

The Role of Human Capital Management (HCM) in Managing Workload to Increase Employee Productivity in UMKM Businesses at UD. Kreasi Lutvi

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Abstract

Human Capital management (HCM) has a crucial role in determining the operational success of micro, small and medium enterprises (UMKM), especially in managing workload to increase employee productivity. This study aims to explore how human capital management is applied in the context of workload in UMKM UD. Kreasi Lutvi, a business engaged in the production of cassava-based snacks. The research method used is descriptive qualitative through observation, in-depth interviews, and documentation studies. The results showed that human capital management at UD. Kreasi Lutvi has implemented a division of labor strategy, production scheduling, technical training, and a humanistic approach in maintaining a balance between work demands and employee welfare. However, the company still faces obstacles such as limited permanent labor and not maximizing the performance evaluation system. With more strategic and systematic human capital management, UMKM such as UD. Kreasi Lutvi can improve work efficiency, strengthen employee loyalty, and encourage sustainable productivity growth.

Keywords: Human Capital Management, Workload, Productivity, UMKM, UD. Kreasi Lutvi

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Introduction

Micro, Small, and Medium Enterprises (UMKM) are the backbone of the Indonesian economy. Data from the Ministry of Cooperatives and UMKM shows that until 2023, UMKM contribute more than 60% to the national Gross Domestic Product (GDP) and absorb around 97% of the workforce (Kemenkop UKM, 2023). In the midst of this strategic role, the main challenges faced by UMKM are not only related to capital and market access, but also in terms of managing human resources (HR), especially in managing workload and maintaining employee productivity. If human resources are highly motivated, creative and able to develop innovation. Therefore, efforts are needed to improve the ability of human resources (Yanti *et al.*, 2024).

One important aspect of human capital management is the ability to manage workload effectively. Unbalanced workload can cause fatigue, stress, decreased motivation, and lead to decreased employee productivity (Wijaya & Suryani, 2022). Good workload management includes task planning, fair work distribution, adjustment to individual capacity, and performance monitoring and evaluation. In the context of UMKM, especially those with a limited number of employees such as UD. Kreasi Lutvi, workload management becomes even more crucial because one employee can hold several roles at once. UD. Kreasi Lutvi, an UMKM engaged in local crafts and creative products, experiences similar challenges in managing employee productivity. As market demand increases, challenges in workload sharing, long working hours, and lack of professional human capital management can hinder business growth. Therefore, human capital management strategy that effectively distributes workload, creates a healthy work environment, and motivates employees to work optimally is needed.

This research was conducted to analyze the role of human capital management in managing workload to increase employee productivity in UMKM businesses, with a case study at UD. Kreasi Lutvi. With a good understanding of effective human capital management practices, it is hoped that UMKM such as UD. Kreasi Lutvi can increase competitiveness and maintain its business continuity.

Literature Review

1. Human Capital Management (HCM)

Human Capital Management is a strategic approach to managing people who work in organizations in order to contribute maximally to the achievement of company goals. According to Soedjono (2022), human capital management does not only manage administrative matters, but also designs strategies to improve work effectiveness and efficiency through recruitment, training, career development, performance evaluation, and

employee welfare. In the context of UMKM, human capital management often faces challenges due to limited resources, but still has a vital role in ensuring organizational stability and productivity (Yusuf & Anggraini, 2023).

Quality human resources are reflected in the level of education, training that has been attended, and skills demonstrated in the implementation of job duties and responsibilities. Competence relates to the capabilities that individuals must have in order to be able to carry out their duties effectively. Competence reflects a person's ability, which is a combination of skills, knowledge and capacity in carrying out work. This characterizes the individual in an effort to achieve optimal work performance and productivity.

At UD. Kreasi Lutvi, human capital management is the center of control in managing labor allocation, work rotation, and employee training to adapt to the dynamics of snack food production operations. The human capital management function is directed to support efficient operations, pay attention to work balance, and improve employee skills on an ongoing basis.

