

Research Article

Digital Transformation in MSDM as the Key to Companies' Adaptation to Changing Global Business Ecosystems

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Abstract

This research aims to explore the role of digital transformation in Human Resource Management (HRM) as the key to corporate adaptation to changing global business ecosystems. Using a qualitative approach with a literature study type, this study analyzes various scientific articles, research reports, and case studies related to the application of technology in MSDM. The findings of the study show that digital transformation in HR contributes significantly to improved operational efficiency, better management of employee performance, and flexibility in employee training and development. In addition, digitalization in MSDM allows companies to respond quickly to external changes, such as global crises or dynamic market changes. However, challenges such as resistance to change, limited digital skills, and data security issues remain major obstacles in the implementation of digital transformation. Strong digital leadership and effective change management are necessary to ensure the success of this transformation. The study also found that companies that have implemented digital transformation in MSDM are better prepared to adapt to the changes that occur in the global business ecosystem, thereby maintaining the competitiveness and sustainability of their businesses. This research provides important insights for companies looking to increase the use of technology in HR to adapt to rapid changes and improve organizational performance.

Keywords: Digital transformation; Human resource management (HRDM), Enterprise adaptation, Global business ecosystem

INTRODUCTION

Digital transformation in human resource management (HRM) is one of the key factors in supporting companies' adaptation to changes in the global business ecosystem. The rapid changes in the business ecosystem, especially with the development of information and communication technology, require companies to innovate to remain relevant and competitive in the global market. Digitalization in MSDM enables companies to manage human resources more efficiently and adaptively, as well as increase competitiveness in the face of changing global business challenges (Ananda, 2021). Along with technological developments, the implementation of digital in HR is not only focused on improving operational efficiency, but also on skill development, employee engagement, and improving work experiences that are more flexible and responsive to market needs (Trimulyana, 2024).

However, although many companies have started to implement digital transformation in HRM, there are still various challenges faced, especially in the process of adapting to changes in the increasingly complex business ecosystem. Some companies, especially in the government and MSME sectors, are still limited in the use of digital technology in human resource management, which risks causing lag in talent management and organizational performance (Hikayatunni'mah et al., 2023). Previous research has shown that while digital technology has the potential to improve company performance, the adoption of this technology is often hampered by infrastructure constraints, HR skills, and organizational culture that have not yet fully supported digital transformation (Wiraguna & Purwanto, 2024).

The research gap in this literature is the lack of a deep understanding of how companies can leverage digital transformation in HR to adapt effectively to the changing global business ecosystem. Most previous research has focused more on the technology itself or the impact of digitalization on other aspects of the business, while the aspect of corporate adaptation through digital transformation in HR still needs further exploration (Pangandaheng et al., 2022). Therefore, it is important to examine more deeply the role of digital transformation in HRM in supporting companies in facing the challenges of global change, as well as identifying the factors that influence the success of its implementation.

The urgency of this research is becoming clearer as the rapid changes that occur in the global business environment. Companies that cannot adapt quickly to these changes risk losing their competitiveness in the global market. In this context, digital transformation in HR can serve as the key to ensuring that companies can manage HR more efficiently, responsively, and be able to innovate according to changing business needs (Hapriyanto, 2024; Zurnali & Wahjono, 2024). Therefore, this study aims to fill the existing gap by analyzing how digitalization in MSDM can help companies adapt to changing global business ecosystems.

This research is expected to make an important contribution to the development of digital transformation theory and practice in MSDM. The findings of

this study can provide insights for practitioners and academics in designing more effective digital strategies in human resource management, as well as provide practical recommendations for companies that want to improve their competitiveness and adaptability to changes in the global business ecosystem. Thus, this research has benefits not only for companies that are carrying out or planning digital transformation in HRM, but also for the development of management science that is more relevant to the needs and challenges of the digital era.

Digital Transformation in MSDM

Digital transformation in Human Resource Management (HRDM) refers to the application of digital technology to improve the efficiency, productivity, and quality of human resource management in an organization. This transformation process not only involves technological changes, but also includes changes in processes, organizational structures, and work mindsets and cultures in managing human resources. In the context of HRM, digital transformation includes various aspects, ranging from technology-based recruitment and selection, integrated employee data management, to the use of analytics tools to improve strategic decisions related to performance management and career development (Ananda, 2021; Trimulyana, 2024).

