

# EMPLOYEE PRODUCTIVITY EVALUATION WITH HUMAN CAPITAL MANAGEMENT STRATEGY: THE CASE OF COVID-19 IN INDONESIA

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## ABSTRACT

*Human capital is a strategic factor in employee productivity during a covid-19 pandemic. The research aims to find out the implementation and evaluation of human capital strategies in increasing employee productivity during a covid-19 pandemic. The variables in the study consisted of individual abilities, individual motivation, and the effectiveness of group work, and employee productivity. Analytical method this research is a qualitative method with the AHP model. Results of this study explain that the level of productivity criteria in the sequence is the efficiency effectiveness criteria, supervision criteria, timeliness criteria, quantity criteria, interpersonal impact criteria, and quality criteria. The order of the most important alternative levels in increasing productivity sequentially is the group effectiveness alternative, the individual ability alternative, and the individual motivation alternative. The overall order of alternative levels in managing employee productivity is the application of corporate values.*

**Keywords:** Human Capital, Individual Motivation, Personal Capability, Workgroup Effectiveness, Employee Productivity, Covid-19 Pandemic.

## INTRODUCTION

At the time Covid 19 pandemic caused the stability of the national economy and the pharmacy industry to grow negative. As of 2020 Phapros Company ranked as number 37 of 470 domestic industrials in this country, with a market share totally of 0,84%. The Covid 19 had systemic effects, particularly in the pharmaceutical industry, including them was undertaking of their employee performances. Another's impacted is employee management policies in dealing with the covid-19 pandemic. The PSBB policy of dealing with the covid-19 changes employee management patterns and work patterns by considering health protocol. As an entity of government pharmaceutical Phapros Company is constantly making breakthrough strategies in improving corporate performance, including productivity management strategies and employee work patterns that get the immediate impact of a covid-19 pandemic. In addition, this company is a pharmaceutical Indonesian government in the essential sector which is confronted Covid 19 pandemic, and the government-appointed as a role model of a good pharmaceutical company.

One of human resource management strategies refers to government policies by applying Permenkes No. 9 and Kepmenkes No. HK.01.07/MENKES/328/2020, to supporting of the covid-19 pandemic policy without leaving behind worker effort and sustainable productivity.

However, this company faces external environmental conditions resulting from the covid-19 pandemic, encouraging companies to remain able to control the company's internal conditions effectively and efficiently creating business opportunities (Nurhayati et al., 2021). In addition to producing pharmaceutical products propagated through the covid-19 pandemic, employees make up the human capital of the company's contribution to creating business opportunities by increasing productivity. In addition to its superior management over the proper human capital management strategy (HCM) has been a challenge for companies to survive the covid-19 pandemic. In the perspective of productivity, human capital is a key factor in promoting economic productivity (Gruzina et al., 2021). However, in the corporate space, human capital is an approach to a corporate strategy aimed at the success of the company, or in other words that human capital has a strong relationship in creating productivity and company performance.

Previous research that examined the influence of the role of human capital on employee productivity with various aspects and conflicting conclusions. Intellectual capital as a factor for achieving superior, competitive, and sustainable companies) has an effect on increasing employee productivity (Gogan et al., 2016; Endri, 2018; Oppong & Pattanayak, 2019), human capital variables (Ritonga, 2019; Indrawati & Sembiring, 2019; van Lottum & van Zanden, 2014; Sukoco & Prameswari, 2017; Sutisna et al., 2014). Although it does not explain the human capital variable, other researchers show the determinants of human capital (Kemalasari & Saluy, 2018; Irdaningsih et al., 2020; Nuryanto et al., 2020) affect employee productivity. The ability of company management to improve human capital factors affects employee productivity, economic value added, and competitiveness. For this reason, companies need application analysis and strategic assessments to increase employee productivity in the midst of the COVID-19 pandemic. Rumawas (2018) proves that human capital through education, work experience and competence has a positive effect on employee performance. Jamal (2011) concluded that the company's human capital management has a positive influence on organizational performance. Perera and Weerakkody (2018) found a strong positive impact of human capital on employee performance. Based on the phenomenon of facts and research gaps, it becomes the motivation to conduct research on how the role of human capital affects employee productivity in the context of companies in Indonesia.

## LITERATURE REVIEW

### Human Capital

Human Capital has summarized the idea that human resources are analogous to financial or work capital, so they must be effectively managed (Hartley & Robey, 2005). The concept of human capital is a discussion of human resource capital capable of having productivity or added value effect on companies. Human capital is a form of production factor in a living human form of thought and behavior. In human resources inherent roles or capital, functions produce a product or a service. Human resource capital that must be possessed includes knowledge, competency, attitudes, and health (Rastogi, 2002); education, experience, training, skill, habits, health, energy, and initiative (Frank & Bernanke, 2007); His ability, his knowledge, his ideas, his innovation, his energy, his commitment (Schermerhon, 2005) As a factor in economic

productivity growth or corporate added value (Romer, 1990). There are further five factors as a component of human capital, the individual's ability, individual motivation (Reksohadiprodjo & Handoko, 2001), Leadership, organizational culture, and group effectiveness (Mayo, 2000). Each human capital factor played a role in increasing employee productivity and the company's economic value-added.

