

# HUMAN RESOURCE EVALUATION Personnel Management, Communication, And Effectiveness

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## ABSTRACT

*The Human Resource Scorecard is the subject of this essay. The Human Resource Scorecard measures the performance of human resources in corporations and colleges. Companies and academic institutions can use the Human Resources Scorecard to analyze their vision, purpose, goals, and strategy. Even if financial results are not available, a business's or university's success may be assessed using the Balanced Scorecard's created models, since human resources are assets in the firm and their performance is a reflection of the company's performance. Determining and putting into practice a human resources scorecard is also covered here. There are still a number of studies that utilize this model in their research and a number of firms and colleges that use this model to assess the success of HR in their companies and institutions.*

**Keyword:** - Human Resource Evaluation, Balance Scorecard, Effectiveness, Communication

## 1. INTRODUCTION

technology in all aspects, both in technology, healthcare, companies and marketing, it also affects the human resources within the company. In order for the company to carry out its operational activities productively and efficiently, human resources are needed, which are a very important asset in the company. Therefore, when having human resources as assets, it is necessary to measure performance so that companies can find out which human resources are productive and which are also unproductive, so that companies can provide appropriate training for these human resources.

The task of the company manager is to evaluate the performance of human resources, and at the same time, the evaluation of the company's performance is an important task for the leaders of the company's organization. Periodic performance reviews allow the company's organizational leaders to know the current position of the company compared to, for example, goals or targets that have been set, or compared to competitors and industry averages.

In fact, the measurement of performance is always based on financial indicators, which are always the basis for assessing the success of a company than other indicators. However, measuring from the financial side still gives a limited idea of what will happen to the company in the future. One big quarter of financial success, six great months, or even a great year is no indication of what the future holds.

The key to a company's success is always seen in financial factors, but in constantly changing developments, as well as changes in human resources, which are now considered important assets for companies, where companies interact directly with employees, consumers and even competitors. This condition then leads the business world and organizations to new ideas to create a system that can keep pace with the progress of the business world itself, both in the form of information and management systems. This can be seen in the emergence of new management ideas such as Six Sigma, Total Quality Management, Balanced Scorecard, and so on.

With changes in various areas of the company, both business and managerial, it is necessary to be able to improve the overall efficiency of the company. Each company must be able to implement its strategy in the fight against

competition and use resources more efficiently and rationally, which ultimately allows realizing the vision, mission and strategy of the company.

Human Resource Scorecard is a new tool in personnel management and employee performance evaluation designed to eliminate weaknesses from the Balanced Scorecard presented by Brian E. Becker, Mark A. Huselid and Dave Ulrich in 2016. According to Becker et al. (2016), the Human Resource Scorecard is a performance measurement system that evaluates the contribution of HR to value creation in a company. If the focus of a company's strategy is to achieve a competitive advantage, then the focus of the HR strategy needs to be adjusted. This should maximize HR's contribution to achieving organizational goals and further creating value for shareholders. At the heart of HR's strategic role are the three dimensions of the value chain, namely functions, systems, and employee behavior. According to Mutmainah (2017), the difference between Human Resource Scorecard and Balanced Scorecard is that Balanced Scorecard is more about measuring the performance of all institutions in the form of tangible assets whereas Human Resource Scorecard is more about measuring performance. institutional human resources in the form of intangible assets linking people - strategy - performance to build superior institutions. The Human Resources Scorecard describes the mission, vision, strategy in the actions of human resources whose contribution can be measured. The Human Resources Scorecard describes how the intangible (leader/cause) becomes tangible (lagging/effect)..

## 2. RESEARCH METHOD

This study uses a literature review or literature review. Where a method is used to collect data or sources related to a particular topic, which can be obtained from various sources such as magazines, books, the Internet and other libraries.

