

PENGELOLAAN SUMBER DAYA MANUSIA DAN INOVASI TERHADAP KINERJA USAHA

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ABSTRAK

Manajemen sumber daya manusia dan inovasi memainkan peran penting dalam menentukan kinerja perusahaan bisnis. Dalam dunia kemajuan teknologi yang serba cepat dan persaingan global yang ketat saat ini, organisasi perlu terus berinovasi untuk mempertahankan keunggulan kompetitif. Namun, inovasi yang sukses hanya dapat dicapai ketika organisasi memiliki talenta yang tepat dan manajemen sumber daya manusia yang efektif. Oleh karena itu, tujuan dari penelitian ini adalah untuk menguji keterkaitan antara Manajemen Sumber Daya Manusia (SDM) dan inovasi, HRM dan kinerja perusahaan bisnis, serta inovasi dan kinerja perusahaan bisnis. Penelitian difokuskan pada 104 badan usaha di Kabupaten Karawang dengan menggunakan teknik purposive sampling dan analisis SEM-PLS. Output statistik menunjukkan dampak positif yang signifikan dari praktik MSDM terhadap variabel inovasi (ukuran efek: 48,285 > nilai T-tabel 1,995), dan terhadap kinerja perusahaan bisnis (ukuran efek: 3,243 > nilai T-tabel 1,995). Selain itu, inovasi ditemukan memiliki dampak positif yang signifikan terhadap kinerja perusahaan (ukuran efek: 3,586 > nilai T-tabel 1,995). Singkatnya, penelitian ini menyoroti peran penting manajemen sumber daya manusia yang efektif dalam mendorong inovasi dan, akibatnya, meningkatkan kinerja perusahaan bisnis. Hal ini menggarisbawahi pentingnya membina tenaga kerja yang berbakat dan mendorong praktik inovatif agar tetap kompetitif dalam lanskap bisnis yang dinamis saat ini.

Kata Kunci: Badan Usaha; Sumber Daya Manusia; Inovasi; Kinerja

HUMAN RESOURCE MANAGEMENT AND INNOVATION ON BUSINESS ENTERPRISES PERFORMANCE

ABSTRACT

Human resource management and innovation play crucial roles in determining the performance of business enterprises. In today's fast-paced world of technological advancements and intense global competition, organizations need to continuously innovate to maintain a competitive edge. However, successful innovation is only achievable when an organization has the right talent and effective human resources management in place. Therefore, the objective of this study is to examine the interrelationships between Human Resource Management (HRM) and innovation, HRM and business enterprise performance, as well as innovation and business enterprise performance. The study focused on 104 business enterprises in Karawang regency, using purposive sampling techniques and SEM-PLS analysis. The statistical output revealed significant positive effects of HRM practices on innovation variables (effect size: 48.285 > T-table value of 1.995), and on business enterprise performance (effect size: 3.243 > T-table value of 1.995). Furthermore, innovation was found to have a significant positive impact on business enterprise performance (effect size: 3.586 > T-table value of 1.995). In summary, the study highlights the critical role of effective human resource management in fostering innovation and, consequently, improving business enterprise performance. It underscores the importance of nurturing a talented workforce and promoting innovative practices to stay competitive in today's dynamic business landscape.

Keywords: Business Enterprises; HRM; Innovation; Performance

INTRODUCTION

In the modern era, organizations are compelled to be constantly prepared to face intense industrial competition. To thrive in the current landscape, organizations must prioritize innovation and continuous learning, leveraging new knowledge to enhance organizational processes (Dahie & Muhammad, 2017). The ability of human resources to adapt effectively is crucial in ensuring the success of organizations, especially business enterprises. Previous studies have highlighted the importance of human resource capabilities in driving innovation and improving business performance (Rajiani & Norain, 2018). Research by Gil-Marques & Moreno-Luzon (2013) has shown that human resource management practices significantly impact innovation.

Karawang, located in the Jawa Barat Special Region, has witnessed significant growth in business enterprises, as evident from the Performance Report data of 2020. The number of enterprises has consistently increased from 46,378 in 2017 to 49,801 in 2020. This growth can be attributed to the role of creativity and innovation in business competition, which aligns with Chow's research (2017) emphasizing the importance of innovation and creativity in winning fierce competition within a dynamic environment.

