



**Universidade
Europeia**

LAUREATE INTERNATIONAL UNIVERSITIES

Mestrado em Gestão e Estratégia Empresarial

Master's Thesis

Business Strategy and Human Capital: People as Centerpiece. Vicissitudes, Constraints and Opportunities in 21st Century Management

Author: Ana Margarida de Sousa Gandrita

Student Number: 50028906

Advisor: David Miguel Pascoal Rosado, PhD

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Statement of Authorship

The content of this dissertation is author's sole responsibility. It is stated that it was not included in this work any material or data from other sources or author without its correct reference. In this regard, it is further stated that the Student Regulations have been read, recognizing that in the context of plagiarism, there are disciplinary implications that may arise from non-compliance with current regulations.

Date: _____

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Author's Biographical Summary



Ana Margarida de Sousa Gandrita, born in Lisbon, Portugal, on May 4th 1994, started off her academic journey in September 2013 at Universidade Europeia, Lisbon Campus - Laureate International Universities.

In September 2016, she completed her first Bachelor Degree in Business Management, having concluded in the following year her second Bachelor Degree in Marketing, Advertising and Public Relations. Later, at the same University, she attended the Executive Master in Management and the Master in Management and Business Strategy, which she is now winding up. In 2017, she also did a Post-graduation Degree in Digital Marketing at Católica Lisbon School of Business and Economics.

Besides of her academic career, Ana has an active professional life since 2012, having started her professional activity as a receptionist at the age of 18. Today she is an Administration Board's Advisor at Vantagem+. Her career path allowed her to have contact with all company departments and to get to know all business's functions, from operational level to strategic planning and execution, which gave her a global vision of how a company works.

Dedication

It is with the most genuine gratefulness and warmest regard that I dedicate my dissertation work to my family, friends and to the memory of my great-grandmother, Anania, who taught me that even the largest task can be accomplished if it is done one step at a time.

A special feeling of gratitude to my loving parents, Paulo e Fátima Gandrita, whose good examples have not only taught me to work hard for the things that I aspire to achieve but also whose words of encouragement and push for tenacity ring in my ears. Both of you have been my best cheerleaders. My grandparents and my brother Ricardo have never left my side and are very special.

I also dedicate this dissertation to my many friends, work colleagues and professors who have supported me throughout the process. I will always appreciate all they have done, especially for helping me develop my technology skills, for the many hours of proofreading, and for helping me to master the leader dots.

Last but not the least, I would like to dedicate this work and give special thanks to Daniel Mandel, who has been a constant source of support and encouragement during the challenges of graduate school and life. I am truly thankful for having you in my life.

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Firstly, I would like to express my sincere gratitude to my advisor Prof. David Rosado for the continuous support of my research, for his patience, motivation, and immense knowledge. His door was always open whenever I ran into a trouble spot or had a question about my research or writing. He consistently allowed this paper to be my own work, but steered me in the right the direction whenever he thought I needed it. I could not have imagined having a better advisor and mentor for my Master's Thesis.

Besides my advisor, I would like to thank Prof. Idalberto Chiavenato for introducing me to the topic as well for the support on the way.

Furthermore, I would like to express my gratitude to Prof. Ram Charan and Prof. Dave Ulrich not only for their insightful comments and encouragement, but also for the hard questioning which incited me to widen my research from various perspectives.

I would also like to acknowledge Prof. Helena Rodrigues as the second reader of this thesis, and I am gratefully indebted to her for her very valuable comments.

A special thanks to all the participants and experts who were involved in this research project's validation survey for sharing their precious time during the interviewing's process. Without their passionate participation and input, the validation survey could not have been successfully conducted.

At last, I would like to thank my loved ones, who have supported me throughout entire process, both by keeping me harmonious and helping me putting pieces together. I will be forever grateful for your unconditional love.

To all, my sincere gratitude.

Epigraph

“Excellence is never an accident. It is always the result of high intention, sincere effort, and intelligent execution; it represents the wise choice of many alternatives - choice, not chance, determines your destiny.”

Aristotle

Abstract

The purpose of this study is to identify the relation between Business Strategy and Human Capital as well as to obtain a deeper understanding of how the introduction of a clear human capital analysis in early stages of strategic planning impact Strategy Execution and the company's achieved results.

By conducting this research we have concluded that Human Capital and Business Strategy have an intimate relationship. In fact, through literature review, surveys and interviews we were able to understand not only that the alignment between a company's human capital and its outline strategy is critical for strategy implementation and execution but also that the use of a Human Capital Analysis, along with other management tools, in strategic planning helps to maximize the efficiency of achieved results: on one hand by enabling to design more realistic and doable strategies, it helps to align the strategy with the company's human capital strengths and weaknesses in order to reduce the strategy execution GAP allowing maximizing the efficiency of achieved results, and on other hand by enabling the right alignment between who defines the corporate strategy and who implements it, it helps the whole company's human capital become more productive and productive people don't waste time or resources allowing maximizing the efficiency of achieved results.

This study's conclusions point towards the need of rethinking the classic tools used in strategic planning, in order to diminish the Strategy Execution GAP and to help companies achieving better results.

Keywords

Business Strategy, Human Capital, Strategic Planning

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List of Acronyms, Initialisms and Abbreviations

ASQ – Associated Sub Question

CQ – Central Question

HRM – Human Resources Management

VUCA – Volatility, Uncertainty, Complexity and Ambiguity

KPIs – Key Performance Indicators

1. Theoretical Framework

1.1. Introduction

Strategy has an important role in Business Management, but is the traditional strategic planning framework effective in a VUCA world? How can we do strategic planning in a constant changing world?

According to Mankins and Steele's study (2006, p. 3) "*at 66% of the companies (...), planning is a periodic event, often conducted as a precursor to the yearly budgeting and capital-approval processes*"; in other words, most of the companies follow the traditional strategic planning model, by developing a strategy plan for each business unit once a year.

In Howard Thomas, Richard R. Smith and Fernin Diez's opinion (2013, p. 240) "*strategic analysis is often centered on the external context*", strategic planners tend to focus on global market shifts, technology advances and on the competitive situation when "*the greater threat to strategy often comes from within*" (Porter, 1996, p. 15), so "*more attention should be directed towards the internal resources and firm-level dynamic capabilities that create sustainable competitive advantage*" (Thomas, Smith, & Diez, 2013, p. 240).

Michael Porter (1996, p. 8) defines Strategy as the "*creation of a unique and valuable position, involving a different set of activities*", the author also tell us that the essence of strategy is to choose "*what not to do*" and that it "*involves creating "fit" among a company's activities*" (idem, p. 8). It is also important to remember that "*the elements of human capital are linked to business strategy as they can either "enable" or "disable" the strategic logic and organizational intent*" (Thomas, Smith, & Diez, 2013, p. 241).

Traditionally "*a cross-functional team dedicates less than nine weeks to developing the unit's plan. The executive committee reviews each plan - typically in daylong, on-site meetings – and rubber-stamps the results. The plans are consolidated to produce a companywide strategic plan for review by the board of directors. (...) The results: an approved but potentially unrealistic strategic plan (...)*"(Mankins & Steele, 2006, p. 5), this kind of practice leads to a strict strategic plan which may be difficult or even impossible to execute.

As it is known, "*according to the premises of strategic planning, the world is supposed to hold still while a plan is being developed and then stay on the predicted course while that plan is being implemented*" (Mintzberg, 1994, p. 4).

So, when facing a volatile, uncertain, complex and ambiguous world where the speed of change is constantly increasing "*executives must act quickly and decisively to safeguard the company's performance*" (Mankins & Steele, 2006, p. 4), that is the reason why "*traditional strategic planning (...)* creates distance, even antagonism, between corporate executives and business-unit managers" (idem, p.

5). Porter (1996, p. 2) wrote that “*companies must be flexible to respond rapidly to competitive and market changes*”, but Mankins and Steele (2006, p. 4) concluded that only a “*very few companies (...) have any sort of rigorous or disciplined process for responding to changes in the external environment*”.

Unfortunately, “*at most companies, strategic planning is a batch process in which managers analyze market and competitor information, identify threats and opportunities, and then define a multiyear plan. But in the real world, managers make strategic decisions continuously, often motivated by an immediate need for action*” (idem, p. 5), but generally the managers “*lack the perspective and the confidence to maintain a strategy*” (Porter, 1996, p. 18), which results in poorly made decisions that may affect the Strategy Execution in a negative way.

It is clear that as the idea of strategy as a core concept in management theory evolves, there is a need to “*find ways to more clearly incorporate human capital as a part of strategy*” (Thomas, Smith, & Diez, 2013, p. 240).

With this in mind, it's intended to conduct a wide study which will interconnect multiple aspects of Human Capital and Business Strategy in order to suggest how we can incorporate Human Capital as part of Strategy. Despite of the available data, contacting with Managers, Administrators, Directors, Management & Strategy Consultants and HR Professionals will be extremely relevant to have a better understanding of the context, how things are done and how things should be done.

Another way of increasing and enriching the analysis information for this research was through a survey as well as interviews.

Both the survey and the interviews helped us to understand which the most used tools are in strategic planning, how is the human capital of a company connected to its strategy, if and how the human capital impacts the outlined strategy and also if and how is it possible to maximize the efficiency of achieved results through the incorporation of an human capital's competencies profile in the early stages of strategic planning.

1.2. Research Problem: Selection, Formulation and Explanation

Considering that Business Strategy is within the researcher's interests and above all, the alluded theme seems to be pertinent at scientific research level. The choice of the theme contributes to the problem we have undertaken, objectivity always prevailed in the research work in order for us to reach the outlined goals which were aligned with the research questions.

It is important to mention that this choice was fundamental to focus on the work that needed to be done, since, as is known, the problem “*should contribute to focus the research, structure the project, delimit the study and reduce, from the outset, operational needs*” (Rosado, 2015, p. 79).

Not only the definition, but also the consequent gauging and approach to this research theme aimed to understand how Human Capital can be incorporated in Strategy in order to reduce the Execution GAP and to optimize the achieved results.

1.3. Scope and Delimitation

Since the Business Strategy and Human Capital's theme is very broad, and taking into account that there is a temporal and space limitation to be achieved, it was decided not only to temporarily delimit our study between October 2017 and April 2018, but also geographically to Europe and Portuguese Spoken African Countries.

In fact, the focus of this study is to assess to what extent Human Capital Analysis may influence Strategic Planning, Strategy Execution and the achieved results. Due to the limited time for the investigation and lack of some relevant resources, it was not possible to assess which is the best model to incorporate the human capital's competencies profile in an early stage of strategic planning.

Nonetheless, we used several primary sources based on the experience acquired over two years of work at the Institution, always maintaining the impartiality of the considerations that we carried out. As for secondary sources, these were composed of bibliographical sources related to the problematic and also to specialized databases and sites in Management, as well as other related sources with domain of Human Resources. In addition, we also used all the sources made available by the Advisor and the libraries scientific papers with an impact on the undertaken research.

1.4. Central Question

According to Raymond Quivy and Luc Van Campenhoudt's point of view the central question must be objective, clear, concise and it must express rigorously the research's results. To these authors, the rupture is the first scientific procedure which "*precisely consists in breaching with biases and false evidences, which will only give us the illusion that we understand things*" (Quivy & Campenhoudt, 2008, p. 26).

To speak the truth, the most well-advised methodology in creating a careful and attentive research work, faithful to a beacon that guides the whole investigation, is to define the starting question and the problem of investigation in a precise way and without previous judgments regarding everything that we ambition to understand. So, "*the central question will serve as the research's guiding thread*" (idem, p. 44).

Thus, the central question was defined as the following: **"To what extent the Human Capital Analysis may influence Strategic Planning, Strategy Execution, and the achieved results?"**

1.5. Associated Sub-Questions

In Fortin's (2009, p. 72) opinion an Associated Sub-Question is "*an explicit question regarding to a topic of study that one wishes to look into, in order to develop the existing knowledge*". The question's guidance "*must be simple and straight forward in order to provide a quick answer and help to focus attention on data types needed to provide them*" (Polit et al., 2004, p. 109).

For that matter, and in the scope of this study, three associated sub-questions were established, which led us to achieve a better accomplishment of the "*research's goals*" (Rosado, 2015, p. 79).

Thus, the associated sub-questions that served as the mainstay were the following:

- **ASQ 1:** How to identify the competences at a Human Capital level that can be decisive in strategic planning?
- **ASQ 2:** How important is the alignment of Human Capital with the outlined strategy in order to attain a better execution?
- **ASQ 3:** How to maximize the efficiency of achieved results through Human Capital Analysis?

1.6. Research Hypotheses

Quivy & Campenhoudt (2008, p. 136) define that "*an hypothesis is therefore a provisional proposition, a presupposition that must be verified*" and that it presents itself "*a preliminary answer to the research central question*" (idem, p. 137). Fortin (2009, p. 169), in turn, claims that "*an hypothesis must be clearly expressed, verifiable, plausible and supported by a theoretical proposition*".

Thus, the hypotheses formulated in this investigation, which lacked testing at the end of the investigation, were:

- **H1:** Incorporating a human capital analysis into strategic planning helps to reduce the concerning GAP between Strategic planning and Strategy Execution.
- **H2:** Incorporating a human capital analysis into strategic planning helps to create measurable goals throughout the company, that are meaningful within the context of goals for the organization and contribute to a better execution;
- **H3:** Incorporating a human capital analysis into strategic planning helps to maximize the efficiency of achieved results by enabling to design more realistic and doable strategies and allowing a better alignment between the corporate strategy and the strengths and weaknesses of the company's human capital;
- **H4:** Incorporating a human capital analysis into strategic planning helps to maximize the efficiency of achieved results by enabling the right alignment between who defines the corporate strategy and who implements it.

1.7. Research Goals

According to Fortin (2009, p. 161) *“the goal of a study is a declarative statement that specifies the key variables, the target population and the orientation of the research”*.

Therefore, the main goal of thesis is to understand if and how can the Human Capital Analysis impact Strategic Planning, Strategy Execution and a company’s achieved results. Besides the main goal, we have set three specific goals which are to realize how is the human capital of a company connected to its strategy, if and how the human capital impacts the outlined strategy and also if and how is it possible to maximize the efficiency of achieved results through the incorporation of an human capital’s competencies profile in the early stages of strategic planning.

Both the main and the specific goals will be lending an ideal response not only to the associated sub questions but also to the central question.

1.8. Review of Literature and Related Studies

To obtain a deeper understanding about the set of problems presented, it was necessary to carry out an intense research, of several authors, with the intention to present important concepts for their understanding and with the purpose of constructing a theoretical support for the investigation's development.

As written by Fortin (2009, p. 86) *“the literature review is indispensable not only to define the problem, but also to have a precise idea of the knowledge's current state about a theme, its gaps and the research contribution to the knowledge development”*.

The literature review was carried out and the following pieces support both the argument throughout the dissertation and the presented conclusions: Kenneth (1980), Ansoff (1965), Armstrong (2009), Ashton & Morton (2005), Bagnoli & Watts (2003), Barney (1986), Barney (1996), Barney (1997), Becker (1964), Becker (1993), Becker (2011), Bethke-Langenegger (2012), Bilhim (2013), Bossidy; Charan & Burck (2002), Buckingham & Vosburgh (2001), Caves & Porter (1977), Chamberlin (1939), Cheese; Thomas & Craig (2008), Craig (1972), Davenport & Prusak (1998), Day (1984), Drucker (1993), Drucker (1999), Fortin (2009), Gagné (2000), Gilbert (1978), González-Cruz; Martínez-Fuentes & Pardo-Del-Val (2009), Grant (1991), Grant (2013), Hart (1967), Hitt (1985), Hofer & Schendel (1978), Hoskins, & Dean Crick (2010), Jericó (2001), Koubek (2007), Kucharcikova (2011), Learned; Christensen; Andrews & Guth (1969), Lewis & Heckman (2006), Mahoney (1992), Mankins & Steele (2006), Marimuthu (2009), Marshall, (1998), McClelland (1973), Michaels; Handfield-Jones & Axelrod (2001), Mintzberg (1994), Ndinguri; Prieto & Machtmes (2012), Nonaka & Takeuchi (1995), OECD

(2002), Okojie (1995), Yesufu (2000), Polit & Beck (2003), Porter (1985), Porter (1986), Porter (1996), Porter (1998), Powell; Koput & Smith-Doerr (1996), Quivy & Campenhoudt (2008), Reed & Defillippi (1990), Robert (1993), Rosado (2015), Rosak-Szyrocka & Borkowski (2009), Rychen & Salganick (2003), Sigalas & Pekka (2013), Schultz (1981), Selznick (1957), Silzer & Dowell (2010), Snow & Hrebiniak (1980), Stahl; Björkman; Farndale; Morris; Paauwe; Stiles; Et Al. (2007), Steiner (1979), Sull; Homkes & Sull (2015), Tansley (2011), Tansley; Harris; Stewart & Turner (2006), Tansley; Turner; Carley; Harris; Sempik; Stewart; Et Al. (2007), Teece; Rumelt; Dosi & Winter (1994), Thomas; Smith & Diez (2013), Tregoe & Zimmerman (1980), Ulrich (2008), Ulrich (2011), Ulrich & Smallwood (2012), Vodak (2010), White (1959), Williams (2000).

1.9. Conceptual Framework

Fortin (2009, p. 114) claims that the reference framework “*can be as a structure formed by one or more theories or concepts, which are summarized together, due to the relationships they have with the research problem to be defined*” and is based on the “*research problem formulation*” (idem, p. 114). Therefore, it determines how to guide the study in the desired direction and unite “*the subject of study to the knowledge’s current state*” (idem, p. 114).

At the same time, the reference framework was structured from a set of works, which included, within Management theme, the following: Chiavenato & Sapiro (2016), Conaty & Charan (2010), Grant (2013), Thomas; Smith & Diez (2013), Ulrich; Kryscynski; Brockbank & Ulrich (2017).

In order to structure this research, we also selected pieces that guided the research in the methodological part. With regard to this rational, we highlight the following: Quivy & Campenhoudt (2008), Rosado (2015), Rosado (2017), Fortin (2009).

In order to develop this study, we also selected several management tools that complemented our available data, justifying the respective theoretical bases. In this context, we underline the following pieces: Berg & Pietersma (2015), Santos (2008), Sotomayor; Rodrigues & Duarte (2014), Teixeira (2011), Teixeira (2013).

We would also like to highlight Berg and Pietersma’s work, within these management tools, since it was useful to understand the wide variety of tools that can be used in strategic planning.

2. Fieldwork and Research Methodology

2.1. Type of Research

To carry out this investigation, we opted to do both a theoretical and practical study with a mixed approach by following the Grounded Theory's principles, aiming not only to find solutions to the encountered problems, but also to answer the research's questions, more precisely, to the Central Question and Associated Sub Questions. In this context, it is useful to remember that it is in the methodological stage that *“the researcher establishes which methods will be used to answer the outlined research questions or the formulated hypotheses”* (Fortin, 1999, p. 41), at this point there is no direct intervention or manipulation of the subject under study.

2.2. Sampling / Sample

Fortin (2005, p. 160) defines the sample as the *“set of all persons or other elements of a well-defined group, with one or several similar characteristics in common, which is the base for a research”*. The sample gathers a range of information about the population available, this is exactly what Quivy & Campenhoudt (2008, p. 160) point out, when they refer to it as *“understood in its broadest sense: the set of elements of a whole”*.

Our sample for the interview script A covered 4 individuals, who were Administrators, Board's Chairmen, CEOs and University Professors of business.

Our sample for the interview script B covered 4 individuals, who were Human resources professionals, HR directors and University Professors of human resources.

Similarly, our sample for the surveys consisted of 200 professionals and students from all areas of expertise. The surveys were sent by email on April, 15th 2018 to the available Data Base and distributed online through social media platforms such as Facebook and Linked In.

In accordance with the established conceptual model, we developed a survey which questions aimed to obtaining relevant information, within the following dimensions of analysis:

- The most used tools to support strategic planning;
- The importance of a company's Human Capital alignment with the outlined strategy;
- The possibility of maximizing the efficiency of achieved results by using a Human Capital Analysis, along with other management tools, in strategic planning.

2.3. Instruments

In this research development, the data collection instrument was not only the surveys by questionnaire but also the interviews. As Barañano (2004, p. 93) characterizes, an interview “*consists in an interviewer-interviewee meeting, in which the interviewer asks a set of questions or topics that the interviewee must answer or develop (...), according to the type of interview*”.

Firstly, we carried out a bibliographic research on several authors in order to organize the whole methodological part. Then, we extended our bibliographic research to books, articles and consulted several online platforms to collect all pertinent information related to the theme of Business Strategy and Human Capital Analysis.

We have formalized the data collection through surveys by questionnaire, which was distributed to a selected population's sample, as Kerlinger (1986) and Polit & Hungler (2004) Fortin (2009, p. 168) referred it “*serves to collect information along with the population related to the prevalence and distribution of psychosocial problems and how these populations maintain relationships between them*”. We also used interviews which according to Quivy & Campenhoudt (2008, pp. 191 and 192), “*are distinguished by the application of communication's and human interaction's fundamental processes. If properly assessed these processes allow the researcher to obtain rich and uneven information, as well as elements to reflect on*”, from which the necessary conclusions were withdrawn to answer the associated sub-questions, being, ultimately, the final objective to answer the central question.

2.4. Procedures

From Quivy & Campenhoudt's (2008, p. 25) point of view, a procedure is designed to “*progress towards a goal*”. In fact, in order to accomplish our research, we started with a theme and then we defined the central question. After outlining the central question, the study was delimited, and then the associated sub-questions were established.

The study relied on the responses obtained through surveys by questionnaire, since (Fortin, 2009, p. 245) “*the questionnaire is one of the data collection methods that require written responses to a set of questions on the part of the subjects*”. Likewise, interviews were conducted with some CEOs, Administrators and HR Specialists in order to obtain the greatest amount of information pertinent to elaborate the intended analysis.

The results were aggregated in a database through informatics support (*Excel*). We used this software for the data analysis through descriptive statistical analysis, including a straightforward cross of data.

3. Theoretical Framework

3.1. Most Important Concepts

3.1.1. Strategy

Strategy is a term that comes from “*the French stratégie, and directly from Greek strategía “office or command of a general” meaning “art of a general”*” (Online Etymology Dictionary, retrieved on 5th January 2018). When looking up “strategy” in Contemporary English Dictionaries and taking into account the linguistic evolution of the term strategy, it is possible to infer that the original meaning of the term refers to the art of planning and directing overall military operations and movements in a war or battle or a plan for directing overall military operations and movements, but nowadays strategy is more commonly defined as “a detailed plan for achieving success in situations such as war, politics, business, industry, or sport, or the skill of planning for such situations” (Cambridge Dictionary Online, retrieved on 5th January 2018).

With this in mind, it is clear that the concept of strategy has been borrowed from the military and adapted for the business sphere. In business, as in the military, strategy is the bridge over the gap between policy and tactics.

As shown in Figure 1, only when putting strategy and tactics together it’s possible to bridge the gap between ends and means.



Figure 1: Strategy & Tactics

Source: Own Elaboration

Over the years many authors came up with a definition of strategy. In 1967, Liddell Hart defines strategy as “*the art of distributing and applying military means to fulfil the ends of policy*” (Hart, 1967, p.

335), by examining wars and battles from the time of the ancient Greeks through World War II, in his book entitled *Strategy*. Hart's simple definition of strategy allowed adapting the concept to the business world by erasing the word "military".

That brings us to George Steiner who is considered by many the father of strategic planning in the business world.

Steiner (1979), at the end notes of his book, *Strategic Planning*, states that strategy entered the management literature as a way of referring to what one did to pledge a competitor's actual or predicted moves, and points out that at the time there was very little agreement on the meaning of strategy in the business world.

