



Building Organizational Competitiveness By Building Convergence Of Business Strategy And HR Strategy

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ABSTRACT

How do organizations survive following global phenomena in the form of increasingly rapid, random and unpredictable changes? Entering the industrial era 4.0. increasingly visible acceleration of internet-based multi-media computer technology, in communication and control systems that are integrated with automation systems. The dominant indicator seen is "zero tolerance of human error which negatively impacts the achievement of business strategies". This indicator shows whether the business strategy is integrated with the HR strategy. The experience of researchers as management auditors in the private sector and government always finds errors in the implementation of work standards that should be avoided (not force majeure). This situation shows that the HR strategy is not yet converging with the business strategy, so it does not have the competitiveness to survive in the industrial era 4.0 Based on the above thought, the researcher compiled a qualitative research evaluation of policy implementation by simulating changes in work processes due to external and internal changes into the potential for the emergence of errors that negatively impact the achievement of business strategies. The selected population is the work function group or department in the company with the sample being Kompas Gramedia Jakarta's industrial relations department. Our study in the sample obtained a convergence value of 56%, with recommendations for improvement to reach 100% convergence. This value is close to the average of our findings for this department in private organizations, which is 50%. Our research in public organizations found very little achievement, which is below 20%. The smaller the level of achievement the further away the organization is from convergent positions. For this reason, HRD must build a Strategic KPI that encourages all management functions in line with the organization's strategy, while developing Strategic HR to be ready to follow global developments.

Keywords: strategy convergence, change, innovation, integration, automation systems

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INTRODUCTION

The implementers of the Human Resources (HRD) department have experienced the tumult of the slogan of the HR Strategic Partner in the era of the 2000s, having previously been busy discussing the role of humans as the most important asset for organizational growth. Why is the motto of *HR Strategic Partner* no longer blaring? The convergence of HR strategies with business strategies - about how organizations achieve their objectives - can be the answer. Has the department's policy direction been measured against the organization's policy direction? Also, has the organization involved HR in building integrated systematic processes?

The fact of global development now, in addition to controlling the direction of policy, organizations must involve human resources in the control process by building a systematically integrated work process. Literature study and experience in developing HR gave us a *mind mapping* pattern to build competitiveness in the following scheme.

