

An Analysis of the Importance of Human Resource Management in Improving Employee Performance

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Every business must manage its resources well to gain a competitive advantage and maintain long-term sustainability. Companies must ensure that their employees are satisfied and highly motivated. To conduct this research, this study employed a qualitative approach and examined the role of human resource management in improving employee work efficiency. This method was chosen because it allowed researchers to examine theories and previous research findings without collecting initial data. Human resource management is key to the success of modern organizations. Visionary HRM will create a cooperative, fair, and performance-based work culture, along with monitorable systems and procedures. Improving efficiency is crucial in an increasingly competitive business world. Consequently, company productivity depends on how systematic, professional, and results-oriented HR management.

Keywords: Effective, Function, Human Resource Management, Improve, Performance.

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1. Introduction

Every company must manage its resources effectively to achieve optimal performance and ensure the company's long-term sustainability. Companies must ensure that their employees are highly motivated and satisfied with their work if they wish to gain a competitive edge. This is crucial for enhancing organizational productivity and effectiveness, particularly in the manufacturing sector, which demands creativity and efficiency in both processes and products (Dukić Mijatović et al., 2020).

Transformational leadership is a relevant leadership style in this context. This leadership style encourages employees to think innovatively, try new things, and contribute to improving quality and fostering innovation in their workplace (Daeli et al., 2024). Human Resource Management (HRM) is a key component in enhancing employee performance alongside leadership. Training and development processes, performance evaluations, recruitment processes, and reward and compensation systems must all be managed strategically to create a work environment that supports individual potential (Putri et al., 2022).

Companies must be able to manage intellectual capital and identify future risks to address ever-increasing challenges (Muhammad Asir et al., 2023). Therefore, the objective of this study is to examine how the roles of human resource management and transformational leadership influence employee work motivation. Ultimately, this leads to an improvement in the company's overall performance. It is hoped that this study will provide theoretical and practical contributions to the development of managerial strategies in manufacturing companies.

To improve performance and gain a competitive edge, human resource management (HRM) is a critical strategic component for a company's success (Nwokolo, 2024). According to human resource

theory, employees are considered a company's primary asset, and they must be managed and developed optimally through training, career development, fair compensation, and a supportive work environment. How a company manages the potential and productivity of its human resources directly impacts organizational performance.

Pahira and Rinaldy (2023) state that effective human resource management can improve work efficiency, increase employee satisfaction, and enhance their commitment to the organization. The Resource-Based View (RBV) approach, which emphasizes that internal resources, such as human resources, can become unique and inimitable assets if managed effectively, reinforces this point. In such situations, human resource management components such as continuous training, selective employee recruitment, and objective evaluation and reward systems are crucial for building a strong company. Therefore, the objective of this study is to determine the extent to which human resource management influences improvements in employee performance and overall organizational performance.

2. Theoretical Framework

An essential component of business is human resource management (HRM), which is responsible for strategically managing the workforce to achieve the company's objectives. According to Noe et al. (2020), HRM encompasses areas such as workforce planning, recruitment, training, development, and performance management, all with the aim of enhancing employees' contributions to the organization. Effective management can help employees grow and make the workplace more productive.

Improved motivation, competence, and commitment to the company demonstrate how human resource management influences employee performance. Dessler (2020) emphasizes that continuous training and development can help employees enhance their skills, become more confident, and achieve better work outcomes. Employees also demonstrate consistent improvements in performance through performance-based reward programs and fair compensation systems. Employee needs and goals must align with effective HR management strategies. Boon et al. (2021) state that a resource-based HR management approach focuses on building competitive advantage through the development of human capital. By fostering a collaborative work culture and involving employees in decision-making, companies can enhance employee loyalty and productivity.

Overall, individual and team performance within an organization is significantly influenced by human resource management. Continuous human resource development improves employees' quality of life and enhances overall organizational performance (Garengo et al., 2022). Therefore, organizations must establish flexible human resource policies that focus on employee growth. Previous studies have enhanced our understanding of the role of human resource management in improving performance. This study builds on the idea that there are several components that can be utilized to improve performance through human resource management. Thus, human resource management is considered crucial for enhancing performance. Consequently, the objective of this study is to evaluate the significance of human resource management in improving performance (Pahira & Rinaldy, 2023).

