Manajemen & Bisnis, Volume 4, Nomor 2, September 2005: 120-128

MAPPING THE HUMAN-BASED GLOBAL COMPETITION ADVANTAGE THROUGH CREATED ORGANIZATIONAL EFFECTIVENESS

Agung Subono[1]

ABSTRAK

Artikel ini mencoba untuk me-review dan mendiskusikan beberapa isu keunggulan kompetisi global yang berbasis pada aset manusia sebagai aspek inti untuk mencapai keunggulan kompetitif. Sebagaimana diketahui, dibandingkan berbagai aset lainnya yang bukan manusia (non-human assets), aset manusia bersifat lebih unik, komplementer, mendorong, dan menentukan sukses suatu organisasi. Namun, aset manusia yang sukses harus didukung oleh efektivitas organisasi dalam mengelola efektivitas berbagai asetnya, baik manusia maupun bukan manusia.

Efektifitas organisasional dan keunggulan kompetisi global adalah masalah mendesak yang dapat menunjang kinerja yang lebih tinggi dari suatu organisasi bisnis. Diperkirakan bahwa efektifitas organisasional akan memberi pengaruh secara langsung terhadap kinerja, dan sasaran untuk mencapai keunggulan kompetisi global dapat memberi pengaruh terhadap kinerja baik langsung maupun tidak langsung – paling tidak hal tersebut dapat membentuk semangat untuk mencapai kinerja yang tinggi dalam persaingan global.

Suatu perusahaan dikatakan memiliki keunggulan kompetitif jika ia dapat mengungguli pesaingnya dalam menarik pelanggan dan bertahan menghadapi berbagai kekuatan persaingan (Thompson & Strickland, 2001). Hal yang sama berlaku pula untuk keunggulan kompetitif global, hanya saja dalam konteks global perlu diperhatikan begitu banyak isu global (misalnya: lokalisasi manajemen, koordinasi internasional, pengembangan kepemimpinan global, pemahaman dan integrasi budaya dalam akuisisi lintas-batas, dan munculnya berbagai tantangan budaya dari manajemen pengetahuan global, (Evan et.al., 2002)). Selanjutnya, artikel ini memilih fokus hanya pada isu-isu berbasis manusia (human-based issues). Implementasi, masalah, hambatan, tantangan, keterbatasan, dan arah untuk riset dan penelaahan di masa mendatang didiskusikan secara ringkas.

Kata Kunci: *MSDM, MSDM stratejik, strategi bersaing, kompetisi global, keunggulan kompetitif, efektivitas organisasional.*

Globalization has triggered and coupled all live aspects toward growth and learning issues. It is especially evident in the business competition environment. Growth and learning are needed and necessary for a business organization to be survived and successful, because sometimes competition characters and conditions are not 'health' or conducive enough for a business organization or person. The conventional era and the globalization era are different in their business activities processes. A business target in the conventional era is only to manage and fulfill the demand and supply of products of local or domestic area. Otherwise, a business target in the globalization era is to manage and fulfill the supply and demand of products of domestic, transnational-bilateral, and

[1]Penulis adalah Alumni Magister Sains UGM dan Asisten Manajer CV. Puji Harum Pati Jateng

international area. Conventional (or 'regular') trade includes some simple manners and systems; and faces simple problem. Global (or international) trade includes and uses complex and sustainable manners and systems, because the issues, problem-obstacles, and challenge of global trade or business links to: widespread of market and place or location, so much capital, so many characters of customers and competitors, and in the same time with the conventional trade itself. So, a style of organizations needs to be managed:, flexible and opened system of the web or networking structure (and not the pyramid, structured, and isolated system). In the simple expression, globalization is no longer the exclusivity or something difficult and expensive, but it will be more something like the standard achievement that must be owned for survival and success. It is the sign of change that must be faced and managed, because sometimes the change is fiercer than globalization, go international, fight for survive, or even the competition itself.

> ... *global competition*. The cliché that the world is getting smaller is dramatically true for day's organization. With rapid advances in technology and communications, the times it takes to exert influence around the world from even the most remote locations has been reduced from years to only seconds. Business is becoming a unified global field as trade barriers fall, communications becomes faster and cheaper, and consumer tastes in everything from clothing to cellular phone converge. Thomas Middelhoff of Germany's Bertelsmann AG, which bought the U.S. publisher Random House, put it this way: "There are no German and American companies. There are successful and unsuccessful companies." In the twenty-first century, organizations will have to feel "at home" anywhere in the world. Companies can locate different parts of the organization wherever it makes the most business; top leadership in one country, technical brainpower and production in other locals. ... Although this growing interdependence brings many advantages, it also means that the environment for companies is becoming extremely complex and extremely competitive. Organizations have to learn to cross lines of time, culture, and geography in order to survive. Every company, large and small, faces international competition on its home turf at the same time it confronts the need to be more competitive in international markets. Rising managers today need to know a second or third language and develop cross-cultural understanding. ... (Daft, 2001: P. 7)