## **Employee Productivity**

Productivity is the number of products divided by the company's organizational input. This definition is viewed more as an actigraphic result divided by the input provided by the company. However, in another concept of understanding, productivity is closely related to performance, as (Khan, 2012) suggests that productivity is a level or level of performance. In other words, productivity is the performance level performed by the input factor provided by the company. The concept of performance is job performance or actual performance (Riyanto et al., 2021). Performance is described as the work a person has done based on his or her duties and responsibilities. Therefore, performance discussions require measurable unit standards to know the extent of performance or productivity. Provides has 6 criteria for measured performance made up of criteria of quantity, timing, cost-effectiveness, supervision, and interpersonal impact. Employees who have high productivity are referred to as employees who have a level of good performance according to job responsibilities and planned goals (Virgiawan et al., 2021).

## **Human Capital and Employee Productivity**

Companies have an interest in increasing corporate value in the future by showing the output or productivity of companies supported by human resource input factors. Thus the human capital as a factor of company inputs needs management and development to boost their productivity. The levels of human capitals at which companies have a positive impact on employee productivity Like research done by (Gogan et al., 2016; Oppong & Pattanayak, 2019; Nuryanto et al., 2020; Indrwati & Sembirin, 2019) mention that intellectual capital is a factor in achieving superior, competitive and sustainable companies. Capital intelligence that has characteristics and cannot be copied is an integral part of a product and its value. As a corporate capital factor, intellectual capital is not only capable of creating products and employee performance but also provides superior, competitive, and sustainable competitive corporate competitiveness. In other words, that intellectual capital has a broader impact on the goals of corporate organizations.

Other studies specifically identify how the variable human capital (Ritonga, 2019; van Lottum & van Zanden, 2014; Sukoco & Prameswari, 2017; Kemalasari & Saluy, 2018; Sutisna et al., 2014) influential in increasing employee productivity. Human capital is seen in perspective productivity, where human capital is thought to be a production factor in increasing employee productivity (Vizano et al., 2021). While not explains the variables of human capital, other researchers point to the determinant factor for human capital (Kemalasari & Saluy, 2018; Irdaningsih et al., 2020; Nuryanto et al., 2020; Munthe, 2020) is having a positive impact on employee performance. Although it does not state human capital, the indicators used in such research are indicators of human capital.

## METHODS

Analytic Hierarchy Process (AHP) with expert choice, assisting in decision-making based on a skeleton on alternatives to the strategy of human capital (Mayo, 2000; Reksohadiprodjo & Handoko, 2001) to the purpose of worker productivity to the covid-19 pandemic condition in this company. Subjects of research are employees from that company. The Respondents consists of has the authority of human capital and knowledge towards employees' productivity in this company that is a commissary, managing director, and manager HRD. Information data collecting used a questionnaire method with an employee productivity purpose instrument and alternative human capital criteria involving an expert. Primary data sources came from both the responders and secondary data sources from annual business and other activity reports.

