



**UNIVERSITAS INDONESIA**

**HUMAN RESOURCE STRATEGY  
IN SPBU 34.xx-xxx**

**THESIS**

**ZAKHY WAHYU NOVRIAL  
090 6499 625**

**FACULTY OF ECONOMICS  
MASTER OF MANAGEMENT PROGRAM  
JAKARTA  
JULY 2011**



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IN SPBU 34.xx-xxx**

**THESIS**

**Submitted to fulfill one of the requirements to obtain degree of  
Magister Manajemen – Master of Business Administration**

**ZAKHY WAHYU NOVRIZAL  
090 6499 625**

**FACULTY OF ECONOMICS  
MASTER OF MANAGEMENT PROGRAM  
MASTER BUSINESS INTERNATIONAL**

**JAKARTA**

**JULY 2011**

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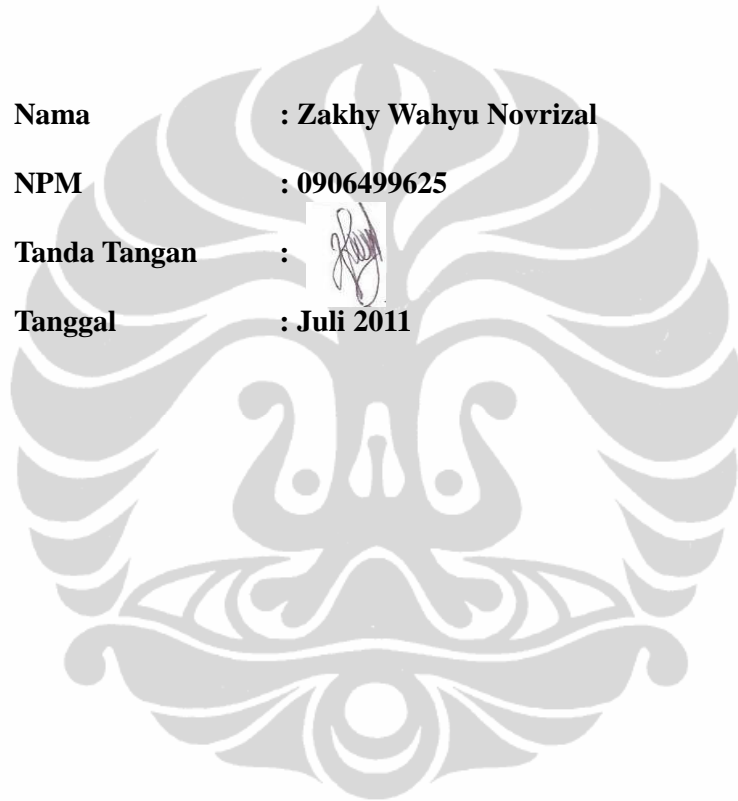
**Nama : Zakhy Wahyu Novrizal**

**NPM : 0906499625**

**Tanda Tangan :**



**Tanggal : Juli 2011**



## APPROVAL PAGE

This thesis is proposed by

Name : Zakhy Wahyu Novrizal  
NPM : 0906499625  
Study Program : Master of Management (MM-MBA)  
Thesis title : Human Resource Strategy in SPBU 34.xx-xxx

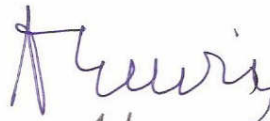
**Has successfully presented the thesis in front of Board of Examiner and is already approved as one of the requirements to achieve the title Master of Management (MM) and Master of Business Administration (MBA) in Magister Management Study Program, Faculty of Economy, University of Indonesia.**

### BOARD OF EXAMINER

Counselor : Dr. Yanki Hartijasti, MBA

(  )

Examiner 1 : Dr. Ir. Tengku Ezni Balqiah, ME

(  )

Examiner 2 : Tigor Pangaribuan, MBA

(  )

Declared in : Jakarta

Date : July 2011

## KATA PENGANTAR/UCAPAN TERIMA KASIH

Puji syukur saya panjatkan kepada Tuhan Yang Maha Esa, karena atas berkat dan rahmat-Nya, saya dapat menyelesaikan tesis ini. Penulisan tesis ini dilakukan dalam rangka memenuhi syarat untuk mencapai gelar Magister Manajemen – *Master of Business Administration* pada Program Studi Magister Manajemen Fakultas Ekonomi Universitas Indonesia. Saya menyadari bahwa, tanpa bantuan dan bimbingan dari berbagai pihak, dari masa perkuliahan sampai pada penyusunan tesis ini, sangatlah sulit bagi saya untuk menyelesaikan tesis ini. Oleh karena itu, saya mengucapkan terima kasih kepada:

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Jakarta, Juli 2011

Penulis

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NPM : 0906499625  
Program Studi : Magister Manajemen  
Fakultas : Ekonomi  
Jenis karya : Tesis

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(Zakhy Wahyu Novrizal)

## ABSTRACT

**Name** : Zakhy Wahyu Novrizal  
**Study Program** : Master Business Administration  
**Title** : Human Resource Strategy in SPBU 34.xx.xxx

This research investigated Human Resource Management (HRM) strategy in the gas station industry in SPBU 34.xx.xxx, and its potential sources of creating company competitive advantage. There were three aspects being investigated, namely socialization, training practices, and human resources behavior. Respondents were all of the gas station employees in SPBU 34.xx.xxx, totally 35 person. Based on the result, only human resource behavior factor had significant influence on the company competitive advantage, while the other factors didn't have significant influence. Some alternative ways to develop human resource management strategy includes recruiting the best people, the ability to reach their maximum potential ability, increase the challenge and evaluation. To achieve a competitive advantage, organizations need to pay attention to the importance of managing human resource management strategies.

**Key words:**

Human resource management strategy, competitive advantage, socialization, training practices, human resource behaviors.

## ABSTRAK

**Nama** : Zakhy Wahyu Novrizal  
**Program Studi** : Magister Bisnis Internasional  
**Judul** : *Strategi Sumber Daya Manusia di SPBU  
34.xx.xxx*

Penelitian ini mengkaji strategi Manajemen Sumber Daya Manusia (MSDM) di dalam industri pompa bensin khususnya di Stasiun Pengisian Bahan Bakar Umum (SPBU) 34.xx.xxx, dan sumber potensialnya untuk menciptakan keunggulan kompetitif perusahaan. Ada tiga aspek yang diteliti, yaitu faktor sosialisasi, pelatihan praktis dan perilaku manusia sumber daya. Para responden yang diteliti adalah seluruh karyawan Stasiun Bahan Bakar Umum (SPBU) 34.xx.xxx, yang berjumlah 35 orang. Berdasarkan hasil penelitian, hanya faktor perilaku sumber daya manusia yang berpengaruh secara signifikan untuk keunggulan kompetitif perusahaan, sedangkan faktor lainnya tidak berpengaruh secara signifikan. Beberapa cara alternatif untuk mengembangkan strategi manajemen sumberdaya manusia meliputi merekrut orang-orang terbaik, kemampuan mengembangkan diri secara maksimal, peningkatan tantangan dan evaluasi akhir. Untuk meraih keunggulan kompetitif, organisasi perlu memperhatikan pentingnya pengelolaan strategi manajemen sumberdaya manusia.

Kata kunci:

Strategi manajemen sumber daya manusia, keunggulan bersaing, sosialisasi, pelatihan terapan, perilaku sumber daya manusia



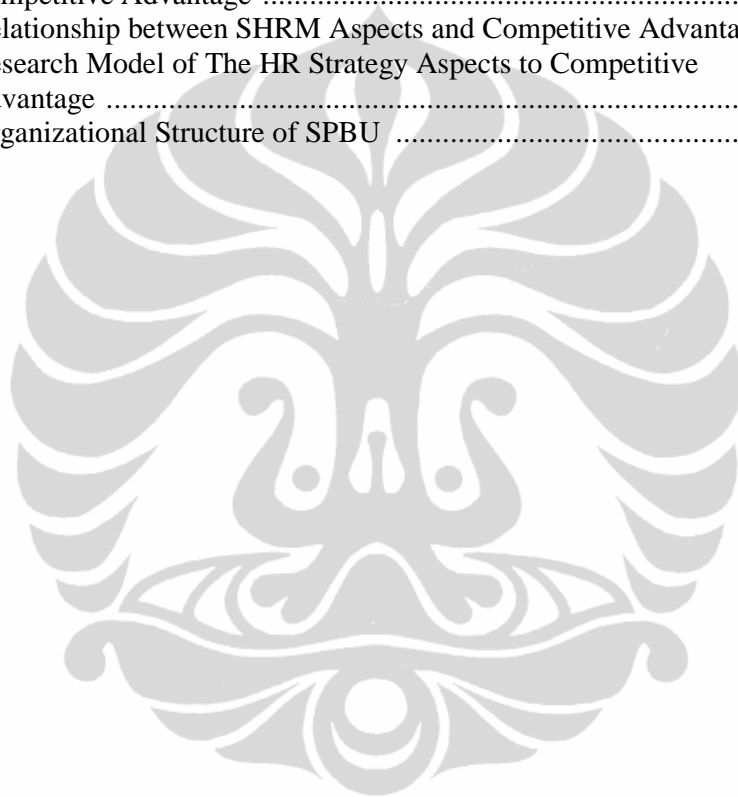
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# CHAPTER 1

## INTRODUCTION

### 1.1 Background

Recent development in automotive industry has affected the demand on car and motor vehicles dramatically. In 2009, Indonesian Automotive Industry Association (GAIKINDO) reported that the sales number of cars were about 485,000 units, while throughout the year 2010 exceeded 764,710 units. As a result, gas station business today and in the future is still showing a positive development (Gaikindo, 2011).

Previously, Pertamina's monopoly in fuel distribution gave consumers no option to choose products and services fuel. Distribution of gas stations was not sufficient to allow consumers to choose the best fuel filling stations. At some stations, it may occur a very long queue at a particular moment. The limited number of retail outlets, which can be interpreted as a lack of supply, increases the bargaining power of gas stations to consumers so that quality of equipment and services are often ignored. But since the opening of oil and gas downstream sector through Law No. 22/2001 on Oil and Natural Gas, gas station business is now attracting many foreign and domestic investors.

Pertamina, who once controlled this business, now has to get into the intense competition with foreign competitors like Petronas (Malaysia), Shell (Netherlands), and Total (France). The market penetration of these competitors will give effect to the Pertamina gas station. If they plan to maintain their customers, Pertamina must improve them self. Therefore, it has to be more aggressive in market expansion through strategic alliance with other parties to accommodate new investors in this business.

Facing with this free competition, Pertamina introduces to implement "Pertamina Way" programs to improve services to customers. Stations that meet the standard will achieve certification "Pasti Pas". The certificate is awarded if the gas station is able to meet five standard elements stipulated by Pertamina Way program, described as five-star, visualised through logo Pertamina Way (see in

Figure 1.1). “Pertamina Way” covers well-trained and motivated staff, quality assurance and quantity, well maintained equipment, physical format that is consistent, as well as product offerings and value-added services. Especially for service in filling stations, 3S must be applied, which are *Senyum*, *Salam*, and *Sapa* (to smile, greet and compliments customers).



**Figure 1.1 Pertamina Way Logo**

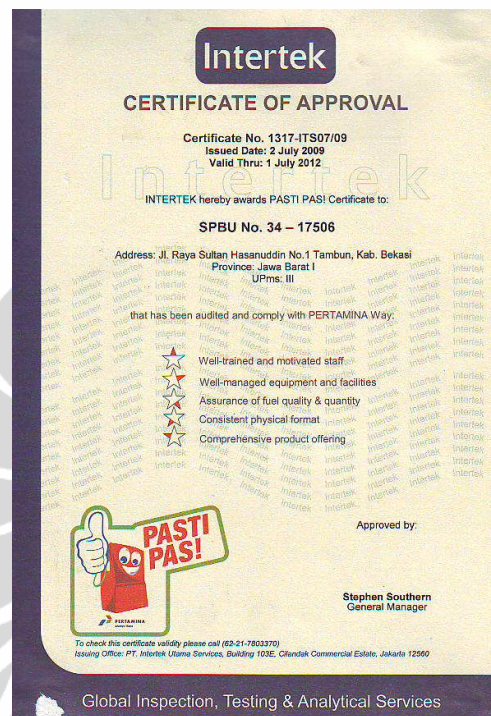
Source: Pertamina (2011)



**Figure 1.2 Certification Procedure**

Source: Pertamina (2011)

Certification procedures consist of three steps, the first is certification audit, second is intensive audit supervision, and third is regular supervision (see Figure 1.2). If all succeed, “Pasti Pas” certification is awarded (see Figure 1.3).



**Figure 1.3 Pasti Pas Certification**

Source: Reprocessed Data from SPBU (2011)



**Figure 1.4 Pertamina Pasti Pas Logo**

Source: Pertamina (2011)



*Stasiun Pengisian Bahan Bakar Umum (SPBU) 34.xx.xxx Tambun* is one of the designated official sales partners of Pertamina. It is located in Bekasi district and has been operating since 1977. In the beginning of 2008, the management of SPBU 34.xx.xxx Tambun strived to provide better service quality by participating in Pertamina Way program. After completing the requirements and meet the standards set, on July 2009 the gas station changed its status to SPBU 34.xx.xxx Pasti Pas.

Because the gas station businesses create jobs, the manager within the organization must be able to recruit, select and retain new employees. They must have sufficient staffing skills to attract and retain the kind of employees who can make a positive contribution to the success of the firm. Therefore, HR professionals must have Human Resource Management (HRM) skills, and must make use of the human resource management practices that will staff the enterprise with productive employees. The HRM practices employed by the owners would thus contribute to the firm through the behavior and the performance of the employees.

Since gas station industry which is small firms employs few people, usually less than 50 persons, each employee is a significant part of the firm. Each employee could interact with customers and other employees. This makes employees important to the positive outcomes desired by the owner. It also means employees skills and practices important to the owner and to the success of the firm.

The primary responsibilities associated with human resource strategy include: organization and utilization of work force, measurement and appraisal of work force performance, implementation of reward systems for employees, professional development of workers, and maintenance of work force (Armstrong, 2006).

*Organization, utilization, and maintenance* of a company's work force is a key function of Human Resource Management (HRM). Because it involves designing an organizational framework that makes maximum use of a human resources and establishing systems of communication that help the organization

operate in a unified manner. Maintenance tasks related to worker-management relations primarily entail: working with labor unions; handling grievances related to misconduct, such as theft, and devising communication systems to foster cooperation and a shared sense of mission among employees (Armstrong, 2006).

*Employee development and training* is another vital responsibility of HR personnel. HR is responsible for researching an organization's training needs, and for initiating and evaluating employee development programs designed to address those needs. These training programs can range from orientation programs, which are designed to acclimate new hires to the company, to ambitious education programs intended to familiarize workers with a new software system (Armstrong, 2006).

Responsibilities associated with training and development activities, meanwhile, include the determination, design, execution, and analysis of educational programs. The manager should be aware of the fundamentals of learning and motivation, and must carefully design and monitor training and development programs that benefit the overall organization as well as the individual. The importance of this aspect of a business's operation can hardly be over-stated. General research has shown specific benefits that a small business receives from training and developing its workers, including: increased productivity; reduced employee turnover; increased efficiency resulting in financial gains; [and] decreased need for supervision.

*Performance appraisal* is the practice of assessing employee job performance and providing feedback to those employees about both positive and negative aspects of their performance. Performance measurements are very important both for the organization and the individual, for they are the primary data used in determining salary increases, promotions, and, in the case of workers who perform unsatisfactorily, dismissal (Armstrong, 2006).

*Reward systems* are typically managed by HR areas as well. This aspect of human resource strategy is very important, for it is the mechanism by which organizations provide their workers with rewards for past achievements and

incentives for high performance in the future. It is also the mechanism by which organizations address problems within their work force, through institution of disciplinary measures (Armstrong, 2006).

Meaningful contributions to business processes are increasingly recognized as within the area of active human resource management practices. Of course, human resource manager have always contributed to overall business processes in certain respects—by disseminating guidelines for and monitoring employee behavior, for instance, or ensuring that the organization is obeying worker-related regulatory guidelines—but increasing numbers of businesses are incorporating human resource managers into other business processes as well.