HUMAN ASSET VERSUS NON-HUMAN ASSETS

Basically, the human asset and the non-human assets are both urgent and determining prime factors in accomplishing or achieving an organizational goal. Moreover, it can't be separated each other. However, usually human asset generates non-human assets. Both of human and non-human, beside as organizational assets also have a role as the strategic asset. The non-human assets can be named tangible assets and can form physical assets -- state-of-the-art plants and equipment, attractive real estate locations, worldwide distribution facilities, ownership of valuable natural resource deposits, cutting-edge computer networks and information systems, or sizable amounts of cash and marketable securities. The human assets and intangible assets look like one type. Thompson and Strickland (2001) company reputation, buyer goodwill, or a motivated and energized workforce.

More specifically, Becker et.al. (2001) distinguishes tangible and intangible assets as depicted in Table 1.

Related to human asset, according to Becker et.al. (2001), if your organization is like most of organizations, you may find it difficult to answer the most urgent question (it's about the firm's human resources "architecture": the sum of the HR function, the broader HR system, and the resulting employee behaviors): Why are these three features important? How does the HR architecture help your

Table 1
Tangible Versus Intangible Assets

Tangible Assets	*Intangible Assets*
Readily visible	Invisible
Rigorously quantified	Difficult to quantify
Part of the balance sheet	Not tracked through accounting
Investment produces known returns	Assessment based on assumptions
Can be easily duplicated	Cannot be bought or imitated
Depreciates with use	Appreciates with purposeful use
Has finite applications	Has multiple applications without value reduction
Best managed with 'scarcity' mentality	Best managed with 'abundance' mentality
Best leveraged through control	Best leveraged through alignment
Can be accumulated and stored	Dynamic, short shelf life when not in use

Source: Hubert Saint-Onge, Conference Board presentation, Boston, MA, October 17, 1996. (in Becker, Huselid, & Ulrich, 2001).

explain that *human assets* is an experienced and capable workforce, talented employees in key areas, motivated and energetic employees, cutting-edge knowledge and intellectual capital, astute entrepreneurship and managerial know-how, or the collective learning embedded in the organization and built up over time5. In the other hand, *intangible assets* are brand-name image, company to excel in the marketplace? In their experience, many HR management teams have a well-developed vision of their department's strategic value (at least from the perspective of HR), but the CEO and senior line managers are at best skeptical of HR's role in the firm's success. Worse, in many firms, executives want to believe that "people are our most important asset," but they just can't understand how the HR function makes that vision a reality.

Therefore, what explains this situation? Becker et.al. (2001) believe that these problems have the same root: HR's influence on firm performance is difficult to measure. One of the goals of this paper is to map overall potency that owned by human assets at the global competition (see Figure 2) or at least, to reduce the difficulty in measuring the contribution of human assets at global competition.

NETWORK IN LOCAL-DOMESTIC VERSUS GLOBAL COMPETITION

In the economics term, *network* is understood as a complicated supply and is known as the net that can service overall demand. The one urgency of managing organizational effectiveness (through its approaches) is to optimize human assets and non-human assets in order to get the competitive advantage completely. In the local-domestic competition, the trade-business's activities may not necessarily use the global ways. Whenever exist in the global competition context, the trade-business's activities need to use the global or international ways. Moreover, the human assets which generate the non-human assets must to be prepared in order to be suitable with the global competition atmosphere.

In the global competition atmosphere, organization's characters such as the web or networking, flexibility, and opened system, must be mastered and built. Through developing science and knowledge, now the web or networking can be evaluated. According to Evans et. al., (2001) the focus of network analysis is on *related data* – contacts, ties, and connections – rather than on *attributes* such as income or attitudes as in traditional research or on *patterns* as in ethnographic research. Network theory points out that all economic action is embedded in networks of social relationships (Scott, 1998). Moreover, the network perspective influences organization theory in important ways. Rather than viewing a firm's environment in terms of abstract concepts of uncertainty and complexity, it see environment as a network of other organizations. It captures the actual configuration of relationships that underlie concepts such as centralization and decentralization, rather than simply measuring these in terms of perceived asymmetric rights over decision-making. In contrast to the idea that 'big is beautiful', the network perspective emphasizes that small is not trivial if many small organizations link themselves together to form a network.

