

HUMAN RESOURCES – COMPANY'S SUCCESS AND FAILURE

Msc. Alma SHEHU - LOKAJ PhD (c)
email:almashehu10@yahoo.com

Abstract

Real competition or better achievement of a sustainable competitive advantage derives from possessing rare sources, unique and inimitable: attributes that in complete manner present human resources. From this derives that efficient personnel management from the enterprise's side is gaining continuously the primary role. Establishment of human resources establishes a connection knot for enterprise and its employees, for the fact itself that it presents an instrument that leads to professional and personal enlargement for the subjects we are treating (employees) and through them towards development and achievement from the company side and the needed competences an environment that is continuously more and more competitive. How much is all this possible here? What are the difficulties that enterprises face regarding the recruitment of new employees? Is the establishment of human resources the appropriate one for the competitive market? These are the main topics elaborated in this paper.

Key words: human resources, education, competitiveness, company, success, failure

Introduction

Nowadays, globalisation in increase, technological process, continuous market demands, speed that follows every working position and the production itself, without leaving aside the will to achieve the final product always more precise and specialised, it is requested from the working world and especially from the enterprises a higher level of competitiveness, that enables development, continuous improvements to overpass the competitiveness, to have a better product for the client and to achieve a competitive advantage. But one thing has to be clear, today the enterprises are people. Individual make possible that enterprises are what they are. The enterprise is born, lives, develops or bankrupt as a merit or a failure of their essential sources: human resources. Human being is the first and the most important source in a company, therefore if a goal that needs to be followed is enterprise development and increasing competitive advantage for the enterprise, the optimal strategy would be the one of human resources management in a best possible way, an efficient management of the resources for establishing the company objectives that before all responds to human motivation and satisfaction. Human resource management in fact means the wide usage of individual and group potentials for achievement of joint objectives and if this "Art" of high importance for the management is practised directly, than we can discuss human resources as one of the main variables of the enterprises success, but this always depends mainly on the establishment of human resources that company recruits and further develops.

1. Investment economic importance for human resources

The importance to invest in human resources is defined by the supply and demand mechanism that is always growing. The investments and the return of investments is too long and for this reason the investment's margin of profit is considered to be different (Chen Peian, Li Yujiang & Li Zhen).

Human capital presents an essential component of each individual, consists of internal wealth that each of us gathers through its existence, experience and interpersonal relations and through learning. In economical managerial language Human Capital serves for extracting the value of human resources: professionalism, competences and capacities to work with others. This aspect has to be

considered as main source of competitive advantage for the enterprise and in general for the whole economical system.

Although this cannot be limited only on this, a main part of the human capital is consisted from Knowledge and Competences gained from the education, therefore education is often named investment. This idea was presented also with Adam Smith (1776) "*A man educated at the expenses of much labour and time to any of those employments which require extraordinary dexterity and skill, may be compared to [an] expensive machine. The work which he learns to perform, it must be expected, over and above the usual wages of common labour, will replace to him the whole expenses of his education, with at least the ordinary profits of an equally valuable capital.*" and Alfred Marshall (1890) "*The most valuable of all capital is that invested in human beings*

Theory's on human capital developed only in twentieth century, through the contribution of the economists such as: Schultz, Becker and Mincer. Some of these theories are finalised and had impact on the economical development in its macro level, whereas some others explained the reasons of the income variability and the successes in the working world, other aim to identify and specify what exactly is understood with human capital and what can increase that. President of the United States, Bill Clinton in its first mandate won the electoral campaign with a very clear educational programme and, simply he was focused in human development. That time he declared to secure well being for all Americans, educating them in the night schools to work usefully for the America and to create possibilities for the unemployed for employment and reduction of the poorness. Given promises were realised. Night schools were opened. America faced an economical boom as never before. Unemployment was reduced almost completely. Americans were experiencing unseen until then economical, health and social wellbeing. This was the reason for the slogans in Clinton's time: Schools are the biggest American industry". So, the importance that we give to human resources is huge and with reason these sources are called industry of future and development.

