

Role of HRM in Designing a Digital Organization

Alpna Tiwari^{1,*} 

¹Research Scholar, School of Commerce and Management,
Nirwan University Jaipur, Rajasthan - 303305 (India)

*Corresponding Author: alp_alka@yahoo.co.in

Abstract: Human resource management (HRM) is a collection of procedures used in businesses in a variety of industries, including state, commercial, service, and industrial, with the goal of improving working conditions and employee well-being while also boosting organizational financial success. The speed, dependability, efficiency, cost-effectiveness, and adaptability of HR operations have all improved as a result of the widespread adoption of digital technologies. The objectives of this theoretical research are to highlight how HRM has changed in the digital age, investigate how technology has affected HR practices, and look at how HR managers' roles have changed in modern businesses. A conceptual approach is used, together with a thorough literature review and secondary data from reliable internet sources. The websites of top digital businesses provide insights into HRM practices. The results highlight how technology is revolutionizing HRM, evaluate how it affects important HR functions, and provide new contemporary HRM frameworks, such as digital HRM (d-HRM). However, there is a significant knowledge vacuum about the long-term effects of digital HRM on ethical issues, employee engagement, and company culture. To give a comprehensive picture of the potential and difficulties brought about by the digital transition in HRM, future studies should fill in these gaps.

Keywords: HRM, Human Resource Management, digital, technology, e-HRM, d-HRM, green-HRM

1. Introduction:

The prevalent and often used terms nowadays are “digital disruption,” “digital evolution,” and “digitalization.” In general, such themes indicate increasing adoption of technology and accompanying significant progress in a number of business and social domains. In short, a digital company uses digital tools or technical trends to its advantage in both internal and external activities. It requires a deep comprehension of the needs and decision-making processes of your customers. To be categorized as digital, businesses need to possess specific attributes. For example, a digital corporation needs automation. Any digital business that wants to solve problems in real time must use machine intelligence and other automation technology. Relying on how technology makes it possible to create unique client experiences gives digital firms an advantage over their competitors. Here are a few examples of digital companies: Flipkart, Netflix, Uber, Amazon, Alibaba, etc. The advent of online movie and TV show viewing signified Netflix's shift to a digital business. Before going digital, Netflix provided customers with a useful substitute for watching movies by sending out DVDs.

The world's economic, social, and cultural landscapes have seen significant shifts as a result of digital technology's increasing dominance. To sum up, these changes have led to the modern era being known as the “Digital Age.” In line with these developments, digital technologies are

becoming increasingly important in employee lives as well as the handling of human resources (HRM), which seems to be impacted in a variety of ways. The rapid growth of technology has changed society and continues to influence how organizations function today. To stay up with the world's rapid development and exponential growth of digital advancements, enterprises and their workforces are under strain to adapt. According to Fyfe et al. (2021), reform at every level is required for an organization to be proactive and open to change.

It can be difficult to figure out how to create a digital organization. The right resources are necessary in order to successfully launch a digital business. Additionally, digital businesses put more of an emphasis on Omni-commerce, which combines online and offline services. Undoubtedly, new technologies like the Web of Things, 5G, and AI will play important roles in how organizations operate in the future. Efficiency is one advantage of having a digital company. Your staff uses technology to do their jobs better and more intelligently. Human resources and people operations must be taken into account as a key voice when creating a digital organization (Strohmeier, 2020). These teams will endeavor to make sure that the staff is properly trained and that the changes in your organization are reflected in their professional growth. Digital revolutions frequently fail when people aren't taken into account (Tekwani & Raghuvanshi, 2019). The purpose of digital reform is to maximize the use of the workforce; more time should be spent on activities that are beneficial to both the business and the individual, and less time should be spent on activities that are not. Without considering people, a narrow perspective that assumes technology is the only solution results in frustration and ineffective endeavors (Varma et al., 2021). So, as we move forward in designing more digital organizations, this study and its findings will be helpful. Kurz (2022) concisely summarized the core of the digital revolution, they cite three aspects of technology—exponential, digital, and combinatorial—as the causes of technological advancement in the digital age. Technology's exponential growth means that both its power and usefulness continue to increase. Digitization converts many types of data and information into bits, which are represented by the ones and zeroes used in computer languages. Last but not least, technological advancements are cumulative: “Each innovation becomes a building stone for future innovations.”

