

# STRATEGIES TO IMPROVE THE QUALITY OF HUMAN RESOURCES AT PT. POS INDONESIA (PERSERO) IN FACING THE INDUSTRIAL REVOLUTION 4.0

**AGUNG SURYA DWIANTO**

Paramadina University  
E-mail: ag\_dwi\_ant@yahoo.co.id

**JUNENGSIH**

Pertiwi University  
E-mail: junengsih@pertiwi.ac.id

## *Abstract*

*The Industrial Revolution 4.0 has arrived. Change is everywhere, radically and massively. All life joints are affected by sudden disruption. An organization as a business entity, like it or not, like it or not, must face trouble that has devastated the stable order – no exception with PT. Pos Indonesia (Persero), one of the state-owned enterprises engaged in courier services, must also face disruption. It not only makes its market share decline but also threatens its existence so far – one serious thing which PT must address. Pos Indonesia is a matter of improving the quality of human resources owned. As we know, the back and forth of an organization is primarily determined by the existence of human resources. The existing human resources are the biggest challenges that PT must overcome. Indonesian post. This instability can be seen from the composition of existing employees regarding age and their qualifications/competencies. For that, we need a strategic step to improve the quality of human resources owned by PT. Pos Indonesia to compete with other organizations in an era filled with this uncertainty. And several ways that can be taken by the company, among others, by conducting human resource-based assessments and measuring all human resources owned by PT. Pos Indonesia.*

*Keywords: Human resources, human resources measurement, human resources quality improvement strategies, human resources-based assessment*

JEL Classification: J24, J29

## **INTRODUCTION**

December 3, 1992. For the first time, a short message service (SMS) was sent over Vodafone's GSM network by Neil Papworth, an engineer, to Vodafone Director Richard Jarvis. "Merry Christmas," the text message read. This was the beginning of a new challenge for the postal service industry worldwide. The advent of SMS, which took off in the 2000s, has changed how people live. Correspondence, birthday greetings, happy New Year, happy Eid, and others are no longer delivered through the post office. But simply via SMS. It cannot be denied that the rapid development of information and communication technology has eroded the postal business cake in many countries. Postal industry players are concerned because the mail

delivery service business continues to decline. In several European countries, such as Italy, the U, K, and Germany, the volume of mail delivery drops by an average of 5 percent yearly. Data from the Universal Post Union (UPU), the world's postal organization, also shows that over the past decade, the volume of mail delivery has fallen 1.4 percent at the domestic level and 4.4 percent at the international level.

Subsequently, the mail delivery business in many countries is no longer the most significant revenue driver for post offices – for example, Pochta Rossi in Russia. In 2003, the contribution of mail service revenue was still 80 percent. But now it's down to 20 percent. In Brazil, in 2008, letter delivery services contributed 61 percent of revenue; in 2014, it fell to 40 percent. Not a few postal companies around the world have collapsed. Royal Mail (British Post Office), the oldest postal business in the world, lost money for years to the worst level of 279 million Euros in 2007. Pochta Rossi (Russian Post Office) also made consecutive losses of US\$ 186 million in the same year. The American Post Office's and the US Postal Service's failures are also worsening. They incurred losses of up to US\$ 9 billion in 2011.

The problems postal companies face are, on average, almost the same. Generally, companies are hundreds of years old, have an extensive network of offices throughout the country, and have thousands or even hundreds of thousands of employees. The same happened to the postal operator in Indonesia, PT Pos Indonesia. With a network of offices spread from Sabang to Merauke and covering almost all country sub-districts and 28,000 employees who operate it, Pos Indonesia looks "fat" and less agile in adjusting to the times. This is exacerbated by the quality of human resources, which needs to be qualified. Various challenges lie ahead of PT Pos Indonesia. Not only coming from within, but threats also come from outside the company. The internet era is an external factor that requires the company's internal readiness, especially in human resources. Because so far, the quality factor of human resources owned has become the weakest point in the company, which makes the organization "lose" competing with similar companies.

