



Improving Performance Management System of Human Resource Aspect in Health Drink Industry Startup

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Abstract

In a company, Human Resource Management is important in order to make sure the quality of people in the company are in the best state. Human Resource Management is focusing on how to recruit and develop the best people, that's why there are many different tools and systems that can be used in order to achieve the goal. Moringa Culinary is a new company in the health drink industry that sells variant beverages from moringa leaves as the main material. In Moringa Company, Human Resource Management is still an unfamiliar term, and by looking at the data of the company, it is shown that Moringa Culinary still doesn't have an established system about performance management that causes the percentage of company's target achievement from September 2019 to March 2020 is unstable. Hence, the researcher made this study to analyse the best performance management system that can be implemented in Moringa Culinary. This research was conducted using qualitative methods by interviewing similar businesses in the same industry to know about the current applied management system in the company and to compare the effectiveness between one and another. The researcher will also use SWOT analysis to evaluate the internal condition in Moringa Culinary. The most suitable performance management system for Moringa Culinary in order for Moringa Culinary to be able to achieve all the company's target can be revealed in the result of this study.

Keywords: performance management, human resource management, health drink industry, startup

Introduction

Indonesia's chief executives should put much attention especially on the people who work for the company. Next decade, it is predicted that Indonesia's economy will be in the top 15 in the world, but many firms might be left behind. If the company can't recruit, develop, and retain the right people, growing will be hard and many companies may need to scale back. Only companies with great value and persistence will be chosen by employers who have an aspiration to grow (Tong & Waltermann, 2013).

For companies, performance management is important because performance management can help companies to detect irrelevant behaviour from employees that doesn't suit company's goals. By creating a good performance management system, mistakes and violations that result in ineffectiveness of work can be eliminated earlier (Rommalla, 2018).

Moringa Culinary is a business in the field of healthy food and drinks. The products produced are ready-to-drink products with the main ingredients namely moringa leaves and soy milk. This product is

packaged in a glass bottle to help preserve the environment with a size of 280 ml and will sell for Rp 20,000. Moringa Culinary chose Moringa leaves as the main ingredient because Moringa has many benefits and is very good for improving nutrition and public health.

Moringa's vision is to become the best moringa instant herbal drink company in Indonesia in 2025, and the missions are to provide an affordable moringa herbal drink with the best quality, become a reputable nutrition drink for breastfed mom category, create various channel of sale in many different cities in Indonesia and collaborate with top figure in health industry. In order to achieve the company's goal, Moringa Culinary should have great value and put much attention on the people who work for the company, including creating the best system in order for the company to be able to grow.

Problem Statements

In 2030, Moringa Culinary aspires to become the growing startup company in the health drink industry in Indonesia. In order to achieve that goal, an efficient and effective working environment is needed, one of them is a good performance management system. Today, the company still doesn't have a good performance management system because the team is still considered small and filled with 4 people, and because of that, the output of the company's work still can't be in the best state. Proved by the unstable number of sales as referred to table:

Table 1: Moringa Culinary Sales Report

No	Month	Year	Quantity	Revenue
1	September	2019	26	Rp 520.000
2	October	2019	60	Rp 1.200.000
3	November	2019	75	Rp 1.500.000
4	January	2020	33	Rp 660.000
5	February	2020	58	Rp 1.160.000
6	March	2020	28	Rp 560.000

Moringa Culinary implements a different system every month that causes a change in percentage of targets achieved in the company. There are different methods for performance management systems in the company and the use of the system hasn't been consistent. Hence, the researcher sees the importance of finding the most suitable performance management for Moringa Culinary to be implemented in the company regularly and consistently in order to maintain the percentage of targets achieved in each month.

Problem Solving Objectives

- i. To identify the performance management system used by health drink businesses in Bandung and Jakarta.
- ii. To identify the most suitable performance management system for Moringa Culinary.
- iii. To improve the performance management system of Moringa Culinary in the future.

Literature Review

Performance Management

Performance management is a mechanism that makes it possible for employees to fulfill their duties to the fullest in order to meet targets, goals and expectations which are closely associated with the priorities of the company. Performance management is also known as one of strategic management techniques that supports the company's business objectives by connecting the job goals of each individual with the company's overall mission (McDonnell & Gunnigle, 2008).

