

Understanding Human Factors in the Context of Competitive Advantage and Performance

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Abstract

The truly unique skills that differentiate people from different professions, as well as the competitive advantage generated by technological innovation and an appropriate IT infrastructure are the elements that contribute to sustainable development, performance, competitiveness and organizational excellence.

The human factor is a crucial element, which has a special feature, namely that it can be both a key component generating performance and a unique vulnerability (sometimes predictable, sometimes surprising/unpredictable) of the entire organizational or state system.

Considering the fact that the literature in the field highlights both the imperative of investing consciously and appropriately in the human factor in order to achieve performance and sustain a high level of competitiveness, and the fact that innovation is a source of obtaining and consolidating the sustainable competitive advantage, through our approach we follow to demonstrate the truth value of these requirements frequently invoked in scientific discourses, using the evidence revealed in organizational practice.

Key words: Performance, Personnel management, Competitiveness, Decision making

J.E.L. classification: L25, M12, D91

1. Introduction

At the same time with the adaptation of management to the current needs of competitiveness, in a dynamic and complex external context of the organization, it was concluded that managers must take all necessary steps to ensure the flexibility of the organizational structure, decentralization of decision at the right time through specific empowerment of punctual actions, improving employees and exploiting their capabilities, and last but not least, maintaining a structure of employees sufficiently motivated, so that they are willing to invest their *know-how* and their precious time in the organization. Both employees and employers must be aware that, absolutely at any time and in any field, *time is money!*

The complexity of the managerial act requires the managers of today's organizations, revitalized by continuous knowledge, digitized and in continuous and accelerated transformation, to know very well the organization and to be able to dispose accordingly and in full knowledge, meeting the other complementary criteria, such as: *know what*, *know why*, and *know who*.

Organizational diagnosis becomes a *must have* in the context of increasing organizational competitiveness and performance, in the huge effort to achieve excellence. To shape an overview, managers need to know the personal characteristics of employees, the variety of skills, the identity and significance of work tasks versus employee autonomy, feedback of results, elements of individual efficiency, performance norms, interpersonal relationships, group dynamics and conflict mediation, information culture, technology, existing IT infrastructure, as well as guidance, measurement and control systems.

Only in this way a manager can master the *organizational design* and be able to master the appropriate techniques to attract competitive advantage. Effective coordination includes the ability to understand, predict, and control each individual behavior as well as overall organizational behavior, which is not an easy task, especially in a context where both the manager and subordinates belong to the same and unique category: the human factor.

The complexity of the managerial act must take into account two particularly relevant components, namely: the tasks to be performed as close as possible to perfection and individuals whose behavior must be standardized for effective cooperation, but without restraining their creativity and harming the innovative side.

Competitiveness and performance will be successfully achieved when all the *pieces of the organizational puzzle* fit together, which is not exactly a simple managerial task.

The success, performance and competitiveness of any organization depend, in an overwhelming way, on the management of human capital, because it is no secret that the competitive organizational advantage lies in the quality of the human factor. In this context, in which managers are concerned with achieving excellence and public recognition of the success of the organization they lead, they must also take into account the complexity of the ethical issues facing organizations, in the competitive environment in which they operate.

A successful manager will always know that a *loaded consciousness* with remorse when organizational progress *enters the morale zone with boots* will destroy the false success built and pollute the excellence obtained. Morality is not a mechanism of rules applied to the organization mechanically. Morality is gradually imprinted and puts on true professionalism, outlining the design of total success.

Beyond the universal recipe for ethics, each organization will have its own imprint of moral values with which it will enter the competitive scene in the specific field of activity. A competitive advantage obtained responsibly, becomes an organizational virtue, a performance in itself, loaded with multiple satisfactions.

2. Literature review

In recent years, the implications of the phenomenon of globalization require in the literature extensive discussions on the notion of global competitiveness, which is indisputably related to performance and connected with obtaining and maintaining competitive advantage. The analysis of this operative and functional chain is based on the human factor, the productive capacity of people. "Skills, experience and knowledge have an economic value for organizations, because they allow the organization to be productive and adaptable; thus, people constitute the human capital of the organization. Like other assets, human capital has market value, but unlike other assets, the potential value of human capital can be fully realized only with the cooperation of the person. Therefore, all costs related to the generation of productive behaviors from employees - including those related to their motivation, monitoring and retention - are human capital investments made in anticipation of future profits" (Jackson, 1995).

