

The Influence of Digital HR Digitalization on Sustainable Performance through Organizational Learning Capability

Mediating Effect of
Organizational
Learning Capability

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ABSTRACT

This study investigates the nexus between human resource digitalization and sustainable performance, specifically examining how organizational learning capability functions as a vital intermediary. Adopting a quantitative methodology, empirical evidence was gathered from a sample of 300 employees and rigorously analyzed using Structural Equation Modeling–Partial Least Squares (SEM-PLS). The empirical results demonstrate that the digital transformation of HR functions exerts a profound and positive influence on both the capacity for organizational learning and the attainment of long-term sustainable performance. The findings suggest that digital HR frameworks do more than just streamline administrative tasks, it cultivates an environment conducive to knowledge acquisition, adaptability, and strategic agility in the face of ecological and market shifts. Furthermore, the analysis identifies organizational learning capability as a significant partial mediator, implying that the impact of digital tools on sustainability is most potent when the organization can effectively translate technological resources into collective wisdom. By bridging digital HRM literature with organizational learning theory, this research offers critical insights for practitioners aiming to harmonize digital investments with a culture of continuous improvement to secure an enduring competitive advantage.

Keywords: Digital HRM, Human Resource Digitalization, Organizational Learning Capability, Sustainable Performance.

INTRODUCTION

The rapid advancement of digital technologies has fundamentally reshaped the global business landscape, including the ways organizations manage human resources, organize work processes, and build sustainable competitive advantages (Sharma & Kohli, 2024). The emergence of Industry 4.0, coupled with the acceleration of digital transformation, particularly in the aftermath of the COVID-19 pandemic, has compelled organizations across sectors to digitalize Human Resource Management (HRM) functions as a strategic response to enhance organizational agility, innovation, and long-term sustainability. According to the World Economic Forum in 2023, more than 70% of organizations worldwide have intensified their digital transformation initiatives to improve workforce productivity and innovation capacity. In a similar vein, reports by Deloitte (2024) and Maheswari (2024) emphasize that the digitalization of HR functions through employee analytics, Artificial Intelligence (AI) based recruitment, and digital learning systems has moved beyond operational modernization and has become a strategic necessity for achieving sustainable performance. This shift reflects a broader transition from conventional HR systems toward digital e-HRM models that emphasize data-driven

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decision-making and the cultivation of continuous learning cultures within organizations (Bhuyan & Das, 2024; Mateen et al., 2025; Saikh et al., 2025).

The urgency to digitalize human resources has further intensified in parallel with global sustainability agendas and increasing international competitiveness (Cantoni & Mangia, 2018; Mukhuty et al., 2022). The Indonesian Ministry of Manpower in 2024, this study highlights that pivoting toward digital HR management is no longer optional. It is a fundamental strategy to ensure employees remain resilient and capable of meeting the complex demands of both technological shifts and environmental sustainability. Nevertheless, many organizations continue to experience difficulties in aligning HR digitalization initiatives with sustainable performance outcomes. This gap points to a fundamental challenge, namely the limited development of Organizational Learning Capability (OLC), which serves as an internal mechanism enabling organizations to absorb, adapt, and transform digital capabilities into sustainable organizational value (Gomes et al., 2022; Yang et al., 2024). Examining the mediating role of OLC becomes essential to understanding how HR digitalization can effectively contribute to sustainable organizational performance (Kusumawati, 2021; Kokkaew et al., 2022; John et al., 2024).

Recent studies have increasingly explored the relationships among HR digitalization, organizational learning capabilities, and sustainability outcomes. However, the existing evidence remains conceptually and empirically fragmented. Ayanponle et al. (2024) demonstrate that digital HR systems enhance efficiency, innovation, and knowledge sharing, yet their implications for long-term sustainability are not fully elucidated. Studies by Rustam et al. (2024), Dihan et al. (2024), and Stachová et al. (2024) argue that HR digitalization strengthens employee engagement and learning capacity, although these effects are highly contingent upon the organization's ability to manage learning processes and change effectively. Furthermore, meta-analytic reviews by Mousa and Othman (2020) and Nakra and Kashyap (2024) reveal the absence of a robust theoretical consensus regarding the mechanisms through which digital HR practices drive sustainability performance, thereby highlighting the need for a more systematic investigation of organizational learning capability as a mediating factor.

