

HUMAN RESOURCES AS AN ELEMENT OF COMPETITIVE POTENTIAL

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Summary

Today's economic environment and business conditions necessitate a departure from the perception of machinery and equipment as well as a method of production as a major resource of an enterprise that determines its survival, growth and finally competitiveness. Competitive struggle in the contemporary dimension actually begins at the start of the process of recruitment and selection of employees.

Key words: human resources, enterprise, competitiveness

Introduction to Human Resources

A dictionary of the Polish language defines potential as: resources of capabilities, capacities inherent in someone or something; the whole of economic elements, measures remaining to be used for some purpose.² Thus, we can say that the competitive potential of an enterprise is a set of resources by means of which this enterprise carries on a competitive struggle in the selected market (it develops, maintains and strengthens its competitiveness).

It is commonly believed that competitive potential has a significant impact on a competitive position. However, in certain cases we may observe the so-called reversed character of the situation – a good competitive position, which is reflected, inter alia, in a high level of profits and high profitability, may determine competitive potential. The elements of competitive potential include:

- financial resources,
- information resources,

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² <http://sjp.pwn.pl/szukaj/potencja%C5%82> (1.04. 2014).

- innovativeness resources,
- human resources,
- organizational resources,
- tangible resources,
- technological resources.³
- system of processes,
- set of actions.

A proper composition and optimal use of the resources is an essential skill of managers in this aspect (this is also part of an enterprise's resources). However, it should be borne in mind that the structure of the resources of competitive potential changes over time and therefore the structure of the volume of resources should be constantly monitored.

In the long term any intangible resources are of particular importance in the shaping of competitiveness, which results from their characteristics:

- they are related to skills and can be used in many places;
- with time and use they do not lose their value but rather become enhanced;
- they are difficult to copy, buy and the process of their formation is long.⁴

These resources significantly affect the nature of operations and processes that usually constitute an element that differentiates competitors (products they offer are generally similar to each other). These processes may involve product development, manufacturing, order fulfilment, service, etc. It is not any one product but a process that gives a company its decisive advantage.⁵

Human resources- theoretical view

The analysis of literature⁶ and theoretical considerations prove that in the resource-based concept of competitiveness the most prominent position is held by intangible resources that can be characterized as:

³ O. Flak, G. Głód, *Konkurencyjni przetrwają*, Difin, Warszawa 2012, pp. 73–119.

⁴ R. Kusa, Przyczynowo-skutkowy model konkurencyjności przedsiębiorstw, *Ekonomia Menedżerska*, 2008, No 3, p. 61–63.

⁵ M. Hammer, *Beyond reengineering: How the process-centered organization is changing our work and our lives*, New York, HarperCollins Publishers, 1996, p. 104.

⁶ M. Murawska, *Zarządzanie strategicznie niematerialnymi zasobami przedsiębiorstwa*, FPiAKE, Warszawa 2008; D. Sz wajca, *Zasoby marketingowe przedsiębiorstwa jako źródło przewagi konkurencyjnej*, Politechnika Śląska, Gliwice 2012; G. Michalczuk, *Zasoby niematerialne jako czynnik wartości przedsiębiorstwa. Luka informacyjna sprawozdawczości finansowej*, Uniwersytet w Białymstoku, Białystok 2013; K. Czyrka, M. Byczkowska, *Zarządzanie potencjałem ludzkim w zachodniopomorskich zakładach prac chronionej- wybrane*

- labour resources, trained staff, innovative abilities, morale, cultural flexibility of an organization, with a special configuration of these resources, which is often referred to as strategic competences, abilities or intellectual capital. Information and knowledge, as well as friendly and loyal customers, are also resources.⁷
- organizational resources, licenses, patents, company name, graphic symbol, brand⁸, reputation, etc. Intangible resources, unlike other resources, can be used for different purposes, by different workers, in many places at the same time.⁹

When comparing these definitions with the nature of modern knowledge-based economy, it should be noted that: “post-industrial economy, called knowledge-based economy, has many characteristic features. With regard to the most important determinants of value, it is, firstly, dominated by knowledge, as opposed to the domination of land in agrarian economy and of capital in industrial economy. Secondly, intangible factors are the most important. In the case of a market offer, this means an increase in the importance of services in relation to tangible products. In relation to expenditure it is reflected in the dominance of investments in intangible assets as a source of value creation over investments in tangible assets”¹⁰. Both human resources, intellectual capital, the quality of which translates into entrepreneurship and entrepreneurial attitudes of society, are extremely important intangible resources. These aspects have become part of the document of the European Commission – Europe 2020 Strategy.

