THE BENEFITS OF THE COMPANY REGARDING THE INVESTMENT IN HUMAN RESOURCE

Irina-Ștefana CIBOTARIU

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Abstract

Preparation and knowledge in economic and financial field of management is crucial to profitability, the market place and the company's long existence. The problem arises when these mandatory knowledge seem to be much less significant and are treated by those who direct the activities of a company. The terms conventional or modern used to describe types of finances refer to finance based theories of reason and logic, such as the value of capital assets, or assumption of market efficiency. These theories assume that people in most cases have a rational and predictable behaviour. Relevance of finance can be used to explain the illogic of financial behaviour. It is understood that those who benefit financially from providing additional working hours are overwhelmed by a sense of loss of money by paying additional taxes. From here we can show the tendency of investors in stock market to retain shares too weak and to sell profitable actions to quickly. The logical manner would be to retain profitable actions for a longer period of time and to heal those weak to avoid increasing losses. For those who do not have knowledge in the field, but practice a profession based on financial and economic activity experience difficulty in obtaining consistent and long-term profit.

Keywords:

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1 Assistant professor, PhD, Stefan cel Mare University, Suceava, Romania, irinac@seap.usv.ro.
I. INTRODUCTION

Traditionally, it is considered that the net effect of gains and losses involves assessing the overall management decisions of the final wish. On an academic level tends to use utility to describe the context in which it is preferable reaching the maximization of resources owned.

Theories on the value of capital assets and the assumption of market efficiency, along with other financial theories provide and explain different phenomena. Mastering financial risk is of major importance in financial management. The notion of risk is based on taking into consideration the foreseen instability or variability of future financial performance. Economic efficiency of the firm or ROE is segmented into three components: asset productivity, leverage and limit market, being a logical model that can describe the normal flow of the capital:

II. CONTENT

![Value → Assets → Sales → Profit](image)

**Figure no. 1.** Capital flow

Considering this model the financial flow is presented in Figure no.2

![Economic Efficiency = \( \frac{\text{profit}}{\text{capital value}} \) = \( \frac{\text{profit}}{\text{sales}} \times \frac{\text{sales}}{\text{assets}} \times \frac{\text{assets}}{\text{capital value}} \)](image)

**Figure no. 2.** Financial flow


The capital value is used in obtaining assets – from the ratio between assets and the value of investments results the leverage effect. Assets used to generate sales are derived from the ratio of sales and assets for the level of productivity. Sales generate profit by the profit
ratio to the market. There is a significant degree of independence between the market, productivity and leverage, but never complete independence of these elements.

The financial framework integrates generally organizing management system so that a common problem in this situation is that most businesses have a system of financial management and a gap in the decision-making system for the remaining important resources. Many companies have a strategic planning process that seems to be too oriented towards long-term preparation in financial terms and too little oriented to optimize strategic position. Finance functions are not dominant, but are more easily integrated into forming the framework for ongoing training and enterprise business processes.

Conventional finances are based on the theories that require logic and rational behaviour and thinking. The most competent people in this perspective are those that have knowledge of this discipline. The importance of this criterion substantiates the need for knowledge that vary for the utilization of funds of each account, depending on the source of money and their future intention. However, no matter the level of knowledge held, their application and staff involvement is crucial.

Regardless of how the management or senior staff apply economic-financial knowledge, either it is in perspective with an accounting thinking or it is applied avoidance and control thinking of risks to maximize profits, volume and diversity of the discipline leads to correctness of actions and reason of decisions taken.

Human resources analysis describes some concepts that refer to financial principles such as risk and return. Finance is the science of decisions for monetary/cash resource, which involves marketing as a decision science to use consumers and customers, and human resource management as a decision science for resource and human capital. The combination of the three factors highlight the interaction of factors to produce value. Efficiency refers to the relationship of the cost with the practices and programs produced and effectiveness refers to the relationship between practice and program produced and their effects on the target market. Therefore, the impact is the relationship between practice effects and the full success of the company.

The evolution of finance and marketing, with HR throughout the entire operation of the company’s activity helps to achieve the ultimate goals by delivering quality goods and services, both to customers and
suppliers, and increase significantly value of assets on the long-term. Revenues or profit, are associated with the perception of financial management techniques and the investment to have an impact on the retail market.

To understand this functioning framework it can be taken as an example the marketing field through which investments in products, market placement, promotion and price are effective. These practices and programs produce an answer in this section of the market and have an efficacy so that in the end the response of the target-clients to create profit in the long-term.

