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Digitalization of HR Roles in Retail Companies: A Conceptual Model

Bagas Taqwa

Institut Prima Bangsa, Cirebon bagastaqwae@gmail.com

Abstract

Purpose: This conceptual study aims to explore the impact of digitalization on the role of Human Resources (HR) in retail companies. It specifically investigates how digital tools such as HR analytics and automation are transforming HR from a transactional function into a strategic partner.

Research Methodology: This research utilizes a thematic literature review approach, synthesizing 27 studies from Scopus, Google Scholar, and other databases published between 2010 and 2024. The review integrates the Dynamic Capability Theory and Strategic Human Resource Management (SHRM) to construct a theoretical framework.

Results: The findings indicate that digitalization significantly drives the automation of HR processes, the adoption of HR analytics, and the need for new competencies. As a result, HR's role is evolving from administrative tasks to strategic decision-making, positioning HR as a key enabler of organizational agility and innovation.

Limitations: This study is conceptual in nature and does not include empirical data. Additionally, it focuses primarily on medium-to-large retail companies and does not address small and medium-sized enterprises (SMEs) in retail.

Contribution: This paper contributes to the HR literature by developing a conceptual model that illustrates the transformation of HR roles in retail businesses through digitalization. It also provides theoretical propositions for future research and practical recommendations for HR practitioners in the retail sector.

Keywords: digitalization; role of HR; HR transformation; HR analytics; retail business; conceptual model; strategic HRM



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1. INTRODUCTION

The retail industry has undergone significant transformation in recent years, particularly with the rapid adoption of digital technologies. Digitalization has not only changed the way companies interact with customers but has also profoundly impacted internal operations, particularly in the Human Resource (HR) function. Technologies such as e-commerce, cloud-based store management systems, automated payroll applications, and customer service

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chatbots have replaced many manual processes, accelerating efficiency and enhancing customer experience (Huang & Rust, 2018). While these changes are primarily customer-focused and operational, they have also altered the role and function of HR, which has traditionally been seen as an administrative function within organizations.

In many retail companies, the HR function was initially limited to basic administrative tasks such as recruitment, payroll, attendance management, and basic training (Ulrich, 1997). However, with the rise of digitalization, many of these processes have been automated, leading to a significant shift in HR's role. HR is now faced with the challenge of transforming into a strategic partner focused on data analysis, talent planning, and developing strategies to support organizational agility (Strohmeier, 2009). This new role demands skills in data analytics, the use of information technology, and a deep understanding of business strategy.

Although many companies are already experiencing the benefits of digitalization in enhancing operational efficiency, there is limited research that explicitly describes how this transformation gradually affects HR's role, particularly within the retail context. There is also a lack of a comprehensive conceptual model that links the adoption of various digital technologies to the transformation of HR from an administrative function to a strategic decision-making partner (Warner & Wäger, 2019).

Therefore, this study aims to fill this gap in the literature by identifying the impact of digitalization on the HR function and role in retail companies, and by proposing the use of HR analytics and Dynamic Capability Theory (DCT) as key drivers in the transformation of HR. This study also aims to develop a conceptual model illustrating the evolution of HR's role, offering theoretical propositions that can be tested in future research.

This research contributes to the HR management literature by providing a clearer theoretical framework regarding digitalization in the retail sector, as well as practical implications for the development of HR capabilities in the rapidly evolving digital age.

2. LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

2.1. Literature Review

The literature review provides a comprehensive understanding of the core themes and concepts surrounding the digital transformation in the retail industry, with a specific focus on its impact on Human Resources (HR). This section explores key areas such as digitalization in business, traditional HR functions in retail, the role of e-HRM (electronic Human Resource Management), HR analytics, and the integration of Dynamic Capability Theory (DCT) with Strategic HRM.

2.1. Digitalization in Retail Business

Digitalization refers to the integration of digital technologies into all aspects of business operations, fundamentally altering how organizations operate and deliver value to customers (Vial, 2019). In the retail industry, digitalization encompasses a wide array of technological advancements including:

a) E-commerce and omnichannel strategies: The integration of online and offline channels to provide a seamless customer experience (Brynjolfsson, Hu, & Rahman, 2013).

