

HUMAN RESOURCES DEVELOPMENT IN THE LABOR MARKET: AN ANALYSIS OF THE COMMITMENT OF ORGANIZATIONS IN EU MEMBER STATES

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Abstract

This scientific approach addresses some strategic aspects related to the implementation of HRD activities within organizations. Thus, the author tried to highlight those aspects that have a greater relevance on the HRD efficiency. The activity regarding HRD must concern not only the senior management of the organization, but also all employees. The paper analyzes some aspects related to: responsibility for HRD, the budget allocated to this activity, the HRD plan, partnerships with educational service providers, etc.

Methodologically, the strategic aspects of HRD implementation within the organization were analyzed through the results of the Continuing Vocational Training Survey which is conducted, at an interval of 5 years, in organizations from EU Member States. The latest results of this survey presented by the EUROSTAT Database are from 2015. The results of some strategic aspects of HRD are presented at both EU and Member State level. Also, the results are presented both for all organizations as well as large organizations separately.

Keywords: *human resources, vocational training, human resource development, human capital, professional skills, organizational learning.*

Classification JEL: *J44; L25; M53.*

1. Introduction

With the development of the knowledge-based economy, human resource development (HRD) has become a concern for most organizations. More and more organizations are becoming aware of the importance and significance of professional knowledge and skills, trying to increase the human capital value. Many organizations develop long-term staff development strategies, by including all employees in the training and professional development process. Also, many organizations are aware that they operate in a world where organizational performance is ensured by employees with a high level of knowledge and skills. Taking into account the above, most organizations develop their own staff development policy which shows the directions of deployment, employees included in training programs, the volume of financial resources allocated for vocational training, the objectives of vocational training programs, responsibility for vocational training etc.

Training is seen as part of human resource development and vary greatly in terms of content and specificity. Many training programs focus on job-specific knowledge and skills. These programs aim to teach new employees to perform the tasks and responsibilities related to the job or to update the knowledge and skills of more experienced employees, taking into account changes in the job content. Other training programs have a broader focus and therefore are more likely to lead to individual capabilities can be applied to all jobs. The programs are designed to encourage employees to take greater responsibility for career advancement and to develop relevant behaviors, such as those related to seeking developmental feedback and preparing for job mobility.

Training and professional development has been and is approached not only at the organizational level, but also at the national and international level. Although, there is a great diversity in terms of national systems and traditions of vocational training and development, market globalization and production internationalization are common driving forces that have determined international organizations such as the Organization for Economic Cooperation and Development

(OECD) and the International Labour Organization. (ILO) to focus on training and development of the workforce. Thus, the OECD has had a strong influence on supra-state organizations that have developed and coordinated regional training strategies. A comparison of EU and APEC training strategies shows very different policy structures adopted in the two organizations and contrasting approaches to training coordination at international level [8]. The OECD and ILO strategies, on the one hand, and those of other supra-state (EU) organizations, on the other hand, give the impression of a universal consensus that training is the essential component for the development of modern competitive economies. At the national level, government institutions need to ensure that people entering the labor market are properly trained, continuous professional training is primarily a concern of the enterprise and the individual. At the organizational level, the objective of the training is to ensure that all employees have and maintain the skills necessary to perform the tasks related to the job [27]

If at the end of the twentieth century the focus was more on knowledge management and innovation, with an additional emphasis on teamwork, then the beginning of the twenty-first century focused on managing and measuring human capital, in which the contribution of human resources skills and knowledge to the production of goods and services have become recognized as key issues [29]. This has led to the emergence of new approaches, new workloads, new working methods, so that lifelong learning and human resource development have now become central to the effectiveness of organizations. Improving human capital through training is considered one of the most important means for organizations to implement competitive strategies [1]. Also, training gives people the opportunity to improve their performance so that they can be more successful at work [36]. In order to ensure the desired performance, any organization must invest in employees, by offering various vocational training programs, to increase their value [7].

2. Literature review

Over the years, HRD has changed and expanded its objectives and characteristics to adapt to changes in organizations, as well as to the work environment and employee needs (Bartlett, 2001), not only as a way to increase individual capacity, but also a strategic tool for governing team processes and organizational outcomes [6]. Moreover, HRD is seen as a way to ensure the competitive advantage of organizations. In this regard, Osorio-Londoño analysed the impact of training on the implementation of competitive strategy at the organizational level [25]. At the same time, Storbart-Walker mentions that HRD can and should help identify solutions in order to meet complex economic challenges [32]. According to Werner, HRD is a process that stimulates learning and facilitates the emergence of individuals' knowledge [36]. This vision of HRD recognizes that learning in organizations may not be formal in nature, but may be unstructured and informal, including a wide range of learning approaches such as experiential and/or non-institutional [23].

