

HUMAN CAPITAL AS A COMPONENT OF COMPANY'S INTELLECTUAL CAPITAL – THE ASPECT OF TRAININGS

1. Introduction

In the present-day world human capital is becoming increasingly more valuable. The development of a company that is perceived as a self-learning organization is achieved by continuous learning, a rise in the staff potentials, managing their knowledge, a permanent care for their development, the implementation of self-learning culture and a skilful management of human and organizational culture. Thanks to training and the improvement of the employees' skills, a manager will provide his company with well qualified staff and, consequently, will increase the effectiveness and efficiency of their work and the company's profits. An organization where the staff works in adequate working conditions and friendly atmosphere under a management that understands its employees' needs, is bound to develop and improve. Due to trainings, the staff increases their ingenuity and innovativeness; they have a fresh look at the routine tasks. When investing in the existing staff, the manager does not only save the money that would have to be spent on new recruitment but also invests in the development of the employees that already possess some knowledge of the organization and its principles of operation. They are the trusted people whose entrepreneurship will enable the organization meet the requirement of the continuously developing and changing market.

2. Human capital in organization

Employees constitute a fundamental resource and a valuable source of all company successes. Thus, they should be treated in a special way. They are an important element of the system as they determine the effectiveness of the company and, as an open subsystem, they cooperate with the surrounding. Consequently, everything must be done to develop that resource, to make it satisfied from what and where it is working so that through the involvement in company's expansion the staff can reach their own targets and achieve

professional fulfillment while working.¹ One of the factors that should be appreciated as regards an efficient functioning of companies and institutions is an effective use of human resources since they have an impact on company's success, which shows in meeting the customer's needs, customer satisfaction and an effective application and development of company material assets.

Every present-day organization supports its presence and future on people. Moreover, every entity is unique as regards its resources and skills. Employees constitute the most valuable capital, i.e. the capital of qualifications, knowledge, skills, experience, personality and values. That is why, the human capital always comes first among all assets.² The concept of human capital is not defined in a clear and precise way in the literature on the subject. Authors frequently resort to presenting intentions and providing examples. It often happens that they apply the same term in different contexts. As such a situation gives an opportunity of an intuitive understanding, it may be treated as a certain method of defining the term.³ In many definitions the notion of human capital is blurred and unclear⁴ and they „change together with the cultural context, trends, paradigms, metaphors and the language habits or practices of the author or the times. On the one hand, the existing differences make it possible to explore the complex structure of the phenomena, but on the other, they complicate significantly a practical use of the concept.”⁵

In the economic context, human capital can be defined as a combination of three factors:

- features contributed by employees (intelligence, commitment, positive approach to life, energy, credibility, honesty and reliability);
- employee's ability to learn (imagination, ability of analytical thinking, creativity and receptivity);
- employee's motivation to share the knowledge and information (ability to work in a team, endeavor to meet the targets).

¹ Z.Ścibiorek, *Inwestowanie w personel*, Wyd. Adam Marszałek, Toruń 2006, p. 67.

² J.Moczydłowska, *Zarządzanie zasobami ludzkimi w organizacji*, Difin, Warszawa 2010, p. 6.

³ S.R.Domański, *Kapitał ludzki i wzrost gospodarczy*, WN PWN, Warszawa 1993.

⁴ H.Król, *Rozwój kapitału ludzkiego w przedsiębiorstwie*, in: *Zarządzanie strategiczne kapitałem ludzkim*, A.Ludwiczynski, K.Stobińska (Ed.), Poltext, Warszawa 2001.

⁵ J.Strużyna, *Wymiary kapitału ludzkiego*, in: *Kształtowanie kapitału ludzkiego firmy*, B.Kożuch (Ed.), Uniwersytet w Białymstoku, Białystok 2000.

Thus, human capital is inherently related to man, his/her skills, knowledge, experience and operations within the company. It is a common competence of a company to find the best solutions with the help of the staff knowledge. The strategies of a company and its targets are fulfilled by people. They design and apply technologies, create their company and participate in its life. The duration of the company and its profits depend on who they are, what they do and how they work. The fate of the company is dependent on its participants.

According to Józef Penc, companies must create their own ability to face unexpected and sudden events; they must promptly and decidedly react to pressures from outside. However, the managers are obliged to manage professionally both resources and material assets and – first of all – its human resources, i.e. human beings, as in the conditions of the global economy **human capital** – the basic element of company's intellectual capital- is becoming one of the most important elements of a modern organization.

