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Innovation in Human Resource Management to Create a Better Work Environment and Contribute to Organizational Success: A Systematic Literature Review

Wanda Gema Prasadio Akbar Hidayat^{1*}

¹Department of Management, Faculty of Business, Universitas Multimedia Nusantara, Tangerang, Indonesia

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*Corresponding author:

Wanda Gema Prasadio Akbar Hidayat

E-mail address:

wanda.hidayat@umn.ac.id

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ABSTRACT

Amidst the digital revolution and industrial transformation, the human resource management paradigm has changed dramatically. Nowadays, innovation in HR is no longer just an option but a necessity for organizations that want to remain relevant and competitive. This change occurred because of the many challenges faced by companies in finding, developing, and retaining quality employees. The literature search process was carried out on various databases (PubMed, Web of Sciences, and Google Scholar) regarding the analysis of innovation in human resources management. This study follows the preferred reporting items for systematic reviews and meta-analysis (PRISMA) recommendations. Innovation in human resource management (HR) has become the main driver for organizational transformation in facing the challenges and demands of the ever-evolving world of work. The use of advanced HRM information technology and software has helped increase efficiency in various aspects of human resource management, such as recruitment, training, development, and performance evaluation. Innovations in creating a work environment that balances work and personal life, as well as promoting equality and inclusion, have increased employee satisfaction and productivity.

1. Introduction

In a rapidly changing and competitive business world, the urgency of innovation in human resource management is becoming increasingly important (Barney, 1998). Complex work environments, diverse employee demands, and rapid technological developments have driven organizations to continuously adapt and seek new ways to manage their workforce more efficiently. Amidst the digital revolution and industrial transformation, the human resource management paradigm has changed dramatically (Boudreau, 2007). Nowadays, innovation in HR is no longer just an option but a necessity for organizations that want to remain relevant and

competitive. This change occurred because of the many challenges faced by companies in finding, developing, and retaining quality employees (Boxall, 2012).

One of the urgent innovations in human resource management lies in the dynamic nature of the modern workforce. Millennials and Generation Z, which increasingly dominate the job market, have different preferences and values than previous generations. They want a more flexible work environment, a better work-life balance, and interesting job challenges (Delery, 1996). Therefore, organizations need to innovate in adjusting work patterns, employee policies, and development programs in order to attract



and retain the best talent (Guest, 2017). In addition, innovation in human resource management is also related to the application of increasingly sophisticated technology. Cloud-based human resource management systems, HR analytics, and artificial intelligence play a critical role in helping organizations manage employee data, analyze trends and identify opportunities for improvement. The application of this technology improves efficiency in HR processes and provides deeper insight into decisions made by management (Huselid, 1995; Jackson, 1999).

In addition, innovation in human resource management also contributes to increased employee productivity and performance. Innovative training and development programs help improve employees' skills and knowledge, so they can face job challenges more confidently and perform better (Lepak, 1999; Marchington, 2000). In addition, holistic employee welfare programs, such as mental health support, keep employees healthy and motivated, reduce absenteeism, and increase productivity. By implementing innovations in human resource management, organizations can create a more adaptive, inclusive, and employee-oriented work environment. This not only has a positive impact on employee satisfaction and well-being but also contributes to the overall success of the organization (Pauwe, 1997). Employees who feel supported and valued tend to be more passionate, creative, and dedicated, which in turn, increases productivity, innovation, and overall organizational performance. Therefore, the urgency of innovation in human resource management must not be ignored because this is the key to success in a changing and competitive business world (Schuler, 1987; Ulrich, 2005; Boxall, 2014).

2. Methods

The literature search process was carried out on various databases (PubMed, Web of Sciences, and Google Scholar) regarding the analysis of innovation in

human resources management. The search was performed using the terms: (1) " innovation " OR " human resources " OR " management" OR " improving human " AND (2) " improvement " OR " human resources management." The literature is limited to original studies and published in English. The literature selection criteria are articles published in the form of original articles, a study about analysis of innovation in human resources management, studies conducted in a timeframe from 2012-2023, and the main outcome was an analysis of disruption phenomenon in innovation in human resources management. Meanwhile, the exclusion criteria were original articles that were not related to the analysis of disruption phenomenon in innovation in human resources management and duplication of publications. This study follows the preferred reporting items for systematic reviews and meta-analysis (PRISMA) recommendations.

