

# Chapter 13

## Human Resources Management: Challenges in the Digital Society

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### **ABSTRACT**

*In the digital world, computers have turned into objects that know more than humans. Devices are redefining the human way of living in a network that allows people to talk to each other. On the one hand, suspicion and fear about technology increased; on the other hand, it became impossible to stay away from a life without technology. In this process, the contribution of digitalization to productivity, the convenience and speed it provides to the business world has made digitalization necessary in all sectors. The role of human resources management (HRM) is very important in the realization of digital transformation in businesses. This role comes to the fore both in adapting to changing social norms and adapting to changes within the enterprise. HRM also has difficulties in this process. This chapter provides background on the challenges HRM faces in the digital society. The digitalization process, digitalization and its effects in businesses, the effects of the digitalization process on employees, working environment, and HR technologies are mentioned.*

### **INTRODUCTION**

The world is undergoing far-reaching cultural, social and economic changes due to the increasing dominance of digital technologies. Technological developments that bring new concepts to all areas of life also change our thought processes. The changes that have emerged with technology have led to the characterization of the period we live in as the “digital age” (Çaylak, 2020; Strohmeier & Parry, 2014). In the digital age, the world is struggling with major changes in culture, society and economy that are the direct results of the digital revolution. This change, whose focus is human, has transcended cities, states, countries and continents. It is an evolutionary movement rather than a revolutionary one. Although this new era, called digital society, seems to be a result of information technology, many economic, political, cultural and social factors are effective in the formation of digital society (Sayar, 2016). Therefore, instead of interpreting the digital society and the concepts of digitalization as an element that determines the

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basic characteristics of society and the society that emerges with digitalization; It should be described as the society in the digitalized world. After all, it is people who produce both information and digital technologies that lead to digitalization (Martin, Reddington, & Alexander, 2008).

These internet-based new technologies, which have an impact on society in general, are the driving force of changes in the corporate world (Unruh & Kiron, 2017). The acceleration of technological innovations has changed the behavior of individuals and businesses as well as market structures (Henriette, Feki, & Boughzala, 2016). The digitalization of processes with new technologies in many areas of life has forced businesses to make a big change. Almost all sectors are under the influence of this digital transformation or digitalization (Jurisic & Kermek, 2011). Companies are doing exciting work with digital technology and reaping impressive business benefits. The fact that large traditional companies embrace the digital environment and find ways to make it their own shows that they can outrun fast-moving digital businesses. Businesses that cannot adapt to the digital world or resist digital transformation will disappear from the competitive environment (Udovita, 2020). In parallel with this transformation, which has strategic importance for businesses (Henriette et al., 2016), digital technologies have become indispensable both in the lives of employees and in human resources management (HRM), which is seen to be affected in more than one way (Strohmeier & Parry, 2014). In this process, businesses also need to digitally transform their basic HR functions, including recruitment and selection, performance management, career management, training-development and compensation (Lanvin, Evans, & Rodriguez-Montemayor, 2016).

Digitalization in HRM includes strategic management of talent, nature, role and contribution of technology (Thite, 2019). Digital HRM increases individual employee engagement, competence, and harmony with each other (Nivolouei, 2014). In the organizational context, it benefits by restructuring HRM activities, improving the quality of HRM services and increasing efficiency, reducing costs by turning HRM functions into a strategic business partner (Marler & Fisher, 2010). Studies in the field of digital HRM focus on improvement in management, strategy, organization, human resources, human resources technologies, human resources functions and positions, organizational structure, leadership style, human resources practices, innovation, talent, transformation of business and competencies. There are challenges to be experienced in this whole transformation process. In line with this information, the aim of this study is to define human resources management and human resources in the digital society, and to reveal the effects and challenges of digital transformation in businesses and digital HRM practices. In this context, digitalization and its effects, HRM and challenges in the digitalization process will be tried to be explained through literature review.

## **BACKGROUND**

### **Digitalization and its Effects**

The first industrial revolution, which occurred at the end of the eighteenth century, was triggered by the advent of steam engines, waterpower, and mechanization. The second industrial revolution emerged with assembly lines pioneered by Henry Ford, who first formalized mass production almost a century ago. The third industrial revolution that occurred in the 1970s was realized with the use of computers and automation in production processes (Savic, 2019). The fourth industrial revolution is Industry 4.0, which is a subclass of digital transformation in current business and current processes, and digital computer

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