EMPLOYEE PROFESSIONAL AND PERSONAL DEVELOPMENT: A SOURCE OF COMPETITIVE ADVANTAGE

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Abstract
Successful organizations never forget that their employees have been fulfilling a number of different roles both inside their work life and as part of their own definition of living their lives. Consequently, they approach their employees as a whole and not just as tools fulfilling specific functions and job related tasks. Consequently, to achieve sustained competitive advantage organizations must manage their employees as portfolios of assets fulfilling work-life roles. To do so, such entities need to capitalize on their employees’ previous and future personal development, and to further contribute to their professional development in order to ensure the efficiency and effectiveness of their strategies.

Key words: sustained competitive advantage; personal and professional development; work-life roles; integrated human resource management system; PESTLE.

1. A Traditional Outlook on the Relationship between Competitive Advantage and Human Resource Management

M. Porter is one of the prominent figures in specialized literature focusing on the concept of competitive advantage and its furthering in terms of sustainability. According to him3, competitive advantage stems from the “value a firm is able to create for its buyers that exceeds the firm’s cost of creating it. Value is what buyers are willing to pay, and superior value stems from offering lower prices than competitors for equivalent benefits or providing unique benefits that more than offset a higher price”. In other terms, competitive advantage is about securing added value through three possible strategies: gaining the advantage of lower costs (i.e. “cost leadership” in Porter’s terms), securing the leverage of uniqueness as rendered by a differentiation strategy (both strategies being valid for a wide range of industry), or a focus strategy (i.e. differentiation focus or cost focus) in niche industry.

Additionally, if a long term view coupled with a focus on “above-average performance” is adopted by any given organizational entity, then it must be substantiated by sustainable competitive advantage, namely by the capacity of the organization to maintain its advantage over time despite the trends in industry, competitor pressures or strategy imitation. What is more, competitive advantage and, inherently, its sustainability, are the result of the interplay of primary and support activities unfolding within any given organization and not of the organization as a whole. Therefore, to identify the source of such type of benefit, a focused analysis on these inter-

relationships through the lenses of the strategy envisaged as securing the lead in industry is required.

In this respect, without necessarily emphasizing this aspect, the same author contends that there is a relationship between the concept of competitive advantage and human resource professional development, the latter acting as a source for the former. Thus, in his opinion, training, as a support activity for an organization’s primary activities like goods production, marketing, delivery and/or servicing can generate competitive advantage and contribute to strategy implementation. This type of activity along with other support activities is what defines the relevance of an organization’s resources and capabilities. Therefore, for an organization to thrive within a given industry and act as an outward-oriented entity able to adapt, resources must be connected to its activities, strategy, and specific environment and treated as such.

Barney, J. B. takes the discussion on a firm’s competitive advantage further and postulates that this is related to the capacity of a specific organization to improve its efficiency and effectiveness in a manner that cannot be equaled by its competitors. Thus, competitive advantage ensues from a firm’s implementation of a “value-creating strategy not simultaneously being implemented by any current or potential competitors”, while for such an advantage to be sustainable it is required to yield benefits that cannot be duplicated by the competing organizations.

Consequently, from a resource-based view on organizations, the aforementioned author identifies a number of characteristics of organization resources (i.e. physical, human or organizational capital resources) that contribute to sustaining its competitiveness and hence securing its advantage. First, they must be heterogeneous and immobile, that is diverse and hard to acquire by competitors, if they are to contribute to gaining competitive advantage.

Nonetheless, as Barney signals, it is not possible for all resources within an organization to contribute to the sustainment of this advantage. They need first and foremost to be valuable, namely to contribute to making the best of opportunities and/or offsetting threats in order to improve organization efficiency and effectiveness, namely its performance. It is only then that the attributes of rarity, inimitability and non-substitutability can further contribute to attaining competitive advantage and sustaining it. Consequently, a manager’s job is to develop and safeguard those resources that are characterized by all four attributes at the same time.

Based on the literature in the field and referring specifically to human capital resources Barney identifies these as being: “training, experience, judgment, intelligence, relationships, and insight of individual managers and workers in a firm”.


