

## CHAPTER II

### LITERATURE REVIEW

#### A. Previous Research

Previous research will be a reference or comparison as the basis for research to be carried out. In addition, it can also be a reference for further research. Here are some previous studies that are used as references in current research:

Table 2.1 Previous Research

No	Name of researcher, year, title of study	Research Variables	Research Sample	Research findings
1	Wijayanti and Wibowo (2021)  The influence of hard skills and soft skills on employee performance at the Giri Tirta Regional Water Supply Company (PDAM) office, Gresik Regency	The variables used in this study are: 1) Hard skills 2) Soft skills 3) Employee performance	The sample in this study was employees of PDAM Tirta Gresik Regency which amounted to 74 employees	The results showed that hard skills and soft skills have a positive and significant effect on employee performance.
2	Soba and Rasjid (2020)  The influence of soft skills and hard skills on employee performance at PT. Trakindo Utama Manado Branch	The variables used in this study are: 1) Hard skills 2) Soft skills 3) Employee performance	The sample in this study is employees of PT. Trakindo Utama Manado Branch with 75 employees	The results showed that hard skills and soft skills have a positive and significant effect on employee performance.
3	Astutik and Sulhan (2022)	The variables used in this study are:	The sample in this study is CV Employees.	The results showed that job coaching, hard skills and soft skills had a positive

No	Name of researcher, year, title of study	Research Variables	Research Sample	Research findings
	The influence of job training, soft skills and hard skills encourages the improvement of employee performance on CV. Peaceful.	<ol style="list-style-type: none"> <li>1) Job Training</li> <li>2) Soft skills</li> <li>3) Hard skills</li> <li>4) Employee performance</li> </ol>	Sentosa with 100 employees	influence on employee performance partially.
4	<p>Jaya and Rosadi (2022)</p> <p>The influence of hard skills and soft skills on employee performance at the Pinrang Regency Education and Culture Office</p>	<p>The variables used in this study are:</p> <ol style="list-style-type: none"> <li>1) Hard skills</li> <li>2) Soft skills</li> <li>3) Employee performance</li> </ol>	The sample in this study was employees of the Pinrang Regency Education and Culture Office which amounted to 51 employees.	The results showed that hard skills and soft skills have a positive and significant effect on employee performance.
5	<p>Widyaningsih <i>et al.</i>, (2023)</p> <p>The effect of soft skills and hard skills training on karaywan performance at Bali Beach Glamping Resort</p>	<p>The variables used in this study are:</p> <ol style="list-style-type: none"> <li>1) Hard skills</li> <li>2) Soft skills</li> <li>3) Employee performance</li> </ol>	The sample in this study was Bali Beach Glamping Resort employees totaling 60 employees.	The results showed that hard skills and soft skills have a positive and significant effect on employee performance.
6	<p>Sismanto and Yusrizal (2023)</p> <p>The influence of soft skills, hard skills and work motivation on employee performance at</p>	<p>The variables used in this study are:</p> <ol style="list-style-type: none"> <li>1) Soft skills</li> <li>2) Hard skills</li> <li>3) Work Motivation</li> <li>4) Employee performance</li> </ol>	The sample in this study was RBTB Bengkulu City employees. of 50 Employees	The results showed that hard skills, soft skills and work motivation had a positive and significant effect on employee performance.

No	Name of researcher, year, title of study	Research Variables	Research Sample	Research findings
	RBTV Bengkulu City.			
7	Marya Mujayana, (2020)  The influence of hard skills and soft skills on employee performance at PT. Kimia Farma Trading and Distribution	The variables used in this study are: 1) Hard skills 2) Soft skills 3) Employee performance	The sample in this study is employees of PT. Kimia Farma Trading and Distribution with 100 employees	The results showed that hard skills and soft skills have a positive and significant effect on employee performance.
8	Cahyanti <i>et al.</i> , (2022)  The influence of hard skills and soft skills on employee performance at Hotel Dedary Kriyamaha Ubud	The variables used in this study are: 1) Hard skills 2) Soft skills 3) Employee performance	The sample in this study was 48 employees of Dedary Kriyamaha Ubud Hotel	The results showed that hard skills and soft skills have a positive and significant effect on employee performance.
9	Son and Anita (2020)  The influence of hard-soft skills and work discipline on the performance of educators at SMK Negeri 1 Pasaman	The variables used in this study are: 1) Soft skills 2) Hard skills 3) Work Discipline 4) Employee performance	The sample in this study was employees of SMK Negeri 1 Pasaman totaling 53 employees.	The results showed that hard skills, soft skills and work discipline had a positive and significant effect on employee performance.
10	Irawati <i>et al.</i> , (2020)  The influence of Soft skills and Hard Skills on employee performance at PT. Beautiful	The variables used in this study are: 1) Soft skills 2) Hard skills 3) Employee performance	The sample in this study is employees of PT. Cahaya Indah Madya Pratama	The results showed that hard skills and soft skills have a positive and significant effect on employee performance.

