

# Implementation of Human Resource Management Strategy in Improving Organizational Performance

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## ABSTRACT

*This study aims to investigate the implementation of the integration process of the company's strategic plan and HRD strategic plan to enhance the competitive advantage of PT CSI. The data collection was through in-depth interviews, secondary data, and primary data from HRD in 2019. Qualitative research methods, with a case study approach were utilized for this investigation. The study's findings suggest a lack of orientation towards comprehensive investment in the implementation of Human Resource Management. Despite an integration and adaptation of the process to increase competitive advantage, HRD is still viewed as a cost center. HRD companies have participated in the planning process. The everyday practice of Human Resource Management does not seem to fully depict its alignment with organizational strategy. The results reveal that HRD maintains a dual relationship with policy makers, wherein issues and implications encountered in HR management are considered during the formulation of the strategic plan.*

**Keywords:** HRD, strategy, management

## ABSTRAK

*Penelitian ini bertujuan untuk menganalisis implementasi proses integrasi rencana strategis perusahaan dan rencana strategis HRD dalam meningkatkan keunggulan kompetitif di PT CSI. Data penelitian dikumpulkan dari wawancara mendalam dan data sekunder serta data primer dari HRD tahun 2019. Metode penelitian ini menggunakan metode deskriptif kualitatif yang melakukan proses pendekatan studi kasus yang menjadi dasar dalam penelitian ini. Hasil penelitian menemukan bahwa penerapan Manajemen Sumber Daya Manusia belum berorientasi pada investasi yang komprehensif. Terbukti HRD masih dianggap sebagai cost center, meskipun telah terjadi integrasi dan adaptasi seluruh proses peningkatan keunggulan kompetitif. Perusahaan HRD telah terlibat dalam proses perencanaan. Praktik Manajemen Sumber Daya Manusia sehari-hari tampaknya tidak sepenuhnya menggambarkan integrasi dengan kebutuhan strategi organisasi. Hasil penelitian juga menunjukkan bahwa pada tataran praktis HRD mempunyai hubungan dua arah dengan pengambil kebijakan, artinya permasalahan dan dampak yang timbul dalam pengelolaan SDM menjadi pertimbangan dalam proses perumusan rencana strategis.*

**Kata kunci:** HRD, Strategi, Manajemen

## INTRODUCTION

The requirement that a company must have to be effective in a competitive environment is to have the company's ability to manage its human resources as well as possible (Schuler & MacMillan, 1984; Anwar & Abdullah, 2021). Companies that have a highly competitive advantage will place the role of human resources in a very important position and should not be ignored (Delery & Roumpi, 2017). Thus, companies must have smart and right people because without the right people. The company strategy cannot be implemented. Therefore, a company's ability to create and choose the right strategy in managing human resources is very important because it will have an impact on the realization of short-term and long-term goals. According to Kaswan (2012), human resources can be an advantage for a company in maintaining its competitive advantage

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and in capturing and expanding new market segments. Human resources cover all areas of management, personal management, and organizational systems, and are also a very important input in the company's operational activities, both in sectors that produce goods and services.

Human resource management as a competitive advantage according to Rayadi (2012) is the planned management and utilization of human resources to create superior performance, to achieve company goals in a competitive market. Companies need to focus on developing the quality of their human resources because human resources can increase their competitive advantage (Hamadamin & Atan, 2019). PT CSI is one of the producers that produces steel balls and is currently increasing its role in import substitution of steel ball products. The company supplies steel balls to several mining companies and several domestic cement factories by expanding its business and opening an additional factory in the Cilegon, Banten area. The company uses an expansion strategy to maintain the company's sustainable competitive advantage (Lloret, 2016; Haseeb et al., 2019). This strategy is not only carried out through operational activities. Most of PT CSI's management innovations, namely total quality, just-in-time, benchmarking, business process re-engineering, outsourcing are about operational effectiveness. Through this management innovation the company can do something better than its competitors. However, this cannot guarantee sustainable competitive advantage without planning human resource management that is in line with the company's strategic planning.

