

Human Capital Management in Transport Enterprise

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Abstract. Human capital management represents a strategic and planned approach to the management of the most valuable resource that organizations have, namely employees and their human capital. Human capital management system supports the various processes of the organisation and helps to achieve organisational goals using effective use of human capital and effective investment in human capital as investment in education and training, health and relaxation, safety at works and ergonomics. The article aim is to explain the nature of human capital management, characterize the relationship between the human capital management and human resources management, and identify some approaches to measurement for human capital management.

1 Introduction

Present is represented by a constant pressure on the competitiveness of enterprises. Increasing of overall productivity of the company is one of the factors enabling the creation of added value and achieving long-term growth of the company [1]. Competitive fight is forcing businesses to bring new ideas, products or services to the market [2]. The quality of human resources in relation to competitiveness and economic growth is currently a highly topical theme [3]. The workforce of an enterprise consists of employees of various ages with different personality types. A manager should identify generational differences. Subsequently, the management style, leadership and employee motivation should be adapted forasmuch as well-motivated employees are able to influence the efficiency of business processes in a right way [4].

For this reason, the managers draw their attention also to the detection, assessment and comparison of the efficiency of enterprise inputs. Human capital is one of them. The concept of human capital management (HCM) emphasises and draws attention to the current knowledge of man, their meanings and use for the enterprise and their systematic development and strengthening. It also represents the ability to exploit the potential of people, both for daily work and for improving the quality and innovation. It includes the procedures and methods of work with people and care about their development. Human capital management is carried out by all managers and has an impact on all of human

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capital, and thus to all employees in the enterprises. This also applies to transport companies.

The HCM concept can also be linked to corporate social responsibility (CSR) activities. Moravčíková and Križanová [5] emphasize that CSR has become an important means of improving business relations, addressing social problems, consolidating customer relationships and, ultimately, increasing the company's competitiveness in the long run and spreading good reputation

2 Objective and methodology

The objective of the paper is to explain and analyse the views on the human capital management, to characterise the relations between human capital management and human resources management (HRM), to identify some approaches to measurement of the HCM aimed at increasing the efficiency of human capital and enterprise performance. There was the procedure applied from the general to the specific in order to achieve the objective. In view of the fact that it is a later concept of work with people, their knowledge, skills and abilities, there is often a confusion of the concept of human capital management and human resources management, not only in practice, but in literature as well. For this reason, we have identified and gathered different views on the explanation of the relationship of these concepts of work with people in enterprises, we have finally pointed out the possibility of applying some of the metrics in the context of the implementation of human capital management in the transport enterprises practice.

3 Human capital management and human resource management

The successful operation of any enterprise is largely determined by the abilities of people who work in it. Providing the enterprises to ensure their competitiveness in domestic and global market, it is necessary to realise the value and importance of people in the process.

At the beginning, for a better understanding of the issues, it is necessary to define the difference between human capital and human resources. While *human resources* are considered to be people in the process, the *human capital* is a summary of abilities, skills and knowledge the people have. The fundamental difference lies in the fact that the human capital is available to everyone, regardless of whether s/he is employed, while human resources are the bearer of human capital available for enterprise. It is for the enterprise itself, whether it develops and uses its human resources and human as much as possible in order to achieve a competitive advantage in the market.

At the present time, employee motivation is an atmosphere that meets the interests and needs of employees in the company, stimulates and influences their work performance in order to meet the needs of the organisation as well as their personal needs [6].

Investment in human capital are oriented to development of knowledge and skills of employees. Enterprises invest in the human capital when they expect future benefits. Investment in human capital are realised as investment in education and training, investment in health and relaxation, investment in safety at works and ergonomics. Education is the process of purposeful mediation, creating an active and acquisition of knowledge, practical experience, creating interest and attitudes. Investment in improving the health of employees as human capital include: organizing the relax stays, regular medical visits, swimming pools tours and building a fitness centres, regular fluid supply, financial participation on food, etc. Investment in safety and ergonomic are related to the fact that ergonomics helps harmonize things that interact with people in terms of people's needs, abilities and limitations. Regular monitoring of anthropometric data on employees

contributes to the design and evaluation of tasks, jobs, products, environments and systems in order to make them compatible with the needs, abilities and limitations of people. By investing in improving working conditions and safety at works, by improving the quality of work equipment, the enterprises prevent accidents, workers' health damage. This is very important in transport enterprises.

