

## COMPETENCY-BASED ADAPTIVE SERVICE MANAGEMENT IN PRIVATE COMPANIES DURING THE DIGITAL ERA

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### Article History

Received: 17 August 2024

Accepted: 16 September 2024

Published: 1 October 2024

### Abstract

The rapid growth of digital transformation in Indonesia's private retail sector has exposed a critical gap in workforce readiness. This study addresses the urgent need for a competency-based adaptive service management framework to align human capital with digital demands. Drawing from Competency-Based Management Theory, Adaptive Service Management Theory, and the Digital Era Competency Model, the research employs a qualitative library research method to analyze relevant academic literature. The findings reveal that digital inefficiencies in mid-sized companies are strongly linked to insufficient employee digital literacy, fragmented training programs, and rigid organizational cultures. This study proposes a contextualized adaptive competency model integrating soft skills, technical capabilities, and cultural alignment. The model contributes a novel approach tailored to Indonesia's local retail conditions and highlights the importance of organizational flexibility and employee empowerment. Practical recommendations include role-specific training, tech-supported decision-making, and collaborative culture building. Further empirical research is suggested to validate model effectiveness across sectors.

**Keywords:** Adaptive Competency, Digital Service, Human Resource Development

### A. INTRODUCTION

The rapid pace of technological change has driven significant transformations across various sectors, including service and knowledge-based industries (Alam et al., 2024). Economic globalization intensifies market competition, requiring organizations to be more adaptive to consumer dynamics (Benešová & Tupa, 2017). The growing integration of digital technologies compels companies to continuously update their business processes (Tee et al., 2024). Failure to adapt to these changes can lead to decreased competitiveness and loss of market share (Cimatti, 2016). This situation positions human resource competencies as a key determinant of organizational success in the digital era (Balcar, 2016).

In Indonesia, the acceleration of digital transformation has not been fully matched by adequate improvements in human resource capacity (Rahman et al., 2023). A significant digital skills gap remains between large and medium-sized enterprises, particularly in the retail and service sectors (Pratama & Sari, 2022). Studies show that technology adoption is often not accompanied by sufficient competencies in data analysis and adaptive service delivery (Hidayat & Wibowo, 2023). This limitation hinders the optimization of technology in providing rapid responses to customer needs (Suryani et al., 2024). Consequently, many national companies still face challenges in managing relevant and sustainable services amidst digital disruption (Mulyono, 2023).

This issue is also evident in national private retail companies, where the implementation of digital systems is not aligned with the capabilities of the human resources operating them.

Most service staff lack adequate data literacy to analyze customer demand trends, while interdepartmental collaboration processes proceed slowly due to limited technological understanding at the operational level. Furthermore, existing training programs are not specifically designed to support competency-based adaptive services, resulting in inconsistent service quality and negatively impacting customer satisfaction and loyalty.

Smith (2022) found that competency-based training programs significantly improved the speed of digital service responses, particularly in handling customer complaints via social media platforms. Brown et al. (2023) demonstrated that companies integrating adaptive competency models into their human resource structures were able to reduce customer churn by up to 15%, especially in the e-commerce industry. Meanwhile, Chen (2021) highlighted the importance of balancing soft skills (such as empathy and collaboration) with hard skills (such as the use of data analytics) in shaping adaptive and responsive services in the digital environment.

All of these studies emphasize the importance of human resource competencies in improving the adaptiveness of digital company services. However, unlike these studies, my research focuses on medium-sized retail companies in Indonesia—a local context that has been relatively underexplored. In addition, the competency framework I employ not only incorporates soft and hard skills as separate dimensions but also integrates them into a holistic approach developed based on the actual needs of local companies.

This distinction establishes the originality of my research, which lies in developing an adaptive competency model customized to the unique conditions of retail companies in Indonesia—combining soft skills, hard skills, and an understanding of the company's digital culture. This model is expected to be not only theoretically relevant but also applicable and directly impactful on service effectiveness in addressing digital challenges.

The urgency of this study arises from the real need for an adaptive and well-integrated competency framework, particularly in retail companies accelerating digital transformation without sufficient human resource reinforcement. In an increasingly fast-paced and competitive market, adaptive service becomes a key competitive advantage. This necessitates the creation of practical, effective, and contextually relevant guidelines for strengthening human resource competencies in the private sector within local areas such as Indonesia.

This study aims to develop a competency-based adaptive service management approach to improve service responsiveness in private retail companies in Indonesia during the digital era. The focus is exclusively on identifying, structuring, and applying the competencies most critical for reducing service delays and improving customer interaction speed. By concentrating on this single problem, the research seeks to deliver a targeted, practical framework that can be directly implemented by private sector retail managers to meet evolving digital consumer demands.