As it has already been emphasized many times, in the recent past, when listing the factors affecting competitiveness of an enterprise or when characterizing a company's resources, only fixed and circulating capital was mentioned. Changes in economy, and not only Poland's economy, observed in recent decades forced a change in the look on entrepreneurship and competitiveness, as a result of which the role of human resources in the operation of an organization gained recognition. It is generally acknowledged

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⁷ Internetowy serwis controllingu <http://isc.infor.pl/slownik-pojec/haslo,101142.html> (13.03.2014).

⁸ B. Imbis, Marka w strategii małych i średnich przedsiębiorstw, *Przemysł Spożywczy*, 2002, No 12.

⁹ A. Michalak, *Finansowanie inwestycji w teorii i praktyce*, PWN, Warszawa 2007, p. 59.

¹⁰ G. Urbanek, *Kompetencje a wartość przedsiębiorstwa. Zasoby niematerialne w nowej gospodarce*, Wolters Kluwer, Warszawa 2011, p. 12.

that human capital is a component of intellectual capital of an enterprise (intellectual capital = human capital + structural capital). However, as noted by M. Majowski, “the term ‘human capital’ is ambiguous and explained in various ways, depending on, among other things, whether attempts to define it are made from an individual (individual employees) or social position”.¹¹ Therefore, some definitions of human capital are worth mentioning:

- Human capital – these are all the resources, “possessed by people, such as knowledge (explicit and tacit, declarative and procedural), abilities, values, norms, attitudes, beliefs, emotional intelligence, etc. Human capital is created by a configuration of these resources, which – when focused on the remaining resources of an organization – activates the operation of an organization aimed at value creation. Its size depends on the mutual match and structure of connections between all resources.”¹²
- “Human capital – created by the staff and their knowledge, experience, intelligence, mutual relations, laws, functional specialization of the staff, company’s top management, etc.”¹³
- The concept of human capital is an important term that is useful in the analysis of the issues of personnel management. With respect to an individual, the components of equity are: abilities, health, knowledge, skills, motivation, vital energy and time. Human capital is a specific component of resources; it is embodied in a person and can both increase and decrease. An example of an increase is the development of skills and competences of an employee through training. A decrease in capital may, in turn, refer to a victim of an accident, and quite often also to a person who is unemployed for a long time.¹⁴
- According to the European Commission, “Human capital is the knowledge of the personnel at the moment of leaving the workplace; skills, experience, abilities (some of this knowledge is specific for individual persons, some – a shared category)”¹⁵

¹¹ T. Oleksyn, *Zarządzanie kompetencjami teoria i praktyka*, Oficyna Ekonomiczna. Kraków 2006, p.26.

¹² B. Mięka, *Organizacje oparte na wiedzy*. Wydawnictwo Akademii Ekonomicznej w Krakowie Kraków, 2006, p. 96.

¹³ M. J. Stankiewicz, *Konkurencyjność przedsiębiorstwa. Badanie konkurencyjności przedsiębiorstwa w warunkach globalizacji*, Dom Organizator Tonik, Toruń, 2005 p. 99.

¹⁴ A. Szalkowski, *Podstawy zarządzania personelem*, Wydawnictwo Akademii Ekonomicznej w Krakowie, Kraków 2006, p. 19.

¹⁵ M. Mrozowski, *Kapitał intelektualny współczesnego przedsiębiorstwa. Koncepcje, metody wartościowania i warunki jego rozwoju*, Difin, Warszawa 2008, p. 28.