ORGANIZATIONAL EFFECTIVENESS

The term of 'effectiveness' is usually related to the term of 'efficiency'. According to management scientist, Peter Drucker (in Stoner, *et. al.* 2000) who was first using those terms, effectiveness means 'doing the right things' and efficiency means 'doing something rightly'. However, majority of social scientists agree that for discussion and understanding purpose, both concepts were covered in the organizational effectiveness theory. Daft (2001) explains by detail that for understanding organizational effectiveness it is necessary to involve understanding of organizational goals and strategies, as well as the concept of fitting design to various contingencies. Organizational goals represent the reason for an organization's existence and the outcomes it seeks to achieve. Goals are the desired future state of the organizations. *Organizational effectiveness* is the degree to which an organization realizes its goals. Effectiveness is a broad concept. Otherwise, efficiency is a more limited concept that pertains to the internal workings of the organization. *Organizational efficiency* is the amount of resources used to produce a unit of output. If one organization can achieve a given production level with fewer resources than another organization it would be described as more efficient.

Overall effectiveness is difficult to measure in organizations. Organizations are large, diverse, and fragmented. They perform many activities simultaneously. One study found that many managers have a difficult time with the concept of evaluating effectiveness based on characteristics that are not subject to hard, quantitative measurement. However, top executives at some of today's leading companies are finding new way to measure effectiveness, using indicator such as 'customer delight' and 'employee satisfaction.' There are two groups of approach which can help managers to measure organizational effectiveness: (a) contingency effectiveness approaches and (b) balanced effectiveness approaches (Daft, 2001).

Contingency effectiveness approaches in measuring effectiveness focus on different parts of the organization. Organizations bring resources in from the environment, and those resources are transformed into outputs delivery back into the environment. Contingency effectiveness approaches is divided into three approaches: 1. The *goal approach* to organizational effectiveness is concerned with the output side and whether the organization achieves it goals in terms of desired levels of output; 2. The *resource-based approach* assesses effectiveness by observing the beginning of the process and evaluating whether the organization effectively obtains resource necessary for high performance; and 3. The *internal process approach* looks at internal activities and assesses effectiveness using indicators of internal health and efficiency.

Balanced effectiveness approaches consider multiple criteria simultaneously, which integrate concern for various parts of the organizations. These integrative, balanced approaches to effectiveness acknowledge that organizations do many things and have many outcomes. Balanced effectiveness approaches includes two approaches: 1. The *stakeholder approach -- also called the* constituency approach -- in which the satisfaction of such groups can be assessed as an indicator of the organization's performance; and 2. The *competing values approach* that combines the diverse indicators of performance used by managers and researchers. There are four models of effectiveness values of this approach's indicator: open systems model, rational goal model, internal process model, and human relations model.

MAPPING HUMAN-BASED GLOBAL COMPETITIVE ADVANTAGE

The map proposed and offered to discuss by the author have been arranged and adapted from several sources related to and supported by relevant theories and concepts. The ideas came from some questions related to Indonesian company's issues: Why privatization of some Indonesia's big companies often happen? Are those big companies not effective anymore? And why there are so many obstacles to enter the global market? Those issues create a non-conducive competitive environment and bad policy/ regulations (Indrawati, 2005; James; 2005), for instance: some practices of trading monopoly or unfair competition policies (Dowling, 2005; James, 2005) and ineffective export-import policies due to the occurrence of grease money and regulatory constraints (Kuncoro, 2005). In this map, the human assets are put on strategic position, which make them interact, manage, and socialize with non-human assets; organization's activities, duties, and tasks; regulation; and environment in order to form the high performance organization. Finally, the organization and its assets are expected to be prepared and able to create global competitive advantage.

The *global competitive,* in the organization sciences, is about the global challenge. The 'human' assets specifically related to HRM (not behavior, not psychology, or so on). According to Evan et al. (2002) the focus of *the global challenge* is on the human resource management challenges faced by the company in the process of internationalization and how to operate in an interconnected world where people are the source of sustainable competitive advantage. According to Subono (2006) competitive advantage is about success together and that can distinguish between rivals is only the rate of '*advantage and contribution values*' to each side and their competition environment. It means that there is only the spirit to build and support, not to destroy, each other. The term 'sustainable' implies the necessities of processing the formula and implementing the program which emphasizes that best activities, current and tomorrow, be sustained.

