Strategy Disintegration and HR Crisis: Reflecting on Modern Organizational Fragility

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ARTICLE INFO	ABSTRACT
	Digital transformation has driven many organizations to redesign their strategies and human resource management (HRM) practices in order to cope with technological challenges and the complexities of the global market. However, some organizations face strategic issues, failing to maintain alignment between strategic vision, organizational structure, and internal capabilities, which ultimately leads to a direct impact on human resource crises. This paper is a conceptual study aimed at reflecting on the relationship between strategic issues and HR crises as a manifestation of the fragility of modern organizations in the digital age. Using a literature-based theoretical approach, this article identifies the root causes of strategic misalignment, analyzes its impact on HR resilience, and formulates a comprehensive conceptual framework. The analysis shows that strategic issues and HR crises are interconnected and can accelerate organizational collapse if not addressed with a strategic, adaptive, and digital-ready approach. This article offers a theoretical contribution to the development of strategic management and HRM literature, and provides practical recommendations for organizational leaders, HR practitioners, and policymakers to build resilient and sustainable organizations in the era of digital transformation. **Conclusion.** These findings offer both theoretical insights and practical implications for industrial policy development and organizational sustainability.

1. INTRODUCTION

Over the past two decades, digital technology has transformed business operations, demanding fundamental changes in strategy, structure, and HRM. Many organizations face strategic disintegration—a misalignment between vision, operations, and culture—leading to HR crises. This reflects systemic weaknesses in adapting to digital disruption and global market volatility. According to Teece (2018), such failures often stem from weak dynamic capabilities rather than external shocks.

Incomplete digitalization and misaligned HR roles—especially when HR is excluded from strategic decisions—widen functional gaps (Ulrich et al., 2020). In labor-intensive sectors, this causes job insecurity, poor communication, and deteriorated industrial relations. Armstrong and Taylor (2020) warn that misaligned HR functions risk crisis unpreparedness and loss of legitimacy.

This article conceptually explores how strategic collapse triggers HR crises in the digital era, aiming to: (1) identify its causes; (2) analyze its HR impact; and (3) propose a framework for future research and practice.

2. LITERATURE REVIEW

Strategic Disintegration: Concepts and Indicators

a. Concept of Strategic Disintegration

Strategic disintegration is the failure of organizational elements—vision, goals, structure, and processes—to align and adapt, indicating a loss of strategic coherence (Penrose, 1959; Grant, 2019). It often results from strategic drift, where outdated strategies no longer match market and technological demands (Johnson et al., 2017). Teece (2018) emphasizes that strategic success in the digital era relies on dynamic capabilities: sensing opportunities, seizing resources, and transforming structures. When these capabilities are imbalanced, organizations lose adaptability and direction.

b. Causes of Strategic Disintegration

Key causes include:

1. Path dependency on outdated models;

2. Poor change management;

3. Silo mentality hindering coordination;

4. External blindness to market shifts;

5. Misalignment between structure and strategy.

These factors create inertia, resistance, and fragmentation that weaken organizational responsiveness.

c. Indicators of Strategic Disintegration

The collapse of a strategy can be identified through several empirical and conceptual indicators, as follows:

Table 1. Identifying Strategic Disintegration through Various Empirical and Conceptual Indicators

Category	Indicator
Structural	Organizational structure that is not aligned with business strategy (a mismatch between operations and strategy).
Functional	Key functions such as human resources, finance, and production do not collaborate in supporting strategic goals.
Cultural	The organization's core values are not reflected in the actions of individuals or the policies implemented.
Operational	Failure in the implementation of strategic plans; projects are halted or fail to achieve transformation targets.
Performance	Continuous decline in performance (productivity, profits, and market share) without any strategic adjustments.
Communication	Errors occur in the delivery of strategic messages between top management and operational-level implementers.

Referring to Mintzberg (1994), a strategy that is not clearly communicated across all levels within the organization becomes a strategy that is intended but not executed. In such a situation, what is scheduled or planned significantly differs from what is actually implemented — reinforcing the signs of disintegration.

d. Impact of Strategic Disintegration on Organizational Sustainability

Strategic disintegration leads to long-term risks such as identity confusion, declining employee trust, high turnover, reputational damage, and failure to adapt to digital change. If unresolved, it may result in total organizational collapse. Strategic integration ensures consistent strategy execution across all levels (Grant, 2019), while disintegration stems from misalignment between strategy and capabilities—often seen in stagnant, change-resistant organizations. Teece (2018) warns that lacking dynamic

capabilities (sensing, seizing, transforming) undermines competitiveness. Common indicators include failed innovation, weak direction, poor inter-unit collaboration, and low adaptability.

