

Caesar Rismanto¹

The Role of Human Resource Management in Enhancing Employee Engagement at PT Nestlé Indonesia

Abstract

This study aims to analyze the role of human resource management (HRM) in enhancing employee engagement at PT Nestlé Indonesia. Employee engagement is considered a key factor influencing employee performance, productivity, and loyalty toward the organization. This research employs a descriptive–qualitative approach by examining HRM practices, including recruitment, training and development, compensation systems, and performance management. The findings indicate that the implementation of integrated HRM strategies fosters a conducive work environment, boosts employee motivation, and strengthens a sense of belonging to the organization. Furthermore, career development support and effective communication between management and employees play an essential role in building work engagement. Thus, HRM at PT Nestlé Indonesia contributes significantly to creating sustainable employee engagement, which ultimately has a positive impact on the achievement of the company's goals.

Keywords: Human Resource Management, Employee, Organizational Performance

1. Introduction

In the era of globalization and increasing business competition, organizations are required to have human resources (HR) who are not only competent but also emotionally and psychologically engaged with the organization. The concept of employee engagement has become a central focus in modern management as it has been proven to enhance performance, productivity, and employee retention. Engagement goes beyond job satisfaction, encompassing employees' cognitive, emotional, and behavioral involvement with their work and the organization.

As one of the leading multinational companies in the food and beverage industry, PT Nestlé Indonesia recognizes that business success is not solely determined by product quality and marketing strategies but also by the quality of human resource management. Operating in Indonesia, a country with diverse cultural and demographic backgrounds, Nestlé's HRM faces the challenge of developing systems that foster commitment, loyalty, and employee motivation. Therefore, effective HRM practices are crucial in building sustainable engagement.

HRM at PT Nestlé Indonesia includes transparent recruitment and selection processes, training and development programs to enhance competencies, fair and competitive compensation systems, and performance management based on recognition and rewards. Moreover, the company emphasizes creating an inclusive work environment, career development opportunities, and open communication between management and employees.

^{1*} Tangerang Raya University, Tangerang, Indonesia, Email : caesarismanto9529@gmail.com



These strategies are expected to nurture employees' sense of belonging, intrinsic motivation, and organizational commitment.

Strong employee engagement is vital for Nestlé Indonesia, given the dynamic nature of the food and beverage industry, characterized by rapid market changes, continuous product innovation, and global competitive pressures. With high levels of engagement, employees not only strive to meet targets but also contribute creativity, innovation, and long-term loyalty. Ultimately, this supports the company's strategic objectives, ensures business sustainability, and strengthens Nestlé's position in both domestic and international markets.

Therefore, examining the role of HRM in enhancing employee engagement at PT Nestlé Indonesia is essential. This study is expected to provide deeper insights into the HRM practices implemented, the challenges faced, and effective strategies that can foster stronger employee engagement to support organizational success.

2. Theoretical Framework

2.1. Human Resource Management (HRM)

Human Resource Management is a strategic process of managing people within organizations to support corporate objectives. According to Dessler (2017), HRM encompasses policies and practices that influence employee behavior, attitudes, and performance. Similarly, Mathis and Jackson (2019) state that HRM covers recruitment, selection, training, development, compensation, employee relations, and performance management.

In multinational corporations such as PT Nestlé Indonesia, HRM functions not only as an administrative process but also as a strategic partner in shaping organizational culture, creating a healthy work environment, and fostering employee engagement. HR is considered a valuable asset capable of delivering sustainable competitive advantage if managed effectively.

2.2. Concept of Employee Engagement

The term *employee engagement* was first introduced by Kahn (1990), defining it as the psychological presence of employees at work, marked by energy, dedication, and absorption. Engagement reflects employees' willingness to exert discretionary effort, their emotional attachment to the organization, and their motivation to contribute to organizational success.

Schaufeli and Bakker (2010) identified three dimensions of engagement:

- a. Vigor – high levels of energy and mental resilience at work.
- b. Dedication – enthusiasm, inspiration, pride, and a sense of involvement in one's job.
- c. Absorption – deep concentration and immersion in work tasks.

Unlike job satisfaction, which does not necessarily ensure commitment, engaged employees almost always exhibit loyalty, motivation, and strong intrinsic drive.