## 3. RESULTS AND DISCUSSION

### Human Resource Scorecard Concept (HRSC)

The Human Resource Scorecard is a new method for measuring human resource performance in order to improve the performance of an organization. This measurement model is very useful for HR managers to understand the difference between human resource performance (human resource performance that does not affect the implementation of the company's strategy) and human resource outcomes (human resource performance that affects the implementation of the company's strategy). In addition, the human resource scorecard can measure the leading indicator (causal indicator) and the lagging indicator (effect indicator), lagging indicators includes performance score, average sales per salesperson, and employee attitudes as measured by customer satisfaction surveys. Leading indicators focus on various key changes to be implemented by all employees, including:

- a) Improved Worker Skill Factorstrategic job coverage,
- b) Access to information technology equipment and data ratio, availability of strategic information in adjusting individual goals with incentives that reflect the new priority of harmonizing individual goals.

Thus, the human resource scorecard measurement method helps to control the cost of the company, evaluate the contribution of human resources, and support organizational change and flexibility. The concept developed in the HR Scorecard is more focused on the important role of the human resources profession in the future. If the goal of the company's strategy is to create a sustainable competitive advantage, it is necessary to adjust the focus of the human resource management strategy. This is to maximize the contribution of human resources to the achievement of the organization's goals and subsequently create value for the organization.

### 3.1. Relationship between Human Resources Scorecard and Strategy

A strategy is basically a theory about how to achieve a company's goals. Typically, companies evaluate their performance on the basis of past financial statements. But researchers have now found that the right measurement for the long-term and the right measurement is done with a strategy. Using the Balanced Scorecard, the company operates based on the strategy, financial and non-financial indicators are derived from the strategy, vision and mission of the company. The Human Resource Scorecard is similar to the Balanced Scorecard, its scorecard is based on the company's strategy linked to the Human Resource system. Companies use scorecards to manage performance and make strategy a key control center for processes and systems (Kaplan and Norton, 2016).

The strategy map helps organizations see their strategy in a holistic, integrated and systematic way as it links cause and effect relationships showing that intangible assets translate into tangible (financial) outcomes (Kaplan and Norton, 2016). AHP is a form of decision-making model that basically tries to cover all the shortcomings of

previous models. The main tool of this model is the functional hierarchy, the main input of which is human perception. The advantage of the AHP model over other decision-making models lies in the ability to solve multi-objective and multi-objective problems. Most existing models use one goal and many criteria. The advantages of the AHP model come from its greater flexibility, especially when creating hierarchies. This flexible nature allows an AHP model to simultaneously cover multiple goals and multiple criteria in a model or hierarchy. Even the model can also solve problems that have conflicting goals in the model. (Becker, 2017)

### 3.2. Measuring HR performance using HR Scorecard

To measure the effectiveness of human resources, they focus on "feasible opportunities", ensuring that service delivery is carried out in a cost-effective manner. (Kaplan and Norton, 2016) The parallel between cost control and value creation measurement helps HR managers avoid the tendency of strategic HR efforts to ignore costs over benefits. Key performance indicators, both financial and non-financial, are important elements of effectively communicating a company's progress towards achieving its vision. The steps for designing an HR measurement system using the HR Scorecard approach are as follows:

- a) Determining the competencies of the HR manager competencies in question takes the form of knowledge, skills, abilities, and personal characteristics that directly affect their effectiveness. Findings from Perrin's HR competency study in Becker, Huselid & Ulrich (2016) show that HR competencies are defined as possessing computer skills (line manager), Possessing broad knowledge of the HR vision (academic), having the ability to anticipate the impact of change, able to provide training in the field of personnel management and influence managers (head of human resources)
- b) High-performance work system (HPWS) measurement), HPWS lays the foundation for turning HR into a strategic asset, HPWS maximizes employee productivity. Each dimension of the HR system should include a set of indicators reflecting the "focus on performance" of each element of the HR system.
- c) in. Measuring the consistency of the personnel management system, means an assessment of the extent to which the personnel management system meets the needs of the company's strategy implementation or is called external alignment, while internal alignment refers to how each element can work together and not experience conflicts.
- d) resource efficiency, reflecting on how the HR function can help companies achieve the required competencies in a cost-effective way. This does not mean that HR should minimize costs without paying attention to results, but rather think about balance.
- e) HR result, HR results an important contribution to human capital for the implementation of the company's strategy. In this case, it is strategically focused on employee behavior, such as low employee turnover.

