

DEVELOPMENT AND EFFECTIVE USE OF HUMAN CAPITAL - ESSENTIAL CONDITION FOR BUSINESS DEVELOPMENT IN THE GLOBAL CRISIS CONDITIONS

MANOELA POPESCU, CECILIA LUMINITA CRENICEAN
"DIMITRIE CANTEMIR" CHRISTIAN UNIVERSITY, BUCHAREST,
FACULTY OF MANAGEMENT AND COMMERCIAL TOURIST
176 SPLAIUL UNIRII STREET, BUCUREȘTI, ROMÂNIA
manoela.popescu@yahoo.com, lumi_cecilia@yahoo.com

Abstract:

In context of global economic crisis, all entities within human society trying to survive, just few of them want to develop. Of course, business development in crisis conditions represents an important target for any actant, regardless of the activity field. Known is that the source of business development is the manner in which human capital is effectively used and how human resources are developed. An analysis of human capital during the economic crisis in Romania shows that very few businesses, realizing the benefits of the acquisition and development of competent human capital, professional and experienced, have effectively managed the relationship with labor. Proactive approach of the current situation requires companies employing professional staff career development and efficient use of human potential, without added cost to business development. This is because, in times of crisis, the budget may be redesigned, reorganized and, as such, sufficient financial resources reallocated to the development and effective use of human capital. The diversity of methods used in the development of human capital leads to a wide field of action for the economic actants, regarding their business development.

Key words: *development, business, economic crises, human capital*

JEL classification: *M1, M2, M5, L2, O15, O16*

Introduction

The current economic and social context seems at first glance, unfavorable to development of business, but there are real premises for this, - an essential condition for economic growth and living standards of the population. One of the resources available to business organizations, regardless of their field of activity is human resource, in fact, the most important resource. But in Romania, the global economic crisis, the human resource, was the one who supported and still supports the crisis, although at the end of 2008, in our country, the government announced a shortage of high employment (600,000 jobs work). Economic crisis felt in Romania since late 2008 have resulted in bankruptcy of businesses, reduction of activity of others or even relocation of businesses in financial quieter areas. This has led to a crisis of human resources in terms of reducing income, increasing unemployment and loss of technical jobs. In this context, effective managers have sought to use effectively and to develop human capital held. Also, other businessmen have taken advantage of bankrupt state firms in order to acquire some workforce experienced, competent and professional. While at national level, policies and instruments in European human resource development (structural funds Romania has earmarked about 19 billion Euros, of which 3.47 billion Euros from the European Social Fund), yet, the absorption rate of funding for programs Human resource development is very low (less than 1%). This means either that manager is aware of role and importance of human resource; especially in conditions of economic

crisis are not able to access those funds. This is where employers consider that one of the most serious problems that appear in every crisis is the lack of qualified workforce [5].

Situation of human capital during the economic crisis in Romania

Human capital, the stock of knowledge, skills and abilities used productive purposes (<http://cristianpopescu.blogspot.com/2010/02/despre-capitalul-uman-si-criza-din.html>), plays an important role in business survival and development times of crisis. History shows that economic crisis was a decline phenomenon of widening and extending those crises of economic decline. In general, it is known that human potential is having financial needs in order to develop a proper context, a viable economy, effective structures in order to manifest it. But now, our country has had a double process: labor migration to developed countries and human aging. In the present situation, and because of economic crisis, those who work and support the unemployed or retired people are fewer. Statistics show that in 2008-2010, registered unemployment shows a reduction of business activity volume, which has implications for the level of business development. The number of unemployed has reached the end of 2009 at 709,400 persons, higher by 306,000 persons until the end of 2008 unemployment rate was 7.8% [1]. In the next period, regarding data provided by the National Institute of Statistics and the Commission National Forecast, is expecting a slight increase number of employees, and therefore a reduction in unemployment amid expectations on the national and global economic recovery.

In the past two years due to financial difficulties many employers have been forced, in the absence of human resource strategies, to pay attention to the financial resources into the detriment of human resources, labor cost share in the costs companies in Romania's total falling from 12.2% before the crisis to 9.3%. The economic crisis has generated such a stagnant labor market, reflected by lower quitting rate from 18.3% in 2008, to only 8% in 2010. Also, companies do not have external recruitment (the rates falling by 75% compared to 2008 levels), but internal redundancies a growth rate of seven times, reaching 7.3%, according to a study by PwC Saratoga [6] which shows the profitability of human capital in 2008-2010. This has contributed to the migration of valuable human potential employers who based their global strategy on the most important resource: human resource. This is because, in times of crisis, the budget may be redesigned, reorganized and, as such, sufficient financial resources reallocated to the development and effective use of human capital, however, according to specialists, [2] [criza_economica_si_resursele_umane.html](#)), 2011 will bring major changes in this respect. Thus, employers will have to pay attention to the motivation of employees, providing benefits and rewards, including the training and free training. Competition for employees should not a goal for the be coming period, as entrepreneurs with vision and competitiveness have already "purchased" more competitive labor force during the crisis. Obviously, many companies have operated during the crisis significantly reducing budgets, but some did not discount the potential of investment in preserving human performance [7].

Basing business strategies around human resources and not in financial resources has made the difference between success and failure in economic crisis, because such strategies lead to the creation of added value for employees, community and society in general [8].