2. Workload

Workload is defined as the number of tasks that must be completed within a certain period of time, both physically and mentally. Excessive workload can reduce productivity and negatively affect employee health and motivation. According to Hidayat (2021), ineffective workload management will lead to burnout, reduced performance, and increased work error rates. Good workload management involves measuring actual workload, redistributing tasks, and controlling the work pressure felt by individuals. In practice in UMKM, workload management must consider the capacity of each employee and the limitations of labor, as happens at UD. Kreasi Lutvi.

3. Employee Productivity

Employee productivity reflects the relationship between the output produced and the inputs used. In the context of UMKM, productivity is not only a matter of quantity of work results, but also time efficiency, product quality, and work error rates. Rahmawati & Prasetyo (2024) assert that productivity is influenced by various factors, such as technical skills, motivation, working conditions, and workload management, Proper. Human capital management can increase employee productivity by ensuring that workloads match abilities, providing training, and creating a work atmosphere that supports collaboration. At UD. Kreasi Lutvi, the increase in productivity can be seen from the decrease in product defect

rates and the efficiency of working time after the implementation of a work schedule based on workload analysis.

4. Human Capital Management in the Context of UMKM

The labor-intensive and flexible characteristics of UMKM make the role of human capital management even more important to deal with limited resources. According to the Ministry of Cooperatives and UMKM (2023), most UMKM in Indonesia do not have a formal human capital management system, even though the existence of this system determines the sustainability of the business.

In a business like UD. Kreasi Lutvi, the role of human capital managers goes beyond the administrative. They act as trainers, motivators, work quality controllers, and mediators of conflicts between employees. Periodic workload reorganization and direct coaching of employees have been proven to reduce work pressure and improve overall performance.

Methods

This research uses descriptive qualitative. The qualitative approach aims to deeply understand social phenomena that occur in the work environment of UMKM, especially in terms of human resource management and workload. This approach is used to explore human capital management practices (Human Resources) at UD. Kreasi Lutvi intensively, conceptually, and deeply (Creswell, 2021).

Data were collected through several techniques:

- a. **Location and Time** This research was conducted at UD. Kreasi Lutvi, a micro business engaged in the cassava chips food sector located at Jl. Tunas Mekar Tuntungan 2 No. 258, Salam Tani, Kec. Pancur Batu, Deli Serdang Regency North Sumatra 20353. The research implementation time lasted for 3 months from May 7, 2025 - July 2025.

- b. **Research Informants**

Informants in this study were selected by purposive sampling, namely by having knowledge, experience or position relevant to the research focus. Informants consist of:

1. Owner/Manager of UD. Kreasi Lutvi.
2. Production employees
3. Senior employees who have worked for more than one year.
4. New employees (less than one year) for comparison of work experience.

c. Data Collection Techniques

Data collection in this study was carried out using the following techniques:

1. In - dept Interviews

Interviews were conducted in a semi- structured manner with a flexible question guide. This technique aims to explore the experiences, views, and perceptions of informants regarding workload sharing, HR management, and its impact on productivity.

2. Direct Observation

Observations were made of employee work activities in the field to determine the division of labor, workload, and human capital management involvement.

3. Documentation Study

Researchers collected secondary data in the form of internal documents such as organizational structure, division of labor, work schedules, productivity reports, and human capital policies.

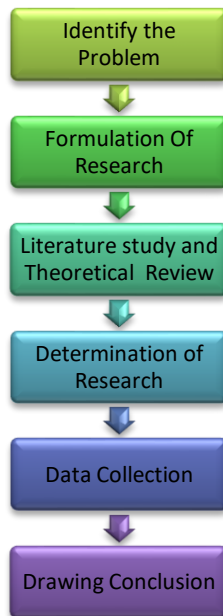


Figure 1. Research flow

Results and Discussion

1. Workload Analysis and Employee Task Adjustment

The results of observations and interviews show that human capital management at UD. Kreasi Lutvi has started to apply a systematic approach in analyzing employee workload. Through a more specific division of responsibilities and scheduled work rotations, the company seeks to reduce burnout and overload on certain individuals. For example, employees who previously handled two production lines at once are now focused on just one line with more regular rest intervals. This approach not only balances the physical work capacity of employees, but also creates a more conducive working atmosphere, which in turn improves the quality of production output. Daily

monitoring by the head of the production division assists management in identifying workload spikes and devising dynamic operational adjustments.