The important elements of HR Scorecard are results, use of a high-performance work system (HPWS), HR alignment system, and HR performance. It reflects the balance between cost control and value creation. Cost control is carried out by measuring the efficiency of resource use. At the same time, value is created by measuring HR results, and harmonizing external HR systems and HPWS. The last three are important elements of a resource architecture that trace the value chain from functions to systems to employee behavior. Since the strategic focus of the role of HR is on value creation, thinking about resource architecture means expanding the view of the HR value chain. As in the company scorecard, which contains indicators of cause and effect,

Another approach is to focus on understanding the possibilities of human relations, such as leadership and organizational flexibility. Because it is easy to imagine that these opportunities can affect the success of the organization as a whole. In contrast, with the seven-step model, measuring HR contribution does not require a direct transition between HR results and company performance. In addition, there is a causal relationship between HR and other things unrelated to HR outcomes. Thus, HR performance measurement should focus on the HR performance driver and HR factor, not on the company's potential. This dimension is a measure of the human capital of various performance factors on a company's strategic map.

Ideally, the HR outcome in the HR scorecard should include several indicators of the strategic impact of the HR outcome that has been identified. This also includes evaluating the relationship between each HR outcome and the individual performance drivers on the strategy map. In this way, he can link the impact of the Result with the Performance Driver and then on the performance of the company. From the above explanation, the benefits of HR Scorecard include:

- a) Highlighting the difference between HR performance and HR outcome, HR outcome consists of two categories: performance drivers (capabilities or core human assets such as employee productivity and satisfaction) and enablers (performance-enhancing factors such as reward structures). (Becker, Huselid & Ulrich (2016). HR by measurement will encourage HR professionals to think both strategically and operationally.
- b) Ensure cost control and value creation HR is always required to control company costs. At the same time, HR must fulfill a strategic task, namely to create value. The HR scorecard helps HR professionals find the best solution.

c) The Leading Indicator Measurement is an indicator that evaluates the status of the key success factors driving the implementation of the company's strategy and paying more attention to the future. Where is inversely proportional to the lag factor, which reflects what happened in the past.

d) Assessing the contribution of HR to the implementation of the strategy

e) HR managers should have a clear strategy for measuring HR performance, f) enable HR professionals to perform their duties effectively, g) encourage flexibility and change, as the scorecard focuses on the implementation of the company's strategy, which requires constant change.

According to Becker et al. (2017), the HRSc measurement system has certain advantages, namely:

- a. Provides a means to quantify the differences between a company's HR architecture (HR functions, HR systems, and employee behaviors) and the ideal architecture.
- b. Help identify the most appropriate deliverables and outcomes that are the focus of the cost-benefit process.
- in. Can improve customer performance, which can optimize profits.
- d. Know the important differences between lagging and leading indicators.
- e. As a basis for training in HR research and development.

#### 4. CONCLUSIONS

One of the competitive advantages is human capital, so it is necessary to emphasize the importance of measuring human resources. The Human Resource Scorecard is a measurement system that links human resources to a company's strategy and performance, which will ultimately increase awareness of the consequences of human resource investment decisions so that investments can be made in the right direction and at the right amount. In addition, a human resource scorecard can be a tool for human resource managers to ensure that all human resource decisions support or directly contribute to the implementation of a business strategy.

The HR Scorecard is a measurement of HR performance to improve organizational performance. One of the stages in the implementation of the HR scorecard is continuous monitoring and reporting on the tasks set, namely on the achieved strategic goals. For organizations, this measurement can help control the costs of creating company value, evaluate the contribution of HR to strategy implementation, and support organizational change and agility. In the Human Resource Evaluation Chart, first, there should be a cause-and-effect relationship, and then the consequences. The point is that what is managed is measured, and then it can be implemented and evaluated. And with the help of the HR Scorecard, measurements can help control the costs of creating value for the company,

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