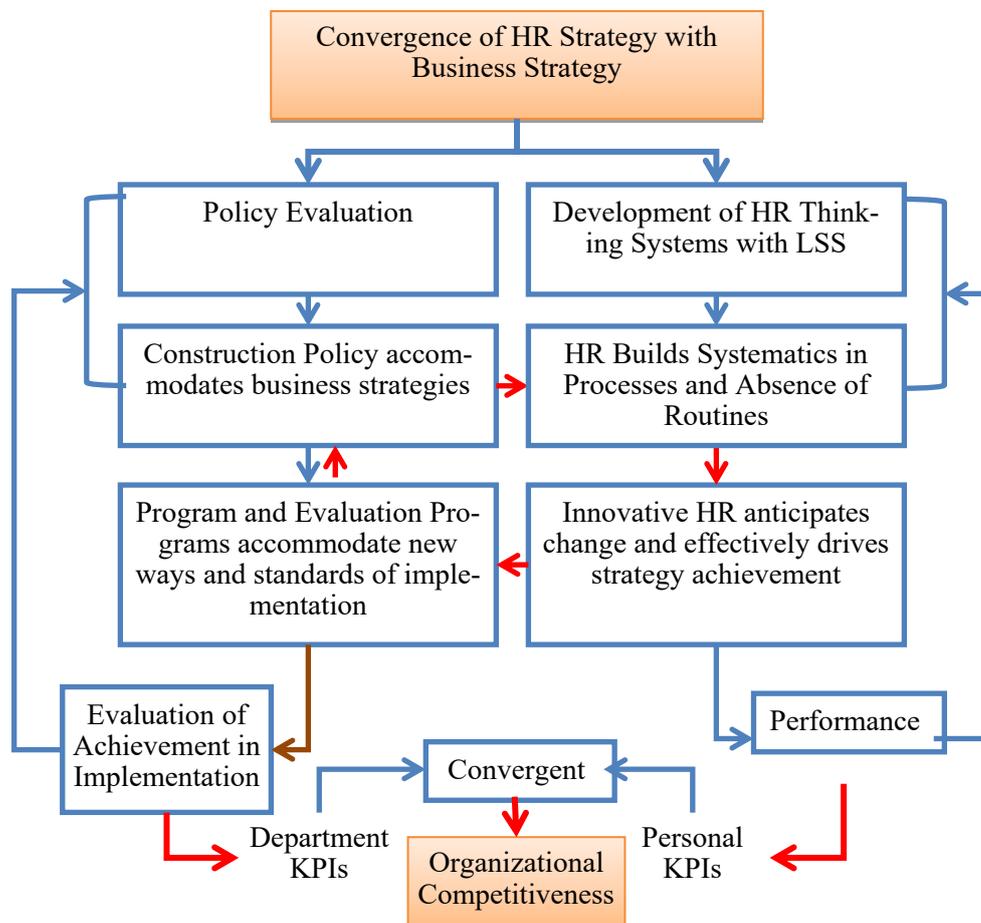


Figure 1. The cycle of building competitiveness with Strategic KPIs

We believe that in addition to bringing together departmental policy with the strategic direction of the company so that the bearers of HR really in line with the strategy of the organization, still needs to be done. Development of human resources to be able to control internal and external changes that will affect convergence, which impedes the achievement of organizational strategies. That in addition to discussing our step in building convergence, I also introduced personal KPI and tools to help management to develop logical thinking simulation capabilities of workers on the working process. This will stimulate the creativity of workers in in-

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novating to anticipate any changes that hinder the achievement of organizational strategies, as well as innovating to find new ways to contribute to the achievement of organizational strategic goals.

LITERATURE REVIEW

Understanding the theory of convergence is very interesting to follow what is presented by Snell, SA, Shadur, MA & Wright, PM, in a *paperwork* entitled *Human resources strategy: The era of our ways, 2000* as a basic reference to the theory of convergence in this paper. In another presentation Snell, Youndt and Wright (1996: 62), begin the common thread of convergence findings by observing; that in the past, executives generally try to "take the human resources of the equation strategy - namely, by substituting capital for labor if possible, and to design a hierarchical organization that separates those who think of those who do the work". This is Early symptoms are felt by the importance of HR for the organization.

The theory of strategic management in the 1990s led to a resource and knowledge-based view, where competitive advantage existed in the ability of organizations to learn, innovate, and change, so that the human element became increasingly important in generating economic value (Conner & Prahalad, 1996; Itami, 1987) as Quinn (1992: 241), in Snell, Shadur & Wright (2000: 3).

The research of Snell, Shadur, and Wright (2000) found a slice between management strategy and HR strategy. Based on the fact that early strategy thinkers were strongly influenced by economics (Porter, 1980). However, recent conceptualizations, specifically the resource-based view of the organization (Wernerfelt, 1984), have refocused on the internal aspects of the organization. This evolution has put people's issues at the forefront of the strategic management model, specifically focusing on managing intellectual capital as a valuable organizational resource, as well as understanding how organizations can develop dynamic capabilities.

Further stated, the initial strategic HRM model was based in psychology (Schuler & MacMillan, 1984) but consistently moved towards a macro approach that better integrated organizational and economic theory into our understanding of HR strategies (Wright and McMahan, 1992). More recently, the emphasis was on exploring HR strategies as a means of managing an organization's intellectual capital (Lepak & Snell, 1999) and managing the dilemma of compatibility/flexibility.