Both the literature and the practice have highlighted, over the years, the fact that a managerial priority must be the human factor, in order to achieve overall individual and organizational performance, a context in which we emphasize a great managerial challenge, namely that of adapting the managerial style to all phases of the organizational life cycle, especially in the context of the uniqueness of human capital (because, undoubtedly, people cannot be separated from their knowledge, skills, or values, as with financial or physical assets - tangible assets). This is necessary, taking into consideration the indisputable fact related to the various stages of development of the organization, such as start-up, growth, maturity and perhaps decline and rebirth. The fact that in the context of the stages of the life cycle of organizations, the human factor must also adapt in turn, no longer requires additional arguments.

Usually, the approach to human capital begins at the individual level, continues at the team level and is completed at the level of organization, branch of activity or even country. "Rather, the whole approach provides a microfoundation for exploring a macro set of phenomena" (Wright, 2011).

As for the notion of competitive advantage, although it was originally introduced in the language of foreign trade, now, the phrase has become part of the entrepreneurial culture. An organization can gain a competitive advantage if "its entire management allows and supports a rapid accumulation of modern means of production and specialized professional skills, promotes decisions that favor the modernization of production processes adapted to the market and the optimal abandonment of those in economic maturity, ensures a climate of stimulating change towards continuous performance, etc." (Udrescu, 2012).

In the advanced context of globalization, competitive advantage and performance are considered key concepts, which must be treated with the utmost responsibility. In addition, it is questioned that the latter concept also includes the component of social responsibility (institutional or corporate, as the case may be), which plays a decisive role in issues related to competitiveness, competition, job security, financial stability (and why not increase earnings), as well as good relationship with the environment outside the organization (including compliance with environmental policies).

If competitiveness means achieving prosperity and generating the well-being of the population, then each organization, in turn, must be able to develop a competitive system, in which the human factor, along with other decisive factors, must generate distinctive skills and, further, competitive advantage.

"The logic of competitive advantage has been the subject of much controversy. [...] Many critical approaches point out that, in the worst case, competitive advantage is nothing more than a tautology. [...] The tautological character of the concept of competitive advantage is highlighted by a cause-effect confusion" (Marinescu, 2014). The authors who support this theory consider that the methodological lack of consistency comes from the fact that the logic by which the competitive advantage is validated is intended to be of the *ex-ante* model, but the true justification can only be established by a detailed control and analysis such as *ex-post* (which shows the achievement of performance related to competitive advantage).

Paradoxically and ironically at the same time, other authors believe that there are organizations that can not specify exactly what is the source of competitive advantage, which is why the sustainability of the latter is questioned, due to the ambiguity of the situation. Even if it seems unlikely, this may be due to the fact that the factors that the organization controls are particularly complex and interdependent. Although managers have opinions and hypotheses about the source of the competitive advantage registered in the specific field of activity, and the fact that the plausible explanations can be multiple, makes the uncertainties persist.

However, the issue of the sustainability of the competitive advantage in order to achieve sustainable performance is closely linked to the possibility of implementing a strategy that would allow the imitation of the previously registered competitive advantage. This is also connected with a very clear vision of the future of the company / organization.

Beyond all the aspects mentioned in the last two paragraphs, there is the certainty that, undoubtedly, the competitive advantage is generated both by internal factors (such as individuals' creativity and ability to innovate, organizational culture) and by external factors (such as: flexibility to respond to changes in the organization's external environment, adaptability and ability to be equipped with appropriate software, diagnosis and scanning of the external environment and the ability to obtain and process information quickly, appropriate approach to technical and technological changes, etc.).

Taking into consideration all these aspects, we consider that the organizational reality is extremely dynamic and that the competitive advantage, as it is gained, can be lost, if there is no creativity, entrepreneurial innovation, seriousness and involvement at all organizational levels. Of all these aspects, we want to emphasize that, unfortunately, innovation cannot be planned, just as the other issues listed are not very easy to obtain and control. Thus, in the light of the above, we consider that, at present, there is no institutional/organizational arrangement that can guarantee a continuous competitive advantage, in any field of activity and that the prospects are also modest (although innovation is manifested in both technological and administrative forms).