Acknowledging the strategic significance of human capital development in organizations, some researchers have investigated the relationship between training practices and different levels of performance [33]. Empirical studies in this field aimed to evaluate the training effects on: productivity [4], financial performance [16] and employee motivation [9].

The increase in the significance of HRD over the years has led to the development of the concept of organizational learning. According to Mabey and Salaman, organizational learning involves the development of new knowledge or ideas that are able to influence behaviour [21]. Organizational learning takes place in the broader context of relationships within the organization [15] and largely refers to the process by which the organization acquires knowledge, techniques and work practices of any kind, by any means [2]. Along with organizational learning, another concept was developed - the learning organization.

In this context, Senge mentions that the learning organization is one in which people continuously increase their ability to achieve the results they really want, in which:

- new, much broader patterns of thinking are created;
- collective aspirations are not restricted;
- employees are constantly learning how to learn together [30].

The philosophy behind the concept of the learning organization is that learning is the essential ingredient for the survival of the organization [13]. The author also believes that learning at the strategic, operational and policy levels must be conscious, continuous and integrated, and the management team must be responsible for creating a motivational climate in which all employees can learn permanently.

Vocational training is considered as a system framed in an organizational context [28], aiming at the absorption of new professional knowledge and skills. According to Valle, the capacity to absorb new professional knowledge and skills is strictly related to the main characteristics of organizational culture and the process of change within the organization [35]. Organizational culture and vocational training are indeed associated: the main features of organizational culture produce a visible impact on the development and implementation of training programs and, vice-versa, training programs affect organizational culture [17].

According to Armstrong, training must be geared towards solving the organization's problems [3]. The author believes that training should be planned in such a way as to eliminate discrepancies between what employees are able to do and what they should do. Therefore, within organizations, especially large ones, there must be a subdivision or a specialist in charge of human resource development. All activities should be included in the human resources development function. Being of a functional nature, the human resource development function can be performed by a specialist whose role is to provide solutions when requested by the organization's managers [22].

As the significance of the human resource development function within organizations increases, many researchers consider it a strategic one, with direct implications on organizational performance. Thus, Garavan considers that HRD practices must be integrated both in the organizational strategy and in the spectrum of learning and development activities [12]. According to Clardy, the defining characteristic of the strategic development of human resources is the increased organizational efficiency that comes from the favourable impact on the multiplication of variables in the organization (such as culture, management and professional climate) and the performance management system: (rewards, selection, evaluation, etc.), and training is nothing more than a technique to remedy performance deficiencies [10].

Since core competencies are often based on intangible and tacit capabilities found in shared and coordinated employee attitudes, actions, knowledge and skills, it is reasonable to expect the human resources development function to play a major role in this process (Torraco and Swanson 1995).

The goal of HRD, as a sub-function of human resource management, is to improve learning by motivating employees [18]. Moreover, Lee considers that HRD, as a sub-function of human resource management and leadership, includes development both at the individual level, by improving employee skills and careers, and at the organizational level, as the organization's capacity depends on the employee competencies [20]. However, in practice, HRD is perceived, for the most part, as a process of designing training programs and as a managerial tool [26]. Generally, the HRD role within organizations is responsible for:

- formulating the training strategy as a support for the organizational strategy;
- identifying and assessing training needs for different categories of occupations or trades;
- planning training activities;
- budgets elaboration for the training activity;
- effectiveness evaluating of the vocational training at the organizational level, etc.

A concern of HRD is also the identification of training needs. To a large extent, the professional development needs of the employee are identified in the performance management process. This process should include the results of the performance appraisal compared to the pre-

established business plans, as well as the appraisal of the employee's competency requirements and ability to meet them [3].

Taking into account the training needs, we can develop the content of the training programs. However, the content of the training corresponds to the skills that a person must develop in order to successfully carry out a certain activity [24]. Thus, within organizations, training consists in the transfer of knowledge and skills necessary to the employee, for their implementation in order to improve professional performance [31].