3. Results and Discussion

HRM (human resources management) technology

The application of advanced information technology and human resource management (HRM) software has brought about a major transformation in the way organizations manage their human assets (Wright, 1992). New tools and platforms have transformed the overall HRM landscape, helping to automate processes, increase efficiency and provide management with deeper data insights. Cloud technology has made it possible to easily and securely access HR (human resources) data from anywhere and at any time (Lawler III, 2009). Cloud-based HR systems eliminate physical limitations and allow employees and management to access important information through different devices, such as computers, tablets, or smartphones. In addition, by using the cloud, organizations no longer need to store data locally, reducing infrastructure costs and reducing the risk of data loss.



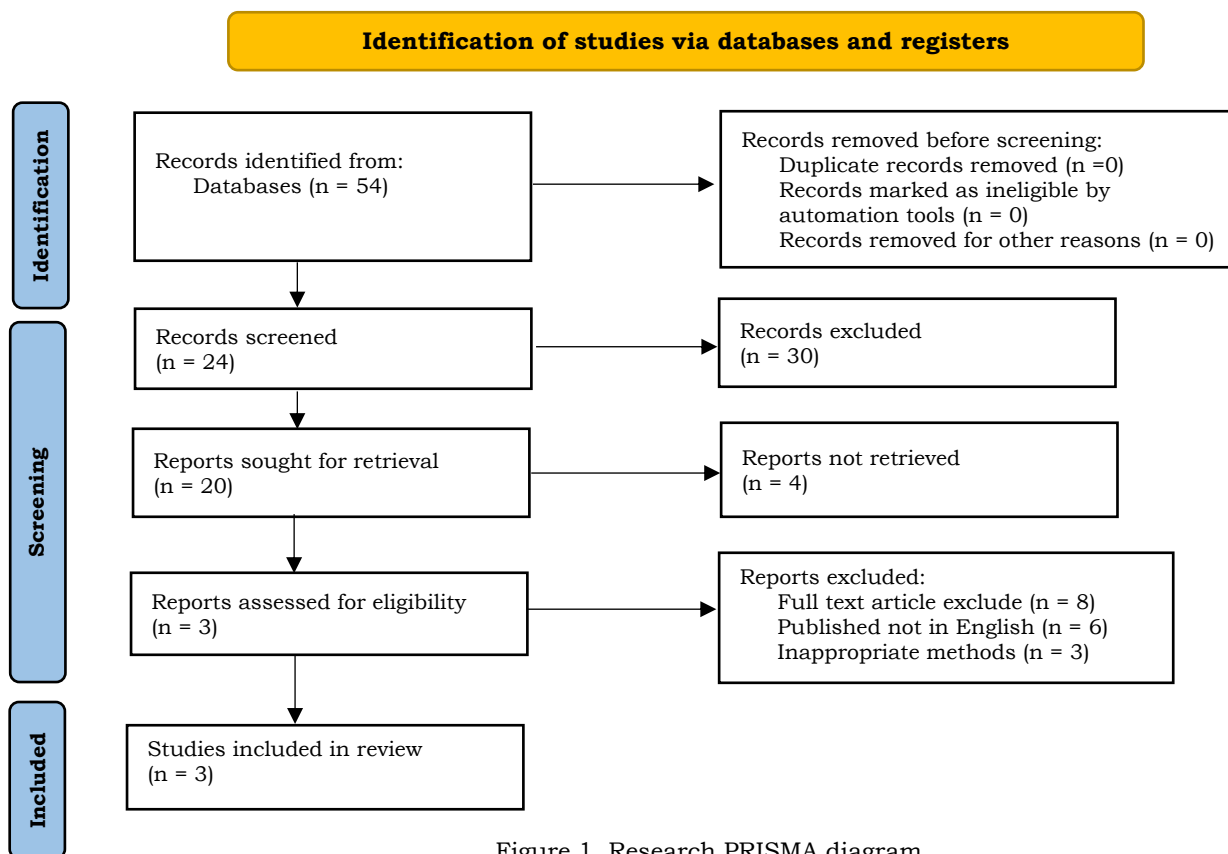


Figure 1. Research PRISMA diagram.