**Table 1.1 Competitive Advantage and HR Practice in SPBU**

Source of Competitive Advantage	HR Practice	Gas Station Strategy
People / Employee	Recruitment and selection	<ol style="list-style-type: none"> <li>1. Prioritizing local people</li> <li>2. Emphasizing internal promotions</li> </ol>
	Training and development	<ol style="list-style-type: none"> <li>1. Daily briefing for operator</li> <li>2. Routine and continuous training</li> </ol>
	Performance appraisal	<ol style="list-style-type: none"> <li>1. Evaluation is held once a year</li> <li>2. Technical skill is the most important</li> </ol>
	Rewards	<ol style="list-style-type: none"> <li>1. The rewards is shared equally to all employee</li> </ol>

Source: Reprocessed Data

Therefore, to increase the value of the gas station Tambun 34.xx.xxx, it required improvements in services, particularly from human resources aspects. The related studies such as Jayne (2006) and Najia (2008) indicated that there was relationship between employee socialization, formal training and human resource behavior in creating and sustaining organization competitive advantage.

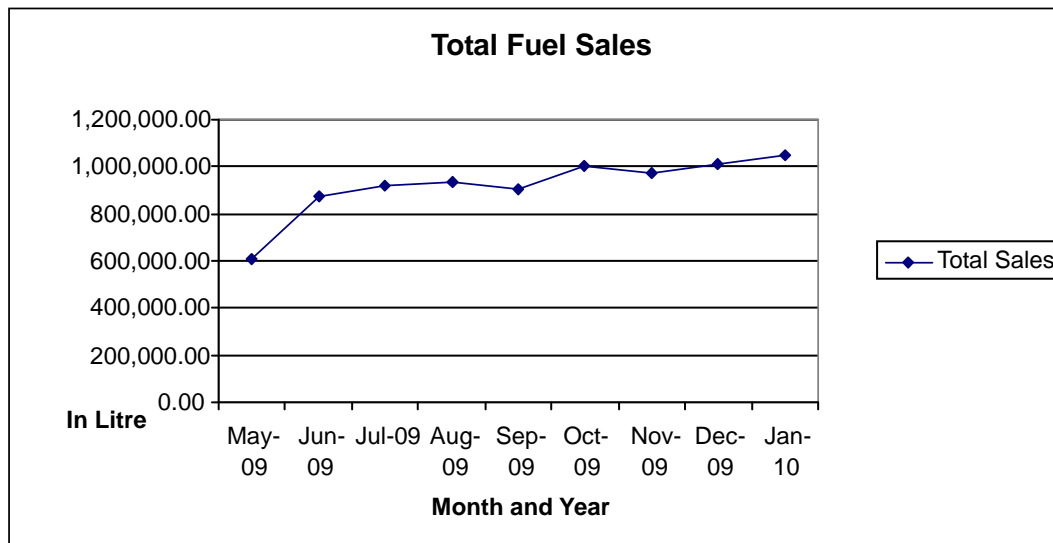
According to Jayne (2006) people who were well socialized, trained and content with the organization they work in were less likely to quit their jobs and more likely to build successful careers within the organization. The extent to which both organizational and individual socialization, training and human behavior processes support a good person-organization fit will define the extent to which that individual has been successfully integrated within the company and hence considered a source of competitive advantage.

## **1.2 Problem Identification**

Based on sales data obtained before obtaining “Pasti Pas” status and data after obtaining the status (from May 2009 – January 2010), it was found that sales volume did not change significantly (see Figure 1.5).

There was no increase in total sales products either for Premium or Diesel Fuel products. Certification letter of “Pasti Pas” acquired on July 2009. As management expect the total sales increase within the certification “Pasti Pas”, but in fact the total sales didn’t increase significantly.

Based on input from customers, there were few complaints submitted to the gas station management. Most of the complaints were about the services of gas station employee. Only few complained about the gas station facility. For example, when the queing is quite long the operator tends to be unfriendly and arrogant. These behaviors are not aligned with the standard procedure on interacting with customers, which might affect the customers go to another gas station that has better service.



**Figure 1.5 Total Fuel Sales (May 2009-January 2010)**

Source : Reprocessed Data from SPBU (2011)

Since in this particular gas station industry the most important point is the transfer new information from manager to the employee, and from employee to the customer, such as the new regulation from Pertamina regarding its new policy (socialization process). Also to develop employee skills to satisfying customers (training practices) and to create a good behavior to support the “Pasti Pas” motto, therefore, the proposition of the research are human resource practices that promote socialization, training practices and human resources behavior, can be the foundation of creating and sustaining a competitive advantage.

Accordingly, two questions immediately emerge:

- What is the perception of respondent towards socialization, training practices, human resources behavior and competitive advantage in SPBU xx.xxx Tambun?
- Is there any influence between socialization activities, training programs, and human resource behavior on the competitive advantage?

### 1.3 Objectives Research

The objectives of this research are to examine human resource strategy practiced in order to develop competitive advantage, through exploring the:

- Perception of the respondent towards socialization, training practices, human resources behavior and competitive advantage.
- To seek significant influence between socialization activities, training programs, and human resources behavior on the competitive advantage.

#### **1.4 Research Purpose**

The research results are expected to provide direction for industry players at the gas station regarding future performance, both in determining the development strategy and in improving services to consumers.

Therefore, the importance of this research is linked to the significance of developing unique human resource practices in the gas station business. This research is expected to provide direction in the area of HR capital pool and the overall human resource behavior towards achieving the organization's goals through developing sustainable competitive advantages.

#### **1.5 Research Scope**

This research focuses on the competitive advantage in a gas station business as a service-based industry. It also examines the role of three aspects that develop the competitiveness, which are socialization, training practices and human behaviors factor.

#### **1.6 Thesis Structure**

The research is structured as follows: Chapter 1 presents the introduction as the basic of the research; Chapter 2 presents the literature review of the frameworks relevant to the research; Chapter 3 presents the research methodology, variable operating activities, and the methods used to study the hypotheses; Chapter 4 presents the empirical results of the research and their theoretical and practical implications. Finally, Chapter 5 discusses the conclusions/results of the research and the recommendations for Human Resource strategy-adopting company.

## **CHAPTER 2**

### **BASIC PRINCIPLES AND THEORY**

#### **2.1 Strategy and Human Resources Management**

##### **2.1.1 What is strategy?**

The origin of this concept can be traced in its military orientation, going back to the Greek word 'strategos', for a general who organizes, leads and directs his forces to the most advantageous position (Bracker, 1980; Legge, 1995; Lundy and Cowling, 1996). In the world of business it mainly denotes how top management is leading the organization in a particular direction in order to achieve its specific goals, objectives, vision and overall purpose in the society in a given context / environment. The main emphasis of strategy is thus to enable an organization to achieve competitive advantage with its unique capabilities by focusing on present and future direction of the organization (also see Miller, 1991; Kay, 1993).

Organizations adopting the classical approach (like the army) follow a clear, rational, planned and deliberate process of strategy formation and aim for maximization of profits. This approach is most likely to be successful when the organization's objectives and goals are clear, the external environment is relatively stable, the information about both the external and internal environment is reliable and the decision-makers are able to analyze it thoroughly and make highly calculated decisions in order to adopt the best possible choice. Strategy formulation is left to top managers and the implementation is carried out by operational managers of different departments. This scenario demonstrates the difference between 'first-order' strategy or decisions and 'second-order' strategy or decisions, where the former represents the strategy formation by top managers and the latter is an implementation of the same by lower-level managers (for details see Miller, 1991; Purcell, 1989; Legge, 1995).

##### **2.1.2 What is Human Resources Management (HRM)?**

Developments in the field of Human Resources Management (HRM) are now well documented in the management literature (see e.g. Boxall, 1992; Legge,

1995; Schuler and Jackson, 2007; Sisson and Storey, 2000; Torrington et al., 2005). The roots of HRM go back as far as the 1950s, when writers like Drucker and McGregor stressed the need for visionary goal-directed leadership and management of business integration (Armstrong, 1987). This was succeeded by the 'behavioural science movement' in the 1960s, headed by Maslow, Argyris and Herzberg. These scholars emphasised the 'value' aspect of human resources (HR) in organizations and argued for a better quality of working life for workers. This formed the basis of the 'organizational development movement' initiated by Bennis in the 1970s.

The debate relating to the nature of HRM continues today although the focus of the debate has changed over time. It started by attempting to delineate the differences between 'Personnel Management' and 'HRM' (see e.g. Legge, 1995; Guest, 1991), and moved on to attempts to incorporate Industrial Relations into HRM (Torrington et al., 2005), examining the relationship of HRM strategies, integration of HRM into business strategies and devolvement of HRM to line managers (Lengnick-Hall and Lengnick-Hall, 1989; Budhwar and Sparrow, 1997) and then the extent to which HRM can act as a key means to achieve competitive advantage in organizations (Barney, 1991). Most of these developments have taken place over the last couple of decades or so, and have precipitated changes in the nature of the HR function from being reactive, prescriptive and administrative to being proactive, descriptive and executive (Boxall, 1992; Legge, 1995).

At present then, the contribution of HRM in improving a firm's performance and in the overall success of any organization (alongside other factors) is being highlighted in the literature (see e.g. Guest, 1991; Schuler and Jackson, 2007). In relation to the last debate, three perspectives emerge from the existing literature: universalistic, contingency, and configurational (Katou and Budhwar, 2006; 2007).

### **2.1.3 Emergence of Strategic Human Resource Management (SHRM)**

The above developments in the field of HRM highlight the contribution it can make towards business success and an emphasis on HRM to become an



integral part of business strategy (Lengnick-Hall and Lengnick-Hall, 1989; Bamberger and Meshoulam, 2000; Schuler and Jackson, 2007). The emergence of the term 'strategic human resource management' (SHRM) is an outcome of such efforts. It is largely concerned with 'integration' of HRM into the business strategy and 'adaptation' of HRM at all levels of the organization (Guest, 1987; Schuler, 1992).

#### **2.1.4 Matching Business Strategy and Human Resources Management**

Michael Porter (1980; 1985) identified three possible generic strategies for competitive advantage in business: *cost leadership* (when the organization cuts its prices by producing a product or service at less expense than its competitors); *innovation* (when the organization is able to be a unique producer); and *quality* (when the organization is delivering high-quality goods and services to customers).

Considering the emphasis on 'external-fit' (i.e. organizational strategy leading individual HR practices that interact with organizational strategy in order to improve organizational performance), a number of HRM combinations can be adopted by firms to support Porter's model of business strategies. In this regard, Schuler (1998) proposes corresponding HRM philosophies of 'accumulation' (careful selection of good candidates based on personality rather technical fit), 'utilization' (selection of individuals on the basis of technical fit), and 'facilitation' (the ability of employees to work together in collaborative situations).

Thus, firms following a quality strategy will require a combination of accumulation and facilitation HRM philosophies in order to acquire, maintain and retain core competencies; firms pursuing a cost-reduction strategy will require a utilization HRM philosophy and will emphasize short-run relationships, minimize training and development and highlight external pay comparability; and firms following an innovation strategy will require a facilitation HRM philosophy so as to bring out the best out of existing staff (also see Schuler and Jackson, 1987).

## 2.2 Comparison Aspects of Human Resources Management Strategy

A firm's strategic management decision making process usually takes place at its top levels, with a strategic planning group consisting of the chief executive officer, the chief financial officer, the president, and various vice presidents. However, each component of the process involves people-related business issues. Therefore, HRM function needs to be involved in each of those components (Noe et al., 2008).

Four basic competencies of human resource (Noe et al., 2008):

### a. Business competencies

Understanding the company's economic and financial capabilities.

### b. Professional/Technical Knowledge

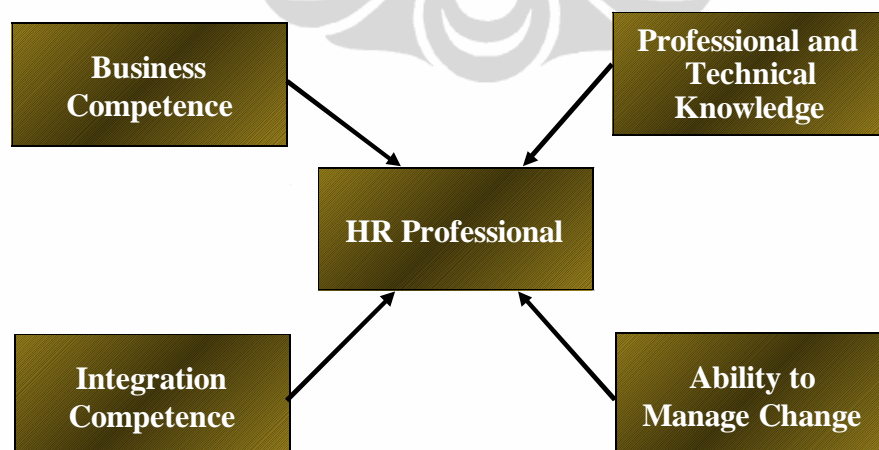
In HR practices such as selection techniques and compensation systems.

### c. Change Processes or Organizational Development Techniques

The ability to diagnose the need for change and develop and implement the appropriate intervention.

### d. Integration Competencies

A generalist perspective with the skills of a specialist in the above three areas.

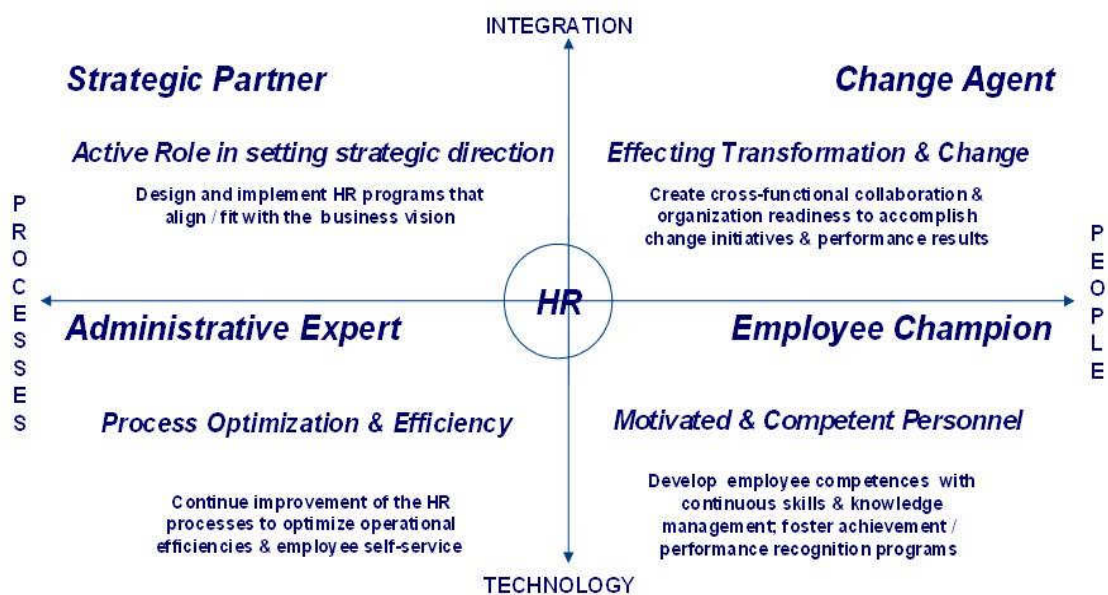


**Figure 2.1 Human Resource Competencies**

Source: Reprocessed form Noe et al (2008)

Being an effective HR professional does not mean simply moving from operational to strategic work. It means learning to master both operational and strategic processes and people. Success in these roles requires an understanding of the *deliverables*, *metaphors*, and *actions* specific to reach (Ulrich, 1997).

*Deliverables* are the guaranteed outcomes of HR. They represent what HR does add value to a firm. HR has four generic deliverables: strategy execution, administrative efficiency, employee commitment, and transformation and change. HR professionals articulate and guarantee these deliverables to their businesses. *Metaphors* are the images that characterize HR professionals in each of their roles. The four images that characterize the HR professional of the future include strategic partner, administrative expert, employee champion, and change agent (see figure 2.3). HR professionals as business partners operate in each of the four roles. Actions are the personal activities and organizational systems undertaken by HR professionals and line managers to fulfill these roles (Ulrich, 1997).



**Figure 2.2 Roles of a Value Driven HR Delivery Model**

Source: Reprocessed from Ulrich (1997)

### 2.3 Competitive Advantage

Critical to a corporation's growth and prosperity is gaining and retaining competitive advantage. Although corporations may pursue many paths to this end, one that is frequently not recognized is capitalizing on superior human resource management. Currently, many companies recognize the growing importance of their human resources, but few are conceptualizing them in strategic terms - in ways to gain a competitive advantage. As a result, many companies forego the opportunity to seize competitive advantage through human resource practice initiatives. However, there are a few companies that do not forego the opportunity.

