

Primary Factors In Human Capital Management That Significantly Influence Toward The Performance Of Employee

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Abstract

Employee performance is a very important factor in an organization to achieve its goal of becoming a high-performance and sustainable organization. Therefore, organizations need to identify the primary factors in the management of human capital that significantly influence the performance of employees in order to manage it such that it can be optimized and have strong alignment with organizational strategy in achieving the vision, mission and strategic objectives of organization. The purpose of this conceptual paper is to develop a conceptual framework about the primary factors that significantly influence employee performance and create a model as well as a comprehensive framework for the organization.

This article uses qualitative methods to make facts easier to understand and produce new models. The author conducts a review literature to examine theories that can be used to explain the phenomenon and previous research studies to show the linkage between research being conducted and that has been done. The results of the previous study were selected and analyzed, then relevant items were linked and formulated in accordance with the research problem, so that relevant factors could be integrated into a new comprehensive model.

The approach used consists of 3 stages as follows: first, this article discusses the relevance of the factors of leadership, organizational culture, career development, compensation systems, performance management and organizational commitment to employee performance. Second, this article performed a literature review of previous researches on the influence of leadership, organizational culture, career development, compensation systems, management performance and organizational commitment to employee performance, and Third, this article is to integrate all of these factors to become comprehensive model and framework for the organization.

Keywords: *Leadership, Organizational Culture, Career Development, Compensation Systems, Performance Management, Organizational Commitment and Employee Performance.*

1. Introduction

Employee's performance is a very important factor in an organization to achieve its goal of becoming a high performance and sustainable organization. Therefore, organizations need to identify the primary factors that have a significant effect to employee performance.

In the human capital management system, there are many factors that affect the performance of the employee, start from recruitment, management performance, talent management, competency development, career management, and others, but from these factors, of course there are primary factors which influence more significantly employee performance such as leadership, organizational culture, career development, compensation systems, performance management and organization commitment. Therefore, companies should be more focus on managing the primary factors in order to manage it such that it can be optimized and have strong alignment with organizational strategy to achieve the vision, mission and strategic objectives.

Employee's performance comes from the word employee job performance that means work achievement achieved by an employee. Understanding the performance is the result of the quality and quantity of work accomplished by an employee in performing its functions in accordance with the responsibilities given to him.

According to Dessler (2000), the performance is a comparison of the work performance with established standards. Meanwhile, according to Mangkunagara (2002), the performance is the work of both quality and

quantity is achieved by a person in carrying out tasks according to responsibilities given.

Based on some opinions about the performance it can be concluded that the definition of performance containing achievement substance of the work by a person, hence the performance is a reflection of the results achieved by a person or group of people. Individual performance has a close relationship and have a major impact on the performance of the organization so that if the performance of the employee/individual performance can be properly managed, high performance, the impact will also create a high-performing organization, and sustainably.

2. Literature Review

This article uses qualitative methods to make facts easier to understand and produce new models. The author conducts a review literature to examine theories that can be used to explain the phenomenon and previous research studies to show the linkage between research being conducted and that has been done. The results of the previous study were selected and analyzed, then relevant items were linked and formulated in accordance with the research problem, so that relevant factors could be integrated into a new comprehensive model.

The reason why the author chose the literature review method is as follows:

1. Literature Review shows the pattern of previous research and its relation to the research being conducted.
2. The review literature allows researchers to group and synthesize different research results and show what has been done and what has not been done.
3. The review literature helps researchers to tell what has been found so that researchers benefit from what others have done and encourage the emergence of new ideas.

Previous research is very important as a foundation in the preparation of conceptual paper writing to learn about the main factors that affect the human capital management of employee performance significantly. Based on the results of previous research in the form of journals that become literature in this research it can be identified that the main factors which influence and significant impact on the performance of employees, among others, leadership, organization culture, career development, compensation systems, management performance and organizational commitment.

