

## Management of the life and career plan to improve the organizational climate in SMEs

### Gestión del plan de vida y carrera para mejorar el clima organizacional en MyPyMES

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#### Abstract

The purpose of this paper is to develop a strategic model to establish the best mechanisms, tools and policies to implement a Life and Career Plan in order to reduce staff turnover and improve the organizational climate of SMEs. A model was developed, based on gradient such a work, indicators, processes and guidelines, strategic measurements, analysis for staff retention, creation and development of a culture of change, growth and internal development, generating commitment in order to optimize the use of resources and productivity. The model generated a concise, clear and solid base to generate metrics and statistics, save economic resources, ways to increase productivity, make efficient use of new technologies and the Internet of Things, to guarantee sustainability, speed flexibility, privacy of processed information and energy backup, in order to promote change in favour of the development of competitive advantage in SMEs. The results allowed, through a collegiate work between the members of the interdisciplinary team, the construction of a Life and Career Plan Model that achieved a more productive workforce and improved the control and retention of talent between 13 – 17%, although with a residual risk associated with routines due to updates and/or changing needs of SMEs.

**Life and career plan, Talent retention, Business belonging**

#### Resumen

El propósito del presente trabajo es desarrollar un modelo estratégico para establecer los mejores mecanismos, herramientas y políticas para la implementar un Plan de Vida y Carrera con la finalidad de disminuir la rotación de personal y mejorar el clima organizacional de PYMES. Se desarrolló un modelo, basado en gradientes como trabajo, indicadores, procesos y lineamientos, mediciones estratégicas, análisis para la retención del personal, creación y desarrollar una cultura de cambio, crecimiento y desarrollo interno, generando compromiso con la finalidad de optimizar el uso de recursos y la productividad. El modelo generó una base concisa, clara y sólida para generar métricas y estadísticas, ahorro de recursos económicos, formas de elevar la productividad, hace uso eficiente de nuevas tecnologías e internet de las cosas, para garantizar, sustentabilidad, velocidad, flexibilidad, privacidad de la información procesada y respaldo de energía, a fin de impulsar el cambio en favor del desarrollo de ventajas competitivas en PyMES. Los resultados permitieron, a través de un trabajo colegiado entre los miembros del equipo interdisciplinario, la construcción de un Modelo de Plan de Vida y Carrera que logró una plantilla más productiva y mejoró entre 13 – 17 % el control y retención de talento, aunque con un riesgo residual asociado en las rutinas por actualizaciones y/o necesidades cambiantes de las PYMES.

**Plan de vida y carrera, Retención de talento, Pertenencia empresarial**

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## Introduction

From this point of view, the company has three dimensions: efficiency, attractiveness and unity (...) Any realistic vision of the company usually recognizes that it has the function of creating wealth, through the application of specific operational capabilities that we call its object to satisfy specific needs that we call external mission (Villegas-González, Hernández-Calzada and Salazar-Hernández, 2017).

Huerta-Bortolotti (2011) pointed out that SMEs have had three stages of evolution: 1st. In the 50's and 60's during the import substitution model. 2<sup>a</sup>. In a context of a closed economy and a small domestic market, important achievements were made, although also with some limitations in terms of equipment, organization, training and information; 3rd. In the 90's availability of external financing and internal economic stability, although obstacles in terms of the legal regulatory framework had to be overcome.

Nowadays, there is a monthly staff turnover of more than 10%, among the causes are mentioned the bad working environment, lack of sense and motivation, lack of career plans and / or promotion, competitive salaries etc., for the reasons mentioned above, the labor market in SMEs demands much attention to the management of human capital and makes it urgent training and welfare, as an engine to improve the organizational culture.

According to Hidalgo (2018) and Contreras (2018b) the Bajío region has the biggest challenge in Mexico in terms of talent turnover and retention, as some cities have an annual turnover of 60%.

In Mexico, the latest estimates indicate that the average labour turnover rate is 16.7%. This percentage places the country as the highest rate in Latin America. Another relevant fact is that 34% of surveyed employers state that candidates lack technical skills and that 3% do not meet the profile 100% for their jobs (CONOCER, 2016).

As is well known, the concept of human capital was devised and developed by Theodore Schulz and Gary Becker, who pointed out that the success of a company depends on the capacity and talent of its staff.

