

## THE ROLE OF HUMAN RESOURCE MANAGEMENT IN IMPROVING EMPLOYEE PERFORMANCE IN PRIVATE COMPANIES

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### Abstract

A company needs employees with good performance. Through this good performance, the company can compete and develop into a bigger company. There are various strategies to improve employee performance, one of which is human resource management. This study aims to see the role of human resource management in enhancing employee performance in private companies. This research will be carried out using a descriptive qualitative approach. The data used in this study comes from various research results and previous studies, which still have relevance to the contents of this research. This study then found a positive influence of human resource management on improving employee performance in private companies. This is due to the fact that human resource management requires three essential roles: the administrative role, the operational role, and the strategic role. Humans are the source of all the company's problems, hence these three positions are vital to its management.

**Keywords:** Human Resource Management, Employee Performance, Company.

### A. INTRODUCTION

Human resource management (HRM) is the administration of human resources through job analysis, workforce planning, recruiting and selection, training and development, career planning, performance evaluation, and transparent remuneration. According to Hasibuan, human resource management is the science and art of managing the relationships and duties of the workforce so that they are successful and efficient in achieving the goals of the organization, the employees, and society (Adillah, 2022). Human resource development is a fundamental necessity for the organization to meet the requirements of current activities and, more importantly, to meet future problems. Even a robust orientation program does not guarantee that personnel can perform their jobs properly, as demonstrated by numerous real-world examples. This indicates that employees, particularly new employees, still require training in different facets of their assigned jobs (Davidescu et al., 2020).

Employees who are currently proficient will require additional information, skills, and abilities because there are always more efficient ways to boost work output. (Piroșcă et al., 2021) If an employee is assigned to a new job in a new environment, his or her incorrect or poor work habits must be rectified. Human resources are crucial to a company's success since it has a vision and mission to attain common goals, but reaching those goals requires good and proper management (Ellitan, 2020).

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In order for a company's policies and practices to achieve the desired results, management must effectively manage the many facets of human resources, including but not limited to: job analysis; job planning; introductions; evaluation; communication; counseling; driving work discipline; providing education, training, and development; building commitment; ensuring workplace safety and resolving complaints; and employee relations (Agarwal, 2021). Human resource management is, thus, crucial to a firm and must be given due consideration in order to realize the organization's objectives. Workers' habits and output will change if HR is handled well (Stahl et al., 2020).

There is a close relationship between individual and organizational performance. The resources within an organization, especially people who play an active role in achieving the organization's goals, surely have a significant impact on the accomplishment of organizational objectives. The achievement of organizational performance is the total or aggressiveness of the performance of all divisions within the organization, whereas the achievement of divisional performance is the performance aggression of all the individuals comprising it (de Waal et al., 2029). A company's performance is contingent upon the caliber of its human resources. A company's success and efficacy are attributable to its excellent performance and high-caliber human resources (Anwar & Abdullah, 2021).

The role of the HR management team for the overall management team is to strategically suggest how to manage workers as a business resource, including managing recruitment and hiring of employees and coordinating employee benefits, training, and development strategies. In this way, HR acts as a consultant, not an employee, in a separate business function. They advise unit/department managers on many matters relating to employees and how they can help the organization achieve its goals (Collins, 2021). Through the brief explanation above, the researcher wants to see the role given by human resource management for the performance of employees in a private company.

### **B. LITERATURE REVIEW**

#### **1. Human Resource Management**

Human resource management addresses a variety of issues pertaining to employees, employees, laborers, managers, and all workers who support all activities and organizations, institutions, or businesses in their pursuit of a predetermined objective. Therefore, human resource management (HRM) is a role in a company or organization that focuses on the recruitment, management, and direction of employees, as well as the provision of knowledge to fulfill company objectives (Chakraborty & Biswas, 2021). In addition, human resource management is also responsible for developing the company by implementing all of the company's values and culture and ensuring that the company has a good and solid team and understands employee empowerment (Lu et al., 2022).

Human resource management manages the key to achieving an organization's competitive advantage. Given the significance of human resource management (HRM) in comparison to other firm assets, it is clear that HRM is an integral part of any successful business. Human Resource Management (HRM) is at the core of many company operations, from managing day-to-day tasks to conducting in-depth analyses of performance (Al-Qudah et al., 2020).