The economic subjects invest in the human capital, when the benefits exceed the costs of education activities. Making decisions about investing in human capital is part of the HCM process. In order to be able to define the relationship of the human capital management to human resources management, it is necessary to define both concepts.

According to Storey [7] there are a number of definitions that define *human resources management* (HRM), whereas each book and each organisation has its own definition. Price (2011), in his book, defines HRM as the philosophy of people management, which is based on the belief that human resources are an important prerequisite for the continued success of organisation. If the organisation can effectively use and develop them, they can represent one of the largest competitive advantages.

Šikýr [8] defines the human resource management as concept refers to practices that enable any organization to attract, employ and develop enough capable and motivated employees, including such practices as job design and analysis, human resource planning, employee recruitment and selection, performance management and appraisal, employee compensation, employee training and development or employee care.

In defining the essence of human capital management we were based on different approaches to its definition. According to Accounting for People Task Force [9], human capital management is a strategic approach to the management of people, which focuses on the critical questions on the success of the organisation. This approach considers management of people to be a high level of strategic decision-making and consists of a systematic analysis, measurement and evaluation of how people are progressing in creating values.

Nalbantian [10] in the framework of the management of human capital emphasised the measurement as an important aspect. Whereas he defines human capital as a summary of knowledge, experience, creativity and other properties, in his opinion, human capital management provides tools for measuring the value of human characteristics for the needs of an effective enterprise management.

Donkin [11] also supports the consideration of measurements within the implementation of HCM. He also argues that the organisational strength of human capital management is situated in 3 areas:

1. development and application of relevant quantitative and qualitative measurements,
2. assembly and interpretation of results,
3. using the information obtained as a strategic advantage.

Enterprises concentrating efforts of management on the following three areas will be in the best position on the strategic arrangement of the employment policy. Good management of human capital is therefore only about the learning, understanding, use and adaptation.

Baron and Armstrong [12] define **three specific objectives** of human capital management. At the beginning the objective of human capital management is to obtain, analyse, and on the basis of the facts acquired, report on the direction of the strategy and processes chosen within human resources. Then, compare the results of the measurements taken with a pre-determined, and assess whether the strategy and management of human resources processes used are pointing to the desired output. The final objective resides in the strengthening of the human resources management strategy chosen and the processes used create the value for the enterprise based on the people.

According to Kearns [13] these are the people in the management of human capital who add the value to the enterprise, while the concept of human resource management considers

people the costs of the enterprise. According to his opinion, human resource management is carried out by the personnel department providing support services to other functional departments within the enterprise. While human capital management is a strategic and focused on the enterprise as a whole.

Mayo [14] defines the basic difference between HCM and HRM lies in the fact that the management of human capital sees a person as an asset and the management of the human resources perceives a person rather a cost item.

In contrast to previous claims, according to the CIPD (professional organisation for human resource management and human resource development professionals), strategic management of human capital is identical with the management of human resources. Both concepts have the same basis. It is about both the concepts see people rather benefits than the costs. For this reason, it is necessary to adopt an integrated and strategic approach to the management of people. Given the fact that people are the foundation of each enterprise, they should also concern all parts of the organisation, not only personnel department. The group argues that HCM strengthens the value arising from strategic management of human resource using:

- strengthening the need for developing strategies for the management of human resources and also the processes through which the value of people is being created,
- pay attention to a sense of management through measurement and subsequently determining the emphasis on clear relationships between the intervention in the field of human capital and the success of the organisation [15].

