

The Influence of HR Management Quality on Improving the Performance of Contracting Companies in North Sumatra

Moses Hasiholan Septian Tampubolon^{1*}, Gina Cynthia Raphita Hasibuan²,
M. Ridwan Anas³, Ricky Bakara⁴

Universitas Sumatera Utara, Indonesia

Email: mosestampz@gmail.com

*Correspondence

ABSTRACT

Keywords: Quality of HR Management; Performance of the Contractor Company; Organizational Effectiveness.

This research aims to determine the influence of the quality of human resource management on the performance of contractor companies in North Sumatra. The hypothesis proposed is that there is a positive relationship between the quality of human resources and the performance of contractor companies. A total of 24 respondents from 6 contractor companies were selected as samples using the probability sampling method. The research results show that there is an influence between the quality of human resources on company performance. This is proven by the results of the hypothesis test which shows the calculated t value of 10.785, exceeding the t table value of 2.074. Therefore, the null hypothesis is rejected, indicating that there is a significant influence between the quality of human resource management and the performance of contractor companies in North Sumatra. From the research results, it can be concluded that the quality of human resource management has a significant influence on the performance of contractor companies in North Sumatra 84.1%; the remaining 15.9% is influenced by other factors. Therefore, it is recommended to improve the quality of human resource management to improve the performance of contractor companies.



Introduction

The performance of contracting companies in the construction industry is a key factor in determining the success and competitiveness of the company (Prasetijo, Tjendani, & Witjaksana, 2023). Contracting companies that can manage human resources (HR) well have the potential to achieve project objectives efficiently, generate greater profits, and meet client expectations. In a broader scope, improving the performance of contracting companies can contribute to the growth of the construction sector and economic development (Rusli, Afifuddin, & Abd Rani, 2018).

Construction companies have a variety of complex problems and factors such as cost, quality, and safety. The construction sector involves many parties from various expertise. This cannot be separated from the role of humans as the main resource in a construction company. So the management of human resources (HR) is one of the key

elements of success in the sustainability of the company (Miswar, Hidayat, & Ophiyandri, 2017). One of the key factors for the success of construction companies in achieving their vision and mission is the good quality of human resources (Dharmayanti, Adnyana, & Nugraha, 2020). This is because human resource management in the construction sector is an important factor. After all, in its implementation, the construction organization is dominated by human labor (Kirchev & Bartoschek, 2021).

The construction process with a high level of complexity and continuous process also requires a high level of education from the workers. (Hecklau et al., 2016). In addition, to increase the company's attractiveness to stakeholders, human resource training that suits the company's needs also needs to be carried out to gain the trust of these stakeholders (Pinto & Soekiman, 2022).

Improving the quality of human resources needs to be done so that the organization becomes more competitive and able to respond to external challenges for the existence and sustainability of the company (Arshad, 2021). The increase in the strategic role of HR management can be realized through recruitment, placement, payroll/compensation, and career development policies based on competencies. Implementing competency-based HR management in the company will have an impact on more reliable human resource ownership in the face of changes and shifts in the era of globalization (Artini, 2019).

Based on a preliminary study that has been conducted (Andius, 2019) in Malang City, it was found that a phenomenon or problem was produced by the company itself and existed within the control of the company's organization. This problem is usually related to weak human resource management, so human resource management problems are the single biggest factor behind many company failures. In addition, the problem that usually occurs in construction service companies, namely recruitment that is carried out consistently, is not supported by the efficiency of employee training, both new and permanent employees, and will cause someone to be ineffective in working and can further reduce performance. In the long run, this can have an impact on the company's performance.

In a previous journal by Ihedigbo, Kingsley Sunday and Richard Jimoh explained that the success of an organization depends on the effective and efficient use of human resources. In addition, in any project-based industry, for example, the construction industry, the performance of the project is highly dependent on the effectiveness of its human resources. Labor turnover in the construction industry and poor performance of the construction industry in terms of project delays, cost uncertainty, and lack of quality are caused by inadequate utilization of human resource management practices (Maddeppungeng, 2015).

Therefore, it is important to recognize that human resources are valuable assets in a contractor company. The quality of HR management is a very important factor in achieving optimal performance. In the context of North Sumatra, which is one of the provinces with significant construction activity in Indonesia, contractor companies operate amid increasingly fierce competition. Therefore, it is important to understand the

impact of HR management quality on improving the performance of contracting companies in this region.

