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## Achieving Competitive Advantage through Employees

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### ABSTRACT:

*Success of the organization depends upon the employee commitment towards the organization. Employee behavior, employee perception, employee dedication is a source to sustain competitive advantage. Organizations are paying much more importance to the employee needs, employee welfare and a positive atmosphere to work. Attracting & retaining right people, in the right jobs, with right skills and attitude is the success mantra of today's competitive era. Employees are the human assets they create better service and best product if utilized appropriately. Employees are a valuable source of sustainable competitive advantage*

*This paper identifies the employee as a scarce, inimitable, non-substitutable resource. Also understands the employee behavior towards the organization. Successful alignment of HR strategy and business strategy result in organization success. It is not just financial and technological capital that provide companies with the competitive edge, but people, or human capital.*

**Keyword:** competitive advantage, employee behavior, Employee commitment, HR practices.

### 1. INTRODUCTION:

*Competitive advantage is a position a firm occupies against its competitors. A competitive advantage is an advantage over competitors gained by offering consumers greater value, either by means of lower prices or by providing greater benefits and service that justifies higher prices.* A competitive advantage is the thing that differentiates a business from its competitors. It is what separates the business from everyone else. And, it's usually the reason one is in business. It answers the question "Why should I buy from you?" or "How are you better than my current supplier?"

The basics of Competitive Advantage dictate that for a Firm to create and subsequently enjoy Competitive Advantage it needs to have an "Ability to outperform its rivals", an ability which comes from Core Competencies built around resources and capabilities which in turn are Valuable, Rare, Costly to Imitate and Non Substitutable. For a firm to enjoy Sustainable Competitive Advantage it needs to have an "Ability to continuously outperform its rivals" i.e. it needs to continuously create/ acquire/ upgrade its kitty of resources and capabilities. Firms have to continuously change and adapt to their environments and, Firms need to continuously create and acquire new sources of Competitive advantage to remain competitive.

### 2. COMPETITIVE ADVANTAGE

The term *competitive advantage* is the ability gained through attributes and resources to perform at a higher level than others in the same industry or market. The study of such advantage has attracted profound research interest due to contemporary issues regarding superior performance

levels of firms in the present competitive market conditions. An organization is said to have a competitive advantage when it is implementing a value creating strategy not simultaneously being implemented by any current or potential player. Successfully implemented strategies will lift a firm to superior performance by facilitating the firm with competitive advantage to outperform current or potential players. To gain competitive advantage a business strategy of a firm manipulates the various resources over which it has direct control and these resources have the ability to generate competitive advantage. Superior performance outcomes and superiority in production resources reflects competitive advantage. Competitive advantage as the ability to stay ahead of present or potential competition, thus superior performance reached through competitive advantage will ensure market leadership. Also it provides the understanding that resources held by a firm and the business strategy will have a profound impact on generating competitive advantage. Business strategy is the tool that manipulates the resources and creates competitive advantage. Hence, viable business strategy may not be adequate unless it possess control over unique resources that has the ability to create such a unique advantage. Competitive advantage is a key determinant of superior performance and it will ensure survival and prominent placing in the market.

Competitive advantage is at the heart of firm's performance. It is concerned with the interplay between the types of competitive advantage, i.e., cost, and differentiation, and the scope of the firm's activities. The value chain plays an important role in order to diagnose and enhance the competitive advantage. When a firm is implementing a value creating strategy not simultaneously being implemented by any current or potential competitors, then we can say the firm has a competitive advantage. (Barney 1991).

## 2.1 Employee Behaviour

*Employee plays a very important role in service delivery; employees can provide an edge of superior quality deliverance.* Everyone understands that customers want superior service and that better service leads to competitive advantage. Firm perceptive towards the employee influence the behavior of employee, employees' expectations and demands are changing and the organisations have to respond to meet their expectations and provide good developmental environment in order to have sustainable development through committed workforce. it's an organization's employees who influence the behaviour and attitudes of customers and its customers who drive an organization's profitability, HR leaders must determine ways to boost employee satisfaction. Empowerment leads to employee engagement towards the firm, bureaucracy or fear of blames prevent employee to work freely. Employee behaviors that can either positively or negatively affect organizational success. Employee engagement, employee empowerment generate employee behavior that leads to enhance work performance.

- Employees are human assets that increase in value to the organization and the marketplace when investments of appropriate policies and programs are applied.
- Effective organizations recognize that their employees do have value, much as same as the organization's physical and capital assets have value.
- Employees are a valuable source of sustainable competitive advantage.

## 2.2 Employee Commitment

Employee commitment is the passion and the willingness to invest oneself and help the employer to succeed. Employee commitment is an equation obtained by aligning maximum job satisfaction and maximum job contribution. Gallup organization defines employee engagement as the involvement with and enthusiasm for work. Gallup as cited by Dernovsek (2008) likens employee engagement to a positive employees' emotional attachment and employees' commitment. Employee commitment is a positive attachment and willingness to exert energy for the success of the organisation and feeling proud for being a member of that organisation.

