

Analysis Of Human Resource Management Challenges In Enhancing Employee Performance In The Retail Industry

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Abstract

The modern retail industry faces challenges in human resource (HR) management, such as high turnover, low motivation, and ineffective training programs, especially with the dominance of millennials and Gen Z, who demand more adaptive HR strategies. This study aims to identify the main challenges in HR management, their impact on employee performance, and applicable strategies. The method used was descriptive qualitative with in-depth interviews and observations. The results showed that the main problems include high turnover, low motivation due to unfair compensation and reward systems, inconsistent training, and communication gaps across generations. These findings emphasize the importance of retention strategies, transparent reward systems, needs-based training, and a collaborative work culture to improve employee loyalty and performance. This study has practical implications for HR management in the retail sector and enriches academic studies. Future studies are recommended to involve a wider range of respondents and incorporate quantitative methods for more representative results.

Keywords: Human Resource Management, Employee Performance, Turnover, Training, Retention

INTRODUCTION

During the internship in the retail industry, the author identified several challenges in human resource management practices that directly affect employee performance. The most prominent issues include high employee turnover, low work motivation, and ineffective training programs. These conditions indicate that the human resource

699

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management function has not been fully optimized, particularly in the retail sector, which demands accuracy, speed, and consistent service quality. Therefore, a comprehensive evaluation of HR management strategies is essential to continuously enhance both the quality and productivity of the workforce.

In the retail industry, employee performance is a crucial factor as it directly influences customer service quality and operational efficiency. Sayoga (2024) emphasizes that effective management of work discipline, attendance, and professional appearance can enhance customer loyalty and help achieve corporate goals. In this context, existing human resource challenges are not merely administrative or technical but also encompass motivational and cultural aspects that significantly affect employee performance.

Issues related to low employee loyalty and the absence of a systematic training framework are also evident in major national retail chains such as Indomaret and Alfamart. Yuswardi (2020) notes that weaknesses in training systems and the lack of effective employee retention strategies contribute to high turnover rates. This demonstrates that challenges in human resource management are structural and pervasive, requiring a more adaptive strategy aligned with real field conditions. The retail sector, therefore, must develop a participatory HR approach that is responsive to the actual needs and aspirations of its employees.

Challenges in human resource management also arise from shifts in workforce demographics, which are now predominantly composed of Millennials and Generation Z. These generations tend to prioritize workplaces that offer flexibility, opportunities for personal development, and recognition of individual contributions. According to Desiyani and Agustiansyah (2023), implementing a reward and punishment system can enhance performance; however, its effectiveness depends on aligning it with the values of younger generations, who are generally more receptive to technology-driven and collaborative approaches. If managerial strategies fail to adapt to these generational characteristics, organizations may face higher turnover rates and declining productivity that are difficult to mitigate.

Systematic and responsive human resource management plays a vital role in developing employees who are competent, motivated, and highly loyal. Human resources are not merely a factor of production but a strategic asset that must be nurtured through continuous training, empowerment, and the creation of a healthy work environment. Amelia, Manurung, and Purnomo (2022) emphasize that individuals within an organization are the main drivers of productivity; therefore, they should be regarded as valuable long-



term investments rather than mere operational costs. Such investment ultimately contributes positively to both operational efficiency and effectiveness.

Halisa (2020) also asserts that without effective human resource management, a company's vision and mission will remain mere slogans without real impact. In this context, the HR management function should not be viewed solely as an administrative task but as a strategic pillar in achieving competitive advantage. This becomes particularly crucial for retail companies operating in strategic locations, where customer expectations are high and market competition is increasingly intense.

The retail sector possesses unique work characteristics, where direct customer service activities demand speed, accuracy, and flexibility in decision-making. Therefore, companies require a human resource management approach that is adaptive, flexible, and aligned with real-time field dynamics (Parinsi & Musa, 2023). Such a strategy is expected to establish a work system that is responsive to both internal and external challenges while maintaining the company's reputation as a professional service provider.