## **LITERATURE REVIEW**

### **Human Resources**

(Fitz-Enz, 2000) describes HR as a combination of three factors, namely: 1) character or traits brought to the job, e.g., intelligence, energy, positive attitude, reliability, and commitment; 2)

one's ability to learn, i.e., intelligence, imagination, creativity and talent, and 3) motivation to share information and knowledge, i.e., team spirit and goal orientation.

According to (Wealtherly, 2003), firm value is based on three main groups of assets, namely:

1. Financial assets, such as cash securities, are often referred to as financial capital.
2. Physical assets, including equipment, buildings, and land, are also tangible assets.  
Tangible assets.
3. Intangible assets, namely organizational capital, such as business alliances, customer capital, brands, and reputation for quality and service; intellectual capital (patents, product designs, and technology), goodwill; and human resources.

### **Human Resource-Based Assessment**

According to (Mayo, 2000), measuring company performance from a financial perspective is very accurate. Still, the primary driver of the value of finance is human resources with all the knowledge, ideas, and innovations it has. As one of the leading production factors for most companies, attention to human resources is often underestimated compared to other production factors such as capital, technology, and money.

### **Human Resource Measurement**

Human resource measurement is not intended to determine the intrinsic value of HR but the impact of HR behavior on organizational processes. According to (Fitz-Enz, 2000), if you do not measure HR, then the company will not be able to:

1. Communicate specific performance expectations,
2. Know what is happening in the organization,
3. Identifies performance gaps that should be analyzed and eliminated,
4. Provide feedback by comparing performance against standards,
5. Identifying performance that should be rewarded,
6. Support decisions related to resource allocation, projections, and schedules.

(Wealtherly, 2003) There are two main reasons HR measurement has become a significant center of attention in the business community. First, competition in the business environment results from the globalization of trade and the development of several key sectors, such as telecommunications, transportation, and financial services. Second, the rapid growth of information technology, especially after the emergence of the internet. These two developments

have dramatically changed the business structure and led to intangible assets playing an increasingly important role for companies.

## **RESEARCH METHODS**

This study uses the type or research approach of Library Studies. Literature or library research can be interpreted as a series of activities related to collecting library data, reading and recording, and processing research materials. Literature studies can also study various reference books and the results of similar previous studies, which help obtain a theoretical basis for the problem to be studied. Literature study also means data collection techniques by reviewing books, literature, records, and various reports related to the problem to be solved. Library research is a theoretical study, references, and other scientific literature about culture, values, and norms that develop in the social situations studied (Sugiyono, 2017).

## **RESULTS AND DISCUSSION**

### **Human Resources, the Greatest Challenge to be "Overcome" by Pos Indonesia**

Today, the image of Pos Indonesia is full of challenges. In the eyes of users or customers, many of the reasons they convey for the poor service of Pos Indonesia, such as letters or goods sent late and damaged interests that do not reach their destination. The many fraud cases exacerbate this against its employees, which has worsened the post's image. It isn't easy to restore public appreciation and enthusiasm for Pos Indonesia, whose image was prominent in the 1980s or 1990s. Being the oldest company at 265 years of age and being supported by a very wide extensive and tens of thousands of employees is not a guarantee that the company can provide good service. The University of Indonesia study results even concluded that Pos Indonesia had difficulty competing with new entrants in the courier and logistics services business. In addition to facing fraud cases due to weaknesses in the internal control system, Pos Indonesia also faces several other internal challenges, such as weak competitiveness, low work productivity, flaws in the accounting system, and a high operational risk burden. Most of these internal challenges rest on the issue of human resources, especially the composition of employees who could be more competitive. Currently, the total workforce of PT Pos Indonesia throughout Indonesia is as many as 28,000 people, including 8,000 outsourced workers and 20,000 permanent workers.