However, Steiner pointed to some of the definitions in use, such as:

- Strategy is that which top management does that is of great importance to the organization.
- Strategy refers to basic directional decisions, that is, to purposes and missions.
- Strategy consists of the important actions necessary to realize these directions.
- Strategy answers the question: What should the organization be doing?
- Strategy answers the question: What are the ends we seek and how should we achieve them?

Note that Steiner was writing roughly at the mid-point of the rise of strategic planning. We can also infer that the confusion surrounding the concept of strategy may have contributed to the demise of strategic planning in the late 1980s.

The rise and subsequent fall of strategic planning leads us to Henry Mintzberg. By 1994, in his book *The Rise and Fall of Strategic Planning*, the author assessed that people use the word "strategy" in several different ways, being these four the most common:

- Strategy is a plan, a "how", a means of getting from here to there;
- Strategy is a pattern in actions over time; for example, a company that regularly markets very expensive products is using a "high end" strategy;
- Strategy is position; that is, it reflects decisions to offer particular products or services in particular markets;
- Strategy is perspective, that is, vision and direction.

In Mintzberg's point of view strategy emerges over time as intentions collide with and accommodate a changing reality. Even though, one might start with a perspective and conclude that it calls for a certain position, which is to be achieved by a carefully crafted plan, with the eventual outcome and strategy reflected in a pattern evident in decisions and actions over time. This pattern in decisions and actions defines what Mintzberg called "realized" or "emergent strategy".

Many others supported Mintzberg's typology in the earlier writings concerning to strategy in the business world, most notably, Kenneth Andrews.

In his book, *The Concept of Corporate Strategy*, Andrews (1980) presents the following definition of strategy: "*Corporate strategy is the pattern of decisions in a company that determines and reveals its objectives, purposes, or goals, produces the principal policies and plans for achieving those goals, and defines the range of business the company is to pursue, the kind of economic and human organization it is or intends to be, and the nature of the economic and non-economic contribution it intends to make to its shareholders, employees, customers, and communities*" (Andrews, 1980, pp. 18-19).

With his definition Andrew (1980) anticipated Mintzberg's attention to pattern, plan, and perspective. The author has not only distinguished the concepts of "*corporate strategy*", which determines the businesses in which a company will compete, and "*business strategy*", which defines the basis of competition for a given business, but also anticipated "position" as a form of strategy.

Strategy as the basis for competition brings us to Michael Porter (1980). In his book, *Competitive Strategy*, and later in a *Harvard Business Review* article (Nov.-Dec. 1996) entitled *What is Strategy*, Porter argues that competitive strategy is about being different, about differentiating yourself from your competitors. In short, according to Porter strategy is about competitive position, differentiating a company in the eyes of the customer and adding value through a mix of activities different from those used by competitors. Porter (1980) defines competitive strategy as "*a combination of the ends (goals) for which the firm is striving and the means (policies) by which it is seeking to get there*" (Porter, 1980, p. xvi). Thus, Porter seems to embrace strategy as both plan and position, it should be noted that Porter only writes about competitive strategy, not about strategy in general.

Benjamin Tregoe and John Zimmerman (1980) defined strategy as "*the framework which guides those choices that determine the nature and direction of an organization*" (cited in Weiss, 1990, p. 5). Michel Robert (1993) takes a similar view of strategy in his book, where he argues that the real issues are "*strategic management*" and "*thinking strategically*". These three authors consider strategy as a matter of perspective that comes down to selecting products (or services) to offer and the markets in which to offer them.

Later, Chiavenato and Sapiro (2016, p. 4) stated that "*strategy is a chosen course of action (...) based on the premise that a future and different position may offer gains and advantages in relation to the present situation ... it is a choice that involves the whole organization*". These authors also acknowledge that "*strategic thinking is the non-analytical part of a strategist's work, it is part of the sophisticated and complex sphere of knowledge that involves imagination, insight, intuition, initiative, mental strength, and drive for entrepreneurship. (...) In the end, strategic thinking can be defined, on the one hand, as the way the outside world is visualized, especially when facing challenging and uncertain situations, and, on the*

other hand, as the way of applying a set of techniques to define and solve problems. (...) Strategic thinking allows identifying and locating advantages for competitive advantage, as well as threats and risks that should be avoided” (idem, p. 15).

Donald Sull, Rebecca Homkes, & Charles Sull (2015) tried to create a clean logical distinction between strategy and execution, but they end up to define execution as strategy. To illustrate, the authors defined execution as follows: “*Strategy execution, as we define the term, consists of seizing opportunities that support the strategy while coordinating with other parts of the organization on an ongoing basis. When managers come up with creative solutions to unforeseen problems or run with unexpected opportunities, they are not undermining systematic implementation; they are demonstrating execution at its best*” (Sull & Homkes, 2015, retrieved on 6th January 2018).

Bearing in mind that seizing unexpected opportunities is essentially strategy – not execution, the problem with this definition is that it contradicts the idea that strategy and execution are two separate things.

Which flashbacks to Larry Bossidy, Ram Charan, and Charles Burck’s book *Execution: The Discipline of Getting Things Done*, published back in 2002, in which the authors defined execution as “*The heart of execution lies in the three core processes: the people process, the strategy process, and the operations process*”(Bossidy, Charan & Burks, 2002, p. 22).

They have conceived strategy as one of the three core pieces of execution! To these authors, execution and strategy are not two separate things.

In conclusion, if a strategy is not possible to execute then is not a strategy because it does not allows us achieve our ends by organizing the company’s available means as established in a strategic plan.

3.1.2. Competitive Advantage

Competitive is a term that comes from “*the Latin competit-, past participle stem of competere, meaning eager to compete, aggressive, ambitious*” and advantage is a term that comes from the Old French *avantage* “*advantage, profit; superiority*”, probably via an unrecorded Late or Medieval Latin *abantaticum*, from Latin *abante* “*from before*”, meaning “*any condition favorable to success, a favoring circumstance*”” (Online Etymology Dictionary, retrieved on 5th January 2018).

When looking up “competitive advantage” in Cambridge Dictionary Online (retrieved on 5th January 2018) and taking into account the linguistic evolution of the term, it is possible to infer that the original meaning of the term refers to “*the conditions that make a business more successful than the businesses it is competing with, or a particular thing that makes it more successful*”.

Within the literature there is substantial agreement on the price, cost, and differentiation towards to competitive advantage, but there is some disagreement on the role that competitive advantage plays in a company's strategy.

Chamberlin (1939) draws the fundamental concept of competitive advantage, but it was Selznick (1957) who linked advantage to competency. The next major development around the concept came when Hofer and Schendel (1978, p. 25) described competitive advantage as “*the unique position an organization develops vis-a-vis its competitors through its patterns of resource deployments*”. These authors suggested that competitive advantage ensues from competencies and viewed it as something that can be used within a company's strategy. As such, competencies and competitive advantage are independent variables while performance is the dependent variable.

The next generation of conceptualization around competitive advantage was provided by Day (1984) and Porter (1985), instead of seeing competitive advantage as something that is used within strategy; they saw it as the strategy's goal, the dependent variable. The rationale behind this is that superior performance is correlated with competitive advantage, which means that achieving an advantage will automatically result in higher performance.

Competitive advantage can be derived from numerous sources. Sometimes, a big firm gains its superior performance by using different tactics like monopoly to maintain their position or protect their position against the competitors (Caves, 1977).

Thus, competitive advantage means having low costs, differentiation advantage, or a successful focus strategy, Porter argues that “*competitive advantage grows fundamentally out of value a firm is able to create for its buyers that exceeds the firm's cost of creating it. Value is what buyers are willing to pay, and superior value stems from offering lower prices than competitors for equivalent benefits or providing unique benefits that more than offset higher prices*” (Porter, 1985, p. 3). Porter further stated that “*a firm is profitable if the value it commands exceeds the costs involved in creating the product. Creating value for buyers that exceeds the cost of doing so is the goal of any generic strategy. Value, instead of cost, must be used in analyzing competitive position*” (Porter, 1985, p. 38).

According to Grant (1991) to create competitive advantage, the enterprise is required to develop, innovate and discover the best competitive opportunities and exploit them.

Mahoney (1992) suggests that a company's physical resources and its capabilities interact to create competitive advantage. This author seeks to reconcile the resources and capabilities based theories of competitive advantage through the theory of invisible assets.

As strategy scholars searched for sources of competitive advantage, two prominent views have emerged:

- The industry structure view, suggests that above-normal returns are primarily a function of a firm membership in an industry with favorable structural characteristics. According to Porter (1998), there are five forces to develop basic foundations: competitors, threat of new entrants substitute products, bargaining power of suppliers and bargaining power of buyers.
- The resource-based theory claims that differential firm performance is fundamentally due to firm heterogeneity rather than industry structure (Barney, 1991; Rumelt, 1984, 1991; Wernerfelt, 1984). According to Rumelt (1984), Dierickx & Cool (1989) and Barney (1991) if a company is able to retain resources and capabilities that are rare, valuable, unreplaceable and difficult to imitate, it will achieve some competitive advantage over its competitors.

Advantage can also be the result of some manifestation of luck (Barney, 1986), “luck” results from an occurred event that the firm can capitalize upon by incorporating it within its strategy to generate superior performance.

The resource based theory approach to strategy formulation understands the relationship between resources, capabilities, competitive advantage and profitability. To Grant (1991) strategy, competitive advantage, capabilities and resources are the four factors which are useful for a company to increase its performance.

Porter (1998) argues that the attention should be on how much competition a firm creates in the market and how much effort it puts to stay ahead of its competitor.

Despite Grant (2013) stated that sustainable competitive advantage is not necessary or important for the firm’s superior performance, Barney (1996) was able to relate sustainable competitive advantage with the company’s performance.

In Porter’s view (1998) the firm’s superior performance is due to its competitive advantage, the author related competitive advantage directly with the competition, saying that the firm’s ability to stay ahead of competition results from its superior performance.

So we can infer that the success of a company in the market depends upon its work, sector and their interrelationship. They sought where a competitive advantage could be established by devolving organizational superiority (Bagnoli, 2003).

In conclusion, although the literature in the field of strategic management has extensively identified the sources or determinants of competitive advantage, surprisingly it does not provide any clear definition of competitive advantage. Sigalas and Pekka Economou (2013), in a literature review concerning to the use of competitive advantage term, found that there are multiple meanings of competitive advantage and that there is no agreement on a single conceptually clear and unambiguous definition.

Despite existing many sources of competitive advantage, within the company's control or not, in this research we will consider the organization's human capital and its talent as source of competitive advantage.

3.1.3. Human Capital

The construct is compound by two terms "human" from "*Old French humain, "of or belonging to man", probably via Latin humanus "of man, human" meaning "human being"*" and "capital" from "*Medieval Latin capitale "stock, property" meaning "that part of the produce of industry which is available for further production"*" (Online Etymology Dictionary, retrieved on 5th January 2018) from 1793 forward.

When looking up "human capital" in Cambridge Dictionary Online (retrieved on 5th January 2018) and taking into account the linguistic evolution of the term, it is possible to infer that the original meaning of the term refers to "*employees, and all of the knowledge, skills, experience, etc. that they have, which makes them valuable to a company or economy*".

In the 1960s, economists such as T.W. Schultz and G.S. Becker developed the idea of human capital in Chicago school of economics.

At the early stage of the concept's development there was some resistance to the idea, but it didn't take long until scholars come to terms with the theory of human capital.

Soon the construct started to gain traction and receiving more and more attention all over the world both at the organizational and individual levels.

Becker (1964, p. 16) defines human capital as "*expenditures on education, training, medical care (...) produce human, not physical or financial, capital because you cannot separate a person from his or her knowledge, skills, health, or values the way it is possible to move financial and physical assets while the owner stays put*".

In Schultz (1981) perspective human capital involves increasing investment in people's education and training, the author believes that a person's abilities can be enhanced through education and training in order to attain effective change.

According to Marshall (1998) human capital is the amount invested on education and training which can be undertaken by individual or group of individual workers of any institution or organization.

Up until this point human capital is seen as the economic value derived from people's sets of skills, and varies qualitatively and quantitatively across individuals, which can be improved through investments as like a crystallized trait in an individual that cannot be expunged.

Davenport (1998) defines human capital as the set of innate abilities, behaviors, personal energy possessed by individuals who bring them to the workplace.

On other hand, to Marimuthu (2009, p. 266) *“human capitals refer to processes that relate to training, education and other professional initiatives in order to increase the levels of knowledge, skills, abilities, values, and social assets of an employee which will lead to the employee’s satisfaction and performance, and eventually on a firm performance”*.

Every organization depend on its employees to succeed, it can be said to be “sick”, not because of the setup per se but as a reference to the company’s employees that lack performance. For a company to stay “healthy”, investment in education and training in the workplace is needed to enhanced and hence the human capital’s commitment to its duty. An organization that de-emphasizes the importance of its human resources’ training and development is tilting towards a state of collapse and bound to fail.

Kucharcikova (2011) claimed that human capital is characterized the as the sum of the individual congenital and acquired skills, knowledge, and experiences of individuals in the new theories of economic growth.

In Ndinguri, Prieto & Machtes’s (2012) perspective the goal of human capital approach is to improve team work, values, consciousness among individual employees and overall collective performance.

Kucharcikova (2011) states that within the business economics’ sphere, human capital has been considered as a factor of production and under the managerial view it is seen as a business resource or asset which forms part of the company’s market value.

A few years early Koubek (2007) postulates that business resources are material (machinery, equipment, and energy), finance, information and human.

Rosak-Szyrocka and Borkowski (2009) consider that any organization’s most valuable resource is its workers despite their range of executed duties.

Kucharcikova (2011) further stated that the factor which gives a specific character to every organization is it human capital as people allow a company to learn, innovate, stimulate and make the necessary changes as well as to think creatively.

It was Drucker (1993) within management authors who first recognize knowledge capital as a new kind of capital. This author further added that while money capital subsides, knowledge capital will never.

In fact, the human capital and its knowledge have more and more been considered as an organization’s most valuable capital.

Accordingly, Drucker (1999) further noted that the world is rapidly moving away from a production-based economy to a knowledge-based one.

Nonaka and Takeuchi (1995) contributed to knowledge management by saying that it requires not only commitment to new, task-related knowledge creation but also its dissemination throughout the organization as well as to embody it in products, services and systems

Kucharcikova (2011) perceives that, concerning to the organizational level, knowledge is generated from outside sources communicating with the corporate structure or from internal operations.

Knowledge has been defined as the sum of experience, values, contextual information, and expert insight that provides a framework for evaluating and incorporating new experiences and information by Hence Davenport and Prusak (1998).

There is a clear link between human capital and knowledge management, which is based on the fact that human capital is perceived as a set of congenital or innate and acquired knowledge which can be reflected as skills, talent and inventiveness (Kucharcikova, 2011). Skills, talent and inventiveness are the kind of capital an employee can bring into a company to potentially create further capitals and it is knowledge management that compacts with the acquisition, integration, creation, distribution, and application of knowledge to improve the company's operation effectiveness and competitive advantage through its human capital.

3.1.4. Talent

Talent is a term that comes from *“the Old French talent, probably via Medieval Latin talenta, plural of talentum “inclination, leaning, will, desire” meaning “special natural ability, aptitude, gift committed to one for use and improvement”*” (Online Etymology Dictionary, retrieved on 5th January 2018).

When looking up “talent” in Cambridge Dictionary Online (retrieved on 5th January 2018) and taking into account the linguistic evolution of the term, it is possible to infer that the original meaning of the term refers to *“someone who has a natural ability to be good at something, especially without being taught”*.

Thus, the original meaning of the construct refers to personal characteristics (talent as object), typically described as an innate ability that someone manifests in a particular field (Tansley, 2011). In the business world talent is commonly understood as above-average ability for a specific function or set of functions, in other words, it is considered a special ability that makes the people who possess, develop, and use it, rise above the rest of their age peers in the specific area of their talent (Gagné, 2000). It is possible to infer that talent is often connected with excellence in performance.

The second meaning of the construct refers to a person or persons of talent (talent as subject). In a business context, it is usual that managers refer to their workforce as the company's talent, to emphasize that people are the organization's most important assets (Ashton & Morton, 2005).

According to Buckingham & Vosburgh (2001), every employee with his or her own strengths can potentially create added value for the organization.

When going through HRM literature, in which despite of the subject approach to talent being historically “newer” than the object approach (Tansley, 2011) both coexist, we can find what seems like an unlimited number of definitions regarding to the term “talent”. In fact, everyone seems to have a particular idea of what the construct does and does not encompass.

According to Ulrich (2011) the construct can mean whatever a writer or business leader wants it to mean, apart from that many different organizationally specific definitions of talent can be found, highly influenced by the type of industry or occupational field (Tansley, 2007).

In Gagné’s view (2000, p. 67) talent is a “(...) *superior mastery of systematically developed abilities or skills*” and Williams (2000, p. 35) defines it as “(...) *those people who do one or other of the following: regularly demonstrate exceptional ability – and achievement – either over a range of activities and situations, or within a specialized and narrow field of expertise; consistently indicate high competence in areas of activity that strongly suggest transferable, comparable ability in situations where they have yet to be tested and proved to be highly effective, i.e. potential*”.

Buckingham and Vosburgh (2001, p. 21) claimed that “*talent should refer to a person's recurring patterns of thought, feeling, or behavior that can be productively applied*”. In Jericó’s (2001, p. 428) perspective talent is “*The implemented capacity of a committed professional or group of professionals that achieve superior results in a particular environment and organization*”.

Michaels (2001, p. xii) defines talent as “(...) *the sum of a person's abilities—his or her intrinsic gifts, skills, knowledge, experience, intelligence, judgment, attitude, character and drive. It also includes his or her ability to learn and grow*”. In other hand, Lewis and Heckman (2006, p. 141) say that talent “(...) *is essentially a euphemism for “people”*”.

Tansley, Harris, Stewart, and Turner (2006, p. 2) state that “*Talent can be considered as a complex amalgam of employees' skills, knowledge, cognitive ability and potential. Employees' values and work preferences are also of major importance*”. According to Stahl (2007, p. 4) talent is “*a select group of employees – those that rank at the top in terms of capability and performance – rather than the entire workforce*”.

In Tansley’s (2007, p. 8) perspective “*Talent consists of those individuals who can make a difference to organizational performance, either through their immediate contribution or in the longer-term by demonstrating the highest levels of potential*”. To Ulrich (2008, p. 3) “*Talent equals competence [able to do the job] times commitment [willing to do the job] times contribution [finding meaning and purpose in their work]*”.

Cheese, Thomas, and Craig (2008, p. 46) claim that “Essentially, talent means the total of all the experience, knowledge, skills, and behaviors that a person has and brings to work”. González-Cruz (2009, p.22) defines talent as “a set of competencies that, being developed and applied, allow the person to perform a certain role in an excellent way”.

Silzer and Dowell (2010, p. 14) consider that “(...) in some cases, ‘the talent’ might refer to the entire employee population”, that “in groups talent can refer to a pool of employees who are exceptional in their skills and abilities either in a specific technical area (such as software graphics skills) or a competency (such a consumer marketing talent), or a more general area (such as general managers or high-potential talent). And in some cases, “the talent” might refer to the entire employee population” (idem, pp.13–14) and that “an individual's skills and abilities (talents) and what the person is capable of doing or contributing to the organization” (idem, p.14).

Bethke-Langenegger (2012, p. 3) defines talent as “(...) one of those worker who ensures the competitiveness and future of a company (as specialist or leader) through his organizational/job specific qualification and knowledge, his social and methodical competencies, and his characteristic attributes such as eager to learn or achievement oriented”. Ulrich and Smallwood (2012, p. 60) state that “Talent = competence [knowledge, skills and values required for today's and tomorrow's job; right skills, right place, right job, right time] × commitment [willing to do the job] × contribution [finding meaning and purpose in their job]”.

In this research, talent should be considered as the set of competencies of each member of a company's human capital.

3.1.5. Competence

Competence (or competency) is a term that comes from “the French *compétence*, via Latin *competentia* “meeting together, agreement, symmetry”, from *competens*, present participle of *competere*, especially in its earlier sense of “fall together, come together, be convenient or fitting” meaning “adequate range of capacity or ability, sufficiency to deal with what is at hand”” (Online Etymology Dictionary, retrieved on 5th January 2018) from 1790 forward.

When looking up “competence” in Contemporary English Dictionaries and taking into account the linguistic evolution of the term, it is possible to infer that the original meaning of the term refers to “the quality of being competent; adequacy; possession of required skill, knowledge, qualification, or capacity”.

A competence refers to a complex combination of knowledge, skills, understanding, values, attitudes and desire which lead to effective, embodied human action in a particular domain.

It was R. W. White (1959) that first came up with the term “competence” in his Psychological Review’s Article, entitled *Motivation Reconsidered: The Concept of Competence*, as a concept for performance motivation. In White’s perspective workers must be able to perform certain tasks or skills with a required level of proficiency in order to demonstrate competence, which can be seen as the ability of an individual to do a job properly, so to achieve competence in a particular job a person should be able to perform multiple tasks or skills at a target proficiency level.

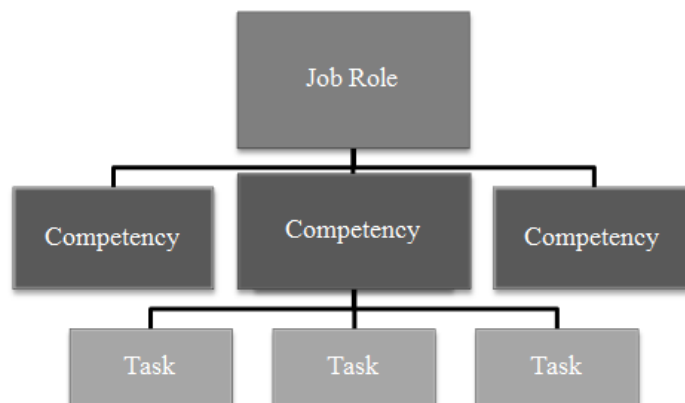


Figure 2: Competence by R.W. White

Source: Own Elaboration

Only later in the 1960s the concept of distinctive competence emerged as a desired end-result of business policies (Ansoff, 1965; Learned, Christensen, Andrews, & Guth, 1969).

In 1972, Craig C. Lundberg defined competence in his book *Planning the Executive Development Program*. However the term only gained traction in 1973 with David McClelland’s seminal paper entitled, *Testing for Competence Rather Than for Intelligence*, since then it was popularized by Richard Boyatzis and many others, such as T.F. Gilbert (1978) who used the concept in relationship to performance improvement.

Hofer and Schendel (1978, p. 25) defined competence as the “*patterns of (...) resource and skill deployments that will help it [the organization] achieve its goals and objectives*”. These were the first authors to formally argue a direct relationship between (distinctive) competency and competitive advantage.

Snow and Hrebiniak (1980) pointed to functional areas of the firm as areas of competency. Five years later, Hitt and Ireland (1985) listed 55 different distinctive competence activities within functional areas. Despite some variation in descriptions of competency within these works, two themes remain consistent: the source of a competency is always internal to the firm and that competency is produced by

the way a firm utilizes its internal skills and resources, relative to the competition. Here competency is seen as the particular skills and resources a firm possess, and the superior ways in which these are used.

By 2002, four analytical elements of key competences were defined in the OECD Program Definition and Selection of Competencies: Theoretical and Conceptual Foundations (DeSeCo). Key competences are multifunctional, transversal across social fields, multidimensional, and refer to a higher order of mental complexity, incorporating know-how, analytical, critical, creative and communication skills, as well as common sense.

