



Human Resource Strategy on Organizational Performance

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Abstract

This research aims to explore the impact of human resource (HR) strategies on organizational performance at universities in Balikpapan. Utilizing a qualitative approach, data was gathered from 12 universities to examine how HR practices influence teaching quality, research, services, and institutional competitiveness. The findings indicate that universities with rigorous recruitment and selection processes tend to have more qualified staff, enhancing the quality of education and services. Regular training and development programs lead to increased competency and productivity among employees, fostering innovation and adaptability. Comprehensive performance management systems, including feedback and rewards, boost employee motivation and accountability, further improving institutional outputs. Competitive compensation and benefits packages attract and retain high-quality staff, resulting in greater employee satisfaction and loyalty. Lastly, a positive organizational culture and high employee engagement correlate with increased job satisfaction, productivity, and innovation. Overall, effective HR strategies are crucial for enhancing the performance and competitiveness of universities in Balikpapan.

Keywords: Human Resource Strategy; Organizational Performance; Recruitment; Training and Development; Employee Engagement.

Introduction

Dynamic and competitive business developments, organizations are required to be able to adapt quickly to change and find sources of sustainable competitive advantage. One of the crucial factors that can provide a competitive advantage for an organization is effective and strategic human resource (HR) management.

Strategic HR management refers to efforts to align HR policies, practices and systems with an organization's overall business strategy. This involves long-term HR planning, development of recruitment, training, development, compensation and performance management programs that are aligned with the organization's strategic objectives. By implementing a strategic approach to HR management, organizations can ensure that they have a workforce that is qualified, motivated, and engaged in achieving organizational goals.

Anwar et al. (2022), human resources are a source of sustainable competitive advantage, while traditionally, costs associated with developing HR strategies are considered operational costs; these costs would be better thought of as investments in capital assets. Zehir et al. (2022) and other research (2016) state that the higher the level of HR alignment with business strategy, the better the company's performance will be, because HR efforts will be in synergy with other business functions.

Therefore, it is important for organizations to understand in depth how strategic HR management can impact organizational performance, as well as the strategies that can be implemented to optimize HR management to achieve competitive advantage. By understanding the strategic impact of HR on organizational performance, leaders and managers can make better decisions in HR management and ensure the organization has human resources capable of supporting the achievement of business goals.

Theoretical Basis And Hypothesis Development

1. Definition of Strategic Management

(Wibowo 2020) Strategic management is a process for producing various strategic decisions and actions that will support the achievement of company goals. When carrying out strategic management activities, company managers will process input obtained through evaluation of the company's mission, objectives, strategy and current environmental analysis, both internal (through company analysis, they will be able to identify a number of opportunities and threats) and externally.

Through processing these inputs, companies can set missions and goals. Next, the company will choose alternative strategies that are considered most appropriate to achieve the stated goals. Strategic management is also related to the process of implementing and controlling strategies created at the corporate level, business level and functional level.

Strategy Levels:

a. Company Level Strategy (Corporate Strategy)

Corporate strategy involves long-term goals related to the organization and investments directly. This strategy is determined by the highest leader in a company and focuses on what business will be run and how the company's resources will be allocated.

b. Business Level Strategy (Business Strategy)

This strategy is determined by each business unit. In business strategy, formulation is carried out by business level managers through negotiations with corporate managers and focuses on various ways to compete among existing competitors with the same product. Every business strategy issued must be obtained and supported by corporate strategy.

c. Functional Level Strategy (Functional Strategy)

Its scope is even narrower than corporate strategy and business strategy, because it is related to business functions, such as production functions, marketing functions, financial functions, human resources functions, and research and development (R&D) functions. Functional strategy should lead to business strategy, and the most important thing at this level of strategy is depending on the results of the answer on how to implement it

(Barney and Hesterly 2014) Strategic management the process is a series of sequential analyzes and choices that can increase the likelihood of a company choosing a good strategy; namely a strategy that produces results competitive advantage

2. Resources-Based View (RBV)

(Fred R. David 2015) The Resource-Based View (RBV) is a strategic management theory that focuses on an organization's internal resources and capabilities as the main drivers of its competitive advantage and performance. The core premise of the RBV is that organizations can achieve sustainable competitive advantage and superior performance by developing and using valuable, rare, inimitable, and non-substitutable (VRIN) resources and capabilities.

