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# RESEARCH STRATEGY FOR INCREASING HUMAN RESOURCES CONTRIBUTION THROUGH HUMAN RESOURCE SCORECARD DESIGN AT PT NASIO KARYA PRATAMA

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ABSTRACT

The purpose of this study were to identify HR Deliverables (as objectives strategic, lagging and leading indicator, and aiming decision), alignment process beetwen HR Deliverables with human resource architechture, and finally making decision about enlarging human resources programs. This study too was assessment design scorecard with gap analysis and than used indicator index to assess there performance. The purpose to assessment is to know performance scorecard, especially lagging indicator this period. The result of these assessment to used make decision enlarge human resources programs for management.

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## 1. INTRODUCTION

Some time ago, mastery of resources such as land, labor, nature, and capital was the basis of comparative advantage for companies in winning the competition. In the current economic era, comparative advantage is no longer a strong enough basis. The role of globalization changes the point of view that the company's comparative advantage will be easily imitated by its competitors, because everything that used to be limited to accessing resource information has become relatively unstoppable. Therefore, in an effort to win the competition, companies need new advantages that are not easily imitated by competitors, namely competitive advantage.

Swierz and Spencer in Nursya'bani (2000), provide a definition of competitive advantage (competitive advantage) is a unique position developed by an organization as an effort to beat competitors. Pfeffer (1996) states that sources of competitive advantage will always change over time. This opens up a new view for management, that companies do not only rely on technology, patents, or strategic positions in creating competitive advantage, but also how they manage human resources as a source of sustainable advantage. Excellence through human resources for HR professionals is seen as human capital, namely resources placed or viewed as strategic assets. This view has become the focus of management's attention, especially HR professionals, that human resource management must be in line with the company's vision, mission, objectives and strategy. Therefore, an HR system that is in line with the implementation of the company's strategy has strengths that support each other, so that it will produce extraordinary and sustainable organizational performance. Thus, the focus of strategic human resource management is on human quality, which is believed to create a competitive advantage for the company.

The human resource measurement system that links people, strategy, and performance is a system that is being tried to be adopted through this research in case studies at PT. Nasio Karya Pratama. This measurement system is known as the human resources scorecard. For HR professionals, the human resources scorecard is nothing but a method/tool in how to manage human resources as a strategic asset. For this reason, this method is a tool in ensuring that all human resource decisions are the right decisions and support the implementation of corporate strategy, so that these decisions become effective and efficient.

## 2. LITERATURE REVIEW

### 2.1. Implementation of Sustainable Finance

Organization is something that is abstract, hard to see, but we can feel its existence through all aspects of life even though the organization itself cannot be seen or touched. From its abstract nature, organizations can be defined from various points of view. Even so, there is a common understanding of all the various definitions of organization (Huseini and Lubis, 1987), namely: (1) organization as a social unit,

(2) interacting with each other according to certain patterns, (3) creating functions and duties each for each member, (4) the organization also has certain goals and clear boundaries, and (5) based on certain goals and boundaries, the organization can be strictly separated from its environment.

**Strategic Management System**

Thinking strategically, actually unknowingly exists in the simple activities that normal humans do in general. For example, if we want to go somewhere and see a cloudy sky, we will prepare an umbrella to accompany the trip. This simple description can give the image that thinking strategically is part of human activity both unconsciously and consciously. According to Dirgantoro (2004), strategic thinking is simply divided into two generic elements, namely: considerable factors and strategy. Considerable factors are factors that are taken into consideration or become input for the thinking process and influence it either directly or indirectly. These considerable factors in strategic management are known as position audits, in which the organization determines strengths and weaknesses, and identifies opportunities and challenges. This position audit will give birth to a second element, namely strategy

The framework for strategic thinking in organizations has a very complex scope. Therefore, the organization implements a strategic management system in achieving its vision, mission and goals. David (2004) describes strategic management as a science of formulating, implementing and evaluating cross-functional decisions that enable an organization to achieve its goals. The purpose of strategic management is to exploit and create new and different opportunities in the future, the long-term planning process, and try to optimize tomorrow with today's trends. Furthermore, David divides the stages of the strategic management process into three main stages, namely strategy formulation, strategy implementation, and strategy evaluation. The activities of the three stages of strategic management can be described below:

1. The formulation of the strategy includes preparing the business mission, identifying external challenges (threats) and opportunities (opportunities), determining the strengths and weaknesses of the organization, setting long-term goals, determining alternative strategies and selecting strategies.
2. Implementation of the strategy is the action stage of strategic management, namely in the form of actions in setting annual targets, making policies and allocating other resources.
3. Evaluation of strategy, which is the final stage of strategic management, where managers are required to know information about when and where a strategy is not working well. All strategies implemented have the potential to experience changes in the future due to changes in external and internal organizational factors.

