



# SIGNIFICANCE OF DIGITAL HUMAN RESOURCE MANAGEMENT PRACTICES FOR ORGANIZATIONAL PERFORMANCE

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## ABSTRACT

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*The research tries to identify the significance of DHRMP for organizational performance. In the Coimbatore District, digital HRM practices significantly improve organizational performance. This suggests that banks may improve their organizational performance and competitiveness in the current digitalized business environment by using digital HRM practices. The most popular digital HRM practices among banks in the Coimbatore District include digital training, digital performance evaluation, digital team development, and digital recruiting and selection. This suggests that banks may effectively manage their human resources and enhance their organizational performance by using these techniques. The survey also emphasizes the necessity for banks in the Coimbatore District to make further investments in digital HRM procedures and improve their digital capabilities to be competitive over time and adapt to the shifting business landscape.*

**KEYWORDS:** Digital Training, Digital Performance Evaluation, DHRMP, and Organisational Performance.

## INTRODUCTION

The emergence of digital technology has completely changed how businesses run and handle their human resources (HR). A key component of contemporary HR procedures, digital human resource management (DHRM) enables businesses to optimize their HR procedures and boost productivity. The use of digital technology to handle HR procedures, including as hiring, employee engagement, training and development, and performance management, is known as DHRM. It makes it possible for businesses to manage their employees more successfully and efficiently, which promotes better organizational development and growth.

The importance of DHRM for organizational growth and advancement has been well acknowledged in the literature. Adoption of DHRM has been linked to several advantages, including better employee engagement, more productivity, better decision-making, and lower costs, according to research. For instance, a study by Budhwar and Debrah (2013) found that DHRM practices significantly impact employee engagement and improve organizational performance. Businesses that implement DHRM policies frequently have higher employee

satisfaction and retention rates, which improves organizational performance, according to a study by Heinen and O'Neill (2004).

Additionally, in the present business environment, where enterprises are dealing with hitherto unheard-of difficulties because of the COVID-19 epidemic, the use of DHRM has grown in significance. Organizations have been compelled by the epidemic to implement remote work models, which has raised the need for digital tools to handle HR procedures. For businesses to successfully manage their remote workforce and sustain employee engagement and productivity, DHRM has become essential.

DHRM has become an essential part of contemporary HR procedures, allowing businesses to better and more effectively manage their personnel. Significant advantages of using DHRM have been demonstrated, including higher productivity, better decision-making, lower costs, and more employee engagement. Additionally, the COVID-19 epidemic has shown how crucial DHRM is to ensure that businesses can successfully manage their remote workforce. To improve

overall performance and achieve long-term growth and development, firms must use DHRM practices.

**LITERATURE REVIEW**

The impact of digital technology on Pakistani HR management practices, including hiring and selection, training and development, performance evaluation, and pay and benefits, was examined by Ahmad, Mahmood, and Zafar (2016). The authors found that digital technology has significantly altered these HR procedures and increased efficacy and efficiency. The impact of digital HRM practices on employee performance was investigated by Bihari and Sahoo (2018). The authors found that online hiring, training, and performance reviews enhance worker performance. In the book, Budhwar, Debrah (2013) gave a thorough summary of HRM procedures in developing nations. The writers talk on the difficulties HR managers have in these nations, such as few resources and cultural disparities. Additionally, they offer HR management methods for underdeveloped nations. Chen (2018) investigated the impact of digital HRM on organizational agility, or the capacity to adjust to changing circumstances. Organizational agility is enhanced by digital HRM techniques. Gao, Greenberg, Wong-On-Wing, and Wong (2015) examined staff retention in the banking sector in Hong Kong. The authors discovered that employee turnover intentions are significantly impacted by HR procedures including job security, performance reviews, and training and development.

Heinen and O'Neill (2004) investigated the connection between organizational competitiveness and employee retention. The authors offer ways for managing staff retention and contend that it might be a crucial tactic for boosting organizational competitiveness. Islam Hossain (2017) investigated the impact of digital HRM techniques on employee engagement and motivation. The study found that communication, performance reviews, and online training increase employee engagement and motivation. Jahanzeb, Fatima, and Rizwan (2019) looked at the connection between organizational performance and digital HRM practices. The authors discovered that elements like corporate culture and strategic direction influence the association. Javed, Akhtar (2017) investigated how digital technology affected employee retention and motivation in Pakistan's service industry. The authors discovered that employee engagement and retention are positively impacted by digital HRM strategies including online training and communication. Kehoe and Wright (2013) looked at the effects of high-performance HR practices on performance, organizational commitment, and job satisfaction. The authors

found that these HR strategies enhance workers' behaviours and attitudes.