As a process, management interacts with people in the work environment. In this case, management is responsible for directing, determining, controlling, and influencing human behavior to achieve the desired goals. Management is a process of solving organizational problems (Afsar et al., 2020).

Human resource management (HRM), according to Faustino, is the establishment of formal procedures inside an organization to ensure the effective and efficient use of human potential to meet operational objectives. According to Umar, human resource management is the process and effort of recruiting, developing, motivating, and evaluating an organization's whole human resources in order to achieve its objectives (Alshurideh et al., 2022). Hasibuan defines human resource management as the science and art of managing relationships and the role of the workforce such that it contributes effectively and efficiently to the achievement of organizational, employee, and community objectives. In addition, Hasibuan described the functions of human resource management, such as planning, organizing, regulating, directing, and procurement, as well as discipline (Kenedi et al., 2022).

Human resource management is a sequence of activities that focus on practices and policies, as well as management functions, in order to achieve organizational goals, according to a number of the definitions provided above.

### **2. Employee Performance**

The phrase performance derives from the translation of the term performance, which indicates appearance or achievement. Performance is the consequence of carrying out the duties of a specific job or activity during a given time frame. Educators are responsible for meeting the needs of students, spiritual, intellectual, moral, aesthetic, and physical needs (Sajjadi et al., 2019). Performance can be interpreted as performance standards, namely areas or working areas of positions or company units that can be accepted or rejected related to efforts to achieve its vision and mission. Performance is a concrete manifestation of the responsibility of the duties carried out by someone on the institution's mandate through realizing its ideals and mission (Amri & Ramdani, 2021).

Performance is determined by the actual accomplishments of a person. A person's performance is determined by the quality and amount of work completed in accordance with their obligations. To attain optimal performance and results, organizations and businesses require individuals with high performance (Saman, 2020).

Performance is the result of work that an individual or group can do in an organization by adhering to their different powers and obligations within the context of their attempts to fulfill the organization's goals legally, morally, and ethically (Akdere & Egan, 2020). Performance can also be interpreted as the quality, quantity, and time used to carry out tasks. Quantity is the result that is calculated to what extent a person can succeed in achieving the set goals, and quality is how a person carries out his duties (Ericsson & Harwell, 2019).

Mohammad Pabunda describes performance as the outcomes of a person's or group's job duties or activities inside an organization, which are influenced by a variety of circumstances to meet organizational goals within a given time frame. Performance is defined by Mangkunegara as the quality and amount of work accomplished by an individual in carrying out his assigned obligations. In the meantime, according to Payamana Simanjuntak, performance is the level of results achieved through the execution of specific duties (Yong et al., 2020).

Performance is the outcome of an individual's execution of the tasks allocated to him, taking into account his talents, experience, sincerity, and time. Each employee's performance is crucial in an organization since it impacts the organization's survival; therefore, employee performance is an accomplishment acquired by someone in the course of completing a task (Junaidi & Shabri, 2020). The success of the organization depends on the performance of the pertinent organizational actors. Consequently, each work unit in a company must be evaluated for

its performance so that the human resources inside each unit can be objectively evaluated. Productivity can indeed be interpreted as performance, but performance is not necessarily in the form of productivity (Obrenovic et al., 2020).

The specific objectives implemented by performance management are as follows:

- a) Achieve attainable improvements in organizational performance
- b) Act as a change driver in developing a performance-oriented culture
- c) Increase employee motivation and commitment
- d) Allows individuals to develop their abilities. Increase their job satisfaction and reach their full potential for the benefit of themselves and the organization as a whole
- e) Develop constructive and open relationships between individuals and managers in the process of dialogue related to the work being carried out throughout the year (Aksoy & Bayazit, 2022).

Several employee performance indicators can be measured as follows:

- a) Quality, the quality of work is measured by the leadership's perception of the quality of work produced and the perfection of tasks on the skills and abilities of employees.
- b) Quantity, is the amount produced, usually expressed in terms such as the number of units, the number of activity cycles completed
- c) Timeliness, is the activity level of completing work within a certain time that has been set as the standard for achieving the time of completion of work.
- d) Effectiveness is the use of organizational resources (energy, money, technology, raw materials) that is maximized to increase each unit's results in using resources.
- e) Independence, is the level of an employee who can carry out his work function and commitment. This is a level where employees have an obligation to work with agencies and employee responsibilities towards the organization (Maryani et al., 2021).

