

## EMPLOYEE MANAGEMENT SYSTEM AND CUSTOMER RELATION ON BUSINESS PERFORMANCE OF ETOS NATIONAL COMPANY

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### Abstract

This study aims to prove and analyze the effect of the employee management system and customer relations on business performance at the outsourcing company Etos National Company. The population in this study are cleaning service employees who work under PT Etos Nasional. The number of samples using the slovin technique and get 67 samples, using the purposive sampling technique. This study uses a quantitative approach, and literature study, interviews, and questionnaires carry out data collection methods. The scale used is a semantic differential scale. The analysis method used is descriptive analysis, validity test, reliability test, classical assumption test, multiple regression analysis, and hypothesis testing. The tool used in data processing is the SPSS application. Based on the test results, the regression equation is  $Y = 7,133 + 0,482 + 0,282$  it can be concluded that the variable employee management system (X1) and customer relations (X2) have a positive and significant effect on business performance (Y).

**Keywords:** Employee Management System, Customer Relation, Business Performance, Outsourcing.

Employee  
Management  
System and  
Customer  
Relation on  
Business  
Performance of  
Etos National  
Company

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Received  
September 2<sup>nd</sup> 2023  
Review  
September 18<sup>th</sup> 2023  
Publish  
December 31<sup>st</sup> 2023



AFEBI Management  
and Business  
Review  
(AMBR)

P-ISSN [2548-530X](#)  
E-ISSN [2548-5318](#)

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Outsourcing is a concept in the "Industrial Revolution" to increase productivity and reduce costs. It has been introduced in Indonesia by implementing Law No. 13 Year 2003 in various sectors such as construction, cleaning services, administration, and maintenance. The age of outsourcing is short in Indonesia, but it is expected to continue to grow and develop in the coming years, commonly called the age of outsourcing (Bartkus E & Jurevicius V, 2007). The existence of the Job Creation Law, which replaces the Labour Law No.13 Year 2003, has strengthened the position of company' position to add outsourced employees in the context of work effectiveness and efficiency. However, some polemics have occurred in the community about enacting this law regarding work restrictions and the regulation of outsourced employee contracts, which are considered only to benefit the company.

In this study, the researcher chose Etos Nasional Company as the object of research. Etos Nasional Company is an outsourcing company located in Semarang City; they provide services such as cleaning, security, administration, high-rise cleaning, parking management, and customer service. After conducting interviews and observations with the Head of Quality Control at PT Etos Nasional, the researcher found a problem that occurred at PT Etos Nasional. The company has outsourced employees across various clients or service users of Etos Nasional Company, so supervision of employee performance and attitude is strict. In reporting work, they still use an unstructured system, namely through WhatsApp, by sending photos of the work results. On the other hand, supervision of performance and client complaints cannot be managed optimally with this system. Therefore, this system is considered less efficient because the validation takes a long time. In addition, the position of employees who are the company's image is crucial because there are competitors from other outsourcing company that offer similar services, so it is necessary to have a system that becomes more valuable to compete.

Based on this description, research is needed with objects focused on cleaning service employees to see the role of the application system implemented by Etos Nasional Company in supervising and validating employee work. In addition, researchers also want to see how employees establish direct relationships with clients of PT Etos Nasional. These two factors will determine how the performance of the service business is provided to the clients of Etos Nasional Company and whether it fulfills the service dimensions proposed by Parasuraman et al. (2013), namely tangible, reliability, responsiveness, assurance, and empathy.

In the process, outsourcing activities are encouraged to create efficiency and effectiveness in employee work. Along with technology development, the employee management system has undergone various modifications through an information technology approach. By utilizing tools or systems used to track, review, highlight, and support the achievement of company goals, especially employee management (Henri, 2006). This is evidenced by the research conducted by Rosanti et al. (2023), showing that a systematic work system that is by aspirations and employees feel satisfied is proven to increase outsourcing employee motivation to perform best at Bank BNI Padang City. However, previous research by Nurhikmah (2017) gave different results, and it was found that the performance of outsourced employees was lower than that of permanent employees. Furthermore, maintaining relationships between outsourcing company and customers is essential to achieving good outsourcing business performance. The active involvement of outsourcing company in fulfilling needs, providing quality services, and handling complaints is crucial to achieve good outsourcing performance. This is proven in research conducted by Kholldiyah (2019), which shows that the quality of customer service affects the business performance of outsourcing company.