The objectives of this research are:

1. Analyze and understand the quality of human resource management (HR) implemented by contracting companies in North Sumatra.
2. Measuring the performance of contractor companies in North Sumatra. This will involve indicators such as quality, quantity, timeliness, effectiveness, independence, transformation, and maintenance.
3. Whether the quality of HR management has a significant influence on the performance of the contractor company. It involves statistical analysis that reflects the relationship between HR management and company performance.

Method

Research Location

The location of this research was carried out in North Sumatra Province, Indonesia

Data Used

The data to be researched and analyzed in this study consists of primary data and secondary data.

1. Data Primer

Primary data was obtained by conducting structured interviews (surveys) with competent construction companies on the problems studied. As a theoretical basis in primary data collection, literature studies are carried out through books, journals, magazines, and articles.

2. Data Seconds

Secondary data used in literature studies contained in books, journals, and various media related to the topic being researched.

Research Variables

The research conducted by the author consists of two variables, namely independent variables and dependent variables.

Independent Variable (Independent Variable)

In this study, there are independent variables that are studied, namely the quality of human resource management

Bound Variable (Dependent Variable)

Bound variables are variables that are influenced or become a result, because of the existence of independent variables". In this study, the dependent variable is Company Performance.

Population and Sample

1. Populasi

The population in this study is contractor companies in North Sumatra that handle public and private projects.

2. Sample

The sampling technique in this study is the probability sampling method where the sampling is random or random. This method gives all members of the population the same probability or chance to be a selected sample. A sample of contractor companies is 6 (six) companies that will be taken by each respondent.

Data Collection Techniques

In this study, the data collection technique used is structured interviews (surveys). Structured interviews and surveys were aimed at several respondents such as directors, project managers, site managers, etc. who are in the contracting company related to human resource management and improving the performance of the contracting company.

Research Stages

The stages carried out in this study can be depicted in Figure 1.

