

The Influence of the Digital Era on Corporate Strategic Decisions: A Literature Review

Digital Era on
Corporate Strategic
Decisions

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ABSTRACT

The digital age is changing the global landscape through technological innovations such as cloud services, sensors, Big Data analytics and the Internet of Things. These changes affect the global economy and require companies to develop employees to capitalize on opportunities. Employees are becoming important assets in achieving the company's vision, with digital capabilities playing a crucial role in achieving business goals. This article analyzes the impact of the digital age on companies' strategic decisions, focusing on cost efficiency, data collection, and enhanced customer experience. With a qualitative descriptive approach, the article uses narratives to describe the influence of technology in corporate strategy without numerical data. Corporate strategy in the digital age includes staying ahead of the competition, adapting to market changes, developing resources, and achieving financial goals. HR management is also crucial in this adaptation, facing challenges such as integration of new technologies, management of millennial employees, and transformation of HR competencies. Adapting the right strategies, especially those led by corporate objectives, is key to competitive advantage in the digital age, demanding adaptation across various aspects of the business.

Keywords: Digital Era, Strategic Decisions, Human Resource Management (HRM).

ABSTRAK

Era digital mengubah lanskap global melalui inovasi teknologi seperti layanan cloud, sensor, analisis Big Data, dan Internet of Things. Perubahan ini memengaruhi ekonomi global dan mengharuskan perusahaan untuk mengembangkan karyawan guna memanfaatkan peluang yang ada. Karyawan menjadi aset penting dalam mencapai visi perusahaan, dengan kemampuan digital yang memainkan peran krusial dalam mencapai tujuan bisnis. Artikel ini menganalisis dampak era digital terhadap keputusan strategis perusahaan, fokus pada efisiensi biaya, pengumpulan data, dan pengalaman pelanggan yang ditingkatkan. Dengan pendekatan deskriptif kualitatif, artikel menggunakan narasi untuk menggambarkan pengaruh teknologi dalam strategi perusahaan tanpa data numerik. Strategi perusahaan dalam era digital mencakup unggul dalam kompetisi, adaptasi terhadap perubahan pasar, pengembangan sumber daya, dan pencapaian tujuan finansial. Manajemen SDM juga krusial dalam adaptasi ini, menghadapi tantangan seperti integrasi teknologi baru, pengelolaan karyawan milenial, dan transformasi kompetensi SDM. Adaptasi strategi yang tepat, terutama yang dipimpin oleh tujuan perusahaan, menjadi kunci untuk keunggulan kompetitif di era digital, menuntut adaptasi di berbagai aspek bisnis.

Kata kunci: Era Digital, Keputusan Strategis, Manajemen Sumber Daya Manusia

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INTRODUCTION

The world is experiencing a dramatic transformation known as the digital era. Four critical technologies are driving this transformation: cloud services, sensor technology, Big Data analytics, and the Internet of Things. These technological advances have had a significant impact on the world economy, and although Indonesia lags other countries in terms of digital potential, McKinsey (2016) in Royyana (2018) believes that a digital revolution is also taking place in Indonesia. Since 2011, Indonesia has entered the industry 4.0 era, which is often called the digital era. One of the most difficult difficulties faced by human resources is the ability to adapt to technological advances and the responsibility to adapt to the rapid changes required by a company or organization. Everything is now digital and has become an important need for organizations and companies. Digital era human resource skills are becoming a major emphasis in today's work environment. The digital era has changed the way businesses work, made decisions, and managed overall (Hotimah et al., 2023).

Changes in corporate transformation in the digital era require faster growth in staff performance and capabilities to maximize current prospects. Employees are an important asset for the company's vision and goals. Employees' digital agility and experience are very important to achieve company goals efficiently (Muhammad Saputra Triesjaya, 2021,) in (Indriyani et al., 2023). Building a company culture based on a digital mentality requires collaboration from all parties involved, including employees and management. To achieve common goals, strong collaboration is needed to improve employee performance and enrich cooperation capabilities. The strategic planning theory that emerged under the banner of New Public Management became widely known in the 1980s. Since then, elements of private sector strategic planning have begun to be applied and understood in the public sector.

While most of these ideas have been around for a long time, their application in the public sector is still new. The emergence of strategic planning in the public sector coincided with the emergence of the digital revolution in the late 1980s. This transformation offers significant progress, but it also poses significant dangers. New prospects for governance and strategic planning emerge as the digital era advances. The introduction of the internet in the mid-1990s changed public sector planning from an almost entirely hierarchical paradigm to an interconnected network. Although hierarchy remains important, the boundaries of authority and responsibility become increasingly blurred as the number of parties involved increases. Further technological advances are also having a significant impact on governance and governance structures, and strategic planning procedures are becoming increasingly important in driving innovation, growth, and effectiveness (Arend et al., 2017) in (Saputra et al., 2022).