Data obtained from the company's HRD needs to be adjusted to the strategic plan for managing human resources effectively and efficiently (Nugroho et al., 2021). Human resource development which is carried out consistently and continuously through the process of accumulation and utilization of human resources has a strategic role in efforts to improve company performance. Implement and enforce human resource management that is oriented towards investing in human resources at the organizational level so that it can contribute to increasing the company's competitiveness on an ongoing basis. Companies are also required to manage the diversity of human resources within the organization, to bring the company to achieve its goals, through individual strategic efforts, and organizational efforts or organizational approaches. The formulation and implementation of strategic human resource management practices is not a Human Resources management model that is in accordance with the organization's strategic orientation (Jamali et al., 2015; Boon et al., 2018). Companies need to develop strategic Human Resource Management (oriented towards human capital investment) which can act as a strategic partner for the organization to adjust various changes in the company's strategy.

Based on the narrative of Robert et al., (2012) it is stated that human capital is not only related to the physical appearance of people in an organization but includes the abilities, capabilities and skills that are brought and contribute to the success of the organization. In other words, human capital is the collective value of the abilities, knowledge, skills, life experiences, and motivation of an organization's workforce. The abilities, thoughts, knowledge and creativity and decision making contributed by people in this organization are also called intellectual capital. Companies with high intellectual capital may have technical employees and researchers who create new, patented products, and develop product lines for specific uses. All these organizational contributions illustrate the potential value of human and intellectual capital (Kianto et al., 2017).

Mathis & Jackson (2012) presents a complete HR Management diagram as a human resource management model. HR management must focus on contributing to the success of the organization. The key to improving organizational performance is ensuring human resources activities support organizational efforts focused on productivity, service, and quality. Strategic HR Management as part of maintaining organizational competitiveness, HR effectiveness which can be improved using HR measurement and HR technology. Through HR planning, managers anticipate employee supply and demand as well as employee retention with the following classifications:

1. Equal Employment Opportunities: Compliance with employment laws and regulations affects all other HR activities. The diversity of the workforce creates additional challenges.
2. Staffing: to provide an adequate supply of talented and qualified individuals to fill jobs in an organization.
3. Productivity: total output per employee, continuous increase in productivity. Human resource productivity is influenced by management efforts, programs, and systems.
4. Quality: the quality of the products and services provided influences the long-term success of the organization. An emphasis on quality requires continuous change aimed at improving work processes.
5. Service: HR management considerations must be included when identifying service barriers and redesigning operational processes. Involving all employees, not just managers, in problem solving often requires changes in company culture, leadership style, and HR policies and practices. HR activities carried out are:
  - a. HR Planning and Analysis:
  - b. Equal Employment Opportunity
  - c. Staffing
  - d. HR Development
  - e. Compensation and profit
  - f. Health, Safety and Security
  - g. Employee and Labor/Management Relations

Differences between operational and strategic roles exist in several HR fields. A strategic HR role requires HR professionals to be proactive in dealing with business realities and focus on future business needs, such as workforce planning, compensation strategies, and HR performance. Many executives, managers and HR professionals increasingly see the need for HR management to become a greater strategic contributor to an organization's business success.



Figure 1. Factors that Influence Strategic HR Management

Strategic HR management refers more to employees in gaining and maintaining competitive advantages in the business sector. This is because business strategy can

influence HR plans and policies, consideration of human resource issues must be part of the strategy formulation process. It is important to identify competitive advantage opportunities that suit existing employees or assess strategic alternatives by considering the organization's current human resource capabilities. HR managers must scan the environment to find out what workforce skills are available and what are not. HR professionals must also be able to estimate lead times to compensate for labor shortages or surpluses. In short, HR must be involved in implementing strategies that influence and are influenced by individuals.

