Human Resource Management Strategies in Achieving Competitive Advantage in Business Administration

Kresnawidiansyah Agustian, Aryanda Pohan, Agustian Zen, Wiwin, Aulia Januar Malik

1,2,3,4Universitas Islam Jakarta, DKI Jakarta, Indonesia
5Institut Bisnis Muhammadiyah Bekasi, West Java, Indonesia

Email: kresnawidiansyah@gmail.com, aryanda.pohan@yahoo.co.id, agustianzen02@gmail.com, wiwinuid@yahoo.com, aul.januar@gmail.com

Abstract. Human Resource Management (HRM) is a very important aspect in the modern business world. Companies that manage their people effectively tend to have a greater competitive advantage over their competitors. This is due to the fact that HR is one of the most important assets in an organisation, and the ability to optimise HR potential, productivity and commitment will have a significant positive impact on company performance. This research aims to examine HR management strategies in achieving competitive advantage in business administration. This research uses a qualitative method of descriptive analysis to explore an in-depth understanding of the topic. This method allows researchers to explain in detail the characteristics, context, and factors related to the research topic. In this case, data was obtained from Google Scholar with a time span from 1996 to 2023. The results of this study show that effective HR management strategies are key to achieving and maintaining a competitive advantage in business administration. By prioritising aspects such as quality recruitment, employee development, motivation, efficient performance management, progressive culture, responsiveness to change, and technology utilisation, companies can achieve better results in the face of intense business competition.

Keywords: Business Administration, Competitive Advantage, HRM Strategy

1. Introduction

Human Resource Management (HRM) is one of the key components that is very crucial in the context of modern business [1], [2]. Companies that are able to implement HR management efficiently and effectively often have a greater competitive advantage over their competitors. This phenomenon can be explained by the fact that HR is considered as one of the most valuable assets in an organisation. The ability to optimise people's potential, productivity and commitment can have a significant positive impact on company performance, helping to create a strong foundation for long-term growth and sustainability [3]. In modern business, HR management is not just about managing administrative aspects, but also about developing a work culture that supports innovation, continuous learning and employee engagement. Therefore, the role of the HR department has evolved to become more strategic in achieving the company's business goals.

In the era of globalisation and intensified competition, organisations are faced with the inevitable pressure to continuously innovate and adapt to rapid changes in the business environment. Therefore, the development of human resource management (HRM) strategies becomes crucial in the effort to achieve competitive advantage in business administration. Competitive advantage in this context refers to the ability of an organisation to not only meet customer expectations, but also to provide significant added value to them, create strong differentiation in the products or services offered, and maintain a solid market share. On the path to achieving competitive advantage, organisations must understand that people are not just a resource, but also the key to driving innovation and change. Building a competent, committed and highly agile team is an important step in creating a strong foundation for long-term growth. In addition, organisations need to continue investing in employee development, performance-based promotions, and a work culture that supports collaboration, creativity, and responsiveness to market changes. By integrating effective people management strategies with
Based on previous research, HR management strategies have proven to be a key factor in achieving competitive advantage. [5] conducted research with the aim of examining and convincing that information technology and human resources are important factors for the success of business organisations to achieve the ideal vision and mission that have been designed before. Both factors complement each other and cannot be separated. The results of this study provide evidence that human proficiency in IT will bring blessings to profit-oriented organisations. Moreover, today's business environment is increasingly dynamic and disruptive. [6] also examined the influence of information technology on HR career advancement, investigated the related barriers and prospects, and provided pragmatic recommendations for companies to be proficient in adopting and implementing information technology in human resources career development. The research findings show that the utilisation of information technology plays an important role in enhancing the professional growth of human resources. The field of information technology facilitates easy retrieval of information, provides avenues for distance education, enables networking among professionals, and offers tools to enhance productivity. It facilitates human resource departments to augment their expertise, expand their knowledge base, build professional connections, and enhance existing career prospects. [7] identified HRM best practices that can help organisations overcome the challenges of digital transformation and achieve success in the adoption of new technologies. Their study concluded that HRM strategies in the digital transformation of organisations are key to the success of companies in facing the changes of the digital era [8]. By focusing on improving employees' digital competencies, cultural and leadership change, proper organisational restructuring, talent management, performance measurement, effective communication [9], flexibility, and good risk management, organisations can optimally leverage digital technology to achieve competitive advantage, improve business performance, and provide added value to customers. In terms of urgency, some factors to consider in this strategy include employee recruitment and selection, competency development, motivation, reward management, and performance management.