No	Name of researcher, year, title of study	Research Variables	Research Sample	Research findings
	Light Madya Pratama Lamongan		Lamongan with 55 employees.	

The difference between previous research and this study lies in the variables that are the reference for research and the object of research. There are several variables from previous research that are not contained in the current study, such as: work discipline and work motivation. In this study, researchers focused on examining the variables of hard skills, soft skills and employee performance.

## **B. Theoretical Foundation**

### **1. Employee Performance**

#### **a. Definition of Employee Performance**

Performance is a function of motivation and ability, to complete tasks and work a person should have a certain degree of willingness and level of ability (Hasibuan, 2017). A person's willingness and skills are not effective enough to do something without a clear understanding of what will be done and how to do it. Employee performance is very important in the company's efforts to achieve its goals. Organizational performance is largely determined by the performance of individuals, in organizational performance the achievement of results lies at the level or organizational unit, so that it includes all elements that exist in the organization, one of which is an individual or individual.

Individual performance show that the achievement or effectiveness at the employee and job level (Robbins and Judge, 2014). Performance at this level is influenced by job objectives, job design, and job management and individual characteristics. So it can be concluded that individual performance is a determinant in achieving organizational goals or organizational units. If the organization has good individual performance,

then automatically the performance produced by the organization will be good too. Vice versa, if the performance of individuals is less or poor, then the performance of the organization becomes less good as well.

Moeheriono (2010) state that performance is a description of the level of achievement of the implementation of an activity program or policy in realizing the goals, objectives, vision, and mission of the organization as outlined through the strategic planning of an organization. Suwatno and Donni (2014) state that performance is output derives from processes, human otherwise which means performance is the result of a process carried out by humans".

Mangkunegara, (2014) stated that employee performance is the result of work in quality and quantity achieved by an employee in carrying out his duties in accordance with the responsibilities given to him. From some of these understandings, the author can conclude that performance is a work result achieved by an employee in accordance with standards and criteria that have been set within a certain period of time, employee performance is the main concern of every company or organization in carrying out its business activities. Employees with satisfactory performance are very valuable company assets. Employees are the company's human resources who are very valuable, and can help in achieving company goals.

## **b. Employee Performance Factors**

Employee performance can be interpreted as the extent to which a person carries out his responsibilities and work duties, there are many factors that affect whether or not the work of an employee is good, according to Mangkunegara, (2014) state that the factors that affect the achievement of performance are ability factors and motivation factors (motivation) following the explanation:

### 1) Capability Factor

Psychologically, employee abilities consist of potential abilities (IQ) and reality abilities (*knowledge + Skill*). That is, employees who have an average IQ (IQ 110 – 120) with adequate education for their position and are skilled in doing their daily work, then they will more easily achieve the expected work performance. Therefore, employees need to be placed in jobs that are in accordance with their skills (*the right man on the right place, the right man on the right job*).

### 2) Motivational Factors

Motivation is formed from the attitude of an employee in dealing with work situations. Motivation is a condition that moves employees who are directed to achieve organizational goals (Mangkunegara, 2014). Mental attitude is a mental condition that encourages employees to strive to achieve maximum work performance. The mental attitude of an employee must be a mental attitude that is psychophysically prepared (mental, physical, goal and situational attitudes). This means that an employee must be mentally prepared, physically capable, understand the main goals and work targets to be achieved and be able to utilize and create work situations.

Companies are important to know employee performance in order to take steps to develop human resources in their company by involving employees in certain trainings Environmental factors also affect employee performance including how the physical condition of the workplace, materials, time to work, supervision, organizational design and organizational climate.

## c. Employee Performance Dimensions and Indicators

The dimensions and indicators used in this study adapt the theory

expressed by Mangkunegara (2014) which is divided into dimensions and indicators, namely:

1) Quantity

With indicators: Time at work and Achievement of targets

2) Quality of Work

With indicators: Ability, Skills and Work Results

3) Cooperation

With indicators: Cooperation with colleagues and cohesiveness with colleagues

4) Initiative

With indicators: Creativity and Desire to work for the better

## **2. Hard Skills**

### **a. Definition of Hard Skill**

Hard Skill is the ability to master science, technology and technical skills in developing Intelligence Quotient (IQ) related to their field. This technical knowledge includes the knowledge needed for a particular profession and its development in accordance with the technology used must also be able to overcome problems that occur and be able to analyze them. Hard Skills describe behaviors and skills that can be seen by the eye (explicit).