### RESEARCH METHODS

This research adopts a qualitative descriptive research method as the main approach, which was chosen based on careful considerations. Qualitative methods were chosen because of their ability to more deeply understand and explain complex realities. The main advantage of this method lies in its ability to directly present the correlation and relevance between researchers and respondents. Direct involvement in the study situation allows the researcher to understand the nuances and complexity of the phenomenon being studied. Qualitative research methods have the advantages of sensitivity and adaptability which allow researchers to more deeply understand the mutual influence of existing patterns. Thus, this method provides an opportunity to dig deeper into the impacts and implications of the phenomenon under study. To provide a more concrete context, this research will also present case studies as one of the main aspects of the research approach. The case study was chosen because it is able to provide an in-depth and contextual picture of the research object, reveal the impacts that are still being felt, and understand its widespread influence in the contemporary context. Thus, this research will combine qualitative descriptive methods and a case study approach to produce a holistic and in-depth understanding of the phenomenon under study.

### RESEARCH RESULTS & DISCUSSION

In this research, results and data are presented with results relating to company policies, structure, systems, and human resources at PT XYZ.

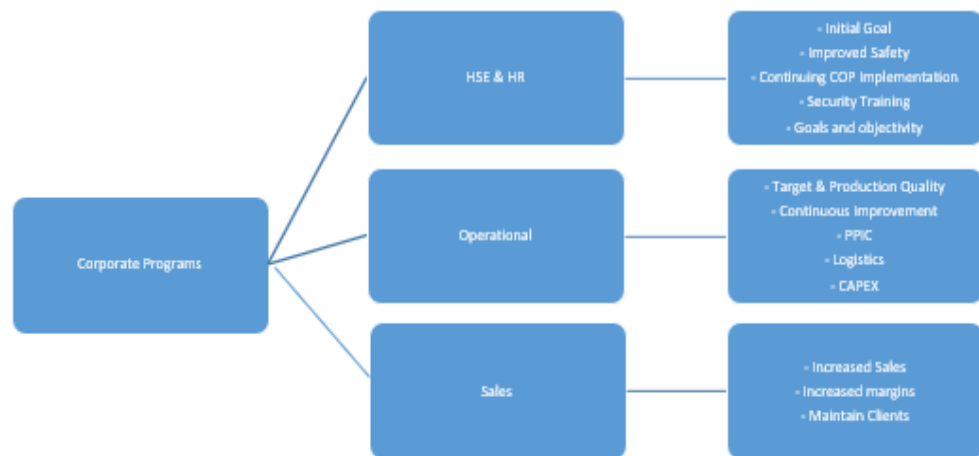


Figure 2. Corporate Planning Strategy

In connection with the company's strategy, it is stated that the company's competitiveness can be achieved through improving and strengthening the quality of human resources in the operational sector as well as fulfilling aspects of licensing and expertise certification. The company will also increase the capacity of the HR department so that it can become a profit center both directly and indirectly, for example by implementing an employee classification system and playing an active role in career

management, as well as involving HRD in its management. corporate strategic planning process. The role given by HRD is to provide information, input, and strategies that the company needs in connection with the company's strategic plan from an employment and legal perspective. plan and develop HR management policies and systems, as well as coordinate and control the implementation of HR management functions throughout the company to support and improve HR performance in achieving company goals and in carrying out all work must always prioritize safety aspects. Meanwhile, coordinating and controlling the implementation of HR functions throughout the company to ensure that everything is in accordance with the strategies, policies, systems, and work plans that have been prepared in accordance with applicable government regulations and provisions. The company also provides space for innovation and initiative in developing HR management strategies (Ahmad, 2015). Implementing the use of the HRIS system and E leave is a form of granting authority to HRD. Apart from that, HR is given the freedom to organize the training needed for employee development.

