

# THE STRATEGIC ROLES OF HUMAN RESOURCE MANAGER TO ACHIEVE COMPETITIVE ADVANTAGE IN HOSPITALITY INDUSTRY

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**Abstract:** The global challenges in the economic sector has become more complex and turbulence. Many companies have executed management changes in order to survive and create strategies to compete with their competitors. More than two decades, human resource management has been developed into strategic to face the global challenges, and the roles concept of human resource professional created by Ulrich et. al. has been executed by many companies around the world. Many researchers have stated that a key to achieving competitive advantage is that of the strategic roles of human resource management. In the service industry, specifically in hospitality, in which human resource as the main resource to run the business, the strategic roles of the human resource manager is very important in creating competitive advantage. This research aims to identify and describe the strategic roles of human resource managers in a hospitality industry. This study conducted in three-star hotels in Malang and interviewed six human resource managers as participants. Qualitative method used in this research and positivist underlying philosophical assumption. Using semi-structured interview in data collection, this paper identifies three themes to be analyzed by coding using software NVivo International 10. The first is the strategic roles of human resource managers contribute to anticipating the competitive business challenges; the second, their strategic roles in creating competitive advantage; and lastly, a human resource as a key in creating the competitive advantage for the company. The first two themes are analyzed by a number of coding references, the finding mentioned that there are two human resource managers who conduct strategic roles as the strategic partner and change agent. While the third theme is analyzed by word tree and giving the result that the factor of achieving competitive advantage is that of human resource.

**Keywords:** strategic roles of human resource manager, competitive advantage, hospitality industry, qualitative method



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In rapidly external environment changes has pursued economic sector into a global market. This situation has driven the development of Human Resource Management (HRM) in order to face these challenges. Many researchers had stated that human resource management

should become strategic and a key in the management changes in order to survive and compete in global market. In a service industry, especially in hospitality where human resource as the main source of running the business, it is a great homework for the senior human resource manager to create a competitive advantage over this resource. Many researchers had developed human resource management into strategic, the famous concept has been released by Ulrich, which focus on the roles and competencies of human

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resource professionals. This concept develops the roles of human resource professionals into the strategic partner, change agent, employee champion, and administrative expert. This role should be performed comprehensively by human resource professionals (Suryaningtyas, 2011) in the execution of management changes and competencies used to design a company in their effort of achieving competitive advantage. It has been few decades that debate among researchers about the complex chain of strategic human resource management and firm performance, known as “black box” has become phenomena (Banks & Kepes, 2015). Yet, they indicate that human resource activities which consist of policies, practices, and processes (Kepes & Delery, 2007) affect a firm’s competitive advantage and other firm-level outcomes (Becker & Huselid, 1998; Huselid, 1995). In general, it has been agreed that human resource management activities may affect organizational directly, by reducing labor cost and technological advantages gained over competitors (Barney & Wright, 1998), but might not be sustainable caused the strategies could be imitated by competitors (Wright, et al., 1994). Resource Based View (RBV), which focus on the human resource should be rare, valuable, cannot be imitated, unsubstitutable (Barney & Wright, 1998, p. 40) can be resourced for sustainable competitive advantage. The interrelated link of human resource activities through individual, unit, and firm levels outcomes that are socially complex and ambiguous (Hatch & Dyer, 2004), the resource is difficult to copy or duplicate (Barney & Wright, 1998, Wright, et. al., 1994). Drawing upon resource-based view of the firm, we review theoretical perspective of strategic human resource management for understanding the conditions under which system may be a resource that can lead to the sustainable competitive advantage. And then, we interrelate the strategic roles of human resource professionals or called a human resource manager in practice, with a competitive advantage and use configurational perspective to bridge the gap, in which the “black box” in between.

## LITERATURE REVIEW

### Resource Based View of the Firm and The “black box” of Strategic HRM

Theory of Resource Based View stated that organization can create and retain a competitive advantage through the process of value creation, which is rare and difficult to imitate by a competitor (Barney & Wright, 1998). Valuable means HRM activities must increase revenue and decrease labor cost (Wright, McMahan, & McWilliams, 1994). This indication can be valued on the organizational capability to create policies and human resource practices which are unique and difficult to duplicate by a competitor (Malik, 2010).

