

The Basic Of Human Resource Management Book 1

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OPENING SPEECH
CHAIRMAN OF THE MAJU JAYA NEGARA TAMANSISWA FOUNDATION

Alhamdulillah, thanks be to Allah SWT for the publication of the Basic Book of Human Resource Management 1, the issue of Triple Nine Communication, written by Dr Eny Lestari Widarni, MM and Suryaning Bawono, S.E.M.Si. at the Tamansiswa Malang State College of Economics, God willing will greatly assist the needs of students in following the Teaching and Learning Process at the Tamansiswa State Campus of STIE Jaya Negara Malang.

This book discusses interesting things about performance evaluation which includes the scope, stages in human capital and application in management, as well as what methods exist in Human Advantous Capital. May Allah make this book a charity for the author, as well as make this knowledge bring more blessings to all of us Aamiin.

Malang, 26 November 2020
Chairman of the Maju Jaya Negara Tamansiswa Foundation
Ki. Drs. Purnomo Adji, M.Pd

OPENING SPEECH
REGISTRAR GENERAL OF THE SUPREME COUNCIL
THE TAMANSISWA UNION

Gratitude for the presence of Allah SWT, for the publication of The Basic Of Human Resource Management Book 1 published by Triple Nine Communication written by Dr Eny Lestari Widarni, MM. At STIE Jaya Negara Tamansiswa Malang which is very useful in the world of education. Where education is learning, knowledge, skills and habits of a group through teaching, training or research.

This book discusses many things about education and applications in the field of Human Capital which are very helpful in the quality of human resources. The hope is that this book will be a motivation to improve self-quality and charity for the author, as well as make knowledge that is useful and blessed for all of us.
Aamiin.

Malang, November 05, 2020
Registrar General of the Supreme Council
The Tamansiswa Union
Ki. DR.Saur Panjaitan XIII, MM.

FOREWORD

Praise and gratitude, we always pray to the presence of the Almighty God because of the abundance of His grace and guidance so that we can finish compiling this book. Along with the community's demands on the importance of information and education, especially on The Basic Of Human Resource Management, it is the main objective of this book.

This book's purpose is to develop the next edition of the book and be a reference for the public, practitioners, and academics. This book contains all aspects related to human capital and the organizational environment.

Basically, this book's preparation is also a discourse for us always to learn and have an optimistic view of looking ahead that there is always a way to achieve success by utilizing the right human capital.

Not to forget, we also express our gratitude because we might not have been able to complete this book without the help of various parties. The hope is that this book on human capital will benefit the community and become a reference for the community in developing their human capital capabilities. No human being is perfect and His creation, no ivory is not cracked; we welcome all comments, criticisms, suggestions, and messages that can help us be better in releasing the next edition of the book.

Malang, 26 November 2020

Author

Dr. Eny Lestari Widarni, SE, MM

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Chapter 1

Human Resource Management



Illustration of Happy Manager, Photo by Andrea Piacquadio (Hungary)

1.1. Understanding Of Human Resources

Human resource is a term for individuals who work as employees in an organization and are part of the total personnel who work in a company or organization (Stewart & Brown,2020).

Human resources are people in the entire workforce of the company who provide talent, skills, time, thoughts and energy in exchange for compensation in the form of salaries, wages and allowances with an amount or amount of money depending on the contribution given.

The human resources department is a department that is given the authority to manage human resources within a company or organization. The human resources department is in charge of recruiting, motivating, training, developing, and maintaining human resources owned by the organization or company.

Human resource management has the authority to develop employees or human resources within an organization or company, including talent management. Human resource management has the authority and responsibility to develop human resources, including human capital owned by employees or human resources within the organization or company and their supervision.

Human resource governance is the process of hiring individuals, training, compensating, developing policies relating to those employed, and developing and maintaining them.

The goal of human resource management is to empower the people who work for the company to work effectively. The Human Resources Department at least manages the following:

1. Employee compensation and benefits
2. Recruit and hire employees
3. Organization and employee orientation
4. Employee performance management
5. Employee training
6. Organizational development and culture

Every area managed by the human resources department affects the level of employee job satisfaction and affects employee performance. The management of each part of human resources ultimately determines the success of the organization in achieving the stated organizational goals.

Human resources working for companies, of course, have motives. There are many motives for someone willing to work for a company, including income motive, recognition motive, self-actualization motive, pleasure motive.

The income motive is a general motive for someone willing to work for a company. By working someone expects an income following the contribution given.

Recognition motive is the motive of someone working for the organization to get recognition from others. Various other motives behind this motif follow this. For example, the motive of wanting to be respected by others so that he can contribute optimally to be recognized and respected by his group.

The self-actualization motive is almost similar to the confession motive. Self-actualization motive is a motive to satisfy one's own desires for what he has achieved so far. So that by contributing maximally to the organization, that

person feels satisfied with the results of his work and feels satisfied because he has given the best for another person or organization.

The pleasure motive is very similar to self-actualization. However, people who pursue this pleasure are more focused on the pleasure they feel by contributing which they are happy to do. Suppose a person who likes diving and enjoying the beauty of the sea. He is happy to be a driving instructor because by being a diving instructor, he can enjoy the beauty of the sea like his hobby for free and earn extra income. So that the main motive is a hobby or pleasure.

From these work motives, it can be seen that the compensation given by a company or organization to its human resources does not have to be money. Providing recognition and favourable treatment to employees is non-material compensation, including career and expertise development opportunities.

The contribution that humans make to a company or organization is a skill that is owned and needed by the organization.

Skills or expertise possessed by human resources can be improved using training and education. These skills or skills can be used in contributing to organizations or companies individually or in groups.

The skills or expertise possessed by humans are also followed by the knowledge, thoughts and energy and time of these humans in contributing to the organization.

So that the collection of time, energy, mental and physical health, thoughts, knowledge and skills as well as innovation and creativity is human capital to make the best contribution to the organization called performance.

So it can be said that human resources are a collection of individuals who are willing to contribute to the organization or company in exchange for the compensation agreed between the individual and the organization or company.

Something that is offered by these people, which is called human resources is human capital. Where human capital is capital that is owned by an individual to offer to an organization or company to get the compensation he wants, either in cash or material or non-material.

The greater or better the human capital owned by the individual, the higher the bargaining power they have. So that capital is important for individuals as human resources.

1.2. Human Resource System

Human resources have their own system in contributing to the organization or company. The system cannot be separated from human factors that contribute or work itself (Banfield & Kay,2012).

In general, humans have two elements, namely, physical and non-physical elements. Physical elements related to the body and physical health or body. Non-physical elements are related to the soul or psyche, knowledge, expertise, innovation, creativity and relationships with fellow humans (relationships). Human resource system cannot be separated from these two elements.

To understand human resource systems, one must first understand the elements of human resources. Starting from the elements of physical health. Raga manual acts as a physical manifestation of humans and performs physical activities or activities such as making handicrafts.

Making a handmade work, for example, making keramba crafts. In addition to the physical factors needed to make the cage, knowledge is also needed to make the cage plus expertise and equipment to make the cage. Without a physical or human body to make the cage, it is tough for the cage product to be successfully produced.

When the body is sick, it won't be easy to work or work or contribute to the company. So that physical health is essential to consider in human resource management.

Physical health is a significant factor in the performance of human resources. Because physical health affects all human work activities, when physical health is disturbed, physical activity is also disturbed, and in the end, the performance of human resources will be disrupted.

Physical health also affects emotional or mental health and human or social relationships, which can be fatal if physical health is not properly cared for and maintained.

Physical health is the health of the body or body, which has a direct effect on feelings and human physical activity. Physical health is an important factor in ensuring that people's daily activities are not disturbed. When physical health is disturbed, daily activities will also be disrupted.

Physical health is the most visible health. Physical health needs to be maintained and maintained to reduce the possibility of falling ill and speed up the recovery period from illness. Physical health can be maintained with a regular diet, a healthy lifestyle, regular exercise and adequate and quality sleep.

Physical health consists of many components or influencing factors. Here are some important factors that affect human physical health:

- Physical activity: includes sports, activities that use mostly physical activity, such as walking or cycling to work
- Healthy Diet: includes adequate and balanced nutritional intake
- Alcohol and Drug Use: Do not or reduce consumption of alcohol and drugs unless required and with doctor's instructions.
- Self-care: taking care of yourself such as cleanliness, caring for small wounds that can be treated independently and doing refreshing activities to reduce stress
- Rest and sleep: physically requires rest, so relaxation is needed to maintain physical and mental health including adequate and quality sleep

Physical activity.

Physical activity can be done in daily activities such as cycling to work, walking, cleaning the house, playing with the family physically, doing measurable and structured sports and so on. Doing physical activities in daily life is very important in maintaining health.

Healthy Diet.

Maintaining physical health requires a healthy and balanced nutritional intake. These nutrients are obtained from eating and drinking, so healthy and nutritious food is needed to maintain physical health and drink enough water to maintain body fluid needs.

Alcohol and drug use.

The use of alcohol on external wounds is sometimes necessary, including the use of disinfectants. Including the use of drugs is also needed at certain times and must be by the doctor's instructions. Consumption of alcohol and drugs carelessly and excessively is also not good for health.

Self-care.

Self-care is needed to maintain health such as maintaining personal hygiene and the environment and protecting yourself from excessive stress levels. Physical

and emotional health or mental health are interconnected and influence each other, so it is necessary to maintain both.

Rest, and sleep.

Humans need rest to restore energy and other health needs, including mental health. Adequate rest and sleep are needed to maintain human physical health.

Having a healthy body is certainly fun and ensures that your daily activities are not interrupted. With a healthy physique, performance is also not compromised. Physical pain will interfere with daily activities and interfere with human performance. Maintaining health is very important in life to reduce the risk of falling ill.

A healthy diet can increase immunity, fulfil maximum nutrition and avoid the bad effects of food substances that are harmful to health such as preservatives and other chemical additives that are at risk of disrupting physical health in the long run.

Doing physical activity such as cycling to work or just taking a leisurely walk or exercising regularly is very important. By doing this physical activity can maintain physical fitness and at the same time maintain human mental health. Screening tests or medical tests are attempts to see the potential for diseases that may affect physical health. This is important to do to anticipate the possible risk of the potential disease occurring. Early detection can increase anticipation to prevent these potential risks and prevent the risk of ill.

Physical health is closely related to mental health. The occurrence of severe physical health problems can interfere with one's mental health and vice versa when a person's mental health is disturbed can also have a negative impact on a person's physical health.

Physical health to carry out productive activities needs to be supported by mental health or mental health. Mental health is very different from physical health. Mental health includes emotional health, including psychological health and social health or the health of human relationships. Mental health can affect the way people think, feel, and act.

Mental health also affects the management of a person's stress level as well as how to behave and relate to other people and affects how to make decisions and behave healthily.

Mental illness and mental health disorders or poor mental health are not the same things. Mental illness can be formed from various factors and life periods that cause mental illness to occur in humans.

Mental health affects a person's mindset, feelings and behaviour. When mentally healthy, a person can think rationally, can manage his feelings and can act or behave rationally so that he can do activities and work properly.

Mental health can affect daily life, including in human relationships, and human physical health, actions, behaviour and so on. Social and daily life factors, including interpersonal relationships, as well as physical factors, can all contribute to mental health disorders.

Maintaining mental health is beneficial in maintaining one's ability to enjoy life. Maintaining mental health requires a balance between daily activities, responsibilities, and taking care of yourself physically and mentally. Conditions such as stress, depression, and anxiety can affect mental health and interfere with a person's daily activities.

The mental health of human resources is essential to support the performance of human resources to improve performance in contributing to the organization.

The supporting factors that cannot be separated in the human resource system are knowledge, skills, innovation and creativity.

Human knowledge that makes humans have a way to do or complete a job using physical support and human relationships as well as the technology and equipment needed.

Knowledge is the core of human resources that makes humans have the ability to use their bodies, relationships with other humans, existing technology and work support equipment to complete their work.

Education is one way to increase knowledge so that humans can use their physical bodies, skills, feelings, creativity, innovation, technology and available work equipment and human relationships to complete work effectively and efficiently.

Skills are skills or the ability to manage and coordinate sports, technology and work equipment available to complete work based on the knowledge they have.

Skills are different from knowledge because skills lead to actions or actions based on the knowledge they have.

Skills need the practice to improve. A person who has the same knowledge does not necessarily have the same skills. To improve skills, appropriate training is needed.

Feelings are significant in the field of art or any field that requires a touch of art. Taste skills can increase the artistic value of the work. So that feeling is an important factor in human resources.

Creativity is another factor in increasing the value of the quality of work for the better and selling value. Creativity is a combination of taste, knowledge, experience and skills in creating new ways or new products or anything new or different from the usual. Creativity is very expensive in human resources.

Innovation is a continuation of creativity that provides breakthroughs in completing work or creating new products.

Creativity and innovation are two ideas that are interrelated but different, even though they appear to be the same. Creativity and innovation are both necessary for success in the workplace. here are the differences between creativity and innovation:

- Creativity is more based on unique ideas that are not usually. Creativity is formed from the formulation of experience, knowledge and imagination that form creative thought patterns and ideas that give birth to innovation.
- Innovation itself is born from the creativity that is more towards implementation or action in realizing creative ideas from the results of creativity itself.

The organizational bureaucracy that ensures the organization can run properly sometimes actually becomes an obstacle in terms of creativity and innovation. Bureaucratic matters that impede creativity and innovation need to be reexamined, and a more flexible and adaptive organizational bureaucracy needs to be reformulated.

If the bureaucracy inhibits creativity and innovation, it can make it difficult for organizations to develop and progress properly. However, bureaucracy is also needed in terms of organizational supervision and control.

Innovation and creativity become something similar but not the same. Innovation and creativity are sometimes not understood by some people. Simply put, creativity is more of a unique idea and does not usually or does not exist. Meanwhile, innovation is more about the implementation of the idea itself. Suppose a company doesn't have a website yet. Then an employee proposes the development of the company website. The proposal is the creativity of the employee who proposed the idea. While the implementation of website development because the company does not own it, it becomes an innovation even though outside the company, the website already exists or already exists or many companies already have websites.

Innovation tends to be a new product. However, innovation is not limited to this. Innovation can occur in new methods, business models, partnerships, routes to markets or marketing methods. Innovation can be incremental or radical. Any improvement made to a product or service can be seen as an additional innovation.

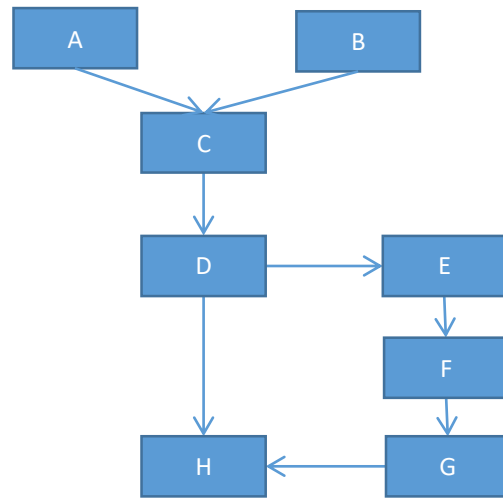
The companies that have done their best, in the long run, are the most creative and innovative. These organizations don't copy what other people do. Instead, they may use creative and unique ideas to produce or develop innovative products and marketing breakthroughs. Innovation and creativity increase the company's competitive power so that they can survive in the midst of intense competition.

All people and companies can have the potential to have high creativity and innovate to create superior products and breakthroughs in business amid speedy business changes. Creativity is related to imagination, but innovation is related to implementation. Products or services as long as they apply creativity and innovation to all aspects of the business, the company can stay ahead of the changing market and competition.

Creativity is a function of combining experience, imagination and knowledge in creating innovative breakthroughs in a variety of matters ranging from new product development, marketing and other possible fields which in turn form new innovative and creative patterns in increasing organizational competitiveness. But simply having knowledge does not guarantee the formation of new patterns.

Innovation and creativity drive technological development to create new, more effective and efficient equipment. In general, the human resource system process is depicted in Figure 1.1.

Figure 1.1. Human Resource System Flowchart



Source: Author's illustration

Caption Figure 1.1 :

A = Knowledge and experience

B = Feelings

C = Creativity

D = Action

E = Innovation

F = Technology Development

G = New Equipment Development

H = Work result or performance

In carrying out the performance of human resources, it is motivated by knowledge (A) and feelings (B) which shape creativity (C) in taking action (D).

In carrying out actions, humans must use their bodies even if they only move their fingers on the computer keyboard, or move the vocal cords in speaking. What is clear is that certain actions involve the smallest human body which is motivated by knowledge and experience that produces thoughts that produce intentions plus the feelings that are felt before taking action by involving the physical body.

