

Integrating HR Management and Digital Talent Management to Enhance Organizational Competitiveness: Evidence from Local Government Agencies

Integrating Human Resource and Digital Talent Management

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Submitted:
SEPTEMBER 2025

Accepted:
DECEMBER 2025

ABSTRACT

Digital transformation is reshaping public sector organizations, necessitating enhanced competitiveness through advanced technologies and optimised human resource strategies. This study aims to determine the effect of human resource management and digital talent management practices on public organizational competitiveness, focusing on their individual and combined effects. A quantitative approach employing Partial Least Squares Structural Equation Modelling was used, with data collected from 380 government employees in a local region via a survey. Human Resource Management significantly strengthens competitiveness by enhancing workforce capabilities, motivation, and commitment ($\beta=0.38$; $p<0.05$), while Digital Talent Management drives innovation and organizational flexibility ($\beta=0.42$; $p<0.05$). The integration of both practices yields the strongest impact ($\beta=0.71$; $p<0.05$), highlighting their synergistic effect. The findings underscore that sustainable competitiveness in public organizations relies on integrating human resource management with digital talent management. Local governments should adopt policies that align these frameworks to foster adaptive, innovative, and citizen-oriented governance, ensuring effective bureaucratic transformation in the digital era. This study enriches theoretical discourse and offers practical guidance for enhancing public sector performance.

Keywords: Digital Talent Management, Digital Transformation, Human Resource Management, Organizational Competitiveness, Public Sector.

ABSTRAK

Transformasi digital membentuk kembali organisasi sektor publik, membutuhkan peningkatan daya saing melalui teknologi canggih dan strategi sumber daya manusia yang dioptimalkan. Penelitian ini bertujuan untuk mengetahui pengaruh praktik manajemen sumber daya manusia dan manajemen talenta digital terhadap daya saing organisasi publik, dengan fokus pada efek individu dan gabungannya. Pendekatan kuantitatif yang menggunakan SEM-PLS digunakan, dengan data yang dikumpulkan dari 380 pegawai pemerintah di wilayah setempat melalui survei. Manajemen sumber daya manusia secara signifikan memperkuat daya saing dengan meningkatkan kemampuan, motivasi, dan komitmen tenaga kerja ($\beta=0.38$; $p<0.05$), sedangkan manajemen talenta digital mendorong inovasi dan fleksibilitas organisasi ($\beta=0.42$; $p<0.05$). Integrasi kedua praktik menghasilkan dampak terkuat ($\beta=0.71$; $p<0.05$), menyoroti efek sinergisnya. Temuan ini menggarisbawahi bahwa daya saing berkelanjutan dalam organisasi publik bergantung pada

JIMKES

Jurnal Ilmiah Manajemen
Kesatuan
Vol. 13 No. 6, 2025
pp. 5001-5012
IBI Kesatuan
ISSN 2337 – 7860
E-ISSN 2721 – 169X
DOI: 10.37641/jimkes.v13i6.4192

integrasi manajemen sumber daya manusia dengan manajemen bakat digital. Pemerintah daerah harus mengadopsi kebijakan yang menyelaraskan kerangka kerja ini untuk mendorong tata kelola yang adaptif, inovatif, dan berorientasi pada warga, memastikan transformasi birokrasi yang efektif di era digital. Studi ini memperkaya wacana teoretis dan menawarkan panduan praktis untuk meningkatkan kinerja sektor publik.

Kata kunci: *Manajemen Talenta Digital, Transformasi Digital, Manajemen Sumber Daya Manusia, Daya Saing Organisasi, Sektor Publik.*

INTRODUCTION

Digital disruption, fueled by Industry 4.0 and Society 5.0, is transforming public administration, pushing rigid bureaucracies to innovate and deliver flexible, transparent, and responsive services (Mergel et al., 2020; Alvarenga et al., 2020). Public organizations' competitiveness now hinges on adapting and meeting diverse community needs, with the key challenge being the development of human resources equipped with digital skills and modern mindsets (Oberer & Erkollar, 2018). Globally, 70% of Organisation for Economic Co-operation and Development (OECD) member states cite a lack of digital talent as a major obstacle to digital government progress (OECD, 2021). Meanwhile, Deloitte (2020) notes only 12% of public organizations feel prepared for digital disruption, with 85% emphasising the urgent need for digital leadership and skills. This digital talent gap, if unaddressed, risks stagnation and inefficiency in public service delivery.