There are three perspectives of strategic human resource management describe why human resource activities may affect firm performance within a “black box”, namely, universalistic, contingency, and configurational perspectives. Universalistic perspective or “best practices” cannot lead to competitive advantage because of their generalizability across the firm (Barney & Wright, 1998), while contingency perspective (human resource management activities within a special context) should be implemented consistent with a firm overarching strategy as well as other contextual factors (Kepes & Delery, 2007; Miles & Snow, 1984). On the other hand, a configurational perspective where human resource management activities are explored as an integrated system (or “bundles”, McDuffie, 1995) of interrelated activities (Delery & Doty, 1996; MacDuffie, 1995; Osterman, 1987). This perspective focuses on the internal fit between human resource management activities and can be used to explain why these may serve as a resource for a sustainable competitive advantage (Barney & Wright, 1998, Kepes & Delery, 2007, and Wright & McMahan, 1992). The “bundles” of human resource management activities may be more valuable than individual ones (Dyer & Reeves, 1995).

The emerge of “black box” which describes a strategic logical between human resource management as an architect of a firm and performance arisen

from this role and how logical explains human resource contribution toward sustainable competitive advantage (Becker & Huselid, 2006). Becker & Huselid (2006) argued that there is an alignment between human resource architect with a strategic capability and business process that implement the strategy as a contribution based human resource management in competitive advantage. Human resource management architect consists of system, practices, competency, and employee performance behavior that reflect development and management from human capital strategy.

### **The Roles Concept of Human Resource Professionals**

The roles concept of human resource professionals (managers) is the result of the human resource management evolution process. Previously, the role of human resource professionals was administrative only. Due to face global challenges, human resource management has become more strategic and the roles of human resource professionals shift from administrative to strategic, integrated and aligned to firm objectives, deliver values to lead competitive advantage of the firm. This new concept has been released by Ulrich, et al. (2009: 102), consist of Strategic Partner, Change Agent, Employee Champion, and Administrative Expert. Strategic Partner is the strategic role of human resource professional that focuses on long-term and process orientation, is a key to designing a firm in reaching firm objectives. Change Agent is the strategic role of human resource professional that focuses on strategic and people orientation. This role creates values by determining all conditions of the firm can be changed as capability built to become core competencies. Employee Champion is the role of human resource professional focuses on short-term or operational and people orientation, stressing on employee needs to enhance commitment and capability. Administrative Expert is an administrative role of human resource management, still embedded as this role has become traditional. By using advanced technology, this role becomes effective and efficient.

The strategic role of human resource professionals toward company is the involvement of human

resource management to formulate and implement firm strategy and align human resource strategy with the strategic needs of the firm (Schuler and Jackson, 1999). Buy and De Vos stated that to become a strategic partner, Human Resource Senior Manager must involve in making a decision together with other Senior Managers, open an opportunity for aligning objective, strategy, philosophy, and human resource management practices with firm's objective and implement firm's strategy (Jimoh & Danlami, 2011).

### **Competitive Advantage**

A sustainable competitive advantage refers to a condition in which competitors cannot duplicate the benefit of a firm that has a competitive advantage, nor stop it in order to compete (Macky & Johnson, 2003). According to researchers, there are two criteria in which a firm can reach competitive advantage, the first is a dynamic environment, they continue identifying, upgrading, rejuvenating, and redesigning valuable sources. Secondly, they need capabilities to create the environment in which they can reinforce capabilities and enhance value and strength, and will be lost of a cost if they imitate another firm (Chan, 2004).

In maintaining competitive advantage, Losey (2005) mentioned that culture can represent firm brands, norm, and values shaped by human resource management practices through recruitment, training, compensation, and organizational communication. Competitive advantage will be sustainable when organization culture built as a personal identity of the firm, customer and investor act aligned to that culture accordingly. Strategic human resource management determines to explore the role of Human Resource Manager to support business strategy, give an opportunity to demonstrate the value to a company. In other words, sustainable competitive advantage can be reached if the human resource of a firm becomes a unique, rare, and difficult to imitate as a result of creating values executed by Senior Human Resource Manager. According to Swiercz (1995), values can be shaped through firm performance resulted from the investment of a company on recruitment, training, and employee development.