Resume from previous research related to leadership, organizational culture, career development, compensation systems, performance management and organizational commitment to employee performance can be presented in the following table:

RESEARCHER	DEPENDENT VARIABLE	INDEPENDENT VARIABLE	RESEARCH RESULT
McNeese-Smith (1996)	Employee Performance	<ul style="list-style-type: none"> ▪ Productivity ▪ Work Satisfaction ▪ Organizational Commitment ▪ Leadership Behavior 	<ul style="list-style-type: none"> ▪ Organizational commitment and job satisfaction significantly and positively associated with employee performance. ▪ Leadership behavior is positively related to employee performance.
Cianni & Wnuck (1997)	Employee Performance	<ul style="list-style-type: none"> ▪ Leadership role ▪ Work Satisfaction ▪ Self-esteem 	Research results indicate that the role of leadership, job satisfaction and self-esteem has a significant positive effect on employee performance.
Darwish A. Yousef (2000)	Job Performance	<ul style="list-style-type: none"> ▪ Leadership Behavior ▪ Job Satisfaction ▪ Organizational Commitment (mediating) 	Results suggest that those who perceive their superiors as adopting consultative or participative leadership behavior are more committed to their organizations, more satisfied with their jobs, and their performance is high. The results also



RESEARCHER	DEPENDENT VARIABLE	INDEPENDENT VARIABLE	RESEARCH RESULT
		<ul style="list-style-type: none"> ▪ National Culture 	indicate that national culture moderates the relationship of leadership behavior with job satisfaction.
Duong Manh Cuong Fredric William Swierczek (2008)	Employee Performance	<ul style="list-style-type: none"> ▪ Corporate Culture <ul style="list-style-type: none"> ▪ Leadership ▪ Job Satisfaction ▪ Job Commitment 	Company culture, leadership, job satisfaction, job commitment has a significant positive effect on employee performance.
Lee Huey Yiing, Kamarul Zaman Bin Ahmad (2009)	Job Performance	<ul style="list-style-type: none"> ▪ Leadership Behavior ▪ Organizational Commitment ▪ Job Satisfaction ▪ Organizational Culture (mediating) 	Leadership behaviour was found to be significantly related to organizational commitment, and organizational culture played an important role in moderating this relationship. Organizational commitment was found to be significantly associated with job satisfaction, but not with employee performance. However, only supportive culture influenced the relationship between commitment and satisfaction.
Muhammad Riaz Khan Ziauddin Farooq Ahmed Jam M. I. Ramay (2010)	Employee Job Performance	Organizational Commitment	<ul style="list-style-type: none"> ▪ The results revealed a positive relationship between organizational commitment and employees' job performance. ▪ In the comparative analysis of three dimensions of organizational commitment, normative commitment has a positive and significant impact on employees' job performance.

RESEARCHER	DEPENDENT VARIABLE	INDEPENDENT VARIABLE	RESEARCH RESULT
Solomon Markos M. Sandhya Sridevi (2010)	Employee Performance	Employee Engagement	<ul style="list-style-type: none"> ▪ Employee engagement is stronger predictor of positive organizational performance clearly showing the two-way relationship between employer and employee compared to the three earlier constructs: job satisfaction, employee commitment and organizational citizenship behavior. ▪ Engaged employees are emotionally attached to their organization and highly involved in their job with a great enthusiasm for the success of their employer, going extra mile beyond the employment contractual agreement.
Hueryren Yeh Dachuan Hong (2012)	Job Performance	<ul style="list-style-type: none"> ▪ Leadership Type ▪ Organizational Commitment 	Organizational commitment will positively and significantly affect to job performance. It shows that employees are willing to stay