- “Human capital. The combined knowledge, skills, innovation, and ability of employees to meet the tasks at hand. It also includes company values, culture and philosophy. Human capital cannot be owned by the organization. (...) The term: “human capital” includes all the skills, knowledge and experience of the employees and managers of the organization. Human capital must also take into account the creativity and innovation of the organization.”¹⁶

It can, therefore, be said that human capital is created by people, employees and their resources: knowledge, experience and skills. It is well known that the above-mentioned resources, if rarely used, become outdated and impoverished, therefore, their development should be taken care of through:

- organization of the learning process, engaging the employees in the process, supporting self-education of employees; and
- taking care of the employees’ health condition.

This cannot be achieved by the following practices often applied by Polish entrepreneurs:

- too low remuneration for employees (as a result employees do not identify themselves with their company, they are forced to look for additional sources of income, which reduces their efficiency and effectiveness);
- extensive lengthening of working time (thus shortening the time for regeneration of the body);
- increasing stress levels among employees (through incorrect selection of people to task forces, monotony, making the bonus dependent on the use of sick leaves, which affects the level of nervous tension);
- lack of adequate security of the work environment and preventive healthcare (i.e. no occupational diseases prevention).¹⁷

Therefore, the development of human (intellectual) capital requires stimulation, for example by entrepreneurial style of management. This style is mainly focused on the principles and institutions of organizational governance, such as:

- members seek opportunities by themselves or within an organization regardless of the volume of resources that are under their control; they feel like internal entrepreneurs, which means they treat the projects they execute as if they ran their micro enterprises inside a larger organization (which translates into an increase in, for example,

¹⁶ L. Edvinsson, *Kapitał intelektualny*, Wydawnictwo Naukowe PWN, Warszawa 2001, pp. 17, 34.

¹⁷ B. Mięka, A. Pietruszka-Otryl, A. Potocki, *Zarządzanie przedsiębiorstwem XXI wieku. Wybrane koncepcje i metody*, Difin, Warszawa 2002, pp. 47–48.

- the level of quality or customer satisfaction, which in turn affects the competitive potential of an enterprise);
- challenges are faced quickly and with great commitment; an organization takes every effort to increase the creation of value seizing opportunities while reducing the amount of resources needed;
 - exploration of opportunities is performed by a multi-step involvement of a limited volume of resources and taking small risks at every stage of operation;
 - the structure of an enterprise is organic and is characterized by an atmosphere of openness and community, making it a creative organization;
 - acquisition of key resources not held by the organization is coordinated. The management is looking mainly for an idea for an enterprise, competitiveness, and not the product;
 - employees have a sense of independence but also of responsibility (sometimes financial) for the success of the project and seizing the opportunity;
 - remuneration of employees, as well as the amount of budget allocated in the future will depend on the success of the project (organizational asymmetry is reduced mainly in terms of: income, information, compensation, culture, emotions);
 - organizations encourage employees to report and exchange ideas, to experiment and show creativity, thus developing an entrepreneurial culture in which new ideas are valued and sought after. This type of culture is considered to be conducive to the increasing of competitive potential of companies;
 - organizations look for the environment full of ideas and opportunities, they are geared to the materialization of their rapid growth;
 - the whole system of production and organization is designed in such a way that all the components act to the benefit of the whole. Therefore, entrepreneurs see the need to operate as a learning or intelligent organization¹⁸; they also appreciate the advantages of this type of entities;
 - care for the safety of people, in terms of the working conditions and in the social dimension; following the principles of fair management

