

# Analysis of Human Resource Management Strategies in Improving Organizational Performance

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## Abstract

Human Resource Management (HRM) has been recognized as a key element in achieving competitive advantage and sustainable organizational performance. In a dynamic and rapidly changing business environment, organizations need to develop effective HRM strategies to utilize the full potential of their human resources. This research aims to determine effective HRM strategies for improving organizational performance, focusing on tapioca flour industry companies in the East Lampung region. The case study research method was used to obtain an in-depth understanding of implementing HRM strategies in organizations. The sample used was 63 respondents from various positions and roles. The analysis uses a qualitative approach. The contribution of this study lies in proving the importance of strategic human resource practices such as adept recruitment and selection processes, comprehensive employee development initiatives, and sustainable performance management systems. These elements play a pivotal role in enhancing organizational performance. Therefore, companies are encouraged to delve deeper into integrating new technologies into HRM practices to leverage their potential benefits in the evolving digital landscape. The research underscores that organizations that implement robust human resource strategies tend to achieve superior performance outcomes in contemporary business environments. Such strategies play a crucial role in ensuring competitive advantage and sustained success in today's dynamic market landscape.

Keywords: Human Resource; Management Strategy; Organizational Performance.

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## I. Introduction

Human Resource Management (HRM) has become an increasingly important aspect of the success of modern organizations. In an era where business competition is increasingly fierce and technological changes continue to take place, organizations must understand that their human resources are their most valuable assets and must be managed wisely. Recent studies have provided valuable insights into the importance of HRM in achieving superior organizational performance. Some research shows the relationship between HRM practices, such as recruitment, training, and employee development, and overall organizational performance (Anwar and Abdullah, 2021). HRM concepts and practices emphasize the importance of integration between an organization's business objectives and human resource policies (Jawaad et al., 2019). HRM contributes to the level of employee commitment to the organization, which in turn influences overall organizational performance.

Previous study mentions the relationship between an organization's competitive strategies and the implementation of appropriate human resource practices to support the achievement of these strategic goals (Alqudah et al., 2022). Hence, HRM has been recognized as a key element in achieving competitive advantage and sustainable organizational performance. In a dynamic and rapidly changing business environment, organizations need to develop effective HR management strategies to utilize the full potential of their human resources.

Previous research has generally explored the link between HRM and organizational performance. However, gaps in the literature can be addressed by focusing explicitly on specific HRM variables such as training and development, rewards and recognition, and organizational justice. Additionally, existing studies often examine short-term impacts, creating opportunities for new research to extend the analysis over longer time frames, spanning multiple years or longitudinally. Therefore, this study aims to investigate the explicit contributions of effective HRM strategies to enhancing organizational performance, with a particular focus on PT. Kedaton Mandiri. By employing a case study methodology, this research seeks to deepen our understanding of how implementing these strategies influences organizational performance within the context of dynamic industry changes. Furthermore, this study provides theoretical insights into the mechanisms through which HRM practices impact organizational effectiveness while offering practical recommendations for improving managerial decision-making at PT. Kedaton Mandiri and similar organizations face comparable challenges in their respective industries.

## II. Literature Review

HRM is an important factor in all organizations. The success of an organization in achieving its goals and objectives and its ability to overcome various challenges, both external and internal, is largely determined by the ability to manage human resources appropriately (Amelia et al., 2022). Questions about personal development, equality, fairness, job expectations, and suitability to personal characteristics, as well as questions about organizational behavior, are part of the important treatment of human resources. HRM is something related to the use of humans in carrying out work in order to achieve maximum efficiency and effectiveness in achieving the goals to be achieved within the company, employees, and the entire company (Aust et al., 2020). It is a process of resolving various problems of employees, workers, managers, and other workers to support the functioning of human resources, organizations, or companies to achieve predetermined goals. Therefore, managers must ensure that the company or organization has the right personnel, in the right place, at the right time, with sufficient capacity to carry out tasks that help the company achieve its goals (Amelia et al., 2022).