2.3. The Role of HRM in Enhancing Employee Engagement

The role of HRM in fostering engagement can be explained through several core functions:

- a. Recruitment and Selection: Hiring individuals aligned with the organization's values and culture ensures easier adaptation and higher engagement.
- b. Training and Development: Career development enhances employees' skills and strengthens loyalty by making them feel valued (Armstrong, 2014).
- c. Compensation and Rewards: Fair and competitive compensation fosters motivation and engagement, as highlighted by Adams' (1963) Equity Theory.

- d. Performance Management: Effective appraisal systems provide clear feedback, recognition, and rewards, reinforcing commitment and engagement.
- e. Work Environment and Organizational Culture: Inclusive and supportive workplaces foster comfort and a sense of belonging.
- f. Communication and Participation: Open dialogue and employee involvement in decision-making increase perceived value and engagement.

Theoretical Models Supporting Engagement

- a. Job Demands–Resources (JD-R) Model (Demerouti et al., 2001) – Engagement rises when job demands are balanced with adequate resources such as managerial support, training, and rewards.
- b. Social Exchange Theory (SET) (Blau, 1964) – Engagement emerges from reciprocal relationships between employees and organizations. When companies provide support, employees reciprocate with loyalty and commitment.
- c. Maslow’s Hierarchy of Needs – HR practices that address needs from basic security to self-actualization foster stronger engagement.

2.4. Relevance to PT Nestlé Indonesia

For PT Nestlé Indonesia, effective HRM practices are critical in navigating challenges such as cultural diversity, generational expectations (Millennials and Gen Z), and intense competition. The company’s strategies emphasize:

- a. Building an inclusive workplace aligned with Nestlé’s core values: respect, integrity, teamwork, and excellence.
- b. Providing continuous training and development opportunities.
- c. Ensuring fair and performance-based rewards.
- d. Encouraging two-way communication to ensure employees feel heard.
- e. Promoting work–life balance to sustain motivation and loyalty.

Through these practices, Nestlé Indonesia strengthens employee engagement as the foundation of its long-term business success.

3. Methods

3.1. Research Approach

This study employs a qualitative case study approach, chosen to provide an in-depth understanding of the role of Human Resource Management (HRM) in enhancing employee engagement at PT Nestlé Indonesia. The approach allows for the exploration of employees’ experiences, perceptions, and the policies implemented by the company. According to Creswell (2018), qualitative research is effective in exploring complex phenomena through in-depth interviews, observations, and document analysis to generate a holistic understanding.

3.2. Research Location

The research was conducted at PT Nestlé Indonesia, both at its head office and selected production units, chosen purposively. This location was selected because PT Nestlé Indonesia, as a multinational corporation, has relatively advanced HRM practices and significant employee development programs.

Research Subjects and Informants

- a. Research Subject: HRM practices at PT Nestlé Indonesia, particularly in relation to improving employee engagement.
- b. Research Informants: Selected using purposive sampling, based on their knowledge, experience, or relevant positions.

Categories of Informants:

- a. HR Managers and HR staff → to provide insights into HR policies, strategies, and implementation.
- b. Supervisors/Line Managers → to provide perspectives on the operational application of HR practices.
- c. Employees at different levels (junior, middle, senior) → to share perceptions and experiences related to engagement in the company.

The number of informants was determined using the saturation principle, where interviews were stopped once no new information emerged. Types and Sources of Data

- a. Primary Data: Obtained through in-depth interviews with informants, direct workplace observations, and informal discussions.
- b. Secondary Data: Derived from company documents (annual reports, HR policies, training programs, CSR reports), official publications, and academic literature related to HRM and employee engagement.

Data Collection Techniques

- a. In-Depth Interviews
 - 1) Conducted using semi-structured interview guides to ensure flexibility.
 - 2) Questions addressed topics such as recruitment, training, compensation, performance management, organizational culture, and employee engagement.
 - 3) Example questions:
 - a) *“What strategies does the company use to build employee motivation and loyalty?”*
 - b) *“To what extent do training programs influence your engagement with the company?”*
- b. Participant Observation
 - 1) The researcher observed employee interactions, supervisor–subordinate relationships, and workplace conditions.
 - 2) Focus areas included communication patterns, teamwork, recognition, and the overall work atmosphere.
- c. Document Study
 - 1) Analysis of formal documents (HR manuals, annual reports, codes of conduct, HR development programs).
 - 2) Documentation served to validate information from interviews and observations.

