

NATURE OF HUMAN RESOURCE IN STRATEGIC HUMAN RESOURCE MANAGEMENT COMPETENCIES

Dr. Tamrin Lanori, S.E., M.Si.

Abstract- Strategic Human Resource Management Competencies (SHRMC) is a suitable approach to the current environment of entrepreneurial economy characterised by rapid and flexible changes in the market place, it begins with brief overview on international and personnel management approaches to demonstrate their incompatibility with the business environment that emerged in 1980s. Following, it explores the nature and characteristics of Strategic Human Resource Management and discusses the different typologies of organisational strategies that call for particular patterns of employees and Human Resource Management policies to drive competencies. With this in mind, it mentions the importance of external environment consideration for effective strategies design within the organization for instance, competencies strategy, leadership enhancement, as well as the management of change. Finally, it considers that the implication of the information economy led Human Resource Management to broaden its concerns to the management of intangible assets in particular the recent Dynamic Capabilities concept.

Key Words: Strategic Human Resource Management Competencies, Human Resource Management, Dynamic Capabilities, Competencies

I. INTRODUCTION

The inherent employment relationship within the organization's work environment has perceived with adverse angles that made up the earlier industrial relations and personnel management approaches (Kanfer & Ackerman, 2005). In fact, the former has considered the overall work environment as conflicting, assuming that people involved in are permanently driven by different objectives (Deery, et al., 2001), while the later has assumed that employees are necessary expense to organisation (Goss, 1993; Beaumont, 1993; Stone, 2003). However, the business and economic reality experienced in the biennium 1980s -1990s characterised, among other factors, by rapid technological changes and business corporations across border, originated competitiveness situation along with concepts such as quality, flexibility and effectiveness became fashion tools for organisational success in the market place.

Therefore, since 'management of both quality and flexibility is inextricably bound to management of people' (Goss, 1993, p.10), international relations and personnel management approaches have seen inappropriate to new emerging competitive era. It is in the midst of this environment in which a new approach to employee-organisation relationship emerges, and has termed Human Resource Management, and whose main perspective relies on looking at the employees as valuable resources and a source of competitive advantage.

Consequently, it addresses the employee management perspective rather than simply administration, and, also, indicates the importance of cultivating and supporting organisational culture to pursue organisational effectiveness and cope with dynamic environment, as well as a way to surpass the alleged organisational conflict. Hence, broadly assessed, Strategic Human Resource Management Competencies (SHRMC) can be viewed as adequate and comprehensive approach encompassing a valuable approach that suitably harmonises with the current economic, employment and business environment of globalisation, competitiveness, rapid and flexible changes, as well demanding society to nurture and drive personnel competencies within an organization to its best.

The purpose of this critical theoretical paper then is to discuss the shift of hr concerns and functions in recent years to bridge the recent Dynamic Capabilities concept offered by Helfat & Peteraf (2009). To accomplish this, we will first review the work and business environment that built up some of the concerns and functions of industrial relations and personnel management, which is supposed acceding to emergence of SHRMC approach as the need to identify competencies become a foci of our research (Hasbiyadi, 2016).

Then, we will discuss the nature and characteristics of Human Resource Management itself: along with its functions and concerns, followed by strategic human resource management and related competencies considerations, before setting up our final conclusions.

II. THE RATIONALE FOR STRATEGIC HUMAN RESOURCE MANAGEMENT COMPETENCIES APPROACH

The work and business environments that shape some of the Industrial Relations concerns and functions can arguably be captured by considering the specific nature of labour characteristics, management staff and firm's market orientations at the time in question. We intend to highlight, firstly, the composition of the work force environment, by inferring that most of labours were unskilled and performed manual and undifferentiated jobs (Drucker, 1989), so there being no specialisation among them.

We can see that this situation is commonly experienced nowadays emerging and growing job market in Mozambique, mainly, in the sectors of constructions, agriculture and mining. The employees performing activities in these sectors lack any basic qualification for the assigned job, therefore, their relationship with the organizations is strategically precarious, since they are considered incapable to come up with new initiatives.

