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## Organizational Dimension of Management of Human Capital Selection Process

**Summary:** In the conditions of turbulent changes of the environment the success of the company requires special organizational skills. Flexibility of the organization allowing for its efficient functioning is first of all determined by management of intangible resources, among which human capital (a lot of attention has been drawn to it in the publication) plays a particular role. Apart from the explanation of the nature of the human capital, the study concentrates on organizational dimension of its selection process.

**Keywords:** human capital, selection procedure.

### Introduction

Modern organizations function in the conditions of dynamic and unpredictable changes of the environment. Currently, not only material assets decide the market value of the enterprise. Intangible assets in the form of information, knowledge and intellectual property come to prominence, and thanks to them the organization can be efficient and innovative, thus competitive [14].

Competitive potential of employees and organizational knowledge, which have now become the best way to gain and hold the position in the market, play an immense role in the organization management [9]. Even the most stable organizations strive for talented employees who decide its future. It is because people have reserves of energy and creativity which, skillfully triggered by the management, allow them to achieve targets set by the organization.

The aim of this paper is to show the essence of human capital and proposals for a model solution for personnel selection procedures applicable to most positions at work.

The paper presents the research hypothesis according to which the competent organization of the process of selection of human capital is one of the key

factors for achieving and maintaining a competitive advantage in a rapidly changing environment.

With regard to the methodology, the work includes a critical analysis of the literature and the author's own observations in the field of human resource management practices.

## 1. Human capital: essence and components

The proceeding evolution of the personal function of the organization in changeable economy which used to be called “knowledge-based economy” created a model of human capital which treats problems of people working in the organization in a specific way.

The human capital theory referring to the concept of the company based on resources worked out by Barney (compare [2]), emphasizes the significance of the added value brought into the organization by people treated as assets, thanks to whom the company is profitable.

In the professional literature many authors pay attention to the twilight of thinking about people as one of the resources (compare [4]), emphasizing in the new approach [9]:

1. significance of participation of human capital in creating values and defining competitiveness of enterprise,
2. treating the staff not as additional costs but the mainspring of profit,
3. linked investments of both employees and employers in the form of management of employees development,
4. flexible and dynamic management as the paradigm of the third millennium.

Functioning in the conditions of turbulent changes requires specific flexibility of organization, the capability to adjust the internal structure and processes in reaction to changes of the environment [18]. Therefore it is necessary to manage human capital which takes the following forms: a possibility to transfer employees to carry out various tasks, a level of employment and a quality of employees competitive potential.

The concept of human capital introduced by Schultz [23] in the 1980s has not been defined yet. According to H. Król [11], ambiguity of the above-mentioned term is certainly the result of using different research assumptions of people interested in human capital as well as translation of foreign literature into the Polish language.

Taking into consideration the above-said remarks, a few terminological suggestions have been quoted which indicate the essence and components of human capital.

According to H. Scarborough and J. Elias human capital is “viewed as a bridge concept linking HR practices with business performance in terms of assets rather than business processes”. “One of the features of human capital that

makes it so crucial to firm performance is the flexibility and creativity of individuals, their ability to develop skills and to respond in a motivated way to different contexts” [21]. They point out that human capital is to a large extent „non-standardized, tacit, dynamic, context dependent and embodied in people”.

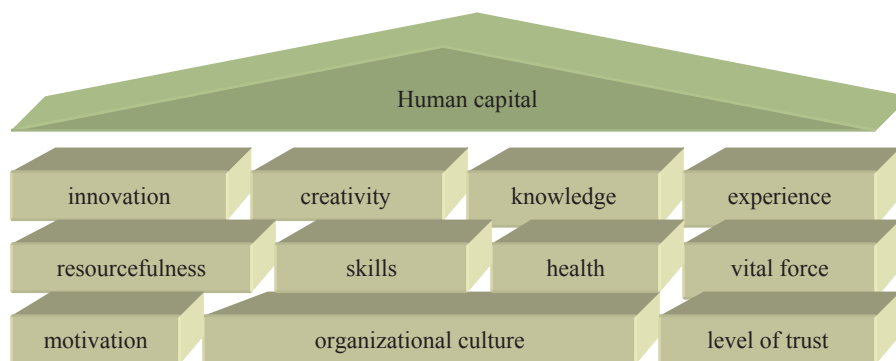
N. Bontis, N.C. Dragonetti, K. Jacobsen, G. Roos [3] defined the human capital as “the human factor in the organization; it is the combined intelligence, skills and expertise that gives the organization its distinctive character. The human elements of the organization are those that are capable of learning, changing, innovating and providing the creative thrust which if properly motivated can ensure the long-run survival of the organization”.