This unresolved gap creates an opportunity for academic novelty by integrating perspectives from digital transformation, organizational learning theory, and sustainability management within a unified analytical framework. The principal novelty of this study lies in positioning organizational learning capability as a mediating mechanism that explains the relationship between HR digitalization and sustainable performance. While prior research has predominantly focused on direct relationships between digitalization and performance outcomes, this study argues that the positive impacts of HR digitalization are maximized only when organizations successfully cultivate adaptive, innovative, and sustainability-oriented learning cultures. In doing so, the study contributes theoretically by strengthening the integration of digital HRM, the knowledge-based view, and dynamic capability theory in explaining sustainable value creation in the digital era.

By identifying organizational learning capability as a critical linking mechanism, the findings provide evidence-based guidance for organizations in designing digital HR strategies that align with sustainability objectives while reinforcing human resource competitiveness amid ongoing digital transformation. This study aims to examine the effect of human resource digitalization on sustainable performance mediated by organizational learning capability. By emphasizing the mediating role of organizational learning capability, the study delivers both conceptual and empirical novelty, while also offering practical contributions to support sustainable and globally competitive digital transformation agendas.

LITERATURE REVIEW & HYPOTHESIS DEVELOPMENT

HR Digitalization and Organizational Learning Capability

Human resource digitalization facilitates organizational learning processes through the systematic creation, acquisition, and dissemination of knowledge. Technologies such as HR analytics, cloud-based human resource systems, and AI-driven learning platforms allow organizations to manage talent and performance data in a more adaptive manner, thereby accelerating organizational learning cycles (Banerjee & Sharma, 2025). Digital systems operate as enabling mechanisms that allow organizations to learn from collective experience and continuously refine internal processes (Sharma, 2023; Zhang et al., 2024).

Empirical evidence from Kastelli et al. (2024) demonstrates that HR digitalization enhances absorptive capacity, defined as the organizational ability to recognize, assimilate, and apply external knowledge to internal innovation processes. Digitally oriented HR practices, particularly those emphasizing analytics and electronic learning, strengthen interdepartmental collaboration and accelerate knowledge transfer. These findings support the central argument of Dynamic Capability Theory that organizations equipped with strong digital infrastructures are better positioned to transform data into sustained strategic learning outcomes (Teece et al., 2020). Taken together, the literature indicates that HR digitalization contributes directly to the enhancement of organizational learning capability by accelerating information acquisition, increasing knowledge openness, and fostering a technology-driven culture of innovation. The first hypothesis is proposed as follows:

H1: Human resource digitalization has a positive effect on organizational learning capability.

HR Digitalization and Sustainable Performance

Sustainable performance encompasses economic, social, and environmental dimensions that emphasize long-term value creation for both organizations and society (Acosta-Prado et al., 2023). Through the digitalization of human resource functions, organizations are able to embed principles of resource efficiency, transparency, and social responsibility into their core business operations. From the perspective of the Resource-Based View, effective digital human resource systems strengthen distinctive organizational competencies that are difficult to replicate, such as data-driven talent management and sustainability-oriented decision-making processes (Otoo, 2019). Recent empirical studies by Herlissha et al. (2025) indicate that HR digitalization contributes to improved energy efficiency, reduced administrative waste, and higher levels of employee satisfaction through the adoption of digitally enabled flexible work arrangements. In addition, Joglekar and Padma (2025) report that the use of HR analytics supports, such as AI, enhances efficiency.