RBV Key Principles:

a. Organizational Resources:

Resources are the tangible and intangible assets owned by an organization, such as physical assets, financial resources, human resources, intellectual property, and organizational processes.

b. Competitive advantage:

Competitive advantage is achieved when an organization is able to create more economic value than its competitors. This could be in the form of higher profitability, market share, or customer satisfaction.

VRIN Criteria:

For a resource to be a source of sustainable competitive advantage, it must meet the VRIN criteria:

a. Valuable

Resources must enable the organization to exploit opportunities or neutralize threats in the environment.

b. Rare

The resource must be owned by a number of competing organizations.

c. Imitability

The resource must be difficult for competitors to copy or replicate.

d. Non-substitution

There should be no substitute for the available resource.

e. Heterogeneity and Immobility

RBV assumes that organizations within an industry are heterogeneous in terms of the resources and capabilities they possess, and that these resources cannot transfer perfectly between organizations.

f. Dynamic Capabilities:

The RBV has been expanded to include the concept of dynamic capabilities, namely an organization's ability to integrate, build, and reconfigure internal and external resources to address rapidly changing environments.

g. Implications for Organizational Strategy:

The RBV suggests that organizations should focus on developing and exploiting their unique, valuable, and difficult to imitate resources and capabilities to achieve sustainable competitive advantage. This can involve strategic decisions such as:

- a). Invest in development and acquisition of key resources
- b). Protect and maintain the uniqueness of valuable resources
- c). Align organizational processes and structures to utilize resources effectively
- d). Adapt and reconfigure resources to respond to changing market conditions

Overall, the RBV provides a framework for understanding how an organization's internal resources and capabilities can be a source of sustainable competitive advantage and superior performance.

3. Organizational Performance

From the RBV point of view, organizational performance is largely determined by the company's internal resources and capabilities. Several important things related to organizational performance in the RBV model:

- a. Sustainable Competitive Advantage
According to the RBV, companies can achieve sustainable competitive advantage through the development and utilization of valuable, rare, difficult to imitate and non-substitutable (VRIN) resources and capabilities.
- b. Above Average Performance (Above-Average Returns)
Companies that are able to build and utilize VRIN resources and capabilities will obtain financial and operational performance above the industry average (above-average returns).
- c. Resource Heterogeneity
RBV assumes that companies in one industry are heterogeneous, meaning they have different resources and capabilities.
- d. Resource Immobility
Resources and capabilities that are valuable and difficult to imitate tend to be immobile or immobile.
- e. Environmental Dynamics
In a dynamic environment, companies need to develop dynamic capabilities to integrate, build and reconfigure internal and external competencies to adapt to change.

Thus, the RBV model emphasizes the importance of a company's internal resources and capabilities as the main determinant of superior and sustainable organizational performance in competition.

Based on the Resources-Based View (RBV) model, organizations can develop and utilize VRIN (Valuable, Rare, Inimitable, and Non-substitutable) resources to achieve sustainable competitive advantage. First, the organization must be able to identify and evaluate its internal resources and capabilities, assessing whether they meet the VRIN criteria. SWOT analysis can be used to identify the strengths and uniqueness of internal resources and capabilities.

Furthermore, organizations must invest in developing and improving the quality of their VRIN resources and capabilities, for example through training, education, research and development, acquisitions, or strategic alliances. Organizations also need to protect VRIN resources and capabilities from being easily imitated or replaced by competitors, such as through patents, trade secrets, process complexity, and the development of a unique organizational culture.

In addition, organizations must be able to optimally utilize VRIN resources and capabilities to create value for customers, such as increasing efficiency, innovation, quality and superior service. In a rapidly changing environment, organizations also need to develop dynamic capabilities to reconfigure VRIN resources and capabilities to remain competitive in the long term.

By developing and effectively utilizing VRIN resources and capabilities, organizations can gain sustainable competitive advantage and achieve above average performance.