Also in the Polish literature different definitions of human capital are presented. According to J. Penc human capital comprises “people with their knowledge and skills, professional experience, aspirations, motivations and attitudes; it is a link, relations between them, level of trust and reliability, mutual relations (network of connections) as well as culture, i.e. behavioural patterns, norms and values” [16].

According to S.R. Domański “human capital is knowledge, skills, health and vital force in every human and society as a whole, determining abilities to work, adapt to changes in the surroundings and possibilities to create new solutions” [5]. In his opinion it is extremely important that it is impossible to separate an individual from their human capital, or differently, human capital always accompanies a given individual” [6].

H. Król broadens the issues of human capital, analyzing the term in the macro scale and with reference to the organization (compare [11]). The work also includes the information on the human capital in the context of enterprise innovation and economic growth (compare [19], [20]).

Human capital can be shown according to the diagram in Figure 1, taking into account the above-mentioned interpretative deliberation.



**Figure 1.** Main factors forming human capital

Source: own elaboration.

Human capital reflects intangible assets embodied in people. Its essential feature is a possibility to grow, increase values thanks to regular gaining knowledge and experience. Unlike the other resources it does not belong to the organization. People can be transferred to other organizations to look for a possibility to satisfy their own ambitions, taking those precious resources of the company. Therefore, it is extremely important to do everything in the scope of gaining and maintaining human capital. It requires taking on employees with their long-term employment in mind, solicitude for their development, care for creating a solid motivational system and suitable working conditions [13].

## 2. Organization of human capital selection process

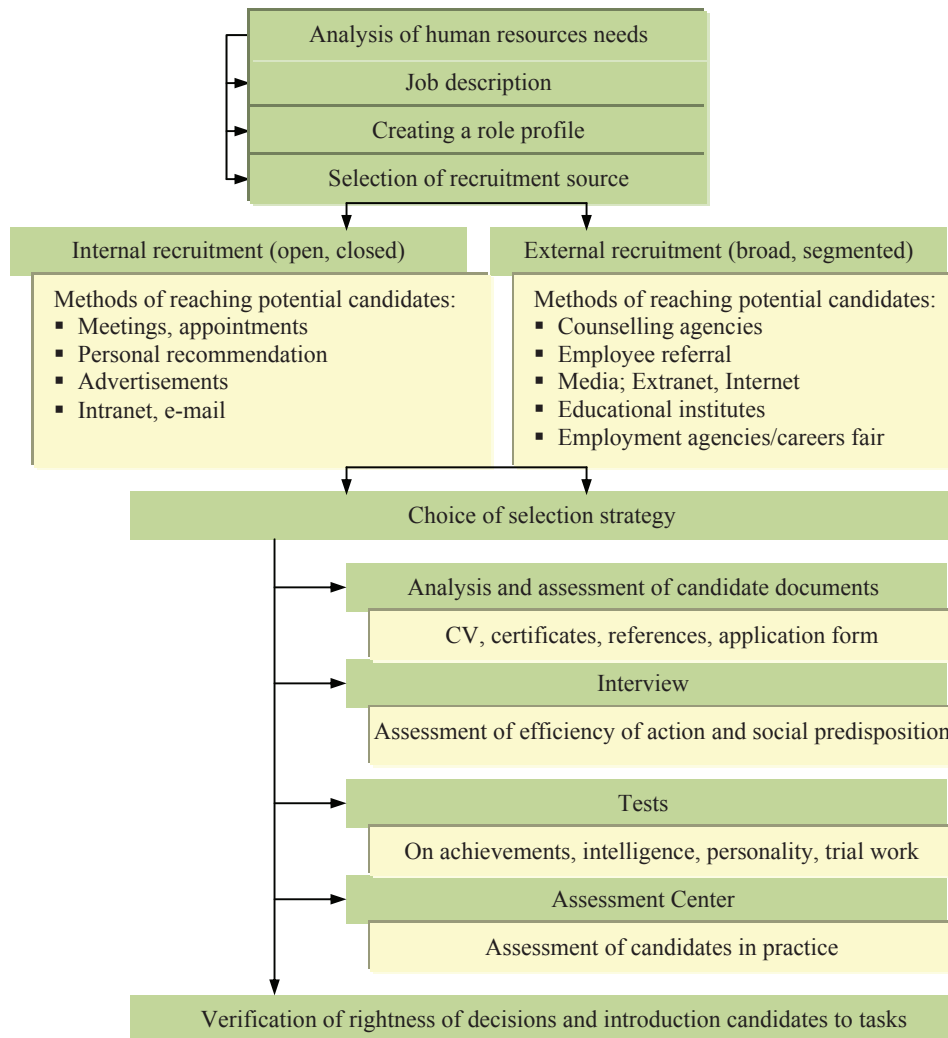
The human capital selection determining efficient management is each organization's priority, because "it depends on it what human potential the company has and what possibilities of advancement and improvement of flexibility as well as cooperation of people there will be" [10].