## Theoretical Framework

Figure 1 is a theoretical model of this study, examining the strategic roles of human resource manager interrelate to outcomes and competitive advantage through the “black-box” phenomena and human resource system as a mediating between them. The highest level of human resource system is human resource philosophy (Kepes & Delery, 2006). Human resource management philosophy includes in the HR System. The overarching framework of human resource system in a firm is called human resource architecture (Kepes & Delery, 2006, 2007). Strategic roles of human resource manager formulate human resource policies on the firm level, execute management changes, organization design and culture, and these activities may fill in the “black box” phenomena so that the outcomes on the firm level can lead to competitive advantage.

may have an objective to reach competitive advantage among their competitors. Then, a firm create a specific strategy that will lead to achieving this objective. By understanding the theory of resource-based view, competitive advantage can be achieved through the process of value creation (Barney & Wright, 1998), which means HRM activities must increase revenue and decrease labor cost (Wright, McMahan, & McWilliams, 1994), in which human resource should be rare, unique, and difficult to duplicate (Malik, 2010). Refer to the model in Figure 1, the value creation activities in HR architect can only be executed by Strategic HR Roles, in this regard will be done by Senior Human Resource Manager. Strategic HR Roles which consist of the strategic partner and change agent, it means that Senior Human Resource Manager can formulate HR policies which are aligned

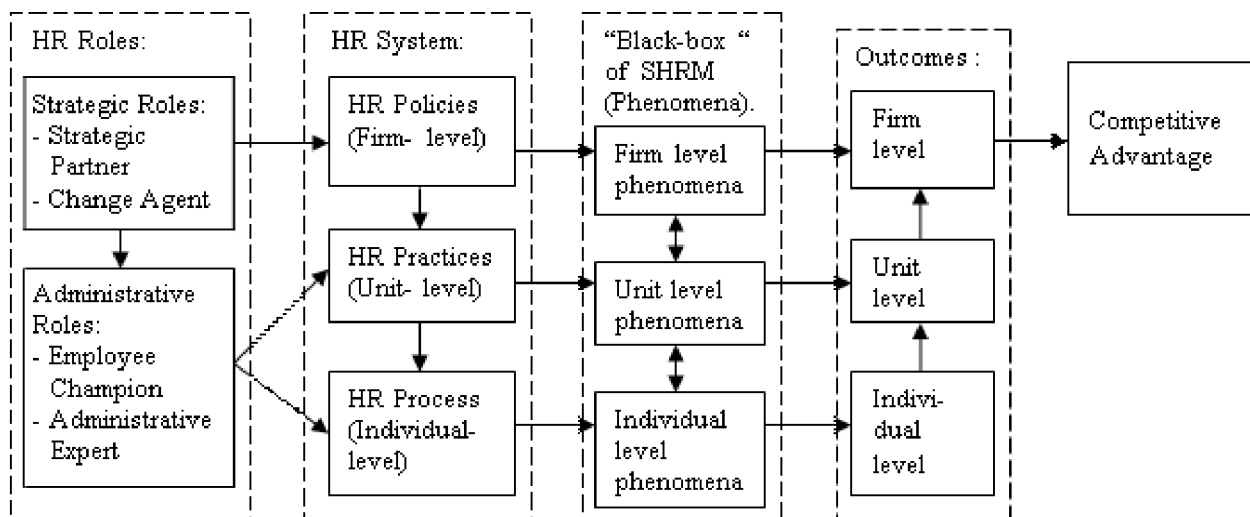


Figure 1. A model of the “black box” of Strategic HRM  
(modified from Banks & Kepes, 2015)

Human resource philosophy comprises statements of the guiding principles that define the values of the organization with regard to its human resources within a particular system (Kepes & Delery, 2006: 59–61). This framework will guide to the following a Proposition that is Strategic HR Roles has interrelated to firm outcomes and can reach competitive advantage with HR System bridge the “black box” phenomenon on the firm level.