The second consideration infers that organisations' management structure at the time in question seemed to be undistinguishable with the firm's shareholders, or in case it was, that structure were strictly in defence and blindly obeying shareholders pre-established rules and interests.

Finally, firm's market orientations were, largely, production - oriented, as well they perceived themselves as static organisations rather than dynamics strictly in consonance with the surrounding society. Assuming that these presuppositions are correctly related to that business period, we might consider that organisations operational system was shaped by at least two main relationship perspectives.

One is of internal climate – employee – management relationship characterised as command – control style, lacking tactical agreements and divisionism within the organisation. Another is of external climate – organisation – society relationship - that appears having been of provider-purchaser market type.

Hence, since organisations were production oriented, their concern was to provide goods they produce, regardless consumer satisfaction or dissatisfaction, therefore issues such product improvement and quality was not in their agenda. Thus, having undermined these two aspects, logically it had been difficult for those organisations to uncovering the strategic role played by employees to achieve production concept. Production concept is the philosophy that consumers favour products that are available and highly affordable and that management should therefore focus on improving production and distribution efficiency.

This concept is typical of the industrial era of 1950s and 1960s, and is opposed to marketing concepts philosophy that emerged in later 1980s to 1990s, which “holds that achieving organisational goals depends on determining the needs and wants of target market and delivering the desired satisfaction more effectively and efficiently than competitors” (Kotler, et al., 2001, pp. 15- 18)

Organisational performance as result, became necessary cost that should be reduced whenever necessary. The organisation has created certain dimensions of behaviours between employees and organisations, namely, sound relationship displayed when there was employees' cooperation and increased commitment to organisations productiveness. On the other hand, there was poor relationship when the mentioned aspects were scarcity became a source for organizational debate that might led to organizational conflict (Stone, 2002).

Having described these issues and their implications, it can be concluded that the emergence of trade unions, employer's association and government intervention in the workplace as a mechanism to monitoring the work environment's conflicts.

So, possibly it is not surprising to anyone the reason that Industrial Relations professionals, by assuming: “*Employment relationship as contentious and about the negotiation of antagonistic and often contradictory objectives*” (Deery, et al., 2001 p.37). Deery assumption furthermore supported by another researcher that concentrated their concerns “*on relations and conflicts among labour, management and government, as well on economic and political exchanges*” (Karassavidou&Markovits, 1996, p. 359), whereas the personnel department, within the organisation, have conducted administrative functions that had emphasis on 'physical working conditions, employee counselling, records maintenance, employment, induction and skill training.

Throughout the world, by 1950s for instance, in Australia, personnel management strengthened its functions of “*administrative process that supported the organisational emphasis on improving efficiency*” (Fisher & Dowling, 1999, p. 1). In practice, these functions were not operating tasks and with no decision-making influences on core business strategies as well for corporate direction as whole. Generally, they were reactive to short-term events, consisting of “*devising policies and procedures, assisting, advising, monitoring them*” (Drucker, 1989, p. 3).

This process went on until 1960s and early 1970s, when slight change began to be observed. Research supports that concerns such as employee health and safety, training, compensation and supervisory management development were no longer the major personnel worry. Instead, new approaches incorporated issues such as participative management, job design, job satisfaction, the management of change and organisational development.

Fisher and Dowling (1999) have associated these changes to the period of Australian and South East Asian growth, and industrial democracy and organisational development initiatives that demanded personnel functions and concerns to new directions, particularly, personnel functions began to be more *"proactive" and "result-oriented"* (pp. 2). According to Dunphy (1987, pp. 44) this is the *"first stage of development of human resources planning and human resources management"*.

