Strategies to improve human resource performance at PT XYZ in West Java

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ABSTRACT

The purpose of this study is to identify factors that affect human resource performance at PT XYZ and determine strategies needed to improve HR performance. This study is based on the Sink and Tuttle's strategic approach, namely, effectiveness, efficiency, quality, productivity, quality of work life, innovation and profitability. The study was conducted at the company's operational locations in plantations and tea processing factories as well as at the head office and representatives of the company in West Java. Data collection is carried out from April 2023 to September 2023, with data collected from January 2020 to October 2023 through interviews using questionnaires. The results of measuring human resources performance using the AHP, OMAX and TLS methods above have shown KPIs that are not achieved in the criteria for achieving HR performance at the plantation. The weak factors in influencing the non-achievement of HR performance are Factory output productivity ratio, Factory utility ratio, Labor cost ratio in the plant, Labor costs in the factory, Material/Material Cost ratio, and General and administrative cost ratio. The model categorizes KPIs into green, yellow, and red, with productivity being the most crucial factor. To enhance HR performance, identify weak factors, optimize output, optimize processing hours, and implement cost control strategies. The drone mapping (mapping) of plant health and populations can also be useful to find out plant health from above the satellite/drone, so that a more appropriate solution can be found for the process of health or recovery of gardens.

INTRODUCTION

The Covid-19 pandemic, the Russia-Ukraine war, and China-Taiwan geopolitical tensions are some of the phenomena that have caused global economic uncertainty today. All business actors are faced with the risk of crisis that may impact their business continuity (De Castro, 2022; Kuckertz et al., 2020; Schmid et al., 2021). The World Bank released a global economic projection that depicts a warning against the world economy that is still in precarious and uncertain conditions. The projections illustrate economic growth in a global recession from 2022 to 2023. The projection shows fluctuations or tend to be erratic, which should be an alarm for all business people to maintain business continuity.
Since the passing of the Covid-19 pandemic, in general, the global economy will continue to slow down until 2024 (Castro-Valdivia, 2023; Chirwa, 2023; Hoang et al., 2021; Jackson et al., 2021; Muhaydin & Nugroho, 2021; Susilawati et al., 2020). In the June 2023 edition of the Global Economic Prospects report, the World Bank revealed that the precarious position was due to the lingering effects of the pandemic, plus the never-ending war between Russia and Ukraine, to monetary policy tightening in various countries to reduce inflationary pressures. In the April 2023 edition of the World Economic Outlook (WEO) report, the International Monetary Fund (IMF) projects Indonesia’s economic growth to reach 5% in 2023. Although the figure will increase in 2023, Indonesia’s economic growth is still predicted to weaken compared to 2022, as shown in the graph (Figure 2).

In an era like this, companies or all business entities are required to be able to survive and compete for adaptation in all aspects of the company such as vision, mission, strategy, to company goals (Baryshnikova et al., 2021; Becker & Schmid, 2020; Farida & Setiawan, 2022; Fauzi et al., 2020; Peñarroya-Farell & Miralles, 2022). The company must also determine the right evaluation of the company’s value which is influenced by factors supporting its performance (Darmawan et al., 2020; He et al., 2023; Sukesty et al., 2021; Zharfpeykan & Akroyd, 2022). Measuring the performance of company resources is very important for management to keep the company able to survive, effectively create profits, and have strong competitiveness. One of the most important in determining the company's performance is human resources. Human resources have a very important role in the company. No matter how good the equity funds owned by the company will not be useful if the human resources owned are not managed and developed properly.
The better the level of quality of human resources owned, the higher the competitiveness of the company. Human resource development will increase the effectiveness and efficiency of the organization in achieving its goals. Effectiveness is briefly explained by Bayangkara (2016) as the level of success of a company to achieve its goals, while efficiency as a measure of the process that connects inputs and outputs in company operations. Effectiveness and efficiency are organizational/company weapons in the face of business competition and strict company selection. The effectiveness and efficiency of an organization is highly dependent on the good and bad development of human resources within the organization itself. In ensuring that the human resources function has run and contributed well to the achievement of the company's success, the company needs to assess (evaluate) the implementation of human resource programs that have been developed in achieving the company's overall goals. This assessment or evaluation is used to measure whether employees have worked effectively and contributed to achieving the goals set by the company (Bayangkara, 2016).