2. Role of human resources in Kosovo enterprises

According to Havolli Ymer, usually the managers stated that "*our employees*" are our big value. Once, this was considered as a daily phrase. But today is a reality. This it

can be proven by the enterprise's condition changes, wild competitions to gain any buyer, the short product life cycle and increasing demanding of owners and society for production globalization and its distribution

According to Andrew Carnegie "The only non replaceable capital that enterprise possesses is the knowledge and capacity of its members. Productivity of this capital it depends from the efficiency of which members share their competences with those who can use them".

KEC- report for 2006 highlights that means for measurement of human development rank Kosovo in the bottom of Balkans and among the least development societies in Europe. It is needed much investments and professionalism, women emancipation, opening new working places in order to avoid further falling of Kosovo.

Except of social consequences, this fact also effects negatively in state economy. From the statistics of 2006 it is noticed that from 7743 registered businesses 964 of them are closed in the same year, in percentage 6.6% of the businesses are bankrupt. Whereas, according to the data from the Business Registration Agency in Kosovo (ARBK), during the period of 2000-2011, in our country bankrupted exactly 10 921 businesses. For sure all factors that led these companies to closure must be analysed, but we must never exclude the human factor in failure of these businesses.

Another problem that is faced in Kosovo is that many commercial banks during the process of staff recruitment face many difficulties and that is due to the lack of non qualification of the human resources that apply for these positions. Kosovo is a small market and being such needs to be developed in order to be more competitive in European market. In a country like ours, with no possibilities of industry development, with lack of tourism and agricultural development strategies must have a new approach towards development of capacities of human resources. Industry requests clear knowledge and analyses, tourism and agronomy request proper development strategy and these can be achieved only with possessing qualified human resources, capable to face the challenges.

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3. One of the factors that affect the business failure – Human resources?

Nowadays, in particular in enterprises, human resources can be described as combination of the below mentioned factors

- Individual characteristics brought in its work: intelligence, energy, positive attitude, faithfulness, engagement.
- Capacity to learn: readiness, imagination, creativity, practicality.
- Motivation to share the knowledge and information: team spirit oriented towards enterprise objectives.

Poor management of human resources is a key factor in business failure. Business survival depends upon management's ability to generate cash flow and profit. Therefore, poor management of the workers and poor decision-making represent key reasons of business fail. This significantly influences cash flow and profit and therefore, requiring management to pay close attention to what happens in these business processes.

Not only in our country but also in developed countries many researchers have identified some factors that directly influence not only in reduction of productivity but also in business failure and the most important factors are the following:

– Managers with poor interpersonal or intra-personal skills contribute to small business failure because they mismanage the most important resource of a business, human resources. Research indicates that emotional intelligence has a significant impact on business effectiveness (Samad, 2009). According to Samad the emotional intelligence as a subset of social intelligence that involves the ability to monitor one's own and other's feelings and emotions to discriminate among them and use this information to guide one's thinking and ability

– While Brightman (2004), McKenna and Martin-Smith (2005) believe that poor management performance in hiring and managing human resources results in poor employee performance, work dissatisfaction, theft, and

sometimes workplace violence. Failure to manage the human resources function well can also lead to high turnover and litigation cost that result in the discontinuance of the business.

4. Conclusions and Recommendations

A long term solution and more efficient consists in helping every person to be more productive. This brings to the managerial staff the duty to decide how much to invest in productive human potential. The education and qualification is the first attribute in hiring new staff. In many cases hiring of new staff failed (the case of banks in Kosova) because of the unqualified persons and this brings to economy development.

In this point of view, is necessary that the professionals pay a special attention to:

- a) **STAFF AWARENESS**, until the concept of "organization" and its objectives are properly understood and shared;
- b) **DEVELOPING A TEAM SPIRIT**, in which each component is involved actively and, consequently, provide a personal contribution to the achievement the objectives set;
- c) **PROMOTE THE personal and professionalism DEVELOPMENT**, through trainings and updating

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