown better effectiveness and outputs in different stages of the organization. With the impact of digitalization there are various transformation in the organization with relate to the quality of work being carried out, the level of output, and the accomplishment of the organization. Furthermore, digitalization also resulted in employee gratification, self governance and purpose driven work at in the organizational structure. Integrating of creative ideas in alliance with the information and communication technology in the institution and motivating the human resource in utilizing the information and communication tools has given liberty to accomplish the task even from remote area, according to their convenient time.

Autonomy at workplace, the employees are less stressed and learning of work is eased. Flexibility to work, from wherever is most convenient, has shown better accomplishment, effectiveness, and directly linked to job satisfaction. Autonomy allows workers to carry out innovative tasks in the work place. Digitalization gives the freedom in the network to be creative, to work from any location. Worker autonomy, work life balance is the effect of digitalization. Autonomy encourages, to be independent at work in a virtual team with innovative ideas from technology and knowledge sharing.

The Teamwork- Technology has infiltrated even the HR in the form of virtual teams. An organization can function beyond the geographical boundaries; and regular working hours independently being virtually connected. The main domain of human resource management is to hire, select, train, reward, participate and unifying the employees to achieve the common goal of the organization. The advancement of technological tools in the recent years, connected individuals to work under one network, forming, virtual teams in accomplishing the tasks even from the different geographical locations. Remote work and virtual work would not have been made possible without the digital collaboration. The technological evolution has transformed the way the work is carried out from individuals to teams; these teams are connected virtually, creating digital network of individuals in the digital world working as digital team. The team has the access to information, interaction, communication and improved productivity with the help of digital technology. In this digital era, the human resource by adapting the technology have become digitally skilled human resource to work innovatively, sharing the knowledge, having autonomy and working as a team. Working as team, being digitally connected gives the employees the sense of freedom and satisfaction. Employees are constantly being encouraged to work in teams as they are virtually connected leading to increase in HR productivity and efficiency, improved quality and skills.

## Conclusion

It is crystal clear that, the digitalization is carrying innumerable hallmarks of benefits which impacts the employees and to the organization to a very positive path in digital enlightenment. The long term dreams and visions are camouflaged in digital tools, which add value, brings credentials to individuals, and goodwill to the organization. The organizational support in motivating the existing employees with its blueprint is the need of the hour to pursue in mastering factors of digitalization benefiting and befitting in HR and HRM.

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