In work, actions can immediately take action to complete the work to produce work results or performance (H). It can also lead to innovation (E) which encourages technological development (F) to create new, more efficient equipment (G) in creating better work results (H)

1.3. Model of Human Resource Management

The human resource management governance model describes how to manage human resources which are applied by the human resource department (Kaufman,2019).

To manage human resources, of course, a planned framework or model framework is needed to develop human capital in human resources to develop and improve the performance of human resources for the company or organization.

There are several models of human resource management developed with various purposes. Some of the objectives of developing a human resource management model are as follows:

- Objectives in terms of providing an analytical framework for human resource management, such as competencies, stakeholders, level of strategic choices, and so on.
- The objectives in terms of character development in human resource management, determine the variables and relationships to be studied.
- The objectives in terms of understanding the nature and role of human resources in an organization or company.

The human resource management model in the world develops along with the needs of organizations and companies in both business and non-profit organizations. The human resource management model provides an analytical framework for understanding human resources and guides human resource management practices. The development of human resource management models has developed into various models. Here are some human resource management models:

- The Fombrun, Tichy and Devanna Model
- The Harvard Model
- The Guest Model
- The Warwick Model

The Fombrun, Tichy and Devanna model

The Fombrun, Tichy and Devanna model, is one of the early generation Human Resource Management models developed by Fombrun in 1984. Fombrun emphasized that there are three important components in human resource management, namely mission and strategy, organizational structure, and human

resource management. Where the mission and strategy must be able to adapt to economic forces, political forces and cultural forces (Holbeche,2012).

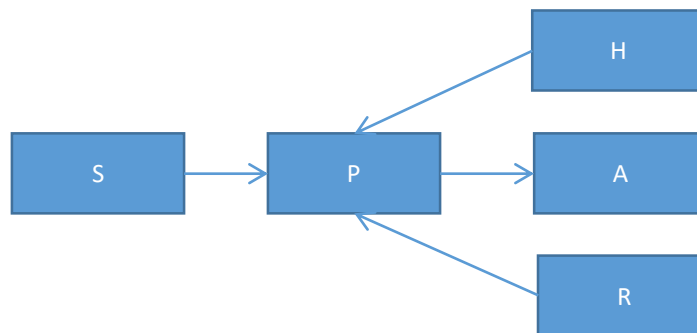
This model only emphasizes the linkages and coherence of human resource management activities by using a four-component approach and the interrelationships between these components.

The four components of human resource management have a contribution to improve the performance of effective human resources for the organization. The four components include selection, assessment, development, and awards.

Fombrun, Tichy and Devanna's model provides a heuristic framework to explain the nature and importance of human resource activities in an organization or company. This model also emphasizes the relationship between the four components and their collective impact on the effectiveness of organizational performance. However, the Fombrun, Tichy and Devanna model has a weakness, namely ignoring all environmental and contingency factors that affect human resource functions, including ignoring stakeholders, situational factors and ideas about strategic choices.

The flow of the Fombrun, Tichy and Devanna models is depicted in Figure 1 below:

Figure 1.2. Fombrun, Tichy and Devanna model flow



Source: author illustration based on Carbery & Cross, 2018

Caption figure 1.2. :

S = Selection

P = Performance

R = Reward

A = Appraisal or assessment

H = Human Resource Development.

The selection process determines the performance of human resources, which affects the performance appraisal of human resources, which is then determined based on the results of the appraisal, the number of rewards and patterns of human resource development.

The Harvard Model

The strategic role of the human resources function is involved in strategic planning from the start and not only during the implementation phase and adapting human resources to business needs. However, this does not mean that an administrative role will cease to exist, despite the inherent tension between the views required for the role of strategic human resources and human resources specialists in the traditional role. One of the important aspects of environmental change, especially those relevant to management, is the information revolution.

Harvard Business School develops Harvard's human resource management model. In the model, employees are considered as resources. However, employees or people in an organization are considered a resource differently than other resources. Human resources cannot be managed in the same way as natural or non-human resources. Employees must be treated humanely. In the Harvard human resource management model approach, employees or human factors are considered stakeholders in a company or organization, the same as shareholders and customers who are also considered stakeholders.

Boxall and Beer were the ones who proposed the development of the Harvard Human Resource Management Framework model in 1992. The development of this model framework aims to solve problems related to personnel management, employees and human resource governance policies. The Harvard Framework for human resource management builds on Paauwe and Richardson's 1997 work with a combination of systems as a bureaucratic, market and clan approach that is believed to remove the limitations of a single model. and thereby increasing the efficiency, innovation and reliability of organizational strategy. This model includes global business development, the power of various stakeholders such as government, trade unions, management, and linking companies with human resource strategies.

The Harvard Human Resource Management model has several situational factors, stakeholders, long-term approaches and feedback processes that are modified in the Harvard Human Resource Management model with environmental adaptations changing over time. This model uses techniques that are considered

modern and are believed to be able to solve personnel problems in the management of human resources in an organization or company.

The Harvard framework takes a holistic human resources approach, including multiple levels of outcomes. The entire research project is structured around topics related to the Harvard human resource management model is a theoretical framework commonly used in the application and practice of human resource governance in organizations.

Human resource governance practices emerged when organizations began to value employees as their main asset for growing their business.

In this era of globalization and digital, economic fluctuations, changing customer demands, and the fast development of technology encourage organizations to develop human resource management based on developing employee performance and business processes therein. The human resource management process is required to be able to develop a good relationship between the company and its employees as a mutually beneficial strategic partnership.

The Harvard human resource management model features two theoretical models of human resource management, namely the alignment of human resource policies with organizational competitive strategies and the empowerment of employees with a reward and recognition process.

The Harvard model helps to conceptualize employee relations and organizational policies effectively. The Harvard model is considered to be the ideal model applied by public sector organizations to track the management of problems associated with increased employee workloads, improper wages, inappropriate workplace, organizational transparency.

The Harvard human management model is composed of situational factors, available HR options, HR performance results, stakeholder interests, long-term approaches, and the feedback process that helps move people together in an organized manner with organizational strategy. Harvard's model of human resource governance allows measurement of the performance of human resource input and production output.

The Harvard model develops four components of human resource policy, namely:

- The flow of human resources includes recruitment, selection, placement, promotion, assessment, promotion, termination, and so on.
- The reward system includes a payment system, motivation, etc.
- Employee influence includes levels of authority, responsibility, delegated power.
- Work systems include work and people alignment.

These four components lead to the four main policies developed in Harvard's human resource management model, namely:

- Commitment
- Conformity
- Competence
- Cost-effectiveness

Commitment

A commitment between the organization and human resources or employees in the form of a mutually beneficial and mutually supportive contract in carrying out this commitment.

Conformity

Managing human resources is very different from managing natural resources and other non-human resources. To manage human resources must be appropriate, starting from recruitment according to the needs of the organization, placement of human resources following the role and job of each individual, including the suitability of abilities, talents and interests with individual jobs in the organization. Including the suitability of human capital development owned by human resources to the needs of the organization as well as the suitability of wages or benefits received by each individual according to their contribution to the organization.

Competence

Competence means the ability to do something well or the ability to do a task or job effectively. Competence can include a combination of knowledge, experience and skills needed to complete a job. Competency is defined as something that is needed to be able to complete a certain job well.

Competence includes all skills in completing tasks including good and non-destructive behaviour, proficiency for a particular job and all things needed to do all the work required to achieve the established corporate strategy.

Competence is a combination of knowledge, skills, experience, abilities and other personal attributes that can be observed and measured that play a role in improving employee performance in making the best contribution to supporting organizational success. The following are general components of competence:

- Knowledge is a collection of understanding of facts, truths, and principles obtained and developed from the results of education, training and experience so that the level of application of one's knowledge can have a big impact on organizational success.
- Skills are a series of dexterities developed in mental or emotional management accompanied by physical processes based on knowledge acquired through training and experience on the job.
- Ability is the level of success that a person or individual with human capital has in completing the assigned job.
- Individual attributes are a collection of characteristics and human capital owned and the accompanying social capital. However, personal characteristics are the most subjective component where personality has a close relationship with the performance of successful individuals and organizations.

Recognition and awards given to employees can be one of the sources or drivers of improving employee performance. When increasing competence, it is important to remember:

- Competence does not determine a basic level of performance but is used to improve employee performance standards. They provide employees with a road map to gradually improve their skills.
- Competence focuses on the culture and values of the organization. Competence reflects organizational strategy, that is, human resource competencies must be aligned with the mission and short-term and long-term goals.
- Competence should be judged not only on the results that have been achieved but also on the process of achieving these. Because the process of achieving results provides experience and education in the workplace to improve human capital and the competence of individuals who carry out the process of achieving these results, so there is integration between managers and employees in a harmonious working relationship.
- Competence closes the skills gap in organizations.
- Valid competency data can be used in employee development, determination of compensation, promotion, training, and decisions in selecting new employees.

To achieve the required competencies, the organization needs to plan to start from recruiting, developing, placing, controlling and supervising and maintaining the human resources owned by the organization.

Cost-effectiveness

Cost-effectiveness is an important consideration in every business activity, including human resource development. Cost-effectiveness analysis is a way of examining costs and the results that result from those costs.

In the concept that underlies Cost-effectiveness analysis is an analysis of a project or investment which is expressed in monetary terms, is not only valued based on its economic value, but qualitative factors are critical considerations. In which, quantitatively the cost-effectiveness ratio can be calculated by the following formula:

Cost Effectiveness Ratio = Investment Cost / Investment Return

Cost-effectiveness analysis and cost-benefit analysis have a major difference in that cost-effectiveness analysis is a comparison between costs and the relative results or impacts of a project. And, cost-benefit analysis is a measure of the impact of a project on the organization. The effectiveness of these two techniques depends on the nature of the project and the type of industry.

Cost-benefit analysis is a systematic process of analyzing business decisions. Where, the benefits obtained from certain situations or business-related actions are added up and then the costs associated with taking these actions are deducted, so that the cost-benefit analysis is a measurement of the feasibility of costs incurred with the benefits obtained to apply rational and accountable business decisions.

In a cost-benefit analysis, all costs, including direct and indirect costs, as well as opportunity costs, must be considered, so that the cost and benefit analysis can be analyzed properly. The following costs should be considered in a cost-benefit analysis.

- Project opportunity cost
- Project failure costs
- Project termination costs

Cost-benefit analysis is an investment analysis tool suitable for small to medium scale investments that take place over a limited period of time. However, it is less effective for large-scale project analysis and sustainable and complex projects.

Due to the complexity and sustainable cash flow in a sustainable project, it is difficult to use it as the right decision tool for large-scale projects that are ongoing for a long period of time, especially in business conditions. which is constantly changing and very competitive.

Cost-effectiveness policies are the output of the human resource management model. So that the development and performance of management resources must be measured and can be accounted for and investment decisions on human resource development with improved performance must be decided rationally.

The four basic components in the Harvard human resource management model can be illustrated in the following flowchart:

Figure 1.3. Human Resource Management Harvard Model Flow Chat

Source: author illustration based on Armstrong & Taylor (2020)

Caption Figure 1.3 :

SI = Stakeholder Interests

SF = Situational Factors

HP = Human Resource Management Policy Choices

HO = Human Resource Outcomes

LC = Long-term Consequences

The Guest Model

Professor David E Guest in the period 1989 to 1997 developed a Human Resource Management model known as the Guest Model. The Guest model emphasizes strategic management. In the Guest model, the overall employee relationship is the total number of relationships an employee has with the organization. In other words, the model supports a focus on the needs of all individuals or employees rather than concentrating on the workforce collectively. In the Guest model, there are the following basic dimensions of analysis:

1. Human resource management strategy
2. Human resource management practices

3. Human resource management Outcomes
4. Behavioural Outcomes
5. Performance Outcomes
6. Financial Outcomes

The Guest model assumes that Human Resource Management differs from traditional personnel management (rooted in strategic management, etc.) in that it implicitly embodies fundamental elements of the Human Resource Management approaches such as commitment as an element in employee appraisal and rewards because it has a direct relationship with success. Business, so it needs to be appreciated.

The Warwick Model

The Warwick human resource management model was developed by Hendry and Pettigrew, who are researchers from the University of Warwick. The Warwick Human Resource Management Model is a development of the Harvard Model, which uses an analytical approach in developing a human resource management model (Preece,2020).

Similar to the Harvard Model, Warwick's framework focuses on five distinct elements:

1. External context
2. Inner context
3. Business strategy content
4. Human resource management context
5. Human resource management content.

The Warwick model sees human resource business strategies and practices that are in line with the guest model. However, in the external and internal context, it is different from the guest model. Where in the Warwick model, there is a changed perspective in ongoing business activities. Where the process in which these changes occur is understood as an interaction between changes in context and content. Warwick's human resource management model can be used to identify and classify environmental influences that have an impact on business, so it is important to pay attention to it and anticipate it and adapt it to human resource management.

Warwick's human resource management model can be used to map the relationships between external and environmental factors and explore how human resource management can adapt to these changes. Warwick's human resource management model recognizes that organizations that achieve

alignment between external and internal factors have the potential to achieve good performance and growth. It distinguishes five main elements, each with various sub-elements:

1. External Context (the power of the macro-environment)
 - Social Economy
 - Technical
 - Politics of law
 - Competitive
2. Inner Context (company-specific strengths or microenvironment)
 - Culture
 - Structure
 - Politics / Leadership
 - Task Technology
 - Business Results
3. Business Strategy Context
 - Destination
 - Product market
 - Strategy and Tactics
4. Human resource management Context
 - Authority
 - Definition
 - Organization
 - Human resource Output
5. Human resource management content
 - Human resource flows
 - Work system
 - Reward System
 - Employee

Human resource management models continue to evolve. Every model develops based on the needs of human resource development, and no model is perfect. Every model of human resource management has weaknesses and strengths.

1.4. The aims of Human Resource Management

Humans are valuable assets or resources for a company or organization. Humans in their management are certainly different from non-human assets because humans have minds and feelings that must be guarded and respected. Humans are a valuable asset because human resources are responsible for all business operations and are a determinant of organizational success, which is reflected in the quality of organizational performance.

The role of human resource management is significant in assessing the work needed to achieve company goals, placing the right human resources in the right position to do the job, and empowering human resources to work at the highest possible level of performance with human resource development. To continuously improve performance to achieve organizational goals.

Human resource management is an art and science, where human resource management has the main task of coordinating people in an organization to achieve organizational goals.

Human resource management is the coordination of people in the organization to achieve the business goals that the organization has set. Human resource management plays a role in meeting the needs of staff or employees, maintaining employee job satisfaction, and developing employees so that they continue to develop in improving their performance in the organization, including developing career paths for people who are recruited and join the organization. Human resource management focuses on the internal part of the organization in developing human resources by using the coordination of people in the organization and technology in the process. In general, human resource management department personnel are drawn from various fields such as psychology, business management, process management, information technology, statistical analysis, sociology, and anthropology, to achieve these goals.

Basically, the human resource management function is in the recruitment and placement of suitable employees in the required positions, promoting employees according to their level of expertise, ensuring that all employees in the company comply with applicable labour laws. The team in the human resources department identifies the elements of each HR function required and is involved in the strategic planning of the organization to meet each organizational goal.

The human resource management department has a role in ensuring a good experience for staff or employees and others related to management and organizational objectives. The objectives of human resource management include ensuring resource availability, data access, timely and reasonable payroll, ensuring employee compliance, etc.

Organizational goals basically affect the goals of human resource management because the objectives of human resource management adjust to organizational goals. The goal of human resource management is to ensure a stable, comfortable and successful work environment in effective and efficient business operations.

The main objectives of human resource management with in-depth elaboration are as follows:

1. Achievement of organizational goals
2. Work culture
3. Team integration
4. Training and Development
5. Employee motivation
6. Workforce empowerment
7. Retention
8. Employee Data Collection and Compliance

Achievement of organizational goals

The main role of human resource management is to meet the needs of employees to carry out organizational strategies in achieving organizational goals. Empowering human resources to achieve business goals or organizational goals is a critical task in effective human resource management.

The objectives of human resource management in meeting human resource needs in achieving organizational goals include handling of the workforce, staff requirements such as recruitment and orientation, payroll management, and retirement. In terms of achieving success in meeting human resource needs, of course, it requires efficient planning and implementation.

Work culture

Work culture plays an important role in determining human resource management and business performance. Effective human resource management with an orientation to the achievement of organizational goals, employee job satisfaction and a comfortable work environment are the main factors in building a work culture.

A human resource manager must be active in developing strategies for fostering a better and more effective work culture. Developing and maintaining a healthy and transparent relationship among team members to contribute to building a good work culture is something that must be done in building a work culture because a work culture must be built together in creating a comfortable and effective work environment.