The application of digital technology in MSDM allows companies to manage critical processes more efficiently and in a timely manner. For example, in recruitment and selection, the use of digital platforms and artificial intelligence (AI) allows companies to conduct the candidate screening process more quickly and accurately, even by involving big data-based analysis to assess the skills and potential of potential employees. In addition, technology also allows companies to conduct employee training and development online, which is more flexible and affordable, making it easier for all employees to access to improve their competencies without having to be limited by time and location (Hapriyanto, 2024).

In addition, the digitalization of MSDM also encourages the creation of a more measurable and transparent performance management system. By using cloud-based applications, companies can monitor and evaluate employee performance in real-time, allowing managers to provide faster and more accurate feedback. This digital transformation not only improves efficiency in operations, but also improves the employee work experience, which in turn can increase their satisfaction and engagement at work (Zurnali & Wahjono, 2024). Overall, digital transformation in HR is critical in helping organizations manage rapid change and maintain competitiveness in an increasingly complex global marketplace.

METHOD

This research uses a qualitative approach with a literature review type of research. Literature review is an effective method to review, analyze, and summarize previous research on digital transformation in Human Resource Management (HRM) and how it contributes to the adaptation of companies to changing global business ecosystems. Using this approach, this study aims to provide a deeper understanding

of the application of technology in MSDM and its impact on organizational efficiency, as well as explore gaps in the existing literature (Jesson et al., 2011).

The main data sources in this study are scientific articles, books, journals, and research reports relevant to the topic of digital transformation in MSDM. The source of the data is obtained through searches in trusted academic databases, such as Google Scholar, Scopus, and JSTOR, which provide access to a wide range of peer-reviewed articles. The articles selected for this study were those published within the last 10 years, to ensure that the findings used are relevant to the latest developments in the field of digital transformation and HRM (Snyder, 2019). The literature taken is focused on the application of technology in human resource management and its impact on changing corporate strategies in facing global challenges (Nadiyah & Prayoga, 2024; Trimulyana, 2024).

The data collection technique is carried out in a systematic way through a search of relevant literature, using keywords such as "digital transformation in HRM", "digitalization in human resources", and "global business ecosystem adaptation". Each article found is then screened based on its relevance, methodological quality, and contribution to the research topic. Furthermore, the screened articles were analyzed in depth to identify key themes, trends, and findings related to digital transformation in MSDM and corporate adaptation to global changes (Papaioannou et al., 2016).

For the data analysis method, this study uses a thematic analysis approach. Thematic analysis is a method used to identify, analyze, and report patterns (themes) that emerge from the collected literature data. In this context, thematic analysis is used to find patterns related to the influence of digital transformation on the HR process and how it supports the adaptation of companies to changes in the global business ecosystem. With this approach, this study was able to identify the key aspects that influence the implementation of digitalization in HRM and provide a clearer picture of the relationship between digitalization, HR management, and the success of companies in responding to global changes (Braun & Clarke, 2006; Creswell & Poth, 2016).

This research is expected to yield valuable insights into how companies can optimize the use of technology in MSDM to adapt quickly and effectively to the changes occurring in an increasingly dynamic global business ecosystem (Pangandaheng et al., 2022).

RESULTS AND DISCUSSION

The Role of Digital Transformation in MSDM Efficiency

Digital transformation in HR has shown a significant impact on operational efficiency in human resource management. By leveraging digital technologies, such as cloud-based systems and automation tools, companies can manage employee data in a more organized and efficient manner. Processes such as recruitment, selection, training, and performance management can be carried out more quickly and accurately through the use of advanced technologies such as Artificial Intelligence (AI) and big data. (Ananda, 2021) reveals that the application of cloud-based technologies allows for more secure and accessible data storage, while reducing

operational costs associated with manual administration. Additionally, AI-based recruitment platforms help speed up the candidate screening process, while improving accuracy in selecting potential employees who fit the company's needs (Trimulyana, 2024). This shows that the digitization of MSDM not only improves time efficiency, but also supports more precise and data-driven decision-making.

Applying Data Analytics to Improve Performance Management

The application of data analytics in employee performance management has proven to be one of the main advantages of digital transformation in HRM. With the use of analytics software, companies can monitor employee performance in real-time, analyze trends, and provide faster, data-driven feedback. According to (Zurnali & Wahjono, 2024) The technology-based performance management system allows companies to assess employees based on objective metrics, increasing transparency in performance evaluations. Additionally, the use of data allows companies to tailor employee development strategies based on identified needs, increasing employee engagement (Hikayatunni'mah et al., 2023). This contributes to increased productivity and operational efficiency of the company, as well as enabling managers to make more accurate decisions regarding promotion, training, and career development.

