3.2 STAFF TRAINING AND IMPROVEMENT AS A FACTOR IN BUILDING HUMAN CAPITAL IN ORGANIZATIONS

Summary: According to the modern approach, human resource management in organizations should be oriented towards conversion of human resources into capital. Employees, considered as a capital in the organization, may determine its business value. Without employees’ contribution, other organizational resources, such as financial resources, technology, machinery and equipment would only be useless values in the enterprise.

The aim of this paper is to demonstrate the importance of staff training and improvement to organizational human resource management. In order to produce the desired effect, the above process needs to be implemented regularly. Although vocational education and training often involve considerable costs, they should be viewed as an essential investment, which results in maintaining the value of human resources at the level desired by the organization.

Keywords: staff training, improvement, human capital, human resource management

1. HUMAN RESOURCE MANAGEMENT: INTRODUCTION

Human resource management encompasses any activities connected with managing human resources in an organization, oriented towards the achievement of goals, which are of strategic importance. This concept has existed in the literature since early seventies of the 20th century and gradually ousted the previous concepts, such as personnel management or staff management. Changes in terminology were caused by a new different approach to the people employed within the organization. Previous concepts were oriented more towards administration and approached a human as a workforce. The new approach to the employees consisted in treating them as a precious and strategic resource (Golnau, 2007, p.11). The term ‘human resources’ is a valuating absolute which emphasizes that role of employees in operation of an organization through the effect that human resources have on utilization of other resources in any organization, such as material and financial resources (Król and Ludwiczyński, 2007, p. 54). Characterization of human resource management should emphasize the following basic features:

▪ gaining competitive advantage through striving for employees’ comprehensive commitment to the achievement of the organization’s goals;
▪ development of the assumptions for human resource management in cooperation and commitment of the managers of the highest rank and their implementation delegated to line managers;
▪ combining interests of organization with the employees’ needs;
▪ investments in the employees of all the levels in organization through planning and implementation of training schemes (Golnau, 2007, p.12).


The approach to management of people has evolved throughout the years with the development and implementation of new theories in the domain of organization and management. Theorists and practitioners have sought effective methods of managing staff as
they gradually verified the previous views so that they better suited the reality and guaranteed best possible use in the practice of organizations’ operation.

The transformations in the theories of management were followed by changes in the importance and role of personnel function. Throughout its development, one can emphasize the three phases (1999, pp.23-24):

- the first half of the 20th century - operational phase;
- first thirty years of the second half of the 20th century - managerial/tactical phase;
- since the eighties of the 20th century - strategic phase.

Król (Król and Ludwiczynski, 2007, pp. 46-48) added two more phases to the above division. Namely, the zero phase, before the 20th century, which was characterized by the lack of an institutionalized form of personnel function. The latter phase was the prospective phase. Its origins are dated back to the beginning of the 21st century. It is hard to determine how the organization of the future will look like, which makes it impossible to predict how the personnel function will develop. The form of the organization of the future is based on the advances in globalization, informatization, innovativeness and knowledge. The development of personnel divisions and management of human factor will necessitate determination of new prospective directions. As presumed by Ulrich (2001, pp. 267-268), this development might take three directions. Firstly, the personnel function might be restricted to the role of an agent and thus it can shrink. In this situation can be observed the phenomenon of outsourcing and offshoring (Pataki et al., 2011, pp. 125-127). Secondly, it might be divided into the cooperating entities which will perform separate roles. The third option would consist in focusing on personnel function in a strong and centralized unit, obliged to acting towards meeting the temporary needs of individual units in the enterprise.

According to another vision (Krupski, 2003, pp. 24-25) the personnel function in virtual organizations might be expressed by fading borders of the enterprise, resulting from the fact that the employees are employed in other organizations and thus they add new values; organizations will more and more often use the services provided by temporary employment agencies; they will conclude personnel unions of top managers in different enterprises; smart organizations will be based on generating knowledge or stimulation of the staff processes and their consequences in computer spaces.

Continuity and changes can be distinctly perceived throughout the evolution of the personnel function. Other concepts contain the same or much similar problems concerning recruitment, selection, assessment, remuneration and training of employees. The approach to solving the above problems varies: it results from changes in technological, economic, legal, social, cultural and scientific factors of personnel management. Although the development of the personnel function differs depending on the country, sector or organization, the common direction of changes in the approach to performing this function is noticeable. It manifests in the departure from accidental or sporadic activities and transition, through routine administration, towards consolidation and reinforcement of human resource management as a domain, which is equally essential as other domains of management at all three levels: operational, tactical and strategic.