Team integration

One of the leading roles and objectives of human resource management is to ensure the team coordinates efficiently. Accessible communication is a group need in a company. The human resources here must provide the tools to help make the integration more convenient and seamless.

The right relationship between individuals is a must to ensure productivity. To make human resource management successful, you need to look for a better integration portal to make data available for people more comfortable. Functional objectives, such as team integration, are to produce efficient operations and tasks.

With the right tools, such as self-service portals, employees can get closer to human resources.

Training and development

The workforce is significant, and performing is two essential elements and needs to be worked on to achieve the main goals in an organization. With proper training, it can provide opportunities for better performance in the future followed by good career development that can encourage a sense of security and comfort for employees in the workplace so that performance will be even better in the future.

Significant occupations rely heavily on a training practice. Providing opportunities for employees is one of the essential steps to ensure workforce management.

There may be difficulties such as planning, scheduling, training sessions, and evaluating each on-board. To reduce pain, solutions like training management software can help with automated reminders, convenient schedules, reporting, and tracking capabilities. The human resource manager can ensure effective training practices in the company.

Employee motivation

The primary purpose of human resources is to keep things on the right track. Keep away, distractions and negative vibrations. For this, employees need to be cared for and continuously motivated. How can human resources encourage employees?

Give them strength. Take their views on things. Please include them in weekly meetings or decisions. Even if it's newer, let them join in. Keep morale high.

Employee recognition, such as an annual appraisal of their performance, can also be helpful.

An automatic feedback system for performance appraisal management can encourage employee motivation to remain productive while on duty and become company employees. When employees feel satisfied at work, and their needs and expectations are met in working and joining the organization, employees will enthusiastically help the organization achieve organizational goals.

Workforce empowerment

Employee empowerment is the best way to motivate employees. So that every human resource manager must be able to answer the following two questions in developing employee work motivation:

What else can workforce empowerment do?

How to ensure proper workforce engagement? Empowerment is the right step in motivating employees, of course, by fulfilling employees' expectations in joining the organization, starting from the expectation of employee actualization to the expectation of monetary and non-monetary compensation that employees deserve.

Retention

Providing quality job opportunities with appropriate compensation for employees and good corporate leadership, a healthy and comfortable work area, and employee retention are the main duties of human resource managers. Keeping employees retained and motivated is a top priority in human resource management.

In addition to employee recruitment, orientation, and training cycles, retaining employees for extended periods is the most significant human resource goal challenge. Often employees leave the workplace two months after placement. When this happens, there is the possibility of a deficiency or imperfection in the recruitment process. Of course, this is an evaluation of human resources in recruitment if this happens.

The good experience that can be obtained by employees during the recruitment, placement and while working in the organization needs to be maintained and considered. A good experience can increase job satisfaction and have an impact on improving performance and vice versa. Making prospective employees wait for human resource management decisions makes for an unpleasant experience in the hiring process. However, careful and careful consideration also needs to be

made. To keep it stable, human resource managers need to learn the best retention tips for the business.

Employee Data Collection and Compliance

The function of the human resource management department in achieving organizational goals also includes managing company data and employees and managing employee compliance with organizational regulations and policies. Managing payroll compliance and keeping companies away from penalties or fines is a big challenge for staff and human resource managers.

Even minor mistakes or miscalculations can expose human resources managers to enormous penalties and can even lose respect. When performing tasks such as work and payroll, human resource managers must be aware of laws and regulations. The goal here is to prevent unwanted claims from functioning smoothly.

1.5. Policy Goals of Human Resource Management

Human resources policies are a set of principles and rules of conduct that govern the relationship of a company or organization with employees (Sollish & Semanik,2011).

Such policy statements guide a wide variety of working relationships in organizations. The aims and importance of human resource policies hardly require any elaboration.

Every organization needs policies to ensure consistency in actions and equality in its relations with employees. Policies serve the purpose of achieving organizational goals effectively. Human resource policies are the basis for good human resource management practices. Also, the policy is a measure of program achievement that can be measured.

The human resource policy becomes a general guideline in terms of employee management, which is adopted and developed through consensus or mutual agreement or approved by most of the personnel who are part of human resources working in the organization to regulate the behaviour of employees and managers or supervisors as a whole. To achieve a work culture and work environment that is good, comfortable, effective and efficient.

The dichotomy between human resource policies and procedures is comparable to human and shadow. The two are inseparable and like a shadow, govern the

human outline, as well as the procedures for defining the outline of human resource policies.

Policies are official provisions that must be followed by all employees in the organization, which can be interpreted as official statements addressed to every member of the organization to comply. Policies are made to resolve problems that arise in connection with any issues, whether directly related to the mission or objectives of the company or indirectly.

Policies are guides for repeated action in key areas of the business. This is a generally accepted understanding of the criteria for decision making. Policies are established to achieve several benefits by making policy decisions about recurring problems, top management guides lower-level managers.

This will allow decisions to be made in similar situations without repeating the costly rationale and analysis required initially to state policy. Policies help managers at all levels act confidently without consulting their superiors all the time. This will also ensure the accuracy of the action.

The starting point in all managerial relationships with employees is managerial policy. Based on these policies, programs are developed by management to achieve their goals. The implementation of the program results in certain practices. The policy states what is meant; they explain what is being proposed. Practice describes how policies are implemented.

A company may have adopted a policy of providing training to all employees as a way of preparing them for promotion. To implement this policy, an extensive training program may have been developed. Such programs may include on-the-job training for new employees, supervisory training for forepersons and supervisors, and management development for management group members. In a supervisory training program, this may include role-playing as one of the many training practices.

Human resource policy is not something that can be considered isolated. It is an integral part of the entire corporate policy structure. There is organic unity in the policy. Such unity prevents unnecessary duplication and encourages unity of action. The weakness of one major policy tends to undermine the effectiveness of another. Likewise, weaknesses in human resource policies can undermine the effectiveness of all other organizational policies.

Human resource policy guidelines are an overview in organizational planning starting from the recruitment and selection process, employee promotion, human resource development, appropriate and timely compensation, employee work motivation, and leadership and direction of employees in achieving organizational goals in the workplace. Human resource policies can serve as a roadmap for managers to make decisions and manage their respective areas.

Human resource policies are also defined as the principles and rules of conduct that govern the company in its relationship with employees. Such policy statements guide a wide variety of working relationships in organizations.

It is a guide for action and serves as a roadmap for management in decision making. It represents the human resource philosophy of management, which in turn reflects the fundamental beliefs, ideals and views held by management regarding the treatment of individuals in the workplace. Policies can change as organizational and human values change.

The aims and importance of human resource policies hardly require any elaboration. Every organization needs policies to ensure consistency in actions and equality in its relations with employees. Policies serve the purpose of achieving organizational goals effectively. Human resource policies are the basis for sound Human resource management practice. Besides, the policy is a measure of program achievement that can be measured.

Policies are also considered as 'regulatory settings or governing norms'. It is the basis of control. The emphasis is on the regulatory - policy aspects as a guide for managerial control to work cyclically.

The assessment of human resource programs in terms of recruitment, selection, training and development, compensation, collective bargaining, and other human resource activities must rely heavily on policies as benchmarks.

The conceptualization of human resource policies as an aid to management requires the formulation of overall policies and subsidiary policies, namely organization-wide policies such as general company policies, administrative policies for top executives, operational policies to guide low-level managers implementing plans and programs, on the one hand, and subsidiary policies relating to overall policies, on the other hand. A written statement on the policy is considered very important in promoting uniformity and consistency in the management approach.

Human resource policies are made as formal rules and guidelines that are used as references in the application of business to employ, train, assess, and reward members of the organization which are disseminated in an easy-to-use form. The human resources policy was developed to anticipate misunderstandings between employees and employers about their rights and obligations in the organization, along with a description of the regulations that apply in the workplace or within the organization.

Human Resource practices imply the customary way of operations and behaviour, translating the idea into action, and knowledge of how something is usually done. In simple terms, it is to apply principles or policies.

Methods in human resource management practices must be managed properly and professionally because they are a vital factor in achieving the success of organizational goals.

A company that can be the best in human resource management practices has the potential to become a company that excels in its business area. One of the human resource management practices is the development of human resource policies that are generally well accepted.

Human Resources Policy is a generally accepted guideline on how to manage human resources, which is developed through consensus and mutual agreement by all members of the organization in developing an organizational work culture to regulate the behaviour of employees and managers or supervisors in building a good, effective work culture. And efficient. Human resource policies and procedures are an important part of managing human resource behaviour and organizational work culture. Both are inseparable and complementary in managing human resources. Procedures are technical guidelines adopted by the company or organizational policies.

The human resources department is tasked with developing an introductory set of human resources policies and guidelines for human resources policies and is tasked with explaining the importance of these policies so that they can coordinate all employees to comply with policies that have been made, developed and agreed upon so that they become official guidelines for all to comply. Employees. The human resource policy that is developed must cover matters concerning performance appraisal, fair employment practices, employee appearance and behaviour and all things needed in managing, supervising and controlling employees from either staff or executive level to organizational

leaders or managers. The development of human resources policy guidelines is developed with the main objective of good work coordination to achieve organizational goals which are made in the form of an employee handbook.

The employee handbook is distributed to new employees on the first day of work and is usually discussed during informal or formal orientation sessions. The organization expects all employees to understand the policy and follow it fully, and if there are deficiencies, employees can submit proposed changes to the human resources department. All employees who understand and agree with the human resources policy guidelines can sign an approval form, where the form signed by the employee serves to certify that the employee has received and understands the employment policies contained in the employee personnel file compiled in the handbook that applies as the official organization human resources policy in force.

From the definitions and explanations above, it can be understood that human resource policies are a description of what and how employees should behave and contribute to the development of a good work environment at work in an organization because every action and activity of human resources in the workplace has implications for law, human rights and fair and non-discriminatory treatment. Thus, the set of actions that constitute the employee's general behaviour must be strictly regulated and directed. So that human resource policies are fundamental and necessary in every business environment to build a good work environment.

Human resource policies are critical in today's workplace because they regulate and set the direction that the organization wants to take in managing its employees to achieve organizational goals. A solid human resources policy is a must that should be developed in every business and organization.

Human resource policies are developed to meet the need for policies in areas of the human resource function, which are considered strategic for the achievement of human resource management and organizational goals. This includes the development of Human Resource Planning and employee empowerment, Employee recruitment, Training and Development of human resources which are part of the organization, Contract Negotiations and Work Administration between companies or organizations and employees, Employee Performance, and Management of the Termination Process or employee resignation. The human resource policy also covers employee welfare (Occupational Health and Safety) including administration of annual leave, Employee Attendance, Pension Fund

Management, Logistics Administration, Cleaning and Sanitation. Sometimes its functions also include transportation administration and protocol.

Policies also serve as materials or a basis for Human Resources evaluation to evaluate performance with agreed objectives and set targets for the Human Resources function so that a Human Resources audit system can be developed.

Policies and procedures are two different things. Procedures can be defined as the process by which policies should be strategized or followed by organizational employees.

Simply put, human resource policies are a collection of policies, rules and procedures that cover all matters concerning human resources that are created and developed to regulate work relations between employees and between employees and companies or organizations including the rights and obligations of employees and organizations. human resources are created and developed to maintain and guarantee the welfare of employees while maintaining and ensuring that organizational goals can be properly pursued.

The goals of Human Resource Management Policy is to maintain orderliness in the management of human resources and orderliness in human resource activities. Maintain, supervise and control human resource activities within the company and manage the working relationship between employees and the company or organization.

1.6. Characteristics of Human Resource Management

The human resources department has the responsibility to recruit new employees according to the needs of the organization or company, develop labour compensation in the form of salaries, wages, benefits, and bonuses and other incentives, carry out and develop training to develop human capital human resources to encourage employee performance in providing the best contribution to the organization, and increasing employee job satisfaction and maintaining employees so they can work well for the organization.

Professionals in the field of human resources also play a role in representing the company in negotiating with employees regarding compensation in the form of salaries, wages, allowances, bonuses or other incentives including the development of caricatures and the development of interests and talents as well as behavioural policies.

One of the main characteristics of modern Human Resources management is the creation of a positive work environment where employees feel compelled to dedicate themselves to their work so that employees feel comfortable working with reasonable and fair compensation for employees. Human resource policies play a role in creating a positive work environment, namely a comfortable and productive work environment. Modern human resource management also encourages employees to continue to develop through mechanisms to improve human capital through training and education processes as well as challenging work experiences. It can spur employees to continue to develop themselves so that they become better and competent individuals at all times. This encourages the improvement of collective performance into better and developing organizational performance (McConnell, 2013).

Modern human resource management professionals are involved in the recruitment process, starting from recruitment planning, implementing recruitment, selecting processes, placing workers and developing employees. The modern human resources department also acts as an employee advocate in protecting and protecting their rights so that employees feel safe and comfortable working for the organization.

Professionals in modern human resource management who are members of the human resources department are responsible for motivating employees to do their best in contributing to the organization so that the human resources department plays an important role in maintaining the quality of work of human resources, including increasing human capital of human resources owned by the organization.

1.7. Human Resource Management and Personnel Management

Human Resource Management and Personnel Management are important parts of the company. This two management have different roles and functions but complement each other in achieving organizational goals.

The philosophy in modern human resource management does not focus on supervision and deterrent effects but rather on developing employee performance and loyalty based on opportunities to develop, have a career, get a decent job and incentives so that loyalty and enthusiasm in building an organization can be manifested and embedded in personnel who become part of human resources. This is the role of personnel management in charge of managing personnel who are part of the human resources owned by the company.

Personnel management roles include strategic workforce planning following company or organizational strategy, organizational development, competency analysis, employee training and development, organizational culture development, career planning, reward system management, etc.

Personnel management is not only limited to employee welfare issues, employee recruitment and record keeping. So that Personnel Management acts as a personnel manager in individual approaches to employees or human resource management in a micro or micro-level approach.

Human Resources at the macro level at the organizational level includes all components of human resources including all employees including executive employees, honorary employees, freelancers to company directors and all groups outside the organization that affect the organization's business.

Human resource management at the organizational level is the management of the dynamic components of human resources which include all people at all levels in the organizational hierarchy at all times. Human resource management is part of a strategic approach to managing working relationships based on increasing human capabilities which are essential to achieving a sustainable competitive advantage. This can be achieved through a series of well-managed integrated labour policies, programs and practices. Human resource management and personnel management are two parts that complement and integrate each other in managing human resources owned by a company or organization.

The Human Resource Management function covers a wide range of management activities including providing for the staffing needs of the organization either by using contract labour from independent contractors or recruiting and hiring employees to meet human resource needs. The Human Resource Management function also covers employee recruitment, employee placement, employee training and development. Human Resource Management functions to ensure good and quality employee performance, ensuring management personnel and practices comply with company regulations. Human Resource Management also includes managing employee benefits and compensation, employee records, and other personnel policies.

The Human Resources team must also be good moral judges and be aware of when incentives to raise morale are needed. Human resource management functions are as follows:

- **Planning:** Planning is the design of the work arrangement to be carried out in preparing human resource needs including forecasting future HR needs based on the mission and objectives of the organization, strategies and internal strengths and weaknesses, including structure, culture, technology, and leadership within the organization, as well as post-recruitment planning, includes developing human resources and managing human resources properly.
- **Staffing:** Staffing is the process of implementing human resource planning that has been compiled to get people with the appropriate skills, abilities, knowledge and experience to fill jobs in the organization through a planned selection mechanism including the implementation of human work placements obtained through the recruitment and selection process.
- **Development:** Development is the process of implementing plans designed to develop accruals including employee appraisals which form the basis for employee development through education and training mechanisms as well as job rotation to gain work experience for employees.
- **Motivation:** Motivation is a process of personnel in encouraging work motivation through empowerment mechanisms, consultation or counselling, providing appropriate incentives and opportunities for self-development and employee career development.
- **Maintain:** Maintaining, in this case, is a process to retain employees and administration so that data collection and management of human resources in maintaining and maintaining employees can be carried out properly
- **Relationship management:** Relationship management is the process of managing work relationships with employees and good relations with labour organizations so that a conducive and productive atmosphere can occur.
- **Change management:** Change management is the process of managing organizational adaptation and organizational development following the changing times, technological developments and business innovation so that the organization or company can change and develop for the better. In today's volatile business conditions, there is a need to develop policies and human resource management practices to stay competitive and develop a workforce that is committed and adaptive to change. The role of the human resource manager is to act as a catalyst, with a focus on facilitation and coordination.
- **Evaluation:** Evaluation is a process of appraising and reviewing the performance of human resources so that it can be seen the steps that can be taken in the development of better future human resources.