## **B. LITERATURE REVIEW**

### **Competency-Based Management Theory**

Competency-Based Management Theory emphasizes the alignment of employees' skills, knowledge, and behaviors with organizational objectives to achieve optimal performance (Boyatzis, 1982). This theory suggests that competencies are measurable characteristics that directly influence an individual's effectiveness in specific job roles (Spencer & Spencer, 1993). In the context of service management, competencies form the foundation for consistent quality and adaptability in dynamic environments (Dubois & Rothwell, 2004). The model prioritizes competency frameworks as tools for recruitment, training, and performance evaluation (Campion et al., 2011). It also supports continuous development by updating competencies to meet technological and market changes (Hoffmann, 1999).

- Clear competency framework

- Job role-specific skill mapping
- Integration of competencies into HR processes
- Continuous competency updates

### **Adaptive Service Management Theory**

Adaptive Service Management Theory focuses on an organization's ability to adjust its service delivery processes in response to changing market and customer demands (Parasuraman et al., 1988). This approach highlights flexibility, real-time responsiveness, and continuous improvement as key drivers of service excellence (Zeithaml et al., 2006). Adaptation involves modifying workflows, reallocating resources, and adopting technology to maintain service relevance (Bitner et al., 2000). The theory underlines that adaptive capabilities stem from both organizational culture and employee empowerment (Grönroos, 2007). It is particularly relevant in the digital era, where customer expectations shift rapidly (Rust & Huang, 2012).

- Flexibility in service processes
- Rapid response to customer feedback
- Use of technology for service adaptation
- Employee empowerment in decision-making

### **Digital Era Competency Model**

The Digital Era Competency Model describes the specific skills and knowledge required for effective performance in digitally driven environments (Van Laar et al., 2017). It integrates both technical competencies, such as digital literacy, and soft skills, such as communication and collaboration (Ng, 2012). This model stresses that digital transformation requires employees to adapt continuously to emerging tools and platforms (Bawden & Robinson, 2009). It also recognizes the role of data-driven decision-making in enhancing operational efficiency and customer engagement (Westerman et al., 2014). The model is used as a guide for workforce development strategies in organizations navigating technological disruption (Kane et al., 2015).

- Digital literacy
- Communication in digital platforms
- Adaptability to emerging technologies
- Data-driven problem-solving

## **C. RESEARCH METHODOLOGY**

This study employs a qualitative method with a library research approach. This method was chosen because the research focuses on collecting, analyzing, and synthesizing theories and previous studies relevant to enhancing competencies in Arabica coffee cultivation and harvesting (Zed, 2014). The library research approach is appropriate as it provides a strong conceptual foundation for developing evidence-based intervention strategies while minimizing limitations related to time, cost, and field access (Creswell, 2014; Snyder, 2019).

Data collection was conducted through a literature review involving books, journal articles, conference proceedings, research reports, and relevant policy documents. These sources were retrieved from academic databases such as Google Scholar, Scopus, and ProQuest, using keywords like *Arabica coffee cultivation*, *harvesting skills*, and *farmer competency development* (Booth et al., 2016). A purposive sampling technique was applied to select literature deliberately based on criteria including relevance to the topic, publication within the last ten years, coverage of Arabica coffee cultivation or harvesting, and publication in reputable, peer-reviewed outlets (Etikan et al., 2016).

Data analysis was conducted using content analysis to identify key themes, relationships between concepts, and differing perspectives within the reviewed literature (Krippendorff,

2018). The analysis process consisted of three stages: (1) *data reduction* to filter relevant information, (2) *data display* to organize data into thematic categories, and (3) *conclusion drawing/verification* to derive valid conclusions supported by evidence from the literature (Miles et al., 2014).

## **D. RESULT AND DISCUSSION**

### **Skills Gap in Human Resources and the Challenge of Digitalization in Service Delivery**

Recent findings highlight that mid-sized retail companies in Indonesia are struggling to align their digital transformation agendas with the competencies of their existing human resources. Many frontline service employees lack sufficient data literacy and technological fluency, leading to slow and ineffective responses to customer demands (Rahman et al., 2023; Suryani et al., 2024). This skills gap contributes directly to decreased customer satisfaction and loyalty, and results in suboptimal use of digital tools (Mulyono, 2023). The issue reflects a structural disconnect between digital investment and human capacity development, where technology is often treated as a standalone solution, ignoring the human element essential for its effective deployment (Kane et al., 2015).