The firm is regarded as a cohesive organism, which learns to adopt or find better ways of doing things essentially in response to its environment. The question then is what really the firm should do to maintain or to optimize its situation in its changing environment? Should it focus on its financial situation, its technology, or its human resources? To answer this question we should at first see what other researchers have concluded. Barney (1991) suggests that, in order for a resource to qualify as a source of sustained competitive advantage, the resource must add value to the firm, it must be rare, it must be inimitable and it must be non-substitutable. Wright et al. (1994) has shown that human resources meet Barney's criteria for being a source of sustainable competitive advantage.

Coff (1994) argues that human assets are a key source of sustainable advantage because of causal ambiguity and systematic information making them inimitable. Guest (1990) says that if management trust their workers and give them challenging assignments, workers in return will respond with high motivation, high commitment and high performance. Gratton (1997) identified six factors for success: the commitment of top management; the motivation and aspirations of recruits; the core capabilities of the management team; the team's aspiration; its ability to build and maintain alliances; and the integration of the business into a global network. What does that mean to us? It means that sources of competitive advantage have shifted from financial resources to technology resources and now to human capital.

In other words, success does not depend primarily on the size of the

budget or the products supporting technologies; it really depends on employee's attitudes, competencies and skills; their ability to generate commitment and trust, communicate aspirations and work in complex relationships. Now we know that one of the sources of competitive advantage is the employees. Then what is needed to achieve competitive advantage through them? The answer lies in competitive strategy and human resource practices.

### 2.3.1 Competitive Strategy

Strategy is assumed to involve the planning and directing of the organization towards some goals and objectives. In any business, there are certain market-related issues which are strategic, and there are also certain market-related decisions which are strategic. These sets of strategic decisions are interrelated. We need a theory of strategy, which acknowledges both and does not downplay one or the other.

A *strategy*, whether it is an HR strategy or any other kind of management strategy, must have two key elements: there must be strategic objectives (i.e. things the strategy is supposed to achieve), and there must be a plan of action (i.e. the means by which it is proposed that the objectives will be met). Schermerhorn (1993) defines strategy as a comprehensive plan of action that sets critical direction for an organization and guides the allocation of its resources.

What is competitive strategy? Porter (1985) defines the competitive strategy as the positioning of a company in its competitive environment, and also poses two important questions:

- What is the structure or the attractiveness of the industry which the company is in?
- What is the company's position in its competitive environment ?

To answer the first question a company, as an organization, should analyze its industry by focusing on the following points (industrial analysis):

- a) Begin with understanding your industry.
- b) Focus attention on significant forces.
- c) Watch out for industry change.

To answer the second question (competitive position), a further question

arises: *How does a company achieve superior performance?*

To be a superior performer in any industry, the company must have a sustainable competitive advantage which its rival cannot copy or duplicate.

The competitive advantage can be sustained by one of the following two ways (Porter 1985);

- Either the company can be lucky enough to come up with something that its rivals cannot copy, which is very rare, or
- The company is improving so fast that its rivals can not catch up.

#### **2.4 Aspects of Human Resource Strategy**

Nowadays, it is a common belief in both the business and the academic world that the human resources of an organization can be a source of competitive advantage, provided that the policies for managing people are integrated with strategic business planning and organizational culture (Beer, Spector, Lawrence, Mills, & Walton, 1985). This approach emphasizes the importance of congruence between human resource policies and organizational objectives. Recent research has focused on the links between human resource management and performance (Guest, Michie, Conway, & Sheehan, 2003; Purcell, 2002, 2004), and much of the growing body of international literature in the field is built upon the premise that human resource management is linked closely to the emergent strategies, especially of large organizations, both public and private. There is a need to question the reality of the link between Human Resource Management (HRM) and developing company competitive advantage through company and employee performance. *First*, an analysis of data relating to the question of a link between Strategic Human Resource Management (SHRM) and performance reveals that there is uncertainty as to the direction of the link. Can better performing organizations attribute their good performance to the quality of their HRM or is the standard of their performance due to other factors? The quality of HRM might be an outcome of performance rather than a contributing factor to that performance. *Second*, there are questions about the meaning of a strategic approach to HRM. What makes an organization's approach to HRM "strategic" and is there a satisfactory method of differentiating between approaches to HRM

that might be considered “strategic” or one that is not seen to be strategic?

This research is directed at testing whether or not there is a good fit between SHRM aspects and competitive advantage in an organization. It considers available evidence to establish whether organizations that use HRM strategically, can develop and sustain competitive advantage, which ultimately enhances organizational performance.

### **2.4.1 Socialization**

Critical to organizational survival in the twentieth century is the creation of a committed workforce fostered by a strong organizational culture manifested in superior Human Resource Management (HRM) practices. In view of the emphasis on organizational culture, it is further argued that for organizations to have order and consistency and thereby gain and sustain competitive advantage there should be systematic ways of bringing newcomers into the organization. Implicit in this argument is a call for renewed emphasis on socialization as an HRM practice. Operating in a strategic HRM framework, this research argues that the thoroughness of socialization practices and therefore the level of employee commitment depend on the organization's business strategy. Propositions linking socialization practices, organizational culture and team dynamics are suggested (McShane, 2005; Van Maanen, 1976).

Socialization is the process by which newcomers learn the behaviors, values, beliefs, and social knowledge to accept their new roles and function effectively within the organization. It affects how long an individual remains employed with the organization based on his/her ability to adjust to the work and its environment. The general theory asserts that people who are well socialized into an organization are more likely to stay and develop their careers with that organization. This is a critical process for individuals pursuing successful careers and for organizations building effective workforces (McShane, 2005; Van Maanen, 1976).

- **The Organizational Socialization Process**

The organizational socialization process unfolds within human resource

management processes. Recruitment and selection systems identify candidates who are considered for employment and those who are eventually hired. These processes are often designed to hire a particular type of person who will fit into the organization. Furthermore, recruitment and selection activities are often first-contact experiences for the newcomer and organization; they help shape initial expectations each has about the other (Fisher, 1986).

There are several stage models of organizational socialization; each describes evolving experiences of newcomers as they adjust to a new job/organization. Most of these models describe three basic stages beginning with *anticipatory socialization*, *entry-encounter experiences*, and ending with *change and mutual acceptance*. The anticipatory socialization stage describes how early job/organization expectations are shaped as a person selects and prepares for a particular career. Career choices are often based on rough ideas or expectations of what that career will be like. For example, a person's family, teachers, and friends might share their experiences and influence an individual to choose a career in business. Furthermore, managers and recruiters can help a job candidate form specific expectations about an organization and the candidate's role within that organization. The extent to which these expectations are met on the job will define the amount of adjustment required to successfully fit into the organization (Fisher, 1986).

The second stage of socialization typically includes early learning and adjustments after organizational entry. The newcomer learns how to do the job as well as how to fit into the organization's culture. This learning stage includes the sense making process that helps the newcomer reconcile unmet expectations and surprises. Organizations can conduct formal orientation and training programs to help newcomers learn how work is conducted in the organization. In addition, informal learning occurs on the job as the newcomer observes and solicits information from superiors, peers, and subordinates. These informal lessons may reinforce formal organizational procedures or they may introduce informally acceptable behaviors that are not sanctioned by the organization. The final stage of socialization generally recognizes successful adjustment as an organizational newcomer is transformed into an organizational insider. Insiders have "learned the



ropes” to fit in and can serve as valuable resources of information for future newcomers. Organizations may hold initiation ceremonies or rites of passage to signify that a newcomer is no longer a rookie or recruit, but a full-fledge member of the organization (Fisher, 1986).

Although most of the research on organizational socialization centers on newcomers, some studies recognize that insiders can learn more about their own roles as they socialize newcomers or as newcomers precipitate shifts in role expectations for insiders. Current research has focused on the individual perspective examining information seeking by newcomers as they attempt to comprehend the organization and its defining characteristics. In addition, some research has sought to go beyond information acquisition per se to understand how informal, insider processes influence newcomer socialization (Fisher, 1986).

For example, much of the information seeking research has focused on active newcomer efforts to ask questions and inquire of insiders. However, active efforts by supervisors and coworkers to socialize newcomers are relatively more important to adjustment than newcomer pro-action (Ostroff & Kozlowski, 1992). Positive work relationships with supervisors and peers reduce negative effects of unmet expectations on job satisfaction and other traditional indicators of socialization effectiveness.

The research literature on information seeking and successful socialization is mixed. Some studies support a positive link with findings that show information seeking reduces uncertainty about the newcomer’s job/organization, which in turn, helps build the newcomer’s competence and self-efficiency. Conversely, other studies found negative links between information seeking and newcomer socialization when there are social costs if a newcomer is constantly asking questions, or if feedback is not positive. Thus, information seeking may backfire on newcomers who ask too many questions because insiders may perceive them as incompetent, intrusive, or meddlesome. Finally, there may be no link between information seeking and socialization if the information is not related to adjustment and/or the newcomer cannot use the information to facilitate his or her work adjustment.

## 2.4.2 Training Practices

People have always been central to organizations, but today their strategic importance is growing in the knowledge-based business world like never before. An organization's success is becoming increasingly dependant on the knowledge, skills, and abilities of its employees. Without these assets companies would surely fail. How a business is managed and how they take care of their employees and customers helps set the core competencies which set an organization aside from its competitors. It is important to align the company's strengths and internal capabilities to that of the external market (Coff, 1994).

Companies are always looking for more efficient ways to produce goods and services. When new technological advancements give a company a competitive advantage, their competitors can easily catch up by implementing and improving on the new technology. To be successful in today's market, companies need an extremely capable, flexible and dedicated workforce, a flexible and innovative management, and the capability to hold on to developed talent. To accomplish these objectives, the company needs a talented HR department (Coff, 1994).

In addition to hiring the right people to carry out specific jobs, HR managers have to build up dedication and allegiance among the workforce by keeping them up to date about company plans, as well as laying out the implications for job security and working conditions.<sup>22</sup>

- **Employees' Skills and Training: Critical Success Factors**

To be successful, companies must be flexible to allow an adjustment in production and resources to meet changing markets and customer demands. They must, therefore, have employees that possess the skill and training required to perform a range of different tasks. A lack of employee flexibility has historically been the source of the collapse of a number of large companies. Therefore, offering skilled employees high level of participation, independence, preparation, fair wages, and benefits can be a way to attract, inspire, and maintain competent employees who will be dedicated to the long-term goals of the company. The effects of a versatile, skilled and committed labor force results in a very

productive organization, which in turn gives the employees job security. It is essential for a company to have flexible employees, if they are going to be competitive in the market (Coff, 1994)..

A firm can achieve a competitive advantage when it has employees that are valuable and well organized. Companies that do a superior job of managing their employees through increasing their knowledge, developing their skills and improving their capabilities add value to the organization. Managers must develop strategies for recognizing and hiring the finest talent obtainable. Once they hire these individuals, they must make them valuable assets to the company. They must then develop these employees in ways that are specific to the needs of the company, encouraging them to generate new ideas while familiarizing them with the company's strategies (Coff, 1994).

- **Training and Development**

In businesses where without vision, training and the right mental approach, the company cannot achieve its goals. Every company is made up of individuals who need to be motivated, given direction and most importantly, a goal to aim for. These individuals may not achieve the overall goal on their own but through working in teams and inspiring each other, they can develop and combine their skills and ideas to achieve ultimate success and provide the company with the necessary competitive advantage. Therefore, ongoing learning through development, training, coaching and mentoring must be a priority on the senior management agenda. It is essential that in the strategic planning process, knowledge and skills for the future are identified and development needs are analyzed across the business; keeping in mind that many companies require continuous training for effective job performance. Therefore, incessant learning is at the centre of how a business develops the critical skills to maintain long-term performance (Coff, 1994).

Once development needs have been identified, a plan of action can be prepared and implemented. To ensure that commitment and transfer of learning to the workplace is achieved, line managers have responsibility and accountability for not only developing their staff but also for ongoing coaching, monitoring and

measuring individual performance. To achieve this, developmental processes must be supported by systems such as performance appraisal, goal setting and measurement, methods of informal and formal communication and a continuous approach to managing change. Individuals within the business must always be aware of the overall business strategy and the part they play in achieving business goals (Coff, 1994).

The development and management of people cannot be left to chance. The knowledge, skills and attitudes of people have to be recognized as a competitive factor – often company specific - and can only be achieved on a long-term basis. Ongoing learning and development is vital to the overall success of the business and must be given appropriate support. The cost of learning should be assessed in line with the contribution it makes to the overall development and success of the organization (Coff, 1994).

Training, development, coaching and mentoring should be a continuous process requiring constant improvement. All employees should have an opportunity to contribute to both the planning and implementation of the learning process that will in turn create ownership and commitment to the overall business strategy.

As discussed above, competitive advantage comes from what people do (performance), not from what they know. Five challenges most organizations face in gaining competitive advantage are (Coff, 1994):

- Recognizing and taking advantage of market opportunities.
- Defining product and/or services that create value for customers.
- Attracting, retaining and improving the best available resources for providing products and services.
- Managing uncertainties in creating and realizing product and service opportunities.
- Sharing the resulting benefits with company resources (employees and suppliers).

Performance-based training is one way to meet this challenge. Performance-based training emphasizes proficiency in job tasks essential to company competitive advantage. It is based on clear definition of the tasks, skills

and knowledge needed to competently perform each job in the organization.

A performance-based training program is a planned, organized sequence of activities designed to prepare persons to competently perform their jobs. Competitive advantage requires that every employee maintain their job performance at the highest levels possible, or improve to meet the need (Coff, 1994).

Training and Performance Improvement departments must be able to guarantee that every learner can demonstrate full competence on every skill taught. True performance based training applies scientific principles on how people learn, think, and remember. It requires the application of an instructional system design model that provides for (Coff, 1994):

- Needs assessment
- Curriculum development
- Course design and pilot delivery
- Evaluation

There are key characteristics of true performance-based training that help determine how an organization's training rates, and where it can potentially make improvements, one of which is whether or not the training focuses on providing learners with practice and immediate feedback on all the skills required to perform a job to contribute to competitive advantage.

Managers must apply critical thinking to all aspects of the organization and build a strong business case for decisions. Effective critical thinking takes into account sustainable competitive advantages of every process and opportunity. For the most part, the success of a company depends on the performance of its employee. To verify the contributions of each employee, it is necessary to have an official assessment program with clearly declared objectives. Companies need to know if each employee is contributing to the goals of the organization. These performance evaluations include recognizing a person's strengths and weaknesses, removing external performance obstructions, and creating training programs. This way, organizations can be sure suitable employees are assigned to appropriate tasks (Smith and Manna, 2006a, 2006b).

### 2.4.3 Human Behavior Factors

Most managers today understand the strategic implications of the information-based, knowledge-driven, service-intensive economy. They know what the new game requires: speed, flexibility and continuous self-renewal. They even are recognizing that skilled and motivated people are central to the operations of any company that wishes to flourish in the new age (Wright and McMahan, 1992).

And yet, a decade of organizational de-layering, de-staffing, re-structuring and reengineering has produced employees who are more exhausted than empowered, more cynical than self-renewing. Worse still, in many companies only marginal managerial attention - if that - is focused on the problems of employee capability and motivation.

Somewhere between theory and practice, precious human capital is being misused, wasted or lost. Without “belief in people” no organization can outsmart competition, and develop a sustainable competitive advantage that ensures its market competitiveness. Demonstrating genuine belief in people takes more than speech-making to do.

Organizations of today should develop integrated systems that combine selection of the best fit, job-matching, continuous skills and competencies development, fair compensation, democratic leadership style, and creating attractive motivating work environments.

Employee Management is strategically necessary in developing employees that are able to deliver and achieve the long-term strategic goals of the organization. Organizations need to focus on the importance of the human resources in terms of employee *recruiting, retention, motivating employees, human behavior*, and *how to promote change* among their workforce in ways that create competitive advantage for the company. Corporate executives will have to look at the most distinctively human elements of the business such as culture, leadership and character in order to obtain and sustain competitive advantage (Manna, 2008).

## **Recruiting**

By offering enticing compensation packages, equitable pay, flexible benefits and attractive incentives, a company allows itself the comfort of identifying and selecting those which meet the needs of the organization. The selection process, including the interview, should provide as much dependable and valid information as possible about the applicants so that their qualifications can be clearly matched with job specifications. When selecting new executives, a key first step is to analyze the needs of the organization (Manna, 2008).

Interviews should be in a team setting with their peers, subordinates, and bosses participating in the selection process. The interview is a significant source of information about the job candidate. This gives the Human Resource manager the most pertinent information for making a well-informed decision about which applicant will realize the needs of the organization. HR should oversee the integration process of the new executive by briefing him/her on the company and giving him/her insights into its culture and clarifying expectations, setting goals, and coaching new executives.