Furthermore, digital technologies enable organizations to measure and report sustainability outcomes more accurately through integrated sustainability dashboards, thereby strengthening organizational accountability and reputational capital (Lodhia et al., 2025). Within the Dynamic Capability Theory framework, these findings suggest that the ability of organizations to leverage digital technologies in human resource management serves as a key catalyst for sustainable value creation in increasingly uncertain business environments. The second hypothesis is proposed as follows:

H2: Human resource digitalization has a positive effect on sustainable performance.

Organizational Learning Capability and Sustainable Performance

Organizational learning capability represents a critical determinant of sustainable performance, as it supports organizational adaptation to environmental change, continuous innovation, and knowledge-based decision-making processes (Giannakos et al., 2022). Mirza et al. (2022) argue that organizations with strong learning capabilities

Figure 1 proposes that human resource digitalization enhances organizational learning capability and sustainable performance. Digital HR practices are expected to strengthen knowledge acquisition, sharing, and application within organizations (H1) while also directly improving sustainable performance through greater efficiency and innovation (H2). Additionally, organizational learning capability contributes positively to sustainable performance (H3). The model further suggests that organizational learning capability mediates the relationship between human resource digitalization and sustainable performance, indicating that digital HR initiatives improve sustainability outcomes partly through strengthened learning processes within the organization (H4).

Human resource digitalization has become a central foundation in the transformation of modern organizations oriented toward sustainability. This development affects not only administrative human resource processes but also expands the strategic role of the HR function as a catalyst for innovation, organizational learning, and long-term competitive advantage. Drawing on the Resource-Based View and Dynamic Capability Theory, HR digitalization functions as a strategic resource that enables organizations to create value through continuously evolving learning and innovation capabilities. The integration of these theoretical perspectives suggests that digital technologies in human resource management should not be viewed merely as efficiency tools, but rather as key drivers in the development of organizational learning capability and the achievement of sustainable performance (Purwanto et al., 2025).

RESEARCH METHODS

This study adopts a quantitative explanatory research design to dissect the causal linkages between human resource digitalization, organizational learning capability, and sustainable performance. This approach was strategically chosen to provide empirical clarity on how digital HR transformation serves as a catalyst for collective learning and long-term organizational health. To ensure a robust conceptual foundation, the study integrates four prominent theoretical lenses: the Resource-Based View (RBV), Dynamic Capability Theory (DCT), Organizational Learning Theory (OLT), and the Technology Acceptance Model (TAM). Together, these frameworks posit that HR digitalization transcends mere technical adoption, it functions as a strategic asset that fortifies an organization's adaptability within a volatile business landscape.

A cross-sectional survey was conducted, gathering data from managers and staff within Indonesia's service and manufacturing sectors that have actively integrated digital tools such as AI-driven recruitment, HRIS, and cloud-based performance management. Participants were selected via purposive sampling based on stringent criteria: the organization must have utilized digital HR systems for at least two years, and respondents must hold a supervisory or mid-level staff position with a minimum of two years' tenure to ensure deep contextual insight. Following the guidelines of Hair et al. (2021), the sample size was determined by the "ten times" rule of indicators, with 30 items in the model, and a final sample of 300 respondents was secured to ensure statistical power.

The research instrument was meticulously adapted from previously validated scales to maintain academic rigor. Prior to full-scale distribution, the questionnaire underwent expert judgment by a panel of three academics and two digital HR practitioners to refine its content validity. Variables were measured on a five-point Likert scale, ranging from "strongly disagree" to "strongly agree." HR Digitalization was operationalized through dimensions of process automation, technological integration, data-driven decision-making, and digital readiness (Tuli et al., 2018). Organizational learning capability focused on knowledge sharing, team synergy, and adaptive capacity (Rafique et al., 2018). Meanwhile, sustainable performance captured economic efficiency, social responsibility, and environmental compliance (Rezaee, 2017).