Strategic HRM implements human resource policies based on the competencies and employee behavior that the company needs to achieve its strategic goals. Today, the term strategy can be defined as a long-term plan or well-planned action to achieve future goals, success, or growth. Human resource management strategies consider the HR function to be an integral part of all business/organization functions, such as marketing, production, finance, law, etc. HR must understand the operational side, understand the complexity of organizational design, and must be able to determine the current and future capabilities of its workforce, including the ability to face emerging changes (Avisa et al., 2022). A human resource development strategy based on the use of information technology and aimed at improving services that are efficient, reliable, safe, comfortable, and environmentally friendly is part of efforts to increase employee productivity. Employee productivity is the basis for determining appropriate human resource development strategies so that their functional roles can function optimally. Later, the company

can plan development programs that will be implemented to ensure the achievement of company goals. A human resource development strategy will bring positive value to employee productivity, which, of course, will also impact achieving company goals (Krisnahadi and Septika, 2021).

Apart from the ability to compare output and input, productivity assessments can also be assessed by looking at the process of implementing management activities. Management's ability to use resources optimally and create an optimal work system will determine the level of employee productivity. The role of management is very strategic in increasing productivity, including integrating and utilizing all production facilities, carrying out management functions, creating work systems, properly arranging appropriate work positions to create good working conditions and environments (Avisa et al., 2022). Productivity is an attitude that believes that the quality of life today is better than yesterday and tomorrow must be better than today; from a technical point of view, productivity is a comparison between the results obtained (output) and the overall level of resources used. Meanwhile, in terms of measuring the level of efficiency and effectiveness, it can be seen from the resources used in the production process. Effective employees are those who are able to do their work, both with their expertise and skills (Subramony et al., 2021).

There is no general theory of performance. However, we have a number of approaches and models, often built from the perspective of specific disciplines, such as economics, psychology, or production management, that help us understand and classify aspects of performance. This is not an easy job. Performance is a company-dominated criterion, while results can be broader. This can include environmental issues, job satisfaction, contributions to societal goals, and more. There is a risk that when considering performance criteria set at the organizational level, some of these issues may be overlooked (Novari, 2020). Motivational theories such as Maslow's Hierarchy of Needs and Expectancy Theory can provide an understanding of how employee motivation influences their performance in the context of HR management practices (Nurhalizah and Oktiani, 2024). The theory highlights the importance of employee involvement in the organization to improve its performance.

Frameworks such as the Work Engagement Model can help in understanding how HR management strategies can improve employee engagement (Letsoin and Ratnasari, 2020). It explains the importance of career development as a factor in employee motivation and retention. Understanding how organizations can utilize career development in HRM strategies will be relevant as well (Altamira and Rusfian, 2019). Using HRM strategies that support organizational learning and development can improve overall performance. Besides that, HRM practices that support diversity and inclusion can contribute to achieving organizational goals (Humaira et al., 2019).

### III. Method

The case study research method was chosen to explore an in-depth understanding of HRM practices implemented in PT. Kedaton Mandiri. The case study approach was chosen because it allows researchers to gain an in-depth understanding of implementing HRM strategies in a specific organizational context. Data was collected through interviews with Human Resource Managers, company leaders, and relevant employees; direct observations in the workplace; and analysis of documents related to HRM. Data analysis was carried out using a qualitative approach to identify patterns and themes that emerged from the data. This analysis helps in understanding the factors that influence the effectiveness of HRM and its impact on organizational performance.

### IV. Results and Discussion

The interview results describe the perceptions of HR managers with 10 years of experience, senior employees in the marketing department with 7 years of service, heads of information technology with 15 years of service, and new employees in the finance department with 1 year of service. The interview results from employee recruitment and selection strategies implement a very strict recruitment process to ensure only the best candidates join the company. This includes several stages of interviews and aptitude tests. The results of employee training and development interviews have an ongoing training program designed to develop employee skills, technological developments, and business needs. Performance management interview results use a transparent and objective performance evaluation system to ensure each employee understands how their performance is measured. The research results identified that existing HR management practices do not positively impact organizational performance. This may

include practices such as unstructured recruitment and selection programs, lack of ongoing employee training and development, lack of optimal performance management focused on goals, and efforts to improve the welfare and engagement of the employees.

Table 1. Results of Information Reduction

Informant	Information
P1, Human Resource Manager	Rigorous selection helps maintain high employee standards, improving overall organizational performance. This program was important for maintaining employee competitiveness.
P2, Senior employee	This training was very relevant and useful in improving their daily performance
P3, new employee	A personalized approach to training ensures that training programs are tailored to individual needs and their career goals
P4, new employee	A thorough recruitment process helped them understand expectations and adapt more quickly to the company culture. Continuous training program in the company

Based on the analysis of interview results seen in [Table 1](#), it can be concluded that the HRM strategy implemented at PT. Kedaton Mandiri significantly contributes to improving organizational performance. A rigorous recruitment process and the use of technology ensure the selection of high-quality candidates. Continuous and personalized training programs in employee development increase employee competency and adaptability. A transparent performance evaluation system and regular provision of feedback and rewards increase employee motivation and engagement. All of these elements collectively increase the company's operational efficiency and effectiveness and create a work environment that supports employee and organizational growth.

