

FORMATION OF HUMAN RESOURCES – ELEMENT OF COMPETITIVENESS

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The professional formation of employee is a systematic process, intentional, for the development of specific skills and for the influence of behaviour of organization members, such as the resulting behaviour contributes to organizational effectiveness. Formation can be called also as any attempt to improve employee's performance in a currently occupied job or related to it. This usually means changes in knowledge, skills, attitudes, or specific behaviour in the interest of the employer, for whose fulfilment need to be made continuous financial investments. However, continuous formation of employees must be seen as a tool for sustainable development of the organization and increase of its competitiveness.

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Human resources – element of competitiveness

Define mechanism, competitiveness is seen as a means of ensuring the survival of organizations. There are companies and even countries that speak about competitiveness to survive to the violent attacks of globalization, new entrants and lower profit margins. In this sense, competitiveness as a means of survival is a reactive response to the business environment. Competitiveness may increase or decrease based on the environment in which the company is found. Competitiveness as a proactive measure looks beyond the uncertainties and risks that the business environment presents and discovers hidden opportunities.

Business responds to the challenges and opportunities that the environment offers. The answer of the company depends on perception, understanding and action of the people from different levels of the company. Company responses to the changes of the environment are visible through the decisions made and emphasized priorities. These decisions create the desired benefits by the company.

Traditional way of thinking about gaining the competitive advantage focuses on the financial, strategic and technological capabilities of the company. But to be competitive in price through financial capacity, or product quality and innovation, high performance companies are committed in an explicit competition for the most capable employees. This competition goes beyond the simple employment of the best people. Organizational capacity refers to hiring and retaining the competent employees and development of those skills through actual practice of human resources.

During the industrial period, the company's physical assets - such as machinery, plants, and even land - determined how powerful they could compete on the market. After experts from Harvard, in the current era of knowledge, intellectual capital is what defines the company's competitive advantage. Human capital is the only source of knowledge and abilities that have the working force of the company. The essence of each organization is the human effort, and its efficiency and effectiveness are influenced, in a large extent, by the behaviour of people within the organization.

After Manolescu A.¹⁸⁷ human resources are the only resources capable of producing and reproducing all other resources available to an organization. People are active resources of the organization, because their potential, experience and passion of people, their initiatives and development contributes actively to the increase of organizational efficiency and effectiveness. Without actual presence of human is simply impossible for an organization to attain its objectives. Today's successful businesses gain through innovative ideas and top products and services - all having the origin in the knowledge and skills of employees.

According to Waterman, “which makes the best companies the best cannot be attributed to such things as technology, a bright idea, an artistic strategy, use of an instrument, or the generous followings of the guidelines outlined in the book such as *In Search of excellence ...* (The best companies) are better organized to meet the needs of its *people*, so attracting people better than their competitors and their people are more motivated to do a superior job, whatever it is.”¹⁸⁸

187 Manolescu, A., Lefter, V., Deaconu, A., Managementul resurselor umane, Editura Economică, București, 2007, pag. 18.

188 Dreher, T., Dougherty, G., Human Resources Strategy, The McGraw-Hill Companies, Columbus, 2001, pg. 5.

Role of human resources formation

The companies of high performance show a great commitment to formation and skills development. This practice is a key strategy of human resource management. However the acquisition of knowledge and skills will not lead to improvement of company's performance if employees are allowed and encouraged to use the knowledge and skills related to work during the program. Thus, companies must be careful to select people with the ability and willingness to learn and develop, and they must establish pay practices that encourage employees to participate in training activities.

The formation program is a systematic process, intentional, for the development of specific skills and behaviour influence of the organization members, such as the resulting behaviour that contributes to organizational effectiveness.¹⁸⁹ Formation can be called also as any attempt to improve employee's performances in a current job or related to it. This usually means changes in knowledge, skills, attitudes, or specific behaviour. To be effective, the formation program must involve a learning experience, to be an organizational planned activity, and be designed to fulfil the purpose of the organization while simultaneously fulfilling the individual goals of employees. The formation program should be directed to the achievement of organizational objectives, such as more efficient production methods, enhanced quality of products and services, or reducing of operational costs.¹⁹⁰ This means that an organization must commit resources only in those formation activities that can best help to achieve its objectives, with the final goal the profit.

Why is formation necessary?

- To allow work to be done well.
- To maintain the quality.
- To maintain the quantity.
- To meet legal requirements.
- To develop a member of the company.
- To give management flexibility.
- To give someone a boost - increasing morale and motivation.
- To prepare someone for the future changes in job structures.