Data were collected through an online survey over a two-month period using a secure digital platform. The dataset was screened for completeness and consistency before analysis. The study applied Partial Least Squares-Structural Equation Modeling (PLS-SEM) using SmartPLS 4.0 to examine relationships among latent variables. The analysis

involved evaluating the measurement model through convergent validity (outer loadings > 0.70; AVE > 0.50) and reliability (Composite Reliability > 0.70). The structural model was assessed using path coefficients, t-statistics (>1.96), p-values (<0.05), and predictive power (R^2 and Q^2). The mediating role of organizational learning capability was tested using a bootstrapping procedure (Podsakoff et al., 2012). All procedures followed ethical standards with voluntary participation and respondent confidentiality.

RESULTS

The characteristics of the respondents are described to offer a clear and comprehensive understanding of the demographic profile of the study participants, which serves as the foundation for testing the empirical model. Presented below are the key findings regarding the respondents' profiles in this research.

Table 1. Characteristics of Research Respondents

Characteristics	Category	Frequency	Percentage (%)
Gender	Male	182	60.7
	Female	118	39.3
Age	≤ 25 years old	36	12.0
	26–35 years old	128	42.7
	36–45 years old	92	30.6
	> 45 years old	44	14.7
Education Level	High School/Vocational School	68	22.7
	Diploma (D3)	58	19.3
	Bachelor (S1)	142	47.3
	Postgraduate (S2/S3)	32	10.7
Tenure	≤ 5 years	78	26.0
	6–10 years	104	34.7
	11–15 years	74	24.6
	> 15 years old	44	14.7
Position/Title	Operational Staff	166	55.3
	Supervisor	82	27.4
	Managerial	52	17.3
Work Unit	Operational	136	45.3
	Administration/HR	98	32.7
	Others	66	22.0
Total Respondents		300	100.0

Based on Table 1, the demographic profile reveals a predominance of male employees among respondents, though female participants form a substantial portion as well. This balanced composition mirrors the workforce structure and fosters diverse viewpoints on the adoption of human resource digitalization and organizational learning processes. Regarding age, most respondents fall within productive brackets, particularly those aged 26–35 and 36–45 years. Such a distribution points to individuals in the prime of their careers, equipped with strong adaptability to digital technologies. These age groups typically embrace ongoing learning, aligning closely with the study's emphasis on organizational learning capabilities.

In terms of educational attainment, the majority hold bachelor's or diploma degrees, with a smaller share possessing postgraduate qualifications. This solid educational foundation equips respondents with the cognitive and technical skills needed to grasp and apply digital HR systems effectively. Higher education levels further bolster organizational learning dynamics and contribute to sustained performance outcomes. When examining tenure, respondents display a varied spread of work experience, skewed toward mid-level durations. This mix blends institutional knowledge from seasoned staff with fresh insights from newer employees, enriching organizational learning and lending depth to the research findings on HR digitalization across experience stages.

From a positional standpoint, the sample spans operational staff to managerial roles. This breadth underscores that HR digitalization influences not just strategic layers but everyday operations too. Consequently, respondents' perceptions of HR digitalization

and sustainable performance capture cross-level organizational insights. The respondent characteristics yield a pertinent and representative sample for probing the interplay among human resource digitalization, organizational learning capability, and sustainable performance. The blend of productive ages, adequate education, tenure diversity, and positional variety provides a robust empirical groundwork for the study's validity and broader applicability.

In this study, the evaluation of the research model was conducted in two primary stages using Partial Least Squares Structural Equation Modeling (PLS-SEM). The assessment of the measurement model (outer model) and the evaluation of the structural model (inner model). The following presents the key statistical results derived from the data analysis. Figure 2 shows the SEM-PLS result for this research.