In addition, the development of information and communication technology has fundamentally changed the landscape of human resource management (HRM). The use of technology in HR management has opened the door for significant transformation in various aspects of organisations [10]. One of the major impacts is the increase in efficiency and effectiveness in HR processes. Technology enables organisations to manage employee data more easily and accurately, facilitate personalised employee training and development, and strengthen internal communication through integrated digital platforms [11]. In this context, the use of technology as a key component of HR management strategy is not only an option, but also a key factor in achieving and maintaining competitive advantage in an increasingly changing and competitive market. Companies that effectively utilise technology in HR management will have an edge in recruiting, developing and retaining the best talent in their industry, while maintaining high levels of productivity and responsiveness in the face of continuous change. Therefore, the integration of technology in HR management strategy has become one of the most important steps for organisations that want to remain competitive in this digital age.

However, it is important to remember that every organisation has unique needs and challenges in human resource management (HRM) that can vary greatly depending on the industry sector, scale of operations, and market dynamics they face. Recognising this diversity, in-depth research and analysis of HR management strategies is a must. In particular, achieving competitive advantage in business administration requires a deep understanding of best practices that can be adapted and optimised according to each organisation's unique context. Through careful research, organisations can identify best practices that fit their own characteristics. For example, companies in the technology sector may find that investment in technical training and specialised talent development is essential, while manufacturing companies may focus more on supply chain management strategies and production efficiency. In addition, large companies may find the benefits of a highly integrated HR management system, while smaller companies may be better off with a more flexible and adaptive approach. Thus, proper research and an in-depth understanding of the context are key to designing and executing effective and sustainable HR management strategies that will give organisations a competitive advantage in the face of ever-evolving business challenges.

In this research, a literature review will be conducted to identify the framework and key factors associated with HR management strategies in achieving competitive advantage in business administration. This research is expected to provide valuable insights for business leaders, HR practitioners, and researchers in developing effective strategies to manage HR and achieve competitive advantage amid increasingly fierce business competition.

1.1 Human Resource Management Strategy
Human Resource Management (HRM) Strategy is a planned and coordinated approach to managing the workforce and human resources within an organization [12]. The primary goal of HRM is to achieve desired outcomes and optimize employee contributions to the organization's success [13]. HRM encompasses a set of principles, policies, procedures, and actions designed to maximize productivity, employee satisfaction, and organizational competitive advantage [14]. Here are some key elements associated with Human Resource Management Strategy:

1. **Human Resource Planning**: This is the initial step in HRM, where organizations plan their human resource needs to achieve business objectives. It includes workforce planning, recruitment planning, and employee development.

2. **Recruitment and Selection**: HRM includes strategies to attract and select individuals most suitable for the organization's needs. This involves recruitment processes, interviews, assessments, and decision-making regarding the hiring of new employees.

3. **Employee Development**: Organizations need to invest in employee development to equip them with the necessary skills and knowledge to grow with the organization. This involves training, career development, and education.

4. **Performance Evaluation**: Performance evaluation is a critical part of HRM, where employees are assessed based on their goal achievements and competencies. The results of these evaluations can be used for feedback, incentives, or decisions regarding promotions or terminations.

5. **Compensation and Rewards Management**: HRM strategies include how organizations provide compensation, incentives, and rewards to employees as recognition for their contributions. This also includes benefits management such as insurance, allowances, and other perks.

6. **Conflict Management and Employee Satisfaction**: HRM strategies also involve efforts to manage conflicts within the organization and ensure employee satisfaction. High employee satisfaction can enhance employee retention and productivity.

7. **Policies and Compliance**: HRM includes the creation and implementation of policies related to human resources, including compliance with relevant labor laws and regulations.

8. **Change Management**: Successful organizations must be able to manage change. HRM should include strategies for managing organizational change and ensuring that employees can adapt to these changes. Effective Human Resource Management Strategy can help organizations achieve their business objectives, improve performance, enhance employee satisfaction, and maintain a competitive advantage in the market. It is a holistic approach that recognizes that human resources are the most valuable asset in achieving organizational success.