2. Productivity Optimization through Scheduling and Supervision

Increased productivity at UD. Kreasi Lutvi is achieved through a more organized work scheduling system. Based on the results of group discussions and internal documentation, work time planning is organized by considering the actual workload and standard time for task completion. Activities such as frying, cutting, and packing are now organized in a more definite time cycle, thus reducing waiting time and idle time between processes. In addition, regular supervision by field supervisors contributes to ensuring that each employee performs tasks according to predetermined targets. This supervision is not repressive, but more of a mentorship that provides direct constructive feedback.

3. Employee Competency Development as a Strategy to Increase Productivity

In an effort to boost productivity, UD human capital management. Kreasi Lutvi also provides technical skills training, such as uniform cutting techniques, efficient frying temperature settings, and hygienic sorting methods. In the sorting process there are several divisions of chip types such as the intact and good parts will be exported to Korea and the broken and uneven parts of the chips will be exported to Malaysia, This training is carried out regularly and is adjusted to the actual needs of production. The impact is quite significant. Employees who previously often made mistakes in the size of pieces or frying time are now able to complete their tasks with more precision. Product quality has improved, and the rejection rate of defective products from consumers has decreased.

4. Workload Balance and Employee Welfare

UD. Kreasi Lutvi shows good awareness of the importance of balancing workload and employee welfare. Although the company is still relatively small-scale, the management has provided adequate rest rooms and paid attention to the arrangement of working hours to avoid extreme fatigue. Through in-depth interviews, employees claimed to feel more valued when their voices were heard regarding daily task arrangements. This has strengthened employee morale and loyalty, which has resulted in an overall increase in production output.

5. Challenges in Workload Management

However, there are some barriers to implementing effective workload management: The limited number of permanent workers means that workloads tend to pile up when there is a surge in orders. Lack of a digital work recording system, making employee productivity evaluation still done manually and prone to recording errors. Capacity variations among employees, where not all employees have the same level of skills. However, the company has begun to address this challenge through the recruitment of seasonal freelancers and the implementation of a mentoring system between employees to accelerate the skills transfer process.

6. Contribution of Human Capital Management to UMKM

Structured HR management has a great influence on the operational stability of UD. Kreasi Lutvi. Not only has productivity increased, but also cost efficiency due to reduced product damage and unproductive work time. A more humane management strategy also strengthens the company's internal social relations, thus creating a harmonious work environment.

7. Implications and Recommendations

From the findings in the field, the following recommendations are suggested: Digitalization of human capital management, especially in recording attendance, daily output, and performance evaluation. Implementation of an output indicator-based workload system, so that productivity measurement becomes more objective. Increased leadership training for division heads, so that managerial processes run more systematically and do not solely depend on top leadership.

Conclusion

Based on the research results, it can be concluded that human capital management plays an important role in managing workload to increase employee productivity at UD. Kreasi Lutvi. Through structured division of tasks, efficient work scheduling, and relevant skills training, the company is able to create a more productive and healthy work environment. In addition, attention to employee welfare helps build a positive work climate and supports long-term loyalty. Although there are still obstacles such as limited manpower and manual evaluation systems, companies show a commitment to continuously improve through a collaboration-based approach and continuous learning. By strengthening the role of human capital management, UMKM like UD. Kreasi Lutvi can improve competitiveness and maintain sustainable business performance in the face of dynamic market challenges.

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