

INDUSTRY 4.0 AND ORGANISATIONAL PERFORMANCE IN SMES: DEMISTIFYING THE ROLE OF COMPETENCE ADEQUACY AND HR COMPETENCIES

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ABSTRACT

The fourth industrial revolution, is called Industry 4.0 (also known as: Industry 4.0) is on its way and it started giving long term suggestions and recommendations to the industry leaders to cope up with the market changes. This industrial revolution is seeing the progress in the industrial way of doing with the coordinated push for automation, big data, and internet-of-things. The organisations have to work as smart factories or in other cyber-physical systems (CPS). The questions raised in this context are how far our small and medium scale industries are ready to absorb industrial revolution which invites innovation capacities with the support of automation, big data, and internet-of-things. Industry 4.0 invites human resource managers to look into the current competencies and knowledge of the work force, or else it develops competence depletion. Add to that the human resource managers themselves have to look into their own competence in recruiting, promoting and placing appropriate people who fit the new job description and requirement. The HR managers should be able to up-to-date methods and technologies to accomplish my functional goals. Hence it is hypothesized in this study that higher the technology change, higher will be the competence depletion leading to lower level of business performance. A better innovation capability of the organisation with the support of Industry 4.0 oriented human skills can reduce the competence depletion of the work force further enhance business performance. The HR competence based on Industry 4.0 thus act as an intervening factor in effective integration of skills for better business solution. The study follows quantitative research with cross sectional study design to analyse the relationship between the independent and dependent variables and the study followed standardized instruments to measure it. Selangor state of Malaysia has the highest percentage of SMEs. Hence, the research site will be Klang Valley region of the Selangor state of Malaysia. The research provides better insight in to the need of human resource competencies preparedness towards Industry 4.0 in its adaption to SMEs and business performance in the Malaysian context.

Keywords: Technology Change, Industry 4.0, Organization performance, Competency adequacy, HR Competency