3.3. Research Instruments

In qualitative research, the main instrument is the researcher. The researcher served as the primary data collector, analyst, and interpreter. Supporting tools included:

- a. Semi-structured interview guides.
- b. Voice recorders or note-taking applications.
- c. Field notes.
- d. Camera (when permitted) for documenting the workplace.

3.4. Data Analysis Techniques

Data were analyzed interactively using the Miles, Huberman, and Saldana (2014) model, which involves:

- a. Data Reduction → sorting, selecting, and summarizing important information from interviews, observations, and documentation.
- b. Data Display → presenting data in narrative, tabular, or matrix formats for easier comprehension.
- c. Conclusion Drawing/Verification → interpreting patterns, relationships, and emerging themes.

Additionally, thematic coding was applied to categorize data into major themes such as:

- a. HR strategies for engagement.
- b. Employee experiences with training.
- c. Impact of reward systems on motivation.
- d. Barriers to fostering engagement.

3.5. Data Validity

To ensure data validity, triangulation was applied:

- a. Source Triangulation: comparing information from HR managers, supervisors, and employees.
- b. Technique Triangulation: cross-checking data from interviews, observations, and documentation.
- c. Time Triangulation: conducting repeated interviews or observations at different times to ensure consistency.

A member check was also conducted by confirming the researcher's interpretations with informants to ensure accuracy.

Research Procedures

- a. Defining the research focus and preparing the proposal.
- b. Obtaining research permission from PT Nestlé Indonesia.
- c. Developing interview guides and supporting instruments.
- d. Conducting in-depth interviews, observations, and documentation.
- e. Transcribing interviews and reducing data.
- f. Performing thematic analysis and verifying findings.
- g. Compiling research results into a final report.

3.6. Research Ethics

Ethical considerations were prioritized, including:

- Obtaining informed consent from informants before interviews.
- Protecting the confidentiality of informants' identities and company data.
- Ensuring objectivity and avoiding data manipulation.
- Using data solely for academic and research purposes.

With this qualitative method, the study is expected to provide a deeper understanding of how HRM at PT Nestlé Indonesia contributes to enhancing employee engagement, the challenges faced, and the most effective strategies for building long-term employee commitment.

4. Results

4.1. Transparent and Competitive Recruitment and Selection

The findings indicate that the recruitment process at PT Nestlé Indonesia is conducted based on transparency, equal opportunity, and competency-based assessments. The selection stages include psychometric testing, competency-based interviews, and technical assessments. Employees reported that this fair recruitment system instills confidence and motivation from the very beginning of their employment.

This fosters a strong sense of belonging and enhances commitment to the company. Field Findings: Many employees expressed that the selective recruitment process made them proud to be part of Nestlé, thereby cultivating engagement early in their careers.

4.2. Continuous Training and Development

Nestlé Indonesia consistently implements employee training and development programs, including on-the-job training, technical workshops, and leadership development initiatives. Employees feel that the company provides opportunities for both professional and personal growth through internal programs and access to external courses.

Programs such as the Nestlé Academy and Talent Development Program illustrate the company's commitment to preparing employees for global challenges. These initiatives foster strong intrinsic motivation and significantly strengthen employee engagement, particularly in the dimensions of dedication and vigor. Field Findings: Employees who participated in development programs reported increased confidence, job satisfaction, and loyalty to the company.

4.3. Competitive Compensation and Reward System

The research found that Nestlé Indonesia provides competitive compensation compared to other companies in the food and beverage industry. In addition to base salaries, the company offers performance bonuses, annual incentives, healthcare benefits, and family welfare programs.

Employees appreciate the reward and recognition system, which evaluates not only results but also individual and team contributions. Fair compensation has proven to be a primary factor in influencing engagement, especially in the dimension of dedication, as employees take pride in working at Nestlé.

4.4. Performance Management Focused on Recognition and Development

Nestlé applies a Performance Development Review (PDR) system that emphasizes clear target-setting, periodic evaluations, and two-way discussions between supervisors and subordinates. Employees reported that this system helps them understand company expectations while providing opportunities to give feedback.

Performance management is not solely focused on achieving targets but also on individual growth and development. This approach motivates employees, strengthens their active involvement, and fosters long-term commitment.

