

The Role of Human Resource Management in Increasing the Economic Strength of Turbo Sakti Businesses

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ABSTRACT

This study explores the strategic role of human resource management (HRM) in driving the economic growth of Turbo Sakti Trading Company. The research focuses on HRM practices related to recruitment, training, performance management, work-life balance, and adaptation to change. Qualitative research methods were used to interview staff, analyze business policies, and evaluate the impact of HR practices on organizational performance. This research aims to achieve an understanding of the role of HRM in the economic strengthening of Turbo Sakti Trading Business in Manding. The research findings show that effective recruitment and selection, continuous training, targeted performance management, and employee welfare support contribute positively to employee productivity. In addition, HRM that is able to adapt to changes in government policies, market conditions, and consumer trends proves crucial in creating a responsive and competitive environment. These findings can be used as a reference to improve performance and sustainability through effective HRM strategies.

INTRODUCTION

In an era of globalisation and increasing business competition, the role of Human Resource Management (HRM) is very important in increasing the competitiveness of organisations. Human resource management (HRM) is a discipline that focuses on the efficient and effective management of the relationship and role of the workforce with the aim of optimising these resources so that the goals of the company, employees and society can be maximised (Azhi Fadlih Saputra, et al, 2023).ⁱ This research aims to explore the role of HR management in improving the competitiveness of organisations and to identify existing research gaps in the context of HR management in an increasingly dynamic business sector. The main problem to be addressed in this research is how current HR management practices can be improved to more effectively support the company's economic growth and competitiveness in a competitive market.

One company that reflects this dynamic is Usaha Dagang Turbo Sakti, a trading company based in Manding, Sumenep. Established in 1987, UD Turbo Sakti has become an innovative leader in the snack food sector, particularly cassava chips, with a commitment to superior customer service and a diverse product portfolio. This research discusses how HR management practices at UD Turbo Sakti contribute to improving the company's competitiveness, and how the limitations of previous research on HR management in medium-sized trading companies have not been widely explored. The economic development in Manding provides a relevant context for understanding the important role of HR management in UD Turbo Sakti. Previous research has shown that the snack food sector in Manding plays an important role in the growth of the local economy, but there is a gap between the applied HR management theory and the reality on the ground. This research will

identify and define the gap between theory and current practice, and make new contributions to the development of more effective HR management.

LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

Institutional setting

Over the past decade, research into human resource management (HRM) has underscored the crucial role of institutional settings in shaping HRM practices and their outcomes. These settings encompass the frameworks, regulations, and norms that influence organizational and individual behavior in a business environment. The literature indicates that robust institutional settings can enhance the effectiveness of HR practices by lowering uncertainty and boosting adherence to standards and regulations.

Research has shown that institutions promoting transparency, accountability, and adaptability can significantly improve HRM effectiveness. For instance, institutions that offer continuous training and professional development tend to produce a more skilled and motivated workforce, which can, in turn, enhance organizational competitiveness.

Agency theory

Agency theory, formulated by Jensen and Meckling explores the relationship between principals (owners) and agents (managers) concerning contracts and supervision. This theory is pertinent to HRM as it provides insights into how HRM practices can mitigate conflicts of interest and enhance organizational performance.

In this study, agency theory posits that effective HR management can address issues of asymmetric information between management and employees, ensuring that employees' actions align with the company's interests. Effective HR practices, such as accurate recruitment, comprehensive training, and robust performance management systems, can reduce agency problems and boost organizational performance.

Hypothesis Development

1. HRM Adaptation to Change

Hypothesis: "If HR Management at Turbo Sakti proactively adapts to changes in government policies, labor market conditions, and consumer trends, the company will be able to maintain business sustainability and strengthen its competitiveness in the market." By actively monitoring and responding to external changes such as government policies and market trends, Turbo Sakti can reduce risks and capitalize on new opportunities. Flexibility in workforce management and internal policy adjustments allow the company to remain competitive and adapt well in a changing environment.

2. Training and Skills Enhancement Program

Hypothesis: "A systematic and continuous training program at Turbo Sakti improves employee skills and productivity, which directly impacts the achievement of the company's business objectives and economic growth." Training programs that are designed to meet specific skill needs and provide targeted feedback make employees more competent and productive. This accelerates the achievement of business goals and creates an innovative and dynamic work environment.

3. Performance Evaluation & Development

Hypothesis: "Effective performance evaluations at Turbo Sakti enable identification of employee potential and development needs, as well as increase engagement and motivation,

which contributes to overall improved business performance.” Structured performance evaluations help in identifying employee potential and development needs. By providing constructive feedback and a thorough assessment, companies can strategically direct HR development, support the achievement of business goals, and increase organizational effectiveness.

