

A study on human resources creating competitive advantage for organization: A case of TATA groups

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ABSTRACT

In today's world, organizations are operating globally in a competitive and dynamic environment. In order to survive and grow, the company needs to create a competitive advantage over other companies. In human resources management, competitive advantage refers to the quality of employees who cannot be mimeographed like other companies' employees. Companies that have a better workforce possess a competitive advantage. HR's contribution is remarkable as it helps to produce a substantial competitive advantage through workforce management policies, including the labor force's productivity, efficiency, and satisfaction. Companies that have this advantage achieve a great degree of success.

A smart organization acknowledges that competitive and innovative people can make their business alluring. They grasp the best talents and use their creative minds for the employees' success. Human resources must develop an HR strategy that meets the obligation of productive and effective management. This does not imply that the costs should be reduced; instead, the organization should focus on gaining a competitive advantage over its competitors. Human resource management is not a stand-alone method. It must be a part of every business strategy. A company's workforce is today's primary resource for a defensible competitive advantage. Proper management of the workforce in an organization brings impressive results. An organization with a fair HR strategy has an advantage over its competitors. Employee satisfaction also plays a vital role in developing competitive advantage. When the employees feel satisfied or empowered, they like to work hard for the company with dedication. This helps to increase the company's productivity and performance, ultimately leading to the organization's grand success. Questions: What are the HR practices that every organization has to practice to create employee competitiveness? What are the modern trends which help in bringing in Competitive advantage in the organization?

Keywords: *Human Resources, Competitive Advantage, Competition, Management, Efficiency, Productivity*

1. Introduction

Human Resource Management has changed significantly in the last 20 years. Many HRM theories, practices, and research developments have helped turn it from a reactive to a proactive function. This refers to the notion that human resource management is connected to company strategy and the generation of competitive advantage. Currently, the workforce is seen as a crucial source of an organization's competitive advantage. In the service sector, this notion is crucial as this factor – “People” turns out to be a significant service quality indicator.

Various researches and studies have concluded that human resources have a significant role in creating competitive advantage. In recent times it has been indicated that knowledge has turned into a most valuable intangible asset. If an organization can combine information with organizational learning and culture, it will undoubtedly boost the firm's performance. Peter Drucker (1973), the founder of modern management, states that the natural resource of any organization is its employees. Wright and McMahan (1992) then suggest that HR might potentially contribute to the formation of long-term competitive advantage; however, they also stress that in order to do so, employees must be both extraordinarily devoted and proficient, resulting in a well-trained workforce. Porter (1985), in his study, clearly specifies that the workforce has acted as a tremendous differentiating factor for the organizations and their competitive market. The workforce of an organization must consist of dedicated, committed, motivated, competent, and better-trained employees to achieve a competitive

advantage. In the USA, all successful companies do not rely on the strategic position, technology, or patents but rather on how they manage their workforce. Google, Netflix, Facebook, Adobe, and Delta Airlines are a few companies working on their Human resources to create a unique position in the market.

HR jobs are often thankless roles wherein the manager of human resources balances the requirements of both the organization and the employees. However, this hard work is not appreciated by both sides. In recent years, this notion has been on the verge of change, and now organizations look forward to their Human Resources outperforming their competition. Whether the company's goal is to achieve quality or productivity, in both cases, the organizations need to allocate the resources in the correct position. By this concept, we mean hiring the right people for the company, which may help the business to enhance, ultimately leading to higher profitability. This needs proper workforce planning as it relates to the identification of gaps, and as soon as the gaps are identified, plans need to be made towards the development of the employees within the organization or to hire from outside so that the gaps would be minimized.

