Investment in Human Capital as a Means to Preserve IT Strategic Advantage in an Organization: A Case Study of Greece

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ABSTRACT

The rapid evolution of technology during the past decade has increased among large organizations, while at the same time they are reducing costs to retain their strategic advantage in the market. Organizations have also realized that numerous employees or cutting the size of an organization is not always a solution. Most recently, they have turned their attention to the human factor, which is renewable, to gain and retain strategic advantage inside a competitive market. The paper analyses investment in human capital, demonstrating how it is the sole solution. This paper examines knowledge employees, based on a well-structured IT department, and how they increase productivity and comprise the core of the organization structure. The leadership of an organization must administer its human resources properly to maximize the profit of their investment.

Keywords: Financial Development, Human Capital, Information Technology, Resource Management, Strategic Planning

INTRODUCTION

Contemporarily, a large number of enterprises and organizations are faced with continuous demands originating from the rapid evolution of technology and the ongoing competition on a worldwide level. Meanwhile they ought to provide services to clients who demand innovations and high quality products, thus resulting to an escalation of pressure as far as the fulfillment of these demands is concerned.

Consequently, they are faced with the issue concerning their organizational structure, that is, the capability to invest and manage their human resources. Up to now, the elements of their competitive strategy were based on the products, the technological procedures, the closed markets, the recovery of financial resources and the economies of scale. In order for a resource to become the core of antagonism and advantage, it has to be one that cannot be produced by the opponent enterprises. Such resources may be the exclusive equipment and the technology. Later on, when the prescribed resources do not constitute an obstacle for the entrance of a newcomer in the market, then the non-financial factors appear in the equalization of the antagonistic advantage.

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Specifically, strategic luck, such as the luck of vision, the short-term approach in program planning and decision making, the insufficient use of resources, etc., restrain the organizations from becoming antagonistic. Certain managers recognize the criteria of uniqueness, rarity and renewal, as antagonistic advantage sources. The latter are interlinked while each single piece is part of the whole. As a result, the components of a competitive advantage must be renewable so as to ensure its viability. An enterprise has to be capable of replenishing these components in a faster rate than their corrosion, to achieve the maintenance of its antagonistic priority. Furthermore, the Information Technology (IT), which so far had been the main source of antagonistic advantage, is now available to exponential reduced costs. As a matter of fact, by using the same informational platforms, reverse engineering, an organization can inundate the market with products which are similar or even better than the antagonistic ones, and in lower prices.

The above developments present a strong argument against the traditional sources being the ideal means of acquisition and maintenance of the viable antagonistic advantage. From the moment that the human factor invaded the antagonistic equation, many conclusions have been proven wrong. Therefore, within an operational environment, like the contemporary one that is characterized by the globalization, the intensity of competition and the rapid rate of technological changes, the use of traditional sources for the acquisition or the maintenance of the antagonistic strategic advantage has given the impression of non essential competitive advantages with sole outlet the investment in human capital.

This fact has forced the companies to take action in the job-training field of an employee whose specialization costs himself first of all, or the enterprise, a sum of money that upturns with profit as time goes by, because the skilled employee is more productive than the unskilled one. Mark that the training expenses constitute an investment that creates human capital, which in turn has a coherent profitability with the profitability of the investments in human capital.

In this shaping new reality, the human capital obtains special significance due to its provision of strategic advantage. The organizational culture based on this investment results to the manpower learning from their mistakes. In present times there are enterprises that are learning and occupying knowledge workers, fact which consequently leads to the demand for pioneer ways of management and dynamic leadership.

Concluding, the level which calls for special attention is right after the investment when the leadership of a company must be in place to prompt and administer properly its human resources so as to achieve maximization of the profit from the investment which has taken place, fact that leads to the analysis of four different fields of research: (i) Micro-economic analysis, (ii) Macro-economic analysis, (iii) Organizational and management level, (iv) Strategic level.

THE NEED FOR INVESTMENT IN HUMAN CAPITAL

The investment in human capital imposes its planning according with the analysis of the organizational needs, tasks, personal skills and qualifications because the strategic goals of the enterprise form the framework in which we plan all the activities concerning the handling of the human factor. The first step for the analysis of the organizational needs sees to the congruency of the demands for the realization of the organizational goals along with the qualitative dimension of the human capital.

The main aim of the job description is the discovery of the void between the present employees’ skills and the desired ones. The designation of the investment in human capital is supported especially by the study of the employees’ performance and their personal assessments on the kind of knowledge and skills they view as needed by them to acquire. Certainly, the customers’ assessments are considered as trustworthy for the detection of the concentrated skills absence.
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