The impact of digital HRM practices on work satisfaction was investigated by Kumar, Singh, and Bansal (2019). The authors discovered that online communication and performance reviews increase work satisfaction. Leopold, Harris, and Watson (2017) discussed strategic human resource management, including HR's role in corporate strategy integration and organizational objectives. HRM is also impacted by digital technologies. Mahmud Saha (2016) investigated the impact of digital HRM practices on employee retention and satisfaction. The authors claim that digital HRM strategies, such as online hiring, training, and communication, increase employee retention and satisfaction. The impact of digital HRM techniques on employee retention was investigated by Sharma and Bajpai (2017). The authors claim that digital HRM techniques including online training, communication, and performance reviews increase employee retention. Sun, Aryee, and Law (2007) assessed the relationship between citizenship behaviour, high-performance HR practices, and corporate success. These HR strategies enhance business performance and citizenship behaviour, according to the authors.

By highlighting the impact of DHRMP on organisational performance, encouraging researchers to carry out additional studies utilizing other digital HRM practices, and educating organizations about some elements that enhance organisational performance, the study's accomplishment of its goals adds to the body of literature. This study is among the first to examine how digital HRM methods affect organisational performance is present. It is anticipated that the study's findings will help organisational improve their performance.

**RESEARCH GAP**

There is still a lack of understanding of the potential drawbacks and challenges of digital HRM practices, despite the growing body of research on their significance for organizational growth and development. While digital HRM techniques have advantages, their disadvantages—such as employee resistance, privacy issues, and the digital divide—are less well understood. Research on the necessity of cultural adaptation and the efficacy of digital HRM techniques in many cultural contexts is also lacking. Therefore, further research is required to close these gaps in the literature and get a deeper understanding of how digital HRM practices impact organizational performance.

**Questionnaire Construction**

**Table 1: Questionnaire Construction**

S.No.	Variable	Item	Author
1	DHRMP	23	Self-Design
2	Organisational Performance	5	

DHRMP was measured using 23 items adopted from self-design, and organisational performance was measured using 5-item. These items were designed using a five-point Likert scale, in which 5 refers to strongly agree and 1 refers to strongly disagree.

**SAMPLE AND DATA COLLECTION**

The population of the study comprises employees working at banking sector in Coimbatore, from which a sample consisted of 300 were randomly selected. Using a questionnaire to collect required data, a total of 269 questionnaires were returned and 251 were valid for data analysis purposes.

**RELIABILITY**

Pilot study was done to confirm that the results of this research questionnaire are reliable. The questionnaires are verified by involving 251 bank employees in Coimbatore, Tamilnadu.

Cronbach’s alpha tool is employed to test the reliability. All the variables of this questionnaire are above 0.70. The results show that it is reliable. This means that the questionnaire has a high reliability value.

**RESULTS AND DISCUSSION**

**Table 2: Factor Analysis of DHRMP**

<b>KMO</b>	<b>0.855</b>					
<b>Chi-Square</b>	<b>9641.828</b>					
<b>df</b>	<b>253</b>					
<b>p-value</b>	<b>0.001</b>					
<b>Statements</b>	<b>Component</b>					
	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>
My bank’s digital training modules focuses on environmental policies and practices.	0.967					
Training policies are being adopted in my bank.	0.962					
Digital training brochures are being distributed among my bank employees.	0.952	<b>Digital Training</b>				
My bank organizes digital induction and orientation programs.	0.948					
My bank organizes bank workshops / forums / seminar activities to promote digital HRM practices.	0.947					
My bank provides digital training on the topics of employee engagement.	0.935					
My Bank evaluates employee performance through digital HRM activities.		0.997				
My bank follows digital message feedback system.		0.997				
My Bank uses environmental performance indicators such as ISO14001 and EMS during digital performance assessment.		0.996	<b>Digital Performance Appraisal</b>			
My bank provides continuous information to me about the work performance, progress and improvements needed.		0.996				
Digital HRM tools provided by my bank help inefficient bank employees.			0.960			
Digital HRM tools provided by my bank help employees to solve work related problems.			0.959			
Digital HRM tools always seek feedback and ideas from the bank employees before taking any decision.			0.958	<b>Digital Team Building</b>		
Adequate and suitable Digital HRM tools are provided by my bank to solve employees’ problems.			0.956			
My bank recruitment process follows environmental commitment in the profile				0.990		
Digital HR approach is being followed in employee selection criteria in bank.	<b>Digital Recruitment and Selection</b>			0.977		
Advanced digital tools & techniques in my bank improved the success rate of the recruitment and selection process.				0.976		
My Bank provides compensation (monetary/ nonmonetary) to the digital target achievers.					0.944	
My Bank provides reward to employees who contribute to innovative digital HRM functions.	<b>Digital Compensation</b>				0.934	
My Bank offers compensation / reward to employees who reduce carbon emission.					0.925	
Digital HRM tools provided by my bank facilitate communication with colleagues.						0.938