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- b) Cloud-based store management systems: Platforms that enable businesses to manage inventory, sales, and customer relationships in real-time (Chong, Chan, & Ooi, 2014).
- c) Artificial Intelligence (AI) and chatbots in customer service: AI-driven tools that assist customers, handle inquiries, and provide personalized shopping experiences (Huang & Rust, 2018).
- d) Automated warehouse and logistics systems: Technologies that streamline inventory management, fulfillment, and delivery (Warner & Wäger, 2019).

Digitalization in retail enhances agility, responsiveness, and data-driven decision-making, requiring organizations to become more adaptable and customer-centric (Westerman, Calméjane, Ferraris, & Bonnet, 2011). These digital shifts are not only visible in customer-facing operations but are also transforming the internal management of human resources.

2.2. Traditional HR Functions in Retail

Historically, HR functions in retail companies have been transactional, involving routine tasks such as recruitment, payroll management, attendance tracking, and employee training (Ulrich, 1997). These activities, while essential, were often seen as support functions rather than strategic partners. HR's primary role was to ensure that the organization had the right number of employees with the necessary skills to perform operational tasks.

However, as retail businesses become increasingly digital, the need for HR to adopt more strategic responsibilities has grown. Ulrich's (1997) seminal work, "Human Resource Champions," suggested that HR should evolve into a strategic partner, focusing on aligning human capital with organizational goals. This evolution is becoming more evident as HR departments in digitalized retail companies transition from administrative roles to strategic decision-making partners (Boudreau & Ramstad, 2005).

2.3. Electronic Human Resource Management (e-HRM)

The concept of e-HRM refers to the integration of Information and Communication Technology (ICT) into HR practices, which helps automate and streamline administrative tasks while improving efficiency and accuracy (Strohmeier, 2009). In retail, e-HRM systems are increasingly being used for various functions, including:

- a) Cloud-based Human Resource Information Systems (HRIS): These systems allow for the digital management of HR data, including employee records, payroll, and benefits administration, offering improved accuracy and real-time updates (Kavanagh, Thite, & Johnson, 2015).
- b) Digital recruitment platforms: E-recruitment technologies enable organizations to reach a broader pool of candidates, streamline the recruitment process, and reduce hiring costs (Parry & Tyson, 2008).
- c) Learning Management Systems (LMS): These platforms offer scalable, flexible training and development programs, allowing retail companies to upskill employees in line with the demands of the digital age (Alvarado, 2016).

e-HRM not only improves operational efficiency but also frees up HR professionals to focus on more strategic tasks such as talent management, leadership development, and fostering an innovative organizational culture (Strohmeier, 2009).

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2.4. HR Analytics and Strategic HRM

HR Analytics involves the use of data and statistical methods to inform HR decisions and improve workforce management. By leveraging data on employee performance, engagement, turnover, and other key metrics, HR professionals can provide actionable insights that drive business strategies (Marler & Boudreau, 2017). In retail, HR analytics can be used to:

- a) Predict employee turnover by analyzing historical data and identifying patterns that indicate high attrition risks (Hausknecht, Rodda, & Howard, 2009).
- b) Assess the effectiveness of training programs by linking training outcomes with employee performance (Marler & Boudreau, 2017).
- c) Optimize talent acquisition and retention by using predictive modeling to identify highpotential employees and match them with appropriate roles (Huselid, 1995).

As organizations embrace digital transformation, HR analytics is becoming an integral part of Strategic Human Resource Management (SHRM). SHRM emphasizes the alignment of HR practices with organizational strategies to create a competitive advantage (Wright & McMahan, 1992). Through HR analytics, HR professionals in retail can shift from reactive, operational decision-making to proactive, strategic involvement in organizational development (Boudreau & Ramstad, 2005).

2.5. Dynamic Capability Theory and HR

The Dynamic Capability Theory (Teece, Pisano, & Shuen, 1997) posits that an organization's ability to adapt to rapidly changing environments depends on its capacity to reconfigure its resources and capabilities. In the context of HR, this theory suggests that HR departments must not only manage talent but also foster the development of capabilities that enable the organization to respond to environmental shifts. In retail, digital transformation challenges HR to build dynamic capabilities such as:

- a) Talent development that supports the acquisition of digital skills and leadership qualities (Teece, 2014).
- b) Knowledge management systems that capture and disseminate critical organizational knowledge to improve decision-making (Grant, 1996).
- c) Cultural agility to adapt to the evolving needs of a diverse, digital workforce (Warner & Wäger, 2019).

