

Developing Of World Class Company's Differentiated Competitive Advantage Through Human Capital Development

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Abstract

In the era of globalization, competitive advantage is a strategy of companies to survive in the hyper-competitive market. On how the company to success in the business, they should therefore explore their owned uniqueness of competitive advantage. The purpose of this paper is to review the challenges faced in developing strategies of competitive advantage by adapting and finding the solution in integrating of the human capital concepts. Based on traps in the business and what action required as well as concepts of lean and Japanese culture to the system approaches, their relevancy as a differentiator of competitive advantage toward human capital is reviewed. Through Fit Management, the paper also review the performance challenges and measurements systems to help the companies enhancing their capabilities by continuously and effectively identifying and eliminating the waste regarding human capabilities, besides the initiatives and creativities for innovation.

Keywords: Company's differentiated, competitive advantage, human capital development.

A. Introduction

The world's leading companies are the companies that successfully introducing the products or services to market by providing and offering something far beyond what consumers expectation. These companies maintain their market leadership position by continuously operating at the 'cutting-edge' and extend their conventional parameters to attract the consumers with creativity and innovation (as the translation of the company views to "thinking for customer"), also by creating products/services that drive the market through superior value to consumers (Kandampully, 2006). Schönberger (1986) in the book of "World Class Manufacturing" as also Hayes and Wheelwright (1984) described it's through on how the Japanese and German companies (manufacturing) in order to compete in the global market and to attain the market leadership position.

Valikangas (2005), however, argued that despite the companies have been establishing their system concerns to their customer and successful in their business, but they are often internally trapped. This is due to the challenges and successful factors against the competition are continually changing in the market, which therefore requires the company's reconfiguration to their competitive strategies and performance objectives because the implementation of strategies often poses severe problems (de Sluijs & Kluytmans, 1994). In the other hand,

Hammer and Stanton (1999) added that although many companies have been integrating their core of processes, but combining related activities and cutting ones, in facts, do not add value. Only a few have fundamentally changed the way they manage their organization.

Table 1 described what are the traps and strategy required, whereby the most important factors to determine the company's competitiveness and profitability (as the extent to which the companies have to match their strategies and capabilities to the competition) refers to their owned-assets that influence to the business and the discovery of strategies (i.e. profit, cutting cost, quality, and innovation) (Schuler & MacMillan, 1984; Schuler & Jackson, 1987; Booth & Philip, 1998; Denton, 1999; Carpinetti *et al.*, 2000; Shepherd & Ahmed, 2000; Datta *et al.*, 2003; Oracle, 2006; Parrett, 2006; Paauwe & Boselie, 2009). In this sense, Carpinetti *et al.*, (2000) stated about a new scenario in which industries in order to remain competitive are must continuously implementing best practice management principles, strategies, and technologies.

First, Ciobanu *et al.*, (2008) underlined on how a strategy towards competitive advantage as the result that capable in helping a firm to maintain and sustain a favourable market position (in which their position is translated into higher profits compared to those obtained by competitors) based on the company's ability to respond against the existing threats and opportunities. Porter (1996) underlined the root of the problem due to the failure to distinguish between operational effectiveness and strategy. Since the quest for productivity, quality, and speed has spawned a remarkable number of management tools and technique (i.e. Total Quality Management, Benchmarking, Time-Based Competition, Outsourcing, Partnering, reengineering, Change Management) - although the resulting operational improvements have often been dramatic - but many companies have been frustrated by their inability to translate those gains into sustainable profitability. Hamel (1996) added that a failure to distinguish planning from strategizing is as the essential problem in organizations today.

Second, Bennett (1992) emphasized that the company should adopt management approaches regards to the design strategic priority in their businesses, in which, Becker and Huselid (2003) suggested through a new focus on strategy implementation that requires a renewed emphasis on strategic fit. This is as reviewed by Bennett *et al.*, (1992) in the case of Toshiba, Fujitsu and Sony, where the symbiotic relationship between strategy and technology - and thus between strategy and the engineering design process - has been strengthened by the fact that design choices directly affect such aspects of product development as materials, fabrication methods, assembly methods, inspection and test techniques.

Third, Richardo and Peluso (1990) stated about how to achieve the quality levels as world-class companies. They suggested that the companies have to understand the roles of each their function that need to be play. Besides, they should continuously outperform the industry's global best practices by intimately recognizing their customers and suppliers, knowing their competitors' performance capabilities, and conscious about their own strengths and

weaknesses (Greene, 1991) as well as increasing the integration between human resources management and business strategy as one of the most important demand (Van Sluijs & Kluytmans, 1994).

Fourth, Sheth and Sisodia (2002) as well as Hizon and Bronson (2004) added that as more markets become global or are transformed through technology in coming years, the companies may, or may not, be technology based; however, the firm must eventually employ competitive technology in order to survive in its industry. By establishing a distinctive competence in innovative technology (that can be important to maximizing the growth potential of a company), the company is generally perceived as successful at using new technology as a way of obtaining a sustainable competitive advantage in which the company can readily attract both capital and customers.

Based on those reasons, Treen (2000) however, said that the company's core values and changing operations to employees will help in creating the confidence to experiment and innovate which will turn accelerate a company's drive to industry leadership. While in terms of investing in both of people and people management systems, Huselid *et al.*, (2005) suggested that analysis of the HR abilities and practices are required to meet strategic business needs; otherwise, it may be excessive and inefficient, and result in less than optimal organizational effectiveness. Here, the governance systems in the firm, including methods of managing managers, will be required to ensure organizations' successful in maintaining a competitive edge through the strategy that create and renew themselves to build a viable future (Treen, 2000; Boxall, 2003).

B. Business Strategy To Penetrate Market And Successful In Market Competition Through Hr Competitive Advantage Strategy

The companies have to response to the business competition that becoming hyper-competitive by actively improve and enhancing themselves continuously through an effective effort to maintain their operations. By clearly defined to the implementation of competitive advantage, the fundamental of that company competitiveness is through design and organization, human resource development, quality and problem solving, accounting and control, capacity, and marketing. Carpinetti *et al.*, (2000) stated that the competitiveness of a company (as the world-class company) is mostly dependent on its ability to perform well in their business. Due to the goal of their business managements (as a part of the company's strategy) is about the response to competitive market based on what the capabilities of their management running for and towards their capabilities' owned and explored, so the company therefore need to conduct performance management (Table 2). Those of performances refer to as follows:

1. The System Perspective and Model of Business.

- Emiliani (1998) underlined that successful businesses are typically possess the effective systems and procedures that serve all participants well from order entry until after-market service. By understanding the process, the companies channelled the need to produce good products, good brand, good strategies, good partnership, good people, and good financial resources to succeed. Besides, they should also to put and/or compose the people (individuals) as a team to have broad process knowledge. This is as what emphasized by Carpinetti *et al.*, (2000) and Gottfredson *et al.*, (2008) that mapping and modelling business process is fundamental to understanding not isolated processes but also the flow information and resources through operational and supporting processes of the value chain. Here, the organization's people ultimately determine the effectiveness of strategy development, implementation, and subsequent competitive success (Righeimer, 2000).
- Nightingale and Rhodes (2004) proposed the enterprise systems architecture as a new strategic approach that takes a system perspective by viewing the entire enterprise as holistic system encompassing multiple views, such as organization view, process view, knowledge view, and enabling information technology view in an integrated framework. This as was previously emphasized by Ackoff *et al.*, (2003), that a system is a whole that's defined by its function in larger system of which it is a part , where the interaction (of a system) is also essential parts to produce the properties of the system. Hence, when the enterprise as a system, they cannot be separated from their environment and associated product systems because they will lose their defining properties and its parts. Bartlett and Ghoshal (2002) stated, therefore, is need philosophical shift to expand beyond strategy, structure, and system to a simultaneous focus on the company's purpose, propose, and people. Moreover, Ciobanu *et al.*, (2008) stated that to maintain and sustain a favourable market position (reflected in higher profits compared to those obtain by competitors), they also need to develop a consistent system of strategic objectives and adopting a complex of coherent functional policies. Besides, the systems of objectives and policies must be kept consistent with external conditions of the market. Here, the firm's adaption to industrial environment requirements has to be seen in a dynamic form in which the firm constantly adapts its action to external and internal changes (Ciobanu *et al.*, 2008; Dal Zotto, 2005; Poulis , 2007; Schreyögg & Sydow, 2010).