Contrary to appearances the selection of human capital is not an easy process because it sets out definite organizational requirements and satisfying them should make it successful. Bearing in mind the fact that having competent and creative employees depends on a professional process of employees' selection, its organization the most often has the form of the stages following in succession, synthetically presented in Figure 2.

Within the process of human capital selection, human resources planning is of great importance. It is understood by R.S. Schuler and S.E. Jackson as a process which aims at providing the organization with the right numbers and types of employees in the right time and place. The above-mentioned authors point out that the sphere of planning should answer the following questions [22]:

1. What is the most important purpose for the organization?
2. What are the implications of this in the sphere of HR management?
3. How to manage the staff to obtain the desire result?

Experts in the topic point out both qualitative and quantitative methods of HR planning (compare [1], [8], [12], [17]). In the case of the former one it is considered to be necessary to define the level of knowledge, skills and predispositions indispensable for performing actions in a given job. The indispensable data can be obtained through the analysis of the description of particular jobs. However, the qualitative methods which are more formalized, repeatedly use model concepts used for an analysis of the data from the past or the presence to find solutions in the future.



**Figure 2.** Procedure of human capital selection

Source: own elaboration.

Beginning the process of human capital selection, an enterprise should analyse the demand for specific jobs in the organizations taking into account priority factors (Table 1).

The need of employing staff may also appear in the case of transferring employees to other positions, dismissal, retirement or death.

A significant stage in the process of human capital selection is the detailed job description and location in the organizational structure of the company. It gives information on the needs and expectations of the company about potential

employees. The job description includes among other things official subjection on the organizational structure, duties and entitlements, responsibility, working hours, tools to be used by an employee, qualifications, skills, experience and personal qualities typical of a particular function.

**Table 1.** Selected factors determining employment

<b>Determinants of demand</b>	<b>Description</b>
Organization profile and scale of its activity	<i>Size and character of a company activity, territorial range, establishing new branch offices, subsidiaries</i>
Supply, demand, prices	<i>Attractive prices affecting supply and demand for goods and services</i>
Applied Technologies	<i>Modern machines, devices replacing human work, computerized manufacturing processes</i>
Organizational structure of companies	<i>Type of structure (e.g. line, staff, functional) determining the "quality" and number of employed people</i>
Regular working hours	<i>Legal provisions, overtime work</i>
Motivational systems	<i>Quality of motivational systems and awarding</i>
Managers and employees competence	<i>Selection of employees according to competence and skills which comply with the requirements of the post</i>
Outsourcing	<i>"To do it on one's own or to have it done by someone who can do it better and more cheaply, and sell it in a final product?"</i>
Competitiveness	<i>Taking over the best employees together with the knowledge of the company, strategy, technology, the necessity to invest in the database protection</i>

Source: own elaboration on the basis of [15].