Specifically about the organization, that there has been a development of the type of organization, where *Beyond Learning Organization* is an organization that can compete in the global era with HRD as a growth center through HR re-engineering to build systematic work processes that are integrated into business units (Gilley and Maycunich, 2001). To be able to link operations with strategy, the organization must implement a management system with a different dimension in the unity of the Strategy Focused Organization, where each action is in the same direction and in line with the strategy and integrated with all business units and individuals ". (Kaplan and Norton, 2001).

The integration becomes part of priority conditions that become one of the 4 steps in conducting organizational diagnosis, where the organizational diagnosis is a concept in moving strategy into action (Dave Ulrich, 1997). This is supported by Mukhneri (2012) which stated that the work of network planning using the way of systems thinking that sees the work as one of the main subsystems of the system overall organization. In the organization of integrative systems approach, based on the way to think logically and systematically in solving organizational problems.

If the conclusions of Snell, Shadur, and Wright (2000) are combined with two theories of organizational growth (Gilley and Maycunich, 2001) and (Kaplan and Norton, 2001), then the requirements for building strategic HR in the future are to be in the same direction and in line with organizational strategy and have an integrated systematic process. This illustrates the maximum internal dynamic level in responding to rapid changes.

This is by the complexity theorist research from Brown & Eisenhardt (1998) as Snell,

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Shadur & Wright (2000: 3) who have begun this analysis and have helped in identifying how organizations cope with sustainable change using strategic flexibility, adaptation, and experimentation. The speed and rate of change in the environment accentuate the focus on internal dynamic capabilities.

Finally Snell, Shadur, and Wright (2000) found that HR research needs to focus on how organizations create, transfer, and integrate knowledge to cope with rapid change. In short, ongoing convergence between business strategy and HR strategy literature will benefit both fields. This convergence must produce a deeper and broader understanding of how organizations work effectively managing all resources to gain a competitive advantage.

Based on the description above, convergence can be said to be a major part of what is required in making HR an organization's strategic partner, as was often echoed in the era of the 2000s. So that fulfillment is in the scheme of Figure 1., based on the indicators described as follows.

The process of creating, transferring and integrating knowledge to cope with rapid change. In the scheme in Figure 1 this goes into the Policy Recommendation stage of accommodating new strategies and ways, which are the result of worker innovation after all routine work has been systematized and integrated. The existence of sustainable convergence, which in Figure 1 is in an innovative HR process anticipates change and effectively drives the achievement of strategy, this is also after all routine work is systematized and integrated.

A systematic and integrated work process that can respond to changes quickly, is one of the important findings from much research on competitiveness organizations. This work process is not generic in nature and must be developed from within because it must involve all workers, to be able to follow every change. Education and applied work systems that are provided to build communities that can respond to change quickly are applied with simulated characters. The simulation is explained by Srivastava UK in his book *Quantitative Techniques for Managerial Decisions, 1989* in a series of sentences as follows:

"To solve complex business problems, a method of analysis that can overcome random changes in the mathematical approach of a model is needed, known as the simulation method. Simulation is a technique used for decision making under uncertain (changing) conditions. In situations where the mathematical formulation of the problem is not feasible, simulation techniques are used to express reality through a model that will respond similarly as the actual real situation."

Based on the above understanding, Utama, ZB (2010) introduced the *Logic Simulation System* (LSS) as the main tool in building organizational competitiveness. In addition to being able to build a systematic and integrated work process in the organization, it is also beneficial to build *systems thinking* or 'systems' thinking for workers, because LSS can provide stimulus for workers to build this 'system' way of thinking, as well as stimulus to make workers more creative in innovating.

Understanding on *system thinking* described HR Scorecard (2001): "*Thinking systematically emphasizes the interrelationship of the HR system components and the link between HR and the larger strategy implementation system ... that make a system more than just the sum of its parts (see the Laws of Thinking Systems)*". The conclusion is the system thinking is to think about solving the whole problem at once, **not** by part.