2. Competitive Advantage Strategy.

- Gilgeous and Gilgeous (1999) stated that there were many different viewpoints on the way of how companies to improve their functions in order to become world-class companies. Kaplan and Norton (2000) underlined that various strategies could be

developed through the improvement process by identifying - if and how they are can be achieved. Here, Paauwe and Boselie (2009) stated that a real contribution to performance (in its multidimensional meaning) will only happen once the approach of HRM (Human Resources Management) from a more holistic and balanced perspective, including part of the organizational climate and culture, aimed at bringing about the alignment between individual values, corporate values, and societal values. Leinwand and Mainardi (2010) called as Coherent Companies - those that possess a capabilities system that aligns their strategy with their product/service portfolio to generate superior performance over time.

- Hamel (2002) stated that the current focus of business regarding competitive advantage is on how to find the way to develop the companies through systematic and radical innovation. This is due to innovation is a key factor for companies to survive and growth in the long-term (Tidd *et al*, 2001). Innovation is awakening, development, and adaptation from an idea and idiosyncratic against the new required and adopted by organization (Higgins, 1995) and catch in the understanding of management change to response to the external environment as well as operation that influence the environment itself (Damapour,1996). John (1999) identified its through competitive advantage by product innovation, process innovation, and market innovation, while De Jong and Hertog (2007) emphasized it through capitalized on the employees' ability to be innovative as what had been proven by Katou (2008) through the case of manufacturing in Greece where innovation strategy positively affect organizational performance. ("*Competitiveness comes from innovative minds*" – Denton, 1999).
- Porter (1996) stated that the competitive advantage is about to become different through and by strategy in doing activities differently against competitor. Kandampuly (2002) emphasized that competitive advantage through segmentation of product and service, in facts, giving a little influences of differentiation for competitiveness in terms of customer perspectives. This is due to the identification of market segmented is often influenced by response of customer against the price (Hofstede *et al*, 2002) where the individuals of customer will presents the same desired against behaviour of relatively homogeny segmentation (Wedel & Kamakura, 1999). Here, scholars proposed that the human capital as well as their relationships and motivation are leads to competitive advantage when it is unique/rare, scarce, inimitable, and valuable internal resources (Barney, 1991; Allen & Wright, 2003; Datta *et al*, 2003; Howatt, 2004). To become distinctive competencies, the company should assemble the skills and knowledge that are built on specialized expertise for tangible & intangible endowments that other competitors do not possess and cannot readily acquire or replicate (Hizon & Bronson, 2004 ; Zahra *et al*, 2009).

3. The Continuous Improvement and Leadership.

- Bessant *et al.*, (1994) in their CIRCA project (Continuous Improvement Research for Competitive Advantage) identified the different issues associated with the setting up and sustainability of a CI (continuous improvement) program. There were some of the factors associated with the maintaining momentum of CI required such as lack of commitment, lack of training, lack of visibility of program, lack of sufficient resources, cultural clashes, and other factors (Bessant *et al.*, 1994; Harrison, 2000; Sharma, 2010). Moreover, against the sustainability as an issue of other types of improvement program, Dale *et al.*, (1997) identified the factors that gave the negatively impact, such as: internal/external environment, management style, policies, organizational structure and process of change due to inadequate of leadership and failure to complete projects.
- Bartlett and Ghoshal (2002) stated that the managers today must know what the new game requires: speed, flexibility, and continuous self-renewal. The even recognizing that skilled and motivated people are central to operations of any company that wishes to flourish in the new age. Jorgensen *et al.*, (2003) examined the role of the manager or team leader in continuous improvement by identifying the gap of perception between the senior management and team leaders in terms of enablers that were in place. The senior managers perceived enablers to be fully presence in the organization, whereas in reality they were in place in name only. This is means that top management should not only demonstrate commitment and leadership, but it must also work to create interest in implementation of continuous improvement and communicate the change to everyone within the organization. By encouraging and developing the workers to acquire knowledge (of which is specialized, differentiated, and related with the industry) it will develop the human capital directed to know-how, education, work-related competence, and psychometric assessment (McGregor *et al.*, 2004; Namasivayam & Denizci, 2006).
- Mehta (2006) stated that the roles of top management are required to support and directing the development plan and its matrix, to support the subordinate to taking the risk, tolerance, to change the structure, to create the innovation award system, to enlarge the talents of design, and to influence the innovation network internally and externally. In this respect, "people management" will not only be on a top-down basis, but should also have a "managing-up" role in advising the CEO on people management issues with respect to the executive team (Wright, 2007).

Those are as above, especially related to the business, strategy, innovation, and process improvements are the crucial activities for companies to undergo their transformation

to the world-class enterprise. As what were discussed by Hammer and Stanton (1999) also Quelch and Bloom (1999) regarding adding value, change, organization, and management whereby global companies have to recognize now more than ever that human resources and intellectual capital are as significant as financial assets in building sustainable competitive advantage. By conducting more analytical study into what the sustainability of business and innovation/improvement made, the set of performance measures for the improvement process (and subsequent emergent organization) should therefore aligned to the organizational aims. (i.e. based on individuals goals, efforts, talent; strategy chosen; firm's goals and strategies; drivers for improvement management towards business, marketing and financial strategies; empowerment, development and commitment of all members of the organization) (Bartlett & Ghoshal, 2002; Carpinetti, *et al.*, 2000; Collins *et al.*, 2005; De Cieri & Boudreau, 2003; Irene *et al.*, 2006; Paauwe & Boselie, 2009; Righeimer, 2000; Wang & Shyu, 2008). In effect, the supply chain of the improvement/change processes is becoming the strategy for transforming the organization from its current capability to the level of performance required, that is to ensure future organizational success, whereby Ulrich (1998) stated that the successful organizations will be those that are able to quickly turn strategy into action; to manage processes intelligently and efficiently; to maximize employee contribution and commitment; and to create the condition form seamless change.

Specifically, its actions against improvement management of human capital (worker) and everyone involvement in the organization as well as the resources required to support the continuous improvement for business sustainability as a critical point for company's successful and business survivor in the competition (Bhuiyan & Baghel, 2005; Sihombing *et al.*, 2010) through the following questions, such as:

- Which system should the company implement to wholly optimize its resources (especially human factors) so that make them superior towards competition?
- How to measure business success towards a system and competitive advantage, and how should human capital be used as a company differentiator and success factor?