OKR Goal Setting

Objective Key Results (OKR) is a mutual goal-setting process that helps ensure that resources are centered on the same problems around the organization regularly and prioritized. There are two components in OKR, which are Objective, the bigger goal that is qualitative, and Key Results, the detailed measurable plan and quantitative. The OKR purpose is to set goals; evaluate main outcomes for each goal and take steps to meet these goals; receive daily input (Trinkenreich, Santos, Barcellos, & Conte, 2019).

Performance coaching

Performance coaching is one of the common methods in human resources development that can help businesses create a strategic edge. Implementing performance coaching in a company is effective for correcting and improving performance, or to solve conflict in the work environment. Performance coaching also used to build sustainable leadership in a company and to elevate career learning (Utrilla, Grande, & Lorenzo, 2015).

Feedback

The feedback can be used as an unbiased statement on the behavior of a well-documented operation or as recommendations for how the operation can be enhanced. Feedback involves some feedback detail, such as a customer's feed on the value and efficiency of a commodity. Therefore, in a project context a feedback loop includes thinking in opposite steps, asking what to do and with whom to deliver the defined project. In other words, it either observes the outcomes or solves problems. Thus, feedback adds immensely to corporate development by offering a mechanism for thinking, evolving and improving (Chirumalla, 2017).

Performance Measurement

Neely et al. (2002) stated that the definition of performance is "the process of quantifying the efficiency and effectiveness of past actions". This definition highlights the effectiveness and efficiency in a company as the main outcome of performance measurement. In the same year, Moullin (2002) also stated that the definition of performance measurement is "evaluating how well organisations are managed and the value they deliver for customers and other stakeholders' ". This definition highlights more on value delivery and how performance is managed as main aspects in a company (Moullin, 2003).

Compensation

Compensation is a comprehensive method of supplying workers with cash benefits in exchange for job completion. Compensation can aid in recruiting, work efficiency and employee satisfaction for different reasons. An optimal incentive management program lets companies dramatically improve company workers' morale and build more committed workers willing to go the extra mile for the company. The system of compensation is a vital tool for businesses to control the company management and gain market growth. The compensation system may assist companies in building core skills and in improving companies and employees together (Hong, 2017).

SWOT Analysis

Thompson (2007) stated “SWOT Analysis is a simple but powerful tool for sizing up an organization’s resource capabilities and deficiencies, its market opportunities, and the external threats to its future”. SWOT stands for strengths, weakness, opportunities and threats. This tool can be used with purpose to build organizational strategy and competitive strategy. An organization exists on being in itself and being outside, so a process of examining organization and surrounding environment is needed (Gurel, 2017).

Interview

Interview is one of the tools that are commonly used in qualitative research for data collection. Interviews are often used to gather information strategically from participants to know deeper about their experiences, point of view, and their beliefs about a phenomenon or interest or specific question (Ryan, Coughlan & Cronin, 2009). Sandelowski (2002) stated that the most frequently used interview for collecting the data in qualitative research is one-to-one interviews. Based on Babbie (2007), there are three types of interview, they are the standardized interview, the semi standardized interview, and the unstandardized interview.

Fishbone Analysis

Fishbone diagram is a common tool used to identify a cause of a specific problem. Fishbone diagram, which is usually also called Ishikawa diagrams or cause-and-effect diagram is a graphical technique that can be used to show causes of specific phenomenon. It can be used as a comprehensive theoretical framework to analyse the sources of innovation. Fishbone diagram is a general technique of graphical representation that is appropriate to be used to explore and categorize the potential root cause (Coccia, 2017).

Methodology

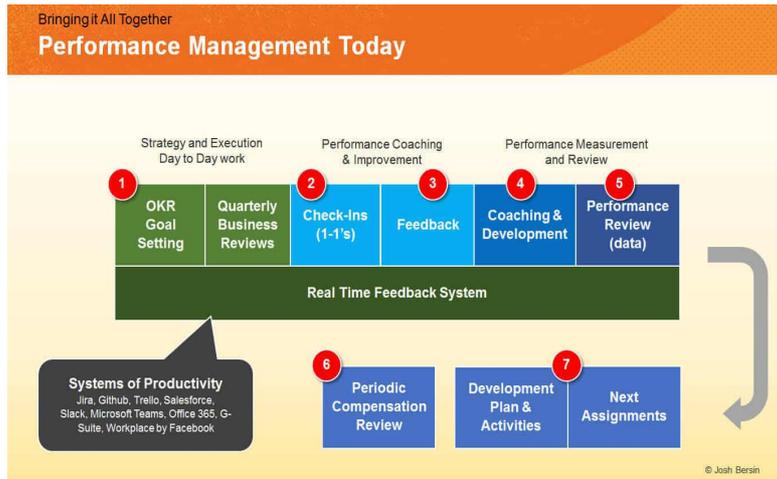
The first methodology that being used for the research is root cause analysis by using fishbone analysis. The use of fishbone analysis is to find out the root cause of the unstable sales and unachieved target of the company. The researcher will also conduct analysis of the business situation in the company with the internal analysis and external analysis. The internal analysis will use SWOT Analysis. The external analysis will use interview with owners of small businesses in the health drink industry.