Though personnel management and human resource management can be differentiated academically, more or less they deal with the human aspect of the organization, i.e. the management of men. In one nutshell, we can say human

resource management deals with a human being as a resource in production activity rather than an employee.

Just as materials manager works with material as a resource required for production, production manager works with machines as a resource required for production, so also human resource manager considers human beings (employees) as a resource required for production. The difference between human resource and other resources is human resource has a mind, brain, thinking, and understanding capacity, it can increase its capacity or decrease its capacity as per its will. In contrast, other resources cannot do it by themselves.

Personnel Management and Human Resource Management are different and complementary management. Human resource management is based on human resource orientation that is not found in personnel management and is macro or comprehensive. In contrast, personnel management is a routine administrative activity in organizational staffing that is micro or individual in nature.

The main difference between Personnel Management and Human Resource Management lies in their scope and orientation. Human resources are organizational assets that must be managed properly, which affect improving the performance and competitiveness of the company or organization.

Retaining competent employees for a long time is challenging in today's globalized and digital world because they are fully aware of their rights, and no organization can treat them like machines so that the role of Human Resource Management has developed to unite the organization with its employees to achieve common goals in a fair and profitable working relationship.

1.8. Impacts of Human Resource on Organizational performance

In today's business environment, most organizations already have well-established human resources departments. So that the recruitment process, job placement, employee development and human resource management functions can be managed properly, but in this day and age, there are other options besides recruiting and hiring people. This option is an outsourcing option. Not all jobs in business organizations require permanent employees and the recurring hiring of contract employees or freelancers is also quite costly. Outsourcing can be used as an option in terms of fulfilling temporary human resources and or not the main human resources that play a big and vital role in achieving organizational goals.

In managing the main or core employees of a company or organization, personnel planning or human resources, recruitment and selection, training and

development, employee loyalty, employee motivation, performance appraisals, employee rewards, fair compensation and benefits, will help the company achieve success in achieving company or organizational goals. The main task of the human resources department is to ensure that employees provide maximum performance for the organization or company (Denisi & Griffin, 2018).

Investment in employees, including human capital investment to increase employee capacity at work, investment in work facilities and infrastructure, including investment in human resource procurement, of course, must be calculated and measured systematically so that it can be seen how the company or organization can receive much return on investment.

Human resource management plays a vital role in the effectiveness and efficiency of organizational performance because human resources act as executors of corporate strategic planning in achieving organizational goals.

The human resources department is not limited to only dealing with issues related to compensation, performance management, organizational development, health, benefits, training, etc. But it is also a strategic partner of the company in determining the direction of organizational policies and business strategies where resources humans are a vital component in improving the performance of a company or organization in achieving organizational goals.

The function of Human Resource Management includes guaranteeing employee satisfaction at work, fairness for employee compensation, development of natural resources and quality of employee performance and the achievement of organizational goals through employee empowerment.

The human resources department plays a role in meeting human resource needs as well as retaining competent employees because these competent employees are a precious organizational asset. Although certain companies do not consider Human Resource Management as the main function of management, human resource management can contribute, which is very big on the success of today's company. In modern companies, human resource management plays a vital role in the development of the company's business because human assets are unique assets and very different from non-human assets. However, this returns to the type of business and organization. Because every type of business and organization certainly has different needs.

Humans are valuable assets or resources for a company or organization. Where human resources work to run all business operations that bring profit and development to the company or organization. Of course, good and appropriate

human resource management is needed to ensure that people who join the organization continue to work well.

Good human resource management requires the application of best Human Resources policies and practices. To be implemented properly, human resource management policies must be well written so that they can be easily understood and followed.

Human resource policies generally consist of human resource planning, recruitment and selection, training and development, and general appreciation of human resources or employees to strengthen the relationship between employers and employees or job recipients. Good human resource management practices and human resource policies can drive the performance of an organization or company even better.

Employees are a valuable asset that can make a business profitable and growing. Organizations are very dependent on the people who join the organization. Humans have human capital that is very different from non-human capital. High human capital in employees has the potential to encourage a growing and profitable business. In managing this valuable human resource, it is necessary to identify the need for human resource management to be developed into appropriate Human Resources policies and practices that can be relied on by every business entity to increase its success in achieving organizational goals.

The success of an organization can be assessed from the development of specific Human Resources policies that can support business strategies and encourage employees to improve performance to drive company performance collectively. To achieve this, it is imperative to understand and implement the best possible Human Resources policies and practices.

Human resource management policies must be well written and structured so that all employees can legally follow them for the benefit of the organization and the common good.

Human resource policies and practices basically consist of human resource planning, recruitment and selection of human resources or employees, training and development of human resources or employees, and awards for employees or human resources in general. Good human resource management policies and practices, including strengthening relationships between employers and employees. Human resource practices and the application of company policies

ultimately determine the success of the organization in achieving organizational goals. Therefore, human resources need to be considered and considered as strategic partners.

Individuals who join the organization are Human Resources and the organization's workforce. Generally, they must work in a fair agreement and support the general goals and objectives of the organization. The human resources division of a company must know various things about employees and be responsible for them and ensure the performance of all employees to ensure the achievement of organizational goals.

Human resources must be involved at all functional levels of management. The human resources department is responsible for employee performance appraisal at various stages to determine the performance of each individual for each employee and the effect on the company. For low-performing employees, the human resources department can provide advice and make improvements and developments needed to improve performance. Also, human resources personnel must focus and use their time and efforts to support the business during human resource planning, implementation, and control processes. As a trustworthy strategic partner, Human Resource Management policies and practices must be efficient and effective. The role of Human Resources in recruiting skilled and talented individuals, developing individuals who join the company and retaining them, influences company performance in general so that it must meet the needs of the company that has been planned.

Training, Development and Education can have a positive influence on employee performance which in turn encourages company performance. Encouraging increased proficiency and developing competency levels in employees is important. Encouraging the improvement and development of employee competencies through flexible learning that occurs when people dynamically seek supportive knowledge and skills. This can be encouraged through improving the learning climate within the organization, and also through electronic media to improve learning efficiency for all employees.

Increased motivation and commitment are essential in improving performance. Because this can have a positive impact on employee performance which in turn has a positive impact on organizational performance. One of the important tasks of human resource management is to ensure that employees are happy to work for the company for the sake of achieving organizational goals.

Chapter 2

Human Capital Management



Illustration of Manager and Staf, Photo by Sora Shimazaki (Japan)

2.1. What is Human Capital Management

Changes in the perspective on human resource management that termed human capital were first used in the 1950s. This change in perspective includes a change in the perspective of employees who are no longer considered a production factor such as non-human or machine production factors but are considered knowledge workers with special or unique skills and talents that can be developed to drive business growth (Hillbom & Green, 2019).

The internet was born in the period of the 1990s, which became a new technology at that time, which quickly influenced business processes to this day. The internet is changing the way businesses and organizations work with job roles that are constantly evolving. The development of the internet gave birth to digital technology which changed the work order that was increasingly efficient and fast.

At the same time, the development of data automation, predictive analytics and artificial intelligence continue to develop at a rapid pace.

Human resources are no longer working like machines that rely on the human body and orders given by their superiors to work. Managing human resources becomes barware of all technologies that are developing rapidly and affecting business globally.

The role of human capital is the key to the success of this digital era business. Human capital enhances innovation that increases organizational competitiveness and performance. The understanding of human resource management has changed, including changes in terms of providing incentives and empowering the workforce.

Human resource managers can also use the results of technological developments to manage the human resources of the organization more effectively, such as the use of data automation technology, data analysis and data prediction to help make decisions.

Human capital management practices have become increasingly prevalent in recent decades, for several reasons.

The current perspective of human resource management no longer sees humans as just a factor of production but as a valuable asset for a company or organization that can be developed and trained. Assets or capital from human resources are very different from non-human resources. Human capital is integrated into humans into a human resource called human capital. Human resources are what drive the company's business growth because human capital is an integrated human resource that can provide added value to an organization or company.

Human capital as an asset can be measured in monetary value and can be developed by investing in these assets. With the human capital approach, it is possible to identify the value of employees and identify investment opportunities so that the value of human resources increases which is called human capital investment.

Human Capital investment is expected to increase the added value provided by employees or human resources who are the object of investment for the company or organization. Human capital investment can be divided into two, namely direct human capital investment which generally takes the form of training, education

and experience. Second, indirect human capital investment is in the form of investment that is not directly aimed at increasing human capital owned by human resources. Examples of indirect human capital investments include health and social security, investment in work machinery and equipment and investment in occupational health and safety facilities.

Human capital investment and performance measurement are integral in measuring the success rate of human capital investment. By measuring the performance of human resources, it can be seen the success rate of human capital investment. Performance measurement can use computer programs that help determine the value of human capital management with the use of human resource management technologies.

The use of technology in the human resource management process is expected to be more cost-effective. Internet-based information technology enables organizations to manage human resource information from any location at any time due to secure databases that can be accessed around the world.

Internet or cloud-based human resource management technology can provide benefits for employees in the form of access to personal and professional information, evaluation of progress on learning and development plans, and access to information about employee salaries and benefits.

Human resource management technology is becoming more developed and more accessible to small and medium enterprises. Employers can use the Internet or cloud-based information technology to increase employee knowledge, evaluate their progress, and find ways to increase employee retention.

Employees in human resource management are seen as an asset, which should be invested in increasing their engagement and productivity to help increase company value and performance. Human resource management is generally divided into three categories, namely, labour acquisition, workforce management, and workforce optimization.

Human capital management is the set of practices an organization uses for recruiting, managing, developing, and optimizing employees to increase their value to the company.

Modern human resource management uses technology to save time in completing administrative tasks so that they can focus more on developing personnel or human capital in human resources.

The use of human resource management software can improve the efficiency of human resource management so that human resource management can focus on improving performance. Software and Internet-based information technology allow employees to be evaluated more efficiently, as well as more clearly who in the team has evolved to a certain level to take over new job positions in the organization.

Modern human resource management increases the potential for job satisfaction and employee productivity. The rapid development of technology has changed business processes, including the process of managing human resources. Technology changes many things, including business strategy, business organizational structure, efficient training and learning of human resources so that human capital development can potentially be increased rapidly.

Human resource management fundamentally manages employee value which is called human capital and develops the value of these employees in the interests of improving business performance. Technological developments that increasingly lead to the digitization of human resource activities encourage higher efficiency and effectiveness in human resource activities.

The right integration of human resource management encourages employee engagement with faster communication so that coordination between employees or human resources can be better with the proper adoption of information systems. Human resource management technology also enhances business intelligence in terms of reporting. Computer programs can quickly evaluate employee data and convert this data into detailed reports that can then be used for management decision making.

2.2. Human Capital Management and Human Resource Management

Human resource management and human capital management are, of course, different. Human resource management is more about the management of individuals in general or aggregates called human resources, and human capital management is more the value or value of humans or individuals from the human resources themselves.

It can be termed that human capital is software from humans that is used to complete work such as knowledge, skills, behaviour and health. Human resource management performs general macro-management such as employee development strategies, recruitment and selection of employees and so on. Human capital management is more about developing human value, such as investing in human capital and measuring the success rate of investing in human capital.

If you look at the terms resources and capital, you will clearly see the difference. Resources are supplies or supplies of money, materials, staff, and other assets that a person or organization can take away to function effectively. Thus, it can be concluded that human resources are individuals in organizations who manage company resources such as employees. Human resources are key in supporting businesses facing a fast-changing environment and a greater demand for quality employees. Also, human resource management deals with payroll, tax and tax optimization, regulation of working hours, compensation, recruitment contracts, overseeing training attendance sheets, and labour laws.

Human resource management is more towards good human management, such as proper remuneration and everything related to labour laws. Human Resource Management also includes job and staffing analysis, organizing and empowering the workforce, measuring and assessing workforce performance, implementing a reward system for employees, and maintaining a workforce.

Human capital is intangible, but an increase in human capital can be observed from work results so that the measurement of human capital is based on work results or performance. Human capital management practices require a human capital management methodology, a desire to help others develop better at work, and leadership skills are needed. Likewise, the role of human capital management is more to develop employee capabilities and knowledge. This includes training employees to continuously improve skills, increase work comfort and safety so that employees can provide optimal performance.

Human capital management encourages the level of business success by developing human capital in the form of knowledge and skills possessed by human resources or employees. Meanwhile, human resource management is more towards labour regulations, such as regulating employee benefits and salaries to improve the quality of life of employees in the organization so that employees or human resources developed by human capital through human capital management can continue to work properly and optimally.

2.3. The Concept of Human Capital

Human capital is a collection of competencies, knowledge, experience, skills, connections and personality attributes possessed by humans that can be used to work or complete work to produce economic value. Humans can obtain human capital through training mechanisms, education and work experience and results—the interaction of human relationships.

Human capital management through education and training mechanisms as well as human capital development through direct or indirect human capital investment can form the human capital needed by a company to develop skilled and loyal human resources to the organization or company.

The formation of good human capital can improve the quality and results of production output produced by a company or organization through the performance of employees or human resources. The more human capital formation is carried out, the higher the increase in the production capacity of the economy as a whole through human capital investment mechanisms either directly or indirectly. Indirect. Development of human capital in human resources can be reflected in developments in the quality and output of the organization.

In the concept of human capital, knowledge, experience and human skills in organizations can be maintained and developed to form intellectual capital that can be shared between individuals or humans who are members of the organization so that knowledge of institutions or organizations forms organizational capital so that interactions between individuals get better in coordination. And communicate so that these interactions can stimulate production and shape social capital. So that human capital can be seen per individual who is called individual-level human capital and can also be seen collectively, which is called organizational level human capital.

Human capital at the individual level

Individual-level human resources are of course considered or viewed from individuals per individual on a micro level so that it can be interpreted that individual-level human capital is related to the level of individual ability to provide the best performance for the organization which is a collection and combination of knowledge, experience, skills possessed by individuals per individuals who are members of the organization personally.

At the individual level, the development of human capital is divided into three, namely:

1. Employee Training
2. Opportunities for learning
3. Employee Development and Career Management

Employee Training

Investing in general training can improve organizational performance by improving the general skills possessed by employees. Employee performance can improve. Specific training is also required for the special skills required by the organization.

Investment in training includes investment from training financing which covers the entire training cost and lost hours of work due to employees participating in training so that the lost work hours due to the training are also training investments. Another expense to be aware of is the opportunity cost because any business activity, including training, has a lost opportunity cost.

To measure the level of training success, performance improvement can be measured from the training results. Of course, the training itself must be accompanied by the readiness of human resources for training. Because of the resources are not ready to be trained, the cost burden will be even greater if the training fails to improve the abilities or skills of human resources it will actually worsen the quality of training which in turn has an impact on the success rate of human capital investment in the form of training.

Opportunities for learning

Learning opportunities for employees or workers are not only in educational programs or scholarships given by companies or organizations to their human resources. But also the opportunity to increase experience in work and job rotation.

There are at least four learning opportunities for human resources or employees, namely:

1. Workplace Learning
2. Self-directed learning
3. Mentoring
4. Electronic learning

The four learning opportunities are a combination in increasing knowledge, experience and expertise in completing work in contributing to the organization or company.

Workplace Learning

Workplace learning is largely experiential. Education and training explain only a fraction of what employees learn in the workplace. Also, non-formal learning, which is neither determined nor planned, has a major role in employee learning.

Experiential learning can also help facilitate what is known as multiple loop learning. Multiple loop learning requires modification of experiential objectives or decision-making rules.

The first round uses the objectives or decision-making rules; the second round allows the modification, resulting in a double cycle of learning for employees. Multiple loop learning recognizes that the way a problem is defined and solved can be a source of new problems that need to be solved and become part of learning. Socialization about work and interactions with coworkers can help facilitate increased learning in the workplace. Motivating employees to learn based on their experiences of success and failure is the key to encouraging employees to learn in the workplace so that a work environment that facilitates knowledge sharing is important.

Self-directed learning

Self-learning is learning that is carried out independently by employees or human resources. Employees can understand what increases their performance and what hinders their performance. Employees can increase their knowledge and skills independently by using the available facilities.

Self-learning encourages humans to discover and retain the knowledge they find so that they can continue to develop knowledge that is beneficial to themselves. However, humans also need to be given directions and guidelines to increase the effectiveness of self-learning.

Self-learning is increasingly important in today's modern era because businesses are constantly changing so that employees must be able to adapt quickly so that self-learning is an important adaptation key for employees and in the end collectively becomes the key to organizational adaptation to the changes that

occur. In this industry, self-learning can improve employee and company performance.

Self-learning encourages employee empowerment in increasingly challenging jobs and improves employee abilities. Empowerment of employees who are required to be more creative makes self-learning important as a key to adaptation and creativity. Employee empowerment affects employee satisfaction and commitment in working for a company or organization.