In the HRD section, it is stated that the company has a clear and written organizational structure, divided into staff level, middle management level, and top management or Director's level. The organizational structure also continues to be developed to be able to move the company dynamically to achieve company goals. The organizational structure is not made rigidly but dynamically following business developments and challenges. Even companies tend to implement lean and simple organizational structures. Instructional pattern, this system is used internally in the company in connection with the direction of company policy and leadership mission statements. Management of interaction patterns and coordination between departments is carried out in scheduled or ad hoc meeting forums. Communication and coordination patterns are carried out every day through daily meetings with all departments, and if there are related problems they are raised at these meetings. Company regulations and related regulations are the main system used to run an organization which is then translated into main performance indicators, as a control and evaluation tool. All internal rules and processes can ensure the team stays on track.

In this process, a picture is presented that the company has a commitment and dedication to innovation to be at the forefront of business, a commitment to health and safety without compromise, providing a positive impact on local communities and greater environmental sustainability, through every aspect. from the company. The company is also committed to building a safe and happy workplace and always focuses on customer needs and satisfaction. These values are the basis for the company and all human resources within it (Delery & Roumpi, 2017). With these values, the company hopes to remain competitive and become the choice of customers. Structural and participatory leadership is applied in the company to create a dynamic, safe, and happy work environment so that all human resources can be creative and innovative so that they can produce added value for the company and customer satisfaction. According to the informants, this leadership style can increase the role and function of each element of the organization so that they have the same rhythm of movement in achieving company goals (Witmer, H., & Mellinger (Witmer & Mellinger, 2016).

Companies value and empower employees because they realize that employee success is the company's success (Mazzei et al., 2016). Human capital is built through a business culture that seeks to employ diverse, talented, and dedicated men and women who continually learn and grow with the company to create a better future. There are several obstacles to implementing the company's big vision (1) Employee recruitment. The company's location in regional areas often recruits workers, especially for operator positions, which causes chaos due to interference from outside parties such as NGOs which force the recruitment of workers randomly. forced. (2) The problem that often occurs regarding employee attendance is not being on time after lunch time, not when they enter the office. You often find employees who are always late returning to the office or are still sleeping after lunch. (3) UMK salaries. Currently, the problem is that the increase in UMK every year is always significant, causing the gap between old and new

employees to become smaller. For this reason, a strategy from HR is needed to anticipate employee complaints regarding this matter.

Security One of the most disturbing factors in the corporate environment is security issues, where companies are often damaged by external parties such as NGOs and the public, which often causes inconvenience. Training The results of training for employees are often not optimal so they do not have a significant impact on employee productivity. Change Management The process of changing management often occurs. And this often makes it difficult for some employees to cope with management changes, resulting in a decrease in productivity. Of course, the HR division or HRD needs to improve the excellence of human resources in a way.

- a. Career management, job equity & people review
- b. Implementation of a skills development system according to position level, for example
  - Management training program
  - Supervisor development program
  - Program development manager
  - Other operational training

This research also presents the fact that HRD often encounters obstacles and challenges in the HR management process. Simple company organization. A simple company organization can create a career path for employees that requires a very long process, so that companies often lose prospective employees. Low competency & skills of existing employees. Some employees are employees who have worked at the company for quite a long time. HRD recruits old employees with relatively low qualifications and education, so currently it is quite difficult to increase competition. Failure of the training process. The results of the training provided to employees are less than optimal so they cannot have a significant impact on employee productivity

Based on these data, the implementation of Human Resource Management is not yet oriented towards comprehensive investment. It is evident that he still views HRD as a cost center, even though there has been integration and adaptation in the entire process of increasing competitive advantage. HRD companies have been involved since the planning process. Daily Human Resource Management practices do not seem to fully reflect integration with the strategic needs of the organization. The research results also show that at a practical level HRD has a two-way relationship with policy makers, meaning that problems and impacts that arise in HR management are taken into consideration in the process of formulating strategic plans. This two-way relationship occurs in the image below:



Figure 3. Correlation of Strategic Planning & HRD

Strategic planning is communicated to HRD. Then HRD responds by analyzing the problems and impact of the strategic plan on HRD then informing it back to the strategic planner. Strategic planning takes strategic decisions and informs HRD to develop systems and/or programs that support the implementation of strategic plans. From a policy and organizational perspective, the Company has a comprehensive HR Management integration plan and corporate strategic plan. This needs to be done through changing HRD from a cost center to a profit center, so that HRD has a strong policy foundation in developing an appropriate integration model. The HRD department needs to improve and strengthen its positioning so that it has maximum contribution. Strengthening HRD institutions includes:

1. HR practices that make the organization's HR more competitive and comfortable to work with
2. HR policies and activities need to be based on a stronger mastery of HR concepts and techniques
3. HRD needs to encourage the achievement of organizational performance results through HR programs. HR must also have business results from all its work processes.
4. Transform HRD's duties from monitoring company policies and making employees happy to developing employee capabilities and commitment
5. HRD staff need to increase argumentative and challenging ideas and be able to show a supportive attitude
6. HRD needs to strengthen its integration with other departments by acting as a catalyst for business process change from the HR side
7. Strengthen the role of HRD as a strategic partner, by aligning HR strategy with organizational strategy

HRD also needs to evaluate and remap the job description of each position, providing notes for prospective employees. Conduct training evaluations on all training held by the company and carry out training in accordance with employee needs and competencies. For old employees who have worked for more than 15-20 years, whose abilities & skills are no longer possible to improve with training, they must be given better options, or the company can offer early retirement for these employees. Integration of HR functions into a company's business strategy refers to efforts to redefine organizational conditions, roles and organizational capabilities related to business problems. This can be done by clearly defining the roles, behavior, activities, and responsibilities of each employee so that employees are able to improve their performance by mastering or having talents and skills according to their field of work, being able to develop themselves, working together. in the work team so that they can make a big contribution. in improving overall company performance. Increasing company performance will have a positive impact on the continuity and development of the company.

Efforts to integrate HR functions into a company's business strategy can be done through three approaches, namely first, matching or adapting managerial style or personnel activities, second, estimating workforce needs by providing targets. strategic objectives or definite environmental conditions, and third, providing a means of integrating human resources in an overall effort to adapt the company's strategy and structure. By involving the HR Management function in the formulation and implementation of company strategy, it is hoped that various company problems related to HR can be identified from the beginning of the formulation process so that the company can determine the right strategy choices and determine steps to overcome them so that strategy implementation can run effectively. The HR Management function has a major impact on strategy implementation by developing and aligning HR Management practices that ensure that the company has developed employees with the necessary skills so that they can carry out their duties effectively which ultimately can support the achievement of the company's strategy.

The centrality and importance of organizational learning and HRD was mentioned by Popova-Nowak & Cseh, (2015) through training and development schemes as a strategic process. Likewise, McCracken explained this in his statement that the learning process occurs at the individual, group and organizational levels, and the main key to SHRD is how to create an environment that supports the spirit of learning, which will ultimately encourage supportive learning and development. performance improvement. This statement places learning as an organizational capability that causes organizations to learn faster than competitors. So, this can be a competitive advantage. A strategic HR role requires HR professionals to be proactive in dealing with business realities and focus on future business needs, such as workforce planning, compensation strategies, and HR performance. Many executives, managers and HR professionals increasingly see the need



for HR management to become a greater strategic contributor to the “business” success of an organization.

Strategic HR management is a reference for the use of employees in gaining and maintaining a competitive advantage in the company (Delery & Roumpi, 2017; Collins, 2021). Because business strategy influences HR plans and policies, consideration of human resource issues must be part of the strategy formulation process. It is important to identify competitive advantage opportunities that suit existing employees or assess strategic alternatives by considering the organization's current human resource capabilities. HR managers must scan the environment to find out what workforce skills are available and what are not. HR professionals must also be able to estimate lead times to compensate for labor shortages or surpluses. In short, HR must be involved in implementing strategies that influence and are influenced by people. In summary, the process of preparing a strategic HR development plan can be explained as follows.