Verhoef et al. (2016) came to the conclusion that if big data is to be useful for both organizations and customers, then employees must possess strong digital and analytics skills. Businesses' big data teams should be composed of people with experience in data administration, analytics, and business. According to McIntyre & Srinivasan (2017), companies need to be able to select, attract, connect, and include a wide variety of network stakeholders, such as customers, suppliers, and third parties, in order to accomplish digitalization and digital transformation. Gupta et al. (2023) say a digital organization is one that aims to increase performance using cutting-edge electronics and “information technology” technologies, together with the new business models and methods of operation they make possible. According to Paluch S. et al. (2019), the effects of the shift to digital technologies are evident and greatly beneficial for customers, company owners, and society as a whole. According to the research of Halid et al. (2020), digital HRM is basically integrating the internet, applications, and soft technologies in order to oversee all human resource tasks. All businesses are required to embrace digitalization or digital transformation if they want to remain relevant and effective in the future. They will lag behind other companies in the market

area if they don't. Leading firms via digital transformation require effective HR leadership. HR professionals need to take a strategic, data-driven strategy for managing digital change, according to the latest study by Bansal et al. (2023). This entails teaching HR specialists digital literacy, coordinating HRM tactics with organizational objectives, and guaranteeing ethical considerations when using AI and other digital resources in HR procedures. A change in culture is necessary to create a digital company. A study by Nicolás-Agustín et al. (2022) investigates how HRM promotes openness, adaptability, and innovation in order to help create a digital culture. Virtual collaboration tools and digital leadership development programs increase staff engagement and knowledge exchange, promoting a culture shift in line with technology advancement.

1.1 Basic Concept of Organization Designing:

An organizational design is just a structure that specifies how work is distributed within an organization. It involves managing and carrying out a company's strategic plan. It can be described as a methodical technique to achieve several relevant goals, including:

- a) Finding workflow, method, structural, and system weak points.
- b) Modifying them to reflect current business needs and objectives.
- c) Creating plans to put the new changes into effect.

1.2 Designing the Digital Organization:

A potent combination of human and digital agents working together makes up the digital organization (George et al., 2024). It covers technologies that may improve all aspects of life, including goods and services, internal processes, interactions with customers, etc. Additionally, its members' capacity for self-organization eliminates a lot of the associated costs with hierarchies and facilitates collaborative operations (Tekwani & Raghuvanshi, 2020).

1.3 Responsibility of HR Managers:

HR departments have two responsibilities in the process of digital transformation: they are responsible for utilizing automated and digital, data-driven processes to drive their own transformation. Together with the IT department, HR is now expected to lead businesses toward digitalization and assist their continuous digital evolution.

Deloitte Digital claims that one of the several things that can hasten your activation is knowing your digital DNA. Digital inclusion and being a fully digital business require it. HR department is really important to understand this digital DNA, Research conducted by Deloitte and MIT Sloan Management Review (Varadaraj et al., 2021) outlined HR's roles in activating the digital organization's network, as given below and indicated in Figure 1:

- Humans are drawn away from tasks that are physically demanding, recurring, high volume, and data-intensive. Employing human qualities like empathy that robots cannot replicate frees up human time to focus on activities that create value and strengthen customer connections.
- Drive projects forward with the help of network-based, cross-functional, agile teams with a minimal structure. In the new digital environment, an excellent leader will have to convince doubters of concepts that have not been tested and that carry significant risks.