Of course, there have been several perceptions upon the emergency of human resource management approach. Some of them have argued that the idea of hr have never been new. Guest(1987)however found *"fertile ground in the shadow of a world recession, high unemployment, weak trade unions"*. Consequently, others consider that *"Human Resource Management have forced open boundaries of industrial relations through the incorporation of a wide range of managerial issues"* (Deery, et. al., 2001, pp. 37)

Anyhow, it is arguable that both Industrial Relations and personnel management concerns and functions have a common point, by conceptualising firms in a non-incorporate sense and splitting employees from their organisations' management. Therefore, there is unanimous belief that these approaches and practices were not sustainable to effectively handle with changes of global economic and business environment that have revealed to be reality since 1980s.

As it will be demonstrated further, these changes provoked the reconsideration of employee –management – organisation-relationship, and, simply, has argued that the *"personnel department (would) have to redirect itself away from concern with the cost of employees and consider them as resources that have to be managed for optimum yield rather than for minimum"* (Drucker, 1989, pp. 1).

Thus, the emergence of Strategic Human Resource Management Competencies(SHRMC) approach is mainly identified with business and socio-economic changes occurring in early 1980s, under which the personnel management perspective had been seen to be inappropriate to the new challenging era. The most mentioned challenges include factors such as *"international competition, industrial and organisational restructuring and the new managerialism"*(Goss, 1994, p. 1).

Goss statement is supported by other competence-based research when they concluded that the *"integrated characteristics of the product market environment, the declining levels of workforce unionisation in the us private sector, the relatively limited power and status of competence management is due to its inability to demonstrate a distinctive, positive contribution to individualorganizational performance"* (Beaumont, 1993, p. 11).

Indeed, during this stage the world was experiencing a recession in the global economy that led to trade crisis, as well, within the organisations, were assisting an increase of knowledge work and worker-based jobs because of lack of focus to identify the competence of its staff.

An organization that do not seek to find the competence of its staff would lost themselves in the midst of a competition (Koester & McClelland, 1990). This was due to the fact that there was an acceleration of business market competition that urged for rethinking the traditional organisational structures and management in knowledge work environment (Drucker, 1989).

In demanding trends of the new era have immediately productivity general, the described as following:

'The new reality places strong pressures on the technological model of mass production, the state, employers, management, trade unions and employees, and business itself as an institution. Fundamental changes in goals, strategies, policies and practices, ideologies and culture become necessary.'(Karassavidou and Markovits, 1996, p. 364)

As a matter of fact, Human Resource adopted different ideologies and culture relative to the organisation-employee relationship. First, it smoothed the earlier separation between employee and management, by considering that 'management and non-management have a common interest in the success of the organisation, the matter is ensuring that all employee are aware of this and committed to common goals'. (Goss, 1994, p. 2).

Secondly, this assumption lead to the common recognition that employees were not necessary cost to be reduced, instead they are perceived as valuable resource that, strategically, have to be managed, rather than just administered, in order to obtain sound contribution to organisational effectiveness and competitive advantage (Beaumont, 1993).

Finally, perhaps the consequence of these two assumptions was moving away from the 'traditional collective bargaining framework', personnel procedures and rules as the basis of good practice to Human Resource Management "*emphasis on the management of corporate culture to achieving organisational consensus*" (Lawler, 1989, p. 12).

Management of corporate culture means both "*maintenance, influencing, and shaping the culture that fit the organization's business direction, rather than simply copying or obeying organizational historical culture*" (Lawler, 1989, p. 12).

At the strategic term, unlikely to personnel management short-term and reactive planning as well ad hoc perspectives, Human Resource Management has identified that "*Productivity in knowledge work is dependent on putting into the job the person with the right performance strengths for the assignment*" (Drucker, 1989, p. 2). This broadened into a concern to formulation and implementation of long-term planning in harmony of larger organisational strategy and business goals, applying a proactive perspective (Beaumont, 1993; Fisher & Dowling, 1999).