The problem is that most or 90 percent of employees, at most, have a high school education. Only 4.1 percent have a third degree, and 5.6 percent have a bachelor's degree. For new

employees, PT Pos organizes initial education run by Postal Higher Education. Unfortunately, this special education is a monoculture inherited since the Dutch era. As a result, employees are unprepared once circumstances outside the market change. The condition is even more disheartening when viewed in terms of employee age. About 80 percent of employees are over 40 years old. The dominance of senior employees can occur because, throughout 1995 - 2008, there has never been a recruitment of new employees, thus hampering the company's regeneration process. Inevitably, PT Pos lacks young labor, especially with an age range under 30 years. The problem of the dominance of old employees, plus limited education and abilities, has resulted in the company's slowness in quickly responding to market changes. PT Pos Indonesia is complicated to change the mindset or mindset of employees. Therefore, when electronic mail appeared and technology developed very quickly, it was not surprising that PT. Pos Indonesia did not anticipate it at all.

Ironically, the bureaucratic culture is still quite strong in managing the company. Although the status of employees changed from civil servants to commercial company employees in 1995, the work culture remained the same. This happened because, for decades, the company was managed in bureaucratic, rigid, and bureaucratic, rigid, and closed management. In the aftermath, it took much work for PT Pos to change the work culture to be open-minded, entrepreneurial, and independent like a business entity. The company's organizational structure, which bases the position structure on seniority, and the absence of a salary remuneration program further weakens the competitive culture within the company. Employees are not encouraged to improve their performance because there is no difference in income between those who work diligently and lazily. With such human resource conditions, employees tend to be skeptical of any proposed changes management offers. Managing an organization with tens of thousands of workers, dominated by older workers, takes work. Therefore, management needs to proactively transform all aspects of the existing assessment and especially make changes to its human resources by assessing and developing human resource-based company performance.

### **Human Resource-Based Assessment**

Assessment of company performance based on human resources is an exciting thing that needs to be developed by the company. Human resources are one of the main components of

intellectual capital (intangible assets) owned by the company. So far, the assessment of company performance has mainly used physical resources (tangible assets). According to (Mayo, 2000), measuring company performance from a financial perspective is very accurate. Still, the primary driver of the value of finance is human resources with all the knowledge, ideas, and innovations it has. As one of the leading production factors for most companies, attention to human resources is often underestimated compared to other production factors such as capital, technology, and money. Many company leaders need to realize that the actual profits obtained by the company come from human resources. This is because the company's activities are only seen from a business perspective. Company leaders see the company as something other than a unique unit of knowledge and skills or a set of individual business assets that can distinguish products or services from its competitors.

### **Human Resources**

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### **Human Resource Measurement**

Human resource measurement is not intended to determine the intrinsic value of HR but the impact of HR behavior on organizational processes. This measurement is essential to evaluate the effectiveness of the company's strategy toward how much employees contribute to improving performance. In addition, HR measurement is a critical performance management and improvement tool. According to (Fitz-Enz, 2000), if you do not measure HR, then the company will not be able to:

1. Communicate specific performance expectations,

2. Know what is happening in the organization,
3. Identifies performance gaps that should be analyzed and eliminated,
4. Provide feedback by comparing performance against standards,
5. Identifying performance that should be rewarded,
6. Support decisions related to resource allocation, projections, and schedules.

Companies increasingly depend on intangible assets in an increasingly advanced business environment, as in the courier service industry. This shift is reflected in a Brookings Institution study in the United States that examined 500 companies in the last 20 years (Wealtherly, 2003). In 1982, tangible assets represented 62% of the company's market value, dropping to 38% in 1992. The last study conducted in 2002 showed an even more significant decline to 15%, while 85% was intangible assets that determine the company's market value. (Wealtherly, 2003) There are two main reasons HR measurement has become a significant center of attention in the business community. First, competition in the business environment results from the globalization of trade and the development of several key sectors, such as telecommunications, transportation, and financial services. Second, the rapid growth of information technology, especially after the emergence of the internet. These two developments have dramatically changed the business structure and led to intangible assets playing an increasingly important role for companies.