Field Findings: Several employees highlighted that receiving positive feedback from supervisors made them feel valued and more enthusiastic about their work.

4.5. Inclusive Work Environment and Organizational Culture

Nestlé Indonesia emphasizes its core values of respect, integrity, teamwork, and excellence. These values are embedded in the daily work culture, including cross-divisional collaboration, open communication, and respect for diversity.

Employees noted that a positive workplace atmosphere, a safe environment, and support for work–life balance create a strong sense of comfort. This fosters emotional engagement and reinforces a strong bond with the organization.

Field Findings: Many employees expressed pride in Nestlé’s work culture, which ensures equal opportunities regardless of gender, age, or cultural background.

4.6. Effective and Two-Way Organizational Communication

The research shows that internal communication at PT Nestlé Indonesia is carried out openly and transparently through various channels such as town hall meetings, employee engagement surveys, and internal communication platforms.

Two-way communication enables employees to share opinions, feedback, and suggestions directly with management. This enhances their sense of being valued, strengthens engagement, and promotes harmonious relationships between management and employees.

Field Findings: Employees feel more engaged when their voices are heard through regular surveys, which management actively follows up on.

4.7. The Impact of HRM on Employee Engagement

Overall, the findings demonstrate that HRM practices at PT Nestlé Indonesia significantly contribute to strengthening employee engagement. Strategic HR initiatives reinforce the three main dimensions of engagement:

- a. Vigor: strengthened through training, development, and competitive compensation.
- b. Dedication: enhanced through organizational culture, open communication, and recognition systems.
- c. Absorption: supported by a positive work environment, career development opportunities, and work–life balance programs.

Conclusion of Findings: HRM at PT Nestlé Indonesia not only impacts individual motivation but also fosters collective commitment that supports the company’s vision and mission.

5. Discussion

The role of Human Resource Management (HRM) in enhancing employee engagement at PT Nestlé Indonesia can be analyzed through several key dimensions: recruitment strategies, competency development, compensation systems, performance management, organizational culture, and internal communication. The findings show that integrating these aspects has a positive and measurable impact on employee engagement.

- a. Transparent Recruitment and Selection: Fair and competency-based processes instill early trust and foster person–organization fit, which drives engagement.
- b. Training and Competency Development: Leadership programs, mentoring, and international opportunities align with human capital theory, showing that enhanced competencies increase employee value and loyalty.

- c. **Competitive Compensation and Rewards:** Both financial and non-financial rewards reinforce Herzberg's motivation theory, ensuring recognition and achievement as key drivers of engagement.
- d. **Performance Management Based on Objectives:** Regular feedback and clear goals ensure employees feel valued and directed, strengthening long-term commitment.
- e. **Inclusive and Collaborative Culture:** By valuing diversity and promoting teamwork, Nestlé builds a strong sense of belonging and mutual trust.
- f. **Effective Internal Communication:** Open, two-way communication enhances emotional bonds, fairness, and participation in decision-making.

Implications for Engagement: HRM strategies at Nestlé Indonesia effectively foster motivation, recognition, career growth, and a healthy work culture. This creates employees who are not only compliant but also proactive, innovative, and loyal.

Challenges Identified:

- a. The labor market's demand for new skills in the digital era.
- b. The expectations of Millennials and Gen Z for flexibility and work-life balance.
- c. Competition with other multinational firms for top talent.

To address these, Nestlé must continuously adapt its HR strategies, particularly in digital HR implementation, employee well-being initiatives, and flexible work systems.

6. Conclusion and Recommendations

6.1. Conclusion

Based on the research findings and discussion, several key conclusions can be drawn:

- a. **Strategic Role of HRM:** HRM at PT Nestlé Indonesia acts as a strategic partner in fostering employee engagement through transparent recruitment, competency development, fair compensation, and performance-based management.
- b. **Drivers of Engagement:** Engagement is supported by career development opportunities, recognition, inclusive workplace culture, and effective communication. These factors build a strong sense of belonging among employees.
- c. **Impact on Organizational Performance:** Employee engagement contributes positively to individual and team performance, loyalty, and competitiveness. Engaged employees are proactive, innovative, and committed to organizational goals.
- d. **HRM Challenges:** Nestlé faces challenges such as the evolving needs of younger generations, digital transformation, and competition for talent. Continuous HR innovation is required to maintain high engagement levels.

