



# High Performance Work Practice (HPWP) Implementation at Pt. Sumoda Tama Berkah (“Mbok Darmi Milk”) in Bogor City, West Java

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**Abstract:** The community service program is the university's commitment to carry out the functions of the Tri Darma of Higher Education in an integrated manner with the functions of education and research. The mentoring program for improving management systems in SMEs, namely PT. Sumoda Tama Berkah, which has a business in the food and beverage industry with the Trademark "Susu Mbok Darmi," takes the theme Implementation of High Performance Work Practices (HPWPs), which aims to build a strong foundation on three pillars: 1) Practices to improve employee capabilities, such as training and skills development; 2) Practices to increase employee motivation, such as structuring reward systems, career development, and information sharing through improving organizational communication skills; and 3) Practices that give employees the opportunity to go the extra work, such as employee engagement and teamwork. The program is implemented through training using problem-based learning and experiential training methods, as well as through direct consultation, assistance and mentoring. Strengthening the "Outside-in" mindset in the concept of Human Resource Business Partners (HRBP) is very important to provide ways to find arguments for customers, namely "value propositions", so that every employee understands the importance of providing an excellent service. Through training in the fields of HR, operation management and supply chain, communication skill and excellent service, and managerial skills training, it is expected to be able to provide a strong foundation for practicing HPWPs, which ultimately aim to improve company performance and corporate sustainability.

**Keywords:** Capacity building, engagement, high performance work practices, increased motivation

## 1. Introduction

"Susu Mbok Darmi" is a trademark of pasteurized milk beverage products from PT Sumoda Tama Berkah. In less than ten years since the company was founded in Bogor City in 2013, the brand "Susu Mbok Darmi" has become so attached to the community, especially in Bogor City. The outlets have spread across various locations in Bogor City and Bogor Regency and have even spread to other areas in Greater Jakarta, namely Depok, Tangerang, East Jakarta, and Bekasi. The total outlets have now reached 57, spread among 20 outlets in Bogor, 13 outlets in Jakarta, 7 outlets in Depok, 5 outlets in Tangerang, and 9 outlets in Bekasi. Outlet locations include malls, shops, shophouses, campus canteens, train stations, and apartments.

With quite rapid developments, the company continues to improve governance and management, both in production, operations, marketing, human resources, finance and accounting, machine and equipment maintenance, and the supply chain. Organizational management is carried out by arranging the organization functionally to handle the seven functions into divisional functions headed by a manager, supervisor, staff, and non-staff or operator. The current

total number of employees is 180, with the following employment statuses: 20 permanent employees, 120 contract employees, and 12 daily employees, and several of internship employee.

The main material of the "Susu Mbok Darmi" product is pure milk, which is purchased directly from farmers in Bogor Regency, especially breeders in the Cisarua area of Bogor. The company's vision is "To become the best and biggest pasteurized milk beverage brand in Indonesia". With a business model that involves buying and processing cow's milk directly from farmers, the company also has a mission to participate in empowering dairy farmers in the town or region of Bogor and then expand dairy farmers throughout Indonesia in accordance with the company's vision.

Therefore, the theme of assistance to the company "Susu Mbok Darmi" is the implementation of High Performance Work Practice (HPWP) so that companies that are currently developing from the small and micro enterprise (SMEs) category to medium and large companies can lay a strong foundation to manage the company's performance both functionally in all organizational units as well as the foundation for business models that require reliable and adequate supply chain management for market expansion and sources of milk raw materials in the company's operational areas. HPWP implementation in "Susu Mbok Darmi" begins with strengthening human resource management, especially in improving capabilities and skills, employees, motivation, attitudes, and work behavior, as the main determinant for improving corporate and organizational performance. Of course, an increase in employee-based organizational performance, productivity, and profitability will be a prerequisite for ensuring the realization of corporate sustainability.

