

# The Role of Human Resource Manager in Strategy Formulation and Strategic Decision Making: An Indonesian Case Study

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## Abstract

This paper presents findings of a study investigating Human Resource (HR) managers' role in strategy formulation and strategic decision-making from service and manufacturing industries in Indonesia. The rationale for the study is that the HR managers' role is an important function that determines whether HRM plays a strategic or administrative role.

Since there is no established model of the HR managers' role in strategy formulation and strategic decision-making in Indonesia; this study utilizes an interpretive paradigm. This qualitative approach recognizes humans construct their reality from what they think. As the study aims to develop rather than to test a theory of strategy formulation and strategic decision-making, grounded research approach was chosen. In all, 63 HR managers from four type different industries (hotel, hospital, textile, and agriculture), from eight provinces (Central Java, Yogyakarta, Jakarta, Bali, West Sumatra, North Sumatra, South Kalimantan, and South Sulawesi) were interviewed.

Results suggest that the essence of implementing human resource management strategically, relates to how well the organization can link human resource management to business strategy. Therefore, the high involvement of HR managers in strategy formulation and strategic decision-making is a likely predictor that HRM plays a more strategic role in that organization. This study emphasizes that an integrative role is utilized frequently in Indonesian companies, especially in the services industries. This happens because the HR manager is a member of the strategic decision-making team and participates throughout the strategy formulation process, which plays an integral role in the firm's competitive advantage. However, this study also found that some Indonesian companies tend to implement a two way role, which HR managers playing a dual function in formulating and implementing strategies.

**Keywords:** HR manager's role, Strategy formulation, Strategic Decision-making, Qualitative research, Indonesia