### **Relationship between Human Resources and Company Performance**

Several recent studies have proven the relationship between firm performance and the HR management process in the firm. The empirical studies of the 1980s provided mixed results on the relationship between HR and athletic performance. (Nkomo, 1987) examined the relationship between HR planning and business performance and found no correlation. This result was also supported by survey-based studies (Delaney, Lewin, and Ichniowski, 1989), which concluded that there was no relationship between HR practices and the company's financial performance. While more empirical studies in the 1990s proved a positive and significant relationship between human resources and firm performance. (Guest, 2003) researched the relationship between human resources and strong performance in 366 companies in the UK. The results showed that using human resources is more associated with turnover rates. Hence, a low labor force can generate higher profits per labor but low

productivity. Estimates of performance show a solid relationship between HR, productivity, and financial performance. (Li and Wu, 2004) also proved a positive and significant relationship between intellectual capital and firm performance.

Individually, research on HRM and its link to firm performance has been pioneered since the early 1990s. (Bartel, 1994) examined the relationship between adopted training programs and productivity growth, while the relationship between training programs and financial performance was supported by (Gerhart and Milkovich, 1992), and (Terpstra and Rozell, 1993) examined the recruitment process, selection validation tests, and the use of formal selection procedures, also finding a relationship with firm profits. In general, selection in staffing has a positive connection with solid performance (Becker and Huselid, 1992; Schmidt, Hunter, McKenzie, and Muldrow, 1979). Competitive advantage will be achieved if individual knowledge sources that are the basis of strength are managed and maintained. As also stated by (Morling and Yakhlef, 1999) that what will determine the company's success is the company's ability to manage knowledge assets. Companies can only create knowledge with the actions and interactions of their employees. This is where the behavior of employees in knowledge sharing is essential (Fadhlan et al., 2022).

### **Strategic Steps to Improve the Quality of Pos Indonesia Employees**

Therefore, to improve the performance of PT Pos Indonesia, more efficient and professional HR management is needed. In the face of various internal and external changes in the business environment, the Directorate of Human Resources of Pos Indonesia is required to develop its human resources. Six essential elements in HR management can have an impact on business performance and, at the same time, increase Pos Indonesia's overall competitiveness.

#### **1. Recruitment and Placement**

Recruitment and placement of employees is a fundamental process that is very important for the company. The first step is how Pos Indonesia conducts HR recruitment and proper placement in its field to get people who can bring the organization to achieve its goals optimally. HR recruitment is the process of identifying and attracting potential employees carried out by the company from time to time in operational activities. The recruitment program is carried out to find the right people and talents who are considered capable of filling vacant positions at various levels of the organization. Pos Indonesia's future success is highly dependent on HR recruitment. It takes work to choose the right HR in the right place.



Therefore, whether directly or indirectly, it is necessary to carry out a gradual testing and screening process. The HR selection process requires the right tools and methods to estimate prospective employees' quality. Therefore, the tests that will be carried out have been tested for validity and reliability.

## 2. Training and Development

Training and development of human resources at Pos Indonesia must be carried out intensively and continuously. This is to anticipate changes in the rapidly changing courier service industry. According to (Wexley and Yukl, 1976), "training and development refer to planned efforts designed to facilitate the acquisition of relevant skills, knowledge, and attitudes by organizational members." Wexley and Yukl's opinion clarifies using the terms training and development. They argue that training and development are related to planned efforts to achieve mastery of employees' or organizational members' skills, knowledge, and attitudes. Development is focused on improving decision-making skills and expanding human relations for upper and middle management, while training is intended for lower-level employees (implementers).