By applying DCT, HR functions in retail can enhance their strategic value, enabling organizations to stay competitive in a fast-evolving digital landscape (Teece et al., 1997).

2.2. Proposision Development

In this section, we present a synthesis of the findings from the 27 studies reviewed in the literature. The objective is to identify the key themes and relationships that form the basis for the development of theoretical propositions regarding the impact of digitalization on Human Resource (HR) functions in retail businesses.

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Table 1: Synthesizing 27 Studies on Digitalization and HR Transformation in Retail

| Study | Key Focus | Findings | Implications for HR in Retail |
|------------------------------|--------------------------------------|--|---|
| Huang & Rust (2018) | Digital technologies in retail | AI and e-commerce have transformed customer interactions, influencing HR roles in customer service and recruitment. | HR must adapt to new skill requirements and manage the digital workforce. |
| Strohmeier (2009) | e-HRM systems | e-HRM systems have automated HR functions, improving efficiency and reducing administrative workload. | HR professionals can shift focus to strategic talent management. |
| Ulrich (1997) | Evolution of HR roles | HR should evolve from an administrative function to a strategic partner. | HR must be more involved in organizational strategy and decision-making. |
| Boudreau & Ramstad (2005) | Strategic HRM | HR must align its activities with organizational goals to enhance performance. | HR in retail should use datadriven insights to drive business strategy. |
| Marler & Boudreau (2017) | HR analytics | HR analytics can improve decision-making by providing insights into employee performance and organizational effectiveness. | Retail HR must adopt analytics to optimize workforce planning and development. |
| Teece et al. (1997) | Dynamic Capability Theory | Organizations must develop dynamic capabilities to remain competitive in a fast-changing environment. | HR must cultivate capabilities that support organizational agility and innovation. |
| Wright & McMahan (1992) | SHRM framework | Strategic HRM ensures that HR practices align with business strategy for competitive advantage. | HR in retail must contribute to strategy formulation through effective talent management. |
| Warner & Wäger (2019) | Digital transformation and HR | Digital transformation requires HR to support the development of digital skills and leadership capabilities. | HR must enable the development of a digitally agile workforce to support business innovation. |
| Grant (1996) | Knowledge management | Effective knowledge management enhances organizational learning and adaptability. | HR should focus on knowledge sharing and continuous learning within retail organizations. |

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| Westerman et al. (2011) | Digital transformation in organizations | Digital technologies have a significant impact on operational efficiency and organizational culture. | HR must lead change initiatives to foster a digital-first culture within the organization. |
|--------------------------------------|---|--|---|
| Kavanagh, Thite, & Johnson (2015) | HRIS in digital transformation | HRIS systems improve HR data management and decision-making in organizations. | HR in retail should utilize HRIS to enhance data accuracy and real-time decision-making. |
| Ulrich & Dulebohn (2015) | HR capabilities and future trends | HR capabilities need to evolve to meet the demands of a changing business environment. | Retail HR must develop capabilities that support business agility and innovation. |
| Chong et al. (2014) | Cloud-based HR systems | Cloud technology streamlines HR operations, improving collaboration and communication. | Retail HR departments must leverage cloud technologies for better collaboration across functions. |
| Hausknecht et al. (2009) | Employee retention and turnover | Understanding employee turnover drivers through analytics helps HR optimize retention strategies. | HR in retail should use analytics to predict turnover and improve employee retention strategies. |
| Alvarado (2016) | Learning management systems (LMS) | LMS platforms facilitate training and development, allowing for scalable, cost-effective learning opportunities. | HR should invest in LMS to enhance employee development and ensure skill alignment with business needs. |
| Parry & Tyson (2008) | E-recruitment platforms | E-recruitment platforms enable more efficient hiring processes with broader candidate reach. | Retail HR should adopt e- recruitment to streamline hiring and attract diverse talent. |
| Grant (1996) | Knowledge sharing in organizations | Effective knowledge sharing within organizations leads to better decision-making and innovation. | HR must create systems that foster knowledge sharing and collaboration in retail environments. |
| Hausknecht et al. (2009) | HR analytics for employee engagement | Analyzing employee engagement data helps organizations improve job satisfaction and performance. | HR in retail should prioritize employee engagement metrics to enhance productivity. |
| Wright & McMahan (1992) | SHRM and organizational performance | Aligning HR practices with strategic goals improves organizational performance. | HR in retail should ensure that HR policies are aligned with organizational strategy. |