Furthermore, with a systematic process, workers can focus on innovation no longer spending time on routine work processes, because it has been made to work by itself. The focus on innovation is very important in management today which is the center of attention together with controlling change (Daft, 2010). According to him, there are very many observers of business trends stating there has been a fundamental change from what was previously called the "knowledge of economists" in the era of the 1900s to economic creativity in the era of the 2000s.

Referring to the above understanding, convergence in this study, we limit and idealize as align the entire department policy with the company's strategic direction, and preserving the sustainability of convergence by focusing human resources innovatively respond to changes to be effective. This is in line with what the solution to the problem that is found as a policy

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anomaly, where the policy is cut off from implementation, which is the root of the problem has not been eliminated by corruption practices (Utama ZB, 2015). To be controlled so that the sustainability of convergence can be maintained, the level of convergence must be measurable, so that it becomes a reference for the work of groups and individuals in keeping it always at 100% convergent.

Thus it can be understood that the best HR strategy is how to translate business strategies into the best-applied HR in an integrated manner, but not to the extent that internal control responds only to internal demands, but is also able to anticipate external to macro changes. So that each HR must open insight to the internal and external environments that affect its field, and be able to respond to every possible change in an integrated manner, to maintain the convergence of strategies while contributing to driving the organization's strategic goals. To carry out these tasks, HR must make its routine work processes run systematically and integrated.

For that, two things that must be able to be answered are:

1. Is the department's policy in line with the organization's strategy?
2. Are there management tools to develop worker simulation knowledge in building integrated systematic processes?

RESEARCH METHOD

The approach used in understanding the problems raised is descriptive analysis. Data is collected through literature study, observation, and interview. A literature study is carried out by collecting data from relevant reference sources such as books, articles, company regulations, and related legislation, observations are carried out with the FGD process. Assessment criteria were obtained through literature studies, interviews, FGDs and expert validation.

Research on the evaluation of industrial relations policy implementation was carried out in 2015, ex post facto period of implementation of the Kompas Gramedia Group (KG) Group industrial relations implementation in 2012-2014, the research was located at the Kompas Gramedia Group Head Office Jl. Palmerah Selatan, South Jakarta.

Respondents were a team of representatives of the industrial relations department in 19 subsidiaries of 7 industry groups under the coordinator of industrial relations management at KG, a body called KG Legal Industrial Relations (LIR), and the informant was the executor of the LIR industrial relations field. Data collection is carried out starting from the head office, to the entire industry with all companies/business units under it

Researchers and LIR field implementers directly collect data or information that is useful to answer research questions, what percentage of convergence level Industrial Relations strategy with KG business strategy. As a reference material, each respondent is given a manual on implementing industrial relations which contains all the provisions on the implementation of industrial relations, accompanied by questions about the fulfillment of the provisions for meeting the needs of change, which are not regulated in the terms of implementing industrial relations so that there is a risk of industrial relations disputes which adversely affects the business strategy. The question was answered by the respondent via e-mail communication.

The data obtained in the form of answers to questions then carried out the reduction process to select the relevant data, then discussed as a triangulation test stage. The results of the discussion are recorded and then arranged in tables (tabulations) and graphs, to be validated by industrial relations experts to get the correct standard as a recommendation. The standard then becomes the criterion in carrying out internal group assessment to determine the assessment and judgment of the implementation of

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research results in each subsidiary, as a basis for generating conclusions and providing recommendations for all subsidiaries in the KG group.

RESULTS AND DISCUSSIONS

The department whose convergence is examined is the industrial relations department. The company's strategic goals related to the industrial relations department policy are no industrial dispute (zero dispute). To achieve this, it is stated in the policies compiled in reference to the implementation standards called Company Regulations (PP). Before measuring the convergence of departmental policies, our research first measures how well PPs can be used as operational guidelines for industrial relations work, so they do not risk industrial relations disputes. Next, we measure how well the PP can accommodate the company's current strategic needs so that it is aligned with the company's strategy. The ability to accommodate the needs of the strategy is approached by identifying potential obstacles to achieving the strategy due to changes as well as potential external and internal changes. The process is described as follows.