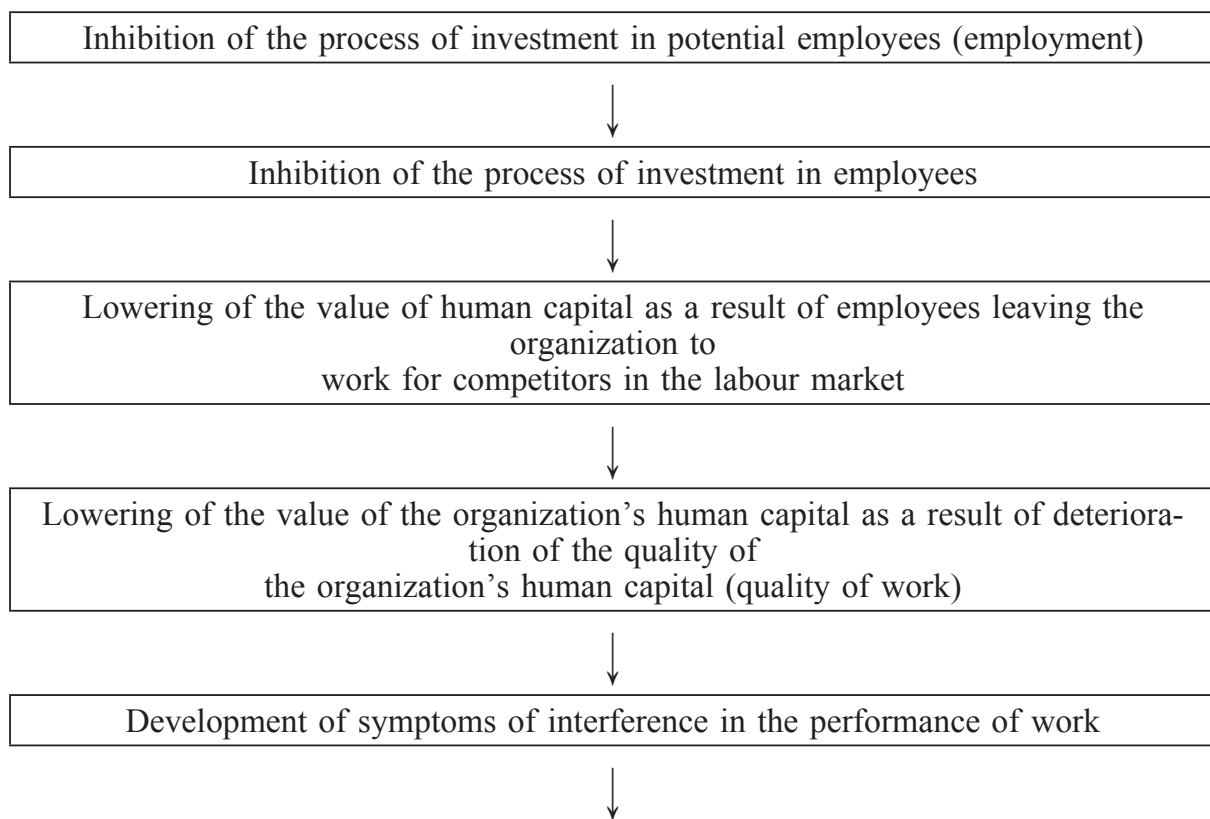
¹⁸ A. Sankowska, M. Wańtuchowicz, I. K. Hejduk, W. M. Grudzewski, *Sustainability w biznesie czyli przedsiębiorstwo przyszłości. Zmiany paradygmatów i koncepcji zarządzania*, MT Biznes, Warszawa 2013; B. Olszewska, M. Czarnecki, E. Piwoni-Krzeszowska, *Przedsiębiorstwo jako organizacja ucząca się*, UE Wrocław 2013, A. Wajda, *Organizacja i zarządzanie*, PWE, Warszawa 2003; M. Brzeziński, *Organizacja kreatywna*. PWN, Warszawa 2009;

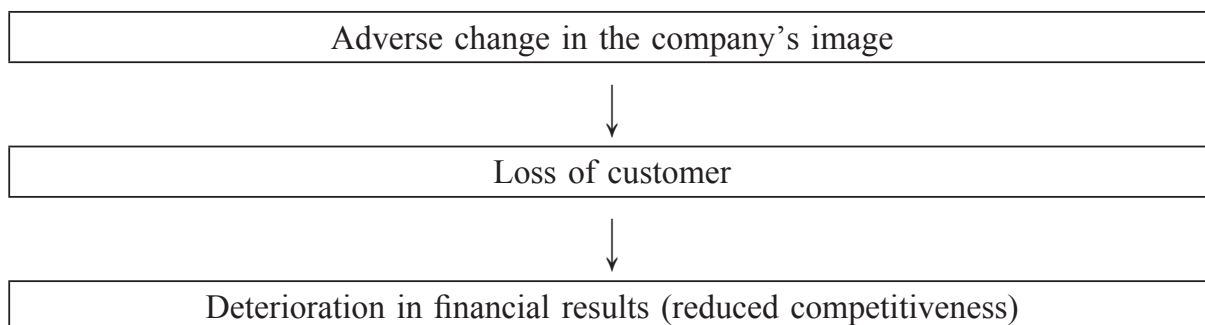
- (engaging, explanation, specification of expectations); use of technology to support people and not to replace them;
- operation of an enterprise as part of a far-reaching concept related to the creation of value for the customer, society and economy;
 - care for organizational knowledge through employment stability, gradual promotion and very carefully thought out systems of succession planning.

