Examining Human Capital and Job Design: Mediating through Management Expertise to Achieve Sustainable Competitive Advantage

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ABSTRACT

The purpose of this research paper is to examine the role of human resource relative to their specific role in organizational job design at managerial and operational levels for achieving sustainable competitive advantage. Variable taken in this study included human capital and job design as independent and sustainable competitive advantage as dependent variable while management expertise was taken as intervening variable. The data gathering instrument used for the research was questionnaire and interviews. For conducting the present study an empirical research on 100 respondents of banking sector were considered. Regression technique was used to analyze research problem and for conducting data analysis. The findings of the study showed that human resource capabilities contribute positively related with organizational performance. Research also revealed that it totally depends on the managerial expertise rather than individual capabilities towards achievement of organizational competitive advantage. Furthermore, management expertise was found to be a significant predictor for achieving sustainable competitive advantage. Organizational management plays an important role to achieve higher performance from their employees by strategically deploying them according to their skills, interests and passion.


INTRODUCTION

The current business environment is changing day by day as more technological, social, political and human complexities exist in environment. Organizations need to analyze that situation and must timely match their strategies with these drastic changes in order to survive efficiently for achievement of goals and objectives.

Prior research in industrial and organizational structure followed individual selection undergone by series of recruitment stages to pick the best-qualified person for target job. When a job is designed it is important to evaluate individuals as each individual differs in their abilities, needs and goals because individuals have their own personnel traits and behave according to their specific cognitive abilities(Chan, 2005). This is the ability of the management to select the person with that specific skills and desires according to organizational objectives. Aligning persons with jobs is very challenging for organization as it can benefit positively by providing competitive edge to organization or can direct organization performance to mediocre level among other competitors. Job design must take into account the condition in which person needs to function by considering the organization environment and organizational contexts. Selection approach must focus on the applicant’s knowledge, prior educational background, analytical abilities and problem solving characteristics that can predict subsequent job performance. This also affects other work related outcomes such as satisfaction and commitment to organization which may have ultimate effect on organizational competitive advantage.

Main contributing factors for achieving sustainable competitive advantage include resources like situational abilities, learning capacity and their proper utilization in an effective manner. People can earn such expertise through personal experience, knowledge sharing and formal trainings. Social resources helps individuals to develop informal relationships that bind together members of an organization as well as relationships that link organizational members to important factors to develop and maintain their social capital (Jackson, Hitt, & DeNisi, 2003).

This research will determine that how job performance can be predicted by utilizing capabilities of person at the right place. Any organization that seeks a competitive advantage through human resources thus must know the techniques to get right personnel for the right resource at their right place for required competitive advantage.

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Human capital

The most difficult task for any organization is to successfully recognize their human capital which can boost an organization performance to their visionary place. Organizations invest on the development of their human resource to develop unique set of skills which is a mutual transaction for organization and their human resource. During the industrial age, human capital was valued because of physical resources such as strength, continuously working capacity and stability. All these were the requirements of human capital that industrialist wanted to achieve but as technology advanced the requirements changed. In the current economic landscape, human capital is more likely to be valued for intellect, ability to socialize and creativity skills.

The idea that human resource is the real source of competitive advantage forced organizations to invest more in their employee’s development. This establishes the high performance human capital to generate a strong competitive advantage. A massive work is done on finding the relation for the contribution of the human factor to organizational efficiency has focused organizations as well as educational institutes to consider the particular traits of employees and characteristics which acts as a source of labor productivity and economic growth for the organization (Hershberg, 1996; OECD, 2001).Carly Fiorina, CEO of Hewlett-Packard, emphasized the importance of human

Aim of Research

The aim of doing this research is to know about the factors which contribute for achieving sustainable competitive advantage by analyzing on human capital and focusing on their capabilities and specifically demonstrate that how human resource can perform high organizational performance.

Objectives of Research

- The main objective of this research paper is to find out the relationship of organizational job design and placement of individuals relative to their skills and expertise.
- Determine aptitude and proficiency of the individual youth which requires the success of same or similar psychological characteristics.
- The objective of conducting this study is to know about the perceived image of job design and how management expertise analyzes their employees.
- The study will help the organizations/managers (readers) in identifying and managing their employees and achieving their goals.