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6 idem
Armstrong and Baron, 2002, Kepes and Delery, 2007 acknowledge the former’s value and its contribution to achieving competitive advantage. Thus, Storey for example, outlines, the role played by a committed, capable and adaptable human resource in an organization’s efforts to attain competitive advantage and the cornucopia of personnel, structural and cultural means by which the human resource is acquired, developed and employed in order to achieve the benefits envisaged at organizational level. Armstrong and Baron state that “people and their collective skills, abilities and experience, coupled with their ability to deploy these in the interests of the employing organization” represent an important pillar of competitive advantage. Additionally, Legge K. highlights the link between people’s commitment and their willingness to show flexibility within the context of an “adaptive organization’s’ pursuit of excellence” under the condition of consistent human resource policies. She also highlights the importance of integrating these policies into strategic business policies and strategic planning. Additionally to that, Caldwell along with Kepes and Delery signal the importance of securing a close-fit among human resource policies, procedures and systems in terms of coherence and internal alignment.

All of the above considered, it becomes obvious that human resource or, in other terms, human capital is a source of competitive advantage under the condition of its management in a strategic, coherent, integrated manner at the level of the entire organization. It is only thus that the four attributes identified by Barney gain substance. As a consequence, the resource-based view on the management of human resource and the discussion on its strategic fit delineate the requirement for a strategic approach to this field.

The goal of strategic human resource management is to contribute to organizational capability and furthermore to organizational competitive advantage through qualified, committed and motivated employees. In this respect, the management of human resource management needs to meet a number of basic requirements, as Schuler indicates. First, it has to be vertically integrated with organization strategy. Second, its policies have to be horizontally and vertically coherent. Third, human resource practices must be adapted and integrated in the everyday work of both managers and employees.

All of the above considered, there are a number of factors impacting the approach of an organization towards the employment of human resource as a major source of competitive advantage and these are to be identified and explained in the next chapter.

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8 Idem, p. 10
9 Adapted from ibidem, p 10
2. The Role of Employee Personal and Professional Development in an Organization and its Contribution to Sustained Competitive Advantage

The view on employee professional and personal development must be two-fold when identifying the role it plays within the organizational framework.

On one hand, employee development within any given organization has to be viewed as an integrated part of the human resource management system and, hence, as the glue allowing not only for human resource management functions to be performed, but also for management and leadership roles to be properly assumed and conducted.

On the other hand, considering the increasing concern for work-life integration\textsuperscript{12}, employee development is not only about the profession and undertaking its tasks in accordance with performance standards and goals, but also about the roles an employee assumes as a family, community and society member. As such, the role of employee development is to allow for the two dimensions to merge if sustained competitive advantage is to be achieved.

2.1. Employee development and its place within an integrated human resource management system

As part of an integrated human resource management system, employee professional development flows from organizational strategic goals and inherent requirements in terms of organizational strategies aimed at achieving competitive advantage and sustaining it.

Organizational needs and requirements related to employee competencies and behavior are shaped by internal and external factors. The former can be controlled to a certain extent, whereas the latter are hard to rein in. In this respect, PESTLE factors (i.e. political, economic, social, technological, legal, and environmental) may either contribute to organizational growth and development or may accelerate its decline. Compared to internal factors influencing organizational short and medium term policies and strategies, these are hard to control and yet heavily influence any organization’s orientation, needs and requirements for human resource competencies. Awareness as to their presence and influence is not an option but a necessity for any organization that seeks integration both internally and externally.

For example, political factors at play at country, regional or global level and their ensuing dynamics, policies, legal and regulatory provisions (i.e. legal factors) are not under organizational control. However, lack of organizational alignment, compliance to the legal framework or difficulty to do so because of lack or insufficient skills in the area raises great risks for organizational future. Furthermore, economic factors such as interest rates, fiscal policies, and inflation rate have an important say in an organization’s decisions concerning its employees, its human resource strategic focus (e.g. cost-oriented or differentiation-oriented), their contracts and potential investments in development. Additionally, socio-cultural factors like life-style, brain drain, migration, national and community cultural values have an important say in the decisions made by organizations in terms of running human resource management development (e.g. culture-induction programs for managers working in foreign countries with a multicultural teams, adaptation of professional development tools to cultural specificities of a country).

Moreover, no organization can survive without technology. Thus, technological innovations, increased automation of activities, to mention just few, greatly impact the choices made by organizational entities in terms of their human resource management strategies and the choices made in the field of professional development. Last but not the least, environmental factors such as geographic location and its features, climate, weather conditions combined with the type of industry to which an organization belongs may have an important say in the way the latter approaches health and safety rules and regulations, or quality and risk related processes and activities, for example.

Thus, a PESTLE approach to configuring organization approach to strategy, needs and requirements provides an overall image of the external environment to which any organization needs to adapt. Consequently, it allows for the identification of the specific opportunities and threats and, henceforth, the best strategies in the field of human resource management. In this respect, the strategy concerning employee professional development reflects the extent to which an organization is able to manage in an integrated manner and to its advantage internal activities and to adapt to external factors timely, coherently and adequately in order to secure sustained competitive advantage.

