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Human Resource Management Strategy in Improving Employee Productivity at PT Panarub Industry Tangerang

Abstract

This study aims to examine and analyze the human resource management (HRM) strategies implemented to improve employee productivity. The research focuses on key HR elements such as workforce planning, recruitment and selection, training and development, and performance evaluation systems. A qualitative research approach was adopted using data collection techniques including observation, in-depth interviews, and document analysis. The findings reveal that well-planned and continuous HRM strategies positively impact employee productivity. Ongoing and relevant training programs, objective performance assessments, and motivational approaches through career development and recognition have been shown to enhance employee morale and efficiency. This study recommends integrating HR strategies with broader organizational goals to develop professional, competent, and competitive human resources.

Keywords: Human Resource Management, Strategy, Work Productivity, Employees.

1. Introduction

Human resources (HR) are the primary asset of any organization and play a strategic role in achieving organizational objectives. In today's increasingly competitive global market, the quality and productivity of employees have become key indicators of organizational competitiveness. Therefore, effective HRM strategies are essential for managing, developing, and maximizing the potential of each individual in the workplace. Armstrong, M. (2024).

Employee productivity is influenced not only by internal factors such as motivation, skills, and competencies but also by how an organization designs and executes its HRM strategies. These strategies encompass workforce planning, recruitment and selection, training and development, performance management, and compensation and rewards. When implemented effectively and in an integrated manner, such strategies can create a conducive work environment, enhance employee loyalty, and drive optimal performance. Becker, B. E., & Huselid, M. A. (2024).

In practice, however, many organizations face challenges in applying HRM strategies aimed at boosting productivity. Issues such as inadequate workforce planning, non-objective performance evaluations, and limited opportunities for employee development remain common obstacles. This highlights the need for a more strategic and systematic managerial approach to manage human capital efficiently and effectively. Dessler, G. (2024).

This research seeks to investigate and analyze the HRM strategies employed by PT Panarub Industry in Tangerang as part of its efforts to enhance employee productivity. The

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study aims to contribute insights for developing more adaptive, competitive, and sustainable HRM policies and practices. Hasibuan, M. S. P. (2024).

Identified Issues at PT Panarub Industry, Tangerang

- a. **Mass Layoffs (PHK):** From 2022 to 2023, PT Panarub Industry laid off approximately 1,200–1,500 employees due to declining global export demand. The local labor office recorded at least 1,214 workers affected by the layoffs.
- b. **Unilateral Salary Deductions:** During the COVID-19 pandemic (June–September 2020), workers experienced wage cuts ranging from IDR 800,000 to IDR 1,300,000 per person. Labor unions criticized the process as non-transparent, especially given that Adidas—Panarub’s client—reported rising global sales during the same period.
- c. **Delay and Reduction in Benefits:** Panarub was criticized for unilaterally cutting holiday bonuses and other benefits, which sparked worker protests. Although the company cited tax and shared leave policies as justification, the measures lacked adequate communication.
- d. **Working Conditions and Production Pressure:** Workers reported stress and fatigue due to the “one-pair flow” production system and additional responsibilities such as quality control and shoe repairs. Reductions in remuneration amid rising inflation further worsened their financial conditions.
- e. **Industrial Relations Strain:** Although management claimed to engage in bipartite discussions with unions (SPSI, GSBI, etc.) regarding layoffs and leave rights, many workers were dissatisfied with the outcomes. Unions demanded stronger protection of employee rights, fair wages, and transparent termination processes.
- f. **Social and Infrastructure Impacts:** Factory operations have led to heavy traffic congestion on Jl. Mohammad Toha during shift changes, disrupting daily mobility for local residents. Communities have submitted petitions calling for improved traffic management, better public transportation control, and regulation of industrial activities affecting public spaces.

Summary of Key Issues and Impacts

Issue	Impact
Mass layoffs & wage cuts	Increased unemployment & financial hardship for workers
Non-transparent deductions & benefits	Eroded trust and damaged labor relations
High-pressure work environment	Decreased employee well-being and productivity
Local infrastructure and traffic problems	Public complaints and reduced quality of life in surrounding communities

Recommendation: A more constructive collaboration among the company, labor unions, and local government is crucial. Measures such as working condition audits, fair compensation schemes, post-layoff support, and infrastructure improvements are necessary to create a more equitable, productive, and sustainable industrial environment. Mangkunegara, A. P. (2024).

2. Theoretical Framework

2.1. Definition of Human Resource Management

According to Gary Dessler (2020), HRM is the process of recruiting, training, evaluating, and compensating employees while managing labor relations, health, and fairness. HR is not

merely an operational function but a strategic partner in achieving organizational excellence through a systematic and planned approach.

2.2. HRM Strategy

HRM strategy refers to a series of policies and practices designed to ensure the organization has a skilled, motivated, and productive workforce. Armstrong (2014) emphasizes that HR strategy includes workforce planning, recruitment and selection, employee development, performance management, and reward systems. These strategies must align with the organization's vision and mission to contribute effectively to strategic goals.