LITERATURE REVIEW

Traditionally the set standard for job design considered multiple skills to achieve efficiency. The assumption was that effective job design would lower labor costs as a single person can do different tasks which effected positively for efficiency of the organization. However, this approach utilized employees by which their commitment and satisfaction was negatively affected. Also through this job design an individual's reaction to work cannot be controlled. It has been found by research that people are unhappy in a job if they have no control over its activities. Therefore such work has an undermining effect on motivation and a root cause of such problems as frustration, absenteeism and increased labor turnover (Sausser, 2009). These symptoms all effects on production level which acts as paramount importance for organization to maintain their efficiency levels.

In today’s competitive environment market is very dynamic outside the organization but there is even more uncertainty inside the organization as well. Employee management is very crucial phenomena for efficient functioning of organization. Therefore interactions and behavior of management inside organization matters a lot because these behaviors show inner sight of employees. Employees also develop organizational attachment and aspects that management should be really concerned about the well-being of employees both in intellectual and financial terms. It is also necessary to develop structures, systems and strategies that allow the organization to fully utilize employee potential in suitable place and gain competitive advantage.

Researchers suggest that optimal selection can offer the highest predicting efficiency level, based on current developing theory that certain personal characteristics with a matching educational background should affect organization in positive way. The current requirement in the management system emphasize psychologists and human resource professionals to examine job selection research and get applicants who can prove their abilities on the basis of their results which are scientifically defensible (Chan, 2005).

Researchers recognized job performance and analyzed it through different ways such as task achievement which included the activities associated with the skill level for various jobs, task accomplishment that directly related to the organizational goals, management performance which referred to overall behavior that links organizational effectiveness relative to their management expertise (Iakos, Arad, Donovan and Plamondon, 2000).
capital in her address she made to MIT graduates: “The most magical and tangible and ultimately the most important ingredient in the transformed landscape is people. The greatest strategy, the greatest financial plan, the greatest turnaround, is only going to be temporary if it is not grounded in people” (Jackson et al: 2003).

**Job Design**

Job characteristics define the motivating potential of a job such asset of skills, task learning, task importance and feedback. Skills refers to the use of numerous and varied skills in one's personal level to perform the work. Task learning is the degree to which the performer understands the way to accomplish the designated work or we can say a recognizable piece of work. Task importance is the degree to which a job has importance for one's personal motivation level. Task feedback is the well-defined opportunity to know how effectively one is performing directly according to the set objectives (Richard Saavedra and Seog, 2000). Special working teams for specific projects also allows the members to gain and share some of the tacit knowledge possessed through participation in work by the experienced partners and serve as on the job training phenomena (Hitt, Bierman, Shimizu, and Kochhar, 2001).

Empirical studies have supported the conceptual distinction between Person and Job fit. Since people differs in their needs and their personal esteem. They consider their self on a particular level and apply for specific jobs within organizations, thus showing that person to organization fit is also very important (Brown, Jansen and Colbert, 2002; Cable and DeRue, 2002; Lauver and Brown, 2001). The focus of the current study involves perceptions of people and deals with the responsibility of organizations to place them at their desired place to achieve the highest performing level.

Another study investigated the interaction of personality and organization characteristics in predicting attraction for employees. Results indicated that some personality dimensions interacted with organization characteristics to influence attraction. More specifically, high Openness to experience was associated with a higher likelihood of attraction to multinational organizations, and high Conscientiousness was associated with a higher likelihood of attraction to large organizations (Lievens, Decaeseker, Coetsier, and Geirmaert 2001).

Optimization strategies include the "investment of time and energy into the acquisition, refinement and application of goal-relevant means (e.g., skills). An example of optimization in the work place would be taking advantage of training programs to increase one's efficiency at work (Wiese, Freund and Baltes, 2002).

Reengineering in the job design such as compression of responsibilities, participative workplace, narrowing down supervisory efforts and reduction of monitoring controls revolves around the new challenges for management. Redesigned work processes require alignment in organizational control to sustain reengineering effectiveness according to set objectives (Sia and Neo, 1997). Researches show that functional hierarchy is a successful strategy to achieve employee’s full attention and utilize their full potential in goal achievement where decision making is granted to self-managing teams by which they set their own goals, allocates their own resources, and appoint as well as dismiss their team leaders.

