

AN DEVELOPMENT OF BUSINESS IDENTIFY FOR STRATEGIC POSITIONS IN A TOP LEVEL MANAGEMENT USING DYNAMIC EVALUATION MODEL

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Abstract

Employees are the most valuable resource for any company. The overall performance of the organization largely depends on efficient personnel management. Competent, efficient and loyal employees can significantly increase the performance of the company. Intangible assets are one of the most important sources of competitive advantage. Knowledge, skills, experience of employees is the most valuable intangible assets of a company. The management of companies understands that the main capital of the company is not money and material resources, but the creators of this money, these material resources, the “knowledge” of the company, which are a set and practices, methods, techniques and technologies for building a business at organizational maturity. In this paper, a dynamic evaluation model was proposed to manage the top level management for various strategic positions. Investments in personal education will allow your organization to gain a sustainable competitive advantage in a dynamically evolving external environment.

Keywords:

Employees, Resource, Management, Knowledge, Dynamic Evaluation

1. INTRODUCTION

In a modern highly competitive environment, the objective of the human resource specialist is to increase the human resource potential of the organization in order to implement its business strategy [1]. The HR manager is a kind of “competence calibrator”, without whose role any corporate strategy cannot be developed and implemented, as well as the results achieved cannot be properly evaluated [2]. It is becoming increasingly difficult for corporate executives to ensure a highly competitive organization without partnering with human capital. It does the company attract and retain responsible, efficient, highly qualified and competent people [3]. Human power managers are obliged to work on solving this problem, they are called to play the role of “catalyst” in multidimensional and long-term personnel processes in the company, which gives the company competitive advantages due to the uniqueness of human power [4]. It’s a high level of responsibility of all its employees. Corporate culture fosters responsibility, and people skills create competitive advantage [5]. At the current stage of economic development, it is very important for a company to acquire and maintain long-term competitive advantages that ensure its survival and successful operation in the market [6]. People are the company’s most valuable resource, which is different from other types of resources in that it is a self-increasing value. If this resource provides all that is needed and is motivated accordingly, it will increase both capital and material values and provide more to the company [7]. In contrast to personnel management, human resource management is adapted from the needs of employees to the needs of the organization, and the priorities of personnel management are primarily determined

by the results of the functional analysis of the planned work. Not because of the existing manpower of the organization [8-10].

Managers at strategic positions in a business identify the key end users of the company’s products and services exclusively as their customers [11]. Every employee should consider increasing the value of these products and services to the end user as their priority, and consider any company activity from this perspective [12-13]. But when providing services within the organization, it is important to clearly define internal customers as well. Employee productivity growth is defined as a strategic goal of workforce management, with the HR department assuming the role of “asset manager” [14]. In most cases, the most valuable corporate asset is human resources. If the HR manager adopts the employees’ point of view, any emphasis on worker productivity and profitability is devalued. Often, their personal interests do not align with the company’s goals of increasing productivity and maximizing profits [15].

Whether we like it or not, HR’s job is to help employees do what they don’t “naturally” do. If employees raise their limits “for themselves,” we don’t need to create incentive and performance pay programs, set corporate rules, train employees, and use other tools to help manage talent. Being a strategist means achieving decisions that affect the organization’s business goals [16]. To achieve a strategic result, you need to earn a loan of trust and for this, first of all, take responsibility - to a certain extent, and become the “master” of a certain strategic area. In our case, the HR department should realize its involvement in the task of increasing employee productivity and take responsibility for its implementation [17].