Referring to Figure no. 1, the efficiency describes the connection between investments in human resources and human potential through practices and products obtained such as cost per hour for an employee. Effectiveness expresses the connection between practices and characteristics of human potential when an investment is or is not working. The impact brought represents the connection between positioning and sustainable strategy used in the enterprise.

Today, more than 80% of companies worldwide have the tendency to increase in the business field by outsourcing the factor regarding management of human resources. In Europe, this trend is growing, according to a study of the Charted Institute of Personnel en Development in the year 2015, and shows that the global level of such transactions reached 30%. Outsourcing human resource management involves collaboration with HR service agencies, not only in routine activities, but also the design of management systems.

Among the benefits of the firm regarding the investment in human resource there are included: reducing costs, minimizing legal risks, freedom of leading on strategic functions, the advantage of the latest technologies, ensuring continuity, flexibility and reducing staff fluctuation. These elements lead to efficiency and effectiveness of resource material and information which depend in a major proportion of using material and informational resources depending in a major proportion on the human resources.

Today's competitive environment requires legal knowledge in the judicial field to eliminate risks and to comply with the law for all present and future action. Changes in legislation, relationships between employees and employers, job security, corporate governness under competitiveness and managing of market requests implies a department
within the company which has a vast knowledge of jurisdictions. But most small and middle enterprises do not afford financially specialized personnel so that outsourcing legal service to a provider of human resources helps to minimize risk and increases profitability. Outsourcing prevents staff fluctuation which presenting high annual costs for the company. So, a human resources agency can take selection, recruitment and employment activities.

For such benefits, from the start, a firm, regardless of size and turnover, must ensure that it will not meet labour shortages and should take into account the whole process of recruitment and employment of staff and afford different methods and capabilities of providing incentives and testing automation for daily operations. Development of this process is based on the specifications of job, level of qualification, experience and skills in order to establish the qualities of the employee. It is important that the job description for lower hierarchical positions to be more flexible so as to provide the ability to assign tasks accordingly. Management of personnel’s attributions and payroll calculation required for salaries depends heavily on qualitative employment.

To know what keeps employees motivated and to have significant input into the financial profitability of the company is necessary to understand the motivational theories and theorems and their implementation. Firms operating in highly competitive markets and that want performance have a major concern in motivation policy of the human resource. In this way it can be achieved a high level of individual performances which are quantified in economic-financial indicators. However, personality, skills, perceptions of the role of the individual in the company does not support that the effort spent to automatically lead to performance. Thus, satisfaction is more likely the effect, not the cause of performance.

In Figure no. 3, it is highlighted the link between global growth of enterprise performances in the evaluation process using intrinsic and extrinsic motivation policies:

The model of motivational policy for the human resource involves the use of means of incentive or reward to reinforce the desired behaviour correlated with true business objectives, together leading not only to achieve its ultimate goals, but has in perspective the employee as an individual. Stimulus leads to appropriate behaviour resulting in reaching the final goals of the enterprise.

Strategic rewarding of the staff involves the company’s expectations to achieve professional excellence, both individual and in group, obtaining results and establishing long-term objectives on the one hand, and from the employees it involves opportunities to help achieve company’s goals, opportunities for development and promotion, professional recognition and financial and non-financial rewards. The principles of applying such strategies encourage value creation, cost control, excellence of services and products development from the individual, to the group, to the company. The close correlation with individual performance provides a fair system, increases competitiveness in reporting to other successful companies in the market and is clearly defined, explained and communicated to all employees in a relevant and accessible manner.

The reward strategies are divided into strategies of benefits and compensation for employee, performance management process and non-
financial rewards. Compensation and benefits strategies are divided into basic payments consisting of base salary, seniority, working conditions, bonus for night work and overtime hours. Variable payments represent the performance bonus, either annually, quarterly, etc., or commissions and holiday bonuses and benefits vary from company to company and the position held, such as car service, vouchers, holiday vouchers, health or life insurance, subscriptions to gyms and retirement bonuses. These elements define and size the base payments operating on job evaluation and wage statistics of the market. Non-financial rewarding covers the individual needs of achievement, recognition, responsibility, influence and personal development.

As a form of financial incentives, related to the national economy, the wage is the highest proportion of the revenue and conditions the economic situation of the residents. Monetary setting in money expression of the value of labour is closely related to the mechanism of this market. Strategic planning approach for sustainable wage requires the use of innovative elements in the activities of employees, providing competitive advantages related to labour costs and to exploit the relationships between the enterprise and the external environment.

III. CONCLUSIONS

In conclusion, in a dynamic economy, the success of an enterprise of any size is guaranteed by continuous training of human resources. When the job offers professional and personal satisfaction to the employee through motivation, training the company’s productivity can reach highs and high financial return.

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