In Indonesia's decentralized governance system, local administrations are key public service providers, yet their digital capacity remains limited. The 2023 Ministry of State Apparatus Empowerment and Bureaucratic Reform reported a national public service satisfaction index of 77.89 out of 100, indicating progress but a notable gap in digital services. Similarly, the 2023 Information and Communication Technology Development Index by BPS classified regions like South Sulawesi and Tana Toraja as medium-to-low in digital development. Tana Toraja's unique geographical, socio-cultural, and infrastructural challenges further complicate bureaucratic digital transformation. Thus, identifying factors to boost public organization competitiveness in this context is critical and urgent (Wulandari et al., 2023).

To address these challenges, relying solely on traditional human resource management approaches is increasingly insufficient. Public institutions must shift toward a more strategic and future-oriented framework: Digital Talent Management (DTM). Digital talent management refers to the organized effort to identify, attract, develop, retain, and maximize the potential of individuals with the digital expertise required to drive organizational change and strategy (Varadaraj & Al Wadi, 2021; Festing & Schäfer, 2022; Wulandari et al., 2023). Importantly, this concept goes beyond simply digitalizing recruitment or training processes. It embodies a comprehensive approach that instills a digital mindset across the entire HR management spectrum, including workforce planning, employee development, performance evaluation, and career progression (Tursunbayeva et al., 2022). Nevertheless, an important issue arises regarding whether the implementation of digital talent management alone can ensure success or whether its effectiveness largely depends on the strength of existing traditional HR practices.

Previous research has extensively studied strategic human resource management and digital talent management as separate fields, with evidence showing that effective human resource practices positively impact organizational outcomes, including in the public sector, while digital talent management enhances agility and innovation (Knies et al., 2018; Jiang et al., 2019; Son et al., 2020; Ismail et al., 2021; Vargas et al., 2023; Zawadzki & Wojdylo, 2024). However, significant gaps persist: few studies explore how human resource management integrates with digital talent management, despite the latter relying on existing human resource systems; research predominantly focuses on private and multinational firms, with limited attention to public sector contexts, particularly local

governments in developing nations (Festing & Schäfer, 2022). The mechanisms driving competitiveness through their integration remain unclear.

The Resource-Based View (RBV) framework, adapted from Barney et al. (2021) for public administration, posits that sustainable competitive advantage stems from resources that are Valuable, Rare, Inimitable, and Non-Substitutable (VRIN). In this study, integrating robust human resource management practices with digital talent management creates a VRIN bundle, driving public sector competitiveness in the digital era. The research offers three key contributions. First, it proposes a model highlighting the synergy between human resource management and digital talent management, moving beyond their isolated treatment. Second, it focuses on regional public organizations in Eastern Indonesia, adding diversity to Western-dominated literature. It provides practical insights for policymakers to develop strategies enhancing digital competencies and strengthening human resource systems.

This research aims to empirically test the impact of integrating HR management and digital talent management on public organizational competitiveness, with specific reference to local government institutions in Toraja, namely Tana Toraja and North Toraja. More precisely, the research explores the extent to which HR management practices strengthen the organizational competitiveness in Tana Toraja and examines the significance of digital talent management in shaping organizational competitiveness across local governments in the Toraja region.

LITERATURE REVIEW & HYPOTHESIS DEVELOPMENT

Human Resource Management and Organizational Competitiveness

Human Resource Management (HRM) encompasses a range of practices aimed at optimising the human element within organizations, including recruitment, training, performance appraisal, compensation, and employee engagement (Jiang et al., 2019; Ahmad et al., 2021; Rohayati, 2024; Zebua, 2025). In public sector organizations, human resource management plays a pivotal role in fostering efficiency, accountability, and service delivery, which are essential for competitiveness in a bureaucratic environment often characterised by rigidity and resource constraints (Knies et al., 2018; Kravariti & Johnston, 2020; Zolak et al., 2025). According to the RBV theory, human resource management practices can create sustainable competitive advantages by developing Valuable, Rare, Inimitable, and Non-Substitutable (VRIN) human resources (Barney et al., 2021; Gadzali et al., 2023). Empirical studies support this, showing that effective human resource management enhances employee motivation, commitment, and capabilities, leading to improved organizational outcomes. For instance, Zawadzki and Wojdylo (2024) found that human resource management strategies focused on employee well-being and engagement positively influence performance in public institutions by reducing turnover and increasing productivity.