Strategy is very important for all types of businesses; is a long-term plan that integrates the company's fundamental goals (which are interconnected) with a series of actions that support their achievement, so that they become a "coherent whole" (Favari, 2023). Many "patterns" originating from various influences determine how modern managers make judgments regarding the development of supporting strategic objectives (Rochmawati et al., 2023). To avoid several risks, the definition of a good digital business strategy should be based on the company's specific goals. These risks include inaccurate assessment of business prospects or inadequate allocation of resources to various digital business initiatives; inconsistency in digital business strategy direction due to unclear business objectives; lack of adequate technical support; waste of resources, etc. (Correani et al, 2020) in (Rochmawati et al., 2023). Based on these problems, the aim of this article is to assess the influence of the digital era on company strategic decisions. Available technology provides lower costs, better data collection, and a better client experience. The digital era is focused on gaining competitive advantage through technology, both in terms of reducing operational costs and providing added value to customers.

RESEARCH METHODS

Researchers used qualitative research methodology to write this article. Qualitative methods are a type of research that does not use statistical procedures to investigate certain problems. By using several journal publications and checking related references, the researchers used a qualitative descriptive strategy. The information collected is processed into qualitative data which is presented in the form of descriptions from various sources and scientific journals that have been cited. This article does not provide facts in the form of pictures, tables, graphs, or diagrams, but instead relies on stories written in the first person. The descriptive technique used in this research tries to explain and characterize the data collected based on conditions. This qualitative data comes from verbal explanations, which cannot be measured with numbers or statistics.

RESULTS AND DISCUSSION

Cognitive and socio-behavioral skills have become less important in the digital age, but flexibility, creativity and critical thinking have become essential for today's professionals. This progress comes as employees become more diverse in age, race, digital skills, and gender. They need work-life balance, flexibility, and ongoing training. To survive and remain competitive, entrepreneurs, especially human resource managers, must be sensitive to cultural differences, ethics, and change (Gulliford and Dixon, 2019 in Pratama et al., 2023). The main goal of human resource practitioners in using technology is to support company executives in making the best decisions while freeing them from routine work and focusing on human-related issues (Abolfathi et al., 2018 in Pratama et al., 2023). Globalization has had a huge impact on the world of work and the labor market because of digitalization and robotization.

The digital era has greatly changed the way businesses handle and utilize Human Resources (HR). The main focus in preparing to face the era of digitalization is effective human resource management as well as identifying appropriate ways to overcome increasing difficulties. Understanding generational variations among employees, developing efficient cross-generational communication, and making the best use of technology to improve performance are important tactics companies can use. According to Mitrofanova et al., (2019), companies face significant obstacles when using new digital technologies in HR management. Resistance to revolutionary change and the rare use of digital technology in daily work are problems that must be overcome. The implementation of digital-based personnel management provides a positive operational impact by improving the quality and speed of HR procedures, cost efficiency, more strategic orientation, and strengthening the status and trust of HR stakeholders.

Strategy is the method used by an organization to achieve its stated goals. Company strategy covers a variety of topics, including how to outperform competitors, respond to changing economic and market conditions, manage each business function, develop resources and other important capabilities, take advantage of existing opportunities, and achieve the company's financial and strategic goals (Royyana, 2018).

In the digital era, the importance of the right strategy in managing Human Resources (HR) competencies has become very important, especially in managing millennial generation personnel. The diverse quality of work in this generation requires strategies that can adapt and utilize their potential and abilities intelligently. Providing new learning opportunities and building flexible work practices are also important components in the growth of millennial generation employees. The use of data in human resource management and the use of digital media must be addressed carefully so that technology can be used to advance human resource management (Wahyudi et al., 2023). Human Resource Management will be the main foundation for organizational success in facing the challenges and possibilities that continue to emerge in the digital era by combining smart strategies, improving skills, maximizing technology, and changing work culture.

Based on research results (Supriyanto et al., 2016, in Saputra et al., 2022), the approach taken by leaders has the ability to arouse the desire to prioritize organizational goals. This emphasizes the importance of using a number of different tactics when conducting

commercial activities, especially for SMEs. The selection of these techniques by managers, in their view, can increase their involvement in the company. In this context, the relevance of the strategy that will be implemented by management is its appropriate alignment with the organization's goals, ambitions, and targets to achieve company targets.

Making a plan is seen as important to gain a competitive advantage. There are several strategy formulation techniques, and no single standard paradigm; the main driver is functional differences between business sectors. Like corporate, business and marketing strategies, digital business strategies include several components such as: 1) mobile commerce strategy; 2) customer relationship management (CRM) strategy; 3) e-procurement strategy; 4) supply chain strategy; 5) social media strategy; 6) multichannel strategy, and so on (Rochmawati et al., 2023).

CONCLUSION

Changes in employee characteristics, workforce diversity, and organizational strategies in utilizing technology in HR management are examples of the need for adaptability in managing Human Resources (HR) in the digital era. The main characteristics include challenges related to the introduction of new technology, ways that millennial generation employees can be accepted, and changes in HR capabilities from conventional to digital. Developing the right strategy, especially one that is driven by leaders and aligned with company goals, is critical to gaining competitive advantage in the digital era. The implementation of digital business strategies that cover various sectors such as mobile commerce, customer relationship management, e-procurement, supply chain, social media and multi-channel shows the need to adapt to developments in the digital world.

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