The term training aims to implement employees' improved technical knowledge and skills. In contrast, development is aimed at managerial level employees to improve conceptual abilities, ability to make decisions and expand human relations. (Mangkuprawira, 2004) says that training for employees is a process of teaching specific knowledge, skills, and attitudes so that employees are increasingly skilled and able to carry out their responsibilities correctly and by standards. Meanwhile, development has a broader scope. One of them is an effort to increase knowledge for future interests. Product is often categorized explicitly in management, organizational, and individual employee development. The main emphasis is on management development. In other words, the focus is not on current and future work but on meeting long-term organizational needs.

## 3. Work Management

Usually, companies that can produce high performance have reliable human resources with solid work motivation and increased commitment to achieving company goals and missions. In the company's organizational structure, in all lines, HR work management can be carried out to improve company performance optimally. The company's expected goals include getting the

correct information related to promotion or compensation decisions and evaluating employee performance at the lower and managerial levels. Therefore, it requires the effectiveness of managers in assessing, organizing, developing, and rewarding employee performance, as well as providing continuous feedback for evaluating performance and managing the consequences of poor performance.

In general, the implementation of effective performance management can:

- a. Coordinate the work units in the organization,
- b. Identify and document various obstacles and performance problems,
- c. Become the basis for decision-making in the field of HR,
- d. Become a tool to streamline HR management,
- e. Fostering cooperation between superiors and subordinates,
- f. Become a vehicle for regular feedback to associates,
- g. Minimize errors and eliminate repetitive mistakes.

#### 4. Career Development

A career is a series of job positions a person has throughout his working life. Career development is a formal and continuous effort to improve a worker's managerial skills. There are two mechanisms for understanding career development in a company:

##### a. Career Management

It is a mechanism for realizing current and future HR needs. The process leads to how companies design and implement career development programs. This process is an organized and planned formal effort to balance individual career desires and company workforce requirements.

##### b. Career Planning

A person's planning to achieve his career goals is an effort made by a person with the awareness of his abilities and skills against various opportunities and obstacles faced.

#### 5. Compensation and Awards

To maintain and improve the quality of human resources owned, the company must provide proper compensation and rewards to its employees. The common goal is to encourage the company's competitiveness, align individual or group work goals with company goals, and strengthen positive behavior toward customers.

#### 6. Work Culture and Environment

In addition, Pos Indonesia is also required to improve the culture or work environment within the company and the company's ability to manage change. In his book, (Harvey and Bowin, 1996) reveal that it is increasingly evident that only companies with effective corporate cultures can create increased productivity, increase employees' sense of belonging, and ultimately increase company profits.

## **CONCLUSION**

From the results of tracing the problems as briefly described above, it can be concluded that the main factor that resulted in the "downturn" experienced by PT Pos Indonesia at this time is due to its low quality of human resources. This can be seen from the educational background of the average employee and the age of most employees above 40 years. Where as a result of this, it leads to the company's slowness in acting quickly in responding to market changes.

This condition is exacerbated by the state of the company's organizational structure, which bases the position structure on seniority, and the absence of a salary remuneration program, further weakening the company's competitive culture. Employees are not encouraged to improve their performance because there is no difference in income between those who are diligent and those who are lazy at work. With various human resources conditions like that, it is unsurprising that PT Pos did not anticipate developments in the postal service industry, which are so dynamic.

For this reason, various steps can be taken by PT Pos Indonesia to improve the quality of its human resources to compete with the increasingly competitive postal industry, including recruiting and placing employees appropriately, because this will bring the organization to achieve its goals optimally. The second is to conduct training and development on an ongoing basis by the dynamics that occur in the external environment. Employees' continuous "updating" aims to improve knowledge, technical skills, conceptual abilities, and decision-making abilities and expand human relations. Decisions, and develop human relations. Then, Pos Indonesia must also implement good work management to produce substantial human resources and be highly committed to achieving the company's goals and mission. And finally, with career development and applying a "clear" compensation and reward system, one will be able to "improve" the work culture and conducive work environment, where the culmination of all that is to improve the overall performance/productivity of employees.

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