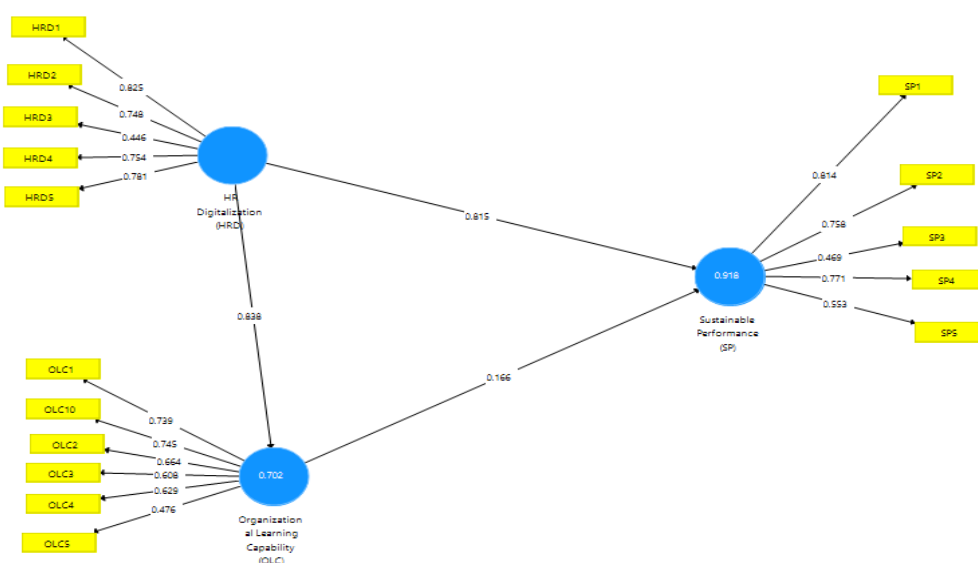


Figure 2. SEM -PLS Results

An evaluation was conducted to determine the quality and robustness of the measurement model. This study was carried out to ensure that each latent construct was measured validly and reliably before structural relationship testing was carried out. Referring to the recommendations of Hair et al. (2021), the assessment of the measurement model includes testing for convergent validity, construct reliability, and discriminant validity. The test results are presented briefly in Table 2, which summarizes the values of Average Variance Extracted (AVE), Cronbach's Alpha, Composite Reliability, and Heterotrait–Monotrait Ratio (HTMT) for each research construct.

Table 2. Construct Validity and Reliability Test Results

Construct	Factor Loading	AVE	Cronbach's Alpha	Composite Reliability
Human Resource Digitalization (HRD)	0.446 – 0.825	0.53	0.81	0.86
Organizational Learning Capability (OLC)	0.476 – 0.745	0.51	0.78	0.84
Sustainable Performance (SP)	0.469 – 0.814	0.56	0.83	0.88

Table 2 presents the results of the construct validity and reliability testing for the three research variables, namely Human Resource Digitalization (HRD), Organizational Learning Capability (OLC), and Sustainable Performance (SP). The validity of each construct is evaluated based on factor loading and Average Variance Extracted (AVE).

All constructs show factor loading values ranging from 0.446 to 0.825, indicating that most indicators are adequately representative of their respective constructs. In addition, all AVE values are above the minimum threshold of 0.50, with HRD at 0.53, OLC at 0.51, and SP at 0.56. These results confirm that each construct has met the required convergent validity criteria, meaning that the indicators are capable of explaining the variance of their latent variables effectively.

In terms of reliability, the results show that all constructs demonstrate good internal consistency. This is indicated by Cronbach's Alpha values ranging from 0.78 to 0.83 and Composite Reliability values ranging from 0.84 to 0.88, all of which exceed the recommended threshold of 0.70. Specifically, HRD shows Cronbach's Alpha of 0.81 and Composite Reliability of 0.86, OLC has 0.78 and 0.84, while SP records the highest reliability with 0.83 and 0.88. These findings indicate that all constructs are both valid and reliable, meaning the measurement model is appropriate and suitable for further structural analysis in the study.