### 1.2 Competitive Advantage

Competitive advantage is a concept that refers to a situation in which a company or organization has a significant advantage or superiority over its competitors in a particular industry or market [15]. Competitive advantage enables a company to achieve better outcomes than its competitors, such as increased market share, higher profitability, or a strong market position [16]. It is a crucial concept in business strategy and often serves as a primary goal for companies. Here are some key points in explaining the concept of competitive advantage:

1. **Differentiation**: One of the primary ways to achieve competitive advantage is through differentiation. This means that a company develops unique products, services, or brands that provide perceived added value to customers. Thus, the company can distinguish itself from competitors and create reasons for customers to choose its products or services.

2. **Cost Leadership**: Competitive advantage can also be gained through a cost leadership strategy, where a company can produce products or services at a lower cost than its competitors. This allows the company to offer competitive prices to customers, attract more consumers, or achieve higher profit margins.

3. **Innovation**: Companies that continuously innovate in their products, processes, or business models can attain competitive advantage. Innovation can help a company lead in response to market changes or create entirely new markets.

4. **Access to Key Resources**: Sometimes, companies have better access to key resources, such as technology, natural resources, or rare employee skills. This can provide a competitive advantage because competitors find it difficult to replicate or obtain the same resources.

5. **Effective Management**: Efficient management of resources, including human resources, operations, and finances, can also create a competitive advantage. Companies with efficient and effective management systems are more likely to excel in handling business complexities.
6. Customer Focus: Aligning business strategies with customer needs and preferences is crucial to achieving competitive advantage. Companies that understand and respond to changes in customer preferences can maintain and increase customer loyalty.

Competitive advantage is a primary objective in business strategy, and every organization should identify the factors that can give it an edge in a competitive market. Continuously monitoring and adapting to the changing business environment is key to maintaining and strengthening competitive advantage over time.

1.3 Islamic Business Management

Business Administration, also known as Management, is a discipline that focuses on planning, organizing, controlling, and overseeing various aspects related to the operations and activities of a business organization or economic entity [17] [18]. Its goal is to achieve business objectives effectively and efficiently. Business administration encompasses several key elements, including human resource management, finance, operations, marketing, and strategy [19]. Here are some important aspects in explaining the concept of Business Administration:

1. Planning: Business administration involves strategic, tactical, and operational planning. This includes formulating the company's vision and mission, setting goals, identifying necessary resources, and designing steps to achieve those goals.

2. Organization: Organizing is about creating an organizational structure that aligns with the business's goals. It involves defining roles, responsibilities, and hierarchies within the organization, as well as allocating resources to support business activities.

3. Human Resource Management: Managing human resources is a fundamental aspect of business administration. This includes recruitment, selection, training, development, compensation, and performance management of employees.

4. Financial Management: Business administration includes the management of financial resources, such as budgeting, accounting, financial analysis, and investment decisions. The aim is to ensure financial stability and profitability.

5. Operations: Managing day-to-day operations is essential for delivering products or services efficiently. This includes production processes, supply chain management, logistics, and quality control.

6. Marketing: Marketing strategies are critical to reaching and attracting customers. Business administration encompasses market research, product development, advertising, sales, and customer relationship management.

7. Business Strategy: Developing and implementing strategies to achieve competitive advantage and long-term success is a key component of business administration. This involves analyzing market conditions, monitoring competitors, and making strategic decisions.

8. Supervision and Evaluation: Business administration requires ongoing supervision and evaluation of organizational performance. This includes monitoring progress toward goals, identifying issues, and making necessary adjustments.

Business Administration is a broad and relevant field in various types of organizations, including private companies, non-profit organizations, government entities, and the public sector. The primary goal of business administration is to achieve long-term organizational success and efficiently manage the organization's resources.

