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Strategic human resource management in digital marketing and business: Birds eye from Indonesian enterprise

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Abstract: Human resources are considered an important resource for companies today because the knowledge that a person has can be used to become an organisation's competitive advantage. In addition, digital marketing has an important role in determining the performance of business entities because we have now entered the digital era, which certainly cannot be separated from the influence of technology on marketing through social media. Therefore, this study aims to examine the effect of Strategic Human Resource Management (SHRM) in digital marketing on business entity performance, which is determined by digital marketing in a business entity. The data in this research was collected by distributing questionnaires to 455 Micro Small Medium Enterprises (MSMEs) in Indonesia. Data analysis used the Moderated Regression Analysis (MRA) method. The research results show that strategic human resource management variables influence business performance, and the support of digital marketing capabilities and activities strengthens this influence. Based on the results of this research, existing business entities must strengthen organizational performance by strengthening human resources in basic soft skills and hard skills and skills in digital marketing and improving marketing activities using digitalization.

Keywords: strategic human resource management; digital marketing capabilities; digital marketing activities; business performance

1. Introduction

In recent years, many organizations and researchers have conducted research on the value of the function of Human Resources (HR), including employee selection, development and retention processes. Human capital is considered an essential resource for contemporary companies because the knowledge a person possesses can be used to become an organizational competitive advantage (Gituma and Beyene, 2018). The HR aspect has the VRIN criteria (valuable, rare, inimitable and irreplaceable), as Barney (1991) stated, so HR management becomes the main competitive characteristic of contemporary organizations.

HR management is one strategy that emerges when companies try to link HR strategy and practices with business strategy (Wright and McMahan, 1992). This understanding is ultimately called strategic human resource management (SHRM), which explains the orientation of management to ensure that human resources are used in such a way that they can provide value to the organization with a competitive advantage to achieve the organization's goals, vision and mission (Kiiru, 2015). The initial idea of implementing Strategic Human Resource Management (SHRM) began in the 1990s which focused on the advantages of a proactive, integrative and value-based approach to human resource management with issues including alignment between HR management practices and the entity's strategic objectives, the integration

of HR management in the organization's strategic management, participation the role of human resources in the senior management team, delegating human resource practices to line managers and taking a strategic approach to employee compensation, selection, performance appraisal and the value added to organizational performance by human resource management (HRM) (Arthur, 1994; Huselid, 1995; MacDuffie, 1995; Kiiru, 2015; Begum, 2016).

Previous research topics that have been conducted show empirical evidence of the influence of SHRM practices on company performance. Previous research found that the use of effective SHRM practices can improve company performance by increasing employee productivity, reducing employee turnover rates, and increasing sales and profits (Huselid, 1995; Becker and Gerhart, 1996; Delery and Doty, 1996; Mansour, 2015; Sayadi and Nemati, 2018; Al-Khaled et al., 2020; Akbar et al., 2020). However, research related to SHRM that focuses on its impact on company performance has yet to include the impact of digitalization on business entities for the last few years. The impact of digitalization needs to be considered as a factor that can strengthen or weaken the influence of SHRM practices on the performance of business entities because we have now entered the industrial era 4.0.

The current number of internet users in the world, based on the Global Digital Headline January 2023, shows that internet users have reached 5.16 billion or the equivalent of 64.4% of the world's population. Thus, the performance of business entities worldwide is not only determined by the quality of strategic human resource management alone. However, digital marketing also plays a role in determining company performance. This condition can occur because the Internet has changed how humans interact because the Internet can connect people without the barriers of space, distance and time (Hermawan, 2012). Therefore, digital marketing activities are becoming more massive in society.

Digital marketing means using digital technology to create integrated, targeted and measurable communication to help acquire and retain customers and create more intense relationships with customers (Rizal et al., 2017). Digital marketing has a vital role in determining the performance of business entities because, currently, we have entered the digital era, which must be connected to the influence of technology on marketing via social media. All business entities, from small to large scale, use information technology to run their business. The impact of digital marketing on the level of business competition also occurs in Indonesia. This is because, based on data from worldpopulationreview.com, Indonesia is ranked fourth with the highest number of internet users in the world.

Figure 1 shows that the number of internet users in Indonesia until 2023 will experience very rapid growth. The number of internet users in Indonesia by 2023 has reached 215.63 million, an increase of 2.67% compared to the previous period. The number of internet users is equivalent to 78.19% of the population in Indonesia. This increase in internet users is caused by many things, including the COVID-19 pandemic from 2020 to 2021, which has given rise to many new habits of using online media to carry out daily activities, including transaction activities. Therefore, digital marketing is currently a supportive aspect of creating better performance for a business entity.

Empirical evidence shows that in 2022, 52% of business entities in Indonesia will experience bankruptcy because they do not follow the digitalization trend, which was

conveyed by the general chairman of the Indonesian Chamber of Commerce and Industry (economy.okezone.com). Other empirical evidence of the impact of digital marketing on the performance of business entities is proven in previous research that has been conducted. Several previous studies found that digital marketing has an influence on the performance of business entities (Prathivi, 2020; Andiana et al., 2020; Omar et al., 2020; Islami et al., 2020; Boonmalert et al., 2021; Rahayu et al., 2021; Setiawan et al., 2021; Lukiyana and Hokum., 2022). This phenomenon shows that digital marketing as a marketing medium is currently in great demand by the public to support various activities. Consumers are slowly trying to leave conventional marketing models and switch to modern or digital ones. This is because there are benefits from digital marketing communications and transactions, namely that they are more flexible to be carried out anytime and anywhere in real-time and globally (Islami et al., 2020). Thus, every business entity must be able to capture this signal in order to create good performance and avoid bankruptcy.

