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HUMAN RESOURCES MANAGEMENT BY IMPROVING THE COMPETENCES OF EMPLOYEES

Abstract:

For modern and innovative enterprises, the priority activity should be effective and skillful management of the possessed human resources since they are considered as one of the most valuable assets of the enterprise, which can provide the achievement of competitive advantage on the market. In the paper, there is discussed the problem of human resource management in the context of providing employees with opportunities for development.

In the first part of the paper, there is presented the significance and specificity of human resources for modern enterprises and the selected definitions of human resource management. In the subsequent part of the paper, there is discussed the issue of the necessity to invest in staff development and the significance of improving staff competences for enterprises. The last part of the paper includes the analysis of dependencies between investing in staff development and the level of development of enterprises operating in Poland. The analysis has been conducted on the basis of the empirical data included in the report of the research *Rozwijanie kompetencji przez dorosłych Polaków* (Developing Competences by the Adult Poles), conducted on behalf of Polish Agency for Enterprise Development and the study by Central Statistical Office *Kształcenie dorosłych 2011* (Educating Adults 2011).

Keywords:

human resources, competences, competitiveness, enterprise

JEL Classification: O15

Introduction

Aiming at the achievement of the best possible competitive position forces enterprise to the activity oriented towards creating new products and services, which is the response to the changes taking place on the market. To satisfy the growing demands of clients, enterprises need to undertake activities directed towards more effective management of the possessed resources.

For modern, innovative enterprises, one of the most important if not the most significant resource is their employees. Their knowledge, capabilities and experience allow companies to respond quickly to the changes taking place in the environment and they are essential for creating the value of the company. Human capital, as a component of intangible assets is even more valuable for the organization if it is more unique on the market. Specialized knowledge and skills of employees frequently constitute higher value for the enterprise in which they are employed, by creating its core competencies, than for other entities on the market. Therefore, a very important area of the enterprise activity is the acquisition and development of the appropriate staff.

In the paper, there has been discussed the problem of management of human capital and there has been presented the scope and ways of improving the competences of employees in enterprises running their business activity in Poland.

The concept of human resource management

In the literature concerning management, it is often underlined that human resources constitute one of the most important, if not the most significant, resource of the organization. Its uniqueness is manifested in the statement that these are people who, as the only resource of the organization, determine the use of its other resources, at the same time, playing an essential role in creating the value of the organization (Kuraś, 2013; Tomski, Vanyan, 2014). The specificity of this resource, on the one hand, allows to achieve a better competitive position, however, on the other, it requires more involvement and time for its acquisition. One of the factors of achieving competitive advantage of enterprises is the limited mobility of the possessed resources. This limitation in relation to human resources, most of all, refers to experience and skills possessed by employees, which are difficult to copy and implement in another enterprise. This results from the fact that the listed elements are inextricably linked to people, place of occurrence, accumulation and use. This, above all, refers to tacit knowledge which, opposed to explicit knowledge, is acquired through experience and is often impossible to codify. The acquisition of employees with qualifications appropriate for the enterprise is frequently impossible. Then, long-term accumulation of expertise and experience by them, which is essential for the activity of the specific firm, is necessary. The resulting expertise and acquired skills of employees have a greater value for the enterprise which employs them rather than for competitors. In this way, people, their knowledge, skills and experience constitute core

competences of the enterprise (Kuraś, 2013). Therefore, the effective management of this valuable resource takes on particular significance.

In the subject literature there are a lot of definitions of human resource management. However, the starting point should be the explanation the concept of human resources itself. According to A. Poczowski, people are not the resource but they dispose of the resource, "(...) that is the whole of characteristics and properties which enable the performance of different roles in the organization" (Poczowski, 2007, p. 33). Among the most important constituents of the human resource, he lists knowledge, skills, capabilities, health, attitudes and values as well as motivation. At the same time, he points out that the owners of the human resource are individual employees of the enterprise and finally, they are to make a decision on its use (involvement) in work (Poczowski, 2007, p. 33). This definition underlines the subjective nature of the employee and their special values. In this approach, human resources, as it has already been mentioned, constitute the main resource of the organization with respect to others (material or financial) since they affect their use (Król, Ludwicyński 2006, p. 54). Moreover, a special feature of the discussed resource is the fact that, due to the ability of the man to learn and constantly improve, it is a renewable resource (Michalak, 2007, p. 58).