Performance measurement or performance is a description of the level of achievement of the implementation of an activity program or policy in realizing the goals, objectives, vision, and mission of the organization as outlined through the strategic planning of an organization. Performance can be known and measured if an individual or group of employees already has criteria or benchmark success standards set by the organization, therefore if without goals and targets set in measurement, then performance in a person or organizational performance may not be known if there is no benchmark of success (Moetheriono, 2012). The company must also be able to use all resources as optimally as possible to get quality results and achieve the targets that have been set to determine the success of an organization/company. Therefore, factors must be known regarding effectiveness, resource efficiency, and quality of work life in companies today, namely through evaluation or assessment based on Key Performance Indicators (KPI).

Sink and Tuttle Model is an approach that describes the relationship between the seven performance criteria in improving performance which ultimately refers to increasing profitability for the company, so that it will facilitate understanding of the concept of performance criteria. The seven performance criteria are (1) effectiveness, (2) efficiency, (3) quality, (4) productivity, (5) quality of work life, (6) innovation, and (7) profitability. This method also describes the relationship between elements in an organization ranging from upstream systems, inputs, processes, outputs to downstream systems (Phusavat, 2010). From these performance elements, this method then designs, develops and implements an evaluation system measure that can assess whether the company is moving in a predetermined direction and assess the extent to which it has been done. According to Tangen (2005) the Sink's Seven Performance Criteria model has advantages compared to other models, namely that it can provide a clear definition between the concepts of performance criteria, can describe complex interrelations between performance, and has timeless and time-tested measurement concepts.

PT XYZ is one of the leading companies engaged in the tea plantation and processing industry. PT XYZ has a plantation area and green tea processing plant located in West Java Province. PT XYZ has a long-term and sustainable goal stated in the company's vision, which is to become a trusted agribusiness company and recognized nationally and internationally. While PT XYZ's mission is (1) to manage plantations that are competitive and of international standard; (2) using efficient and environmentally friendly technology in the field of tea cultivation and processing; (3) become a competitive tea commodity trader in the global market; (4) prioritize customer satisfaction quickly, precisely and consistently; (5) create a creative and innovative work environment; and (6) provide the maximum benefits and benefits for stakeholders.

PT XYZ currently has a total workforce of 310 people, either as permanent, monthly, daily or freelance workers. PT XYZ has reduced the number of workers as a strategy to make human resource cost efficiency. Since 2020, PT XYZ has consistently reduced the number of its workforce from year to year. The reduction in the number of employees every year is carried out due to the unstable amount of production produced by PT XYZ Plantations, so that it indirectly impacts the company's income which also has an effect on the necessity to make cost efficiencies from all fields, including labor. A comparison of the development of the number of workers and the amount of production per year from 2020 to 2023 can be seen in Figure 3 below.
As a “labor-intensive” company that has a large amount of human resources, PT XYZ must implement effective Key Performance Indicator (KPI) standards, which can be a measuring tool in assessing the company's performance and human resources themselves. Currently, PT XYZ conducts human resource performance assessment using the form “Work Performance Assessment Table” (Appendix I) which consists of technical aspects of work, non-technical, personality, leadership, and awards. However, the assessment is still general, simple and does not include effective KPI points that can touch all aspects of Work Standards or Standard Operating Procedures. Most of PT XYZ's current performance measurements are only measured based on achieving the target quantity of garden production (wet tea shoots) that can be met. If the wet shoot production target has been met, human resources can be said to have good performance.

PT XYZ performance measurement using the current method cannot be used as a benchmark, therefore companies need to implement the right performance measurement system to find out whether the company's human resources are optimal or not. PT XYZ as a business entity, needs to have the right strategy to survive and have a strong competitiveness against its competitors. The company's strategy must be directed towards increasing value through professional, effective and efficient management of human resources so that the company is able to meet the expectations of stakeholders. PT XYZ needs a performance measurement evaluation system that can assess the efficiency and effectiveness of the company from all aspects, both qualitatively and quantitatively. The Sink and Tuttle Model can overcome the weaknesses of conventional performance measurement that only focuses on production harvesting, namely by conducting a comprehensive evaluation of management performance measurement through seven performance criteria that are measures of performance improvement and increased profitability for the company. KPI development with an ideal Sink and Tuttle Model will be able to interpret the company's vision, mission and strategy into comprehensive, coherent and balanced human resource performance measures.

The purpose of this study is to identify factors that affect human resource performance at PT XYZ, analyze factors that affect human resource performance at PT XYZ, and determine strategies needed to improve human resource performance at PT XYZ. The results of this study are expected to provide insight and input on factors that affect human resource performance that have an impact on company performance based on Sink and Tuttle's strategic approach, namely effectiveness, efficiency, quality, productivity, quality of work life, innovation and profitability.