Given these circumstances, this study focuses on qualitatively analyzing the various challenges of human resource management in enhancing employee performance within the retail industry. The findings are expected to contribute not only theoretically to the development of HR management studies but also practically by offering recommendations for companies to design strategies that improve productivity, reduce turnover rates, and strengthen training systems. Furthermore, the implications of this research are anticipated to encourage the adoption of more human-centered HR management practices that are contextually relevant to organizational realities and aligned with the needs of today's workforce generations.

Objectives

1. To identify the various forms of challenges in human resource management encountered in improving employee performance within the retail sector.,
2. To analyze how these challenges impact employee performance from the perspective of employee performance itself., and
3. To identify the HR management strategies implemented to address these issues in order to improve employee performance sustainably.

This study is specifically aimed at identifying key issues in human resource management, analyzing their impact on employee performance, and offering practical recommendations to promote the continuous improvement of the workforce's performance at PT Garuda Mitra Sejati.



DISCUSSION

Data Analysis

Data analysis in this study was conducted qualitatively through several stages, including coding, theme identification, and thematic analysis. Data obtained from interviews and observations were filtered to extract information relevant to the research focus, then categorized into key themes that reflect the challenges of human resource management. This process aims to address the research question concerning the factors that hinder the improvement of employee performance.

Data Coding

The data were collected through in-depth interviews and field observations. Each respondent's statement was transcribed and coded into initial categories such as recruitment and selection, training and development, employee retention, work motivation, and organizational culture. This stage aimed to filter information relevant to the research problem. From the coding process, dominant issues emerged, including high employee turnover, low participation in training programs, and challenges in adapting to organizational culture among younger generations.

Theme Identification

The coding results were then developed into several main themes representing HR management challenges at Jogja City Mall. First, the theme of recruitment and competency gaps indicates a mismatch between the company's needs and the abilities of new employees. Second, the theme of training and development effectiveness shows that although training programs are available, employee participation remains suboptimal. Third, the theme of retention and work motivation reveals a high employee turnover rate caused by workload and external factors such as job offers with better compensation. Fourth, the theme of organizational culture and intergenerational challenges highlights that the existing culture of kinship, grooming, and greeting serves as both a strength and an obstacle to adaptation for new employees, particularly those from Generation Z.

Thematic Analysis

The interpretation of these themes indicates that the HR challenges identified in the retail industry directly address the research question regarding factors that hinder employee performance improvement. However, the study's findings also reveal a distinct



contextual dimension, showing that organizational culture and generational differences among employees have become more prominent issues within the modern retail sector.

Critically, these differing results can be explained by the high operational pressure, the demand for excellent service quality, and the constant direct interaction with customers, all of which impose greater competency requirements compared to other sectors. The gap between new employees' competencies and company expectations may be influenced by variations in educational backgrounds and work experience. Moreover, the tendency of younger generations to prioritize work–life balance and flexible working arrangements has significant implications for lower employee retention rates.

DISCUSSION OF RESULTS

Employee Turnover and Retention

The high turnover rate in the retail industry, particularly among younger generations such as Millennials and Gen Z, represents one of the major challenges in human resource management. Field research findings indicate that many young employees tend not to stay long because they feel their work does not fully align with their expectations. This reinforces Sanjaya's (2024) finding that Gen Z exhibits a high turnover intention due to the gap between their expectations and job realities, as well as a lack of emotional attachment to the organization. This condition suggests that companies have not yet been fully successful in creating a work environment that fosters a sense of belonging and loyalty among younger employees.

In addition to work expectation factors, the reward system and career development opportunities also play a significant role in influencing employees' decisions to remain with or leave a company. Asria's (2025) research indicates that rewards, career advancement, and job satisfaction are key determinants of employee retention—particularly among younger generations who tend to evaluate their jobs not only in terms of salary but also in relation to personal growth opportunities. Interview data support this finding, as many employees expressed dissatisfaction with disproportionate incentive systems and a lack of transparency in promotion pathways. Consequently, a majority of employees feel they do not have a clear long-term career prospect within the company.