2.4. Employee Productivity

Work productivity refers to an employee's ability to produce output efficiently using available resources. Sutrisno (2016) defines productivity as the combination of efficiency and effectiveness in task completion. Factors influencing productivity include motivation, competence, work environment, and managerial systems.

2.5. The Link between HR Strategy and Productivity

Effective HR strategies play a critical role in fostering high-performing employees. Becker and Huselid (1998) argue that organizations applying competency-based and performance-driven HR practices are more likely to enhance productivity and efficiency. Continuous training improves skills, while fair and transparent reward systems motivate employees to perform at their best.

2.6. Relevant Theories

- a. Maslow's Hierarchy of Needs: Productivity increases when employees' basic to self-actualization needs are fulfilled through supportive HR strategies.
- b. Herzberg's Two-Factor Theory: Emphasizes motivators such as recognition, achievement, and responsibility, which can be strengthened through effective HR practices.
- c. Kaplan & Norton's Performance Management System (Balanced Scorecard): Supports alignment between organizational goals and individual performance through measurable and integrated targets.

3. Methods

3.4. Research Approach and Type

This study employs a descriptive qualitative approach aimed at providing an in-depth understanding of how human resource management (HRM) strategies are implemented to enhance employee productivity. This approach was selected due to its ability to uncover social realities, perceptions, and managerial practices within the workplace in a holistic and contextual manner. Robbins, S. P., & Judge, T. A. (2023).

3.5. Research Subjects and Objects

The subjects of this study include HR managers, division heads, and employees within the organizational unit where the research was conducted. The object of the research focuses

on HRM strategies, encompassing workforce planning, recruitment, training and development, performance evaluation, as well as reward and compensation systems—and their impact on employee productivity. Rivai, V., & Sagala, E. J. (2024).

3.6. Research Location and Period

The research was conducted at PT Panarub Industry, located on Jl. Mohammad Toha, Km. 1, Pabuaran, Tumpeng, Karawaci, Tangerang, Banten, Indonesia, over a three-month period from January to March 2025. The site was chosen purposively based on its active implementation of HRM strategies and its structured working system, which allowed for in-depth analysis. Simamora, H. (2024).

3.7. Data Collection Techniques

Data were collected through the following methods:

- a. In-depth interviews: Conducted with management and staff to gather information regarding HRM strategies and practices.
- b. Direct observation: To observe work activities, workplace atmosphere, and employee interactions.
- c. Document analysis: Reviewing organizational documents such as SOPs, performance reports, training programs, and HR policies.

3.8. Data Analysis Technique

The data were analyzed using the Miles and Huberman model, consisting of three stages:

- **Data reduction:** Filtering relevant information according to the research focus.
- **Data presentation:** Organizing data into narratives, tables, or matrices for clearer interpretation.
- **Conclusion drawing and verification:** Identifying strategic patterns and linking HRM practices to employee productivity outcomes.

3.9. Data Validity Testing

Data validity was ensured through source and method triangulation, comparing information from different sources and collection techniques. Additionally, member checks were conducted with informants to confirm the accuracy of the collected data. Simamora, H. (2024).

4. Result and Discussion

4.4. Result

Based on field observations, interviews with employees and management representatives, and an internal document review at PT Panarub Industry in Tangerang, the company was found to have implemented various human resource management strategies aimed at boosting employee productivity. Wibowo. (2024). However, the effectiveness of these strategies faces several structural and situational challenges. The key findings include:

- a. Workforce Planning and Placement: Workforce planning is based on the volume of production orders, allowing for flexible labor deployment. This enables the company to adjust labor needs in line with global market demands (especially for brands such

as Adidas and Mizuno). However, unstable export demands often lead to inconsistent planning and reliance on short-term contract policies.

- b. **Recruitment and Selection Process:** Recruitment is conducted openly via outsourcing and direct hiring, emphasizing technical skills, especially in footwear production and quality control. Despite this, most employees are on non-permanent contracts, resulting in low levels of loyalty and long-term work motivation.
- c. **Training and Development:** Basic technical training is provided for new employees, focusing on production processes, work efficiency, and quality standards. However, advanced training and long-term career development programs are limited. Consequently, many employees feel stagnant, with unclear career progression.
- d. **Performance Management and Evaluation:** Performance is managed based on daily production targets and output speed on the production line. Although evaluations are conducted regularly by supervisors, the assessment system lacks transparency and comprehensive performance indicators, causing employees to feel underappreciated.
- e. **Compensation and Rewards:** PT Panarub provides base salaries, allowances, and overtime incentives. However, recent unilateral wage and allowance cuts have led to dissatisfaction, negatively affecting employee morale, especially among permanent and daily workers.
- f. **Working Conditions and Industrial Relations:** Relations between management and labor unions (e.g., SPSI and GSBI) are often tense, particularly regarding layoff policies, wage cuts, and reduced working hours. Although bipartite forums have been held, they have yet to effectively address employee grievances, highlighting the need for a more participatory and human-centered HRM approach. Wibowo. (2024).