The relationship between human resources strategies and organizational performance

Human resource (HR) strategy plays an important role in supporting organizational success. The way an organization approaches HR strategy can significantly influence its overall performance. An effective HR strategy enables an organization to acquire employees with the right competencies, knowledge and abilities required to achieve organizational goals through efficient recruitment and selection practices. By investing in employee development and training programs, organizations can improve the skills, knowledge and abilities of their workforce, leading to increased productivity and innovation.

Implementing a strong performance management system that includes appraisals, feedback mechanisms, and reward systems can motivate employees, encourage accountability, and align individual contributions with organizational goals. Offering a competitive compensation and benefits package is critical to attracting, retaining, and motivating talented individuals, thereby increasing employee satisfaction, commitment, and loyalty to the organization.

Method

This research uses a qualitative approach, which can provide in-depth insight into HR strategies influencing organizational performance, with a population of 12 universities in Balikpapan.

Result

Research Findings

Based on research conducted at several well-known universities in Balikpapan, several interesting findings were found:

a. Recruitment and selection:

Universities that implement strict recruitment and selection processes tend to have lecturers and staff with better qualifications. This has a positive impact on the quality of teaching, research and services provided to students.

b. Development and training:

Higher education institutions that regularly organize training and development programs for lecturers and staff show an increase in employee competency and productivity. Employees become more innovative and able to adapt to changes that occur in the educational environment.

c. Work management:

Higher education institutions that have a comprehensive performance management system, including feedback and rewards, are successful in increasing employee motivation and accountability. This encourages improvements in the quality of teaching, research and services provided to students.

d. Compensation and benefits:

Colleges that offer competitive compensation and benefits packages can attract and retain quality faculty and staff. This has an impact on increasing employee satisfaction, commitment and loyalty.

e. Employee culture and engagement:

Universities that succeed in building a positive organizational culture and encouraging employee engagement show increased job satisfaction, productivity, and innovation. Employees become more motivated and committed to supporting the achievement of organizational goals.

Overall, these findings show that effective HR strategies have a significant positive impact on organizational performance at universities in Balikpapan, both in terms of the quality of teaching, research, services and institutional competitiveness.

Research conducted at several well-known universities in Balikpapan has revealed that effective human resource (HR) strategies significantly positively impact university performance. These strategies influence various aspects, including teaching quality, research, services, and institutional competitiveness. Universities that implement rigorous recruitment and selection processes tend to have better-qualified lecturers and staff. This has a positive effect on the quality of teaching, research, and services provided to students. By ensuring that only the best candidates are hired, these institutions can maintain high academic and professional standards.

Institutions that regularly organize training and development programs for their lecturers and staff see an increase in employee competency and productivity. This continuous development makes employees more innovative and adaptable to changes in the educational environment. By investing in their staff's professional growth, universities ensure that their workforce remains skilled and up-to-date with current educational practices.

Performance management systems that include feedback and rewards are essential for boosting employee motivation and accountability. Universities with comprehensive performance management practices succeed in enhancing the quality of teaching, research, and student services. When employees receive constructive feedback and recognition for their efforts, they are more likely to stay motivated and perform at their best. Competitive

compensation and benefits packages are crucial for attracting and retaining high-quality faculty and staff. Universities that offer attractive remuneration packages report higher levels of employee satisfaction, commitment, and loyalty. Such benefits not only help in retaining talented individuals but also in creating a stable and dedicated workforce. Building a positive organizational culture and encouraging employee engagement are key to increasing job satisfaction, productivity, and innovation. Universities that foster a supportive and engaging work environment find that their employees are more motivated and committed to achieving the institution's goals. A positive culture promotes a sense of belonging and purpose, which translates into better overall performance.

Conclusion

In conclusion, these findings demonstrate that effective HR strategies have a substantial positive impact on the performance of universities in Balikpapan. Implementing these strategies leads to improvements in teaching, research, services, and the overall competitiveness of the institutions. By focusing on rigorous recruitment, continuous development, comprehensive performance management, competitive compensation, and a positive organizational culture, universities can achieve higher standards and maintain their reputations in the educational sector..

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