Besides, in which the company should identify and determine what and which of owned-assets that brings influence to the business based on as follows:

- The categories of intellectual capital, such as human capital, social capital, process capital, and intellectual property (Jackson, 2007).
- Primary resources from the creation of economic value that consist of tangible assets (such as physical, structural, raw material, and production), knowledge-based economic assets, in addition to intangible assets refers to the resources of which its values must be enhanced (Carson *et al.*, 2004).

- Resources that function as competitive advantage, such as physical capital, organizational capital resources, human resources systems and human capital resources (Barney & Wright, 1997).

Although, the targets of a business management system implemented towards the organizations (capital assets, infrastructure, mass/time, and humans), in facts, are limited resources. In such constraints, however, the strategy required by an organization to become a competitive organization through the approaches and perspectives of a strategy established are based on as following:

- What are the challenges faced by companies towards their performances.
- How to manage the performances required against the challenges (now and future), and how to measure it through the system (i.e. Lean, ISO 9001, JIT, TQM, HRM, etc.)

C. Human Capital Development Model As A Company's Differentiated Competitive Advantage

Many factors influence the competitiveness of companies and their products. Anyhow, due to markets become competitive, the high levels of flexibility and the ability is required to response immediately to market requirements. Only learning companies, which are highly innovative, can achieve a sustainable competitive advantage. This is especially against the implementation and activities done.

Japanese Culture Perspectives on System Approaches towards Human Capital Development and Continuous Improvement as Competitive Advantage

Sadri and Lees (2001) stated that culture is not the only determinant of business success or failure. In this sense, although culture is an intangible concept, but it clearly plays a meaningful role in corporations, affecting employees, and organizational operations throughout a firm. They emphasized that a positive culture can be a significant competitive advantage over organizations with which a firm competes. This is as discussed by Beardsley *et al.*, (2006) through an example: Toyota Company, where engagement (between employees and activities as "tacit" interactions—the searching, coordinating, and monitoring activities required to exchange goods, services, and information and the "tacit" activities—involving the exchange of information, the making of judgments, and a need to draw on multifaceted forms of knowledge in exchanges with coworkers, customers, and suppliers) are increasingly a part of the standard model for companies in the developed world. Here, Meehan *et al.*, (2006) clearly emphasized that culture is the force that determines how people behave when no one is looking—is one such competitive advantage. They added that one characteristic that distinguishes high

performance cultures is that people inside them can recognize and often articulate the company's authentic core—the unique soul and personality that define a company's character.

Discovering the consumer is king in the 1980s; those are as what Japanese learnt about the expectation defined by the customer: The lean philosophy. This affecting and 'create' Japanese management and workers to passionately dedicate the customer satisfaction to their after sales service and long-term continuity for client relationship. By long-term employment and extensive employee training, these as important as the use of teams and a sound of recognition and reward system where the lean practices and goals are through empowerment of the employees, unlock their potential capabilities, and at the same time to increase quality, safety, and employee understanding of management's goals and objectives.

Womack *et al.*, (1990) interpreted the dedication for customer satisfaction through the idea of lean for quantifying "world class" refers to Japanese company: Toyota, in developing their competitive advantage to become the world-class company. The lean is "by using less of everything" – half the human effort in the factory, half the manufacture space, half investment in tools, half the engineering hours to develop a new product in half time. The key successful of lean practice, as was underlined by Boyer (1996), is worker empowerment defined as giving workers more responsibility and control of the manufacturing process as a successful practice towards market demand as the culture. This is because only the employees that could identify ways of improving the existing process of products (Forrester, 1995).

Parallel to those concepts of the "pursuit towards perfection" (to meet or exceed the internal and external requirements) refers to Japanese culture (between the individuals and organizations and also their interaction as the factors for competitive advantage) are as follows:

1. Focus on the overall stream value of a dedication towards increase in sustenance, learning, and waste reduction (Womack & Jones, 1996). On this, Liker (2004) emphasized that unused worker creativities becomes waste and influences the effectiveness and efficiency of operational processes. This implies that the more individuals need to be integrated in the categories of just-in-time (JIT), total quality management (TQM), total production maintenance (TPM), and human resources management (HRM) as the power in the competitive market (Shah & Ward, 2003). This means that, should the companies fail to unlock their workers' potentials; the companies will be forced to bear the costs of overhead and would have much more management layers that would eventually hamper their reactions towards the market as well as their reactions towards business opportunities.
2. Develop the successful channels for communication. In order to reinforce groups' interdependence, three "C's": Communication, Coordination, and Consistency (JCS bvba, 2006) need to be likely invested in establishing and maintaining good relationships. Such relationships provide the introduction toward the 'desired or target' person or serve as "*nakodo*" (go-between). This is as reflected towards Japanese organizational efficiency and

business success that have been largely due to long-term investment in people by a humanistic approach to management, identification, and commitment between employees and employers. Thus, the work satisfaction, working conditions, and personal fulfillment are greater importance than pay and stock options due to lifetime employment creates stability, loyalty, sense of belonging and commitment, enjoy atmosphere of working in harmony and cooperation, rationale and confidence for training capability and ability. As a long-term focus of the company, this will be visible in lifetime employment, consensus, and empowerment in which how to make a decision becoming more concise (immediately) and flexible based on personal knowledge and contacts than in non-transparent environment.

3. Work with others. Although in the interpersonal relationships there are competitions, but most Japanese tend to avoid open competition and confrontation (Adachi, 1997). Although working with others require self-control, but it carries the rewards of pride in contributing to the group, emotional security, and social identity. "Wa", the notion of harmony within a group requires an attitude of cooperation and recognition of social roles. Alston (1989) stated that by understanding of each individuals in the group toward the personal obligations and empathizes with the situations of others will make the group as a whole benefits due to the success can come only if all put forth their best individual efforts. Through the example about Japanese people, Li and Putterill (2007) commented that a matter of managing groups are basically by organizing various group activities that aim to maintain creative harmony. When top executives, middle managers, and other general staff members all embrace "Wa", the result is unparalleled trust, co-operation and loyalty, which leads to high productivity, shared responsibility, and smooth management/labour relations (Enterprise Ireland, 2001). In the other hand, the style of consultative decision-making that involves each member of the group in information exchange to make things run smoothly and create harmony (*wa*) (Nakayama & Stucky, 2004). This is, Yoshida (2007) stated, that an essential of the Japanese people in embracing the philosophical foundations of innovation strategy and accept the challenges inherent in adopting a new approach to achieve sustainable economic growth.
4. Harmoniously living and working together. Japanese company introduced the terms "kyosei" to the philosophy of harmoniously living and working together into the future (Kaku, 1997). Some of the most important among these are such as *kyosei* among people, *kyosei* of people and human creations, and *kyosei* of people and nature (Tanaka, 1995). Individuals show *kyosei* by taking responsibility for themselves and others and treating people with respect and kindness while they simultaneously attempt to be entrepreneurial, add business value, and make a profit (London, 1999). Regardless of the specific label about world-class company as a concept that do not only define the duties of business enterprise toward societal stakeholders and natural environment, thus fortunately,

environmental friendship products are adopted to their competitive strategy. These ideas were then broaden the use of segmentation so that it could inform not just advertising but also product innovation, pricing, choice of distribution channels, and the like.