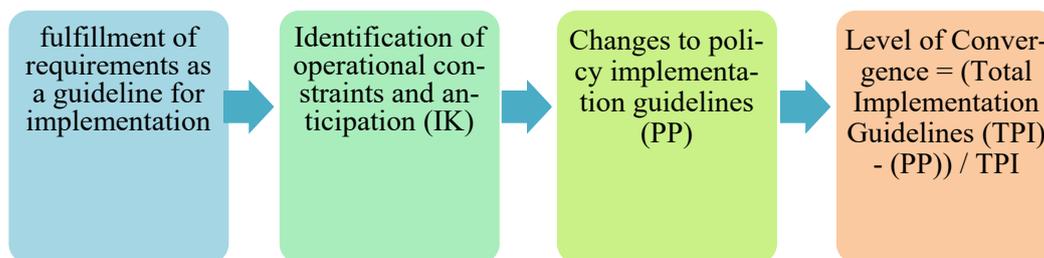


Figure 2 Process flow determines the level of convergence

Policy criteria as implementation guidelines are:

1. The existence of provisions that are not appropriate or contrary to applicable laws and regulations.
2. There are provisions with the use of non-standard terms in the official grammar used
3. There are provisions based on laws that are no longer valid
4. Some provisions can be interpreted as multiple interpretations and at risk of conflict
5. Some provisions are not adaptive to changes
6. Incomplete provisions; concerning authority, types of violations that are given awards or sanctions, and elements of cause and effect.
7. Some provisions are not appropriate in a grouping or some provisions are put together.

The results obtained are

- Number of policies to improve = 31
 - Number of existing policies = 100
 - The distance used as a guideline for applied policy is = $(100-31) / 100 = 69\%$
- After the 100% guideline meets the requirements as a policy implementation guideline, the level of policy direction is measured with the direction of the organization's strategy.

The criteria for convergence of industrial relations policy with business strategy through the evaluation of industrial relations policy, obtained through interviews and FGDs are:

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1. What are the additional requirements/improvements to the terms of mutation
2. What are the additional requirements/improvements to working time provisions
3. What are the additional requirements/improvements to the provisions regarding discipline
4. What are the additional needs/improvements to the remuneration provisions
5. What are the additional requirements/improvements to working-age regulations
6. What are the additional requirements/improvements to the terms of the Contract Agreement?
7. What are the additional requirements/improvements to outsourcing requirements?
8. What are the additional requirements/improvements to other provisions?

The results obtained are:

- Number of Article of current Company Regulations = 100
- Number of change needs = 44
- Distance between departments and company strata = $(100 - 44) / 100 = 56\%$

By fixing 44 policy, the department of industrial relations has been able to accommodate the needs of corporate strategy, so there is no barrier of PP against the corporate strategy today. Henceforth the department can be declared 100% convergent to the organizational strategy.

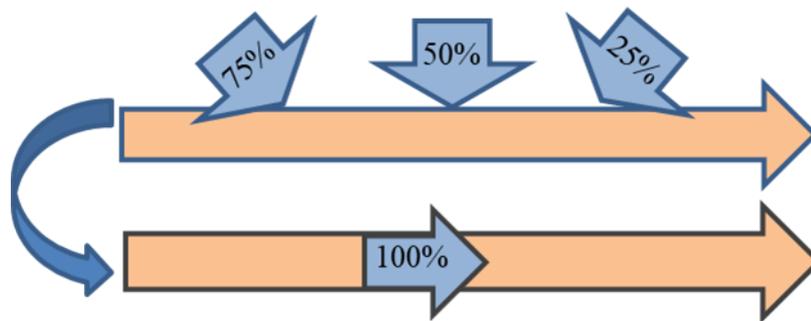


Figure 3. Illustration of the level of departmental convergence within the organization

By understanding the position of convergence, we will understand how far we are to reach "unity of direction with strategic action" as a condition referred to by Kaplan and Norton (2001) to be able to connect operations with strategy. Furthermore, the relationship between operations with Kaplan and Norton's strategies is the main requirement in having competitiveness as referred to by Gilley and Maycunich (2001) in his book *Beyond Learning Organization*.