HRD is not only characteristic of large enterprises. Acknowledging the importance of human resources in ensuring organizational performance, several small and medium-sized enterprises are concerned about investing in human capital. In this context, professional development and training in SMEs should not be seen as a smaller version of HRD activities in large [19]. Major differences between SMEs and large enterprises in terms of strategy, organizational structure and infrastructure make HRD in SMEs informal, most often performed at the employee's workplace [14]. Also, HRD in SMEs is achieved by taking into account the employer ideology and objectives [11].

3. Applied methodology

In order to identify the strategic aspects of the implementation of human resources development within the organizations, the results of the Continuing Vocational Training Survey applied in the organizations from the EU Member States were used. The Continuing Vocational Training Survey includes all categories of organizations, regardless of their size and field of activity. Taking into account the fact that the Continuing Vocational Training Survey is carried out every 5 years, the latest information available is for 2015. However, to highlight some strategic aspects of human resource development that may not be found especially in small organizations, the information is processed both for all organizations and for large organizations.

Human resource development involves human and financial efforts on the part of organizations. The human effort involves the creation of a subdivision or a position in the organizational structure that would be concerned with the training and professional development of employees within the organization. In the case of smaller organizations, a person responsible for staff development could be delegated, while performing other professional tasks within the organization. Figure 1 shows the share of organizations in which there is a person, or position, or subdivision with a concern for human resource development.

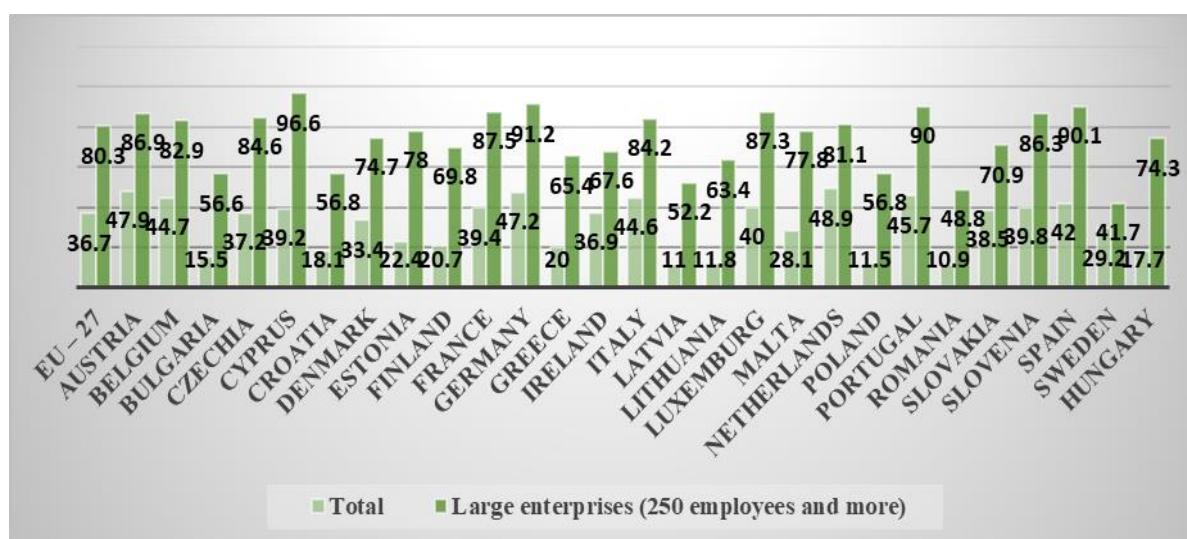


Figure no.1. Share of organizations in which there is a person, a position or a subdivision whose concern is the development of human resources, %

Source: Processed by the author based on statistical data of the European Union.

As shown in Figure 1, the share of organizations, regardless of their size, in which there is a person or unit responsible for human resource development varies from country to country. At the level of all organizations, this share varies from 10.9% (Romania) to 48.9% (Netherlands). At the level of the European Union, this share was 36.7%. As for large organizations, the presence of a person, or a position, or a subdivision is much more obvious. Analysing the information in the figure above, we find that the vast majority of large organizations in EU member states assume responsibility for human resource development, with the exception of Romania. Only 48.9% of large organizations in Romania have confirmed either the presence of a person or the existence of a position or subdivision responsible for HRD. At the same time, we note that in 12 EU Member States, the presence of a person, or the existence of a job, or a subdivision responsible for HRD is in over 80% of large organizations.

Another strategic aspect of HRD refers to whether senior management provides the necessary financial resources for HRD. Thus, Figure 2 presents the information on budgeting for HRD.