Hard Skills can be assessed from the Technical test or Practical Test. The Hard Skill element can be seen from the Intelligence Quotient Thing which has indicators of the ability to calculate, analyze, design, insight and broad knowledge. Hard Skills have a very important role to be developed, the purpose of the role is that someone will do a job well and correctly in accordance with the Hard Skills he has.

Islami (2012) state that hard skills are knowledge and technical abilities that a person has. Technical knowledge which includes knowledge of the design and features of the product, developing it according to technology, being able to overcome problems that occur and

analyzing the usefulness of the product in an effort to identify new ideas about the product or service.

Robbins (2014) state that hard skills are often also called intellectual abilities. Intellectual ability is the ability needed to determine various mental activities of thinking, reasoning and solving problems. Suhardjono (2014) stated that hard skill is related to technical skill which is translated in two ways, namely: pure technical knowledge or functional skill, which means pure technical knowledge or functional skill.

Skill to improve the efficiency of technology, that is improvement or problem solving skill, which means skills to improve technological efficiency, namely increasing skills or skills in solving problems. Alam (2015) suggests that hard skills are knowledge and technical abilities that a person has. Technical knowledge which includes knowledge needed for certain professions and develops them in accordance with technology, able to overcome problems that occur and analyze.

Based on the opinions of several experts mentioned above, it can be concluded that Hard Skills are often interpreted as determining the size of individuals in terms of technical ability that can be seen from the evidence they have, such as certificates, awards and others. This means that hard skills are obtained by a person through educational institutions to obtain abilities that support him in solving problems.

## **b. Hard Skill Dimensions and Indicators**

Dimensions and indicators are very important in research, where the components to measure organizational or company commitment. Here are the seven dimensions that make up intellectual ability or hard skills are number intelligence, verbal comprehension, speed of perception, inductive reasoning, deductive reasoning, spatial visualization, and memory.



Hard Skill dimensions and indicators according to Robbins (2014) are:

1) Number intelligence

The indicator is the ability to perform arithmetic quickly and accurately

2) Verbal comprehension

The indicator is the ability to understand by what is read or heard

3) Speed of perception

The indicator is the ability to identify visual similarities and differences quickly and accurately

4) Inductive reasoning

The indicator is the ability to identify problems logically

5) Deductive reasoning

An indicator is the ability to use logic and assess the implications of an argument

6) Spatial visualization

The indicator is the ability to imagine an object when its position will be changed

7) Memory

The indicator is the ability to store

**3. Soft Skills**

**a. Definition of Soft Skills**

The demand of the world of work for the criteria of prospective workers is felt to be getting better, the world of work not only prioritizes high academic abilities, but also pays attention to proficiency in terms of values inherent in a person or often known as aspects of Soft Skills. This ability can also be called non-technical ability which certainly has a role no less important than academic ability. Here is the definition of Soft Skills according to some experts:

Aribowo and Sailah, (2008) suggest that soft skills are a person's skills in relating to others (including with himself). Soft skill attributes thus

include values adhered to, motivation, behavior, habits, character and attitude. This Soft Skill attribute is possessed by everyone with different levels, influenced by the habit of thinking, saying, acting and behaving. However, this attribute can change if the person concerned is willing to change it by practicing getting used to new things".

Mulyono (2011) suggests that soft skills are a complement to hard skills. This type of skill is part of a person's intellectual intelligence, and is often used as a requirement for obtaining a certain position or job. Hamida (2012) suggests that soft skills can be observed through performance, such as the ability to speak that reflects ideas and information, or explain a topic clearly, easy to understand unknown topics, able to interact and work cooperatively in groups. Someone with good mastery of soft skills will reflect abilities that exceed the capacity as a workforce.

This ability arises because the person concerned is independently able to drive internal processes to continue to learn, try, and find something that benefits his work or for self-development. Thus, soft skills are important to master because they are needed by someone to develop themselves in doing work. Aji (2013) suggests that: soft skills are the key to a better life, more friends, greater success, wider happiness, have no value, unless applied in everyday life new value. Soft Skills possessed by each person with different numbers and levels that are influenced by the habit of thinking, saying, acting and behaving".

Robbins (2014) suggests that soft skills often also called soft skills are skills used in relationships and cooperation with others. Yulianto (2015) suggests that soft skills are skills and life skills, both for alone, in groups, or in society, as well as with the Creator. Having Soft Skills makes one's existence more felt in the community. Communication skills, emotional skills, language skills, group skills, ethical and moral skills, courtesy and spiritual skills.