HR analytics software transforms employee data into useful insights for an organization's strategic decisions. With HR analytics, management can track and analyze various employee metrics, including productivity, performance, absenteeism, and job satisfaction. This information helps identify trends, potential problems, and opportunities for improvement to improve overall organizational efficiency and performance (Nishii, 2008; Pfeffer, 1994). The use of mobile applications in human resource management makes it easier for employees to access and interact with the HRM system. Employees can apply for leave, fill out forms, access salary information, and attend training through the mobile application (Boxall, 2014; Nishii, 2008). Meanwhile, management can also use the app to provide performance feedback, announce policy changes, and provide direct communication with employees, facilitating effective and transparent communication. The advantage of implementing advanced information

technology and HRM software is being able to automate repetitive administrative tasks, allowing the HR team to focus on more strategic and employee-oriented activities. In addition, the cloud-based HR system and mobile application enable real-time and rapid access to employee information, enhancing timely and targeted decision-making. Meanwhile, HR analytics software assists organizations in identifying performance patterns, assessing the effectiveness of employee development programs, and designing competitive pay strategies (Wright, 2001).

Analytical HR (human resources)

The data-driven approach to human resource (HR) decision-making has become one of the most impactful innovations in human resource management. In this data-rich information age, organizations have access to a wide variety of information about their employees, from individual performance to attendance patterns, retention rates, and job satisfaction. Using HR



analytics, organizations can collect employee data from multiple sources, such as systems human resource management, employee surveys, and performance data. This data is then analyzed in depth using statistical analysis methods and artificial intelligence algorithms to gain valuable insights into various aspects of HR. HR Analytics enables organizations to identify trends and patterns in employee data. For example, organizations can track employee turnover rates over time, identify peaks in absenteeism, or understand employee preferences in training programs. Data-driven HR enables management to measure and compare employee performance more objectively. By using data, performance appraisal can be more accurate and fair, avoiding bias and a subjective approach. By analyzing data, organizations can identify areas of improvement in human resource management. For example, if the data shows a trend of increasing employee turnover in a department, then corrective action can be taken to increase employee retention in that department. Data-driven HR assists management in making more informed and evidence-based HR decisions. This helps avoid decisions that are speculative or based on assumptions, which can have a negative impact on the organization. By using data to optimize HR processes, organizations can improve overall efficiency and productivity. HR analytics data can help identify slow or inefficient processes and offer solutions to increase workforce productivity (Delbridge, 2017).

Work-life balance

Innovation in creating a work environment that is balanced between the work life and the personal life of employees has become a major concern for many modern organizations. Changes in employee needs and expectations, as well as advances in technology, have driven companies to innovate in their approach to workforce management. Remote work policies allow employees to work from locations outside of the physical office. With adequate technology, employees

can connect with teams and projects from anywhere. This policy gives employees the flexibility to manage their time better, reduce travel time, and improve quality of life by avoiding heavy traffic and long-term travel. Allows employees to have flexibility in their working hours, such as choosing check-in and leave hours that suit their personal preferences and needs. This could include non-traditional work schedules, such as working a 4-day week or more flexible working hours as agreed between employees and management. A holistic employee welfare program covers various aspects of physical and mental health. This can include access to fitness facilities, wellness programs, counseling, mental health support, and personal development. Such programs help employees maintain a balance between their personal and professional lives, increase job satisfaction, and minimize stress that can affect productivity. Innovation also involves creating a corporate culture that supports and values employees. This includes rewarding employee accomplishments and performance, facilitating open communication between management and employees, and listening to and responding to employee needs and input. By implementing these innovations, organizations can create a more balanced work environment and support employee work-life balance. The advantage of this innovation is increased employee satisfaction and well-being, which will increase overall organizational productivity and performance. Employees who feel valued, have flexibility in working hours and have access to a holistic welfare program tend to be more passionate, dedicated, and contribute their maximum. Innovation in creating a balanced work environment is a valuable investment for organizations, as it can create a positive culture and increase competitiveness in a competitive labor market.