The OECD defines Human Capital as: "the knowledge, skills, competence and attributes embedded in individuals that facilitate the creation of personal, social and economic well-being".

Human capital is a competitive differentiating factor, due to the added value it generates in the business structure. Thus, motivating the development of skills such as assertiveness, tolerance, resilience, motivation, negotiation, decision-making, accelerate growth and productivity (Zahra, Newey and Li, 2014; Guesalaga et al., 2018; Cui et al., 2018), while strengthening businesses for their internationalization (Brown et al. 2014).

In US companies, according to the study conducted by Catalyst, on average, the cost of replacing a position can represent 50% to 60% of the annual salary of the position and the average time to replace it is 52 days, but if it is a CEO that number shoots up much higher.

The costs derived from hiring personnel in Mexico include expenses such as promotion of vacancies, administrative processes, psychometric testing, induction, training, plus operating expenses depending on the learning curve that can extend up to 6 months, therefore, it is estimated between 10,000 and 30,000 pesos per employee annually or in other words, the average replacement cost is approximately 35% of the annual salary of the position to be replaced.

Thus, an improvement in the organization's results can be explained through the company's ability to constantly renew itself by identifying and exploiting new opportunities in response to customer demands and continuous improvement.

The objective of this paper is to develop a strategic model to establish the best mechanisms, tools and policies to implement a Life and Career Plan in order to reduce staff turnover and improve the organizational climate of SMEs.

The importance of this research is based on the fact that there is a lack of procedures, performance indicators, personal and professional development, sense of belonging, defined growth trajectory, among others, that are homologated and standardized, according to the author's knowledge, to evaluate the quality of interactions; This has aroused the concern of the literature and due to its transcendence in the economic development of the country; with the aim of achieving the correct adjustment between the environment and the capacities that organizations must adopt to promote the impulse of business innovation and the generation of competitive advantages in SMEs.

The second section of the paper presents the conceptual framework, as well as a review of the literature and empirical studies focused on the creation of a work culture, sense of belonging, value and innovation. The third section describes the methodology employed, while the analysis and results are presented in the fourth section, to finally present and discuss the conclusions, limitations and implications for future research.

### Theoretical framework

Many are the antecedents that are identified in the literature as ideas and determining factors for life and career planning, its impact on improving the organizational climate, self-directing the full development of capabilities, values and beliefs, as they are intrinsic to their performance (Saldivia, 2018).

Martínez (2019) describes a structured plan that includes aspects such as: professional, intellectual, social and family, which is constituted as a stimulus in the present of each person.

The career plan involves attracting and retaining talent in organizations, offering employees training and coaching to climb to job positions with greater responsibilities, according to the skills and potential of each worker (Ramírez, 2018).

According to the research of Robbins and Coulter (2017 and 2018), organizations through strategic planning must define their goals, establish strategies to achieve them, i.e., they are concerned with both what to do and how to do it.

To achieve control in the management of human resources, policies were defined, manuals and guidelines were developed, in a totally proactive approach, which anticipates future situations, taking advantage of the existing capabilities of people, to improve the quality of decisions and achieve competitive advantages.

For Badens (2019) the valuation of human resources, awareness and knowledge of these, can guarantee better achievements and success at a competitive level.

### Methodology

The development of a model is proposed, based on gradients such as work, indicators, processes and guidelines, strategic measurements, analysis for staff retention, creation and development of a culture of change, growth and internal development, generating commitment in order to optimize the use of resources and productivity.

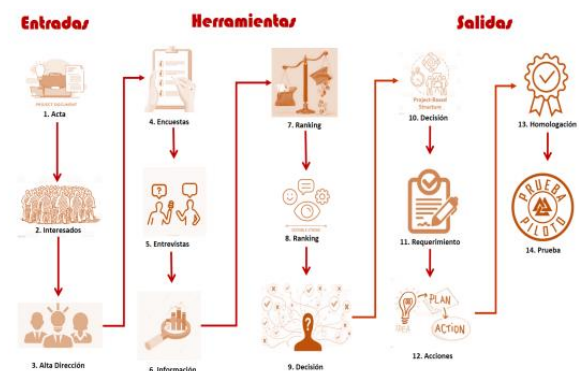


Figure 1 Process pictogram

The model to reduce staff turnover and improve the organizational climate has an exploratory scope, as it approaches the problem of relatively unknown studies and at the same time suggests verifiable statements in order to generate knowledge that will contribute to research on the subject (Hernández, Fernández and Baptista, 2010).