In the context of developing countries like Indonesia, human resource management in local governments faces unique challenges such as decentralised structures and limited digital infrastructure, which can hinder competitiveness (Oberer & Erkollar, 2018; Bahri & Tambunan, 2025). Research by Boxall (2021) emphasises that strategic human resource management must align with organizational goals to drive adaptability and innovation, particularly in public administration, where competitiveness is measured by service quality, responsiveness, and public value creation. However, traditional human resource management often falls short in addressing digital disruptions, highlighting the need for evolution in practices to maintain relevance in the digital era.

H1: Human resource management have a positive influence on organizational competitiveness.

Digital Talent Management and Organizational Competitiveness

Digital Talent Management (DTM) extends beyond traditional human resource management by focusing on the strategic acquisition, development, retention, and

utilisation of individuals with digital skills to support organizational transformation (Gilch & Sieweke, 2021; Festing & Schäfer, 2022; Banerjee & Sharma, 2025; Purwanto et al., 2025). In the era of Industry 4.0 and Society 5.0, digital talent management is crucial for public organizations to bridge the digital talent gap, as evidenced by global reports indicating that 70% of OECD countries face barriers due to insufficient digital skills (OECD, 2021). Digital talent management involves not only technical training but also cultivating a digital mindset, enabling innovation, agility, and flexibility (Vargas et al., 2023). Ismail et al. (2021) demonstrated in a study of Malaysian telecommunications firms that digital talent management positively impacts performance by enhancing digital competencies and fostering innovation.

In public sectors, particularly in regions like Eastern Indonesia, digital talent management is vital for overcoming geographical and infrastructural challenges, as noted in the 2023 IPTIK index by BPS (2022), which classifies areas like Tana Toraja as medium-to-low in digital development. Tursunbayeva et al. (2022) argue that digital talent management, through people analytics and targeted development programs, can transform bureaucratic systems into citizen-oriented entities. However, standalone digital talent management initiatives may fail without a supportive human resource management foundation, as they require integration with existing policies for effective implementation (Harsch & Festing, 2020). This underscores the digital talent management role as a driver of competitiveness, but its full potential emerges when aligned with broader HR strategies.

H2: Digital talent management has a positive influence on organizational competitiveness.

The Simultaneously Effect on Organizational Competitiveness

The integration of human resource management and digital talent management represents a holistic approach to building organizational competitiveness by combining traditional HR systems with digital-focused talent strategies (Ulrich & Dulebohn, 2015; Poulouse et al., 2024). This synergy creates a VRIN resource bundle that enhances adaptability and innovation in public organizations (Barney et al., 2021). Empirical evidence suggests that when human resource management provides the structural backbone, such as fair compensation and performance management, digital talent management can amplify outcomes like service innovation and efficiency (Collings et al., 2022). For example, Lengnick-Hall et al. (2011) found that integrated HR strategies foster organizational resilience, particularly in dynamic environments like digital transformation.

In public sector contexts, this integration addresses gaps identified in prior research, where human resource management and digital talent management are often studied in isolation (Halid et al., 2020; Festing & Schäfer, 2022). A study by Alomari (2020) highlights that embedding digital elements into human resource management practices leads to superior competitiveness by putting “human” back into strategic management. However, limited studies exist on local governments in developing nations, where cultural and infrastructural factors play a role (Mergel et al., 2020). Recent research by Al Jawali et al. (2022) on public administration in Greece shows that human resource management -digital talent management integration improves employee performance and organizational agility, supporting the need for such models in regions like Toraja. This integration is hypothesised to yield stronger effects than individual approaches, filling a critical gap in the literature.

H3: Human resource management and digital talent management simultaneously has a significant effect on organizational competitiveness.