METHODS

This research is descriptive research with a qualitative approach. Creswell and Poth (2018) explain that descriptive research aims to describe and interpret phenomena that occur in a context without affecting existing variables.ⁱⁱ This is in line with Silverman's (2017) view, which states that qualitative research focuses on understanding and interpreting the experiences of subjects in their natural environment, such as behavior, perceptions, motivations, and actions.ⁱⁱⁱ Descriptive research with this qualitative approach collects data in the form of words and narratives that describe conditions in accordance with reality without any intervention, and does not use numerical data. This research was conducted at Turbo Sakti Trade Business, Manding District, Sumenep Regency, in the even semester of the 2023/2024 school year. Research instruments are used to measure the variables being studied. Creswell (2014) states that in qualitative research, instruments include data collection tools such as interviews, observation, and documentation, which are used to understand the social or natural phenomena under study.^{iv} In this study, the instruments used include observation formats, interviews, field notes, and documentation.

The source of research data comes from research subjects or informants, which in this case are the owner and 10 employees. The informant selection technique was carried out through purposive sampling. According to Palinkas et al. (2015), purposive sampling is a method of selecting informants based on certain criteria relevant to the research objectives, for example, informants who are considered to have relevant knowledge or experience related to the research topic.^v Data collection was conducted through observation, interviews and documentation. Data validity was tested using triangulation techniques. Flick (2018) explains that triangulation is a method to increase validity by combining different data sources, viewpoints, or methods.^{vi} In this study, the triangulation used is source triangulation, which is by comparing data from observations, interviews, and documentation to ensure the consistency and validity of the data obtained.

RESULTS

In this study, there are several focal points of complex discussions related to the Role of Human Resource Management in Increasing the Economic Strength of Turbo Sakti Enterprises. In this case, there are points that will be analyzed in depth:

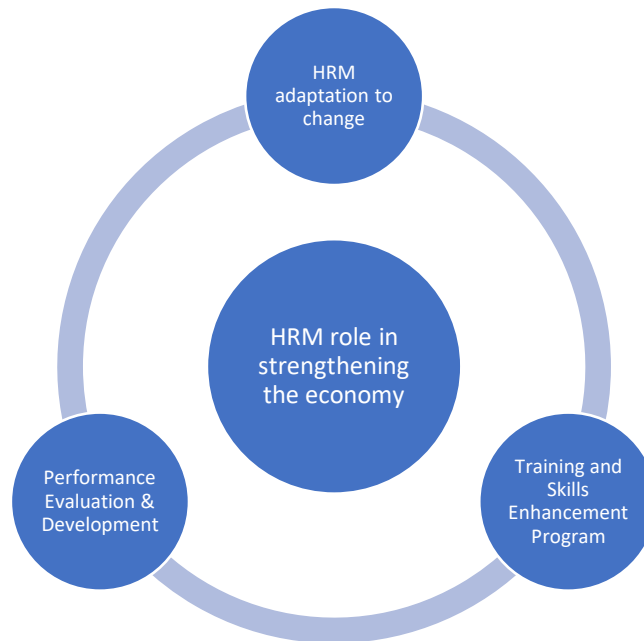


Figure 1. Concept of HRM Enhancement for Economic Strengthening created by the author

1. How does HR management adapt to changes in government policies, labor market conditions, and changes in consumer trends to ensure the sustainability of Turbo Sakti Trading Enterprises?

HR management at Turbo Sakti acts as a strategic pillar in dealing with government policy dynamics, labor market fluctuations, and the evolution of consumer trends. To maintain business sustainability, the following steps are taken:

- Government Policy Monitoring and Analysis: HR Management proactively monitors regulatory changes in labor, taxation, and other business rules. An in-depth understanding of these policies enables the company to adjust its HR strategy to comply with the prevailing regulations and reduce potential legal and financial risks.
- Internal Policy Adjustment: Turbo Sakti adjusts internal policies to respond to changes in government policies, especially in terms of recruitment, compensation, and performance management. These adjustments include compliance with dynamic labor and taxation rules, which can directly affect HR strategies.
- Flexibility in Workforce Management: To deal with the dynamic labor market, HR management implements labor flexibility policies, such as utilizing freelancers, temporary contracts, and hybrid work models. This allows companies to respond to changing business needs quickly and efficiently.
- Adaptive Recruitment Strategy: Anticipating changes in consumer trends and government policies that affect labor needs, HR management designs flexible and adaptive recruitment strategies. This strategy ensures that the company has employees with skills that match the dynamic market demands.
- Employee Competency Improvement: HR management focuses on developing skills relevant to market needs, both through continuous training programs and formal education. With this approach, employees can not only adapt to market changes, but also drive innovation within the company.

- Change Management and Effective Communication: The role of HR is critical in managing change. Open and clear communication of new policies, changing trends, or market situations to employees helps create better understanding and increase employee engagement in the change process.
- Strategic Analysis and Placement of Employees: HR management conducts an in-depth needs analysis and strategically places employees in the most appropriate positions to maximize business potential. This ensures that human resources are optimized to achieve the company's strategic goals.

