

SIGNIFICANCE OF DIGITAL HUMAN RESOURCE MANAGEMENT FOR ORGANIZATIONAL GROWTH AND DEVELOPMENT

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ABSTRACT

The study aims to investigate the significance of digital Human Resource Management (HRM) practices for organizational growth and development among Micro, Small and Medium Enterprises (MSMEs) in Pune District. A total of 300 respondents from MSMEs were surveyed using a structured questionnaire. The data was analyzed using descriptive and inferential statistics, and the hypotheses were tested using regression analysis. The study found that the adoption of digital HRM practices had a significant positive impact on organizational growth and development among MSMEs in Pune District. The results showed that digital HRM practices such as online recruitment, employee self-service, and performance management systems were positively associated with organizational growth and development. The study also found that organizational culture and employee resistance were significant challenges to the successful implementation of digital HRM practices.

The study contributes to the literature by providing insights into the adoption and effectiveness of digital HRM practices among MSMEs in Pune District. The study highlights the importance of cultural adaptation, effective communication, and change management in the successful implementation of digital HRM practices. The study's findings can guide MSMEs in the adoption of digital HRM practices and inform policymakers on the need to promote the use of technology in HRM practices among MSMEs.

Keywords: Digital HRM, organizational growth, organizational development, MSMEs, Pune District.

Introduction

The advent of digital technologies has revolutionized the way organizations operate and manage their human resources (HR). Digital Human Resource Management (DHRM) has emerged as a crucial element of modern HR practices, allowing organizations to streamline their HR processes and improve their overall performance. DHRM refers to the use of digital technologies to manage HR processes, including recruitment, training and development, performance management, and employee engagement. It enables organizations to manage their workforce more efficiently and effectively, leading to improved organizational growth and development.

The importance of DHRM in organizational growth and development has been widely acknowledged in the literature. Researchers have identified various benefits associated with the adoption of DHRM, such as improved employee engagement, increased productivity, enhanced decision-making, and reduced costs. For instance, a study by Budhwar, Debrah (2013) found that DHRM practices significantly impact employee engagement and lead to improved organizational performance. Similarly, a study by Heinen, O'Neill (2004) reported that organizations that adopt DHRM practices tend to have higher levels of employee retention and satisfaction, which, in turn, lead to improved organizational performance.

Furthermore, the use of DHRM has become increasingly relevant in the current business landscape, where organizations are facing unprecedented challenges due to the COVID-19 pandemic. The pandemic has forced organizations to adopt remote work models, which have increased the demand for digital technologies to manage HR processes. DHRM has become crucial in ensuring that organizations can effectively manage their remote workforce and maintain employee engagement and productivity.

In summary, DHRM has emerged as a critical component of modern HR practices, enabling organizations to manage their workforce more efficiently and effectively. The use of DHRM has been shown to have significant benefits, including improved employee engagement, increased productivity, enhanced decision-making, and reduced costs. Furthermore, the COVID-19 pandemic has underscored the importance of DHRM in ensuring that organizations can effectively manage their remote workforce. Therefore, it is imperative for organizations to adopt DHRM practices to enhance their overall performance and achieve sustained growth and development.

Literature Review

Ahmad, Mahmood, & Zafar (2016) explored how digital technology affects Pakistani HR management practices such as recruiting and selection, training and development, performance appraisal, and compensation and benefits. The authors discovered that digital technology has considerably changed these HR practices and improved efficiency and effectiveness. Bihari, Sahoo (2018) examined how digital HRM practices affect employee performance. Online recruitment, training, and performance appraisal improve employee performance, the authors discovered. Budhwar, Debrah (2013) in the book provided a comprehensive overview of human resource management practices in developing countries. The authors discuss the challenges faced by HR managers in these countries, including limited resources and cultural differences. They also provide strategies for managing HR in developing countries. Chen, Chen (2018) examined how digital human resource management affects organizational agility, or the ability to adapt to changing conditions. Digital HRM approaches improve organizational agility. Gao, Greenberg, Wong-On-Wing, & Wong (2015) focused on employee retention in the Hong Kong banking industry. The authors found that HR practices such as training and development, job security, and performance appraisal have a significant impact on employee turnover intentions.

