


The Role of Human Resource Management in Improving Digital Business Competitiveness

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Article Info	ABSTRACT
<p>Keywords: Human Resource Management, Competitiveness, Digital Business, Competence, Digital Transformation.</p>	<p>The rapid development of information technology is driving the emergence of a competitive digital business ecosystem. To survive and thrive in this competition, companies are required to rely not only on technological innovation but also on effective human resource (HR) management. This study aims to analyze the role of human resource management in enhancing digital business competitiveness, specifically through recruitment, competency development, motivation, and performance management. The research method used is a descriptive qualitative approach, with data collection through literature review. The results indicate that human resource management plays a crucial role in enhancing digital business competitiveness through various strategies, ranging from digital talent recruitment, training and competency development, motivation and reward systems, to managing an adaptive work culture. Furthermore, employee retention and career development have proven to be key factors in maintaining the sustainability of digital talent amidst intense competition. The use of technologies such as HRIS, big data, and artificial intelligence also makes HR management more efficient, enabling companies to increase productivity while strengthening their competitive advantage in the digital era.</p>
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INTRODUCTION

The development of digital technology in the Industry 4.0 era has brought about major changes in the business world. Companies are required to adapt quickly to increasingly competitive and technology-driven market dynamics (Malik, 2024). Digital transformation not only changes patterns of interaction with consumers but also impacts work systems, marketing strategies, and organizational management patterns. In this environment, business competitiveness is determined not only by technological capabilities but also by the quality of a company's human resource (HR) management (Asikin & Fadilah, 2024).

Khaeruman et al. (2024) emphasize that effective management strategies depend not only on planning but also on the readiness of human resources to face dynamic environmental changes. In the context of digital business, this statement is particularly relevant because changes in technology, consumer behavior, and competitive patterns occur rapidly and unpredictably. HR is viewed as a strategic asset that not only carries out operational functions but also acts as a driving force in responding to new challenges and creating business

opportunities (Tarigan et al., 2024). Therefore, companies need to ensure that their management strategies are consistently complemented by employee capacity building to support organizational sustainability and growth.

In line with human capital theory, investment in human resources through training, skills development, and digital competency enhancement is a key factor in building long-term competitiveness (Istiqomah, 2020). Human resources with relevant knowledge and skills not only increase productivity but also foster creativity and innovation, which are the foundation of digital business competition. Companies that can create a continuous learning environment will more easily develop adaptive and innovative talent (Kaligis & Rawis, 2025).

The rapid growth of digital business demands that companies have the right strategy for managing human resources. Companies that fail to optimize employee potential risk losing their competitive edge and struggling to maintain their position in a competitive marketplace (Tampubolon, 2016). Therefore, human resource management must be directed at aligning company needs with individual employee potential. This includes providing relevant training programs, reward systems that encourage productivity, and creating a work culture that adapts to technological change (Lay et al., 2024). With an effective management strategy, HR can act as a key catalyst in supporting the sustainability of digital businesses.

Furthermore, HR development cannot solely focus on improving technical skills, such as mastery of the latest software or digital applications. Companies also need to pay serious attention to strengthening soft skills, such as communication, critical thinking, collaboration, and creativity (Wahyudi et al., 2023). A balance between technical and soft skills will create an adaptive and innovative workforce in facing market challenges. Employees with these abilities are better able to generate new ideas, solve problems creatively, and collaborate effectively in cross-disciplinary teams. This ultimately adds value to the company, creating a sustainable competitive advantage (Sudiantini et al., 2023).

The key to successful HR management in enhancing digital business competitiveness lies in its ability to create an adaptive, innovative, and collaborative work culture (Andiny, 2023). A flexible work environment, the use of digital technology in work processes, and a targeted career development strategy are supporting factors for achieving superior performance. Therefore, HR management is required to innovate its employee management system to align with the demands of the digital era (Wardhana, 2023).

Research on the role of HR management in digital business is crucial given that many companies still focus more on technology investment while paying less attention to strengthening employee capacity. However, digital transformation will only be successful if accompanied by strengthening the quality of human resources, the key actors in every business process (Kirana et al., 2023). Therefore, this research is relevant to assess the extent to which HR management contributes to improving company competitiveness in the digital era.