3. Intellectual capital of organization

The experience of recent years shows a growing significance of the improvement of human resources in facilitating the functioning of an organization. There are reasons for the increasingly more common conviction that the “power” of the minds of its participants constitutes the real value of an organization. It is the power that makes it possible for the organization to function in a changing environment and to use that variability as an opportunity for its development. That power is the intellectual capital of organization.

The term intellectual capital has been functioning in the business world for only several decades. The role and significance of such type of assets was mentioned in 1958 in a publication concerning the listings of small stock exchange companies in the Internet sector. Its authors wrote about the so called *intellectual bonus*⁶, and in 1975, the term *intellectual capital* appeared in an official scientific publication for the first time. (*The Intellectual Capital of Michal Kalecki: A Study In Economic Theory and Policy*).⁷ Intellectual capital became a subject of interest of theoreticians and management practitioners. The joint efforts on the part of these groups resulted in numerous descriptions and definitions of intellectual

⁶ A.Pietruszka-Ortyl, *Kapitał intelektualny wyznacznikiem poziomu zasobów niematerialnych przedsiębiorstwa*, [in] Cieśliński W. (ed.), *Przedsiębiorstwa jako świątynie wiedzy*, Vol. 2, Wyd. WSZiP, Wałbrzych 2002, p. 79.

⁷ W.Rogowski, *Kapitał intelektualny jako generator nowych czynników konkurencyjności*, [in] Kasiewicz S., Rogowski W., Kicińska M. (ed.), *Kapitał Intelektualny*, Wyd. Oficyna Wydawnicza, Kraków 2006, p. 64.

capital. In the literature on the subject and economic practice assets other than material ones are often referred to as *immeasurable values*, *intellectual assets*, *intangible assets* or *intellectual capital*".⁸

Intellectual capital can be perceived as the derivate of the terms *capital* and *intellect*. The conjunction of the two terms may result in the definition of intellectual capital: it is the wealth that is generated and created by the knowledge of people employed by an organization, who are engaged in a continuous process of the increase of its assets. The factor that gains increasingly in significance in every organization is the ability to take advantage of its intangible assets, i.e. its intellectual capital. The concept of intellectual capital is identified with such terms as intellectual assets, intangible assets, knowledge assets or intellectual property. The terms, although frequently treated interchangeably, are not identical in terms of the name and contents as regards the intellectual capital being the second category that forms the total capital of an organization.

The readiness of a company to operate in difficult and non-typical situations is becoming an increasingly more valuable quality in present-day world. That may be achieved through the development of the elements of the intelligence of a self-learning organization, which are presented in table 1. An organization can strengthen its competitiveness by continuous learning, by enhancing the intellectual potentials of its employees, managing their knowledge, taking care of their continuous development, implementing the culture of self-learning and skillful management of the human and organizational capital. With the assumption that every type of organization intelligence is based on and results from the knowledge of its employees, investing in human capital seems to ensure the development of a company. Together with the increase of the professional skills and the knowledge of the employees, new solutions and ideas appear that support the development and, consequently, the competitiveness of a company. As a result new opportunities are created, providing the company with new potentials as it acquires the features of a self-learning organization.

⁸ M.Dobija, *Metodyka szacowania wiedzy w Zarządzanie wiedzą w przedsiębiorstwie*, edited by. B. Wawrzyniak, Wydawnictwo Wyższej Szkoły Przedsiębiorczości i Zarządzania im. L. Koźmińskiego, Warszawa 2003, p. 95.

Table 1. Elements shaping company intelligence

Technological intelligence	expressed by a skillful creation, acquisition and implementation of adequate technologies as well as their constant enhancement with the aim to achieve high quality products and to develop new fields of production
Innovative intelligence	perceived as a continuous search for innovative solutions as well as the creation of financial, motivational, social and psychological conditions favorable for the promotion of innovative and creative behavior of the staff
Social intelligence	expressed by the concern about people, continuous improvement as regards working conditions, salaries, promotions and delegation of responsibilities
Organization intelligence	expressed by the ability to adapt to new tasks, to create structures that are simple, flexible, independent and providing a perfect internal communication
Financial intelligence	expressed by skilful finance management, rational spending on current targets and investments with the aim to improve the future functioning of the organization
Marketing intelligence	expressed by continuous market research, prompt identification of customers' needs and wishes, capability to find market niches and enter new markets
Ecological intelligence	expressed by a particular concern about environmental issues and the reduction of harmful emission and activities

Source: based on W.M. Grudzewski, I.K. Hejduk (ed.), "Przedsiębiorstwo przyszłości", Warszawa 2001, pp. 99-100.