### C. METHOD

The descriptive qualitative research method will be used in this research. Research data that was successfully collected through literature studies obtained from different results of previous studies and studies will be used in this study as long as there is still a match between content and discussion. Research data collected by researchers will then be processed so that later the results of this research can be found.

### D. RESULT AND DISCUSSION

#### 1. The Role of Human Resource Management in Improving Employee Performance

One of the most significant challenges for businesses, from both a technological and a management perspective, is locating professional and skilled human resources in a hurry. These HR problems will negatively impact the company's productivity, efficiency, and competitiveness if these HR problems are not corrected. Therefore, improving employee performance is one of the company's objectives and methods for advancing technology, enhancing the management and professionalism of human resources, and boosting productivity. Based on observations, three roles of human resource management can be applied in private companies to improve the performance of their employees, namely:

- a) The Role of Human Resource Management Administration

The purpose of this position is to ensure that staff have a deeper understanding of administration. With good administration supported by facilities and infrastructure, employees can map and formulate settlement strategies effectively and measurably.

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### b) Operational Role of Human Resource Management

The operational role of HRM is the existence of a Standard Operating Procedure (SOP), which is a reference for employees in carrying out their work activities. As well as an evaluation of the SOP every year and an evaluation of the employees contained in the Key Performance Index (KPI) of each employee.

### c) The Strategic Role of Human Resource Management

The strategic role underlines that the company's employees are an indispensable resource and a substantial investment. To play a strategic role, human resources must focus on long-term resource concerns and their repercussions. This strategic role can also be seen in the clear organizational structure and direct communication channels so that there are no differences in perceptions.

Based on the three explanations provided, it is clear that human resources play a crucial part in the management of a business, as people are the source of all problems within the organization. Human Resource Management is the process of resolving issues pertaining to employees, workers, managers, and all other workers who assist the activities of an organization or firm in accomplishing its goals. HRM functions that have been carried out are:

#### a) Staffing (Managing Membership)

Staffing or managing membership, there are three critical activities in this function: planning, withdrawal, and the selection process. The more companies that stand, the more human resources are needed. This then makes human resource management have the function of screening, providing, and selecting human resources who will join the company. The human resource management function is essential in determining companies' quality of human resources. To get a worker who meets the criteria, the human resources department then carries out activities such as interviews, skills tests, and investigating the person's background.

#### b) Evaluation

HR management has another function, namely evaluation. The evaluation here includes that in carrying out training as well as assessment. Usually, the HR department provides training to prospective employees and ensures they receive an evaluation or assessment of their performance. In addition to candidates, the department must also train managers to make performance standards considered reasonable and assessed accurately.

#### c) Replacement and Satisfaction

Also known as rewards. This HR management function deals with rewards for the performance that has been or has been done by employees. The HR department has the duty or responsibility to make a development of a good salary structure, meanwhile, the manager has the duty or responsibility to provide performance evaluations to determine the salary that will then be received by the employee concerned. The two parties, which include human resource management, must also coordinate well. The HR department must also be able to ensure that HR is given rewards which include incentives, basic salary, insurance, bonuses, leave allowances, and others, following decisions that have been made and following the law (standard regulations such as the UMR).

#### d) Training and Advisory

HR management also has a function as a trainer as well as an advisor. The HR department is responsible for assisting managers in creating a training program for new employees or prospective employees, or also for old employees to produce higher quality performance. In addition to training the HR department, it can also act as an advisor who will provide input to the managers and find a solution if a case or problem occurs during the development process.

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### e) Building Relationships

The following function is to build relationships. HR management is essential in building employee relationships, such as negotiating with unions. An active role in seeking a way of agreement between the company and the union will undoubtedly be able to reduce complaints from workers. In this case, the HR department must also try to prevent these employees' harmful actions, such as strikes and demonstrations. From this, we can conclude that the HR department is a person who has a role in maintaining the bond between the employee and the union, and the company.

### f) Creating Safe and Healthy Conditions

Namely by avoiding unwanted and risky things such as accidents experienced by workers. The HR department is responsible for conducting special training on work safety, improving conditions that may or may endanger workers, and creating health programs for workers. Apart from that, the HR department must constantly make a report every time a work accident occurs.