Furthermore, effective HR management can help companies face various challenges, such as changing consumer needs, rapid technological developments, and global competition (Idrus et al., 2023). The implementation of appropriate HR strategies, such as improving digital competency, work flexibility, and reward-based motivation, is believed to have a

positive impact on competitiveness. Companies with highly competent work teams can more easily innovate and maintain customer loyalty (Budimansyah & Axel, 2024).

Based on this background, this research focuses on analyzing the role of human resource management in enhancing digital business competitiveness. The results are expected to provide theoretical contributions to the development of management science, while also providing practical implications for companies undertaking digital transformation. Therefore, this research has strategic value in supporting companies' success in facing the era of technology-driven global competition.

METHOD

In this study, the author employed a qualitative research method with a descriptive approach. This method was chosen because it is suitable for describing and analyzing phenomena in depth based on narrative data, not numbers. Qualitative descriptive research allows the author to more comprehensively outline the role of human resource management in enhancing digital business competitiveness through the interpretation of various available data and information (Rukin, 2019). Thus, the research results are expected to provide a richer understanding of how HR management strategies can support a company's digital transformation.

To support the analysis, this study relies on a literature review from various relevant sources. These sources include previous research reports, scientific articles, and academic publications covering similar topics. Additionally, secondary data was obtained from official reports published by government and non-governmental institutions related to HR management and digital business competitiveness. Through an in-depth literature review, the author seeks to compile a comprehensive overview of the concepts, practices, and challenges companies face in managing HR in the digital era, thereby providing both theoretical and practical contributions to the development of management science.

RESULT AND DISCUSSION

The development of digital technology is characterized by rapid, dynamic, and uncertain change, requiring companies to be more adaptive in implementing their business strategies. Competition, which previously focused solely on product quality and price, is now increasingly shifting to the ability of human resources (HR) to master, manage, and optimally utilize technology (Yulianah, 2025). HR capable of adapting to digital change will be a differentiating factor in creating innovation, improving operational efficiency, and providing added value to customers.

The role of Human Resource Management in Improving Digital Business Competitiveness:

1. Recruitment and Selection of Digital Talent

In the digital business era, recruitment and selection cannot be carried out conventionally. Companies are required to seek workers with digital skills, such as mastery of technology, data analysis, digital marketing, e-commerce, and even artificial intelligence (AI). This is crucial because the success of digital transformation depends heavily on the extent to

which a company has HR capable of operating, utilizing, and even developing technology for business purposes.

The digital talent recruitment process usually begins with identifying company needs. For example, an e-commerce company needs a data analyst to understand consumer behavior, or a startup needs IT staff to develop an application. Once competency needs are determined, the company searches for candidates through digital job advertisements, talent hunts on professional platforms like LinkedIn, or collaborates with headhunters.

Selection is then carried out with two main focuses: technical skills (hard skills) and non-technical skills (soft skills). Hard skills are tested through digital proficiency tests, such as coding tests, data analysis, or digital marketing simulations. Meanwhile, soft skills such as communication, critical thinking, creativity, and collaboration are also crucial because digital businesses require cross-team work and rapid adaptation to change.

If these recruitment and selection processes are executed well, the company will obtain talent that aligns with the needs of digitalization. This supports human capital theory, which emphasizes that the quality of human resources is a strategic asset that determines a company's competitiveness. By having digitally competent employees, a company will not only survive but also be able to create innovations that enhance its competitive advantage.

2. Training and Competency Development

Training and competency development are crucial aspects of human resource management, particularly in the dynamic and uncertain digital business era. According to human capital theory, investing in employee competency development will directly impact an organization's productivity and competitiveness. Therefore, companies need to develop ongoing training programs to ensure employees master not only technical skills (hard skills) but also non-technical skills (soft skills) that support their work success.

Hard skills training in the digital business context typically includes mastery of information technology, the use of the latest software, data analysis, digital marketing, and the use of artificial intelligence. These skills are crucial for employees to keep up with rapid technological developments and support the company in creating innovation. Without adequate technical training, companies risk falling behind more technologically prepared competitors.