Employee development

New approaches to training and developing employees have focused on technological innovations



that can improve training effectiveness and ensure employees have skills relevant to job demands. E-learning involves using online platforms to provide training and learning to employees. In this form, training materials are delivered via interactive modules, videos, or online tests, so employees can learn at their own pace and schedule. E-learning provides greater accessibility for employees, especially for those who are in remote locations or have busy schedules. Simulation is a method of presenting real or near-real situations in a safe environment for learning. For example, in a simulated environment, employees can practice dealing with certain situations or performing certain tasks that would normally be difficult or risky in the real world. This simulation helps employees to gain better skills and experience without creating risks to the organization. VR technology allows employees to engage in interactive simulations that mimic real environments in 3D. With VR, employees can practice skills and take on challenges in highly realistic simulations. For example, VR technology can be used for training in complex technical, managerial, or tooling skills.

Using innovative technologies such as e-learning and VR, training can be personalized for employees so they can develop skills relevant to the demands of their job. Employees can focus on the aspects most relevant to their job, increasing training efficiency and effectiveness. This innovation provides flexibility and accessibility for employees to attend training according to their schedules and preferences. This reduces time and place barriers, so employees can learn without interfering with their daily work performance. Simulation and VR provide a safe learning environment for employees to try and practice without fear of making mistakes or taking real risks. This helps increase self-confidence and readiness to face real situations. By adopting this new approach to employee development, organizations can effectively improve the skills, knowledge, and performance of their employees. Employees who have access to this

innovative training will be better equipped to deal with the changes and demands of an ever-evolving world of work, as well as contribute better to achieving the overall goals of the organization.

Recruitment and selection

The use of algorithms and artificial intelligence (AI) in the recruitment process has become a very valuable innovation for human resource management (HR). Algorithms and AI help organizations to identify the best candidates and reduce selection bias, which in turn can have a positive impact on talent scouting and matching them to the company culture. Algorithms and AI can analyze large amounts of data regarding a candidate's qualifications, experience, and skills. By performing more in-depth analysis than a human can perform, this system helps identify the best candidates who best fit the job requirements. The use of algorithms and AI can reduce bias in employee selection. The algorithm has no preferences, discrimination, or prejudice, ensuring that each candidate is judged on their qualifications and merits, not on personal characteristics or social background. Several algorithms and AI can analyze natural language in candidate cover letters and CVs. This helps identify job-relevant keywords and phrases, thereby ensuring suitably qualified candidates can be recognized more quickly. Using algorithms and AI in recruitment can save valuable time and human resources. The selection process can be automated and increased in speed, so HR can focus more on human interaction with shortlisted candidates and develop more effective recruitment strategies. Algorithms and AI can help organizations to discover hidden talent that might not be immediately apparent in a candidate's CV or cover letter. By analyzing data and patterns, the system can identify unique qualities and skills that are relevant to job requirements. It is important to have employees who fit into the company culture. Algorithms and AI can help identify candidates whose values, attitudes, and



characteristics fit with an organization's culture, helping to create more harmonious and high-performing teams (Wright, 2001).

Technology-based performance management

The use of software and applications to manage employee performance has become a very useful innovation in human resource management. This software and applications enable organizations to manage employee performance more efficiently and effectively and provide benefits to employees and the organization as a whole. Employee performance software enables organizations to set clear and measurable performance goals for each employee. This helps allocate resources better, identify performance priorities, and increase accountability in achieving the expected results. Employee performance management application allows for real-time feedback. Employees can receive immediate feedback after completing a specific task or project, which helps them improve their performance quickly and increase productivity. This software and applications allow managers to provide feedback and performance evaluations in a transparent and open manner to employees. This openness creates an environment where employees feel valued and supported in their growth and development. Reward systems integrated into employee performance software can help organizations provide timely and transparent recognition and appreciation of employee accomplishments. This motivates employees to perform better and make maximum contributions. The employee performance management application allows employees and managers to plan and track personal development plans for employees. This helps in identifying individual training and development needs so that employees can develop relevant skills and improve their performance. The data generated by employee performance software allows thorough performance analysis. Management can view performance trends, identify high-performing employees, and identify

improvement areas for further development. By using software and applications to manage employee performance, organizations can create a more accountable, transparent, and employee growth-oriented environment. Employees feel supported in achieving performance goals, motivating them to give their best, and contributing to the overall success of the organization. In addition, management can also make decisions based on strong data and analysis, optimize the performance management process, and achieve better results in achieving the company's strategic objectives (Delbridge, 2017; Guest, 2011).