Some scholars see “competence” as a combination of practical and theoretical knowledge, cognitive skills, behavior and values used to improve performance, while others see it as the state of being well qualified and having the ability to perform a specific role.

Rychen and Salganick (2003, p. 43) competence as *“the ability to successfully meet complex demands in a particular context through the mobilisation of psychosocial prerequisites (including cognitive and non-cognitive aspects) and as the internal mental structures in the sense of abilities, dispositions or resources embedded in the individual’ in interaction with a ‘specific real world task or demand”*.

In fact, the use of the construct varies widely which leads to considerable misunderstanding around the meaning of competence, however in this study it should be considered as a set of particular practical and theoretical knowledge, cognitive skills, behavior and values a company’s human capital possesses that can be transform into a competitive advantage.

3.2. Key Management Models for Strategic Planning

3.2.1. Ansoff Matrix

Since the strategic development of an organization consists of two strategy types related to each other: the portfolio strategy and the competitive strategy, the product/market grid, created by Ansoff (1965), provides a logical way to determine the reach and direction of a company's strategic development in the market.

In Ansoff 's Matrix, the objectives are introduced as a choice of a growth vector, specifying the future reach of the activity. The growth vector is expressed in two dimensions: products and markets. This provides a variety of combinations and strategic directions to the company. The extreme options are, on one hand, to continue serving current regions with existing technologies to meet traditional needs and, on other hand, to enter new regions with new technologies to meet new needs (Berg & Pietersma, 2015).

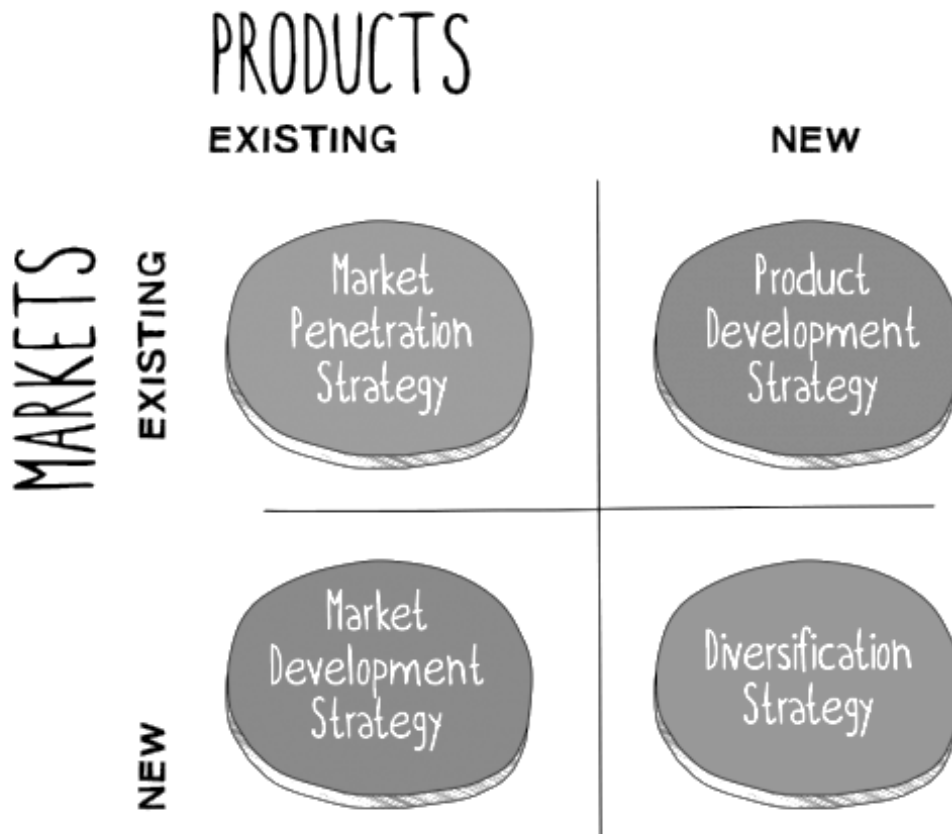


Figure 3: Ansoff Matrix

Source: Smartinsights.com, retrieved on 12th April 2018 at 3:52 p.m.

3.2.2. BCG Matrix

The Boston Consulting Group designed the BCG matrix in the 1970s. It is one of the most well-known methods of planning a products' portfolio and is based on the concept of product's lifecycles. It takes into account the interrelationship of market growth and market share. The underlying assumption is that a company must have in its products' portfolio, both high-growth products, which require investment and low-growth products that generate surpluses to ensure long-term success.

The use of the BCG matrix gives us the possibility to identify and evaluate growth priorities in a products' portfolio. The matrix encompasses two dimensions: market share and market growth. Products are evaluated based on these dimensions and each of them is then classified into one of four different categories: stars, cash cows, interrogations, and dogs. The model's genesis premise is to invest in (economic) growth opportunities that the company can benefit from (Berg & Pietersma, 2015).

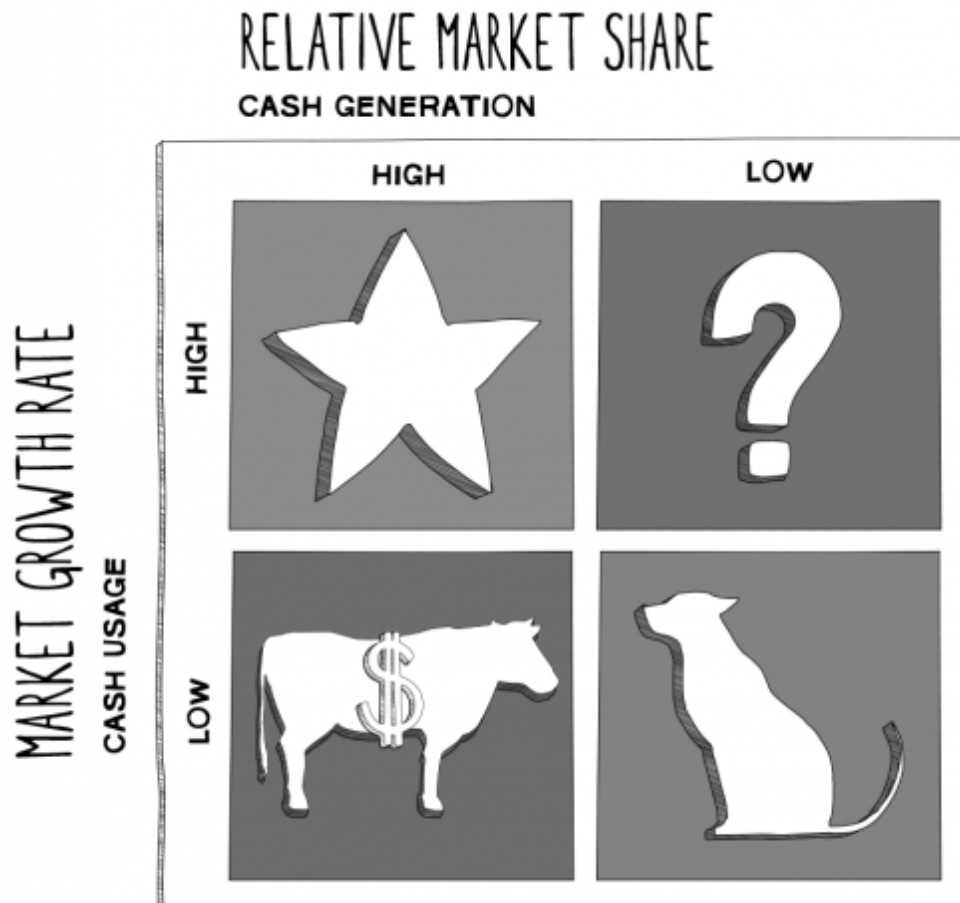


Figure 4: BCG Matrix

Source: Smartinsights.com, retrieved on 17th April 2018 at 5:24 p.m.

3.2.3. BHAG

All organizations benefit from a long-term common goal understood by all. When formulating a BHAG (big hairy audacious goal), we are making a statement that helps the organization to focus on one single common goal.

The BHAG was introduced by James Collins and Jerry Porras in their book *Built to Last*. To formulate a BHAG we have to answer three questions:

- What are we deeply passionate about?
- In what can we be the best in the world?
- What drives our economic engine?

Our answer to the three questions will be our BHAG: an inspiring orientation for the future of the organization (Berg & Pietersma, 2015).

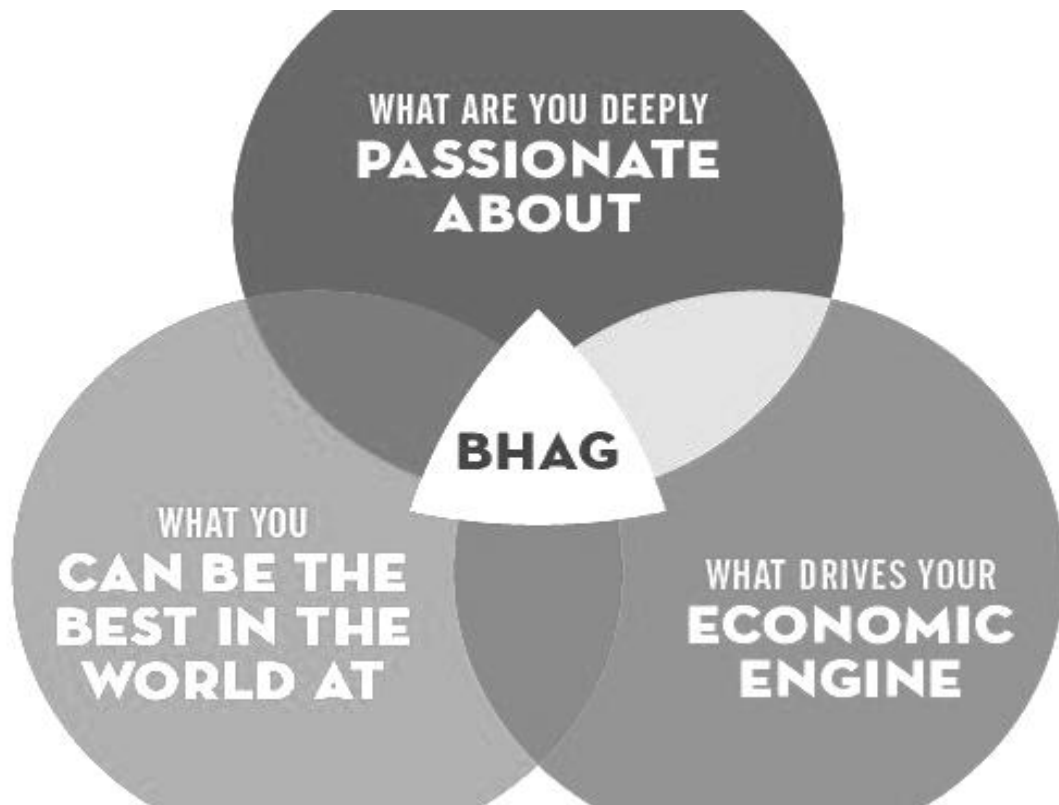


Figure 5: BHAG

Source: Sevencareercoaching.co.uk, retrieved on 18th April 2018 at 4:31 p.m.

3.2.4. Blue Ocean Strategy

The Blue Ocean Strategy focuses its attention on the creation of new markets when developing products. The concept is intended to encourage managers to focus on the creation of uncontested markets. Most strategic models focus on achieving competitive advantage, based on the question of how to be better than the competition. The 'blue ocean strategy' model does not focus on winning the company's competitors, but on making competition irrelevant by creating blue ocean opportunities.

Blue Ocean markets are uncontested markets where new consumer demands are met (Kim & Mauborgne, 2005). In contrast, Red Oceans are competitive arenas, where competitors struggle with each other and consequently weaken each other. The blue ocean strategic model encourages innovation and influences the focus of strategic development. Instead of using competitors as benchmarking, managers look beyond the existing market frontier in search of new opportunities to create value for customers. Rather than trying to beat the competition directly managers must act to develop an offer that opens and captures a new market space (Berg & Pietersma, 2015).



Figure 6: Blue Ocean Strategy

Source: Leaderonomics.com, retrieved on 20th April 2018 at 10:27 a.m.

3.2.5. Business Model Canvas

The business model canvas as created by Alex Osterwalder (2010). It describes a possible basis on which an organization can create, deliver, and preserve value by providing a framework for describing, visualizing, developing, and exploring business models (Berg & Pietersma, 2015).

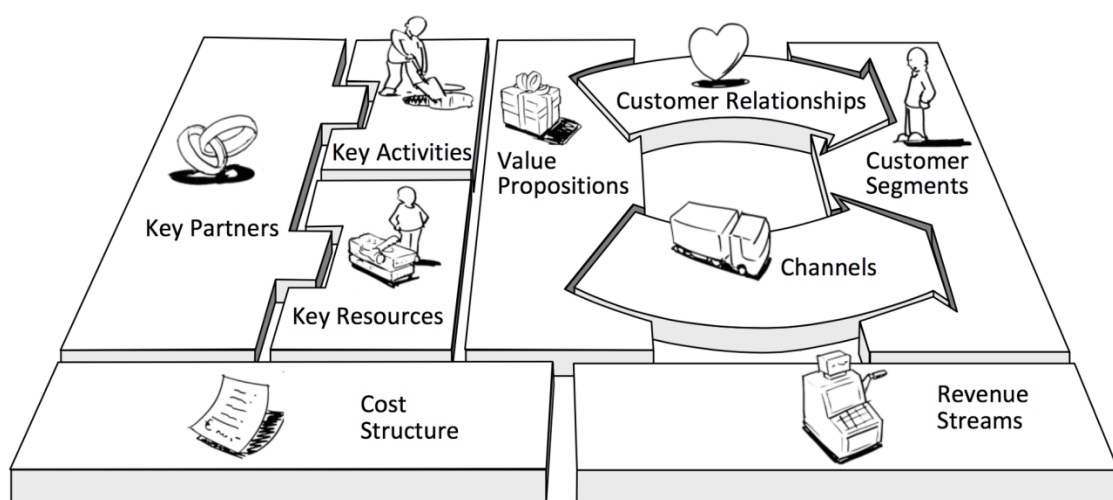


Figure 7: Business Canva Model

Source: Medium.com, retrieved on 20th April 2018 at 11:13 a.m.

This nine-element business model allows you to rapidly see how a company's activity develops and makes money. This model is highly visual and shows how all its elements are interconnected. It ultimately provides a common language for discussing current and future business models (potential) (idem, 2015).

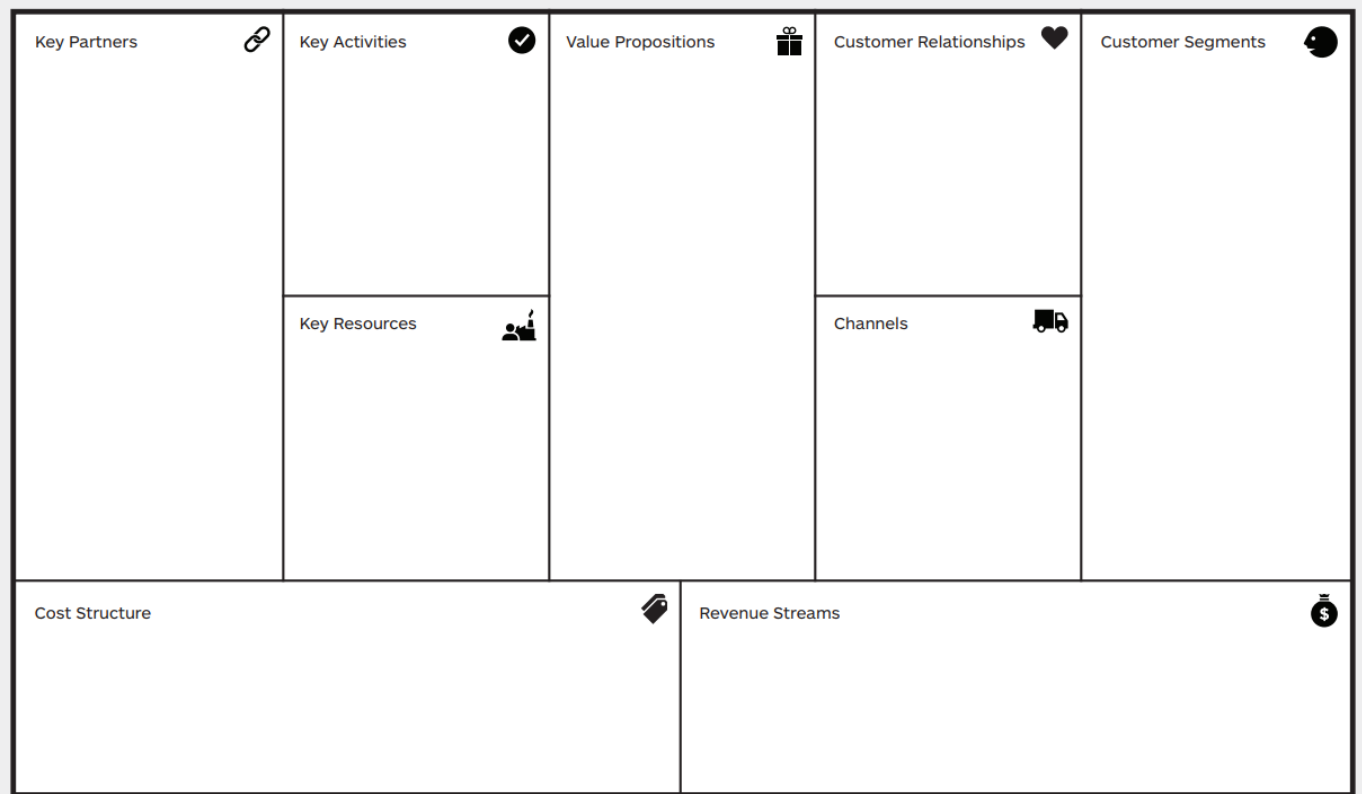


Figure 8: Business Canva Model Framework

Source: Strategyzer.com, retrieved on 20th April 2018 at 12:27 a.m.

3.2.6. Abell's Matrix

The business model created by Derek Abell (1980) defines and evaluates a company based on three dimensions: the customers (who), their needs (what), and the technology and skills that the company devotes to serving those needs (how).

The model is said to determine the business's scope: it shows what our company is all about. This model is often used to get an idea of the company and its market proposal. It also puts the company's possibilities in perspective as to the development of each of the dimensions. By using this model, both present and future potential of the company can be viewed and discussed (Berg & Pietersma, 2015).

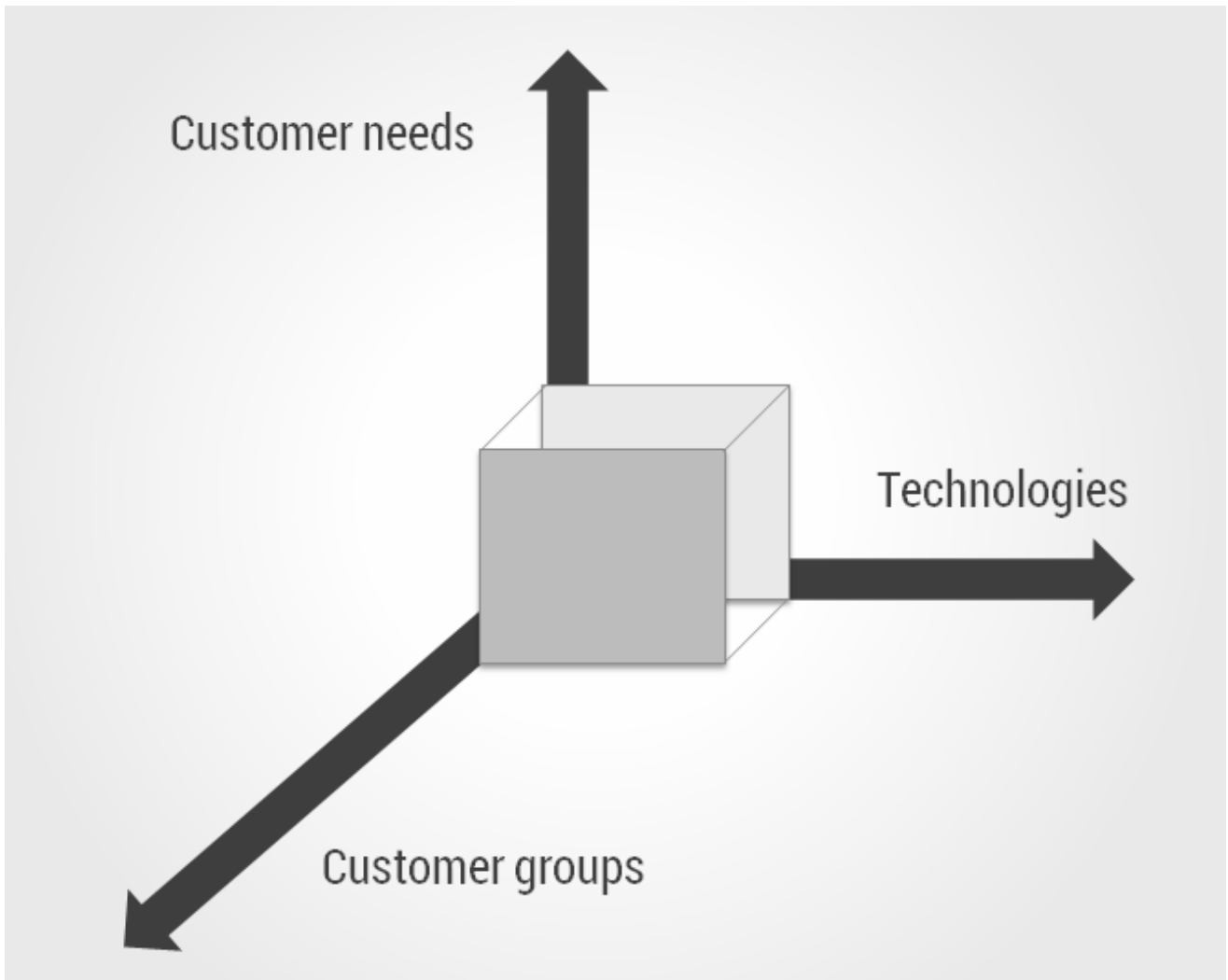


Figure 9: Abell's Matrix

Source: Toolshero.com, retrieved on 21th April 2018 at 6:05 p.m.

3.2.7. Porter's Five Forces

Porter's (1980) competitive analysis identifies five key competitive forces that determine an industry's relative interest: new players, buyers' bargaining power, suppliers' bargaining power, substitution products or services, and rivalry among existing competitors.

The weaker these forces are, more attractive an industry or a company becomes. Competitive analysis provides a perspective on a particular industry's relationships and dynamics and allows a company to make strategic decisions about the most defensible and economically attractive position (Berg & Pietersma, 2015).