On the basis of the above-mentioned job description the role profile of an ideal candidate is created and it can take the shape presented in Table 2 in the case of applicants for a public relations manager.

The role profile contains a set of features which appropriate importance in the adopted scale is attributed to. The importance of the feature reflects its significance in the realization of tasks corresponding with a given job [7]. It is worthwhile to note that it is undesirable to set requirements both at too high and too low level.

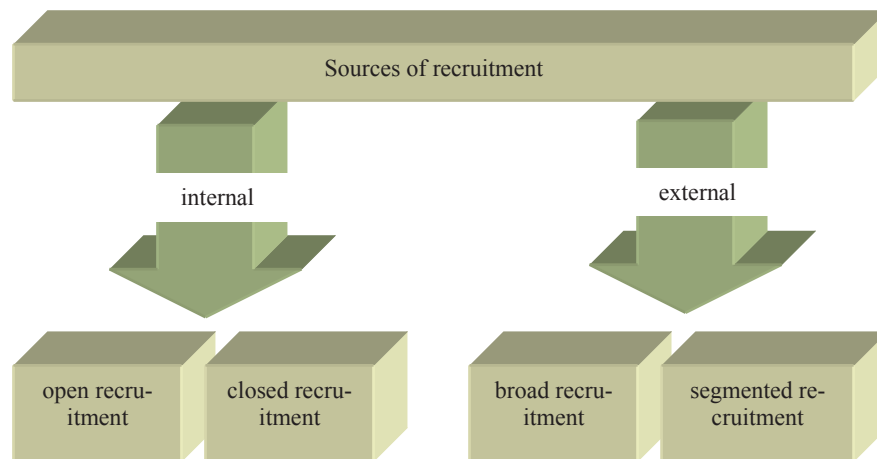
In the former case there is a risk that candidates will not appear for fear of not meeting those requirements. However too low level could discourage suitable candidates with high aspirations because they would not see a possibility to develop themselves through using their intellectual capital. An excessive inflow of candidates who cannot always do their duties could also be an undesirable effect.

**Table 2.** Exemplary role profile in the positions of manager for public relations

Features	Significance (1–5)
Skill of labour organization	4
Skill of computer operation	4
Skill of efficient communication	5
Analytic skills and skills of drawing conclusions	3
Skill of fast decision making	4
Skill of team work	3
Skill of problem solution	3
Skill of negotiating	4
Creativity	5
Inclination to take risk	4

Source: own elaboration.

The characterized role profile allows for making another step towards gaining human capital, which constitutes the process of recruitment consisting in „attracting enough candidates to appoint the people with the desired qualities and skills to posts regardless of whether the post has fallen vacant or has just been created” [16].

**Figure 3.** Procedure of human capital selection

Source: own elaboration.

There are internal and external sources of recruitment depending on whether the company is going to search for candidates among its employees or in the external market (Figure 3). They are correspondingly divided into open (it is offered to all employees in the organization) and closed recruitment (it concerns

a selected group of employees in the organization) as well as broad (aimed at all the interested beyond the organization) and segmented one (it includes a group of candidates in which there is a high probability to find a suitable candidate).

Gaining employees from the above-mentioned sources has both the advantages and disadvantages. The most important ones are shown in Table 3.