Exists a concept supported by specialists from Harvard that training skills is a mutually beneficial arrangement: the companies that provide formation programs for effective skills, gain the benefits of employees who are experienced in the present standards and employees will retain the "occupation" and, sometimes, advance to higher levels.¹⁹¹ Thus, many companies consider the development of employees a good investment. Employees become richer in knowledge and effective, which, in turn, make your customers happier. Other companies, on the contrary, doubt the value of employees' development during the present situation of high mobility of labour. The question is when will be recover the high costs for formation in conditions that are forced to give up to these employees or they are going to another job? The conclusion is that it may incur large costs to form the future employees of the competition.

This concept raises some problems, because there are sectors that have great need of employees' continuous formation, such as the technology field and engineers, whose skills are obsolete in time. The idea is hiring the right people and negotiating specific contract that includes forecasts in this respect.

Formation programs can be formal or non-formal. Non-formal formation is generally cheaper than formal formation methods, and it does not remove the employees from work. Formation through formal methods is more structured, is held in special rooms or held electronically. It is more expensive, because it involves the movement from the work, hiring of experienced trainers, and depends on the materials available to be developed and maintained.

Formation through formal methods is generally governed by state, but at the same time adapted to the needs of companies. In U.S.A. this is organized by "corporate universities", reaching 1700 American companies. These companies are popular because they align the formation of employees to the company's strategy and ensure continuous updating of knowledge.

Employee must follow the formation program he needs and that fits to him. Need for formation is a shortfall in performance that the formation program can correct. Amos J.A. advises to discuss with employees and see what they feel that they have a lack of skills, knowledge and experience.¹⁹² According to Nicolescu O.¹⁹³, the methods and techniques of formation and improvement of human resources that can be used by organizations should be interesting, attractive and effective.

189 Bernardin, J., *Human Resources Management: An Experiential Approach*, Third Edition, The McGraw-Hill Companies, Columbus, 2003, pg. 60.

190 Bayars, L.L., Rue, L.W., *Human Resources Management*, Seventh Edition, The McGraw-Hill Companies, Columbus, 2004, pg. 191.

191 Harvard business essentials. *Hiring and Keeping the Best People*, Harvard Business School Publishing Corporation, Boston, 2002, pg. 104.

192 Amos, J.-A., *You're in Charge Now! The first-time manager's survival kit*, 3rd edition, How To Books, Oxford, 2002, pg. 134.

193 Nicolescu, O. (coord.), *Managerii și managementul resurselor umane*, Editura Economică, București, 2004, pag. 160.

Most companies use evaluated data to determine the need of staff for formation or development. Hundreds of companies, including Microsoft, IBM, and Merck, now use information from several sources (eg, subordinates, colleagues, customers etc.) in order to assess the supervisors or managers.¹⁹⁴ The results are shared with each manager with suggestions for a specific program of formation and development (if needed). Honeywell¹⁹⁵, for example, has specific training modules based on assessment rates for certain jobs.

Human resources formation in Romania as EU country

Currently, all Member States try to lead to the fulfilment of the strategic objective Lisbon: European Union to become by 2010 “the most competitive and dynamic economy based on knowledge from the world, capable of a sustainable economic growth, with better jobs and more and greater social cohesion”.¹⁹⁶ In this context, lifelong learning must be approached as a necessary objective imposed by the transition to an economy and society based on knowledge.

Orientation towards a knowledge-based society involves investment in human resources development to encourage employees to acquire new skills and accept occupational mobility. At the same time, it is important to promote the quality of formation offer and to ensure its relevance in relation to skills, knowledge and individual needs.

Following the creation of legal and institutional framework for continuing vocational formation, in January 2004 began the process of approval of providers of formation for adults. The legal framework for approving formation programs in Romania are regulated by the Government Ordinance no. 129/2000 regarding adults’ formation, with amendments. The methodology is implemented by the National Council of Adult Formation (CNFPA) under coordination of the Ministry of Labour, Family and Social Protection and Ministry of Education and Research.

Authorization is required by those training providers who wish to organize formation programs finalised with certificates of graduation or qualification with national recognition. Approval of training providers is made, based on the assessment criteria, for a period of 4 years, for each formation program, organized for a qualification, occupation, and group of competences or a key competence.