The speed of changes in the economic, technological and social spheres requires continuous replenishment of knowledge and improvement of skills, education based on continuous learning and advanced training (LLP principle - lifelong learning). The business environment is not interested in theoretical knowledge, but in concrete, measurable results. That is, the ability to apply your knowledge in practice: to quickly analyze information and make operational decisions under uncertainty and time constraints. The demand for people who know how to do this will continue to grow: modern business needs high-quality managers, decisive, creative, independent, quick learner, able to master new knowledge and expand their own potential. However, this is not just learning in the ordinary sense of the word: unconditional faith in the omnipotence of technical reasoning is becoming a thing of the past. Schooling and education are obsolete, they are becoming irrelevant to reality, their value is gradually diminishing, and basic education is only for those who truly follow science. Nevertheless, the problem of investment in human capital has not been canceled, and new knowledge management is entering the arena.

2. LITERATURE REVIEW

Functional responsibilities of HR departments include identifying all factors affecting labor productivity and developing measures to manage them. Human capital in the broadest sense is the active productive factor of economic growth, development of society and family, including educated labor resources, knowledge, tools for intellectual and managerial labor, living environment and labor activity, rational activity of the productive factor of effective and growth [1]. It is the difference between human capital and labor resource. Labor resources are directly related to people, educated and uneducated, who determine skilled and unskilled workers. Human capital is a very broad concept and includes accumulated investments (taking into account their depreciation) in addition to labor resources in education, science, health, security, quality of life, tools for intellectual work and the environment [2].

The ever-increasing rate of technological development necessitates the creation of a new type of education system that is more adaptable to changes in conditions. The goal of the new education system is to create people who can constantly replenish their knowledge and improve themselves [3]. Anyone who wants to be a leader in a global environment can no longer live within a role, function or mode of action. All of them are sure to pass the daily strength test with constantly updated scenarios (regulatory, technical and scientific) [4]. A person becomes a starting point: by acquiring specific knowledge of tools and technologies, subordinating them to his goal, he acquires the ability to control the strategy, the decision and the process of achieving it. Therefore, in the future, the fundamental difference between people will be not only in terms of material well-being, but not only in the amount and quality of education, but first of all, how effectively this knowledge is used [6]. Move towards the target. Now the employee has more responsibility and authority, does not work according to a schedule, but in an optimal way to fulfill the goals set for him, which often determines his salary [8]. The working environment has also changed: thanks to the development of telecommunications, the workforce has become mobile and often works outside the office and overtime [10].

3. PROPOSED MODEL

The essence of the concept of “human resources” is to recognize the economic feasibility of capital investments associated with attracting labor, maintaining it in a competitive position, training and, most importantly, creating conditions for the full identification of skills and abilities. Inherent in personality, people are considered the most valuable resource for the organization. Some experts believe that the term “human resource management” focuses on the personnel policy of the company, which is based on the principle of the highest value of a person, his rights and freedoms. The HR manager performs the following three functions are shown in fig 1:

- **Linear Function:** The direction of movement of the people of the sector and the workers in the service sector. They have tax powers in HR department. The HR Director has access to senior management on all HR matters. As a result, the HR director’s “privilege” is often seen as an order from above.

This authority often carries a lot of weight in overcoming the difficulties employers face in dealing with personnel issues.

- **Coordinating Function:** Coordinating the actions of employees, this is called functional control.
- **Personnel (Service) Functions:** Service Line Managers. These functions include assisting in hiring, training, evaluating, rewarding, negotiating, promoting and terminating employees.

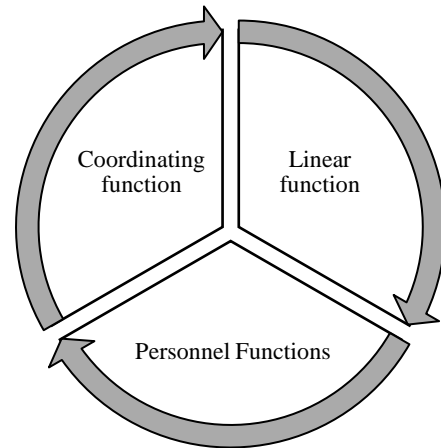


Fig.1. Manager Functional Performance

Human capital is a set of knowledge, skills and abilities that can be used to meet the various needs of an individual and society as a whole. The term was first used by Theodore Schultz, and his successor, Gary Becker, developed the idea, asserting the effectiveness of investment in human capital and developing an economic approach to human behavior.