Creativity is also a very relevant factor. Unfortunately, in our country, only in recent years its importance has been emphasized in the education system. Perhaps things would have been different if creativity had always been stimulated and encouraged, without prejudice, criticism and other value judgments that lead to fear and the thought of failure. "Adult creativity, however, is a matter

of technique and inspiration [...] Inspiration is ubiquitous. It is found in any sensation or stimulus. You just have to be perceptive and decipher what is in front of you" (Alexa, 2019).

From this perspective, we consider that the competitive advantage is nothing but the ability of the organization/ company /institution to achieve superior performance to its competitors, from the perspective of its core existence. In some situations it is easier to decipher, by reporting to profitability, but in others it is more difficult (especially where it is not possible to discuss figures, profits, prices, etc.). For example, in the case of organizations that provide services of public interest to citizens when we refer to the competitive advantage and the competitive environment, we refer to the promotion of what is *unique*, by providing prompt and quality services, by offering a wide range of opportunities and so on.

However, the literature emphasizes that competitive advantage is at the heart of performance, and the practice complements the concept that where performance is measured, it is improved, and where performance is measured and analyzed in detail, performance improvement is accelerating.

Organizational performance is one of the key concepts in managerial research and is also an indicator that specifies in a concrete way how fair an organization achieves its goals at a given time. "As time goes on, organizations are facing upward trends, and this is causing them to take over operations efficiently. The world is moving at a fast pace and has practically become a global country, and in order to compete with other organizations and move forward it is more than necessary for organizations to implement such healthy practices that help to produce maximum results" (Vlas, 2018).

From a managerial point of view, "decision-making must be made based on information and, in this sense, it is essential to share information for correct decision-making by employable [...]. The organization's information management capacity plays an important role in the development of customer management, processes, operations, and performance, which in turn influence favorable measures of financial efficiency, customer satisfaction, human resources, and organizational performance" (Ribeiro, 2018).

Individual performance is the degree of fulfillment of the tasks that define the position held by an employee and refers to the contribution he makes to achieving the objectives that the organization proposes. In this case, the individual performance must be directly correlated with the group performance and the organizational performance, therefore the specialized literature reminds about ensuring an optimal individual performance, in compliance with the normative acts in force, in order to obtain the desired performance of top management.

In this context, performance management also includes performance evaluation, in the sense that through this control tool it is possible to highlight the difference between the established standards, the objectives pursued and what was actually achieved by each employee, as well as at the level of the entire organization. "The lack of knowledge of legal provisions and expansive behavior in pursuit of development, leads to serious violations and the creation of impediments in the harmonious development of the competitive environment" (Caraganciu, 2019).

Today, performance and competitiveness cannot exist in the absence of computerization, automation and digitization. This trend will definitely intensify in the coming years, especially that some Romanian employees are being true performers in this field. Gradually, within organizations, companies and institutions, traditional, analog, face-to-face interactions with the customer will be replaced by complete or partial digital interactions, especially since the so-called *digital experience* and *digital engagement* are already being talked about and implemented.

In the light of all the above considerations, "we mention that digitalization is not an industry related to a certain field, but it represents a cross-cutting approach that fundamentally changes the paradigm of life and continuously raises the quality of life" (Zugrav, 2019).

3. Collection of data

In our case study, which we designed in an inductive manner, the research was conceived through a self-administered questionnaire, applied by e-mail, to a number of 100 subjects - people working in Romanian public institutions, from all counties of the country (both rural and urban). The period in which the questionnaire was prepared, launched and received was September 2019 - May 2020.

We mention the fact that the questionnaire was sent based on Law no. 544/2001 on free access to information of public interest, motivated by the need to guarantee an answer that is as real, conclusive and completed accurately.

The following specific elements were taken into account in the formulation of the questionnaire: the right of the respondents to voluntarily withdraw from the study at any time and / or not to answer all the questions; protection of respondents' privacy; the central purpose of the study and the procedures to be used in data collection; the signature of the participant as well as the researcher (Creswell, 2013).