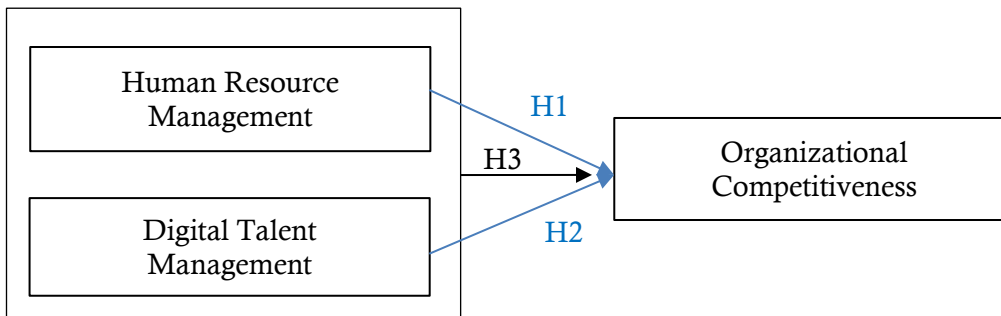


Figure 1. Conceptual Framework

Figure 1 illustrates the relationship between human resource management and digital talent management as independent variables influencing organizational competitiveness. Hypothesis 1 (H1) suggests a direct positive effect from human resource management, while hypothesis 2 (H2) indicates a similar effect from digital talent management. Hypothesis 3 (H3) proposes that the integration of both management approaches has a stronger combined impact on organizational competitiveness.

RESEARCH METHODS

This study was conducted in two administrative regions of Toraja, namely Tana Toraja and North Toraja Regencies. The selection of these locations was based on strategic considerations, as both regencies are currently accelerating bureaucratic reform and digital transformation through the implementation of the Electronic-Based Government System (*Sistem Pemerintahan Berbasis Elektronik/SPBE*). With a significant number of civil servants distributed across various Regional Apparatus Organizations, these two regions are considered suitable for analysing the influence of human resource management and digital talent management on organizational competitiveness. Furthermore, the challenging geographical conditions of Toraja highlight the urgency of digitalization to maintain service efficiency, making this setting highly relevant for examining the intersection of HR, digital talent, and bureaucratic competitiveness.

A quantitative research design was used with a causal-associative approach to test the cause-and-effect relationships among the study variables (Sekaran & Bougie, 2016). Specifically, the research adopted a cross-sectional survey design, where data were collected at a single point in time to test predetermined hypotheses. This design was chosen because it is appropriate for predicting the impact of independent variables (HR Management and DTM) on the dependent variable (organizational competitiveness) in a relatively large population (Fedyk et al., 2021; Le et al., 2022; Purwanto et al., 2023). The study relied on primary data obtained directly from respondents, with responses measured using a Likert scale. Data collection was conducted through an online, closed-ended questionnaire distributed via Google Forms. The online method was deemed effective in reaching respondents spread across the two regencies and also facilitated data processing (Wilson et al., 2021). The questionnaire consisted of four sections: (A) respondent demographics, (B) items measuring HR Management, (C) items measuring DTM, and (D) items assessing organizational competitiveness.

The population comprised all civil servants (*Aparatur Sipil Negara/ASN*) employed across OPDs in Tana Toraja and North Toraja. According to BPS (2022), there are approximately 3,940 ASN in Tana Toraja and 3,460 ASN in North Toraja, resulting in a combined population of 7,400 individuals. Considering the large and geographically dispersed population, a two-stage sampling technique was applied. First, purposive sampling was used to select OPDs identified as having initiated digital transformation programs, based on recommendations from OPD leaders. Second, stratified random sampling was performed within the selected OPDs to ensure representation across

hierarchical levels, including leaders, administrators, supervisors, and staff. This two-step process ensured that the sample reflected the diversity of the population.

Using the Slovin formula with a 5% margin of error, the minimum sample size required was calculated to be 380 respondents. To minimize the risk of incomplete responses, the questionnaire was distributed to exactly 380 participants. The instrument items were developed based on theoretical frameworks and adapted from previously validated studies. All variables were measured using a five-point Likert scale (1 = Strongly Disagree to 5 = Strongly Agree). Human Resource Management (X_1) is defined as a set of policies and practices, including recruitment, training, rewards, and performance appraisals, aimed at managing the human aspect of an organization (Jiang et al., 2019), with indicators such as staffing quality, training availability, career development support, fair compensation, clear performance management, and employee engagement. Digital Talent Management (X_2) involves a strategic process to identify, attract, develop, retain, and utilise individuals with digital skills for organizational transformation (Festing & Schäfer, 2022; Vargas et al., 2023), measured by talent identification, attraction strategies, competence development, retention efforts, and effective utilization. Organizational Competitiveness (Y) refers to a public organization's capacity to deliver superior services, adapt to change, innovate, and maintain a strong reputation compared to others, assessed through service quality, adaptation speed, service innovation, cost efficiency, and community trust (Oberer & Erkollar, 2018; Knies et al., 2018).