**Table 3.** Advantages and disadvantages of internal and external recruitment

Sources of recruitment		
	Internal recruitment	External recruitment
<b>Advantages</b>	<ul style="list-style-type: none"> <li>– Mutual acquaintance (candidate-company)</li> <li>– Lower costs of recruitment</li> <li>– Strengthening motivation for more effective work</li> <li>– Possibility of promotion and staff development</li> <li>– Decreasing fluctuation of staff</li> </ul>	<ul style="list-style-type: none"> <li>– Greater possibility of choosing candidates</li> <li>– New ideas, concepts</li> <li>– No system, greater objectivity in making decisions, faster noticing irregularities, greater freedom of action</li> <li>– Marketing aspect</li> </ul>
<b>Disadvantages</b>	<ul style="list-style-type: none"> <li>– Limited number of candidates</li> <li>– Risk of appointing people who are not enough qualified (so-called talent bench)</li> <li>– Informal relations between employees of different levels, excessive familiarity</li> <li>– Conflicts</li> <li>– Necessity to organize additional training</li> <li>– Lack of „new blood”</li> <li>– Domino effect</li> </ul>	<ul style="list-style-type: none"> <li>– Not necessarily true and exhaustive information on candidates</li> <li>– High cost (costs of personnel consultancy agencies, cost of advertisements, etc.)</li> <li>– It is time-consuming</li> <li>– Employees need more time to adapt themselves</li> <li>– Blocking promotion prospects for the employed</li> </ul>

Source: own elaboration.

Selection of a given source is determined by the definite factors; the most important ones are conditionings of the labour market, company development stage, human capital management model, type of post to be filled. The possessed financial means and when the vacancy should be filled are also very important.

Companies should also consider the right way to find candidates. For internal labour market meetings, official appointments of the whole staff, verbal communication (through managers, employees), information in internal bulletins, notice boards, as well as using electronic mail and Intranet will be suitable.

However internal market can be informed about job offers by units specialized in collecting and processing information, personnel consultancy agencies, personal contacts of employees (private acquaintances), national and local media, computer network, extranet. Contacts with schools, universities, offices can also turn very useful as well as participating in job fair.

After recruitment is over it is indispensable to make an analysis of professional usefulness of a candidate (selection) the result of which is short listing a candidate whose qualifications are the most consistent with the role profile.



In the process of selection a few mutually complementary methods are usually used. The most often used methods are the analysis of the applicant documentation, interview, tests and Assessment Centre. It is extremely important to decide the order of using particular methods and choosing one of the selection models among which “hurdles” is the most popular as well as the compensatory and hybrid approach.

In the case of the first mentioned model, selection of candidates consists in excluding them when they fail at any of the planned stages.

The model of the compensatory approach shows another way of procedure; here the total achieved at particular selection stages determined the success or failure of the candidate.

However the third approach, called the hybrid one, constitutes the mixture of the two shortly characterized models, assuming in the initial phase quick elimination of candidates who cannot meet the requirements, giving a chance for all the short-listed people to participate in successive selection stages.

The final stage of the human capital selection process is verification of the rightness of the decisions which have been previously made and introduction of newly appointed people to tasks, giving at the same time credible information on usefulness of candidates for work in different positions.

## **Conclusions**

The know-how to function in incessantly changing environment determines the success and prospects of modern organization. Having the right human capital including the knowledge, skills and abilities of employees guarantees company’s competitiveness.

Human capital management should aim at maintaining the right relations between dynamically changing internal conditions, organization guidelines and the possessed human capital first of all taking into consideration its selection through adjusting an employment level and employees competence to current organization needs.

Management should systematically monitor and assess a possibility of introducing some changes into the employment level. If it is necessary for new employees to appear, in the process of human capital selection one should pay particular attention to professional preparing people responsible for the selection and careful realization of successive stages, thus affecting the selection of the right candidates.

Referring to the hypothesis formulated in the introduction, it can be assumed that the proceedings based on presented in the paper organizational chart of selection of human capital should contribute to achieving a better position of the company in the competitive market.

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### **Organizacyjny wymiar zarządzania procesem doboru kapitału ludzkiego**

**Synopsis:** W warunkach turbulentnych zmian otoczenia sukces przedsiębiorstwa wymaga szczególnych umiejętności organizacyjnych. Elastyczność organizacji pozwalająca na sprawne jej funkcjonowanie determinowana jest przede wszystkim zarządzaniem posiadanymi zasobami niematerialnymi, pośród których szczególną rolę odgrywa kapitał ludzki, któremu poświęcono uwagę w publikacji. Poza wyjaśnieniem istoty kapitału ludzkiego, w opracowaniu skoncentrowano się na organizacyjnym wymiarze procesu jego doboru.

**Słowa kluczowe:** kapitał ludzki, procedura wyboru.