We emphasize that the respondents work in different fields of activity (agriculture, social inspection, employment, statistics, culture, education, local public administration) and hold both executive and management positions.

We consider that the study respects the conditions of validity, taking into the consideration the fact that the respondents are different ages (the youngest respondent is 27 years old and the oldest is 60 years old; the average age is 44 years old) and are part of both sexes (60% women and 40% men).

The design of the questionnaire was made using non-repetitive, unique questions and it contained 9 directive questions, 2 semi-directive questions and an open non-directive question, through which the respondents were given the opportunity to express their opinions with their own arguments.

We estimate that each respondent had to allocate somewhere to a maximum of 30 minutes, a reasonable amount of time, in which both very relevant qualitative and quantitative data on the subject under discussion were obtained.

We consider that this questionnaire was designed to reflect the connection between the notions presented at the theoretical level, underlined in the literature, in the first two points of our paper and the knowledge gained in specialized practice by respondents who were kind enough to complete the form with questions.

In our opinion, the research has a pronounced applicative character, aiming to achieve the general objectives of the study. The first of these concerns the demonstration of the extent to which subjects know the notions of human factor and human capital, on the one hand, as well as competitive advantage and competitiveness, on the other. At the same time, our investigation reveals the extent to which respondents understand the characteristic elements of human capital and the extent to which they consider that competitive advantage and competitiveness are closely linked to performance.

The second objective was to identify the extent to which respondents know the relevant European / international instruments on human capital, competitiveness and performance, as well as the extent to which they understand / interpret the differences between our country and other European countries, regarding the subject studied.

4. Data analysis and Results

As mentioned before, the questionnaire includes an open-ended question, through which the respondents had the opportunity to express their personal opinion on the concept of *competitiveness*, while making the difference / distinction from the notion of *competitive advantage*. In this regard, we emphasize that none of the respondents stated that they do not know the meaning of the notions, each of them approaching the subject either from a macro point of view (situations in which 70% of respondents included definitions from the economic sphere) or framing the notion in the field in which it operates (micro level). Only one respondent stated that, from his point of view, in public institutions in Romania there is neither competitiveness / competitive advantage, nor performance.

In this sense, in the figure below, we present a series of elements from the structure of the answers:

Figure no.1. Configuration regarding the notion of competitiveness and competitive advantage

<i>Opinions on the notion of competitive advantage</i>	<i>Answers</i>	<i>Considerations regarding the notion of competitiveness</i>	<i>Answers</i>	<i>Considerations regarding the notion of performance</i>	<i>Answers</i>
Creativity generating unique assets	25	The ability to resist competition	38	Performance is complementary to competitiveness	2
Ability to deal with competitive rivalries	19	The ability to adapt to new technologies	17	An exceptional result obtained by an organization	13
Superior performance to competitors	35	Speed in providing quality public services	4	Ensuring an optimal individual performance, in compliance with the normative acts in force, in order to obtain the performance desired by the top management	49
Desideratum of any organization in competitive conditions	18	The ability to deal with new challenges and to impose through innovation	8	Performance is the way in which an organization achieves the objectives it has set for itself	33
A differentiating factor and a concrete benefit	3			Performance means economy, efficiency and effectiveness	3
		Organizational performance reflected in the degree of citizens 'trust	8		
		The engine that gives life to any activity	3		
		The key to competitiveness and performance is creativity	7		
		The ability to perform and overcome competition	12		
		The pertinent and efficient answer to the beneficiaries' requirements	3		

Source: Own research of the authors, based on a series of data provided by an initial case study presented in the paper of the same authors, entitled *The Challenges of Increasing the Competitiveness of Human Capital in Public Institutions in Romania, in the Context of the Phenomenon of Globalization*, presented at the International Conference „Global Economy under Crisis”, 2019 Edition, „Ovidius” University of Constanta.

The first hypothesis tested, made by correlating 2 other questions from the questionnaire, brings to the forefront of the research even the respondent/ official/ employee and the organizational and managerial conception of the organization from which he comes. Thus, hypothesis no.1 looks as follows: *In the organization which I represent, management places a special emphasis on*

individual performance (pursuing an optimal level of performance), these being considered the main source of competitive advantage.