With these steps, HR management at Turbo Sakti demonstrates the ability to remain adaptive to external changes, ensuring the company has an efficient workforce that is ready to face both challenges and opportunities that arise in the market.

2. Has the training program implemented by Turbo Sakti's HR management played an important role in improving employee skills and productivity?

Training programs implemented by HR management at Turbo Sakti play a fundamental role in improving employee skills and productivity. Here are some aspects that support the statement:

- Comprehensive Training Needs Identification: HR management systematically evaluates the skills required by employees to support the achievement of business goals. Based on the analysis, they design specific training programs to close existing skill gaps.
- Continuous and Multidimensional Training: Turbo Sakti adopts a continuous training approach that not only focuses on developing technical skills, but also on improving soft skills and leadership capabilities. This approach allows employees to continuously develop, both professionally and personally, in accordance with the changing business environment.
- Tailoring Training to Individual Needs: Every employee has a training plan that is customized to their career goals. These plans are developed based on the results of performance appraisals, so that the training provided is more effective in improving individual competencies.
- Continuous Monitoring and Targeted Feedback: HR management consistently monitors the effectiveness of training programs and provides ongoing feedback. This evaluation helps the company assess whether the training is achieving the desired results and make adjustments where necessary.
- Strong Relationship with Increased Productivity: There is a clear correlation between participation in training programs and increased employee productivity at Turbo Sakti. Employees who have received training tend to have skills that are more relevant to their jobs, thus increasing their contribution towards achieving business goals.
- Strong Learning Culture: Turbo Sakti cultivates continuous learning throughout the organization, encouraging employees to keep learning, developing new skills, and innovating. This creates a dynamic work environment, where individual creativity and growth are valued.

3. To what extent are employee performance evaluations used as a tool to identify potential and development needs, and contribute to improving overall business performance?

Performance evaluation at Turbo Sakti is not only used to assess employee performance, but also as a strategic tool in career development and business performance improvement. Some key aspects of this performance evaluation include:

- Identification of Employee Potential: Performance evaluation allows HR management to identify employees with high potential, both in terms of technical and leadership skills. Thus, the company can develop talents who have the potential to take on bigger roles in the future.
- Determination of Development Needs: Performance evaluation results provide important insights into areas where employees need to be developed. This forms the basis for HR management to design appropriate training programs that meet business needs.
- Individual Performance Improvement: Through transparent performance evaluations, management can provide specific and constructive feedback, helping employees understand areas for improvement and providing guidance for performance improvement.
- Improves Employee Engagement and Motivation: Open and clear performance evaluations can increase employee engagement and motivation. When employees feel recognized for their contributions and given constructive feedback, they are more driven to achieve higher targets.
- Holistic Performance Appraisal: Performance evaluations provide a holistic view of each employee's contribution to overall business goals. This enables management to make strategic decisions regarding human resource development and improve organizational effectiveness in the long run.

DISCUSSION

Explanation of Discussion 1 (HR Management Adaptation to External Changes)

HR management at Turbo Sakti Trade Enterprise successfully adapts to changes in government policies, labor market conditions, and consumer trends.

Findings:

a. Government Policy Monitoring and Analysis.

HR management monitors changes in government policies and adjusts HR practices accordingly. Studies such as Guest, D. E. (2017) highlight the importance of HR climate and trust in linking HR practices to employee performance, understanding and responding to changes in government policies and other external environments.^{vii}

b. Internal Policy Adjustment.

Turbo Sakti adjusts internal policies according to external changes. According to a study by SHRM (2018), adaptation of internal policies to external changes improves compliance and reduces risk.^{viii}

c. Flexibility in Labor Management.

The implementation of labor flexibility policies helps adapt to market changes. Research from McKinsey (2020) shows that workforce flexibility improves adaptability and response to market changes.^{ix}

d. Adaptive Recruitment Strategy.

HR management designs recruitment strategies that are adaptive to market trends. The Organization-Environment Fit Theory proposed by Miles & Snow, states that the fit of strategy with the external environment improves organizational performance.

e. Employee Skills Enhancement.

Focus on developing employee skills relevant to market trends. According to a report from the World Economic Forum (2020), developing skills relevant to market trends increases the competitiveness of the company.^x

f. Change Management and Communication.

Effective communication helps change management. The Change Management Theory stated by Kotter, states that effective communication is key in successful change management.

g. Needs Analysis and Employee Placement.

In response to policy changes and consumer trends, HR management conducts needs analysis and intelligently places employees in the most strategic positions.^{xi} This ensures that the company's human resources are optimally utilized to achieve business goals.

Explanation of Discussion 2 (Training and Skills Enhancement Program)

Training programs implemented by HR management at Turbo Sakti play a key role in improving employee skills and productivity.