RESULTS

The characteristics of the respondents in this study describe the profile of the State Civil Apparatus (*Aparatur Sipil Negara/ASN*) in the two Toraja Regencies that served as the research sample. A total of 380 respondents from various Regional Apparatus Organizations (*Operasi Perangkat Desa/OPD*) participated in completing the questionnaire.

Table 1. Demographic Respondent

| Demographic Respondent | Characteristic | Percentage (%) |
|------------------------|-------------------------------|----------------|
| Gender | Male | 54.2 |
| | Female | 45.8 |
| Age | < 30 years old | 20.0 |
| | 31–40 years | 33.7 |
| | 41–50 years | 29.5 |
| | > 50 years | 16.8 |
| Education | High School/Vocational School | 7.9 |
| | Diploma (D3) | 11.1 |
| | S1 | 58.9 |
| | S2/S3 | 22.1 |
| Position | Leadership (Echelon II) | 3.7 |
| | Administrator (Echelon III) | 14.2 |
| | Supervisor (Echelon IV) | 22.6 |
| | Executive | 59.5 |
| Long Time Working | < 5 years | 13.2 |
| | 5–10 years | 24.2 |
| | 11–20 years | 38.9 |
| | > 20 years old | 23.7 |

Based on Table 1, the distribution of respondents shows a relatively balanced composition between males (54.2%) and females (45.8%). This indicates that the participation of ASN in the study was not dominated by one gender, allowing the research results to reflect the views of both groups proportionally. This balance is important, especially in the context of readiness to face digital transformation that demands the active involvement of all civil servants. The majority of respondents were in the 31–40 age range (33.7%), followed by the 41–50 age group (29.5%). This confirms that most of the civil servants involved in the study are of productive age, where adaptation to digital

technology is relatively easier. Meanwhile, respondents over the age of 50 (16.8%) also made an important contribution, reflecting long experience in public service that can be combined with digital innovation.

The respondents had a Bachelor's (S1) as their last education at 58.9%, followed by postgraduate graduates (S2/S3) at 22.1%. This condition reflects that ASN in Tana Toraja Regency has a relatively high level of education, which supports their academic and professional competence. With this educational composition, the implementation of digital talent management has the potential to be more effective because the ASN has an adequate knowledge base to receive technology-based training and innovation. The distribution of respondents was dominated by executive employees (59.5%), followed by supervisors (22.6%). The large number of executive employees shows that this study represents more ASNs who play a direct role in public service operations. Their perspective is very important because the executive position is at the forefront of facing the challenges of bureaucratic digitalization. Meanwhile, the participation of structural officials (Echelon II-III) still provides an overview of the direction of policies and strategies implemented at the managerial level.

The largest group is civil servants with a service period of 11-20 years (38.9%), which indicates the dominance of experienced employees in the bureaucracy. On the other hand, civil servants with a service period of less than 10 years are also quite significant (37.4%), reflecting the regeneration of apparatus with higher potential for technological adaptation. The combination of experience and enthusiasm of the younger generation is an important asset to support the success of digital transformation in the public sector.