### g) Dive into the Problem

The following function searches for solutions to problems that occur (problem solver). Examples of issues that often arise include absent workers or employees arriving too late. They also have to explore the problem and also think about whether the policies that have been set so far are appropriate or not. What can be done from this, of course, is to collect all kinds of related information and analyze it.

### h) Integration

What is meant by integration is uniting the interests of the company with the needs of employees. If the integration is good, of course, what will happen is that cooperation will be more profitable for both parties.

### i) Termination

Dismissal, also known as layoffs, is breaking or terminating a contract or the working relationship between the company and the employee. In the process, layoffs can become a source of problems for the company, such as employee complaints, reporting to the Manpower Office, and the wrong payment of the last salary. Employees who quit also need to get attention because they can or can affect the company's operations.

Human resource management plays a number of crucial responsibilities in the establishment of a business in relation to employment. A business cannot exist without its employees, who contribute to its improved performance. Corporate governance will be properly monitored in accordance with the company's objectives when human resource management is implemented. With human resource management in place, routine employee evaluations will be conducted accurately and in accordance with best practices. In other words, an organization must have strong human resources because its management decides its performance and how to attain its goals. Typically, the role of human resource management in a firm is to implement a policy and practice that must be carried out or carried out by personnel in order to enhance performance.

## **2. Human Resource Management According to Management Economic Perspective**

There are six perspectives or approaches in carrying out the relevance and importance of HRM.

- a) Political Point of View. This perspective is predicated on the notion that human resources are the most valuable commodity possessed by a business, beginning at the macro level and extending to the international level as well as the micro level. Human resources that are educated, skilled, able, disciplined, industrious, creative, eager to work hard, and

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committed to the organization's beliefs and objectives will have a substantial impact on the organization's success and development.

- b) Economic Perspective. This view is in contrast to the prevalent one that sees workers as the homo economicus—the engine of the economy, the source of all prosperity, and the ultimate measure of success.
- c) The perspective of Punishment. This viewpoint indicates that human resources must strike a balance between their obligations and rights in order to achieve corporate objectives. Unbalanced treatment of obligations and rights will result in problems, including strikes.
- d) Socio-cultural point of view. This perspective departs from two aspects of the human person: actualization (existence) and dignity. This actualization is an attitude of acceptance of one's position in society, whereas dignity is the acceptance of one's individuality.
- e) Administrative Viewpoint. This position challenges the conventional wisdom that an internal administration is required in order for all members of this group to work together toward a common goal.
- f) Technology Perspective. With the evolution of the era and the rapid expansion of IT, human resources must constantly enhance their skills, particularly in the IT industry.

According to the Management Economics Viewpoint, Human Resource Management in private organizations discovered an increase in employee performance when employing a management economic perspective or view by employing six perspectives in the management's economic view or perspective. The uses of the six points of view are as follows:

- a) Employees in private companies are expected to think strategically about how they may enhance their performance, as this is seen as a political necessity from the perspective that these workers possess management knowledge that is crucial to the successful completion of their assigned tasks.
- b) According to the economic perspective, private firm employees are economically engaged, productive, and the driving force behind the company's triumphs.
- c) The legal perspective, essentially the norms imposed by private companies, must be adhered to by employees in order to boost employee performance through compliance with existing legislation.
- d) The sociocultural perspective aims to persuade employees of private companies that they possess dignity. Such a belief will make employees more at ease in a corporate setting and make it simpler for them to enhance their performance in private organizations.
- e) The administrative perspective is to ensure that the administration in private companies functions smoothly in order to instill confidence in employees that the company will achieve success in the commercial sector and to make employees feel more secure in times of financial difficulty.
- f) The technological perspective is that employees of private organizations have adequate understanding of technological advancements, which makes it easier for them to enhance their performance and meet company objectives effectively and efficiently.

### **E. CONCLUSION**

The results of the study indicate that human resource management has a favorable effect on employee performance. This is due to the fact that human resource management possesses three key primary responsibilities, namely the administrative role, the operational role, and the strategic role. Humans are the source of all corporate problems, hence these three positions are crucial for company management. In addition to these three functions, it is easier for the business to enact a

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regulation that will improve employee performance. By enhancing staff performance, the organization will experience a favorable outcome, namely that its objectives will be accomplished effectively, efficiently, and to the greatest extent possible. From the results of research, the role of well-implemented human resource management can lead to the continuous development of employee performance so that they can achieve the targets set each year according to the targets set by the company.

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