Findings:

a. Identification of Training Needs.

Regular evaluation of skill needs helps design appropriate training programs. Chatti et al. in Adaptive Learning Theory (ALT) refers to an approach to learning that is tailored to individual needs, preferences, and progress. In the context of employee development, ALT combines adaptive learning technology with data analysis to design learning experiences that suit each individual.

b. Continuous Training.

A continuous training approach helps employees evolve in line with business changes. Marsick and Watkins' (2015) Continuous Learning Theory, states that continuous learning in the workplace, which occurs through daily work practices, reflection, and peer collaboration, is the foundation for continued professional growth and adaptation to rapidly changing work environments.^{xii}

c. Tailoring to Individual Needs.

Training that is tailored to individual needs increases training effectiveness. Studies from Gallup (2016) show that personalized training improves employee engagement and performance outcomes.^{xiii}

d. Continuous Monitoring and Feedback.

Regular monitoring and feedback of the training program ensures proper adjustments. Anseel et al. (2015) reviewed feedback-seeking behavior and found that immediate and relevant feedback can improve performance outcomes.^{xiv}

e. Relationship with Performance and Productivity.

There is a correlation between participation in training and increased productivity. According to a report from McKinsey (2017), proper training increases employee productivity by 20%.

f. Organizational Learning Culture.

Creating a learning culture that encourages employees to continuously learn and develop. Marsick and Watkins (2015) emphasize informal and incidental learning as key elements in organizational development, stressing that continuous and collaborative learning is essential to maintain competitiveness and innovation in a fast-changing business environment.^{xv}

Explanation of Discussion 3 (Employee Performance Evaluation)

Performance evaluations at Turbo Sakti are used to identify potential, development needs, and contribute to improving overall business performance.

Findings:

a. Identification of Employee Potential.

Performance evaluations help identify high potential employees. Collings et al. (2015) mentioned that effective management in talent involves the identification, development, and retention of key employees.^{xvi}

b. Determination of Development Needs.

Performance evaluation results provide information on employee development needs. Wang and Kong (2019) highlighted the role of learning agility in employee development and retention, emphasizing the importance of continuous and data-driven performance appraisals to identify employee skill gaps.^{xvii}

c. Individual Performance Improvement.

Performance evaluations enable constructive feedback to improve performance. Anseel and Lievens (2018) introduced a multi-level perspective on feedback as a dynamic

process that affects performance at different levels of the organization, emphasizing the importance of constructive and continuous feedback in improving individual performance.^{xviii}

d. Improves Employee Engagement and Motivation.

Transparent performance evaluations increase employee engagement and motivation. Albrecht et al. (2015) integrated effective human resource management practices with employee engagement theory to achieve competitive advantage, emphasizing the importance of transparent and fair performance evaluations to improve employee engagement and motivation.^{xix}

e. Overall Performance Appraisal.

Performance evaluations provide a holistic picture of an employee's contribution to business goals. Chenhall and Moers (2015) examined the role of innovation in the evolution of management accounting and its integration into management control, suggesting that new approaches to performance evaluation are needed to facilitate innovation and organizational change in achieving the organization's strategic goals.^{xx}

CONCLUSION

This research highlights the important role of human resource management (HRM) in supporting the sustainability of Turbo Sakti Trading Enterprises through adaptation to significant external changes. HR management at Turbo Sakti has successfully implemented adaptive strategies in the face of changing government policies, labor market conditions, and changing consumer trends. Measures such as government policy monitoring, internal policy adjustments, flexibility in workforce management, adaptive recruitment strategies, employee skills enhancement, as well as change management and communication, have helped Turbo Sakti maintain its business resilience amidst the changing dynamics of the external environment.

Training programs implemented by HR management at Turbo Sakti have also proven effective in improving employee skills and productivity. An approach that includes identification of training needs, continuous training, customization to individual needs, continuous monitoring and feedback, as well as the establishment of an organizational learning culture, has created an environment where employees can continue to develop in accordance with rapidly evolving business demands. Employee performance evaluation at Turbo Sakti is not only used as a tool to measure individual performance, but also as a strategic approach to identify potential, identify development needs, and increase employee engagement and motivation. By providing constructive and in-depth feedback, performance evaluations have helped to improve individual performance and overall contribute to the achievement of the business' strategic goals.

Overall, this conclusion confirms that adaptive human resource management, effective training programs, and careful performance evaluation are key pillars in ensuring the sustainability and growth of Dagang Turbo Sakti in a competitive market. Continuous efforts in strategically managing human resources are key to maintaining the company's competitiveness and innovation in this ever-changing era. This conclusion reflects the focus on the key findings of this research without repeating the results or discussions that have been discussed previously, in accordance with the aim to provide a comprehensive and relevant overview of the results of this research.

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