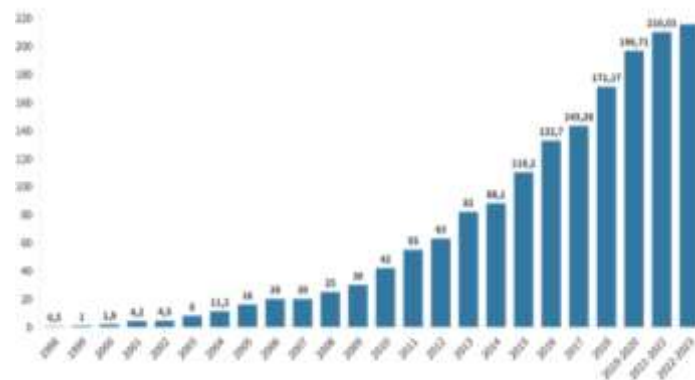


Figure 1. Data on Internet Users in Indonesia 1998–2023.

Source: Asosiasi Penyelenggara Jasa Internet Indonesia (APJII) www.dataindonesia.id.

Based on the explanation in the previous paragraphs, this research focuses on examining the effect of Strategic Human Resource Management (SHRM) in digital marketing on the performance of business entities determined by digital marketing in these business entities. The results of this study can provide the latest contribution to the development of research in the field of SHRM because in the last decade there has been little research on SHRM that focuses on the performance of business entities by including elements of digital marketing, especially in Indonesia. In addition, this research needs to be done to become a source of reference for business people in order to consider and improve aspects of capability and application of information technology to create better entity performance during the Industrial Revolution 4.0.

2. Literature review and hypothesis development

2.1. Strategic human resource management

Human Resources (HR) are the most critical component in a company or organization to run its business. Organizations must have goals members want to achieve (Niati et al., 2021). Development is a change towards improvement. Change towards improvement requires mobilizing all human resources and reason to realize

what is aspired to (Shah et al., 2020). Human resource development is a process of changing an organization's human resources from one situation to another to better prepare for future responsibilities in achieving organizational goals (Werdhiastutie et al., 2020).

The term Strategic Human Resource Management (SHRM) was first introduced by Devanna et al. (1984). SHRM is the result of the strategic management trend of an organization, where, in practice currently, all business functions make efforts to link work methods and practices with clear strategies to achieve better organizational performance. SHRM can emerge in an organization when there is alignment between strategy, processes and practices in the HR department with company strategy (Miles and Snow, 1984). SHRM's development of human resource management focuses more on human resource management issues from an organizational perspective rather than on the context of individual perspectives and their role in supporting business entities.

Strategic Human Resource Management (SHRM) is a planned pattern of human resource deployment and activities to achieve organizational goals (Wright and McMahan, 1992). SHRM is also defined as an integrated collection of practices, policies and strategies where organizations manage human resources that influence or are influenced by business strategy, organizational factors and socio-economic factors. (Mulla and Premarajan, 2008). SHRM has vertical and horizontal roles in the organization. Vertically, SHRM connects human resource practices and strategies with the organization's strategy and strategic management processes, while horizontally, SHRM aligns human resource management strategies and practices (Guest, 1989; Schuler and Jackson, 1987; Schuler, 1992; Wright and Snell, 1991). SHRM implementation includes strategic recruitment and selection, strategic planning, strategic training and development, strategic compensation and reward systems, strategic succession and strategic assessment.

The implementation of SHRM can be based on resource-based theory, which is the theory most widely used in SHRM literature and research. Barney (1991) explains that business entities own rare, valuable, inimitable and substitutable resources to create sustainable competitive advantages. This theory conveys that human capital can be used as a sustainable competitive advantage that must provide added value to business entities. SHRM practices, which include all organizational recruitment and selection programs, aim to attract and employ skilled or talented human resources. SHRM is a newer human resource management transition related to the role of an efficient HR management system with a particular focus on coordinating human resources to increase competitiveness (Allen, 2016). SHRM is the development of the relationship between the comprehensive strategic objectives of the organization and the implementation strategy of human resources (Armstrong, 2016).

SHRM has been used to examine the relationship between human resource strategy and company performance (Rose et al., 2006) and a source of company competitive advantage (Wright et al., 2001). Meanwhile, Becker and Huselid (2006) said SHRM explains the relationship between HR architecture and performance. HR architecture consists of systems, practices, competencies and employee performance based on attitudes that show or reflect how management and development processes are for human capital.

2.2. Digital marketing

Digitalization in business processes approaches problems differently and creates new business models through digital technology. Digitalization is not only automating or integrating technology in existing business processes to optimize the value chain but also modifying business models, reorganizing the value chain, and developing the supply of new products and services to provide value to customers.