**Balanced Scorecard Approach**

The initial goal of Kaplan and Norton in developing the balanced scorecard concept in 1992 was to measure the performance of executives in the form of a scorecard. The success of performance measurement with the balanced scorecard approach develops new thinking for Kaplan and Norton in Mulyadi (2005), that the true power of the balanced scorecard will appear if it is used in strategic planning.

The balanced scorecard concept clearly illustrates how an organization can create value. The first step starts from the development / empowerment of intangible assets owned by the company. This development is believed to trigger extraordinary organizational performance. Kaplan and Norton (2004) translate and classify intangible assets into a growth and learning perspective, and emphasize in this perspective that the value creation process begins through its elements. The elements of intangible assets include: human capital, information capital, and organizational capital. By formulating strategic goals in From this perspective, which jobs and systems will be identified, and what kind of organizational climate will all support the value creation process in the next perspective, especially on the internal process perspective. According to Cascio (2003), this perspective is in accordance with the concept of strategic human resource management which involves everyone at all levels to make efforts to implement business strategy effectively.

**Human Resource Scorecard As a Strategic Human Resource Management Tool**

The human resource scorecard is a human resource measurement system that links people, strategy and performance in producing a superior company. The human resource scorecard describes the mission, vision, strategy into human resource actions whose contribution can be measured. This concept also describes intangible resources to be tangible, and ultimately will be able to raise awareness about the consequences of human resource investment decisions in the right direction and in the right amount. HR

professionals will use this concept as a tool to ensure that all human resource decisions support the implementation of corporate strategy (Becker et al., 2001).

Because the concept of the human resource scorecard is a strategic concept, it uses strategic measurements as well. Becker et al. (2001) explained that strategic measurement is a balanced performance measurement. This balanced measurement approach is based on the concept of the balanced scorecard developed by Kaplan and Norton. According to Becker et al. (2001) to obtain strategic measurements, there is a two-step process that must be passed, namely: a) managers must fully understand how value is created in the company, and b) after obtaining this understanding, then they can design a measurement system based on that value.

**Steps in Implementing the Human Resource Scorecard**

The process of implementing the human resource scorecard consists of transforming the HR architecture into a strategic model. According to Becker et al. (2001), there needs to be an illustration of how HR can link the functions it performs into the organization's strategic implementation process. The illustration stage of alignment between HR functions in the implementation of organizational strategy is explained as follows:

A. Define business strategy clearly (clearly define business strategy). The most important focus for HR professionals is to focus on strategy implementation rather than just focusing on the content of the strategy itself, so that strategy will be useful if it is able to communicate its goals well through the organization. According to Mulyadi (2005), organizational strategy will be translated into strategic goals (lagging indicators) and strategic initiatives (leading indicators). According to Becker et al. (2001), these strategic goals should be formulated clearly and decisively so that individual employees can easily find out what actions need to be taken to achieve these goals.
B. Building an HR system as strategic capital (build a business case for HR as a strategic asset). After the company clarifies its strategy, HR professionals need to build a strategic HR system to find out why and how HR can support the implementation of the company's strategy that has been set. A study conducted through a survey of 2,800 companies found that performance systems with high performance have a positive and strong influence on financial performance (Becker et al., 2001). The results of this research can inspire that the HR system towards a high performance work system is a strategic asset.
C. Creating a strategy map (create strategy map). According to Porter in Becker et al. (2001) explained that all organizations actually have a value chain. This explains that basically a company is a collection of activities that are interrelated with each other to produce and sell goods/services and are able to provide satisfaction to consumers. To define the value creation process within the organization, it is suggested that top and middle managers who will implement the strategy are able to build a strategy map by identifying their strategic goals.
D. Identify HR deliverables in the strategy map (identify HR deliverables within the strategy map). HR professionals must be able to identify the contribution of human resources (HR deliverables) that can support performance through indicators, namely HR performance drivers and HR enablers on the strategy map. For example, a company may decide that employee stability or low turn over (enables) can increase the R&D life cycle. With this relationship policies can be designed, such as increasing salaries and bonuses that can retain experienced R&D employees.
E. This example explains that in retaining experienced R&D employees (HR deliverables) through indicators (turn over and life cycle), companies can take strategic initiatives, namely in the form of salary increases and bonuses. According to Kaplan and Norton (2004), the term HR deliverables is defined as strategic job families, namely positions/jobs/business units where personnel are able to have a major impact on internal processes.
F. Alignment of HR architecture and HR deliverables (align the HR architecture with HR deliverables). The next step is to align (alignment) between HR systems (for example: rewards, competencies, organizational tasks, and so on) with HR deliverables. Once HR deliverables are identified, human resource professionals are able to compile them human resource system design that can contribute to strategy implementation.
G. Designing a strategic measurement system (design the strategic measurement system). This stage requires not only a new perspective in HR performance measurement, but also the resolution of several technical matters that are not widely known by HR professionals. To measure the relationship between HR and company performance, it is necessary to measure HR deliverables that are valid and consist of two dimensions, namely: (a) a clear understanding of the value chain that causes the

