

Reviewing the Role of Quality Management, Creativity Innovation, Imitating and Role of Strategic Human Resources on Operational Performance

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ABSTRACT

This study aims to examine the influence and contribution of Human Resources Strategic to build the creativity of imitation, innovation and quality management initiatives in order to improve operational performance of Small and Medium Enterprises. At the present time, it is impossible to find an industry that is not continuously required for innovation and reorientation to adjust to the dynamics of the environment, especially the market. Factors influencing the success of HR management come from individual and organizational factors (Koberg, 1999; Scott, 2011). An important point related to the resource-based viewpoint (RBV) and knowledge management of a company is a company must have inherent capabilities resources and difficult to imitate. The indicators built include awareness of creating innovation and imitation. How HR Strategic is seen as stakeholders of the company will contribute to greater competitive advantage through organizational learning. Therefore, HR Strategic will give contribution to attitude and capability. The uniqueness of this research is to integrate aspects of HR and Operations together in a sustainable organizational learning.

Keywords: Quality Management, Knowledge Management, Imitating Creativity, Innovation, Strategic Human Resource Management

1. INTRODUCTION

The rapid environmental changes and competition require each company manager to be proactive to the changes that occur. Company managers need to utilize all the potential that exists within the company. Therefore, to know the dramatic environmental changes not only belongs to the manager itself, but also to the employees, so that they can be independent and able to contribute to advancing the organization (Marno, 2012). The concept of quality management still brings different interpretations; it means that there is no agreement of the expert related to quality management. The difference is based on the terminology used in the literature. Feigenbaum (1991) uses the term total quality control, Lascelles and Dale (1991) uses the term total quality improvement, and Ishikawa (1985) uses companywide quality control, and strategic quality management (Garvin, 1988). The difference in quality management concept is often unclear and creates confusion. Small and medium enterprises in the competitive environment still have some drawbacks, such as: difficult access to capital, low product reliability, difficult to adjust to customer demand, limited human resources and production equipment, and difficult to access the market. Human resource management paradigm changes with the changing demands of the environment and employees. Competency-based and Strategic Human Resources are paradigm examples of Human Resources management (Marno, 2010). HR is seen as a unique asset, competitive and highly desirable for the survival of the organization.

The tendency of empirical research on HRM strategy is rarely associated with operational management, in particular, quality management. It is possible because of the difference concept between the operational Management and HRM (Human resource management). However, some research such as conducted by Sohel Ahmed, (2003), John W. Boudreau (2002) and Lilian M. de Menezes (2010) integrate those two. A research conducted by Pfeffer (1998), S. Ahmad (2003) about seven Operational management practices underlies HRM correlation with OM (operation management) to be the framework of the research. The emphasis of problem in this research is how to construct and test the HR Strategic Empowerment Model integrated with Operational Management, particularly, quality management in SMEs Operational Performance Improvement through Innovation and Imitating Creativity. Meanwhile, the purpose of this study is to examine the role of strategic human resources in improving Operational Performance for Small and Medium Enterprises by reviewing the extent to which an understanding

of small and medium enterprises and cultural in an effort to improve the quality of imitating, innovation and organizational learning creativity to improve operational performance.

2. LITERATURE REVIEW

Innovation Capability and Imitating Creativity

As we know that HR is increasingly recognized as a strategic asset for any business and a key element of the company (Boxall & Purcell, 2003; Pfeffer, 1998; Gratton, Hailey & Truss, 2000). Driven by increased competition, rapid changes in technology, globalization and other factors, a business actor is trying to understand how one of the last resources becomes really competitive. Human resources can be managed for competitive advantage (Wright, 1996). A research by Ana Pérez-Luno (2007) fills the concept and phenomena of imitation and innovation. It explains how to distinguish companies with strict innovation and imitation. The findings explain that innovation and imitation can sustain a competitive advantage. A non-protected patent will be replaced or recognized its novelty by other party. The quick development and time to participate in market is crucial to win the competition. Robert Lomas (2006) describes how the innovation will not be more advantageous than imitation. In today's knowledge of economy, organizational performance and competitive advantage comes more than what a company knows and human capital allows using what they know instead of manual work (Argote & Ingram, 2000; Grant, 1996; Hatch and Dyer, 2004; Kogut&Zander, 1992; Pfeffer& Sutton, 2000; Winter, 1987). Based on the theory of the Technology Acceptance Model (TAM) and Theory of Reasoned Action (TRA), this research is focusing on how to make the technology acceptance factor construct, control behavior, intensity, purchasing behavior and awareness of intellectual property (Collin, 2003).