RESEARCHER	DEPENDENT VARIABLE	INDEPENDENT VARIABLE	RESEARCH RESULT
		(Mediating)	and devote ourselves to achieve the goal of a job because they have the same values and goals of the organization.
M Umer Paracha Adnan Qamar Anam Mirza Inam-ul-Hassan Hamid Waqas (2012)	Employee Performance	<ul style="list-style-type: none"> ▪ Leadership Style <ul style="list-style-type: none"> ○ Transformational ○ Transactional ▪ Job Satisfaction (mediating) 	<p>Leadership style i.e. Transactional or Transformational leadership style can increase the performance of Employees of private school (educators) working in Pakistan.</p> <p>The results indicate that Leadership has significance (strongly positive relationship) with Employee performance. The level of significance of transformational was positive but weak then transactional leadership.</p>
Rabia Imran Afsheen Fatima Arshad Zaheer Imran Yousaf Iram Batool (2012)	Employee Performance	<ul style="list-style-type: none"> ▪ Transformational Leadership ▪ Work Environment 	<ul style="list-style-type: none"> ▪ The results reveal positive and significant impact of transformational leadership and work environment on employee performance. ▪ The work environment was also found to play a mediating role in the relationship between transformational leadership and employee performance.
Fakhar Shahzad Zahid Iqbal Muhammad Gulzar (2013)	Job Performance	Organizational Culture	Culture of organizations has the significant positive impact on employee's job performance.
Rahmisyari (2015)	Employee Performance	<ul style="list-style-type: none"> ▪ Leadership Styles ▪ Organizational Culture ▪ Employees Development 	<ul style="list-style-type: none"> ▪ Leadership style has significant effect on organizational culture. ▪ Leadership style has significant effect on employee performance. ▪ Organizational culture has insignificant effect on employee performance.

RESEARCHER	DEPENDENT VARIABLE	INDEPENDENT VARIABLE	RESEARCH RESULT
Enggar Dwi Jatmiko, Bambang Swasto, Gunawan Eko N (2015)	Employee Performance	<ul style="list-style-type: none"> ▪ Work Motivation; ▪ Organizational Commitment 	There is a significant simultaneous effect of work motivation on the employee performance, organizational commitment on the employee performance, also work motivation and organizational commitment significantly effect on the employee performance.
Monica B.R. Pangemanan (2015)	Organizational Commitment	<ul style="list-style-type: none"> ▪ Staffing ▪ Training And Development 	Performance Management (performance appraisal) have significant impact on Organizational Commitment



RESEARCHER	DEPENDENT VARIABLE	INDEPENDENT VARIABLE	RESEARCH RESULT
		<ul style="list-style-type: none"> ▪ Performance Management 	
Cindi Ismi Januari Hamidah Nayati Utami Ika Ruhana (2016)	Employee Performance	<ul style="list-style-type: none"> ▪ Work Scoring ▪ Work Satisfaction (Mediating) 	<ul style="list-style-type: none"> ▪ Performance appraisal affect the variable of job satisfaction significantly. ▪ Performance appraisal affects the variable of job performance significantly.
Ni Komang Sri Wahyudi I Gede Adnyana Sudibya (2016)	Employee Performance	<ul style="list-style-type: none"> ▪ Work Satisfaction ▪ Organizational Commitment 	<ul style="list-style-type: none"> ▪ Job satisfaction has significant and positive affect on organizational commitment. ▪ Job satisfaction has significant and positive affect on employee performance. ▪ Organizational commitment has significant and positive affect on employee performance.

3. Discussion

The research result from 1996 to 2016 are presented in the research of literature, it indicates that there are many factors that affect the performance of the employee, but the very fundamental thing is leadership, organizational culture, career development, compensation systems, management performance and organizational commitment. Although there are other factors such as motivation, job satisfaction, work environment, as well as training and development. Some research also shows that organizational commitment is a variable mediating / intervening toward employee performance.

McNeese-Smith (1996) states that the productivity associated with a variety of items such as: inputs, goals, meetings, hours of work and other items related to the output. McNeese-Smith found that organizational commitment positively significantly related to employee performance. His research examines five leadership behaviors that challenge the process, inspiring a shared vision, enabling others to act, to give an example and motivating. The research then identifies both correlational and predictive relationship between the use of leadership behavior with the performance of the employee, employee job satisfaction and organizational commitment. This research shows that there is a positive relationship between the use of leadership behavior with the performance of the employee, employee job satisfaction and organizational commitment.