Overall: HRM at PT Nestlé Indonesia significantly contributes to sustainable employee engagement, which not only boosts productivity but also ensures long-term business sustainability.

6.2. Recommendations

- a. **Strengthen Career Development Programs:** Expand upskilling and reskilling initiatives, and reinforce leadership development to prepare globally competitive leaders.
- b. **Adopt Digital HR and Flexible Work Models:** Integrate HR analytics, digital learning platforms, and hybrid/remote work options to attract and retain younger generations.

- c. Enhance Employee Well-Being Programs: Expand initiatives that address physical, mental, and social well-being to sustain engagement and motivation.
- d. Promote Diversity and Inclusion: Strengthen policies to ensure that all employees feel respected regardless of gender, age, or cultural background.
- e. Expand Recognition Systems: Broaden appreciation beyond performance-based rewards to include recognition for creativity, innovation, and social contributions.
- f. Conduct Regular Engagement Surveys: Monitor engagement levels through routine assessments to identify areas for improvement and refine HR strategies.

References

- Adams, J. S. (1963). Inequity in social exchange. In L. Berkowitz (Ed.), *Advances in experimental social psychology* (Vol. 2, pp. 267–299). Academic Press.
- Armstrong, M. (2014). *Armstrong's handbook of human resource management practice* (13th ed.). Kogan Page.
- Bakker, A. B. (2023). Job Demands–Resources theory: Ten years later. *Annual Review of Organizational Psychology and Organizational Behavior*, 10, 1–25.
- Demerouti, E., Bakker, A. B., Nachreiner, F., & Schaufeli, W. B. (2001). The job demands–resources model of burnout. *Journal of Applied Psychology*, 86(3), 499–512.
- Dessler, G. (2017). *Human resource management* (15th ed.). Pearson.
- Kahn, W. A. (1990). Psychological conditions of personal engagement and disengagement at work. *Academy of Management Journal*, 33(4), 692–724.
- Schaufeli, W. B., Salanova, M., González-Romá, V., & Bakker, A. B. (2002). The measurement of work engagement with a short questionnaire: A cross-national study. *Educational and Psychological Measurement*, 62(4), 701–716.
- Saks, A. M. (2022). Caring human resources management and employee engagement. *Journal of Organizational Behavior* (Special Issue on HRM and Engagement).
- Sharma, A. (2024). HR practices and employee engagement: The mediating role of employer branding. *SAGE Open*.
- Alam, M. J. (2024). Human resource management practices and employee engagement: The moderating effect of supervisory role. *Cogent Business & Management*.
- Sinisterra, L., et al. (2024). A systematic review of the relationship between talent management practices, employee engagement, and turnover intention. *International Journal of Human Resource Studies*.
- Salunkhe, H. A. (2024). Impact of human resource practices on work engagement and turnover intention in the IT sector. *South African Journal of Human Resource Management*.
- Scholze, A. (2024). The Job Demands–Resources model as a theoretical lens for contemporary work design research. *Journal of Organizational Behavior Studies*.
- Hima, N. (2025). Enhancing employee engagement through digital HR practices: The mediating role of organizational trust. *Journal of Digital HR & Development*.
- Kovyashree, R., & Kwon, H. (2024). Training and development effectiveness and its impact on employee engagement: Evidence from developing economies. *Journal of Workplace Learning*.
- Tanwar, K., & Prasad, A. (2024). Employer branding, organizational culture, and employee engagement: An integrative study. *Human Resource Development International*.
- May, D. R., Gilson, R. L., & Harter, L. M. (2004). The psychological conditions of meaningfulness, safety and availability and the engagement of the human spirit at work. *Journal of Occupational and Organizational Psychology*, 77(1), 11–37.
- Saks, A. M., & Gruman, J. A. (2011). Organizational socialization and engagement: A review and research agenda. *Human Resource Management Review*, 21(2), 107–123.

- Research report — HR analytics and employee engagement: Global trends 2023–2025. (2024). [Industry report summarizing survey findings on engagement and digital HR practices].
- Various authors. (2024–2025). Selected empirical studies on training & development and employee engagement (case studies in banking, manufacturing, and IT sectors). [Collection of journal articles and conference proceedings].