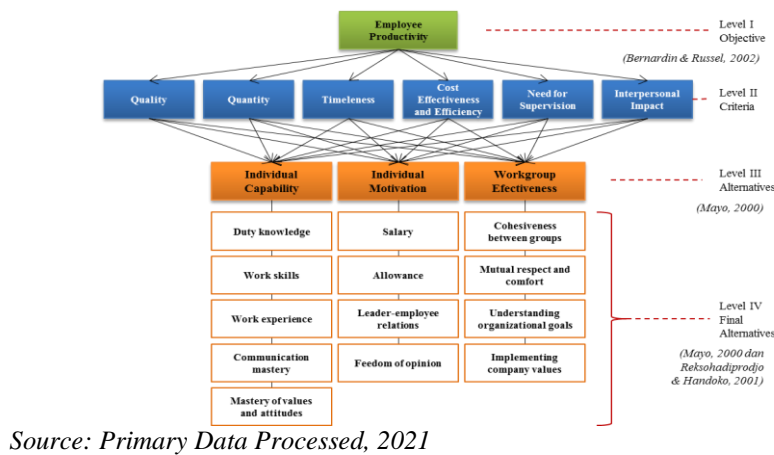
## RESULTS

The results of the performance show that increments index (CI), both the first stage of the consistency of each permanent matrix and the second stage of the overall consistency of the hierarchies, indicates that comparison of the second level criteria are consistent enough, where the maximum value of consistency is 0.1 or 10 percent. So the results of the charging matrix in pairs against the occupational productivity criteria and the alternative human capital need not be repeated and can be further analyzed to find out the results of his boycott. At level, I am a productivity level of employees as a purposed evil which defined into criteria based on a level of quality, quantity, punctuality, the effectiveness of supervising cost efficiency, and interpersonal impact, as the identification of the strategy for human capital during the covid-19 pandemic. Level II is the critical criteria or factor in the priority of employee productivity. The highest weight on the employee productivity criteria is the cost efficiency effectiveness criteria weight 0.217. Then it is followed by category weight of 0.212, compact criteria weight 0.196, a quantity weight of 0.171, interpersonal impact criteria weight 0.117, and quality criteria weight of 0.087. In other words, cost-efficiency effectiveness becomes the priority criteria (top) in determining employee productivity.

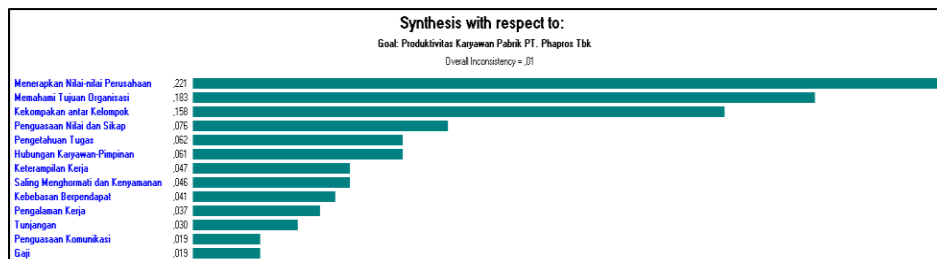
The cost-efficiency effectiveness issues, which are the potential to overshoot costs and then become wasteful, such as short-term bank interest payments, marketing costs, inventory fees (inventory), etc. The problem of supervision, the potential for industrial deformity, is not by the target or predetermined planning, such as production over vision with target and product quality standards, management of work and application of health protocols, supervision of optimizing strategies, and marketing performance, supervision of employee discipline. Critical criteria for timeliness focus on the production of market demand, such as at little split of time on served of pharmaceutical products associated with covid-19 rise. The main problem of timeliness, the precision of time between order and production process. Quantity issues include the achievement of the production quantity target related to covid-19. The rise in demand for pharmaceutical products is covid-19 as an initial identification of the quantity problem, which is production capability to target and market demand.

The interpersonal impact problem identification is that the optimum lack of both vertical and horizontal communication patterns among company leaders. Product quality problems include the potential arising from production failures that are not by pharmaceutical product

standards. The standard application of pharmaceutical products, therefore, is based on the regulation BPOM No. 13/2018 dan Head Regulation BPOM No. HK.03.1.33.12.12.8195/2012. The Level III alternative of human capital dimension is explained about human capital alternative weight for employee productivity in Phapros Company. The alternative priority of assesses the human capital strategy on employee productivity criteria includes sequential (1) workgroup effectiveness alternative weight 0.612, (2) individual capability alternatives weight 0.220, and (3) individual motivational alternatives weight 0.168. Then an alternative application of the workgroup effectiveness strategy would be a priority of human capital. Level IV: final alternative of human capital, discusses the composition of the alternative weighting of human capital implementation on employee productivity of PT. Phapros, Tbk. The final alternative priority of evaluating the human capital strategy on the productivity criteria of PT. Phapros, among these are sequential (1) alternatives to applying company values (weight of 0.221); (2) alternatives understand the organization's purpose (weight 0.183); (3) group coordination (weight 0.158); (4) mastery of values and attitudes (weight 0.076); (5) charge knowledge (weight 0.062). (6) employer - governing relationships (weight 0.061); (7) work skills (weight 0.047); (8) mutual respect and comfort (weight 0.046); (9) freedom of speech (weight 0.041); (10) work experience (weight 0.037); (11) allowance (weight 0.030); (12) communication mastery (weight 0.019); and (13) salary (weight 0.019) (Figures 1 & 2).



**FIGURE 1**  
**WEIGHTING OF HUMAN CAPITAL STRATEGY EVALUATION ON EMPLOYEE PRODUCTIVITY**



**FIGURE 2**

## FINAL ALTERNATIVE PRIORITY OF HUMAN CAPITAL STRATEGY ON EMPLOYEE PRODUCTIVITY

Sensitivity analysis is done by increasing the preference of employee productivity criteria to reach 50%. Sensitivity analysis becomes an important note in the identification of alternative human capital priorities to be made of the criteria changes caused by an upcoming preference or condition. Did not change out the rules in the weight of the point of the performance productivity criteria determined by the stakeholders on the assessment and experience of deciding the options. The sensitivity of the analysis shows that changes to the employee productivity preference do not matter to the alternative changes in human capital strategy, while remain to the alternative human capital by adopting company values that are a top priority. In other words, while there is a difference in conditions or changes in the productivity criteria, an alternative human capital in applying corporate values is a strong alternative to industrial productivity. Changes to the productivity criteria do not significantly change the alternative to human capital strategy by applying company core values.

