

The Effect of Incorporating a Human Capital's Analysis into Strategic Planning

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Abstract: This paper gains a better understanding about the relation between Business Strategy and Human Capital and 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. The findings show 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. The 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.

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,

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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).

2. FIELDWORK AND RESEARCH METHODOLOGY

2.1. Type of Research

This is a study that followed the socio-critical paradigm, fulfilled with reasoning and hypothetical-deductive method, and followed a mixed strategy of inquiry, including a qualitative approach and a quantitative approach. We began from a constructionist position, in the assumptions "that there may be many different realities", and that we needed "to gather multiple perspectives through a mixture of qualitative and quantitative methods, and to collect the views and experiences of diverse individuals and observers. (...) sometimes described as triangulation" (Easterby-Smith, Thore, Jackson, & Jaspersen, 2018, p. 73)

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 and for the interview script B covered 4 individuals, who were Human resources professionals, HR directors and University Professors of human resources, in order to get a global view on the matter in study these 8 people have different cultural backgrounds (Portugal, Brazil, India and USA) and represent different generations (from 40 to 85 years old).

Similarly, our sample for the surveys is representative of the population, consisting of 185 professionals and 15 students in its majority European citizens with middle and top management positions and expertise in 5 main areas: Management, Human Resources, Economy, Marketing and Engineering. 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 LinkedIn.

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 the 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), Polit & Hungler (2004) and 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. 191-192), *"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. RELATED BACKGROUND AND THEORY

The related backgrounds aim to gain a better understanding of the paper's core concepts as well as the key management models for strategic planning.

3.1. Core Concepts

3.1.1. Strategy

Strategy is a term that comes from *"the French stratégie, and directly from Greek strategia '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.

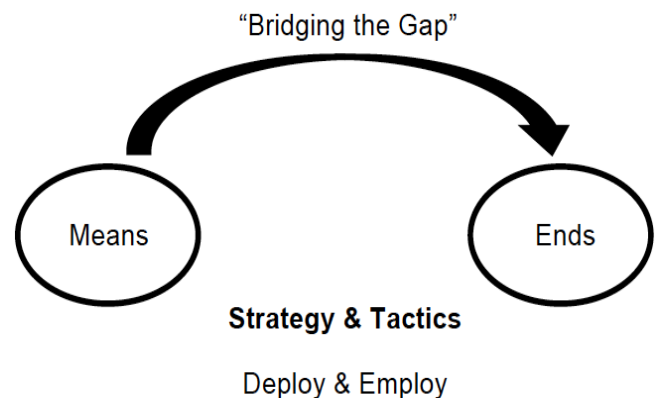


Figure 1: Strategy & Tactics.

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, p. xvi) 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*". 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”* (Tregoe & John Zimmerman, 1980, 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 allow us to 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’”* (Online Etymology Dictionary, retrieved on 5th January 2018) 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’”* (idem, 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, 1996; Rumelt, 1984, 1991; Wernerfelt, 1984). According to Rumelt (1984), Dierickx & Cool (1989) and Barney (1996) 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 the "*Old French humain, 'of or belonging to man', probably via Latin humanus 'of man, human' meaning 'human being'*" (Online Etymology Dictionary, retrieved on 5th January 2018) and "capital" from the "*Medieval Latin capitale, 'stock, property', meaning 'that part of the produce of industry which is available for further production'*" (idem, 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 (1993, 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 its 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 subsidizes, 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 (2002), 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.

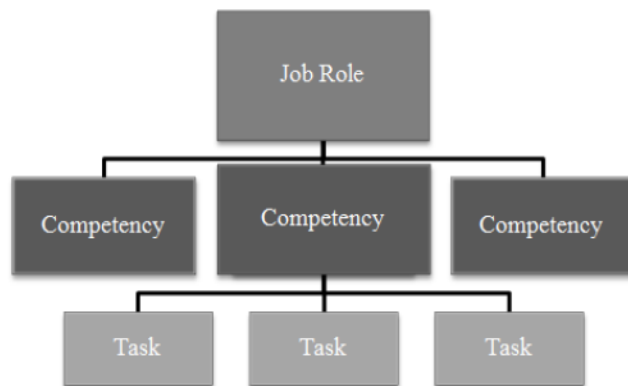


Figure 2: Competence by R.W. White.

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 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 mobilization 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 Tools 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).

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).

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).

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).

3.2.5. Business Model Canva

The business model canvas as created by Alex Osterwalder (2004). 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.