Proactive approach business from a development perspective human capital

Human resource institute, during the economic crisis, the most valuable wealth of business, the national economy. Why is it so important? The individual is the bearer of culture, abilities, skills, experiences and, especially, generating innovation and creativity. Innovative and creative spirit, the man makes the difference between success

and failure of various businesses. The relevance of human capital increases exponentially in the situational context of abnormally: conflict, crisis, organizational and national level. The major objective of business is survival time of crisis, and why not, even development, the main factor that can ensure its attainment is the human resource. As a result, the development of human potential is *necessary, complex, continuous* and *high responsibility* for any business, bringing actions and activities of the new staff selection and training and retraining of the existing one. Of course, the development and efficient use of human potential must be matched to a set of national and international factors, socio-economic and institutional, material and human. Starting by defining the short of it - the human resource development is the process of *defining, creating and* providing opportunities for learning, development and training for employees to improve performance, *individual team and* organizational- is evident that to be effective, human resource development process at the organizational level must be properly regulated and integrated with other HR processes.

In this regard, business (business organizations) need to develop *human resources* strategies, although this is difficult if only because the environment is constantly changing and influencing factors (endogenous and exogenous) standing variation. In these strategies, development of human potential based on: induction, individual study, work training, involvement in projects, rotating positions, training, e-learning, mentoring and coaching is crucial. This is because it is known that changes in the environment in relation to specific scientific field of activity and hence the practical and the dynamics of social and economic changes imposed by the crisis or not, need a constant process of reconsideration of knowledge individual skills and capabilities in relation to the complex organizational activities undertaken becomes acute.

Obviously, actions, activities and programs for development (training) of human potential are systematically addressed at the organizational level; the first step is to identify training needs, and the last: an evaluation process for professional development. Moreover, business development requires the institutionalization of human resource development concerns, main responsibility in this field is regarding directly to the management of the firm (general manager, managers from different hierarchical levels and the head of department / human resources department).

Currently, companies use different performance model / programs to develop human potential social + cultural perspective. One of these programs to develop employees is outdoor training, with implications for physical, mental and emotional employee and produce positive behavioral changes, contributing to increased performance at work. Also, the trainings are numerous outdoor experiential learning exercises or projects (single or involving strategic thinking and a management of time, resources and stress), through which participants are able to practice and to improve skills organization and management (John Adair, action-centered leadership, 1994). So, depending on the specific objectives of the development program, the results of outdoor training include: increased self-confidence, accelerating the integration process of newcomers to the company, increased tolerance for the views and opinions of others, awareness of leadership and the acquisition of new skills; effective functioning of the team, effective communication within the team, increasing colleagues attachment, team and business purposes.

The development of human potential and career development concerns organizational members, approached from the perspective of *business development and personal development perspective*. Regardless of how approach, career development is a resource which features the company must take into account. This is because the development of human resources development organization allows business and competitive advantage necessary to maintain and develop the company. The diversity of

methods used in the development of human capital leading to a wide field of economic actants action regarding their business development.

The effective use of human potential not only appropriate use of each employee based on skills, abilities, experience and personality, but also involves engaging employees in the enterprise resource development effort. This process is conditioned on the one hand to accommodate those employees within the company and group work, and on the other hand, professional integration. Obviously, the integration process work can be approached from the perspective of three dimensions: cognitive, relational, and cultural information.

Regardless of how it is addressed, contributing to the development of human potential: targeting capabilities and individual efforts to achieve company goals and mission, developing a strong organizational culture, appropriate and effective strategy, increased efficiency and effectiveness of staff, increased innovation ability, problem solving and change the company so competitive value added capitalization of human potential, etc.

Conclusion

Investment in human capital is a prerequisite for growth and competitiveness economic. If our country, the market is characterized by significant structural rigidities, which show active migratory phenomenon with repercussions on labor costs and there is still a poor qualification and training, need to develop and use effective human potential available is obvious. Strategic approach to developing human potential in a business perspective is the premise of identifying competitive advantages and also the prerequisite to successfully overcome the economic crisis and social mentalities. In this way, our country is possible to redefine the engines of economic growth in global human capital and training for these areas of national interest.

REFERENCES

1. Molănescu G., Aceleanu M. I. (2011), Romania budget deficit consequences. Labor market implications, Theoretical and Applied Economics, Volume XVIII No. 2 (555), pp 1958-1974
2. http://asigurari.efin.ro/stiri_financiare/business/criza_economica_si_resursele_uma.html
3. <http://cristianpopescu.blogspot.com/2010/02/despre-capitalul-uman-si-criza-din.html>
4. <http://www.eurofound.europa.eu/pubdocs/2010/71/en/1 / EF1071EN.pdf>
5. http://www.financiarul.com/articol_34247/solutiile-anticriza-vin-din-mediul-de-afaceri-politicienii-au-rolul-de-a-le-pune-in-aplicare.html
6. [www.pwc.com / us / en / hr-Saratoga](http://www.pwc.com/us/en/hr-Saratoga) in July
7. <http://www.startups.ro/analize/tendinte-in-resurse-umane-pe-timp-de-criza>
8. <http://www.wall-street.ro/articol/Companii/61695/Dilema-crizei-in-resurse-umane-Profitul-sau-oamenii.html>.