The following processes are also characteristic of the personnel function: institutionalization of the function (establishment of many new units focused on the performance of the function), specialization (narrowing and specification of the scopes of activities in these units) and professionalization of the employees in personnel units through better preparation for performing professional roles (Listwan, 2002, p. 8).

The importance of the personnel function performed by the suitable organizational unit in modern enterprises rose significantly (Kostera, 1999, pp. 24-25).

The responsibility for the implementation of the tasks in terms of management of human potential depends on the size of the organization. In small enterprises, these tasks are
principally performed by the owner, who is a manager at the same time. In organizations, which employ greater number of employees, the intensity of managers’ work increases, thus the need arises for division of work and creation of formal structures and procedures; hence the need for creation of the positions and grouping them into the units specialized in actions oriented towards efficient human resource management in organizations. In the case of the more serious problems, the organization might use the external services, which can be offered by advisory and consulting agents that operate in the market.

Human resource management units in modern organizations perform a variety of different tasks. They include in particular:

- analysis of work, which encompasses job design,
- human resource planning,
- implementation of the process of recruitment and selection of candidates,
- control over the process of adaptation to work of new members of the organization,
- formation of the system of remuneration,
- employee assessment,
- training policies (in three areas: education, skills upgrading and development (Ubrežiová, 2011, p. 95)),
- coordination of staff turnover in the organization so that the potential of individual employees is used,
- dismissals which are aimed at adaptation of the number and quality of available personnel resources to the organization’s needs (Golnau, 2007, pp. 26-27).

The above tasks should directly relate from previously developed strategies of human resource management and this strategy should be created as related to the general strategy.

2. STRATEGIC MANAGEMENT OF HUMAN RESOURCES

Although originally relating to military activities, the concept of the strategy has been used in management since the sixties of the 20th century (Kreikebaum, 1996, p. 26). The definitions of this term vary; yet it can be principally adopted that ‘…strategy concerns long-term goals and methods of achievement of these goals that affect the system as a whole’ (Gołębiowski, 2001, p.11). Strategy is usually approached as a method the organization behaves and a set of principles that determine this behaviour, planned usually for a longer time-period. When defining the strategy, the four basic components are usually emphasized (Gołębiowski, 2001, p.15):

- domain and scope (range) of enterprise’s operation;
- type and sources of competitive advantage which allow for efficient activities in the selected area;
- plans of action and tactics of realization of these actions, which are necessary for achievement of the goals and their distribution in time;
- the expected results (goals), expected and satisfactory groups of interests.

Some authors, with particular focus on Obój and Trybuchowski (1998, p. 167), have attempted to define what the strategy is and what it should not be. They argue that it should not be a response to a temporary disturbances, a set of temporary adaptive activities, a set of figures and a schedule for the following 3 to 5 years, facilitation of the activities from the previous year, the wishful thinking and unreal postulates or the concepts developed and implemented by the narrow circle of managers, not popularized among other members of the organization.

It is essential that formulation of the strategy should be one of the first steps taken towards a success. Another essential step should be implementation of the strategic management, which is defined in the literature in a more synthetic or complex manner. This extended
approach was presented by Krupski (2001, p. 96), who argued that strategic management is ‘…a process of definition and redefinition of the strategy as a response to changes in the surroundings or in advance of these changes, and even the implementation that stimulates these changes and is coupled to the process, where the resources and competencies of the organization are adjusted so as the adopted long-term goals of development are achieved and the existence of the organization is secured against the events of discontinuity’. The different method of defining this process results principally from the level of detail adopted by the author and from the point of view adopted with relation to the essence of this activity. Regardless of the school of thought of strategic management, five different stages in operation can be distinguished. Each strategy in the organization is created based on several levels which represent a hierarchical layout. Three levels are principally emphasized: starting from top, they include the level of the whole enterprise (corporation), level of the area of activity, domain or a strategic unit and, finally, the functional level (Golnau, 2007, pp. 46-49). This threefold division of the strategy is characteristic of huge enterprises which additionally offer the products of varied structure. Smaller organizations, where the domains of activities are not separated, the strategy can be created at two levels. The strategy will be formulated in a different manner in the case of the enterprises, which operate based on the alliances, associations, unions, and holdings, where they can be created only at the level of the network of enterprises. It is also essential that the strategies defined at any level were also fully integrated with each other, thus taking into consideration the assumptions adopted at higher level.

