

Quality Issues in Human Capital Management

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Abstract

Human capital and its management are important because give the possibility to organizations to use more productively the personnel by means of measurements, analysis and evaluations than by suppositions.

We notice in parallel that the increasing interest towards human capital of the company is more and more obvious. The success, the performance and competition of the companies depend in great measure on the content and quality of human capital management, That is why, the key-word of human capital and its management must be: investment in people, competencies, engagement and equally equity in redistributing and attribution, equilibrium in family and professional life, perspective in evolution. It is the field of the relation employer- employee, it was winner- winner, and that who gives opens in front of as it should develop the care towards the human being.

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1. Context of human capital management

In a world where hours seem to be minutes and minutes tend to be seconds, in a world where there are things still unplaced into their natural place, where people cannot face the toughness and roughness of life, the hope for better is found in human capital. That is why, even in Romania, as everywhere around the world, the problem of knowledge of human capital, of ways and means of its modeling in order to optimize its creative potential, tends to occupy a priority place in the whole of preoccupations of science and management practice of the organization. In the market economy, the managers and the rest of the personnel with management function manifest a special interest for the study of human capital management. This is explained by the fact that human capital management emphasizes the factors that are at the base of its behavior and its attendance to the achievement of organization's objectives.

From our point of view, the theories of human and social capital represent a reflection of the increase of the role of the personnel in contemporary production. They fundament the special place of the personnel among the other types of capital that are used in production. From these types of capital, respectively of precious components of the production, capable to bring profit we retain: the financial capital, mainly money; physical capital, respectively the technique, instruments, raw matter, material elements of the production; the personnel, including human and social capital.

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It is assured the development of human capital and of business strategies that allow the improvement at business performance levels and situation of superior steps of the engagement of having realized through realist means a better selection, preparation and management of these resources. There are encouraged also the evaluation initiatives and of satisfaction of future requests of people. It is assured in the same time the basis for developing policies and practices that enrich people's capacity, respectively their contribution to the development of the potential and employment rate by assuring an ongoing study and development of opportunities.

In many firms, their managers do not hesitate to affirm that people are their most important asset or that want to place the human resources within the heart of the enterprise. And with all these, it appears a surprising contradiction. In their great majority, enterprises watch closely their material assets (stock market, investments, treasury, course of shares), satisfying with just affirming that assets are almost as important as key skills of the personnel and their level of adherence and engagement. The first explanation leaves from noticing that management is naturally focused on easy to measure results. A second explanation has its origin in the late observation of the importance of immaterial concept of human capital. On this explicative land there must be considered that all modern tendencies lead practically to one thing and that is in any company human company is among the production's dominant factors. In present day, human capital determines the rhythm and level of development of the production, and also of national economy and companies. It is necessary to be understood the fact that in companies' human capital is the only factor that does not belong to companies. That is why, the most important task of the manager preoccupied with the efficiency of activities from the company that manages is to attract the human capital of the employer, its knowledge, skills, experience and pass then in the balance. By this process it is created the road to success and performance.

In this way, the manager has to understand why it is important for him the administration and measurement of human capital. In part, this results from the need to anticipate and respond to world's changes where the activity is developed. It is necessary that the manager develops its fundamental conviction that in order to situate human capital on a superior step, he must understand better the anticipations

of its personnel regarding the future business performances, and also to establish them according to the skills of the people from the unity.

The world changes very fast. Clients' profiles change, and also their needs and expectations. The development of middle class in India and China and the increase of economic participation of women are obvious examples. The demographic tendencies show that in future managers will confront with a rough competency for talents. And from here the care and preoccupation for drawing and keeping the best talents, according to the exigencies of clients and with the value of the skill of their own personnel. We find ourselves in front of a request to make sure that the processes and practices in the matter of human capital are configured so that they can face these challenges.

Nowadays the global business climate is marked by extreme geopolitics and economic incertitude. The acceleration of global market forces business to answer to clients faster than ever with products and services with added value, making efforts to maintain temporary competitive advantages. These businesses are submitted to extreme pressures for the increase of income and profit within conditions where costs decrease, the use of resources is optimized and the laws become harsher. Organizations know that must adapt their business and IT systems in order to survive, innovate and grow. And, behind these, executives develop their conviction that people are the most important asset.