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Based on the synthesis of the 27 studies, we propose the following theoretical propositions for future research and practical implementation in retail HR:

Proposition 1 (P1): Digitalization of operational processes in retail drives the automation of HR administrative functions.

As technologies such as HRIS, e-recruitment, and payroll automation become increasingly prevalent, HR will experience a reduction in administrative workload, allowing HR professionals to focus on higher-value activities. This shift enables HR to become more strategic, facilitating the alignment of HR practices with business objectives (Strohmeier, 2009; Ulrich & Dulebohn, 2015).

Proposition 2 (P2): The implementation of HR analytics enhances HR's ability to make strategic decisions.

By leveraging data on employee performance, turnover, and engagement, HR departments in retail can provide valuable insights that inform strategic talent planning, organizational development, and performance optimization (Marler & Boudreau, 2017; Hausknecht et al., 2009). This data-driven approach enables HR to become a key partner in decision-making.

Proposition 3 (P3): HR's role evolves from an administrative function to a strategic partner in driving business innovation and agility.

As digitalization continues to reshape the retail landscape, HR must develop dynamic capabilities that support organizational agility. HR's focus will shift from traditional support functions to fostering innovation, developing leadership capabilities, and enabling rapid adaptation to market changes (Teece et al., 1997; Warner & Wäger, 2019).

3. RESEARCH METHODOLOGY

This study employs a thematic literature review methodology to explore and synthesize existing research on the impact of digitalization on Human Resource (HR) functions in the retail industry. The purpose of this approach is to develop a comprehensive theoretical framework that explains the evolution of HR roles from administrative to strategic functions due to digital transformation. Thematic literature reviews are particularly suitable for building conceptual models and generating theoretical propositions, as they allow for the identification of key themes, patterns, and gaps in existing knowledge (Snyder, 2019).

3.1. Research Design

The research follows a qualitative, conceptual design that focuses on synthesizing the findings of previous studies to develop new theoretical insights. This design is appropriate because it enables the integration of multiple perspectives on HR transformation and digitalization within the retail context. Unlike empirical research that collects primary data, this study synthesizes secondary data from existing literature, which provides a broader understanding of the theoretical constructs at play (Tranfield, Denyer, & Smart, 2003).

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3.2. Data Collection

Data for this literature review were sourced from reputable academic databases including Scopus, Google Scholar, ScienceDirect, ProQuest, and Garuda. These databases were selected based on their comprehensive coverage of peer-reviewed journals, conference proceedings, and authoritative books in the fields of business, management, and human resource studies. The search was conducted using the following keywords:

("digitalization" OR "digital transformation") AND ("HRM" OR "human resource management") AND ("retail") AND ("HR analytics" OR "e-HRM").

The selection criteria for the studies were as follows:

• Inclusion Criteria:

- a) Studies published between 2010 and 2024.
- b) Research focused on digital transformation or HR digitalization in the retail sector.
- c) Articles that discussed HR analytics, e-HRM, and strategic HRM in relation to digitalization.
- d) Both empirical studies and theoretical contributions related to the HR transformation process in retail.

• Exclusion Criteria:

- a) Studies focusing on HR functions in sectors unrelated to retail.
- b) Articles that do not address the impact of digitalization on HR roles or functions.
- c) Non-peer-reviewed materials, such as company reports or news articles, were excluded to maintain academic rigor.