Values affect attitudes and behavior. Value as a foundation basic human instrument in attitudes and behavior belongs to the corporate organizational environment. The reasons for this form of human capital are solid grounds. The human resources of a company must be managed well and optimally so that company goals can be achieved. As an organizational unit, Phapros Company has a core value as a starting point. Corporate values have a role in the company's success, therefore requiring the company's application and internalization of values to play a positive role in the improving performance of employees (Permana et al., 2021). The application and internalization of corporate values must be defined, understood, and held by each employee in action. Vision, mission, and company core values constitute inseparably connected in the building of human capital. The vision of Pharos is to "become a leading pharmaceutical company that produces the best health products supported by professional management and strategic partnerships to improve people's quality of life." In other words, professional management conditions and strategic partnerships are absolute prerequisites to achieving a corporate vision target, which is the best health product capable of improving people's quality of life as prominent companies. Professional management development would not be well woken up without the application of company core values, there are SPIRIT "integrity for excellent, professional, integrity, respect to the customer, occupancy, and teamwork" and AKHLAK "trust, integrity, harmony, loyalty, adaptive and collaborative." The successful implementation of company core values on employee productivity requires a leadership role and a conducive organizational environment (Hapsari et al., 2021).

## CONCLUSION

Preferred priority from criteria employee for employee productivity in covid-19 pandemic there is criteria of cost-effectiveness and efficiency, supervision, timeliness, quantity, interpersonal impact, and quality. The alternative priority order of human capital strategy evaluation towards employees in the covid-19 pandemic there are (1) alternatives to the workgroup effectiveness, (2) individual abilities alternatives, and (3) individual motivation alternatives. The final alternative priority for human capital strategy evaluation towards Phapros employees are (1) application of company values, (2) alternative understanding of organization's goals, (3) community-sharing alternatives, (4) values and attitudes; (5) duty knowledge; (6)

better-management relationships; (7) work skills; (8) mutual respect and comfort; (9) freedom of speech; (10) work experience; (11) allowance; (12) communication mastery; and (13) salary. The changes in the employee productivity criteria are not particularly sensitive (influential) on the alternative changes in human capital strategy, because they remain on the alternatives to human capital applying company values as a top priority.

The managerial implication of this research is that in increasing cost effectiveness and efficiency as the main priority of company performance productivity, among others, restructuring short-term bank financing into cheaper long-term bank financing, optimizing marketing activities, minimizing supply costs by considering market demand. Improving the supervisory function of employees to increase work productivity, including production and quality assurance of products. Increasing and accelerating the implementation of health protocols during the covid-19 pandemic, monitoring the optimization of the implementation of marketing strategies. Supervision of employee discipline. Implementing punctuality in supply, production, marketing by taking into account market demand, thereby minimizing the quantity resulting in wasted costs. Punctuality can be observed, among others, regarding priority requests for products related to COVID-19. In addition, strengthening the company's strategy in implementing a zero pending order strategy from supply to customers. Implementation of priority for productivity will include realigning of production plans and market demand trends, especially on products grown up with the covid-19 pandemic. Creating an interpersonal impact priority as support in creating a productive organizational atmosphere, this can be done by establishing a good, vertical and horizontal communication pattern between employees and company leaders. Maintaining the quality of the product on occupational productivity can, among other things, keep company products quality products in implementing quality assurance, especially implementation of pharmaceutical standards. An alternative human capital strategy applies company values-understanding the organization's goals can be do by formulating human capital's policies and development programs on effective and efficient employee productivity. How employees understand and apply the values of Phapros industries as a pharmaceutical industry in both the work environment and the off-site environment.

Implications for theory, research findings contribute to the theory of organization and human resource management. Building and applying corporate core values-understanding of the organization's structured, massive and systematic objectives concently and continuously. Create an organizational culture with good communication patterns and the corporate leadership's role in giving equal understanding of the company's values and its application. Therefore it needs leadership support, supportive organizational environment, and communication patterns between employees and leaders to apply company values. The alternative to human capital's strategy to create cohesive groups-to create a cohesive, mutually respectful environment that is to establish a dynamic organizational culture, a spirit with a high, open, self-sacrificing spirit, recognizing the strengths and weaknesses of the goals. Then an alternative human capital to building the individual's ability to strengthen the values of the company in building value and attitude, a sense of duty to improve job skills and experience and to develop training and development programs to enhance individual abilities. The human capital strategy alternative is to build a communication pattern between employees and leaders optimally and productively; arranged a balanced pattern of support and salary.

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