One of the strategies, which are essential for the whole organization is the strategy of human resources, which is determined by the strategy of corporation and the strategy of a particular area of operation. It represents a long-term idea of acquisition, development and utilization of human potential, oriented towards the achievement of the goals across the organization. This strategy should incorporate the solutions adopted in a particular organization within the most important decision areas concerning the analysis of work, recruitment and selection of candidates, increasing qualifications and skills, assessment, remuneration and labour relations (Golnau, 2007, pp. 46-49).

It should be noted that ‘…the problems concerning the determinants of human potential development should be an integral part of the strategy of contemporary enterprise. When building strategies, one should take into consideration the aspects of non-physical potential of labour which contribute to the enhanced innovativeness, generation of know-how and creation of smart organization’ (Pytel, Strzelecka, 2009, p. 323).

The solutions contained in the strategies of human resources are then reflected by the adopted philosophies, policies, programs and processes connected with management of this most precious resource in the organization. The definition of the strategy of human resources, with the goals of organization and its implementation aimed at gaining competitive advantage is termed strategic human resource management, which can be characterized by the following (Golnau, 2007, p. 50):

▪ viewing the employed as an essential resource which might contribute to competing for the best position in the market,
▪ considering the activities of building the philosophy, policy and practices as the best method of utilization of human resources in order to gain competitive advantage,
▪ conformity and full integration with both general strategy and all the activities taken in the area of managing people,
▪ orientation toward the implementation of the organizational assumptions.

Strategic human resource management was originally a mixture of traditional approach to the problems of management of human resources with the evolving strategic management, which was reached by terming individual subfunctions within human resource management as
‘strategic’, e.g. strategic trainings or strategic remuneration. The essential importance for the evolution of this idea was from the development of the two models in the eighties of the 20th century: Michigan model and Harvard model, followed by the resource-based model created in the following decade (Listwan, 2002, pp. 49-50 and Golnau, 2007, pp. 50-55).

3. HUMAN CAPITAL: THE MOST IMPORTANT RESOURCE IN THE ORGANIZATION

In management of organizations, both in theoretical and practical aspects, new terms are emerging to define this essential part of the company’s value, that is, non-physical resources. These terms include: capital, resources, intellectual assets or non-physical and legal values. Regardless of the adopted term, they mean non-physical resources in the organization (these which adopt neither physical nor financial form), and they significantly contribute to generating the streams of future benefits and affect the company value (Król and Ludwiczyński, 2007, p. 92). Non-physical values are formed in particular by: high qualifications of the employees, internal and external employment structure and the appropriate approach to the problems concerning the employment.

The problems arise with the evaluation of non-physical value in enterprises, although a variety of methods and estimated multipliers of these values have been developed. According to Kasiewicz and Maćzyńska (1999, pp. 147-148), ‘…despite long experience of developed countries, neither practice nor theory are sufficient to provide unequivocal answer to the question of how much is the enterprise. The only justified method of evaluation of company value is its market price. To put it simply: the enterprise is worth as much as the interested party is willing to pay.’ This statement, however, seems to be imprecise and subjective as it often occurs that the market value is higher than the value that results from financial analyses because of the non-physical resources. The investigations and attempts to identify all the components of non-physical resources in organization have been made by a variety of research groups, e.g. the team Sveiby, or Edvinsson. They succeeded in formulation of the first definition of intellectual capital, ‘…which means knowledge, experience, organizational technology, relationships with customers, and professional skills which give the enterprise a competitive edge in the market (Edvinsson and Malone, 2001,p. 38 and further). Similar approach to intellectual capital was presented by Stewart (2001, p.13), who argued that it was a total value of capital: human, structural and customer capital.

Among the definitions developed by Polish researchers, the definition of Dobija (2003, p.11) should be emphasized: it says that ‘…intellectual capital is a source of financing non-physical resources in the enterprise that contribute to generation of future benefits, thus significantly affecting the process of creation of the company value … Intellectual capital can be divided into the capital connected with innovations, structural capital, market-related capital (customer capital) and human capital’.