Cianni & Wnuck (1997) states that employees who have a high chance of increasing their career would stimulate their motivation to work better. Companies that have a systematic model in career development of employees will have a good performance. It can be concluded that the development achieved a good career employees then performance will increase, or in other words the career development significantly influence employee performance.

Yousef, A.D. (2000), conducted a research that the results concluded that organizational commitment mediates the relationship between leadership style and job satisfaction and performance. From these researches it can be concluded that it is proven that the employee's performance improved strongly influenced by organizational commitment (McNeese-Smith), a leadership role (Yousef, A.D.), and career development (Cianni & Wnuck).

Cuong & Swierczek (2008), conducted a research that the results show that corporate culture, leadership, job satisfaction, job commitment has a significant positive effect on employee performance. Then Yiing & Age (2009), conduct advanced research with reference to the research Yousef, AD (2000) above, the results of his research suggest that three elements of organizational culture (culture of bureaucratic, innovative and supportive) moderated significantly the relationship between leadership style participatory and supportive leadership style to organizational commitment.

Khan, et al (2010) conducted a research on the relationship between the Employee Job Performance with



Organizational Commitment and the results show that there is a significant positive relationship between organizational commitment and employees' job performance. Then the three dimensions of organizational commitment shows that normative commitment has a significant and positive effect on employee performance.

Based on the research that conducted by Markos & Sridevi (2010) Employee engagement is stronger predictor of positive organizational performance clearly showing the two-way relationship between employer and employee compared to the three earlier constructs: job satisfaction, employee commitment and organizational citizenship behavior. Engaged employees are emotionally attached to their organization and highly involved in their job with a great enthusiasm for the success of their employer, going extra mile beyond the employment contractual agreement. Later researches conducted by Yeh and Hong (2012), also showed that organizational commitment has a significant positive effect on employee performance.

According to the research conducted by Paracha et al (2012), Leadership style i.e. Transactional or Transformational leadership style can increase the performance of the Employees of private school (educators) working in Pakistan. The results indicate that Leadership has significance (strongly positive relationship) with Employee performance. The level of significance of the transformational was positive but weak then transactional leadership.

According to research conducted by Imran et al (2012), which examines the relationship between employee performance with transformational leadership and work environment, the results show that there is a positive and significant impact of transformational leadership and work environment on employee performance. The work environment was also found to play a mediating role in the relationship between transformational leadership and employee performance.

From several researches it can be concluded that it is proven that the employee's performance improved strongly influenced by organizational commitment (Khan et al, 2010 and Yeh & Hong), leadership style (Paracha et al 2012 and Imran et al 2012), and organizational culture and style leadership significantly influence organizational commitment (Yiing & Age).

Then Shahzad et al (2013) conducted a research on the influence of organizational culture on job performance, and the results showed that the Culture of organisasi has the significant positive impact on the employee's job performance.

Rahmisyari (2015) in his research also found that leadership style has significant effect on organizational culture, Leadership style has a significant effect on employee performance, and organizational culture has insignificant effect on employee performance.

According to Jatmiko et al (2015), there is a simultaneous significant effect of work motivation on the employee performance, organizational commitment on the employee performance, also work motivation and organizational commitment significantly effect on the employee performance. Meanwhile, according to Pangemanan (2015) Performance Management (performance appraisal) has a significant impact on Organizational Commitment.

According to the January et al (2016), Performance appraisal Affect the variable of job satisfaction significantly, Performance appraisal affects the variable of job performance significantly. Meanwhile, according to Wahyudi & Sudibya (2016), job satisfaction has significant positive effect on organizational commitment. Job satisfaction has significant positive effect on employee performance. Organizational commitment has significant positive effect on employee performance.

From several researches, it can be concluded that the improvement of employee's performance strongly influenced by organizational culture (Shahzad et al, 2013 and Rahmisyari, 2015), leadership style (Rahmisyari 2015), organizational commitment, and performance management / performance appraisal (Jatmiko et al, 2015 and January et al, 2016).

Thus, it is based on a literature review that has been conducted shows that there are six main factors that



significantly affect the performance of employees, namely leadership, organizational culture, career development, compensation systems, performance management and organizational commitment.