Unfortunately, the hypothesis was not confirmed by the respondents. They made somewhat similar statements, from which it was concluded that, in Romanian organizations, the aim is to complete tasks within the set deadlines, rather than performance, gaining competitive advantage and excellence.

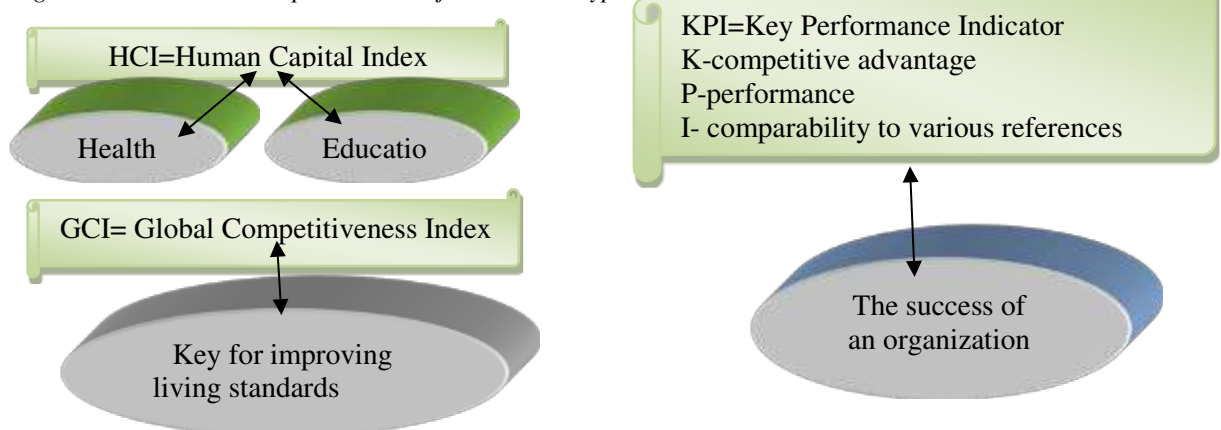
Figure no.2. Hologram of answers. Adaptation after Van Vlock

According to the hypothesis	10%
Unsure, reported to the hypothesis	68%
Disagree with the assumption	22%

Source: Own research of the authors

Taking into consideration the fact that the human factor, human capital, competitive advantage and competitiveness are links that are part of the chain of performance and professional excellence, hypothesis no.2 (formulated based on 3 other questions in the applied questionnaire, which logically correlate their answers) was formulated as follows: *In the current activity I heard / used the indicators HCI, GCI and KPI, and in my opinion these tools are set taking into account other correlated and interdependent elements and notions.*

Figure no.3. Additional explanations adjacent to the hypothesis tested



Source: Own research of the authors

In interpreting the answers and to determine the truth value of the hypothesis stated above, the Likert scale, from psychometry, was used. We used a nominal scale of 5 values, which we have introduced a relation of order, correlated with the hypothesis. Analyzing the answers provided by the respondents, it is observed that the hypothesis was confirmed, the structure of the answers showing as follows:

Figure no.4. Respondent's attitude towards the link between human capital, competitive advantage, competitiveness and performance.

Totally agree with the statement	Agree with the statement	Somewhat agree Partial agreement	Partial disagreement	Totally disagree with the statement
1	2	3	4	5

Totally agree with the statement	60
Agree with the statement	10
Somewhat agree/ Partial agreement	8
Partial disagreement	20
Totally disagree with the statement	2

Remarks:

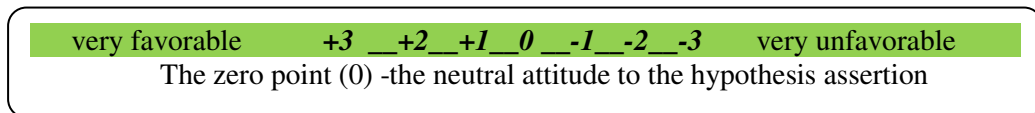
- ♥ People who partially agreed with the statement in the hypothesis, mentioned that they had heard about all these notions, but so far have not used them in their current activity.
- ♥ The people who denied the hypothesis also stated that they had not heard of these indicators or that they vaguely remember them.