**METHOD**

This study used associative and quantitative descriptive methods. Associative descriptive approach is a research approach that aims to determine the relationship (influence) between two or more independent variables on the dependent variable. In addition, this study also conducts a quantitative research approach, so that the method used with the survey approach is data collection and assessment of instrument respondents from the variables to be studied using questionnaires. The questionnaire used is in the form of a questionnaire with closed answers which is the source of data processing with the Analytical Hierarchy Process method. The research objects used in this study are aspects of performance criteria based on the Sink and Tuttle Model related to human resources.

The research was conducted at the company's operational locations, namely in plantations and tea processing factories as well as at the head office and representatives of PT XYZ in West Java. Data collection is carried out from April 2023 to September 2023 (for 6 months), with data sources collected from January 2020 to September 2023.
The population of this study is employees in the production process of PT XYZ which amounts to 310 people consisting of freelance daily employees, permanent karian employees and permanent monthly employees. Employees consist of several levels ranging from staff, supervisors, and managers, spread across various divisions both from operational, finance, accounting, purchasing, commercial, quality control (QC), quality assurance (QA) and human resources and general affairs. The number of employee samples in PT XYZ organizations is the population used as research subjects. The study sample should be representative of the current population. Random sampling technique was used in this study with descriptive research approach analysis.

For determining the amount of shampoo taken using the Krejcie-Morgan formula/table method, which is considered the most suitable researcher to use. Data was collected through the interview method using a questionnaire consisting of questions. Questionnaires are prepared based on variables contained in research that already has answers. The measurement scale used is the Likert scale.

RESULTS AND DISCUSSION
Human Resource Performance Analysis

Performance measurement produces performance values from each KPI, so that with these measurements it can be known which performance will be the top priority in the company's future development. Reading performance measurements for convenience, therefore each KPI of each perspective is grouped in Traffic Light System (TLS) signs. This grouping of KPIs is shown in Figure 4.23 below.

![TLS Results per Strategic Goal at PT XYZ](image)

The graphic image above illustrates various achievements grouped into green, yellow and red, due to the provisions of TLS or Traffic Light System. The figure provides information that the achievement of all KPIs when grouped in green, yellow and red will produce a composition of 100% or a total of 25 KPIs.

<table>
<thead>
<tr>
<th>Code</th>
<th>Strategic Target</th>
<th>KPI Code</th>
<th>Key Performance Indicator</th>
<th>Level OMAX</th>
<th>TLS</th>
</tr>
</thead>
<tbody>
<tr>
<td>ET</td>
<td>Effectivity</td>
<td>ET-01</td>
<td>Picking ratio</td>
<td>10</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td></td>
<td>ET-02</td>
<td>Picker productivity ratio</td>
<td>8</td>
<td></td>
</tr>
<tr>
<td>KL</td>
<td>Quality</td>
<td>KL-02</td>
<td>Quality of supplier raw materials</td>
<td>10</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td></td>
<td>KL-03</td>
<td>Supplier cooperation</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>KL-05</td>
<td>Product return rate</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>KL-06</td>
<td>Customer complaint ratio</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td>KK</td>
<td>Work Life Quality</td>
<td>KK-03</td>
<td>Employee discipline level</td>
<td>9</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>KK-04</td>
<td>Occupational security, safety and health levels</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td>IN</td>
<td>Innovation</td>
<td>IN-01</td>
<td>Process innovation</td>
<td>9</td>
<td>1</td>
</tr>
<tr>
<td>PF</td>
<td>Profitability</td>
<td>PF-03</td>
<td>Sales ratio</td>
<td>9</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Total</td>
<td>10</td>
<td></td>
</tr>
</tbody>
</table>

Table 1. KPI Group in Green
The table above shows that the total KPIs classified as achievements in green are 10 KPIs. Details between strategic goals include effectiveness of 2 KPIs, quality of 4 KPIs, quality of work life of 2 KPIs, innovation of 1 KPI and profitability of 3 KPIs.

Table 2. KPI Group Based on Yellow TLS

<table>
<thead>
<tr>
<th>Code</th>
<th>Strategic Target</th>
<th>KPI Code</th>
<th>Key Performance Indicator</th>
<th>Level OMAX</th>
<th>TLS</th>
</tr>
</thead>
<tbody>
<tr>
<td>KL</td>
<td>Quality</td>
<td>KL-04</td>
<td>Reprocess product ratio</td>
<td>5</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Productivity</td>
<td>PD-01</td>
<td>Achievement of shoot production</td>
<td>6</td>
<td>1</td>
</tr>
<tr>
<td>KK</td>
<td>Work Life</td>
<td>KK-01</td>
<td>HR quality level</td>
<td>6</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>Quality</td>
<td>KK-02</td>
<td>Job satisfaction level</td>
<td>7</td>
<td></td>
</tr>
<tr>
<td>IN</td>
<td>Innovation</td>
<td>IN-02</td>
<td>Technological innovation</td>
<td>5</td>
<td>1</td>
</tr>
<tr>
<td>PF</td>
<td>Profitability</td>
<td>PF-02</td>
<td>Sales growth rate</td>
<td>5</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>6</td>
</tr>
</tbody>
</table>