Moreover, the rise in human resources absorption within Karawang's business enterprises can influence employee recruitment. Prior research by Sabiu, Ringim, Mei, and Joarder (2019) highlights the strong impact of human resources, particularly in terms of selection and recruitment, on organizational performance. Analyzing innovations implemented by business enterprises is one approach, and understanding the uniqueness of human resources can be achieved through human resource practices. Emphasizing human resources as a concept fosters a conducive environment for employees to share knowledge with other stakeholders, ultimately contributing to improved performance (Okoe, Boateng, Narteh, & Boaki, 2017).

Based on these considerations, this study aims to investigate the relationship between human resource practices, innovation, and the performance of business enterprises in Karawang, Jawa Barat

LITERATURE REVIEW

Human Resources

The general impact of human resources on organizational performance has been extensively studied. Batt's research (2002) reveals a significant relationship between human resources, particularly salary and career security, and organizational performance. Human resources are also found to contribute to sales growth, teamwork, and employee participation in decision-making processes. El-Ghalayini (2017) emphasizes that the recruitment, incentives, and placement of staff in human resources have a synergistic effect that influences employee attitudes towards work. Similarly, Farouk, Elanain, Obeidat, and Al-Nahyan (2016) assert that human resources play a strategic role, directly impacting organizational performance.

Strategies for staff placement can support the creation of an innovative work environment, where employees feel comfortable due to clear expectations. Heeks, Amalia, Kintu, and Shah (2013) state that well-managed human resource practices can enhance employees' comfort at work and improve their ability to innovate, leading to a more innovative organization. Moreover, research findings by Vermeeren, Kuiper, Bram, and Vogelaar (2014) and Al-bahhussin and El-garaihy (2013) demonstrate that effective human resources significantly improve customer satisfaction and organizational performance. Furthermore, Budhwar, Chand, and Katou's study (2007) highlights the significant impact of human resources on organizational performance through various aspects, such as recruitment programs, selection processes, work plans, job design, training, development, and payroll systems. In a similar vein, Wright, Gardner, Moynihan, Park, Gerhart, and Delery (2000) argue that the implementation of HRM practices has a substantial impact on competitive advantage, thereby enhancing the performance of business enterprises (Al-Haraisa, 2016).

Based on these insights, the following hypotheses are posited: human resources have a significant effect on organizational performance.

Innovation

Based on the study by Sheehan et al. (2013), it is asserted that interventions in HRM can positively contribute to an organization's innovation activities. Human resources were also found to have a significant improvement in engagement, leadership, manager motivation to learn, cultural learning promotion, and the development of social capital to support innovation. Ma Prieto and Pilar Perez-Santana's research (2014) suggests that proper employee placement and selection through human resource management practices have implications for fostering innovative employee behavior, as supported by the significant impact on innovation found in Gil Marques & Moreno-Luzon's study (2013). Employee participation can instill confidence in the activities carried out, ultimately enhancing innovation behavior. Research conducted by Al Haraisa (2016) and Farouk et al. (2016) also indicates that Human Resources have a considerable influence on innovation. The findings from Nieves and Quintana's study (2016) demonstrate that the implementation of recruitment and selection directly impacts innovation. Furthermore, Lu et al. (2015) analyzed various dimensions of Human Resources and found that all aspects of HRM significantly influence innovation. Therefore, we posit the following hypothesis: human resources have a significant impact on innovation.

Business Enterprises Performance

According to Chen's study in 2017, innovation is a crucial factor that can influence both employee performance and organizational performance. Many researchers argue that innovation plays a vital role in driving better performance for business enterprises by enhancing organizational effectiveness. Nawab et al. (2015) emphasize that an organization's ability to innovate significantly impacts its overall performance. Introducing various innovations can increase an organization's competitiveness and lead to improved business enterprise performance. Valdez-Juárez, García Pérez de Lema, and Maldonado-Guzmán's research in 2016 focuses on the influence of innovation on business enterprise performance, stating that innovation is essential for organizations to enhance their competitiveness and achieve superior performance. Moreover, Cho and Pucik (2005) explain that innovation can lead to improved product quality, subsequently increasing profitability and market value. Additionally, Hua and Wemmerlöv (2006) posit that higher intensity of product change resulting from innovation leads to better marketing performance, which also positively affects organizational performance.

However, for innovation behavior to be effective, it requires support from innovative employees. To foster innovative employees, the implementation of human resource management practices as studied by Nieves & Quintana (2016) is crucial, as it has an impact on business enterprise performance according to Budhwar et al. (2007). Based on these insights, we propose the following hypothesis: innovation significantly affects organizational performance.