## 2. High Performance Work Practices (HPWPs)

Knezovic et al. (2020) reported that small and medium enterprises (SMEs) are one of the main drivers of economic growth in a modern economy characterized by free markets, private ownership, entrepreneurship, and major changes in the basic approach to business and management to increase the competitiveness of companies in market changing. High-performance work practices (HPWPs) are human resource management practices aimed at stimulating employee and organizational performance. So far, HPWP implementation has not been widely implemented in small organizations or companies, but a previous study by Kroon et al. (2012) reported that HPWPs implementation can be coherently implemented in small organizations, depending on available resources, strategic decision-making, and a combination of both. The findings highlight the need to integrate ideas about resource constraints and strategic decision-making to understand HPWPs implementation in small firms.

HPWPs are modern employee management practices, such as formal employee training, high pay rates, group-based performance payments, and self-help teams (Appelbaum et al. 2000). It is argued that increased HPWP implementation results in better organizational performance in terms of financial and employee outcomes (Combs et al. 2006). However, uptake of HPWPs packages was found to be quite low in small companies (Kauhanen 2009; Way 2002). One unresolved issue is whether this low uptake is the result of small firms doing little of everything but in a less sophisticated way than larger firms (Dandridge 1979; Mayson and Barrett 2006).

Appelbaum et al. (2000) argued that a combination of three sets of HR practices is theoretically involved in building the HPWP system. This bundle includes employee enhancement practices (such as skills training and development) (A), employee motivational enhancement practices (including high salaries, career development, and top-down information sharing) (M), and practices that provide employees with the opportunity to work extras (such as employee engagement and teamwork) (O). Together, these are referred to as the AMO model of the HPWPs. Although no distinction has been made between these elements in most studies, Boxall and Macky (2009) theorized that each component of the AMO bundle serves a different purpose, which in turn suggests that it is possible to find organizations in which only ability, motivation practice, or motivation dominates (Toh et al. 2008). This concept of a focused collection of HPWPs can advance the debate about HRM and performance in small companies.

Compared to large companies, small companies are more constrained by limited resources. In terms of financial resources, the low uptake of HPWPs in small firms is related to the high costs required to implement all practices (Sels et al. 2006). In addition, the simpler structure of smaller organizations allows for a fast and relatively informal style of communication, which may be at odds with the greater formality and relatively time-consuming nature of the HPWP approach (Jack et al. 2006).

Therefore, whether the HPWPs is adopted depends on the employer's beliefs regarding the merits of HRM-related interventions as solutions to business problems (Cassell et al. 2002). This is illustrated by the finding that small business owners consistently report that HR practices need to 'fit the conditions and needs of their companies (Drummond and Stone 2007; Harney and Dundon 2006). Therefore, the HPWPs implementation program at the company "Susu Mbok Darmi" is carried out in a "tailored-made" manner, which is based on the objective conditions of company resources, existing systems and management, business models, supply chain management, and conditions of business competition in the food and beverage industry, which is currently growing rapidly.

### 3. Programs and Activities

The mentoring program began with a request for firm management and business development made to the Dean of the Faculty of Economics and Business by the management of PT. Sumoda Tama Berkah. PT. Sumoda Tama Berkah's management was the subject of an initial meeting on June 18, 2022, and a team of five representatives from FEB Pakuan University, including lecturers in human resource management, accounting and finance, operations, and supply chain management, were brought under the coordination of the Center for Regional Studies and Development (PUSPERAL) at the Faculty of Economics and Business. We made a visit to the production facility. Lastly, a number of high-priority initiatives for the advancement of human resource-based management were developed.



**Fig. 1 - Initial meeting of the community service assistance program at PT. Sumoda Tama Berkah (June 18, 2022)**



**Fig. 2 - A visit to the "Susu Mbok Darmi" outlet of PT. Sumoda Tama Berkah at Botanic Square Bogor (June 18, 2022)**

The HPWPs implementation program at PT. Sumoda Tama Berkah is incorporating the following three HPWPs components as a theoretical point of reference: 1) Employee capacity building practices, such as training and skills development; 2) Practices to increase employee motivation, such as structuring reward systems, career development, and information sharing through improving organizational communication skills; and 3) Practices that give employees the opportunity to go the extra mile, such as employee engagement and teamwork. Program priorities for these three components were carried out simultaneously and continuously by involving the management team of PT. Sumoda Tama Berkah through analysis and mapping assistance, consultation, training, and direct assistance.