The table above shows that the total KPIs classified as achievements in yellow are 6 KPIs. Details between perspectives include strategic goals of quality as much as 1 KPI, productivity as much as 1 KPI, quality of work life as many as 2 KPIs, innovation as many as 1 KPI, and profitability as much as 1 KPI.

Table 3. KPI groups based on Red TLS

<table>
<thead>
<tr>
<th>Code</th>
<th>Strategic Target</th>
<th>KPI Code</th>
<th>Key Performance Indicator</th>
<th>Level OMAX</th>
<th>TLS</th>
</tr>
</thead>
<tbody>
<tr>
<td>ET</td>
<td>Effectivity</td>
<td>ET-03</td>
<td>Factory output productivity ratio</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td></td>
<td>ET-04</td>
<td>Factory utilization ratio</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>ES</td>
<td>Efficiency</td>
<td>ES-01</td>
<td>The ratio of labor costs in the garden</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>ES-02</td>
<td>The ratio of labor costs at the plant</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>ES-03</td>
<td>The ratio of the cost of materials (Material) in the garden</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>ES-04</td>
<td>The ratio of general and administrative expenses</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>KL</td>
<td>Quality</td>
<td>KL-01</td>
<td>Percentage of peak analysis</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>PD</td>
<td>Productivity</td>
<td>PD-02</td>
<td>Achievement of farm yield</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>PF</td>
<td>Profitability</td>
<td>PF-01</td>
<td>Gross margin growth rate</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>9</td>
</tr>
</tbody>
</table>

The table above shows that the total KPIs classified as achievements in red are 9 KPIs. Details between strategic goals include, effectiveness of 2 KPIs, efficiency of 4 KPIs, quality of 1 KPI, productivity of 1 KPI and profitability of 1 KPI.

The achievement condition that needs to be considered compared to other color achievement conditions is red. The red color indicates that the achievement of performance is still below the target, therefore it is necessary to re-evaluate so that the cause can be determined so that improvements can be made immediately as a solution to improve or minimize the performance of human resources in red.

Planning Strategy for Improving PT XYZ Employee Performance

The results statistically using the AHP and TLS methods above have shown KPIs that are not achieved in the criteria for achieving human resource performance at PT XYZ are factory output productivity ratio, factory utility ratio, labor cost ratio in the plant, labor cost ratio in the factory, material / material cost ratio in the garden, general and administrative cost ratio, Percentage of shoot analysis, plantation yield achievement, and gross margin growth rate.

The right strategy is needed to improve the performance of human resources, especially in strategic goals and KPIs which are still classified as red. Weak factors in influencing the non-achievement of human resource performance at PT XYZ can be the focus of solving the problem of improving human resource performance at PT XYZ. Based on observations, interviews and literature studies, the right strategy to improve human resource performance at PT XYZ is as follows:

Factory Output Productivity Ratio

The focus of the root cause of this KPI is twofold, namely, (1) poor quality raw materials, and (2) damaged machinery. Poor quality raw materials, of course, will have more stems than shoots. Or maybe there are too many old shoots or shoots that have been damaged but still accepted by the Factory. The issue of human
resources here is related to shoot analysis and supervision in receiving shoots that do not meet the requirements but are still processed in the factory. So that the strategy carried out is to increase supervision in receiving raw materials (shoots) before being processed by the factory. Then later, the issue of a broken machine. In fact, it turns out that there is no standard test of processing machines in PT XYZ parbik. Existing human resources have not monitored maintenance properly, so they do not pay attention to the decrease in yield which has an impact on the amount of dry tea output that is getting smaller from year to year. So the strategy that needs to be done is to test engine standards to ensure the engine is in normal condition, so as to know the problem why the 2023 yield is the lowest yield in the last 4 years.