The level of convergence position size above can be a strategic step for HRD to integrate with the business strategy by encouraging cross-departmental policies to integrate with the business strategy, through the Departments KPI with the following measures.

Table 1. The measure of Achievement of Policy Evaluation Results

Measure of Achievement		Achievement
Operational Guidelines	Strategy Direction	
0-40%	0-40%	Very less
41% -59%	41% -59%	Less
60% -79%	60% -79%	Enough
80% -100%	80% -100%	Well

Where the measure of achievement is obtained from how many clauses get improvement recommendations. The number of clauses fixed divided by the total number of clauses multiplied by 100% is the percentage of improvement. To determine the size of achievement obtained by a 100% reduction in the percentage of improvement. Then the more recommendations for improvement, the lower the achievement rate.

CONCLUSIONS

HR strategies that converge with company strategy occur when there is no distance of each department from the company's strategy, namely when the size of the strategic direction in table 1 is 100%. Policy evaluation will produce a percentage of departmental achievement approaching two performance references, namely policy performance as a guideline for operational work processes and policy performance as a tool to accommodate organizational strategy as evidenced by the direction of the department's strategy and organizational strategy. To be able to control this convergence, a department performance reference is needed in the form of a Department KPI, while making it easier for the organization to manage the department so that it is always able to translate the company's strategy into operational policies for group work, to be lowered again into good and correct individual work standards.

This method of measuring the level of departmental convergence to business strategy has a novelty value because it has never been applied as a logical approach in measuring the level of the departmental direction of business strategy. We have implemented it in several private organizations (companies) in supporting departments, namely the HR department and industrial relations. We found that the achievement range was around 50%. Logically, achievement in the core process of the organization (core process) should be valued in the range above 90%. This is due to the core process part or commonly called the production part, always demanding high process success by being bound by strict SOPs.

As we know the support or outside the organization's core processes have faced the productivity dilemma so far, given the fundamental differences from the workers of the core process, which are measurable in their work. Then the measure of the work output of the support function is the ability to maintain convergence to eliminate production risks by building a systematic work process that is integrated with all parts related to the work process. The implementation of day-to-day work of the support section should exclude routine work by building a systematic work-based simulation process for all of the routine work, so that we never again have support workers claiming to not have time because they are preoccupied by their routine tasks, so there is no time to attend a meeting to discuss solutions to problems in the organization's management system. The support section should focus fully on innovation to build anticipation of process risks as the organization develops core competencies.

Each layer of the department builds a systematic process for each, to then become a dashboard for the layers above to the highest dashboard, the organizational dashboard. Leaders can objectively see facts on the ground through an easily accessible organizational dashboard so that it is easy to make quick and right decisions in executing a problem at the organizational level. Proving the application of LSS simulation tools in the form of an increase in the innova-

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tion of a company by 20,000% (twenty thousand percent) in a year in 2006 is a convincing achievement for a significant increase in growth. The company does not need to worry if the support workers do not have a job, instead what happens is the opposite, the morale of the work will increase.

However, the organization must be able to accept, that with the industrial 4.0 era, it is time to enter the era of effectiveness and leave the era of efficiency. Through learning LSS workers will see a lot of new things in improving the effectiveness of the process. There is a change in *mindset* over time, openness to renewal and making work a way of life. They will be professional to further explore their field of expertise. This will have an impact on the development of the organization through product diversification and growth in business size, which will automatically increase assets. At the same time, organizations no longer need to add workers in the support department that cannot be replaced by automation but expand employment in the core business processes. This will make the organization more survive in the global era.

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