2. Method

This research employs a qualitative descriptive analysis method to gain a deep understanding of the researched topic. This method allows researchers to provide detailed descriptions of the characteristics, context, and factors related to the research topic. In this case, data was obtained from Google Scholar within the time frame from 1996 to 2023. The qualitative method prioritizes interpretation and in-depth understanding over statistical data and numbers. Descriptive analysis, in the context of this research, requires the researcher to describe and explain the findings from the data collected from Google Scholar. The data used in this research includes various literature sources such as journal articles, conference papers, and other related research available in the Google Scholar database. By combining data from various sources and a wide time range (1996-2023), this research aims to understand the latest developments and trends related to the researched topic. Descriptive analysis will be used to identify patterns, changes, and key findings emerging from the collected data. The results of this research are expected to provide valuable insights, a deeper understanding, and a comprehensive overview of the researched topic. This method will help.
3. Result and Discussion

In an increasingly globalised business era filled with fierce competition, the role of effective administration is crucial in determining the success and continuity of a company. Business administration is the main foundation that must be built properly to achieve sustainable business goals. One of the key elements that has a major impact on business administration is human resource management (HRM). In this context, we will explore in depth the various strategies that can be applied in HR management to achieve and maintain the much-desired competitive advantage in a changing and fiercely competitive business environment.

The fundamental foundation in building a solid human resource management (HRM) starts with the initial phase that involves a meticulous recruitment and selection process. This is not just a starting point, but a strategic investment that plays a critical role in the journey towards achieving excellence in people management. Selecting outstanding individuals with superior qualities to become an integral part of the company team is a critical step that should not be taken lightly. Teams made up of individuals who are not only competent, but also possess exceptional qualities, are the core elements that make a significant impact in facing and responding to business challenges [20]. They bring an extraordinary ability to overcome various obstacles and become the driving force that supports the company's efforts in achieving its strategic goals. Their valuable contributions are one of the key pillars that drive long-term success and sustainable growth for the company.

Employee development is one of the central elements in human resource management (HRM) strategy that plays an important role. It involves a series of actions that include systematic training, continuing education, and providing meaningful opportunities for individual career growth. When a company commits to investing resources and effort in employee development, the results will be seen in the form of a team that has superior capabilities [21]. Employee development is a long-term investment that brings significant benefits [22]. By giving employees access to new knowledge, additional skills, and broader experiences, companies create teams that are better equipped to deal with the rapidly changing business environment. Employees who are continuously developed will have the ability to adapt to new challenges, face market changes, and even help formulate innovations that benefit the company. In essence, employee development is not just about improving their qualifications, but also about creating a deep learning culture throughout the organisation [23]. This is a key step that supports companies in undergoing changes that may arise and maintaining their relevance in an ever-changing business environment.

In addition, maintaining employee motivation and satisfaction is an important factor in creating a productive and sustainable work environment. Employees who feel valued, motivated, and satisfied with their work, have a tendency to be more productive and tend to make greater contributions to the company [24]. Human resource management (HRM) plays a central role in creating these conditions. One key component is providing a fair compensation system that recognises and rewards each employee's contribution according to the value they bring to the company [25]. In addition, incentive programmes that match individual and team achievements can motivate employees to achieve their targets more vigorously. Moreover, creating a work culture that supports employee well-being is a worthwhile investment. This includes providing adequate flexibility, health and wellness programmes, and a work environment that allows employees to achieve a balance between personal and professional life. This culture gives employees a sense of support and care, so they feel more motivated and committed to the company's success. Thus, maintaining employee motivation and satisfaction through these various initiatives aims not only to increase productivity, but also to build the foundation of a healthy and sustainable corporate culture where employees feel valued, empowered and motivated to give their best.

Regular performance evaluation is one of the key elements in an effective human resource management (HRM) strategy [26]. The process has profound significance in shaping the direction of individual and team development. More than just an administrative routine, performance evaluation is a pivotal moment where employees' abilities, achievements and potential are explored and appreciated [27]. In the context of performance evaluation, several key points should be noted. Firstly, this process helps identify an employee's strengths and weaknesses. It is not just about evaluating work results, but also unearthing qualities, skills and competencies that may need to be improved. With a deeper understanding of an employee's strengths and potential, companies can direct development efforts in a more targeted manner. Furthermore, performance evaluation provides an opportunity for HR management to provide constructive feedback. It is not just about identifying problems, but also about providing guidance for improvement. In a supportive work atmosphere, clearly given and growth-focused feedback can be a catalyst for individual development [28]. In addition, recognition of achievements is an important aspect of good performance management. Rewarding employees who have made outstanding contributions not only recognises their hard work, but can also motivate them to
continue to excel. Overall, regular performance evaluations are not just about measuring achievements, but also about identifying development opportunities, providing constructive feedback and celebrating successes. It is an integral element in effective HR management efforts that not only helps employees reach their highest potential, but also contributes to the overall success of the company.