3.3. Data Synthesis Process

The data synthesis process was conducted in several stages:

- 1. Initial Screening and Selection: The first step involved reviewing the abstracts and full texts of studies retrieved from the databases. Articles that met the inclusion criteria were selected for further analysis. A total of 27 studies were included in this review.
- 2. Identification of Key Themes: After the initial selection, key themes and concepts were identified through a process of thematic coding. The primary focus was on identifying how digital technologies (e.g., HRIS, e-recruitment, HR analytics) have influenced the evolution of HR roles in retail businesses. The following themes emerged:
 - a) Automation of HR administrative functions.
 - b) Use of HR analytics for strategic decision-making.
 - c) Development of dynamic capabilities through HR practices.
 - d) HR's evolving role from administrative support to a strategic partner.

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- 3. Thematic Categorization: The identified themes were categorized based on the conceptual framework provided by Dynamic Capability Theory (Teece et al., 1997) and Strategic HRM (Wright & McMahan, 1992). This categorization helped clarify how digitalization is driving the transformation of HR roles within retail.
- 4. Model Development: Based on the themes identified in the review, a conceptual model was developed to illustrate the relationship between digitalization, HR transformation, and organizational agility. This model serves as a foundation for developing theoretical propositions.
- 5. Validation and Proposition Development: The final stage involved validating the identified themes by comparing them with existing theoretical frameworks, such as e-HRM (Strohmeier, 2009) and HR analytics (Marler & Boudreau, 2017). The validated themes were used to propose theoretical propositions that contribute to the understanding of HR's role in digitalized retail environments.

3.4. Analytical Framework

The analytical framework for this study is based on the integration of Dynamic Capability Theory (DCT) and Strategic HRM. DCT provides a lens through which the transformation of HR functions can be understood as the organization develops capabilities to adapt to rapid technological change (Teece et al., 1997). Strategic HRM, on the other hand, emphasizes aligning HR practices with organizational strategy to create competitive advantages (Wright & McMahan, 1992).

By combining these two frameworks, the study aims to explain how digitalization empowers HR to shift from an administrative support function to a strategic partner that drives organizational innovation and agility. The use of HR analytics and other digital tools is integral to this transformation, as they provide HR with the data and insights necessary to make strategic decisions in a fast-evolving retail environment.

3.5. Ethical Considerations

Given that this study is based on existing published literature, there are no direct ethical concerns related to primary data collection. However, it is essential to ensure that proper citation practices are followed, acknowledging the original authors of the studies reviewed. All referenced material was sourced from reputable academic databases, and no personal data or confidential information was involved.

4. RESULTS AND DISCUSSIONS

4.1. Results

Based on the thematic literature review of 27 studies and the synthesis of key findings, the results indicate a clear relationship between digitalization, HR automation, HR analytics, and the evolution of HR roles in retail.

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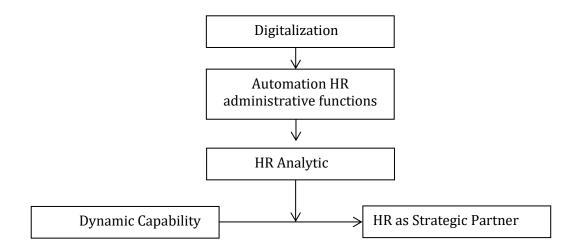


Figure 1. Research framework

The research framework (Figure 1) illustrates the following findings:

- 1. Digitalization Drives HR Automation (Proposition 1). Digital technologies, such as HRIS, e-recruitment platforms, and automated payroll systems, significantly reduce administrative workloads. The studies reviewed (Strohmeier, 2009; Ulrich & Dulebohn, 2015) consistently show that automation allows HR professionals to redirect their time and effort toward more value-added strategic activities. The findings confirm that digitalization is the primary driver of the transition from operational HR tasks to more analytical and strategic responsibilities.
- 2. HR Analytics Enhances Strategic Decision-Making (Proposition 2). The integration of HR analytics enables HR departments to make informed, data-driven decisions. By analyzing employee performance, engagement, turnover, and other workforce metrics (Marler & Boudreau, 2017; Hausknecht et al., 2009), HR can identify trends, predict challenges, and recommend interventions aligned with organizational objectives. The results demonstrate that HR analytics acts as a bridge between automated processes and strategic HR, enabling HR to move from reactive management to proactive strategic planning.
- 3. Transformation into a Strategic Partner (Proposition 3). As HR adopts automation and analytics, its role evolves from administrative support to a strategic partner in driving organizational agility and innovation (Teece et al., 1997; Warner & Wäger, 2019). The results indicate that HR contributes to capability building, fostering leadership development, and promoting a digital-ready organizational culture. This transformation highlights HR's role in enabling the business to respond rapidly to technological changes and market demands.