The manager is called to regard another type of major aspect, that is that the development of scientific and technical civilization and their fast dissemination constitutes also another contemporary challenge. The new manner of production *savoir* type and *savoir faire* is accompanied by a specialization and creativity without precedent. From reasons of competition, industries appeal to more and more scientific and technical researches for creating new products that involve performing and more sophisticated equipments, needs of communication of great complexity, etc. In the same time, it is needed – as Jacques Delors stated in a reports to UNESCO 1996 – to be regarded in the education and professional training process other two major imperatives: *savoir etre* and *savoir vivre dans la communaute*. As a paradox, the accomplishment without precedent of contemporary science and technique creates a feeling of insecurity among public opinion due to some negative phenomena that accompany them. The spectrum of unemployment, of poverty and diseases, terrorism, drogues, violence, prostitution, etc. lead finally to a misplacement between progress and the manner of perceiving them in the collective science. Towards this crisis, called by the specialists *compatibility crisis*, a solution cannot come only on the base of a better information, but on the base of the fast dissemination of knowledge, of their learning, gaining permanent new knowledge, competencies and skills in the same step with contemporary progress. Education and professional training, its quality become within this context the main vectors of economic, social, motivation and personal satisfaction progress.

It is the place of a special mention: although the tendency of globalization makes education and professional training to constitute a world problem,

educational systems have been and continue to remain by excellence national, specific to each country through its priorities, manners of solving problems, financial and human potential etc., that does not exclude but supposes and involves the convergence of these systems, their quality- valuable closeness.

At national level, many East-European countries including Romania must conserve and develop their educational inheritance with which they entered the European Union and on the other hand they have the duty to recover the time they remained behind, adapting their educational- formative systems to the new requests. Their belonging to global market involves altogether a compatibility between systems, between their content and quality, between systems of competencies and qualifications.

And from here the need that the complicated problem of education and professional training to be conceived and treated as a major preoccupation in specialization studies and in analysis for a fundament of the measures of economic and social policy. These preoccupations present at the level of international and national organisms are based on the increasing consciousness of the fact that the healthy economic growth and durable human development are connected with the extension and quality of education.

We add to those mentioned above the fact that within the formation of the index of human development – an agreed index – three of its components are very much connected with education and that is: the alphabetization rate; gross/ net rate within the education system; education index. More, other partial indexes that characterize human durable development refer explicitly to education, occupation, unemployment, incomes.

Romania's wish to count itself among the developed countries oblige economists to investigate at maximum, in an objective manner, the conditions, factors and particularities of development for the countries with a post-industrial economy and the progresses they had obtained.

Of course that, as the practice looks like, each country had its particularities also in obtaining economic progresses and in unpredicted failures. In the same time, for the group of post-industrial countries there are characteristic the general rules within the economic- social process.

Unfortunately, in national economic literature these and many other questions of the post-industrial phase in the development of Western countries remain weakly presented. As a whole, it is followed the insufficiency of an objective appreciation of economic- social changes that had place in the second half of the XX century in economic developed countries. It can be said that today has appeared an objective need of multilateral research regarding human capital and the understanding that characterizes the post-industrial stage of development in the elaboration of clear definition, systematization of theoretic works that already exist.

2. Challenges for the human capital management

The philosophy regarding the human capital management is simple. It is regarded an integrated approach of management and measuring human capital for making sure that it is measured and then developed the efficiency of procedures for creating a strategic power and profit brought by the main activities, such as engagement and training. Our leaving point is the strategic purpose for each business. Then it is decided what human connections may help this thing to be accomplished and there are proposed a series of questions that prove how well these connections are raised. The main questions are connected with the manner in which there are created resources in order to bring a future development, from a qualitative perspective and also for a quantitative one. They may be formulated as follows: is the resource level adapted to future needs required by the development process?; are the skills cultivated through a selection of quality and development?; is there assured a training of the best people so that the group of succession leaders may increase?; are the best people kept?; are the best employees and with the greatest potential rewarded appropriately?