Concerning the role of professional development as part of the human resource management system, there are a number of issues that are worth discussing. These are related to the human resource management functions of planning, recruitment, selection, induction, promotion, performance assessment and evaluation, compensation and benefits and some of them are detailed below.

The need for professional development and the specific requirements concerning its conduct has to be realistically sustained by the alignment between organizational strategy and human capital strategy or human resources policies. Thus, human resource planning becomes anchored in organization strategic planning and contributes to achieving goals like motivation, job satisfaction and ultimately competitive advantage. Furthermore, its implementation via development and motivation tools like individual development plans, cross training, job enlargement and job enrichment, job rotation substantiates and supports strategic goals.

Recruitment, selection and induction are greatly influenced by an organization’s strategic outlook and sustained by its propensity towards internally nurturing the professional development of its employees and hence categorizing these and treating them as valuable, rare, non-substitutable and hard to imitate resource. As a result, the search for a certain level of competency, the selection of employees who meet the required level or the decision to compromise and select lower level competence people/defer the selection until the right people are found/ internally develop the competencies needed, as well as the comprehensiveness of the induction process depend to a high extent upon the aforementioned relationship. In this respect, it is worth reminding that induction is the stepping stone for employees’ organizational integration and enculturation – two important levers in terms of aiming for competitive advantage.

Depending on the profile of the organization, employee development should be part of the day-to-day fabric of inter-relationships in terms of subordination, coordination and collaboration and not just a one-time event conducted on or off-site. As such, it can boost or support the achievement of organizational performance standards and the attainment of individual performance objectives, but also allow for above the ceiling performance – which is an indicator of sustained competitive advantage. Mentoring, coaching, job shadowing are, from this point of
view, the perfect instruments contributing to experience sharing, safe trial-and-error approaches, experiential learning, symbolic interaction.

Professional development is closely linked to performance assessment and evaluation and its inherently related activities: promotion and compensation and benefits. In our opinion, we can talk about a golden triple constraint: performance, compensation and benefits, promotion. Its quality of implementation is conditioned by the presence/absence and the manner of implementation of professional development. The most common indicators of how valuable the human resource is for an organization are, based on the assessment and evaluation of performance: the level of compensation and benefits, and the decisions concerning lateral or upward promotion and the approach is uni-directional, in terms of the influence performance has on the two, and bi-directional (in most cases) between the two, as made visible in the figure below.

![Fig.1. The relationship between employee professional development, performance, compensation and benefits, and promotion](image)

However, there are situations in real life when the knowledge, skills, experience gained through professional development programs or activities are not fed back into the performance, compensation and benefits, promotion equation. What is more, for integration to work, bi-directional relationships should be established between performance and compensation and benefits, on one hand, and performance and promotion on the other hand (as in the figure below). That is possible if the following premises are enacted:

1. professional development needs to be anchored into performance standards in terms of design, implementation and outcome assessment.

2. participating in a professional development program is not enough to perform in accordance with new standards and objectives of performance. Hence, further mentoring, job shadowing, coaching activities are needed for knowledge transfer coupled with a transition and adaptation time period for the new performance expectations.

3. compensation and benefits are not just influenced by the level of performance, but they also trigger increased requirements in terms of performance based on the input provided by the professional development program and the tools used to implement its results.

4. promotion imposes new standards of performance, but results are under the influence of how premises number 1 and 2 are enacted.
For example, there are organizations, especially in public administration, where the failure to apply the above premises leads to imbalances: employees are compensated and promoted for taking professional development courses, but the knowledge, skills, abilities acquired on these are not transferred into their level of performance. As a result, the goal of organization efficiency and effectiveness in terms of performance is completely missed.

Another example concerns the possible expectations of employees from private companies to get a salary raise as a result of taking a qualification course and also as a consequence of industry demand for certified employees in a given field. In such a case, as a result of industry dynamics and PESTLE factors, the criteria of heterogeneity and immobility cannot be met by the organization. Hence, the question is whether, the other attributes of the human capital can be identified and acted upon in such a case. In our opinion, the answer is affirmative if the above relationship is enacted. Thus, what a manager could do in order to prevent an employee from leaving and thus secure competitive advantage (not necessarily sustained competitive advantage, considering the homogeneity and mobility of the human resource in the field) is to expand and enrich the role of the person (i.e. new performance standards and lateral promotion) while providing benefits based on a reinforcement schedule built in terms of effort level and results.