One of the uses of digitalization in business entities is the marketing aspect called digital marketing. Digital marketing uses the Internet and other interaction technologies to create and connect information between companies and identified consumers (Erwin et al., 2021). Digital-based marketing has advantages compared to conventional marketing. Santoso (2020) explains that digital marketing has low costs but can attract clients' attention 24 h a day. Digital marketing includes advertising and selling goods or services digitally or virtually. Digital marketing can be done through websites, web banners, social networks, viral marketing, email marketing and more. Apart from that, digital marketing also has the advantage of using social media as a marketing medium without creating an online shop. However, digital marketing also has limitations where consumers sometimes still prefer to see and examine products or services directly.

The implementation of digital marketing in business entities consists of two types: digital marketing capabilities and digital marketing activities. Digital marketing capabilities can realize digital marketing optimally in a business entity. Digital marketing capabilities relate to an entity's ability to create and implement strategies to achieve organizational marketing goals (Chaffey, 2015; Vorhies and Morgan, 2005). Each entity carries out precise positioning, where it wants to be and determines precise details for achieving tactics and performance monitoring metrics. The existence of good digital marketing capabilities in an entity will result in better performance (Vorhies and Morgan, 2005).

Digital marketing capabilities The second aspect is digital marketing sensing capabilities. This capability involves actively collecting, interpreting, and generating market information (Day, 1994). This capability requires business entities to continuously monitor changes and anticipate customer reactions so that there is proactive action. The existence of digital technology can make it easier to feel and respond to market needs (Setia et al., 2013). This capability aspect is essential for organizational learning processes and developing an organizational knowledge base that contributes to creating competitive value. Business entities with digital marketing capabilities related to market sensing aspects can provide opportunities to reduce costs through better resource deployment, pricing decisions, better forecasting and customer service (Morgan et al., 2009). Therefore, electronic market sensing is essential as a harmonization capability (Day, 1994, 2014).

The following digital marketing capabilities are digital market innovation capabilities. This ability is the skills and knowledge needed to recognize, understand, improve and develop the technology (Romijn and Albaladejo, 2002). Digital marketing innovation can help organizations create sustainable competitive advantages (Hooley et al., 2005) and encourage development without involving limited infrastructure and other resources (Barrett et al., 2015). Based on the benefits

of digital marketing innovation capabilities in an environment with limited resources, it is essential to determine the contribution of capabilities in the digital marketing environment.

Another digital marketing capability is leadership capability. This capability is the ability to carry out leadership, management, motivation and coordination of organisational activities. This digital marketing capability is needed because, more than having extraordinary human capital alone, it is necessary to unite this capital for value creation in the organization. Leadership capabilities in digital marketing are essential because managerial and organizational processes can determine competitive advantage (Teece et al., 1997; Teece, 2014). In addition, human resource management and development can influence motivation and loyalty, which in turn can influence strategy implementation.

The second important aspect of digital marketing is digital marketing activities. Digital marketing activities are marketing activities carried out by business entities for products or services aimed at consumers digitally. This marketing activity consists of online advertising, affiliate advertising, email marketing, social media marketing, and SEO. The most widely used digital marketing is Search Engine Optimization (SEO). SEO is a process to increase the possibility of a particular website being listed on an online search results page and placed in a prominent place (Wienclaw, 2017). The effectiveness of using SEO in digital marketing activities is proven in research by Piñeiro-Otero and Martínez-Rolán (2016), which shows that as much as 88% of access worldwide is through Google. Apart from that, Gaikwad Kate (2016) also argues that SEO is essential for online marketing.

Social media advertising in digital marketing activities is also essential in improving business entities' performance. In recent years, it has been seen that social media networks have become increasingly popular and are increasing globally (Kucuk and Krishnamurthy, 2007). This is because social media can become a space for millions of people to communicate about anything, including products and services, as well as new marketing opportunities in the market (Mangold and Faulds, 2009). The social media most widely used for products and services are Instagram and Facebook. Additionally, Zhang et al. (2013) explained that blogs can be a digital marketing tool that can increase sales revenue because consumers can read reviews and comment on personal experiences regarding products/services.

2.3. Entities performance

The performance of an entity, especially a business entity, is a form of achievement that one always wants to achieve within a specific time. Performance is defined as a series of management activities that describe the extent to which tasks and responsibilities have been achieved, both in the form of successes and shortcomings (Gibson et al., 2013). The company has a goal, namely to remain established, gain profits, and be able to develop, which can be achieved through good performance (Suci, 2009).

The performance of a business entity is only sometimes related to financial and non-financial measures that describe the achievement of organizational goals. Business entity performance indicators are divided into 3, namely (1) effectiveness,

which is the relationship between output and goals with measurement, namely how precisely the output can answer the organization's policies and procedures to achieve goals; (2) efficiency, which is the relationship between input and output, and (3) economic which is the relationship between markets and inputs (Saragih et al., 2022). Other measures of performance, namely non-financial measures, include market share, quality, satisfaction, market effectiveness, and customer relationship competitive advantage (Rauch et al., 2009; Zehir et al., 2016).

Measuring the performance of business entities is not only measured by financial indicators because there are limitations in measuring the performance of business entities. Limitations of financial-based performance are limited to evaluating past performance and the inability to predict future conditions (Pokorna and Castek, 2013). For this reason, performance measurement using financial factors is measured by other measures such as operational efficiency, employee satisfaction, increase in market share, human resource results, marketing results, efficiency and effectiveness of learning and growth processes, etc. (Zehir et al., 2016). The performance of a business entity shows the entity's ability to innovate and create new things more effectively. The performance of a business entity will determine the survival of the entity. Financial viability is a company's ability to raise capital to meet its operational needs—short, medium, and long-term financial sustainability (Lusthaus, 2000).