Furthermore, the development of soft skills is just as important as hard skills. Soft skills encompass communication, collaboration, problem-solving, leadership, and creativity. In a digital workplace that relies on cross-functional teamwork and is often conducted online (remote work), soft skills are key to employee effectiveness. For example, good communication is necessary to bridge differences in understanding, while problem-solving and creativity are needed to generate innovative solutions when facing new challenges.

Continuous training that combines hard and soft skills will produce more adaptive and innovative human resources. Trained employees are not only able to master technology but also prepared to face changes in an uncertain business environment. This aligns with Siagian's (2016) opinion, which states that management strategy depends not only on planning but also on the readiness of human resources to face change. Therefore, training

and competency development are not merely administrative obligations for companies but also long-term strategies to increase the competitiveness of digital businesses.

3. Motivation and Reward Systems

Motivation and reward systems are important instruments in human resource management to increase company competitiveness, including in the context of digital business. According to Herzberg's motivation theory, motivational factors such as recognition, achievement, and opportunities for development can increase employee satisfaction and performance. Therefore, companies need to design reward systems that encompass more than just financial compensation, but also non-financial aspects such as symbolic awards, public recognition, and career development opportunities.

Providing incentives and rewards for employee achievement or innovation serves as a boost to work morale. In digital businesses, employees are often required to think creatively and generate new ideas that support product and service innovation. With clear rewards, employees feel that their efforts are valued and appreciated by the company. This will increase their sense of belonging to the organization and strengthen long-term loyalty.

Beyond rewards, a motivational system can also be built through mechanisms that encourage employee engagement, such as employee of the month programs, internal innovation competitions, or providing a platform for submitting ideas that can be implemented by the company. This approach not only fosters work morale but also builds a participatory and collaborative organizational culture. This type of culture is crucial in facing the dynamics of digital business that demand rapid change.

4. Managing a Digital Work Culture

Managing a digital work culture is a crucial aspect in increasing a company's competitiveness in the era of technological transformation. An organizational culture that is adaptive, innovative, open to change, and based on collaboration is the main foundation for a company's ability to face the dynamics of competition. According to Schein (2010), organizational culture is a set of values, beliefs, and assumptions shared by members of an organization that then shape daily work behavior. In the context of digital business, an innovative and adaptive culture is essential because the external environment moves rapidly, demanding companies to continuously innovate to stay ahead of the curve.

Creating a collaborative work culture means encouraging cooperation between individuals and across departments by utilizing digital technology. This can be achieved through the use of online collaboration platforms, open communication, and providing a space for employees to express ideas. A culture open to change will also encourage employees to be more prepared for new technological developments, so that the company is not merely reactive but proactive in responding to market challenges.

Furthermore, managing a digital work culture also emphasizes flexible work systems, such as work from anywhere or a hybrid system. This flexibility not only provides convenience for employees but also increases productivity and efficiency. Research shows that flexible work models can increase employee satisfaction while expanding a company's reach in attracting global talent. Therefore, flexible work is not just a trend, but rather part of an organizational culture management strategy that aligns with the demands of the digital era.

5. Retention and Career Development

Employee retention and career development are crucial strategies in human resource management, especially in the highly competitive digital business era. Digital talent is now a valuable asset sought by companies, leading to increasingly intense competition to attract and retain a quality workforce. Therefore, companies need to develop career paths that are clear, transparent, and aligned with employees' professional aspirations. A focused career path motivates employees to continuously improve their competencies while strengthening loyalty to the company.

Career development is also closely related to providing continuous learning opportunities, such as training, professional certification, or opportunities to participate in strategic company projects. This way, employees feel valued and seen as a vital part of the organization's future. According to psychological contract theory, employees will be more loyal if the company is able to meet their expectations regarding career development and well-being. This suggests that retention is not just about financial rewards, but also includes support for individual professional growth.