The Five Forces That Shape Industry Competition

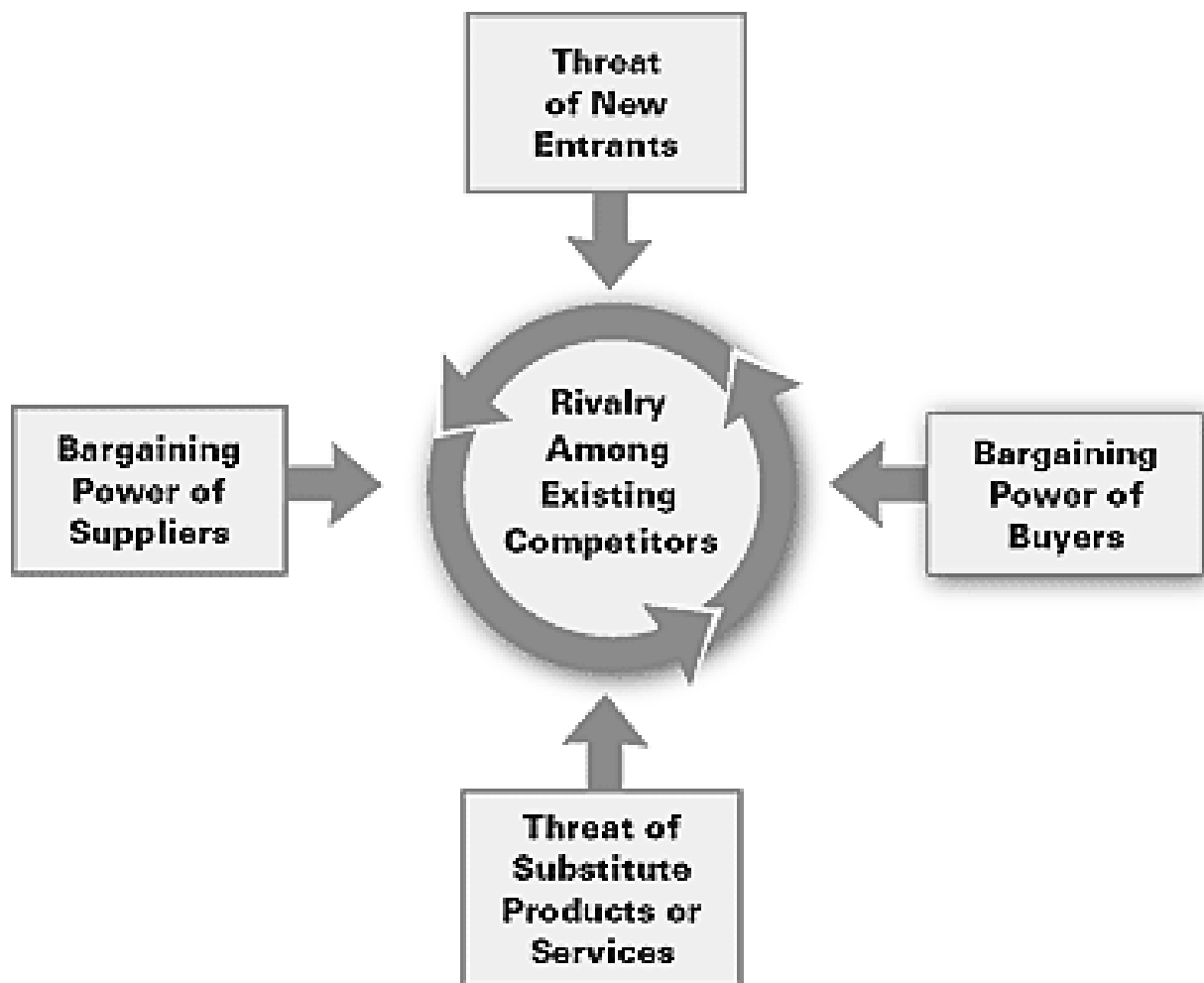


Figure 10: Porter's 5 Forces Framework

Source: Hausmanmarketingletter.com, retrieved on 21th April 2018 at 6:58 p.m.

3.2.8. Core Competence Model

A core competence is something unique that an organization has, or can do, strategically well. First mentioned by Prahalad and Hamel (1990) in their Harvard Business Review article (and later in their book), the assessment of a company's core competencies is an essential element in strategy formulation.

Paying close attention to what our company represents and what is its strengths to stand out from the competition, helps to answer the question of what future possibilities the organization possesses (Berg & Pietersma, 2015).

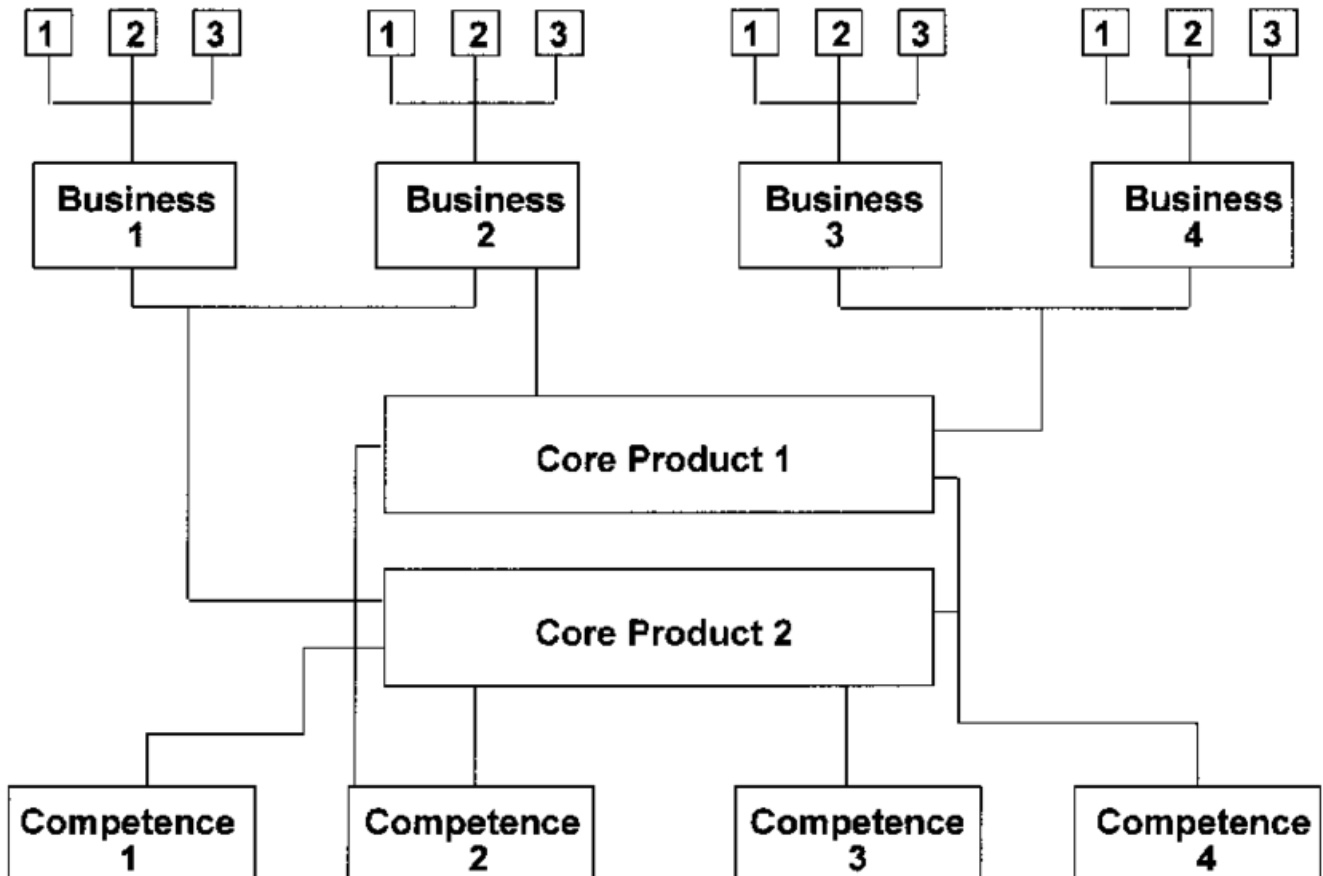


Figure 11: Core Competence Model

Source: Researchgate.net, retrieved on 21th April 2018 at 7:49 p.m.

The concept of core competencies is based on Barney's (1991) resource-based view: the idea that an organization's inimitable and valuable tangible and intangible assets are key aspects of a company's sustainable competitive advantage.

3.2.9. SWOT Analysis

Any company that undertakes strategic planning has to assess its strengths and weaknesses at some point, when combining these with a set of opportunities and threats, the company is conducting the so-called SWOT analysis (or TOWS analysis - Threats, Opportunities, Weaknesses and Strengths), in order to determine its current position in the light of their strengths, weaknesses, opportunities and threats (Berg & Pietersma, 2015).



Figure 12: SWOT Analysis

Source: Matheusboonen.wordpress.com, retrieved on 21th April 2018 at 8:21 p.m.

4. Results' Presentation, Study and Discussion

4.1. Interview's content analysis: Script A

Script A's Transcription and Content Analysis		
Question 1: In your experience, which are the factors that strategic planners have most in consideration, whether at external or internal level, when compiling the company's strategic plan?		
Interviewee:	Answer:	Common Key-points
Prof. Ram Charan	In the past competitive analysis, barriers to entry and	

	<p>barriers to exist and rivalry was useful in the 70's, that framework will no longer work.</p> <p>The most critical thing, today in preparing the strategic plan is:</p> <ul style="list-style-type: none"> • To know what the consumer will want; • To know how the consumer behavior is changing; • To know how your business model will make money; • To know how you will be reaching your consumers through the use of internet, e-commerce, etc.; • To know what will be your cost structure, what will your speed; • To know how you will build data as your equity • To know how to build convenience; • Continuous consumer centric innovation; • To have people who use modern digital technology in the strategy; • Adapt internal resources to what is needed. 	<p>Concerning to the external level:</p> <ul style="list-style-type: none"> • The need of knowing what is changing on the outside world; <p>Concerning to the internal level:</p> <ul style="list-style-type: none"> • The need of knowing the company's state-of-art; • Company's goals and strategic guidelines; • Adaptability of the internal resources to current and future needs.
<p>Prof. Rosário Cação</p>	<p>Factors taken into account:</p> <ul style="list-style-type: none"> • The changes that are expected in terms of external context; • The strategic guidelines of the company itself; • The GAP of competencies between what we have and what we need (how we can adapt internal resources to current needs). 	
<p>Dr. Vijay</p>		

Raghavan	<p>What to take into consideration:</p> <ul style="list-style-type: none"> • The external level (PESTEL Analysis, Porter Five Forces' Framework, etc.); • The internal level (to know which are our goals, how the company is doing, etc.); • How the external and internal perspectives interact (SWOT Analysis). 	<p><u>Non-common but relevant points:</u></p> <ul style="list-style-type: none"> • Mentioned management tools: PESTEL Analysis, Porter Five Forces' Framework and SWOT Analysis; • The need of having people who use modern digital technology in the strategy.
Dr. Hugo Alvarenga	<p>The internal aspects are the most important (to know the company, to know its strengths; etc.).</p> <p>How to make the most of human resources:</p> <ul style="list-style-type: none"> • Ensure good communication; • Engage people with the company's path; • Inspire people to bring something new in order to help in the achievement of the company's goals. 	
<p>Question 2: To what extent can the company's human capital influence both implementation and execution of the outlined strategy?</p>		
Interviewee:	Answer:	Common Key-points
Prof. Ram Chaan	<ul style="list-style-type: none"> • Only people can both create/choose a strategy and assess how to execute it; • People are the central thrust, not the strategy; • It's the human side that shapes the company; • Human capital is at the center. 	
Pro. Rosário Cação	<ul style="list-style-type: none"> • A participative human capital allows a 	

	<p>participatory strategy</p> <ul style="list-style-type: none"> • The strategy results people contributions; • Engaging human capital has a huge impact on the worker's motivation and the mobilization towards the company's goals. 	<ul style="list-style-type: none"> • High Influence; • An engaged human capital move towards the company's interests and goals; • Its people who defines the strategy; • If the human capital is not aligned with the company's strategy, its implementation/execution will be conditioned or even impossible.
Dr. Vijay Raghavan	<ul style="list-style-type: none"> • High influence; • If people are not engaged, no strategy can be executed (=conditioning of strategy's implementation); • Engaged people are naturally driven to accomplish the company's goals. 	
Dr. Hugo Alvarenga	<ul style="list-style-type: none"> • High influence; • If people don't understand the chosen strategy, its implementation will be conditioned. • Communication as part of the internal strategy. 	
<p>Question 3: Do you think if strategic planners took the competences of the company's human capital more in consideration it would help to decrease the execution gap and to maximize the efficiency of achieved results?</p>		
Interviewee:	Answer:	Common Key-points
Prof. Ram Charan	<ul style="list-style-type: none"> • The question is not strategy and execution GAP (the execution is a central part in choosing a strategy); • When execution is taken into account, different options may be made (=crossing out what cannot be done or achieved). 	

<p>Prof. Rosário Cação</p>	<ul style="list-style-type: none"> • Yes; • The better the skills and human capital's assessment is, better are the results that can be expected. 	
<p>Dr. Vijay Raghavan</p>	<ul style="list-style-type: none"> • Yes; • When the competences of a company's human capital are taken into account, it is possible to trace more realistic and doable strategies (=better results); • Realistic and doable strategies help to reduce the execution gap as well as to maximize the efficiency of achieved results by crossing out undoable strategies; • Crossing out what cannot be done or achieved is the best way to not waste time and money. 	<ul style="list-style-type: none"> • A strategy needs to be doable (execution needs to be considered when choosing a strategy) • When a accurate human capital analysis is taken into consideration, better results can be expected; • When considering the competences of the company's human capital, it is possible to separate what can be done from what cannot be achieved.
<p>Dr. Hugo Alvarenga</p>	<ul style="list-style-type: none"> • Yes; • To be restrained by the competencies of available resources may limit a company's future development; • The need of measuring the available resources and see what can be done to align the internal resources with a company's optimum development plan (=thinking about execution). 	

4.2. Interview's content analysis: Script B

Script B's Transcription and Content Analysis		
Question 1: In your experience, which are the best tools and procedure to identify the critical and differentiator competencies of a company's human capital that impact the business?		
Interviewee:	Answer:	Common Key-points
Prof. Idalberto Chiavenato	<ul style="list-style-type: none"> • The human element is fundamental in every business; • Human capital is the company's inner core and its incredible collaborative workforce. • People are the main stakeholder of a company. • The business's main critical and differentiate competencies lay on its human capital • The best tools and procedures are focused on the deep diagnosis – and if possible prognosis focused - of the people who work for the company; • Only few companies know the talents they have and how to make the most of them; • The human capital's diagnostic/prognostic is usually based on vague and imprecise opinions; • The human capital's diagnostic/prognostic should be based on data about behaviors, performances, attitudes, results, and, above all, added value by employees to the results of the business both at an individual level and team level and it should involve the motivations and aspirations of the employees. 	

<p>Prof. Dave Ulrich</p>	<ul style="list-style-type: none"> • An organization's capabilities represent what the organization is known for and good at doing (=the business's differentiate competencies lay on its human capital); • Some capabilities have more business impact: speed/change; information management, culture, customer centricity, innovation, etc.; • Creating sustainable capabilities enables businesses to have more long term market success (=the business's main critical and differentiate competencies lay on its human capital) 	<ul style="list-style-type: none"> • To enable a business to have more long term market success, the creation of sustainable capabilities that lay on human capital is needed; • The best tools and procedures are focused on the deep diagnosis – and if possible prognosis - of the people who work for the company;
<p>Prof. M^a José Sousa</p>	<p>The best procedures and tools to identify competencies in an organization are (=the best tools and procedures are focused on the deep diagnosis – and if possible prognosis - of the people who work for the company):</p> <ul style="list-style-type: none"> • To survey the present strategy of the organization and the future directions; • To have a good knowledge of the products and services of the company; • To draw a draft of the main competencies that can be nuclear for the business development; • To make interviews with a sample of employees in order to identify the Jobs profiles (knowledge from the previous steps is important, or the interviews will not be as productive as could be); • To collect information based in critical incidents and organizational stories; 	<ul style="list-style-type: none"> • A business's main differentiate competencies lay on its human capital; • Some capabilities/competencies have more business impact than other; • The human capital's diagnostic/prognostic should be based on data not opinions

	<ul style="list-style-type: none"> • To validate the Job design and the competencies profiles with the managers of each department or unit. • To collect some information about the prospective competencies that the official organizations have identified. 	
Dr. Carlos Sezões	<ul style="list-style-type: none"> • To build a good competency model, choose and define the correct skills for professional/ talent potential prediction (taking in consideration the company's core processes and business strategy); • To plan and organize assessment tools and evaluate skills proficiency, strengths and weaknesses factors as well as performance trends. 	

Question 2: To what extent the alignment of a company's human capital with the outlined corporate strategy is important to strategy execution and to achieve the desired results?

Interviewee:	Answer:	Common Key-points
Prof. Idalberto Chiavenato	<ul style="list-style-type: none"> • The alignment of human capital with the organization's strategy is fundamental and vital both for its planning, implementation and execution; • The alignment of human capital with the organization's strategy is critical for the effective achievement of the desired results; • The business objectives to be achieved, the appropriate strategy to achieve them, its implementation, and all the execution of its gradual steps, constant monitoring and 	

	<p>consequent measurements are defined by people from multiple hierarchy levels;</p> <ul style="list-style-type: none"> • Most of unsuccessful strategies' cases happen due to problems related with human capital inadequacy; • The human capital's alignment is essential for the success of an organization's strategy. 	
<p>Prof. Dave Ulrich</p>	<ul style="list-style-type: none"> • Most organizations have a business strategy that defines: <ul style="list-style-type: none"> 1) where the organization will play (compete); 2) how they will win; • Once this direction is set, the organization then has to execute against it. • HR's role is to help build the talent, leadership, and organization to deliver on strategy. • There should be a line of sight from business strategy to HR outcomes and practices. 	<ul style="list-style-type: none"> • The alignment of human capital with the organization's strategy is important for its planning, implementation and execution; • The need of aligning strategy and human capital in order to obtain the desired results.
<p>Prof. M^a José Sousa</p>	<ul style="list-style-type: none"> • The business strategy implementation faces many challenges which requires employees development programs to make them capable of delivering in accordance with business strategy; • The business goals and strategy and the employee motivation and culture needs to be in harmony; • Top management must address how they actually want to manage performance. • To identify HR competencies in accordance with the business needs and develop selection and development practices to secure those 	

	<p>competencies;</p> <ul style="list-style-type: none"> • The new concept of employee value proposition (EVP) - which is the recognition of an organization in return for the skills, capabilities and experiences an employee brings to the organization. • Rewards based upon the individual and team performance to their contribution towards the achievement of the organization's objectives. 	<p><u>Non-common but relevant points:</u></p> <ul style="list-style-type: none"> • The business goals and strategy and the employee motivation and culture needs to be in harmony; • Most of unsuccessful strategies' cases happen due to problems related with human capital inadequacy; • Being aware of the global strategy allows people to work together on the same purpose and leverage synergies.
Dr. Carlos Sezões	<ul style="list-style-type: none"> • The alignment of a company's human capital with the outlined corporate strategy is extremely important: • It is fundamental for the engagement and commitment that will enable performance and achievements. • Being aware of the global strategy allows people to work together on the same purpose and leverage synergies. 	
<p>Question 3: Do you think if strategic planners took into consideration the human capital's differentiator and critical competencies for the business, it would help to reduce the strategy execution GAP and to maximize the efficiency of achieved results?</p>		
Interviewee:	Answer:	Common Key-points
Prof. Idalberto Chiavenato	<ul style="list-style-type: none"> • Planning defines what the organization intends to do in the future and how it should be done; • the organization aims to establish the necessary resources and resources to enable planning and reflects how the company tries 	

	<p>to meet the plans;</p> <ul style="list-style-type: none"> • the direction represents the setting in motion of what was planned and organized; • The control represents the monitoring, follow up and evaluation of organizational performance, to verify if things are happening according to what was planned, organized and directed. <p>Note that all of these steps are done by people from multiple levels of the organization, so if the alignment between a company's strategy and its human capital is non-existent the strategy simply cannot be executed or implemented.</p>	
<p>Prof. Dave Ulrich</p>	<ul style="list-style-type: none"> • Yes; • If HR issues are intertwined with strategy choices, the execution gap is moderated. 	
<p>Prof. M^a José Sousa</p>	<ul style="list-style-type: none"> • Totally in agreement; • Sometimes the People Management Strategy does not meet the business goals of the organization; • Companies need to make employees primary stakeholders in the goal setting process. • The strategic planners of the organization need to be aligned with the people management policies (analyzing and identifying the need for and availability of employees knowledge and competencies so that the organisation can meet its objectives); • The organization need to have a good knowledge of the job market and how it can match to hiring need; 	<ul style="list-style-type: none"> • Agreement with the idea expressed in the question; • If taken into consideration the human capital's differentiator and critical competencies for the business better results can be expected; • The need of aligning strategic planners with HR people to reduce the execution GAP;

	<ul style="list-style-type: none"> • No organization can meet its goals without recruiting talented workers; • Focus on the employee of the organization and create forecasting and succession planning systems that can handle different contingencies which impacts the success of business operations. • Through succession planning organizations can recruit skilled employees, develop their knowledge, skills, and abilities further to contribute successfully for the organization's goals accomplishment. 	<p><u>Non-common but relevant points:</u></p> <ul style="list-style-type: none"> • Involving people and their specific talent and competencies, enables engagement and drives better results; • No organization can meet its goals without recruiting talented worker; • Companies need to make employees primary stakeholders in the goal setting process.
<p>Dr. Carlos Sezões</p>	<ul style="list-style-type: none"> • Yes. • When building a global strategy, the key-success factors of the business need to be addressed and the internal main differentiating competencies need to be taken into account • Bearing in mind the two previous items it is possible to build a strategy based on real competitive advantages and, therefore, reduce the gap between strategy and action. • Involving people and their specific talent and competencies, enables engagement and drives better results. 	

4.3. Surveys' Descriptive Statistical Analysis

At this stage of the research, we will go through the conclusions to each one of the questions from the survey by questionnaire (see appendix 11), which Campenhoudt & Quivy (2008, p. 188) portray as “to consist in placing a set of respondents, generally representative of a population, a series of questions

concerning their social, professional or family situation, their expectations, their level of knowledge or awareness of an event or a problem, or any other point of interest for the researchers”.

Our population covered all European Citizens, both professionals and students, from multiple areas of expertise. Since it wouldn't possible to study the entire population, we have decided on an open access survey. By making this choice, we were able to put together a random sample of 200 people from many European countries. The survey was online between April 27th and June 20th of 2018, it was distributed through social media and e-mail platforms. It is important to mention that the survey's script, which has a total of 14 close answer questions outlined according to the research's rules and needs, was first tested among a small group of 5 people in order to make sure that every question was clear and easy to answer.

In the graphic below we can see that our sample was 51% female and 49% male.