Source: Own research of the authors

Hypothesis no. 3 was formulated correlating 3 other questions in the questionnaire, as follows: *All EU countries, but especially our country, must adapt their reporting to competitiveness and performance, strengthening their social cohesion and putting a much higher emphasis on knowledge, information and telecommunications technology, innovation and human capital optimization.*

The hypothesis was confirmed in [+2, +3] interval, and the result was obtained using content analysis, called thematic-categorical. The method consists in cross-sectioning the discursive corpus (of a certain fragment of the discourse) and analyzing it separately from the rest of the text, in order to obtain a favorable, unfavorable or neutral direction, which the respondent has in relation to the topic under analysis.

Figure no.5. The attitude scale used in analysing the hypothesis targeting Romania and EU countries



Source: Own research of the authors

The last hypothesis, based on the last question in the questionnaire, was analyzed using the method of ranking - a comparative method of scaling, which requires the investigated subject to rank all the stimuli investigated according to the evaluated criterion. The hypothesis looks as follows: The competitiveness of human capital must be considered a *must have* in any organization.

Figure no.5. The table of answers in the rank ordering method regarding competitiveness of human capital

Criterion and motivation	Rank 1 granted	Rank II granted	Rank III granted	Total correlation
A. Must have	48	36	16	100
B. Unconcern/carelessness/apathy	12	28	60	100
C. Untouchable luxury	40	36	24	100
Total	100	100	100	

Source: Own research of the authors

For the processing of the related information, each rank is assigned scores from n to 1, where n represents the number of stimuli investigated (in our case n = 3), and the ranks are those given by the following mathematical formulas:

$$\textcircled{R}A = (3 \times 48 + 2 \times 36 + 1 \times 16) : 100 = 2,32$$

$$\textcircled{R}B = (3 \times 12 + 2 \times 28 + 1 \times 60) : 100 = 1,52$$

$$\textcircled{R}C = (3 \times 40 + 2 \times 36 + 1 \times 24) : 100 = 2,16$$

The results show that the hypothesis has been confirmed and that, without any doubt, the competitiveness of human capital must be considered, from any perspective we would look at things, as a *must have* and not an *untouchable luxury*.

5. Conclusions

Through the study applied in this paper, we have demonstrated that the link between the human factor, human capital optimization, competitive advantage, competitiveness and performance is indisputable.

Both, the literature as well the study conducted in Romanian public organizations, confirm, once again, that the performance and competitiveness of human capital are particularly relevant for organizational / state management and that times when they were seen as an impossible luxury to achieve have passed, even if this involves huge implications, major sacrifices and countless and difficult to quantify adaptations to the turmoil of the external environment and the challenges posed by the phenomenon of globalization.

In the opinion of the authors and regarding the limits of the research, we consider that this paper debates a very complex issue, which can be viewed from several perspectives (sociological, pedagogical, managerial, administrative, political), which was why it was difficult to follow a unique research path.

In other words, we consider that a larger study (with over 100 respondents) would have covered a much longer period of time, given that the data collection took about 4 full months and took place in two distinct stages (September-October 2019, April-May 2020). We emphasize this because perseverance and insistence were needed, given the fact that in order to obtain the 100 questionnaires analyzed, over 300 e-mails were sent to organizations / institutions / authorities in Romania.

On the other hand, the deepening of the investigation and the improvement of the quality of the work could have been achieved, if we had had the possibility to obtain face-to-face interviews or to organize focus groups, which, certainly, would have brought to light many other relevant details for the topic under discussion.

However, we can conclude by emphasizing that the human factor is a unique element that can bring impressive benefits to the organization, if its management is able to motivate it to generate performance and block the vulnerabilities of the human capital system.

Sustainable development, sustained performance, competitiveness and organizational excellence cannot be achieved without the unique contribution of the people - who constitute the most important capital and without the competitive advantage obtained through an adequate infrastructure, by updating the IT architecture and investing in the innovative component.

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