4.5. Discussion

The findings demonstrate that the HRM strategies implemented by PT Panarub Industry Tangerang play a vital role in enhancing employee productivity. However, their effectiveness is constrained by various structural and cultural barriers. The following points outline how each HRM aspect is executed and its implications on employee performance:

- a. **Workforce Planning and Contract System:** Labor planning is based on projected global production orders, with a preference for short-term contracts and outsourcing to maintain cost-efficiency. While this strategy supports operational flexibility, it negatively impacts employee loyalty and psychological security. Contract employees often feel insecure and demotivated, which aligns with Hasibuan (2023), who asserts that job insecurity undermines employee commitment and productivity.
- b. **Recruitment and Selection:** While technical-skill-based recruitment is in place, there is a lack of thorough assessment for soft skills and long-term potential. This limits the presence of adaptive and leadership-oriented personnel on the production floor, affecting overall team effectiveness.
- c. **Training and Development:** Although basic technical training is provided, the absence of advanced and career development programs leads to stagnation. Dessler (2023) emphasizes that continuous training and development are key to enhancing employee competence and competitiveness. Without it, long-term productivity gains remain limited.
- d. **Performance Management and Evaluation:** Performance management is predominantly quantitative, focusing on daily output targets. The lack of comprehensive indicators (e.g., innovation, teamwork) results in perceptions of unfair evaluation. This highlights the need for a transparent Key Performance Indicator (KPI)-based system, as recommended by Armstrong (2023).

- e. **Compensation and Rewards:** While employees receive salaries and bonuses, issues such as non-transparent wage deductions and delayed benefits create dissatisfaction. The absence of non-financial rewards like recognition or promotion opportunities—further weakens work motivation. According to Wibowo (2023), fair and humane reward systems significantly influence job satisfaction and motivation.
- f. **Industrial Relations and Work Environment:** Frequent conflicts between management and labor unions stem from unilateral decisions on layoffs and wage policies. The lack of effective two-way communication indicates a weak HRM strategy in fostering healthy and participative industrial relations. This condition risks decreasing morale, fueling conflict, and ultimately reducing overall productivity.

4.6. Synthesis

In general, PT Panarub Industry's HRM strategies reflect the application of fundamental elements; however, their implementation tends to prioritize production efficiency and cost-saving over long-term human resource development. This imbalance hampers the broader and sustainable improvement of employee productivity. Therefore, a shift towards a more strategic, participatory, and employee-centered HRM approach is necessary to enhance both workforce well-being and organizational performance.

5. Conclusion and Recommendations

5.4. Conclusion

Based on the findings and discussions, it can be concluded that the human resource management (HRM) strategies implemented by PT Panarub Industry in Tangerang encompass several key elements, including workforce planning, recruitment and selection, training and development, performance evaluation, as well as compensation and reward systems. However, the execution of these strategies continues to face several challenges that hinder their overall effectiveness in enhancing employee productivity.

Critical issues include the use of short-term contractual employment that fails to ensure job security, the lack of continuous training and development opportunities, limited transparency in performance evaluations, and insufficient recognition of employee achievements. Additionally, strained industrial relations between management and workers further contribute to a negative working climate and diminished employee morale.

Therefore, while PT Panarub has established a strategic HRM framework, significant improvements are required in its implementation and communication. A more comprehensive and consistent approach is essential to strengthen performance, motivation, and employee loyalty in a sustainable manner.

5.5. Recommendations

1. **Improve the Employment System and Develop Long-Term HR Planning:** PT Panarub is advised to reduce its reliance on short-term contracts and begin fostering a more sustainable workforce system. This includes offering opportunities for employment status upgrades based on objective performance evaluations.
2. **Enhance Training and Development Programs:** The company should provide not only basic technical training but also programs that focus on soft skills, leadership, and work quality enhancement. Such initiatives will have a long-term impact on productivity and employee adaptability.

3. Increase Transparency in Performance Evaluation: Performance appraisals should be guided by clear, measurable indicators and be openly communicated to all employees. A KPI-based evaluation system can serve as an effective and fair tool for assessing individual contributions.
4. Reform Compensation and Reward Systems: Ensuring fair and timely compensation, along with non-financial rewards such as promotions, advanced training, or formal recognition, can significantly improve work motivation and employee loyalty.
5. Foster Harmonious Industrial Relations: Open and continuous dialogue between management and labor unions is essential to ensure that employment-related policies are mutually agreed upon. This approach will help prevent conflicts and support better organizational performance.

By adopting a more humane, participatory, and employee-centered HRM strategy, PT Panarub Industry can foster sustained productivity growth while cultivating a healthy and competitive work environment.

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