Human resources- skills of the future

Employment stability is related to, among other things, the loyalty of employees. Therefore, investments in the loyalty of employees (particularly the key ones) are essential even in times of crisis, because its absence could result in the migration of employees to a more prosperous company, in a situation that is difficult for a weaker company, loss of competitiveness (sometimes loss of opportunities – a given area of operation remains vacant without a properly prepared person). The impact of the consequences of a hindered investment in human capital on the economic situation (competitiveness) of a company is best illustrated by the chart below.

Chart 1 Effects of inhibited investment in human capital





Source: A. Lipka, *Inwestycje w kapitał ludzki organizacji w okresie koniunktury i dekonunktury*, Wolters Kluwer Warszawa 2010.

Only these managers of a company who care about the values and competitiveness of their enterprise and identify with its far-reaching concept should be the candidates for managerial positions. Actions related to human resources must take into account the seniority of employees and their acceptance of the basic ideology:

- leaders must be role models, they must understand the daily work in all its details, in order to be the best teachers of an enterprise's overall concept for the employees; leaders should be educated within an enterprise and should create an atmosphere of community within an organization;
- learning by standardization of best practices;
- use of self-reflection (*hansei*) in order to openly identify all the problems with a project when it reaches its milestones or when it is completed;
- development of remedial measures to avoid repetition of the same mistakes;
- continuous search for improvement, even a minor one, in all areas is necessary.¹⁹

Human or intellectual capital is subject to evaluation and measurement just like other resources of an enterprise. The following indicators are helpful in this task: volume and structure of employment (i.e. average age, number of employees with higher education, etc.); amount of training in the company, staff development plans, etc. However, there are no methods that can

¹⁹ M. Mroziowski, *Kapitał intelektualny współczesnego przedsiębiorstwa. Koncepcje, metody wartościowania i warunki jego rozwoju*, Difin, Warszawa 2008. pp. 105–106; Cf. Entrepreneurial management style by J. Cieślak: 1. Hunting for opportunities (continuous search for opportunities; identification of opportunities, the so-called entrepreneurial alertness; striving to take advantage of opportunities), 2. actions under the conditions of changes (no fear of change; pursuit of changes in order to obtain competitive advantage), 3. holistic approach (look at the whole business and not on the individual departments, "scanning" of the environment in order to grasp the whole phenomena) J. Cieślak, *Przedsiębiorczość dla ambitnych. Jak uruchomić własny biznes*, Wyd. Akademickie, Warszawa 2006.

be easily adapted to the needs of each enterprise. Therefore, the Generator of intellectual capital measurement indicators proposed by W. R. Bukowitz and R. L. Williams may be helpful for this purpose.

Table 1 Generator of intellectual capital measurement indicators

HUMAN CAPITAL	
<i>Indicator</i>	<i>Interpretation</i>
Percentage of employees with higher education or the average level of education of employees	Ability to think intelligently
Fluctuation of experienced staff	Stabilization of knowledge resources
Average level of experience (number of years worked in an enterprise, in the profession, in a given position)	Quality of knowledge resources
Percentage of revenue from customers whose satisfaction requires employees to continuously acquire new skills	Innovation, development of new or expanding existing knowledge
Satisfaction of employees (tested with questionnaires)	Strength of relations with an enterprise and willingness to share knowledge
Training and education costs per employee	Investments in transmission or expanding of knowledge
Value added per employee	Profit ratio, which, at least to a small extent, is determined by the level of knowledge
CLIENT CAPITAL	
<i>Indicator</i>	<i>Interpretation</i>
Percentage of employees who devote most of their time to contacts with customers	Extent and scope of relationships with customers
Percentage of recurring transactions	Stability of relationships with customers
Percentage of transactions with major customers in the total number of transactions	Quality of relationships
Percentage change in revenue per customer	Scope of relationships and/or extent of relationships according to the strategic objectives
Percentage of revenue from transactions with customers expressing a good opinion of the enterprise	Strength of relationships, the possibility of using them to form new relationships