To clarify in more details what the general proposition means, we provide a specific illustration. A firm

to a firm objective as well as make changes in management and redesign culture.

## METHODOLOGY

### Research design

This study investigates the strategic roles of the human resource manager in the three-star hotels in Malang. A case study in a qualitative method used with positivist underlying the philosophy assumption. This study aims to identify and describe the strategic

roles of human resource manager contribute to anticipate business challenges, identify and describe their strategic roles in creating competitive advantage, and also identify the human resource as a key in creating competitive advantage for the company. the specific objective of this research are identify the strategic roles of Human Resource Manager contribute to anticipate business challenges, identify the roles of Human Resource Manager in creating competitive advantage, and identify human resource used as a key to achieve competitive advantage.

### **Data Collection and Data Analysis**

According to Yin, almost empirical evidence in the case study of business research comes from interview and documents (Myers, 2013:79). We use the semi-structured interview in collecting data from six Human Resource Manager as participants, with the duration of an interview is about 30 to 60 minutes. The most simple in analyzing qualitative data is coding. A code can be a word used to describe or summarize a phrase, paragraph, or even the whole texts, such as interview (Myers, 2013:167). We use coding to analyze data by applying qualitative software, NVivo (QSR International 10). To summarize the transcript of participant interview, we paraphrase it in order to make it easier in processing the data, then we choose themes in the process of a node.

### **RESULT AND DISCUSSION**

We use themes to focus on research objectives and analyze data. In this study, participants interviewed how they contribute to anticipating in the competitive business in the hospitality industry, while many new hotels enter in this competitive market. All participants work in these hotels for almost five years, with many years experiences in hospitality previously, and only one participant had experienced in other business. Findings on a number of coding references mentioned that only two participants namely Hendra and Andi answered the themes accordingly. Hendra, which is in the first rank of coding reference, stated that To anticipate business competitiveness, we execute survival strategy by maximizing resources and minimalizing operational costs. (Hendra, Human Resource Manager in charge). Based on his statement,

Hendra makes efficiency in all areas including human resource in order to survive and retain all the existing resources. He applies HR System on the firm level by implementing survival strategy, Hendra can help the company in increasing revenue (Wright, McMahan, & McWilliams, 1994) and pay compensation to all staffs in this difficult situations. This action can be stated that Hendra has played his strategic role as Strategic Partner to anticipate in business competitiveness. While another participant, namely Andi stated that to face this difficult business situation in which competitiveness is very tight, we focus on internal improvements in services and retain all the facilities as it is from the beginning as well as build a new culture of the staffs in order to make the characteristic of this hotel.” (Andi, Senior Human Resource Manager). Based on his statement, Andi makes management changes focusing on internal improvements and build a new culture characteristic in order to anticipate in the competitive business challenges. This means that he applies HR Systems on a firm level by creating and maintaining the competitive advantage with a new culture. This action can be stated that Andi has played a strategic role as a change agent. In the theme of the strategic roles in creating the competitive advantage of the company, result of analysing data by using a number of coding references mentioned that Hendra and Andi are still in the top rank of reference. In this theme, Andi is in the first rank of coding reference by stated that as we know that service is very important in hospitality industry, we create and build new culture on our staffs by giving a daily training on their behaviors in order to achieve a specific characteristic to our culture that we hope it can lead to competitive advantage”. (Andi, Senior Human Resource Manager). In his statement, Andi tries to achieve competitive advantage by creating and building new characteristic of his human resource. He gives training to his human resources daily and intensively in order to have specific characteristics that represent the brand, norm and values (Losey, 2005) of the company that can lead to achieving competitive advantage. Andi still acts as a change agent of the company. While Hendra stated that to execute efficiency in all areas including human resource, facilities, and other operational costs. In human resource, each staff should handle two or three related

positions. (Hendra, Human Resource Manager in charge). Hendra's role in creating and achieving competitive advantage is that he makes a policy of efficiency in all areas in the company. Although this strategy can help the company to survive in this industry, but still need to add values delivered in order to gain competitive advantage. The last theme of this study investigates human resource as a key factor in achieving competitive advantage. The result of text search query in the node process of analyzing data is a Word Tree, which represents in Figure 2.