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) (Berg & Pietersma, 2015).

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).

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).

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.

The concept of core competencies is based on Barney's (1996) 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 (Berg & Pietersma, 2015).

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).

4. RESULTS' PRESENTATION, STUDY AND DISCUSSION

4.1. Interview's Content Analysis

By conducting a content analysis throughout the interviews' results of the script applied to the specialists and professionals in Management area, we were able to identify the following common points:

a) Regarding to 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 need of knowing what is changing on the outside world;
- 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.

b) Regarding to what extent can the company's human capital influence both implementation and execution of the outlined strategy:

- 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.

c) Regarding to 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:

- A strategy needs to be doable (execution needs to be considered when choosing a strategy)
- When an 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.

By conducting a content analysis throughout the interviews' results of the script applied to the specialists and professionals in Human Resources area, we were able to identify the following common points:

a) Regarding to which are the best tools and procedure to identify the critical and differentiator competencies of a company's human capital that impact the business:

- 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;
- 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.

b) Regarding 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 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.

c) Regarding to 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:

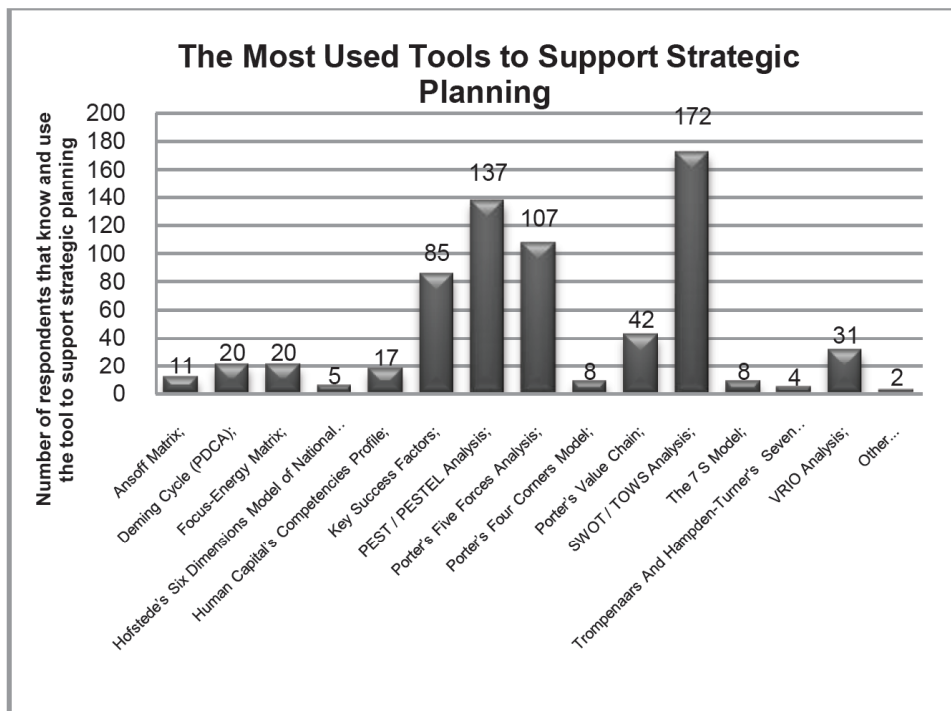


Figure 3: The Most Used Tools to Support Strategic Planning.

- 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.

4.2. Surveys' Descriptive Statistical Analysis

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

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



Figure 4: Aligning Human Capital and Strategy.

outlined strategy is important for its implementation and execution?"

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?"

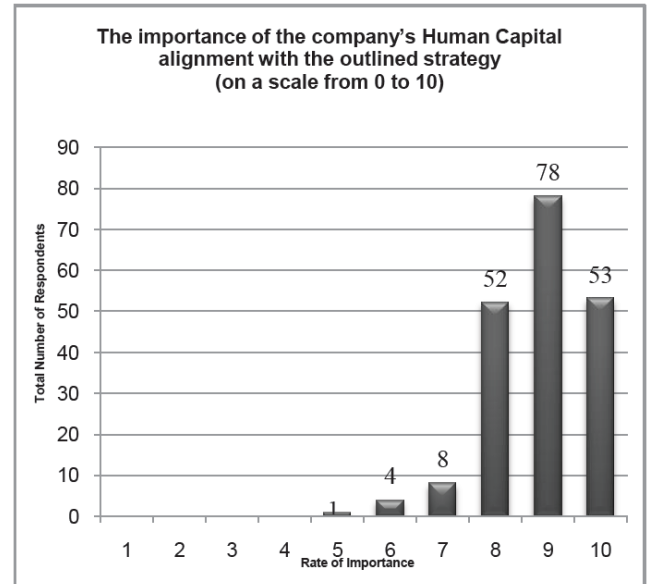


Figure 5: The importance of the company's Human Capital alignment with the outlined strategy (on a scale from 0 to 10).