In addition to developing career paths, companies must also have effective retention strategies to prevent digital talent from easily leaving for competitors. These strategies can include competitive compensation, a conducive work environment, flexible work, and a fair reward system. With this approach, companies are not only able to retain employees but also build long-term commitment, ultimately supporting organizational competitiveness in the digital business..

6. Utilization of Technology in HR

The use of technology in human resource (HR) management is a key factor in increasing organizational effectiveness and efficiency, particularly in the digital business era. Modern companies no longer rely solely on manual methods for employee management, but have shifted to technology-based systems such as Human Resource Information Systems (HRIS), big data analytics, and Artificial Intelligence (AI). These technologies help companies automate recruitment processes, accelerate data processing, and provide more accurate analysis to support managerial decision-making.

In the context of recruitment, for example, the use of AI enables companies to quickly screen CVs, assess candidate suitability for specific positions, and even predict potential employee performance in the future. Meanwhile, HRIS functions as an integrated system for storing employee data, managing personnel administration, and monitoring performance through measurable indicators. Furthermore, the use of big data enables companies to analyze employee behavior trends, satisfaction levels, and relevant training needs.

The use of technology in HR not only generates operational efficiencies but also has a strategic impact on increasing company productivity and competitiveness. A fast, accurate, and integrated HR management process will reduce administrative burdens, allowing managers and employees to focus more on value-added activities, such as innovation and business development. Thus, technology is not only a tool but also a key catalyst in developing a superior HR management strategy in the digital era.

Digitalization has brought about a fundamental transformation in the way organizations manage human resources. In the pre-digital era, almost all HR management activities were carried out manually, from employee data recording and recruitment processes to performance appraisals. This system was not only time-consuming but also prone to errors and limitations in data storage and access. The use of physical documents and manual filing often hampered strategic decision-making because information was not presented quickly and accurately. However, with the advent of digital technology, these obstacles are slowly disappearing. Cloud-based systems and modern HR applications enable companies to manage employee information more efficiently, in a structured manner, and accessible at any time according to the organization's needs.

This change demonstrates that HR management no longer functions solely as an administrative unit but also as a strategic partner playing a crucial role in supporting company competitiveness. Digitalization opens up opportunities for organizations to develop employee digital capabilities through training, online learning, and mastery of the latest technologies. This not only improves technical skills but also fosters the adaptive mindset needed to navigate digital disruption. With digitally skilled human resources, organizations are more responsive to market changes and can more quickly innovate products, services, and business strategies.

Ultimately, a company's competitive advantage in the digital age is not solely determined by the technology it possesses, but by the quality of the people who manage it. Qualified, adaptive, and motivated employees are the most valuable asset that can drive business sustainability. By implementing effective human resource management practices, from recruitment and training to motivation and retention, companies can ensure that their human resources are not only supporters but also key drivers in achieving strategic goals. Thus, human resource management plays a vital role in ensuring organizations remain relevant, innovative, and highly competitive in the dynamic digital business landscape.

CONCLUSION

This research confirms the crucial role of human resource management (HRM) in enhancing the competitiveness of digital businesses. In the era of digital transformation, companies are required not only to possess advanced technology but also to have human resources capable of adapting to change. Through appropriate strategies, such as recruiting digital talent, continuous training, and utilizing HR technology, companies can build a strong foundation to face increasingly fierce market competition. A company's success in digital business is determined not only by mastery of technical skills, but also by non-technical abilities such as communication, collaboration, critical thinking, and creativity. Companies that are able to manage motivation, provide rewards, and create an adaptive and innovative digital work culture will more easily retain talented employees while encouraging innovation. Retention and career development are crucial aspects to prevent digital talent from easily leaving for competitors and remain committed to the company's long-term vision. Digitalization has also shifted the paradigm of HR management from merely an administrative function to a strategic partner in supporting business sustainability. The use of digital systems such as HRIS, big

data, and AI makes HR management more efficient, measurable, and targeted. With adaptive, skilled, and motivated human resources, companies can continue to innovate, maintain relevance with current developments, and create sustainable competitive advantages. This demonstrates that the success of digital businesses is ultimately determined by the quality of human resource management as an organization's strategic asset.

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