Gaining competitive advantage through the employees involves the welfare of the employees and their concern for the people. Specific HR actions, independent of organizational structure or sector, assist organizations in gaining a competitive advantage. For maximum efficiency, an HR strategy linked with the organization's strategy is required. (<https://www.linkedin.com>) They will provide significant value to the organization, and a few of these HR practices that will help the organization get a competitive advantage are listed below:

Employee Satisfaction:

An organization can be solid and long-running only because of the employees. They are an asset to the organization irrespective of any level they work in. The employees achieve the organization's objectives through their commitment, dedication, and strength. Employees provide some crucial insights to the organization. However, most companies neglect and overlook the employees as if they are machines, which leads to dissatisfaction among the employees, which may further affect the organization's profitability. Employee satisfaction means to what extent an employee is happy or satisfied with his or her work. Employee satisfaction is one of the significant factors that can tremendously benefit the organization. Wise employers will always maintain high employee satisfaction. To have high employee satisfaction, the organization must conduct surveys, hold meetings, and have an excellent grievance handling facility.

Employment security:

Life is unpredictable. However, the factor which can bring stability in most people's lives is their Job security and individuals looking for a job with this attribute. When there is a layoff or restructuring in the organization, employee security is threatened, which may affect their commitment to their organization and may also trigger the rate of employee turnover. Hence, Job security should be provided as it benefits the firm to retain their employees. If an organization does not take steps to keep its employees, they are more likely to depart.

Fair and Performance-based remuneration:

In an organization, if the employer hires the right and talented people in the firm, it has to compensate them appropriately. Moreover, employees with fair compensation will surely add value to the organization, which can be the best factor in reducing employee turnover. Several HR activities, such as selective recruiting, contingent compensation, and employment security, collaborate to build an effective workforce. These are methods for increasing employee commitment to the company. Lepak and Snell, in the year 1999, came up with a model with four quadrants which helps in analyzing and segmenting the employees' roles based on two skills dimensions – Skill Values; and Skill uniqueness. Based on these two dimensions, the model is comprised of four quadrants which are as follows:

1. Criticals,
2. Professionals, skilled and semi-skilled,
3. Doers, and
4. Specialists

They want to keep "Criticals" since they have unique skills and are more valuable to the organization.



Figure 1: Model comprised of four quadrants

Source: Lepak and Snell Model (1992)

Training and Development:

If on one side, organizations should work to get the right resources and retain them, then it is essential for the companies to also work towards developing the resources to work efficiently. Keeping this in mind, Company should invest more in the training and development of employees. When the correct personnel is employed, employers must guarantee they are at the forefront of their respective fields, which can only be accomplished via adequate training. The most important aspect of training is building the employee's confidence and courage. The facilitators or the instructors must have the vision of improving the employee's skill sets during the training sessions. The trainers will nurture the learners, and the foundations must be strong. Here, the facilitators must adopt new and modern techniques for training the employees.

Change is inevitable; hence, organizations need to make their employees adapt to the change. Along with this, they should also keep a balance between the learning rate and the pace of change, as shown in Figure 2 below.

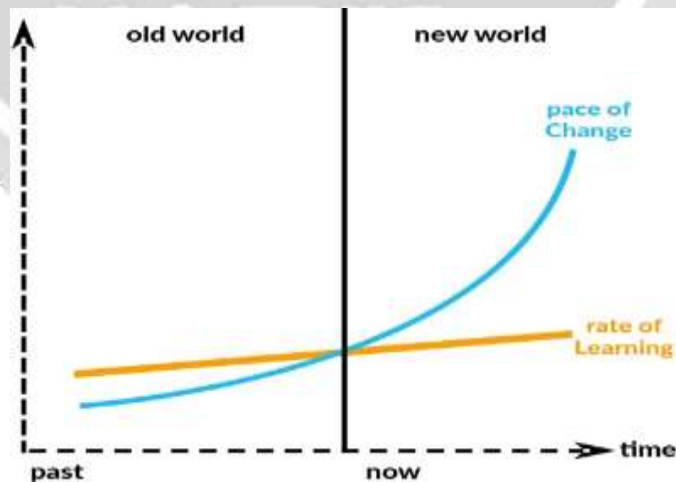


Figure 2: Rate of learning and the pace of change

Learning has evolved into a means of being creative, inventive, growing, and gaining a competitive advantage. Managers progressively put resources into proper skill-based training. Along with formal off-the-job training, on-the-job training plays an important role. A strong emphasis on the feedback process, ongoing mentorship, and

peer learning contribute to this. This is significant in light of the widely referenced 70|20|10 recommendations, which state:

- The assigned challenging assignments account for 70% of learning.
- Creating appropriate developmental-based relationships can account for 20% of learning.
- 10% of learning is accomplished through planned formal courses and training programs.