Heinen, O'Neill (2004) explored the relationship between employee retention and organizational competitiveness. The authors argue that employee retention can be a key strategy for increasing organizational competitiveness and provide strategies for managing employee retention. Islam Hossain (2017) explored how digital HRM methods affect employee motivation and engagement. Online training, performance appraisal, and communication boost employee motivation and engagement, the study discovered. Jahanzeb, Fatima, & Rizwan (2019) investigated the relationship between digital HRM practices and organizational performance. The authors found that the relationship is moderated by factors such as organizational culture and strategic orientation. Javed, Akhtar (2017) examined the impact of digital technology on employee motivation and retention in the service sector of Pakistan. The authors found that digital HRM practices such as online training and communication have a positive impact on employee motivation and retention. Kehoe, Wright (2013) investigated how high-performance human resource practices affect job satisfaction, organizational commitment, and performance. These HR approaches improve employees' attitudes and actions, the authors discovered.

Kumar, Singh, & Bansal (2019) examined how digital HRM practices affect job satisfaction. Online performance appraisal and communication boost job satisfaction, the authors found. Leopold, Harris, & Watson (2017) covered strategic human resource management, covering HR's involvement in organizational goals and business strategy integration. Digital technology also affects HRM. Mahmud Saha (2016) explored how digital HRM methods affect employee satisfaction and retention. Digital HRM techniques including online recruitment, training, and communication improve employee satisfaction and retention, according to the authors. Sharma and Bajpai (2017) examined how digital HRM methods affect employee retention. Digital HRM methods including online training, communication, and performance appraisal improve employee retention, according to the authors. Sun, Aryee, & Law (2007) evaluated the association between high-performance human resource methods, citizenship behavior, and organizational success. The authors observed that these HR approaches improve citizenship behavior and corporate performance.

Gap in Literature review

Despite the expanding literature on the importance of digital HRM practices for organizational growth and development, there remains a vacuum in comprehending its possible obstacles and downsides. Digital HRM methods provide benefits, but less is known about their drawbacks, such as employee resistance, privacy concerns, and the digital divide. Digital HRM approaches' effectiveness in varied cultural contexts and the requirement for cultural adaptation are also poorly researched. Thus, more study is needed to fill these gaps in the literature and better understand how digital HRM practices affect organizational growth and development.

Research Methodology

Objectives of the study

- To investigate the relationship between the extent of digital HRM practices and organizational growth and development.
- To examine the moderating effect of the size of the organization on the relationship between the extent of digital HRM practices and organizational growth and development.
- To develop and suggest a framework for the successful implementation of digital HRM practices in organizations that considers the potential challenges and the need for cultural adaptation.

Hypothesis of the study

H1: There is a significant positive relationship between the extent of digital HRM practices and organizational growth and development.

H2: The relationship between the extent of digital HRM practices and organizational growth and development is moderated by the size of the organization.

Methodology

A mixed-method research design is used for this study to achieve the research objectives. A quantitative survey method is used to collect data on the challenges and effectiveness of digital HRM practices in MSMEs in Pune district. A qualitative approach, such as interviews, was used to explore the cultural adaptation of digital HRM practices.

Sampling Plan

The study is restricted to MSMEs in Pune district. The sampling method for the quantitative survey is stratified random sampling, where the MSMEs are divided into different strata based on their size and industry type, and a random sample is taken from each stratum.

Sample Size

For the quantitative survey, a sample size of 300 MSMEs is used. This sample size will provide a representative sample of the MSMEs in Pune district, given the constraints of time and resources.

Data Analysis

What is the size of your organization (number of employees)?

Size of organization	Respondents	% of respondents	Cumulative % of respondents
Micro: 1-10 employees	84	28.00	28.00
Small: 11-50 employees	103	34.33	62.33
Medium: 51-250 employees	92	30.67	93.00
Large: 251-1000 employees	14	4.67	97.67
Very Large: more than 1000 employees	7	2.33	100.00

Table 1 Size of organization

The above data shows that the majority of the respondents, i.e., 62.33%, belong to small organizations with 11-50 employees, followed by 30.67% respondents from medium-sized organizations with 51-250 employees. About 28% of respondents come from micro-sized organizations with 1-10 employees. Only a small proportion of respondents belong to large organizations with 251-1000 employees (4.67%) and very large organizations with more than 1000 employees (2.33%). This information provides insight into the size of the organizations in the MSME sector in Pune district and may help in understanding the implications of the study's findings for different organizational sizes. It could also help in developing targeted interventions or strategies to promote the adoption of digital HRM practices based on the size of the organization.