2.4. Hypothesis development

Human Resources (HR) are the most critical component in a company or organization to run its business. Change towards improvement requires mobilizing all human resources and reason to realize what is aspired to (Shah et al., 2020). Therefore, HR planning and management in companies is essential to support organizational performance. HR planning and management in a company can be done by carrying out Strategic Human Resource Management (SHRM).

SHRM is also defined as an integrated collection of practices, policies and strategies where organizations manage human resources that influence or are influenced by business strategy, organizational factors and socio-economic factors. (Mulla and Premarajan, 2008). SHRM implementation includes strategic recruitment and selection, strategic planning, strategic training and development, strategic compensation and reward systems, strategic succession and strategic assessment. The implementation of SHRM can be based on resource-based theory, which is the theory most widely used in SHRM literature and research. Barney (1991) explains that business entities own rare, valuable, inimitable and substitutable resources to create sustainable competitive advantages. This theory conveys that human capital can be used as a sustainable competitive advantage that must provide added value to business entities.

SHRM has been used to examine the relationship between human resource strategy and company performance (Rose et al., 2006) and as a source of company competitive advantage (Wright et al., 2001). The performance of an entity, especially a business entity, is a form of achievement that one always wants to achieve within a specific time. Performance is defined as a series of management activities that describe the extent to which tasks and responsibilities have been achieved, both in the form of

successes and shortcomings (Gibson et al., 2013). The company has a goal, namely to remain established, gain profits, and be able to develop, which can be achieved through good performance (Suci, 2009).

In the current era of digitalization, SHRM implementation needs to consider the impact of digitalization as a factor that can strengthen or weaken the influence of SHRM practices on performance. Aspects of planning, management and development of Human Resources must include digital marketing capabilities and activities for goods or services produced by a business entity to produce excellent and maximum business performance. The implementation of digital marketing in business entities consists of two types: digital marketing capabilities and digital marketing activities.

Digital marketing capabilities can realize digital marketing optimally in a business entity. Digital marketing capabilities relate to an entity's ability to create and implement strategies to achieve organizational marketing goals (Chaffey, 2015; Vorhies and Morgan, 2005). Each entity carries out precise positioning, where it wants to be and determines precise details for achieving tactics and performance monitoring metrics. The existence of good digital marketing capabilities in an entity will result in better performance (Vorhies and Morgan, 2005).

Digital marketing activities are marketing activities carried out by business entities for products or services aimed at consumers digitally. This marketing activity consists of online advertising, affiliate advertising, email marketing, social media marketing, and SEO. Social media advertising in digital marketing activities is also essential in improving business entities' performance. In recent years, it has been seen that social media networks have become increasingly popular and are increasing globally (Kucuk and Krishnamurthy, 2007). This is because social media can become a space for millions of people to communicate about anything, including products and services, as well as new marketing opportunities in the market (Mangold and Faulds, 2009). The social media most widely used for products and services are Instagram and Facebook. Additionally, Zhang et al. (2013) explained that blogs can be a digital marketing tool that can increase sales revenue because consumers can read reviews and comment on personal experiences regarding products/services.

Based on the explanation above, optimal planning and management of the company's human resources through SHRM is thought to be able to create human resources with good quality to provide a competitive advantage for the company to create maximum performance. Apart from that, the support of digital marketing capabilities and digital marketing activities in the organization will strengthen the implementation of SHRM to realize positive organizational performance. The model of this research can see in **Figure 2**. Therefore, the research hypothesis that will be tested in this study is as follows:

- H₁: Strategic human resource management influences business performance.
- H₂: Digital marketing capabilities influence business performance.
- H₃: Digital marketing activities influence business performance.
- H₄: Digital marketing capabilities can strengthen the influence of strategic human resource management on business performance.
- H₅: Digital marketing activities can strengthen the influence of strategic human resource management on business performance.

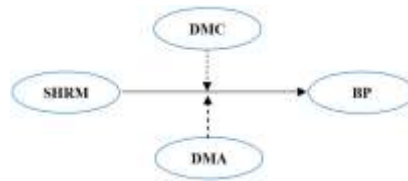


Figure 2. Research model.

3. Method

This quantitative research aims to conduct tests to find empirical evidence regarding the influence of two or more variables (Sugiyono, 2017, p. 5). In this research, the variables tested for their influence are strategic human management, intellectual capital and digital marketing competency variables on enterprise performance. The population in this research is Micro, Small and Medium Enterprises (MSMEs) in Indonesia. Currently, the number of MSMEs in Indonesia until 2022 is 14.5 million. The sampling technique in this research uses the Slovin formula with the following calculations:

$$n = (14,500,000) / (1+(14,500,000 \times (0.05)^2)) = 399.9 = 400 \text{ MSMEs}$$

Based on these calculations, the number of samples in this study was 400 MSMEs. Thus, this research will collect data with a minimum number of 400 MSMEs using probability and accidental sampling techniques.

Table 1. Operational definition of variables.