### 4. Implementation Method

The mentoring program focused on program objectives for the implementation of high-performance work practices (HPWPs), namely: 1) Improvement of organizational and staffing management; 2) Excellent communication and service training; 3) Increasing managerial skills; 4) Improvement of operations and supply chain management capabilities; and 5) Consultation and direct assistance. The five mentoring programs were implemented right on the campus of Pakuan University in Bogor and in the workplace of PT. Sumoda Tama Berkah.

## 5. Program Implementation

### 5.1 Organizational and Personnel Management Improvement

This program was put into place as an initial activity to perform analysis and mapping of issues related to human resource management so that programs for enhancing organizational and staffing management can be carried out concurrently with increasing the capabilities of the management team and HRD staff. Starting with HR for HR training exercises, the curriculum covers topics including understanding HR management for SMEs, HRBP in action, recruitment and selection, reward management, performance management, and handling industrial relations.



**Fig. 3 - Training "HR for HR" management team and HRD staff (November 12, 2022)**

The first topic of the HR for HR training was HR management practices for MSMEs. In particular, the concepts and theories of HR management were given in the context of small organizations, namely SMEs. Despite the fact that SMEs and major corporations share the same strategic framework for managing HR, understanding the smaller managerial context has different goals, with a focus on the goal of realizing the HPWPs program. In small-scale organizations, every employee is directly impacted by even the smallest act or occurrence connected to the management philosophy and methods. As a result, it is crucial to emphasize and make work consistent with the corporate philosophy that the company's founders or owners have declared.

The goal of the HPWPs that will be implemented is to raise company performance as gauged by productivity, product quality, and service quality. It must also result in an increase in profitability in the end. The management team and HRD staff of PT. Sumoda Tama Berkah discussed the following strategic business and HR management framework within the context of SMEs. This material also provided knowledge and understanding of the HPWPs concept as targeted in the mentoring program formulated in 1) Employee capacity building; 2) Practices to increase employee motivation, and 3) Give employees opportunities to go the extra mile, such as employee engagement and teamwork.

The three targeted HPWPs components are prerequisites for carrying out human resource management and development practices, which are referred to in the business strategic framework and HR management as HR needs, namely knowledge, skills, abilities, attitudes, and behaviors. Before a company implements HR management and HR development practices, it is necessary to carry out an analysis and mapping from the start, starting with the recruitment and selection process, evaluating probationary performance, evaluating the performance of contract employees, and evaluating employee performance periodically.