Human resource management strategy, strategic management, competitive advantage, and high performance are foundations to be prepared to create global competitive advantage. Again and again, human is as its generator. As concrete evident, Japan is a nation with only intangible assets (Drucker, 1981; Morita, 1992; Stalk & Webber, 1998), while its 'fall' has raised our awareness that when competitive success factors had changed, the management practices must also be changed. Ulrich (1996) had offered a model for multiple roles of HR in building a competitive advantage. These roles are as strategic partner, employee champion, administrative expert, and change agent. *Strategic management* covers business strategy and competition strategy. Strategy options for entering and competing in foreign markets includes export, licensing, franchising,

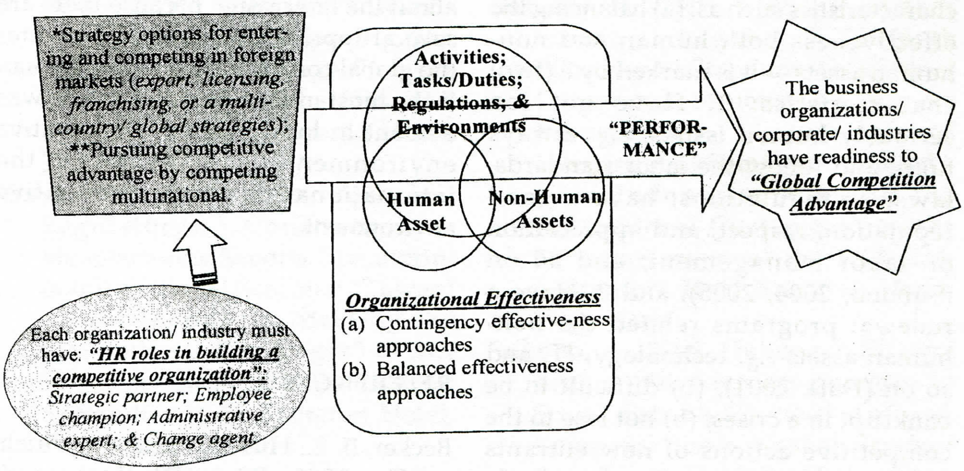

Figure 2
Mapping Human-Based Global Competition Advantage Through Created Organizational Effectiveness

Source: Evan, P., Pucik, V., & Barsoux J. L. (2002). *The global challenge: Framework for international human resource management.* International edition, McGraw-Hill Irwin.Noe, *et. al.* (2003) *Human Resource Management: Gaining A Competitive Advantage.* McGraw-Hill Irwin; Porter (1985) *Competitive Advantage.* The Free Press. Scott, W. R. (1998). *Organizations: Rational, Natural, and Open Systems.* Prentice Hall International, Inc. Thompson, & Strickland (2001) *Strategic Management: Concepts and Cases.* McGrow-Hill Irwin; Ulrich (1996) *Human Resource Champions: The Next Agenda for Adding Value and delivering results.* Harvard Business Scholl Press.

or a multi-country/global strategies. One aspect of competitive advantage is when an organization has become the competing multinational. In the context of *high performance,* Becker et.al. (2001) summarize that ideal performance will be achieved when: (a) employee performance have been fulfilled in High-Performance Work System including organization targets; and (b) the firm has implemented HR Scorecard.

Above explanation can promote a preposition that organizational effectiveness can have a direct effect on performance, and a goal to create the global competitive advantage can have effect on performance, both directly and indirectly -- at least it can be conscientious in forming a spirit of high performance.

CONCLUSION

The concrete form an effective organization in Indonesia could be in the form of an organization, institution, firm, company, or business organization, which have some characteristics such as: (a) balancing the effectiveness both human and non-human assets -- it is marked by 2 (two) characteristics: 1. Have not too seriously human issues, *e.g.* always fulfill and follow the labor standards, laws, or regulations; have a good reputation, respect, and appreciation on labor management; and so on (Subono, 2004, 2005), and 2. Have a renewal programs related the non-human assets *e.g.* technology, IT, and so on (Daft, 2001); (b) difficult to be bankrupt in a crises; (b) not lose to the competitive actions of new entrants (Porter, 1985); and (c) always actively conduct the ethical and social responsibility (Subono, 2006).

Effectiveness is a broad concept. It implicitly takes into consideration a range of variables at both the organizational and departmental levels. Effectiveness evaluates the extent to which multiple goals -whether official or operative- are attained. Sometimes efficiency leads to effectiveness. In other organizations, efficiency and effectiveness are not related. An organization may be highly efficient but fail to achieve its goals because it makes a product for which there is no demand. Likewise, an organization may achieve its profit goals but inefficient.

