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Human capital and the 4th Industrial Revolution

By Ignatius Aryono Putranto February 28, 2023

WE are living in the 4th Industrial Revolution, and it is crucial to acknowledge the availability of advanced technology that helps us perform daily tasks more efficiently and effectively. As stated by Sima, Gheorghe, Subić and Nancu in their article "Influences of the Industry 4.0 Revolution on the Human Capital Development and Consumer Behavior: A Systematic Review," technology is the driving force behind human development. Technology and Industry 4.0 industrial revolution will bring about radical and drastic changes to our personal and professional lives.

It also impacts human capital development. There is much discussion around robotics and automation technology, which some scholars call Robotic Process Automation (RPA), in firms. This situation raises concerns for many parties, particularly regarding whether machines and robots will replace humans. This concern is reasonable since many companies have depended on human resources thus far. It's also essential to consider the orchestration of RPA and humans in the workplace.

Another issue involves employee information and communication technology (ICT) skills. This era is closely linked to such skills given the software and technologies that are present in our daily work activities. According to research by Kaarakainen, Kivinen and Vainio in their article "Performance-based testing for ICT skills assessing: A case study of students and teachers' ICT skills in Finnish schools," such can be divided into three groups: basic digital, advanced technical and professional. ICT skills are critical for all groups to be adaptive in this era.

I agree with the argument of Sima, Gheorghe, Subić and Nancu that ICT skills challenge workforce providers. Providers must offer digital and technology-based training to enhance their employees' ICT skills. Similarly, educational institutions face the same challenge in preparing students to understand and master these skills.

The existence of technology is also reflected in the United Nations Sustainable Development Goals (SDGs). The most appropriate is SDG 9: industry, innovation and infrastructure. Firms also need to consider SDG 8, decent work and economic growth, and especially SDG number 3, good health and well-being for employees.

Additionally, as stated by my doctorate professor Dr. Divina Edralin, humanistic values remain an essential foundation for human resource management. Thus, technology and humanistic values should go hand in hand and companies should consider their employees' welfare despite their focus on technological advancements.

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