The concept of human resource management occurred in the American literature in the eighties of the previous century. There was underlined the perception of employees not as one of the elements of the operating costs of the company but, most of all, as the part of its assets. With the passage of time, it was acknowledged that these are the most valuable assets of the organization. Among others, M. Armstrong regards them in this way while defining human resource management as "...a strategic and consistent approach to management of the most valuable assets of the organization – the people working there, who individually and collectively bring about to the achievement of its goals" (Armstrong, 2000, p. 19). A. Poczowski discusses human resources not only in the context of the constituent of the company assets but also as the source of its competitiveness. In his definition of human resource management, he indicates the strategic integration of personal issues with business ones, emphasizing an active role of managers in solving personal problems and the need to build appropriate organizational culture (Poczowski, 2007, p. 34). The objective of the concept of human resource management is an increase in the enterprise effectiveness and value due to the people employed there. There are indicated such areas as: acquisition and development of employees, mutual employee relations and labor relations and the policy in the sphere of remuneration.

Changing conditions of the functioning of enterprises pose new challenges to them. The accelerating process of globalization or an increase in the significance of intangible assets also affect the changes in human resource management. Reorientation of enterprises towards knowledge management brings about that priorities and need in the field of education are growing and the personal strategy must be developed from the perspective of development of human capital. Thus, the view arises that the concept of human resources is gradually evolving towards human

capital management.¹ As H. Król indicates, the transformation of human resources into capital is, however, a complex and slow process. It takes different forms of long-term decisions directed towards (Król, Ludwicyński 2006, p. 118-119):

- adjustment of employment to the changing environment,
- influencing the environment,
- formation of expert groups around HR cells,
- formation of the company internal labor market.

Each enterprise, in the framework of human resource management should develop its own personal strategy allowing for the provision of the optimum use of human resources for an increase in effectiveness and value of this enterprise.

Raising competences of employees and enterprise development

The conviction that the development of the company is significantly determined by the development of people employed there, becomes very common. Staff development allows for the effective functioning of the organization, creativity and improvement in innovativeness. This, in turn, amounts to better satisfaction of growing needs of clients, an increase in the market share or the level and pace of revenue growth. Therefore, enterprises should be interested in raising competences of their employees.

One of the characteristic features of human resource management is regarding people as the capital which can be invested in with different types of training and development programs to improve the qualifications of employees adequately to the needs of the organization. As Ehrenberg and Smith claim, "knowledge and skills possessed by the employee, obtained through education, training and experience, create the specific stock of productive capital" (Ehrenberg, Smith, 1994, p. 431). One of the basic tasks of the concept of human resource management includes creating the appropriate conditions for employees to allow them to take up education to expand their skills and to provide career development (Armstrong, 2000, p. 24-27). Consequently, it is to bring about the achievement of both the objectives of the enterprise and the employee's own goals. Therefore, the system of development in the enterprise should include individual needs of employees and create them the opportunities for self-improvement and raising self-esteem.

Dynamically changing environment in which enterprises operate nowadays brings about that knowledge depreciates rapidly. Omnipresent technical and organizational progress causes that initial education becomes outdated and the acquired skills lose importance. The existing education systems are often not able to cope with rapidly changing labor market needs. Therefore, enterprises, in the framework of human resource management, should create their own system of development of employees while adjusting it to their own needs. Employers ought to also have in mind that raising competences of employees must be a permanent

¹ Such view is presented by A. Poczowski; according to human resource management strategies, in a longer period of time, lead to the transformation of human resources into valuable capital of the company; in turn, for M. Armstrong, human capital management is an integral part of the process of human resource management.

process. On the one hand, it should be the reaction to the existing and future changes and, on the other, the factor of these changes.

Investing in staff development should be considered by employers on equal terms with investments in research and development since the human ability to learn and constantly improve brings about creating value added of the enterprise more significantly than its other resources (Kuraś, Łęgowik-Świącik, 2014). The confirmation of the significance of this type of investments is the statement by A. Marshall that the capital invested in human beings is the most valuable of all capitals (Dobija, 2003, p. 118). Moreover, it is indicated that investments in training and development of employees bring about the achievement of better return on investment (Baron, Armstrong, 2012, p. 23). This fact seems to confirm that, admittedly, the investments in human resources are costly but they are really profitable.

Investing in the human being is associated with the acquisition of new experiences by them and training through the process of individual or team learning. Baron and Armstrong underline the fact that learning is a continuous process, leading to development of skills, knowledge and attitudes which, in the future, allow employees to take greater responsibility (Baron, Armstrong, 2012, p. 127).

Raising the possessed qualifications, and also acquiring new ones, may be developed both in a formalized way, by means of courses, training or in the course of studies, as well through self-education. Therefore, investing in staff development by enterprises is connected, among others, with organizing and funding all types of training and courses improving their skills in the performed job (Dziwulski, 2012, p. 68-69).