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?"

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?”

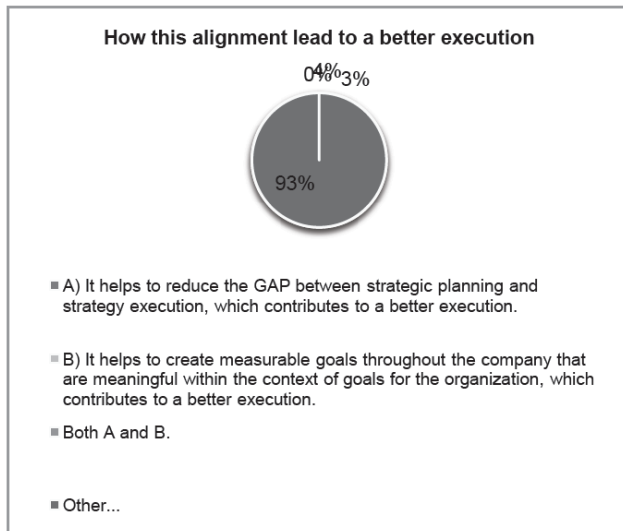


Figure 6: How alignment of a company’s Human Capital with the outlined strategy lead to a better execution.

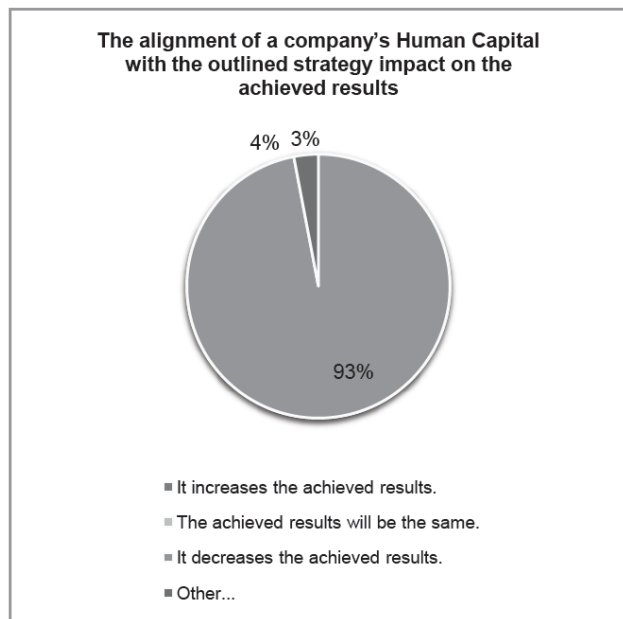


Figure 7: The alignment of a company’s Human Capital with the outlined strategy impact on the achieved results.

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?”

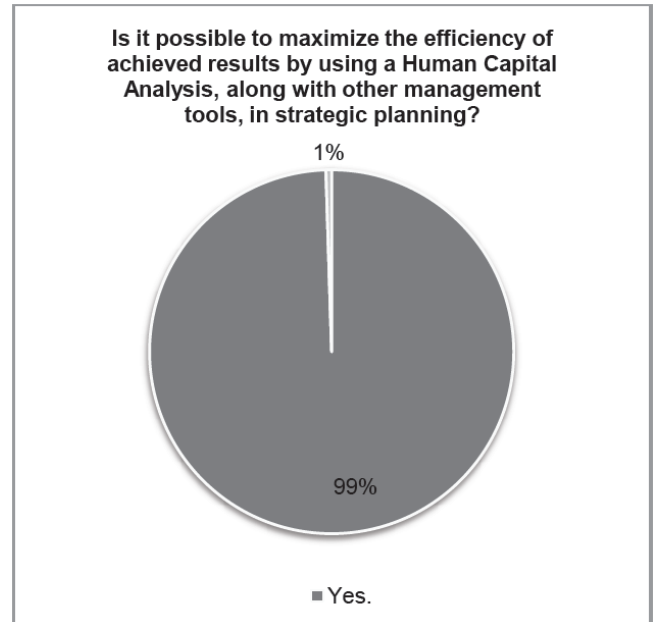


Figure 8: The possibility of maximizing the efficiency of achieved results by using a Human Capital Analysis, along with other management tools, in strategic planning?