Mentoring

Mentoring is traditionally a process whereby experienced people (mentors) guide others in their own idea development, learning, and personal/professional competences.

The mentor's role is as an advisor who provides advice and direction for employees to better reflect on their experiences in developing knowledge and skills. Experienced mentors have a special value for employees who are mentored to develop and become better. The mentor acts as a motivator for employees to reflect on current learning and how future learning can be improved.

Mentoring also brings various benefits for students and organizations. The aspect of mentoring that is potentially neglected relates to mentors who are role models and supporters of under-represented minorities. Mentoring also encourages workplace learning and can act as a complement to formal training.

Electronic learning

E-learning is learning that involves the use of computer networks and website-based information systems to provide learning materials and guidance to learning participants that can be accessed remotely. Website-based e-learning makes it easy for employees to learn independently and makes it easier for employees to learn effectively. However, now it has been implemented in many organizations. The organization also provides learning courses through applications; these courses are available in applications designed as learning applications.

Employee development and career management

Employee development is important to prepare employees to contribute as part of the organization in line with the development, change and growth of the organization.

Continuous employee development is essential. An organization that does not develop its workforce cannot develop its competitive strategy. Employers cut back on off-the-job training during recessions. However, the effect of this reduction in skill levels is partially mitigated by targeting more appropriate workplace Training to meet skills improvement needs. Skills improvement is significant in modern business because failure to upgrade skills can hinder the growth of competitiveness and in turn, allow competitors to outperform the company or organization.

Therefore, the skills gap in the organization can develop as a result of a less comprehensive development program and ultimately lead to work motivation gaps that are quite dangerous for the organization. Employee development must pay attention to fairness and equality of skills development services that create a comfortable, productive and competitive work culture.

Employees will behave well and give the best contribution to the company or organization when employees realize that the organization prioritizes their best interests and tries their best for the common good. Employees who have identified themselves as part of the organization or company will tend to give the best for the company or organization, and of course, this can be manifested from the awareness that the organization also provides the best for them.

Employee training and development opportunities greatly affect employee job satisfaction and increase employee loyalty to the organization. Employee development can encourage employee awareness as part of the organization and the formation of self-identity as part of the organization.

Employee appraisal is directly related to employee affective commitment. Development plans should be tailored to individual and organizational goals, and feedback must be accurate and relevant to employees.

Skills gaps that are harmful to organizations need to be minimized so that it is important to measure the performance of individual employees. Human resource managers must be able to measure the abilities of each individual in the organization and classify them as training candidates for groups that need and have the potential to be developed and groups that are promoted candidates for groups that already meet the skills requirements. So that training, development and employee performance must be well measured, transparent and professional.

The development of employees in skills and abilities and knowledge certainly requires a career path. So that the human resource manager must ensure that employees have a career path in the organization that continues to be developed according to the needs of the organization. Career paths provide a platform for employees who have increased their knowledge through educational mechanisms, skills improvement through training mechanisms and capacity building through work experience mechanisms so that a good career path must be able to meet the needs of these employees.

A good career path followed by an increase in human capital greatly affects employee job satisfaction. Career paths allow employees to get a promotion or be promoted. Job promotion can be a powerful retention tool by aligning promotions with employee expectations and company goals.

Human resource managers must be careful not to lose valuable employees once they attain a bachelor's degree or after completing a certain level of education, taking into account the suitability of new skills and jobs that they can handle well. Employees who complete educational mechanisms generally have career expectations better. To accommodate this, a career path is required. Not only for employees who complete the educational mechanism but for employees who are experienced and work for a long time and employees who complete the training mechanism with new skills need to get a promotion by the increase in human capital they have obtained.

Human Capital at The Organizational Level

Human capital is a multi-level concept. This section discusses a resource-based view of the company in the context of Human Capital, followed by a dynamic capability theory perspective, to ascertain how Human Capital is conceptualized together with social and organizational (structural) capital. Therefore, how interrelated concepts have the potential to create knowledge acquisition for organizations is illustrated in the concept of human capital.

Resource-based view of the company in the context of Human Capital

Penrose examined how companies created a sustainable competitive advantage in 1959. In particular, this theory looks at how organizations manage and distribute internal resources (Kovacic,2017) .

Every organization has different resources, capabilities, experiences and competencies that form a unique difference of excellence. Organizational unique advantages are a key factor in increasing organizational competitiveness.

The basis of a company's competitive advantage lies in valuable tangible and intangible resources. Investing in times of uncertainty is essential if a company is to achieve long-term success.

Resources include all organizational assets, both tangible and intangible assets. In general, company resources can be grouped into three groups, namely physical capital resources, human resources, and organizational capital resources .

The key point is that the conditions for competitive advantage (a valuable, scarce, and imperfectly replicable resource) also reflect the conditions of the human capital working for the firm.

When a resource is valuable, scarce, and cannot be imitated perfectly, it means that the resource is heterogeneous and immovable, this also applies to human capital.

The classification of specific skills possessed by the company's human resources is essential and valuable because it has a competitive advantage that is difficult to imitate or compete with competing companies, it can be said that such skills have little chance of being possessed by other companies. Hence, it becomes a compelling reason at the company level to examine company-specific capital under a magnifying lens to facilitate best practice in human capital-based competitive advantage.

Human capital Strategic, related to differentiation strategies and competitive advantage at the company level. Companies can improve and develop Human Capital-based human resources in several ways, depending on the strategy of the organization or company.

Dynamic Capability Theory

Rapid technological developments encourage rapid changes and make business conditions globally change and continue to change. Business conditions that continue to change and develop make the company must be able to adapt and harmonize internal and external conditions. One of the theories related to change and development is the dynamic capabilities theory. Dynamic capability theory was developed to understand the adaptability of companies in adapting to changes in dynamic environments (Jiang, 2014).

Dynamic capabilities differ from traditional capabilities, which relate to the current operation of an organization and refer to the capacity of an organization to create, expand, or modify its resources based on objectives. In essence, dynamic capabilities theory examines processes for updating or reconfiguring existing organizational resources. Extending this definition to emphasize the importance of external change, stating dynamic capabilities refers to the company's ability to integrate, build, and reconfigure internal and external competencies to cope with a rapidly changing environment. Dynamic capability theory helps companies adapt or develop in times of change.

Dynamic capability theory is increasingly being applied to the field of Human Resources and knowledge management because it can be used as the ability to change. For example, organizations that implement environmental strategies because of pressures in their external environment will rely on their employment capacity to develop creative environmental solutions to generate routine knowledge based on sustainable operational practices.

The ability to absorb information, respect others and understand the needs of others is important in a changing environment. Change and development go hand in hand so that adaptations are needed that can keep up with external changes. Absorption of information, knowledge and technology is important in understanding change and transforming it to be better and adaptive so that it is not eroded by the increasingly dynamic changing times.

In this scenario, dynamic capability theory allows flexibility and adaptability of the workforce to be precious and can also serve as a strategic response so that it can help respond to changes in times of external shocks and risks, for example, a global recession.

Dynamic Capability Theory can be built at the individual, company and network level. Studies that examine the development of Dynamic Capability Theory typically focus on elements such as Human Resource Management practices, for example, job rotation, management experience, absorption capacity, organizational learning, innovative capabilities, marketing capabilities and managerial vision and transformational leadership. It is noteworthy that all of these factors, to some extent, allow for organizational adaptation and flexibility. The idea of the emergence of Human Capital could also facilitate the development of Dynamic Ability Theory. For example, at the employee level, Human Resources department functions running job rotation initiatives may find

that employees can quickly switch between different production arrangements due to increased skill diversity and flexibility.

Another example might be a suggestion scheme initiative, which allows employees to contribute ideas for new product development. In both cases, the workforce can respond to changing customer requests quickly.

At the organizational level, by implementing an environmental strategy, the organization can take advantage of its Research Development capabilities to redesign products so that they can be recycled. Also, the company can use its marketing capabilities to reposition itself as a company with a clearer ethos to protect the environment.

Thus, this Dynamic Capability Theory provides companies with greater flexibility so that their workforce can adapt to changing environments. However, company employees must also be in tune with the new changes being introduced. If not, adaptation strategies cannot work. This is where the role of management and company leadership is vital because it is the role of the leader to establish a strategic vision and the role of management to align this vision among employees. Also, management and leadership must be able to analyze the changing environment and respond to these changes quickly. For example, only organizations whose managers feel high environmental dynamism are generated; hence the role of management in producing Dynamic Capability Theory cannot be underestimated. For example, a company operating in an industry characterized by changing customer demand must be able to measure current capabilities workforce and introduced new training initiatives to respond rapidly to new product developments.

Knowledge codification and technical innovation are significantly related to the generation of Dynamic Ability Theory because they are closely related to the absorption capacity of firms, which involves the absorption and application of new knowledge.

Transformational leadership is essential in dynamic environments. So that employees can follow the adaptation to change and can be sensitive to changes. Organizations sometimes have to transform to keep up with changes so that they can continue to adapt to the dynamic business environment.

Sensitivity to change and business development is needed so that transformation is inevitable. The rapid development of technology and the increasingly diverse

needs of society, as well as the demands of competition, encourage transformation to be carried out and run well.

The important role of social capital in the organization of knowledge cannot be overstated. The interaction between human capital and social capital is significant for the development of Human Resources in a company, organizational knowledge routines, socially complex procedures, and innovation and creativity of company personnel can be a unique combination that creates company excellence. Organizational social networks can be used to help facilitate employee absorption. More specifically, the positive impact of external knowledge on innovation generation is enhanced when individuals seek external knowledge ranges of structural holes (unconnected internal units) in the company's internal social network. Likewise, companies with integrators and connectors in the social network of human resources in the company have superior knowledge about the quantity and quality of innovative output.

The innovative output is measured by the number of annual patents granted, while the number of patent citations measures the quality of innovation output. The analysis shows that the presence of integrators and connectors (social networks) in the company's internal network is fundamental to corporate innovation. Therefore, it is important to create a climate of collaboration and knowledge sharing at the organizational level.

Commitment-based HR practices (e.g. training, compensation and selection) are positively associated with the organizational social climate of trust, cooperation, and code and language sharing. In turn, this measure of social climate is related to the ability of firms to exchange and combine knowledge, human capital and social capital which in turn increases sales and revenue growth from new products and services. Therefore, developing a climate for cooperation, trust, and a shared code is the basis for the development of social and organizational capital.

Dynamic and interconnected collaborative work with transformative leadership can enhance innovation. Innovation is indispensable in today's modern business world where the organization or company is required to continue to develop and transform better.

A dynamic work system within the organization is something that should be applied to adapt to a dynamic external environment. The development of the company encourages better competitiveness with the need for human resource development that continues to increase. Organizational adaptability comes from

the ability of human resources to continue to develop and adapt to the demands of work and changing times.

2.4. Human Capital Management Strategy

Human capital affects the operations of a company or organization so that it becomes the most important element in the company. Production results and a variety of creative marketing strategies come from human capital owned by all human resources who run the company's operations.

Human resources with all human capital owned by them determine the company's strategy to run properly. Talent management plays a role in managing talent or human resources with good talents. Organizational effectiveness depends on managing human resources that collaborate human capital management, talent management, personal management and ultimately, the management of human resource performance, which collectively becomes organizational performance.

Without a team with good skills, a well-developed strategy cannot be executed well. The implementation of a business strategy depends on the people implementing the strategy.

Human resource management requires a good strategy starting from recruitment, placement, development and training to controlling human resources requires a good strategy and is carried out by capable and skilled human resources professionals.

Human resource planning ensures that professionals in the field of human resources or the human resources department and the teams working in them can meet the human resource needs needed by the organization appropriately and efficiently. To evaluate the human resources department, of course, it requires measuring the performance of human resources.

Assessing the readiness of the organization in implementing the strategy needs to be done to ensure that the strategy can be implemented properly so that organizational goals can be achieved.

The human resources department needs to invest in human resource information technology to improve the efficiency and effectiveness of human resource management. With computer network information system based software, human resource management can be managed more efficiently where

administrative-based work can be managed properly and save time and effort. so that the human resources department can focus on identifying skill gaps so that it can provide targeted skills development and focus on developing overall human resource performance based on improving human capital.

Continuous performance improvement is, of course, accompanied by an increase in human resources and cannot be separated from the human resource strategy. The formulation of a good human resource strategy carried out by professional and responsible human resource professionals is the key to the success of human resource development and fulfilling human resource needs that are effective and reliable and have high performance.

Developing a human capital strategy must start from determining organizational goals. So that the preparation of a human capital management strategy begins by identifying the talent and expertise needs of the company.

2.5. Human Capital Measurement

Human capital is an intangible capital that produces other capital such as intellectual capital, organizational capital and social capital. Human capital is a collection of a combination of knowledge, skills, experience, talents and abilities, including health and human relations networks that are inherent in humans as human resources.

Human capital is different from financial capital which is easy to measure. Human capital cannot be measured directly but can be measured from the work of human resources or which describes the human capital owned by the individual. In measuring human capital, the nominal measure of money is not used but rather a prediction. Because human capital owned by each individual is not measured directly, so what can be known is the prediction of the potential of human capital as measured by the individual's performance.

In measuring human capital, it can be seen from the results of work, the quality of human work can be estimated for its economic value so that the potential for human capital that can be contributed by the individual can be calculated in terms of money value. However, it does not mean that the results of this measure reflect the human capital owned by the individual as a whole, but rather the capital that can be contributed.

In human capital investment, it can be seen that investing in human capital can mean encouraging individuals who are members of the organization to provide more human capital than before or increase the human capital owned by these

individuals so that they can contribute more to the organization. Because what is measured is the performance results, a measure of return on investment can be used based on the work of an individual after getting a human capital investment.

Suppose a company invests \$ 10 million in human resources training and sees a \$ 12 million increase in profits over the course of a year, all things being equal, they may be able to provide tremendous value for human capital to certain employees as intangible intellectuals who bring progress over some year. From this, it can be calculated that the return per investment of $\$ 12 \text{ million} / \$ 10 \text{ million} \times 100\% = 120\%$ means that the investment provides a return of 120% of the money invested in human resource training to improve human capital.

Human capital can create intellectual capital, whether registered as a property that is protected and protected by law or that is not yet registered. The value of intellectual capital can also be predicted by measuring the return on investment.

Other human resource measurements

Because human capital is a combination of overall knowledge, experience, skills and abilities including individual or human health to create other capital such as intellectual capital, organizational capital and social capital, human capital investment does not have a definite measure because human capital is intangible and can only be measured. As a result of the capital itself. Here are some ways to measure capital based on individual performance

Skills Inventory

A skills inventory is an effort to identify the potential human capital that can be provided by individuals or humans who join the organization like human resources owned by the organization. A skills inventory is carried out by collecting or recording human capital investments that have been made by the individual concerned, starting from training documents, education and so on, including a list of training that has been followed. Even though they cannot directly measure human capital, they do. However, these efforts can identify the potential of human resources owned and opportunities to be given as contributions to the organization.

Economic value

The economic value of human capital is a measure based on the value of work or the work of individuals in an organization. However, it is difficult to determine

the economic value of the contributions that humans make to organizations. However, there is a general standard for every job, even though not all jobs have a general standard of economic value that individuals must receive for the performance given to the organization.

Products that can be sold are also a measure that is easier to do economically than routine and general work which is calculated based on working hours and standard wages. So that human capital investment can be measured based on the economic value received before and after investing in human capital, whether done independently by individuals or by organizations of these individuals.

Chapter 3

Role of the Human Resource Function



Illustration of recruitment, Photo by Tima Miroshnichenko (Belarus)

3.1. The overall role of the Human Resource function

The Human Resources Department is responsible for managing all people or people who join the organization, whether joining the human resources department itself or other departments. Several responsibilities accompany this department.

The human resources department is responsible for employing all personnel who join the organization effectively with work placements following the human resources owned by each personnel.

The human resources department handles a variety of human resource-related functions from recruitment to human resource retirement. The human resources department is responsible for all people who work so that the organization can

work properly and follow organizational rules and carry out their duties and responsibilities properly to achieve organizational goals.

The human resources department plays a role in maintaining good relations between employees and the company. Where some rights and obligations must be respected between the employer, namely the company and the recipient of the job, namely employees, maintaining these relationships with appropriate work placements for humans or employees, appropriate compensation, appropriate work and ensuring employees work according to agreed standards including training and human resource development to improve performance and provide promotions according to employee ability levels.