- Businesses must understand which skills to hire, buy, or develop. Furthermore, they must support digital learning initiatives that enhance workers' abilities and allow them to advance along a 21st-century professional path.
- Discover how to combine online technology with physical and virtual workspaces to create a workforce experience that is Simply Irresistible. This will increase productivity and offer an invaluable experience for all employees (Hidayat & Basuil, 2024).

A high-impact strategy for HRM and marketing is needed to manage the change in order to put above all drivers to work and enable the new digital organization.

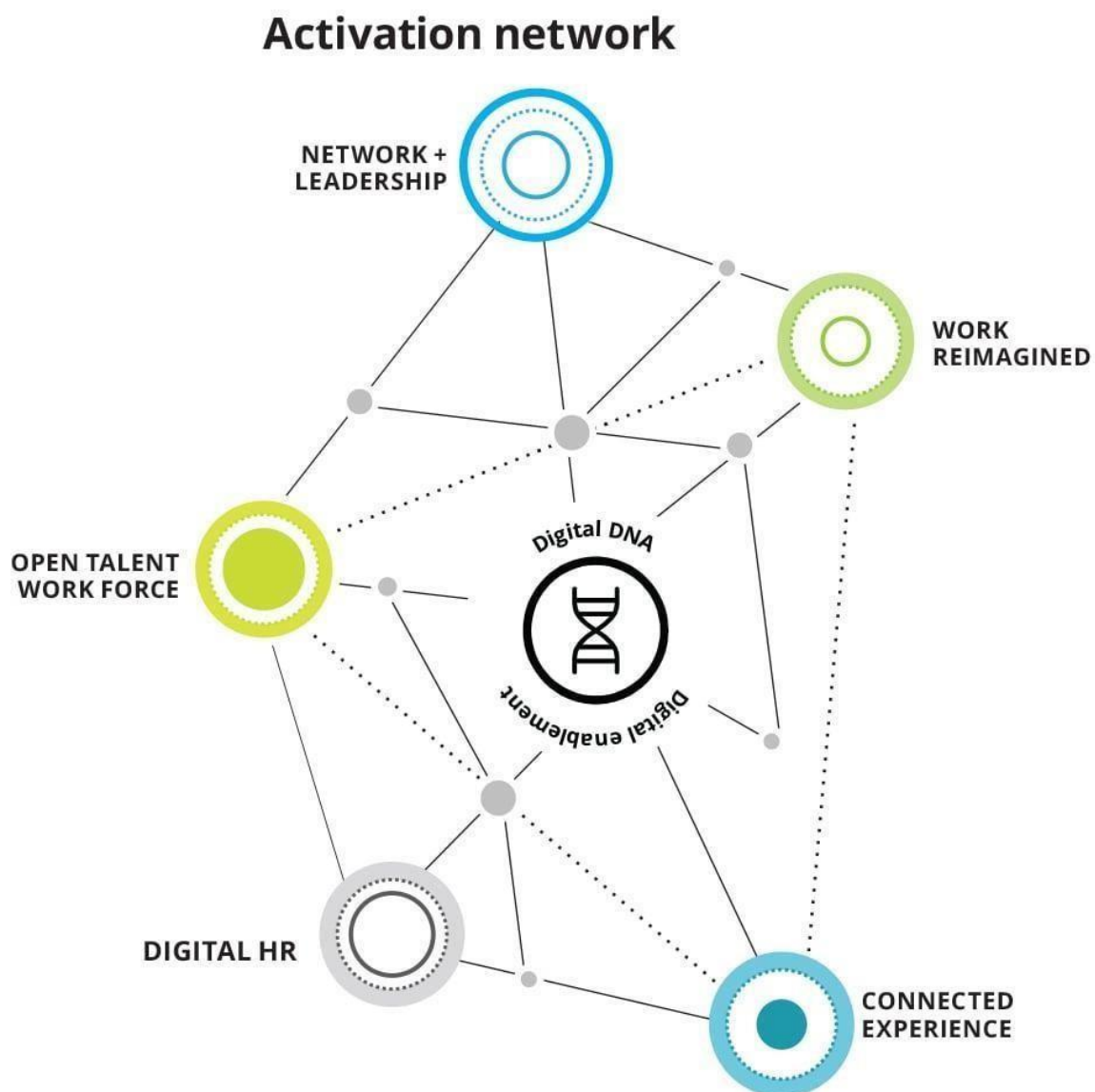


Figure 1: Role of HR in Digital Organization

2. Research Methodology:

This study's conceptual and qualitative research technique is based on a thorough analysis of the body of current literature. In order to investigate the theoretical underpinnings and contemporary HRM practices in relation to the digital transformation of enterprises, this

approach was used. Reputable scholarly journals, industry studies, white papers, and the websites of businesses actively implementing digital HRM practices were the sources of secondary data. Peer-reviewed journals and reputable business and human resources platforms are examples of these sources. To make sure they were pertinent to modern digital HRM practices, articles and reports released in the last ten years were examined. To guarantee a comprehensive grasp of the applicability of digital HRM, content from the commercial, service, state, and industrial sectors was also gathered. A literature review is conducted using secondary data obtained from several trustworthy online sources (Tekwani & Raghuvanshi, 2020). The websites of specific digital enterprises are the source of literature on HRM practices.

3. Result and Discussion:

Human resource management (HRM) has a significant and developing role in creating digital companies, according to the examined literature. Important themes that emerge include talent management, organizational culture change, technology integration, and strategic HR participation. According to these findings, HRM is a strategic driver of digital changes rather than just a support function in the quickly evolving technological ecosystem (Thite, 2018).

3.1 Meaning of Digital Organization:

A new kind of network organization is a digital organization, which comprises virtual factories, virtual firms, and virtual companies. By creating new revenue sources and economic opportunities, it enables the creation of creative products. It quickens the response to changes in consumer demand. It gives the company a competitive edge by allowing it to improve the quality of the products it produces. In our digital, global, and hyper-connected society, off-site mobility, continual connectivity, and the emergence of new market actors are key factors influencing social and technological transformation. Digitalization is currently required; if one wants to compete in this contemporary technological era, staying in one's comfort zone is no longer an option. Mobile apps, social media, cloud computing, machine intelligence, wireless sensors, and 3-D printing are all becoming more and more important in many areas of managing both public and private enterprises. These rapidly evolving digital technologies are changing how companies assess potential clients, develop and deliver products and services, and interact with clients. Digital technology also allows individuals within an organization to self-organize, eliminating the lags, distortions, and other drawbacks of hierarchically structured organizations.

3.2 Few Industries Examples:

- a) **Role of HRM at UBER** (the biggest taxi company in the world, which doesn't own any cars): The workplace is directly impacted by Uber's human resources department. Employees rate their workplace an A⁺ and are incredibly happy at Uber. One user responded, "Uber is establishing an open workplace for its employees, to establish an extensive app, to make a more inclusive world," when asked what they liked best about the company's environment and culture. It has a cascading impact (Tursunbayeva, 2024).
- b) **Role of HRM at Facebook** (the most popular social media owner, produces no content, now known as **Meta**): It may inevitably get harder to feel a connection with your boss or coworkers as your team expands. However, Facebook, which started off as a 10-person business and currently employs 18770 people, has a trick for striking a balance between

expansion and adhering to its objective. It's company culture, says Lori Goler, vice president for human resources (HR). The work atmosphere is directly impacted by Meta's human resources division. At Meta, employees give their workplace an A- and are ecstatic about it. One user said, "Meta is continuously looking for new ways to raise morale and company culture," when asked what they liked best about the firm's atmosphere and culture. They make sure there are budgets for team outings, a ton of conversations with corporate representatives, a variety of groups and clubs to attend, and opportunities to volunteer and learn more (Zareen & Khan, 2023).

