

Managing Human capital

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ABSTRACT

Land, labor, entrepreneurship, and capital are brought together in order to ensure maximization on the profitability of different companies. An entrepreneur is a crucial factor of production whose incorporates the other factors of production by spotting a business opportunity and bringing together the rest of the factors and the necessary strategies in order to work on the spotted opportunity to ensure that the idea is implemented successfully. However, being an entrepreneur is not an easy task particularly when dealing with an enterprise that has a large capacity of workers. It needs a lot of skillful work and intellectuality for the business to thrive something that can be achieved at by getting the right personnel for the different jobs as well as coming up with a perfect business model. The Human resource department is the section in every organization that is delegated to recruit employees, train them and conduct an analysis on the employees' personal performance. The people's prior perception that the role of the Human resource department is solely to work on the employees' paycheck has changed. Rather than just working on the pay slips, the human resource department has become a more dynamic department with so many activities inclusive. It is in the same department where the business system is formulated and tested in the organized and close scrutiny of the system follows. The system running the business needs a well-thought idea to clearly look at the best idea before implementation. The research work comprehensively discusses the impact of human resource management behavior towards cumulative organizational performance.

Human Capital

Introduction

Human capital involves evaluation of skills, abilities and the general understanding of employees in an organization to ensure that the firm maximizes on value addition. Human capital mainly focuses on three entities. Intellectual capital deals with how skillful an employee is towards the job assigned. Since expertise is key in production, it is necessary that employees get placements in their respective areas of specialization. Doing that will ensure that the people get selected for their ideal positions within any organization. Social capital involves an employee's social life. It involves the relationships put by the employees among themselves and also with the externalities with an aim of bettering the services within the organization. Good communication between employees within an organization and a trader, for instance, will ensure that the customer goes back to the same point for the search of utility. Organizational capital is a form of human capital described also as structural capital (Edvinson & Malone, 1997) which deals with the overall knowledge of an organization. The storage means within the organization hold the knowledge of the organization. That includes rules set by the pioneers of the firm for large companies or the main entrepreneur in a small business enterprise and the laws governing the activities of the organization.

Employee Selection

It is the duty of the human resource department in every organization to enroll employees in different capacities, train the employees who portray the best candidature during an interview or whatever kind of employee selection used. After training, the department allocates the employees to different areas of specialization which they have been trained on and later on a

performance review is conducted on the employees and the general performance of the organization.

The process of employee selection is of great essence because it helps to ensure that the best candidates are selected for the vacant positions in an organization. There are positions that require very skillful people, others with fewer skills while there are others regarded as casuals with minimal or no skills. Employee selection differs according to the position in a place where more skilled people are likely to go through a lengthy process characterized by thorough interviewing and personal life auditing and search for previous misdoings. The less skilled positions have less strict interviewing process although specialization is still key here. The casuals do not look at the academic credentials and they focus mainly on the labor output, character and how people carry themselves.

Employee selection needs to follow a certain set criterion in order to acquire the best match. A company or organization that is without a team of quality and effective employees is likely to fail on increasing the utility of services or products being traded. Getting the right individuals during the employee selection process is of great importance to the organization in the following ways (Klazema,2018);

- Reduction in the hiring process cost

The hiring process is troublesome when there are very many applicants in position or the hiring firm needs many employees to be hired. Since the whole recruiting process is stressing, it is important to ensure that the delegated interviewing panel produce the best candidate. In a business enterprise, choosing employees without a thorough analysis would incur the company much loss by repeating the recruitment process when they find out that they made the wrong

choice. Going to the whole selection process again will destabilize the organization's layout consequently putting it in a point of stagnation

- Increase in production

Choosing the rightful candidate for every position increases the return to investment scales.

A skilled person is likely to offer more on production through better decision making, innovativeness, and competency. It is the dream of every entrepreneur that their businesses continue ¹⁰ to improve the quality of its services and products. The improvement is however achieved by bringing in aspects of innovativeness, critical decision making and vast knowledge on unthought off situations that may arise. It is therefore important that the panel brings in the best candidate who will have a positive effect on the organization.

- Portraying a better image of the employer and organizations.
- Customers need an assurance that they will get the best services or products before engaging in any trade particularly for complex items. The glory of focused employees interprets to the overall improvement of the business. In cases where there are both hardworking employees and employers, the firms are likely to attract more customers. Choosing the best candidates during the interview portrays a shining picture to the outside world thereby offering stiff competition to other businesses. Choosing the best candidate and training them will polish their skills with time hence increasing the productivity of the entity.
- Ensuring confidentiality of company information

It is the hope of every entrepreneur that the company maintains the confidentiality of certain information to the public or any intruder such as the login details. Companies need to ensure that the best candidate is chosen so that crucial company's details are kept in place. Failure to

come up with the best candidate would compromise the stability of a company's information. Poor employee selection clearly shows that the company would need to look for other employees. By doing so, any information that ought to be kept a secret will eventually leak out particularly when many selections are made and keep on. Confidentiality is compromised since the employer is left with two options to either keep on changing the credentials after occurrences of a person ceasing employment or giving the logins to very few trusted people. The whole process compromises productivity and the overall performance of the organization is left stagnating.