Summing up, the rational human resource management in the sphere of raising competences of employees, may provide long-lasting development of the organization and it may constitute a kind of value added of the professional development of the employee in the form of increasing their opportunities on the labor market. Therefore, staff development ought to constitute the basic value for both the enterprise and employees.

Development of staff competences in Polish enterprises

The improvement of professional competences of employees may be performed through different education systems: formal, non-formal and informal. Formal education refers to education in a school system. It relates to education at the elementary level, junior high schools, vocational schools, high schools (including post-secondary schools) and universities, post-graduate studies and doctoral studies. This refers to a regular form of education provided by schools and educational institutions authorized to educating in compliance with the approved curricula. In turn, non-formal education amounts to the organized educational activities which do not meet the requirements of the definition of formal education. This form of education does not bring about the change in the level of education. It usually leads to development, acquisition and improvement in skills in different fields of professional, social and cultural life. Education outside the formal system should take place with the

participation of an instructor or a teacher. More and more frequently, it takes place in the form of courses, training, instructions, seminars, conferences etc. On the other hand, the concept of informal education means independent learning of people to acquire knowledge or improve skills. As opposed to the two previously discussed forms, it should take place without the participation of a teacher.²

As it has been mentioned before in the paper, the improvement of skills and qualifications of employees should belong to priority activities of entrepreneurs. This form of investment in human resources influences the development and increase in innovativeness of enterprises. As it results from the research carried out in enterprises running their business activity in Poland, there is a dependency between enterprise development and development of staff competences.³ The level of development of the analyzed companies was established on the basis of three factors concerning the last 12 months of operation, namely:

- implementation of new products, services or production methods,
- an increase in employment,
- profit growth.

On the basis of the above assumptions, there was made the division of the enterprises into: stagnant, poorly developing, developing and strongly developing. The first group includes the ones which did not fulfill any of these conditions. In turn, to the group of strongly developing ones there were qualified the ones satisfying all these assumptions. On the other hand, the entities which fulfilled one or two of the suggested criteria were defined respectively as poorly developing or developing. The information concerning dependencies between the level of enterprise development and its size and the undertaken activities in the field of staff training is presented in Table 1.

Table 1. Involvement of employers in the activities aimed at development of competences and improvement in qualifications of employees [%]

Number of employees	Level of company development							
	Stagnant		Poorly developing		Developing		Strongly developing	
	2011	2012	2011	2012	2011	2012	2011	2012
1 – 9	57	55	71	70	78	77	87	84
10 – 49	63	61	76	76	85	83	85	93
50+	85	85	93	93	95	95	99	98

Source: The research report: SZCZUCKA, A., TUREK, K., WOREK, B. (2014) *Rozwijanie kompetencji przez dorosłych Polaków*. Warszawa: Polska Agencja Rozwoju Przedsiębiorczości p. 68.

The data included in Table 1 clearly indicate that the stronger the enterprise development the higher its involvement in staff training. In case of strongly developing

² The cited explanations concerning the listed education systems come from the publication: GŁÓWNY URZĄD STATYSTYCZNY. (2013). *Kształcenie dorosłych 2011*, Warszawa p. 10-11.

³ The studies refer to years 2011 and 2012 and were conducted in the framework of the project Bilans Kapitału Ludzkiego (Balance of Human Capital) and included in the project, *Rozwijanie kompetencji przez dorosłych Polaków*, conducted on behalf of Polish Agency for Enterprise Development.

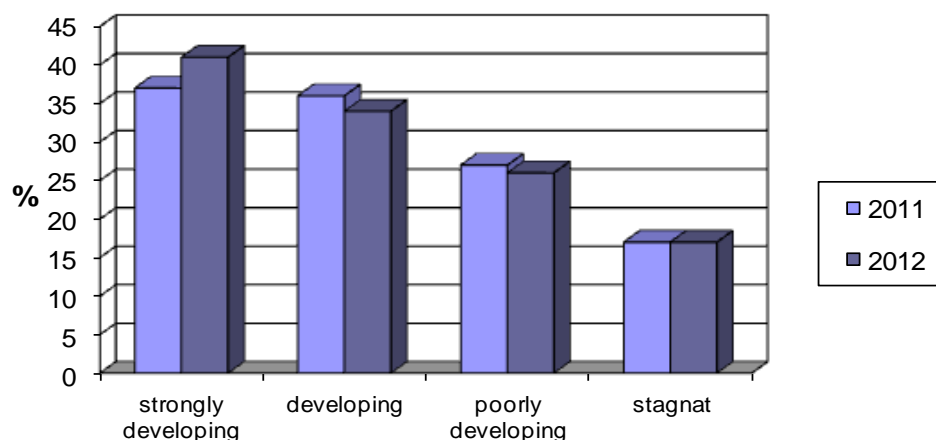
enterprises, the percentage of employers investing in the improvement of competences of their employees was at the high level of 87-99%. On the other hand, the stagnant companies showed the least involvement in this field. The percentage of the companies involved in staff education in this group, amounted to 57-85%.