- c) **Role of HRM at Google:** At Google, plays a strategic role in fostering innovation, employee happiness, and organizational success in addition to performing standard administrative duties. By putting employee well-being first, utilizing technology, and encouraging a culture of ongoing learning and cooperation, Google sets the standard for contemporary HR procedures in digital businesses. These procedures help Google maintain its dominance in the IT sector while also improving employee engagement.
- d) **Role of HRM at Airbnb** (the biggest hotel chain in the world has no real estate): The work atmosphere is directly impacted by the human resources division of Airbnb (Turnsek & Ladkin, 2024). At Airbnb, employees give their working atmosphere an A- and are overwhelmingly content. One user said, "Everything is wonderful owing to our core beliefs," when asked what they liked best about Airbnb's culture and workplace environment.
- e) **Role of HRM at Infosys:** In its HRM procedures, Infosys, a world leader in IT services and consulting, places a strong emphasis on innovation, employee empowerment, and sustainability. With programs like Infosys Lex, a digital learning platform, Infosys makes significant investments in reskilling and upskilling its employees. Employee involvement in green initiatives is encouraged, demonstrating Infosys' dedication to lessening its environmental impact.
- f) **Role of HRM at Netflix:** The foundation of Netflix's HRM is its distinctive "freedom and responsibility" culture, which encourages employees to think creatively and independently. Hiring highly qualified people who share Netflix's values of innovation and responsibility is a top priority. Instead of using official performance assessments, the organization uses continuous discussions to evaluate contributions and align goals.
- g) **Role of HRM at Accenture:** Accenture's HRM procedures are designed to develop a workforce that is prepared for the future and to promote an inclusive and innovative culture. To keep staff members abreast of new developments in technology, Accenture makes significant investments in online training initiatives like the Accenture Academy. With programs to promote LGBTQ+ employees and particular aims for gender equality, the corporation is a leader in diversity initiatives.
- h) **Role of HRM at Cognizant:** Cognizant uses cutting-edge HR solutions, such as platforms driven by AI, to improve employee satisfaction and expedite procedures. Through programs that empower women, veterans, and underrepresented groups, Cognizant promotes a culture of diversity.
- i) **Role of HRM at Alibaba** (has no inventory while being the most valuable retailer): The HR department at Alibaba thinks that treating employees really well showing them respect for their homes and a sense of belonging will make them work harder (Cui et al., 2024).

Table 1 and Figure 2 present a comparison of HR Team versus other departments (%) in few of the top digital organizations – (data taken from a branding company’s survey, www.comparably.com)

Table 1: Role of HR Team versus other departments (%)

	Uber	Facebook (Meta)	Google	Airbnb	Infosys	Netflix	Accenture	Cognizant
Admin	78	85	80	-	-	70	70	-
Finance	74	83	75	-	-	74	72	72
Communications	88	81	87	-	-	89	83	-
Customer Support	79	81	80	75	-	68	74	57
Marketing	78	80	81	76	61	88	65	70
HR	84	80	86	71	79	89	79	85
Sales	67	80	79	57	79	-	75	60
Design	68	79	82	74	72	84	75	46
Product	80	78	78	76	74	83	74	63
Business Development	74	78	79	84	53	-	73	71
IT		78	79	69	61	-	73	67
Engineering	77	77	78	71	55	81	68	60
Operations	73	77	76	79	-	82	72	62
Legal	83	74	78	40	-	-	72	-