Business Systems

A business system can be termed as a set of procedures that are put in place by an organization to be followed in order to achieve the goal of the organization. Stubbornness towards the system ensures complete implementation henceforth achieving the goal of the firm under which the system is used. The systems are designed during the start of the business and may be subject to modifications or improvements depending on the return to investment.

For an effective business system, there are a few factors worth considering some of which are discussed here below:

- **Plan on the expected kind of results:** Before anything else, it is always important to note down the kind of results expected from the investment. That is important as I ensure that one is on toes until the objective is arrived at.
- **Steps towards achieving the objective:** Rather than just indicating what is expected of the entrepreneur, it is crucial that the steps towards achieving the goal are listed. A diagrammatic

representation of the same is important in order to see clearly the steps to follow in order to arrive at the expected results.

- **List the necessary resources listed:** For every idea to be implemented, they must be followed with the necessary resources needed to arrive at the objective. The organization should know how much capital is needed, where the capital will come from and also the necessary repayment procedures. Resources include capital, labor, and land. If the three entities are not properly thought off, it becomes very difficult for the organization to arrive at the expected results.
- **Current market position:** It is important to look at the state of the market to capture the type of products or services attracting most customers in the market. Capturing customers' preferences helps to ensure that the business produce products that the customers want thereby reducing the risk of uncertainties on what products to deal with. Pricing is also another important entity that is considered in the market position.
- **Testing the Business system:** Having considered all the other factors, the last step is testing the business system usually done during the start of the activities. If the system is considered favorable, the entrepreneur will consider continuing with the model. If at all negative results are shown, the entrepreneur makes the necessary alterations in order to correct the problem.

Techniques for Assessing Job Applications

The human resource department uses several techniques in order to assess the employees' fitness for job positions. Job application follows a process of application, shortlisting of the applicants who portray some outstanding paper credentials and then calling for an interview which is the epitome of the HRM decision (Anderson,2019).

The employers have their own criteria for assessing job applications. The first step is sending of cover letters to the respective offices. The panel sits down and documents the necessary qualifications that they will go for and anybody who falls under that criteria is often shortlisted. There are cases where the applicants' credentials do not feature in any of the specified qualifications. In such a case a screening chart is used to give multiple sets of choices from which one can opt for the nearer probability. If at all the interview deals with technical stuff, the employers might bring forth a test and ask the interviewee to work on it. When it comes to the interview, the questions are designed in a way that the person can be able to acquire the information they need. The questions are normally prepared to test a few traits of the interviewee such as questions that require critical thinking and decision making. These questions need to be answered in a very sharp way in order to convince the board that the best person for the position is in place.

Job Recruitment Legal Considerations

Job postings, advertisement and interviewing all need to maintain certain legal requirements. Depending on the country under which the job is taking place, there is a general way in which the employers are supposed to behave. According to BC Human Rights code, it is unlawful to publish job advertisements with preference to race, gender, pregnancy, religion, political affiliation, disability, age, color or the place of origin (Teacher, 2013). All these characteristics need to be looked into during the whole recruitment process to avoid a scenario of breaking the legal requirements. The employer needs to be neutral as possible and prevent an issue of discriminating others due to the reasons mentioned. During the interview process, there is a way in which the questions should be asked and the questions asked should be related to the

topic of discussion. It is against the law to ask questions that are farfetched and do not hold any basis in relation to the job one is applying for. It is also the obligation of the employers to ensure that an authentic process of recruitment is not interrupted and that the results are not free from bias and directly as they were.

Challenges Facing the Recruitment Process

Human capital management focuses on human value addition to the organization. Recruitment of employees in various positions has become quite a task with the following being among the hindrances of the smooth recruitment process. Attracting the rightful candidates is an issue. In cases where there are so many job applicants and none of them coincides with the job seekers' papers, the company is likely to pick the best among those present and not the real experienced one (Brosowski, 2018).

It is difficult to tell about the character of a person by just observing them for a few minutes. Most interviewees pick up jobs and are perceived by their boss to be very okay and likely to stay only to find that the last even less than a month. That concludes the fact that it is difficult for different companies to pick the right person even if then it might seem like they quite deserve it.