There is no generally accepted definition of intellectual capital, either in Polish or international literature (Fekete Farkas et al., 2011, pp. 33-34). No agreement has been reached in terms of its components. However, if common features of different theoretical and practical approaches are considered (see e.g. Kozińska and Żor (1998); Herman and Szablowski (1999); Antczak (2004); Dudycz (2005)) its three components can be indicated: human capital, structural capital and the capital of external relations.

When defining individual components, one can point to the importance of intellectual capital to the value of the whole organization. Therefore, according to Król (Król and Ludwiczyński, 2007, p. 97), ‘…Human capital of the organization encompasses an entirety of specific features and properties inherent in employees (knowledge, skills, abilities, health, motivation) which have a particular value and are a source of future incomes, both for the
employee (owner of human capital) and for the organization which uses this capital under particular conditions.’

Structural capital is a capital which is generated as a result of a particular effect of human capital and represents its physical form expressed as permanent values for the organization. Therefore, its elements include: databases, trademarks, organizational structure, patents or authorship rights and all that helps increase employees’ productivity. This is always the property of the enterprise (Król and Ludwiczyński, 2007, p. 97).

The last component of the intellectual capital is the capital of external relationships, which were generated as a result of all the interactions with entities (also with institutions of the company’s environment, which are of essential importance to efficient operation (these contacts are expected to generate benefits for the future). This capital is mainly restricted to customer capital (as a purchaser of the goods offered), but it takes into consideration the contacts with suppliers, competitors, media and local community as well as with insurance and fiscal companies (Król and Ludwiczyński, 2007, p. 98).

As mentioned before, the contemporary organizations, in order to strengthen their position in the market, enhance their quality and improve their results through the resources they have, with particular focus on non-physical resources inherent in humans. Numerous publications (Marcinkowska 2000; Białasiewicz, 2004; Dudycz, 2005; Nita, 2007; Szczepański 2007; Pardela, 2009) have emphasized that measurement of intellectual capital, including human capital, is still not easy and unequivocally understood by theorists and practitioners of management, economy or finance. The agreement has been reached in terms of the importance of this element for the whole company value. Due to the fact that this is not the main focus of this paper, the problems of measurement of intellectual capital will not be included.

Although no generally accepted definition of human capital has been adopted due to the ambiguity of this concept, dependent on e.g. the level of consideration (macro scale, organization or individual), it can be understood as ‘a capital incorporated in man’ with such components as knowledge, skills or health (Król and Ludwiczyński, 2007, p. 110). As Strużyna (2000, p. 48) put it, the formulated explanations for the concept of human capital are of unclear and ambiguous character and vary depending on the cultural contexts, paradigms and fashions and language practices used by different authors. When ordering this multitude of views, Strużyna explains that ’…the ideas are arranged in a series, from relatively concentrated knowledge of the reasons of interest in the concept of human capital towards the fuzzy knowledge about other dimensions of capital. This distributed knowledge goes considerably beyond the problems of human capital and reaches to other areas of research interests as it is impossible to artificially distinguish between the content hidden in the concept of human capital and other phenomena, which affect the views and behaviours of groups and individuals. The systematized knowledge about human capital can be treated only as a crystallized view which provides the pivot point for a specific mosaic of general knowledge and concrete practice (Strużyna, 2000, pp. 52-53)”.

In order to further understanding of the essence of human capital, let us consider it at the macro level and the levels of a team and an individual. The macro scale means realization that the format and composition of human capital substantially affect the method of development of societies, nations and mankind (Makowski, 2002, p. 181). Based on this, one can argue that ‘human capital means a resource of knowledge, skills, health and vital energy contained in a society or a nation. Human capital is a resource, which is represents a source of future satisfaction, salaries or, more generally, services or a particular value. A distinguishing feature of human capital is that it is somehow a part of a human: ‘…it is human as it is embodied in people’ (Schultz). One cannot divide themselves from human capital or, more specifically, human capital always accompanies a particular person’ (Domański, 1998, p.67).
At organizational level, human capital is contained in specific characteristics and properties inherent in individual employees, with particular value that can be transformed into revenues for both employee, who is the owner of the capital, and for the organization which uses the capital on certain terms (Pocztowski, 2003, p. 45). This capital, which takes into consideration the synergy effect, is generated through capitals of individual employees or collective capital.

