

# **THE ROLE OF THE HUMAN RESOURCES IN THE CREATION OF THE COMPETATIVE ADVANTAGE IN THE MODERN BUISNESS ENVIRONMENT**

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## **Abstract**

The fast and intensive changes and the modern flows in today's world imposed changes in the approach and the organizations management. The economic changes which appeared in the world impose the fact that the human resources represent one of the most important factors for the foundation and the maintenance of the competitive advantage in the modern business environment. The new economy became in the largest part dependent on the skills and employees' knowledge much more that the traditional economy.

The Management of the human resource has correctly defined aim and that is the most efficient use of people and the achievement of the highest possible economic effects in the organization. The importance of the human resources management for the modern business organization and the principles through which the modern management is conducted, leads to the fact that the human is the most valuable resource in the organization. The human resources which incorporate the knowledge, the capabilities, the expert skills and the innovations create the basic concrete resource of the organizations. These resources represent one of the most important in the value creation and the competitive advantage in the modern organizations. The aim of this paper is to research the influence of the human resources management at the competitiveness of the modern organizations through the analyses of all management activities which include this concept.

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**Keywords:** Human resources, management, competitive advantage

## **Introduction**

Management of human resources represents a sum of activities directed to attraction, development and maintenance of efficient working power which is necessary for obtaining of the organizational aims. The

management of human resources has for its aim to achieve certain security that the organization gets the largest benefit of employees' capabilities and the employees get certain material payment for successfully performed working obligations.

Managers are liable for gaining development, protection and using of the resources, which are necessary for the organization so that they could be efficient and effective. Taking into consideration the value of the human resources, the effective managers take certain activities for their overall using so there is complete advantage. The basic aim of the human resources management is realization of the central role of the management at the creation of functional organization on high level, while the ultimate aim is the development of a system of management of human resources which increases the organizational efficiency, the quality, innovation and liability to the modern understanding of the market success of the companies connected to the concept of strategic competency. The managers all around the world recognize that gaining comparative advantage and good business position on the market is more and more based on the human resources, so their development represents real challenge for the leaders in the formulation of the competence strategy.

As an innovative and specially creative part of each organization are the people who play leading part in the creation and maintenance of its comparative advantage. Only highly educational correspondingly motivated employees with constant and continuous supplement of new business skills can answer to the challenges imposed by the new business environment which is characterized with risk and uncertainty.

**Research methodology:** During the formulation and presentation of the results of the research, an adequate combination of numerous scientific methods is used: system analysis, comparative method, method of polls and interviews, analyzing contents, testing, modeling method, and statistical methods applied for the data analysis. In this labor a combined qualitative and quantitative empirical research method are applied.

**Instruments:** Questionnaires, Protocol for conducting interviews, Protocol for content analysis, Check lists, Tests

**Tests subjects:** Professionals from the field of strategic management, experts and consultants, Business leaders, top- managers and members of management teams.

## **1. Components of the system of management of human resources**

People in the organization represent valuable resource that is to say its human capital. In this context people make basic resource for continuous competence. This resource is made of individual and collective knowledge, skills and expertise, creativity and innovations, competences and capabilities,