Percentage of cooperation agreements concluded with customers	Range of knowledge flows and the value of creating relationships with customers
Satisfaction of customers	Stability of relationships with customers
ORGANISATIONAL CAPITAL	
<i>Indicator</i>	<i>Interpretation</i>
Percentage of income invested in the knowledge management system (or the information technology (IT) system, which is part of knowledge management)	Degree of giving attention to the creation, accumulation and dissemination of various types of knowledge that can be used
Percentage of revenue from the sale of new products	Innovation, implementation of knowledge creation and application
Percentage of income obtained thanks to demanding customers (customers requiring continuous investments in order to be served)	Success in the creation of knowledge and new processes as a result of customer requirements and/or products that may be improved as a result of these actions
Percentage of newly hired employees	Volume of base knowledge
Average time of development of a new product	Innovation, distribution and application of knowledge
Average time of adaptation to the needs (requirements) of customers	Ability to collect and apply knowledge
Percentage share of the sale of company products (usually patented)	Ability to create new knowledge and to generate profit from its application
Contribution of one employee to the creation of base knowledge (on an annual basis)	Success in creation of base knowledge
Indicators of base knowledge application	Potential for broadening (expanding) of base knowledge

Source: B. Mikula, A. Pietruszka-Otrył, A. Potocki, *Zarządzanie przedsiębiorstwem XXI wieku. Wybrane koncepcje i metody*, Difin, Warszawa 2002, pp. 67–68.

The creation of entrepreneurial principles in an organization is valued by all employees of an entity but increasingly also by people not directly related to the company. Hence, enterprises increasingly try to make stakeholders perceive the enterprise as a socially responsible business.

It should be noted that the resource-based view of strategic thinking points to the staff along with its specific properties as to one of the key strategic resources. The basic assumption is that the source of a company's success is the unique configuration of resources and skills. It is provided by intangible assets, such as: knowledge, information, intellectual property, specific organizational culture and commitment, creativity and loyalty of the

personnel. Thanks to them the company can be dynamic and innovative, and, therefore, competitive. As a consequence of this approach, human resources have been recognized to have paramount importance in the development of an organization's success. They were found to be unique, and attention was paid to a high degree of flexibility, partial unpredictability and an ability to self-develop and enhance their value over time.²⁰

Conclusions

In order to achieve a high competitive position in the market, it is not enough to employ appropriate staff. The task of each company in this field is to skilfully and continuously invest in human resources – their knowledge and skills. This is a process of building of the so-called competitive base. In this respect employees should be treated subjectively, should be motivated to work properly, and should also have the conditions for self-development and self-realization, which will surely trigger their innovation, creativity, entrepreneurship, i.e. qualities necessary in the process of developing the competitiveness of a company.

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²⁰ A. Pietruszka-Ortyl, Proces zarządzania kapitałem intelektualnym. *Przegląd organizacji, 2004, No 6*, p. 11; J. Jasińska, Planowanie kadr. In T. Listwan (Ed.), *Zarządzanie kadrami*. Wydawnictwo C.H. Beck, Warszawa 2002, pp. 61–62; M. Rosińska, Kapitał ludzki podstawą budowania przewagi konkurencyjnej współczesnych przedsiębiorstw. In J. Bogdanienko, M. Kuzel, I. Sobczak (Eds.), *Uwarunkowania budowania konkurencyjności przedsiębiorstw w otoczeniu globalnym*. Wydawnictwo Adam Marszałek Toruń 2007, pp. 11–20

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