Learning is also becoming increasingly crucial for the most recent generations, such as the Millennials and Generation Z. According to Gallup, younger workers value learning and self-improvement substantially more than older workers.

Information sharing:

Information sharing is another important factor. Many large companies struggle in this area. Open communications about the business's operations, financial status, and strategies create an environment where people feel they are trusted employees. This also helps to discourage the negative feeling of the employee. If the employers want their employees to share their ideas, they need to share the business's current situation. Without an understanding of the current scenario, one cannot give ideas.

A Case of TATA Group

Tata Group of Companies is ranked among the top 25 best companies to work for. It provides a fulfilling career, adherence to a high standard of values and ethics, work-life balance, and a part of Tata's global workforce of more than 750,000 people. It stands out as a potential employer and is dedicated to ensuring workplace safety. It has a great work culture.

Tata has a strong company culture that focuses highly on ethics and moral principles. The company also engages in social welfare operations surrounding its industrial divisions. They maintain a good employee relationship. According to the Tata value of ethics, "every Tata employee must display culturally appropriate behavior in the countries in which they operate and deal on behalf of the company with professionalism, honesty, and integrity while adhering to high moral and ethical standards."

Code of Ethics in Employees:

- "Every Tata Company employee shall uphold the human rights of every individual and community and try to honor obligations."
- "Every employee is accountable for implementing and adhering to the code in his or her workplace."
- "Failure to comply with the code of conduct should result in serious penalties, including termination of employment."

Tata's objective is to motivate the employees to perform better and enhance their results and capabilities. It has pioneered several welfare benefits. This includes an eight-hour working day, maternity benefits, free medical aid, leave with pay, provident fund scheme, retiring gratuity, profit sharing bonus, accident compensation scheme, etc.

There are a lot of facilities and schemes provided by the Tata to their employees in different sectors they are working on. A few are listed below:

1. Jan Parivar Kalyan Sansthan (JPKS)- It was established in September 2001 to address health-related concerns.
2. Samaj Vikas Kendra (SVK)- This initiative focuses on infrastructure, healthy drinking water and sanitation, tree planting, and entrepreneurship.
3. Superannuation- Employees covered by this plan are entitled to benefits calculated so that the yearly cost of providing pension benefits does not exceed 15% of pay.
4. Bhavishya Kalyan Yojna (BKY)- The plan's benefits apply to the employee in the event of death or permanent disability while on work, either as a consequence of harm or as verified by the authority.
5. Severance indemnity- This plan rewards all workers with more than one year of service with a lump sum payout equal to 30 days' salary for each year of service.

6. Gratuity- It is a retirement benefit plan for qualifying employees. This plan offers vested workers a lump-sum payment upon retirement or death while on the work. Vesting takes place after five years of service (<https://sec.edgar-online.com>). Based on an actual valuation, Tata Motors and certain subsidiaries account for the obligation for future gratuity benefits payable.

The company can satisfy the employees, which is the main reason the efficiency and productivity increase. Satisfied employees give their best to the company (<https://www.xtechtmt.com>). They become loyal and committed to the company. Ultimately it helps the company to be successful and creates a competitive advantage through its employees.

Conclusion

Tata is one of the fastest-growing companies worldwide. The study's main aim was to know the satisfaction level of the employees at Tata Group. It is necessary to understand the needs of the employees. Overall, it has a perfect work environment and provides fair remuneration. The management also supports the employees, provides excellent training and promotional programs, and is very good at handling the employees' grievances. However, one of the significant issues in the organization is that the employees do not get promotions and career opportunities in the long run.

The employees work in a particular job position for years. This can be one of the primary reasons for employee turnover in the organization.

Hence, the study found that the company must play a balanced role in each aspect of employee satisfaction. Employees are assets to the company. Therefore, it is necessary to have satisfied employees in the organization, to obtain good results. Employee satisfaction will lead to greater productivity, and greater productivity will create a competitive advantage.

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