

# Human Resources Management and the Role of Organizational Communication in Automotive Company in Jakarta, Indonesia

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**Abstract-** This study aims at discussing human resources management (HRM) and the role of organizational communication in one automotive company located in Jakarta. Methods used to collect the data is by undertaking direct observation and interviews with the employers and the employees of the company. The study found that HRM has been given large attention by the Toyota-Auto 2000 company by establishing annual planning, recruitment and selection, training, development and job performance analysis, and promotion, transfer and resignation. The employees of the company were also found to be satisfied in their jobs. The reason for this is because this company has well established human resources management programs on one hand and it is because of the good communication organized in the company on the other hand. Open and transpance communication between the employers and the employees have made the company able to motivate the employees and increase the profits as well as the company's value to sustain in the tight completion business. The company conducted a strategy to take advantage of employees in achieving corporate goals and the employees also receive compensation in the form of wage salary in accordance with the employee's performance and reward for employees who excel in their work. If the employees especially the sales persons of the company have not been able to reach their sales target, the company will not directly give penalties to its employees. However, much remain to be done as the company faces tight competition to other automotive companies located in Jakarta.

**Index Terms-** HRM, organizational communication, automotive company, employers and employees.

## I. INTRODUCTION

Any business activities at least have two objectives. The first is to maximize profits and the second is to sustain the value of their business activities. To achieve these objectives, it does not only need to satisfy their customers, but it also needs many efforts to increase the employees' social welfare. These suggest that employees and customers are the two things that cannot be underestimated by the companies. Employees, in particular, play a major role in running the company's life. If the employees have high job satisfaction and work motivation, these conditions are no doubt increasing the company's performance as well as generating profits for companies, vice versa. For these reasons, a good human resources management is a must for any companies to maximize their profits and the value of the companies.

Of many ways to motivate companies' employees to have a great concern to increase their productivity is by providing a good salary and incentives. By providing a reasonable salary and incentives, employees are able to obtain their job satisfaction. This view has been advanced in the literature. As Robbins and Judge (2009: 118-119), for instance, stated that employees job satisfactions do not merely depend on work itself, advancement opportunities, and supervision, but it is also affected by the salary and incentives. This indicates that sufficient salary is not a necessary condition to achieve employees' satisfaction, but it is a must.

However, to provide a reasonable salary for the employees, the company must have a good quality of human resources management (HRM). This, for example, can be done by establishing training and human resources development unit in a company. By having this unit, the employees can be easily trained and educated to increase their productivities and skills. In addition, the employees of company will be able to work and live well within a social group dynamic. They can also become creative, innovative, empathetic, professional and have self-integrity, high motivation, as well as they can enjoy their works satisfactorily.

Apart from the training programs, job performance is also needed by the company. One of the factors that cannot be forgotten in increasing employees' job performance is communication within the company. Without a good organizational communication, the available resources cannot be managed properly. This will further cause performance becomes deteriorating and the process of achieving goals in a company cannot be maximized. Hasibuan (2001) defined job performance was created if there is job satisfaction. This job satisfaction can be seen from employees' attitude and passion towards their jobs. It is also reflected from the work ethic, moral, discipline and work performance of the employees.

Like Hasibuan (2001), As'ad (1995) stated that job performance is closely connected with the attitude of employees toward work itself, the work situation, cooperation between leaders and employees. Whilst in terms of job satisfaction, As'ad (1995) defined it as the general attitude towards factors of work, adjustment and individual social relationships outside of work. Therefore, the assessment towards human resources management in a company and the influence of communication to the performance of a company are needed to be studied.

This paper aims at describing the human resources management and the role of communication in a company towards the company's performance taking automotive company

Toyota –Auto 2000 as case study. The company is located in Slipi, West Jakarta and it sells four-wheeled vehicles (sedans, minibuses and trucks). The total number of employees in this company are no more than 70 persons and it is mostly sales persons. However, before discussing the above objective, a brief literature review on human resources management, communication and job satisfaction are given in section 2 as the background. Section 3, then, discussed what have been done by the automotive company in its human resources management. Section 4 highlights the role of communication towards the company's performance. Finally, concluding remarks are drawn in section 5. Note that, the sources of data were from secondary sources published by the automotive company located in the capital city of Jakarta. A brief visit to the company and interview to manager, employers and employees of the company were also conducted.