3. Method

This study uses a qualitative approach and reads various academic articles, journals, and literature on the role of human resource management in improving employee work efficiency. This approach was chosen because it allows researchers to explore theories and previous research findings without collecting primary data. This method focuses on conducting a thorough analysis of relevant scientific literature. To obtain data, keywords such as "human resource management," "organizational performance," and "human resource management" were used to search literature from various reliable databases, such as Google Scholar, ScienceDirect, and DOAJ. For inclusion, the established criteria included articles that have been published within the last five years, using a company or manufacturing context, and available in full-text version. From this process, a total of twenty articles were selected for analysis.

Thematic content analysis identifies thematic patterns from various literature sources used to conduct data analysis. By comparing results from various literature sources and selecting sources from accredited journals, the validity of the information is guaranteed. The research results are used to develop a conceptual understanding that supports the research objectives and draw objective conclusions. To ensure data credibility, this study uses method triangulation for data validation and analysis. This analysis is conducted qualitatively through the stages of data collection, reduction, presentation, and conclusion drawing.

4. Results And Discussion

Human resource management (HRM) is considered a crucial strategic component for improving company performance and competitiveness. HRM is considered a long-term investment encompassing both physical and non-physical elements to build a flexible and productive organization. It is not merely considered an additional component. According to this study, the human resource (HRM) system consists of various subsystems that work together to support different business strategies, such as recruitment, training, competency development, and performance appraisal. A strategic HRM approach requires management policies and organizational goals to maximize integration between company needs and individual development (Pahira & Rinaldy, 2023).

To adapt to structural changes, meet new skill needs, and create an innovative work culture in an ever-changing work environment, human resources departments must be highly flexible. A workforce that not only possesses technical skills but is also able to adapt quickly through skill enhancement is essential. Fandika et al. (2024) emphasize that continuous training and development are crucial to addressing the challenges of digitalization and globalization. Furthermore, critical tasks such as planning, organizing, directing, supervising, procurement, compensation, integration, maintenance, discipline, and termination are also performed by human resource management (Amelia et al., 2022). Each of these tasks forms a crucial foundation for ensuring the survival and sustainability of the organization as a whole.

One of the most significant components influencing work efficiency is motivation. In this regard, Human Resources (HR) implements a recognition and reward system that boosts work morale by providing non-financial recognition, such as promotions, awards, and challenges commensurate with employee abilities. Understanding workers' psychological needs and developing strategies to increase productivity while reducing work stress are essential skills for a good HR manager. Employees will also be more productive if they work with passion and have clear goals.

An organization's human resources (HR) must have the ability to meet the demands of an increasingly complex business environment. Organizations require employees who are not only flexible but also innovative and responsive to change. Therefore, the strategic role of the HR department is crucial in building a flexible and responsive work system to technological, organizational, and market developments. The system must foster a culture of lifelong learning, including relevant training and skills development, and instill a growth mindset among employees. Continuous learning and flexibility will

better prepare organizations for disruption and increase competitiveness in the digital era (Fandika et al., 2024; Pramudita & Nugroho, 2023; Robbins & Judge, 2021).

Human resource management is key to the success of modern organizations. Visionary HR will create traceable systems and procedures, as well as a cooperative, fair, and performance-based work culture. In an increasingly competitive business world, efficiency is becoming more crucial. Consequently, company productivity depends on how well human resource management is carried out systematically, professionally, and results-oriented.

5. Conclusion

Human resource management (HRM) encompasses a variety of processes, including recruitment, training, development, compensation, and other employee-related matters. The primary goal is to develop effective individuals. Human resource management consists of various key components, including managers, employees, employers, and others. Human resources (HR) is a tool that can be used to improve organizational performance. This is known as human resource management (HRM), which involves engaging individuals within the company to foster a positive work culture, enhance employee engagement, and increase productivity. By prioritizing elements such as transformational leadership, employee development, and human resource management, HRM can ensure that the organization has a high-quality and productive team. Companies that adopt the right HR approach can overcome challenges, become more competitive, and achieve long-term success. The author proposes that companies and organizations should increase their emphasis on the HR function as an administrative manager and strategic partner in decision-making. Investing in human resource development through data-driven evaluation and training systems will significantly impact work efficiency and long-term business competitiveness.

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