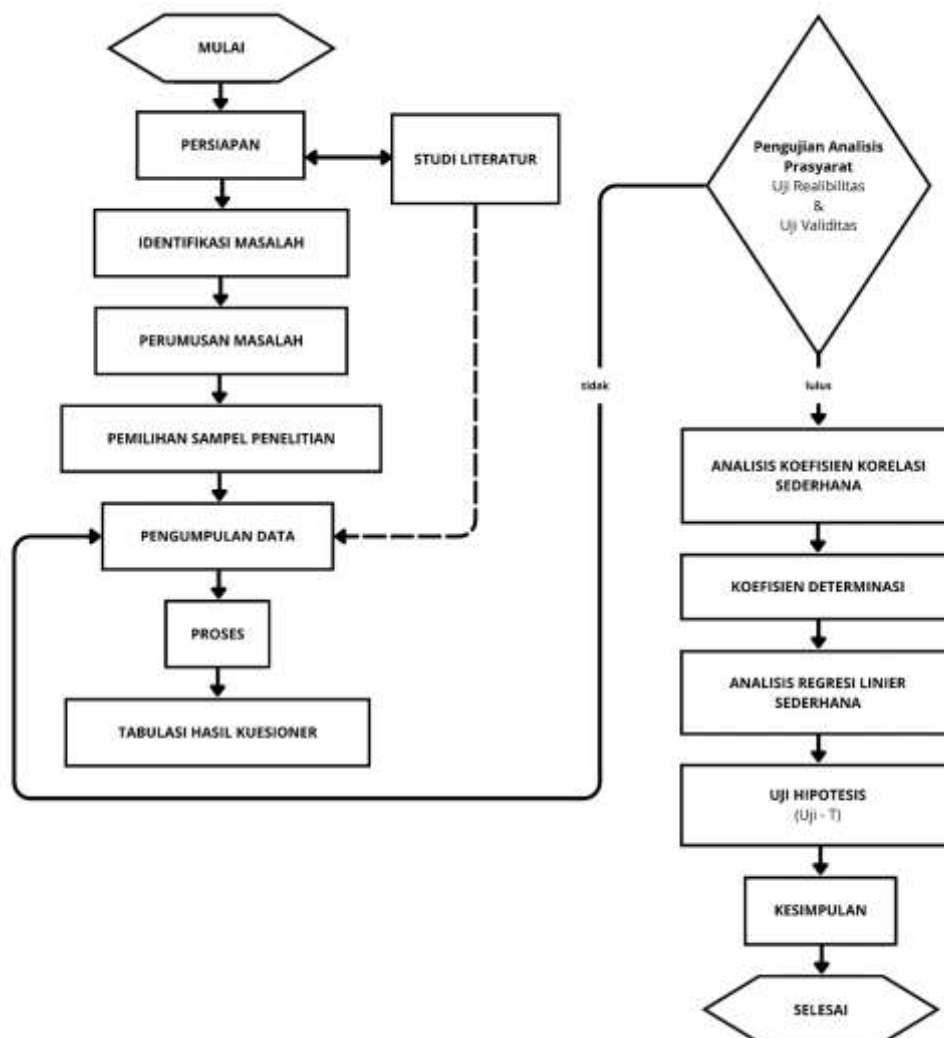


Figure 1. Diagram of the research stages

Results and Discussion

Tabulation of Human Resource Management Quality Questionnaire Results (X)

The analysis of variable data on the quality of human resource management (X) was based on 19 statements. Based on table 3.1. Operational Research Variables, then in the personality dimension with moral, ethical, and 5S indicators (greetings, greetings, politeness, courtesy, smile) which is based on 7 statements received an average score of 4.05 with a good interpretation of agree. Likewise, in the productivity dimension with indicators of intelligence, work, and knowledge based on 7 statements, it received an average score of 3.95 with interpretations tending to agree. In the dimension of creativity with indicators of critical thinking, skills, and intention based on 5 statements received an average score of 4.19 with a good interpretation of agree.

Each indicator is based on the statements described in the table below:

Table 1

No	Pernyataan	Jawaban Responden											
		STS	%	TS	%	KS	%	S	%	SS	%	Σ	%
1	Karyawan mendapatkan penataran mengatur cara berinteraksi (perbuatan, perilaku, dan ucapan) antar sesama karyawan	0	0,0	0	0,0	0	0,0	13	54,2	11	45,8	24	100

The statements of respondents in Questionnaire No.1 stated that they agreed with 13 respondents (54.2%), and respondents stated that they strongly agreed with as many as 11 respondents (45.8%). None of the respondents answered strongly disagree, disagree, or disagree. This means that respondents agree by applying ways of interacting (deeds, behaviors, and speech) between fellow employees.

Tabulation of Company Performance Questionnaire Results (Y)

The analysis of the company's performance variable data (Y) is based on 16 statements. Based on table 3.1. Operational Research Variables, then in the dimension of contextual performance (interpersonal or interpersonal work achievement of a person) with the dimensions of quality, quantity, timeliness, effectiveness, and independence based on 8 statements received an average score of 4.27 with a good interpretation. As well as in the dimension of task performance (work performance, technique, or behavior in organizationalization or interpersonal) with indicators of transformation and maintenance based on 8 statements getting an average score of 4 with a good interpretation.

Each indicator is based on the statements described in the table below:

Table 2

No	Pernyataan	Jawaban Responden											
		STS	%	TS	%	KS	%	S	%	SS	%	Σ	%
20	Karyawan dapat menyelesaikan pekerjaan dengan baik, teliti, serta sesuai standar yang ditetapkan perusahaan	0	0,0	0	0,0	0	0,0	13	54,2	11	45,8	24	100

Statements of respondents in questionnaire No.20 stated that 13 respondents (54.2%) agreed, and respondents stated that they strongly agreed with 11 respondents (45.8%). There were no answers from respondents who answered strongly disagree, disagree, and disagree. This means that respondents agree with the quality of human

resource management applied by completing work well, thoroughly, and according to standards.

Table 3

No	Pernyataan	Jawaban Responden											
		STS	%	TS	%	KS	%	S	%	SS	%	Σ	%
35	Karyawan memiliki harapan menjadi karyawan tetap, karena kompensasi dan tunjangan yang terjamin	1	4,2	1	4,2	2	8,3	8	33,3	12	50,0	24	100

The statements of respondents in questionnaire No.35 stated that they strongly disagree and disagree with each as many as 1 respondent (4.2%), respondents who stated that they disagree as many as 2 respondents (8.3%), respondents who stated that they agree as many as 8 respondents (33.3%), respondents who stated that they strongly agree as many as 12 respondents (50.0%). And respondents answered all of these statements. This means that respondents agree with employees that they expect to become permanent employees, in order to guarantee compensation and benefits.