HR should counsel them to move quickly, but prudently; help them adapt to the style of a new workplace; help them with their social skills, if needed to foster good personal relations with peers and subordinates. When HR is involved in the executive search and the adaptation period, the outcome can be much more promising.

In filling job openings above entry-level, it can be beneficial to use internal promotions. By recruiting from within, a company rewards employees for past performances and sends a message to other employees that their future hard work will payoff, while taking advantage of previous investments made in recruiting, choosing, developing, and training its existing employees.

## **Employee Retention**

The importance of employee management can be found everywhere. However there are some key components that firms must follow in order to gain, as well as maintain, employees as their number one resource. One key is employee retention. An employee retention strategy leads to the promotion of

effective employee communication which in turns provides commitment and enhances the workforce (Manna, 2008).

Quality of life, corporate culture, and professional development are some of the best ways to retain top employees. Paying attention to quality of life is an important step in order to retain employees. When companies start focusing on their number one asset, their people, retention is no longer an issue.

Organizations, in order to maintain retention among employees, need to follow some guidelines so that they do not make the same costly mistakes in their industry. Employee retention can be achieved when a company establishes a positive work environment that promotes healthy communication.

### **Motivating Employees**

Business is only as effective as the people who work in it. If employees are not motivated, then attitudes are reflected in their job performance. When people are motivated and inspired, they are more creative and productive and they are less likely to leave. Employers should first realize that employees are not all motivated by the same things. Therefore, they need to try a number of different techniques in order to gain full motivation from workers. The first step employers should take is to build rapport. With the ever-growing world of computers and email, managers are losing increasing amounts of face time. Too much of this is not good and can lead to worrying and mistrust. Rewarding open communication is important on a number of different levels to create working capital. Encouraging feedback and communication promotes job security. Supporting growth challenges employees to keep their interest high and helps them build their skills. Finding out what employees aspire to do with their careers, realizing their goals and structuring around them. If trust is encouraged, employees are not afraid to share ideas and possible solutions to problems. The more empowered employees are, the more invested they become in their work (Manna, 2008).

Competitive compensation is critical, because if staff is under paid, managers send them the message that they are not valued. Managers need to make it a point to express the idea that they are there to help. Often times it seems that managers just get used to the idea that someone else is taking care of a situation.



In the end what motivate employees the most are their mentors, which in most cases are their managers. When managers set the example, employees are bound to follow. The underlining theme is to keep the lines of communication open to facilitate trust and growth.

### **Human Behavior**

Human behavior plays a major role in the effectiveness of Employee Management. The way people interact with each other will help determine the success of the firm (Manna, 2008). With the emergence of the Internet and various forms of communication, the amount of human interaction has been decreased which could cause problems with miscommunication within the organization. Edward M. Hallowell has coined this behavior as the “Human Moment” as is defined as “an authentic psychological encounter that can happen only when two people share the same physical space.”(Hallowell 1999,p59) Hallowell’s concern is with the loss of this human moment due to the increase use of the ecommunications and the damage it may cause to the infrastructure of the organization. In general the effective management of employees resulting in a positive atmosphere can lead to a more homogeneous workplace and ultimately increased productivity.

### **Promoting Positive Change**

There are many reasons that the workforce may resist change, such as; fear of the unknown, threatening job security, and lack of resources. However, today’s business environment is ever changing and managers must encourage change to keep up with competition. One way to encourage change is through the empowerment of subordinates in certain aspects of their daily duties. This concept would never have been thought of in the past. It is now commonly used by organizations very effectively. This eventually delegates authority from midmanagement down to the frontline workers, freeing up the managers to perform more important duties and problems can then be handled in a timelier manner. This results in a flatter organization that many organizations have been following to increase communication, productivity, and morale (Manna, 2008).

Another way to promote change is the method of planning used by today's managers. Previously, plans were implemented and carried out for lengths at time without any type of change. This often led to market wide stagnation and saturation. With today's changing technology, plans must be flexible and they must be constantly monitored and altered.

This is referred to as emergent strategy where managers change and emerge from the new economy. Employees should be told details of what changes will take place and why the changes are necessary. If the workforce sees that they are respected, they will be more open minded to the changes. Changes will inevitably take place in today's organizations, and managers need to have strong communication skills to build staff support and strong planning skills in order for the changes to occur successfully. It is important to move people forward and make sure they are involved in the changes while working toward the goals of the organization (Manna, 2008).

People have always been central to organizations, but today their strategic importance is growing in the knowledge-based business world like never before. An organization's success is becoming increasingly dependant on the knowledge, skills, and abilities of its employees. Without these assets companies would surely fail. How a business is managed and how they take care of their employees and customers helps set the core competencies which set an organization aside from its competitors. It is important to align the company's strengths and internal capabilities to that of the external market.

A firm can achieve a competitive advantage when it has employees that are valuable and well organized. Companies that do a superior job of managing their employees through increasing their knowledge, developing their skills and improving their capabilities add value to the organization. Managers must develop strategies for recognizing and hiring the finest talent obtainable. Once they hire these individuals, they must make them valuable assets to the company. They must then develop these employees in ways that are specific to the needs of the company, encouraging them to generate new ideas while familiarizing them with the company's strategies.

#### 2.4.4 Human Resources Strategy in Small Medium Enterprises

The fast pace of business today demands small businesses must have flexible, well trained, and self-directed employees. Employee retention is essential for remaining competitive. Developing a human resource (HR) strategy can eliminate the redundant efforts that occur each time a hiring, promotion, training, compensation, or other HRM issue occurs. An HR strategy also helps management get a clear picture of what to expect from the firm and its employees, develop benchmarks for goal setting, and create a vision for employees (Rauch & Frese, 2000).

Analyses of the *people* in the organization entails making sure the employees have the skills and knowledge to meet organization goals. This review should gauge whether personnel understand their jobs and how each position contributes to the success of the company as a whole. During this step, a process should be developed for identifying potential members of management and ensuring they are groomed for future leadership needs. It is also important to review the amount of encouragement employees receive for a job well done including any bonus programs (Rauch & Frese, 2000).

HRM strategy has positive effects on increases in business success. Thus, what is important for bigger companies is important for small-scale businesses as well. Moreover, the effects of HRM strategies were dependent on human capital of business founders and on human capital of employees. HRM strategy was particularly efficient when there was high human capital of both, business owners and employees (Rauch & Frese, 2000).

HRM strategy consisted of training/development of employees, decision-making involvement, goal communication, and supporting personal initiative. It is interesting to discuss that these strategies had long term consequences: HRM strategy had effects on increases in business success five years later. Thus, HRM strategies do not pay off immediately. In fact, there are costs in the short term, and therefore, HRM is successfully in the long term. For that reason, it did not find a contemporaneous effect but only a longitudinal effect. HRM strategy continuously trains employees through better information and more insight into

business decisions and business objectives. Consequently, employees work more actively and more efficiently in the long term (Rauch & Frese, 2000).

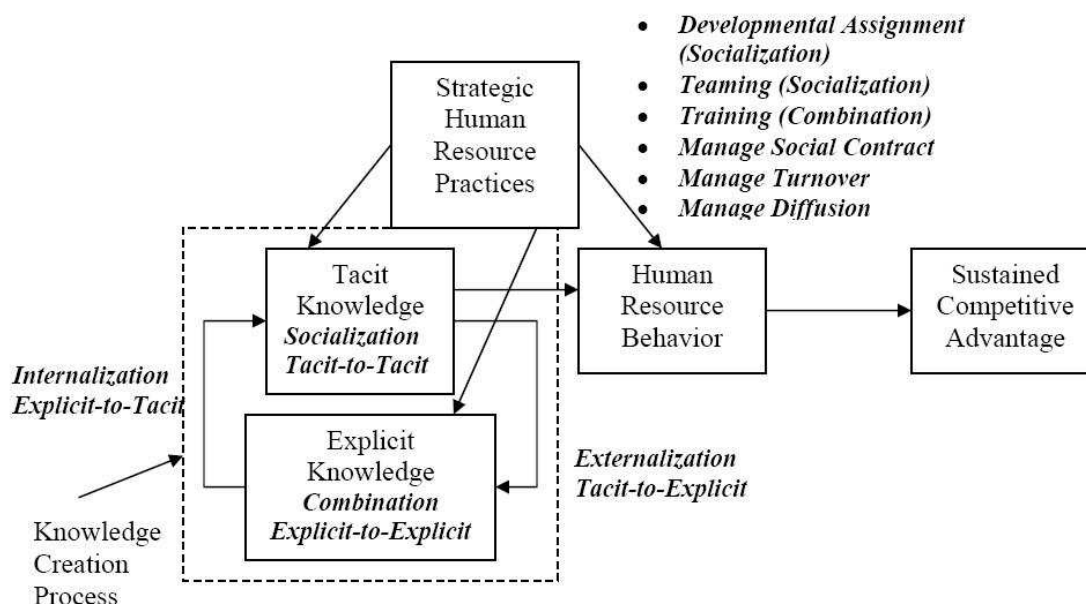
Human capital of business owners had direct effects on changes in business success. This result is in accordance with other studies which found consistently small but positive relationships between human capital and small business success. Moreover, it found that high owner's human capital produced a higher effect of employee HRM on success, than low owner's human capital. With respect to HRM strategy, human capital of business owners is important because better-educated people are more receptive to novel ways of leading people and to ideas and initiatives provided by the employees (Rauch & Frese, 2000).

#### **2.4.5 Previous Study in Human Resources Strategy**

In Jayne's study (2006), human resource practices acted as a moderating variable between the knowledge creation process and firm performance linkage (see Figure 2.4). Since knowledge has become a valuable business resource, firms will need to control the movement of knowledge assets when they experience knowledge worker turnover similar to what they do today with traditional assets. Human resource practices are a key link between the knowledge worker's tacit knowledge and the firm's ability to create and sustain a competitive advantage (Jayne, 2006).

A manager can use human resource practices such as developmental assignments, formal training opportunities, and compensation to create new tacit knowledge, to create new explicit knowledge, and to reduce tacit knowledge loss by reducing employee turnover. Given the dynamic environment and the criticality of knowledge workers, firms must have human resource practices that promote continuing skill development. Since tacit knowledge meets Barney's (1991) requirement for achieving a competitive advantage, a firm's human resource practices must address tacit knowledge creation. Therefore, human resource practices that promote socialization such as developmental assignments and project teams can be the foundation of creating and sustaining a competitive advantage. While human resource practices are imitable, once a differentiation of tacit knowledge had been developed, a firm has advantage over its competitor

because of high quality knowledge that is rare, inimitable and non-substitutable (Jayne, 2006).



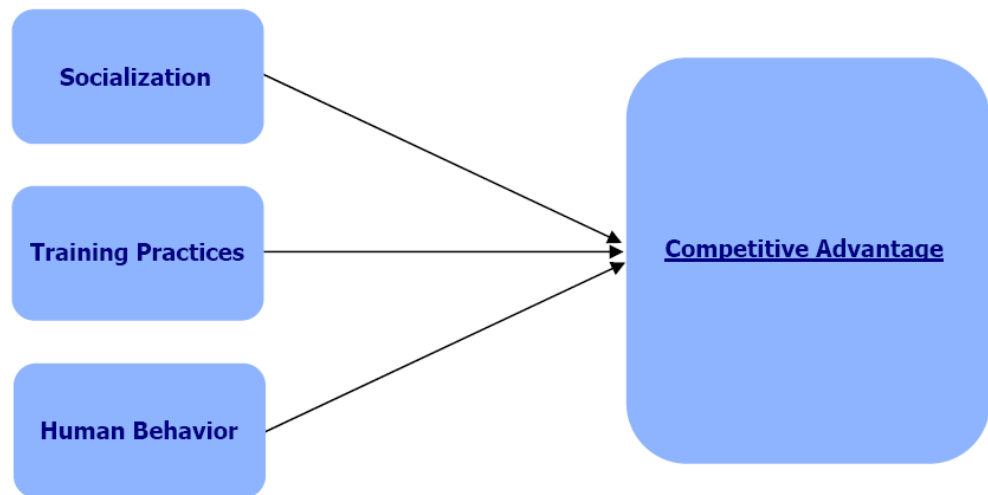
**Figure 2.3 A Model of Human Resource Management as a Source of Sustained Competitive Advantage**

Source: Jayne (2006)

Formal training is another method for transferring knowledge, from one individual to another. In formal training codified (explicit) knowledge is transferred during the combination phase (explicit-to-explicit) of the knowledge creation process. Explicit knowledge is then converted to tacit knowledge through the internalization process. Therefore, human resource practices that promote combination such as formal training can be the foundation of creating and sustaining a competitive advantage after the explicit knowledge is converted to tacit knowledge through internalization (Jayne, 2006).

Thus the potential for explicit knowledge is realized only to the extent that individuals possessing the knowledge choose to help the firm benefit from the knowledge through their behavior. Compensation systems, training and development, job design, performance evaluation, and socialization systems can be developed to encourage employees to support the strategic goals of the firm. Therefore, human resource practices moderate the relationship between tacit

knowledge and firm performance such that the tacit knowledge is increased and converted to explicit knowledge when combined with the enabling human resource practices that encourage the correct employee behavior (Jayne, 2006).



**Figure 2.4 Relationship between SHRM Aspects and Competitive Advantage**

Source: Najia (2008)

Thus an employee's tacit knowledge and their ability through socialization to create new tacit knowledge and to convert it to explicit knowledge plays a significant role in the firm's success in terms of improving systems, products, and services. Knowledge now becomes the key resource, and the system supports that resource in creating and sustaining a competitive advantage (Jayne, 2006).

## CHAPTER 3

### RESEARCH METHODOLOGY

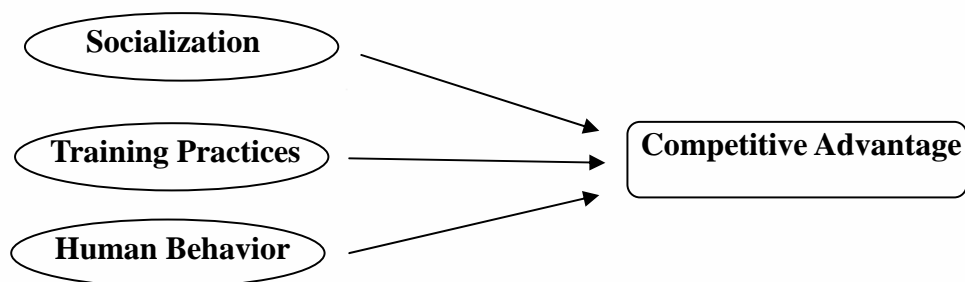
In this section, the propositions of the roles of human resources strategy aspects in developing competitive advantage in organizations are developed on the basis of the literature review. Then the methodology and company profile, used in the research is also discussed.

#### 3.1 Research Model

First, an overview of the model is described. Then, descriptive through which some human resource strategy aspects affect competitive advantage are discussed and the related propositions are presented.

##### 3.1.1 Model Overview

An overview of the research model is presented in Figure 3.1. As shown in the figure, the model articulates three chosen aspects of HR strategy through which firms may obtain competitive advantage. Each of the aspects conveys distinct advantages. These advantages stem from the resource, capability, efficiency and market power benefits that firms may obtain through carrying out business strategies. It is also firm specific, meaning that firms can take actions in order to change them. This model is adopted from Najia (2008).



**Figure 3.1. Research Model of The HR Strategy Aspect to Competitive Advantage**

Source: Najia (2008)

### **Socialization Aspect**

Communication is one of the most important aspects in the socialization process. Communication is the sharing or exchange of thought by oral, written, or nonverbal means. To function effectively, employees need to know and be able to apply strategically a variety of communication skills that match varying daily tasks. These tasks might call for nonverbal, presentational, or written skills as the manager meets others, speaks at meetings, or prepares reports to be read by the manager. To work effectively, employees also need to know sources of information. Finally, employees need to understand the different communication channels available.

Information, the lifeblood of any organization, needs to flow freely to be effective. Successful management requires downward communication to subordinates, upward communication to superiors, and horizontal communication to peers in other divisions. Getting a task done, perhaps through delegation, is just one aspect of the manager's job. Obtaining the resources to do that job, letting others know what is going on, and coordinating with others are also crucial skills. These skills keep the organization working, and enhance the visibility of the manager and her division, thus ensuring continued support and promotion.

Communication channels—or the media through which messages are sent—can have an influence on the success of communication. Typical channels used in business communication are face-to-face conversations, telephone conversations, formal letters, memos, or e-mails. Each channel has its own advantages and disadvantages in communicating a particular message.