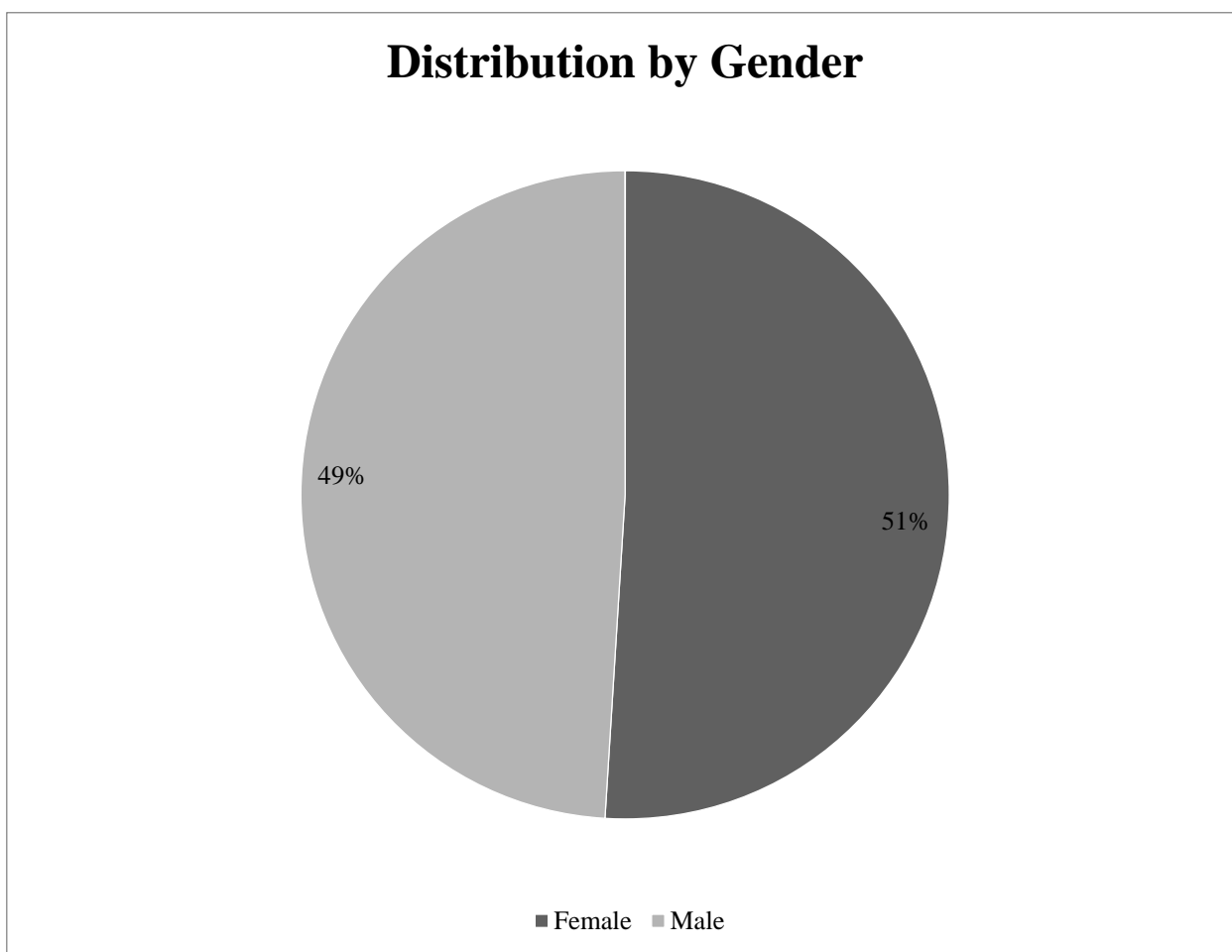


Figure 13: Distribution by Gender

Source: Own Elaboration

The following graphic concerns to the age distribution of our sample, in which we can see that 27% of our sample is on the 46-52 years range, 25% is on the 39-45 years range, 15% is on the 32-38 years range, 16% is below 31 years old and 17% is older than 53 years old.

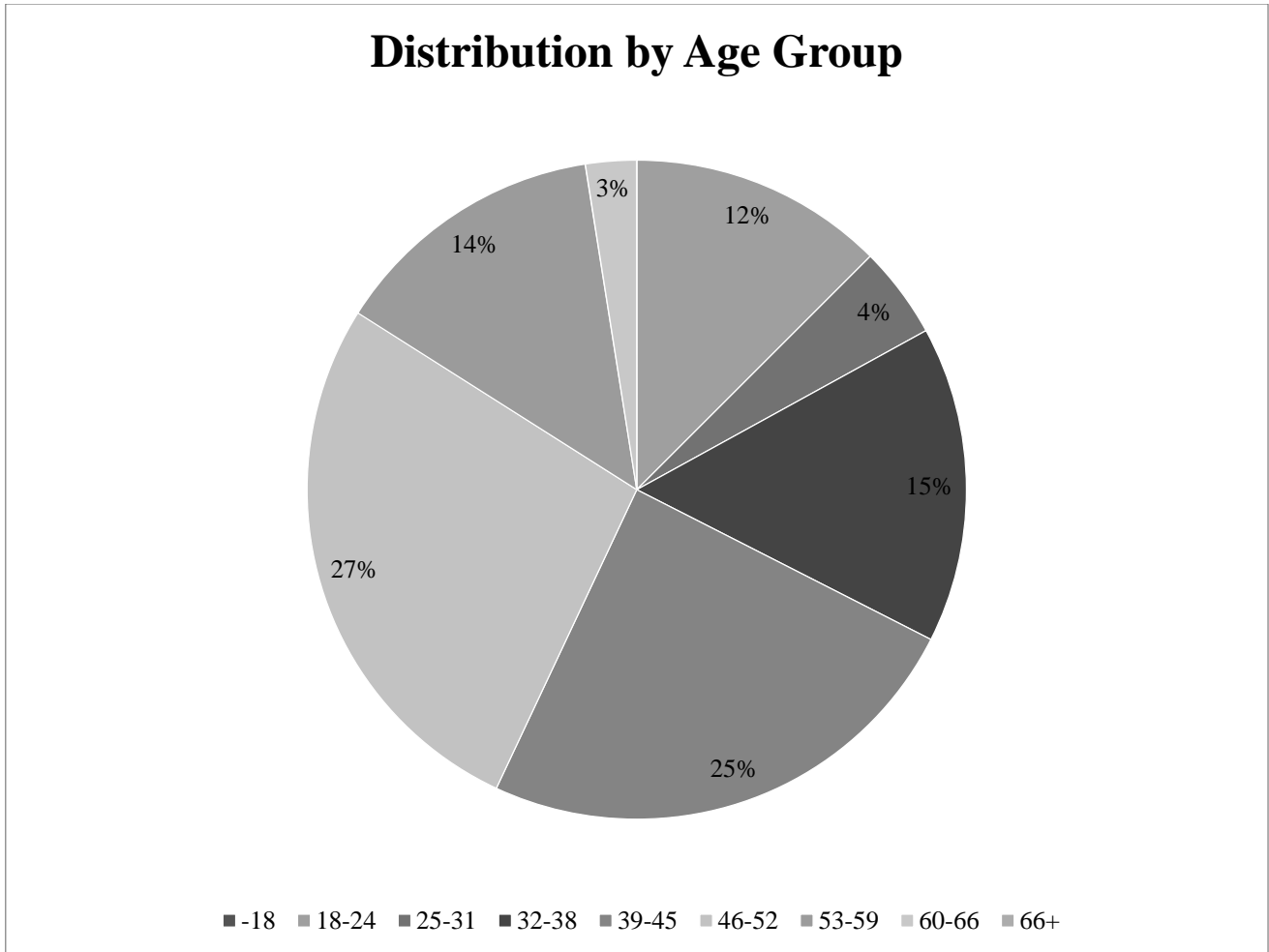
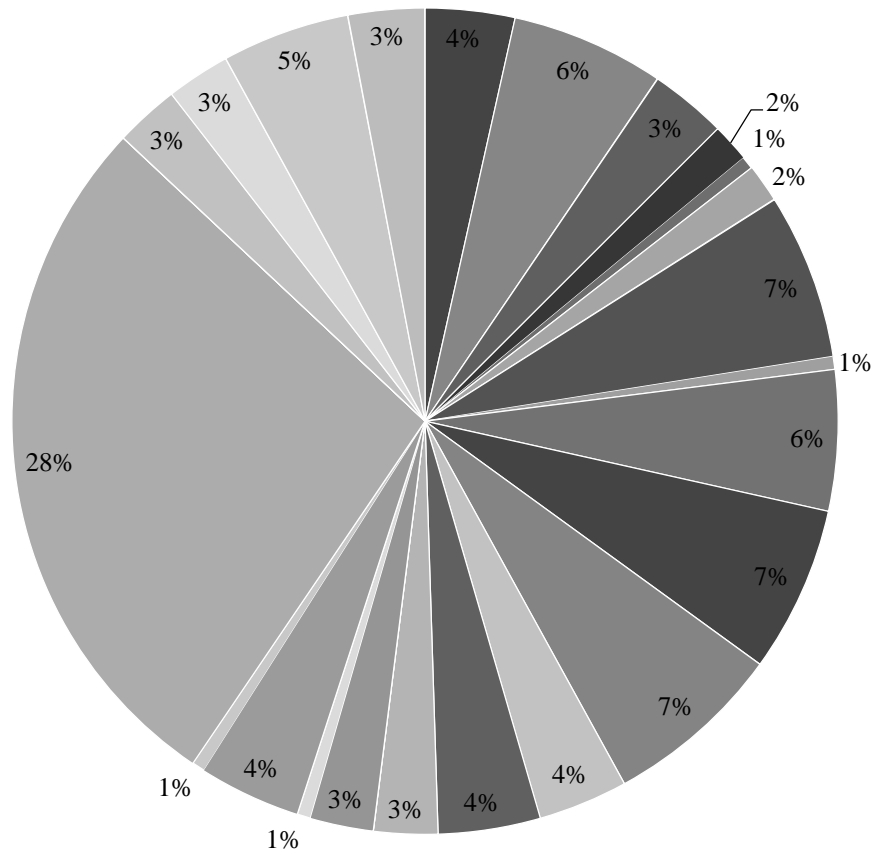


Figure 14: Distribution by Age Group

Source: Own Elaboration

It was also important for us to know the country of origin of our respondents in order to enrich the sample's sociological analysis. Also, by having respondents from many different countries we are able to do a better generalization of the results. In the next graphic, it is possible to see the country-wise distribution of our sample: 28% of our respondents are from Portugal, 7% from Denmark, 7% from France, 7% from Germany, 6% from Belgium, 6% from Finland, 5% from the United Kingdom, 31% from other European countries and 3% from non-European Countries.

Distribution by Country of Origin



- | | | | |
|---------------|-------------------|-------------------|--------------|
| ■ Austria; | ■ Belgium; | ■ Bulgaria; | ■ Croatia; |
| ■ Cyprus; | ■ Czech Republic; | ■ Denmark; | ■ Estonia; |
| ■ Finland; | ■ France; | ■ Germany; | ■ Greece; |
| ■ Hungary; | ■ Italy; | ■ Latvia; | ■ Lithuania; |
| ■ Luxembourg; | ■ Malta; | ■ Netherlands; | ■ Poland; |
| ■ Portugal; | ■ Romania; | ■ Slovakia; | ■ Slovenia; |
| ■ Spain; | ■ Sweden; | ■ United Kingdom; | ■ Other... |

Figure 15: Distribution by Country of Origin

Source: Own Elaboration

In the 2 following graphic we can see not only which the main areas of expertise of our sample are, but also its professional fields. These two variables allow us to attain the relevance of the respondents on the subject and also help us to be able to generalize the results for many different professional fields.

Distribution by Area of Expertise

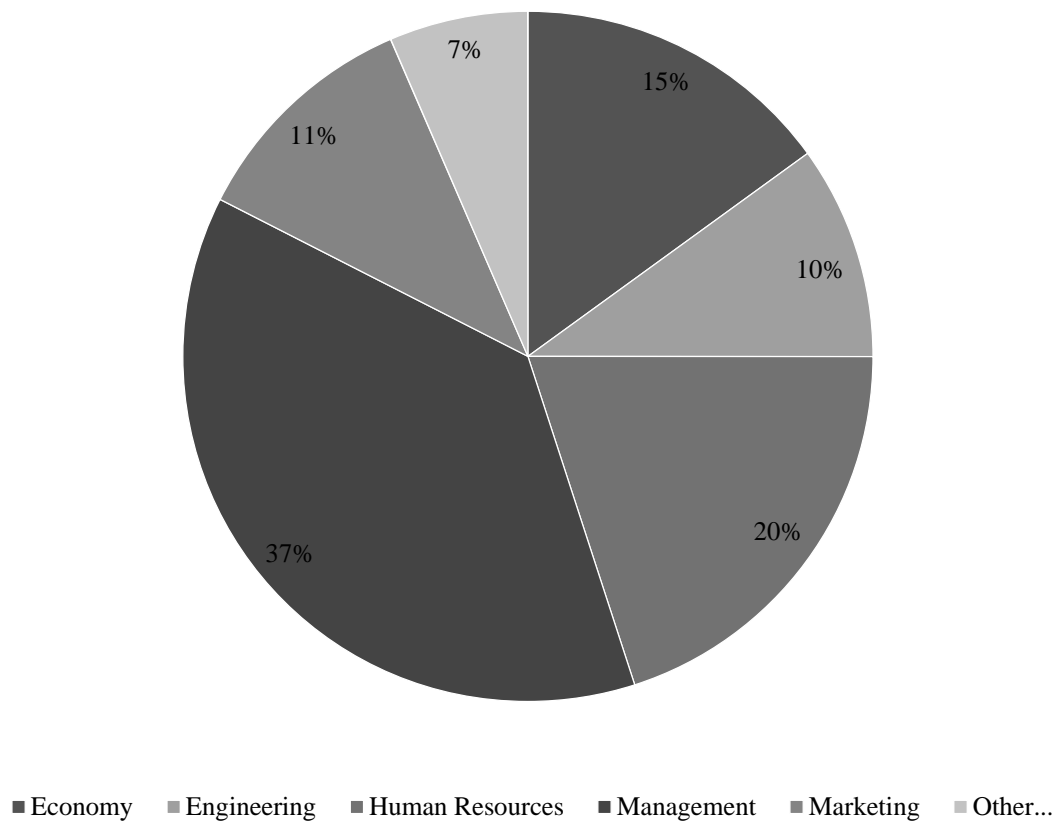


Figure 16: Distribution by Area of Expertise

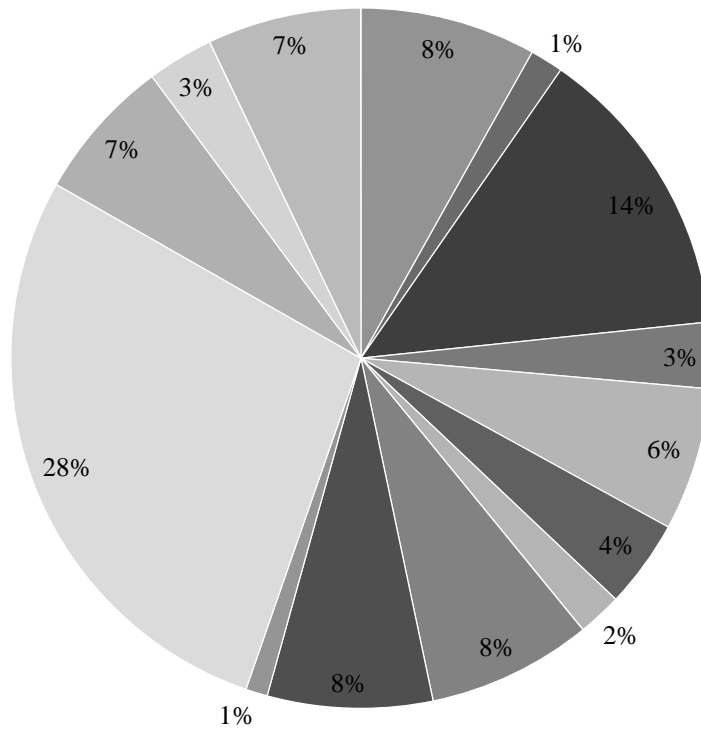
Source: Own Elaboration

In this one it is clear that our sample's main areas of expertise are Management with a weight of 37% and Human Resources weighting 20%.

The area of Economy, Marketing and Engineering have a smaller but still considerable weight in our sample, 15%, 11% and 10% respectively. Only 7% of our sample declares to have other area of expertise from the ones listed.

On other hand, the next one shows us a completely different background. It definitely makes it clear that our sample covers a wide range of professional fields. However we can highlight 5 of our sample's main professional fields: Services with a weight of 28%, Banking and Insurance weighting 14%, Architecture and Engineering with a weight of 8%, also Health and Industry weighting 8% each.

Distriution by Professional Field



- Agriculture / Livestock / Forestry / Apiculture / Fishing;
- Architecture and Engineering;
- Arts, Entertainment, Sports and Multimedia;
- Banking and Insurance;
- Construction / Public Works;
- Education;
- Food & Beverage / Catering;
- Gas, Water and Electricity Supply;
- Health;
- Industry;
- Mineral Extraction;
- Services;
- Tourism;
- Transports;
- Other...

Figure 17: Distribution by Professional Field

Source: Own Elaboration

On the next graphic is reflected the weight of each level of hierarchy in our sample. On its bases, we can conclude that 54% of our respondents hold a Top Management position, 26% hold a Middle Management position, 12% are 1st line Managers and 8% are students.

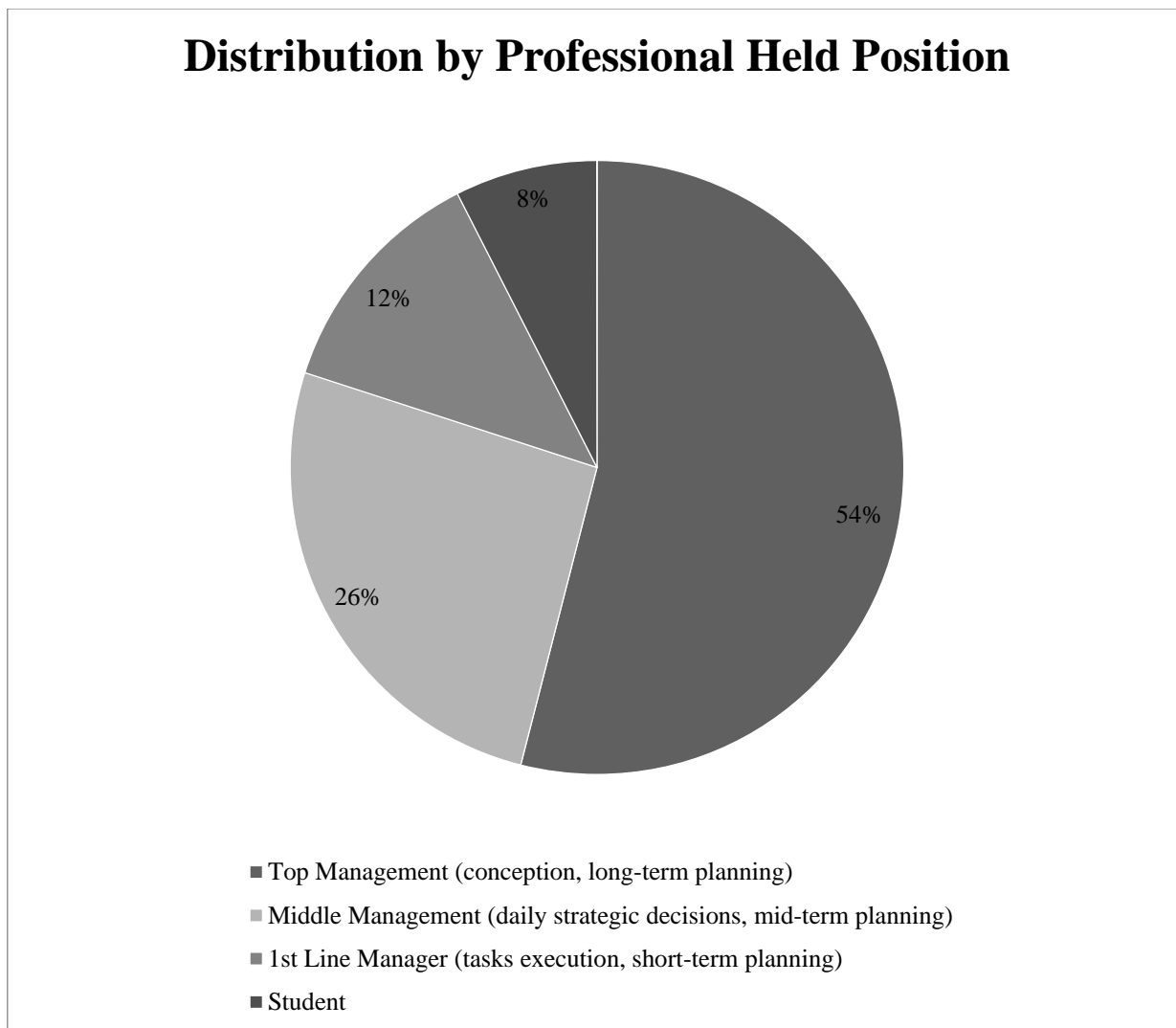


Figure 18: Distribution by Professional Held Position

Source: Own Elaboration

To sum up, our sample consists mainly of European citizens on the 32-52 years old range with expertise in Management, Human Resources, Economy, Marketing and Engineering. Our respondents show a great variety in their professional background, being Services, Banking and Insurance, Architecture and Engineering, Health and Industry the most representative fields. We were also able to conclude that more than half of our sample holds a Top Management position and slightly more than a quarter holds a Middle Management position. After these introductory questions that enabled us to trace

the profile of our sample we are now in condition to evaluate the responses to the questions concerning to the research’s central question and associated sub questions.

Our first question related to the heart of this investigation was **“In your opinion, which are the most used tools to support strategic planning?”**.

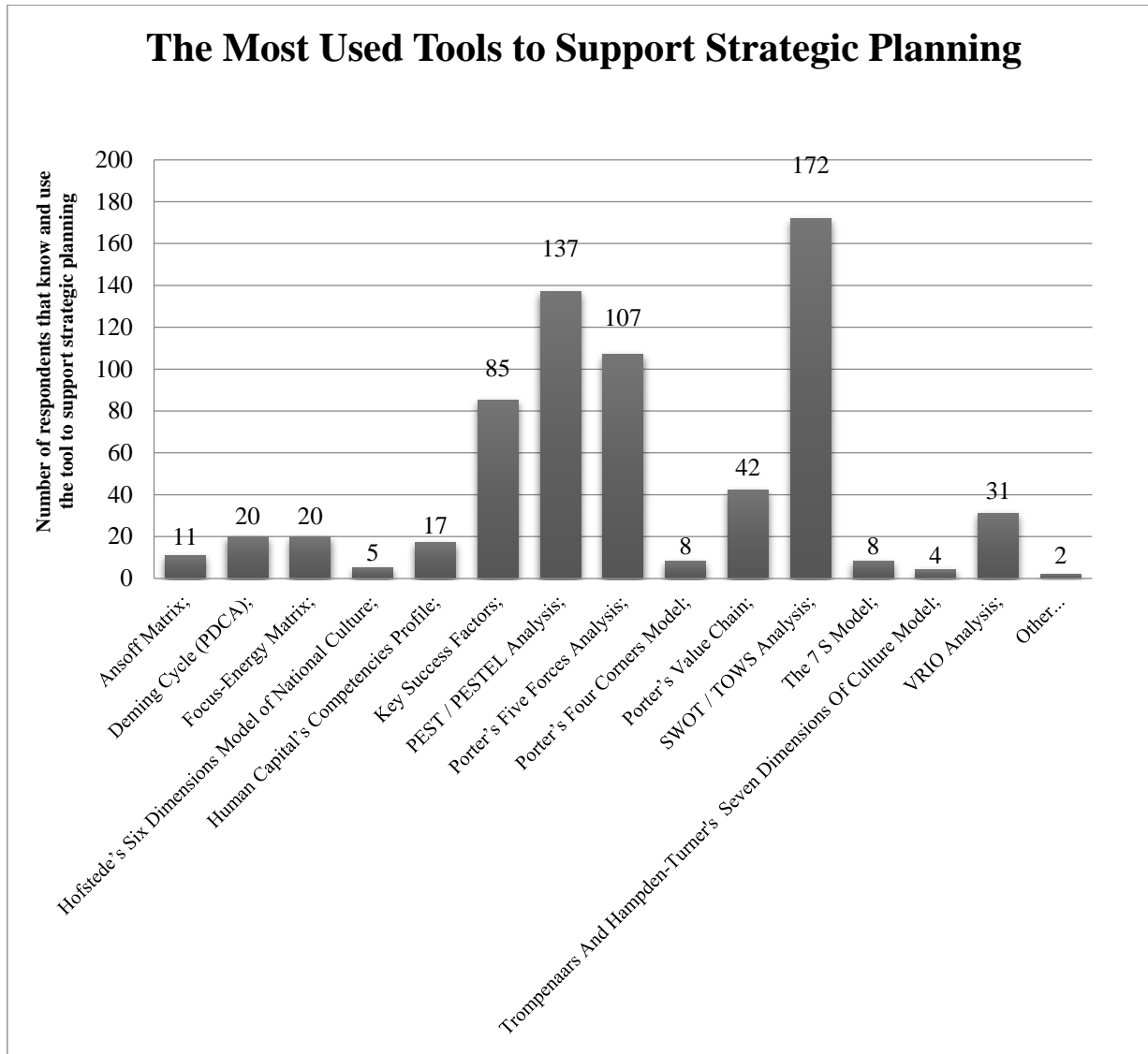


Figure 19: The Most Used Tools to Support Strategic Planning

Source: Own Elaboration

On the previous chart became clear which the most well-known and used tools to support strategic planning are. The SWOT/TOWS analysis, the PEST / PESTEL Analysis, the Porter’s Five Forces Analysis and the Key Success Factors analysis are known and used by, respectively, 86%, 69%, 54% and 43% of our sample. These clearly are the most prominent tools used in strategic planning. However in

second place came the Porter's Value Chain and the VRIO Analysis which are known and used by 21% and 16% of our sample, respectively. The rest of the tools do not have a significant expression.