Due to the fact that employees constitute strategic capital of a company that is decisive as regards its development and success, the relation between company's success and the development of human resources as well as the analysis of this phenomenon is not only an interesting scientific problem but also has several practical implications. Such a wide look at company's potential – the development of human resources as a strategic factor of generating competitive advantage – seems to be a new approach that is worth further scientific research. It can be hypothesized that the lack of investment in staff development may only help company survive miserably in the present turbulent environment and will prevent the company from developing or achieving any competitive advantage. That is because knowledge in global economy is considered company's strategic success factor and continuous staff training makes it possible for a company to achieve competitive advantage.

When analyzing the accessible literature on the subject, it is clear that either a narrow or wide approach can be adopted to investigate the notion of intellectual capital. In the narrow approach, intellectual capital is most frequently identified with the notion of human capital which is perceived as the knowledge, competencies and skills of the staff that are indispensable to solve problems that are considered by the customers to be significant⁹. In a wide approach, intellectual capital includes four interrelated components: human capital, organization capital, market capital and innovative capital (see table 2)

Table 2. Components of intellectual capital IC – wide approach

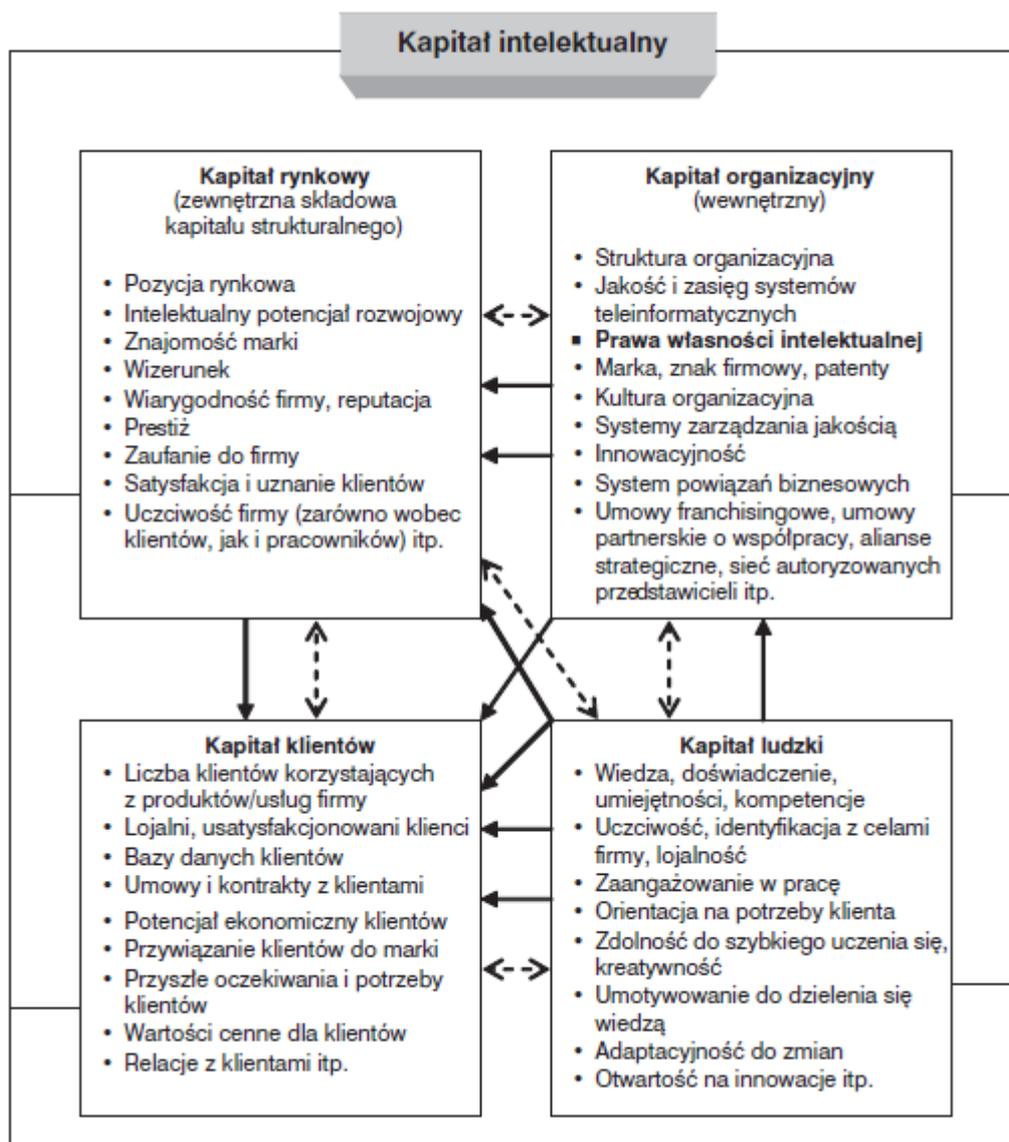
Human capital	Organizational capital	Market capital	Innovation capital
- competences, - attitudes, -leadership and development	- processes, - infrastructure, - culture, - management	- relationships with customers, - relationships with suppliers, - market competencies, - other relationships	- improvement of processes, - products and services, - technologies