Once the measurement model is confirmed to meet all validity and reliability criteria, the analysis proceeds to the structural model (inner model). This stage aims to evaluate the causal relationships between latent variables, following the procedures recommended in PLS-SEM analysis. (Hair et al., 2021).

Table 3. Structural Model Test Results (Inner Model)

Variables	Path Coefficient	p-value	Decision
HR Digitalization → Organizational Learning Capability	0.838	< 0.05	Significant, powerful influence
HR Digitalization → Sustainable Performance	0.815	< 0.05	Significant, powerful influence
Organizational Learning Capability → Sustainable Performance	0.166	< 0.05	Significant, moderate influence
HR Digitalization → Organizational Learning Capability → Sustainable Performance	0.139	< 0.05	Partial mediation

Based on the findings presented in Table 3, human resource digitalization exerts a positive and statistically significant impact on organizational learning capability, with a path coefficient of 0.838. This result indicates that the digitalization of HR systems and practices plays a crucial role in shaping and reinforcing the organization's capacity to learn. The analysis also reveals a positive and significant effect of human resource digitalization on sustainable performance, with a path coefficient of 0.815. This finding demonstrates that the adoption of digital HR practices directly contributes to improvements in the organization's sustainable outcomes. Moreover, organizational learning capability has a positive and significant, albeit relatively smaller, effect on sustainable performance, with a path coefficient of 0.166. This highlights that an organization's ability to learn, share knowledge, and adapt to environmental changes remains a vital factor in supporting long-term sustainable outcomes.

The mediation analysis confirms that organizational learning capability serves as a significant mediator in the relationship between human resource digitalization and sustainable performance. The positive indirect effect suggests that part of the impact of HR digitalization on sustainable performance is transmitted through the strengthening of organizational learning capabilities. However, as the direct effect of HR digitalization on sustainable performance remains significant, the mediating role of OLC is classified as partial mediation. This indicates that HR digitalization influences sustainable performance both directly and indirectly, with the indirect pathway functioning through enhanced organizational learning.

Table 4. R² and Q² Test

Construct	R ²	Q ²	Interpretation
Organizational Learning Capability	0.702	>0.000	Strong, predictive relevance
Sustainable Performance	0.918	>0.000	Very powerful, high relevance

Table 4 shows that the strength of the structural relationships is reflected in the coefficient of determination (R^2). The R^2 value for organizational learning capability is 0.702, indicating that a substantial proportion of its variance is explained by human resource digitalization. This suggests that HR digitalization plays a strong role in shaping organizational learning capability within the model. Meanwhile, sustainable performance obtains an R^2 value of 0.918, indicating an excellent level of explanatory power. This implies that the combination of human resource digitalization and organizational learning capability accounts for most of the variance in sustainable performance. These results demonstrate that the structural model has strong explanatory capability. The assessment of predictive relevance further shows that all endogenous constructs produce Q^2 values greater than zero, confirming that the model has satisfactory predictive relevance. This indicates that the proposed model is capable of adequately predicting observed data and supports its overall predictive validity.

DISCUSSION

The evidence from this research confirms that the digital transformation of HR functions acts as a profound catalyst for bolstering an organization's learning capacity. Rather than merely automating routine paperwork, these digital initiatives serve as a strategic engine that empowers firms to internalize new knowledge more rapidly, ensuring they remain agile and resilient amidst a volatile business landscape. Empirical research by Chouaibi et al. (2022) has shown that digital HR tools and digital infrastructure serve as key drivers of digital transformation, thereby enhancing organizational performance and capability development. Furthermore, existing literature suggests that contemporary electronic HRM systems improve the effectiveness of knowledge and experience dissemination through digital processes, which in turn fosters a stronger organizational learning culture (Bag et al., 2022). Through the lens of Dynamic Capability Theory, this finding becomes even more significant. It validates the idea that a firm's competitive edge today stems from its capacity to fluidly reconfigure internal knowledge and digital assets.