Indeed, SHRMC approached then might be considered a call for "*rational allocation of resources relative taking in to consideration environmental conditions and stakeholders interests, to secure competitive advantage*" (Goss, 1994:8). On the other hand, according to Guest (1991), SHRMC goals are encompassed into four distinctive concerns, namely: competencies, skills, personnel quality improvement and strategic integration with the organizational business.

Competencies and skills in this approaches then could be found by organizational commitment, that would means a creation of committed workforce to decrease absenteeism and turnover rates as well increase performance levels. Whereas personnel quality improvement has to do with the organisation's flexibility to restructure their workforce to suiting to changes by implementing 'multi-skilling working practices and effective labour utilisation strategies (Deery, et al, 2001; Goss, 1994).

Finally, concerning to integration with the organisational business, human resource management argues that there should be a partnership relationship, line managers should be able to deliver effectively the human resource management policies to employees.

Strategically, human resource management policies are "*shaped by stakeholders interests and situational factors, (and) the aims of these human resource management policies is to achieve three organisational outcomes: employee commitment, job competence, congruence with the business strategy and cost effectiveness. In turn, these outcomes . Have beneficial consequences for the individual employee, the organisation and the society*". (Deery, et al., 2001, p. 38).

Thus, it can be concluded that human resource management policies and functions are set up in such way to assure organisational effectiveness, to gain competitive advantage and profit generation through customer satisfaction. Therefore, employees are expected to provide their full contribution for organisation's success, as there is a pull of organisations engendering double orientations to build healthy and durable relationships with customers or society, in general.

That is to say, they are not just producers oriented, but also service oriented, meaning that they are demanded to provide quality goods and services, which consequently underlines the need of quality and qualified workforce within the organisation. Therefore, it can be apprehended that the foundations underpinning all hrm functions, such as recruitment, selection and staffing, employee training and development, performance management, and compensation and benefits, among others, are strategic tools targeting competitive advantages goals at the market place.

As it was indicated earlier, the human resource management framework is all about the strategic partnership with organisational management, explicitly saying, it is concerned in building up organisational "unity" driven by common objectives and interests. To put it briefly, that partnership consists of: 'seeking for more comprehensive, common all-employee coverage', by reading out competencies policies and practices; seeking for integration at organisational decision-making level - policy formulation, overall goal setting and resources allocation'; and "*need of an explicit (two-way) linkage between the substantive nature of hrm and decisions and the substantive nature of the external competitive strategy of the individual organisation*" (Beaumont, 1993, p. 16-17).

Furthermore it is argued that this is the last concern where SHRMC relies, emphasising 'environmental influences' consideration, which, according to Stone (2003, p. 25), "*refers to opportunities and threats that may be present in the organisation's external and internal environment*". Admittedly, it has noted that an: "*Explicit, complementary relationship between the internal human resource management strategy of individual organisations and their external product market or larger business strategy has led to the formulation of a number of typologies of product market strategies and practices.*" (Beaumont, 1993, p. 19)

These strategies include 'innovation strategy designed for competitive advantage; 'quality enhancement strategy - enhance product/service quality' and cost-reduction strategy - low-cost producer', as well strategic organisational change, and all of these strategies led to patterns of employee behaviour and hrm policies associated with these particular strategy' (Beaumont, 1993, p. 19).

Nowadays as the information economy become aware, the new trends of SHRMC have focused on intangible assets and knowledge management. In fact, Narasimha (2000, p.123) stated that in today's time *"firm is no longer a collection of tangible assets of land, capital and labor. Instead, the firm is viewed as a collection of specific skills not easily imitable by rivals, and, hence a source of sustainable competitive advantage"*.

On the other hand, (Darling, 1996, p. 61) argues that *"This invisible skeleton of the corporation is in fact an economic operating system, widely viewed as a company's single most valuable asset. The challenge is now lies then to acknowledge that competencies based management is suitable to be adapted in a long term by using a competencies approach - the process of steadily and deliberately increasing staff competencies value and utility"*. In other word, the challenge now is to added this competencies concerns issues such as management of intellectual capital, social capital and structural capital as strategic asset to tackle turbulent environments.