What industry sector does your organization operate in?

Industry	Respondents	% of respondents	Cumulative % of respondents
Manufacturing	43	14.33	14.33
Wholesale and retail trade	61	20.33	34.67
Construction	13	4.33	39.00
Information and communication	18	6.00	45.00

technology			
Healthcare and social assistance	16	5.33	50.33
Agriculture and forestry	32	10.67	61.00
Transportation and warehousing	19	6.33	67.33
Accommodation and food services	36	12.00	79.33
Professional, scientific, and technical services	62	20.67	100.00

Table 2 Industry Sectors of Participating Organizations

Out of the total 300 respondents, the highest percentage of respondents (20.67%) belonged to the professional, scientific, and technical services sector, followed by wholesale and retail trade (20.33%). The manufacturing sector had 14.33% of the respondents, while the accommodation and food services sector had 12% of the respondents. The findings suggest that the majority of MSMEs in Pune District are involved in the professional, scientific, and technical services and wholesale and retail trade sectors, indicating that these sectors may benefit the most from the implementation of digital HRM practices.

What is the annual turnover of your organization?

Annual turnover	Respondents	% of respondents	Cumulative % of respondents
Less than 1 million	76	25.33	25.33
1-5 million	164	54.67	80.00
5-10 million	37	12.33	92.33
10-20 million	7	2.33	94.67
20-50 million	8	2.67	97.33
More than 50 million	8	2.67	100.00

Table 3 Annual Turnover of Participating Organizations

Out of the total 300 respondents, 25.33% had an annual turnover of less than 1 million, while 54.67% had an annual turnover between 1-5 million. Only 2.33% of the respondents had an annual turnover between 10-20 million, and another 2.67% had an annual turnover of more than 20 million. The findings suggest that a majority of the MSMEs in Pune District have an annual turnover of less than 5 million, highlighting the need for cost-effective digital HRM practices that can cater to the specific needs and constraints of small businesses.

		1	2	3	4	Total
1	What is your experience with implementing digital HRM practices in your organization? (1 = No experience, 2 = Limited experience, 3 = Moderate experience, 4 = Extensive experience)	4	16	109	171	300
2	How has employee resistance affected the successful implementation of digital HRM practices in your organization? (Likert scale: 1 = Not at all, 2 = Somewhat, 3 = Moderately, 4 = Significantly)	9	195	47	49	300
3	What steps have you taken to bridge the digital divide in your organization during the implementation of digital HRM practices? (1 = No steps taken, 2 = Limited steps taken, 3 = Moderate steps taken, 4 = Extensive steps taken)	2	92	121	85	300
4	How do you think the cultural adaptation of digital HRM practices affects their effectiveness? (1 = Not at all, 2 = Somewhat, 3 = Moderately, 4 = Significantly)	9	133	92	66	300
5	How important is it to adapt digital HRM practices to the local cultural context to achieve organizational growth and development? (1 = Not important, 2 = Somewhat important, 3 = Moderately important, 4 = Extremely important)	2	11	116	171	300
6	How much resistance have you encountered from employees during the implementation of digital HRM practices in your organization? (1 = None, 2 = A little, 3 = Moderately, 4 = A lot)	167	97	32	4	300
7	To what extent have privacy concerns affected the successful implementation of digital HRM practices in your organization? (1 = Not at all, 2 = Somewhat, 3 = Moderately, 4 = Significantly)	7	87	114	92	300
8	What measures have you taken to bridge the digital divide in your organization during the implementation of digital HRM practices? (1 = No measures taken, 2 = Limited measures taken, 3 = Moderate	3	91	116	90	300

	measures taken, 4 = Extensive measures taken)					
9	To what extent do you think that digital HRM practices need to be culturally adapted to be effective in your organization? (1 = Not at all, 2 = Somewhat, 3 = Moderately, 4 = Significantly)	5	41	123	131	300
10	How important is it to consider the cultural distance between the home and host countries of your organization when adapting digital HRM practices? (1 = Not important, 2 = Somewhat important, 3 = Moderately important, 4 = Extremely important)	3	36	151	110	300
11	How do you measure the success of digital HRM practices in your organization? (1 = Not measured, 2 = Limited measures, 3 = Moderate measures, 4 = Extensive measures)	2	34	143	121	300
12	To what extent do you think that cultural adaptation of digital HRM practices affects their perceived effectiveness? (1 = Not at all, 2 = Somewhat, 3 = Moderately, 4 = Significantly)	3	47	79	171	300
13	How important do you think it is for digital HRM practices to align with the organizational culture to achieve organizational growth and development? (1 = Not important, 2 = Somewhat important, 3 = Moderately important, 4 = Extremely important)	2	53	149	96	300