This study aims to prove the influence of employee management systems and customer relationships on the business performance of Etos Nasional Company. This research is expected to contribute to outsourcing activities, especially to company and workers/laborers, so that they positively impact each other without injuring the work contract and the applicable law in Indonesia. Internationally, it is hoped that foreign investment can enter to support the domestic economy by absorbing outsourced labor. Thus, research on the Influence of Employee Management Systems and Customer Relationships on the Business Performance of Etos Nasional company has significant relevance. By better understanding how employee management systems and customer relations affect Etos Nasional Company's business performance, the company can identify areas for improvement, implement more effective strategies, and achieve better results in its outsourcing practices

## **LITERATURE STUDY**

### **Organizational Control System Theory**

Based on Hill & Schilling (2020) state that "Control can be viewed as the process through which managers regulate the activities of individuals and units so that they are consistent with the goals and standards of the organization." This means that an important management task is to control the activities of the organization. Controls are necessary to ensure the control and performance of the organization will operate efficiently and effectively and in a manner consistent with the strategy that has been set. Without adequate control, there will be a loss of control, and organizational performance will suffer.

Control is the process by which managers regulate the activities of individuals and units so that they are consistent with organizational objectives and standards. Goals are the desired future conditions that the organization wants to realize. Standards are the performance requirements that the organization wants to achieve on an ongoing basis. Managers can regulate individual and unit activities in several different ways to ensure that they are consistent with the organization's goals and standards.

### **Business Performance Variable**

Business performance is an assessment of how well a company's activities or achievements are within a certain period of time. The performance of a company is assessed by the alignment of company goals, namely ensuring that employees can work effectively and efficiently (Schuler, 1992). The business performance of outsourcing company used in this study will be defined through the dimensions of service quality performed by employees to customers who use outsourcing services with the approach of service quality assessment dimensions proposed by (Parasuraman et al., 2013), namely tangibles, reliability, responsiveness, assurance, empathy.

### **Service Quality Dimensions**

The business performance of outsourcing companies used in this study will be defined as the quality of service provided by employees to customers who use outsourcing services using the service quality assessment dimensions proposed by (Parasuraman et al., 2013) as follows:

- a. Tangibles is the ability of employees and companies to strive for the best service to customers.
- b. Reliability is the ability of employees and companies to strive for fast, precise, and satisfactory service.
- c. Responsiveness is the responsiveness of employees and companies in handling customer needs.
- d. Assurance is a guarantee of competence, courtesy, and credibility of employees and companies that can be trusted by customers.
- e. Emphaty is the relationship that exists between employees and customers to understand and understand the specific needs of customers.

### **Employee Management System Variable**

Performance management systems (Henri, 2006) are "the use of performance management systems by utilizing a set of systems used to track, review, highlight, and support the achievement of objectives through the provision of information." Thus, the use of software can be described as a series of formal processes that use the information to maintain or improve objectives in organizational movement (Henri, 2006). As such, these processes may consist of monitoring methods, performance results, and reporting systems communicated to employees. In addition, these processes may describe theoretical models of the organization's initial success factors or assess success indicators to examine specific performance and objectives. Widener (2007) asserts that "the use of system tools motivates employees not only to perform but also to align their behavior according to organizational goal

A work system is a system that organizes sequential procedures, methods, and requirements to complete a specific work context. The work system or SOP will be applied to jobs such as cleaning service. Training and development is intended for employees to have knowledge about the organization by getting training sessions in the organization, more employees are satisfied and perform well (Hanaysha & Tahir, 2016). According to Beni et al., (2021) Welfare is a condition when a person feels fulfilled from the most basic needs in his life. This employee welfare includes benefits or guarantees from the company for employees who work for health and safety

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Customer relationship management (CRM) is a business strategy that deals with customer satisfaction through behaviors that intend to provide customer satisfaction and implement customer-oriented processes. In other words, CRM helps company manage customer relationships organizationally (Visser & Fokkema, 2021). Relationships are established due to direct or indirect communication interactions. In outsourcing company, workers work directly under the customer company that uses outsourcing services so that interactions can be established directly. Communication intensity is the level of frequency in communicating with others. Communication is one of the direct and indirect interactions carried out by humans. Communication will establish positive and negative relationships depending on the needs of the communicator. Service quality is an effort to provide added value for customers to improve business performance (Zeithaml et al., 2003). Service quality provides an obligation or duty to provide the best service for customer satisfaction

### RESEARCH METHODOLOGY

This research is a quantitative study that serves to prove the theory of the variables previously described. Researchers interviewed Mr. Gunggung, the head of quality control, regarding problems and expectations for the future. Sampling using purposive sampling method with the criteria that respondents are outsourced cleaning service employees. The number of population is 200 employee, and calculation of the number of samples using the slovin technique. The margin of error of 10% with a 90% confidence level.

$$n = \frac{200}{1 + 200 \left( \left[ \frac{0,1}{0,9} \right]^2 \right)}$$

$$n = \frac{200}{3}$$

$$n = 66,7 \text{ or } 67 \text{ samples}$$

The number of samples used amounted to 67 respondents obtained through a questionnaire. The questionnaire scale uses a semantic differential scale so that the data obtained is interval data. The model applies multiple linear regression analysis with IBM SPSS software version 25.