5. The approach to innovation through "kaizen" as the transformation of maintaining on what has have in good forms (as sustainability), and achieving the higher level or correcting what the 'uncorrected' ones (as continuously improvement) in term of philosophy and activities done within individuals and groups. This is as the code personnel achievement and dignity that reflects in the business to survive in the competitive market through customer satisfaction (Irani & Sharp, 1997; Mishra & Gupta, 2010; Kaizen Reality Partners, 2010).

Human Capital Development Through Fitted Management

Recardo and Peluso (1992) concerning world-class manufacturing (WCM) also Sweeny (1990) towards JIT, suggested that application of human capital development under word-class concept is to unlock workers' potential as the basis for reducing waste through a system framework based on people management system. However, due to business challenges that have to be solved are complex (because of the competitive factors and human conditions in the organization are dynamic forms), then the companies faced with individual and institutional complexities (Gates & Cooksey, 1998; Heywood et. al., 2007) (Figure 1).

Liker (2004) stated that in order to become world-class, their workers, therefore, must work in line with the guidelines of the new philosophy applied in the business approach, as well as the processes in their system. On the other hand, the companies or organizational businesses' challenges should be based on customer demands and requirements that depends on how the competition takes effect and what types of competition targeted (*competition as a game*) (Figure 2). Based on 'Fitted Management', Sihombing *et al*, (2010) described that a company must be know on how to determine their focus based on its visions, missions, and objectives regarding the performance challenges related to business competitions that require as follows:

- 1.) A great degree of commitment (involvement and behavioural changes in continuous improvement) of workers that should be prioritized and emphasized on openness, honest communication, and delegation of authorities (Spear & Bowen, 1999; Gagnon & Michael, 2003; Emiliani & Stec, 2005).
- 2.) A fully organization involvement to enrich the capability in quality improvement programs and activities for achieving high quality standards towards a work environment based on the foundations of discipline, standardization, and success (O'hEocha, 2000).
- 3.) The human capital development systems that enrich and enlarge the knowledge generated through the following:

- a.) The improvement of problem solving capabilities among workers in all levels, work towards visions and missions, full commitment of workers, as well as to become agents of change through culture and values (Flamholtz, 2001; Barnes *et al.*, 2001; Puvanasvaran, 2009).
- b.) The development of workers with the abilities and knowledge such as to use lean apparatus and techniques as well as to performs continuous improvement activities and cost-competitive targets.

Those of performance challenges are then reflected into the performance measurement and management towards the matrices of innovation, process, developments of products and services, and experiences (Table 3). While, such as the strategies, abilities, arrangement, as well as 'the sharing space' between workers in the company business framework are internalized as the values modes and worker modes in which their relationship (as a relational uniqueness) acquires high value and uniqueness as differentiation focused (Figure 1).

Here, the challenges of measurement is on how to evaluate their relationship to a competitive advantage in which the companies should understand what is needed from their workers, what is expected from their employers, how to adapt the ideas of management and new possibilities, worker effectiveness, management towards talent, as well as the formulation of proposition value from the core work. All of those requires the understanding (as well as its combination) that need to be dynamically applied towards the dimensions of product quality according to performance, features, appropriateness, credibility, serviceability, aesthetics, and perceived quality consistent with the views of what is given and requested by the customer (Garvin, 1998).

For an example: towards innovation and process (in Table 3). The challenges, measurement, and management of performance are linked to what and on how the human capital development identified and required towards the innovation process and process innovation as a competitive advantage and vice versa [i.e.innovation as behaviour and efforts (de Jong and Hartog, 2007); innovation as a strategy (Booth & Philip, 1998; Gooderham *et al.*, 2006; Katou, 2008; Parrett, 2006; Schuler & Jackson, 1987; Sintas & Álvarez, 1999); innovation as a product (Allen & Wright, 2006; Treen, 2000); innovation as a process (Datta *et al.*, 2003; Denton, 1999);etc.]. While in the managerial and operational context of business strategy (that depends upon the roles of developing human capital towards business abilities and competitive advantage) is against on what required through as following:

- a) The understanding of the individual abilities, knowledge, expertise, and experiences from workers or even company managers that are relevant towards the tasks that they are deal with, or even towards the capacities to add to the reservoir of knowledge, expertise, and experiences through individual learning (Dess & Picken, 1999).

- b) The shape and focus of the company's achievement in the environmental context and consistent with the logic of competition where there are no substitute towards knowledge and learning, creativity and innovation, competence and abilities (Rastogi, 2000).
- c) The encouragement of innovation towards products and services offered in the market through communication towards messages that delivered and related to "treatment" towards human capital and brands. In this sense, the form used is the unification that brands serve as the employee value proposition.
- d) The opportunity interpretation in opening the challenges through required experiences needed by the company so that it draws expectations of quality individuals of his/her talents to enter the organization.
- e) The company improvements activities as the differentiator in the market space in the perspective of the brand (for the sake of society perception towards the organization) that made the company platform/ position towards the prospects of recruitment.

Those are to transforms the high positions in the human capital categorizations based on intensity (human capital) and its model (organization operations) to becoming the differentiator of competitive advantage (Figure 1), in which the abilities of the company shifts from physical owned-assets to human capital (based on knowledge) and from product innovation to solutions innovation (Huselid & Barnes, 2003; Righeimer, 2000; Oracle, 2006; Quelch & Bloom, 1999; Boxall, 2003; Gottfredson *et al*, 2008 ;Shepherd & Ahmed, 2000). This is means that company's competitive advantage is not only developed through the product/service provided, but also the process and innovation towards the product/service itself as well as the human (employees) capabilities, process and innovation of the development the human capital/resources, whereby the transformation (from 'Traditional Employees' and 'Alliance Partners' to become 'Core Knowledge Employees') as follows:

1. It will drive and arouse the company's awareness to explore the possession of new abilities based on the steps related with external and internal factors as the opportunities towards company advantages. Thus, this transformation make the company uniqueness due to the differentiation of employees as reflection towards customers for interacting with and engaging transaction and satisfy them ('Build Deeper Relationship') in term of high of 'Lifetime Profitability' and 'Strategic Value' (Gordon, 2006).
2. Against the market innovation of intended market potential (to serve the customer based on competitive advantage), the company can use the mapping of product in their strategy innovation in term of customer views to the differentiation of products and human capital. Here, Emiliani (1998) stated that successful businesses typically implement the effective strategies and procedures in sufficiently serving all concerning parties. This implies that the

companies as organizations need to create fine products, good brands, fine partnerships, good workers, as well as good financial resources. In Table 4 and 5, are listed the company's initiatives that must be taken in dealing with the performance challenges of competitive advantage and on what performance measured upon the aspects and functions of business as the world-class company.

3. To achieve a sustainability of competitive advantage as well as the needs of the market, the company will generate the continuous improvement cycle required on strategic choices towards the organization, operations and external contexts (Heywood et. al, 2007), beside the measurement factors on methods, objectives, and the improvement initiatives (Table 6).

D. Conclusion

Basically, the success of a business strategy towards human capital through an operational approach are characterized as a system, rather than merely being an apparatus or tool. This is parallel to the principles: "*Not through performance improvement as separate parts, but improvement of performance as a whole*" (Ackoff, 2003) as is interpreted from Toyota strategies, whereby the Japanese companies performing their business influenced by "nakodo", "wa", "kyosei", and "kaizen". Through the abilities of a business that lies on "pull" factors (from external forces) and the internal preparedness (as a form of "push" in the terms of competitive management towards the challenges of market competition), the development required is focused on human capital and its related "tacit" (as a competitive advantage). Specifically, towards "the core" that is continually explored for company's benefits and utilities: employee and employers. This means that in the developing of business abilities and competitive advantage, companies need to develop their corporate culture (Sadri & Lees, 2001; Beardsley et al, 2006; Meehan et al., 2006) in which especially to reinforce the business-oriented views that unlock the employee's potential towards the business (Liker, 2004).