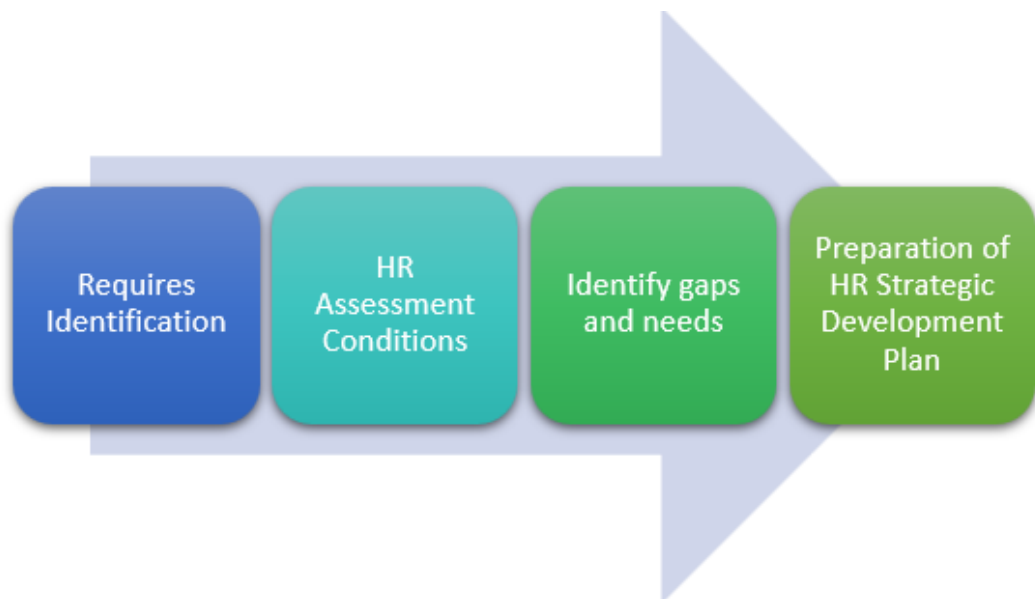


Figure 4. HR Program & Strategy

The strategic steps that must be taken are: In achieving success in developing organizational capacity, the strategic steps that must be taken can be divided into several interrelated stages. First, it is essential to develop a robust Organization Capability (HC) architecture. This includes establishing a clear vision and mission, strengthening company values, establishing measurable organizational goals, identifying fundamental beliefs, and implementing deep-rooted organizational principles. This step forms a strong foundation that will guide the journey of human resource (HR) development in the organization. The next step is to induce a change in mindset at the management level. Management's commitment to building Human Capability (HC) is very important, and changes in the mindset of middle line managers need to be changed to be in line with this goal. By creating awareness and commitment at all levels of management, HR development steps will receive stronger support.

Compiling a competency dictionary is the third significant strategic step. This competency dictionary supports organizational capacity development by detailing the skills and knowledge required. Mapping competency gaps against existing human resources helps identify areas that need improvement, forms the basis for employee development, and optimizes the organization's potential. Furthermore, HR system design is a crucial step in strengthening HC. By detailing job design, performance management, rewards, recognition, appraisal systems, recruitment, staffing, and career development pathways, organizations can increase employee commitment, consistency, competency,



and performance holistically. The integration of all these aspects becomes a strong foundation for achieving the organization's vision, mission and goals effectively and sustainably.

## CONCLUSION

The company's competitiveness will be achieved through improving and strengthening the quality of human resources in the operational sector as well as fulfilling aspects of licensing and expertise certification. The company will increase the capacity of the HR department so that it can become a profit center both directly and indirectly. The company involves HRD in the company's strategic planning process. The role given by HRD is to provide information, input, and strategies that the company needs in connection with the company's strategic plan from an employment and legal perspective. Daily human resource management practices do not appear to fully reflect the strategic needs of the organization. The research results also show that at a practical level HRD has a two-way relationship with policy makers, meaning that problems and impacts that arise in HR management are taken into consideration in the process of formulating strategic plans.

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