Faced with these results we can conclude that most people do not consider any tool that reflects the company's human capital, so strategies are traced without a clue of its people's competences, strengths that could be used as competitive advantage or weaknesses that needed to be considered.

Our second question was divided into 4 different but related questions. Firstly, we have asked a yes-no question, which was the following **“Do you consider that the alignment of a company's Human Capital with the outlined strategy is important for its implementation and execution?”**.

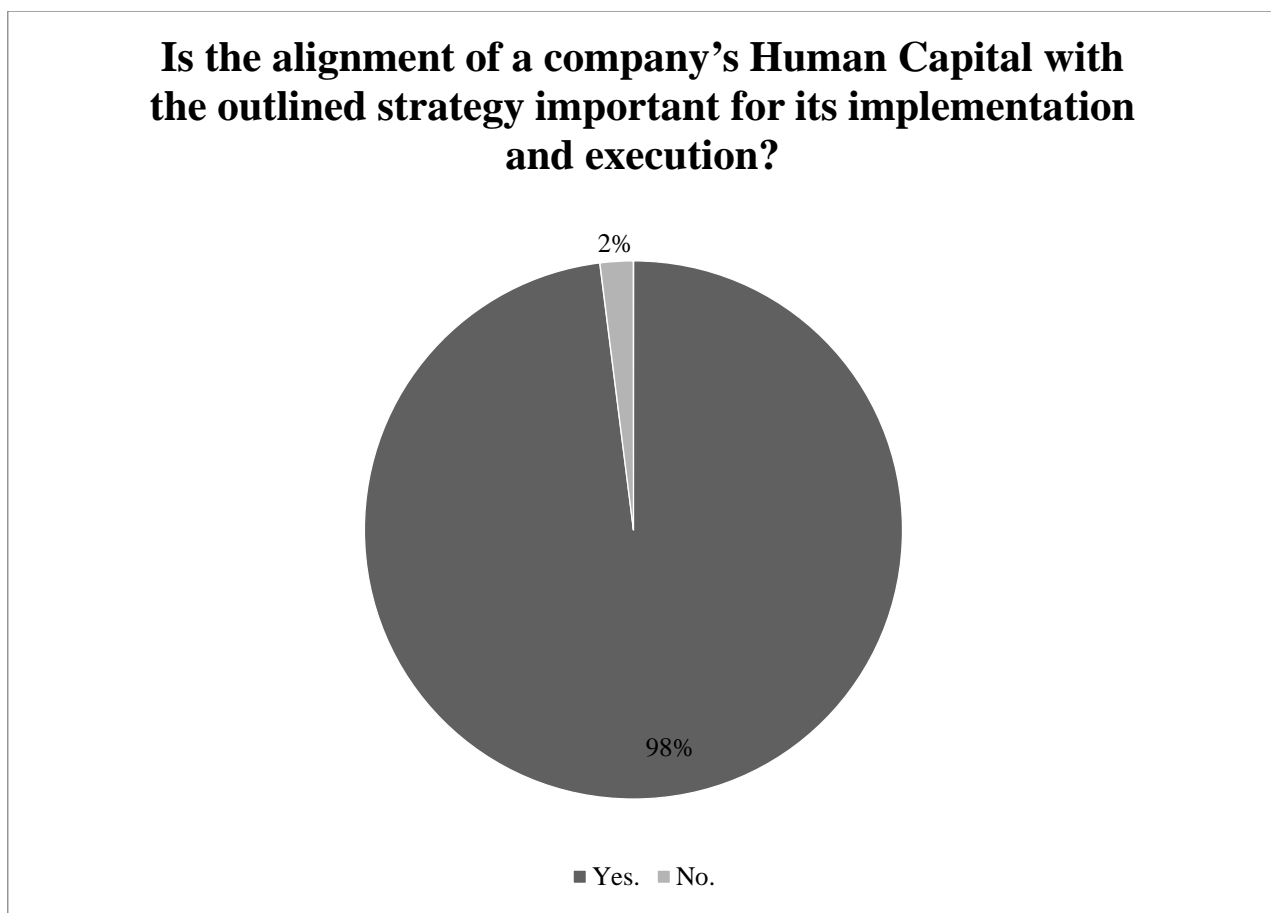
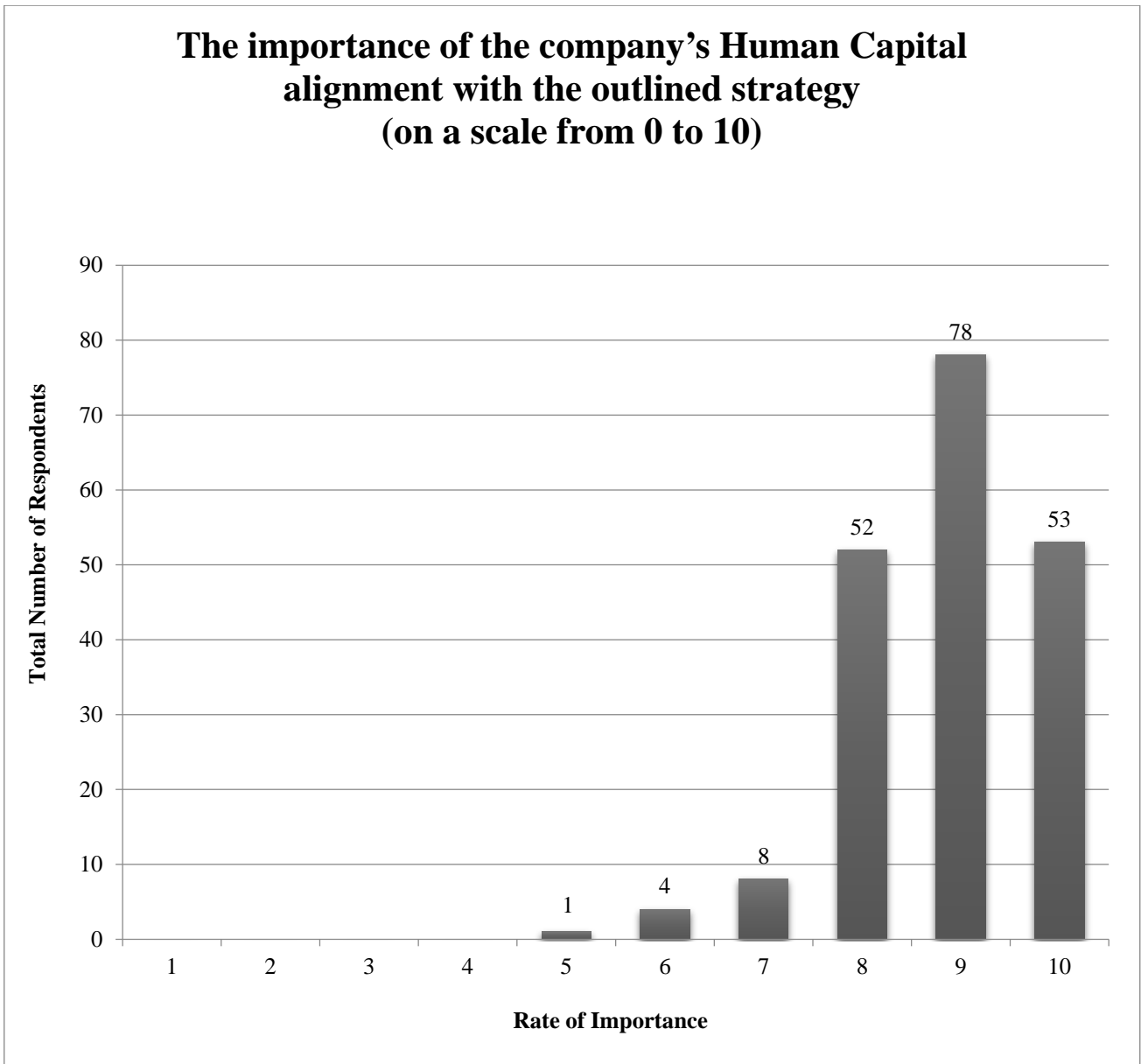


Figure 20: Is the alignment of a company's Human Capital with the outlined strategy important for its implementation and execution?

Source: Own Elaboration

As seen on the graphic above 98% of our sample considers that the alignment of a company's Human Capital with the outlined strategy is important for its implementation and execution.

To obtain a more accurate response we have then asked **“If yes, from 0 to 10 how important do you consider this alignment to be?”**.



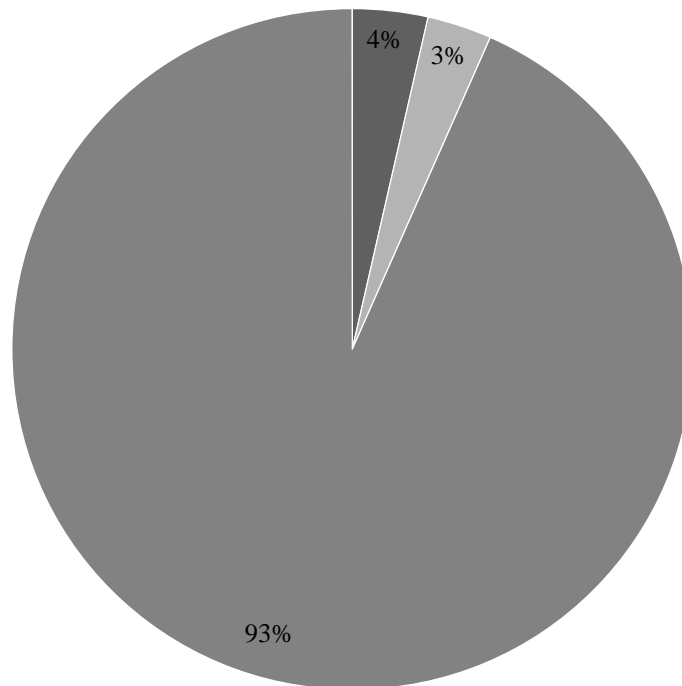
**Figure 21: The importance of the company's Human Capital alignment with the outlined strategy
(on a scale from 0 to 10)**

Source: Own Elaboration

This chart shows that 91,5% of our sample rated, on a scale from 0 to 10, the importance of the company's Human Capital alignment with the outlined strategy from 8 up.

In the third part of our question we intended to understand how this alignment could lead to a better execution of the outlined corporate strategy. With this purpose in mind we set down the question **“How this alignment does lead to a better execution?”**.

How this alignment lead to a better execution



- A) It helps to reduce the GAP between strategic planning and strategy execution, which contributes to a better execution.
- B) It helps to create measurable goals throughout the company that are meaningful within the context of goals for the organization, which contributes to a better execution.
- Both A and B.
- Other...

Figure 22: How alignment of a company’s Human Capital with the outlined strategy lead to a better execution

Source: Own Elaboration

Here we can conclude that the alignment of a company’s Human Capital with the outlined strategy lead to a better execution not only by helping to reduce the GAP between strategic planning and strategy execution but also by helping to create measurable goals throughout the company that are meaningful within the context of goals for the organization.

Finally, we needed to understand which the impact of this alignment leading to a better execution on the business results is. Bearing in mind our intent we set the following question: **“And which is its impact on the business results?”**.

The alignment of a company's Human Capital with the outlined strategy impact on the achieved results

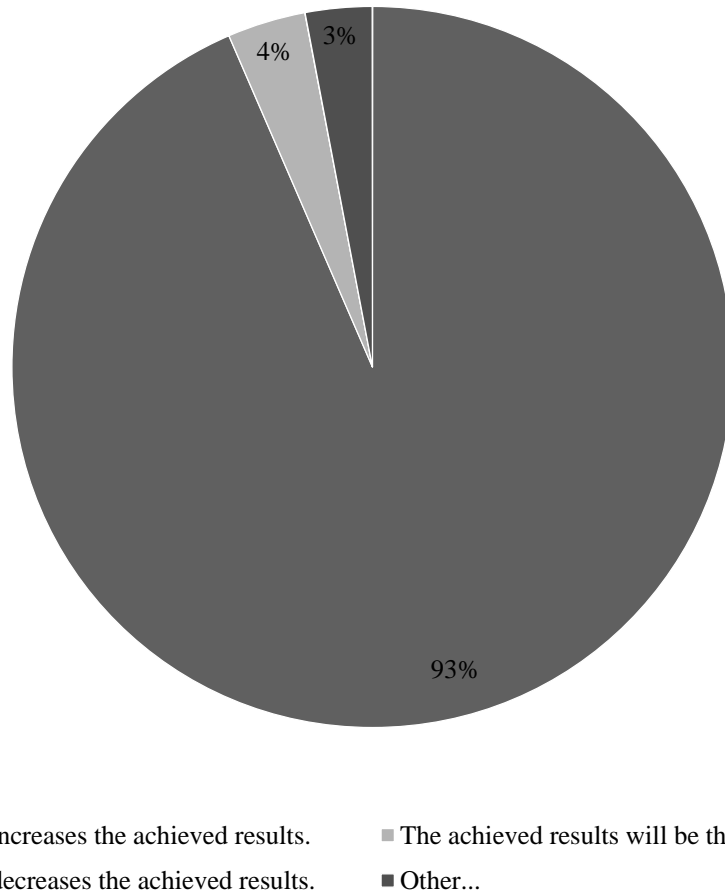


Figure 23: The alignment of a company's Human Capital with the outlined strategy impact on the achieved results

Source: Own Elaboration

The graphic above shows that 93% of our sample agreed on the fact that the alignment of a company's Human Capital with the outlined strategy, which leads to a better execution, has a positive impact on the business results. Considering these results we can state that a better strategy execution contributes to increasing the business achieved results.

Our last question on the survey related to the heart of this investigation was parted into 3 questions. We have started by asking another yes-no question: **“In your opinion, is it possible to maximize the efficiency of achieved results by using a Human Capital Analysis, along with other management tools, in strategic planning?”**.

Is it possible to maximize the efficiency of achieved results by using a Human Capital Analysis, along with other management tools, in strategic planning?

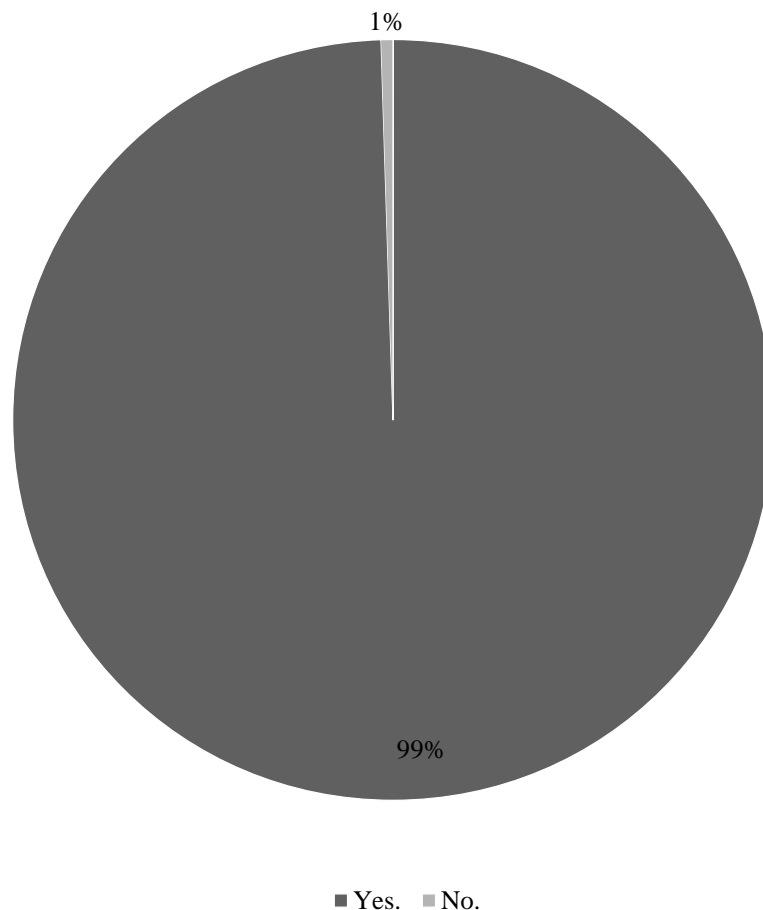


Figure 24: Is it possible to maximize the efficiency of achieved results by using a Human Capital Analysis, along with other management tools, in strategic planning?

Source: Own Elaboration

In the chart above we can see that 99% of our respondents believe that it is possible to maximize the efficiency of achieved results by using a Human Capital Analysis, along with other management tools when doing strategic planning.

In the next graphic it is shown that 87% of our sample rated, on a scale from 0 to 10, the possibility's strength of maximizing the efficiency of achieved results by using a Human Capital Analysis, along with other management tools in strategic planning from 8 up.

The possibility's strength of maximizing the efficiency of achieved results by using a Human Capital Analysis, along with other management tools in strategic planning (on a scale from 0 to 10)

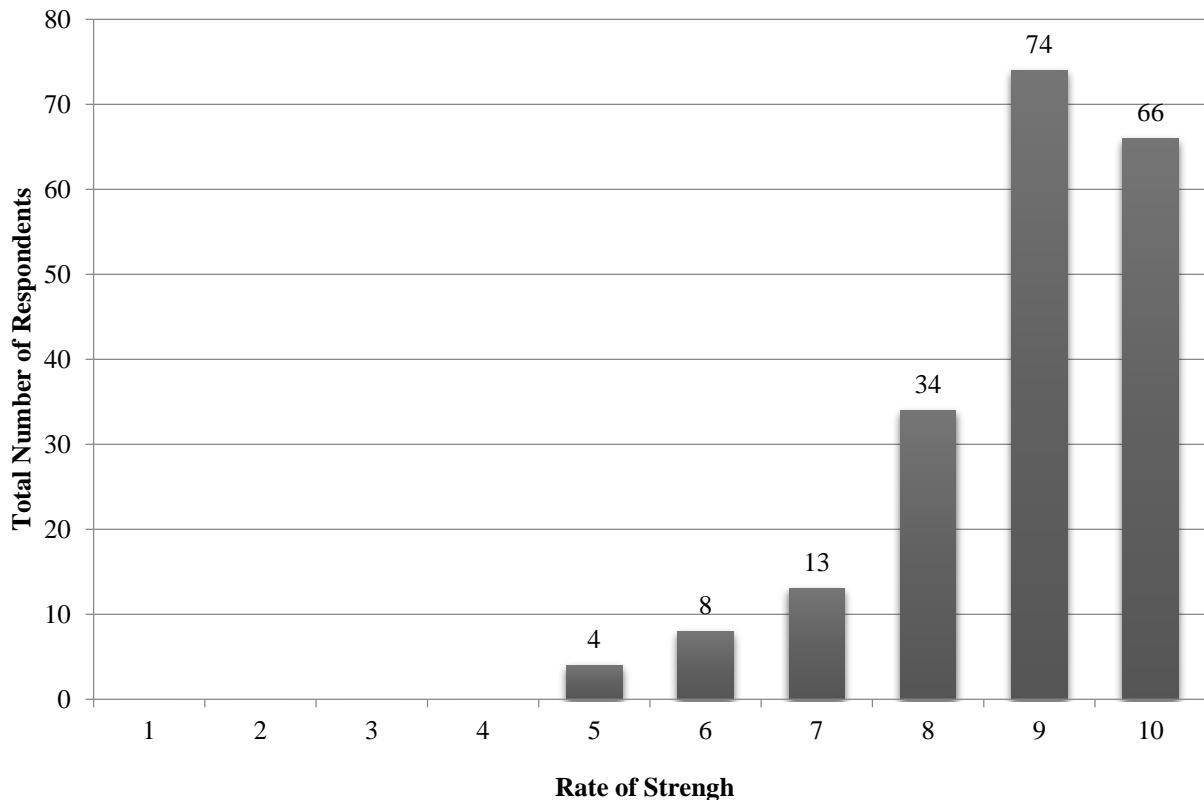
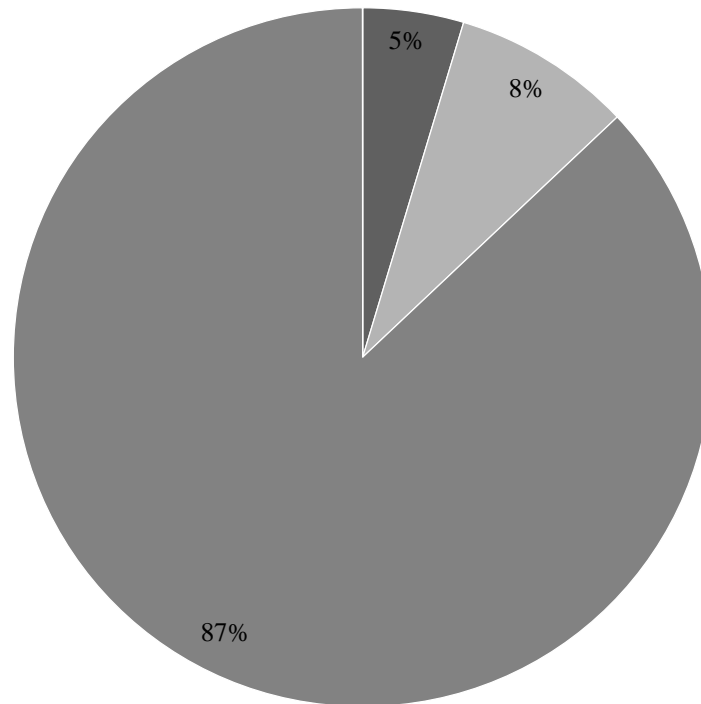


Figure 25: The possibility's strength of maximizing the efficiency of achieved results by using a Human Capital Analysis, along with other management tools in strategic planning (on a scale from 0 to 10)

Source: Own Elaboration

To successfully finish our survey we needed to understand in what manner the use of a Human Capital Analysis, along with other management tools in strategic planning helps to maximize the efficiency of achieved results. To be able to understand this point we have put down one last question: **“If yes, how does the use of a Human Capital Analysis, along with other management tools, in strategic planning helps to maximize the efficiency of achieved results?”**.