Human Resource Management Crisis in the Digital Era

1. Definition of Human Resource Management Crisis in the Digital Era

An HRM crisis arises when HR fails to adapt to dynamic changes, especially in the digital era (Ulrich et al., 2020). It is characterized by layoffs, disengagement, burnout, and talent loss (Armstrong & Taylor, 2020). Although HR should act as a strategic partner in digital transformation, many still operate bureaucratically and lack digital capabilities (Westerman et al., 2014).

2. Aspects of the Human Resource Management Crisis in Digital Organizations

a) Technological Gaps: Many HR functions lack the capacity to implement digital tools effectively, creating a mismatch between strategy and capability (Teece, 2018).

b) Employee Disengagement: Digital work can cause isolation and emotional detachment, driven by systems that dehumanize workers (Zuboff, 2019).

c) Reskilling Failures: Without strategic training design, reskilling efforts become reactive and ineffective (Grant, 2019).

d) Ethical Concerns: Automated HR systems may erode trust and fairness when implemented without human values (Boxall & Purcell, 2016).

3. Strategic Role of HR in Addressing the Crisis

To address these challenges, HR must evolve. Ulrich et al. (2020) outline five roles: Strategic Positioner, Credible Activist, Capability Builder, Technology Proponent, and Change Champion. Armstrong and Taylor (2020) emphasize balancing organizational goals with employee well-being through digital expertise in hybrid work, flexibility, and analytics.

4. Theoretical Frameworks Related to the Digital HRM Crisis

a. Strategic HRM Theory: HR success relies on aligning HR and organizational strategies; misalignment often causes digital transformation failure (Boxall & Purcell, 2016).

b. Dynamic Capabilities Theory: HR drives internal change by adapting human resources to disruptive environments (Teece, 2018).

c. Human-Centered Digitalization: Digitalization must enhance, not replace, human interaction (Zuboff, 2019).

5. Supporting Empirical Studies

A study by Dewi and Nugroho (2021) in West Java's textile industry found that companies that failed to integrate digital strategies with HR development experienced productivity declines and industry conflicts. Conversely, companies that implemented continuous digital training programs, adopted ERP systems, and introduced flexible work arrangements were able to maintain performance and social cohesion.

6. Conclusion from the Literature Review

The HRM crisis in the digital era stems from structural, cultural, and technological unpreparedness. HR must shift from administrative to strategic, tech-driven, and human-centered roles. Success depends on integrating digital strategy with human needs to ensure sustainability through trust and learning.

Many HR functions remain reactive, failing to address challenges like layoffs and disengagement (Ulrich et al., 2020). Armstrong and Taylor (2020) stress aligning environmental change with employee needs using inclusive, data-driven strategies. Yet, digital adoption—like HRIS, AI recruitment, and e-learning—remains limited (Westerman et al., 2014).

Digital Transformation and Organizational Challenges
1. Understanding Digital Transformation in Organizations

Digital transformation integrates technology across organizational functions to create value and long-term competitiveness (Westerman et al., 2014). It requires changes in mindset, structures, and systems. The World Economic Forum (2020) sees it as essential in a data- and AI-driven era. This shift demands agility, innovation, and new HR approaches (Kane et al., 2015).

2. Dimensions of Digital Transformation and Its Consequences

a. Technology and Innovation

Technologies like cloud, IoT, big data, RPA, and AI drive innovation in processes and services (Bharadwaj et al., 2013). Without readiness, adoption causes misalignment and inefficiency. Alignment with vision and strategy is essential (Teece, 2018).

b. Business Models and Structure

Digitalization shifts organizations toward flexible, data-driven models and flatter, project-based structures (Fitzgerald et al., 2014), requiring agile HRM and structural redesign (Denning, 2018).Key Challenges in Digital Transformation

Digital transformation often fails due to cultural, technical, or structural unpreparedness.

1. Strategy and Leadership Failure: Many leaders lack a clear digital vision, treating digitalization as a tech project, not strategic change (Kane et al., 2015).

2. Cultural Resistance: Imposing tech without ethics or human values leads to resistance and alienation (Zuboff, 2019).

c. Digital Skill Gaps: Most organizations face mismatches between employee skills and tech demands, reducing productivity and raising costs (PwC, 2020).

d. Organizational Readiness: Lacking systems, culture, and metrics, many firms fail to translate digital goals into impact (Verhoef et al., 2021).

4. Literature Review and Empirical Studies

Setiawan & Lestari (2022) found that digital transformation succeeds when digital strategy, HR training, and structural alignment are synergized; IT-only initiatives often fail.

Dewi & Nugroho (2021) showed that ignoring HR in textile digitalization leads to worker tension due to automation without proper training.

5. Conclusion of the Literature Review

Digital transformation requires strategic vision, structural readiness, innovation culture, and adaptive HRM. Without integration, organizations risk disintegration, HR crises, and loss of competitiveness. True transformation goes beyond technology—it demands mindset shifts, new skills, and agile collaboration (Zuboff, 2019). Dewi & Nugroho (2021) found that misaligned digital-HR strategies in West Java's textile sector led to conflict and low productivity, while integrated approaches ensured stability.