The average score based on 16 statements on the company's performance variables can be seen in the following table:

Table 4

Average value on the Company's performance variables

Reponden	Rata-rata	Penafsiran	Reponden	Rata-rata	Penafsiran
1	3	Ragu-ragu	13	4	Baik
2	3	Ragu-ragu	14	4	Baik
3	3	Ragu-ragu	15	5	Sangat Baik
4	4	Baik	16	4	Baik
5	4	Baik	17	5	Sangat Baik
6	4	Baik	18	5	Sangat Baik
7	4	Baik	19	5	Sangat Baik
8	4	Baik	20	5	Sangat Baik
9	4	Baik	21	5	Sangat Baik
10	4	Baik	22	5	Sangat Baik
11	4	Baik	23	5	Sangat Baik
12	4	Baik	24	5	Sangat Baik

Based on Table 1, a company performance profile can be made for construction companies in Indonesia as shown in the following figure.

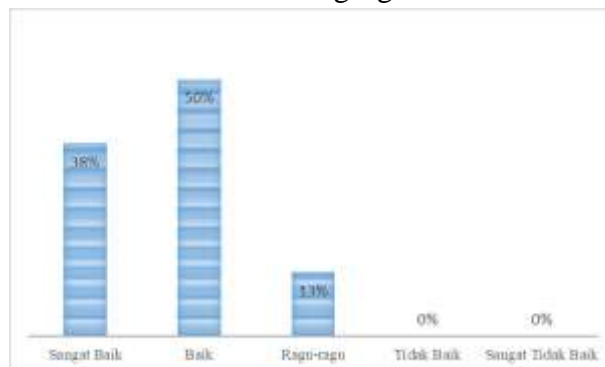


Figure 2. Company Performance Profile

Figure 2 shows that the performance of contractor companies in North Sumatra with very good conditions is 38%, good condition is 50%, and hesitant is 13%. This condition shows that most of the performance of construction companies in North Sumatra is in good condition.

Prerequisite Analysis Testing

The prerequisite analysis test that will be applied in this study is a reliability and validity test.

In this study, the data obtained from the list of statements and documentation was analyzed with the help of a computer using the Statistical Product for Service Solution (SPSS) program, because the questionnaire item scores were on an interval scale, so the validity test used product-moment correlation. The value of r of the table with the number of samples ($n = 24$) at a significant level ($\alpha = 0.05$) is obtained from the r table of 0.404, meaning that if r counts $< r$ table then the instrument item is invalid and if r calculates $> r$ table then the instrument item can be used (valid). The values of the correlation coefficient for the validity test of each variable's instrument, the researcher presents in the form of a table as follows:

Human Resource Management Quality Variable (X)

The values of the correlation coefficient for the validity test for the Human Resource Management Quality variable can be seen in the following table:

Table 5
Correlations

	Pearson Correlation	Sig. (2-tailed)
P1	.604**	0,002
P2	.604**	0,002
P3	.611**	0,002
P4	.660**	0,000
P5	.678**	0,000
P6	.481*	0,017
P7	.705**	0,000
P8	.537**	0,007
P9	.507*	0,012
P10	.439*	0,032
P11	.538**	0,007
P12	.500*	0,013
P13	.534**	0,007
P14	.719**	0,000
P15	.543**	0,006
P16	.565**	0,004
P17	.618**	0,001
P18	.600**	0,002
P19	.586**	0,003

** . Correlation is significant at the 0.01 level (2-tailed).

* . Correlation is significant at the 0.05 level (2-tailed).

Case Processing Summary

		N	%
Cases	Valid	24	100,0
	Total	24	100,0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
0,875	19

Based on the data listed in the table, it is known that the values of the correlation coefficient for the validation test of the variable instrument Quality of human resource management (X) obtained by the Pearson correlation (r calculation) are greater than the r of the table and always the instrument as many as 19 items are said to be valid. As for the results of the Reliability Coefficient Test (Alpha Cronbach) listed in the table above the

variable Alpha Cronbach value is greater than the Critical Alpha value (0.05), this can be said that the instrument used is reliable, meaning that the instrument is reliable enough to be used as a data collection tool, because the instrument is already considered good.