## II. A BRIEF LITERATURE REVIEW

Human resources management as usually abbreviated as HRM has been defined in many literatures. Of the many definitions of HRM, there are at least three relevant references that are worth to be given here. According to Henry Simamora (2005), for instance, HRM is defined as the efforts to utilize, develop, assess and response to services and management of individual members of the organization or group work. In HRM, it also includes the design and the implementation of planning, personnel arrangement, employee development, career management, job evaluation, compensation of employees and labor relations.

However, Panggabean (2010) defined HRM as the process of planning, organizing, leadership selection and the control towards organizational activities related to job analysis, evaluation and job description, procurement, development, compensation, promotion as well as the termination of employment in order to achieve the goals set by the organization. Whilst Achmad S. Rucky (2009) defined HRM as the appropriate and effective implementation in the process of acquisition, utilization, development, and personnel maintenance owned by the organization effectively in order to achieve the optimal level of utilization of human resources by the organization to achieve its goals. Therefore, definitions of HRM have been many and it depends on the context of the types of organization. However, in general HRM is defined as the way to influence human resources to conduct any activities towards the objectives of the organization.

In terms of the definition of organizational communication, this terms has no single definition. Purwanto (2003), for example, defined organizational communication as a process of communication that uses language or symbols as media to transfer messages from the sender to the recipient via the communication process in order to obtain a substantial response for an organization. Whilst, Katz and Khan as quoted by Thoha (1999) defined communication as a social process that have relevance to the functioning of the widest in any group, organization or community. Umar (2002), however, defined communication as an activity undertaken by one or more people, such as the sharing and receiving messages. Thus, communication in a company is important for employees and

employers to share views and opinions as well as discuss the company problems and solutions.

Unlike the above two definition of HRM and organizational communication, job satisfaction is defined as a positive feeling about a job, resulting from an evaluation of its characteristics. Job satisfaction is the individual feeling. The more aspects of the works is fulfill expectedly, the higher will be the perceived level of satisfaction, and vice versa. However, Ivancevich (2008: 12) argued that employees' satisfaction does not automatically improve the productivity. But, if the employees feel unsatisfied towards their jobs, this tends to lower productivity. The employees will also be more often absent and produce lower quality.

Other definition of job satisfaction which is worth to be mentioned is the definition highlights by Newstrom (2007: 204) in that he stated that job satisfaction is a set of favorable feeling and emotions with which employees view their works. Whilst Davis (2002: 501) defined job satisfaction is a psychological atmosphere of pleasant or unpleasant feelings towards their job.

## III. HUMAN RESOURCES MANAGEMENT IN AUTOMOTIVE COMPANY

As mentioned at the outset that the automotive company under study is Toyota – Auto 2000 located in Slipi, West Jakarta. This company has employees no more than 70 persons and they are mostly sales persons. The study found that the automotive company considers the HRM is important to achieve the objectives and goals of the company. This company considers HRM as integrated capabilities of the intellect and physical power of the individual in the company. Also, it is a way to manage relations and role of resources (labor) owned by individuals effectively and efficiently. This company argued that every human being is not a machine and they cannot be viewed simply as business resources that can be used in order to reach a common goal of the company, employees and the community. Communication in this company between the employers and employees are critical in making HRM works.

The above views are in lined with what has been said by Panggabean (2010). According to Panggabean (2010), activities in the field of human resources need to be viewed from two perspectives, namely, the work and the workers. In terms of the work, it should be viewed in terms of job analysis and job evaluation. However, in terms of workers, it should be viewed as activities that include procurement of labor, performance appraisal, training and development, promotion, compensation and termination of employment.

In addition, the company was also argued that HRM has relationship with the design and the system implementation not only for planning and formulating, but it also includes good employee development, career management, job evaluation, compensation and labor relations. In other words, human resource management involves all the decisions and management practices that directly affect and related to human resources.