All human resource management functions, both administrative in nature such as employee absenteeism, employee salaries and so on as well as non-administrative ones such as work motivation, providing counselling and listening to employee aspirations, of course, need to be managed properly. The duties of the Human Resources department will vary between companies, but generally, they can be summarized in six main functions, namely:

1. Recruiting, hiring, and onboarding
2. Human resource planning
3. Benefits and compensation
4. Performance management
5. Training and development
6. Employee engagement

The six functions of human resource management are generally in the task of managing human resources.

Recruiting, hiring, and onboarding

Carrying out recruitment starting from recruitment planning, implementing recruitment, selecting job applicants, interviewing, placing workforce, conducting payroll, motivating, conducting employee training and development to employee dismissal is a role and function of human resource management.

To carry out the human resource management function properly, it is necessary to compile an employee manual which contains human resource policies that are prepared by the human resources department to be understood and agreed upon by all employees. If there are employees who have objections to the human resources policy, the employee concerned can raise it or convey it to the human resources department.

The HR department is responsible for strategizing precisely how to attract, select and direct candidates for the organization. Since the lifeblood of an organization is its employees, ensuring the right candidate employees are hired is critical to future success. The contribution of each employee plays a big role in business growth. Basically, bad hiring is bad for business.

Recruiting and finding talented applicants is only the first step in the recruitment process. Once a position is advertised, the HR department also has the role of guiding candidates through the recruitment and orientation process. In short, the human resources department is responsible for the entire process of acquiring talents or the process of getting and placing the talented people needed by the company or organization.

Effective recruitment can be done in several ways. First of all, the Company can conduct educational and psychological measurements. This task will involve the assessment of abilities, skills and character evaluation of applicants. Through psychometric evaluation, the Company can ensure that employees have the right attitude necessary to fit into the organisation. Another method Companies use to recruit members of staff is through interviews. Here, the Human Resource Department can ask applicants questions that evaluate their decision-making abilities and how they would deal with certain situations if presented with them. The Department can also employ the use of written interviews where applicants answer questions addressing key issues in the organisation. Through these channels, the Department contributes towards organisational performance.

The HR department's role in recruiting, hiring, and onboarding employees is extensive. Here are a few examples of how Human Resource department prepares for these processes.

- **Workforce planning:** HR departments will engage in workforce planning, which is a strategic process of identifying and forecasting the organization's long-term talent needs following their business goals. This process looks at issues such as future talent gaps, recruiting strategies, and skills development.
- **Onboarding:** Taking charge of the way that new employees are onboarded to the organization is another key HR function. Their onboarding checklist includes tasks such as scheduling new hires' training, preparing and processing employment documents, and preparing for employee orientation.

The recruitment process is a vital process that determines the success of the organization in achieving organizational goals so that this function is essential and must be managed professionally.

Human resource planning

Human resource planning is a skill and an art in preparing plans to fulfil the human resources needed by an organization. Not only to meet human needs when needed by the organization but also includes planning afterwards including promotion planning, skills development and human resources careers to the dismissal of these human resources.

Human resource planning is the process of aligning the company's business strategy with the human resource management function where human resource management must be following the organization's business strategy and objectives.

The human resources department is responsible for preparing the needs of human resources needed by the organization and ensuring that the resources obtained can increase the added value of the organization and can develop and develop the organization.

The human resources department is also responsible for the portion of human resources not too much because it will burden the organization but also not too little which results in human resources experiencing fatigue and decreased motivation due to too much work to be done.

The HR department is responsible for directing all human resources to work following the direction and goals of the organization so that all human resources owned can drive the success of the organization in achieving its goals. Human resources need to be directed and encouraged and motivated so that they can work optimally.

Benefits and compensation

The human resources department is responsible for and has a role in the welfare of employees in the form of providing allowances and appropriate compensation. Of course, the compensation and benefits provided by human resources must be following the contributions given by employees. Allowances and compensation must be managed properly and carefully so as not to harm employees and/or the organization. Benefits and compensation must be adequate and able to pay for the performance provided by employees or human resources.

The benchmarks of the compensation structure must be fair and following the performance provided by the employees. To provide a decent salary and benefits, of course, it must be adjusted to the living needs of the place where the employee

is assigned so that employees can focus on work without being burdened by the cost of living.

The use of software to support human resource decisions can be done if it is available. The use of automated and analyzed employee data through software and information technology can help human resource managers make objective decisions.

Compensation affects employee job satisfaction which has an impact on employee performance which in the end has a cumulative impact on organizational performance. This function is a function to keep employees working well and surviving in the organization

Performance management

The main role in human resource management related to employee appraisal is to ensure that the employee appraisal is carried out fairly, accurately and uses good and transparent standards.

Modern human resource management focuses on the productivity and quality of employee work, so it focuses on developing employee capabilities so that they can make better contributions to the organization. The assessment of employees in modern human resource management is more on identifying employee expertise, including skill gaps that need to be minimized so that expertise and knowledge can be evenly distributed and develop properly into organizational skills and knowledge through training and education mechanisms.

Performance management software can assist human resource management through information systems that are useful in reporting, analysis and decision making, including forecasting human resource data.

Performance management is an effort to manage employee and organizational performance through a human resource management process with a human resource development mechanism through training and education processes as well as employee assessors to detect skills gaps and detect skills or expertise that need to be improved.

Goal setting is an important role in human resource management. Where the HR Department works with all departments to establish performance management objectives that apply in general to all departments within the organization that are relevant to the development of the organizational strategy. So that it can help

employees achieve organizational goals through training, education and employee coaching mechanisms.

Goal setting has an impact on the strategic planning of human resources and their implementation. But what is no less important is managing job evaluations. Namely, the setting of goals and planning based on previous work evaluations and another work evaluation after the planning and strategy has been completed.

Managing performance evaluations including managing, maintaining, and enforcing performance evaluation schedules and policies, monitoring human resource responses and feedback including monitoring and following up on performance results and conducting performance appraisals to be used as a basis for evaluations so that they can be used as a basis for improvement and improvement in future performance. This performance management is related to human capital investment and other functions, which, of course, greatly influence the success of business and business activities.

Training and development

The Human Resource department investing in the development of talent management or talents working in the organization is a natural thing. It should be like investing in a human resource management information system. This is an effort to carry out talent management better and efficiently.

Talent development and talents' skills in improving work performance have an impact on job satisfaction. Because employees or talents can appreciate the opportunity to learn new skills. Educational programs to learn new skills in human resources are an effort to increase loyalty as well as an effort to improve employee performance. Effective human resource training and development can maintain employee productivity and job satisfaction levels.

Employee skills and performance training and development can be used as a method to retain the best talent possessed by the company. After developing and training employees, employees can be involved and empowered in developing the company's business according to their respective areas of personnel.

To train and develop employees, of course, requires a budget to be invested in employee training and development. Determining a budget for employee training and development is an activity that must be carried out before human resource development and training.

The HR department is responsible for determining and setting a training and development budget which is then submitted to the finance department for approval and funding. After that, it is distributed to every department and employee who has an interest.

In development and training, of course, a standard skill mapping is needed in each area of the organization, including a map of the requirements for expertise at each position in the organization so that development and training can be targeted and following the strategy and needs of the organization.

Mapping of skills requirements includes activities in identifying what skills are needed for roles and positions in the organization, identifying skills currently available, and skills needed by the company or organization in the future.

Employee training and development is beneficial for improving future performance which is vital in competition and building company excellence.

Employee engagement

The level of employee engagement and empowerment in the organization can affect employee performance and productivity and can affect employee turnover rates. High employee engagement can boost employee performance and productivity and reduce the turnover rate of human resources so that human resource costs, especially recruitment costs, can be minimized through employee engagement mechanisms.

Engagement must be adjusted to the needs of the organization so that before engaging employees, it is necessary to study organizational needs to improve understanding of organizational needs and to measure the level of involvement in the organization to identify areas that need to be improved or improved so that employee engagement within the organization can be optimized and have a good impact, on overall organizational performance.

Measuring employee engagement requires care and thoroughness in understanding the organization's needs for employee engagement. So it is necessary to analyze the engagement of the organization before engaging in it and conduct an evaluation as material for analyzing employee engagement for future employee engagement.

Employee involvement in business and being active in developing the company's business will determine their level of loyalty.

Human resource requirements for some regular work can be outsourced to save time and costs. The use of outsourcing can be maximized for routine and non-strategic work areas within the organization so that it can reduce the workload of human resource management and can focus on strategic human resource development.

Modern resource management is oriented towards strategic human resource development, including the development of strategic performance to achieve the strategic goals of the company or organization. So that in modern human resource management can use outsourcing to meet the needs of organizational resources that are not strategic and the use of human resource software that is integrated with company information systems so that administrative management can be managed properly and efficiently and save time and energy. This is an effort to increase the focus on the strategic performance of human resources.

Three New Roles

In this environment, Human Resources professionals, whom managers and executives deem necessary, are strategic partners, sponsors or employee supporters, and change mentors.

Human Resources professionals who understand this role lead their organization develops in various fields to build a more effective and efficient organization through good human resource development mechanisms. Modern human resources have developed their roles with three new roles outside of their previous roles related to employees, namely company strategic partners, employee advocates, and organizational change agents.

Partners strategies

In its role as a strategic partner of the company, human resource management must be involved in the development of the company's strategy because human resources and human resource management will carry out the company's strategy acts as a corporate partner who manages human resources as a whole so that it can be optimized and developed for achieving the company's strategic goals.

The role of human resources as a strategic partner of the company, of course, serves to meet the needs of human resources, including the development and maintenance of human resources so that they can be encouraged and motivated to work properly and optimally to improve organizational performance and company business growth. So that human resource planning made by the human

resource department must be approved by all departments within the organization.

Employee Advocates

In its role as an employee advocate, human resource management can advocate for human resources to obtain their rights while ensuring that all existing human resources or employees can fulfil all their obligations by working optimally.

In its role as an employee advocate, human resource management must be able to build a comfortable, productive and enjoyable organizational work culture for all employees and all people who work for the organization, including a sense of security at work and obtaining their rights as company employees.

Organizational Change Agents

Human resource management must be able to bring all human resources to adapt to business development and growth and adapt to the external environment.

In its role as an agent for organizational change, human resource management must be an agent of change for the organization that brings the organization to transform for the better through change management.

3.2. The Role of Human Resource Facilitating and Managing Change

Changes will follow the development of the company (Gandhi,2020). The human resources department has a role in managing the changes that occur in an organization or company. Sometimes the Human Resources Department has to implement changes because the company needs them to adapt to external factors such as changing laws or safety requirements. Sometimes the human resource department has to facilitate change because it is requested by other internal stakeholders such as changes in Information Technology operations because of the need for efficiency or effectiveness. And sometimes the Human Resources department allows change because it's the right thing to do to see the current and future state of the organization.

Regardless of whether the change is necessary, required, correct, or all three, the key ingredient is being respectful. And HR has a key role to play in ensuring that change is identified, developed and carried out respectfully. The behavioural competencies needed by professionals in the field of human resources allow for managing relationships, critical evaluation, consulting and leadership and navigation, to engage employees in the changes needed today.

Human resource managers when the organization has to change, of course, must act as agents of change. This includes planning the change itself in consultation with the senior management of the company or organization. Change is always there, and it happens for many reasons. So it becomes important to manage change.

Changes also occur in human resource management itself, especially long-term structural changes. Where, many HR principles remain the same, but the way HR is implemented has changed and continues to change. The driving force behind the change is the needs and leadership of the organization. Change in HR must take root at every level to be truly effective. One of the key roles of human resource managers is to ensure that organizational strategy and organizational culture are aligned. Without this alignment, the potential for failure is enormous. The human resources department or division must be able to embrace change. This cannot be separated from the role of the division of human resources as an effective facilitator of change.

Change gives birth to new ideas, solutions and growth in organizations. It does not depend on the circle of comfort that everyone in the organization feels. One of the tasks of human resource management is to embrace business transformations that make organizations more agile, ready to adapt and take advantage of the latest innovations to increase competitiveness. Change in the workplace can take many forms from introducing new processes to more disruptive changes like mergers or acquisitions. The main challenges in change are behavioural problems such as objection, rejection or vice versa, drive and enthusiasm in the organization. All emotional reactions that occur in the organization have an impact on the implementation of change itself.

Change cannot happen without someone to facilitate it. The role of human resource management is as a facilitator in managing change by generating positive emotions and neutralizing negative emotions for the success of the organizational transformation.

In any business, when change occurs, human resources can play a key role as change agents as well as change managers themselves.

Change management can start when someone is hired. When a new person is recruited, the human resources division can make that person aware that the organization is undergoing change and he will be expected to participate with opinions and ideas on how to improve things in organizational transformation.

Human resource managers in facilitating change can also use training. For example, an organization can create a certification program to train employees to acquire new skills or improve existing skills and expertise to adapt to changes occurring in the organization. People who have lost their jobs due to organizational transformation or organizational changes can be retrained and transferred to other jobs. The human resources division plays a role in the key areas of training and development, helping to design programs that will be effective in training managers in new ways of doing things to adapt to the changes that occur.

Employee recognition is also an effective way to develop a strong company culture while managing change. Rotating employees is another way to help change.

The HR division can assist the leadership of a company or organization in making changes by describing and defining new jobs that could potentially arise as a result of these changes and the types of skills required for these new jobs. And then, make adjustments with the best people for the new job.

Making and continuing change is really how to coordinate and organize everyone who joins the organization to adapt to the change itself, whether through training, job rotation or anything else that might be done. So that the human resources department has a fundamental role in managing change, it depends on the effectiveness of the human resources department to be able to help or hinder change.

Change management is basically managing people, performance and leadership in organizations, an important concept that needs to be understood from the role of human resources in change management are the facts that the business landscape is constantly evolving. So that to meet these developmental challenges effectively, organizations need to learn how to use change effectively for organizational benefits. This is very important for human resource personnel in managing the changes that occur within the organization because human resource personnel are often at the forefront of implementing changes in an organization.

Making changes, or in other words, transformation is a thing or reality that continues to occur in an organization to develop and evolve to get better competitiveness. The human resource division has an important role in managing this role.

3.3. Organizing the Human Resource Function

The function of human resources is essential and important in the organization. Organizations or companies need a Human Resources function. Almost all companies pay attention to their products in terms of quality, price, delivery, and so on so that customer satisfaction will increase and become customers who support the organization or company by becoming product users and product buyers. Almost all companies pay attention to their customers. Starting with old customers who need attention and new customers who need to be identified and increased their loyalty so that they become loyal customers. This makes sales and marketing an important concern in the company because it increases the cash inflow side, which has great potential in creating profits. Everyone is concerned about finances and strives to make money to spend wisely. However, the people who set up and run all company operations are often given little or no attention, and very rarely is this level of attention given.

Human resources in the company are those who carry out all the company's business activities. Human resources need attention so that the role of human resource management is vital in improving human resource performance. Small organizations often say that they are too small and cannot afford experienced Human Resources professionals. However, even the smallest organization still needs human resources that must be managed properly.

When small organizations see gaps in the simplest of things, the first challenge is recruitment. Hiring doesn't come naturally, or talented people don't just come and apply for jobs. To get talented people who are ready to work for an organization, it takes a struggle to get it. Skills in getting a talented workforce can be learned and taught. This expertise is the expertise of human resource management and its derivatives such as human capital management and change management and performance management.

In terms of recruitment, of course, requires people skilled in interviewing prospective workers. Interviewing skills are not trivial skills. Because in the interview session, there is an exploration of the potential of prospective workers or job applicants. Finding potential human resources in recruitment activities, especially in interview sessions, is a valuable skill in human resource management.

After the recruitment process, there is an employee placement process where in the interview process the human resource manager should understand where

each person recruited is placed according to their abilities, where everyone must be able to be placed in the right position so that they can contribute optimally and encourage organizational performance.

Resignation of employees must also be responded to and responded to professionally so that an evaluation of the causes of the employee's resignation can be carried out. There are many causes for potential workforce resignation. For example, getting better offers from competitors so that they resign from the company and move to a competing company, or other examples are caused by a feeling of discomfort in the work environment so that employees cannot last long. In dealing with employee resignation or dismissal, it must be done professionally so that it can be evaluated and corrected in the future.

The entire human resource management process must be carried out professionally, for example, a good and professional interview process can be a method of exploring potential applicants and finding potential human resources while avoiding bad recruitment so as not to have a bad impact on the organization.

3.4. Preparing, Justifying and Protecting the Human Resource Budget

In carrying out its duties and roles and functions, human resource management requires a budget. There are two types of budgets on human resources, namely budgets for internal use of the human resources department and budgets that are used for all departments in the organization because the human resources department manages all the people in the organization who work in each department owned by the organization. In preparing the human resource budget, it must be carried out as best as possible and as rational as possible and sufficient to fulfil all human resource activities.

The ability to budget the human resources department is a valuable skill. This shows the organization that the human resources department can be a true business partner. The human resources department needs to participate in the budgeting process to meet budget requirements in the human resource management process.