In addition, a company strategic approach towards human capital development as a competitive advantage needs to be focused on the performance management basis in order to make them as a competitive organization based on competitive management strategies. According to Mintzberg (1979), that system performance can serve two purposes, namely: measurement and motivation, in which, Hauser and Katz (1998) clearly underlined that an organization is to become anything as what their measures. Here, the measurement is proposed based on the matrix focus (Table 3) (Sihombing et al., 2010).

Furthermore, based on the strategy of continuous improvement (so that the output of business is customer satisfaction towards customer demand and requirements as well as profitable towards the economic/ business climate and competition), improvement management

need to be applied and interpreted as the performance challenges required and how to conduct (also whatever are required in) the performance measurement. On human capital, this comprises of the following:

1. The evaluation of a value that is relatively connected to key performance indicators in key improvement indicators based on critical success factors with its main focused on humans as workers (Setijono & Dahlgard, 2007). Through a performance measurement system towards the organization and humans, this would propel organizational and human behaviour, as well as its abilities in achieving target strategies that are in line with long-term targets (Cochran *et al.*, 2000).
2. The organizational performance improvement based on leadership in the scope of business, technique, and human factors will drive organization transformation through involvement. The consistency becomes evident within the application of the principles of continuous improvement and respect to people. The improvement processes activities itself will indicate effectiveness of the most important behavioural aspects (as a dimension of understanding) of system applied (Emiliani, 2006a; Balle, 2005). When it is focused on the improvement of individuals and humans, the results would seem from the individual or the person that has proper expertise.

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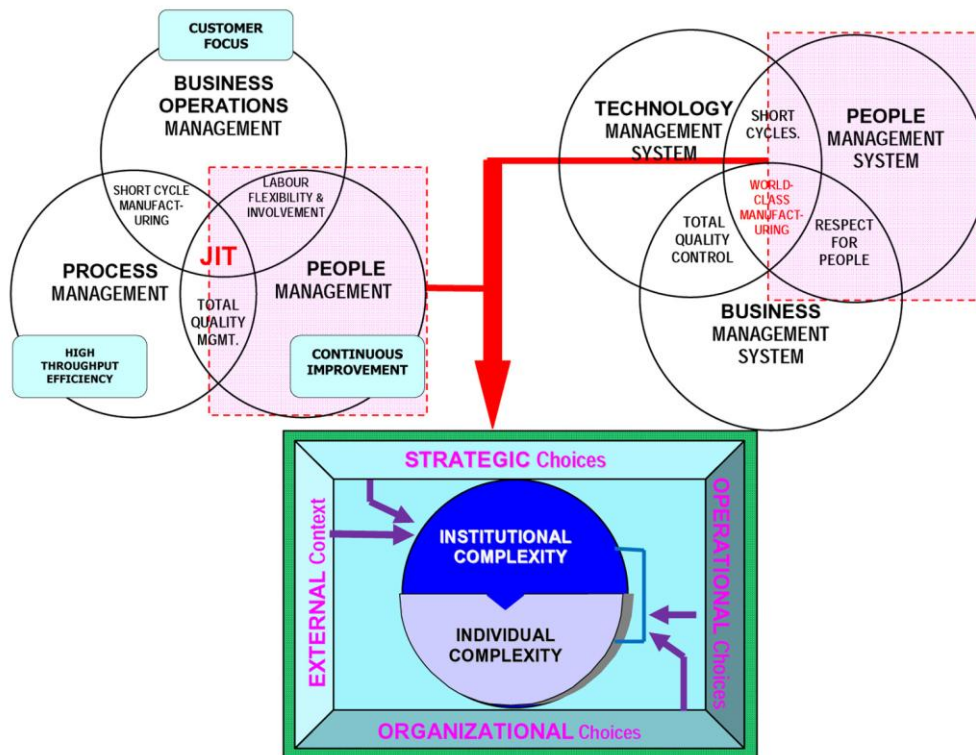
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F. Appendix

Key Elements of World Class Manufacturing Strategies
(source : Sweeney, 1990)

Integration of the Manufacturing System Principles
(source: Recardo & Peluso, 1992)



Interrelated Levels of Complexity
(source: Heywood et. al, 2003)

Architecture of Human Resources
(source: Kang et. al., 2003)

Categorization of Human Resources towards Product Segmentation
(source: Higgins, 2007)

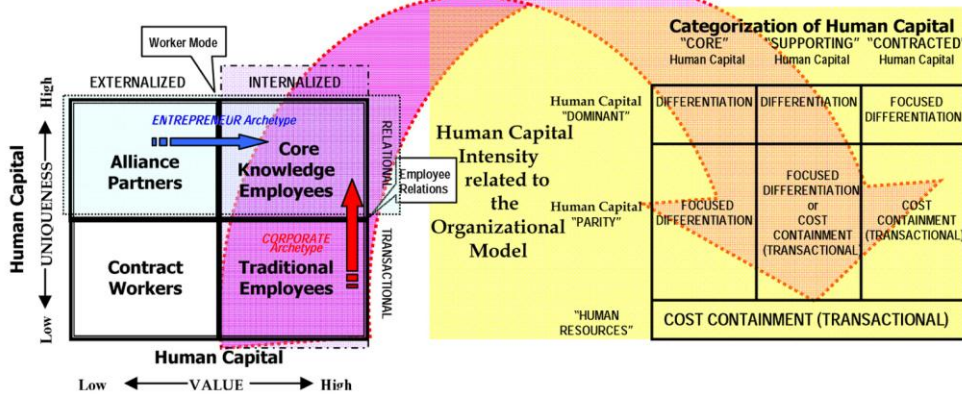


Figure 1. Complexity of People Management System to Become Differentiator for Competitive Advantage
(source: adapted from Sihombing *et al.*, 2010)

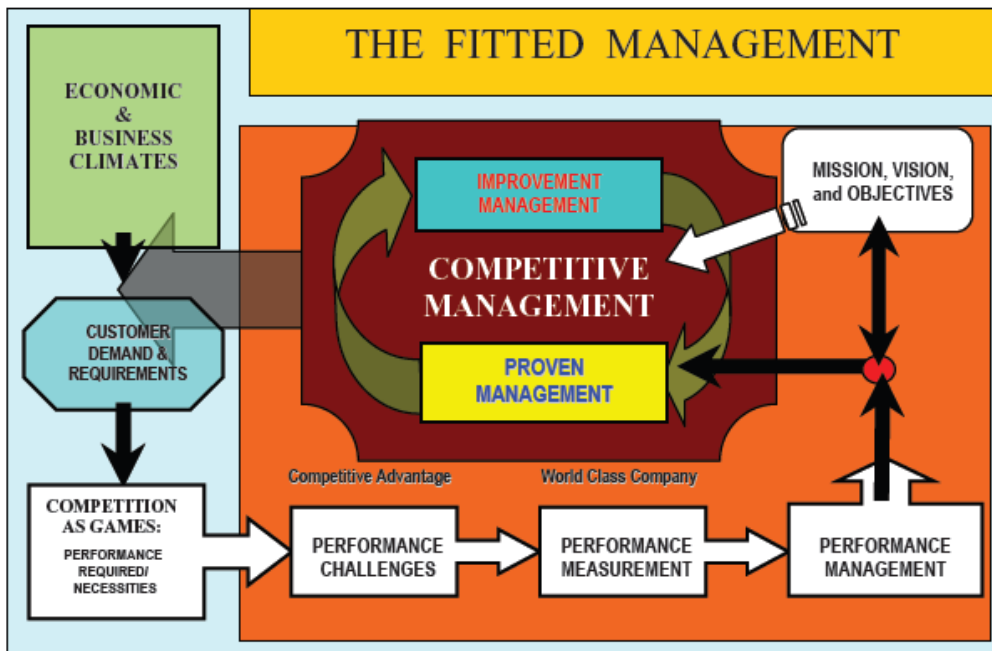


Figure 2. Fitted Management

Table 1. Internal Trap of Company Strategy & Business and What is Required to Break-up the Traps