How the use of a Human Capital Analysis, along with other management tools, in strategic planning helps maximizing the efficiency of achieved results



- A) By enabling to design more realistic and doable strategies, it helps to align the strategy with the company's human capital strengths and weaknesses in order to reduce the strategy execution GAP allowing maximizing the efficiency of achieved results.
- B) By enabling the right alignment between who defines the corporate strategy and who implements it, it helps the whole company's human capital becomes more productive and productive people don't waste time or resources allowing maximizing the efficiency
- Both A and B.
- Other...

Figure 26: How the use of a Human Capital Analysis, along with other management tools in strategic planning helps to maximize the efficiency of achieved results

Source: Own Elaboration

From this last chart we can conclude that the use of a Human Capital Analysis, along with other management tools in strategic planning, helps to maximize the efficiency of achieved results by enabling to design more realistic and doable strategies, it helps to align the strategy with the company's human

capital strengths and weaknesses in order to reduce the strategy execution GAP, and by enabling the right alignment between who defines the corporate strategy and who implements it, it helps the whole company's human capital to become more productive and productive people don't waste time or resources allowing to maximize the efficiency of achieved results.

4.4. Verification of Hypothesis, Answers to the Associated Sub Questions and Central Question

The data analysis results allow us to confirm or reject the hypotheses that were raised. Fortin (2009, p 537), *“the results are clearly presented and related to the implicit assumptions”*. The author further states that *“the results' simple presentation is not enough. These still need to be appreciated and interpreted. The researcher contextualizes the study with works that have already been published in the results' interpretation (...) the researcher examines the investigation's main results linking them to the problem, to the questions or to the hypotheses”* (idem, p. 495).

Along with the study's conclusion comes the moment of the results' discussion and of answering to the research's questions formulated at the beginning of our journey, only through its confirmation we are able to achieve the previously established research's objectives. Fortin (idem, p. 170) states that *“the hypothesis is verifiable if the predicted relation can be confirmed or invalidated on the basis of the collected data”*, since it is *“supported on theoretical grounds as far as it is intended to explain a phenomenon”*.

Therefore, it is intended to answer the research's associated sub-questions, which are inseparably linked to the central question, as well as to confirm or reject its hypotheses.

ASQ 1: How to identify the competences at a Human Capital level that can be decisive in strategic planning?

According to the Script A's Interviewees (Prof. Ram Charan, Prof. Rosário Cação, Dr. Vijay Raghavan & Dr. Hugo Alvarenga) to identify what are the human capital's competencies that we currently have and which are the competencies that we need plays an important role in strategic planning because many times there is a need to adjust a company's internal resources in order to achieve the desired results. Prof. Ram Charan even stated that *“it's the human side that shapes the company”*.

They have further expressed the idea that a strategy needs to be doable, so execution needs to be taken into consideration when doing strategic choices. When an accurate human capital analysis is taken into consideration, while doing strategic planning, better results can be expected at the end. Also, by considering the competences of the company's human capital, when doing strategic planning, it is

possible to separate what can be done from what cannot be achieved which allows the company to reduce its execution GAP and attain more efficient results.

According to the Script B's Interviewees (Prof. Idalberto Chiavenato, Prof. Dave Ulrich, Prof. M^a José Sousa & Dr. Carlos Sezões) a company's main differentiate competencies lay on its human capital. In terms of strategic planning there is agreement that to enable a business to have more long term market success the creation of sustainable capabilities that lay on human capital is needed.

In conclusion, an adequate assessment of a company's human capital can be decisive in strategic planning as far as it may condition a strategy's success and keep us from going down a path that we cannot support since the needed human resources are not available inside the company or in the market.

The competencies of a company's human capital also play an important role in strategic planning since they can originate sustainable competitive advantages, is important to remember that (Porter, 2011, p. 26) *“the most salient force (...) is not always obvious”* and that *“competitive strategy is about being different. It means deliberately choosing a different set of activities to deliver a unique mix of value”* (Porter, 1996, p. 64).

Strategic planners need to work closer with HR people in order to find how to create unique value through the company's human capital and use those unique value creators as a competitive advantage that will help the company to differentiate itself from its competitors, as Prof. Idalberto Chiavenato stated in his interview *“Human capital is the company's inner core (...). Thus, a business's main critical and differentiate competencies lay on its human capital, whether it comes to strategic planning, implementation, alignment, preparation, execution or impacting positive results for the business”* (Appendix 5).

ASQ 2: How important is the alignment of Human Capital with the outlined strategy in order to attain a better execution?

The answers to the survey's question number 8 **“Do you consider that the alignment of a company's Human Capital with the outlined strategy is important for its implementation and execution?”** allowed us to shape the answer to the second associated sub-question.

From our sample of 200 respondents, 196 of them said that they consider the alignment of a company's Human Capital with the outlined strategy to be important for its implementation and execution. Then, in the question 8.1 they were asked to rate from 0 to 10 how important is this alignment. As seen on Figure 10, 91.5% of our sample rated the importance of the company's Human Capital alignment with the outlined strategy from 8 up which means that it is highly important.

The conducted interviews supported the survey's results.

The Script A's Interviewees (Prof. Ram Charan, Prof. Rosário Cação, Dr. Vijay Raghavan & Dr. Hugo Alvarenga) in their majority agreed that a company's human capital has an high influence over strategy implementation and execution. If the human capital is not aligned with the company's strategy its implementation/execution will be conditioned or even impossible, on other hand an engaged human capital is more naturally driven towards the company's interests, so more commitment is generated not only to bring the strategy to its terms but also to achieve the organization's goals. Prof. Ram Charan further stated that *"people are the central thrust, not the strategy"* (Appendix 1), only people can both create/choose a strategy and assess how to execute it.

The Script B's Interviewees (Prof. Idalberto Chiavenato, Prof. Dave Ulrich, Prof. M^a José Sousa & Dr. Carlos Sezões) agreed that the alignment of human capital with the organization's strategy is important for its planning, implementation and execution. This alignment is needed in order to obtain the desired results. Prof. M^a José Sousa further stated that *"the business goals and strategy and the employee motivation and culture need to be in harmony"* and Dr. Carlos Sezões (Appendix 8) defended the idea that being aware of the global strategy allows people to work together on the same purpose and to leverage synergies in other to obtain the desired results.

At last, the results of the survey's question number 8.2, along with the interviews' outcomes and the literature review, allowed us to confirm both **H1: Incorporating a human capital analysis into strategic planning helps to reduce the concerning GAP between Strategic planning and Strategy Execution** and **H2: Incorporating a human capital analysis into strategic planning helps to create measurable goals throughout the company, that are meaningful within the context of goals for the organization and contribute to a better execution.**

In conclusion, the alignment of a company's Human Capital with the outlined strategy is important for its implementation and execution because a strategy depends on people, according to Prof. Idalberto Chiavenato *"most of unsuccessful strategies' cases happen due to problems related with human capital inadequacy, whether because of lack of orientation and preparation, lack of adequate human skills, lack of motivation or fear of the unknown when dealing with strategic changes which results can intimidate the people involved or when people do not approve or do not accept their possible results and future impacts or by comparing individual values and their discrepancies with organizational values. The human capital's alignment is essential for the success of an organization's strategy, without it, the strategy will be stored in the CEO's drawer"* (Appendix 5).

A good communication throughout the organization is key to guarantee the right alignment between a company's human capital and its strategy in order for it to be successful, as Dr. Vijay Raghavan stated *"if people are not engaged, no strategy can be executed"* (Appendix 3).

ASQ 3: How to maximize the efficiency of achieved results through Human Capital Analysis?

With the answers to survey's question number 9 **“In your opinion, is it possible to maximize the efficiency of achieved results by using a Human Capital Analysis, along with other management tools, in strategic planning?”** we were able to conclude that it is possible to maximize the efficiency of achieved results by using a Human Capital Analysis, along with other management tools, in strategic planning, since from our sample of 200 respondents, 199 answered positively.

According to the Script A's Interviewees (Prof. Ram Charan, Prof. Rosário Cação, Dr. Vijay Raghavan & Dr. Hugo Alvarenga) when an accurate human capital analysis is taken into consideration, while doing strategic planning, better results can be expected. This kind of analysis by helping us to separate what can be done from what cannot be achieved also enable us to cross out strategies that cannot be executed which results in a more efficient resources and time managing what end up leading to more efficient results. Prof. Rosário Cação even stated that *“the better the skills and human capital's assessment is, better are the results that can be expected”* (Appendix 2).

The Script B's Interviewees (Prof. Idalberto Chiavenato, Prof. Dave Ulrich, Prof. M^a José Sousa & Dr. Carlos Sezões) agreed that if strategic planners took into consideration the human capital's differentiator and critical competencies for the business it would help to reduce the strategy execution GAP and to attain better results. Prof. Dave Ulrich recognized that when *“HR issues are intertwined with strategy choices, the execution gap is moderated”*. Strategic planners and HR people need to create synergies in order to achieve the company's long term goals, as Prof. M^a José Sousa stated *“the strategic planners of the organization need to be aligned with the people management policies, analyzing and identifying the need for and availability of employees knowledge and competencies so that the organization can meet its objectives”*.

At last, the literature review and the interviews' outcomes along with th results of the survey's question number 9.2 **“If yes, how does the use of a Human Capital Analysis, along with other management tools, in strategic planning helps to maximize the efficiency of achieved results?”** allowed us to give a more precise answer to the third associated sub-question by confirming both **H3: Incorporating a human capital analysis into strategic planning helps to maximize the efficiency of achieved results by enabling to design more realistic and doable strategies and allowing a better alignment between the corporate strategy and the strengths and weaknesses of the company's human capital** and **H4: Incorporating a human capital analysis into strategic planning helps to maximize the efficiency of achieved results by enabling the right alignment between who defines the corporate strategy and who implements it.**

In conclusion, the use of a Human Capital Analysis, along with other management tools in strategic planning, helps to maximize the efficiency of achieved results by enabling to design more

realistic and doable strategies, it helps to align the strategy with the company's human capital strengths and weaknesses in order to reduce the strategy execution GAP, and by enabling the right alignment between who defines the corporate strategy and who implements it, it helps the whole company's human capital to become more productive and productive people don't waste time or resources allowing to maximize the efficiency of achieved results.

Answering the Central Question

After answering the associated sub-question, it is now up to us to answer the question **“To what extent the Human Capital Analysis may influence Strategic Planning, Strategy Execution, and the achieved results?”** by encountering the possibility of answering it.

As mentioned above we were able to attain that an accurate human capital's analysis may greatly influence strategic planning, strategy execution and even the achieved results, in sum since it enables strategic planners to trace more realistic strategies by separating what can be done from what cannot be achieved and allows a better alignment between a company's human resources and its strategy, which is critical in strategy execution, it helps not only to reduce the execution GAP but also to improve the engagement of the company's workers, which became more naturally driven towards the company's goals, allowing the organization to achieve more efficient results.

Prof. Idalberto Chiavenato further stated that *“the alignment of human capital with the organization's defined and continually redefined strategy over time is fundamental and vital both for its planning, implementation, organizational alignment and execution, as well as for the effective achievement of the desired results”* (Appendix5).

In conclusion, the answer to the central question became in the course of the research. Both the survey's results as the interviews' analysis showed that an human capital analysis can greatly influence strategic planning, strategy execution and the achieved results for multiple reasons mentioned throughout this work.

5. Avenues for Further Research

5.1. Conclusions and Recommendations

This study aimed to understand not only how human capital is related to strategy, and vice-versa, but also to what extend introducing a human capital analysis when doing strategic planning would influence the company's achieved results.

The research's instrumentation was carried out through selected bibliographic resources, from which several management tools were studied, supporting and sustaining the study. From these, the central question was defined as the following: “To what extent the Human Capital Analysis may influence Strategic Planning, Strategy Execution, and the achieved results?”, then we have drawn the associated sub-questions that served as the mainstay. Both the central question and the associated sub-questions were our main focus throughout the investigation.

In order to deepen the knowledge on this subject, both a survey and two sets of interviews were carried out, while the survey was applied to the general public - more precisely European citizens in its majority with middle and top management positions - the interviews were applied to two restrict and distinctive groups of people highly specialized in management and human resources.

Considering the outlined objectives of our research, the number of observations facilitated the problematic's systematization and interpretation which, according to Quivy and Campenhoudt (2008), is assumed as a considerable analysis.

Through the surveys' interpretation, we were able to understand: first, which management tools are the most well-known and used in strategic planning; secondly, if the alignment of a company's Human Capital with the outlined strategy is important for its implementation and execution, how this alignment leads to a better strategy execution and what is its impact on business results; and at last if it is possible to maximize the efficiency of achieved results by using a Human Capital Analysis, along with other management tools, in strategic planning and how the use of a Human Capital Analysis, along with other management tools, in strategic planning helps to maximize the efficiency of achieved results.

Regarding the management specialists' interviews, the presented questions focused on which is the framework used in strategic planning nowadays and if and how human capital influence strategy and a company's achieved results. In addition, and in line with what has been answered by the general public the most used tools in strategic planning are from a last century's framework, which according to Ram Charan (Appendix 1), worked up until the 70s but does not work anymore.

As far as HR specialists' interviews concern, we sought to obtain a more general knowledge, fruit of the vision and experience of these professionals on to what extent human capital influence strategy and how we can identify a company's human capital critical competencies that impact business results.

In fact, the data collected, not only on the level of management tools and models but also on human resources management were fundamental to understand how human capital and strategy, or vice-versa, are related to each other.

Thus, it can be considered that the outlined objectives at the beginning of the research were achieved since it was possible to build a solid picture of how strategy and human capital are interrelated.

It is important to highlight that this journey was critical for us to learn more about the object of study, in order to enable us to provide the final answers/conclusions.

Notwithstanding the above, there were some constraints to this work. The main constraint is the amount of bibliography on the relation between Human Capital and Strategic Planning, which, when it exists, is outdated or not clear enough to draw conclusions. Therefore, it was necessary to conduct a series of interviews to complement the existing data.

In fact, this research is framed by a general and open context, but it has been verified that the existing information on this subject is limited. In order to fill this gap and obtain relevant and up-to-date data, it was necessary to establish contacts with Management and HR's specialists in order to collect the needed data.

Based on our analysis, it is concluded that the strategic planning's framework that is used nowadays is outdated. When facing a VUCA world, the business strategy needs to be rethought in order to bring agility into it. A fast pace means fewer margins for error, so strategic planners need to trace doable, precise but agile strategies to attain better results.

According to the literature review that was carried on, the surveys and interviews' results, we believe that incorporating a human capital analysis into strategic planning will not only help both to reduce the concerning GAP in Strategy and to create measurable goals throughout the company, that are meaningful within the context of goals for the organization, which contributes to a better execution, but incorporating a human capital analysis into strategic planning will also help to maximize the efficiency of achieved results, on one hand by enabling to design more realistic and doable strategies and allowing a better alignment between the corporate strategy and the strengths and weaknesses of the company's human capital, and on another hand by enabling the right alignment between who defines the corporate strategy and who implements it, it helps the whole company's human capital becomes more productive and productive people don't waste time or resources allowing maximizing the efficiency of achieved results. However, we still consider that these hypotheses still need further testing.

Therefore, it is recommended that further researches be carried out on how strategic planning can be adapted to the needs of the 21st century's businesses, in order to allow these to grow and prosper by avoiding the constraints and vicissitudes while taking the most of a fast-changing world's opportunities.

This research sampled 185 professionals and 15 students from 5 main areas of expertise, which are Economy, Engineering, Human Resources, Management, and Marketing. This sample could be expanded in future researches in order to solidify the study conclusions.

5.2. Research Limitations

This research found as its great limitation the low bibliography about the relation between Human Capital and Strategic Planning, which, when it exists, is outdated or not clear enough to draw conclusions. Therefore, it was necessary to conduct a series of interviews to complement the existing data.

It was also assumed as a constraint the time management, due to the need of simultaneously carrying out two course units in the Master in Management and Business Strategy's scope.

5.3. Challenges for Future Researches

Today's business leaders face a fast changing world but they seem to be using the same old framework that worked in the past century, in his interview Ram Charan said that we have "*learned about competitive analysis, you learn barriers to entry and barriers to exist and rivalry, that framework was useful in the 70's and that will no longer work*" (Appendix 1), so there is an urgent need of rethinking the way we do business strategy in order to attain more agile and precise strategies that will lead to better results.

In this context, it is proposed for future academic research challenges, the following:

- To study which are the most adequate management models for the 21st century;
- To study how to bring agility and flexibility into strategy;
- To study how to incorporate consumer's data into strategic planning.

At last, we believe that the main challenge for future researches arising from this particular investigation is to find an useful and easy to apply management tool that helps to incorporate a company's Human Capital Analysis into strategic planning.

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Appendixes

Appendix 1 – Professor Ram Charan’s Interview

Interviewee: Prof. Ram Charan, is considered one of the greatest Management thinkers of our times

Profession: University Professor, Speaker, Author, Consultant, Business Advisor and Board member in more than 10 different companies spread all around the world

Interviewer: Ana Gandrita

Date: 22nd November, 2017

Time: 7:30 P.M.

Format: In person (with voice recording)

INTERVIEW (original transcript)

1. In your experience, which are the factors that strategic planners have most in consideration, whether at external or internal level, when compiling the company’s strategic plan?

The most critical thing, today in preparing the strategic plan is to know what the consumer will want, and be totally exhaustive, totally rigorous, must observe the consumers who buy from you and the consumers who do not buy from you, and how their behavior is changing, unless you master that your strategic planning will be wrong. In the past you learned about competitive analysis, you learn barriers to entry and barriers to exist and rivalry, that framework was useful in the 70’s and that will no longer work for you. If you don’t have expertise in judging, knowing the customer your strategic planning will be terrible.

Second, you got to know how your business model will make money and how you will be reaching your consumers through the use of internet, e-commerce, what will be your cost structure, what will your speed and how you will build data as your equity. Without data you will not succeed, and you have to have in your strategy people who will use modern digital technology and use that data, reach those consumers, make them really convenient, measure what convenience is, is it differentiated? Your innovation has to be continuous, but the innovation is on the consumer, for the consumer and then you can follow what has to be internal. It is totally a different game.

2. To what extent can the company’s human capital influence both implementation and execution of the outlined strategy?

Only people see external trainers, only people imagine what can be many ways to create a strategy, only people choose their strategy, and in choosing the strategy the people assess how to execute, it is done together. So people is the central thrust, is not the strategy.

Because people have biases, some people have great imagination, some lack imagination, some are very conservative, some are gamblers. So, it's the human side of it that determines the corporation. So, human capital is at the center.

3. Do you think if strategic planners took the competences of the company's human capital more in consideration it would help to decrease the execution gap and to maximize the efficiency of achieved results?

I think the question people need to ask is not strategy and execution GAP, the execution is a central part in choosing a strategy, it's not after the strategy. So, if you take into account the execution you may choose a different strategies, different phases, different pace, different people, different incentives, different KPIs.

Appendix 2 – Professor Rosário Cação's Interview

Interviewee: Prof. Rosário Cação, is a successful portuguese entrepreneur, CEO and Board Member

Profession: University Professor and EVOLUI.COM's CEO

Interviewer: Ana Gandrita

Date: 7th May, 2018

Time: 9:30 P.M.

Format: Voice Message (with voice recording)

INTERVIEW (original transcript)

1. In your experience, which are the factors that strategic planners have most in consideration, whether at external or internal level, when compiling the company's strategic plan?

Os fatores que se tem de ter em consideração para mim, são três: Primeiro as alterações que são esperadas em termos de contexto externo, nomeadamente, os efeitos de globalização, efeitos em termos de concorrentes, alterações de regulamentação, etc.

Depois, o segundo fator, as orientações estratégicas da própria empresa: Para onde é que os sócios querem ir? E terceiro, as competências internas e o gap de competências que existe em relação aquilo que queremos fazer e as competências que precisamos e não temos, portanto o GAP de competências.

English Copy: For me, the factors that must be taken into consideration are three: First, the changes that are expected in terms of external context, namely the effects of globalization, effects in terms of competition, legal changes, etc.

Then the second factor is the strategic guidelines of the company itself: Where do the partners want to go? And the third factor is the internal competencies and the skills' gap that exists in relation to what we want to do and the skills we need and do not have, so the GAP of competencies.

2. To what extent can the company's human capital influence both implementation and execution of the outlined strategy?

Se existem pessoas competentes podem-se atribuir responsabilidades, pode atribuir autonomia, pode efetivamente liderar a equipa, tenha em atenção também que, podemos ter um capital humano que seja participativo, portanto, podemos ter uma estratégia participativa em que a estratégia resulta dos contributos dos próprios colaboradores. Podemos ter situações em que a estratégia é deles, é uma estratégia que ajudaram a construir e, isso tem um impacto muito grande a nível da motivação e da mobilização dos trabalhadores para os resultados.

English Copy: If there are competent people, responsibilities can be assigned, they can be assigned autonomy, they can effectively lead a team, it is also important to keep in mind that we can have a participative human capital, so we can have a participatory strategy in which the strategy results from everyone's contributions. We may have situations where the strategy is theirs, it is the kind of strategy that they have helped to build, which has a huge impact on the motivation and the mobilization of the workers towards the company's goals and business results.

3. Do you think if strategic planners took the competences of the company's human capital more in consideration it would help to decrease the execution gap and to maximize the efficiency of achieved results?

Sim claro. Quanto melhor for a avaliação de competências e de capital humano melhores resultados se podem esperar a vários níveis, por exemplo a alocação de pessoas a funções, a atribuição de níveis responsabilidades e autonomia e, inclusivamente o rigor e a conformidade da execução com os planos que estavam previstos.

English Copy: Yes of course. The better the skills and human capital's assessment is, better are the results that can be expected at many levels, for example the allocation of people to functions, the allocation of responsibility and autonomy's levels, and even the rigor and conformity of the foreseen plans' implementation.

Appendix 3 – Dr. Vijay Raghavan’s Interview

Interviewee: Dr. Vijay Raghavan is a successful CEO of multinational companies

Profession: CEO of UST GLOBAL

Interviewer: Ana Gandrita

Date: 29th May, 2018

Time: 8:15 A.M.

Format: Phone Call (voice recording was not authorized)

INTERVIEW (original transcript)

1. In your experience, which are the factors that strategic planners have most in consideration, whether at external or internal level, when compiling the company’s strategic plan?

When doing strategic planning we have to take into consideration the external level that can be assessed through tools like PESTEL Analysis, Porter Five Forces’ Framework, etc., the internal level by knowing which are our goals, how the company is doing, etc., and finally how those two perspectives interact which can be seen through a SWOT analysis.

2. To what extent can the company’s human capital influence both implementation and execution of the outlined strategy?

I’m tempted to say 100%. If we don’t engage our people no strategy can be executed. On the other hand when people feel connected to the company they are naturally driven to run that extra mile in order to accomplish the company’s goals. As business leaders if we don’t take our people with us then we are going nowhere.

3. Do you think if strategic planners took the competences of the company’s human capital more in consideration it would help to decrease the execution gap and to maximize the efficiency of achieved results?

Yes of course. If we take into account the competences of our company’s human capital and which we are lacking, we will be able to trace more realistic and doable strategies which will help to reduce the execution gap as well as to maximize the efficiency of achieved results by crossing out undoable strategies. I think it is the best way to prevent us from wasting time and money.

Appendix 4 – Dr. Hugo Alvarenga’s Interview

Interviewee: Dr. Hugo Alvarenga is a successful Portuguese executive in finance and industry

Profession: Magp Inovação, S.A.'s Administrative Director

Interviewer: Ana Gandrita

Date: 21st June, 2018

Time: 10:10 A.M.

Format: Whatsapp Text Message

INTERVIEW (original transcript in Portuguese)

1. In your experience, which are the factors that strategic planners have most in consideration, whether at external or internal level, when compiling the company's strategic plan?