Company Performance Quality Variable (Y)

The correlation coefficient values for the validity test for the Company Quality variable can be seen in the following table:

Table 6
Correlations

	Pearson Correlation	Sig. (2-tailed)
P20	.710**	0,000
P21	.463*	0,023
P22	.714**	0,000
P23	.663**	0,000
P24	.646**	0,001
P25	.549**	0,005
P26	.471*	0,020
P27	.727**	0,000
P28	.577**	0,003
P29	.533**	0,007
P30	.770**	0,000
P31	.633**	0,001
P32	.723**	0,000
P33	.708**	0,000
P34	.644**	0,001
P35	.564**	0,004

** . Correlation is significant at the 0.01 level (2-tailed).

* . Correlation is significant at the 0.05 level (2-tailed).

Case Processing Summary

		N	%
Cases	Valid	24	100,0
	Total	24	100,0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
0,899	16

Based on the data listed in the table, it is known that the values of the correlation coefficient for the validation test of the Company Performance variable instrument (Y) obtained by Pearson Correlation (r calculate) are greater than the r table and always the

instrument as many as 16 items are said to be valid. As for the results of the Reliability Coefficient Test (Alpha Cronbach) listed in the table above the Alpha Cronbach value of each variable is greater than the Critical Alpha value (0.05), this can be said that the instrument used is reliable, meaning that an instrument is reliable enough to be used as a data collection tool, because the instrument is already considered good.

Hypothesis Testing

After calculating the value of each variable studied, the next thing is to test the hypothesis proposed in the research. Hypothesis testing is proposed to see how the independent variable of human resource management quality affects the company's performance-bound variable. In this study, the hypothesis to be tested is "There is a positive influence between the Quality of Human Resource Management and Company Performance". To find out whether there is an influence of the independent variable on the bound variable, it is first searched whether the two variables are related. The strength of the relationship between the human resource management quality variable (X) and Company Performance (Y) can be determined through correlation analysis while finding the form of the relationship between the two variables is carried out by regression analysis.

Coefficient of Determination (Determining Coefficient)

The determination coefficient analysis was used to determine the percentage of contribution (share) of the influence of the human resource management quality variable (X) on the company's performance (Y). The results of the calculation process carried out using SPSS can be seen in the table below:

Table 7

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.917 ^a	.841	.834	3.81894

a. Predictors: (Constant), Kualitas Manajemen SDM

Based on the calculation above, a value of $(r)^2$ of 0.841 or 84.1% of the variability of the company's performance occurred due to the quality of resource management. In other words, the influence of the human resource management quality variable (X) on the company's performance (Y) is 84.1%, and the remaining 15.9% is influenced by other factors that in this case are not researched by the author.

Simple Linear Regression Analysis

A simple regression between the human resource management quality variable (X) and the company's performance variable (Y), can be seen as shown in the table below:

Table 8

		Coefficients				
		Unstandardized		Standardized		
		Coefficients		Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	.582	6.131		.095	.925
	Quality of HR Management	.851	.079	.917	10.785	.000

a. Dependent Variable: Company Performance

From the results of computer calculations with the SPSS program, it is known that the constant price from the regression analysis of the variable pair of Human Resource Management Quality (X) to Company Performance (Y) is obtained as a regression equation:

After the calculation above, it is known that a simple regression between the human resource management quality variable (X) to the company performance variable (Y) can be interpreted that there is a regression model, namely

A constant of 0.582 states that if there is no increase in the value of the human resource management quality variable (X), then the company's performance (Y) is 0.582. The regression coefficient of 0.851 states that every increase in the quality value of human resource management (X) will give an increase in the quality of human resource management by 0.851.

Partial Correlation Coefficient Significance Test (T-test)

To test the hypothesis or alleged influence (correlation) between the human resource management quality variable (X) on the company performance variable (Y) with the following statistical formulation:

Ho: The human resource management quality variable has no influence (correlation) on the company's performance variable

H1: The human resource management quality variable has an influence (correlation) on the company's performance variable

The stages in hypothesis testing are as follows:

a. Initial hypothesis

Ho: $\beta \neq 0$, there is no influence between the quality of human resource management and employee performance

H1: $\beta > 0$, there is an influence between the quality of human resource management and employee performance

b. Correlation Test Formula (t calculate)

10,785

c. Compare the observation results with the table test

$$T_{table} = t(\alpha; df = n-2)$$

$$\alpha = 5\% = t(0,05; pdf = 24 - 2)$$

$$= 0,05; 22$$

$$= 2,074$$

d. Hypothesis Test Results

Because t counts $>$ t_{table} ($10,785 > 2,074$), H_0 is rejected and H_1 is accepted, meaning that there is a significant influence between the quality of human resource management and a positive and significant effect on the company's performance.