Variable	Indicator	References
Strategic Human Resource Management (SHRM)	Planning	Mansour (2015)
	Recruitment	
	Training	
	Participation	
	Performance appraisal	
	Compensation	
Digital Marketing Capability (DMC)	E-marketing sensing	Chinakidzwa and Phiri (2020)
	Digital marketing innovation capabilities	
	Leadership capabilities	
	Digital Strategies Development and Execution Capabilities	
Digital Marketing Activities (DMA)	Online advertising	Nuseir and Aljumah (2020)
	Affiliate advertising	
	Email marketing	
	Social media marketing	
	SEO	
Business Performance	Effectiveness	(Gituma and Beyene, 2018)
	Efficiency	
	Employee productivity	
	Customer Satisfaction	
	Profitability	

Sumber: Researcher's data.

The data collection technique in this research is using a questionnaire using a 1–5 Likert scale. The variables and variable indicators in this research are as follows (**Table 1**).

Data analysis in this research used Moderated Regression Analysis (MRA) with the help of the SPSS application ver 25.0. The structural equation model in this research is as follows:

$$BP = \alpha + \beta_1 SHRM + \beta_2 DMC + \beta_3 DMA + e \quad (1)$$

$$BP = \alpha + \beta_1 SHRM * DMC + \beta_2 SHRM * DMA + e \quad (2)$$

where: α = Constant; β = Coefficients; BP = Business Performance; $SHRM$ = Strategic Human Resource Management; DMC = Digital Marketing Capabilities; DMA = Digital Marketing Activities.

4. Results

4.1. Description of research data

This research collects primary data obtained from a previously created questionnaire. The questionnaire was distributed online to MSMEs in Indonesia. The responses received from distributing the questionnaire were approximately 536 responses. However, of the 536 responses, only 455 (84.89%) could be continued into the data testing process. This is because as many as 81 (15.11%) of the responses received could not be processed further. After all, the answers needed to be completed and answered correctly so they could not be continued to the next stage. The description of the respondents in this study is shown in the following **Table 2**.

Table 2. Description of research respondents.

Criteria	Amounts
Gender	
Man	275 people
Woman	180 people
Ages	
<20 tahun	35 people
20–25 tahun	27 people
25–30 tahun	157 people
30–35 tahun	126 people
35–40 tahun	78 people
>40 tahun	32 people
Length of enterprises operation	
<1 years	63 enterprises
1–5 years	89 enterprises
6–10 years	139 enterprises
11–15 years	122 enterprises
>15 years	42 enterprises

Table 2. (Continued).

Criteria	Amounts
Number of employees	
<5 people	76 enterprises
5–10 people	93 enterprises
11–15 people	89 enterprises
16–20 people	80 enterprises
21–25 people	65 enterprises
>25 people	52 enterprises
Turnover per year	
<200 millions	105 enterprises
>200–300 millions	170 enterprises
>300–400 millions	152 enterprises
>400 million	28 enterprises

Source: Researcher’s data.

Based on **Table 2** above, this is a description of the respondents in this study. The majority of MSME respondents in this study were men aged 25 to 30 years. The average length of business of the MSMEs that were respondents has been running for quite a long time, namely more than five years, so the number of employees most of them have is more than five people. The turnover generated from the businesses of each MSME is mostly more than 200 million to more than 400 million.

4.2. Research data analysis

This research has analysed data based on previously collected data, namely 455 responses. These data were analyzed through several stages of data analysis: validity testing, reliability testing, classical assumption testing, and hypothesis testing. The first stage of analysis is the validity test and reliability test. This research questionnaire has 67 question items describing 20 research indicators from the four variables tested in this research. In testing the validity of indicators, questionnaire questions are said to be valid if they have a calculated r more significant than the r table. The size of the r table for the number of respondents of 455 people with a significance of 5% is 0.098. The following **Table 3** presents the results of the validity tests that were carried out in this research.

Table 3. Validity test result.

Variable	Indicators	Question items	R Count	R table	Information
Strategic Human Resource Management (SHRM)	Planning	Question 1	0.109	0.098	Valid
		Question 2	0.123	0.098	Valid
		Question 3	0.145	0.098	Valid
	Recruitment	Question 1	0.231	0.098	Valid
		Question 2	0.133	0.098	Valid
		Question 3	0.157	0.098	Valid
		Question 4	0.198	0.098	Valid

Table 3. (Continued).