A second pivotal discovery of this research is the undeniable link between HR digitalization and the attainment of sustainable performance. The data implies that when organizations commit to digitalizing their human resource functions, the dividends go far beyond mere speed or cost-saving, they foster a holistic value system that spans economic viability, social responsibility, and ecological mindfulness. The findings reinforce the notion that a digitalized HR infrastructure is a prerequisite for any modern enterprise aiming to balance profitability with a broader commitment to long-term sustainability (Ghosh et al., 2023; Kosasih et al., 2024). Paroli et al. (2025) state that digital transformation is not just a tool, but a fundamental driver for enhancing transparency and governance within HR systems, elements that are indispensable for long-term sustainability. This research grounds such a perspective in the resource-based view, interpreting digital proficiency as a high-value strategic asset that generates enduring organizational worth. It sharpens an organization's decision-making precision, fosters a deeper cultural commitment to innovation, and builds the agility required to meet the complex, shifting demands of today's sustainability-focused business environment.

This study finds that organizational learning capability does not just correlate with performance, it actively drives it. When a culture of inquiry and knowledge-sharing becomes ingrained, the dividends are reflected in superior sustainability outcomes. Beyond specific sectors, this trend is echoed in broader corporate contexts where a robust learning appetite allows firms to navigate environmental turbulence with greater precision (Haile & Tüzüner, 2022; Gomes et al., 2022). These findings solidify the argument that long-term resilience is less about static resources and more about the continuous, adaptive learning processes that enable an organization to evolve alongside market shifts (Zhao & Chang, 2024). This result aligns with Organizational Learning Theory, which posits that organizational learning extends beyond the improvement of internal capabilities and

serves as a critical mechanism for addressing complex external challenges, including those associated with sustainability objectives.

The mediation analysis uncovers a compelling narrative: organizational learning capability acts as a critical bridge, partially carrying the impact of HR digitalization over to sustainable performance. This suggests that while digital tools provide the necessary infrastructure, they do not create value in a vacuum. Instead, the true potential of a digitalized HR system is unlocked when it is channeled through the organization's internal 'engine' of learning. This finding reinforces the strategic idea that technology acts as the catalyst, but collective knowledge-sharing and adaptation are the mechanisms that actually translate digital inputs into long-term sustainability. Research by Vial (2019) shows that digital transformation seldom leads to superior performance directly. Rather, its success is inherently dependent on an organization's ability to learn, evolve, and innovate in response to the data these digital systems provide. This finding reinforces the argument of Dynamic Capability Theory, which posits that strategic resources, such as digital HRM, require complementary internal mechanisms, specifically organizational learning capabilities, to be effectively leveraged for sustainable impact.

CONCLUSION

This research was driven by the need to decode how the digital evolution of human resources translates into long-term sustainable performance, specifically through the lens of organizational learning. These findings confirm a dual-impact reality that digitalizing the HR function does not merely streamline administrative tasks, it serves as a foundational pillar that bolsters both the capacity for collective learning and the attainment of sustainability goals. In essence, technology provides the infrastructure, but it is the organization's agility and its ability to internalize new knowledge that transform these digital tools into a meaningful competitive advantage within a volatile market.

Furthermore, this study highlights that organizational learning capability is a critical driver of performance, acting as a vital bridge that amplifies the benefits of digital investments. The leaders move beyond a "technology-first" mindset. Instead, it should foster an ecosystem where digital adoption is paired with a culture of continuous inquiry, robust knowledge-sharing, and proactive managerial support.

Despite these findings, this study has several limitations. The use of a cross-sectional design and purposive sampling within selected service and manufacturing firms in Indonesia may limit the generalizability of the results and does not fully capture potential changes in the relationships among variables over time. Looking ahead, future research could further enrich this field by investigating the roles of digital leadership or organizational innovation across diverse industrial sectors. Such explorations would provide a more nuanced understanding of how modern enterprises can balance technological disruption with the enduring pursuit of sustainability.

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2130