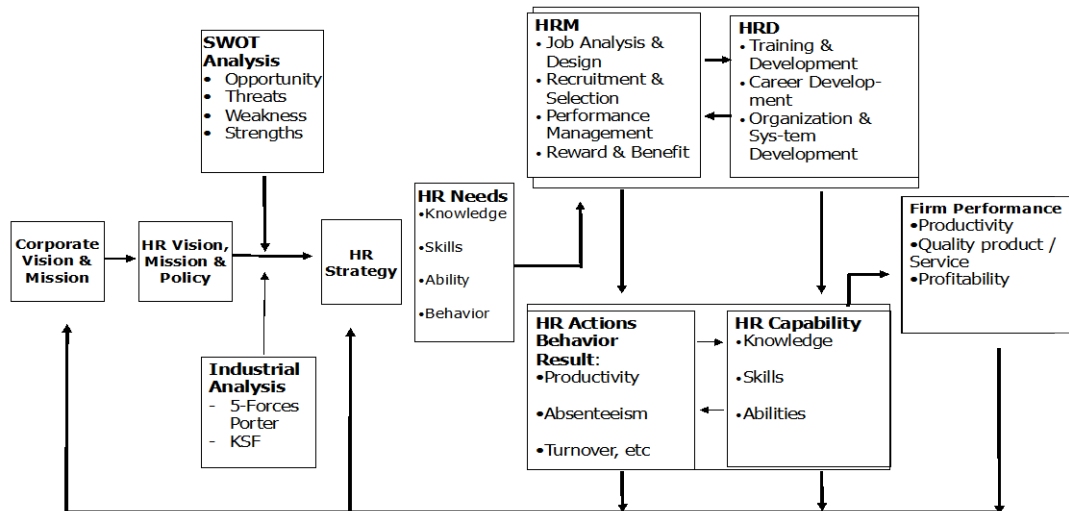


Fig. 4 - Business strategic framework and HR management for MSMEs (Source: Noe et al, 2014)

On the topic of HRBP in action, training was emphasized to provide an understanding of HR's role as the company's business partner. Starting from a discussion about the "Outside-in" mindset, which is the basis of the HRBP concept from Ulrich (1997), participants discussed the role of HR in the "Susu Mbok Darmi" business. The implementation of HR systems and management must support the company's business. The HRD team must comprehend the business operations from customer preferences and demands at outlets to production orders, raw material fulfillment, production processes, and returns to outlets and customers. Finding reasons why customers desire to purchase our products and services was the outcome of knowing business processes, it was emphasized for training participants which was known as value proposition. We may create appropriate HRD programs by identifying and comprehending the value proposition. These programs should address the four responsibilities of HR as a company partner: strategic partners, administrative experts, employee champions, and change agents.

The HR team of PT. Sumoda Tama Berkah developed an HR management improvement program as a result of this training program, which is as follows: 1) Participation of the HR Team in the once monthly monitoring and evaluation of the performance of outlets; 2) Complete work documentation, such as job specifications, job performance benchmarks, and job descriptions; 3) Completing a standard form for performance reviews of regular employees, contract employees, and probationary employees; 4) Create KPIs for each division and at the outlets as performance goals; 5) Conduct technical tests and interviews to evaluate staff members and/or waiters at establishments at the conclusion of the contract; 6) Arrange routine training programs for new employees, employees at outlets, and all staff which are carried out offline to provide attention, motivation and build harmonization; and 7) Develop compensation and benefit schemes to comply with statutory provisions and are performance-based to increase job satisfaction; and 8) Implement employee development programs to improve discipline and work ethic. These programs have been implemented until the time of this writing, creating positive benefits that are felt by employees as well as management.

## 5.2 Communication and Service Excellence Training

Employees participated in simulations and practical exercises to learn the principles of effective communication and customer service as part of the training, which was conducted using the experiential learning methodology. For a first-hand understanding of what communication means, participants were encouraged to participate in games and simulations. The idea that communication is more about listening and understanding than talking was reinforced. Being a great communicator in the context of being employees who service customers includes comprehending client complaints and preferences and acting fast on customer requests. Participants must comprehend that customers aren't just buyers; they're also loyal buyers, thus the key is to teach them to love our products.

Meanwhile, participants in service excellence training learned what excellent service is and how to best provide it. It was underlined for them that what is crucial is changing participants' attitudes, thoughts, and understandings. An understanding of the significance of sincerity in working and giving services is necessary to provide outstanding service, which is not only technical and involves skills on how to do so but also knowledge of ethics and aesthetics in working and serving. Before starting work, employees must be aware of this and understand that customers are what give the company's operations life. They will not only stop using our product if they are dissatisfied and believe they are not receiving good service, but they will also tell others about their negative experiences, which will undoubtedly reflect poorly on the company and ultimately decrease the market's willingness to use our product.



Fig. 5 - Communication and service excellence training (December 10, 2022 and May 11, 2023)

### 5.3 Managerial Skills Development

The third program focused on managerial skill development. The whole management team, including manager and supervisor levels from all divisions, including human resources, operations, accounting and finance, sales and marketing, production, supply chain, and maintenance and engineering, received this training. A collection of "Problem Solving and Decision Making Training" programs, divided into two classes—one for all employees and one for managers—put the emphasis of the training on the capacity to evaluate problems and issues and make decisions.