Another level at which human capital can be considered is the level of the team. This capital is generated through summation of individual capitals of employees and might equal this total, be lower or higher. Its size depends on the method of managing the team. If the team is improperly managed, the human capital is wasted. If a synergy effect is obtained through management, the team’s capital exceeds the total of individual capitals. The deepest level is individual level. Each of us makes investments in themselves and, through collecting of a variety of expenditures, such as education, knowledge or experience, increases their value and ability to work. Additional components which form individual capital are: looking for a job, reproduction of information, migration or health status. Others include: talent and aptitudes, raising, personality, looks, reputation or the system of values. Unfortunately, technological or organizational advances or changes in the methods of management cause that individual capital wears out (Król and Ludwiczyński, 2007, p. 114)

The development of personnel functions in the model of human capital remains at the stage of formulation and crystallization. It should be noted that two parties are present in the process of accumulation of human capital in organization: an employee and enterprise. The employees strengthen their capital through education, training and new experiences, whereas the enterprise uses a variety of strategies aimed at generating this capital, or purchases it outside the organization. It is also of essential importance, both from theoretical and practical standpoints, to determine the relationships and connections between human resources and human capital in the organization and to determine the method of transformation of these resources into capital. These strategies might adopt a form of long-term decisions, oriented towards:

- adjustment of human resources to variable conditions in their environment;
- effect on the external environment
- strengthening personnel divisions with expert teams,
- effective system of prizes as an answer to increased productivity,
- formation of the internal labour market in the enterprise (Sajkiewicz, 1999, p.58).

‘Strategic human resource management leads, in longer perspective, to transformation of human resources into a precious capital in the enterprise. In order to achieve this, the plan of long-term managerial activities is developed: they are subordinate to the priority principles... Strategy of human capital should be linked to the strategy of corporate culture... The strategy of changes in corporate culture and consistent implementation of this strategy should be a starting point in building the strategy of human capital ... The main contributing factor in the strategy of human capital is staff competencies’ (Sajkiewicz, 1999, pp.59-62).

Therefore, good management of human resources and effective utilization of the potential of this management are the best solution for building this most valuable resource in organization.

4. STRENGTHENING HUMAN CAPITAL: TRAINING AND IMPROVEMENT

The new orientation integrates human resource management into the holistic strategy of organization’s management and active building corporate culture and the investments in human capital which are treated as a foundation for making a success in the enterprise. The essence of the strategy of human resource management lies not only in the activities connected with employees, the comprehensive personnel process, but also in the basic canon
of values which an enterprise uses with respect to the employees in their activities (Walczak-Duraj, 2009, p. 23). In order for the management of human resources in organizations to be effective and to contribute to the achievement of the goals, it must be implemented regularly, according to the adopted principles, and be constantly supervised and considered for possible corrective measures. One of these comprehensive activities is the implementation of the personnel processes viewed as the interrelated activities aimed at acquisition of employees and utilization of their potential to achieve the previously set goals (Jurkowski, 1998, p.10).

The personnel processes is composed of the consecutive stages: human resource planning, recruitment, selection, professional adaptation, training and improvement, performance measurement and personnel transfer which concerns moving, leaving and dismissing of employees. It is also essential that the principle of 3R (right person, right place and right time) should be used during the implementation of this process. All the stages are equally important as any previous stage is the starting point for taking actions during the next stage. These stages have been widely discussed in the literature and would be sufficient for writing another paper (see Król, Ludwiczyński, 2007; Penc, 2007; Szalkowski, 2000; Czarnecka, 2010; Dyszy, 2008 and others).