Variable	Indicators	Question items	R Count	R table	Information	
Strategic Human Resource Management (SHRM)	Training	Question 1	0.177	0.098	Valid	
		Question 2	0.198	0.098	Valid	
		Question 3	0.209	0.098	Valid	
		Question 4	0.215	0.098	Valid	
		Question 5	0.111	0.098	Valid	
	Participation	Question 1	0.116	0.098	Valid	
		Question 2	0.183	0.098	Valid	
	Performance appraisal	Question 1	0.153	0.098	Valid	
		Question 2	0.179	0.098	Valid	
		Question 3	0.201	0.098	Valid	
	Compensation	Question 1	0.139	0.098	Valid	
		Question 2	0.134	0.098	Valid	
		Question 3	0.241	0.098	Valid	
		Question 4	0.101	0.098	Valid	
	Digital Marketing Capability (DMC)	E-marketing sensing	Question 1	0.166	0.098	Valid
			Question 2	0.198	0.098	Valid
Question 3			0.221	0.098	Valid	
Question 4			0.111	0.098	Valid	
Digital marketing innovation capabilities		Question 1	0.111	0.098	Valid	
		Question 2	0.164	0.098	Valid	
		Question 3	0.211	0.098	Valid	
Leadership capabilities		Question 1	0.122	0.098	Valid	
		Question 2	0.178	0.098	Valid	
		Question 3	0.214	0.098	Valid	
		Question 4	0.210	0.098	Valid	
Digital Strategies Development and Execution Capabilities		Question 1	0.231	0.098	Valid	
		Question 2	0.177	0.098	Valid	
		Question 3	0.189	0.098	Valid	
Digital Marketing Activities (DMA)		Online advertising	Question 1	0.278	0.098	Valid
			Question 2	0.265	0.098	Valid
	Question 3		0.245	0.098	Valid	
	Question 4		0.213	0.098	Valid	
	Affiliate advertising	Question 1	0.217	0.098	Valid	
		Question 2	0.193	0.098	Valid	
		Question 3	0.189	0.098	Valid	
		Question 4	0.178	0.098	Valid	
	Email marketing	Question 1	0.105	0.098	Valid	
		Question 2	0.278	0.098	Valid	
		Question 3	0.221	0.098	Valid	

Table 3. (Continued).

Variable	Indicators	Question items	R Count	R table	Information
Digital Marketing Activities (DMA)	Social media marketing	Question 1	0.104	0.098	Valid
		Question 2	0.199	0.098	Valid
		Question 3	0.216	0.098	Valid
	SEO	Question 1	0.119	0.098	Valid
		Question 2	0.231	0.098	Valid
		Question 3	0.276	0.098	Valid
Business Performance	Effectiveness	Question 1	0.278	0.098	Valid
		Question 2	0.265	0.098	Valid
		Question 3	0.245	0.098	Valid
	Effectiveness	Question 1	0.217	0.098	Valid
		Question 2	0.193	0.098	Valid
		Question 3	0.189	0.098	Valid
	Employee Productivity	Question 1	0.105	0.098	Valid
		Question 2	0.278	0.098	Valid
		Question 3	0.221	0.098	Valid
Customer Satisfaction	Question 1	0.104	0.098	Valid	
	Question 2	0.105	0.098	Valid	
	Question 3	0.111	0.098	Valid	
Profitability	Question 1	0.239	0.098	Valid	
	Question 2	0.275	0.098	Valid	
	Question 3	0.289	0.098	Valid	

Source: Data processed.

The next test is a reliability test, which is based on the Cronbach alpha value, where each variable from the questionnaire distribution that has been carried out must have a Cronbach alpha of more than 0.6. The **Table 4** shows the results of the reliability tests carried out in this research.

Table 4. Reliability test results.

Variable	Cronbach Alpha	Information
Strategic Human Resource Management (SHRM)	0.716	Reliable
Digital Marketing Capability (DMC)	0.690	Reliable
Digital Marketing Activities (DMA)	0.786	Reliable
Business Performance	0.813	Reliable

Source: Data processed.

The classic assumption test is the next test carried out after the validity and reliability test. The purpose of the classical assumption test is to assess the regression model that will be tested to see whether it is a good prediction model and meets the BLUE assumptions or not. This classic assumption test consists of a normality, multicollinearity, and heteroscedasticity test.

The first classical assumption test was the normality test via the Kolmogorov-

Smirnov test. The results of the normality test will show whether the research data has a normal distribution or not. Data is normally distributed if the significance value resulting from this normality test is more than 0.05. The following **Table 5** presents the results of the normality test carried out in this study.

Table 5. Normality test result.

		Unstandardized residual
N		455
Normal Parameters ^b	Mean	0.0000000
	Std. Deviation	4.72281554
Most Extreme Differences	Absolute	0.043
	Positive	0.043
	Negative	-0.035
Kolmogorov-Smirnov Z		0.996
Asymp. Sig. (2-tailed)		0.274

Source: Output SPSS.

Table 5 above shows that the significance value resulting from the Kolmogorov-Smirnov test is 0.2774, which means more than 0.05. Thus, this study's data has a normal distribution.

The second classic assumption test is the multicollinearity test. The results of this test are determined from the tolerance value and Variance Inflation Factor (VIF) value. The tolerance and VIF values must be more than 0.1 and less than 10. The following **Table 6** shows the results of the multicollinearity test that was carried out in this study

Table 6. Multicollinierity test result.

Variable	Tolerance	VIF
SHRM	0.586	1.879
DMC	0.765	1.409
DMA	0.597	1.273

Source: Output SPSS.

Table 6 above shows the results of the multicollinearity test that has been carried out, where the table shows that the tolerance value and VIF value of each independent variable are more than 0.1 and less than 10. Therefore, the results of this multicollinearity test conclude that the regression model is free from symptoms of multicollinearity.

The final test for the classical assumption test is the heteroscedasticity test, carried out by the Glejser and scatterplot tests. The heteroscedasticity test aims to determine the presence/absence of symptoms of unequal variance from one residual to another observation. **Table 7** and **Figure 3** below present the results of the Glejser test and scatterplot of the heteroscedasticity test that has been carried out.

Table 7. Glejser test result.

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	4.153	0.916	-	4.676	0.000
SHRM	0.026	0.119	0.273	0.287	0.945
DMC	0.017	0.023	0.041	0.733	0.432
DMA	0.235	0.215	0.345	0.364	0.342

Source: output SPSS.