From the calculation of a simple determination coefficient, a regression equation is obtained: The constant is 0.582. stated that if there is no increase in the value of the human resource management quality variable (X) then the company's performance (Y) is 0.582. The regression coefficient of 0.851 states that every increase in the value of human resource management quality (X) will provide an increase in company performance of 0.851.

Based on the data listed in the table above, the correlation value between the human resource management quality variable (X) and the company's performance (Y) is 0.917 or 91.7% in the quadrant of 0.80 – 1,000 with a very strong category, this means that the influence of the human resource management quality variable (X) on the company's performance (Y) is very strong and positive

Based on the calculation above, a value of $(r)^2$ of 0.841 or 84.1% variability in the quality of human resource management occurred due to the company's performance. In other words, the influence of the human resource quality management variable (X) on the company's performance (Y) is 84.1%, and the remaining 15.9% is influenced by other factors that in this case are not researched by the author.

Based on several studies such as those conducted by Dhita Gusfita Sari, Heriyanto, and Andrian Noviardy at PT Waskita Beton Precast, Tbk Batching Plant Palembang Airport, it was concluded that there is a strong and positive relationship between the quality of human resources and employee performance. Next in the previous research by (ZAINUDDIN, 2021), MM and Woro Dyah Pratiwidi PT. Petrosea Tbk, Tangerang also concluded that there is an influence between performance management variables on the quality of human resources with strong and positive categories.

In the wider population scope, in the research of A.A Diah Parami Dewi, I Gusti Ketut Sudipta, and Dewi Suci Setyowati in the research Analysis of Human Resources Aspects on Performance in Construction Projects in Badung Regency; concluded that Human Resources (competence, motivation, loyalty, work discipline) partially had a positive effect on employee performance in construction service companies in Badung Regency and showed that there was a strong and positive correlation between competency aspects, motivation aspects, loyalty aspects, and work discipline aspects on performance. The remaining 53.8% is caused by other factors. Likewise, a previous study entitled

Human Resource Quality in the Era of Industry 4.0 Construction Services Case Study of Construction Service Companies in Malang City written by (Winarti, 2018) and (Andius, 2019), concluded that the lower motivation, technical expertise, and knowledge affect the quality of human resource work. So the assessment of the quality of human resource performance in construction service companies in Malang City is 51%.

In addition, in a study conducted by Natalicio Pinto, and Dr. Anton Soekiman with the title *The Influence of the Quality of Human Resource Management (HRM) on the Performance Improvement of Contracting Companies in the Implementation of Construction Projects in Timor Leste*, it was concluded that the quality of human resources in the implementation of construction projects in Timor Leste simultaneously affected the performance of improving contractor companies in Timor Leste. This is in line with one of the conclusions of a previous study in the same year (2022) entitled *Influence of Human Resources Management Practices on Organisational Performance of Construction Firms: A Review* by Kingsley Sunday Ihedigbo and Richard Ajayi Jimoh, namely that the success of an organization depends on the effective and efficient use of human resources. In every project-based industry, such as the construction industry, project performance is related to human resource effectiveness and human resource management practices.

Conclusion

Based on the results of the research and data analysis that has been carried out, the conclusion of this study is:

1. In this study, the analysis of the quality of human resource management applied by contracting companies in North Sumatra with good conditions was 64%. This shows that most of the performance of construction companies in North Sumatra is in good condition.
2. Measurement of the performance of contractor companies in North Sumatra. With indicators such as quality, quantity, timeliness, effectiveness, independence, transformation, and maintenance in very good condition at 38%, good condition at 50%, and indecisive at 13%.
3. The quality of human resource management has a positive and significant influence on the performance of contractor companies by 84.1%; The remaining 15.9% was influenced by other factors that in this case were not researched by the authors.

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