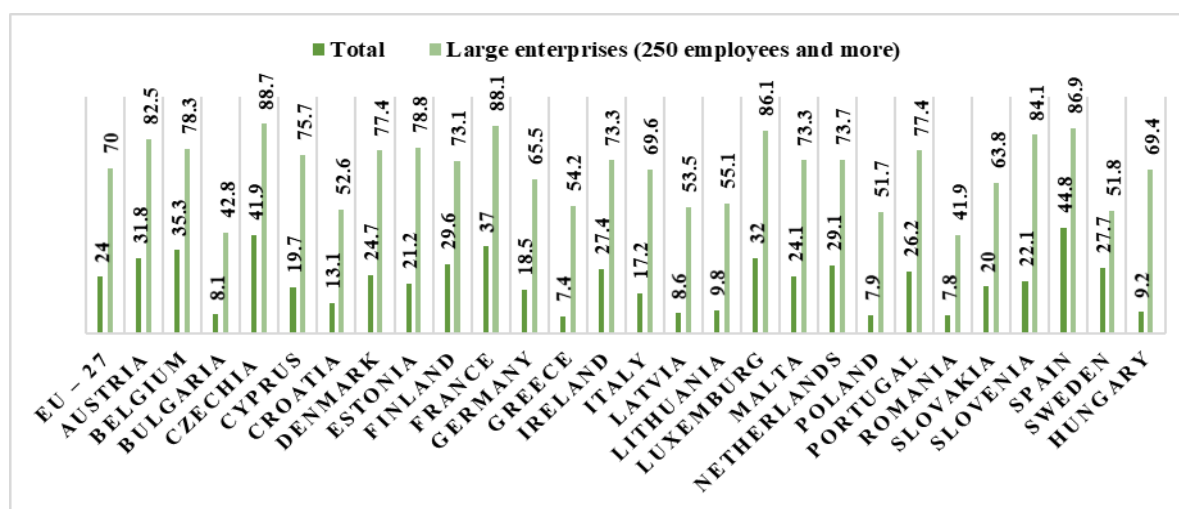


Figure no. 2. Share of organizations elaborating a budget for HRD, %
Source: Processed by the author based on statistical data of the European Union.

At EU level, the share of organizations with a budget for HRD is 24%, and for large organizations, the share is 70%. At the same time, we find that in many countries (Bulgaria, Greece, Latvia, Lithuania, Poland, Romania and Hungary), the share of organizations that have a budget for HRD is less than 10%. The best in this regard is France, where all organizations (100%) have planned a budget for HRD. In the case of large organizations, more than 75% of them plan the budget for HRD in countries such as Austria, Belgium, the Czech Republic, Cyprus, Denmark, Estonia, France, Luxembourg, Portugal, Slovenia and Spain.

Another aspect analysed refers to the planning of human resources development. In order for HRD to be effective, it is necessary to plan it, depending on the organization needs. To this end, annual plans or HRD programs are developed that may include all employees of the organization or certain categories of employees, on different areas of competence or qualification levels. The elaboration and implementation of HRD plans ensures a better efficiency of this activity. Therefore, in this scientific approach we have also analysed this aspect in the organizations of the EU Member States (Figure 3).