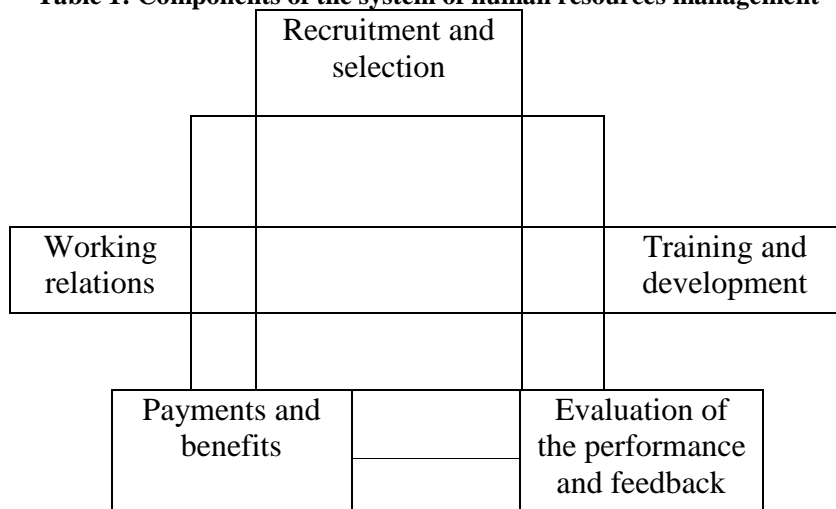
that is to say continuous capacity of people for securing corresponding value on the market and satisfaction of the buyers’ needs. The management with human capital represents a process which covers the following activities: design of the range of the work, planning, team training and development evaluation of the performances, system of compensations etc.

Each of these activities is important for achievement of successful management with human resources.

The management team in one organization has an obligation to design strategy for management with human resources which further will be implemented in the overall strategy of the organization. The effective strategic management of human resources can help the organizations not only to be liable to the consumers but also to develop their strategies for effective use of their human resources. The process of conduction of a strategy includes different activities as formation of new departments or closing down of the already existing ones, to train the newly employed, motivation, promotion and capabilities of leaders, changing of attitudes, beliefs of the employees and etc.

The system of management of human resources is made of five basic components and each component influences to the others and all five have to be together as it is shown on picture 1.

**Table 1: Components of the system of human resources management**



Source: Jones,G., George, J., Modern management, Skopje, 2008, page 474

The first component of management of human resources which is applied by the managers is recruitment and selection. This activity is realized in order to attract and employ new people who own capabilities, skills and experiences and will help to the organization more and more successfully to achieve the set aims. The regruttaion covers all activities where the managers

to include developing fund of qualified candidates for free posts. Three types of recruitments are being applied as it follows

- External
- Internal recruitment
- Recruitment through Internet

The external recruitment is achieved when the managers fill their free posts with people who are not employed in the organization. It is made through adds in newspapers and magazines different fairs, meetings and similar.

The internal recruitment is realized when the managers fill the free posts with already existing employees who get new working obligations. Three types of recruitment have their advantages and disadvantages.

Through the process of selection the managers define which of the candidate are with larger probability to execute better the working tasks. They have several tools for selection that help them in the determination of the candidates, qualification for work and in that way to evaluate their potential which implies the necessity, the working tasks to be more successfully realized. Such tools include biographic data recommendations, written tests, tests for physical capability tests for performance and interview<sup>127</sup>.

The second component is training and development which help to secure corresponding training of the employees in the organization, so that they get skills and knowledge which are necessary for effective execution of working tasks, taking over of new liabilities and adjustment to the changeable conditions. The training is an activity which is focused to studying of the members of the organization, how to perform their current tasks while the development is focused to building of knowledge and skills, so that the members can be ready to take over new liabilities and challenges.

There are two types of training: work which happens in the working environment while the employees do their working tasks and training in a classroom where the employees gain knowledge in the school environment.

The third component is evaluation of the execution and feedback. The evaluation of the performance is actually evaluation of the employees for the performance of the working tasks while the feedback from the performance is a process through which the managers share information from the evaluation of the execution with their subordinated, they give possibility to the subordinated to express their own execution. The evaluation of the execution can help the managers in their determination, where the employees should get training and development in more details in

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<sup>127</sup> R.M<sup>127</sup> R.M.Guion, Personnel Assessment Selection and Placement, in Dunnette and Hough, Handbook of Industrial and Organizational Psychology, 327-97

which fields and it can also be supported by high levels of motivation and execution.

The fourth component is a salary and benefits. The salary includes the basic salaries of the employees the raising of the salary and different bonuses. The structure of the payment groups the works in categories according to their relative importance for the organization and its aims, the necessary skills and knowledge. It is determined by range of factors such as the characteristics of the organizations, their work and the level of performance. The benefits of the employees include the days for sick leaves, day for recreation and health and life insurance.