The main way to increase “human capital” (accumulation, production, reproduction) is to invest in it. There is debate about what investments are in “human capital” and how much is permissible compared to the firm’s typical investments. Part of the researchers understands the cost of funds by themselves, and the other - any actions or activities aimed at improving the characteristics of “human capital”. Here are some of the “non-traditional” functions that this position includes the Fig.2.

- Develop tools and strategies aimed at retaining key employees;
- Transfer employees to departments that have a greater impact on achieving business results;
- Development of systems for non-material incentives and employee recognition;
- Measuring and analyzing the state of labor resources;
- Integration of knowledge management efforts;

Initially, human capital was understood only as the aggregate of investments that increase a person’s work capacity - educational and professional skills. In the future, the concept of human capital has expanded significantly. The latest calculations made by experts of the World Bank include consumer spending - the expenditure of households on food, clothing, housing, education, health, culture and government spending for these purposes. “Capital” generally refers to the products of labor used for further production. The process of creating capital is called investment. Investment, by definition, requires an initial outlay

that pays off over a period of time. Typical forms of investment in capital are the following activities are shown in Fig.3.

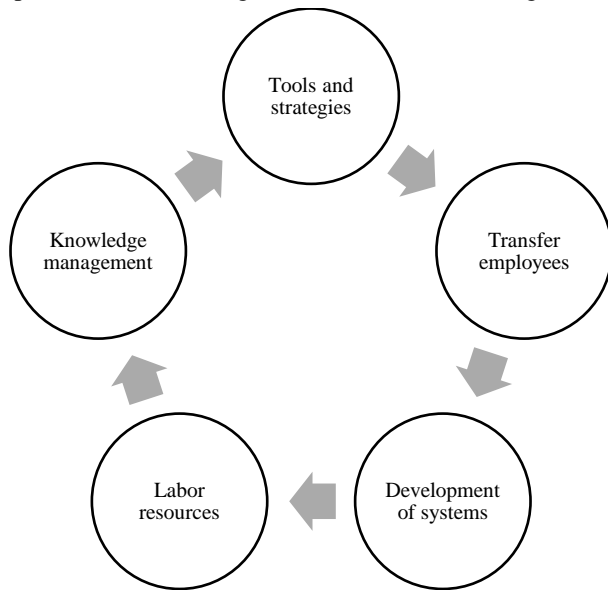


Fig.2. Non-traditional functions

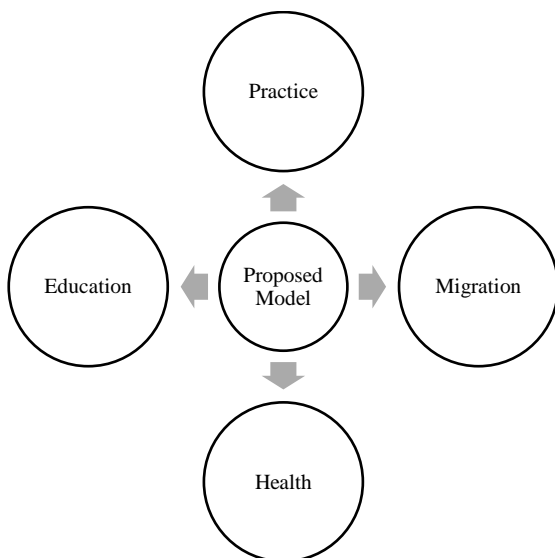


Fig.3. Proposed model

- **Education:** It can also consist of getting a formal higher education, and continuing it, and attending evening courses to improve, for example, computer literacy. Education in its various forms is an important investment in human capital because it requires a significant investment of time and money.
- **Practice:** It can be professional, that is, aimed at acquiring knowledge and skills in the field of professional activity, or aimed at acquiring specialized skills. It can be carried out in the process of work (apprenticeship training) and isolated from it - in special courses. Training can be classified as general (literacy) and specialized (skills for a particular job or organization). Training also accounts for the bulk of human capital investment.