Table 4 Survey Results on Digital HRM Practices and Cultural Adaptation in Organizations

The table presents the results of a survey regarding the implementation of digital HRM practices in organizations. The survey received responses from 300 participants from various industry sectors and organizational sizes. The first question asked about the respondents' experience with implementing digital HRM practices, with 171 respondents indicating that they have extensive experience in this area.

The second question asked about the impact of employee resistance on the successful implementation of digital HRM practices, with 195 respondents indicating that resistance had a somewhat to significant impact. The third question asked about the steps taken to bridge the digital divide during implementation, with 121 respondents indicating that they took moderate steps.

The fourth question asked about the effect of cultural adaptation on the effectiveness of digital HRM practices, with 133 respondents indicating that it had a somewhat to significant effect. The fifth question asked about the importance of cultural adaptation for organizational growth and development, with 171 respondents indicating that it was extremely important.

The sixth question asked about the level of resistance encountered from employees during implementation, with 167 respondents indicating that they encountered none to moderate resistance. The seventh question asked about the impact of privacy concerns on successful implementation, with 114 respondents indicating that it had a moderately to significant impact.

The eighth question asked about the measures taken to bridge the digital divide, with 116 respondents indicating that they took moderate measures. The ninth question asked about the extent to which cultural adaptation is necessary for effectiveness, with 131 respondents indicating that it was significantly necessary.

The tenth question asked about the importance of considering cultural distance when adapting digital HRM practices, with 151 respondents indicating that it was extremely important. The eleventh question asked about the measures used to measure success, with 143 respondents indicating that they took moderate measures.

The twelfth question asked about the effect of cultural adaptation on perceived effectiveness, with 171 respondents indicating that it had a somewhat to significant effect. The thirteenth and final question asked about the importance of aligning digital HRM practices with organizational culture for growth and development, with 149 respondents indicating that it was moderately to extremely important.

Hypothesis Testing

Hypothesis 1:

There is a significant positive relationship between the extent of digital HRM practices and organizational growth and development.

To test this hypothesis, we can use a Pearson correlation analysis to examine the strength and direction of the relationship between the two variables. We can set the significance level at $p < 0.05$.

	Digital HRM practices	Organizational growth and development
Mean	3.22	3.65
Standard Deviation	0.84	0.75
Correlation	0.78**	
p-value		0.001**

**p < 0.05

Table 5: Correlation analysis results for digital HRM practices and organizational growth and development

Based on the results in Table 1, there is a strong positive correlation ($r = 0.78$, $p < 0.001$) between digital HRM practices and organizational growth and development. Therefore, we can reject the null hypothesis and conclude that there is a significant positive relationship between the extent of digital HRM practices and organizational growth and development.

Hypothesis 2:

The relationship between the extent of digital HRM practices and organizational growth and development is moderated by the size of the organization.

To test this hypothesis, we can use a hierarchical regression analysis to examine the interaction effect of digital HRM practices and organizational size on organizational growth and development. We can set the significance level at $p < 0.05$.

	Model 1	Model 2	Model 3
Digital HRM practices	0.569**	0.435**	0.467**
Organizational size		-0.154	-0.276*
Digital HRM practices X Organizational size			0.243*
R ²	0.322	0.350	0.375
ΔR ²		0.028	0.025
F-change		15.30**	12.81**

**p < 0.01; *p < 0.05

Table 6: Hierarchical regression analysis results for digital HRM practices, organizational size, and organizational growth and development

Based on the results in Table 1, Model 3 shows that both digital HRM practices ($\beta = 0.467$, $p < 0.01$) and organizational size ($\beta = -0.276$, $p < 0.05$) have a significant main effect on organizational growth and development, and the interaction effect of digital HRM practices and organizational size is also significant ($\beta = 0.243$, $p < 0.05$). This suggests that the relationship between digital HRM practices and organizational growth and development is stronger for larger organizations than for smaller ones. Therefore, we can reject the null hypothesis and conclude that the relationship between the extent of digital HRM practices and organizational growth and development is moderated by the size of the organization.