Simple problem-solving techniques like the 3-Q (Three Questions) and The Five Questions, or 5-Why, were taught in classes for all staff. More complicated problem-solving and decision-making training tools, such as the Ishikawa Diagram (Fishbone Analysis) and Minaut Training (PPM, 1998), which includes Situation Analysis (AS), Problem Analysis (PA), and Decision Analysis (AK), were provided for managerial-level sessions. Using case studies and problem-based learning (PBL), which makes use of real-world facts and issues, both training sessions were conducted. Each participant was requested to give a presentation in turn after the groups of participants had actively discussed instances and found solutions in the field.

Problem-solving tools training for all staff or employees emphasized the need for awareness among each employee of the problems that exist in the workplace. Every employee learned that there are workplace triggers that indicate a problem through the 3-Q technique. Employees need to understand how workplace triggers are classified. Participants were asked to list any triggers that have occurred or are likely to do so in the future that have led to significant issues in the field. Additionally, due to the particular circumstances of the manufacturing and product handling, "Susu Mbok Darmi" has a significant possibility for exposure to contaminants that could harm the milk or the goods being sold. Each participant presented their 3-Q analysis findings and engaged in lively discussion.

The 5-Why technique is the following tool for workers to use when solving problems. We should start by being conscious of the fact that, throughout history, we have frequently been content with just one or two solutions to the challenges we have encountered. The first and second responses to the fourth and fifth questions need to be further questioned in order to determine the basis of the issue. Usually, by the fourth or fifth response, we've begun to pinpoint the issues' most likely underlying causes. Everyone's method of operation should include the utilization of the 5-Why to ensure that every issue is correctly resolved. If the root of a problem can be identified, it can be considered to be solved or resolved; otherwise, it will likely repeat and possibly become an ongoing issue at work.



**Fig. 6 - Communication and service excellence training (May 9, 2023)**



**Fig. 7 - Problem solving & decision making training (June 20, 2023)**

#### **5.4 Improvement of Operational Management and Supply Chain Competencies Training**

Training to enhance competencies in operations management and supply chain is what follows HPWPs implementation program. The development of personnel skills is a top priority for PT. Sumoda Tama Berkah, taking into account the features of business operations. "Susu Mbok Darmi" has a number of crucial areas that, if managed incorrectly, can have an adverse effect on operations and the supply chain, which in turn may result in issues with the company's operations as a whole.

The training program was divided into two parts, namely: 1) Logistics and Distribution Management Training; and 2) Supply Chain Management. The two trainings were held on May 27, 2023. The first training focused on the need for logistics and distribution management to be able to guarantee the delivery of goods to and from the destination for the right kind of goods or materials, correct quantity, good condition, delivered to the right customer, on time, on purpose, and on cost. The triangle between quality, cost, and time was explained to participants in order to help them grasp the significance of distribution management and logistics.

In the training session, participants were asked to discuss what they know about logistics and distribution in their company, namely by discussing the questions: 1) Who distributes; 2) How many echelon distribution systems exist; 3) What is the mode of transportation; 4) What is the distribution strategy; and 5) What is the service level to be achieved. Likewise, supply chain training is very closely related to supply chain management training materials.

