

The Impact of Human Resource Management Implementation in Business Strategy in Creating Sustainable Competitive Advantage

Vip Paramarta*, Kosasih, Sri Rochani, Sumaedi Kadarisman
 & Farida Yuliaty

Universitas Sangga Buana YPKP Bandung, Indonesia
 Email: vip@usbypkp.ac.id

ABSTRACT

Today, the market world is becoming more complex, unpredictable, and competitive. Companies, as business actors, require the position of trained and knowledgeable human resources or personnel to adapt to changes in the business climate. The use of human resource management and investment as a form of strategic advantage is essential. This may be attributed to the fact that human resources are the subjects or actors in the organization's organizational operations that utilize and control other resources. By human capital, entrepreneurs may build business plans and execute them to succeed and attract business competition. The ability of company actors to implement and conduct skills-based human resources is the secret to an organization's success in business competitiveness.

Keywords: *Human Resource Management, Sustainable Competitive Advantage, Business Strategy*

1. INTRODUCTION

Fundamental developments in the corporate world have resulted in drastic changes to the human resource (HR) structure's basic properties (HR) system, which demonstrates the growing importance of HR to business (Gould-Williams, 2003). Increased confusion linked to HR/problems People's is another influence. Rapid technical advances, evolving populations, economic volatility, and volatile circumstances have caused the market climate to be full of complexity, highly complicated, and quickly changing (Sarji et al., 2017). Faced with these circumstances, any organization must adjust rapidly to respond to developments in an increasingly economic market through organizational transformation (Sisibintari, 2015).

The execution of the company's transition phase to gain competitive advantage is assisted by sources of competitive advantage, including physical capital, financial resources, organizational management processes and processes, and human resources (Nugraheni, 2019). However, HR is the primary source of a comparative advantage since all excellence sources automatically require the management of current human capital (Mujiati, 2013). The role of HR is crucial to the progress of the process of organizational reform, as HR is an essential topic

for the change process and the consequences of the expected change process (Tushman et al., 2002).

This paper will discuss the challenges faced by HR and business issues related to HR due to changes in the business environment, HR competencies that HR needs to have to support the company's business strategy, HR management practices, approaches that can be used to regulate the role of HR in responding to change. Environment through the Growth Readiness Matrix Approach, a corporate business strategy that produces competitive advantage and integrating HR functions into business strategies to achieve competitive advantage.

2. METHOD

The qualitative technique used in this analysis is a descriptive tool. Qualitative analysis approaches explore and interpret the person's significance and collective actions of explaining social issues or humanitarian problems. The study method involves raising research concerns and practices that are already preliminary, gathering data in participant contexts, inductive data analysis, constructing partial data into themes, and then presenting explanations of the data's significance. The last task is to make documentation flexible (Creswell, 2012). Qualitative research is interested in understanding how people interpret experiences. The whole aim of qualitative

research is to explain how people see their life processes, to provide meaning, and to define how people perceive their experiences. The qualitative analysis seeks to explain phenomena based on participant viewpoints or internal perceptions (emic perspective) and not on participants' views or external views (perspective etic) (Moloeng, 2007).

3. RESULT AND DISCUSSION

3.1 Challenges Facing Organizations in Rapid Change

As indicated by developments in communication technology and information technology, changes in the business environment are the main challenges faced by HR today. The rapid advancement in technology makes it easier for the company to carry out its operational activities. This condition causes workers who have low potential to be less competitive because, with technological developments, companies no longer need blue-collar labor but workers who can master existing technological developments and have managerial talent. In other words, human resources involved in company processes or activities must be human resources who have a knowledge base (knowledge-based workers) who have a variety of skills and expertise (multiskilling workers) (Muliawaty, 2019).

Changes in the real business environment are essential for HR. Some of these changes include faster business changes accompanied by uncertainty, Increased prices, along with increased competing pressure on profit margins, the rapid technology transition that requires new skills that can be obtained from empowerment, education, and training, organizations that increasingly complex, more flexible flatter and leaner organizations, changing demographics with limited labor availability, the need for more frequent responses to external forces such as legislation and regulations, and increasing multilateral competition, cooperation and multilateral relations (Schuler, 1992).