According to Armstrong [16], the relationship between human capital management and human resources management lies in the fact that the HCM concept supports and complements the HRM, because HCM provides the measurement in order to ensure the best possible connection of activities and measures in the area of human resources with the objectives of the organisation. It emphasises the belief that people have to be understood rather as the wealth than a cost item. The concept puts an emphasis on strategy and processes in the area of human resources management, which ultimately lead to the achievement of the overall objectives of the organisation.

It should be noted that the HCM concept does not apply only to enterprises. For example Cahyaningsih and Sensus in several works [17-18] devoted to the implementation of HCM in terms of government and government institutions - ministries.

According to the above views, the concept of human capital management can be seen as a shift from the traditional perspective of enterprises per employee as one of the cost items. Employees are taken as assets to which it is necessary to invest (educate, develop knowledge, abilities, skills of workers) for the purpose of increasing the value, performance, competitiveness of the enterprise. However, the problem is that there is no exact method for the valuation of the assets in the enterprise. It is a strategic and planned approach. Human capital management system supports different processes leading to the use of human capital towards the effective achievement of the corporate objectives. For this reason it is necessary to manage and develop this capital.

4 Measurements for human capital management

The role of human capital management is to combine the information that the management has available on the human capital in its enterprise for a number of purposes. It takes care to identify the relationship between the information and financial results. They tell us about what is going on in the enterprise. On the other hand, the data on the human capital explain why this has happened. Consequently, it is necessary for the management to get only relevant information, which will be the key to the management and improvement of the

enterprise then. Only employees who are able to use their capital more efficiently can increase their share in achieving the objectives of the enterprise [19].

The measurement of human capital is an important approach to its management. The successful companies are trying to connect measures as the causal models, which identify the causal relationships. They interconnect what causes the enterprise's success with its results.

4.1 HCM value matrix

HCM value matrix is a tool that was first used only for the measurement of HCM. Then, using this matrix there started to structure the HCM strategies toward creating value. The measures focused on added value of management are largely oriented to the achievement of corporate objectives. It is usually the outputs relating to the ability of the people, their motivation, and engagement. The matrix provides a very useful framework for the measurement which may shed light on the enterprises what is measured. A major benefit is that it is focused on high value and strategic differences. The objective of the tool is to use such units, which are the most appropriate for a specific enterprise a measurement is in progress. People management as an activity is generally rather measured in terms of quality, time, or yield (fig. 1) [20].

Creating Value			Human capital management / capability focus	
Adding Value				Ulrich's outside in focus
Value for Money		Traditional HR / Personnel focus		
	Input	Activity	Output	Impact

The diagram shows the HCM value matrix with three horizontal arrows pointing from right to left, indicating a hierarchy of focus levels across the columns. The top arrow points from 'Human capital management / capability focus' to 'Ulrich's outside in focus'. The middle arrow points from 'Ulrich's outside in focus' to 'Traditional HR / Personnel focus'. The bottom arrow points from 'Traditional HR / Personnel focus' to the column headers 'Input', 'Activity', 'Output', and 'Impact'.

Fig. 1. HCM value matrix. Source: [20]

4.2 Human capital development framework

Most of the indicators relating to the human capital give an account of volumes about the human assets of the organisation. They do not say, however, about whether the processes are also aligned with its business activity. Just for this purpose, there are developed indicators of human capital management and the effectiveness of human capital management.

One of the methods is the methodology of human capital development framework (HCDF). Only the enterprise, which is trying to be successful, must link investments it puts into its workers with the result of its enterprise activities. Accenture is the author of the above method, which deals with the analysis of human capital in enterprises. HCDF is built on the basis of *4 levels* reflecting the relationship between human capital and enterprise performance.