### **Training Aspect**

The quality of employees and their development through training and education are major factors in determining long-term profitability of a business. If good employees are hired, it is good policy to invest in the development of their skills, so they can increase their productivity.

Company are now emphasizing on the growth and development of their personnel for several reasons, some of which include:

- Training programs is developed to decrease employee turnover



- After recruitment, company provides specialized training
- Job rotation help developing employee skills.

Employees frequently develop a greater sense of self-worth, dignity and well-being as they become more valuable to the firm and to society. Generally they will receive a greater share of the material gains that result from their increased productivity. These factors give them a sense of satisfaction through the achievement of personal and company goals.

In sum, by implementing employee training programs, organizations are likely to enhance their chances of developing their employees' learnings which ultimately leads to their chances of achieving better capabilities and productivity as well.

### **Human Behavior Aspect**

Most managers would admit that aligning behavior with strategy is important. Indeed, they spend considerable time and energy trying to shape the behavioral characteristics of the organizations and employees they run. And yet, relatively few are confident that they do so effectively. Part of the problem is that they lack thorough tools for analyzing organizational behavior and intervening to change it. And so they fall back on a set of simplistic and misguided assumptions about what drives behavior in organizations and how to change it.

In all but the smallest and simplest of organizations, managers need to rely on others in order to get things done. Indeed, one of the primary tasks of management is to influence the behavior of others so that they act in ways that are relevant to the business context and effective in achieving business goals.

Company are now emphasizing on the improving better employee behavior through:

- HR professional in the company give more attention to the workforce issue (compensation, incentives, healthcare).
- The company emphasizes internal promotions when filling vacancies.
- Filling vacancies from within the company lifts employees' morale.
- Uses various forms when evaluating its employees

To that end, managers make use of a wide range of organizational levers to

ensure that employees' behavior is aligned with the company's strategy. They set a strategic direction and communicate it widely. They design the organizational structure and define key roles, procedures, and processes. They establish metrics for performance evaluation and set rewards to motivate behavior. And they create information systems to make sure the right information gets to the right people.

### 3.1.2 Operationalizations

This section introduces the operationalizations of the variables. All operationalizations were based on objective measures.

**Table 3.1. Operasionalizations Definition**

No.	Factor	Definition	Item	Variables	Source
1.	<i>Socialization</i>	Socialization is the process by which newcomers learn the behaviors, values, beliefs, and social knowledge to accept their new roles and function effectively within the organization (Fisher, 1986)	1.1 Company values is clear expressed to the employee 1.2 Company has clear communication channels 1.3 Each employees help and support each other	Soc1 Soc2 Soc3	Fisher (1986) Gratton (1997) Gratton (1997)
2.	<i>Training practices</i>	Training is method for transferring knowledge, from one individual to another (Coff, 1994)	2.1 Training decrease employee turnover 2.2 New employee has specialized training 2.3 Job rotation helps develop employee skills 2.4 Job rotation helps developing employee knowledge about company operations	Train1 Train2 Train3 Train4	Coff (1994) Coff (1994) Coff (1994) Coff (1994)
3.	<i>Human resource behavior</i>	The way people interact with each other. (Wright and McMahan, 1992)	3.1 Workforce issues (eg. compensations, incentives) is well managed 3.2 Company prioritize internal promotions 3.3 Internal vacancy increase employee morale 3.4 Employee behavior is one of company evaluation aspect 3.5 Employee is routine evaluated 3.6 Training affects behavior 3.7 Employee responsible for their performance	HR1 HR2 HR3 HR4 HR5 HR6 HR7	Wright & McMahan (1992) Purcell & Ahlstrand(1994) Boxall (1992) Wright and McMahan(1992) Wright and McMahan(1992) Wright and McMahan(1992) Wright and McMahan(1992)

**Table 3.1. (Continued)**

No.	Factor	Definition	Item	Variables	Source
4.	<i>Competitive Advantage</i>	The resource must add value to the firm, it must be rare, it must be inimitable and it must be non-substitutable. (Wright and McMahan, 1992)	4.1 Company constantly gaining new customers	Compt1	Legge (1995)
			4.2 Company is succesfull retaining customers	Compt2	Barney (1991)
			4.3 Employee shows dedication	Compt3	Wright and McMahan(1992)
			4.4 Employee satisfaction is clear	Compt4	Wright and McMahan(1992)
			4.5 Low turnover is an asset	Compt5	Wright and McMahan(1992)
			4.6 By internal recruitment, employees feels been rewarded	Compt6	Wright and McMahan(1992)

Source: Reprocessed data

The variable is basically everything that can be given a wide range of values. Variables that connects one variable with another variable in this research can be distinguished as describe above.

### 3.2 Data Collection Method

The data used in the analysis were collected from distributing questionnaires (adopted and modified from Najia, 2008 based on the current situation in SPBU xx.xxx Tambun). A questionnaire is a formalized set of questions for obtaining information from respondents.

Questionnaire Objectives (Malhotra, 2007):

- It must translate the information needed into a set of specific questions that the respondents can and will answer.
- A questionnaire must uplift, motivate, and encourage the respondent to become involved in the interview, to cooperate, and to complete the interview.
- A questionnaire should minimize response error.

Total gas station employees were 35 persons, who became respondents of the research. The data is analyzed using program Statistical Package for Service Solution (SPSS).

The questionnaire tool that was used in the research was comprised of 5 main sections.

The first section tackles demographic factors which include:

- Gender
- Age
- Level of Education
- Employment Level
- Years of Work Experience

The remaining four sections were described then measured through the following Likert scale:

*SA= Strongly Agree A= Agree N= Neutral D= Disagree SD= Strongly Disagree*

In specific, section two consisted of the HR strategy *socialization factor* [q1 throughout q3]. Section three measured the *training factor* [q4 through q7]. Section four defines the *human resources behavior factor* [q8 – q14]. Finally, section five of the questionnaire was designed to measure the research's dependent variable, the competitive advantage factor [q15 – q20].

### **3.2.1 Questionnaire's validity and reliability analysis**

#### **3.2.1.1 Validity Test**

Validity test is a development that shows the difference of the score scale observations could reflect real differences between objects the characteristics measured. Validity is the extent to which a test measures what it claims to measure. It is vital for a test to be valid in order for the results to be accurately applied and interpreted (Malhotra, 2007).

#### **3.2.1.2 Factor Analysis**

Factor Analysis (Malhotra, 2007):

- Factor analysis is a general name denoting a class of procedures primarily used for data reduction and summarization.
- Factor analysis is an interdependence technique in that an entire set of interdependent relationships is examined without making the distinction between dependent and independent variables.

- Factor analysis is used in the following circumstances:
  - To identify underlying dimensions, or factors, that explain the correlations among a set of variables.
  - To identify a new, smaller, set of uncorrelated variables to replace the original set of correlated variables in subsequent multivariate analysis (regression or discriminant analysis).
  - To identify a smaller set of salient variables from a larger set for use in subsequent multivariate analysis.

Conducting Factor Analysis - First is to determine the method of factor analysis. In principal components analysis, the total variance in the data is considered. The diagonal of the correlation matrix consists of unities, and full variance is brought into the factor matrix. Principal components analysis is recommended when the primary concern is to determine the minimum number of factors that will account for maximum variance in the data for use in subsequent multivariate analysis. The factors are called principal components (Malhotra, 2007).

Validity test using Factorial Analysis, (based on Santoso, 2006):

- a. Kaiser-Meyer-Olki Measure of Sampling Adequacy (KMO). KMO analysis to test the adequacy of research that should coefficient meet the requirements above 0.5 and the significant level should be under 0.05.
- b. Anti-Image Matrices test whether a variable worthy of analysis or do not have to comply with the provisions of the percentage above 0.5.
- c. Total Cumulative Variance Explained must have a percentage around 50%.
- d. Component Matrix number of variables must be eligible approaching 0.5.

### 3.2.1.3 Reliability Test

The reliability of a measuring instrument is defined as its ability to consistently measure the phenomenon it is designed to measure. Reliability, therefore, refers to test consistency. The importance of reliability lies in the fact that it is a prerequisite for the validity of a test. Simply put, for the validity of a measuring instrument to be supported, it must be demonstrably reliable. Any

measuring instrument that does not reflect some attribute consistently has little chance of being considered a valid measure of that attribute (Ho, 2006).

The reliability test use *Cronbach's Alpha* method. This is a single correlation coefficient that is an estimate of the average of all the correlation coefficients of the items within a test. If alpha is quite high (0.50 or higher), then this suggests that all of the items are reliable and the entire test is internally consistent. If alpha is low (below 0.50), then at least one of the items is unreliable, and must be identified via item analysis procedure (Santoso, 2006).

### **3.3 Data Analysis Method**

This section discusses about the data analysis. First was about the descriptive analysis and second was about correlation.

#### **3.3.1 Descriptive Analysis**

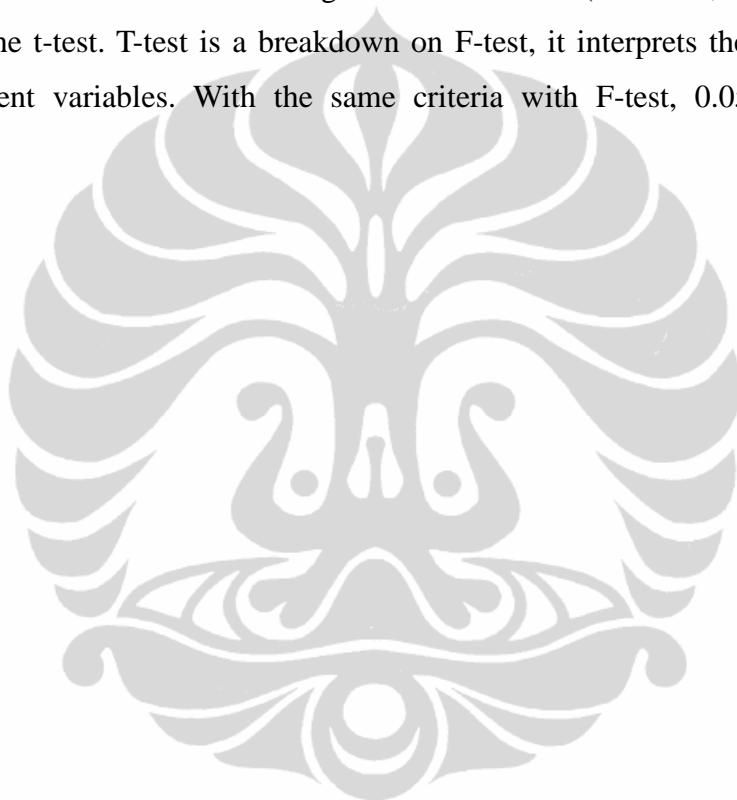
Descriptive statistics are used to describe the basic features of the data in a study. They provide simple summaries about the sample and the measures. In this research include five demographic factors which include:

- a. Gender
- b. Age
- c. Level of Education
- d. Employment Level
- e. Years of Work Experience

#### **3.3.2 Multiple Regression Analysis**

Regression analysis consists of several models, such as simple linear regression, multiple linear regressions, and dummy variable regression (Malhotra, 2007). Analysis regression used in this study is multiple regression analysis. Multiple regression analysis is a regression for a variable more than one independent variables (Malhotra, 2007). The purpose of multiple regression is to find a regression model that most appropriate to describe the factors associated with dependent variable (Malhotra, 2007). There are some tests used in regression analysis. The first one is goodness of fit test or commonly stated as R Square. R

square is used as determinant coefficient to observe the impact of one dependent variable's change can affect the other independent variables. The value of R Square is ranging between 0 to 1 (Malhotra, 2007). The higher the value, the better the model can explain the impact of independent variables' changes to the dependent variable. The second test is F test, used to determine whether the altogether independent variables have significant influence on the dependent variable. If the probability value (sig) in the F test is less than 0.05, then the conclusion will state that there's a significant influence (Malhotra, 2007). The third one is the t-test. T-test is a breakdown on F-test, it interprets the influence per independent variables. With the same criteria with F-test, 0.05 value at maximum.



## CHAPTER 4

### RESEARCH RESULT ANALYSIS

#### 4.1 Research Object

##### 4.1.1 History in Brief

Gas Station is one unit of business development in retail fuel, non-fuel and lubricants, which was established in 1977. It is located in Bekasi regency namely Gas Stations 34.xx.xxx retail outlets.

##### 4.1.2 Company Vision and Mission

SPBU type of cooperation is CODO (Company Owned Dealer Operated). The gas station management have a commitment to always provide products and best service for our customers.

The purpose of the establishment of retail outlets are to:

- a) To give profit based on the principles of management of retail outlets to effectively and efficiently.
- b) To give contribution in enhancing the economic activities for the welfare and prosperity of the company.
- c) To give more added value for our shareholders, customers, workers and citizens, and supports the advancement of the company.

##### 4.1.3 Gas Station Values

These values consist of:

###### a. Integrity

Able to turn commitments into concrete actions

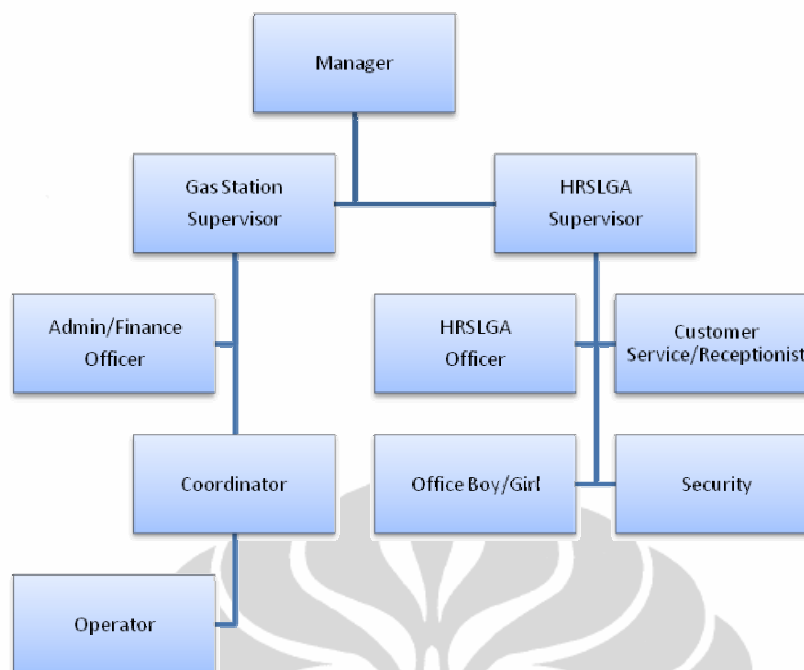
###### b. Accuracy

Using the optimum range of competence firms to increase value-added enterprise

###### c. Consistency

Featuring the best in all aspects of business management





**Figure 4.1 Organizational Structure of SPBU**

Source: Reprocessed Data

In line with the changing business environment and new Pertamina's transformation, then the gas station as a major partner Pertamina is expected to make various efforts to hold on the attitude:

**a. Clean**

Professionally managed, avoid conflict of interest; never tolerate bribery, respect trust and integrity based on good corporate governance principles

**b. Competitive**

Able to compete both regionally and internationally, support growth through investment, build cost effective and performance oriented culture.

**c. Confident**

Involve in national economic development as a pioneer in state owned enterprise's reformation, and build national pride.

**d. Customer Focused**

Focus on customer and commit to give the best service to customers

**e. Commercial**

Create added values based on commercial oriented and make decisions based on fair business principles

**f. Capable**

Managed by professional, skilled and high quality leaders and workers, committed to build research and development capability

**4.1.4 PERTAMINA WAY**

Effective on July 02, 2009 Gas Station 34.xx.xxx been appointed by PT PERTAMINA (Persero) as Gas Station “Pasti Pas”

What can be enjoyed by customers at the Gas Station “Pasti Pas” ?

**a. Staff and Operators**

Staff and service is friendly and helpful customer service guarantee of excellence. The staff and the operator are equipped with uniform red color Pertamina domination. If customers wish to convey suggestions and complaints to the waiter our retail outlets, customers can contact staff supervisor on duty, either directly or via telephone.

**b. Quality and Quantity**

Existing equipment and systems are provided to ensure the quality and quantity of fuel, so that fuel is guaranteed is pure and not less from its dose.

**c. Equipment and Facilities**

Equipment and facilities are clean and well maintain cleanliness in all areas, from fuel filling area until the all the supporting facilities such as toilets, office, mosque.

**d. Intensive Care**

Equipment and supplies major retail outlets including fuel pumps and buried storage tanks.