- **Migration and Job Search:** Labor migration is seen as an investment in human capital because moving from an area of low income to an area where they are abundant leads not only to higher incomes but also to better utilization of a person’s skills. Finding a job is considered an investment of capital because gathering information about the labor market requires significant effort and some expense.
- **Health Care and Nutrition:** A variety of health and nutrition services are also an investment because they increase returns to labor, reduce morbidity and mortality, and help maintain health and, as a result, increase the length of the productive period of life.

The rate of return on investment can provide a clear and complete picture of the economic outcomes of investing in human capital. The key problem is determining the economic effect of investing in human capital. Many empirical studies show that the rates of return on investment in physical capital are comparable, although different types of investment in human capital can determine different levels of return. According to the theory of human capital, people can increase their opportunities by investing in themselves, and the government can increase national income by funding human capital formation. The main rationale for such investments is that the money spent can be recouped through increased productivity and higher wages, thus justifying it. Human capital can take many forms. In general, acquired skills, knowledge or even information can be considered as a form of human capital that enables an individual to increase productivity and earn more income.

The combination of factors allows the company to quickly respond to changes in the external environment, make decisions, reflect experience and adjust the organizational structure to the specifics of the development of new regions and markets. Radical development is associated with increased efficiency, a way of handling business: globalization mixes goods and equalizes prices, but it increases the need for expertise and increases the importance of services. As a result, people are becoming an increasingly important resource. In such conditions, business education becomes more relevant. Business schools need to understand how to work with a person. In today’s business process, it is necessary to use methods that allow not only to acquire new information and practice new skills, but also to work on personal qualities. Today a person cannot stop growing, it is necessary to abandon those stereotypes that do not work for him. A person should not simply change, but changes in the external environment should initiate constant changes within him at the same pace

4. RESULTS AND DISCUSSION

The proposed dynamic evaluation model (DEM) was compared with the existing Assessment of the Competitiveness and Effectiveness (ACE), dynamic capabilities for international business (DCIB), Resource integration and dynamic capability (RIDC) and relational capability on dynamic capability (RCDC)

4.1 MANAGEMENT OF INFORMATION FLOWS

Every HR department must ensure that employees are provided with the information they need, their queries are answered and all ongoing tasks are completed at the operational

level. Most experts would agree that these are long-known and simple HR functions. Work with documents such as hiring new employees, recording transfers and terminations of employees, maintaining payroll and advising employees on labor law, HR policies of the company. This was shown in the following Table.1.

Table.1. Management of Information Flows

Inputs	ACE	DCIB	RIDC	RCDC	DEM
100	83.44	85.82	67.79	80.43	97.84
200	83.55	85.80	67.96	80.70	98.34
300	83.57	84.92	67.23	80.40	98.22
400	80.47	82.09	63.89	76.89	94.99
500	79.27	80.77	63.16	75.57	94.61
600	78.66	79.94	62.27	75.03	94.04
700	78.25	79.54	62.19	74.73	94.34

4.2 EXECUTING BASIC OPERATIONS

In addition to carrying out basic functions, most HR services have personnel function. The secondary function covers the standard areas of responsibility of the human resources service: personnel, compensation, intergroup relations, and employee training. Each functional unit of the HR department interacts with others and has its own goals and objectives and provides certain services independently. This was shown in the following Table.2.

Table.2. Executing basic operations

Inputs	ACE	DCIB	RIDC	RCDC	DEM
100	91.95	82.19	65.28	76.23	98.00
200	90.46	80.22	62.86	74.03	98.01
300	89.66	79.09	62.45	73.23	96.81
400	87.33	77.90	60.85	72.56	96.33
500	86.32	77.51	58.53	71.13	94.90
600	85.68	75.99	57.28	70.04	93.74
700	85.02	75.75	54.55	69.56	92.97

4.3 EFFORTS TO INCREASE PRODUCTION

The functions of the HR service are included in the range of planned activities within the organization as a whole and mainly focus on tactical tasks. One of the main goals of any organization is to increase productivity, therefore, to achieve this; the efforts of all departments must be coordinated.