INTERNAL TRAP	REQUIRED TO BREAK THE INTERNAL TRAP
<p>Performance Trap This is due to as follows:</p> <ul style="list-style-type: none"> The companies emphasize their business on the cutting cost and measurement that produces instantaneous or short-term profits, rather than seeks for new opportunities for future growth. In the other hand, the companies that performs well and comfortable with their performance (corresponds to business growth) likely to ignore the long-term opportunities that may be important for them. The effort to balance the ability of companies to be successful at the same time against the challenges between profitability versus growth, results today versus results tomorrow, and the performance of the company as a whole versus the performance of its individual) by focusing on one extreme than the other without coming to any lasting resolution (Dodd & Favaro, 2007). Bruch and Menges (2010) stated that <ul style="list-style-type: none"> Employees are overloaded with too many activities. They don't have the time or the resources required to do their jobs. Companies ask employees to do too many kinds of activities (Multiloading). This leaves employees and the company as a whole unfocused, and activities are misaligned. Companies get into the habit of constant change, or perpetual loading. This pattern deprives workers of any hope of retreat for recharging their energy. To compensate, they hold back their efforts whenever they can, even if doing so hampers the company. Quelch and Bloom (1999) stated that most multinational companies do not have the leadership capital they need to perform effectively in all their markets around the world due to the lack of managerial mobility. 	<p>The Strategy Focus Too break the performance trap,</p> <ul style="list-style-type: none"> Hope (2009:6) suggested that two principal actions required such as <ul style="list-style-type: none"> Ceasing the practice of giving fixed earnings promises and then "managing" earnings. Neutralizing the impact of executive incentives Mehta (2006) stated that the company should apply the strategies for their business growth through the focus on main product or service change of price strategy, and improve the planning process cycle by something better, faster, and more efficient. Besides, through new product, new service, and new methods of production/ operational, opening the new markets, new resources supply, and new organizational ways (Johanssen <i>et al.</i>, 2001). Batchelor and McCarthy (2009) refers to the results of Accenture research stated that the executives of companies should be able to manage stakeholder expectations with clear, market-based rationale, and effective responses based on dynamic planning supports speed to decision making, creates visibility to what's ahead, and focuses on the most important drivers of business performance. They also underlined such as: <ul style="list-style-type: none"> The articulation of business goals and key factors to create value as well as the visibility of a range of financial outcomes, An ability to respond rapidly and "course correct" occur in the external environment, The information to support prioritization of projects and cash flow, The support for a performance-based culture that assigns accountability and the clear alignment with shareholder value creation. Bradley <i>et al.</i> (2011) stated by implementing any new strategy and it's imperative, also define clearly what the companies are moving <i>from</i> and where the companies are moving <i>to</i> with respect to company's business model, organization, and capabilities. Here, developing a detailed view of the shifts required to make the move and to ensure that processes and mechanisms for which individual executives must be accountable and are in place to effect the changes. Wedel and Kamakura (1999) identified that the companies need to optimize their competitiveness and profitability through as follows: <ul style="list-style-type: none"> The strategy that match to the current & future challenges where the key success factor is shifted from production efficiency to marketing effectiveness. The greater interdependence toward a product or service that are driven by globalization to greater uncertainty and risk where the companies therefore must think in terms of customer portfolios, allocate its resources to achieve profitable long-term relationships, and requires to provide the economic base that enables a self-sufficient to develop enterprise sustainability in a wide range of business competitive advantage. The lens to view market exchange processes more clearly and provides a mental model of exchange with different implications for decision makers (top management). An understanding of strategy to refocus the practice of management therefore is required in which they can make a value proposition that is co-created in concert between the employees and customer. Sheth and Sisodia (2002) suggested that the managers have to reassess their corporate positioning and strategic goals. For some, this will spell an once-in-a-lifetime opportunity to seize the initiative and firmly establish their companies on a larger stage. For many
<p>Commitment Trap This due to the commitment is too big or too small for a particular</p>	

<p>innovation. There is 'keep trying' mindset existence that makes the management denied to admit some real commitment of innovation. This makes the company to still retain the process (such as through early stages of the ideas, experiments or prototype, conducting first of market research, and analyzing full of technical advance) due to the risk is unknown and they do not want to be a victim in innovation.</p> <p>Business Model Trap</p> <p>This is due the business models (of the companies which are seeking for innovation) clashes with the companies' strategy and competencies.</p> <ul style="list-style-type: none"> • Voepel <i>et al.</i>, (2005:39) stated this is largely due to (upstarts') lack of awareness, familiarity, understanding of, or conformity to the already learnt and established way of doing business in the industry, and the subsequent fresh (different) perspectives and disruption they bring to the industry. They added that if innovation requires changes that totally different from their strategy and the competence, then the potential for innovation will lost or buried. • Emiliani (2006b) stated that pressure for cost reduction due to global competition, pressure from influential investors to increase shareholder value quickly, and a strong desire to use technology-based tools will risk to the failure of evaluating the alternatives where the decision-making often result in unfavorable outcomes for both the business and the executives making the decisions. • Ghemawat (2003) stated that the companies see globalization as a matter of taking a superior (by assumption) business model and extending it geographically with necessary modifications to maximize the firm's economies of scale, but too focus exclusively on the tension between global scale economies and local considerations. 	<p>others, it will require hard thinking about strategic choices, and the courage to make painful but necessary decisions about markets not served and products not offered.</p> <ul style="list-style-type: none"> • Pertusa-Orteg (2008) stated that the awareness is required toward the strategic value of the organizational structure (as a direct influence on the competitive strategy and an indirect one on performance) that need to be built as an internally consistent organizational design. Through the hybrid strategies in which organic and flexible structures are incorporated into elements of differentiation and cost strategies, the firm performance therefore will increase. Schuler and Jackson (1987) stated that there are three competitive strategies that organizations can use to gain competitive advantage. The innovation strategy is used to develop products or services different from those of competitors; the primary focus here is on offering something new and different. Enhancing product and/or service quality is the primary focus of the quality enhancement strategy. In the cost reduction strategy, firms typically attempt to gain competitive advantage by being the lowest cost producer. <p>Commitment</p> <ul style="list-style-type: none"> • Chesbrough (2007) underlined that clearly commitment supported by top management is required for companies to open their business model actively in order to create and explore the ideas about value as well as fundamentally change of their business model. He added that by building relationships with preferred customers and managing other customer relationships for greater lifetime profitability and strategic value, companies can improve business performance. However, even though production efficiency, marketing effectiveness, and product responsiveness are all important determinants of the companies' success, but their relative importance are constantly adjusted by management in response to changes in the marketplace. <p>Innovation and Values</p> <ul style="list-style-type: none"> • Knight (2001) and Sintas & Álvarez (1999) asserted that if the companies want to succeed in innovation, they have to ensure the allocation of resources in a context of organizational processes and values that facilitate the prioritizing of innovation. This is could be said that successful innovation (against product or service offered to consumers) depends on how the companies can enhance their business growth in the perspective of competitive advantage. • Kandampully (2002) argued that a competitive advantage for the product or service segment has actually become strong evidence that gives a little influence on the differentiation of competitive products from the consumer perspective lens. Hence, the companies need to identify the changes needs of their customers in order to provide value and win customers correctly (Shepherd & Ahmed, 2000). The way on how the companies to satisfy the customer is through the development of products or services by provision of functionality, performance, and feasibility of the product or service offered. • Howatt (2004) stated that without understanding and implementing the science of Human Capital, a company will not be able to fully understand from a people factor what is working and what is not within the organization. This lack of insight will expose the company to operating without a well thought out Human Capital initiative, which will leave it open to being unduly influenced by what can best be described as "the flavor of the month attitude" that often arises from the company taking shortcuts, such as making big decisions by benchmarking from external data alone that is often not 100% congruent to the corporation vs. having a process that develops its own internal intellectual property for decision making. • Polterovic (1999) based on Rusian Reformation case regarding institution traps stated that transformation, especially a large-scale one, leads to some kind of system disruptions that aggravate the adaptation costs. He added that for a behavioral norm to be stable, individuals therefore should feel that it would be unprofitable or disadvantageous for them to deviate from it. In other words, stability should be ensured through the use of some kind of stabilizing mechanism – a mechanism with negative feedback.
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Table 2. Performance Management towards Business and Human Resources
(Sihombing *et. al*, 2010)