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.

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?”

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

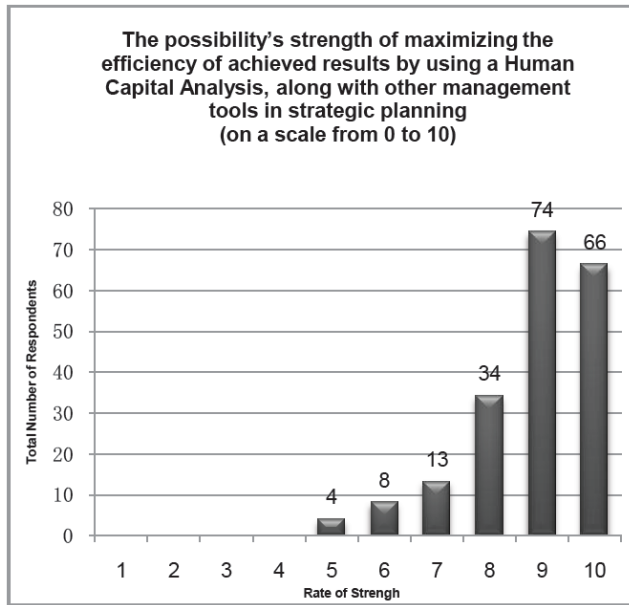


Figure 9: The possibility's strength of maximizing the efficiency of achieved results by using a Human Capital Analysis, along with other management tools in strategic planning (on a scale from 0 to 10).

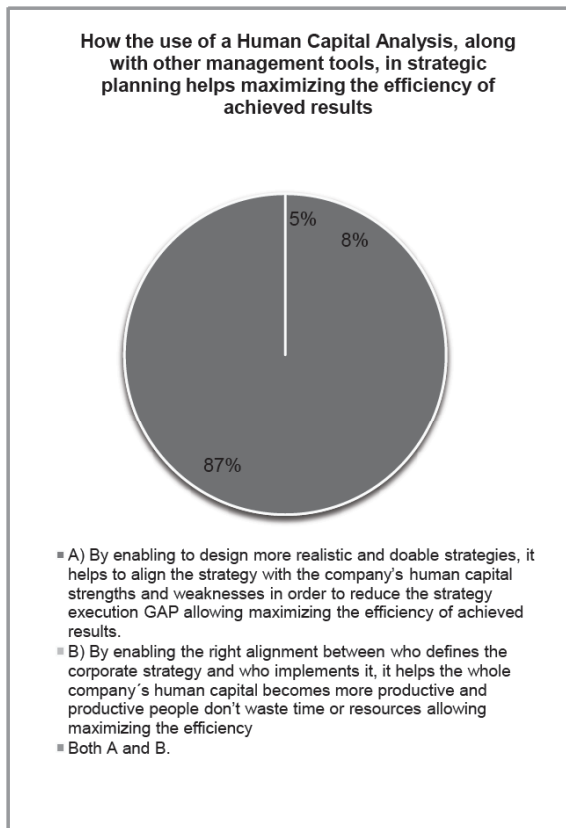


Figure 10: How the use of a Human Capital Analysis, along with other management tools in strategic planning helps to maximize the efficiency of achieved results.

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.

5. CONCLUSION

The study behind this paper aimed to understand not only how human capital is related to strategy, and vice-versa, but also to what extent 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 within the 32-52 years old range (185 professional and 15 students) in its majority with middle and top management positions and expertise in 5 main areas: Management, Human Resources, Economy, Marketing and Engineering- the interviews were applied to two restrict and distinctive groups of people highly specialized in management and human resources from different cultures (Portugal, Brazil, India and USA) and different generations (from 40 to 85 years old).

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.

By having a representative sample of the population, through the surveys' interpretation we were able to understand: first, which management tools are the most well-known and used in strategic planning –

SWOT/TWOS Analysis, PEST/PESTEL Analysis, Porter's Five Forces and the Key Success; 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 (Gandrita, 2018, Appendix 1, p. 83), 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.

6. CHALLENGES FOR FUTURE RESEARCHES

Today's business leaders face a fast changing word 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" (Gandrita, 2018, Appendix 1, p. 83), 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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