Source: Author's research

⁹ M.Dobija, *Kapitał ludzki i intelektualny w aspekcie teorii rachunkowości*, <http://janek.ae.krakow.pl-zkrach>. (Accessed: 29 August 2013).

At present it is commonly accepted that intellectual capital (IC) in a present-day company is gaining in significance since it may substantially influence company's competitive advantage as it is the basis or a support to other sources of competitive advantage. The definitions of IC emphasize its role and significance in value creation processes. The analysis of IC components with the consideration of mutual relationships and dependencies brings the considerations closer to the organizational reality and makes it possible to understand better the nature of the IC impact on the value of an organization

Figure 1. Components of intellectual capital – mutual dependencies and relations



Source: Author's own elaboration

Market and organizational capitals (which compose a structural capital) have been distinguished in order to direct knowledge management onto important processes that occur in

a company. At present IC is perceived as a key factor of company success , the source of competitive advantage and a crucial element of the creation of the market value of a present-day organization.

4. Development of human capital through training

Due to an increasing significance of human resources, it is the priority of every organization to manage them in a rational way, to use the potentials of the staff knowledge, qualifications, loyalty and motivation and to overcome the barriers that may stand on the way to their effective implementation¹⁰. Investing in human capital is becoming a fundamental determinant of the innovativeness level of every economy mainly due to the fact that such investments make it possible to absorb inventions, innovations and other products of science and technology, both national and foreign.¹¹ Human resources were affected by similar factors that had an impact on our economic reality, i.e. the system changes in our country, the opening to global markets, the dynamics of change and the development of new technologies. However, these factors did not always stimulate the development, particularly in the periods of high unemployment or employer-dominated market. It is well known that having competent employees in practically all positions is the condition for the increase of work effectiveness. Consequently, training is a crucial element of staff development that increases work effectiveness and company competitiveness.

Human capital is the key to gaining competitive advantage. Investing in man should be a priority in the operations of every company. It must be emphasized that people are capable of learning and continuous development and – to a much greater extent – they contribute to the creation of the company’s value added. That is particularly true now, in the knowledge-based economy, where knowledge and information are key development factors.¹² Professional and intellectual development should be the target of all employees, irrespectively of their positions. It has to be understood that the increased knowledge and the acquisition of

¹⁰ J.Tymowski, *Gospodarowanie zasobami ludzkimi w przedsiębiorstwie*, „Ekonomika i Organizacja Przedsiębiorstwa” 2001 No 6, p. 14.

¹¹ S.Czaja, B.Fiedor, *Rola bezpośrednich inwestycji zagranicznych jako czynnika powiększającego zasoby kapitału ludzkiego* [in:] *Internacjonalizacja i globalizacja gospodarki polskiej* edited. by. J. Rymarczyk, M. Sutkowski, Prace Naukowe No 867, Wydawnictwo AE we Wrocławiu, Wrocław 2000, p. 87.

¹² K.Machowicz (ed), *Człowiek z perspektywy biznesu*, Wyd. KUL, Lublin 2009, p. 147.

new skills by the staff are an inevitable consequence of the growing requirements of present time.¹³ Training and staff development constitute a very important role in the HRM process.