Digital HRM tools provided by my bank are publicly accessible website and intranet available to all employees.	Digital Communication						0.937
The use of digital communication systems helps bank employees.							0.932
<b>Eigenvalues</b>	<b>5.475</b>	<b>4.180</b>	<b>3.947</b>	<b>2.944</b>	<b>2.742</b>	<b>2.094</b>	
<b>% of Variance</b>	<b>23.806</b>	<b>18.174</b>	<b>17.161</b>	<b>12.800</b>	<b>11.924</b>	<b>9.104</b>	
<b>Cumulative %</b>	<b>23.806</b>	<b>41.980</b>	<b>59.140</b>	<b>71.940</b>	<b>83.864</b>	<b>92.968</b>	

Source: Primary data

In the factor analysis, out of 23 items related to DHRMP. Factor analysis is carried out with 23 statements. From the table the KMO value is 0.855. Also, it is statistically significant at a percentage level. It can be seen from the above table that all the 23 statements are normally distributed. These 23 DHRMP-related statements had Eigen values ranging from 5.475 to 2.094. Also, it can be seen from the above table that the 23

statements related to DHRMP have a variation of 23.806 to 9.104 percent. It can be seen from the table that the 23 statements related to DHRMP have a cumulative variance of 23.806 to 92.968 percent. Finally, the 23 statements related to DHRMP were reduced to six factors. These six factors are given in table 2 along with their factor loadings.