The starting point of the project methodology is to define the basic parameters of the process, or indicators of the classic control system: awareness-raising, training and evaluation.



**Figure 2** Model flowchart

The evaluation system compiles the main methods for job performance analysis and allows you to choose the variables that best suit your situation in order to generate appropriate action plans.

It is proposed, for the second stage, to apply a level of standardisation and value generation, through the integration of devices and software programmes, which consider vertical and horizontal integration communication protocols, as well as information processing.

## Results

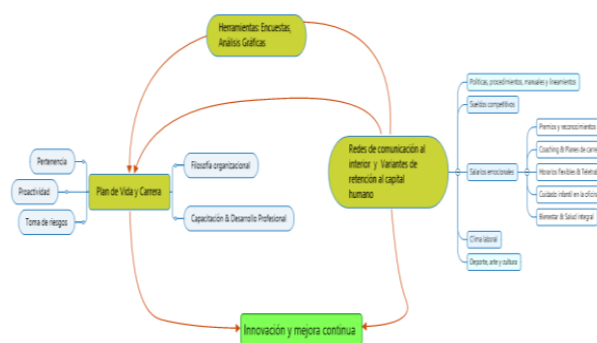
In the case of SMEs, due to their specific characteristics, it is considered appropriate to consider interdisciplinary working groups, favouring cooperation and diversity, to address the planning process, as well as to visualise the information necessary for execution; elements such as problems, execution time, budgets, areas involved, risks, products obtained, etc., focused on value creation.

The model generated a concise, clear and solid basis for generating metrics and statistics, savings of economic resources, ways to increase productivity, which also represent the base structure for the integration of competitive advantages and means of expansion.

It is important that information serves to foster collaboration and increase productivity in general, making efficient use of new technologies and the internet of things, which does not require a specific space and can guarantee sustainability, speed, flexibility, privacy of processed information and energy backup.

Faced with the challenge of developing a coherent and efficient talent retention protocol, efficient and relevant diagnosis is essential for the design of the solution, supporting the human, economic and legal dimensions, through collegial work between the members of the interdisciplinary team.

The more accurate the performance evaluation method, the more successful the production process and the more successful the cooperation.



**Figure 3** Life and career management model

It is important to highlight that, among the human capital retention variants, flexible working hours and childcare spaces in the office showed the most significant impacts, due to the reconciliation of professional and personal life, as they increase the commitment and productivity of workers and therefore of the company. On the other hand, innovation and continuous improvement open the opportunity for staff to present their ideas, projects or join existing projects in order to show their interest and value.

Pilot tests were carried out in companies in the working group to calculate the level of risk in the implementation of the model. It was found that the model achieved a more productive workforce and improved the control and retention of talent by 13-17%, however, there is a residual risk associated with the routines due to updates and/or changing needs.

## Conclusions

The challenge for business organisations stems from a new management style, which manages in a meaningful way, looking for long-term benefits and including social and not only economic benefits.

It is important to note that producing such profound changes requires the cooperation of all, mainly of the actors who actively participate in the tasks of growth and social integration, in order to ensure the permanence of the achievements made.

The study demonstrates the importance in the work of the project leader, in the initial diagnosis, the plan or design of the solution, based on the selection of indicators that allow the control of all kinds of labour, social, and governmental interactions, as it is a high level of complexity, due to the multiplicity of the variables involved, thus, addressing the career advancement of employees demonstrated the interest in their development, especially important for the millennial generation.

The proposed Model achieved a more productive workforce and improved the control and retention of talent by 13 - 17 %, however, there is a residual risk associated in the routines due to updates and/or changing needs, therefore, future lines of research are proposed taking into account an intercultural and social perspective in the political, economic and cultural framework in such a way that it contributes to a critical review of the life and career project in relation to different types of contracts.

The present study is not without limitations; the complete coverage of all articles could not have been achieved, given the chosen procedure. Therefore, there may have been papers which, having addressed career and life plan management or talent retention, used different language. Consequently, the factors derived from the analysis need to be treated with caution.

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