A critical flaw in many organizations is their techno-centric approach—focusing heavily on digital systems without simultaneously strengthening workforce capabilities. Westerman, Bonnet, and McAfee (2014) argue that successful digital transformation depends not only on the adoption of advanced technologies but also on data-driven and empowered human capital. Unfortunately, in many Indonesian firms, training remains superficial and generic, lacking relevance to real-world job challenges (Pratama & Sari, 2022). As a result, the transformation remains cosmetic, failing to drive actual improvements in customer service performance.

Moreover, the digital competency gap is reinforced by organizational cultures that are often resistant to change and lack a mindset for continuous learning and innovation. Ifinedo (2017) found that employees are less likely to embrace digital tools when they feel neither equipped nor psychologically supported. Bridging the digital divide, therefore, requires more than technical upskilling—it demands a holistic strategy that fosters adaptive learning cultures, cross-functional collaboration, and a willingness to experiment with new service models. Indonesian retail companies must shift their view of HR development from a cost center to a strategic investment if they aim to survive and thrive in the digital era.

### **Relevance of Competency-Based Training**

Competency-based training (CBT) has consistently been shown to improve service delivery performance in digital contexts, especially in areas requiring rapid responsiveness such as customer complaint management on social media platforms (Smith, 2022). This aligns with global findings that structured competency models enhance both efficiency and customer satisfaction in digitally enabled services (Campion et al., 2011). However, in the context of mid-sized retail companies in Indonesia, training programs remain fragmented, sporadic, and rarely tailored to the specific skill gaps of employees. This disconnect undermines the potential impact of training investments and results in uneven service quality across operational units.

One of the critical limitations of current CBT implementation in Indonesia is the lack of integration between soft skills—such as emotional intelligence, communication, and collaboration—and hard skills like digital tools mastery and data literacy. Research by Van Laar et al. (2017) emphasizes that effective digital-age employees must possess a hybrid competency set that allows them to navigate both the technical and interpersonal dimensions of service. Without such integration, employees may excel in system operation but fail in empathetic customer interaction, or vice versa, resulting in fragmented service experiences and limited organizational agility (Ng, 2012).

Moreover, the absence of continuous training cycles and feedback mechanisms further hampers the sustainability of competency development. Studies suggest that one-time training events are insufficient in dynamic environments, where technologies and consumer expectations evolve rapidly (Cheng & Ho, 2019). Indonesian firms must move toward adaptive learning models that include regular upskilling, real-time coaching, and embedded performance monitoring. This approach not only aligns employee development with business strategy but also enhances long-term retention of competencies, contributing to a resilient and customer-oriented service culture (Dubois & Rothwell, 2004).

### **The Impact of Adaptive Competency Models on Service Performance**

The study introduces an adaptive competency model that integrates both technical skills (e.g., digital literacy and data analytics) and soft skills (e.g., empathy and collaboration), offering a holistic framework tailored to the cultural and operational characteristics of Indonesian retail firms. This model addresses the limitations of one-dimensional approaches that either prioritize technical efficiency or interpersonal communication in isolation. As Chen (2021) points out, in the digital service era, service quality depends not only on the speed of digital transactions but also on the emotional resonance and human connection embedded within those interactions. Therefore, integrating soft and hard skills into a unified competency model enhances the organization's ability to deliver not just fast, but meaningful and satisfying customer experiences.

Unlike many global frameworks that assume uniformity in digital infrastructure and employee readiness, this adaptive model takes into account local constraints, such as varying education levels, limited exposure to digital tools, and differing organizational cultures. Brown et al. (2023) emphasize that competency models that align with local contexts yield significantly higher engagement and performance outcomes. In Indonesia, where retail companies often operate with lean structures and limited formal training resources, context-specific competency development proves more actionable. By embedding local business values and practices, the model becomes not only theoretically sound but also operationally feasible, especially in mid-sized enterprises navigating digital transitions.

Furthermore, adaptive competency models support organizational agility by encouraging continuous learning and cross-functional collaboration. Research by Battistelli et al. (2013) shows that adaptive competence fosters proactive employee behavior, which is essential for sustaining high service performance amid market uncertainties. This model facilitates knowledge-sharing between departments, fosters a culture of innovation, and accelerates customer problem-solving through empowered service staff. Consequently, the model does not only elevate individual competence but also strengthens the systemic responsiveness of the company, making it more competitive in the digital marketplace.

### **The Importance of Cultural and Structural Transformation in Organizations**

While competency-based training is vital for enhancing individual capabilities, service adaptation in the digital age fundamentally requires a broader shift in organizational culture and structure. Organizations must foster a culture that values innovation, open communication, cross-department collaboration, and employee empowerment. Grönroos (2007) argues that adaptive service quality is inseparable from a service-oriented culture where employees are encouraged to experiment, take initiative, and respond proactively to customer needs. Without such a cultural foundation, even the most advanced training programs may fail to achieve sustainable behavioral change or service excellence.