**Sustainable Competitive Advantage**

In current dynamic business environment organizations whether profit or non-profit, organizations strive to enhance and sustain their competitive advantages. However problems arises when organization found themselves confused in identifying key performance indicators which can give them competitive edge over their competitors (Hoskisson, Hitt, Wan, Yiu, 1999) this happens because organizations test the effect of a possibly large set of intangible resources with relative to their overall goals achievement which cannot give the most accurate results (Porter, 1996; Siggelkow, 2002).

Different theories and empirical studies analyzed competitive advantage and their effect on firm performance, most of them have examined only limited time frames where firms gain competitive edge for a period of time and then they are dominated by some other firm in competition. So important issue should be of sustaining that competitive advantage which can make firm a market leader for longer period of time. Organizations must change the way they evaluate the management and individual success, it should no longer be based only on financial performance rather they should look for intangible elements more as a value creation for overall society (Blankenship, 2004).

By early seventies, organizations and industries faced a shift from heavy production to a highly technical information society accompanied by business organizations to employ new methods to remain competitive. So organizations must anticipate changes in environment and must apply every tool at their disposal in an effort to gain and keep a competitive advantage. Today businesses must use all of their resources to compete on the edge of technology and survive (Brown and Eisenhardt, 1998).

Previous literature on strategic mindset solely focused on increasing profitability and focused on financial perspective only regardless of global, social, environmental and ethical impact that can produce sustainable
competitive advantage in today's complex world. On the other hand, if competitive advantage is not sustainable or only sustainable in the short run, then there is a strong need to redesign organizational policies for the long run strategic management.

Management must gather expertise to develop skills that helps to tackle the diverse work force globally and they must take into account various learning techniques from different cultures. Senior management must lead the knowledge process based on knowledge management. They must endorse, participate, and lead in the development of individual and team-based learning. They must recognize and reward learning behaviors before the entire organization (John R. Riesenberger, 1998).

**Management Expertise**

Global strategic leadership now consists of the individual and collective competence that can formulate and implement strategies in accordance with diverse work force. They focus especially on analyzing their strengths that enhance global reputation and produce sustainable competitive advantage for the firm. Researchers are contributing for management to acquire new style of managing their work force and achievement of goals by creating new executive responsibilities. Organizations must use participative leadership style, education and training at all levels so that behavioral complexity and sustainable development skills become commonplace throughout the organization (Petrick, Scherer, Brodzinski, Quinn, Ainina, 1999).

Performance and individuals both are of multidimensional nature that leads for research demonstrating that cognitive abilities of individual can predict a required performance level depending on the performance dimension or individual interest. For example, research has shown that task performance is better predicted by cognitive ability tests (Chan, 2005).

Today's era of global competition the primary value-creating capability of the firm revolves around its ability to efficient use of its intellectual capital. Intellectual capital is in the form of two types as explicit knowledge and tacit knowledge. Explicit knowledge can be defined as knowledge that can be displayed as numbers and words that can be shared easily. It includes data we compile, work processes, reports, formulas, and so forth. Tacit knowledge can be described as unarticulated knowledge. Tacit knowledge is developed by an individual's and organization's culture through insights, beliefs, values, and perspectives developed over time. It is the basis for organizational philosophy of how to do things. They must pay special attention to the unique ways in which people learn. They must also recognize and adapt the system to the culturally correct process within different geographic environments (Riesenberger, 1998).

**Theoretical Framework**

The intangible elements are managerial capabilities, human capital, perceived organizational reputation, labor relations, organizational culture, and performance. Recent research shows that intangible elements have a significant effect on employee performance and drives management to strongly focus on those elements. As in this research the simultaneous impact of a set of intangible elements are tested that how they trigger the specific performance when employees are placed in their desired place. Organizational elements including job design and management expertise are divided in different dimensions so we can get the results that in what ways and how much they have impact on explaining the variations in the performance levels of individuals in achieving the organizational objectives.