While analyzing the presented data, it should be underlined that, for all the analyzed entities, irrespective of the level of their development, there can be observed the dependency between the value of the indicator and the number of employees. The higher the level of employment the higher the value of the indicator.

As an unfavorable fact there should be noted that in 2012, compared to the previous one, almost in every of the analyzed group of enterprises, there was not recorded an increase in the activity concerning staff education (in some cases it was just a fall by 1-2%). Only in the group of entities employing 10 to 49 workers, there was an increase in the percentage of the companies investing in development of their human resources, by as much as 8%.

Another issue, allowing for the assessment of intensity of the activities aimed at improving staff competences is to establish what percentage of the employees used the opportunity to improve their skills and knowledge. To achieve this, there was used the indicator of the availability of training which is the quotient of the number of employees trained in the framework of courses and training and the number of workers employed in all the analyzed entities. The total value of the indicator in 2012 amounted to 26% and was lower by two percent compared to the previous year.⁴ However, as the authors of the cited research indicate, the actual number of trained employees in 2012 was higher. In 2011 it amounted to 2 270 thousand employees per 16 000 companies under consideration, and in subsequent year, it amounted to 2 863 thousand employees per 16 005 entities. The size of the discussed indicator, combined with the level of company development is presented in Figure 1.

Figure 1. Indicator of the availability of training depending on the level of company development



⁴ The research report: SZCZUCKA, A., TUREK, K., WOREK, B. (2014) *Rozwijanie kompetencji przez dorosłych Polaków*. Warszawa: Polska Agencja Rozwoju Przedsiębiorczości, p. 70.

Source: *The study based on the report of the research: SZCZUCKA, A., TUREK, K., WOREK, B. (2014) Rozwijanie kompetencji przez dorosłych Polaków. Warszawa: Polska Agencja Rozwoju Przedsiębiorczości, p. 72.*

The graph in Figure 1 clearly indicates that the largest percentage of employees having an opportunity to raise their qualifications occurred in the strongly developing companies. It is also the fact that, only in this group, there was an increase in the value of the analyzed indicator (from 37% to 41%). It is also confirmed by the positive correlation between the level of the company development and investments in development of human resources. In the stagnant enterprises, this indicator amounted to 17%, i.e. it was practically twice as small.

Among the analyzed enterprises, the most popular forms of supporting the development of employees were courses and training, i.e. the elements of non-formal education, and this was irrespective of the level of enterprise development. However, in the group of the stagnant companies, the percentage of the employers using this form of education is the lowest from among all the groups. In turn, the opportunities for education in a formal system aroused the least interest. Among them, there was listed granting education at universities and in vocational and high schools. The detailed information is presented on Table 2.

Table 2. Popularity of the selected form of education of employees depending on the level of development [%]

Level of development	Forms of training	2011	2012
Stagnant	Courses and training	51	53
	Conferences, seminars or workshops	18	19
	Granting education at universities	9	7
	Granting education in vocational and high schools	6	6
Poorly developing	Courses and training	67	62
	Conferences, seminars or workshops	27	25
	Granting education at universities	11	8
	Granting education in vocational and high schools	10	8
Developing	Courses and training	71	63
	Conferences, seminars or workshops	27	32
	Granting education at universities	12	12
	Granting education in vocational and high schools	9	8
Strongly developing	Courses and training	63	75
	Conferences, seminars or workshops	34	44
	Granting education at universities	13	11
	Granting education in vocational and high schools	6	6

Source: *The study based on the report of the research: SZCZUCKA, A., TUREK, K., WOREK, B. (2014) Rozwijanie kompetencji przez dorosłych Polaków. Warszawa: Polska Agencja Rozwoju Przedsiębiorczości, p. 79.*

The popularity of courses and training is also indicated by the people participating in the education process themselves. The participation in courses was declared by 65.1% of the respondents under research of Central Statistical Office. On the other

hand, training supervised at work constituted the second, as to the popularity, form of non-formal education. It was indicated by 17.6% of the respondents.⁵

Undoubtedly, the commonness of courses and training results from the fact that they constitute one of the most varied forms of non-formal education. They allow for flexible adjustment of their topic and scope to the needs of both the enterprise and employees themselves. Furthermore, they are characterized by relatively short duration and allow for relatively rapid verification of the acquired knowledge and skills.