The first level consists of measuring results using traditional measurements of the activity of the enterprise, such as EVA, market share, etc. *The second level* represents the factors that to a large extent, affect the performance of the enterprise, such as the quality of production, innovation, and customer satisfaction. *The third level* analyses the competencies of human capital. There are the qualities and skills that are relevant to the achievement of the performance of the enterprise. They are found using factors such as the evaluation of education, and knowledge management. The last *fourth level* is different in

each organisation. There are the individual variables analysed on the basis of the best approaches in the industry and adjusted according to the results of the evaluation of the enterprise's workers. When all the data collected, there comes the evaluation of the organization's ability to effectively use the human capital of the enterprise to achieve enterprise objectives. In the case of low value of indicator, there is the apparent lack of human capital management; on the other hand, high value represents the high level of qualification and the sophistication of the management system [21].

4.3 HCM and BSC method

If managers at all levels of management of the enterprise want to decide in right way they have to continuously monitor and evaluate the enterprise's performance. Sometimes, however, it may be difficult to show a clear link between the efficiency of managing human capital and the success of the business [22]. The Balanced Scorecard (BSC) method can be used to better implement the human capital management concept. BSC works with financial and non-financial value criteria mutually interconnected and it emphasises customer satisfaction, ability to retain high-quality employees and achieve effective enterprise processes, what has a major impact on the long-term performance of the enterprise. This method is focused on four main areas: financial perspective, customer perspective, perspective of the internal processes and employment perspective (also known as the perspective of learning and growth).

Learning and growth perspective is oriented for the measurement of worker potential, their motivation and the system of objectives in relation to the workers of the enterprise. Through this perspective, enterprises are creating objectives and measures aimed at promoting learning and growth of employees.

Matrix BSC emphasises the need for the need to invest in the future. If the enterprise wants to achieve the long-term objectives, it has to invest in its infrastructure consisting of people, systems, and processes. Considering the enterprise to be able to meet the objectives set in the area of learning and growth, it is necessary, in addition to the classical recruitment parameters, to focus on the following areas: education, motivation, flexibility, ability to work in a team, target orientation. Learning and growth perspective consists of 4 main parts (fig. 2): acquisition, promoting, developing and maintaining. All parts are dedicated to the field of human resources, while the development is aimed at the development of HC in enterprises [19].

Authors Chodasová et al. point out that only employees with a rising value of human capital bring benefits to the enterprise in the form of higher productivity [23]. This, together with new technologies and innovations in the field of production, leads not only to the growth of efficiency but also to the competitiveness of enterprises in the market [24].

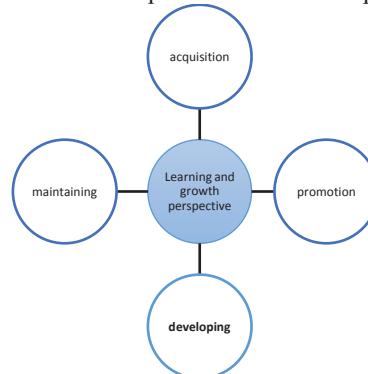


Fig. 2. Learning and growth perspective. Source: authors, based on [19]

The main objective of the enterprise is to find ways to achieve some of the advantages of human capital and find where and what kind of the investment of people are the most profitable. This is intended to increase the performance and competitiveness of the business on the market. Therefore, the enterprise itself needs to respond to basic practical questions related to human capital, and based on them develop a detailed strategy.

5 Conclusion

In the present, the information and communication technologies allow to enterprises to use increasing amount of information. Such businesses include transport companies. The problem seems to be the company's ability to evaluate this information and get the maximum benefit from it [25]. Here can help the human capital management concept. Human capital management is an approach, when the people in the enterprise are seen as intangible asset, which forms part of the value of the enterprise and not as a cost item. The ambition of the authors was to explain the essence of human capital management, to characterise the relations between human capital management and human resources management, and identify some approaches and the human capital management metrics towards increasing the efficiency of the use of human capital aimed at improving the performance and competitiveness of transport companies.

As part of the implementation of human capital management, this means seeking to link business performance with effective use of specific knowledge, skills and capabilities of its employees. However, in order to implement the HCM concept in the practice of a transport company, performance indicators need to be adapted to the particular conditions of transport business, in the context of enterprise strategy.

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