RESEARCH METHOD

The target population for this study comprises 140 business enterprises located in Karawang, Jawa Barat. The questionnaire utilized in this research consists of eleven indicators, each comprising several statements. Respondents provided their answers using a Likert scale, ranging from 1 to 5, where 1 represents "strongly disagree," 2 for "disagree," 3 for "neutral," 4 for "agree," and 5 for "strongly agree." The human resources indicator includes four indicators, which were adapted from the research works of Tan and Nasurdin (2011) and Manafi and Subramaniam (2015). Additionally, three indicators were adopted from previous studies conducted by Lai, Hsu, Lin, Chen, and Lin (2014), Nawab et al. (2015), Byukusenge, Munene, and Orabia (2016). As for the organization's performance, four indicators were employed, drawing reference from Sanchez and Marin (2005) and Chong (2008). After distributing the questionnaire, 104 fully completed and valid responses were collected and included in the data analysis.

Analyzed with PLS 3.0. The profiles of the study respondents were compiled in Table 1.

Table 1. Research Respondent Profile

No.	Profile Respondents	Total	Percentage
Gender			
1.	Man	45	43,3
2.	Woman	59	56,7
Age			
1.	10-20	21	20,2
2.	21-30	26	25
3.	31-40	33	31,7
4.	41-50	24	23,1
Education			
1.	Not school	30	28,8
2.	SMA/SMK/MA	51	49
3.	S1	23	22,2
Length of Effort			
1.	<3 Years	61	58,6
2.	>4 Years	43	41,4

RESEARCH RESULTS

Measurement Results (Outer Model)

The model is evaluated by proving the validity of the inter-relationship. The construct variables with their indicators can be seen in Figure 1. Based on calculations using smart PLS 3.0.

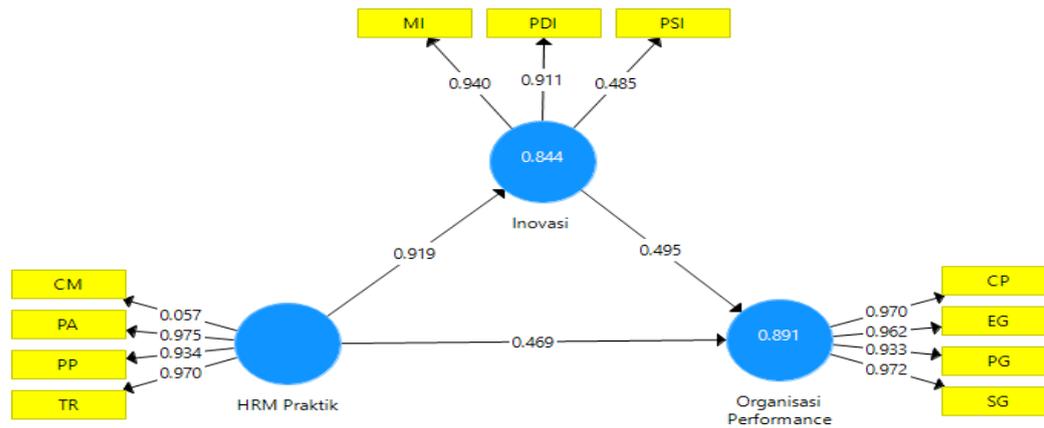


Figure 1. Result Smart PLS 3.0

Discriminant Validity Test

On reflective indicators it is necessary to test the validity of discriminant by comparing values on the cross loading table. Valid indicators have the highest factor loading value to the intended construct compared to loading factor value to other constructs. Table 2 shows the Cross Loading Output.

Table 2. Cross Loading Output

Variable	Cronbach's Alpha	rho_A	Composite Reliability	Average Extracted (AVE)	VarianceInformation
HRM	0,779	0,961	0,875	0,692	Reliable
Innovation	0,722	0,882	0,838	0,649	Reliable
Performance Organization	0,971	0,971	0,979	0,920	Reliable

	HRM Practice	Innovation	Organization Performance
HRM Practice	0,832		
Innovation	0,919	0,806	
Performance Organization	0,924	0,926	0,959

Latent Variable Reliability Test Results

Reliability Test on Latent Variables according to Hair (2016)) states that a latent variable can be said to have good reliability when the composite reliability value is greater than 0.7 and Cronbach's alpha value is greater than 0.7. Based on Table 2 shows that all the latent variables measured in this study have a greater Value of Cronbach's Alpha and Composite Reliability compared to 0.7 so it can be said that all latent variables are reliable.