The last fifth component of the human resources management is the working relations .Those are the activities which include managers to secure effective working relations with the working unions, that represent and protect the employees' interests. The collective negotiation is a process through which the working unions and managers solve the conflicts, misunderstandings that refer to important issues as well as the working hours, salaries, working conditions and work safety.

## **2. Planning of human resources**

The planning of human resources is made of range of activities where the managers include to plan their current and future necessities of human resources .The current necessities of human resources represent the employees who are necessary today for the organization for securing high qualitative goods and services for the consumers. The future human resources refer to the employees which will be necessary for the organization later for reaching its long term aims. As a part of the strategy for planning of human resources, the managers must make predictions for the demand and offer. The predictions for the demand will evaluate the qualification and employees' number necessary for the organization regarding its aims and strategies. The prediction of the offer value, the disposability and the qualifications of the current employees now and in the future and the offer of the qualified workers on the external labor market. The evaluation of the necessities of the current and the future human resources helps the managers to define who they should recruit and choose to achieve the organizational aims now and in the future.

The Management of human resources represents management with the human capital that is to say staff taking into consideration its natural component, the managers are forced to adjust their decision concerning the employment and the firing as well as the professional training and the programs itself for certain payment. The qualitative management of human resources asks very close cooperation between the professionals, managers and the department of human resources. But this cooperation does not only

refer to people's knowledge, the professional techniques, methodologies and actions that is to say technology of management with human capital and generally the human aspects of working, but also the knowledge of the economic financial, technological, competitive and other aspects of acting, but also the successful connection of the activities and the programs for human resources with the business necessities and aims. Also, this cooperation asks consideration and acceptance of the human dimension of the business problems and the importance of the specific professional knowledge as well as the methodologies for their successful decision.<sup>128</sup>

Sometimes at the planning itself of human resources the managers decide to use external suppliers and the producers to fill some necessities for human resources. Instead recruitment and selection of employees, the managers conclude contracts with people who are not members of their organization for good production or service obtaining.

When we talk about planning of human resources there are at least two reasons why at the reaching of decisions the managers determine to use external suppliers and producers. Firstly, the authorizing can increase the managers' flexibility, especially when precise planning of the necessities of human resources is hard because those necessities change during the time and finding staff for certain area is hard. Secondly, the authorizing can sometimes enable managers to use human resources with smaller expenses. When they use external people the expenses can be lower from several reasons.

The organization does not have to secure benefits for the workers, managers can solemnize contract for work only when it is necessary to do some work and the manager do not have to invest in training. Outsourcing can be used for functional activities as post selling services for appliances and equipment, legal work and management of information systems.

But authorizing has its weak sides too. When some work is performed by external people the managers can lose control to the quality of the goods and services. Also, the individuals who perform certain work for some company can have less knowledge for the practice in the organization, procedures and the aims and smaller engagement for the organization than full time employees. Beside this the unions will oppose to using external people because there would be a danger to eliminate working posts at some of their members.

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<sup>128</sup> Siber B. Fihreta, Management ljudskih potencijala, Zagreb, Golden marketing, 1999, page.3

### **3. The role of the management of human resources in the contribution of the competence of the company**

In the current modern business climate the comparative advantages of the companies are short termed. The top managers do not have all answers for the increased number of changeable situations in their organizations. They face with the demand of the working power which is under great influence of the economy. The structure of the economy is under large influence of the increasing and falling of the industry and employment. The economic advantage normally is connected to the use of new equipment, the last achievements of the technology and the modern devices. But, the practice points to the factor the human resources in the organization, who can only take the new challenges in the modern business climate. The positive effects which the effective managers with successful management of human resources achieve, are the following:

Management with the surrounding of the staff resources –enables to the employee’s maximal contribution for the achievement of productivity and competitiveness of the organization through strategic management with the staff resources in accordance to the valid local state laws and forming of the working tasks.