effective implementation of corporate strategy so that HR performance drivers and enablers can be identified correctly, and (b) choose the right measurement to measure the HR deliverables.

**Conceptual and Operational Research Framework**

The conceptual framework of this research was developed from the formulation of corporate level strategic objectives and business strategies. Through the balanced scorecard approach, a strategy map is produced in which the framework consists of four perspectives. From the perspective of growth and learning through its objectives it can be used as a reference for management in formulating its human resource development strategy. The implementation of the human resource development strategy with the human resource scorecad design is the core of this research with the conceptual as follows:

1. Identification of HR deliverables regarding job positions/tasks/strategic goals that have a major impact on internal processes, customers, and the company's financial performance. The identified HR deliverables are then translated into performance supports (HR enablers or leading indicators), and units of measurement for achieving these performances (HR performance drivers or lagging indicators).
2. Alignment process with human resource architecture. Alignment technique used by identifying functions, as well as which HR systems support and align with HR deliverables.
3. Formulate targets to be achieved within a certain period of HR performance drivers/lagging indicators.
4. Conducting an assessment/audit of the current position of human resource practice, particularly on identified targets (lagging indicators).
5. Comparing the assessment/audit results of the current HR performance drivers/lagging indicators with the target. The gaps (gaps) that arise from this comparison are used as managerial implications in preparing development programs.

## 3. METHOD

This research uses a descriptive, comparison, and case study approach. Research with a descriptive method aims to provide an overview of something that was ongoing at the time the research was conducted, or to answer questions concerning something at the time the research process was in progress. In this case, they are: (1) identifying HR deliverables (strategic goals and their indicators, namely lagging & leading indicators, and targets), (2) aligning HR deliverables with the human resource architecture, and (3) compiling efforts to increase HR contribution .

A comparative approach is carried out in the process of assessing current human resource practices with predetermined target units. Then, through the established scoring norms, management is able to assess the performance of these indicators through the indicator index.

Research with the case study method requires a detailed, in-depth and thorough study of certain objects which are usually relatively small over a certain period of time. The advantage of the case study method is that the results can support larger studies at a later date. However, this method also has a weakness, namely the study is less extensive and difficult to generalize to generally accepted conditions.

**Required Data and Their Sources**

The data needed in this study are primary data and secondary data, the sources of which can be explained as follows:

a) Primary Data

The primary data required includes: (1) human resource management strategies and objectives, (2) HR deliverables identification results (strategic goals, lagging & leading indicators, and targets), and (3) lagging performance assessment indicators through a questionnaire.

b) Secondary Data

Secondary data is used to support primary data in increasing the contribution of human resources through the design of a human resource scorecard. This data is obtained through company documentation, literature studies such as literature/references relating to other sources outside the organization that can support research.

## 4. RESULT AND DISCUSSION

The human resource measurement system that links people, strategy, and performance is a system that is being tried to be adopted through this research in case studies at PT. Nasio Karya Pratama. This measurement system is known as the human resources scorecard. For HR professionals, the human

resources scorecard is nothing but a method/tool in how to manage human resources as a strategic asset. For this reason, this method is a tool in ensuring that all human resource decisions are the right decisions and support the implementation of corporate strategy, so that these decisions become effective and efficient. The ever-changing corporate environment, both internally and externally, forces companies to immediately formulate more comprehensive strategies, especially in terms of human resources. This study formulates the following problems: (1) what is the formulation of the human resource strategy of PT. Nasio Karya Currently Pratama, (2) how to design a human resources scorecard system that can improve the quality of human resources, so that it is in line with the company's goals and business strategy, (3) how is the process of assessing human resource practices at PT. Nasio Karya Pratama is currently going through the goals (targets) to be achieved.