Employee engagement

The use of technology-based platforms to facilitate two-way communication between management and employees has become a high-impact innovation in human resource management. This platform allows companies to create more open and transparent channels of communication between management and employees and allows for more direct and fast interactions. This platform allows companies to collect feedback from employees on a regular and systematic basis. Employees can provide opinions, suggestions, and complaints more easily and directly. The collection of this feedback helps the organization identify problems, measure employee satisfaction levels, and know the needs and expectations of employees. With open communication channels, management can better understand the needs of employees. They can find out what employees want and need, including support, training, and development opportunities. This information becomes the basis for developing policies and programs that are more relevant and beneficial to employees. With easily accessible two-way communication, problems or issues can be identified and responded to quickly. Management can immediately respond to employee concerns or complaints, provide solutions, and take corrective action if necessary. This helps build trust and comfort among employees and improves the overall work



climate. Two-way communication facilitates the exchange of ideas and collaboration between management and employees. Employees can contribute to the formulation of company decisions or projects, thereby providing a higher sense of ownership and involvement. The use of this technology-based platform can also increase organizational transparency. Employees have access to important information about company policies, goals, and achievements. This helps create a more transparent work environment, which in turn increases employee trust and motivation. Two-way communication strengthens an inclusive corporate culture. Employees feel heard and valued, which creates a positive environment and supports growth and development. By leveraging technology-based platforms for two-way communication, companies can create a more open, responsive, and employee-oriented work environment. This helps identify and resolve problems more efficiently, increases employee satisfaction, and improves overall organizational productivity and performance. This use of technology in communications also helps companies stay relevant and adapt to the demands of a modern, increasingly diverse, and digitally connected workforce (Nishii, 2008; Boxall, 2014).

Justice and inclusion

Innovation in managing diversity and ensuring equal opportunity for all employees is very important in modern human resource management. Organizations increasingly realize that implementing fairness and inclusion (diversity, equity, and inclusion/DEI) is the key to creating a productive, innovative, and competitive work environment. Organizations can use data to assess and measure the level of fairness and inclusion in the work environment. Employee surveys, quantitative analysis, and other data collection can help identify potential problems or inequalities that may exist. This data helps organizations better understand their

workforce dynamics and make evidence-based decisions to improve equity and inclusion. Innovation also involves training employees on the importance of fairness and inclusion. This training can help raise awareness about unconscious bias, discrimination, and the importance of respecting and valuing differences. By increasing awareness and understanding, employees can contribute to creating a more inclusive work environment. Organizations need to develop policies that promote equity and inclusion. This policy includes eliminating bias in the hiring, awarding, promotion, and career development process. By adopting fair and inclusive policies, organizations can create an equal environment for all employees. Organizations can form working groups or committees that focus on equity and inclusion issues. This group can provide views and input on how to improve an inclusive work environment and ensure the voices of all employees are heard. It is important for organizations to regularly monitor and report on their performance in terms of equity and inclusion. By identifying and tracking key performance indicators related to DEI, organizations can assess progress and determine corrective steps that need to be taken. Through these innovations, organizations can create an inclusive, fair, and equal work environment where every employee feels valued and supported in achieving their full potential. An inclusive work environment encourages diversity of ideas, perspectives, and talent, which in turn enhances creativity, innovation, and overall organizational performance (Guest, 2011).

4. Conclusion

Innovation in human resource management (HR) has become the main driver for organizational transformation in facing the challenges and demands of the ever-evolving world of work. The use of advanced HRM information technology and software has helped increase efficiency in various aspects of human resource management, such as recruitment, training,



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