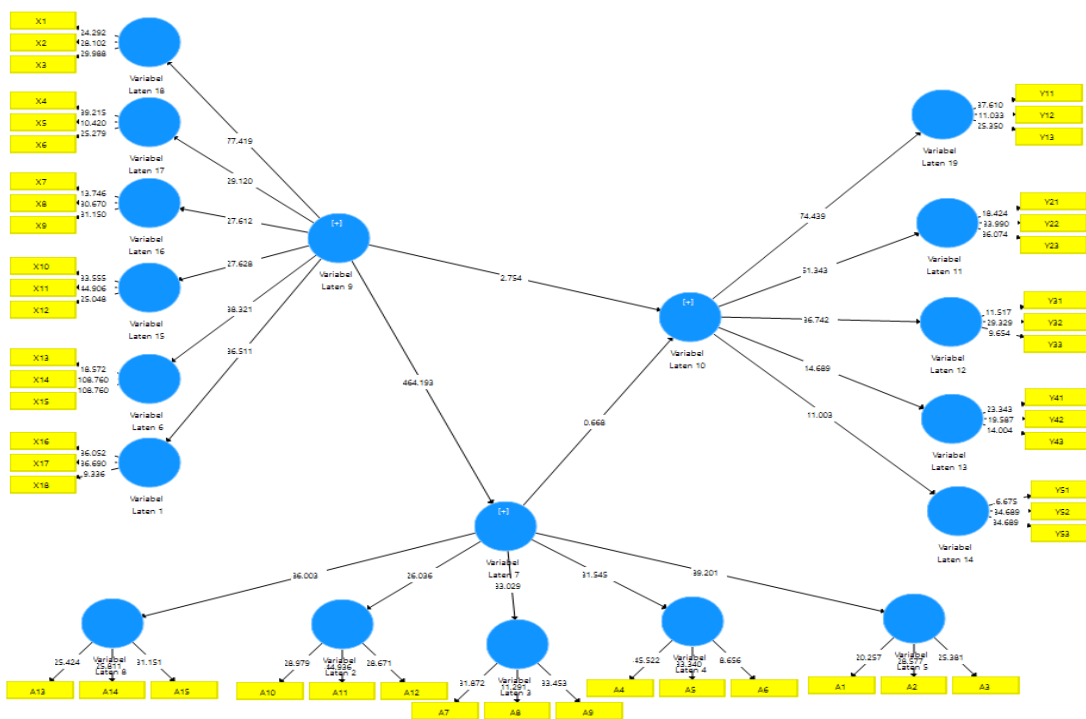


Figure 2. SEM-PLS Model

Based on Figure 2, this research employs Structural Equation Modelling–Partial Least Squares (SEM-PLS) as its primary analytical framework, with the analysis being performed using Smart-PLS version 4.0. The selection of this method is justified by its proficiency in modelling intricate causal pathways, its resilience when working with data that deviates from normality, and its appropriateness for the study's specific sample size (Hair et al., 2021). The analytical procedure was executed in two key phases: first, the assessment of the measurement (outer) model to confirm the constructs' validity and

reliability, and second, the evaluation of the structural (inner) model to test the proposed hypotheses between the variables. The measurement model, also referred to as the outer model, was analyzed to verify the validity and reliability of the indicators relative to their assigned latent variables. This evaluation was based on three primary metrics. To establish convergent validity, the analysis utilized factor loadings (with a threshold > 0.70) and Average Variance Extracted (AVE>0.50). While most indicator loadings were satisfactory, a small number registering marginally below the cutoff were preserved because of their foundational importance to the theoretical model. Next, discriminant validity was verified by applying the Fornell-Larcker criterion, confirming that each construct's square root of AVE was greater than its correlations with all others, and by ensuring all Heterotrait Monotrait (HTMT) ratios were under the acceptable limit of 0.90. Finally, the model's internal consistency was confirmed by calculating Composite Reliability and Cronbach's Alpha, with values for all constructs surpassing the recommended benchmark of 0.70, denoting adequate reliability for subsequent analysis of the structural model.

Table 2. Outer Model

| Construct | Indicator | Loading Factor | AVE | CR | Information |
|------------------------------------|-------------|----------------|------|------|------------------|
| HR Management (X1) | 6 Indicator | 0.77 – 0.86 | 0.62 | 0.89 | Valid & Reliable |
| Digital Talent Management (X2) | 5 Indicator | 0.80 – 0.87 | 0.65 | 0.91 | Valid & Reliable |
| Organizational Competitiveness (Y) | 5 Indicator | 0.76 – 0.92 | 0.66 | 0.92 | Valid & Reliable |

Based on Table 2, all item loadings surpassed the 0.70 benchmark, confirming that every indicator effectively represents its intended construct. Furthermore, with Average Variance Extracted (AVE) values exceeding 0.50 and Composite Reliability (CR) scores above 0.70, the results affirm that the model has successfully achieved both convergent validity and high internal consistency. Therefore, the measurement (outer) model is deemed robust and appropriate for advancing to subsequent stages of analysis. The structural (inner) model was evaluated to examine the hypothesized causal pathways between the latent constructs. This assessment included the coefficient of determination (R^2) to measure the model's explanatory power. The obtained R^2 value of 0.67 falls within the moderate-to-strong range, indicating that the exogenous variables collectively account for a substantial portion of the variance in the endogenous construct.