### Research Hypothesis

In a company, an employee management system or Human Resource Management (HRM) is "strategic human resources management is made up of all activities affecting the behavior of individuals in their efforts to formulate and implement the strategic needs of the business." (Schuler, 1992). This means that employee management consists of all activities that affect the behavior of individuals in their efforts to formulate and implement the strategic needs of the business. In a business, employees are the driving force and, in the course of time, require special treatment to remain in accordance with company goals. A well-structured management system, starting from recruitment activities, training and development, employee performance, and employee welfare, will have a significant influence on the company's business performance.

H1: Employee Management System has a significant effect on Business Performance

Customer relationships can be established due to interactions between business people and customers. Customer relationship assessment can be assessed from the level of customer satisfaction. Customer satisfaction is an assessment of a person's feelings of pleasure or disappointment with the results of work. With increased customer satisfaction, customer relationships will be well established, which will affect the company's business performance (Kholldiyah, 2019).

H2: Customer Relationships have a significant effect on Business Performance

### RESULT AND DISCUSSION

#### Normality Test

The data in this study indicate that the residual data is distributed normally. This is evidenced by the test output value 0.136 for Kolmogorov-Sminov asymptotic significance. Compared to alpha 0.05, this significance value has a higher value, so the data is distributed normally.

### Heteroscedasticity Test

Based on the results of the Glejser test in Table 2, it is found that the research is free from heteroscedasticity. Proven by the significance value of variable X1 employee management system,  $0.335 > 0.05$ , it means that there is no heteroscedasticity. The X2 customer relationship variable,  $0.095 > 0.05$ , means no heteroskedasticity exists. So, this research is not infected with heteroscedasticity.

Variable	Sig. Value
Employee Management System	0,335
Customer Relation2023	0.093

**Table 2.**  
Glejser Test

### Multicollinearity and Linearity Test

Based on the collinearity output, the VIF value on variable X1 employee management system and X2 customer relations is  $2,607 < 10$ , so there are no indications of multicollinearity symptoms. Based on Table 3, the linearity significance value is  $0.000 < 0.05$  in both variables, so there is a linear relationship between the variables X1 employee management system and X2 customer relations on business performance.

Independent Variable	Sig. linearity
Employee Management System	0,000
Customer Relation	0,000

**Table 3.**  
Linearity Test

### Regression Estimation

Variable	Unstandarized B	t	Sig.
Constant	7,133	4,056	0,000
Employee Management System	0,482	5,109	0,000
Customer Relation	0,282	2,883	0,000

**Table 4.**  
Regression  
Estimation

The constant value is positive at 7.133 if it is assumed that X1 and X2 are zero, then Y will be worth 7.133 units. The coefficient value of the X1 employee management system of 0.482 can be assumed when X2 is zero; each increase in X1 by one unit will increase the value of Y by 0.482 units. The X2 customer relationship coefficient value of 0.282 can be assumed when X1 is zero; each increase in X2 by one unit will increase the Y value by 0.282 units.

Based on Table 4, the t-count value of variable X1 employee management system is 5.109, which is greater than the t table of 1.99730, thus proving that the employee management system has a significant positive effect on business performance. Furthermore, the t-count of variable X2 customer relations is 2.883, which is greater than the t table of 1.99730, thus proving that customer relations have a significant positive effect on business performance.

Model	df	F	Sig.
Regression	2	75,010	0,000
Residual	64		
Total	66		

**Table 5.**  
F Statistic

Based on Table 5, the calculated F value is 75.010 and the significance value is 0.000. If the F table with a significance level of 0.05 with df (N1) = 2 and df (N2) = 64, the F table value is 3.14. So that F count of 75.010 is greater than F table 3.14, the regression model is feasible to use. Value of adjusted R<sup>2</sup> value is 0.692, which means that the variables X1 employee management system and X2 customer relations contribute 69.2% to business performance and the remaining 31.8% is influenced by other variables not included in the study.

Based on the T-test results, the significance value is  $0.000 > 0.05$ , and the t value is  $5.109 > t$  table of 1.99730, so the Employee Management System variable (X1) has a significant effect on Business Performance (Y). According to the regression model above, the coefficient value of the Employee Management System (X1) is 0.482 and is positive, so it partially has a positive effect on Business Performance (Y). It means that for every one unit increase in (X1), assuming (X2) is equal to zero, it will increase (Y) by 0.482 units.