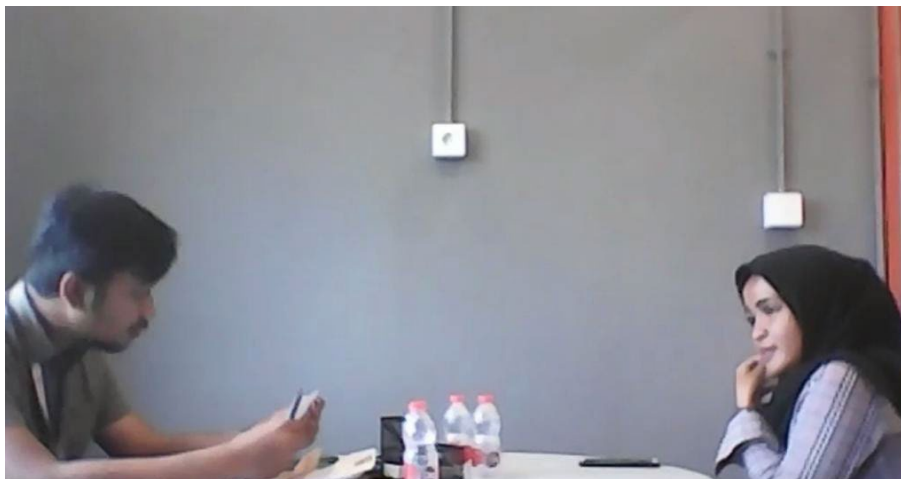
Participants were encouraged to discuss supply chain management, procurement, sourcing, and purchasing ideas, as well as sourcing strategy, contract management, and inventory management, during supply chain training. Training was specifically for employees and management teams in the procurement, operations, production, warehouse, finance, and accounting departments. The training was carried out actively through discussion and presentation methods. Participants were expected to learn about logistics and distribution, and it was hoped that they would also develop

enthusiasm for the importance of the business value chain to successful, effective, and efficient corporate operations. The training was intended to develop the capacity, motivation, and total involvement with the business of the organization with regard to the execution of these HPWPs.

### 5.5 Direct Consultation and Assistance

The program for consultation was ongoing and ran in accordance with needs. In the areas of human resources, finance and accounting, operations, supply chain, maintenance and engineering, production, and sales and marketing, the management team could speak with and consult with the Assistance Team from the Faculty of Economics and Business, Pakuan University, directly. Face-to-face, over a network, via Zoom, over the phone, or online are all options for consultations.

The consultation program was specifically carried out for the recruitment and selection process, namely administrative selection simulations, technical tests, and interviews. Specifically, for the interview technique, the supporting team directly followed the interview process conducted by the Manager and HRD for the candidate. The interviewer and the supporting team reviewed the interview activities after they had been recorded in order to talk about the strategies used during the interview and to offer helpful feedback.



**Fig. 8 - Mentoring for interview in recruitment and selection (March 13, 2023)**

Direct assistance was also given for the management of the company's training initiatives, including assistance in the preparation of training needs, the preparation of programs, the development of learning methods, the preparation of materials, and the implementation and evaluation of training evaluation techniques. The ADDIE approach for training programs—which stands for Analysis or Assessment, Design, Develop, Implement, and Evaluation—was established. Analysis of training needs was carried out based on the needs of the organization or company, analysis of tasks, and analysis of people by introducing skills to compile a matrix and flexibility skills.

Training was aimed not only at improving skills, but in line with the HPWPs program, training was also conducted to increase motivation, work ethics, work discipline, and work morale. Training was carried out by the management team on a regular basis, in person and face-to-face, in order to gain involvement and increase motivation and work ethics.

## 6. Conclusion and Recommendation

The HPWPs implementation program at PT. Sumoda Tama Berkah had been implemented for 10 months and was structured through an integrated program to strengthen the three HPWPs components, namely: 1) Employee capacity building practices, such as training and skills development; 2) Practices of increasing employee motivation, structuring reward systems, career development and information sharing through improving organizational communication skills; and 3) Practices that improving employees' capabilities not only for technical skills, but also for managerial and conceptual skills for managers and supervisors.

The information, experience, and issues that are present in the workplace or in the field were used in the learning materials and methodologies. The entire management team and HR staff must comprehend the HRBP idea with a "Outside-in" perspective, which explains how businesses can identify reasons why customers want to buy our products and want to keep using our products. To deliver good service in the field, it is crucial for all employees and the management team to comprehend the company's business procedures. For businesses to be able to offer clients top-notch service, communication skills and sincerity in serving are essential.



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