in the hospitality industry by creating the human resource which rare, valuable, inimitable, unsubstitutable and also specific characteristic of company culture which represent a brand, which is known as company identity. This research has the limitation of the data collection and analysis which use simple ones; hopefully, the future researcher can develop this topic using triangulation so that it can give depth analysis and more complex result.

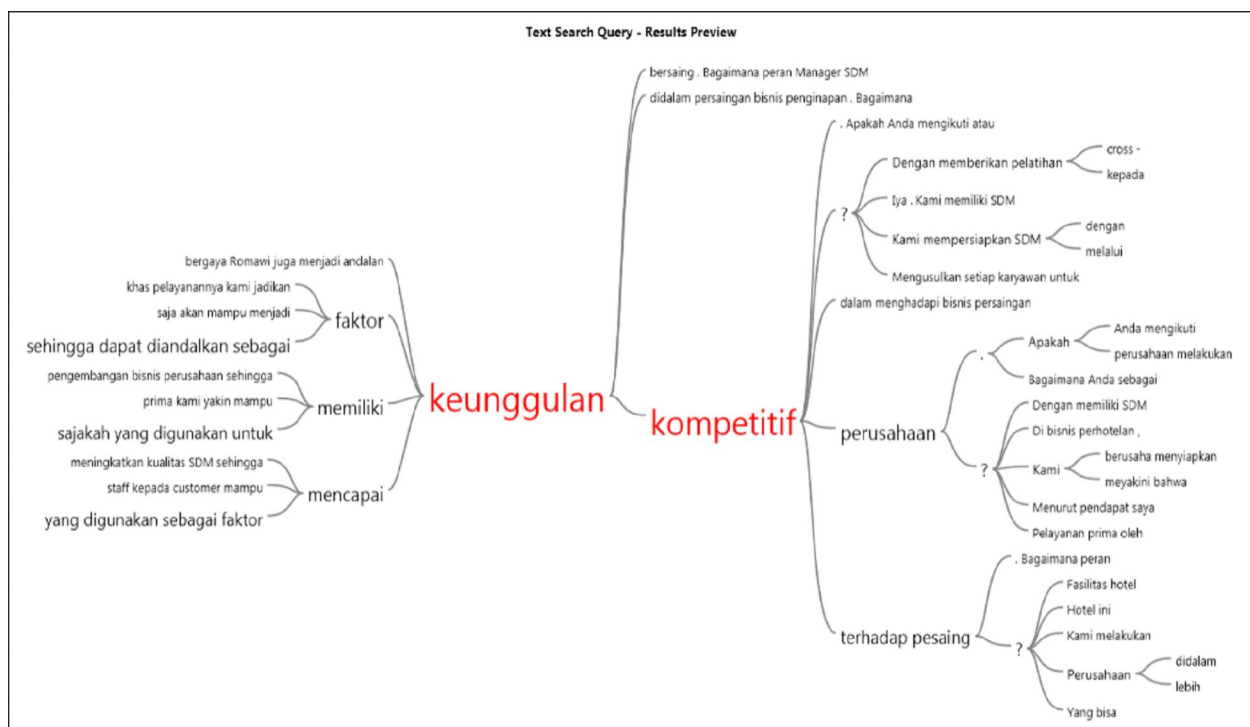


Figure 2. Word Tree—Human Resource as A Key Factor of Competitive Advantage

This Word Tree proves that words configured as a tree can be read as Enhance human resource quality to achieve a competitive advantage of the company. It means that human resource can be used as a factor to achieve competitive advantage.

## CONCLUSION AND LIMITATION

This research has proven that two participants, Andi and Hendra execute their strategic roles as the strategic partner and change agent, and these roles lead the company to gain sustainable competitive advantage. Competitive advantage can be achieved

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