Strategic Human Resource Management

Changes in the business environment will bring the impact of changes in business strategy. As we know, the changes in business strategy will be increasingly directed managers to clarify the direction in which the vision and mission of the HR field will be taken by the sense that HR is an integral part of the organization. Because this change involves many aspects and demands to be achieved, it is necessary to improve and develop human resources quality. The development of human resource quality is usually done through HR investment activity. Therefore, it is necessary to note that the presence of the HR investment will change HR strategy pattern and require changes to the type of competence in different task types that will have an impact on the changing role of HR. Plessis, Frederick (2010) provide an understanding that the strategic HR management is necessary when dealing with business competition. Research at Rose bank in Auckland, New Zealand explains the gap between what the business want and what the HR is given today. The employee strength which can be improved in economic growth is by training the talented employees. Hu (2007) reviews some literatures on how to lose fundamental SHRM based on Resource Based View, HR Development, which leads to improve performance, particularly financial performance of sustainable advantages. It is emphasized that, regarding talent development strategy, training, organization, performance, and leadership development is truly needed. Moreover, another research confirms that SHRM is a decisive factor to provide competitive advantage and HR practices will further build and support the superiority source (eg, Snell, Youndt, & Wright, 1996; Wright et al., 2001).

Coursun and Enz (1999) modify a research by Spreitzer (1995); it states that empowerment will consist of internal organizational relationships built by the construct of Peer Helping Behavior and Support Environment Organizational. Empowerment is also determined by customer relationship built by the construct of Supportive Customer and Employee-Customer Value Congruity. According to Koberg, et.al (1999), all of the above factors are studied by developing the complex dimensionality, in addition to have demonstrated previously (Spreitzer, 1995). Research by Koberg is continual, so, what is researched is on Locus of control, Tenure, Sex, Education and Etnics. In today's knowledge of economy, organizational performance and competitive advantage comes more than what a company knows and human capital allows using what they know instead of manual labor (Argote& Ingram, 2000; Grant, 1996; Hatch and Dyer, 2004; Kogut& Zander, 1992; Pfeffer& Sutton, 2000; Winter, 1987). Knowledge management and administrative empowerment is a new concept in the science of management education, where the desire has increased over recent decades. This results in a lot of practice and a different concept of specialization of the researcher and his views. Therefore, the concept is still under development and exploration stage. The application of knowledge management methods and administrative empowerment of workers in modern educational institutions appear to provide new capabilities and possibilities of different competition. (Badah, 2012)

The ability to quickly create and effectively manage organizational knowledge is essential for survival (Bettis & Hitt, 1995). This shift has changed the nature of work which most people do in fundamental ways (Austin, 2012; Howard, 1995; Lengnick-Hall & Lengnick-Hall, 2003) and puts a priority on the organization's ability to understand the knowledge involved in the work. Integration of knowledge refers to the recombination on knowledge by combining, categorizing, reclassifying, and

synthesizing existing knowledge (Alavi and Leidner 2001; Grant 1996). Knowledge management research, in general, has stated that integrated knowledge is important as the process of knowledge capture and reuse of personal knowledge (Garud and Kumaraswamy 2005; Postrel 2002), as well as the capture of knowledge and skills. Knowledge management processes will improve organizational processes, such as collaborative innovation, encouraging decision-making, and creativity of individual and collective learning to be better. As a result, it will improve organizational creativity of internalization process that will produce intermediate results like better decisions, organizational behavior, products, services and customer relationships (King, 2009).

Knowledge is often defined as “a justified personal belief.” There is much taxonomy that defines the various types of knowledge. The most fundamental difference is between “tacit” and “Explicit” knowledge. Tacit knowledge inhabits the minds of people, and depends on the interpretation of people (Polanyi, 1966). The definition is related to either impossible or difficult to articulate. Most knowledge initially tacit in nature, but rather painstakingly developed over a long period of time through trial and error, and being underutilized because “organizations do not know what it is to know” (O’Dell and Grayson, 1998). Some knowledge are embedded in business processes, activities, and relationships that have been made from time to time through the implementation of the continuing series of improvements.