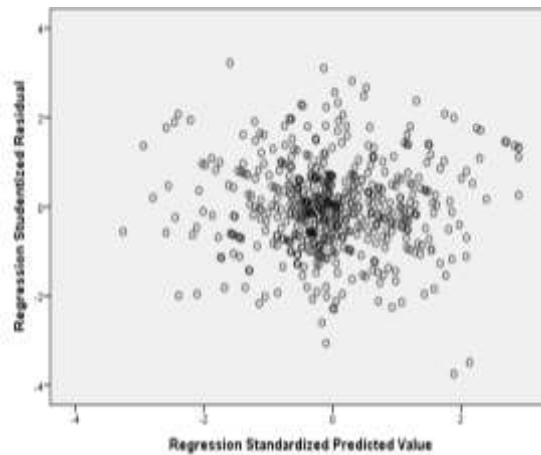


Figure 3. Scatterplot (Source: Output SPSS).

Table 7 above shows that based on the results of the Glejser test, the three independent variables, namely SHRM, DMC, and DMC, have a significance value of more than 0.05. The results of the Glejser test show that the study’s regression model is free from heteroscedasticity symptoms. This result is also supported by the results from **Figure 3**, namely the scatterplot, where **Figure 3** above shows that the points do not form a particular pattern and are spread out. Therefore, this research is free from symptoms of heteroscedasticity.

The next test carried out in this research was hypothesis testing, where in this research, there were four hypotheses tested. **Table 8** below presents the results of the hypothesis testing carried out in this research.

Table 8. Hypotesis testing result.

Model	Beta	t count	Sig.	R Square (R ²)	Information
SHRM→BP	0.279	8.69	0.000	0.425	H1 accepted
DMC→BP	0.371	14.272	0.000	0.425	H2 accepted
DMA→BP	0.324	6.253	0.000	0.425	H3 accepted
SHRM × DMC→BP	0.457	9.671	0.012	0.321	H4 accepted
SHRM × DMA→BP	0.345	6.893	0.023	0.321	H5 accepted

Source: Output SPSS.

Table 8 above shows the results of the hypothesis tests that have been carried out from the research, namely the direct influence test and the influence test with the moderating effect of the DMC and DMA variables. The results of hypothesis testing,

both direct effects and effects with moderating effects, show that all hypotheses in this study (H1–H5) are accepted. This is proven by a significance value of less than 0.05 and a calculated t value $>$ the t table.

4.3. Discussion

4.3.1. The Effect of SHRM on business performance

The results of the data analysis carried out in this research show that the strategic human resource management (SHRM) variable positively affects the performance of business entities. This is based on a beta value of 0.297 and a significance value 0.000. Thus, the results of this research indicate that the better the application and implementation of strategic human resource management (SHRM), the greater the organizational performance. Therefore, the first hypothesis in this research, which states that strategic human resource management has a positive effect on organizational performance, is accepted.

This research has proven that SHRM has a vertical and horizontal role in the organization. SHRM vertically connects human resource practices and strategies with the organization's strategy and strategic management processes, while SHRM horizontally aligns human resource management strategies and practices (Guest, 1989; Schuler and Jackson, 1987; Schuler, 1992; Wright and Snell, 1991). The implementation of SHRM can be based on resource-based theory, which explains that rare, valuable, non-imitable and replaceable resources are owned by business entities to create sustainable competitive advantages (Barney, 1991).

SHRM can improve the performance of business entities because it is a newer human resource management transition related to the role of an efficient HR management system with a particular focus on coordinating human resources to increase competitiveness (Allen, 2016). SHRM is the development of the relationship between the comprehensive strategic objectives of the organization and the implementation strategy of human resources (Armstrong, 2016). This research also supports previous studies examining the relationship between human resource strategy and company performance (Rose et al., 2006) and sources of company competitive advantage (Wright et al., 2001). Meanwhile, Becker and Huselid (2006) said SHRM explains the relationship between HR architecture and performance. HR architecture consists of systems, practices, competencies and employee performance based on attitudes that show or reflect how management and development processes are for human capital. Continues.

4.3.2. The effect of digital marketing capabilities and digital marketing activities on business performance

The results of the data analysis carried out in this research show that the digital marketing capabilities (DMC) variable positively affects the performance of business entities. This is based on a beta value of 0.371 and a significance value 0.000. Thus, the results of this research indicate that the better the level of digital marketing capability of a business entity's human resources, the more optimal the business entity's performance will be. Therefore, the second hypothesis in this research, which states that digital marketing capabilities positively affect organizational performance, is accepted.

The results of the data analysis carried out in this research show that the digital marketing activities (DMA) variable positively affects the performance of business entities. This is based on a beta value of 0.324 and a significance value 0.000. Thus, the results of this research indicate that the better the implementation of digital marketing activities in a business entity, the greater the organizational performance. Therefore, the third hypothesis in this research, which states that digital marketing activities positively affect organizational performance, is accepted.

This research shows that digital-based marketing has advantages compared to conventional marketing, where digital marketing consists of digital marketing capabilities and digital marketing activities. Santoso (2020) explains that digital marketing has low costs but can attract clients' attention 24 h a day. Digital marketing capabilities relate to an entity's ability to create and implement strategies to achieve organizational marketing goals (Chaffey, 2015; Vorhies and Morgan, 2005). The existence of good digital marketing capabilities in an entity will result in better performance (Vorhies and Morgan, 2005).