III. CONCLUSION

In this essay it has indicated that the organization's work environment has been perceived with adverse different angles due to similar approaches from industrial relations and personnel management, which led to a separation between management and employees. It has referred that stereotypes of 'conflict' and 'necessary cost' attached to employment relationship respectively. Critical examination have viewed this as unsuitable for the emerging business environment of greater competitiveness in the later year.

Therefore, Strategic Human Resource Management Competencies emerged to respond strategically by providing practices and policies capable to handle effectively the upswing changes in the global business by identifying the right competence that is needed to help an organization emerged from the competition.

Hence, aside from internal functions, it has indicated that Dynamic Capabilities (Helfat&Peteraf, 2009) &SHRMC goes out to assess external environment to set up typologies of product market strategies and competencies practices within the organisation. Indeed, currently there is concern with knowledge management as valuable asset for competitive advantage. On the whole, we have assumed that SHRMC is suitable approach to the environment of globalisation to be rapid and flexible to cope with uncertainty in the world today and tomorrow.

IV. RECOMMENDATION

In every personal-best organization today need to adapt competence-based that goes hand in hand with Dynamic Capability concepts to achieve organizational ideals. They expressed a desire to make dramatic changes in the business-as-usual environment. They reached for something grand, something majestic, something magnificent, something that had never been done before (Elliot et al, 2004; 2005).

A need for a strong leadership in an organization is then needed an leader that have visions. Visions are about ideals—hopes, dreams, and aspirations. They're about our strong desire to achieve something great. They're ambitious. They're expressions of optimism. Can you imagine a leader enlisting others in a cause by saying, "i'd like you to join me in doing the ordinary better"? Not likely.

Visions necessarily stretch us to imagine exciting possibilities, breakthrough technologies, or revolutionary social change. Ideals reveal our higher-order value preferences. They represent our ultimate economic, technological, political, social, and aesthetic priorities (White, 1959).

The ideals of world peace, freedom, justice, a comfortable life, happiness, and self-respect are among the ultimate strivings of our existence—the ones that we seek to attain over the long term.

They're statements of the idealized purpose that we hope all our practical actions will enable us to attain. By focusing on the ideal, we gain a sense of meaning and purpose from what we undertake. When leaders communicate visions, they should be talking to people about how they are going to make a difference in the world, how they are going to have an impact.

It's essential for leaders to understand what's meaningful to others. In communicating a shared vision, leaders have to bring these ideals into the conversation. Remember, exemplary leaders don't impose their visions of the future on people—as if one could in this day and age—they liberate the vision that's already in their constituents.

They awaken dreams, breathe life into them, and arouse the belief that we can achieve something grand. When leaders talk about visions of the future, it's not all about the numbers, about revenue earned, growth rates, or returns to shareholders. Those things are certainly extremely important concerns for leaders and constituents to drive competencies to be accepted by organization nowadays

What truly pulls people forward, especially in the more difficult times, is the exciting possibility that what they are doing can make a profound difference to the future of their families, friends, colleagues, customers, and communities. They want to know that what they do matters.

In the personal-best cases that we collected, people frequently talked about the need to get everyone on board with a vision and to enlist others in a dream. People talked about how they had to communicate and build support for the direction in which the organization was headed. These leaders knew that in order to get extraordinary things done everyone had to fervently believe in and commit to a common purpose (Cockeril, 1995).

We've also learned from our research (Pallawagau, 2017) that constituents expect their leaders to be inspiring. A shared vision of the future is necessary, but insufficient, to achieve extraordinary results. We all need vast reserves of energy and excitement to sustain our commitment to a distant dream, and leaders are expected to be a major source of that energy.

