

Effects of naïve personnel policy on the value of human capital

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Abstract

Strategic Human Resources Management (HRM) is a crucial factor of companies in which knowledge plays a vital role. But Germany's shrinking and aging population and their effects on the labor force potential within the next 10 to 15 years seem to be ignored by HR managers. Layoffs are still common practice and even early retirement schemes were common a short time ago. Supposably, managers do not have informative tools neither to evaluate ex ante specific HR strategies nor to forecast the development of stock and age structure of their workforce by simultaneously taking into account the intrasystem complexity and dynamic. This case study in progress elaborates on the underestimated effects of employee fluctuation and different recruiting policies on the value of human capital in conjunction with a detailed aging chain. The author uses the feasible 'Transparent Human Capital Valuation' approach to assess this human capital value and implements the approach as a co-flow within the system dynamics model.

The promotion of an applicable and holistic HRM tool is both a contemporary and overdue issue.

Key Words: aging of the workforce, fluctuation, HRM, human capital value, demography