Evaluation of Structural Models (Inner Model)

Evaluation of structural models on SEM through PLS in table 3 is conducted by conducting an R-squared (R2) test and significance test through an estimated path coefficient.

Testing R2 Output for R2 values.

Table 3. R Square

	R Square	R Square Adjusted
Innovation	0,844	0,842
Performance Organization	0,891	0,889

The value R squared (R2) is used as a gauge of the magnitude of the influence of certain independent latent variables with dependent latent variables in the table 3. According to Hair (2016), the R2 result of 0.67

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confirms that the model is categorized as good. Analysis of the R2 value of the Innovation variable of 0.844 and Organizational Performance of 0.891 which means a value greater than 0.67. Then it can be concluded that the model formed can be indicated as a good model.

Significance Test

The significance test on the SEM model through PLS aims to look at the effect of exogenous variables on endogenous variables. Hypothesis testing with SEM PLS method is done by doing Bootstrapping process with smart PLS 3.0 can be obtained the relationship of exogenous variable influence on endogenous variables in table 4 are as follows:

Table 4. Significant Test

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
HRM Practice Innovation	0,919	0,920	0,019	48,285	0,000
HRM Practice Organization Performance	0,469	0,472	0,145	3,243	0,001
Innovation Performance Organization	0,495	0,492	0,138	3,586	0,000

Based on output statistics results, for PRACTICE HRM variables Innovation variable of 48,285 > T-table (1,995), HRM Practice business enterprises Performance of 3,243 > T-table (1,995), Innovation >business enterprises Performance of 3,586 > T-table (1,995).

On the HRM Variables the Practice, Innovation and Performance of Organizations have a significant effect. This means that the construct between variables affects each other with the indicators.

CONCLUSION

This research topic holds significant value for small and medium-sized enterprises (SMEs) as it pertains to the development of business enterprises. The research findings show that HRM, innovation, and business enterprise performance are vital factors that can enhance organizational success, as observed in Karawang's business enterprises. Sheehan et al. (2013) assert that HRM, as a result of HRD intervention, plays a key role in encouraging more people to contribute to innovation activities. The ability to foster innovation is evident through an organization's efforts in sharing experiences and ideas, as highlighted by Mumford, Bedell-Avers, & Hunter (2008), Nevalainen & Majjala (2012), Wang & Noe (2010), and Riana, Rihayana, & Ratih (2019).

Okoe et al. (2018) emphasize that HRM can improve job satisfaction, facilitate knowledge-sharing among employees, and create a more amicable workplace environment, ultimately promoting behavioral innovation. This view is corroborated by Papa, Dezi, Gregori, Mueller, and Miglietta (2018), who assert that HRM strengthens the application of innovation through satisfied and contented employees. Organizations are driven to acquire knowledge from their competitors' environments to bolster their competitiveness.

The research also highlights that HRM enhances an organization's competitiveness, leading to improved performance. Moreover, various research perspectives affirm that innovation is a key driver of organizational success in competition (Chow, 2017; Sheehan et al., 2013; Johannessen & Skalasvik, 2015; Gosh, 2015).

Creating innovation necessitates support in the field of human resources, as it is viewed as an investment (Valdez-Juárez et al., 2016). The development of innovation requires management's ability to encourage employees and treat experiences as valuable investments (Mathuramaytha, 2012). The research findings suggest that HRM contributes to enhancing organizational performance (Silvia et al., 2016; do et al., 2016) and fostering innovation (Nieves & Quintana, 2018; Okoe et al., 2018).

Suggestion

Business enterprises actors must often follow trainings that can support the development of human resources capacity. Business owners are expected to facilitate employees to follow the development of HR training. Business actors are expected to develop their business innovations with various breakthroughs in accordance with the needs and developments of the times.

Limitations of Research

The importance of a role in improving the performance of SME organizations, innovation remains a major factor

in the success of a company in facing in a changing environment. Innovation is still the originator of organization to win the competition. According to Kremer et al. (2018) states that innovation can improve through creativity, voice, and knowledge sharing. Innovation development requires the support of innovative leaders to create innovative cultures (Coffman, 2015).

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