Chapter 20
People Management and Its Relationship With Business Models

Antônio César Nunes Cruz
Fumec University, Brazil

ABSTRACT

The purpose of this chapter is to present a study that provokes a reflection and understanding about the importance of people management in the corporate world as a strategy and a fundamental resource for the success of companies and institutions. In practice, many new-company projects focus on business modeling and business plans as an initial and sufficient condition for the success of these companies or organizations that they intend to create. Little is seen about the actions concerning the importance of the human capital dimension to the desired success in a business project. Organizations cannot be successful only because of failures in the business model or in their business plan, but in the fundamental link of value creation and supply, which is boiled down to the human resource they have. People have come to occupy a place where they are seen as key elements of the value-based management model, as Kaplan and Norton in 1997 conclude, showing us that the problem of human resource management could be addressed under the strategic perspective through the balanced scorecard (BSC). It means that it becomes necessary to use organizational strategic planning as the basis for the strategic planning of human capital essential to the business.

INTRODUCTION

Organizations have come to know and adopt new tools that have emerged in the hope of improving their performance in the market in which they operate, in view of the competition and the constant changes in the competitive environment, the macro-environment, and the characteristics and behaviors of thei7 target audience. Over the years, one can observe the adoption of several models, which are divided, respectively, into strategic, tactical and operational. As an example of a strategic model, we have the BCG matrix of the Boston Consulting Group (1970s) for product portfolio planning, based on the product life cycle and

DOI: 10.4018/978-1-5225-7265-7.ch020

the interrelationship between market growth and market share; as an example of a tactical model, we have Benchmarking, which is a systematic comparison of processes and organizational performance based on previously defined indicators, aiming to find the gaps between best practices and the performance of the organization, in order to create new standards and / or improve processes; and as an example of an operational model, we have the Balanced Scorecard (BSC), developed by Kaplan and Norton, in 1992, as an alternative to traditional approaches to performance measurement that focus exclusively on financial indicators and are based only on the past performance of a company. It is a "top-down" method, whose intention is to define organizational goals and objectives, having, within each perspective studied, the mission reference and organizational vision that evidence its long-term perspective.

It can also be observed that, as happened with Quality in the 1980s, the Processes in the 1990s and the Strategy in the following decade, Innovation became the key word in the world of management in the present times (Osterwalder et al., 2011) . Luís Eduardo de Carvalho, one of the 470 co-creators of "Business Model Generation - Innovation in Business Models" in his introduction recalls CK Prahalad who said that we live, and will continue to live, in a new era of innovation where the great innovations will be in products. Innovation in value creation, management and business models will play a key role in this context, whose forms have been called the New Frontiers of Innovation.

But it's no use in excellent, innovative business models, or trusted business plans, regardless of how people will be led and managed within an organization. Organizations can fail not only because of some mistakes in the business model or in their business plan, but in the fundamental link of value creation and supply, which is boiled down to the human resource they have. It means that it becomes necessary to use organizational strategic planning as the basis for the strategic planning of human capital essential to the business. The focus is on investment in the development of essential and differentiating competencies that are fundamental to business success and growth, and the investment of a flexible culture capable of dealing with the constant changes in the macro-environment, the competitive environment and the characteristics and behaviors of public- involved.

Within this introductory direction, we present below a series of concepts related to the theme, culminating in the description of the competency model as a proposal for a necessary complementation of the business plan and model, for its enrichment, with the purpose of creating a solid perspective for business success.

MODELS OF BUSINESS MANAGEMENT AND PEOPLE MANAGEMENT

Souza, M.Z.A. & Souza, V.L. (2016) published an important study about the relationship of people management with competitive advantage, from which the content of this item is based, as follows.

Frederick Winslow Taylor (1856-1915), Henri Fayol (1841-1925) and Max Weber (1864-1920) were the theoretical references of the rational foundations of organizations. The goal of the rational foundations of organizations was to ensure maximum efficiency gains through a mechanistic view. They were called rationalist models of management, which aligned efficiency and productivity as directly proportional.

The globalization of the economy eventually influenced the distancing of management models from traditional organizations, with a reductionist view of man's role in organization, top-down control, hierarchy and bureaucracy. A new organizational vision was required, with models oriented towards a level of performance capable of keeping up with the changing demands of the market, where speed of change turned out to require flexible management strategies to guarantee competitiveness.

Related Content