SWOT analysis used to determine the strength, weaknesses, opportunity and threats of the company. By analyzing the SWOT of the company, the researcher can decide the type of the company and the type of performance management that suit the company’s situation.

The main data are obtained from interviews with the owners of small businesses in health drink industry. The total of owners that get interviewed are 5 persons. The interview was conducted via Whatsapp audio call and by face to face interviews. The chosen companies are various in some criteria. There are different numbers in the amount of company member and employee, the difference in vision and mission, the difference in company’s culture, and the difference in background knowledge.

The purpose of this interview is to obtain knowledge about what kind of performance management system that has been applied to the similar company in health drink business industry. The guide of the interview follows the concept of performance management developed by Josh Bersin.

Figure 1: Performance Management Concept by Josh Bersin

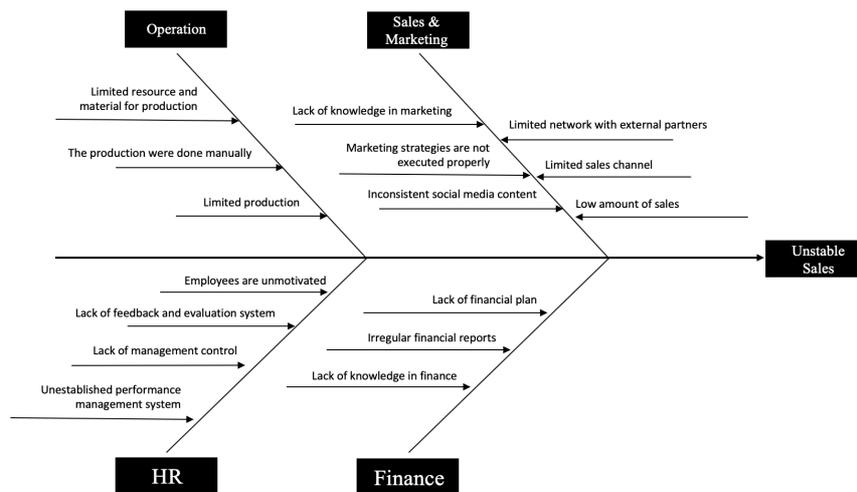


Analysis and Results

Fishbone Analysis

Based on the fishbone diagram analysis, various factors affected the unstable sales in 2020. The factors are from all different aspects in the company including operation, sales & marketing, finance and human resources. Based on the root cause analysis of the problem, human resources had many impacts for the bad performance of the company, because the human resources problems are fundamental and directly affect all other aspects in the company. One of the human resources management parts that should be prioritized in order to solve the problem is how to build a performance management system that can measure and manage the company’s performance. Therefore, researchers will try improving the Moringa Culinary human resource aspect by finding the most suitable performance management system for the company.

Figure 2: Moringa Culinary Fishbone Analysis



SWOT Analysis

The strength point of the company is the basic knowledge about business, marketing, finance, operation and production since all the founders are students in School of Business and Management ITB. The founders of Moringa Culinary work in an environment that is surrounded by mentors, advisors, and also other business owners that enable Moringa Culinary founders to get more insights about basic knowledge and practice. The weakness point of the company is the founders of Moringa Culinary haven't become an expert on each area of responsibilities. Also, the startup and health food and beverages industry is still a new thing that needs deeper exploration in order to survive in the business. Healthy lifestyle has become a trend lately, and combining tasty products with health and eco-friendly value can be a competitive advantage that can increase sales if the marketing and branding are well-prepared and the operation system is strong. The threats are becoming a startup owner in the healthy food and beverages industry is not easy because there are already many competitors. In order to win the competition, a well strategy and execution will be needed.

In-Depth Interview

The interview is done to identify the suitable performance management system that can be implemented in Moringa Culinary. To find the most suitable performance management system for Moringa, the researcher interviewed some business managers in a health drink industry company.