The adopted philosophy as answer to the questions mentioned above will be based on “strong points”. This approach “based on force” is interconnected with everything together with the three fundamental principles that guide the approach on the management of human capital and that is: concentration on the talent for a job at all levels by creating the means and processes that identify, reward and retain the most efficient employees; supporting the individual employees to know and concentrate on their strong points and if necessary, to control their weak points; training the managers and exceptional leaders that may identify and perfect talents and create the personnel’s engagement in an organization.

From our point of view, such an approach surpasses the classic conceptions of the work organization only on the base of legal requests, being actually a matter of progress and optimization of using the resources in general, and the human capital in particular. Regarding this approach, the detailed establishment of the situation of human capital in comparison with the requests on short or medium term, it is a process that is developed in two phases: establishing the existent resources and comparing these with immediate requests or on medium term. In this frame there are imposed new models of increase and management centered on human capital. This signifies the fact that the efforts will be concentrated on the development of the company’s skills, and also those of human capital, but this will not be enough. It should also be accomplished an establishment on raised levels of adherence and satisfaction at the level of collaborators, in a strategic vision especially oriented towards human capital.

The strategy for developing the human capital to which we regard, it more than just a development of actions by applying a set of measures, respectively it is a strategic option that passes over each aspect of the relations of the enterprise with the personnel, found also in recruiting, integration, supervision, granting tasks, payments, transfers, promotion and training and without neglecting that at the level

of the enterprise there must be assured a compatibility of the economic aspect with the social one.

On this strategic base, the policy of human capital development involves a duality of modalities and a supplementation of implementation measures for these ones. For achieving the objectives for putting in value the human capital, a special role have managers and next to them the specialists in human resources. Managers must and can influence fundamentally the motivation and development of professional skills of the personnel that works under their authority. At their turn, the specialists in human resources may offer means, methods and support in accomplishing the tasks by the company's personnel, by organizing the training programs for those programs that affect human capital, especially in what regard the professional development and training, encouraged by an investment in this capital. The obtained results in this field underline the necessity that the investment in human capital, intangible investment, increases. It may already be noticed that this tends to equal, if not surpass in a relative manner the tangible investment. "As machines, plants, in one word the material technical capital at its time has devaluated the land enriching the captains of industry and ruining the noble owners of lands, today the active human capital, immaterial and informational creates value and depreciates in a relative manner the former rich industries."¹

By reporting to strategy, human capital in an economy based on knowledge, is not created only as a simple resource, but it represents a true strategic act whose valuation involves a profound modification of the company's organization. In this context, we bring to discussion another important aspect that refers to the confrontation with the universality of informatics technologies and of communication that are developed in conditions where the greatest part of industrialized economies and especially of countries members of European Union, the rate of unemployment is maintained increased, emphasizing the phenomenon of social exclusion. It results that, under these conditions, the problem of occupation, of creating a highly qualified labor force, characterized by skills and abilities specific to an economy of knowledge, creates not only a request but also an economic, social, politic and cultural priority. The accomplishment of such a thing cannot be created but through education and professional training during the entire life cycle of an individual. At their turn, these must correspond to the dynamic of the new exigencies of the knowledge society, being known the fact that the knowledge society supposes changes in educational and training policies by assuring a basic education for all and replacing the selection by excluding with a policy where the access to education is for every one. It appears in this way the need to consider again the current systems of education and professional training that allow the reduction of the differences that are between those very much trained and the least qualified and marginalized ones. This request obliges each country to register these fields among the main objectives of current economic- social developments and also in perspective.

¹ Ouziel, J., "La valorization du capital humain", *Problemes Economiques*, no. 2795, fevrier 2003, p. 23

On the other hand, transformation, professional insertion and ongoing training become at their turn, the most important elements for adapting to the new requests of labor market. The beginning of the century confronts with a request for qualifications, specializations and skills higher and higher and varied, accompanied with equally sophisticated skills in all fields of activity.

And with all these, we notice that many managers cannot find the time to create and analyze the strategic panel of the enterprise regarding the manner in which there are conceived transformation, professional insertion and ongoing training. They neglect in this way precious human capital that they have. They do not show an interest towards the primary needs of the human being, as evolution of effectiveness and number of recruited persons and many information supplied by the social balance and leave out of their preoccupation the more complex indicators such as the adequacy of human capital to the strategy of implementation, evolution of competencies or the level of adhesion of the employees to the company's purposes and objectives.