In budgeting, especially those related to investment in human resources, including investment in human capital, it is necessary to make and describe the projected investment estimates, both directly and indirectly, such as investment in improving the form of performance which in turn has an impact on improving organizational financial performance. Human capital investment and investment

in human resources that are measured through the performance of human resources, including using a measurement based on investment on investment issued, which is known as the return on investment ratio.

The human resource budgeting system for submission to the finance department, in general, has a type of budgeting, namely zero-based budgeting and incremental budgeting. With the following explanation:

- Zero-based budgeting: Each cost item that makes up the cost structure must be evaluated and adjusted to the projected cost requirements in budget realization based on general price standards, so that budget expenditures are disbursed so that the entire budget is projected to be absorbed or zero.
- Incremental budgeting: This type of budget is an adjustment budget for the previous budget because of changes in prices that affect costs or changes in activities that affect costs and thus require a budget.

The budget that is made will be better if it is accompanied by a calculation of the estimated return on investment or ROI of what is invested. Here are some steps you can use to build a budget:

1. Identify budget calendar
2. Review prior budgets
3. Establish goals
4. Identify capital expenditures
5. Create the department budget
6. Monitor budget regularly.

The tip or step can be used in an iterative process.

Identify budget calendar

Budgeting is essential to support organizational activities. In budgeting for human resource budget requirements. It can be developed through the routine activities of the HR department, which are generally recorded on the calendar so that it can be processed and budgeted based on the calendar

This, of course, can help budget formulation based on needs and disbursement time. Budgeting can be done all at once in one budgeting period, for example, once every six months or every year or it can be budgeted based on activities. This, of course, needs to be adjusted to the needs of the organization and coordinated with organizational officials, especially finance.

Review prior budgets

The evaluation of budgeting in the previous period is the basis for planning the present and the results of the evaluation of current budgeting form the basis of

future budgeting. This is necessary for budget refinement and preparation of human resources work programs.

Are you budgeting a lot of money for something that isn't being spent?

Why isn't the money used?

Aren't you budgeting enough for something?

Why did you go over budget?

This may prompt the need for some additional research, but it's well worth it. If you have to justify your budget figures, then you'll want to know this information.

Set goals

Before determining the human resource budget, coordination between departments is required to determine the resource budget because human resource activities are closely related to all departments in the organization. Goal setting is important in budget preparation because budget preparation is related to work programs.

Identify capital expenditures

Budgeting aims to prepare a budget to finance all departmental activities. Budgeting, of course, needs to know the costs incurred in each activity to be carried out. Human resource budgeting must, of course, cover all the activities that human resources will carry out following their role as human resource management.

Create a departmental budget

After understanding the cost structure and large costs that arise that adjust to the goals of the organization and following the objectives of human resources, budgeting needs to be done. There are two types of budget strategies:

- Additional budgets are based on adjustments to the current budget.
- Zero-based budgeting means that every item in the budget must be justified. Past budgets are not considered in the process.

When you think about budget line items, keep in mind a few key areas:

Revenue: More and more revenue-generating human resources departments. They sell training programs to third parties or allow tours of their organization (for a nominal fee). The human resources department is not always a department that only absorbs costs but also generates revenue, including indirect income derived from improving the performance of human resources.

Expenditures: Unlike some departments, the human resources department has two types of expenditure viz costs that only impact the human resources department, and costs that impact the entire organization.

Consider budgeting carefully because budgeting aims to make financing effective and efficient to support organizational performance and have an impact on financial performance.

Personnel analysis is needed in budgeting to understanding the needs of each employee so that it can be properly financed as needed and not excessive.

Employee compensation is a right that must be paid and must be appropriate to maintain employee loyalty and work motivation. Employee compensation can be in the form of a combination of salaries, allowances and bonuses for material compensation. However, employees can also be given compensation in the form of additional leave periods, skills development, and vacations with other employees and their families at the end of the year. Of course, such things need to be budgeted well.

Monitor budget regularly

Once your budget is approved, create a process for reviewing expenses to make sure you stay on track. If your organization holds a budget realization review meeting, it is recommended that human resource managers participate in the budget realization review.

The art of budgeting is essential for human resource management. Budgeting is not always the most enjoyable activity. Still, it will be a place to learn a lot about the organization and build valuable relationships with other business parts of the organization.

After understanding the budgeting process, it's time to understand the human resource cost structure that needs to be funded in general as follows:

1. Compensation and benefits
2. Human Resources Information System
3. Training and development
4. Human Resources Services

Compensation and benefits

Compensation and benefits generally make up the majority of the human resource budget. Because generally, companies allocate compensation in the form of salaries, allowances and bonuses in the human resource budget. This includes the health insurance budget, work safety insurance budget. Includes a budget for

employee training and education. The joint vacation program can also be budgeted on the human resource budget because shared holidays can increase social capital and interaction between employees. Additional compensation costs in the form of overtime pay are also generally borne by the human resource budget.

Human Resources Information System

Human resource information systems are an essential part of most HR departments. The use of software in information system development if needed can be budgeted for financing

Training and development

Training and human resource development is an important and fundamental thing in human resource management. So that the budget for training programs and human resource development is vital and must be able to meet the needs of training and human resource development, this is part of the human resource strategy because the focus of modern human resource management is the improvement and development of strategic human resource performance. This budget needs to include costs of both digital and printed training materials, speaker fees or fees, access to online training and conference room rentals.

Offsite, if needed. Meet with top management to determine what training modules they want to provide throughout the year to develop your budget for your own staff, including human resources organization membership fees, conference fees, and travel. The training and development budget should normally be provided with a sufficient budget to finance training and development in all departments in the organization.

Human Resources Services

The human resources department can meet not all the needs of all human resources in an organization. The human resources department can use human resource services that come from outside the organization, such as job search services for the completion of odd or non-strategic work, so it is necessary to budget for human resource services from outside the company.

If the company goes on vacation together or outbound activities to increase motivation and social capital and organizational capital, the human resources department can use tour services and agents that come from outside the organization. Including training costs that come from outside the organization, newspapers and magazines that are subscribed to the office to increase employee insight can also be budgeted from the human resource budget.

Make sure the proposed budget is sufficient to cover all human resource management activities for all employees and departments that are human resources managed by the human resources department.

3.5. Outsourcing Human Resource

Human resources are complex resources to manage and require a lot of time and money in human resource management, so a special department is needed to manage human resources, namely the human resources department. To reduce the burden of human resource management, outsourcing resources can be used from outside so that the outside agency covers the maintenance costs for maintenance and training of human resources and all other management activities.

Outsourcing can be used for activities that can accommodate non-strategic human resources, especially business activities that are not strategic and do not require special expertise so that the burden of resource management can be adjusted and can be implemented in strategic human resource management that can encourage better organizational performance.

An active HR outsourcing strategy will ensure better results at lower expenses, which is better than a full-time HR department with regular annual payment expenses. HR outsourcing services are extremely beneficial for startups and small and medium enterprises, which need exceptional talent to scale up their business operations.

HR outsourcing is the most sought-after solution to manage the human resource requirements of startups and small and medium level enterprises. The reasons are obvious HR outsourcing minimises their expenditure and allows them access to expert recruiters. Plus, they can expect better results without worrying about the challenges that in-house Human Resource departments face today.

People are the most important asset of an organization. Leading companies around the world are taking a more strategic approach to manage their human capital. They outsource their day-to-day human resource functions to focus on strategic HR issues that impact company performance and shareholder value. However, for small businesses, managing human capital can be a daunting task. So that the need for human resource outsourcing is more on simplifying administration for small businesses so that their resources can be focused on strategic needs. The human resource outsourcing function can reduce administrative workload and free time so that it can focus on business goals.

Technology can also help reduce the administrative burden on human resources, for example, cloud computing. Internet-based cloud computing technology is not a new technology in human resource management. It can be used in managing human resources properly where cloud computing technology can support data exchange without geographic boundaries so that the process of exchanging data and information can be faster, more efficient and easier. Cloud computing technology in human resources is certainly beneficial and not new in human resource management.

Information technology, such as cloud computing, enables the management of human resources with employees to be reliable and communicate well regarding the role of human resources in caring for and developing employees.

Internet-based information technology can also be used as an effective recruitment tool, for example, through social media. This can reach the millennial generation who are fresh and ready to work well, of course, with human resource criteria and standards that have been adjusted to the needs of the organization.

One of the advantages of outsourcing is that the organization benefits in the form of a reliable supply of human resources at competitive prices. They can also focus exclusively on doing what they are good at, thereby increasing their own competitive advantage.

Human Resources Outsourcing is a process by which a company uses third-party services to maintain its HR functions. The company can outsource some or all of its HR-related activities to one or a combination of its services.

Recruitment and selection, payroll and compensation management, staff training, employee benefits and services, job evaluation are examples of these functions. Outsourcing can be used effectively for repetitive types of work so that it can be easily assigned to third party specialists who will be able to produce results that are excellent, leading to the high cost and labour savings. Through process standardization, specialists can also provide services at a good speed.

At the same time, organizations must continue to carry out transformational HR roles such as attracting and retaining talent, bringing about strategic change in partnerships with line managers, championing employee issues, etc. Across boardrooms and business schools, HR Departments are primarily seen as a powerful tool for attracting and retaining talent, building workforce capabilities, handling complaints, and getting the best out of people.

Human resource outsourcing is a breakthrough to reduce the fixed costs of recruiting human resources and their training for non-strategic workers. Outsourced labour can reduce the burden on human resource management. However, the use of outsourced resources also has a weakness, namely the lack of communication between the human resources department and the outsourced workers involved. As a result, the outsourced workers feel that they are not part of the company. In reality, they are not part of the company but part of the outsourcing workers who are contracted by the company to complete the company's non-strategic work.

3.6. Shared Human Resource Services

Modern human resource management focuses on collaboration to achieve an optimal economy so that efficiency can be possible. This is what lies behind Human resource shared services. Human resource shared services are human resource services that are shared by other companies and are professionally managed by companies that provide human resource shared services. So that companies that use Human resource shared services can save on human resource service costs ranging from data analysis, employee recruitment to complex human resource management functions.

In many companies, the Human resource function is undergoing a massive facelift to close the gap with today's business needs. A prerequisite for a successful HR organization is the establishment of an effective HR operation or Human Resources co-service organization. Human Resources co-service organization that offers client-focused, responsive, cost-effective, and consistent Human Resources services to managers and employees.

Regardless of their size, most businesses grow rapidly. It is for that reason that leaders in this business are aware of seeing many of their internal services reach their limits. The Human Resources Department is not immune to this effect. In fact, Human Resources can be tested every day because tasks must be completed at the same rate and a much higher frequency. This is where changing a normal Human Resources approach to a Human Resources shared service approach can be a real solution.

Shared services provide a platform for human resources to create capacity by streamlining and automating work, to build credibility through process execution, and to enhance customer experience with the empowerment of digital tools and exceptional service delivery. Shared services are not a new concept for human resource professionals. Although no definite data is showing how many company employees use the human resources shared services approach.

Human resources shared service is a strategic way to provide Human Resources related services to a growing employee base, offering several advantages such as continuity and efficiency.

Task consolidation and Human Resources Shared Service

When the company is growing rapidly, the need for human resources also increases. For large-scale recruitment and adaptation needs, in many ways related to fulfilling the resource management function, it requires a lot of costs. It is a fixed cost because it is a new investment in new and most massive human resources. Shared human resource services are a solution to help human resource management services.

Optimizing HR operational efficiency

Companies that grow quickly must be accompanied by sound and healthy human resource management. But sometimes the human resources department already has an accumulating load of tasks. Shared human resource services can share the burden between human resources departments and shared human resource service providers so that the human resources department can focus more on managing strategies and managing strategic talents or human resources.

Continuity

Human resource services are managed by a company that manages human resource management to meet the human resource service needs of other companies. So that human resources owned by resources that help manage other human resources have routine activities that have been carried out for a long time so that they have good continuity. Internal resources can focus on strategic tasks.

With the free transfer of human resources to other companies. Internal companies can only focus on strategic work so that company growth and increased competitiveness can be greater.

Talent base development and retention

The internal human resources department can focus more on developing strategic talent services for the company because some of the human resources have been transferred to other parties. This makes the human resources department more focused and provides better human resource services to employees or talent strategies so that they can further develop and drive the company's strategic performance.

Improve employee experience

With shared human resource services, recruitment and placement can be done quickly so that organizations can be more agile and develop with the focus of the human resources department on developing strategic talent so that the experience of human resources can develop and be adaptive to changing times.

Saving Money

By using resource services that are generally managed in a modern way and using modern human resources, it can help the company time and money so that the company can increase its human resources more so that it improves financial performance.

3.7. Evaluating Human Resource Function

The need for human resource management is inevitable in all large and small companies. Human resource management is also related to human rights and issues related to law, labour laws.

Company leaders must understand the important role of human resource management who must understand the understanding of each department and the needs of each department for human resources with the right skills.

In terms of human resources, each process needs evaluation and measurement to get better results in the future. These are the human resource evaluation approaches: audit approach, analytical approach, qualitative and quantitative approaches, balanced scorecard perspective, and benchmarking.

Human resource management audits can work with the finance department to carry out audits and comprehensive checks from financial audits to examining human resource activities in each department. Human Resource Management Audit, as its financial audit partner, has the following elements:

- Independence from the subject being audited
- Technical work in the form of a systematic gathering and analysis of data
- An evaluation of the HR activities, policies, and systems based on the evidence
- A clearly defined objective of the process
- Action in response to audit findings.

Human resource management audit offers several benefits, as outlined below:

- Provides verifiable data on the human resource management function
- Clarifies the Human Resource function's duties and responsibilities

- Identifies critical Human Resource problems
- Helps align HR strategy with organizational strategy
- Improves the status of the Human Resource function
- Helps reduce Human Resource costs
- Helps review and improve the Human Resource Information System.

HR audits can be done by examining partially or examining the whole. If it is partial, the HR audit covers several areas of HR, for example, the compliance of managers and supervisors with established Human Resources principles and practices. In a comprehensive audit system, all Human Resources activities such as Human Resources Performance, employee recruitment, training and development, performance management, employee welfare, occupational safety and health, Industrial Relations, and the like will be covered. Better results from HR audits will be obtained if a comprehensive or comprehensive audit can be carried out properly.

The auditor can adopt one of five approaches to evaluation: the comparative approach, the outside authority approach, the statistical approach, the compliance approach, and the Goal-Based Management approach. It could be argued that regardless of the approach, the data for appraisal was provided by HR research.

In a comparative approach, auditors identify other firms as models. Their organizational results are compared with the results of the model company. By comparing with outside companies, the weaknesses and strengths of the company can be found based on the results of the comparison so that it can be the basis for determining training to overcome company shortcomings and develop the company.

1. Statistical Approach.

Statistics are based on statistical data that is owned by the organization, or statistical data collection is carried out which is then carried out by mathematical and statistical analysis which can then be known by general results from the results of data collection and examination based on existing statistical data or those that have been made or found using standardized statistical rules systematic and transparent. Then the audit team examines actual performance and compares it against objectives.

2. Analytical Approach

The second approach to evaluating human resource management is the analytical approach. The analytical approach relies on cost-benefit analysis, which is also called utility analysis. Utility analysis seeks to express evaluation in

economic terms, which is more useful for decision-makers. Several HR activities have been evaluated with utility analysis, including grading systems, hiring, training, and employee turnover.

With costs and benefits, it can be seen the scale of the financing, and it can be seen that the cost structure is profitable and unprofitable so that it can be a basis for consideration for decision making after the audit is carried out.

3. Qualitative and Quantitative Indices

Analysis and qualitative are complementary analyzes where numerical and mathematical and statistical-based analysis can easily provide an overview of what is happening. So that the audit process with a quantitative approach can produce an overview of the condition of the company or organization. To find out more about important and fundamental matters, a qualitative analysis that is more focused on sources and exploration can be used so that something that is happening in the company can be understood and can be used as a basis for finding solutions if a problem occurs, the basis for development if there are weaknesses and the basis for decisions other.

4. Balanced Scorecard

Developed by Robert Kaplan and David P. Norton, the Balanced Scorecard can be used as a tool for evaluating the effectiveness of Human Resource Management. The Balanced Scorecard contains four dimensions of analysis, namely organizational financial performance, customer service, internal business processes, and the capacity to learn and achieve growth. In these four areas of analysis, managers need to identify key performance indicators that should be identified and evaluated in the organization. Each dimension of the analysis is interconnected and interrelated to provide a picture of complete unity (Gladden, 2017).