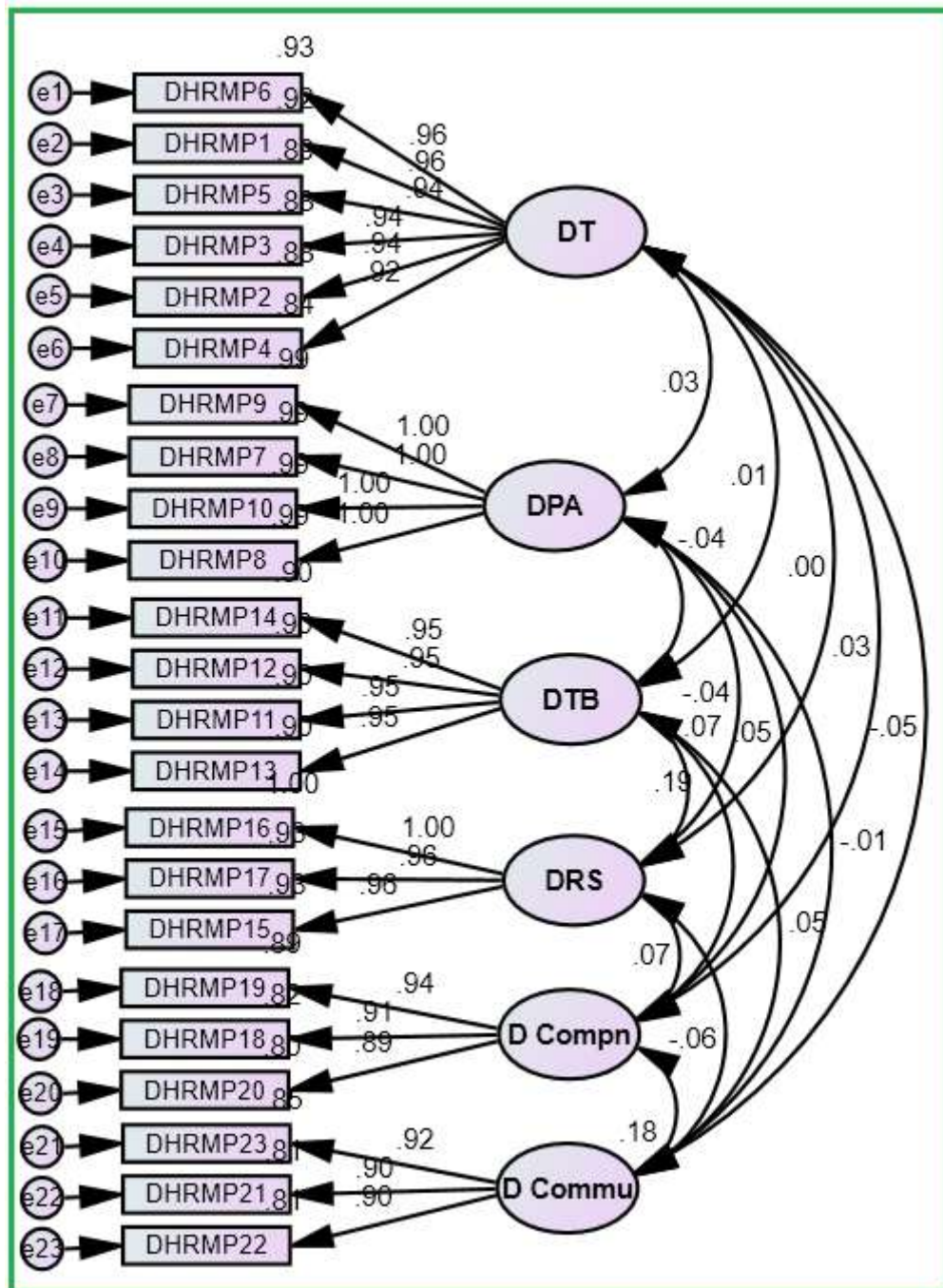


Figure 1: CFA of DHRMP

Table 3 displays the model summary of CFA of DHRMP. The research has used path analysis to check the model fit and hypotheses. The Chi-Square value is 240.734. Further, the model fit indication also exhibits the selected sample fit statistics like AGFI, GFI, CFI, NFI, RMSEA, and RMR values show model fit indicators. Indra, et al. (2020); Deepak and Velaudham (2019); Josephine Reena, et al. (2019); Velaudham

and Baskar (2015) have found that AGFI, GFI, CFI and NFI values are greater than 0.90. Indra, et al. (2020); Velaudham and Baskar (2016); Victor Charles and Velaudham (2020) have found that RMR and RMSEA values are less than 0.080. Further, the model fit indicators exhibit the AGFI, GFI, CFI, NFI, RMSEA, and RMR values show moderate fit. The CFA results conform to the EFA result.

**Table 3: Model Fit Indication**

Indicators	S.No.	Model Fit Indicators	Suggested standards (Premapriya, et al. 2016)	Calculated Values
Chi-Square Test	1	Chi-Square	---	240.734
	2	p		0.110
Goodness Fit	3	GFI	> 0.90	0.923
	4	AGFI		0.901
	5	CFI		0.997
	6	NFI		0.996
Badness Fit	7	RMR	< 0.080	0.022
	8	RMSEA		0.036

Source: Primary data

**Table 4: Model summary of influence of DHRMP on Organisational Performance**

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.787	0.620	0.614	6.89822

Source: Primary data

Influence of factors of DHRMP on organisational performance in Coimbatore district is seen in Table 4. The researcher utilized multiple regression analysis to determine the influence of factors of DHRMP on organisational performance. DHRMP factors such as digital training, digital performance appraisal, digital team building, digital recruitment and selection, digital compensation, and digital communication were judged as influencers. Organisational performance was judged as dependent variable. The R<sup>2</sup> explicated the extent of distinction in the organisational performance, which is explained by DHRMP factors such as digital training, digital performance appraisal, digital team building, digital recruitment and

selection, digital compensation, and digital communication. The table shows the value of R<sup>2</sup> is 0.620. The DHRMP factors such as digital training, digital performance appraisal, digital team building, digital recruitment and selection, digital compensation, and digital communication explain 62% of organisational performance.

The value of F-test is 106.814 and the value of p is 0.001, which shows that organisational performance was explained by DHRMP factors such as digital training, digital performance appraisal, digital team building, digital recruitment and selection, digital compensation, and digital communication.

**Table 5: ANOVA of influence of DHRMP on Organisational Performance**

ANOVA						
	Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	30496.698	6	5082.783	106.814	0.001
	Residual	18701.052	393	47.585		
	Total	49197.750	399			

Source: Primary data

H<sub>0</sub>: DHRMP factors such as digital training, digital performance appraisal, digital team building, digital recruitment and selection, digital compensation, and digital communication significantly and positively influence organisational performance.

Beta values of planned success is 0.354. The t-ratios of digital training is significant at 5% (p<0.010). To have one unit increase in organisational performance, the digital training has increased by 35.4 percent levels. From the results, it is revealed

that digital training significantly influences organisational performance.