Reducing the tax of authorisation from three net average wages in the economy to two minimum crude wages, in October 2004 had as result the increase of the number of authorized training providers. Also, an extremely important role in the authorization of organizations have had and still has the European program PHARE and the Regional Operational Program and Sectoral Operational Program for Development of Human Resources that substantially foster organizations through the financing funds allocated (www.inforegio.ro, www.fseromania.ro). The largest number of licensed providers are in the municipality of Bucharest (22%), followed by the county of Cluj and Constanta (both with a rate of 4%).

According to data provided by the CNFPA, in the period 2004-2008 were authorized for the organization of formation programs for a number of over 3,000 suppliers of training, for 10,105 formation programs, of which 6543 qualification programs, 798 initiation programs, 1834 improving programs and 905 specialisation programs.

In Romania, professional formation is based on occupational standards, the legislation providing the obligatoriness for development of formation programs subject of authorization on this basis. Insufficient number of occupational standards and that the complex task of their elaboration returns currently to training providers and other interested organizations, is an impediment to the authorization of training providers for more occupations, limiting, in some areas, the professional formation offer.

Training providers are, generally, small institutions, non-specialized, which adapts quickly their formation offer to the immediate needs of the market. In general, they offer programs for Level 2 of qualification, initiating programs for the use of computers or for acquiring language skills. There is a reduced supply of programs for skills that require significant investment by providers of training.

Offer of authorized formation programs reflects only partially the formation needs of the job. The most effective way to link the formation content to the needs of the labour market is realised when formation takes place at the request of economic agents, and the practice is conducted in real conditions of work or training providers work closely with operators from certain sectors. Formation at the workplace is the most common way of formation, being, on the one hand, inexpensive, and, on the other hand, inevitable, required by the development of work itself.

Formation offer tends to focus on programs for complete qualifications or on programs for development of general competences. Also, the formation offer is still very fragmented, because it addressed more to people and not to companies, targeting the point requests of the labour market.

The system is focused mainly on the provision of certificates and less on developing the skills necessary for employment. Long duration of the continuous formation programs, make them unsuitable for employed persons. According to data provided by the European Commission Romania is on the last place in the participation of

194 Bernardin, J., Human Resources Management: An Experiential Approach, Third Edition, The McGraw-Hill Companies, Columbus, 2003, pg.144.

195 www.honeywell.com.

196 European Commision, www.ec.europa.eu.

population in education and training programs (1.3% of total population aged 25-64 years), placing well below the average of 10% at EU level.

Another important factor that acts as a brake on the current system of continuous formation is the fact that current legislation does not permit certification of partial qualifications, although the formation demand for labour market is often focused on narrow skills.

For many employers, especially in industries with low added value, where there is a large supply of labour and workers' wages are low, investment in continuing vocational formation is not considered a necessity.

As long as in the Romanian economy will prevail jobs with low wages that focus on industries with low added value, where education and training bring little benefit, it is possible that this situation and perception to continue.

Development of branches with high added value will help to change employers' attitudes and mentality towards investment in education and professional formation.

Low individual income and relatively high costs of the formation programs are the main obstacles to access the formation, while the formation offer has the tendency to focus on longer programs for complete qualifications. Economic units and individuals manifest a greater demand for modular courses of short duration, targeted to the acquirement of certain skills.

Employers prefer to hire a staff that is already prepared. Therefore, people who have invested in their formation are in a better situation than young school graduates, workers with no experience and those returning to the labour market after a period of unemployment.

Professional formation is seen as a cost, that must be minimized, and not as an investment. Employers' investment in human resources development is low and expenditure generated by professional formation is covered by individuals.

Conclusions

EU wants to become the most competitive and dynamic knowledge-based economy in the world, reason for which are imposed investments in human resources development to encourage the employees to acquire new skills and accept occupational mobility. Romanian State regulated legal framework for continuing vocational formation, giving the possibility to companies and employees to access formation programs that provides them modern and updated opportunities to improve their skills, knowledge and practices, and also their recognition at national and European level. Here intervenes the EU law amended by Directive 2005/36/EC, which lays the foundation for recognition of qualifications at European level, fact that should motivate and drive employees and employers to participate and to develop continuous formation programs.

However these programs are regarded as additional costs, sometimes considered too big and unnecessary for the organization, using them due to the legal work code but also as "weapon" of employees' retention for a longer period of time. As noted, implementation of these investments is quite difficult, either because of lack of employer's interest, or lack of financial sources for the persons concerned.

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