REFERENCES

- [1] Beaumont, P.B. (1993). *Human Resource Management: Key Concepts And Skills*, Sage Publications.
- [2] Cockerill, A. P., Hunt, J. W., & Schroder, H. M. (1995, Autumn). Managerial competence: fact or fiction? *Business strategy review*, 6(3), 1-12
- [3] Darling, M.S. (1996). Building The Knowledge Organization. *Business Quarterly*, Winter, pp. 61-66.
- [4] Deery, et. al. (2001). *Industrial Relations*, 2ndEd. The McGraw-Hill Companies, Inc.
- [5] Dowling, P. & Fisher, C (1997). The Australian HR Professional: A 1995 Profile. *Asia Pacific Journal of Human Resources*, Vol. 35, No.1, pp 1-20.
- [6] Drucker, F.P. (1989). Goodbye To The Old Personnel Department in Foulkes, F.K. (editor), *Human Resources Management: Readings*, New Jersey, Prentice Hall.
- [7] Dunphy, D.C. (1987). The Historical Development of Human Resource Management In Australia. *Human Resource Management In Australia*, Vol. 25, No.2. pp. 40-7.
- [8] Elliot, A. J., McGregor, H. A., & Thrash, T. M. (2004). The need for competence. In E. L. Deci & R. M. Ryan (eds.), *Handbook of self-determination research* (p. 361-387). Rochester, NY: The University of Rochester Press.
- [9] Elliot, A. J., & Dweck, C. S. (2005). Competence and motivation: competence as the core of achievement motivation. In A. J. Elliot & C. S. Dweck (eds.), *Handbook of Competence and Motivation* (p. 3-13). New York: The Guilford Press.
- [10] Fisher, C. and Dowling, P.J. (1999). Support for an HR Approach in Australia: The Perspective Of Senior HR Managers. *Asia Pacific Journal Of Human Resources*, Vol. 37, No. 1, pp. 1-20.
- [11] Guest, D. (1987). Human Resource Management and Industrial Relations. *Journal of Management Studies*. Vol. 24, pp 503-21.
- [12] Guest, D. (1991). Personnel Management: The End Of Orthodoxy? *British Journal Of Industrial Relations*, Vol. 29, No. 2, pp. 149-75.
- [13] Goss, D. (1994). *Principles Of Human Resource Management*, New York.
- [14] Helfat, C.E. & Peteraf, M.A. (2009). Understanding Dynamic Capabilities: Progress Along Developmental Path. *Strategic Organization*. Vol. 7, pp 91.
- [15] Kanfer, R., & Ackerman, P. L. (2005). Work competence: A person-oriented perspective. In A. J. Elliot & C. S. Dweck (Eds.), *Handbook of competence and motivation* (p. 336-353). New York: The Guilford Press.
- [16] Karassavidou, E. and Markovits, Y. (1996). The Evolution Of Dispute Resolution, Negotiation, And Mediation In Greece. *Industrial Relations*, Vol. 51, No. 2, p 357-389.
- [17] Koestner, R., & McClelland, D. C. (1990). Perspectives on competence motivation. In L. A. Pervin (Ed.), *Handbook of personality: Theory and research* (p. 527-548). New York: The Guildford Press
- [18] Lawler, E. (1989). *Human Resources Management: Meeting The New Challenges*. In Foulkes, F.K. (Ed) *Human Resources Management: Readings*, New Jersey, Prentice Hall.
- [19] Narasimha, S. (2000). Organizational Knowledge, Human Resource Management, and Sustained Competitive Advantage: Toward A Framework. Vol. 10, No. 1, pp. 123-35.
- [20] Pallawagau, A. (2017). *Studi Kepuasan Kerja Terhadap Kinerja Tenaga Kerja Ekspatriat di Jakarta*. Doctoral Dissertation. Postgraduate Faculty, Universitas Hasanuddin, Indonesia.
- [21] Stone, R. J. (2002). *Human Resource Management*, 4 Ed.) Australia, John Wiley & Sons.
- [22] White, R. W. (1959). Motivation reconsidered: the concept of competence. *Psychological review*, 66, 297-333.