Aly (2017) suggests that soft skills are defined as personal and interpersonal behavior that develops and maximizes one's performance related to self-confidence, flexibility, honesty and self-integrity. Hendrian (2017) suggests that: soft skills are a person's skills when relating to others (interpersonal skills) and skills in self-regulation (intrapersonal skills) that are able to develop maximum performance.

From the various definitions above, it can be concluded that basically Soft Skills are abilities that are inherent in a person, but can be developed optimally and are needed in the world of work as a complement to Hard Skill abilities. The existence between Hard Skills and Soft Skills should be balanced, in tandem, and in line.

#### **b. Soft Skill Dimensions and Indicators**

Soft Skill dimensions and indicators according to Robbins (2014) are as follows:

1) Self-Awareness

The indicator is to be responsible for the work given

2) Self-management

The indicator is to have confidence in solving problems

3) Self-motivation

With the indicators: the ability to self-regulate and the ability to obey all applicable regulations

4) Empathy

The indicator is the ability to foster good socialization between employees

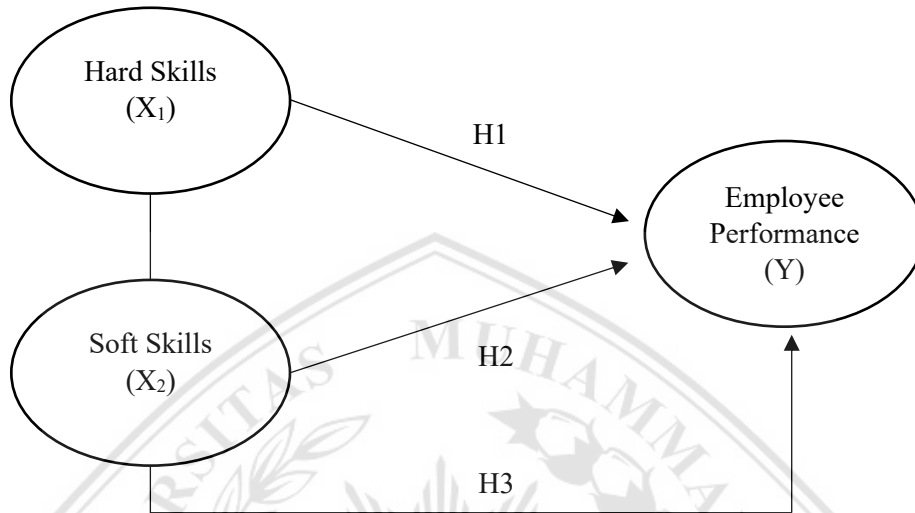
5) Social skills

The indicator is sharing knowledge with others regarding work.

#### **C. Thinking Framework**

The frame of mind is a picture that can describe the pattern of interaction between variables. In addition, the mindset is used to make it easier for researchers to measure the influence and relationships between variables. In this study hard skill

( $x_1$ ) and soft skill ( $x_2$ ) as independent variables and employee performance ( $y$ ) as a dependent variant, therefore this study has a frame of mind as shown in figure 2.1 below:



**Figure 2.1 Thinking Framework**

#### **D. Hypothesis**

##### **1. The Effect of Hard Skills on Employee Performance**

Employee performance can be interpreted as the extent to which a person carries out his responsibilities and work duties, there are many factors that affect whether or not the work results of an employee are good. Mangkunegara (2014) suggests that employee performance is the result of work in terms of quality and quantity achieved by an employee in carrying out his duties in accordance with the responsibilities given to him.

Based on research conducted by Wijayanti and Wibowo, (2021) proves that hard skills have a significant positive effect on employee performance. In line with research conducted by Soba and Rasjid, (2020) where the study shows that the hard skills possessed by employees affect their performance.

**H1: Hard skills have a significant positive effect on employee performance.**

## **2. The Effect of Soft Skills on Employee Performance**

The demand of the world of work for the criteria of prospective workers is felt to be getting better, the world of work not only prioritizes high academic abilities, but also pays attention to proficiency in terms of values inherent in a person or often known as aspects of soft skills. Yulianto (2015) suggests that soft skills are skills and life skills, both for alone, in groups, or in society, as well as with the creator.

Based on research conducted by Astutik and Sulhan, (2022) proves that soft skills have a significant positive effect on employee performance. In line with research conducted by Jaya and Rosadi, (2022) where the study shows that soft skills affect employee performance.

**H2: Soft skills have a significant positive effect on employee performance.**

## **3. The Effect of Hard and Soft Skills on Employee Performance**

Based on research conducted by Irawati *et al.*, (2020) proves that hard skills and soft skills have a significant positive effect on employee performance. This is also evidenced by research conducted by Putra and Anita, (2020) which proved in research that hard skills and soft skills simultaneously affect employee performance

**H3: Hard skills and soft skills simultaneously affect employee performance.**