There are some limitations in this article. While the concept of organizational effectiveness cover human assets, non-human assets, organization activities, duties/tasks, regulations, and environment -- variables that must to be discussed more, because of their role as a moderator or mediator -- this article only discusses human based issues. Subsequently, for future discussion and research the author suggests including non-human based or tangible assets more comprehensively. In practice, in the global context, there are so many aspects that must be prepared and fulfilled, not excluding a cultural issues in global atmosphere. Moreover, there is no need to be afraid and skeptical about the later issue, because there are several approaches can be used to enter the global competition. Finally, human is the most unique aspect in life. It was evident in local business competitive environment, and even in the international business competitive environment.

REFERENCES

Becker, B. E., Huselid, M. A., & Ulrich, D., 2001. **The HR Scorecard: Linking People, Strategy, and Performance.** Boston: Harvard Business School Press.

Daft, R. L., 2001. **Organization Theory and Design. 7th edition**. South-Western.

Dowling, M., 2005. Competition Policy in Indonesia. **Manuscript of International Seminar: "Toward a New Indonesia: Meeting the International Challenges" on the 50th anniversary of the FE-UGM; September 16-17 Sheraton Hotel, Yogyakarta.**

Drucker, P. F., 1981. "Behind Japan's success." **Harvard Business Review**, January-February.

Evan, P., Pucik, V., & Barsoux J. L., 2002. **The Global Challenge: Framework for International Human Resource Management.** McGraw-Hill Irwin.

Indrawati, S.M., 2005. Toward a New Indonesia: Anthem of National and Regional Planning. **Manuscript of International Seminar: "Toward a New Indonesia: Meeting the International Challenges" on the 50th anniversary of the FE-UGM; September 16-17 Sheraton Hotel, Yogyakarta.**

James, W.E., 2005. Trade Policy, the World Trading System, and Competitiveness of Indonesia Non-oil Products: Towards a Strategy for the 21st Century. **Manuscript of International Seminar: "Toward a New Indonesia: Meeting the International Challenges" on the 50th anniversary of the FE-UGM; September 16-17 Sheraton Hotel, Yogyakarta.**

Kuncoro, M., 2005. Grease Money and Regulatory Constrain to Manufacturing Exports. **Manuscript of International Seminar: "Toward a New Indonesia: Meeting the International Challenges" on the 50th anniversary of the FE-UGM; September 16-17 Sheraton Hotel, Yogyakarta.**

Morita, A., 1992. **Partnering for Competitiveness: the Role of Japanese Business.** Harvard Business Review, May-June.

Noe, R. A., Hollenbeck, J. R., Gerhart, B., & Wright, P. M., 2003. **Human Resource Management: Gaining Competitive Advantage, 4th Edition**. McGraw-Hill Irwin.

Porter, M.E., 1985. Competitive Advantage: Creating and Sustaining Superior Performance. **New York: The Free Press.**

Purnama, N., 2000. "Membangun Keunggulan Bersaing Melalui Integrasi Perencanaan Stratejik dan Perencanaan SDM." **Usahawan,** No. 7 TH XXIX.

Scott, W.R., 1998. **Organizations: Rational, Natural, and Open Systems.** Prentice Hall International, Inc.

Stalk, G., Jr. & Webber, A.M. **Japan's Dark Side of Time.** Harvard Business Review

Stening, B.W., & Ngan, E.F., 1997. **The Cultural Context of Human Resource Management in East Asia.** Asia Pacific Journal of Human Resource.

Subono, A., 2004. Pengaruh Struktur Organisasional Terhadap Keadilan Prosedural Persepsian dan Keadilan Interaksional Persepsian. **Thesis, FE. UGM *adv.* Hani Handoko, PhD. (1382-T Perpustakaan FE UGM)**

Subono, A., 2005. Managing Labor Issues Legally Through Effectiveness Structure: the Effects of Corporation Structure on Fairness Perceptions. **Manuscript of International Seminar: "Toward a New Indonesia: Meeting the International Challenges" on the 50th anniversary of the FE-UGM; September 16-17 Sheraton Hotel, Yogyakarta.**

Subono, A., 2006. Hubungan Strategi dengan Etika dan Tanggungjawab Sosial: Sebuah *Positivist Approach* Kompetisi Bisnis. ***Naskah Seminar dan Temu Ilmiah:* "Etika dan Persaingan Bisnis" pada Dies Natalis ke 12 Program Pascasarjana FE-UNPAD; Februari 4 Gedung MM-UNPAD, Bandung.**

Thompson, A. A., & Strickland III, A. J., 2001. **Strategic Management:**

Concepts and Cases. 12th Edition. McGraw-Hill Irwin.

Ulrich, D., 1996. **Human Resource Champions: The Next Agenda for Adding Value and Delivering Results.** Harvard Business Scholl Press.