**Factory Utility Ratio**

For the problem of factory utilities, the main cause is a decrease in shoot production from year to year, resulting in a decrease in factory utilities. The strategy that must be done is to review the workforce in it. The number of processing days can be reduced in consideration of maximizing the hours in the processing process per day. For example, if the productivity of the garden is low, then the processing process can be carried out once every 2 days. In addition, it also takes into account the amount of daily labor of the Factory. From the 2 things above, PT XYZ can save on labor, electricity, fuel, office costs, etc. PT XYZ can also see the potential of employees who are more optimal with employee restrictions in the factory and very strict working time, PT XYZ can also select employees who work optimally.

**Cost ratio (Labor in Plantations, Garden Materials and general Administration)**

The issues in these four cost KPIs can be formulated in one strategy, namely increasing cost efficiency. There are 2 things related to human resources in this KPI, namely (1) work effectiveness and (2) efficient use of materials. For work effectiveness, the strategy that needs to be done is to review (or if necessary re-assessment) of existing human resources to find out the optimization of the work of each human resource involved in company operations. In connection with the decline in production as well as income, it is necessary to reduce the option of employees (especially daily employees) by increasing the load of existing permanent employees to maximize the performance of these employees. For efficient use of materials, strategies can be carried out to supervise and control costs, especially costs that are not directly related to the Company's operations such as ATK (office stationery), reducing official travel, reducing social service contributions and so on, to saving electricity in the office. Cost efficiency starting from small things will be very useful in providing a uniform mindset on the importance of cost efficiency in the Company's situation that is not profitable like today.

**Percentage of Peak Analysis**

Factors related to the performance of human resources in this KPI are supervision of the process and labor involved in the direct process of shoot analysis, such as the Head of Afdelling, Picking Foreman, Top Analysis Administration, to Factory Revenue. In addition to supervision, it is also necessary to improve SOPs or rules related to shoot analysis. In addition, it is also necessary to give clear punishment for alleged manipulation of shoot analysis results that harm the Company in general or the Factory in particular.

**Achievement of Farm Yield**

Regarding yield, the focus of the strategy in solving the problem of achieving Farm yield must include supervision of the performance of human resources in the Farm, starting from the level of freelance daily labor, fixed daily, foreman of harvest and maintenance, Head of Afdelling to the Farm Manager himself. Because the yield non-achievement depends on the cooperation of the entire plantation team. Yield is not achieved due to low productivity, poor maintenance, destructive picking, to weak supervision of the performance of related human resources.

Another strategy is to conduct drone mapping to find out exactly the number of tree populations in each block. Drone mapping can also be useful to find out plant health from above the satellite/drone, so that a more appropriate solution can be found for the process of health or recovery of gardens that are not 100% healthy.

**Gross Margin Growth Rate**

Human resource issues in this KPI include 2, namely (1) selling prices that are too low, or (2) cost of goods produced that are too high. For the Gross Margin growth rate strategy is to have the right benchmark or control of production cost units and selling price units. Thus the Company knows the Company's position in every benchmark conducted. In this case, the performance of human resources that need to be improved is human resources in the Commercial / sales section and the Accounting / Cost Controller section. If it has strong human resources in these two parts, the Company will have an "alarm" if it is in the condition of determining the achievement policy and gross margin growth according to the predetermined target.
CONCLUSION

The Sink and Tuttle Model approach is used to analyze the factors affecting the performance of human resources at PT XYZ. These factors include effectiveness, efficiency, quality, productivity, quality of work life, innovation, and profitability. The model produces an overall performance indicator of 5,545, with productivity being the most significant factor.

The model classifies KPIs into green, yellow, and red categories, with each category having specific KPIs. To improve HR performance, the company should identify weak factors influencing non-achievement of HR performance. For example, improving the productivity ratio of factory output requires increasing supervision in the receipt of raw materials and conducting standard tests of machines. To overcome the factory utility ratio, reviewing the workforce and optimizing the number of hours spent on processing can be achieved.

To improve cost ratio, the company should review existing human resources and add permanent employees to maximize performance. Cost control and supervision strategies can be used to reduce costs not directly related to operations. The Shoot Analysis Percentage can be used for implementing strategies to increase supervision and adjust SOPs related to shoot analysis.

To achieve farm results, the company should supervise the performance of human resources in the garden, including Freelance Daily workforce, Fixed Daily, Harvest and Maintenance Foreman, Head of Afdelling, and the Farm Manager. Drone mapping can also be used to monitor plant health and populations. In the gross margin growth rate KPI, the company should have the right benchmark or unit control of production costs and selling prices.

The Sink and Tuttle Model provides a clear definition of performance criteria, describes complex interrelations, and has a timeless and time-tested measurement concept. Future research should focus on deeper study of these factors and more detailed analysis of performance appraisals within the PT XYZ work environment to create objective work appraisals for all employees.

REFERENCES


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