Table.3. Efforts to increase the production

Inputs	ACE	DCIB	RIDC	RCDC	DEM
100	82.06	86.29	65.44	77.24	98.00
200	80.43	84.55	63.86	75.82	96.71
300	79.95	82.21	61.66	74.56	95.70
400	78.66	81.40	60.03	72.57	94.81
500	76.55	79.11	58.89	70.10	94.44
600	75.06	77.18	56.69	68.66	93.40
700	73.25	75.45	55.54	66.94	92.63

The mission of HR-Service is to enhance or increase the productivity of all employees. To directly affect labor productivity, parameters are needed for its assessment and specific measures of impact on it. In addition, organizational solutions are needed to motivate (or compel) the various functional units of the HR service to work as a team towards this goal. To increase overall productivity, HR managers should continuously develop initiatives aimed at increasing the value of labor outputs in monetary terms. This was shown in the following Table.3.

4.4 COMPETITIVE ADVANTAGE THROUGH TALENT

A significant inflection point beyond which the HR department's work begins to make a strategic contribution to the success of the entire organization. Every core HR program should focus on ensuring that every HR service is the best of its kind (against competing organizations) to strengthen competitive advantage. At this level, efforts focus on elements of the external environment, while all previous ones focus only on internal processes. Rather than tracking what competitors are doing, identifying (and exploiting) weaknesses and weaknesses in competing firms' performance is a key at the fourth level. Until now, only a select few, elite organizations have funded HR services operations on this scale. This was shown in the Table.4.

Table.4. Competitive advantages

Inputs	ACE	DCIB	RIDC	RCDC	DEM
100	83.32	78.55	57.88	68.80	98.74
200	82.99	77.05	57.29	66.93	97.70
300	81.65	75.94	56.31	66.10	97.57
400	80.51	75.56	55.10	65.19	96.61
500	79.46	74.55	53.96	64.27	97.04
600	78.75	73.62	52.85	62.94	95.80
700	77.45	72.62	52.15	62.07	95.69

4.5 HANDLING OF BUSINESS

The more difficult task of ensuring the strategic contribution of human resources to the success of the organization is undertaken. Efforts at this level go beyond affecting worker productivity. Here it is necessary to deal with strategic business issues in the areas of development of new products and services, improvement of their quality, improvement of services to customers and improvement of the company's position in the market. Few organizations achieve this strategic level of human resource management, and most of them belong to a "productivity culture." This was shown in the Table.5.

Table.5. Handling of business

Inputs	ACE	DCIB	RIDC	RCDC	DEM
100	81.02	76.25	61.28	71.54	99.83
200	80.69	74.75	60.69	69.67	98.82
300	79.35	73.64	59.71	68.84	98.66
400	78.21	73.26	58.50	67.93	97.70

500	77.16	72.25	57.36	67.01	98.13
600	76.45	71.32	56.25	65.68	96.93
700	75.15	70.32	55.55	64.60	96.77

5. CONCLUSION

One of the important tenets of the theory of human capital is that its increase is one of the main reasons for economic growth, because human capital constitutes a large part of the welfare of society. Researchers point out those capital investments in education, training, health and nutrition and other activities that generate human capital result in huge social and economic gains. Therefore, investment in human capital is absolutely necessary for any national economy, especially in developing countries. Because of certain other imperfections in the human capital investment market, it is not worth relying on market mechanisms by themselves to provide the optimal amount of such investments for the economy. Therefore, the business involvement in human capital investment becomes essential. Governments should study its various forms and all associated costs and benefits, and then allocate resources optimally.

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