Table 2: The Results of the Interview About Applied Performance Management System

Company	Applied System	Details
Purucci Almond Milk	KPI Setting every 6 month	There is a performance indicator that being set up at the company for 6 months. The disadvantage of this system is along the 6 months, there will be some changes in situation that will require different performance indicators.
	Monthly Update	Monthly updates were used to inform the team about how every division works out. It is mainly about the sales. The disadvantage of this system is the update isn't done on a routine basis. The purpose is only to give updates regarding sales, not to review the company performances and initiating to improve the performance.
	Performance review every 6 months	The whole performance can be reviewed every 6 months and there is a discussion for improvement The disadvantage of this system is 6 months is a long time to have a review meeting because there are too many changes within 6 months and the improvement cycle is not performing at its best
Kamala Tea	OKR Setting every 4 month	There is a performance indicator that is being set up at the company for 4 months. The percentage was also divided on each month in order to be more achievable in the short term.
	Monthly performance review	The company performance can be reviewed and measured on each month. After that, there will be evaluation and room for improvement. The performance review was done while doing a trip to create quality time for improving the team relationship.
	Impact Measurement	Kamala is a company who has a strong value, that's why impact measurement is one of the important things at Kamala. For Kamala, making programs that can be helpful for other people and making impact under Kamala brand is something

		that they value.
	Monthly KPI Setting	There is a performance indicator used for the company to achieve the goal.
	Weekly Division Reviews	A weekly update is important for a small team such as division in order to align the work and keep up with the progress.
Huakai	Monthly Performance Review	The company performance can be reviewed and measured on each month.
	Performance Appraisal	The performance appraisal in Huakai includes giving awards to the best employee. This system is good because all team members would feel appreciated and there will be an increase in member's motivation.
	360 Degree Feedback	Huakai uses google form to review and give feedback to all members and divisions. The measurement is quantitative and the results will be informed to the person. It's a really good method because everyone will get feedback and a performance measurement from all stakeholders on the team.
Well Ini Susu	Monthly KPI Setting	There is a performance indicator used for the company to achieve the goal.
	Weekly Reviews	A weekly update is important for making sure the goal is achieved. For Well Ini Susu, since there are 2 staff who work for the business, it is important to make sure that the communication is being well-formed.
	Monthly Performance Review	The company performance can be reviewed and measured on each month.
	Compensation	Compensation is given to the staff as an appreciation if the company performance is improving. Besides that, the compensation also sometimes come in a form a financial help to support an urgent family matters for the staff. This is a good way to increase the motivation of the staff and to make the staff has a sense of belonging and respect for the company.
Youjell Yoghurt	KPI Setting	Creating a performance indicator for daily operation is good for the company to run. For Youjell Yoghurt, the most important KPI is the daily sales of yoghurt should be more than 200 litre in order to achieve the BEP.
	Daily Observation	The owner come to the workplace everyday and fully control the daily operation. This system makes the feedback loop can happen in high frequency because every problem in the field will be found in short time and will be handled in a short time.
	Compensation	Compensation is given to the staff of Youjell when the sales are going well, because it means that the staff also giving

more efforts on producing more yoghurt. Compensation can help to increase the motivation of the staff.

From the interview, it shows that each company implement different performance management system because each company has its own characteristic that make a one company suitable to some systems. After the interview, the data are being processed and compared between one company to another. The result also being compared to the original performance management concept by Josh Bersin to compare the concept between the applied system in the health drink businesses. Below is the table of comparison.

Table 2: System Comparison Between Company

Performance Management System	Purucci Almond	Kamala Tea	Huakai	Well Ini Susu	Youjell Yoghurt
OKR Goal Setting	x	v	x	x	x
Quarterly Business Reviews	x	v	v	v	x
Feedback	v	v	v	v	v
Coaching	x	x	x	x	x
Performance Review	v	v	v	v	x
Development Planning Arrangement	x	v	v	v	x
Compensation	x	x	x	v	v

After the comparison, it is shown that there are some tools in performance management system that is not being applied in the businesses. The reason is because there are some tools that is not familiar and there are some tools that don't match with the company culture. Beside the tools from the performance management system concept by Josh Bersin, there are also some other tools used in businesses that create good results to the company. Hence, based on the root cause analysis, internal analysis, journal review and interview to 5 businesses, here are the performance management system that will be applied to Moringa Culinary.