Hiring fast is another problem that the recruitment process is facing. Hiring in organizations takes place very fast since the seniors are unwilling to hold several long meetings with the aim of choosing maybe one or a few employees. In the course of doing that, there might be a few who have been taken without proper scrutiny since the time is limited hence leading to failure in the company.

Performance Management

It is the obligation of Human Resource management department to conduct periodic analysis on the human capital performance. The set objectives of any firm need to be followed closely through conducting of evaluations particularly on the work rates of the employees.

Conducting evaluation on the employees' input on the organization help to show the effectiveness of the employees towards production.

The human resource management is obligated to ensure that the human capital is properly utilized to increase efficiency and consequently increase the productivity of the services and products. The role of the Human resource department on performance appraisal include the following:

- **Designing the entire appraisal process.** Every employee is taken through his or her duties during the enrolment period. It is up to the employees to ensure that they stick to their assigned duties and performance reviews conducted on them. It is important that the department understands the responsibility of every employee in the organization so that it becomes simple for them to weigh the performance of the employee (Juneja,2019).
- **Ensure timely appraisals.** After the performance review, the results portray the work rate of all the employees. It is only those who have shown some positive results that are subject to promotions. Evaluation on the personal performance normally considers various aspects such as communication skills (social life), an improvement in the job description assigned and the personal input on the profits of the organization. The employees who have portrayed a good portion of the said improvements are subject to appraisals a decision that is arrived at by the governing board. The human resource department helps to evaluate the performance of the employees to guide the firm on who to promote and who to demote.

Performance Payment

The performance of an individual interprets to the overall output of the business. To ensure that businesses continue recording some great performances, the individuals have to ensure that they make the best on a personal level. Business owners have a way of ensuring that their businesses continue recording profits by motivating the employees who portray great improvements in the course of their tasks. They reward their customers with a few tokens to show appreciation or appraisals for those who have had a consistent outstanding performance. Performance-based pay depends on individual performance than on the overall performance of the organization. It is a form of motivation since every employee will look to see that they get an advantage from it by either getting promoted or receiving a reward. However, it is not advised in an organization that is keen on teamwork because there will end up having differences between those that have had appraisals and the rest.

Legal Compliance and Fairness

HRM needs to ensure that the social life in the organization maintains a robust environment. Employees who work as a team are subject to producing efficient and quality production of goods or services. For that reason, it is important that the organization maintains a cordial relationship between the employees and the top management. The achievement of this would be to set favorable rules and laws of the employees to overlook the problem of the employees feeling exploited later. There are laws that employees have in almost every organization while there are others that differ depending on the federal governing state who regulate how companies conduct staffing.

Equal employment opportunity is one law that protects job applicants. Individuals are protected from discrimination on the basis of race, ethnic group, gender or religion. Equal

Employment Opportunity (EEO) is established with the main role being to ensure that everyone is treated equally and that should not be a hindrance to either appraisals or rewarding programs (CliffsNotes, 2019).

Sexual harassment rules protect the employees from exploitation by any person and that the punishment is similar for all persons. That ensures that all issues related to sexual harassment are minimal hence bringing in a good environment of working. Employees deserve protection from activities of exploitation and discriminations of any kind. To keep employees at peace, the things that they perceive as exploitation should be avoided and those that the government has set should not be overlooked.

Human Resource for alignment and Change

With the usefulness that the Human Resource has in an organization, it needs to have a very sharp focus on the issues that arise and the opportunities that go widening up. Every organization would want to be in the market the longest time and so innovations, identifying business opportunities and enhanced technology should be issues of concern. The HRM has to always measure the state of the organization economically, financially and socially. The state of the organization on the basis of human capital needs the human resource to be keen in managing the systems governing the organization to ensure that they keep on toes with others.

An organization needs to get the best opportunities and human capital is one among many others. The recruitment process is left with the task of ensuring that they provide the best personnel in the organization in order to assist in the efficiency of the business system hence leading to better production. Measurement programs are started to assist to know the state of organizations recruitment status so that they make a decision to change the current system or continue using the previous one depending on the results.

In case the need for change or modification of the system is identified, the resource management presents the idea to the overall management who then calls for a presentation to showcase why the system should be modified. They bring in the idea explaining the importance of the proposed system and the value add that it has on scaling the business horizon to good heights. Implementation of the idea is done collaboratively with the employees who want to impact change to the organization. The change normally works in phases of preparation, managing and reinforcing the change before communicating the change to the rest of the employees. The idea might counter resistance or acceptance depending on their take after which the HRM explains the whole idea to them and after some time of visualizing the idea, they come to a consensus and a change is implemented. They finally get to engage the success of the idea if it turns out to be profitable to the organization. (Browning, 2015).

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