The security and preparation of the staff, the managers should plan the number and type of employees who will be necessary for satisfaction of the necessities of the consumers.

The rewarding of the employees except salary and benefits as the most important motivators of the employees in the organization can be offered as a reward as a replacement of increased productivity.

The competence of human resources is also under the influence of the working power available for work continuously but at the same time available for additional alternative working engagements. The expected increasing in the catering section, the administration and the managers’ activities have important influence at the management of human resources. The technical professions as professionalism ask higher education and have larger potential of income.

From the other side in the following years it is expected the offer of the individuals with necessary education, experience and skills to be reduced and it could not satisfy the demand on the market due to high standards.

Another way for achievement of the competitive advantage of the organizations is management with different working power. The successful way of management with these types of working power influences to the increasing of the creativity, for more efficient solution of the problems, maintenance of the best employees and market development for products and services. For that purpose the manager should develop new content of skills such as:

Gaining potentials- companies develop more wanted reputation as more perspective employers for women and ethnical minority. Those with the best reputation surely get the best different staff.

Increased creativity- possibility for different perspectives, so at the election it is used modern and creative model of management of human resources.

Decision of problems- heterogeneity at reaching decision by the groups for problem decisions which will enable wide range of perspective and critical analyses of the given issues.

Flexible content- influence of multicultural model of management with different staff who will contribute to content to be less defined standardized and by that fluid. The increased fluidity will contribute larger flexibility.

Improvement of the marketing-especially at the multinational organization the consideration and culture sensibility of the members who lead organs from other countries will contribute for improvement of marketing persistence.

The competition challenges that the organizations will face in the following ten years will increase the importance in the management of human potential and those are:

Global challenge – comes to reconstruction of the world market the organization have to orient and be competitive on the international market. The key element including the traditional aims of working such as focusing to the clients and innovations, but still the most important factor is the human resources who undoubtedly construct the most valuable assets in each company whether public of private.

The consistent competitive activity represents aim of each company because it contributes to obtain over average benefit which will be further used so that it will secure what is an imperative of the current competitive business world, that is sustainability as well as the constant growth and development of the organization. The competitive advantage is a result of continuous successful use of the intellectual advantage which is based on intellectual capital and asks for content investment in it: research and development, education, training and obtaining new skills and knowledge of the employees, new technology, marketing and etc. because the competitive advantage by itself is not sustainable. It requests constant and constant investment and upgrading of human resources.

## **Conclusion**

People are those who have unique and characteristic power to generate value. All other variables, money, credits, energy, machines and equipment offer nothing except internal potential. By its nature these



variable can exist but at the same time cannot create values until certain person does not put their potential in function. The human resources represent one of the most important resources for value creation and competitive advantage in modern organization. The employees with their skills, knowledge, professionalism, motivation, loyalty and dedication to the organization determine the performances and the market position of the organization. Also, the employees monitored as human capital of the organizations have the strategic importance for it on a long term. They create patents, innovations, brands, processes, data base information systems, training programs and organizational culture.

What it should persistently follow and conduct the managers are the following settings:

Firstly, the managers should develop the basis of the human resources through parties such as selection, train and system of payment by which they will attract identify and preserve the highly qualitative employees.

Secondly, the programs such as extensive system of recruitment and attractive packages for compensation can be used for attraction and preservation of the employees with the highest capabilities quality and who best fit in the organization.

Thirdly, the training program through increasing and development of the individual skills and competences enable continuous development of the organizational human resources.

The aim of the strategic management of human resources is creation of system of management of human resources which will enable efficiency, quality and the innovation of the organization and the necessities of the consumers and these are the four basic blocs of competitive advantage. The good management of human resources is important in 21<sup>st</sup> century, it is important for the realization of different projects which fulfill our future. It is time to be conducted at our lowest levels.

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