This research also reveals the challenges and obstacles faced in implementing these HR management practices. These may include limited resources, resistance to change on the part of employees, difficulties in adapting practices to market conditions and industry regulations, and challenges in measuring the impact of HRM practices on organizational performance. It is important to measure HRM results to understand how HRM affects performance. As we progress through the remaining stages of the model, we expect the impact of HRM to weaken with the intervention of other factors. It is important to note that within the general heading of performance, there are further distinctions, for example, between performance and effectiveness, which are subjective assessments of performance and possibly also productivity, and between efficiency related to production and productivity related to input-output ratios. Because effectiveness may be perceived differently by different stakeholders, it would be prudent to include additional effectiveness measures as well as more objective outcome measures.

This research provides a better understanding of the relationship between implemented HR management practices and organizational performance. This can include increasing productivity, reducing employee turnover rates, increasing employee satisfaction, and increasing organizational profitability at PT. Kedaton Mandiri. This research identifies factors that support the success of HR management practices. This may include commitment from organizational leadership, employee involvement in the decision-making process, an organizational culture that supports growth and innovation, and a technology infrastructure that supports the implementation of HR practices. This finding is in line with research conducted by [Purnami and Utama \(2019\)](#) who show that investment in employee development can result in improved individual performance and overall organizational performance.

The findings show that steps or changes that the organization can take can be suggested to increase the effectiveness of HRM and overall organizational performance. This could include improvements in recruitment and selection processes, enhanced employee development programs, performance evaluation systems, and new policies supporting employee well-being. The results of this research will provide valuable insight for organizations in the PT Kedaton Mandiri industry in developing effective HRM strategies to improve their performance.

Additionally, our research shows that factors such as inclusive leadership and a supportive organizational culture play an important role in facilitating the effectiveness of training programs. This is consistent with the findings of Yu et al. (2020), who highlight the importance of a supportive organizational culture in supporting the implementation of human resource management strategies. However, it is worth noting that our research found that context factors, such as the speed of technological change in our industry, also influence the effectiveness of human resource management strategies. This is in line with research by Brown (2020), which emphasizes the importance of adapting human resource management strategies according to industry dynamics and changing external environments (Cooke et al., 2021).

The current research offers several new contributions to the field of HR management, emphasizing the use of modern technology in recruitment and personalization in training. In addition, this research emphasizes the importance of transparency and fairness in performance evaluations and provides regular feedback and rewards as important factors in improving employee performance. This is in line with previous research findings but provides a more modern and contextual perspective on HRM strategy implementation. Thus, this research confirms previous findings and adds new insights relevant to technological developments and the changing dynamics of the modern workforce.

## V. Conclusion

This research presents novel contributions to HRM, particularly in recruitment and personalized training. It underscores the significance of transparent and equitable performance evaluations, alongside regular feedback and rewards, as pivotal factors in enhancing employee performance. While aligned with prior studies, this research offers a contemporary and contextualized view of HRM strategy implementation. It corroborates earlier findings and introduces fresh perspectives pertinent to technological advancements and evolving workforce dynamics. Moving forward, exploring broader applications of technology in HRM and its multifaceted impact on organizational performance warrants further investigation.

Despite offering valuable insights into the nexus between HRM strategies and organizational performance, this study acknowledges several limitations. Primarily, it adopts a quantitative data collection and analysis approach, leveraging its capability to generate directly measurable outcomes. However, supplementing this with qualitative methodologies could deepen comprehension of underlying mechanisms and contextual nuances. For instance, conducting in-depth interviews with leaders and employees could elucidate richer insights. Secondly, this research is confined to a specific industry, potentially limiting its applicability across diverse organizational settings. Future studies should diversify their samples across various industries to bolster generalizability and comprehensiveness in exploring the HRM-organizational performance relationship. By addressing these gaps and proposing avenues for future research, scholars can advance our understanding of how HRM practices influence organizational outcomes more effectively.

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## Declaration

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