We consider necessary to bring to discussion another important aspect and that is that connected with the responsibilities and consequences of the public – private report in the formation and development of human capital. In reality we notice that although the investments in learning and professional training are sources of work also in the private field and from the social point of view, the formation of human capital brings the main role of the state, even if it cannot be limited with certitude the start line between the state's responsibility and that of the private sector.

The problem of the state's investment is put strongly on the poverty of many families, because the access to private learning that involves greater expenses if restricted also by severe conditions for granting a loan for learning, from the perspective of future incomes.

From the pragmatic – methodological point of view, the increasing interest for the problem of education and professional training is determined by many factors. Firstly it is detached the maintenance and even the strengthen of some disequilibrium on labor markets, especially of unemployment, of insufficiencies and imperfections of educational market and professional training. We regard especially the global and structural distance between the request for competencies and qualifications of the labor market and the offer from the education system and of professional training initial and continuous. A second factor is generated by the fastness with which it is created and disseminated in the world the contemporary technical- scientific progress. We refer here to the apparition of the numeric era, of information technology and communications specific to the knowledge society toward which we lead. And all these are accompanied with the challenges that the society and economy based on knowledge puts in front of economies to function, of extremely dynamic relations.

Pretty frequently these are unpredictable, by reporting to the needs of qualification and skills and the capacity of education systems and of professional training (formal, not formal and informal) to anticipate them and answer them very

fast. At the analysis of these factors there must be regarded that the labor work is changing, the management, organization and production methods also. And from here the natural need to make sure that the stock of qualifications and competencies to restructure and renew us. Under these conditions, the human resource, the work labor is “condemned” to study its entire life, to restructure its luggage of knowledge and abilities. In parallel, the education systems and professional training are at their turn “condemned” to become more flexible, to fulfill in the same time active and reactive functions. In other words, the education and professional training systems must be more opened towards the world of labor, to anticipate its needs, and the world of labor more opened than that of school. It is a difficult inter-condition that solicits appropriate solutions.

It is understood that all these need time and money. Of course, for the developed countries the temporary resolution of this problem is possible and has advantage by using the highly qualified labor force from other countries. This is attracted by the dream of money winning, even if the work regime remains discriminator. We cannot omit the consequences for the origin countries. Thus the brain exodus, especially in Eastern European countries from those recently industrialized and those found in developing process lead to a polarization of competencies in target countries. In the same time, this exodus represents a loss of human capital for the countries of origin, a certain group in the efficiency of the education and professional training system by the incapacity, lack of occupation opportunities and capitalization of competencies and qualifications obtained in the learning process. No matter the orientations and content, forms and manifestations, intentions and actions, objectives and results, the main problem that remains is that if these winnings obtained by those left compensate the investments made in the origin country with the education and professional training of those that migrate for work or if the loss of human capital is just temporary or final. In this plan of approach becomes more active the economic, social- cultural and psychological problem of the “exodus” for work on the official markets of labor and/or on the black market of labor from target countries. Discouraging accents that accompany the remembered problems regard both groups of countries, because the free circulation of labor force becomes functional after the moment of the integration in the European Union. It also must be regarded the fact that, in the last period, the countries members of the European Union have begun to get harsher the regime of migration of labor force, especially immigration.

Finally, we may retain that, in the last decades of the last century and the beginning of the third millennium, the international community as a whole and in each country in part is confronted with an accumulation of challenges and difficult exchanges but also with progress, that is unequally distributed. Among these, those induced by the apparition and development of informational society, of globalization, of development of scientific and technical civilization occupies the central place. Within the remembered process, the problems of education and professional training of human capital gain a primary importance, foreseeing and conditioning the future of the society in general.

We notice in parallel that the increasing interest towards human capital of the company is more and more obvious. The success, the performance and competition of the companies depend in great measure on the content and quality of human capital management, that is why, the key-word of human capital and its management must be: investment in people, competencies, engagement and equally equity in redistributing and attribution, equilibrium in family and professional life, perspective in evolution. It is the field of the relation employer-employee, it was winner- winner, and that who gives opens in front of human capital as it should develop the care towards the human being.

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