No.	Human Resources towards Business Performance
1	Flexibility and individual/organizational ability to adapt
2	Creation and growth of intellectual capital as well as its optimization
3	Building the Organization and Technology
4	Leadership and Empowerment

There were lies a particular weakness between business planning and human resources due to the traditional approaches conducted through the establishment of human resource needs that based on reactive responses towards business planning since the business plan was established (Jackson & Schuler, 1990). As a result, demands and dynamics towards rapidly of organizational change need to response through the form of flexible organizations and individuals that easily adapt the change.

Challenges of human resource planning imply the creation and growth of intellectual capital used for competitive advantage, thus investment in intellectual capital management should be conducted as a basis in making decisions, determining priorities, and maximizing all company-owned assets (Smart, 1997; Flamholtz, 2001).

Since knowledgeable workers are products of their education, technological advancement, as well as the development of modernization from organizational practices or theories, thus theories that emerge from values and processes and also the ideas from knowledge and human resources serve as a key in boosting organizational performance as well as its success. Bohlander and Snell (2007) stated that, therefore it must include characteristics of being global, technological use, management of change, management of talent or human capital as a response to the market as well as charged fees.

The understanding required to the forms of human resources quality is a strategic demand related to crisis and change as a key to boost modern organizations to attain higher achievements (Bassi & McMurrer, 2007). Therefore, management of knowledgeable workers in order to become effective requires the following:

- a) The abilities related to leaders and the organizations to construct the proper knowledge management system against organizations' missions and visions. The management must performs the improvement of education and opportunities of learning, redefinition of the knowledgeable leader's roles and responsible to construct a participative system, share knowledge in efforts to accomplish the organization's problems, fulfil the visions and missions, execute critical tasks, and effectively manage change to be able to survive crisis.
- b) Discovery of critical strategic parts of learning processes and motivational intrinsic factors that encourage knowledgeable workers towards information gathering, internalization, as well as integration and reproduction.

Table 3. The Matrix Focus of Business Operation and Activities where Human Capital Development Required as Competitive Advantage

	PROCESS	INNOVATION	DEVELOPMENT OF PRODUCTS OR SERVICES	EXPERIENCES	CHARACTERS BUILDING
PROCESS		Innovation of process [how] [why]	Development process of products and services [how] [why]	Experience of process [how] [why]	EXPERIENCES DEVELOPMENT
INNOVATIONS	Process of Innovation [how] [why]		Development of product and service innovation [how] [why]	Experiences of innovation [how] [why]	SKILLS ENHANCEMENT
DEVELOPMENT OF PRODUCTS OR SERVICES	The process towards the development of products and services [how] [why]	Innovation to the development of products and services [how] [why]		Experiences of product and services development [how] [why]	ABILITIES ADVANCEMENT
EXPERIENCES	The process of experiences [how]	Innovation of experiences [how]	Development of product and service experiences [how]		LEARNING BY DOING
PERSONAL CAPABILITIES PERFORMING	KNOWLEDGE	CREATIVITY	EFFORT	ATTITUDE	