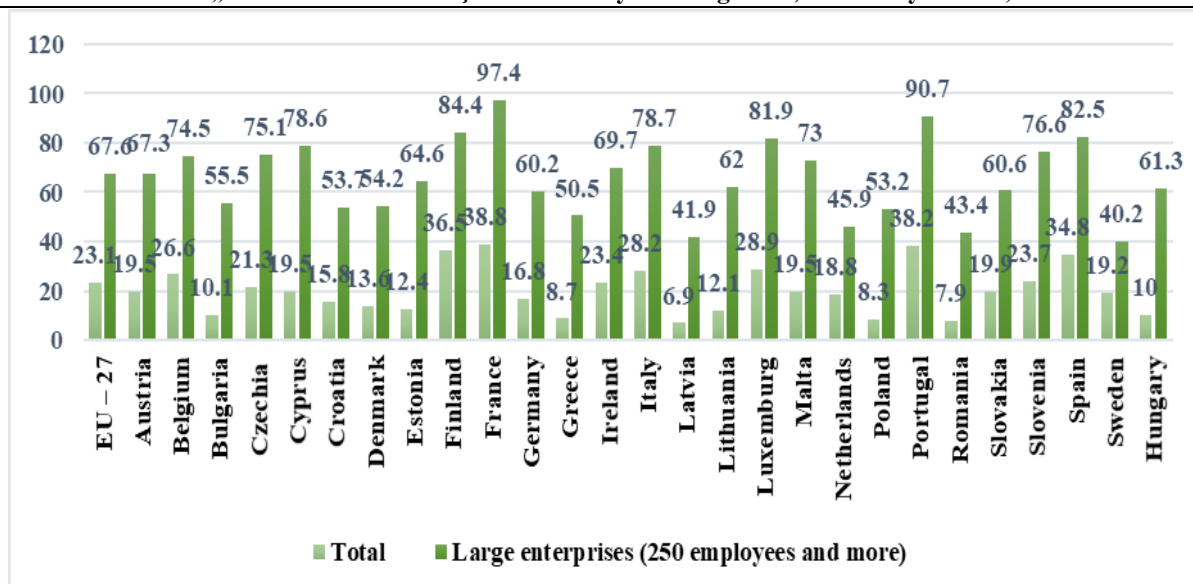


Figure no. 3. Share of organizations that have a HRD plan or program, %
Source: Processed by the author based on statistical data of the European Union.

Figure 3 shows that, at EU level, almost a quarter of research organizations develop a HRD plan. In the case of large organizations, 2/3 of them have a HRD plan or program. The elaboration and implementation of the HRD plan is more characteristic for large organizations in which there is a person or a subdivision that also has this responsibility, compared to other organizations. However, it should be noted that more than $\frac{3}{4}$ of large organizations implement HRD plans in such countries as: Czechia, Cyprus, Finland, France, Italy, Luxembourg, Portugal, Slovenia and Spain.

HRD can be achieved with one's own efforts (it is more characteristic for large organizations), but most of the time, there is cooperation between organizations and educational service providers. The need for this cooperation is determined by several reasons: lack of infrastructure for HRD, insufficient professional skills among the instructors in the organization, lack of time from the staff who have the skills necessary for training, etc. This led us to analyze the extent to which the research organizations have concluded collaboration agreements with different educational service providers (Figure 4).

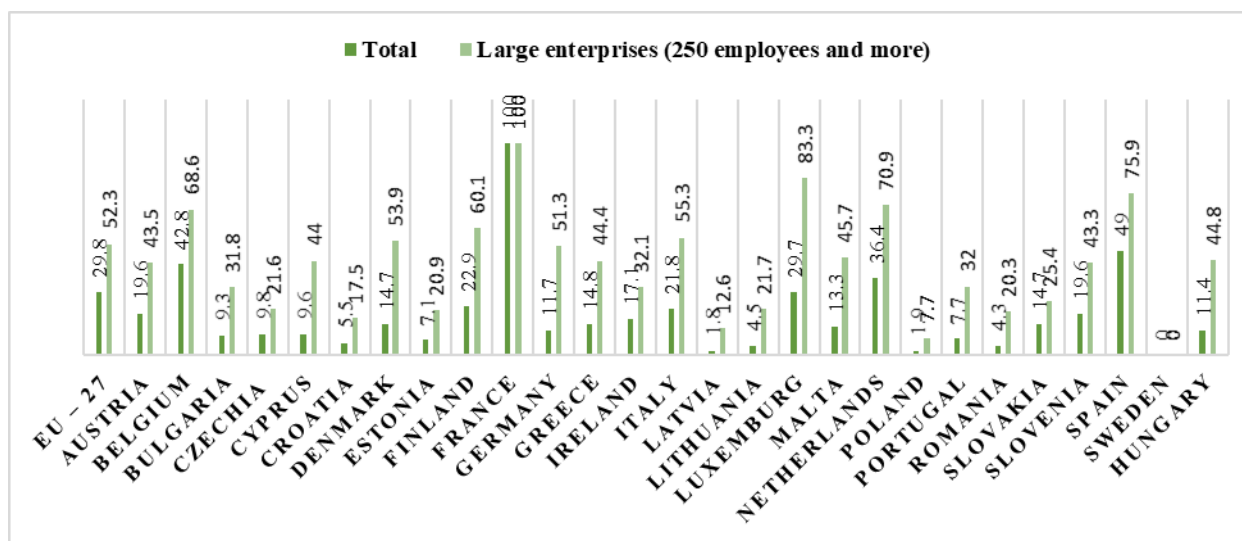


Figure no. 4. Share of organizations that have collaboration agreements with HRD education providers, %
Source: Processed by the author based on statistical data of the European Union.

