6.3 Conclusion
What makes one company more successful than another? Is it because it has nicer office buildings, newer research labs, or better manufacturing equipment? If it is the differences in people that create differences in corporate value, then the HR function (though not necessarily the HR department) is critical to a corporation’s success. Clearly line managers have an important role in hiring, developing, and motivating the people that can make an organization successful. Perhaps surprisingly it is the role of human resource managers in this process that is less clear. Should human resource managers have primarily an administrative role focusing on the processing of transactions and compliance with regulations? Should human resource managers be business partners charged with developing and maintaining a workforce with the specific capabilities required to execute their firm’s business strategy? Or should human resource managers be true strategic
partners participating along with top management, and their counterparts from other functional areas, in the actual development and monitoring of a firm’s business strategy? In many organizations HR departments play only one or two of these three roles. It is a premise of this book that many firms fail to achieve their maximum success because they do not utilize their HR departments optimally. It must be acknowledged, however, that line managers may be underutilizing their HR departments because they are not confident that HR can perform at higher levels.

To be a successful business partner with management, the human resources professional needs to effectively understand and manage the financial aspects of his/her HR department as well as the impact of the employees on the organization's bottom line. Emphasis is placed on ways the HR practitioner can enhance a company's financial performance. Through lecture, exercises, discussion, homework and reading, this 11 meeting course provides HR practitioners with the tools and information to understand the cost of the HR functional area(s) for which s/he is responsible. As part of the class, typical company financial statements are examined, especially the Income Statement and the Balance Sheet as well as the basic accounting concepts that led to those statements. Other areas of study are HR metrics, budgeting, strategic planning, and the financial aspects of benefits and payroll. Attention is placed on business vocabulary as part of the communication process with management.

HR professionals need both HR knowledge and a high degree of business acumen. Most individuals in the field today have strong HR skills. There is,
however, a wide range in the level of business acumen they possess. That creates substantial competitive advantages for corporations whose HR staffs possess both sets of skills. For individuals who have both sets of skills, it also creates great opportunities for them to advance within their HR careers. The specific mix of skills required depends, of course, on the individual’s job duties and position in the corporate hierarchy. In general, the higher the individual is (or hopes to be) in the corporate hierarchy, the greater the need for strong business acumen to complement their HR knowledge.

What is business acumen, anyway? At the most fundamental level, it is an understanding of how your company makes money and how your decisions and behaviors can impact the company’s financial performance. The business acumen needed by HR managers includes an understanding of their firm’s business strategy, the key drivers of their firm’s success, and the interrelationships among the different components of the organization. This understanding is necessary to develop and execute an effective HR strategy. There is no business department, function, or activity whose success is not dependent upon the firm’s HR strategy. An organization’s HR strategy determines who is employed in each functional area, how much will be invested to enhance their skills and capabilities, and what behaviors will be encouraged or discouraged through the compensation system. A firm’s HR strategy must be tailored to support its business strategy. To produce this alignment, HR managers need the ability to analyze which choices will add value to the firm and which will weaken it. Do most individuals in the HR profession have that ability? In a survey conducted by Mercer Consulting, HR leaders were asked to assess the skills of their staffs. They rated their staffs weakest on the following skill sets:
1. Financial skills
2. Business strategy skills
3. Organizational assessment
4. Cross-functional expertise
5. Cost analysis and management

They felt their staffs were strongest at the following:
1. Interpersonal skills
2. Recordkeeping/data maintenance
3. Team skills
4. Functional HR expertise
5. Customer service

The skill sets where these HR staffs were strong are important, but they are not the skill sets that drive corporate success or the career success of individual HR managers. No company is going to become an industry leader because of the interpersonal skills or recordkeeping abilities of its HR staff. It is rather striking that the areas in which these HR staffs were weakest are exactly the skill sets that are most likely to contribute to a corporation’s success, and exactly the skills that individual HR managers need to progress in their careers.

The availability of data on human resource management at individual firm level limits the scope and depth of our analysis, but the preliminary investigation seems to reveal a set of robust findings concerning the effects of multi-disciplinary management are more likely to have effective management practices that deviate from the traditional practice. This paper has provided a brief overview on recent changes in two important aspects of
the financial arrangement and human resource management, and an examination of
the combination between the two aspects. For example, those companies were less
likely to have the awards for longtime employees. The current analysis just
examines the presence or absence of an employment management practice without
asking more detailed questions about the ways the practice is implemented. There
are several shortcomings in the current analysis, which make our conclusion only
tentative. This important task is left for future research. That is small sample size is a
serious constraint for this study. Since it may takes a series of systematic survey to
collect the data that would better illuminate the relation between financial
management and human resource management. To this end, the need of the hour is
to combine the strengths of the two traditional disciplines. Proposing the Financial
management and the Human resource management strategies to develop the
organization is a new field of study is a attempt to synergistically combine the
benefits of Finance functions and HRM, for the benefit of business. Financial
management

At the end, it can be concluded that suggested steps would be helpful to the
companies to achieve their objectives as far as financial as well as human
resource aspects are concerned. Further, it can be concluded that Companies
can improve their turnover and profitability with a view to improve their
performance and human resource management systems.