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Strategic Human Resources Management: Human Resources or Human Capital

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Abstract:

Knowing that many or majority of companies do have human resources management department, there are some companies that have human capital management. Even these departments may not have to many differences they are slightly diverse. Strategic human resource management usually is inner company's department which is erected or created with aim of helping company to meet the needs of their employees while promoting company goals and objectives. In common, Strategic Human Resource Management deals with any aspects of a business that affects or directly deals with employees more precisely such as hiring, pay, benefits, training, and administration, and even the bitter act of firing, respectively. Strategic human capital management has almost the same operating function, but they are more focused on people to treat as real capital or asset. Retention of employees is main objective of SHCM (Strategic Human Capital Management). Objective of is to offer to the employee advanced trainings, education, and improve overall working conditions since current market changes require a strong built tram within the organization or company aiming to able to compete towards everyday stronger and stronger competitors worldwide.

Keywords: Competition, Goals, Human resources, human capital, Objectives, Strategic.

1. Introduction

While on today's business world common meaning of capital is obtaining of funds to start up or rejuvenate a business, there some thoughts that even people as part of a business entity or company are capital that provides to the business its revenues and money stream. It may always make people to judge or be seen wrong for some who besides money are not used to count anything else as capital to run a business, but there are some that share thought with me and many others who think same as I do- humans in our case working people, employees, can be counted as business running capital. This can be better understood as depicted in [1] "Economic success crucially relies on human capital – the knowledge, skills, competencies and attributes that allow people to contribute to their personal and social well-being, as well as that of their countries."

Many companies struggle to find best possible managers, directors, chief executives, and other staff in order to accomplish objectives of company. Even, many of those companies are wealthy enough and financially stable, there are some critical times when people for them worth a lot. So, for many companies forecasting are made based on their human capital, which are kept as running capital for their goal accomplishment by implying them into the business strategies as a primary tool for success.

Performances, productivity, creativity, innovation, personal attributes, behavior towards customers or clients are among essential component that make a company or a business prevail upon competition and entire coarse business world, in many occasions. Hence, looking into the core of business concept, we see that humans are very attractive and useful capital to have and use. Also, looking closely for many businesses that are service providers and their major operation is based only on human performance; it's so obvious that besides human capital we hardly find a proper word to call them. To have clear view about, we refer to [6] "Organizations today compete in a global marketplace. In order to survive they must adapt quickly to an ever changing environment whilst meeting the demands of their increasingly sophisticated consumers and balancing the demands of their shareholders."

2. Humans as capital and valuable assets in Strategic Management

Reference [3] shows that "The fundamental aim of strategic human resources management is to generate strategic capability by ensuring that the organization has the skilled, committed and well-motivated employees it needs to achieve

sustained competitive advantage –Armstrong (2004).” Based on this description many Strategic Human Resources Managements may align their policies of management for usage of its human as valuable part of their organization or team to build a sustainable and strong company crew. In order to grow, nowadays any company attempts to make its personnel as flexible as possible to adapt into the new market requirements. Many companies do spend lots of time and efforts to create inside their firm best human resources management strategically focused towards fast moving pace of market changes which inescapably requires its personnel to act as one, and behave as one in order to succeed. As in [4] Wright and Snell (1998) pointed out:

“The strategic management challenge is to cope with change (requiring flexibility) by continually adapting to achieve between firm and its external circumstance... Fit exist at point in time, flexibility is a characteristic that exist over a period of time.”

Again as in [4] mentioned earlier fast changing market environment, Gratton (1999) says that:

“Strategy may well be developed as it is being implemented because of the new demands arising from a changing environment, and he adds that capability of transforming and using team or personnel depends in part on the ability to create and embed process which links business strategy to the behaviors and performance of individuals and teams.”

Clearly enough, Gratton describes the role of strategic human resources management when they are accountable and many times major players in deciding and making warm working environment for many smart, clever, and savvy employees with whom company’s goals can be achieved. So I would like to point out the fact that sometimes I may disagree with when many entrepreneurs many times say: It is hard to find and keep committed to the duty and reliable to the company employee, but looking from the angle of a manager I would said that if personnel is appreciated and utilized as a capital or even an asset, many entrepreneurs would rather change their mind. Shown in [5] “ RGS empowers your staff to get the right things done at the right time in the right way to help realize your mission and generate results. We identify, develop, design, implement, and evaluate human capital management (HCM) strategies and tools based on best practices that deliver workforce capability and organizational culture.”

RGS is the consulting company that offers to the worldwide companies their services for performance enhancements and overall success. Thus, we see that businesses such are RGS besides human capital they barely do have any other capital or asset to be proud of make profits to survive in business.

According to Gary S. Becker shown in [2], university professor of economics and sociology at the University of Chicago, he states that:

“Tangible forms of capital are not the only type of capital that most of the people think for bank accounts, shares of certain companies, stocks, assembly lines, or steel plants. He adds that schooling, a computer training course, expenditures on medical care, and lectures on the virtues of punctuality and honesty are also capital. That is because they raise earnings, improve health, or add to a person’s good habits over much of his lifetime. Therefore, economists regard expenditures on education, training, medical care, and so on as investments in human capital. They are called human capital because people cannot be separated from their knowledge, skills, health, or values in the way they can be separated from their financial and physical assets.”

Considering all thoughts and statements about the humans as capital or assets, I do remain pro this statement and firmly accept that humans are really capital to a company, organization, or business entity. As I gave some of the facts above, cited many economists and scientists, I like to add that looking from a prospective of a manger, humans are to be considered as main or crucial part of any business. From my day in day out experience, I see employees as worth asset as well. Considering that changes in business occurs every day and some many not catch the pace of changes, a person must admit that humans in every company or business must be used according to the environmental which business surrounds. Again, though, based on my point of view, people or human in businesses must be handled carefully, integrated, and fit into the inner strategic business managerial politics in order to get counted as a real capital.

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