Table 3: Maringa Culinary Performance Management System

No	Performance Management System	Details
1	Monthly OKR and KPI Setting	Based on the interview, the business that use OKR is able to create the big objective of the company for a long period of time, while the business that uses KPI is able to create the indicator in detail to make sure the company goals are achieved. Looking at the explanation, Moringa Culinary will be able to use both OKR and KPI. Moringa Culinary will use OKR to set the objective of the company such as the main goal in general. The OKR setting can be done in every 3 months. Moringa Culinary will also use KPI to make sure that there are a list of tasks and micro actions that should be done in order to make the company's objective achieved.
2	Weekly business reviews	Based on the interview, quarterly business reviews or weekly meetings are important because it keeps everyone on track with the company objectives. The weekly business reviews in

3	360 feedback	<p>Moringa Culinary should contain about division updates and division evaluation.</p> <p>360 feedback is a system where everyone is being evaluated by everyone. Based on the interview, the business that has implemented this system is Huakai. Huakai Has implemented a 360-feedback system once in a month by using google forms. The evaluators are anonymous and the data were all collected by the HR division, that's why the writer will be kept confidential. Moringa Culinary can implement this system for each chief level to be able to understand more about themselves. Moringa Culinary members should start to be able to receive feedback from work partners and act accordingly for the company improvement.</p>
4	Monthly performance review	<p>Moringa Culinary has done performance review before the research, but the schedule and the agenda still need to be improved. From the interview, the performance review was done once in a month with an agenda: CEO presenting the company progress, each division presenting about the accomplished and unaccomplished task, collecting feedback between individuals and division, evaluating the whole progress and looking for a better way of improvement.</p>
5	Development Plan Arrangement	<p>Moringa Culinary will implement development plan arrangement as one of the key of the company's performance management. The development plan arrangement can be done together with the performance review, because development plan can be generated from the monthly review and evaluation.</p>
6	Compensation	<p>Based on the interview, the company who compensates their staff is the one who has hired staff to work for them with a stable salary. At the time this research is done, Moringa Culinary still doesn't have any hired staff, all the tasks are done by the board of directors. In 2021, Moringa Culinary has a vision to start developing a team and recruiting more members to join the business. In that phase, the company should implement a compensation system for the staff, so the staff can have more motivation to do a great job.</p>
7	Performance Appraisal	<p>Performance appraisal has become one of the fundamental things at human resource management. Performance appraisal can help the company to reward employees who do great performance, and it can increase employee's motivation on producing a high quality work.</p>

Conclusion and Recommendations

The first objective of the research is to identify the performance management system used by health drink businesses in Bandung and Jakarta. The reason behind this objective is because Moringa Culinary doesn't have an established system in the company to maximize the output of the business. Based on the fishbone analysis, the main reason behind the lack of performance in the company was caused because of a bad system. The research was done by interviewing 5 owners from 5 businesses in the health drink industry. Beside the interview, on identifying the performance management system, the researcher also uses Josh Bersin's concept on the performance management system that guide the researcher as the main concept to develop the research. Based on the interview, it is shown that the 5 different companies use different performance management systems on each company. The differences of the system are caused by different cultures, different size of team, different background knowledge, and different company's vision and mission. Every company has a different type of management

system, including performance. Beside the interview, the result was also compared to the main theory of Josh Bersin.

The second objective is to identify the most suitable performance management system for Moringa Culinary. After going through the interview, gathering the result and processing the data, Moringa Culinary also compares the background story of Moringa Culinary with the businesses that are being interviewed, the vision and mission between the company, the number of staff, the location, the market size, and others. In this step, the main goal is to identify which system and from which company that will really become suitable with the company. Moringa Culinary uses content analysis for processing the result of the interview and come to the conclusion that there are 7 systems that will be implemented which are monthly OKR and KPI Setting, Weekly business reviews, 360 feedback, Monthly performance review, Development Plan Arrangement, Compensation and performance appraisal.

The third objective is to improve the performance management system of Moringa Culinary in the future. After finding the curated performance management system for Moringa Culinary, a roadmap and a Gantt Chart is also created to make sure every plan and idea are well-executed one by one. By having a clear plan and schedule on executing the system, the goal on improving the performance management system of Moringa Culinary will be able to being accomplished.

This research is based on Moringa Culinary and specifically focuses on the human resource part only. Due to data set availability, the financial data collected only from September 2019 until March 2020. This research can be a new benchmarking paper for the next academic research about the health drink industry in startups. The future research should explore the tools and technology supports that can be used to improve the performance management system in startups.

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