Quality Management

Marno (2007) raises the topic of total safety management in improving operating performance. The independent variable in this study is the sustainable improvement and employee fulfillment, while the dependent variable is operational performance. A sustainable improvement is the tendency of organizations to be able to perform a sustainable improvement of the quality of safety through relentless innovation. Employee fulfillment is a level when employees feel that the organization is able to provide the fulfillment of the sense of safety in their work. While the employee’s performance is the degree of settlement tasks that accompany the work of someone reflecting how well an individual meets the demands of work. The results indicate that there is positive and significant correlation between sustainable improvement and employee fulfillment on operational performance of employees. The limitations of this research, HR is seen as part of the input, while the Operational Management HR

Strategic HR is positioned as partners and stakeholders of the company’s success. The concept of quality is translated comprehensively by SR ISO 9000/2001 through quality standards and measurements (Blaga, 2002). Quality must meet the needs of the market (market needs) and contract stipulations (explicit needs) including viability, profitability, manufacturing cost, maintenance and exploitation costs and other aspects related to the consideration of HR and environmental harmony. Lilian (2010) integrates the practical aspects of HRM with Operations Management especially regarding Empowerment, JIT, IT, Supply Chain, Time-based work and TQM. Proposition and the results found that there is a strong correlation between HR practices with an operational management practices longitudinally.

Siyamtinah (2006) in a study of small and medium business partnership in Semarang aims to identify the reasons for small and medium enterprises in Semarang to make alliances with other companies. The variables used are knowledge transfer, tacitness, specificity, complexity, experience, protectiveness and organizational culture. The results show no significant differences among the seven variables for small and medium enterprises. In conclusion, the research shows that there are four reasons for small and medium enterprises to do partnerships, namely: complementarily, business linkages and similarities, dependence on suppliers, and expanding marketing network. Besides that, there are five reasons why they do not form an alliance, they are: the new operation company, the use of simple technology, employees’ ability to complete the entire job, a lot of rules to establish partnerships, and no one has invited to be a partner. The results shows that there are any significant negative effect among variables of tacitness, complexity, experience, organizational cultural differences with variable of operational performance, while two variables have no significant difference, namely specificity and protectiveness.

Operational Performance

Siyamtinah (2007) conducts a research to determine and analyze the differences in the pattern of building organizational capability in the Small and Medium Industries (SMI) in Semarang. The variables used are seven, they are human capabilities, the use of technology, interaction with outsiders, marketing capabilities, new product development, production capabilities and operations, and research and development. Two distinguishing factor in building innovation capabilities are company size (number of workers) and the age of the company (long operation). The results show that the size of the company makes the difference of SMEs in building organizational innovation capabilities in HR capability variables, use of technology, marketing capabilities, as well as research and development. While three other variables: interactions with outsiders, new product

development, and research and development have no difference. Furthermore, the age of the company led to the difference in SMEs in

Building organizational innovation capabilities in the variable: the use of technology, interaction with outsiders, marketing capabilities, as well as research and development. While the capabilities of human resources, new product development, and production capabilities and operation have no difference.

Samson and Terziovski (1999) state that TQM process has been applied in order to improve the level of competition, but give different results. There is a gap in research related to quality management, especially regarding the effectiveness of the implementation of TQM. This research is basically to test the impact of quality management practices and operational performance, both individually and collectively. The finding shows that TQM practices and organizational performance have a significant correlation, but not all indicators of TQM practices become a strong predictor of operating performance. TQM Element consists of leadership, people management, customer focus, strategic planning, information and analysis, and process management. While the performance of the company has indicators include: customer satisfaction, employee morale, productivity, level of damage to the product, warranty costs, the cost of quality, and delivery time. There are three indicators that have the strongest influence on the performance, namely: leadership, management of people and customer focus. These findings are consistent with previous findings, where behavioral factors such as: leadership commitment, employee empowerment, and open culture can create competitive advantage if compared to a mere means and techniques in TQM (process improvement, benchmarking, information and analysis).

Fok and Hartman (2001) examine the correlation of Total Quality Management (TQM) and the development of information systems. Organizational culture in this research serves as a mediating in the relationship between independent and dependent variables. Organizational culture is focused on organizational climate, which include: openness, level of competition, the formality of the procedures, cooperation, team orientation, centralization, the level of employee participation, quality orientation, degree of innovation, and a proactive attitude. In particular, this research considers whether the organization which fully adopts TQM have differences in their approaches in the development of the Information System (IS).

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