Beta values of digital performance appraisal is 0.353. The t-ratios of digital performance appraisal is significant at 5% (p<0.010). To have one unit increase in organisational performance, the digital performance appraisal has increased by 35.3 percent levels. From the results, it is revealed that digital performance appraisal significantly influences organisational performance.

**Table 6: Coefficients of influence of DHRMP on Organisational Performance**

Coefficients						
S.No.	DHRMP	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
	Constant	41.413	2.895		14.306	0.001
1	Digital Training	0.499	0.044	0.354	11.321	0.001
2	Digital Performance Appraisal	0.621	0.056	0.353	11.008	0.001
3	Digital Team Building	0.519	0.053	0.315	9.835	0.001
4	Digital Recruitment and Selection	0.646	0.063	0.402	10.239	0.001
5	Digital Compensation	0.662	0.068	0.307	9.729	0.001
6	Digital Communication	0.744	0.069	0.421	10.781	0.001

Source: Primary data

Beta values of digital team building is 0.315. The t-ratios of digital team building is significant at 5% ( $p < 0.010$ ). To have one unit increase in organisational performance, the digital team building has increased by 31.5 percent levels. From the results, it is revealed that digital team building significantly influences organisational performance.

Beta values of digital recruitment and selection is 0.402. The t-ratios of digital recruitment and selection is significant at 5% ( $p < 0.010$ ). To have one unit increase in organisational performance, the digital recruitment and selection has increased by 40.2 percent levels. From the results, it is revealed that digital recruitment and selection significantly influences organisational performance.

Beta values of digital compensation is 0.307. The t-ratios of digital compensation is significant at 5% ( $p < 0.010$ ). To have one unit increase in organisational performance, the digital compensation has increased by 30.7 percent levels. From the results, it is revealed that digital compensation significantly influences organisational performance.

Beta values of digital communication is 0.421. The t-ratios of digital communication is significant at 5% ( $p < 0.010$ ). To have one unit increase in organisational performance, the digital communication has increased by 42.1 percent levels. From the results, it is revealed that digital communication significantly influences organisational performance.

### CONCLUSION

In the Coimbatore District, digital HRM practices significantly improve organizational performance. This suggests that banks may improve their organizational performance and competitiveness in the current digitalized business environment by using digital HRM practices. The most popular digital HRM practices among banks in the Coimbatore District include digital training, digital performance evaluation, digital team development, and digital recruiting and selection. This suggests that banks may effectively manage their human resources and enhance their organizational performance by using these techniques. The survey also emphasizes the necessity for banks in the Coimbatore District to make further investments in digital HRM procedures and improve their digital capabilities to be competitive over time and adapt to the shifting business landscape.

### FINDINGS

From the factor analysis, it is found that DHRMP classified into six factors such as digital training, digital performance appraisal, digital team building, digital recruitment and selection, digital compensation, and digital communication.

The research also identified that there is influence of DHRMP factors such as digital training, digital performance appraisal, digital team building, digital recruitment and selection, digital compensation, and digital communication on organisational performance.

### SUGGESTIONS

To make sure that digital HRM practices are in line with the organization's and its workers' values and conventions, they must be tailored to the cultural context of the company. Employees should receive thorough training and clear communication to ensure they comprehend the goals and advantages of digital HRM practices as well as how to use the new tools and platforms.

To guarantee interoperability and reduce workflow interruptions, digital HRM practices should be linked with current HR systems and procedures. To track the success of digital HRM practices and pinpoint areas for development, regular assessment and feedback systems should be put in place. To stay abreast of technical developments and evolving organizational requirements, the company should regularly evaluate and enhance its digital HRM procedures.

### LIMITATIONS

The 251 bank workers from the Coimbatore District included in this study might not be representative of all bank employees in the district or elsewhere. This restricts the findings' relevance to banks. The relationship between digital HRM practices and organizational performance cannot be shown by cross-sectional studies. The research excludes other factors of organizational effectiveness and only assesses digital HRM practices. To better understand how digital HRM practices impact organizational performance, future research should take these constraints into consideration while analysing the study's findings.

### FUTURE SCOPE OF THE STUDY

The current study offers a thorough comprehension of the connection between organizational performance and digital

HRM practices among bank workers in the Coimbatore area. To build on these discoveries, more study is necessary. To improve the generalizability of the results, future studies may use a bigger sample size, a longitudinal design to prove causation, and a wider geographic reach. Future research should also consider how other elements like leadership style and organizational culture affect MSMEs' adoption and efficacy of digital HRM methods. Additionally, a comparison analysis across various businesses and geographical areas may shed light on the differences in the banks' adoption and efficacy of digital HRM methods.

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