Table 3. Inner Model

| Path Relationships | Path Coefficient | T-Statistics | P-Value | R^2 (endogenous) | Q^2 | Information |
|--------------------|------------------|--------------|---------|--------------------|-------|------------------------|
| X1 → Y | 0.38 | 6.12 | 0.000 | | | Significant |
| X2 → Y | 0.42 | 7.45 | 0.000 | 0.67 | 0.49 | Significant |
| X1 + X2 → Y | 0.71 | 12.38 | 0.000 | | | Significantly stronger |

As presented in Table 3, the R^2 value of 0.67 signifies that 67% of the variance in the organizational competitiveness construct (Y) is explained by the combined effect of HR management (X1) and digital talent management (X2), which is categorized as strong (Hair et al., 2021). Furthermore, a Q^2 value of 0.49, which is greater than zero, confirms the model's predictive relevance for the endogenous construct. The path coefficient analysis reveals that both independent constructs exert a significant positive influence on organizational competitiveness, with digital talent management ($\beta = 0.42$, $p < 0.05$) demonstrating a slightly stronger effect than HR management ($\beta = 0.38$, $p < 0.05$). The synergistic integration of these two variables yields a substantially greater combined effect ($\beta = 0.71$), providing strong support for the third hypothesis (H3).

The path coefficient test was carried out to determine the direction and magnitude of influence between latent variables according to the research hypothesis. The test was carried out through a bootstrapping procedure with 5,000 resamples on SmartPLS 4.0.

The criteria for hypothesis acceptance were a t-statistical value > 1.96 and a p-value < 0.05 at a significance level of 5%.

Table 4. Path Coefficient Test

| Hypothesis | Variable | Coefficient (β) | T-Statistics | P-Value | Information |
|------------|---------------------------------------------------------------------|-----------------|--------------|---------|------------------------|
| H1 | HR Management (X1) → Organizational Competitiveness (Y) | 0.38 | 6.12 | 0.000 | Significant |
| H2 | Digital Talent Management (X2) → Organizational Competitiveness (Y) | 0.42 | 7.45 | 0.000 | Significant |
| H3 | X1 & X2 Integration → Organizational Competitiveness (Y) | 0.71 | 12.38 | 0.000 | Significantly stronger |

Based on Table 4, path analysis outcomes demonstrate a significant positive effect of human resource management (X1) on organizational competitiveness (Y), supported by a path coefficient of $\beta = 0.38$ ($p < 0.05$). This implies that well-executed HRM functions, including recruitment, training, compensation systems, and performance evaluation, contribute substantially to the competitive advantage of public sector institutions. These findings align with the work of Jiang et al. (2019), which underscores the significant contribution of HRM methodologies to enhanced organizational outcomes. Correspondingly, digital talent management (X2) also displayed a significant positive relationship with organizational competitiveness (Y) ($\beta = 0.42$; $p < 0.05$). This validates the notion that approaches focused on attracting, cultivating, and retaining digital talent are fundamental for developing a responsive and forward-thinking bureaucracy equipped to succeed in the digital age (Vargas et al., 2023).

The combined effect of HRM and DTM manifested a more substantial impact on organizational competitiveness ($\beta = 0.71$; $p < 0.05$). This underscores the conclusion that achieving digital transformation within bureaucracies relies not only on initiatives for digital talent but is also contingent upon a robust underpinning of traditional HRM frameworks. Therefore, the collaborative interaction between HRM and DTM acts as a pivotal mechanism for advancing the enduring competitive strength of public organizations.