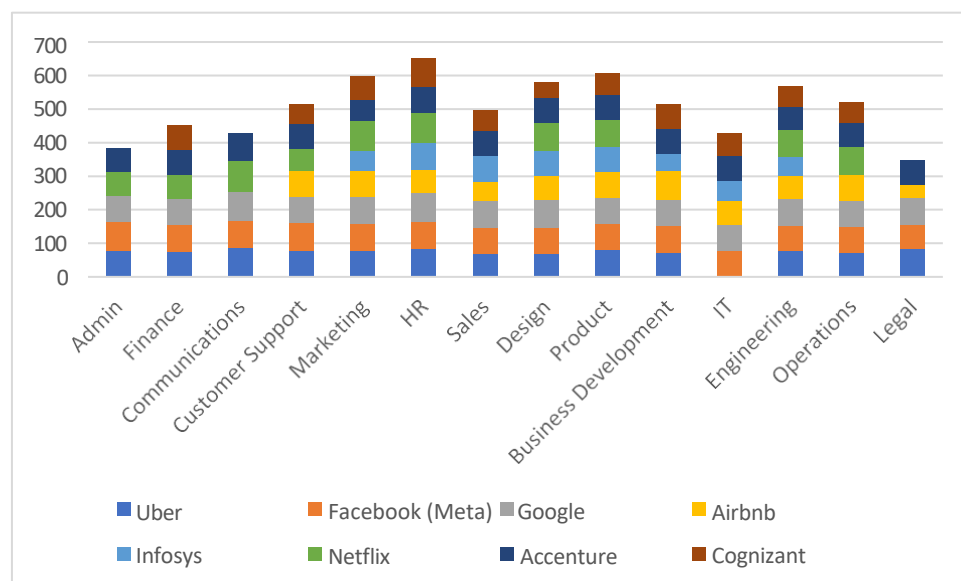


Figure 2: Role of HR Team versus other departments (%)

This study shows that a properly resourced HRM function and HRM adoption as a business partner when developing a digital organization is an investment that will pay off by producing favorable results through people. For businesses aiming to develop and execute a digital workforce and organizational structure, this report offers a number of useful takeaways. The results can be used by HR managers and company executives to better match their HR plans with the objectives of digital transformation and make sure that employees are ready to succeed

in a technologically advanced workplace. HR directors ought to be given the authority to actively participate in digital transformation projects (Hidayat & Basuil, 2024) and spearhead programs that encourage cooperation between HR and other business divisions. To ensure that technology developments align with overarching corporate objectives, HR, for instance, might be crucial in integrating HRIS systems and using AI for talent acquisition. The newest HR technology platforms should be purchased by HR departments in order to automate administrative duties and concentrate more on strategic duties. For instance, HR data may be used to monitor employee performance and spot skill gaps, and AI-based recruitment tools can assist in finding the best-fit applicants more quickly. HR should put in place thorough change management plans that include support networks, training, and unambiguous communication. For instance, HR can provide training sessions to develop digital competency and establish forums for staff members to express concerns regarding digital technologies. HR can also offer incentives to promote a favorable attitude toward change and the adoption of new technologies.

4. Conclusion:

The researcher concluded that optimizing work efficiency, engagement, teamwork, and career possibilities has been the HR department's main priority. One of their goals is to make it possible for people to complete tasks in more efficient and effective ways. The HR department may design a unified employee experience to serve their continuing needs thanks to applications, case management, AI, and bots. Instead of the other way around, technologies are designed to assist humans. Human resource professionals will continue to work even though some staff will be substituted by these technologies. Artificial intelligence (AI) technologies will never fully replace the management, communication, and supervision skills of human professionals, so while designing a digital organization role of HR is important.

There are a few limitations in this study like: there are just a few illustrations of how HR functions within digital enterprises. Secondary sources are used to collect the data, which may skew the conclusions that are presented. To further our understanding of creating Digital Organizations, further research is needed to investigate the ways in which organizational and occupational factors impact HR positions. To fully comprehend the ethical ramifications of using digital technology to collect, retain, and utilize employee data, even more empirical study is needed. Survey Questionnaires and in-depth interviews can be used targeted at HR professionals, employees and managers across the industry to collect the primary data. By employing a variety of approaches and concentrating on topics discussed here in this study, future studies can offer practical solutions to close current knowledge gaps regarding the function of HRM in digital enterprises. In addition to improving the efficacy of HR procedures, this will assist firms in better navigating the challenges of digital transformation.

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