**e. Physical Form**

Physical form of building is a beautiful, clean and consistent in accordance with standard specification of PERTAMINA, such as canopy, dispenser and pumps island.

**f. Human Resources**

Human resources development focused on the creation of workers who proficient, professional, committed, dedicated and business oriented.

To achieve the foregoing, the company has established the following corporate strategies for human resources development:

- Implementing the development of workers who organized and consistent so that the workers have competencies, skills, dedication, performance and high productivity.
- Give an award in the form of welfare and a competitive remuneration and to provide protection to workers in accordance with standard oil and gas companies regulations in Indonesia
- Creating and developing a cooperative relationship that is safe to create a harmonious and comfortable atmosphere in order to support high productivity.

This corporate strategy became the basis for the implementation of human resources development programs. The company believes that human resources development is a long term investment so the company is committed to a systematic development programs and continuing to anticipate the challenging needs of business. The company has implemented recruitment and selection process is selective in order to obtain workers who are dedicated workers and have a high loyalty to the company.

#### 4.1.5 Gas Station Business Strategy

Business strategy in SPBU to gain competitive advantage:

1. Physical evidence quality - Make the station very attractive. Posters, images even well written slogans.
  - Providing *mushola* (small mosque)
  - Clean restroom
2. Fast and friendly service, because service is an excellent way to differentiate our product. Consumers are typically unsympathetic when presented with the high price of fuel; so there needs to be some sort of perceived additional value they obtain from visiting gas station. Such as the friendly behavior and good relationship.
3. Providing minimart, selling snacks and drinks.
4. Strategic location for gas stations.

Vehicles need fuel to run and drivers want to get that fuel in a most convenient manner. This is why SPBU 34.xx.xxx is very feasible. Also it has a high traffic.

5. Providing ATM machine, to create added value to the customers
6. Providing air tire pressure service.
7. Conduct an agreement to the logistics company to filling fuel in SPBU 34.xx.xxx (could increase customer loyalty).

## 4.2 Research Result Analysis

### 4.2.1 Demographic Characteristics

This section revolves around analyzing the selected sample's demographic characteristics. The following statistics were noticed from the analysis:

**Table 4.1. Respondent Percentage Based on Gender**

Sex	Frequency	Percent
Male	25	71.4
Female	20	28.6
Total	35	100

Source: Reprocessed data

From table 4.1, 28.6% of the sample responses were received by female's as opposed to the 71.4% from male's.

**Table 4.2 Respondent Percentage Based on Age**

Age	Frequency	Percent
20-25 years	19	54.3
26-30 years	11	31.4
31-40 years	5	14.3
Total	35	100

Source: Reprocessed data

From the previous table, it is shown that 54.3% of the respondents were in the age group between 20 – 25 years of age; 31.4% between 26 – 30, 14.3% in the range from 31 – 40. This gives us an indication as to the current and preferred age group that is hired within very competitively industries.

**Table 4.3 Respondent Percentage Based on Education**

Education	Frequency	Percent
Junior High School	1	2.9
High School	29	82.9
Diploma	2	5.7
Bachelor	3	8.6
Total	35	100

Source: Reprocessed data

Table 4.3 apparently reflects that majority of the respondents was high school degree (82.9%). Followed by bachelor degree with 8.6% and diploma degree with 5.7%. And only 2.9% held junior high school degree.

From the last demographical level (see table 4.4), it is noticed that 68.6% of the respondents were general worker level of the companies; 25.7% were officer; management level were 5.7% of the sample studied

**Table 4.4 Respondent Percentage Based on Employment Level**

Level	Frequency	Percent
General Worker/Operator	24	68.6
Officer	9	25.7
Management	2	5.7
Total	35	100

Source: Reprocessed data

**Table 4.5 Respondent Percentage Based on Years of Experience**

Years Experience	Frequency	Percent
< 1 year	5	14.3
1-3 years	15	42.9
> 3 years	15	42.9
Total	35	100

Source: Reprocessed data

With regards to the years of experience category, it is evident that most of the respondents been in the company between 1-3 years (42.9%), in comparison to the 14.3% of those working for less than a years, and 42.9% who have been working more than 3 years (see table 4.5).

#### 4.2.2 Validity and Reliability Test

**Table 4.6 Appropriateness and Contribution of Variable for Socialization Factor**

Item	KMO	Anti Image Correlation	% of Variance	Comp. Matrix
SOC1	0.578	0.560	52.02	0.779
SOC2		0.558		0.788
SOC3		0.694		0.576

Source: Reprocessed data

The Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy is an index used to examine the appropriateness of factor analysis. High values (between 0.5 and 1.0) indicate factor analysis is appropriate. Values below 0.5 imply that factor analysis may not be appropriate. KMO value of 0.578 (greater than 0.5) showed that the samples taken is sufficient. Value significance of 0.048 (less than 0.05) indicates that the research variables can be predicted and analyzed further. Value of anti-image correlation is more than 0.5, indicates that the research variables can be predicted and analyzed further (see table 4.6).

Total Variance Explained is a indication on how much in terms of percentage do the retained factors explain the construct. Any values greater than 50% are considered as acceptable. Component matrix gives us the factor loadings that indicate how close the variables are related to the factors. Any values greater than 0.5 are commonly considered as acceptable.

The Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy is an index used to examine the appropriateness of factor analysis. High values (between 0.5 and 1.0) indicate factor analysis is appropriate. Values below 0.5 imply that factor analysis may not be appropriate. Value KMO of 0.512 (greater than 0.5) showed that the samples taken is sufficient. Value significance of 0.038 (less than 0.05) indicates that the research variables can be predicted and analyzed further (see table 4.7).

**Table 4.7 Appropriateness and Contribution of Variable  
For Training Practice Factor**

Item	KMO	Anti Image Correlation	% of Variance	Comp. Matrix
TRAIN1	0.512	0.490	40	
TRAIN2		0.542		
TRAIN3		0.510		0.873
TRAIN4		0.515		0.857

Source: Reprocessed data

Total Variance Explained is a indication on how much in terms of percentage do the retained factors explain the construct. Any values greater than 50% are considered as acceptable. Component matrix gives us the factor loadings that indicate how close the variables are related to the factors. Any values greater than 0.5 are commonly considered as acceptable. Because the total variance explained is less than 50% and component matrix values of TRAIN1 and TRAIN2 is the lowest (less than 0.5), so the test was repeated again by deleting the TRAIN1 and TRAIN2 variables.

**Table 4.8 Appropriateness and Contribution of Variable  
For Training Practice Factor (Step 2)**

Item	KMO	Anti Image Correlation	% of Variance	Comp. Matrix
TRAIN3	0.500	0.500	77.377	0.880
TRAIN4		0.500		0.880

Source: Reprocessed data

The Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy is an index used to examine the appropriateness of factor analysis. High values (between 0.5 and 1.0) indicate factor analysis is appropriate. Values below 0.5 imply that factor analysis may not be appropriate. Value KMO of 0.500 (greater than 0.5) showed that the samples taken is sufficient. Value significance of 0.001 (less than 0.05) indicates that the research variables can be predicted and analyzed further. Value of anti-image correlation is 0.5, indicates that the research variables can be predicted and analyzed further (see table 4.8).

Total Variance Explained is a indication on how much in terms of percentage do the retained factors explain the construct. Any values greater than 50% are considered as acceptable. Component matrix gives us the factor loadings that indicate how close the variables are related to the factors. Any values greater than 0.5 are commonly considered as acceptable.

The Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy is an index used to examine the appropriateness of factor analysis. High values



(between 0.5 and 1.0) indicate factor analysis is appropriate. Values below 0.5 imply that factor analysis may not be appropriate. Value KMO of 0.432 (less than 0.5) showed that the samples taken is sufficient. Value significance of 0.011 (less than 0.05) indicates that the research variables can't be predicted and analyzed further (see table 4.9).

**Table 4.9 Appropriateness and Contribution of Variable for HR Behavior Factor**

Item	KMO	Anti Image Correlation	% of Variance	Comp. Matrix
HR1	0.432	0.365	27.034	0.871
HR2		0.445		
HR3		0.401		
HR4		0.534		
HR5		0.378		
HR6		0.446		
HR7		0.405		

Source: Reprocessed data

Total Variance Explained is a indication on how much in terms of percentage do the retained factors explain the construct. Any values greater than 50% are considered as acceptable. Component matrix gives us the factor loadings that indicate how close the variables are related to the factors. Any values greater than 0.5 are commonly considered as acceptable. Because the total variance explained is less than 50% and component matrix values of HR1, HR5, HR6 and HR7 is the lowest (less than 0.5), so the test was repeated again by deleting the HR1, HR5, HR6 and HR7 variables.

The Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy is an index used to examine the appropriateness of factor analysis. High values (between 0.5 and 1.0) indicate factor analysis is appropriate. Values below 0.5 imply that factor analysis may not be appropriate. Value KMO of 0.590 (greater than 0.5) showed that the samples taken is sufficient. Value significance of 0.004 (less than 0.05) indicates that the research variables can be predicted and analyzed

further. Value of anti-image correlation is more than 0.5, indicates that the research variables can be predicted and analyzed further (see table 4.10).

**Table 4.10 Appropriateness and Contribution of Variable  
for HR Behavior Factor (Step 2)**

Item	KMO	Anti Image Correlation	% of Variance	Comp. Matrix
HR2	0.590	0.561	57.591	0.842
HR3		0.626		0.698
HR4		0.606		0.729

Source: Reprocessed data

Total Variance Explained is a indication on how much in terms of percentage do the retained factors explain the construct. Any values greater than 50% are considered as acceptable.

Component matrix gives us the factor loadings that indicate how close the variables are related to the factors. Any values greater than 0.5 are commonly considered as acceptable.

**Table 4.11 Appropriateness and Contribution of Variable  
For Competitive Advantage Factor**

Item	KMO	Anti Image Correlation	% of Variance	Comp. Matrix
COMPT1	0.517	0.529	36.178	0.663
COMPT2		0.492		0.805
COMPT3		0.628		0.641
COMPT4		0.580		0.696
COMPT5		0.468		
COMPT6		0.243		

Source: Reprocessed data

The Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy is an index used to examine the appropriateness of factor analysis. High values

(between 0.5 and 1.0) indicate factor analysis is appropriate. Values below 0.5 imply that factor analysis may not be appropriate. Value KMO of 0.517 (greater than 0.5) showed that the samples taken is sufficient. Value significance of 0.001 (less than 0.05) indicates that the research variables can be predicted and analyzed further (see table 4.11).

Total Variance Explained is a indication on how much in terms of percentage do the retained factors explain the construct. Any values greater than 50% are considered as acceptable. Component matrix gives us the factor loadings that indicate how close the variables are related to the factors. Any values greater than 0.5 are commonly considered as acceptable. Because the total variance explained is less than 50% and component matrix values of COMPT5 and COMPT6 is the lowest (less than 0.5), so the test was repeated again by deleting the COMPT5 and COMPT6 variables.

The Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy is an index used to examine the appropriateness of factor analysis. High values (between 0.5 and 1.0) indicate factor analysis is appropriate. Values below 0.5 imply that factor analysis may not be appropriate. Value KMO of 0.600 (greater than 0.5) showed that the samples taken is sufficient. Value significance of 0.000 (less than 0.05) indicates that the research variables can be predicted and analyzed further. Value of anti-image correlation is more than 0.5, indicates that the research variables can be predicted and analyzed further (see table 4.12).

**Table 4.12 Appropriateness and Contribution of Variable  
For Competitive Advantage Factor (Step 2)**

Item	KMO	Anti Image Correlation	% of Variance	Comp. Matrix
COMPT1	0.600	0.554	51.670	0.720
COMPT2		0.570		0.869
COMPT3		0.738		0.566
COMPT4		0.655		0.688

Source: Reprocessed data

Total Variance Explained is a indication on how much in terms of percentage do the retained factors explain the construct. Any values greater than 50% are considered as acceptable.

Component matrix gives us the factor loadings that indicate how close the variables are related to the factors. Any values greater than 0.5 are commonly considered as acceptable.

In this study from all 20 items, there were only 12 were valid (see Table 4.13). This is due for a several reasons. First was because 83% of the respondent was from high school graduates, so the question was hardly to understand by the respondent.

**Table 4.13 Validity of Attributes**

Factor	No Items	Valid Item	Invalid Item
Socialization [Soc]	3	3	0
Training Practices [Train]	4	2	2
HR Behavior [HR]	7	3	4
Competitive Advantage [Compt]	6	4	2

Source: Reprocessed data

**Table 4.14 Reliability Analysis Output**

Variable	Cronbach's alpha
Socialization	0.5140
Training practices	0.7046
Human resources behavior	0.6299
Competitive advantage	0.6577

Source: Reprocessed data

For the training practices and competitive advantage factors, Cronbach's Alpha was 0.7046 and 0.6577, which indicates quite high score, while for the Human Resource Behavior and Competitive Socialization factor, the Cronbach's Alpha is 0.6299 and 0.5140 (see table 4.14). This means that all of the items are reliable. (*Detailed calculations are in appendix 2, page A-5 to A-15*)

### 4.2.3 Perception of Socialization, Training Practices, Human Resource Behavior, and Competitive Advantage in SPBU xx.xxx Tambun

**Table 4.15 Descriptive Statistics for Aspects of Human Resource Strategy**

Variable	Mean	Std Deviation
Socialization	3.89	0.530
Training	4.11	0.631
HR Behavior	3.97	0.501
Competitive advantage	3.86	0.625

Source: Reprocessed data

Table 4.15 indicates that all the variable items have score above 3.86. The highest score is from the training practices and human behavior factors (4.11) and (3.97). Next, is from socialization (3.89) and the last is from competitive advantage factors (3.86). This means that respondents perceived that socialization, training practices, human resources behavior, and competitive advantage were implemented in this organization.

### 4.2.4 Socialization Aspect

Organizational socialization is a process of both learning and adjustment. It is a learning process because newcomers try to make sense of the company's physical workplace, social dynamics, and strategical/cultural environment. Organizational behavior research has identified six content dimensions of organizational socialization. Newcomers need to learn about organization's performance expectations, power dynamics, corporate culture, company history, and jargon. They also need to perform successful and satisfying relationships with other people from whom they can learn the ropes. Thus, effective socialization enables new recruits to perform a cognitive map of the physical, social, and strategic/cultural dynamics of the organization without information overload (McShane, 2005).

Socialization is the process of mutual adaptation of new employees and new employer to one another. In term of familiarization to each other, employees

learn the organizational culture, values, attitudes, and behaviors appropriate to their roles in the organization. It is a process of adaptation that takes place as individuals attempt to learn the values and norms of work roles. Some of the purposes of socialization in any organization are to ensure predictability of employee behavior, to substitute for rules guiding employee behavior, to increase employee performance and satisfaction, and to reduce anxiety (Lingham, 2008).

Orientation is the introduction of a new employee to the organization, the requirement of job, the social situation in which he will be working and the organization's culture. The organization's culture includes its values, shared beliefs, history, tradition and norms of behavior expressed as do's and don'ts. Orientation is a part and first step of socialization process. A new employee who is socialized understands the key points about this organization and its people and why things are done in particular way (Lingham, 2008).

In SPBU 34.xx.xxx Tambun, the orientation program for the new employee usually being held for a week. He/she will learn about the working environment, about how to communicate with other employee, how to communicate with the customers and how to behave with the local people around the gas station. These orientation programs are usually attended by operators and customer service. The program is held at the gas station office. After attending the program, employees know each other and are familiar with the working environment.

Orientation should create an initial favorable impression. Key ingredients of the good first impression include sufficient information about when and where to report for work, efficiently handled paperwork and friendly people to guide new employees. Orientation should encourage acceptance by other employees. Introductions, informal interaction, a tour of the facilities with short stops to hear people talk about their jobs and history of employment at the firm, and opportunity for the new employees to ask questions all can help gain acceptance (Lingham, 2008).

In SPBU 34.xx.xxx Tambun, there are senior employees which sometimes ignores the new employee. This is about their mindset that the new employee is to replace them in the future. The result is the impression is not so good for the new

employee. To reduce this kind of bad impression, the superior must create a good communication between both of them. He/she must facilitate the communication, and in the end could create a better relationship between junior and senior employee.

The example of socialization process for the new policy in the gas station:

- New regulations, on the restriction the quota of subsidized gasoline (premium)
- New information, changes price in Solar and Pertamina Dex
- New information, price promotions of Pertamina
- Regulations, restrictions filling of subsidized gasoline to oil cans
- New information, encouragement to raise the level of the gas stations Silver to Gold level (so as to reward, from the sale of 3 rupiah/liter to 5 rupiah/liter goes to the gas station employee)
- Months of work safety, pay more attention to Health Safety Environment (HSE)
- Local government regulations, if there is any increase in minimum wage of the employee, then they must know it.