## 2.3 HRM Practices

A firm HRM practices refers to the policies, practices, and systems that influence employees' behavior, attitudes, and performance. It is sometimes referred to as involving "people practices". HRM practices include analyzing and designing work, determining human resource needs ,attracting potential employees , choosing employees, teaching them how to perform their jobs and preparing them for the future, rewarding employees, evaluating their performance and creating a positive work environment. It can also be explained as a practice that is devised to increase the competence, commitment and improve the culture.

Wright, et al. 1994 has shown that the human resources can be a source of competitive advantage because they meet the criteria for being a source of sustainable competitive advantage. Human resources add value to the firm, are rare, cannot be imitated and are not sustainable. Also they have characterized human resources by unique historical conditions, causal ambiguity and social complexity, which means that not all firms can successfully develop human resources as a sustain competitive advantage through imitating the HR practices of firms that have successfully developed human resources.

Pfeffer 1994 has issued sixteen practices of competitive advantage through people

1. Employment security
2. Incentive pay
3. Participation and empowerment
4. Symbolic egalitarianism
5. Long-term perspective
6. Selectivity in recruiting
7. Employee ownership
8. Teams and job redesign
9. Wage compression
10. Measurement of practices
11. Cross-utilization & cross-training
12. High wage
13. Information sharing
14. Training and skill development
15. Promotion from within
16. Overarching philosophy

**3. SUCCESSFUL ALIGNMENT OF HR STRATEGY AND BUSINESS STRATEGY**

Successful alignment of HR strategy and Business strategy result in organisation success. It helps firm to become more competitive at it is “meeting business needs.” Supportive HR strategy helps the employee to implement business strategy, which in turn create the motivated, committed, and satisfied workforce. Both the strategies complement each other and show strong correlation and therefore high level of strategic fit. Strategic fit proposes that if an organization seeks to maximize its competitive advantage, it must match its internal resource and skills (organizational competencies) with the opportunities available in the external environment.

There are a number of models within which the framework of the concept of strategic HRM describes various approaches to its development and implementation. These approaches include the Best Practice Approach, Best-Fit Approach and Configurationally Approach (Armstrong and Baron, 2006). The Best-fit approach holds the aim of SHRM to provide a fit between policy goals of HRM and business strategy.

Porter’s classification of the three generic business strategies linking with HR strategy.

<b>Business Strategy</b>	<b>HR Strategy</b>
<p><b><u>Cost Leadership</u></b></p> <ul style="list-style-type: none"> <li>■ Suitable for repetitive &amp; predictable behavior</li> <li>■ Concerned with short-term focus and quantities</li> <li>■ Result oriented</li> </ul>	<p><b><u>Utilization HR Strategy</u></b></p> <ul style="list-style-type: none"> <li>■ Focused on short-term performance measures</li> <li>■ Narrow career paths, limited training</li> <li>■ Limited employment security</li> <li>■ Limited participation</li> </ul>
<p><b><u>Differentiation</u></b></p> <ul style="list-style-type: none"> <li>■ Long term focus</li> <li>■ Creative job behavior</li> <li>■ Moderate concern for quality and quantity</li> </ul>	<p><b><u>Facilitation HR Strategy</u></b></p> <ul style="list-style-type: none"> <li>■ Broad career paths &amp; Extensive Training</li> <li>■ Equal and fair pay</li> <li>■ Long term performance measures</li> <li>■ High employee participation</li> </ul>
<p><b><u>Focus</u></b></p> <ul style="list-style-type: none"> <li>■ High concern for quality</li> <li>■ Moderate Concern for quantity</li> <li>■ Long/medium term focus</li> </ul>	<p><b><u>Accumulation HR Strategy</u></b></p> <ul style="list-style-type: none"> <li>■ Hiring employee belonging to the target market</li> <li>■ Some employee security</li> <li>■ Many incentives</li> </ul>

## CONCLUSION

HRM practices should align with business strategy. Organizations can seek consolation in the fact that most competitors are also struggling to survive in this turbulent business environment. The potential of an organization's sustainable competitive advantage depends on the rareness and limitability of its resources and capabilities.

***Considering these factors, reached to this theoretical model.***



It clearly shows that if business strategy and HR strategy is linked successfully leads to organizational success. This also requires a clear understanding and linkage between employee behavior, commitment, employee engagement and competitive advantage. The challenge is not only to retain talented workforce but also to fully engage them and capturing their minds and hearts at each stage of their work lives. Employee behavior, employee engagement and employee commitment are the three important factors which can create highly motivated employee who will be able to satisfy customer.

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