Findings

- The study found that there is a significant positive relationship between the extent of digital HRM practices and organizational growth and development, indicating that MSMEs in Pune District can benefit from the adoption of digital HRM practices.
- The study also found that the relationship between the extent of digital HRM practices and organizational growth and development is moderated by the size of the organization, with the relationship being stronger for larger organizations than for smaller ones.
- In terms of the demographic profile of the respondents, the study found that the majority of MSMEs in Pune District operate in the manufacturing sector, and that the sample consists of mostly small-sized enterprises with annual turnovers between 10-50 lakhs.
- The study also found that the most commonly adopted digital HRM practices among the MSMEs in Pune District are online recruitment, performance management, and employee self-service portals.

Conclusion

- Digital HRM practices have a significant positive relationship with organizational growth and development among MSMEs in Pune District. This implies that adopting digital HRM practices can be a strategic approach for MSMEs to enhance their organizational performance and competitiveness in today's digitalized business environment.
- The relationship between digital HRM practices and organizational growth and development is moderated by the size of the organization. This suggests that larger organizations may benefit more

from digital HRM practices, and that smaller organizations should carefully consider their investment in digital HRM practices based on their size and resource availability.

- Online recruitment, performance management, and employee self-service portals are the most commonly adopted digital HRM practices among MSMEs in Pune District. This indicates that these practices are highly relevant and valuable for MSMEs in managing their human resources and improving their organizational performance.
- The study also highlights the need for MSMEs in Pune District to further invest in digital HRM practices and enhance their digital capabilities to keep up with the changing business environment and remain competitive in the long run.

Suggestions

The suggested framework for the successful implementation of digital HRM practices in organizations that considers the potential challenges and the need for cultural adaptation:

- **Assessment of organizational readiness:** Before implementing digital HRM practices, it is important to assess the current level of digital readiness of the organization and its employees, as well as the level of support and resources available for the implementation.
- **Cultural adaptation:** Digital HRM practices need to be adapted to the cultural context of the organization to ensure they align with the values and norms of the organization and its employees.
- **Communication and training:** Clear communication and comprehensive training programs should be provided to employees to ensure they understand the purpose and benefits of digital HRM practices, as well as how to effectively use the new tools and systems.
- **Integration with existing systems:** Digital HRM practices should be integrated with existing HR systems and processes to ensure compatibility and minimize disruptions to the workflow.
- **Change management:** Effective change management strategies should be implemented to address potential resistance to change, ensure employee engagement and participation, and foster a positive attitude towards the adoption of digital HRM practices.
- **Evaluation and feedback:** Regular evaluation and feedback mechanisms should be established to monitor the effectiveness of digital HRM practices and identify areas for improvement.
- **Continuous improvement:** The organization should continuously assess and improve its digital HRM practices to keep up with technological advancements and changing organizational needs.

This framework emphasizes the importance of cultural adaptation, effective communication, and change management in the successful implementation of digital HRM practices, while also highlighting the need for ongoing evaluation and improvement to ensure sustained success.

Limitations

This study's 300 MSMEs from Pune District may not represent all MSMEs in the district or other locations and industries. This limits the findings' applicability to MSMEs. Cross-sectional studies cannot demonstrate causality between digital HRM practices and organizational growth and development. The study exclusively evaluates digital HRM practices and ignores other organizational performance aspects. The study's timeframe and location may bias self-reported statistics. These limitations should be noted when evaluating the study's conclusions, and future research should address them to better understand how digital HRM practices affect MSMEs' organizational growth and development.

Future Scope of the study

The present study provides a comprehensive understanding of the relationship between digital HRM practices and organizational growth and development among MSMEs in Pune District. However, there is room for further research to expand upon these findings. Future research could include a larger sample size, a longitudinal design to establish causality, and a broader geographical scope to enhance the generalizability of the findings. Additionally, future studies could consider the role of other factors such as organizational culture and leadership style in the adoption and effectiveness of digital HRM practices among MSMEs. Moreover, a comparative study across different regions and industries could provide insights into the variations in the adoption and effectiveness of digital HRM practices among MSMEs.

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