The culture of an organization plays an important role in building the concept of socialization. It is necessary to examine organization culture, roles, values and norms to understand the concept of socialization in any organization. The shared values and beliefs, attitudes and behaviors that interact with a company's employee, organizational structure and control system constitutes the organizational culture. It is very important for a new employee to know about the organizations' culture to understand how things are done, what behavioral outcomes are important and how others are behaving in the organization (Lingham, 2008).

In SPBU 34.xx.xxx Tambun, the most expected culture is that the employee must always report to the manager. Everything happened in the scope of their works must be reported by the manager. This is to guarantee the quick response to fix up things if there is something wrong in the field.

The example of socialization process in organizational culture in the gas station:

- Message from management, that employee must always give report to the manager.
- Message from management, that employee must work harder with the best possible way.
- Bulletin or social media from headquarters, for the human resource development. Usually regarding skill enhancement, safety instruction, health information etc.

#### 4.2.5 Training Practices Aspect

To meet the demands required by businesses in today's highly competitive market, gas station management finds it necessary to provide ongoing training to the employees. The quality of employees and their skills acquired through education and training are key components in determining the long-term profitability of organizations. Wise organizations invest in the development and skills of their employees – both new and current – by delivering high-quality training programs that will increase the overall efficiency and productivity of the company.

Two basic methods of conducting employee development in SPBU 34.xx.xxx Tambun :

##### 1) Training

Training is a planned effort to facilitate the learning of job-related knowledge, skills, and behavior by employees. These competencies are critical for successful job performance (Noe et al, 2008)..

Example of training in SPBU 34.xx.xxx:

- a. Pertamina Training Center (PTC), this training is conducted by Pertamina. This program is just for the new employee of gas station. Before becoming a gas station employees, Pertamina held a training center, namely PTC (Pertamina Training Center). In PTC, the employee is taught about cultural change from old paradigm into new paradigm. It also delivered topics an introduction of Standard



Operating Procedures (SOP) of the gas stations, as well as firefighter training.

- b. Firefighting, this training is conducted by local fire brigade. This training is held once in two year.
- c. Health and safety, this training is conducted by Health, Safety, Environment (HSE) team from Head Office of PT SNR. This training is conducted once in a month.

## 2) Education

Education is a method to improve an employee's general knowledge, including increased mastery of theory and skills to make decisions in the face of daily routine organizational matters. The goal of this method is for employees to master knowledge, skill, and behaviors emphasized in training programs and to apply them to their day-to-day activities. Recently it has been acknowledge that to offer a competitive advantage, training has to involve more than basic skill development (Noe et al., 2008).

There are several method of education which are followed by all frontliners such as operators and customer service in SPBU 34.xx.xxxx:

- d) Briefing, each morning before starting to work. Usually in this occasion, the mentor emphasized about the importance of the Standard Operating Procedure (SOP). This is held by the coordinator and takes 10-20 minutes before start to work. Gathering the operator before the work shift begins. First, the coordinator checks the operator attendance, second is checking the completeness of their uniform, third is checking the appearance, then health condition is checked and last the discussion of 3S motto, *Senyum* (smile), *Salam* (greet), *Sapa* (compliment) to the customers.

### e) Coaching

Coaching is a form of training and development undertaken in the workplace by a supervisor with the lead officers doing the work informally and usually not planned before. For example how to do the job, how to solve the problem. This is held by the supervisor or manager, at least this

method is done in once a week. For example, the coaching clinic about the fire extinguisher. The operator is taught how to manage a small fire accident, and how to extinguish in a fast and safe way.

f) Presentation of new information or knowledge

What is meant by this technique is to present information (support socialization process), the purpose introduce the knowledge, attitudes and new skills to the participants. It is expected by the end of the process of knowledge, attitudes, and skills of the participants adopted by training participants in their work later. This is held by the supervisor and manager, held by condition if there is new regulation, or policy from Pertamina. For example the recommendation to use Pertamina. The operator must know the benefit of Pertamina, such as good for vehicle machine, fuel consumption is more efficient. The manager or supervisor who presented these topics and transferred their knowledge to the operators.

g) Games Role (Role Playing)

In this way the participants were asked to play (play), the parts of various characters (character) in the case. The participants were asked to imagine themselves on the action (role) specific for those created by trainers. Participants should take over the role and attitudes of the people who featured it. For example simulation of filling premium (gasoline), which is one party act as the operator, the other act as the customers. This is being held by the coordinator and the operators. Usually this is being held for once a week. This is held when the operator has off working days.

Base on the experience, the gas station management used principles as a guidance in training employees for training and development in SPBU 34.xx.xxx:

- There is a clear impetus or motivation for exercise participants (trainees).
- There is a progress report (progress report).
- The existence of rewards or praise (reinforcement).
- The existence of active participation from the participant (active participation).

- With the appropriate training programs and development, so it could improve performance, reduce absenteeism and turnover, and improve job satisfaction.

#### 4.2.6 Human Resource Behavior Aspect

In human behavior practices, the way people interact with each other will help determine the success of the firm. At the core of any account relationship is client service and a human connection to a service industry. That's why employees' behaviors significantly influence client retention and loyalty (Hershberger, 1998).

Each employee is unique in every organization and that's the great thing about employees, the service they provide, and the relationships they build. Services and delivery systems can be duplicated, but people cannot. This provides a competitive advantage to organizations.

Simple standards procedure such as standing to greet customers, smiling, offering assistance, and asking questions to understand needs can all be used to establish minimum performance standards for employees. For example in this organization, each employee is taught to practices 3S, which are to smile (*senyum*), to compliments (*salam*) and to greet (*sapa*) customers. This is the standardized procedure, and in a way, affects the human behavior of the company. In fact this procedure are often not implemented by the operator. Their reason is that the customer usually want a fast service, they didn't care about the procedural.

Another example regarding human resource behavior is how the gas station operators interact with the customers. Including product offerings (vehicle lubricants) and gas station facilities (toilets, addition of air tire pressure and mosque). More proactive offers to customers, such as non-subsidized gasoline and diesel pertamax dex, which is in line with Pertamina strategy to divert customers of premium gasoline or solar fuel to gasoline pertamax and solar dex. But the result that the customer was not really interested by the offerings. They just want a fast service and cheap product.

#### 4.2.7 Competitive Advantage Aspects

Competitive advantage refers to a firm's ability to implement value creating strategies that are not being implemented by any current or potential competitors. Coff (1994) argues that human assets are a key source of sustainable advantage because of causal ambiguity and systematic information making them inimitable.

In SPBU 34.xx.xxx people are the key factor on developing competitive advantage. Fast and friendly service to customers, and also the full facilities, such as *mushala* (small mosque), toilets and air pressure for the tire is the added value of this gas station. Also a clean environment and availability of food and beverage store inside the gas station.

#### 4.3 Influence between Socialization Activities, Training Programs, and Human Resource Behavior on the Competitive Advantage

**Table 4.16 Multi Collinearity Test Result**

Variable	Collinearity Statistics	
	Tolerance	VIF
Socialization	0.701	1.426
Training practice	0.508	1.350
HR behavior	0.426	1.105

Based on multiple regression analysis with multi collinearity test it is known that all of the variable in the aspects of human resource strategy have no collinearity. Multi collinearity analysis was shown at VIF and tolerance number, if VIF score is less than 10 and tolerance score is less than 1 then the model have no collinearity in their variable (Santoso, 2001).

**Table 4.17 Model summary of HR Strategy on Competitive Advantage**

Model	R	R Square	Adjusted R Square	Std. Error Of The Estimate
1	.547 <sup>a</sup>	.299	.232	.87654956

Source: Reprocessed data

**Table 4.18 ANOVA of HR Strategy on Competitive Advantage**

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	10.181	3	3.394	4.417	.011 <sup>a</sup>
Residual	23.819	31	.768		
Total	34.000	34			

Source: Reprocessed data

**Table 4.19 Coefficients of HR Strategy on Competitive Advantage**

Model	Unstand. Coef.		Std. Coef.	t	Sig.
	B	SE	Beta		
1 (Constant)	-1.543E-16	.148		.000	1.000
REGR factor score socialization	.073	.180	.073	.409	.686
REGR factor score Training practice	-.032	.175	-.032	-.183	.856
REGR factor score HR behavior	.528	.158	.528	3.342	.002

Source: Reprocessed data

Based on multiple regression model, it is known R Square value of 0.299 at the level  $0.05 \geq \alpha$ , meaning that the model is able to explain socialization, training practice and HR behavior factor at 29.9%, while 71.1% more explained by factors outside the model (see table 4.17). Table 4.18 showed that the altogether HR strategy variables had a significant influence on competitive advantage.

From the table 4.19, the result of probability value (sig) for the socialization factor is  $> 0.05$ , that's mean there is no significant influence between the socialization factor on the competitive advantage. Jayne (2006) found that human resource practices that promote socialization such as development assignments and project teams can be the foundation of creating and sustaining a

competitive advantage. This means that the result of the survey was different from Jayne (2006) finding.

From the table 4.19, the result of probability value (sig) for the training practices factor is  $> 0.05$ , that's mean there is no significant influence between the training practices factor on the competitive advantage. This means that the result of the survey is different from Jayne (2006) finding.

From the table 4.19, the result of probability value (sig) for the HR behavior factor is  $< 0.05$ , that's mean there is significant influence between the socialization factor on the competitive advantage. The result of the survey support Jayne (2006) finding, that competitive advantage is positively related with human resource behavior.

#### **4.4 Discussion**

From the mean result, all of the respondent perceived that socialization factor is being implemented in this gas station. But in fact there is lack of socialization process in this gas station. The answer is from the interview with the respondent senior employees which is operator are reluctant to change and might not prefer the acceptance of new employee in their group. For example if there are new regulation from Pertamina has to be implemented, like the socialization for non subsidy fuel, the senior operator is less active in order to follow the socialization process. This reason answered the proposition that there is no significant relationship between socialization activities and developing a competitive advantage.

Another reason is the company use a one way communication system for socialization process. This company believe in dictating the rules and conditions to the new employee. The perception and ideas of the employees are not considered at all which stifles the creative instincts of the new employee. For the example in the new technology for the gas station facilities, like the introduction of flashcard for the new paying system, it is very rare the employee asking question or statement, that indicate they understood the material. On the other hands, often employee didn't noticed the new regulations because the socialization media (banners) is small or hidden, and they didn't aware of it. And

sometimes also, some employees were passive during to the socialization process. This explained the result of the respondent interviews, that there is lack of socialization process in this company.

Employee training is desirable for improving both employability and productivity. Through training opportunities, workers can develop and maintain skills that are required for employment in a continually changing workplace. By providing training, employers support the skill development of their employees, thus contributing to the company's productivity and ability to provide quality products and services to its customers. Employees who receive training are less likely to seek employment elsewhere, thus reducing company turnover rates. As the result, training practices is one factor that affects company competitive advantage (McGivney, 1997).

From the mean result , all of the respondent perceived that training factor is being implemented in this gas station. In SPBU 34.xx.xxx training is implemented in several ways. Briefing and coaching methods is the most frequently used. But it is not significantly related to the competitive advantage. This might be because of the material for the training is not suitable for the operator, so they didn't gain new skills. The training is not specialized. So this couldn't add value for the company.

From the mean result, all of the respondent perceived that human resource behavior factor is being implemented in this gas station. Appropriate human resource practices that elicit productive employee behavior moderates the relationship between knowledge and sustained competitive advantage (Jayne, 2006). The employee is responsible for performing to the best of their abilities and being loyal, committed, ethical, and honest. Regarding this behavior, in its recruitment strategy, SPBU 34.xx.xxx management emphasizes internal promotions to fill vacancies. This could increase employees' morale, thus could create added value in human behavior factor, and in the end could develop a competitive advantage for the company. Other strategy is the company uses various forms when evaluating its employees. This is to ensure that all aspects of employee performance including the good behavior is well noticed. This is the justification of the survey result, that the human resources behavior factor is the

significantly relate to the competitive advantage factor. From the mean result, all of the respondent perceived that competitive advantage factor is being implemented in this gas station. This is because the company is constantly gaining new customers. For example, in this past two months the gas station management sign contract for two transportation company.





## **CHAPTER 5**

### **CONCLUSIONS AND RECOMMENDATIONS**

In a competitive environment, people make the difference. Therefore human resources are a critical component in every area of the organization, from finance to sales to customer service to line management.

#### **5.1 Conclusions**

Regarding to the question previously in the first chapter, about the socialization, training practices and human resources behavior factors which could be the foundation for creating and developing a competitive advantage, and based on the analysis and the previous discussion, it is concluded as follows:

- a. Socialization, training practices, human resources behavior, and competitive advantage were perceived to be well practiced.
- b. From the three aspects of human resource strategy, only human resource behavior have significant influence on the competitive advantage while socialization and training practices factor didn't have significant influence on the competitive advantage.

#### **5.2 Recommendations and Suggestions**

Based on the conclusions above, it can put forward some recommendations as input for the company:

For socialization factor:

- In the implementation of socialization factor, the company has to improve the way of communication systems, by implanting two way communication process during the orientation as well as socialization process. The new employee should be encouraged to ask various questions on orientation program and further while working.
- In order to understand the company mission and goals, the socialization

process must be well known by the employees. Each day briefing would be a good strategy, and must be maintained. In SPBU 34.xx.xxx the senior operator should be trained regarding the process and importance of socialization as most of them are not aware about it.

- Encourage each employee to be a socialization agent. Doing this, then the process of socialization is easier.

For training practices factor:

- Implementation of training practices such as daily briefing and mentoring in SPBU 34.xx.xxx has been running effectively, therefore the program should be maintained. Training programs should be prepared based on the assessment needs, the organization's environmental analysis and an analysis of knowledge, skill and ability of employees to identify existing gaps. Training conducted by the facility and learning process directed to improve the skills and abilities of employees, and conducted evaluation of training results obtained during the training.
- Conduct training outside of working hours when there are new technologies, such as flashcards for the ATM machine.
- Optimizing employee skill level, by providing constant training dan skill development.

For the human resource behavior factor:

- In the implementation of better human resources behavior the management or supervisor must give or insert the words or containing invitations spirit so as to generate enthusiasm and excitement of working work motivation increased after the training. Besides that, a positive statements to encourage employee doing a better behavior is somehow makes an add value for the organization.
- Supervisors or coordinator must always keep an eye on employee behavior in order to avoid lack of discipline.
- The management should give more trust to their workers and give them responsible and challenging assignments, in order keep their motivation

high.

- Designing a handbook for new employee to improve their behavior, thus to increase performance, in order to meet management expectation.

### 5.3 Future Study

The propositions and ideas presented in this paper need further empirical testing. Future research needs to address how human resource practices mediate the relationship between human resource strategy and firm performance. Human resource strategy would then be associated with the linkage between the firm's ability to create and sustain a competitive advantage.

. This proposition can only be applied at this gas station, to another gas station needs further research. Also investigation on other factors affecting competitive advantage is needed.

Also the questionnaire should be adjusted to the condition of the company that made for the subject of research. This to avoid redundancy and wrong analysis result for the research.

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Petunjuk :

Berilah tanda silang ( X ) pada jawaban yang anda anggap paling mewakili diri anda, di kolom yang telah disediakan.

Anda diminta untuk memberikan opini atas pernyataan-pernyataan di bawah ini.