Data gathering instruments included questionnaire and interviews with executives. The qualitative data was also determined through observations, semi structured interviews, articles and recent research papers. Regression technique was used for analysis.
Hypothesis Statements

H1: Capabilities of human capital can be improved through management expertise.
H2: Human capital contributes for achieving sustainable competitive advantage.
H3: Management expertise has impact on efficiency of job design.
H4: Management expertise has relation in achieving sustainable competitive advantage.

Reliability Analysis

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<th>Scale</th>
<th>Cronbach’s Alpha</th>
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<tr>
<td>Human Capital</td>
<td>.699</td>
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<tr>
<td>Management Expertise</td>
<td>.844</td>
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<tr>
<td>Job Design</td>
<td>.716</td>
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<tr>
<td>Sustainable Competitive Advantage</td>
<td>.816</td>
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Questionnaire was designed carefully from the work of Carmeli and Tishler (2004) and Mcleod (1992). Through SPSS, the reliability values of all constructs in theoretical framework are above 0.7 except the human capital which .699 which is close enough and provide confidence to launch data collection procedures.

RESULTS

It is important to know that when we are applying the regression model we are getting the predicted values of Y for different values of X (Independent Variables). We are only making predictions about the value of Y (Sustainable Competitive Advantage).

The value “R” measures the degree of linear association among the variables. From this research we see a very strong value .851 which means that variables taken are positively correlated and move in the same direction as management bring some changes in organization for achieving competitive advantage.

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<th>Model Summary</th>
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a. Predictors: (Constant), Job Design, Management Expertise, Human Capital

Current model is statistically 85% accurate in measuring the research objectives. Also the value of adjusted R is very strong and our model is representing 70% of changes in the dependent variable. So management expertise is more responsible for affecting the sustainable competitive advantage. Error variance is only 30% and the model is considered to be more reliable.
The above Anova table is showing a significant relation between observed and predicted variable. As the significance value is less than 0.05 thus showing that proposed model is accurate for achievement of sustainable competitive advantage. Also proposed variables are predicted confidently for achieving the sustainable competitive advantage. Overall significance level of current research is good enough to achieve the sustainable competitive advantage through proposed variables.

The standardized coefficients are used to make model more comparable. From above table we see that human capital have no impact on achieving sustainable competitive advantage as significance value is greater than .05. But management expertise and job design have significant relation for achieving competitive advantage as values are less than .05.

Beta is known as the regression coefficient. Beta for human capital is negatively affecting the predicted variable hence the significance level is also greater than .05. Management expertise and job design have positive impact on sustainable competitive advantage as beta values and significance level are both positive and significant.

Step Wise Regression Analysis
Stepwise regression analysis is done to measure the impact of independent variables that which variable is predicting more change in the dependent variable. So from stepwise regression we can see that management expertise is contributing more for achievement of sustainable competitive advantage.

From above table it is clear that all values in model are higher than model 1 thus making 2nd model more accurate. This is often done by building a model based on a sample of the dataset available (e.g. 70%) and use the remaining 30% dataset to assess the accuracy of the model. As shown from above table the association between variables is positive and study is more significant and more generalized. Overall significance level of model is less than .05 which makes our study significant.

Ahmed, et al., 2014
According to this research. This point is contradictory because human, desired skills, and attitudes results in higher firm performance and comfortable earned their place through their lifetime.

He e their higher levels through different contributions for their employees such as healthy growth expected level.

H4: Management expertise has relation in achieving sustainable competitive advantage.

H3: Management expertise has impact on efficiency of job design.

H2: Human capital contributes for achieving sustainable competitive advantage.

H1: Capabilities of human capital can be improved through management expertise.

Coordination among all departments performance can experience this way. From the research we can conclude that organizational performance can experience their higher levels through different contributions for their employees such as healthy coordination among all departments, promotion on merit basis, elimination of biasness, new work methods, products.
and services designed to meet customer satisfaction are important. Similarly, non-monetary rewards, employees being educated on achieving organizational goals and objectives, perceived justice, work load, sufficiency of resources for job performance, training need analysis and team spirit are important issues.

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REFERENCES