Training is the process that gives the opportunity to gain and improve professional skills. That refers both to preliminary training of employees and to the training that aims at the development of their skills due to new work requirements.¹⁴ Another definition says that “the notion of training indicates a process of purposeful transfer of knowledge, shaping professional skills and routines among employees as well as the way such a process is organized”¹⁵. Table 3 presents the definitions of the notion of training.

Table 3. Notion of training

SPECIFICATION	
A.Szałkowski	„training is perceived as a form and method of improving and developing qualifications and specializations in an extracurricular system”
A.Pocztowski	„vocational training is a set of purposeful and systematic learning processes that are conducted in a given organization and aim at the improvement and development of particular elements of work potential as well as at providing it with new elements that are indispensable as regards current and future needs of the organization”
M.Kostera	„complementation of employees’ knowledge that is indispensable to perform tasks correctly on a current position and the creation of opportunities for additional development of knowledge, capabilities and competences with the view of promotion, transfer or organizational change”
www.csipb.pl	„all procedures initiated by an organization that aim at supporting learning processes of its participants and consequently at the increase of their contribution to organization effectiveness”

Source: Author’s elaboration

¹³ Z.Ścibiorek, *Inwestowanie ...*, op.cit., p. 159.

¹⁴ J.R.Schermerhorn, Jr, *Zarządzanie*, PWE, Warszawa 2008, p. 224.

¹⁵ W.Bańka, *Operacyjne kierowanie pracownikami w organizacjach*, Wyd. A.Marszałek, Toruń 2007, p. 193.

The term *training* has several meanings. It is frequently difficult to establish whether it refers to a course, training or a transfer of an employee to commence studies. Some practitioners tend to identify *training* with any kind of development of employees' qualifications, irrespectively of the purpose and form. Although the term has many meanings it refers mainly to adults who improve their knowledge that is necessary to stay in the position, to keep the post or to increase the competences. Training improves behavior and gives the opportunities to present one's best features. The term obviously does not refer to the traditionally defined programs or courses but embraces many methods of education, applied both within the current job and outside.¹⁶ It should be considered the most important stage of HRM in every organization willing to increase its profits and gain a competitive advantage.

Vocational training is a fundamental instrument of staff development. It includes processes of learning that are organized within the organization and aim at the extension of staff qualifications by new elements of knowledge, capabilities, personal features and patterns of behavior. Consequently, it ensures an adequate quality of work, increases the flexibility and availability of human resources, facilitates the implementation of new methods and technologies, supports staff integration and commitment and the understanding of the values that the organization is introducing or planning to introduce. Such elements are significant in the turbulent conditions in which modern organizations are functioning. In author's opinion, without trainings the staff would not be flexible enough to accept new technologies, machines, programs and they would find it more difficult to accept changes in their working environment.

5. Conclusion

To conclude, I will quote the words of famous authors: Training and its purpose are beneficial to both parties. According to Z.Janowska "from the point of view of a company, training provides with the development of human potential, which enables the organization an increase of competitiveness, expansion and also business survival. From the employees' point of view, training helps expand and improve their knowledge and skills and prepare to a new professional role."¹⁷ When analyzing such theory, it can be stated that training increases the qualifications of the staff but it also gives the opportunity for the unemployed either to

¹⁶ A.Mayo, *Kształtowanie strategii szkoleń i rozwoju pracowników*, Oficyna Ekonomiczna, Kraków 2002, p 21.

¹⁷ Z.Janowska, *Zarządzanie ...*, op.cit., p. 141.

improve their qualifications or to find a new career path. According to Z.Ścibiorek “trainings help improve staff productivity. They give a chance to adjust to the requirements of the company and to perform the tasks properly on a given position¹⁸.”

It should be remembered that at present, human resources - to be more precise - knowledge, skills, motivations, behavior and attitudes towards the work and organization problems have become the main factor of competitiveness. That is the reason why every reliable company should be concerned about the development of its staff. The chances for company's expansion and success are closely interrelated with the development potential of its employees.

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¹⁸ Z.Ścibiorek, *Inwestowanie ...*, op.cit., p. 159.

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Summary

Human capital is becoming an increasingly more precious value. The development of a company as an intelligent self-learning organization is achieved through continuous learning, a rise in its staff potentials, management of their knowledge, a permanent care for their development, the implementation of self-learning culture and a skilful management of human and organizational culture. Thanks to the training and the improvement of the employees' skills, a manager will provide his company with well trained staff and, as a result, will increase the effectiveness and efficiency of their work and consequently the profits of the company.