Digitalization in Employee Training and Development

Digital transformation in HR also has a major impact on the training and development process of employees. With digital-based learning technologies such as Learning Management Systems (LMS), companies can provide more flexible and affordable training. Digital training allows employees to access learning materials anytime and anywhere, which is especially important for companies with a workforce spread across different locations (Trimulyana, 2024). Additionally, LMS allows companies to measure the effectiveness of training directly, by monitoring employee progress in each module and providing analytical reports for further evaluation. This reduces the time and location constraints that are often an obstacle in traditional training (Manik & Juwono, 2024). The application of this technology is particularly relevant in the context of global organizations that require uniformity in employee competency development across multiple locations.

The Impact of Digital Leadership in the Transformation of MSDM

Digital leadership has a very important role in the successful implementation of digital transformation in HRM. Effective leaders in the digital age must be able to lead change in a way that inspires and encourages technology adoption across the organization. According to (Pangandaheng et al., 2022), success in the digitalization of MSDM depends not only on the application of the technology itself, but also on how leaders manage those changes, build a culture of innovation, and support employee engagement in the digitalization process. Digital leadership enables companies to overcome cultural and technical barriers in the transformation process, as well as ensure that all employees support and engage in ongoing change (Noble, 2023). Strong leadership can accelerate technology adoption and create an

environment that supports effective collaboration and communication within organizations.

Adapting Companies to Global Changes through Digitalization of Human Resources

Digital transformation in HR plays an important role in helping companies adapt to the rapid changes in the global business ecosystem. With digitalization, companies can improve their ability to respond to changing markets and evolving workforce needs. For example, during the COVID-19 pandemic, many companies managed to resume their operations quickly thanks to the adoption of technology to support remote work, online training, and virtual collaboration (Barus et al., 2024). This shows that companies that have undergone digital transformation in HR are better able to adapt quickly to unexpected changes and can ensure their operational continuity in the midst of a global crisis. According to (Helfat & Peteraf, 2009), this adaptability is not only related to technology, but also to the ability of organizations to redesign their business processes to accommodate the changes that occur.

Business Sustainability and Post-Pandemic Recovery through Digital Transformation

Digital transformation also has a major impact on business sustainability and post-pandemic recovery. Companies that adopt digitalization in HR can maintain their operational continuity, even when faced with major external challenges such as the pandemic. For example, digital transformation allows companies to quickly switch to remote work models and provide training online, which in turn helps maintain employee productivity during times of crisis (Asrol et al., 2022). In this regard, digitalization not only facilitates operational continuity during the crisis, but also allows companies to adapt quickly and restore their post-pandemic operational stability (Pangandaheng et al., 2022). Therefore, the digitalization of MSDM is an important element in ensuring business resilience and sustainability in the face of global uncertainty.

Challenges of Implementing Digital Transformation in MSDM

While the benefits of digital transformation in HR are enormous, the study also identifies a number of challenges faced by companies in their implementation. Some of the key challenges include resilience to change among employees, lack of digital skills, and data privacy issues that often arise with the adoption of new technologies. (Tarafdar et al., 2015) Note that many employees feel anxious about using new technologies, especially if they don't have enough digital skills. In addition, the issue of data security is also a major concern, because companies must ensure that employee data is properly protected in the digital systems used (Pangandaheng et al., 2022). Therefore, it is important for companies to address these challenges by providing adequate training for employees and implementing strict data security policies to ensure the success of digital transformation.

Discussion

Based on the findings that have been presented, digital transformation in Human Resource Management (HRDM) has a significant impact on improving operational efficiency and the company's adaptability to changes in the global business ecosystem. This transformation has opened up opportunities for companies to utilize technology in managing human resources more effectively and responsively. With the implementation of cloud-based systems and data-driven technologies, companies can now manage employees more efficiently, ensuring more informed decisions based on in-depth data analysis. This is very relevant to the challenges faced by companies in the era of globalization, where speed and precision in HR management are the key to surviving in a highly competitive market (Ananda, 2021; Trimulyana, 2024).

However, although digitalization in MSDM shows many benefits, the challenges that arise are also not few. One of the issues that is often found is the resilience to changes from the company's internal side, especially from employees who feel anxious about the adoption of new technology. Inability or inconvenience in using new technologies is the main obstacle in the implementation of digital transformation (Hapriyanto, 2024). This is in line with the findings of the (Westerman et al., 2012), which mentions that strong digital leadership is indispensable to drive cultural change in the organization. Effective leaders can play an important role in overcoming this resistance by providing clear direction, providing adequate training, and creating a culture that supports innovation and technology acceptance.