The process of training is an activity which, in order to be effective, must be performed regularly and according to an adopted plan of actions. The main components of the training system should include:

- identification and analysis of training needs as a result of the previous survey;
- preparation of the plan of trainings which satisfy all the needs;
- implementation of training initiatives;
- evaluation of the course and effects of the trainings (Król, Ludwiczyński, 2007, p.452)

In fact, the process of training and improvement should be carried out permanently, as it should be noted that constant civilization, technological or scientific advances cause that ‘you move back as long as you stand’. The publications concerning these problems contain a variety of different definitions connected with the determination of the training needs, such as: recognition, identification, analysis and definition of the needs. The recognition and analysis of the training needs provide the most comprehensive description of the activities: they consist in determination of the needs of individual employees and their teams and the whole enterprise and then analysis of these needs which consists in determination of the hierarchy of importance, interrelationships and the feasibility with respect to the available budget (Król and Ludwiczyński, 2007, pp. 453-458). As the demand rises, the training market develops more dynamically and responds with a broad range of services. The feedback from the enterprises can be explained with an increasing rate of economic and civilizational transformations, willingness to adapt to new conditions of work and acquiring new skills as well as the discrepancies between the knowledge acquired at schools and actual market demands, elongated period of physical activity and individual needs of human development (Ładyga, 2010, p. 301). Given a variety of the definitions, the training can be considered as a process of increasing the knowledge of employees, extending their qualifications and equipping them with new skills which area necessary for achievement of their own goal or the goals of the organization. Training is always investments in humans to improve the efficiency of their work. The aim of training is to increase the employees’ value, bring their characteristics and qualifications closer to the required professional profile, enhance professional competencies or improve personal traits in consideration of their individual career paths. The assumed goals of the training should be closely related with the mission and strategy of the enterprise, character of the activities, customers’ demands, seasonality of production (or services) and work safety (Ładyga, 2010, pp. 301-302). Trainings predominantly refer to improvement and development of the adults who previously completed
their formal school education. Although seemingly similar to that in children, learning process in adults differs in many aspects and necessitates different approach.

The methods and techniques of training proposed by practitioners and theorists cause that each interested party might find their own methods of knowledge acquisition. According to different criteria, training methods are often divided into: passive (traditional) and active (activating), individual and group methods, in and out of work post, as well as demonstrative, simulative and practical methods. Other divisions distinguish between involuntary and voluntary methods and learning in parts or global learning. With more systematic approach to the problem, one can also distinguish between the methods of learning through: imitation, using ready-made algorithms, trial-and-error and problem solving. The development of this domain is followed by the evolution of unconventional methods based on general cognitive and emotional growth, which include interpersonal training, neuro-linguistic programming (NLP), assertiveness training, positive thinking training and other heuristic methods (brainstorming, relaxation methods or didactic games). Some of them have ceased to be termed unconventional and they are widely used in the practice of trainings. Pawlak suggests the following classification of the methods of training according to the method of acquisition of knowledge and skills: passing, problem-based, exposing, verbal and practical methods (Król and Ludwicyński, 2007, pp. 464-465)

5. CONCLUSIONS

In conclusion, it should be noted that acquisition, development and utilization of knowledge, skills and qualifications is becoming a priority problem in contemporary organizations when planning and implementing training and development policies. Without adopting a general vision of how the knowledge is supposed to be acquired, developed and passed, no efforts and costs of training will translate into adequate effects. The policy of trainings, developed for the organization, might help utilize the knowledge accumulated in human resources and make it a source of information for all the employees. The process-based approach causes that training policies and development of human resources provides a good foundation for supporting the efforts in the area of knowledge management in the organization. It is not only essential to acquire, develop and maintain knowledge, but also share it within employees’ groups, understood as a transfer of knowledge between the people and teams. Contemporary unstable and more competitive economic conditionings necessitate strong commitment from the employees, participation in decision-making processes and increase in innovativeness in the organization. This can be ensured in the enterprise through adequate resources, including human capital generated by employees and their very own capital: knowledge, abilities, competencies, potential and commitment. Knowledge accumulated in human resources is a capital, which helps reduce the time for achievement of organization’s goals. Knowledge, which is inherent in personnel and performs different roles, might be of both subjective and intuitive character and its resources represent a means of production and the raw material for production at the same time. Unfortunately, deepening knowledge and skills necessitates financial outlays. Hence, in the times of crises, the enterprises (with particular focus on small and medium enterprises) save on trainings or organize them in a poorly thought out manner without sufficient awareness of their importance. It is self-evident that human capital plays a key role in gaining competitive advantage, creation of innovations and building company’s success. Modern theories of development make development of enterprises dependent on the rate of accumulation of not only physical but also human capital, which is deposited in knowledge, skills and competencies of the employees.
REFERENCES