The issue of the reasons for which employees undertake training is essential in the area of development of staff competences. According to Central Statistical Office⁶, educational activities undertaken in the framework of non-formal education were mainly connected with the performed work. 73% of the people taking part in the research showed such indication. The most important reason of undertaking education among the respondents was the improvement in the quality of the performed work or professional career development (60,4%).⁷ More data on the motives of the participation in non-formal education are shown in Table 3.⁸

Table 3. Major reasons for the participation in the activity of non-formal education [%]

Specification ⁹	2011	2012	2013
Improvement in the quality of the performed work or development of professional career * / Improvement of abilities essential for present work **	60.4*	66.0**	64.0**
Development of own interests	36.6	34.0	32.0
Certificate/diploma/	17.2	23.0	24.0
Requirements of the employer	28.6	25.0	26.0

Source: Based on the research report: SZCZUCKA, A., TUREK, K., WOREK, B. (2014) *Rozwijanie kompetencji przez dorosłych Polaków*. Warszawa: Polska Agencja Rozwoju Przedsiębiorczości, p. 53, GŁÓWNY URZĄD STATYSTYCZNY. (2013). *Kształcenie dorosłych 2011*, Warszawa, p. 49.

According to the indications by the employers, the main source of financing the investments connected with development of competences of employees was the funds coming from the enterprise or institution. One hundred percent financing was indicated by 71% of the employers. The use of only own funds for financing the development of employees was more indicated by smaller than larger entities. The other ones increasingly referred to the strategy of diversification of sources of financing (own funds were most frequently combined with public funds). However, compared to the use of exclusively own funds, the percentage of this way of funding was rather small and amounted to 8-9% in years 2011 and 2012. According to the

⁵ The research was conducted in the beginning of 2012 using a representative method on a randomly selected sample of 25206 citizens. The information refers to 2011 and come from the publication: GŁÓWNY URZĄD STATYSTYCZNY. (2013). *Kształcenie dorosłych 2011*, Warszawa, p. 45,

⁶ Ibidem, p. 40.

⁷ Ibidem, p. 49.

⁸ In the Table there are data concerning 2011 coming from the publication by Central Statistical office and the research report: SZCZUCKA, A., TUREK, K., WOREK, B. (2014) *Rozwijanie kompetencji przez dorosłych Polaków* (the data concerning the years 2012 and 2013).

⁹ In the Table there are presented mostly the motives for undertaking education. The respondents could pick more than one reason.

employers, funds for education, coming exclusively from the employee, constituted only 1% of all the sources of financing (the same for 2011 and 2012).¹⁰ In turn, according to the data of CSO, in 2011 as much as 27.3% of the people learning in a non-formal system declared that they fully (or with the support of the member of the household) funded the costs of training. This difference may result from the fact that this study included both the employed and the unemployed. On the other hand, 47% of the respondents participating in non-formal education indicated that educational activities were funded completely or partially by employers.¹¹

Conclusions

One of the basic processes of modern human resource management is the provision of the systematic development to employees by allowing them for the acquisition of new competences. This aims at not only increasing effectiveness of work or providing career development but, most of all, influences the development of the organization itself. Possessing competent employees, of high skills and experience is the condition to achieve success in the enterprise operation.

The analysis of the empirical data, conducted in the paper, allows for the following conclusions:

1. significantly greater involvement in staff development, through different forms of education, can be observed in the strongly developing entities (the more strongly developing the company the higher level of development of employees);
2. the most popular forms of education, both from the point of view of employers and employees, are courses and training constituting the element of non-formal education system;
3. the most important motive for undertaking activities connected with training is developing skills essential at work, improvement of the quality of the performed work, development of professional career;
4. activities undertaken in relation to raising staff competences are mainly financed from own funds of enterprises.

Summing up the considerations discussed in the paper, it can be concluded that in enterprises oriented towards development and innovation, the awareness of the need to invest in expanding knowledge and competences of employees is significantly higher than in the others. On the one hand, enterprise development somehow enforces the necessity to invest in people. On the other, educating employees is an indispensable part of its development. Therefore, there appears a kind of feedback.

¹⁰ The research report: SZCZUCKA, A., TUREK, K., WOREK, B. (2014) *Rozwijanie kompetencji przez dorosłych Polaków*, op. cit., p. 87-88.

¹¹ GŁÓWNY URZĄD STATYSTYCZNY. (2013). *Kształcenie dorosłych 2011*, Warszawa, op. cit., p. 46.

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