From a data analytics perspective, the implementation of data-driven systems in MSDM allows organizations to monitor and evaluate employee performance more objectively and based on measurable metrics. The use of analytics tools not only improves efficiency in performance management, but also allows companies to respond more quickly to changes in a dynamic work environment (Zurnali & Wahjono, 2024). The use of systems such as Learning Management Systems (LMS) also provides flexibility in the training and development process of employees, which can be tailored to the specific needs and geographic location of employees, thereby increasing learning engagement and effectiveness (Manik & Juwono, 2024). This is important because rapid adaptation to technological changes is a major factor in maintaining competitiveness in an ever-growing global market.

In addition, in the context of rapid global change, the ability of companies to adapt by using digital technologies in MSDM greatly affects business resilience. For example, the COVID-19 pandemic has shown how important it is to sustain a company's operations through remote work and the use of digital platforms for HR management, training, and internal communication. Companies that have implemented digital transformation in HR are better able to adapt quickly, maintain employee performance, and reduce the negative impact of external disruptions such as pandemics (Stone & Deadrick, 2015). In this context, digital transformation is not only a tool for efficiency, but also a decisive factor in maintaining business continuity and sustainability.

However, the challenges of implementing digital transformation in MSDM remain, especially related to data privacy issues and the resilience of the technologies

used. As the use of digital systems to manage employee data increases, companies must ensure that they are protected with strict security policies. This aspect is especially important considering the risk of data leaks that can damage the company's reputation and reduce employee trust in the system used (Pangandaheng et al., 2022). Therefore, in addition to focusing on technology adoption, companies also need to prioritize data security management as an integral part of their digital transformation.

Digital transformation also offers great potential to create a more flexible and personalized work experience for employees. With technology, MSDM not only manages employee data, but can also create experiences that are more tailored to individual needs and preferences. The use of technology in career management and employee skill development allows companies to provide training that is more targeted and relevant to industry needs, which in turn increases employee engagement and retention (Hikayatunni'mah et al., 2023). This transformation also creates opportunities for companies to more quickly recognize new talents and develop employee potential in order to support the company's long-term goals.

In conclusion, although digital transformation in MSDM presents considerable challenges, the resulting positive impact on the efficiency, adaptation, and competitiveness of companies is much more significant. The use of technology in HR enables companies to not only improve internal operations, but also create a work environment that is more adaptive, innovative, and responsive to global changes. To this end, companies need to overcome challenges in technology adoption and improve employees' digital skills, while ensuring that data security policies remain a top priority in the implementation of digital transformation. In the future, companies that can take advantage of digital transformation optimally will be better able to adapt to global changes and survive in an increasingly competitive market.

CONCLUSION

Digital transformation in Human Resource Management (HRDM) has proven to be a key factor in improving operational efficiency, strengthening company adaptation, and improving competitiveness in the face of changing global business ecosystems. The process of digitizing human resources and human resources, through the use of advanced technologies such as cloud-based systems, data analytics, and digital-based training, enables companies to manage human resources more efficiently, transparently, and responsively to increasingly dynamic market challenges. Strong digital leadership and the right deployment of technology have accelerated organizational adaptation to unexpected external changes, such as the COVID-19 pandemic, demonstrating how important organizational flexibility and resilience are in the digital age.

However, despite the many benefits gained, challenges in the implementation of digital transformation, such as resilience to change, lack of digital skills among employees, and data security issues, remain major obstacles. Therefore, companies must continue to focus on improving employees' digital competencies, as well as implementing appropriate policies to ensure the security of personal and sensitive data in the digital systems used. It's also important for companies to prioritize

organizational cultures that support technology adoption and digital change, as well as ensure that leaders have the ability to guide organizations through this transformation process.

Based on these findings, further research needs to be conducted to explore more deeply the long-term impact of digital transformation in HRM on company performance and sustainability. Further research can also focus on comparative analysis between companies that have successfully implemented digital transformation and those that have not, to find out the key factors that affect the success of such implementation. In addition, research on the influence of digital transformation on employee well-being, work experience, and employee retention is also important to better understand how digitalization can affect human factors in organizations. Further research in this regard will provide a more comprehensive insight into the advantages and challenges of technology application in HRM, as well as provide practical guidance for companies looking to adapt to accelerating global change.

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