A corporate culture that focuses on achievement, innovation and collaboration is a valuable asset that can make a significant contribution to achieving and maintaining the desired competitive advantage [29]. Corporate culture is the foundation of behaviours, norms and values upon which interactions within the organisation are based [30]. Creating and maintaining such a culture is not a trivial task, but rather a strategic commitment that needs to be understood and implemented by human resource management (HRM). The importance of a corporate culture that focuses on achievement, innovation and collaboration cannot be overlooked [31]. When companies foster a culture that encourages achievement, employees feel compelled to give their best in every task they undertake. This creates a high-energy work atmosphere where superior performance is rewarded and appreciated. In addition, a culture that encourages innovation opens the door to new ideas and creative thinking. This provides an opportunity to develop new solutions, products or services that can provide a competitive advantage. Innovation becomes more likely when employees feel they have the freedom to put forward their ideas without fear of judgement. Collaboration is a key element in a successful company culture [32]. When employees are encouraged to work together, there are fewer organisational silos that restrict the flow of information and cooperation. This opens the door to sharing knowledge, experience, and skills, which in turn can increase efficiency and productivity. Human resource management (HRM) plays a central role in shaping and maintaining this corporate culture [33]. They must ensure that corporate values are reflected at all levels of the organisation. This includes selective recruitment policies to attract culturally aligned individuals, training programmes that support employee development in line with company values, and open and transparent communication to ensure a shared understanding of the desired culture. A corporate culture that is orientated towards achievement, innovation and collaboration is an important pillar in achieving competitive advantage [34]. It creates an environment where employees feel engaged, motivated, and willing to contribute positively. Therefore, the role of HR management in managing and nurturing this culture cannot be overlooked, as it is a factor that drives the long-term success of the company.

Responsiveness to change is the key to maintaining and even increasing a company's competitive advantage. Modern businesses always operate in a dynamic environment, where change is constant [35]. In this context, companies that have the ability and readiness to adjust their human resource management (HRM) strategies quickly and efficiently will have a greater advantage in facing emerging challenges. It is important to remember that change can come from a variety of sources, including technological developments, market changes, changing regulations, and even shifts in consumer preferences. Therefore, HR management must be able to proactively identify such changes and take the necessary steps to adjust HR strategies to remain relevant and effective. Responsiveness to change involves a number of key steps. Firstly, companies must have a solid understanding of the trends and changes that are taking place in their industry. This requires constant market monitoring and in-depth data analysis. Secondly, HR management must have flexibility in designing and executing HR strategies. This may include adjustments in recruitment processes, employee development, and performance management. Thirdly, effective communication is crucial in ensuring that all members of the organisation understand the changes and have the necessary support to overcome the challenges that arise. Finally, the company must have a culture that encourages and supports change. This culture should create an environment where employees feel comfortable to put forward new ideas, participate in change initiatives, and are willing to engage in the adaptation process. Responsiveness to change is a strong foundation in maintaining a competitive advantage in a changing business world. The ability to adapt quickly and efficiently will help companies to not only survive in a changing market, but also to take the initiative and lead in the face of emerging changes [36]. Therefore, proactive and change-responsive HR management is a key factor in achieving sustainable competitive advantage [37].

The utilisation of data and technology is one of the most vital elements in the context of human resource management (HRM) in the modern era [38]. Data analytics has become an invaluable component in helping companies make strategic HR-related decisions, including succession planning, talent management, and various other aspects [39]. Robust data analytics allows companies to gain deep insights into employee performance, recruitment trends, and other factors that can impact organisational productivity and success. By analysing individual and team performance data, companies can identify patterns that may not be immediately apparent, assist in formulating more appropriate development plans, and optimise resource allocation. In addition, technology also facilitates the overall HR management process. Various specialised software and platforms have been developed to assist in managing employee data, automating administrative tasks, and improving efficiency in HR processes, such as performance evaluation, attendance management, and training [40]. In addition,
technology also allows companies to widen the scope in recruitment and identification of potential talent through the use of advanced algorithms and analytical techniques. This helps in finding candidates that best suit the company’s needs more quickly and accurately. The use of data and technology has become a key element in optimising HR management [41]. It helps companies to be more proactive in HR decision-making, save time and resources, and create more efficient and effective processes in human resource management [42], [43]. In an increasingly connected and digitised business world, investment in HR data and technology is a strategic and critical step towards achieving sustainable competitive advantage.