These changes have brought the economy into a global market situation known as globalization, namely the loss of national borders for business purposes. Globalization is a process in which people worldwide are increasingly connected from all aspects of life, be it culture, economy, technology, and the environment. The more rapid development of information and communication technology results in narrower distances between nations so that competition becomes more open and business becomes more complicated. The demand for competency-based labor / human resources, namely

workers who have high skills, knowledge, and abilities (multiskilling workers), increases and results in increasingly complex organizations (Wright & McMahan, 1992).

Michael Porter claims that five strategic factors are working in the market, all of which decide the industry's future viability. The five forces include competition between existing companies, Barriers to potential competitors, purchasers' bargaining power, the bargaining power of manufacturers, and the possibility of substitution/substitute goods and services (Faulkner & Browman, 1997). Operating companies must pay attention to their business environment, development, and competitive forces that play a role in the business environment.

3.2 HR Competencies in Organizational Business Strategy

Responding to the development of a dynamic business environment, companies must have human resources who have knowledge-based workers who have a variety of skills and expertise (multiskilling workers). Knowledge-based workers have managerial talent who can carry out functions management (planning function, organizing process, and leading part) and management role, including interpersonal, informational, and decision-making positions, and having a knowledge base to master existing technological developments. Simultaneously, skills that must be possessed are general (conceptual, interpersonal, technical, and political) and special skills. These unique skills include controlling the organizational environment and resources, organizing and coordinating, handling information, leading corporate growth and development activities, motivating the workforce, overcoming existing problems, and solving strategic issues (Riniwati, 2016).

Competency-based HR acts as a means of competitive advantage would provide greater rewards if handled successfully and efficiently. Pfeffer (1995) states that there are 13 practices in human resource management as a source of competitive advantage to achieve a company's competitive advantage, namely worker safety, selective recruitment, high wages, and incentives. (incentive pay), employee ownership, information sharing, participation and empowerment, self-managed team management, cross-utilization and training, a symbol of equality between employees work (symbolic egalitarian), pressure/wage compression to reduce interpersonal competition and increase efficiency through cooperation, and

promotion from within the company (buildup from within).

4. GROWTH READINESS MATRIX APPROACH

The Growth Readiness Matrix Approach is an approach used to regulate the role of HR in responding to environmental changes. This approach focuses on changing the business environment or adapting the role of HR to existing conditions. In this approach, the matrix is divided into four quadrants: quadrant I in development conditions, quadrant II in expansion conditions, quadrant III in productivity conditions, and quadrant IV in redirection conditions. Each situation has different characteristics in which an organizational strategy can be applied, and an HR strategy is formulated (Lengnick & Lengnick, 1988).

The Growth Readiness Matrix Approach can be illustrated through the matrix in Figure 1.

The four quadrants in the matrix show the conditions that support the strategy in which the strategy can be applied. Evolutionary forces allow strategic emphasis to move from one quadrant to another due to the interaction between conditions and organizational choices. Evolutionaries such as industry or product motivation will shift the strategic focus from left to right (from high readiness to obsolescence) according to strategy and technology changes. Evolution often results in a change in conditions from top to bottom (from high growth expectations to lower growth) based on the highly saturated industry and the introduction of new entrants into the market.

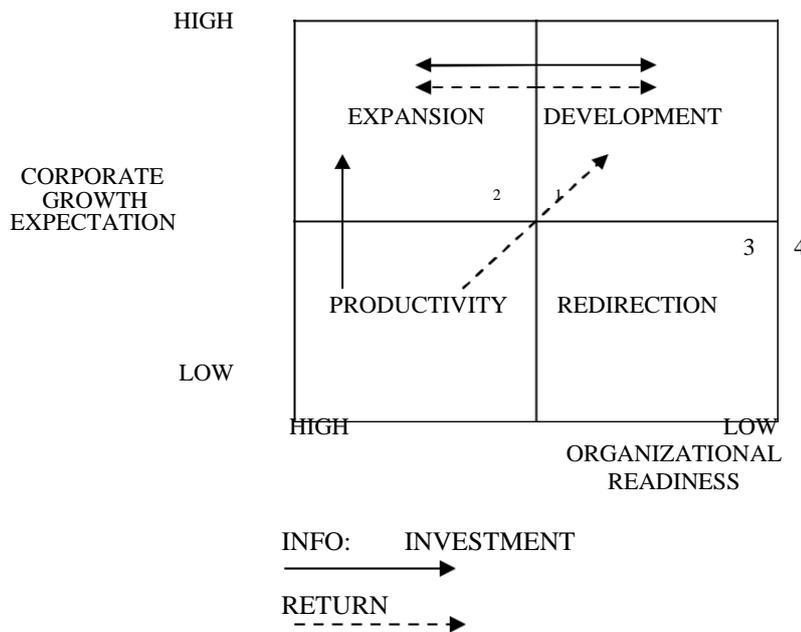


Figure 1. Growth Readiness Matrix

HR role arrangements that are tailored to HR functions will be instrumental if applied in HR practices. Some of these practices include:

- a) Recruitment, which is one of the decisions made by a business unit. Recruitment of internal employees is one of the promotion policies to support its implementation; the organization delivers educational and professional growth opportunities to enhance the workers' efficiency to be promoted.
- b) Career Path, the company sets a broad and limited career path for its employees. The

more comprehensive the career path, the better the staff's ability to learn the necessary expertise to be extended to a variety of functional areas within the company.

- c) Promotion, the decision of the staff to provide one or more levels of advancement. The division and division of the promotion system are the criteria used to decide who will be promoted. The more detailed the requirements, the more difficult it will be to adapt to the promotion system.

- d) Socialization, carried out after employees join the company or are promoted. In the socialization process, employees learn new rules and procedures in organizational culture and practices.
- e) Openness, determining the degree of transparency in the procedure for filling positions. The more open, the more preferred it is in recruitment and promotion.

In its operational activities, companies operate by utilizing all available resources in financial, physical, human resources, and technology and systems capabilities (Daya, 1996). The resources owned by the company can be used as a source to gain a competitive advantage if the company can create a value strategy that is not owned or difficult to imitate by its competitors (Widajanti, 2012). The criteria that can be used as benchmarks to determine whether a resource is used as a source to gain competitive advantage or not is that these resources must create value, are difficult to imitate, are scarce, and have no substitution.

5. HR IMPLEMENTATION IN ORGANIZATIONAL BUSINESS STRATEGY

Efforts to integrate HR functions in the company's business strategy can be carried out through three approaches: first, matching or adjusting managerial styles or personnel activities; second, predicting workforce needs by providing strategic goals or definite environmental conditions; and third, provides the means of integrating HR in a comprehensive effort to adjust the company's strategy and structure. Winter 1985 categorizes the degree of integration between company strategy and HR functions into four levels: administrative linkage, one-way linkage, two-way linkage, and integrative linkage.

Administrative linkage is indicated by a situation where HR plays a traditional personal role that provides operational support and program development to fulfill various desires. One-way linkage, at this stage, there is a series of relationships between HR functions and the company's business strategy. The task of HR is to develop processes and programs to meet the strategic priorities of the organization. HR even acts to make strategic initiatives but does not influence the strategy. Two-way linkage, this level of integration is indicated by the existence of an interdependent and reciprocal relationship between the HR function and the company's competitive strategy. In this condition, top managers and business planners know that the

business plan will influence and be influenced by HR activities. In other words, the HR function is considered essential and trustworthy. Integrative linkage is characterized by a dynamic, interactive relationship between the HR function and its competitive strategy. Interaction occurs both formally and informally. In this condition, a senior HR executive is considered a business strategy partner for other senior executives.

Through this convergence, it is hoped that the effectiveness of the HR role can be accomplished in the performance of its tasks, providing added value to the organization, improving company performance, and increased corporate versatility to be able to respond to changes and trends in the market sector so that the enterprise can attract business rivalry in an intensely dynamic business environment.

6. CONCLUSION

HR is one of the critical sources of competitive advantage for companies because HR is the executor of every company activity. Given the importance of HR in the company, it is necessary to integrate HR functions into its business strategy. Efforts to integrate HR functions in the company's business strategy can be carried out through three approaches: first, matching or adjusting managerial styles or personnel activities; second, predicting workforce needs by providing strategic goals or definite environmental conditions; and third, provides the means of integrating HR in a comprehensive effort to adjust the company's strategy and structure. Through this integration, it is hoped that the effectiveness of the HR function will be achieved in carrying out its operations, providing added value to the organization, improving company performance, and increasing organizational flexibility to be able to adapt to changes and developments in the business environment so that the company can win the business competition in an increasingly competitive business environment.

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