In a comprehensive evaluation, evaluation of human resources must pay attention to the entire department and determine the strategic key indicators of the organization or company so that a good and comprehensive balanced scorecard analysis can be carried out. Evaluation of human resources also includes financial evaluation because it relates to financing, including human capital investment and investment returns, which relates to operations. After all, it relates to the performance of human resources as reflected in the quality of the company's operations. It relates to marketing because it reflects the competitiveness of human resources and is related to the quality of the

performance of human resources themselves in developing knowledge and organizational growth.

5. Benchmarking

Benchmarking is an effort to improve and evaluate by adopting organizations or companies that are successful or large first so that they can be used as benchmarking and become organizational motivation, especially managers in catching up with or at least matching the performance or success of the company or organization being benchmarked.

Benchmarking involves seven sequential steps:

1. Identify HR practices for benchmarking. Critical practices from the organization's perspective are identified for benchmarking.
2. Constitute a core or a project team to handle the benchmarking process.
3. Identify benchmarking partners organizations from the same or different industry, competitors or non-competitors, or International firms-who are known to have tried best practices successfully.
4. Collect data from each of the benchmarking partners (for example, firms A, B, and C).
5. Analyze and interpret the data.
6. Prepare a comprehensive report based on data analysis and interpretation.
7. Develop action plans to improve HR strategy and practices.

Based on this approach, human resources can be evaluated based on the needs of the organization.

Chapter 4

The Role of Human Resource Practitioner



Illustration of Human Resource Practitioner, Photo by mentatdgt (Singapore)

4.1. Basic Roles of Human Resource Practitioner

Human resource practitioners work in the human resources department to ensure the company runs well through its human resources. To carry out their roles and duties, they empower human resources to carry out various activities ranging from data collection to providing compensation and motivation to employees.

In general, an HR Practitioner is expected to invite qualified talents, care for them and ensure they survive. Quite simple at first glance, but difficult to do.

It is the responsibility of the human resources practitioner to ensure that the Compensation and Benefits organization is externally competitive and internally equal. If it is not emphasized, others will hijack productive and talented employees. There should also be a Performance Management System that is

clearly defined and less subjective in measuring the actual performance of each employee based on updated job descriptions and predefined behavioral or attitude attributes.

Human resource practitioners should also devote budgets to Learning and Development to create a learning culture. Organizational development is centered on HR data research and analytics. Loyalty of HR is not to anyone or anyone but for the common good and sustainability for everyone.

The role of human resources in the organization is very diverse because human resource empowerment must be able to help all human resources who work in the organization so that they have very diverse and complex roles.

Human resource management practitioners act and act as business partners or organizations that are involved in organizational development through good human resource development, recruitment and placement of the right people in the right job positions. The basic roles of the human resource practitioner are described in more detail below:

1. Provision of services

The basic role of human resources is to provide human resource services that meet the human resource needs of the organization so that the recruitment or use of outsourced labour is the responsibility and authority of the human resources department. Not only that, another important role related to human resource services is the development of human resources and preparation of career paths to motivate employees and improve employee performance which ultimately improves overall organizational performance.

2. Guidance and advice

Human resources at a total level in the organizational hierarchy that need to be coordinated and directed together towards organizational goals. The role of human resource management is to direct human resources as a whole, provide advice and advice and guidance on human resources by their respective roles. This includes the management of individual performance in each human resource so that it is known which groups need to be developed through education and training and groups that need to be promoted with certain criteria.

3. The role of the strategist

Taking a role as a strategic determinant, of course, the human resources department must develop a human resource strategy to support organizational

goals and carry out these strategies through the recruitment, placement and development of human resources in an organized manner leading to organizational goals so that organizational goals can be carried out.

4. The role of business partners

As the role of business partners, human resource management must be aligned with organizational goals and provide human resource services to support organizations that achieve organizational goals. Acting as a human resource mainstay business partner must be involved with the formulation of an organizational strategy to become a resource strategy.

5. The role of innovation and change agents

The organization is expected to continue to develop and change developments. Change itself gives birth to new creative ideas and new innovative breakthroughs that increase competitiveness. Somehow a problematic organization that harasses the convenience of the stakeholders that needs to be well communicated and managed. Acting as an innovator and change agent in human resources must bring everyone in the organization to adapt and benefit from these changes.

4.2. Gaining Support and Commitment

Employee commitment can be built through communication and consultation, where employers and job recipients can maintain good relationships. Here the role of human resources in maintaining good relations between employees and the organization is communication. Communication helps managers to understand complaints and objections felt by employees so that they can provide the best and mutually beneficial solutions. When employees feel valued and given the best by the organization, employee commitment will be formed. There are at least three types of employee commitments:

1) Affective commitment

Affective commitment arises naturally through the process of communication and mutual respect between employees and the organization so that a sense of belonging to the organization arises which is called self-identification. When employees link their identity to the organization, naturally, the employee will act and behave to maintain and provide the best for the organization.

2) Normative commitment

Normative commitment generally arises between job requirements, both due to income needs motives and self-actualization motives so that employees stay with the organization because they know the consequences when leaving the

organization. This commitment is related to self-interest or personal interest in the organization, not from a sense of belonging or part of the organization as a whole.

3) Commitment to continuity

Continuation commitment represents a commitment based on a sense of need for the organization either because of material needs or self-actualization so that employees who feel this way do not want to leave the organization as long as they have not found a better alternative to the organization. This kind of commitment will be shaky and tend to be easily hijacked by competitors.

Commitment between employees and the organization is the accumulated experience and working relationship between employees and the organization. So that in addition to employee commitment, there is also organizational commitment.

Employees with high commitment are an asset to the organization because those with high commitment can reduce turnover or turnover of employees to reduce the cost of human resource turnover.

Highly committed employees also try their best to provide the best for the organization. With this high commitment, it makes the organization worthy of retaining employees and investing in committed employees.

Employees with high commitment automatically have a high level of job satisfaction and are ready to accept human capital investments to improve their performance in the organization and can transmit positive work spirit to their colleagues.

Get Employee Support

Employees who are comfortable in their workplace will feel motivated to provide the best performance for the organization. This work motivation can increase over time with a good investment in human resources. Employees who are comfortable with their work environment tend to perform well and by themselves will provide their best support for the success of the organization or company.

To get support from employees, of course, employees must be placed in an appropriate job. Placing people who do not follow their work will reduce performance and motivation because employees are in the wrong position in the organization. So from placing work positions with employees, it is very important

related to employee comfort and employee support for the organization or company.

Monotonous and stagnant work will reduce productivity, which in turn leads to boredom and boredom, which can reduce work motivation and ultimately, employee performance will decline. To eliminate this, of course, employees need to be given leave or leave and training as well as self-development and skills so that they can be placed in new jobs that are more challenging and increase work motivation.

Communication with employees is the key to employee loyalty and commitment by communicating and discussing which triggers employee frustration and triggers employee complaints in the workplace so that joint solutions can be found to encourage work motivation, loyalty and commitment of employees and employees. Support.

Doing activities outside of work occasionally is good to support social capital in the organization, such as going out together or just having lunch together. This is sometimes necessary to break the tense atmosphere in the work environment.

4.3. Ethical Considerations

Human resource management must be managed professionally and responsibly. Ethics is the key to moral responsibility for human resource management because it relates to human welfare, occupational safety and health that need to be considered in human resource management (Stewart & Brown, 2020).

Practitioners in the field of human resources must uphold ethics in human resource organizations. Because human resource management is related to rights and obligations. Here are six organizations in human resource organizations with ethics in mind

1) Know the laws

Managing human resources can never be separated from the realm of law, especially those invited by labour. By looking at the law of human resource management or those related to human resource management, you can take a basis for decision making so that there are no legal problems in human resource management.

2) Prioritizing professional development

Human resource management continues to evolve, and developments always create change and are a necessary adaptation. To adapt, the latest knowledge and information is needed so that the development of professional human resources developed with the latest knowledge and information on human resource development can make human resource management adapt to the latest developments.

3) Be an ethical HR leader

For human resource organizations with good ethics, it needs to be done by people holding and applying ethics. So that being an ethical figure becomes an important asset in the application of ethical human resource management.

4) Understand conflicts of interest

The existence of conflicts of interest in business operations is something that is often encountered. Understanding the interests of interests among human resources must immediately identify the main causes so that they can be minimized. Minimizing conflicts of interest can improve the quality of human resource management, which in turn can improve the performance of human resources.

5) Applying diversity and inclusion practices

In an organization, diversity is something that is very often encountered because in an organization, many people may come from different religious backgrounds and beliefs, or maybe some are religious, and some are not. The diversity of backgrounds should not lead to conflict, but instead, become a culture of mutual respect and influence the performance and work environment in a work environment consisting of many different backgrounds.

6) Maintain the confidentiality of information

Of course, professional human resources have access to personal information related to employees' backgrounds who cannot enter arbitrarily. Employee personal matters should be kept secret, and it is the duty of human resources professionals to maintain this kind of confidentiality. The ability to keep secrets can be useful for avoiding conflicts and conflict triggers that cause insecurity in the world of work.

Human resource management jobs are full of challenges and at the same time, senior needs in human organizations to become superior resources who perform well so that the organization can achieve its goals.

Human Resources Practitioners can influence the climate of ethical review by designing performance evaluation systems that emphasize objectivity and by training managers incorrect ethical procedures and practices. Three general and fundamental things in the application or ethical considerations in human resource management practices, namely ethics in recruitment, Ethics for Compensation

Ethics In Recruitment

Recruitment of employees has technical ethics in personal preferences and organizational needs. Recruitment of employees starting from the process of announcing job vacancies, selection to placement must be carried out objectively and professionally so that they can suppress personal preferences and focus on looking for talents or talents that match organizational needs.

Recruitment that is not professional and subjective tends to violate ethics in recruitment. This should be avoided as it can harm the organization. Recruitment that runs fairly, objectively and transparently is the ethics and responsibility of the human resources department.

Ethics of Compensation

In providing compensation in the form of material or cash and non-material or non-cash, it must be carried out fairly by considering the employee's contribution and the benefits the organization will receive from the employee's contribution.

Compensation must also be appropriate, which means that it is following generally accepted wage standards for the work completed by the employee. In giving compensation, there should be no practice of favouritism or favouritism based on subjective judgments. This can lead to conflict and reduce overall performance and is certainly unethical.

Workplace Safety

A work environment that is safe and meets security standards is the responsibility of the organization. In this case, the human resources department must determine and implement security standards that apply to all company operations. Safety standards can increase work motivation and a sense of security for employees.

Safety procedures, including emergency procedures, must be developed and implemented as well as possible. The human resources department must ensure that all employees comply with safety procedures in the workplace so that things

do not go wrong. The human resources practitioner must obtain approval, select reliable providers, and interpret the findings impartially to improve worker safety.

4.4. Human Resource Professional Requirement

The role of human resources continues to grow. The development of human resources makes human resources continue to transform. The transformation of human resource management follows the transformation of the business world and the needs of the community as well as technological developments. From the development and transformation of human resource management, it has an impact on the criteria for the need for expertise and skills in the field of human resources. The main skills needed to become a human resource field are as follows: Communication skills, critical thinking, organizational skills, leadership.

Communication skills

Communication skills are critical skills in human resource organizations. Communication skills are important in coordination, human resource development and extracting information for the detection of problems related to human resources for the roots and extracting information as a basis for analysis for human resource management decisions.

Critical thinking

Critical thinking is a prerequisite to becoming a human resource. Because critical thinking can be used in dealing with various problems of human resource management and the best breakthrough efforts in human resource management.

Organizational capabilities

While there are many key competencies that any human resource professional today should master, Having good organizational skills is the main asset in being a practitioner of human resource management. in human resource management activities, human resource management practitioners must understand the procedures for organizing and organizing as well as being part of the organization. Organizational skills are an absolute requirement in managing human resources because organizing human resources is one of the main tasks of managing human resources.

Leadership

Leadership is the key competence of human resources because human resource management is an activity of directing all human resources of an organization towards organizational goals. Human resource managers must be able to systematically direct all employees within the company to move in the direction that has been set by the organization. So that leadership is needed in directing human resources by organizational goals.

Chapter 5

Role of The Front-Line Manage



Illustration of Front-Line Manager, Photo by Christina Morillo (USA)

5.1. The basic Role Front-Line Manager

Front-line managers are the lowest hierarchical managers in the management hierarchy who are in charge of managing daily business activities and are tasked with managing staff or implementing employees as well as company representatives for executive employees.

The front line manager plays an important role in the success of directing the performance of implementing employees to achieve organizational goals as well as managing daily operational activities with implementing employees. This is especially true in organizations that leave this activity to line managers. Hence, it is important to provide proper thinking about how line managers are selected, managed and developed to ensure they are successful in their roles.

The front line manager has a role in supervising implementing employees so that they can work properly and report the results of their supervision to the manager above them. Front line managers fight as company representatives for employees working in the company, so that front line managers also act as employee advocates. Front line managers are responsible for ensuring business operations can run according to organizational strategy. The front line manager also serves and acts as an employee manager and employee motivator so that they can work to carry out all company operations. Some of them are:

- Recruit talent to fill team positions
- Provide training and support for new employees
- Cross-training employees to ensure job rotation and minimize job coverage gaps
- Provides coaching and performance feedback to all team members
- Communicating and ensuring an understanding of functional or departmental objectives
- Measure individual and team metrics and performance against targets and monitor progress
- Identify the need for corrective action if necessary.
- Ensuring quality standards for all processes on their team
- Evaluates overall team and individual performance and provides performance reviews
- Engage and coordinate with other line managers throughout the organization
- Provides reports on productivity and other performance indicators to senior management

The daily job of the front line manager is to ensure and report the employees still working effectively and efficiently. Important skills that a front-line manager must possess include effective communication skills, active listening skills, the ability to prioritize and delegate tasks, leadership and the organizational ability to manage employees working with them.

Front-line managers are part of the management who deal directly with employees and customers and act as team leaders in day-to-day operations. Front line managers affect employee job satisfaction, employee motivation to the performance of employees who work with him, including customer satisfaction and customer loyalty.

Front line managers become the front line of management in carrying out the overall management of the company and work hard to achieve attainable organizational goals. The front line manager also acts as an identifier for the

talent development that employees need to the employee promotion recommendations that are managed by the front line manager.

Front-line managers are at the forefront of enforcing employee discipline on human resource policies and organizational rules, including standard operating procedures that employees must follow. Front line managers act as leaders and supervisors of employees.

5.2. The line manager and people management

The main responsibility that line managers have is not only to help the business achieve its overall goals and objectives but also to meet the individual needs of the people they manage. This includes creating employee comfort, motivation for employees to do their best, and the responsibility to retain talent. or talented employees.

People management strategies can create a positive work experience for employees so that they can become a loyal part of the company and can build a comfortable work atmosphere with a healthy and productive work culture.

People management is human management in general in terms of building performance and organizational culture as well as work motivation that focuses on performance.

People management is an important part of human resource management which focuses more on managing people as a whole on overall performance based on motivation and building a comfortable, healthy and productive work culture.

People management, tasks supporting the key pillars of people management include employer branding, recruitment, compensation, performance management, organization development, safety, wellness, benefits, employee motivation and engagement, communication, administration, and training. Person management is more about building work culture through the total arrangement of people working together in an organization to create a good and enjoyable work experience.

People management, in general, has a spectrum of five key components that can together effectively build an engaging employee experience to optimize and retain the best talent better. The five key aspects, also known as the 5 Cs of people management, are as follows:

1. Create

2. Comprehend
3. Communicate
4. Collaborate
5. Confront

1.Create

Building a work environment and work culture is the task of people management in realizing a good and productive work environment, it is necessary to build a great work team, a strong structure and a good, healthy and productive culture.

2.Comprehend

Understanding and empathizing with existing human resources is the key to successful people management. Through understanding and empathy, effective communication can be built to maximize healthy discussions and work agreements as a basis for building a healthy and productive organizational culture.

3. Communicate

Providing communication channels for human resources and building good communication is the task of people management in building a healthy organizational culture. Communication, suggestions, criticism and feedback from employees can be used as the basis for building a healthy organizational culture, acceptable to all employees and productive so that everyone who works in the organization can work well by contributing maximally to the achievement of organizational goals.

4. Collaborate

Collaborating is the core of healthy and productive work culture with collaboration with mutual respect and understanding can create a comfortable working atmosphere and work together to form strong social capital. So, the work within the organization can be completed properly, quickly and correctly and to be a better overall performer within the organization.

5. Confront

Differences within organizations are often found so that people management needs to deal with and handle them well. Differences and conflicts are common in organizations. The task of people management is to deal with it well and make differences as strength and conflict as glue, conflicts must be resolved and disputes between employees, if any, must be ended immediately and reverse the conditions to be peaceful and friendly.

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