Keterangan :

SS = Sangat Setuju

S = Setuju

RG = Ragu-ragu

TS = Tidak Setuju

STS = Sangat Tidak Setuju

No	Keterangan	SKALA				
		SS	S	RG	TS	STS
1	<i>The company has clear properly communicated values to all employees.</i> Perusahaan telah mengkomunikasikan dengan jelas tata nilai/peraturan kepada karyawan.					
2	<i>The company has clear vertical &amp; horizontal communication channels (emails, staff meetings, retreats, etc).</i> Perusahaan ini memiliki saluran komunikasi yang jelas baik secara vertikal maupun horisontal (email, rapat, briefing dll).					
3	<i>At your company, different work groups reach out to help and support each other.</i> Di perusahaan anda, kelompok kerja yang berbeda akan saling membantu satu dengan yang lain.					
4	<i>Training of employees in specific areas decrease the probability of employee turnover.</i> Pelatihan karyawan di bidang tertentu mengurangi peluang turn over karyawan.					
5	<i>Upon recruitment, the company provides employees with specialized training.</i> Setelah perekrutan, perusahaan menyediakan pelatihan khusus untuk karyawan baru.					
6	<i>Employee job rotation within the company helps in developing employees' skills.</i> Rotasi kerja karyawan dalam perusahaan membantu dalam mengembangkan keterampilan karyawan.					
7	<i>Employee job rotation within the company helps in increasing the employee's overall knowledge of the company's operations.</i> Rotasi kerja karyawan dalam perusahaan membantu dalam meningkatkan pengetahuan keseluruhan karyawan dari operasi perusahaan.					
8	<i>HR at your company shoulders the responsibility for workforce-related issues (compensations, incentives, healthcare, etc.)</i> Bagian SDM perusahaan Anda mempunyai tanggung jawab untuk masalah tenaga kerja terkait (kompensasi, insentif, kesehatan, dll)					

No	Keterangan	SKALA				
		SS	S	RG	TS	STS
9	<i>The company emphasizes internal promotions when filling vacancies.</i> Perusahaan menekankan promosi internal ketika mengisi kekosongan karyawan					
10	<i>Filling vacancies from within the company lifts employees' morale.</i> Mengisi kekosongan lowongan pekerjaan dari kalangan internal perusahaan mengangkat moral karyawan					
11	<i>The company uses various forms when evaluating its employees.</i> Perusahaan menggunakan berbagai bentuk cara ketika mengevaluasi karyawan.					
12	<i>Employees are evaluated at the end of each year only.</i> Karyawan dievaluasi pada setiap akhir tahun saja.					
13	<i>The company believes that training affects employees behaviors.</i> Perusahaan yakin bahwa pelatihan mempengaruhi perilaku karyawan.					
14	<i>At your company, employees are held accountable for low performance.</i> Di perusahaan Anda, karyawan bertanggung jawab atas kinerjanya yang rendah.					
15	<i>The company is constantly gaining new customers.</i> Perusahaan ini selalu mendapatkan pelanggan baru.					
16	<i>The company is successful in retaining its customers.</i> Perusahaan ini berhasil dalam mempertahankan pelanggannya.					
17	<i>Employee dedication is evident at the company.</i> Dedikasi karyawan adalah jelas didalam perusahaan.					
18	<i>Employee satisfaction is noticeable throughout company personnel.</i> Kepuasan karyawan adalah terlihat dari keseluruhan personil karyawan.					
19	<i>Low employee turnover is a valuable asset at the company.</i> Rendahnya <i>turnover</i> karyawan merupakan asset berharga bagi perusahaan.					
20	<i>By internal recruiting, the company is rewarding employees for past performances and sending a message to others that their future hard work will payoff.</i> Dengan merekrut dari dalam, perusahaan ini menghargai karyawan atas kinerja yang lalu dan mengirimkan pesan kepada orang lain bahwa kerja keras mereka di masa datang akan terbayarkan					

***Your comments and suggestions to management of Gas Station***  
**Saran dan kritik anda untuk Manajemen SPBU :**

**TERIMA KASIH ATAS PARTISIPASI ANDA DALAM MENGENAL KUESIONER INI.**



## Appendix 2: Validity and Reliability Analysis

### Factor Analysis

#### KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.578
Bartlett's Test of Sphericity	Approx. Chi-Square	7.908
	df	3
	Sig.	.048

#### Anti-image Matrices

		SOC1	SOC2	SOC3
Anti-image Covariance	SOC1	.819	-.313	-.109
	SOC2	-.313	.814	-.129
	SOC3	-.109	-.129	.940
Anti-image Correlation	SOC1	.560 <sup>a</sup>	-.383	-.125
	SOC2	-.383	.558 <sup>a</sup>	-.148
	SOC3	-.125	-.148	.694 <sup>a</sup>

a. Measures of Sampling Adequacy(MSA)

#### Communalities

	Initial	Extraction
SOC1	1.000	.608
SOC2	1.000	.621
SOC3	1.000	.332

Extraction Method: Principal Component Analysis.

#### Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	1.561	52.028	52.028	1.561	52.028	52.028
2	.849	28.299	80.328			
3	.590	19.672	100.000			

Extraction Method: Principal Component Analysis.

#### Component Matrix<sup>a</sup>

	Component
	1
SOC1	.779
SOC2	.788
SOC3	.576

Extraction Method: Principal Component Analysis.

a. 1 components extracted.

## Reliability

\*\*\*\*\* Method 1 (space saver) will be used for this analysis \*\*\*\*\*

—

### RELIABILITY ANALYSIS - SCALE (ALPHA)

		Mean	Std Dev	Cases
1.	SOC1	3.8571	.6011	35.0
2.	SOC2	3.9429	.8023	35.0
3.	SOC3	3.8571	.8096	35.0

Statistics for	Mean	Variance	Std Dev	N of Variables
SCALE	11.6571	2.5261	1.5894	3

#### Item-total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Alpha if Item Deleted
SOC1	7.8000	1.5765	.3897	.3518
SOC2	7.7143	1.2101	.3809	.3194
SOC3	7.8000	1.4000	.2456	.5642

#### Reliability Coefficients

N of Cases = 35.0                      N of Items = 3

Alpha = .5140

## Factor Analysis

### KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.512
Bartlett's Test of Sphericity	Approx. Chi-Square	13.356
	df	6
	Sig.	.038

### Anti-image Matrices

		TRAIN1	TRAIN2	TRAIN3	TRAIN4
Anti-image Covariance	TRAIN1	.951	-.160	.117	-.014
	TRAIN2	-.160	.960	-.054	-.049
	TRAIN3	.117	-.054	.684	-.373
	TRAIN4	-.014	-.049	-.373	.697
Anti-image Correlation	TRAIN1	.490 <sup>a</sup>	-.168	.146	-.018
	TRAIN2	-.168	.542 <sup>a</sup>	-.066	-.060
	TRAIN3	.146	-.066	.510 <sup>a</sup>	-.540
	TRAIN4	-.018	-.060	-.540	.515 <sup>a</sup>

a. Measures of Sampling Adequacy(MSA)

### Communalities

	Initial	Extraction
TRAIN1	1.000	.055
TRAIN2	1.000	.049
TRAIN3	1.000	.762
TRAIN4	1.000	.734

Extraction Method: Principal Component Analysis.



### Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	1.600	40.000	40.000	1.600	40.000	40.000
2	1.157	28.917	68.917			
3	.798	19.962	88.880			
4	.445	11.120	100.000			

Extraction Method: Principal Component Analysis.

### Component Matrix<sup>a</sup>

	Component
	1
TRAIN1	
TRAIN2	
TRAIN3	.873
TRAIN4	.857

Extraction Method: Principal Component Analysis.

a. 1 components extracted.

## Factor Analysis

### KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.500
Bartlett's Test of Sphericity	Approx. Chi-Square	11.583
	df	1
	Sig.	.001

### Anti-image Matrices

		TRAIN3	TRAIN4
Anti-image Covariance	TRAIN3	.700	-.383
	TRAIN4	-.383	.700
Anti-image Correlation	TRAIN3	.500 <sup>a</sup>	-.548
	TRAIN4	-.548	.500 <sup>a</sup>

a. Measures of Sampling Adequacy(MSA)

### Communalities

	Initial	Extraction
TRAIN3	1.000	.774
TRAIN4	1.000	.774

Extraction Method: Principal Component Analysis.

### Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	1.548	77.377	77.377	1.548	77.377	77.377
2	.452	22.623	100.000			

Extraction Method: Principal Component Analysis.

### Component Matrix<sup>a</sup>

	Component
	1
TRAIN3	.880
TRAIN4	.880

Extraction Method: Principal Component Analysis.

a. 1 components extracted.



## Reliability

\*\*\*\*\* Method 1 (space saver) will be used for this analysis \*\*\*\*\*

—

### RELIABILITY ANALYSIS - SCALE (ALPHA)

		Mean	Std Dev	Cases
1.	TRAIN4	4.1143	.7581	35.0
2.	TRAIN5	4.1143	.6761	35.0

Statistics for	Mean	Variance	Std Dev	N of Variables
SCALE	8.2286	1.5933	1.2623	2

#### Item-total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Alpha if Item Deleted
TRAIN4	4.1143	.4571	.5475	.
TRAIN5	4.1143	.5748	.5475	.

#### Reliability Coefficients

N of Cases = 35.0                      N of Items = 2  
Alpha = .7046

## Factor Analysis

### KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.432
Bartlett's Test of Sphericity	Approx. Chi-Square	38.726
	df	21
	Sig.	.011

### Anti-image Matrices

		HR1	HR2	HR3	HR4	HR5	HR6	HR7
Anti-image Covariance	HR1	.784	-.261	.178	.105	.012	.029	-.073
	HR2	-.261	.471	-.256	-.202	-.165	-.185	.065
	HR3	.178	-.256	.593	-.059	.300	.051	.027
	HR4	.105	-.202	-.059	.638	-.134	.075	-.276
	HR5	.012	-.165	.300	-.134	.691	.150	.099
	HR6	.029	-.185	.051	.075	.150	.875	.050
	HR7	-.073	.065	.027	-.276	.099	.050	.846
Anti-image Correlation	HR1	.365 <sup>a</sup>	-.429	.260	.149	.017	.035	-.090
	HR2	-.429	.445 <sup>a</sup>	-.485	-.368	-.290	-.288	.103
	HR3	.260	-.485	.401 <sup>a</sup>	-.096	.468	.070	.038
	HR4	.149	-.368	-.096	.534 <sup>a</sup>	-.202	.101	-.375
	HR5	.017	-.290	.468	-.202	.378 <sup>a</sup>	.193	.130
	HR6	.035	-.288	.070	.101	.193	.446 <sup>a</sup>	.058
	HR7	-.090	.103	.038	-.375	.130	.058	.405 <sup>a</sup>

a. Measures of Sampling Adequacy(MSA)

### Communalities

	Initial	Extraction
HR1	1.000	.143
HR2	1.000	.758
HR3	1.000	.270
HR4	1.000	.531
HR5	1.000	.029
HR6	1.000	.071
HR7	1.000	.090

Extraction Method: Principal Component Analysis.



### Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	1.892	27.034	27.034	1.892	27.034	27.034
2	1.474	21.056	48.090			
3	1.243	17.762	65.852			
4	.910	12.999	78.851			
5	.788	11.263	90.115			
6	.418	5.976	96.091			
7	.274	3.909	100.000			

Extraction Method: Principal Component Analysis.

### Component Matrix<sup>a</sup>

	Component
	1
HR1	
HR2	.871
HR3	.520
HR4	.728
HR5	
HR6	
HR7	

Extraction Method: Principal Component Analysis.

a. 1 components extracted.

## Factor Analysis

### KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.590
Bartlett's Test of Sphericity	Approx. Chi-Square	13.185
	df	3
	Sig.	.004

### Anti-image Matrices

		HR2	HR3	HR4
Anti-image Covariance	HR2	.698	-.273	-.298
	HR3	-.273	.829	-.038
	HR4	-.298	-.038	.799
Anti-image Correlation	HR2	.561 <sup>a</sup>	-.358	-.399
	HR3	-.358	.626 <sup>a</sup>	-.047
	HR4	-.399	-.047	.606 <sup>a</sup>

a. Measures of Sampling Adequacy(MSA)

### Communalities

	Initial	Extraction
HR2	1.000	.709
HR3	1.000	.488
HR4	1.000	.531

Extraction Method: Principal Component Analysis.

### Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	1.728	57.591	57.591	1.728	57.591	57.591
2	.779	25.977	83.569			
3	.493	16.431	100.000			

Extraction Method: Principal Component Analysis.

**Component Matrix<sup>a</sup>**

	Component
	1
HR2	.842
HR3	.698
HR4	.729

Extraction Method: Principal Component Analysis.

a. 1 components extracted.

**Reliability**

\*\*\*\*\* Method 1 (space saver) will be used for this analysis \*\*\*\*\*

R E L I A B I L I T Y    A N A L Y S I S    -    S C A L E    ( A L P H A )

		Mean	Std Dev	Cases
1.	HR2	3.9429	.6835	35.0
2.	HR3	4.0571	.6391	35.0
3.	HR4	3.9143	.6585	35.0

Statistics for	Mean	Variance	Std Dev	N of
SCALE	11.9143	2.2571	1.5024	Variables 3

Item-total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Alpha if Item Deleted
HR2	7.9714	1.0286	.5491	.3627
HR3	7.8571	1.3025	.3745	.6168
HR4	8.0000	1.2353	.4019	.5823

Reliability Coefficients

N of Cases =        35.0

N of Items =        3

Alpha =            .6299

## Factor Analysis

### KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.517
Bartlett's Test of Sphericity	Approx. Chi-Square	38.005
	df	15
	Sig.	.001

### Anti-image Matrices

		COMPT1	COMPT2	COMPT3	COMPT4	COMPT5	COMPT6
Anti-image Covariance	COMPT1	.598	-.309	.052	.079	-.082	.075
	COMPT2	-.309	.439	-.135	-.233	.123	-.183
	COMPT3	.052	-.135	.728	-.078	-.290	.082
	COMPT4	.079	-.233	-.078	.676	-.145	.201
	COMPT5	-.082	.123	-.290	-.145	.790	-.090
	COMPT6	.075	-.183	.082	.201	-.090	.883
Anti-image Correlation	COMPT1	.529 <sup>a</sup>	-.602	.078	.124	-.119	.103
	COMPT2	-.602	.492 <sup>a</sup>	-.239	-.428	.208	-.294
	COMPT3	.078	-.239	.628 <sup>a</sup>	-.112	-.383	.103
	COMPT4	.124	-.428	-.112	.580 <sup>a</sup>	-.199	.260
	COMPT5	-.119	.208	-.383	-.199	.468 <sup>a</sup>	-.108
	COMPT6	.103	-.294	.103	.260	-.108	.243 <sup>a</sup>

a. Measures of Sampling Adequacy(MSA)

### Communalities

	Initial	Extraction
COMPT1	1.000	.440
COMPT2	1.000	.648
COMPT3	1.000	.410
COMPT4	1.000	.485
COMPT5	1.000	.186
COMPT6	1.000	.001

Extraction Method: Principal Component Analysis.



### Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.171	36.178	36.178	2.171	36.178	36.178
2	1.302	21.695	57.874			
3	1.009	16.821	74.695			
4	.670	11.167	85.861			
5	.583	9.720	95.582			
6	.265	4.418	100.000			

Extraction Method: Principal Component Analysis.

### Component Matrix<sup>a</sup>

	Component
	1
COMPT1	.663
COMPT2	.805
COMPT3	.641
COMPT4	.696
COMPT5	
COMPT6	

Extraction Method: Principal Component Analysis.

a. 1 components extracted.

## Factor Analysis

### KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.600
Bartlett's Test of Sphericity	Approx. Chi-Square	27.705
	df	6
	Sig.	.000

### Anti-image Matrices

		COMPT1	COMPT2	COMPT3	COMPT4
Anti-image Covariance	COMPT1	.612	-.329	.021	.057
	COMPT2	-.329	.498	-.107	-.220
	COMPT3	.021	-.107	.857	-.185
	COMPT4	.057	-.220	-.185	.749
Anti-image Correlation	COMPT1	.554 <sup>a</sup>	-.595	.030	.084
	COMPT2	-.595	.570 <sup>a</sup>	-.164	-.359
	COMPT3	.030	-.164	.738 <sup>a</sup>	-.231
	COMPT4	.084	-.359	-.231	.655 <sup>a</sup>

a. Measures of Sampling Adequacy(MSA)

### Communalities

	Initial	Extraction
COMPT1	1.000	.518
COMPT2	1.000	.754
COMPT3	1.000	.321
COMPT4	1.000	.473

Extraction Method: Principal Component Analysis.



### Appendix 3: Multiple Regression

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.547 <sup>a</sup>	.299	.232	.87654956

a. Predictors: (Constant), REGR factor score HR BEHAVIOR, REGR factor score TRAINING, REGR factor score SOCIALIZATION

**ANOVA<sup>b</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	10.181	3	3.394	4.417	.011 <sup>a</sup>
	Residual	23.819	31	.768		
	Total	34.000	34			

a. Predictors: (Constant), REGR factor score HR BEHAVIOR, REGR factor score TRAINING, REGR factor score SOCIALIZATION

b. Dependent Variable: REGR factor score COMPET ADV

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-1.543E-16	.148		.000	1.000
	REGR factor score SOCIALIZATION	.073	.180	.073	.409	.686
	REGR factor score TRAINING	-.032	.175	-.032	-.183	.856
	REGR factor score HR BEHAVIOR	.528	.158	.528	3.342	.002

a. Dependent Variable: REGR factor score COMPET ADV