

Article on Human Capital Mgmt (HCM) to become World Class Organization (Author – Dr Kanak Madrecha)

Introduction: Human Capital Management (HCM) is the most important function these days to ensure survival and growth of any organization and more importantly to help organization to become a world class organization. Human Capital is more important than other resources i.e. machine, material and money because it is human being or employee which ensures that machine, material and money are best utilized for maximizing satisfaction or delight of other stakeholders i.e. customers, suppliers, partners, shareholders/owners, government and society at large. As per modern management, following 11 are the important functions of **Human Capital Management (HCM)**:--

1 **Human Talent Acquisition:** Attracting the best talent (number of employees – qualifications/knowledge/skill/competence/experience/nationality/gender/culture) required for achieving the organizational objectives at right time (at start of organization and throughout during the life of the organization) and location (city/country/region) is the first and most important part of Human Capital Function. This will also mean to meet or exceed Government's legislation on hiring of nationals and expatriates in each country/region.

2 **Learning & Development/ Knowledge Management:** Ensuring that employees are learning & developing on a continual basis (daily / monthly/yearly) to meet organization's needs and employee's long-term career development needs. This knowledge & skill must be applied at the work place for the benefit of employee and organization.

3 **Performance Management:** Employee Performance has to be measured, assessed and reviewed on a regular basis (against SMART Goals for each individual – aligned with organizational goals) to give feedback to the employee regarding his/her achievements, potential and areas for improvements for future.

4 **Employee Services/Engagement/Culture/Motivation/Satisfaction/Delight:** The organization has to provide various services to employees i.e. office environment, office timings, safety & security, timely payment of salary & benefits, friendly and comfortable work culture to ensure a highly satisfied, motivated, engaged & delighted employee (ready to contribute more than what organization desires). Organization culture has to provide for "tapping full potential of creativity and innovation of all employees". This ensures employee productivity, efficiency, effectiveness, retention and long-term loyalty. Each organization has to measure its employee satisfaction/ motivation/ engagement/ delight annually and undertake HR initiatives to drive continual improvement.

5 **Organization Design & Development:** Organization is much more than a sum total of all employees. It has to be so designed that while there is a chain of command but has enough flexibility to provide for an optimum combination of "hierarchical organization", "matrix organization" and "flat organization" to ensure that employees are able to contribute to more than one function/project/ product/service/customer(s) of the organization so as to maximize utilization of their talent from time to time. This will ensure employee learning as well.

6 **Career Development:** Each individual employee has to have a career plan for 3-5 years linked to organization/division's strategic plans & objectives. The employee has to understand that the Individual Career Plan is subject to delivery of his performance against the set objectives. In rare cases organization may agree with employee regarding revising the Career Plan and the set objectives as it is faced with dynamic & competitive markets.

7 **Succession Planning:** Each organization has to have a Succession Plan for all its key employees (say top 10 to 25% of the positions, if not 50 to 100%) to ensure that organization is able to survive and grow in all circumstances in case of "some of the key personnel needing to move internally or externally".

8 **Internal Communication:** Employee Communication Needs Assessment and managing these needs by formal and informal methods is most important element of satisfying organizational communication needs to match the "speed & accuracy of communication" as required by the current organizations and its employees. Use of "technology & language" should be limited as a means to communication and not an end in itself. Intranet, E-Mail, Posters, Meetings, Focus Groups, Majlis, Award Ceremonies, Newsletters, Shop Floor Meetings, Board Meetings, Walk Around (by management and supervisors) are only few examples of internal communication.

9 **Recognition & Rewards/Compensation and Benefits:** Every organization has to ensure that it is able to optimize its employee compensation & benefits scheme (to be market competitive) to ensure employee retention and motivation but balance the various stakeholders interest i.e. net profit (shareholders), staff costs (employees), product price (customer), purchase cost (supplier), interest (bank) to ensure the long term survival and growth of the organization.

10 **Strategic Human Capital Planning:** Strategic Human Capital Management is a very important part of "Strategic Management of an organization" as HR Strategy has to support other strategies i.e. Financial strategy, Market strategy, Purchasing strategy, Technology strategy, Nationalization strategy and other strategies. Where practicable organization can have a Strategic Human Capital Plan for next 5 to 20 years, coupled with succession planning for key positions and supported with individual career development plans of the successors. This has to also synchronize with long term organizational goals of starting new products/locations/branches or replacing/closing them in future.

11 **Benchmarking/Sharing Best Practices/Winning Awards:** The continual improvement can only happen by "looking outside" for "improvement signals" both in terms of sharing "best practices" and comparing/benchmarking the "human capital management results" with other organizations locally/regionally/globally. Typically, organizations benchmark employee compensation & benefits, employee turnover, employee satisfaction & engagement, training & development, employee productivity, employee innovation amongst other human capital management parameters. It is also important to utilize some of the local /regional/global awards for assessing the human capital management function of an organization in a most cost-effective way i.e. ADAEP, SKEA, DGEP, DQA, DHDA, EFQM, IIP, Best Employer Awards, etc. and learning from the Award Feedback Reports/Scores.

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