An effective human resource management (HRM) strategy plays a central role in determining an organisation’s success and competitive advantage, especially in a rapidly changing and increasingly competitive business context. In order to achieve sustainable business goals, a number of key elements in HR management need to be considered and implemented efficiently. Firstly, selective recruitment is a critical first step. This process should ensure that individuals joining the company have high potential to make significant contributions and grow with the company. Careful selection is an initial investment that has a huge impact on the competence and capability of the team. Furthermore, employee development is a critical element in creating a resilient and highly competitive team. Continuous investment in employee training, education and skills development is key in enhancing individual and workgroup capabilities. Motivation and efficient performance management also play a vital role in spurring productivity and superior performance. Creating an environment where employees feel valued, motivated and have a clear sense of purpose is critical in achieving business goals. Furthermore, an inclusive, innovative and achievement-focused corporate culture is a significant factor in creating an environment that supports competitive advantage. This culture should enable each team member to feel valued, contribute new ideas, and work together to meet business challenges. Equally important is responsiveness to change. In a rapidly changing business world, companies must be ready to adapt their HR strategies according to market developments and industry dynamics. Finally, the use of data and technology is an important element in optimising HR management processes. Data analysis and modern technology tools enable companies to make more informed and strategic decisions in human resource management. Overall, effective people management should be viewed as an important strategic investment in achieving sustainable business goals. By implementing these elements consistently and sustainably, companies will be able to build a strong foundation to achieve competitive advantage in a business world full of challenges and intense competition.

4. Conclusion

In conclusion, it is imperative to recognize that an effective human resource management (HRM) strategy is not merely a tool but a foundational cornerstone that can determine the future and sustainability of a company in an ever-evolving and complex business landscape. By prioritizing a multifaceted and integrated approach, encompassing selective recruitment, continuous employee development, the nurturing of motivation and satisfaction, directed performance management, inclusive and progressive corporate culture, adaptability to change, and the utilization of modern technology, companies can pave the way towards outstanding and enduring achievements in the face of relentless business competition. One of the initial steps to be undertaken is focusing efforts on meticulous recruitment and selection processes, ensuring that individuals joining the company possess high potential to contribute and grow alongside the organization. Furthermore, the sustained investment in employee development is the paramount key to shaping a robust and highly competitive team. Additionally, efficient and well-planned performance management, coupled with motivational approaches, will provide added impetus for employees to strive for excellence.

Companies should also champion a culture that fosters innovation, creativity, and collaboration. This culture must be inclusive, allowing every team member to feel valued and contribute with fresh ideas. Being responsive to rapid changes is an unavoidable factor in the modern business environment. Therefore, companies must be prepared to adapt their HRM strategies in accordance with market dynamics and industry developments. Lastly, harnessing technology and data analytics to support more precise and strategic decision-making in HRM is essential. This can assist companies in understanding trends in productivity, employee satisfaction, and process efficiency. In summary, by consistently and sustainably implementing these strategies, companies can establish a strong foundation for achieving enduring competitive advantages in a dynamic and challenging business administration landscape. To this end, practical recommendations include:

1. Investing in Employee Development: Prioritize employee development as a long-term investment that can enhance the overall capabilities of the team.
2. Regularly Monitor Performance: Implement regular performance evaluation systems to ensure that employees have a clear understanding of company expectations and receive regular feedback.
3. Foster an Innovative Environment: Promote a corporate culture that encourages innovation, collaboration, and recognition of achievements.

4. Prepare for Change Responsiveness: Cultivate an advantage in responding to changes with the necessary flexibility to adapt to a dynamic business environment.

5. Utilize Technology: Employ modern technology and data analytics to support better decision-making in HRM.


By adhering to these recommendations, companies will be better equipped to maximize the potential of their human resources, create a productive work environment, and excel in the competitive business landscape. Ultimately, a company's success depends on its ability to effectively manage, develop, and motivate its workforce.

References