Table 4. Initiatives towards Competitive Advantage as Performance Challenges

No.	Competitive Advantage as a Challenge towards Company Business Performance
1	<p data-bbox="300 371 1353 439">Creating Value Creating value is the advantage that can be achieved through resources and activities or from the choices that result in the most profit (Besanko et.al.,2000). Therefore, companies must implement the following strategies of creating value:</p> <ul data-bbox="496 450 1353 607" style="list-style-type: none"> <li data-bbox="496 450 1353 501">• Exploring opportunities that earn value or are rarely owned by other companies or potential competitors (<i>rare resources</i>), <li data-bbox="496 501 1353 553">• Imperfectly imitable, and strategically irreplaceable (Lipman & Rumelt, 1982 ; Barney, 1991) based on the values of the customer (Saloner et. al., 2001), <li data-bbox="496 553 1353 607">• Acquire distinguished abilities in an industry or market (Kay,1993), along with added value (Brandenberger & Stuart, 1996).
2	<p data-bbox="300 629 1353 745">Performance in Competition Competitive advantage grows from the company values that enable opportunities of creation and innovation serves as performance indicators towards their customers. This is can be achieved by executing low cost strategies, differentiation advantage, and product focus on specific market targets. Here, the performance improvement refers to Ghemawat and Rivkin (1999), needs to be based on long-term strategies towards competitors.</p>
3	<p data-bbox="300 768 1353 869">Experience and Competence Company experience becomes a competitive advantage when such business and marketing actions create economic value (Barney, 2002). These experiences are gained through a combination of company-owned abilities and resources. These consist of the company's unique methods in maintaining sustenance, as well as focusing on collective learning in worker efforts towards core competence (Hoffman , 2000)</p>
4	<p data-bbox="300 891 1353 936">Asset and Resource. Competitive advantage is produced by creating expertise and superior resources (Day & Wesley, 1988). In order to do so, the company must:</p> <ul data-bbox="496 943 1353 1099" style="list-style-type: none"> <li data-bbox="496 943 1353 969">• Combine resources and abilities to its core competence (Prahalad & Hammel, 1990). <li data-bbox="496 969 1353 1021">• Own the rare of intangible resources and are not easily obtained from the freely sold assets in the market (Dierickx & Cool, 1989; Rumelt, 2003). <li data-bbox="496 1021 1353 1099">• Specialize resources in the financial, physical, legal, organizational, informational, and relational aspects, above normal standards, and implemented continuously towards mobile sources (Peteraf, 1993; Hunt & Morgan,1995)
5	<p data-bbox="300 1122 1353 1189">Creation of Working Networks Development of relations requires organizational and relational resources as well as information on competitive advantage that will become the resources in creating competitive advantage (Morgan & Hunt, 1996). The relations refer to the following:</p> <ul data-bbox="496 1196 1353 1406" style="list-style-type: none"> <li data-bbox="496 1196 1353 1247">• Market-related relationships that are continuous, involve the exchange of additional organizational working networks, and are required in the appropriate time (Webster, 1992). <li data-bbox="496 1247 1353 1299">• Working relationships a step beyond dyadic relationships (meetings) or partnerships (Iacobucci & Hopkins,1992 ; Anderson et. al.,1994) <li data-bbox="496 1299 1353 1326">• Involves the technological transfer and information exchange (Thorelli, 1986) <li data-bbox="496 1326 1353 1377">• Emphasize on work relations with mutual trust (Jarillo, 1988) to enable the possibilities of reinforcing core competences (Achrol, 1997). <li data-bbox="496 1377 1353 1406">• Part of the company's strategic planning (Gulati, 1998).
6	<p data-bbox="300 1429 1353 1496">Development of Innovation Strategies Competitive advantage produced from consistent innovation towards the company, either socially or technologically, by directly and in-directly providing distinguished values between customers (Foxall, 1984; Wolfe, 1994; Rogers, 1995; Gatignon & Xuereb, 1997). The following actions may serve as innovative strategies:</p> <ul data-bbox="496 1503 1353 1843" style="list-style-type: none"> <li data-bbox="496 1503 1353 1554">• Choose the strategy of sustained innovation or disruptive innovationto encourage technical changes in creating products/services(Christensen & Raynor, 2003). <li data-bbox="496 1554 1353 1581">• Consider innovations related to a product/service that may be brought into the market (Cumming, 1998) <li data-bbox="496 1581 1353 1632">• Create successful development and introduction of products, services and new processes (Urabe, 1988) in order survive in the dynamic and complex market in a particular economic environment (Assink, 2006). <li data-bbox="496 1632 1353 1684">• Construction, development, and adaptation of an idea or behaviour, as well as the adoption of something new to the organization (Higgins,1995) <li data-bbox="496 1684 1353 1736">• Organizational change as a response to the dynamics of the external environment, or even take actions that influence the environment (Damanpour,1996) <li data-bbox="496 1736 1353 1809">• Differentiate degrees of sorting in the individual level towards improvement and company functions (in the process of improvement or adaptation) as a chain of values in the form of radical products, innovative services, business models, as well as technological break-through industries (Edquist, 1997). <li data-bbox="496 1809 1353 1843">• The innovation towards individual and/or integration of product, process, and market (Johne, 1999).

Table 5. Performance Measures upon the Aspects and Functions of Business as World-Class Companies

No.	Aspects and Functions of Business as Performance Measures	
1	Business Performance.	Developing an operational approach that enables the sufficient achievement and sustainability of business performance towards total productivity and quality through continuous improvement and planning in all areas of the business organization (Sweeney, 1990).
2	Business Essence.	Schonberger (1986) stated that the essence of fundamental change of world industry business refers to changes in design, organization, building human resources, quality and problem solving, accounting and control, capacity and marketing.
3	System Integration.	Business success factors towards change include speed and flexibility. Accordingly, change is based on the three related and integrated systems, namely: technology management systems, human management systems, and business management systems (Recardo & Peluso, 1992).
4	Competition Priorities.	Construction of a business strategy that is equal and in line with core competition and market opportunity, is one of the standard achievements of world-class companies. Accordingly, competition priorities that serve as critical success factors towards the market include quality, price, delivery speed, delivery reliability, flexibility and innovation.
5	Customer Relationship Management.	The customer relationship management (CRM) as a customer-centric business strategy. This refers to the collective value of all consumer-related information including their activities, and serves as an access point to information on workers and company business partners.
6	Management Attributes.	Features from an organization that are competitive, influence the area of functions and attributes based on the organizational thought patterns, organizational abilities, organizational structure, measurement of organizational performance, costs, and cost management functions (Mahadevan, 1998).
7	Products and Process.	Competitive businesses are equivalent to the combination of human integrated manufacturing (Yamashina, 2000). There is a fundamental requirement involving fine maintenance, and the integration of business aspects as a system in understanding the research that is used, production engineering, improvement of abilities, and details from know-how towards shop-floor.
8	Challenge and Complexities.	Businesses operated by companies (not dependent on the type of the industry, size and location) should collectively encourage its organizations to build new abilities towards: globalization, profits through growth, technology, intellectual capital, and change (Ulrich, 1998). However because its form is complex, therefore companies need to view it from an institutional/organizational systems and individual approach towards the strategic, operational, organizational and external contexts (Gates & Cooksey, 1998; Heywood <i>et.al.</i> , 2007).

Table 6. Measurement Factors towards Improvement

No	Method and Objective	Measurement Factors
1	Done through various strategies used in the improvement process	Its measurement according to Kaplan and Norton (2000), needs to be done through a range of strategies that are used in improvement processes based on performance measurement towards the QCDAC principles (<i>quality, cost, delivery, accountability, and continuous improvement</i>).
2	Framed through an internal perspective	Hoffman (2000) stated that the approach must be framed through an internal perspective, because of the following reasons: a) Benefits from optimization as a means of providing solutions/ answers towards the limitations of reasonable decision making. b) Thoughts towards change are inadequate, because within it, other factors are needed for instance speed towards modification and innovation as a result of ideas and worker creativity that are driven by motivation, culture, communication, and cooperation between workers.
3	Performing measurement over time towards perspective and social investment	Murray and Häubl (2003) suggested that the application of measurement (which is applied by learning by doing) need to be in line with time through experience that stimulates abilities and expertise. As a consequence, the focus of the company attention needs to be placed upon on the worker's abilities as a competitive advantage whereby: a) The measurement need to be applied on the operational perspective. This means that measurement becomes a reflection of the organization's ways in creating value. b) The measurement need to be applied in the perspective of social investment. This means that the company's abilities need to achieve include developing, obtaining, and maintaining its workers as a long-term organizational strategy.
4	Done as a strategy towards self placement based in business planning through a combination of abilities, coordination, key criteria, and identification of human resources	Aseltine and Alletson (2006) suggested that strategic measurement can be done on how the organization is viewed as placing themselves towards business planning. As a result, the measurement used must be able to capture both direct and indirect effects, processes must be simple, repeatable, directed towards solution-based actions, and its results must be combined to the following: a) The abilities and resources in distinct and sustainable ways (Thomas et. al, 2003). b) How to coordinate efforts of all workers to facilitate growth from specific competence, as channels to the customers who identify differences of the products that are offered by the company. c) The attributes towards products or its supplies, as a key criteria market purchase (Coyne, 1986). d) Architectural perspectives for identifying human resources based on work relations towards different workers, strategic values and uniqueness according to the used human resources configuration, expert groups, and the natural forms of their contributions (Kang et. al, 2003).
5	Done as optimization and effectiveness	Measurement done towards individual performance needs to be interpreted as optimization and effectiveness from the company's resources. Through an integration of the measurement system based on critical success factors and a matrix towards measured performance, its size will indicates a particular firmness, consistency, and understanding of processes run based on objectives, decision variables, and relevant shortcomings towards the organization.