The aims of this study were (1) to find out the goals, business strategies, and strategies for increasing the contribution of human resources to the current business conditions or environment, (2) to find out the function of human resource management as a strategic function, where HR activities or activities are in line with the implementation of corporate strategy. , so that the objectives and strategies that have been formulated are achieved, (3) knowing the effectiveness of human resource practices in Nasio Karya Pratama at this time through assessment, so that the results become managerial implications for management in preparing human resource development programs.

The research method was carried out using descriptive approaches, comparisons, and case studies. A descriptive approach is used in the process of identifying (1) HR Delivarables (strategic goals, lagging and leading indicators, and setting targets), (2) aligning HR Deliverables with human resource architecture, and (3) compiling human resource improvement programs . Data sources were obtained through FGD forums (consisting of Production Managers, Quality Control Managers, Marketing Managers, Finance & Administration Managers, and HRD & GA Managers), and obtained literature studies.

A comparative approach is used in the process of assessing lagging indicators between targets and current conditions. By using gap analysis, a gap is obtained between the performance of lagging indicators for this period and the target. Then used indicator index analysis to determine the performance index. The scoring norms set by management are used as a benchmark for grouping this indicator index into excellent performance to poor performance.

By using the four perspectives of the balanced scorecard, a human resource scorecard design is produced as follows: (1) from a financial perspective, strategic objectives are identified, namely: a) maximizing the contribution of human resources owned (by lagging indicators: human capital value added (target of IDR 30,947,158), and human capital return on investment and target of 1.4697), b) minimizing the cost of human resource activities (with lagging indicators of cost and benefit analysis and targets set at IDR 6,086,583,185 ); (2) from the customer perspective, the strategic objectives are identified, namely: a) increasing employee work productivity with a lagging indicator, namely productivity ratio and setting a target of 5.8176, b) increasing product quality (with lagging indicators: production and product losses with a target of 0.20%, and the percentage of returns with a target of 0.30%), c) improve the quality of service to internal customers with lagging indicators, namely the internal customer satisfaction index and the target set, namely the index number 5; (3) internal business perspective, identified strategic goals, namely: a) realizing high organizational commitment, with a lagging indicator, namely the commitment index and setting targets at an index number of 5, b) realizing innovative and creative employees (with lagging indicators: total new products/processes in one period with a target of 4 variants, and a suggestion rate per employee with a target of 2 suggestions in one year), c) creating high loyalty, with lagging indicators namely length of service, and management setting a target of 5 years, d ) reduce the desire to move and absenteeism (with lagging indicators: turnover with a target setting of 1%, and absenteeism percentage with a target of 0.9%); (4) from a strategic perspective, the strategic objectives are identified, namely: a) improving employee attitudes and job satisfaction, with a lagging indicator, namely employee satisfaction idex and target setting of an index number of 5, b) creating good and reliable leaders, with a lagging indicator, namely leadership evaluation index and target of index number 5, c) creating a learning organization, with a lagging indicator, namely the learning organization index and target of index number 5.

The scorecard produced with this design is then measured by assessing the lagging indicators in the current conditions. Through the scoring norms as a benchmark, these performance indicators can be grouped. In the assessment of this design it is known that there are two performance groups, namely good which is depicted in green, and very good which is depicted in blue. The green indicator groups are as follows: (1) human capital value added, (2) human capital return on investment, (3) cost and benefit, (4) productivity ratio, (5) return percentage, (6) internal customer satisfaction index, (7) commitment index,

(8) number of new products/processes, (9) length of service, (10) turnover, (11) employee satisfaction index, (12) leadership evaluation index, and (13) learning organization index. The blue group of indicators are as follows: (1) production losses, (2) product losses, (3) suggestion rate, and (4) absenteeism percentage.

## 5. CONCLUSION

The model compiled in designing the human resource scorecard at PT Nasio Karya Pratama is theoretically appropriate and empirical data in the field. However, in a rapidly changing environment, the indicators that have been identified in this design process will also change. Therefore, there are several suggestions put forward in this study.

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