The results of this study state that the Employee Management System has a strong influence on the Business Performance of Etos National Company. Based on this, it is very important for PT Etos Nasional to build an existing Employee Management System to improve the company's Business Performance. This indicates that employees have understood the work system they have been running and assess that the work system is in accordance with the conditions they live in. A good work system will have an impact on employee performance, which will further improve the company's business performance. This is in line with research conducted by Rosanti et al. (2023) that the work system can improve employee performance. The problems experienced by Etos National Company in building a good system must be adjusted to the conditions of employees. Therefore, Etos National Company needs to make improvements by implementing an employee management application system that functions as a validation report and supervision of employees in their work. The application of a technology-based system in supervising, validating, and reporting work will be very helpful in improving company performance. A structured employee management system will have a direct impact on the performance of Etos National Company, especially cleaning service employees, when employees work structured and according to SOP, the work will be completed on time so that Etos National Company's business performance will increase.

Based on the T-test results, the significance value is  $0.000 > 0.05$ , and the t value is  $2.883 > t$  table of 1.99730, so the Customer Relationship variable (X2) has a significant effect on Business Performance (Y). According to the regression model above, the coefficient value of Customer Relationship (X2) is 0.282 and is positive, so it partially has a positive effect on Business Performance (Y). It means that for every one unit increase in (X2), assuming (X1) is equal to zero, it will increase (Y) by 0.282 units.

The results of this study state that Customer Relations has a strong influence on the Business Performance of PT Etos Nasional. Based on this, it is very important for PT Etos Nasional to build better customer relationships to improve the company's business performance. The influence of the Customer Relationship variable The influence of the Customer Relationship variable on improving Business Performance through indicators of communication intensity and service quality is in line with research conducted by Kholidiyah (2019), which resulted in the influence of service quality on customer satisfaction. This indicates that employees have provided the best service to customers. In the problem of handling complaints from customers, the best solution for the company is to improve the quality of its services so that customers feel satisfied and reduce complaints from customer.

The results of this study prove that there is an influence between the implementation of employee management systems and customer relationships as a factor to improve business performance. The implementation of an employee management system is a necessary strategy in the course of a company's operational processes. The existence of an employee management system provides a goal for employees to ensure that duties and obligations have an impact on the effectiveness and efficiency of the company in accordance with the theory put forward (Schuler, 1992). In addition, the theory put forward by Widener, (2007) regarding the use of the system can encourage employees not only to work but also to align with company goals, one of which is to improve business performance, can be proven by the results of this study. In addition, the application of customer relationships is a key factor in establishing sustainable relationships with customers. The existence of customer relationships will help company manage customer relationships in an organised manner according to the theory put forward by Visser & Fokkema, (2021). One way to organise customer relationships so that they can run sustainably is to increase customer satisfaction so that it can improve the company's business performance.

Based on the results of this study, Etos National Company as a service outsourcing company has implemented a strategy for employee management systems and customer relationships to improve the company's business performance. With regard to that, the variable that is more dominant to improve the business performance of Etos National Company is the customer relationship variable followed by the employee management system variable so that the implication of this research for the company is that Etos National Company can maintain and improve strategies in establishing relationships with customers, one of which is by providing service assessments carried out by employees through Key Performance Indicators that are applied to assess the quality of service and employee interaction with customers so as to improve the quality of service provided by employees to customers and minimise complaints if customers are satisfied. This argument are in line with research by Kholidiyah (2019) which resulted in the influence of service quality can improve customer satisfaction. Service quality by providing added value to customers so as to improve the company's business performance (Zeithaml et al., 2003). Furthermore, Etos National Company can also implement HRIS (Human.

Resource Information System) which will assist in employee management functions, namely supervision, validation and reporting. So that it can improve employee performance as well as the company.

## CONCLUSION

Based on the data variable employee management system has a significant positive effect on business performance. With an increase in the value of the employee management system, the value of the company's business performance will also increase. and also variable customer relations have a significant positive effect on the company's business performance. An increase in the value of customer relations will also increase the value of the company's business performance.

HR (human resource) division, can maintain and improve the appropriate technology-based employee management system in order to create a conducive work environment for cleaning service employees and facilitate control in monitoring, reporting, and validating the results of employee work. QC (quality control) division, can maintain and improve customer relations as a strategy to maintain relationships and communication with customers, one of which is service orientation so that customers feel satisfied. For future researchers, it is hoped that they can use or add other variables and can use mediator variables such as employee performance variables so that they can provide more comprehensive results related to the company's business performance.

Limitations of research that can be taken into consideration for further research, so that better results can be obtained. Some of the limitations in this study are as follows. This study only uses two independent variables that affect business performance, namely employee management systems and customer relationships. While there are still other factors that can affect business performance. The primary data collection process only comes from questionnaire answers, not completed with interviews. So that the research data is only from the data from the respondents' answers through questionnaires without being equipped with interviews. There are limitations of time and money in conducting this research so that this research is far from perfect.

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