High employee turnover has a significant impact on the sustainability of company operations. Continuous staff replacement not only increases recruitment and training costs but also disrupts productivity and the quality of service delivered to customers. In the long run, this situation can potentially damage the company's reputation in the eyes of prospective employees and business partners. Therefore, this issue cannot be overlooked

703



and must be addressed through more structured and sustainable retention strategies. This aligns with findings indicating that weaknesses in retention strategies further exacerbate the already high turnover rate.

Based on this analysis, companies need to develop human resource management strategies that are more adaptive to the characteristics of younger generations. Several alternative approaches include strengthening performance-based reward systems, establishing clear career development pathways, and fostering a more inclusive and participatory work culture. These efforts are essential to ensure that employees, particularly those from Generation Z, feel valued and see opportunities for growth within the organization. Consequently, employee retention can be improved, and turnover rates can be effectively reduced.

Human Resource Training and Development

Interview results revealed that although the company has implemented training programs, their execution remains general, unsystematic, and not always aligned with employees' actual needs in the field. As a result, many employees feel that the training they receive does not have a direct impact on improving their skills or work productivity. This finding aligns with Latifah (2024), who stated that one of the major challenges faced by HR in Indonesia is the ineffectiveness of existing training programs in meeting the evolving demands of the new generation in the workforce.

Millennial and Gen Z employees generally place greater emphasis on practical, innovative, and continuously developmental aspects of training. However, findings from this study indicate that the training programs offered by the company tend to be standardized and have yet to incorporate modern approaches such as on-the-job training, coaching, or mentoring. As a result, employees feel that their skills are not being developed optimally, with some perceiving the training sessions as mere formalities. This highlights a clear gap between employee expectations and the company's existing training policies.

If left unaddressed, this situation may decrease work motivation and further weaken employee retention, as younger generations tend to seek workplaces that genuinely support their professional development. Therefore, companies need to design training strategies that are more adaptive to current developments—such as utilizing digital technology, implementing project-based learning, and integrating training programs with employees' career pathways. In this way, training initiatives will not merely serve as routine activities but will also create added value for both employees and the organization.



Employee Motivation and Performance

The research findings indicate that employee motivation levels in the retail industry remain relatively low, primarily due to compensation that is perceived as disproportionate to workload and an inconsistent reward system. Many employees reported that recognition is not always granted based on actual performance but tends to be subjective and lacking in transparency. This condition suggests that fundamental factors that should foster employee satisfaction have not yet been effectively managed. In line with Herzberg's two-factor theory, compensation and rewards fall under hygiene factors—elements that, if unmet, can lead to job dissatisfaction, even though their fulfillment does not necessarily guarantee higher motivation.

Furthermore, field findings reinforce the study of Rosnani and Daud (2024), which emphasizes that rewards and work–life balance have a significant influence on employee retention, particularly among younger generations such as Gen Z. This generation tends to assess the meaning of work through dimensions of balance, flexibility, and fairness in compensation. Consequently, their motivation is not solely based on basic salary but also on other forms of recognition—such as performance-based incentives, acknowledgment of achievements, and opportunities to maintain a healthy balance between professional and personal life. This aligns with the present study's findings, which reveal that an uncompetitive compensation system has led some employees to feel less motivated to deliver their best performance.

The implication of these findings is that low motivation can directly affect employee productivity and work quality. If companies fail to improve their compensation and reward systems, the risk of declining performance will increase and may further exacerbate turnover rates. Therefore, organizations must design a more comprehensive motivation policy that includes restructuring salary systems, providing achievement-based incentives, and enforcing a transparent and fair reward mechanism. Through such strategies, companies can enhance employee motivation while simultaneously strengthening overall organizational performance.

Cross-Generational Management

The The research findings reveal that the retail industry faces considerable challenges in managing a multigenerational workforce, particularly between Millennials and Generation Z. The characteristics of Gen Z—being more critical, valuing flexibility, and having a higher tendency to switch jobs—create new dynamics in employee management patterns. This generation is not solely focused on financial stability but also seeks

705

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meaningful work, opportunities for self-development, and flexible working hours. This condition aligns with Basroni's (2023) findings, which emphasize that differences in work values across generations require companies to formulate more adaptive HRM strategies to meet the varying expectations of each age group.