Os aspetos mais importantes para a empresa são os internos em primeira fase. É essencial conhecer bem a empresa e saber os seus pontos fortes, existindo uma forte aposta na comunicação, que vai permitir entender a empresa. Depois de entender a empresa acho importante envolver as pessoas no caminho da empresa e tentar que elas tragam algo de novo neste envolvimento que ajude atingir os objetivos.

English Copy: At first, the company's most important aspects are the internal ones. It is essential to know the company, to know its strengths, to make a strong commitment on communication which allows understanding the company. Once understood the company, I find important to engage people with the company's path and try to inspire them to bring something new in order to help in the achievement of the company's goals.

2. To what extent can the company's human capital influence both implementation and execution of the outlined strategy?

Pode influenciar em muito, se os recursos da empresa não entendem a estratégia da mesma, vão acabar por condicionar a implementação da mesma. Por isso a comunicação é tão importante para mim.

English Copy: It can greatly influence it, if the company's human resources do not understand the strategy they will end up conditioning its implementation. That is the reason why communication is so important to me.

3. Do you think if strategic planners took the competences of the company's human capital more in consideration it would help to decrease the execution gap and to maximize the efficiency of achieved results?

Em teoria sim, e acabo por achar ser o caminho mais correto. Mas ao mesmo tempo, se estiver sempre bloqueado as competências dos recursos disponíveis para implementar estratégias, posso estar a limitar o desenvolvimento futuro da empresa. Logo muitas vezes deve ser medido o que existe e qual o plano de desenvolvimento ótimo e ver o que podemos melhorar nos recursos internos para aproximar desse plano.

English Copy: In theory yes, and I actually find it to be the most correct way. But at the same time, to always be restrained by the competencies of available resources may be limiting the company's future development. So, many times we should measure the available resources, draw the optimum development plan and see what can be done to align the internal resources with that plan.

Appendix 5 – Professor Idalberto Chiavenato's Interview

Interviewee: Prof. Idalberto Chiavenato is one of the most well-known and respected authors in the area of Business Administration and Human Resources and the Instituto Chiavenato's Founder and President

Profession: University Professor, Speaker, Author and Instituto Chiavenato's President

Interviewer: Ana Gandrita

Date: 15th April, 2018

Time: 11:30 P.M.

Format: E-mail

INTERVIEW (original transcript in Portuguese)

1. In your experience, which are the best tools and procedure to identify the critical and differentiator competencies of a company's human capital that impact the business?

Em sua essência, toda companhia - qualquer seja sua natureza, propósito, tamanho ou abrangência - é fundada por pessoas, com pessoas e para pessoas. O elemento humano é fundamental em qualquer tipo de negócio. Sempre foi e será, mesmo com o impressionante mundo exponencial que se aproxima velozmente com todos os componentes tecnológicos, econômicos, sociais, culturais, demográficos que vêm por aí. E o capital humano constitui seu core íntimo e sua incrível força colaborativa de trabalho. Na verdade, o seu principal stakeholder, embora nem sempre assim entendido e compreendido. Assim, as principais competências críticas e diferenciadoras de um negócio residem basicamente no capital humano, seja em termos de planejamento estratégico, implementação, alinhamento, preparação, execução e oferta de resultados positivos e impactantes para o negócio. Destarte, as melhores ferramentas e procedimentos centram-se no diagnóstico - e se possível, prognóstico - profundo das pessoas que atuam na companhia em termos de conhecimentos (saber), habilidades (saber fazer), julgamento (saber analisar, distinguir prioridades e tomar decisões e atitude empreendedora (saber fazer acontecer). Poucas são as companhias que conhecem os talentos que têm e como aproveitar, desenvolver, incentivar, aplicar e reconhecer o melhor que eles podem oferecer. Tal diagnóstico - e se possível, prognóstico - quando feito - se é que é

feito - se baseia geralmente em opiniões vagas e imprecisas, quando na verdade deveria ser feito a partir de dados e informações a respeito de comportamentos, desempenhos, atitudes, resultados e, sobretudo, valor adicionado pelos colaboradores aos resultados do negócio em termos individuais e em equipes. Isso implicaria análise de dados através de redes, sensores, algoritmos que a moderna tecnologia pode oferecer na forma de people analytics e redes de interações online, no sentido de envolver as motivações e aspirações dos colaboradores e efetuar medições a partir de indicadores-chave da estratégia organizacional.

English Copy: Every company, in its essence – no matter its nature, purpose, size or scope - is founded by people, with people and for people. The human element is fundamental in every business, it have always been and will always be even with a fast pacing, impressive, exponential world full of technological, economic, social, cultural, demographic components that are arising. Human capital is the company's inner core and its incredible collaborative workforce.

In fact, despite not always being understood like that, people are the main stakeholder of a company.

Thus, a business's main critical and differentiate competencies lay on its human capital, whether it comes to strategic planning, implementation, alignment, preparation, execution or impacting positive results for the business.

Thus, the best tools and procedures are focused on the deep diagnosis – and if possible prognosis focused - of the people who work for the company in terms of knowledge, skills (know-how), judgment (knowing how to analyze, distinguishing priorities and to make decisions) and entrepreneurial attitude (knowing how to make it happen). Only few companies know the talents they have and how to take advantage of them, to develop them, to encourage them, to apply them and to realize which the best that they can offer is. This diagnostic – and if possible the prognostic – when done, if it is even done, is usually based on vague and imprecise opinions, when it should be based on data about behaviors, performances, attitudes, results, and, above all, added value by employees to the results of the business both at an individual level and team level. This would imply data analysis through networks, sensors, algorithms that modern technology can provide in the form of people analytics and networks of online interactions in order to involve the motivations and aspirations of the employees and to measure key indicators to the organization's strategy.

2. To what extent the alignment of a company's human capital with the outlined corporate strategy is important to strategy execution and to achieve the desired results?

Sem dúvida alguma, o alinhamento do capital humano com a estratégia organizacional definida e continuamente redefinida ao longo do tempo é fundamental e vital tanto para o seu planejamento, implementação, alinhamento organizacional e execução como para o efetivo alcance dos resultados desejados. No fundo, são as pessoas - dispostas desde o nível institucional, intermediário e até o

operacional em muitos casos - que definem os objetivos do negócio a serem alcançados, a estratégia adequada para alcançá-los, sua implementação e toda a execução das suas etapas gradativas, monitoração constante e medições resultantes. Tanto que a maioria dos casos de estratégias mal sucedidas acontece muito mais por problemas de inadequação do capital humano, seja por falta de orientação e preparação, seja por falta de competências humanas adequadas, seja por falta de motivação ou ainda por temor do desconhecido quando se trata de mudanças estratégicas cujos resultados possam intimidar as pessoas envolvidas. Ou ainda, quando elas não aprovam ou não aceitam seus possíveis resultados ou impactos futuros ou ainda por comparação entre valores individuais e discrepância com valores organizacionais. O alinhamento do capital humano é essencial para o sucesso da estratégia organizacional. Sem isso, ela ficará guardada em alguma gaveta do CEO.

English Copy: Undoubtedly, the alignment of human capital with the organization's defined and continually redefined strategy over time is fundamental and vital both for its planning, implementation, organizational alignment and execution, as well as for the effective achievement of the desired results.

At the end of the day, it is the people - at institutional, intermediate and even, in many cases, at operational level - who define the business objectives to be achieved, the appropriate strategy to achieve them, its implementation, and all the execution of its gradual steps, constant monitoring and consequent measurements. Most of unsuccessful strategies' cases happen due to problems related with human capital inadequacy, whether because of lack of orientation and preparation, lack of adequate human skills, lack of motivation or fear of the unknown when dealing with strategic changes which results can intimidate the people involved or when people do not approve or do not accept their possible results and future impacts or by comparing individual values and their discrepancies with organizational values. The human capital's alignment is essential for the success of an organization's strategy, without it, the strategy will be stored in the CEO's drawer.

3. Do you think if strategic planners took into consideration the human capital's differentiator and critical competencies for the business, it would help to reduce the strategy execution GAP and to maximize the efficiency of achieved results?

Ana, peço-lhe a respeito deste item, peço-lhe consultar a última edição (de 2016) do meu livro: Idalberto Chiavenato e Arão Sapiro: Planejamento Estratégico: Da Intenção aos Resultados, Rio de Janeiro, Elsevier, 3a edição, 2016. Veja o capítulo 10: Alinhamento Organizacional.

English Copy: Ana, in what concerns to this topic please check the last edition (2016) of my book:

Idalberto Chiavenato e Arão Sapiro: Planejamento Estratégico: Da Intenção aos Resultados, Rio de Janeiro, Elsevier, 3a edição, 2016. Veja o capítulo 10: Alinhamento Organizacional.

Appendix 6 – Professor Dave Ulrich’s Interview

Interviewee: Prof. Dave Ulrich is currently considered as the father of modern human resources.

Profession: University professor, author, speaker, management coach, and management consultant

Interviewer: Ana Gandrita

Date: 9th April, 2018

Time: 5:45 P.M.

Format: Linked In Text Message

INTERVIEW (original transcript)

1. In your experience, which are the best tools and procedure to identify the critical and differentiator competencies of a company's human capital that impact the business?

We have done a lot of work on competencies for HR professionals that deliver business value. Recent study is in book *Victory Through Organization* and some highlight results: <https://www.linkedin.com/pulse/2017-hr-competency-study-what-means-you-dave-ulrich/>

An organization's capabilities represent what the organization is known for and good at doing. We found in our research that some capabilities had more business impact than others: speed/change; information management, culture, customer centricity, innovation... when HR professionals and leaders can create these sustainable capabilities, their businesses have more long term market success.

2. To what extent the alignment of a company’s human capital with the outlined corporate strategy is important to strategy execution and to achieve the desired results?

Most organizations have a business strategy that defines [1] where the organization will play (compete) and [2] how they will win. Once this direction is set, the organization then has to execute against it. HR’s role is to help build the talent, leadership, and organization to deliver on strategy. The HR practices then help deliver talent, leadership, and organization. There should be a line of sight from business strategy to HR outcomes (talent, leadership, and organization) to HR practices.

3. Do you think if strategic planners took into consideration the human capital’s differentiator and critical competencies for the business, it would help to reduce the strategy execution GAP and to maximize the efficiency of achieved results?

Yes, strategy is not just about where we are going, but how we get there. If HR issues are intertwined with strategy choices, the execution gap is moderated.

Appendix 7 – Professor M^a José Sousa’s Interview

Interviewee: Prof. M^a José Sousa is a successful Portuguese university professor and researcher

Profession: University Professor, Researcher and Group ISO TC 260’s Advisory Member (Chairman)

Interviewer: Ana Gandrita

Date: 9th April, 2018

Time: 5:45 P.M.

Format: Linked In Text Message

INTERVIEW (original transcript)

1. In your experience, which are the best tools and procedure to identify the critical and differentiator competencies of a company's human capital that impact the business?

The best procedures and tools to identify competencies in an organization are:

The first step is to survey the present strategy of the organization and the future directions, this information are revealed mainly in the Activity Reports of the organization, but also in the other communication reports with the stakeholders (i.e. sustainability report, Financial Report and others).

Then is important to have a good knowledge of the products and services of the company, these information can be gathered by interviews, but also from the marketing and communications folders or even in the site of the company.

When all of these information is collected and systematized is possible to draw a draft of the main competencies that can be nuclear for the business development of the organization.

This draft will support a first proposal and will help to create a knowledge base for the professionals of HRM who are working on the process.

The next step will be making interviews with a sample of employees in order to identify the Jobs profiles – this will be a base for the Job Design and Competencies Profiles definition. It is important the professionals of HRM to have a solid knowledge from the previous steps, or the interviews will not be as productive as could be. Collecting information based in critical incidents and organizational stories is also very important.

The next step will be to validate the Job design and the competencies profiles with the managers of each department or unit.

Obs: It is important also to collect some information about the prospective competencies that the official organizations have identified in official documents (ANQEP, WORLD FORUM, ILO, and others specific to the business of the organization)

2. To what extent the alignment of a company's human capital with the outlined corporate strategy is important to strategy execution and to achieve the desired results?

The business strategy implementation faces many challenges which requires that the organization determine the talent, skills and knowledge to be successful by identifying, designing and delivering employees development programs to make them capable of delivering in accordance with business strategy.

To achieve the results and reward the employees which contributed to that goal, organizations need to implement a performance management system that not fail to deliver business objectives because communications from the top are not always clearly understood further down the line, leading to a mismatch between corporate strategy and how it is translated into targets at a team or individual level.

The business goals and strategy and the employee motivation and culture needs to be in harmony. Top management must address how they actually want to manage performance. What targets must be met and by when? And how do they want managers and employees to work to achieve them? It is important not only to identify HR competencies in accordance with the business needs and develop selection and development practices to secure those competencies but also to evolve and implement a performance evaluation plan that links the performance of the employees to the strategic goals.

It is also essential to link this system to the compensation system to improve organizations performance and to retain employees with required competencies. The compensation policy needs to reward for employee performances, their skills, competencies, their knowledge and experience to attract and retain them, because in the current labor market employees have a market worth/value and here we can introduce the new concept of employee value proposition (EVP) which is the recognition of an organization in return for the skills, capabilities and experiences an employee brings to the organization. In this context a strategic compensation and reward management system facilitates the alignment of compensation and reward policy with business. One of the ways to motivate employees and reward the best performers is to have variable pay rewards system based upon the individual and team performance to their contribution towards the achievement of organizations business objectives.

3. Do you think if strategic planners took into consideration the human capital's differentiator and critical competencies for the business, it would help to reduce the strategy execution GAP and to maximize the efficiency of achieved results?

I totally agree with the idea expressed in the above question.

Sometimes the People Management Strategy does not meet the business goals of the organization. Although employees are core to the goal achievement strategy, but difficulties in goal alignment are the major drawbacks of the process. Companies need to make employees primary stakeholders in the goal setting process.

The strategic planners of the organization need to be aligned with the people management policies, analyzing and identifying the need for and availability of employees knowledge and competencies so that the organization can meet its objectives.

The planning process can reduce the lead time between recognition of job requirement and getting a qualified employee to fill that need. This also means that the organization need to have a good knowledge of the job market and how it can match to hiring needs as no organization can meet its goals without recruiting talented workers.

However, it's also important to focus on the employee of the organization and create forecasting and succession planning systems that can handle different contingencies which intern impacts the success of business operations. It can reduce turnover by keeping employees apprised of their career opportunities within the company and empower the organization to meet organizational goals. Through succession planning organizations can recruit skilled employees, develop their knowledge, skills, and abilities further, and prepare them for advancement or promotion into ever more challenging roles and to contribute successfully to accomplish the goals of the organization.

Appendix 8 – Dr. Carlos Sezões's Interview

Interviewee: Dr. Carlos Sezões is a successful Portuguese executive in Job Search and Head Hunting

Profession: Partner at Stanton Chase International

Interviewer: Ana Gandrita

Date: 8th April, 2018

Time: 4:50 P.M.

Format: E-mail

INTERVIEW (original transcript)

1. In your experience, which are the best tools and procedure to identify the critical and differentiator competencies of a company's human capital that impact the business?

First, we have to build a good competency model, choosing and defining the correct skills for professional/ talent potential prediction (taking in consideration the company's core processes and business strategy). Then, plan and organize assessment tools, for instance 360° evaluation questionnaires,

group dynamics, business cases and competency-based interviews. Finally, with these results, we can evaluate skills proficiency, strengths and weaknesses factors and performance trends.

2. To what extent the alignment of a company's human capital with the outlined corporate strategy is important to strategy execution and to achieve the desired results?

The alignment of a company's human capital with the outlined corporate strategy is extremely important. On the one hand, it is fundamental for the engagement and commitment that will enable performance and achievements. On the other hand, being aware of the global strategy (and believing on that strategy), allows all the corporate teams to work together on the same purpose and leverage synergies.

3. Do you think if strategic planners took into consideration the human capital's differentiator and critical competencies for the business, it would help to reduce the strategy execution GAP and to maximize the efficiency of achieved results?

Yes, I have no doubt about it. When you build a global strategy you should address the key-success factors of the business and take into account the internal main differentiating competencies. Doing that, you can build a good business case for the company, based on real competitive advantages and, therefore, reduce the gap between strategy and action. Furthermore, as stated above, involving people and their specific talent and competencies, enables engagement and drives better results.

Appendix 9 – Interview Script A

Dear Interviewee,

First of all, I would like to say that it is truly an honor both for me and for my Advisor Prof. David Rosado to count with your support in this research.

My name is Ana Gandrita and I'm taking a Master Degree in Management & Business Strategy at Universidade Europeia – Laureate International Universities. In the scope of my Master's Thesis, we're conducting a research entitled Business Strategy and Human Capital - People as Centerpiece: Vicissitudes, Constraints and Opportunities in 21st Century Management. With this study I intend to understand what role a Company's Human Capital should have in Strategic Planning and also how it can influence the Strategy's Implementation and Execution.

This interview will only be used to academic purposes in the context of the Master's Thesis mentioned above. I'm certain that your answers will have an important role in the development of my work.

At last, I would like to thank you in advanced for your availability to collaborate and for taking the time to answer the 3 questions presented on the following page.

Best regards,
Ana Gandrita

I authorize Ana Gandrita to use the answers provided in this interview in the context of her Master's Thesis, entitled Business Strategy and Human Capital: People as Centerpiece. Vicissitudes, Constraints and Opportunities in 21st Century Management, in order to achieve its research goal.

1. In your experience, which are the factors that strategic planners have most in consideration, whether at external or internal level, when compiling the company's strategic plan?
2. To what extent can the company's human capital influence both implementation and execution of the outlined strategy?
3. Do you think if strategic planners took the competences of the company's human capital more in consideration it would help to decrease the execution gap and to maximize the efficiency of achieved results?

Appendix 10 – Interview Script B

Dear Interviewee,

First of all, I would like to say that it is truly an honor both for me and for my Advisor Prof. David Rosado to count with your support in this research.

My name is Ana Gandrita and I'm taking a Master Degree in Management & Business Strategy at Universidade Europeia – Laureate International Universities. In the scope of my Master's Thesis, we're conducting a research entitled Business Strategy and Human Capital - People as Centerpiece: Vicissitudes, Constraints and Opportunities in 21st Century Management. With this study I intend to

understand what role a Company's Human Capital should have in Strategic Planning and also how it can influence the Strategy's Implementation and Execution.

This interview will only be used to academic purposes in the context of the Master's Thesis mentioned above. I'm certain that your answers will have an important role in the development of my work.

At last, I would like to thank you in advanced for your availability to collaborate and for taking the time to answer the 3 questions presented on the following page.

Best regards,
Ana Gandrita

I authorize Ana Gandrita to use the answers provided in this interview in the context of her Master's Thesis, entitled Business Strategy and Human Capital: People as Centerpiece. Vicissitudes, Constraints and Opportunities in 21st Century Management, in order to achieve its research goal.

1. In your experience, which are the best tools and procedure to identify the critical and differentiator competencies of a company's human capital that impact the business?
2. To what extent the alignment of a company's human capital with the outlined corporate strategy is important to strategy execution and to achieve the desired results?
3. Do you think if strategic planners took into consideration the human capital's differentiator and critical competencies for the business, it would help to reduce the strategy execution GAP and to maximize the efficiency of achieved results?

Appendix 11 – Survey Script

Dear Respondent,

First of all, I would like to say that it is truly an honor both for me and for my Advisor Prof. David Rosado to count with your support in this research.

My name is Ana Gandrita and I'm taking a Master Degree in Management & Business Strategy at Universidade Europeia – Laureate Universities. In the scope of my Master's Thesis, we're conducting a research entitled Business Strategy and Human Capital - People as Centerpiece: Vicissitudes, Constraints and Opportunities in 21st Century Management. With this study I intend to understand what role a Company's Human Capital should have in Strategic Planning and also how it can influence the Strategy's Implementation and Execution.

This survey's results will only be used to academic purposes in the context of the Master's Thesis mentioned above. I'm certain that your answers will have an important role in the development of my work.

At last, I would like to thank you in advanced for your availability to collaborate and for taking the time to answer the few questions presented on the following pages.

Best regards,
Ana Gandrita

1. Gender:

- Female
- Male

2. Age:

- -18
- 18-24
- 25-31
- 32-38
- 39-45
- 46-52
- 53-59
- 60-66
- 66+

3. Country:

- Austria

- Belgium
- Bulgaria
- Croatia
- Cyprus
- Czech Republic
- Denmark
- Estonia
- Finland
- France
- Germany
- Greece
- Hungary
- Italy
- Latvia
- Lithuania
- Luxembourg
- Malta
- Netherlands
- Poland
- Portugal
- Romania
- Slovakia
- Slovenia
- Spain
- Sweden
- United Kingdom
- Other.

4. Area of Expertise:

- Economy
- Engineering
- Human Resources

- Management
- Marketing
- Other...

5. Professional Field:

- Agriculture / Livestock / Forestry / Apiculture / Fishing;
- Architecture and Engineering;
- Arts, Entertainment, Sports and Multimedia;
- Banking and Insurance;
- Construction / Public Works;
- Education;
- Food & Beverage / Catering;
- Gas, Water and Electricity Supply;
- Health;
- Industry;
- Mineral Extraction;
- Services;
- Tourism;
- Transports;
- Other.

6. Held Position:

- Top Management (conception, long-term planning);
- Middle Management (daily strategic decisions, mid-term planning);
- 1st Line Manager (Tasks execution, short-term planning).

7. In your opinion which are the most used tools to support strategic planning? (Please select all that you find relevant.)

- Ansoff Matrix;
- Deming Cycle (PDCA);
- Focus-Energy Matrix;
- Hofstede's Six Dimensions Model Of National Culture;

- Human Capital's Competencies Profile;
- Key Success Factors;
- PEST / PESTEL Analysis;
- Porter's Five Forces Analysis;
- Porter's Four Corners Model;
- Porter's Value Chain;
- SWOT / TOWS Analysis;
- The 7 S Model;
- Trompenaars And Hampden-Turner's Seven Dimensions Of Culture Model;
- VRIO Analysis;
- Other.

8. Do you consider that the alignment of a company's Human Capital with the outlined strategy is important for its implementation and execution?

- Yes.
- No.

8.1. If yes, from 0 to 10 (being 0 the lowest and 10 the highest score) how important do you consider this alignment to be?

0	1	2	3	4	5	6	7	8	9	10
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8.2. If yes, how this alignment does leads to a better execution?

- A) It helps to reduce the GAP between strategic planning and strategy execution, which contributes to a better execution.
- B) It helps to create measurable goals throughout the company that are meaningful within the context of goals for the organization, which contributes to a better execution.
- Both A and B.
- Other.

8.2.1. And which is its impact in the business results?

- It increases the achieved results.
- The achieved will be the same.
- It decreases the achieved results.
- Other.

9. In your opinion, is it possible to maximize the efficiency of achieved results by using a Human Capital Analysis, along with other management tools, in strategic planning?

- Yes.
- No.

9.1. If yes, from 0 to 10 (being 0 the lowest and 10 the highest score) how strong do you think this possibility is?

0	1	2	3	4	5	6	7	8	9	10
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9.2. If yes, how does the use of a Human Capital Analysis, along with other management tools, in strategic planning helps to maximize the efficiency of achieved results?

- A) By enabling to design more realistic and doable strategies, it helps to align the strategy with the company's human capital strengths and weaknesses in order to reduce the strategy execution GAP allowing maximizing the efficiency of achieved results.
- B) By enabling the right alignment between who defines the corporate strategy and who implements it, it helps the whole company's human capital becomes more productive and productive people don't waste time or resources allowing maximizing the efficiency of achieved results.
- Both A and B.
- Other.