Strategic Disintegration and HR Crisis

Strategic failure leads to HR crises when there is no communication, employee engagement, or training. Disintegration occurs when HR strategy is disconnected from practice, reducing HR's relevance (Boxall & Purcell, 2016). Zuboff (2019) adds that neglecting social and ethical aspects erodes trust, making the HR crisis about lost meaning—not just lost jobs.

Research Gaps

Most studies focus on technical or financial causes of failure, while links between strategic disintegration and HR crises—especially in developing countries—are underexplored. Interdisciplinary frameworks combining strategy, HRM, and digital transformation remain rare. This paper addresses the gap with a reflective, integrative model of their interaction in systemically vulnerable organizations.

3. METHODS

This conceptual study explores the link between strategic disintegration and HRM crises in the digital era through a qualitative, literature-based approach (Jabareen, 2009). Data are secondary, sourced from peer-reviewed journals (Scopus, SINTA 1–2), theoretical books, and credible reports (e.g., McKinsey, ILO, OECD).

Data Collection involved documentary and systematic literature review using keywords such as strategic disintegration, HRM crisis, and digital transformation, accessed via databases like Google Scholar, ScienceDirect, and Garuda.

Data Analysis followed Braun & Clarke's (2006) thematic content analysis and Torraco's (2005) conceptual synthesis to build an integrative framework.

Validity was ensured through source triangulation, peer comparison, and audit trails.

Limitation: As a non-empirical study, it lacks primary data, offering theoretical insights that require future empirical validation.

Synthesis and Implications

1. Conceptual Synthesis

This study shows that HR crises and strategic disintegration are deeply linked in the digital era due to weak synergy between strategy, technology, and human relationships.

- **P1:** HR crises arise when HR is excluded from strategic roles (Boxall & Purcell, 2016).

- **P2:** Digital change without strategic clarity and HR readiness leads to internal collapse (Zuboff, 2019).

- **P3:** Sustainable strategy must be human-centered, with HR as a co-creator of resilience and innovation.

2. Theoretical Implications

- Strategic Management: Adds a humanistic lens to alignment and dynamic capability theory (Teece, 2018).

- Strategic HRM: Reinforces Ulrich et al. (2020) that HR must drive change, not just administer.

- Digital Organization Theory: Highlights the often-overlooked human dimension in digital transformation.

3. Practical Implications

- For Leaders: Align strategy-HR early; avoid symbolic tech upgrades; run strategic audits.

- For HR: Build digital literacy, lead reskilling based on strategy, enable empathetic communication.

- For Policymakers: Regulate digital protections, support training, and reward integrated HR-digital efforts.

Synthesis Conclusion

The divide between strategy and HR crises reflects a failure to humanize change. In the digital era, success depends not just on strategy or technology, but on aligning vision, digital capabilities, and human well-being.

4. RESULTS AND DISCUSSION

This conceptual study synthesizes literature into four key findings:

Finding 1: Strategic disconnection stems from failure to adapt to digital disruption. Many firms persist with outdated efficiency models, leading to misalignment and loss of dynamic capability (Grant, 2019; Teece, 2018).

→ Discussion: Strategic drift reflects internal weakness in sensing and transformation.

Finding 2: HR crises result from rigid, inhumane strategies. Mass layoffs without support show HR's weak strategic role (Ulrich et al., 2020).

→ Discussion: HR must move beyond compliance toward being a strategic driver (Armstrong & Taylor, 2020).

Finding 3: Lack of integration between strategy, tech, and HR creates systemic vulnerability. Many firms digitalize without aligning human factors (Zuboff, 2019).

→ Discussion: Sustainability requires aligning digital transformation with humanistic strategy.

Finding 4: Human-centered strategic design is essential. Success depends on early HR involvement, tailored digital training, adaptive culture, and employee well-being (Westerman et al., 2014; Dewi & Nugroho, 2021).

→ Discussion: These principles form the basis for an integrated, resilient organizational model.

Interim Conclusions:

a) Strategic disintegration and HR crises are symptoms of systemic fragility.

b) Ignoring the human side of digitalization accelerates decline.

c) Integration of strategy, technology, and HR is essential for sustainable transformation.

4.   CONCLUSION

This study finds that strategic disconnection—caused by outdated models, weak coordination, and poor change awareness—directly leads to HR

crises. When HR is excluded from strategic processes, it results in role ambiguity, low morale, and unstable labor relations. Sustainable digital transformation requires aligning strategy, technology, and people. Strategic and HR failures are not isolated but reflect systemic organizational fragility needing integrative, adaptive solutions.

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