To have a well established HRM, it is argued that the company needs to have the objective of HRM. The purpose of HRM's objective is to make the organization becomes an effective working unit. The reason is simply because HRM is a process of facing and dealing with the various problems that

happen to employees, officers and other human resources which can influence and support organizational activities to achieve its intended purpose. As Stoner (1996) suggests that human resource management is an ongoing procedure that aims to supply an organization or company with the right individuals to be placed in the position and the right position when the organization needs it.

There are at least four objectives of HRM that has been given attention by a company. These four objectives are as follows. The first is the organizational objectives. This aims to recognize the existence of human resources management to contribute to the achievement of the effectiveness of the company. This is done by establishing a human resources department to help the managers in managing the performance of employees. Thus, the human resource department only help managers in dealing with matters relating to human resources.

The second is functional objectives. This aims at maintaining the contribution of the department at a level appropriate to the company's needs. It is argued that there will be no value if the HRM has its own criteria which are less than the company's needs. The third is the social goals. This aims to be able to respond ethically and socially to the needs and challenges of society through actions to minimize the negative impact on the company. Finally, the objective towards personal interest. This aims to assist employees in achieving its objectives. The objective minimally is to increase the individual contribution to the company. This suggests that personal goals should be considered if the employee must be maintained, retired or motivated. Otherwise, job performance and employee satisfaction can decrease and the employees can leave the company.

The function of HRM is argued by the automotive company to be similar as the function of management. There are at least four aspects that need to be given attention in HRM. These function are Planning, Organizing, Controlling and Actuating which is widely known as POAC. This argument is in line with the views suggested by Simamora (2005) and Pangabea (2010). The four aspects of management functions that are taken by the company are as follows. The first is planning which means as a preparation and selection of workers. In the process, there is a need to have planning for human resources in undertaking the variety of jobs that may come up and needed in accordance to the company needs. This process is done by taking into account the availability of jobs, the amount of employees, timing and so forth. There are at least two factors that are argued needed to be considered in the preparation process. These factors are the internal factor that includes the number of the employees needed, company's structure and the like, while the external factor includes the labor regulation, employees' condition and so forth.

The second is the process of recruitment and selection. The recruitment of employees is a process to seek candidate or new employee to fulfill the company needs. To do optimize this process, there is a need to have job analysis to describe any type of job needed by the company. While the selection process deals with the process to find new employee that is suitable to the vacant job position available. In this process, the automotive company accepted many job application, this application is then sorted into two groups. One group is those applicants that are

suitable with the vacant position required and other groups are for those applicants that are not required by the company. After this process completed, the company organized written tests to the first group. Those who are able to get through from the test are the interviewed and proceed to final selection process.

The third is training, development and the performance evaluation. In terms of training and development, the company implemented a leadership development program with the aim of improving employee performance, especially in terms of service. One of the main focuses of this company is selling. The company implemented mentoring system to new employees with methods of mentoring by more experienced senior in sales. The training includes methods how to find customers, how to interact and so on until they are able to sell the cars. In doing this, the company determined a target system to each of its sales persons. The company also strengthen a corporate culture based on performance. Superior behavior is considered as a core competency, this was combined with technical competencies used as the basis for the development of employee competence. There are three things undertaken in this stage. The first is development and evaluation of employees who work in companies. The employees must to master the duties and responsibilities. For that, they are given a briefing to make them able to handle and skillful in their fields to further improve their performance. The second is by granting compensation and protection of employees. This reward is given to those employees that regularly have work contribution to the company. In addition, compensation is also given. But the compensation given should be in accordance to the labor market conditions that exist in the external environment. If not, there will be problems in the future and that will have a negative impact on the company itself. While protection is also given to employees in order to carry out its work productively so that the performance and contribution of these workers can keep up from time to time.

The fourth aspect of management function is promotion, transfer and resignation. In this management function it includes promotion, separation, termination, voluntarily dismissal and resignation. Promotion is a type of transfer that includes the reassignment of an employee in a position higher than the previous position. Separation, or often called the dismissal is the temporary or non-definitive transfer of an employees' salary. This is done generally to reduce the excess burden of labor costs and the company's financial problems. Termination is an employee separation of the company due to company violation or due to the lack ability of employee to show sufficient performance to their jobs. Voluntary dismissal is taken if an employee has his/her own initiative or willingness to terminate from his job. Finally, resignation is given to those employees who have completed the maximum work period in the company. This generally is called retirement or a pension.