Despite research in the literature, there are still other factors that affect employee performance such as motivation, job satisfaction, work environment, as well as training and development. In a literature research has been done above, also found that there are two variables that can be variable mediating/intervening variable organizational commitment and variable organizational culture, but the majority of researchers made variable organizational commitment as a mediating variable/intervening and only a small portion that makes organizational culture variables as variables mediating/intervening.

Therefore, when developing the model, the researchers found there are six key variables significantly influence employee performance, namely 1) leadership, 2) organizational culture, 3) career development, 4) compensation system, 5) management performance and 6) organizational commitment (as a mediating variable/intervening), so that the model can be described as follows:

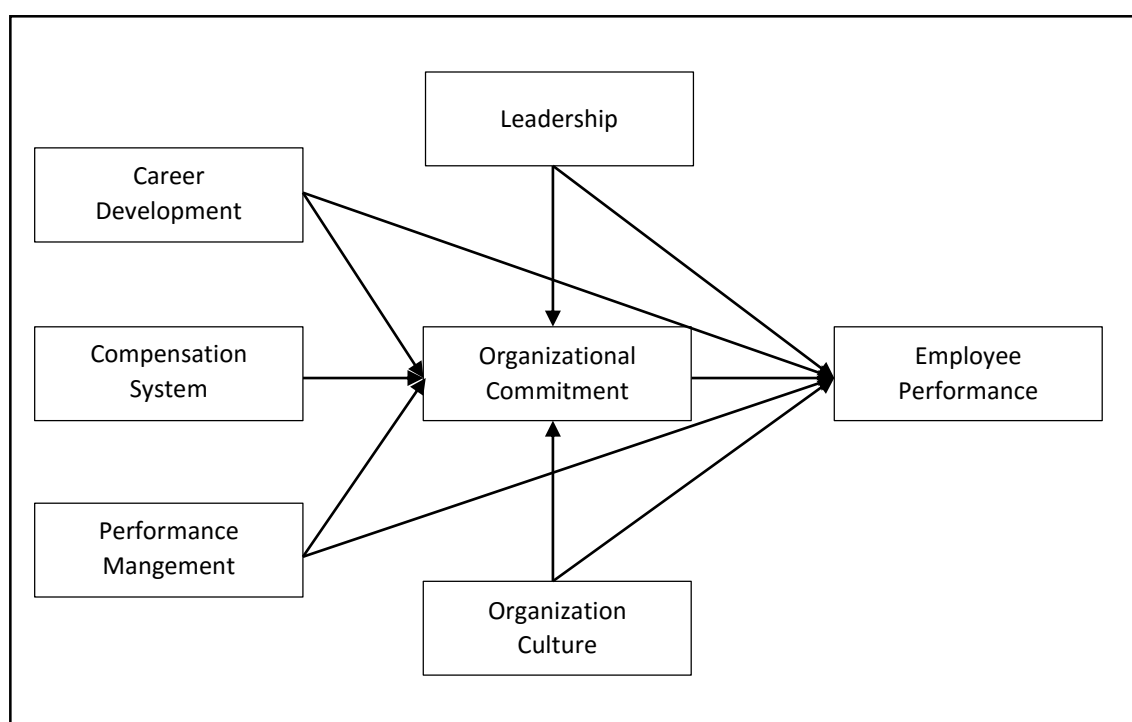


Figure 1. Primary Factors Model that Influence Employee Performance
(Formulated based on a literature review of the previous researches result)

4. Conclusion

Based on a literature review that has been done towards previous researches and continued with the discussion, it can be concluded that the primary factors which significantly influence the employee performance, there are six of them such as: 1) leadership, 2) organizational culture, 3) career development, 4) compensation system, 5) performance management and 6) organizational commitment (as a mediating variable / intervening).

Further research can do testing empirically for the model in Figure 1 to measure the significance and the influence of each factor, or examine the influence of other factors that have not been discussed in this article such as motivation, job satisfaction, work environment, as well as training and development.

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