In addition to flexibility, leadership style and organizational culture also play crucial roles in influencing employee loyalty, particularly among Generation Z. Febriansyah and Pratama (2024) highlight that this generation prefers participative leadership styles that are open to employee input, as well as inclusive and collaborative work cultures. Field findings indicate that some Gen Z employees feel insufficiently involved in decision-making processes, which has led to a decline in their sense of attachment to the company. This demonstrates that traditional, hierarchical leadership models are less effective in maintaining the loyalty of younger generations.

Managing a multigenerational workforce also requires the implementation of effective communication strategies. Millennials are generally more accustomed to face-to-face interactions and formal communication procedures, whereas Gen Z tends to prefer fast, concise, and digitally based communication. Misalignment in communication styles between generations can lead to misunderstandings or even minor workplace conflicts. Therefore, companies need to adapt their internal communication methods to suit the characteristics of different generations—for instance, by utilizing interactive digital platforms while still maintaining formal spaces for direct communication. This approach can help minimize generational gaps and foster better collaboration across age groups.

Overall, companies need to develop a holistic strategy that encompasses inclusive leadership patterns, a collaborative organizational culture, adaptive communication systems, and balanced work flexibility policies. By implementing such strategies, organizations can not only accommodate generational differences in work values but also foster a harmonious and productive work environment. Ultimately, these efforts will strengthen employee retention and enhance the organization's overall competitiveness.

The findings of this study provide practical implications that can be directly applied within the retail industry, highlighting the importance of designing employee retention strategies based on employee engagement. This can be achieved by fostering an emotional connection between the company and its employees through open communication, active involvement in decision-making, and the development of a collaborative work culture. Such efforts enable employees to feel valued and recognize their vital role within the organization.



Companies also need to strengthen a reward system that is transparent, fair, and performance-based to ensure that every employee's contribution is appropriately recognized, as this has been proven to boost motivation while reducing turnover. In addition, training programs should be designed to be more adaptive to the needs of younger generations—through digital learning, on-the-job training, and mentoring initiatives that align with their career development goals. Such programs not only enhance employee skills but also provide a clear long-term career outlook, fostering stronger commitment and retention.

By consistently implementing these three key aspects—employee engagement, a strong reward system, and adaptive training—companies can create a conducive work environment that fosters employee loyalty, enhances performance, and ensures the organization's long-term competitiveness in facing future multigenerational challenges.

CONCLUSION

Based on the research findings, it can be concluded that the main challenges in human resource management within the retail industry include high employee turnover rates, low work motivation, suboptimal training effectiveness, and gaps in cross-generational management. These factors significantly affect employee performance in terms of productivity, loyalty, and service quality. The findings directly address the research objectives—to identify the forms of HR challenges, analyze their impact on employee performance, and formulate appropriate strategies to enhance performance within the retail sector.

Theoretically, this study reinforces the view that human resources are a strategic asset that determines organizational success. Competency gaps, motivational issues, and generational value differences highlight the importance of adopting an adaptive and human-centered HRM approach. Practically, the findings of this research contribute to companies by guiding the formulation of retention strategies, the development of relevant training programs, and the implementation of transparent and equitable reward systems. These efforts are expected to reduce turnover rates, enhance employee engagement, and support operational sustainability.

However, this study has certain limitations. The limited number of respondents and the narrow scope of observation mean that the findings may not fully represent the overall dynamics of human resource management in the retail industry. In addition, the use of a qualitative approach makes the research findings more contextual and less generalizable



to other retail sectors. These aspects should be taken into consideration when interpreting the results of this study.

For future research, it is recommended to involve a larger number of respondents and employ a mixed-method approach that incorporates quantitative analysis to obtain more comprehensive results. Further studies could also expand the scope to include aspects such as employee engagement, work-life balance, and the digitalization of HRM, which are increasingly relevant in the era of Industry 4.0. Through such developments, future research is expected to provide deeper insights into HR management strategies for addressing multigenerational challenges and enhancing employee performance in a sustainable manner.

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