However, as there have been latest developments that consider the human resources as human capital or assets of the company or organization, the automotive company under survey provide opportunity to the employees to undertake training and education programs. These methods are expected to improve the quality and the skills of the employees. This is in line with the view stated by Harris and DeSimone (1992: 2). They stated that human resource development can be defined as a set of systematic and planned activities designed by an organization to

provide its members with necessary skills to meet current and future job demands.

In doing this the company develops knowledge management programs. This program is specifically intended to enhance the human capital excellence in the company. The activities of the program include Knowledge Sharing, mentoring and other activities related to the knowledge of individuals and groups. This activity is expected to strengthen the ability of the human capital of the company to increase the profit and the value of the company.

Moreover, in improving the competence of employees, the company provides the opportunity to employees to grow as well as providing competitive compensation. This process involves all activities related to the performance management cycle, from planning, periodical performance review and appraisal at the end of the year. In every year, the company sent several of its sales persons to participate in an event that has become a program for the sale of PT Astra International Tbk. The program is by giving the employees opportunities to have vacation abroad.

Therefore, the human resources management in the automotive company in Jakarta has been well organized. In this company activities undertaken is not only by facilitating the employee to have the knowledge, skills and attitudes required in handling the current job or future, but it also concerned to the aspects of career, training and educated the employees to improve their social welfare and sustain the value of the company.

#### IV. THE ROLE OF COMMUNICATION

Communication in the company or organization is a must. Through organizational communication the employees will be able express the problems faced by the company. This further leads to the problem solutions as well as creating conducive working environment. Through communication, both employers and employees are able to promote the products produced to consumers. Organizational communication also involves forms of interpersonal communication and group. In short, organizational communication is important to be taken by the company. This will lead to optimizing the flow of messages in a company.

It is no doubt that the automotive company under survey there is a hierarchy between superiors and subordinates. The communication between superiors and subordinates should be a two-way communication or mutual communication. This is important in order to smooth the work being done in cooperation to achieve the goals, whether an individual or group to achieve a goal the company or organization. Cooperation may include social and cultural relations. This communication can increase the value of the company.

In addition, it was also found that communication undertaken by superiors has made subordinates in this company motivated and further it can improve work performance of the employees towards the company's objectives. However, the result of communication depends on the needs and related to skills and tasks that must be implemented. If communication can be well implemented in the company the employees of the company can work together easily as through communication the employees will know what to do, how well they are doing and

what can be done to improve performance if it was below standard.

A good organizational communication in the automotive company has made to job satisfaction. In addition to job satisfaction, communication has created other work attitudes such as job involvement, and organizational commitment. This work attitude contains positive or negative evaluations owned by employees about the environmental aspects of their work. Whilst job satisfaction can be used as a benchmark of employees effective orientation against their role in the post they at the time. As Greenberg (2008: 221) stated that job satisfaction is positive or negative attitudes held by individuals to word Reviews their jobs. This explained that job satisfaction is a positive attitude towards work, while it becomes negative attitudes towards work closely if the employees are not satisfied.

However, job satisfaction is also influenced by motivation. This suggests that employees who are highly motivated in carrying out its activities are assumed they are satisfied, while low motivation can make employees discouraged to work productively. Motivation is able to create a work of passion, and make employees are happy doing their jobs. When a person is motivated, he will try to do his/her best to his/her jobs. However, job satisfaction will arise when employees really feel secure, stable and their jobs are attractive.

#### V. CONCLUDING REMARKS

Human resource management (HRM) has been given large attention by the Toyota-Auto 2000 located in Slipi West Jakarta. Of the many HRM ways undertaken by the company is by establishing four ways. These are through annual planning, recruitment and selection, training, development and job performance analysis, and promotion, transfer and resignation. The employees of the company were also found to be satisfied in their jobs. The reason for this is because this company has well established human resources management programs on one hand and it is because of the good communication organized in the company on the other hand. Open and transperence communication between the employers and the employees have made the company able to motivate the employees and increase the profits as well as the company's value to sustain in the tight completion business.

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