DISCUSSION

The analysis revealed that human resource management exerts a significant and positive influence on the organizational competitiveness ($\beta = 0.38$; $p < 0.05$). This demonstrates that professional HRM practices ranging from rigorous recruitment, continuous training, equitable compensation systems, to objective performance evaluations are capable of enhancing service quality, organizational adaptability, and innovation capacity. Such outcomes align with the conclusions of Ulrich and Dulebohn (2015), who emphasized that well-integrated HRM mechanisms substantially elevate organizational effectiveness by refining work processes and boosting employee motivation. Similarly, Collings et al. (2022) highlighted that strategic HRM in public institutions significantly contributes to service delivery performance, particularly through improving bureaucratic efficiency. Alomari (2020) and Harsch and Festing (2020) further stressed that adaptive talent management skills are critical in reinforcing organizational agility, which represents a vital component of competitiveness in the contemporary era. Collectively, these findings reaffirm that HRM should not merely be perceived as an administrative support function, but rather as a strategic foundation in constructing sustainable competitive advantage.

The second hypothesis confirmed that digital talent management has a positive and significant impact on the organizational competitiveness ($\beta = 0.42$; $p < 0.05$). This suggests that the effectiveness of bureaucracy in addressing digital disruptions is largely

shaped by the organization's capability to identify, nurture, retain, and leverage individuals with digital expertise. These results resonate with the work of Ulrich and Dulebohn (2015), who demonstrated that DTM plays a pivotal role in enhancing innovation and organizational agility, enabling institutions to swiftly adapt to environmental shifts. In addition, Collings et al. (2022), in their study of the Malaysian telecommunications industry, provided evidence that DTM fosters performance improvements by advancing digital competencies and supporting the integration of emerging technologies. Harsch and Festing (2020) also argued that dynamic approaches to talent management promote agility, thereby creating avenues for innovation and responsiveness. In essence, DTM should not be regarded as a passing organizational trend, but as a crucial strategic pillar to strengthen competitiveness within the context of Industry 4.0 and Society 5.0. From a practical perspective, this underscores the importance for local governments to invest in the continuous development of civil servants' digital competencies while simultaneously creating robust retention mechanisms to retain employees with critical expertise.

The third hypothesis is validated by the finding that the integration of HR management with digital talent management exerts a stronger effect on public sector organizational competitiveness ($\beta = 0.71$; $p < 0.05$) compared to the impact observed when each construct is tested individually. This suggests that solid conventional HRM practices provide a critical foundation for the effectiveness of DTM, indicating that both dimensions must operate in tandem to reinforce bureaucratic competitiveness. These results resonate with the conclusions of Zawadzki and Wojdylo (2024), who argued that HRM practices emphasising employee engagement and well-being enhance the success of innovative HR strategies, including those driven by digital transformation. Likewise, Lengnick-Hall et al. (2011) underscored that the effective adoption of DTM depends heavily on its alignment with existing HRM systems, since these systems provide the structural and cultural support required for new digital initiatives to thrive. Accordingly, this study contributes novel evidence that the synergy between HRM and DTM is central to achieving sustainable competitiveness within public organizations. The practical implication is that local governments must design integrative HR approaches that not only prioritise the development of digital skills among civil servants but also strengthen the traditional HRM framework, which remains the essential backbone of bureaucratic digital transformation.

CONCLUSION

The findings of this study demonstrate that the organizational competitiveness is shaped not merely by the adoption of digital technologies, but more fundamentally by the quality of human resource management. Evidence indicates that HRM positively strengthens organizational competitiveness through enhanced employee competence, motivation, and engagement. This role is complemented by the significant contribution of digital talent management, which positions digital expertise as a critical strategic asset in addressing the demands of Industry 4.0 and Society 5.0. Moreover, the integration of conventional HRM practices with digital talent management produces the most substantial effect, as this combination fosters synergy between established structural foundations and dynamic digital capabilities. Collectively, these results highlight that regional bureaucracies, including those in Toraja, can only achieve sustainable competitiveness when human resources are managed through an integrative and forward-looking approach.

From a practical standpoint, this study suggests that local governments must treat digitalization not as a stand-alone technological initiative but as a holistic strategy for strengthening human resource capacity. Continuous training and development initiatives that integrate digital proficiency with managerial skills are essential to ensure employees perform effectively in an evolving environment. At the same time, conventional HRM practices covering recruitment, performance evaluation, and compensation systems must be reinforced as the groundwork for successful digital talent management. In doing so,

bureaucratic digital transformation will proceed more effectively, enabling the creation of a public sector that is adaptive, innovative, and capable of earning public trust through faster, accountable, and high-quality services.

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