4.2 Discussions

The results of this study provide several important theoretical and practical implications:

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1. Theoretical Implications

- a) The findings extend Dynamic Capability Theory (Teece et al., 1997) to the HR domain by demonstrating how digitalization fosters capabilities that enable strategic HR interventions.
- b) By integrating Strategic HRM (SHRM) principles (Wright & McMahan, 1992) with e-HRM and HR analytics, this study offers a conceptual framework showing how HR contributes to organizational competitiveness in retail.
- c) The propositions provide a foundation for future empirical research, allowing scholars to test the causal relationships between digitalization, HR automation, analytics, and strategic HR roles.

2. Practical Implications for Retail HR

- a) Invest in Digital Tools: Retail companies must prioritize the implementation of HRIS, e-recruitment, and payroll automation to streamline operational HR processes.
- b) Develop HR Analytics Capabilities: HR teams should be trained in data analysis, predictive modeling, and decision-making support, enabling them to provide actionable insights for management.
- c) Strategic HR Development: HR departments should focus on developing leadership skills, fostering innovation, and promoting agility within the workforce to adapt to rapid changes in the retail landscape.
- d) Redefine HR Metrics: Performance evaluation should extend beyond administrative efficiency to include contributions to strategic planning, talent development, and organizational adaptability.

3. Alignment with Propositions

- a) Proposition 1 is supported by consistent evidence of operational digitalization leading to reduced administrative workload.
- b) Proposition 2 is confirmed by studies highlighting HR analytics as a critical tool for data-driven decision-making.
- c) Proposition 3 is substantiated through research showing the evolving role of HR as a strategic partner, contributing to organizational agility and innovation.

5. CONCLUSION

This study aimed to explore the impact of digitalization on Human Resource (HR) functions in retail companies and to develop a conceptual framework illustrating the evolution of HR roles from administrative tasks to strategic partnerships. Through a thematic literature review of 27 studies spanning 2010–2024, this research identified key mechanisms through which digitalization influences HR: automation of administrative functions, adoption of HR analytics, and development of dynamic capabilities.

The study's findings demonstrate that digitalization acts as a primary driver of HR transformation. Proposition 1 confirms that digitalization reduces routine administrative tasks, allowing HR professionals to focus on value-added activities. Proposition 2 highlights that HR analytics provides actionable insights, enabling HR to make strategic decisions aligned with organizational objectives. Finally, Proposition 3 illustrates that HR evolves into

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a strategic partner, contributing to organizational agility, innovation, and responsiveness to market changes.

Overall, the study successfully meets its objectives by providing a clear theoretical framework that explains the pathway of HR transformation in retail and establishes the foundation for empirical validation in future research. The proposed framework and propositions offer both theoretical insights and practical guidance for HR practitioners navigating the digital era.

LIMITATION AND STUDY FORWARD

While this study provides valuable theoretical contributions, several limitations must be acknowledged:

- 1. Conceptual Nature: The study is based on a literature review and does not include primary empirical data. As a result, the relationships and propositions presented are theoretical and require empirical testing to establish their validity.
- 2. Scope of Literature: The review focuses primarily on studies in the retail sector and may not fully capture HR digitalization dynamics in other industries or geographic contexts.
- 3. Technological Evolution: Rapid technological advancements may outpace the literature reviewed, meaning that emerging tools or methods might not be fully captured in the framework.

Future Research Directions:

- a) Conduct empirical studies to test the proposed model and validate the propositions (e.g., through surveys, case studies, or longitudinal data in retail organizations).
- b) Examine moderating and mediating factors, such as organizational culture, leadership support, or technological maturity, which may influence the effectiveness of HR digitalization.
- c) Extend the framework to SMEs and other service sectors, comparing how digitalization affects HR transformation across different organizational sizes and industries.
- d) Investigate the long-term impact of HR transformation on organizational performance, employee engagement, and talent retention, providing practical guidance for strategic HR planning.

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