Table 1. The Role of Organizational Culture and Structure in Digital Service Adaptation

<b>Organizational Aspect</b>	<b>Description</b>	<b>Impact on Service Performance</b>
<b>Innovation Culture</b>	Encourages employees to experiment, learn from failure, and generate	Enhances creativity and speed of innovation in

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	continuous service innovations.	responding to customer needs.
<b>Cross-Department Collaboration</b>	Builds effective interdepartmental coordination through open communication and shared goals.	Speeds up decision-making and enriches problem-solving perspectives.
<b>Employee Empowerment</b>	Grants decision-making autonomy to frontline employees in service interactions.	Improves responsiveness and customer satisfaction by enabling faster issue resolution.
<b>Flexible Organizational Structure</b>	Reduces bureaucracy through flat structures and authority delegation.	Enables quick adaptation to market changes and evolving customer demands.
<b>Psychological Safety</b>	Fosters a workplace environment where employees feel safe to share ideas and voice concerns without fear of negative judgment.	Promotes organizational learning, error reporting, and continuous improvement.

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Source: Compiled by the researcher (2025)

Structural flexibility is equally critical in enabling quick decision-making and dynamic service delivery. Zeithaml et al. (2006) highlight that rigid hierarchical structures often slow down response time, as decisions must pass through multiple layers of approval. In contrast, flatter organizational models that delegate authority and empower front-line employees have been shown to increase responsiveness and accountability in customer-facing processes. This flexibility also supports decentralized innovation, where various teams can rapidly test and implement new solutions without waiting for top-down directives (Bitner et al., 2000).

Furthermore, a transformation in organizational culture and structure promotes psychological safety, a condition where employees feel safe to voice ideas and concerns without fear of retribution. Edmondson and Lei (2014) found that such environments significantly boost learning behavior, error reporting, and adaptability—all of which are essential for thriving in volatile digital markets. For Indonesian retail companies, particularly those that have traditionally operated within bureaucratic or top-down models, this represents a strategic shift toward a more agile, resilient, and customer-centric service philosophy. Without these cultural and structural changes, investments in digital tools and training may yield limited impact.

### **Managerial Implications**

Based on the findings of this study, several strategic recommendations can be proposed for human resource managers in the private sector, particularly within mid-sized retail companies navigating digital transformation. These implications emphasize the need for a more integrated, agile, and contextually relevant approach to human capital development in response to shifting technological and consumer landscapes.

First, HR managers should develop a unified adaptive competency framework that blends both hard and soft skills tailored to the organization's digital maturity and service demands. This framework should go beyond generic skill lists and instead be rooted in actual operational challenges and customer interaction scenarios. Second, there is a critical need to design job-specific training programs that reflect real tasks and workflows, allowing employees to immediately apply new competencies in their daily responsibilities.

Third, companies should invest in technology that enhances real-time decision-making, such as analytics dashboards, AI-assisted customer service tools, or automated feedback systems. These tools empower frontline employees and managers to act swiftly and accurately. Finally, the establishment of a collaborative and digitally responsive work culture is essential. Managers must actively foster an environment where cross-functional teamwork,

open communication, and continuous learning are not only encouraged but institutionalized. This cultural foundation will enable retail organizations to remain competitive and customer-centric in the face of ongoing digital disruption.

## E. CONCLUSION

This study concludes that the development of an adaptive, competency-based service management model integrating both soft and hard skills tailored to the unique context of Indonesian mid-sized retail companies significantly enhances service responsiveness in the digital era. The findings confirm that the lack of data literacy, insufficient digital training, and rigid organizational culture are key obstacles to digital transformation. Through the creation of a localized and holistic competency framework, this research successfully meets its objective by offering a practical and theoretically sound solution that strengthens organizational agility, customer satisfaction, and employee empowerment. The research contributes original value by emphasizing cultural adaptation within competency development an area underexplored in prior studies and by proposing a scalable model for talent alignment with digital service demands. Practically, HR practitioners are encouraged to implement role-specific training, invest in real-time decision technologies, and cultivate a culture of collaboration and innovation. Future research should expand empirical validation of this model across different sectors and regions using mixed methods, while addressing current limitations such as the absence of field-based performance measurements. In terms of policy, government support for industry-specific HR upskilling programs and incentives for digital cultural transformation in SMEs would reinforce the adoption of such frameworks on a national scale.

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