This research also supports the statement that social media advertising in digital marketing activities is also essential in improving business entities' performance. In recent years, it has been seen that social media networks have become increasingly popular and are increasing globally (Kucuk and Krishnamurthy, 2007). This is because social media can become a space for millions of people to communicate about anything, including products and services, as well as new marketing opportunities in the market (Mangold and Faulds, 2009). Another clear proof of the positive impact of digital marketing activities is the research results from Zhang et al. (2013), who explained that blogs can be a digital marketing tool that can increase sales revenue because consumers can read reviews and comment on personal experiences regarding products/services.

4.3.3. The moderating effect of digital marketing capabilities and digital marketing activities on the influence of shrm on business performance

The data analysis results in this research show that the digital marketing capabilities and digital marketing activities variables can positively moderate the influence of strategic human resource management on the performance of business entities. This is based on beta values of 0.457 and 0.345 and significance values of 0.012 and 0.023. Thus, the results of this research indicate that the better the adoption of digital marketing in a business through the ownership of digital marketing capabilities in human resources and the implementation of digital marketing activities, the more optimal the organizational performance will be. Therefore, the fourth and fifth hypotheses in this research, which state that digital marketing capabilities and activities can moderate the influence of strategic human resource management on organizational performance, are accepted.

The results of this research support the explanation that resource quality is the most critical component in an organization. Change towards improvement requires mobilizing all human resources and reasoning to realize what is aspired to (Shah et al., 2020) so that HR planning and management in companies can be carried out by carrying out Strategic Human Resource Management (SHRM). In the current era of digitalization, SHRM implementation needs to consider the impact of digitalization as

a factor that can strengthen or weaken the influence of SHRM practices on performance. Using digitalization, especially in terms of marketing in an era like today, is needed to create scarce resources to become an organizational advantage. Barney (1991) explains that business entities own rare, valuable, inimitable and substitutable resources to create sustainable competitive advantages.

Aspects of planning, management and development of Human Resources must include digital marketing capabilities and activities for goods or services produced by a business entity to produce excellent and maximum business performance. The implementation of digital marketing in business entities consists of two types: digital marketing capabilities and digital marketing activities. This research shows that digital marketing capabilities and digital marketing activities can strengthen the influence of SHRM implementation on the performance of business entities.

Digital marketing capabilities relate to an entity's ability to create and implement strategies to achieve organizational marketing goals (Chaffey, 2015; Vorhies and Morgan, 2005). Each entity carries out precise positioning, where it wants to be and determines precise details for achieving tactics and performance monitoring metrics. The existence of good digital marketing capabilities in an entity will result in better performance (Vorhies and Morgan, 2005). Furthermore, digital marketing activities are activities carried out by business entities for products or services aimed at consumers digitally. These marketing activities include online advertising, affiliate advertising, email marketing, social media marketing, and SEO. In recent years, it has been seen that social media networks have become increasingly popular and are increasing globally (Kucuk and Krishnamurthy, 2007). This is because social media can become a space for millions of people to communicate about anything, including products and services, as well as new marketing opportunities in the market (Mangold and Faulds, 2009). Additionally, Zhang et al. (2013) explained that blogs can be a digital marketing tool that can increase sales revenue because consumers can read reviews and comment on personal experiences regarding products/services.

5. Conclusion

The research aims to conduct research on the influence of Strategic Human Resource Management (SHRM) on the performance of business entities determined by digital marketing in these business entities. The results of this research show that strategic human resource management influences business entities' performance, which supports the resource-based theory presented by Barney (1991). Rare, valuable, inimitable and substitutable resources owned by business entities to create sustainable competitive advantages (Barney, 1991). Therefore, every business entity needs to create an excellent and comprehensive strategy for human resource development efforts that can support organizational goals. Organizational leaders must be able to implement SHRM practices, which include all organizational recruitment and selection programs to attract and employ skilled or talented human resources.

Apart from that, the results of this research also conclude that digital marketing capabilities and activities determine the influence of SHRM on organizational performance. Thus, this research shows that digital marketing capabilities can create better organizational performance. Digital marketing innovation can help

organizations create sustainable competitive advantages (Hooley et al., 2005) and encourage development without involving limited infrastructure and other resources (Barrett et al., 2015). The results of this research also support the opinion that the effectiveness of using SEO in digital marketing activities is proven in research by Piñeiro-Otero and Martínez-Rolán (2016).

The results of this research can be considered while taking into account the limitations of this research. The first limitation is that research on applying strategic human resource management, especially those relating to digital marketing activities and digital capabilities, still needs to be improved regarding references. Hence, the measurement of research variables still needs to be further developed. The second limitation of this research is that the number of respondents in this study was still determined randomly, resulting in less specific results due to the general nature of the respondents. Therefore, it is hoped that future research will create more specific research respondents by determining the characteristics of the respondents.

Data availability statement: All participants provided informed consent before participating in the study. Confidentiality of student data was maintained throughout the research process, and the data was used solely for academic research purposes.

Ethical considerations: All participants provided informed consent before participating in the study. Confidentiality of student data was maintained throughout the research process, and the data was used solely for academic research purposes.

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