The share of organizations that have partnered with educational service providers is almost 30% at EU level. In the case of large organizations, this share is over 50%. The reasons stated above, determine the organizations to develop partnerships with educational service providers, regardless of the size of the organization. At the same time, it should be noted that in France all organizations (100%) have entered into partnerships with educational service providers, regardless of their size. We also note that partnerships with educational service providers have concluded more than 50% of large organizations in countries such as Belgium, Denmark, Finland, Germany, Luxembourg, the Netherlands and Spain.

HRD activity is a prerogative not only of the organization management or the human resources subdivision, but also of employees. Namely, employees need to be aware of this and get as involved as possible in the professional development process in order to demonstrate that they are not indifferent and that it matters a lot for their professional development. Thus, employees can define, together with the specialists involved in HRD, the training objectives or the methods applied in the training process. Also, the employees' representatives (supervisors, subdivision managers) participate in identifying the training needs, or in establishing the training objectives for the subordinated employees, or in determining the selection criteria for the trainees, etc. Usually, such activities take place within large organizations. Table 1 presents the information on the involvement of employees' representatives in HRD activity.

Table no.1. Involvement of staff representatives from large organizations in HRD activities, %

Countries	Involvement of employee representatives from large organizations in:		
	determining training objectives	establishing the selection criteria of the training participants	defining forms of training
EU – 27	22.8	16.2	16.8
Austria	8.5	11.6	10.4
Belgium	11.3	6.9	8.5
Bulgaria	18.5	15.5	17.0
Czechia	7.8	4.1	4.2
Cyprus	38.5	35.5	37.8
Croatia	5.0	4.8	4.6
Denmark	17.5	17.9	23.8
Estonia	2.4	2.8	;
Finland	41.9	5.6	9.8
France	53.6	17.4	25.1
Germany	22.1	24.9	18.6
Greece	22.3	24.3	23.0
Ireland	20.1	17.4	18.0
Italy	24.9	8.8	14.1
Latvia	4.2	3.3	4.2
Lithuania	7.9	5.4	6.3
Luxemburg	33.4	13.5	16.9
Malta	23.5	18.8	17.2
Netherlands	25.3	18.8	17.4
Poland	4.2	3.6	3.0
Portugal	7.9	6.1	6.7
Romania	8.3	6.3	6.7
Slovakia	10.0	7.4	8.2
Slovenia	11.1	10.2	13.3
Spain	27.2	24.9	36.0
Sweden	11.6	8.9	16.4
Hungary	26.1	23.8	21.5

Source: Processed by the author based on statistical data of the European Union.

From Table 1 we find that in large organizations in EU Member States there are staff representatives involved in HRD activity. Thus, in the process of setting the training objectives, employees are mostly involved in the organizations from: France (53.6%), Finland (41.9), Cyprus (38.5) and Luxembourg (33.4%). On the opposite pole, are organizations from countries such as Estonia, Latvia and Poland with less than 5%. In terms of employee involvement in the process of setting the criteria for the participants selection, it is more characteristic of organizations in Cyprus, Germany, Greece, Spain and Hungary. In order to define the training forms, employees are mostly involved in organizations in: Cyprus, Spain, France, Denmark and Greece.

4. Conclusions

HRD is a rather complex activity that must be treated with maximum responsibility both by senior management and by the human resources subdivision within the organization. As some authors consider HRD as a strategic function, the involvement of decision makers in this activity is imminent, if we want to ensure the highest possible efficiency. Considering the contribution made by HRD to increase the performance and competitive advantage of the organization, this activity must be a prerogative not only of senior management, but of all employees, because it indirectly contributes to their well-being. We also mention that HRD should not be a concern only of large organizations. By working under the same conditions, small organizations must also be aware of the need to develop human resources to achieve their predetermined performance.

Analysing the strategic aspects of HRD, we note that organizations in EU Member States are not indifferent and are aware of the impact it has on increasing organizational performance. In this context, organizations in EU Member States create posts or subdivisions to manage HRDs. Similarly, large organizations annually plan a budget for HRD and develop plans and programs that aim to improve professional skills and increase the value of intellectual capital. Given that not all HRD-related activities can be carried out by the organization, many of them enter into partnerships with educational service providers, especially for the vocational training of employees. By attracting employees in HRD activities, we try to make them responsible and aware of the importance of this activity, not only for the organization, but also for the future professional career of the employee. The results of the investigation demonstrate the need for greater involvement of employees in HRD activity in organizations in EU Member States.

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