2.2. Employee development as part of work-life integration

One proposition this article makes is that employee development is first the result of personal effort and personal endeavor, and only second the outcome of organizational contribution to the shaping, molding and enhancing of personal experience and learning in accordance with specific standards of performance and requirements. Consequently, professional development is a matter of personal development, according to the dictum: you are who you are regardless of where you are.\footnote{https://sourceconsultinggroup.com/personal-vs-professional-development-one-and-the-same/?doing_wp_cron=1585813585.9055869579315185546875}
A concept on the rise that, in our opinion, presents a number of opportunities for those organizations seeking to achieve sustained competitive advantage through employee development is that of work-life integration. One important operationalization of that belongs to Friedman: “The idea that “work” competes with “life” ignores that “life” is actually the intersection and interaction of four major domains: work, home, community, and the private self. […] most successful people are those who can harness the passions and powers of the various parts of their lives, bringing them together to achieve … “four-way wins” — actions that result in life being better in all four domains.”

Furthermore, as specialized literature shows, there is a positive correlation between work-life integration policies, family-friendly practices at organization level and employee commitment and organization productivity. What this article claims, based on that is: successful organizations who can attain sustained competitive advantage are the ones who never forget that their employees have been fulfilling a number of different roles both inside their work life and as part of their own definition of living their lives. Consequently, they approach their employees as a whole and not just tools fulfilling specific functions and job related tasks.

From the perspective of sustained competitive advantage and the use of professional and personal development to achieving that, we believe that treating an employee as a whole defined by ethnicity, gender, previous work experience, family roles, social involvement, community relationships, citizenship, etc. can actually contribute to establishing a differentiation strategy, even at low costs, by which superior leverage on the market can be obtained and maintained. In this respect, Brianna Barker Caza et. al make one important suggestion: to be effective in today’s workplace, we need to shift our mindset and actions from managing oneself to managing one’s portfolio of selves. From an organizational perspective, the previous recommendation could be translated as follows: to achieve sustained competitive advantage an organization must manage its employees as portfolios of assets fulfilling work-life roles by capitalizing on their previous and future personal development, and contributing to their professional development.

Naturally, the question is how?

The answer is provided by Parasuraman and Greenhaus. According to these authors, for solutions to be effective, a change is needed in the manner in which the value of employees is defined, and hence their assessment, evaluation, training, promotion are conducted. The way towards doing that is to “understand the work environment, cultural norms, managerial practices and work processes”.


17 Saroj Parasuraman, Jeffrey H. Greenhaus (eds.) Integrating Work and Family: Challenges and Choices for a Changing World, p.207
In other words, for sustained competitive advantage to be achieved focused internal and external adaptation of organizations is needed while fully acknowledging the essential role played by their human capital and contributing to the latter’s personal and professional development.

3. Conclusions

Organizational learning and employee development are one of the major source contributing to sustained competitive advantage. However, to discuss learning and development in an organizational context may seem counter-productive more often than not. The two terms indicate organic attributes of the processes, whereas placing them within the boundaries of structure, hierarchy, rules, and norms may trigger un-natural and sometimes adverse results. Therefore, we believe that only a healthy, sustainable approach to these processes can generate positive, long term outcomes both for employees and organizations.

Most of the common problems encountered in organizations that prevent them from capitalizing on their employee personal and professional development as a source of competitive advantage are connected to proper financing, the absence of adequate analyses, profit orientation, cost minimization at the expense of quality, accountability, to mention just few.

In our opinion, employee development can become a source of competitive advantage provided that the THINK-TALK-ACT formula is applied. Thus, regardless of the tools an organization deems feasible to employ to attain its strategic goals, these are useless in the absence of a reflection process in which thorough analysis and introspection are conducted. It is only afterwards that the conclusions can be transferred into speech and the latter can lead to action and possibly to commitment. The latter is the pillar of sustained competitive advantage and this can be only achieved if the gaps in the above formula are bridged via transparent, accountable, integrity focused practices in the human resource management area.

In conclusion, an organization cannot attain sustained competitive advantage through its approach towards integrating employees’ personal and professional development unless it first thinks of the talk (i.e. its narrative in terms of what constitutes success) and walk (i.e. its concrete behavior), and then it talks the talk (i.e. it communicate all throughout organizational network the message on its priorities) and walks the walk (i.e. coherently, transparently and realistically enacts the message).

References: