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**INVESTMENT INTO THE PROFESSIONAL DEVELOPMENT OF  
EMPLOYEES OF EASTERN CROATIA**

**ULAGANJE U PROFESIONALNI RAZVOJ ZAPOSLENIKA ISTOČNE  
HRVATSKE**

***ABSTRACT***

*Currently competent employees are less likely to stay equally competent when performing certain tasks over a longer period. The priority of every economic operator should be constant improvement of the employee's quality i.e. permanent education. Investing in employees improves the economic operator's market competitiveness and thus a stronger and more serious need for constant investment into growth and education of employees has been marked. If the economic operators did the contrary, they could not hope for survival based on obsolete knowledge and skills of its employees.*

*This paper outlines the role and significance of professional development of employees as one of the governing processes and functions of the human resources management. The importance of investment into professional development of employees is foremost seen in creation of superior workforce resulting in increased income of both the economic operator and the region as a whole.*

*The stated theoretic knowledge has also been tested in the research part of the paper, which shows to what extent investment into professional development of employees through various forms of training and education is present in five counties of Eastern Croatia and three counties of Central Croatia. The analyses of results derived from the research part of the paper show the need to continuously change the old paradigm of frequent lack of investment into human resources and impose a fresh view of investment into new knowledge of employees.*

**Key words:** *professional development, employees, training and education, economic operators, Eastern Croatia*

## **SAŽETAK**

*Trenutno kompetentni zaposlenici ne ostaju duže vrijeme jednako kompetentni za izvršavanje određenog posla. Prioritet svakog gospodarskog subjekta treba biti stalno unapređivanje kvalitete zaposlenika, odnosno permanentno obrazovanje, jer ulaganjem u zaposlenike gospodarski subjekt povećava svoju konkurentnost na tržištu. Kao posljedica navedenog, zapažena je sve veća i ozbiljnija potreba za stalnim ulaganjem u njihov razvoj i obrazovanje jer u suprotnom gospodarski subjekti se ne mogu nadati opstanku temeljenom na zastarjelim znanjima i vještinama samih zaposlenika.*

*Ovaj rad daje pregled uloge i značenja profesionalnog razvoja zaposlenika kao jednog od glavnog procesa i funkcije upravljanja ljudskim potencijalima. Važnost ulaganja u profesionalni razvoj zaposlenika prvenstveno se ogleda u stvaranju kvalitetnije radne snage što za rezultat ima kako povećavanje ostvarenog prihoda gospodarskog subjekta tako i regije u cjelini.*

*Navedena teoretska saznanja također su ispitana u istraživačkom dijelu rada gdje se prikazuje u kojoj mjeri je zastupljeno ulaganje u profesionalni razvoj zaposlenika kroz različite oblike obuke i obrazovanja u pet županija Istočne Hrvatske i tri županije Središnje Hrvatske. Analiza rezultata koji proizlaze iz istraživačkog dijela rada dovodi do zaključka kako je potrebno neprekidno mijenjanje stare paradigme učestalog neulaganja u ljudske potencijale te nameću potrebu za uvijek novim poimanjem ulaganja u nova znanja zaposlenika.*

**Ključne riječi:** *profesionalni razvoj, zaposlenici, obuka i obrazovanje, gospodarski subjekti, Istočna Hrvatska*

## **1. Introduction**

The role of an individual in all social and work processes has evolved and will continue to evolve as a result of technological and other changes, and the globalization of society. In this context, human resources development and management have become increasingly important.

There is growing awareness of the importance of human resources management that has become a business philosophy, which needs to be implemented at all management levels. This new business philosophy has become the buzzword in the vocabulary of modern leaders that entails changes in terms of management and ability to attract, hold on to and motivate employees who have knowledge, willingness and ability (Vujić, 2008, 189).

Human resources management is a broad area of study researched by organisation theorists. It is based on the assumption that employees, being in a competitive business environment, need to adapt to a number of changes so as to have a successful career, and make a relevant contribution to the company's success. Obviously, the field itself as a scientific discipline influenced by economics, psychology, communication science, computer science and management, has been undergoing constant change and innovation.

In the broadest sense, human resources development can be defined as the acquisition and enhancement of knowledge, skills and abilities, as well as adoption of desirable attitudes and improvement of people's behaviour. In a narrower sense, human resources development is related to the job and organization in which people work. It is a training activity organized within an organization so as to enhance success (achievements, results) and personal development, with the aim of improving the performance of both individuals (in their current and future positions) and the entire organization.

Human resources management involves identifying workforce needs, staff selection, employment, promotion, performance evaluation, career planning, remuneration, motivation and training of workforce to perform their tasks effectively (Wehrich and Koontz, 1993, 356).

As a result, human resources management has become not only the most important business function, but also a management approach, i.e. a unique philosophy that considers people to be the most important potential and key strategic and competitive advantage (Bahtijarević-Šiber, 1998, 121).

## **2. Main Processes and Functions in Human Resources Management**

Different authors propose different elements, i.e. functions of human resources management. According to Marušić (2001, 167), human resources management consists of the following functions:

- recruitment,
- professional development,
- encouraging performance improvement at work,
- staying abreast of new information in the field of human resources.

### **Recruitment**

This function involves job analysis, which consists of human resources planning, finding prospective employees, and selection.

### **Encouraging performance improvement at work**

Employee motivation is one of the most complex areas of human resources management because this process needs to be permanent, customized, just, transparent and adaptable to social changes. Just how complex the concept of motivation is can be observed in the number of motivational theories most of which have been developed through interdisciplinary approach, i.e., applying knowledge from various sciences including psychology, sociology, economics, etc. The fact that the number of courses, workshops and development programmes for managers and even business schools specialized in this area has recently been increasing is proof of the importance of that aspect of human resources management. However, it should be noted that stronger emphasis should be placed on this issue in the formal education of future managers.

### **Staying abreast of new information in the field of human resources**

This is another crucial function because successful management of human resources depends on information systems and on obtaining different kinds of information.

Timely, accurate and complete information in a business entity provides for effective operation at all hierarchical levels. Human resources management information system greatly

facilitates the execution of individual functions and sub-functions. It allows a faster flow of information required by the management and individual departments. Given the fact that information system for human resources development and utilization depends on the focus of executive and managerial activity, different information models for different purposes exist: information model to determine human resources development and utilization strategy and policy, information model for human resources planning, information model for employment purposes, etc. (www.poslovniforum.hr, 2011).

### **3. Professional Development of Employees**

In order for employees to remain competent for a certain job or role, it is necessary to invest in their continuing development and training. If they are to have the necessary skills to succeed in a competitive environment, it is important that they undergo regular training, which helps them develop their careers. Some authors are of the opinion that training and development are the essence of continuous improvement of employees' competence and organizational efficiency (Richards, Škreblin, Kirbiš and Koričan, 2009, 525).

The benefits of investing in training and development of employees include (Pfeifer, 2006, 90):

- increased productivity
- reduced staff turnover
- an increase in employee earnings
- reduced cost of materials and equipment due to the reduced number of errors
- less monitoring and control required
- increased motivation and satisfaction of employees.

The quality of employees depends on their knowledge, willingness and ability to acquire new knowledge which is why companies should make it their priority to constantly improve the quality of their employees by providing continuing development because by investing in employees' development the company increases its competitiveness in the market (Karaman Aksentijević, Ježić and Đurić, 2008, 48).

Companies that support active development of their employees by providing them with permanent opportunities for learning and development achieve greater financial success because their employees are motivated by their own advancement, while new knowledge improves performance and operational efficiency by reducing costs, increasing innovation and creativity in the search for optimal and creative solutions to business problems (Karaman Aksentijević, Ježić and Đurić, 2008, 48).

The following are general and specific objectives of further training and development of employees (Požega, 2012, 227).

General objectives:

- enhanced competitiveness and performance at work,
- promotion to higher-ranking positions
- ensuring manager succession process
- enhanced knowledge and skills.

Specific objectives:

- reinforcement of teamwork among employees,

- effective time management,
- improved safety at work,
- higher levels of creativity and creative thinking,
- reduced costs of labour, etc.

There are different methods of employee training that can be conducted both in and outside the organization.

The following methods can be used in the workplace (Schermerhorn, 1996, 256):

- training – a process in which an experienced person provides specific technical advice to others.
- apprenticeship (on-the-job-training) – a person works as an assistant, i.e., apprentice alongside a qualified individual and learns from that person until he/she becomes fully qualified to do the job independently.
- monitoring – this includes the exchange of experience and knowledge between an experienced and a less experienced employee.
- personal example – a person displays behaviour that is expected from others.

The training is focused on the job, whereas staff development is focused on the individual and his/her potential. Staff development concerns the acquisition of new knowledge, skills and abilities that enable an individual to take on new, more complex tasks (Pfeifer, 2006, 90).

Pološki Vokić and Grizelj (2007, 863) arrived at the conclusion that organizations in Croatia failed to recognize the strategic importance of training and development, particularly those organizations from which the opposite would be expected. Their research revealed that only 17% of organizations in the sample had a special training and development department; 39% of organizations had appointed a person in charge of training and development; whereas as much as 44% of organizations had neither a person in charge of, nor a department responsible for the said tasks. In view of the obtained results, the above authors pointed to the urgent need for organizations in Croatia to make significant investments in the training and development of their employees.

#### **4. Study Methodology, Data Collection, Sampling and Statistical Analysis Methods**

This section of the paper explains the research methodology used; describes the questionnaire, the sample, and data collection methods; identifies the statistical methods used, and gives the results of the study.

The questionnaire was developed based on literature, data and questionnaires used in similar studies. The questions were designed on the basis of the questionnaire used in the 4<sup>th</sup> European Working Conditions Survey conducted in 2005 with employees and self-employed persons in Europe. The key topics related to their work and employments were investigated in the EU27 countries, Norway, Croatia, Turkey and Switzerland (Parent-Thirion, Marcias, Hurley and Vermeylen, 2007, 109).

The author's questionnaire was 15 pages long and contained closed-ended questions and a number of dichotomous questions. In this paper, only the questions considering an investment in professional development of human resources are presented. A so-called "face to face" interview, also known as "paper-and-pen" interview (PAPI) was conducted in the respondents' homes. The sampling was done using a random sample, stratified by geographic

regions and settlement categories. The sample included respondents, whose anonymity was guaranteed, from eight counties in Croatia: Vukovar-Srijem, Bjelovar-Bilogora, Brod-Posavina, Karlovac, Požega-Slavonia, Sisak-Moslavina, Virovitica-Podravina and Osijek-Baranja County. The analyzed data were presented in summary tables.

The number of sampling points was two hundred and fifty respondents with an aim to obtain a minimum sample of one hundred twenty-five sample units. One hundred and ninety-four sampling units (77.6%) were collected, which is a satisfactory sampling rate.

Table 1 Sample description

		No.	%
<b>Gender</b>		194	100
	Male	105	54.1
	Female	89	45.9
<b>Age group</b>		194	100
	under 30 years of age	56	28.9
	31-40 years of age	43	22.2
	41-50 years of age	65	33.5
	51-60 years of age	27	13.9
	above 60 years of age	3	1.5
<b>Level of education</b>		193	100
	preschool/none	0	0
	lower primary	4	2.1
	upper primary	10	5.2
	secondary	130	67.4
	post secondary	20	10.4
	tertiary (polytechnic)	27	14.0
	postgraduate	2	1
<b>Employment status</b>		194	100
	at work as employer or employee/self-employed	190	97.9
	at work (on child-care leave or other leave)	2	1
	unemployed less than 12 months	1	0.5
	in education (at school, university, etc.) / student	1	0.5
<b>Monthly income from main paid job</b>		177	100
	below average salary in Croatia	123	69.5
	above average salary in Croatia	54	30.5

Source: author's own calculations

Table 1 shows the main characteristics of the sample. The sample consisted of 194 persons, of which 105 were males (54.1%) and 89 females (45.9%). Respondents' age ranged from 18 to 63 ( $M = 39.24$ ,  $SD = 10.95$ ), with the majority in the age group up to 30 (28.9%) followed by the age group 41 to 50 (33.5%). The majority of respondents reported they had finished secondary education (67.4%), while 14% of respondents had completed tertiary education. As for their employment status, nearly all respondents reported they worked as employers or employees / were self-employed (97.9%). Most respondents' monthly income was below average salary in Croatia (69.5%).

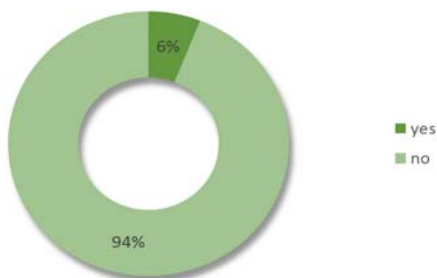
The data collected through the questionnaire were analysed using Statistical Package for the Social Sciences, version 17.0. SPSS is a software package for statistical analysis of data that incorporates almost all conventional statistical methods.

## 5. Study Results

This section of the paper presents the results of the study in terms of the extent to which companies invest in professional development of their staff through various forms of training

and development in eight counties in Eastern and Central Croatia. By answering the following questions, the respondents expressed their opinion about the opportunities they were provided for further training and development.

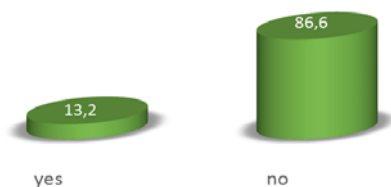
Graph 1 Have you undergone training paid for by yourself?



*Source: author's own calculations*

The results regarding training of employees are very discouraging. The respondents largely reported that they had not participated in any training, skills development programme, or similar. Graph 1 show that almost 94% of respondents did not undergo any training paid for by themselves.

Graph 2 Have you undergone a professional skills development programme?



*Source: author's own calculations*

To the question whether they have undergone any type of skills development programme (Graph 2), only 13.2% of respondents answered positively, while the majority said they had not undergone any type of skills development programme.

Table 2 Answers to the question “Have you undergone training paid for or provided by your employer, or by yourself if you are self-employed?”

Have you undergone training paid for or provided by your employer, or by yourself if you are self-employed?							
	n	%	Yes	No	$\chi^2$	df	sig.
<b>Level of education</b>	191	100	25.1	74.9	16.88	5	p<0.01
preschool/none	0	0	0	0			
lower primary	4	2.1	0	100			
upper primary	10	5.2	0	100			
secondary	129	67.5	20.9	79.1			
post-secondary	20	10.5	45	55			
tertiary (polytechnic)	26	13.6	46.2	53.8			
postgraduate	2	1	0	100			
<b>Income</b>	175	100	25.7	74.3	27.93	1	p<0.01
below average salary in Croatia	121	69.1	14	86			
above average salary in Croatia	54	30.9	51.9	48.1			
<b>Company type</b>	191	100	25.1	74.9	15.74	3	p<0.01
private sector	100	52.4	14	86			
public sector	79	41.4	39.2	60.8			
private-public organisation	10	5.2	20	80			
other	2	1	50	50			

Source: author's own calculations

When it comes to the question “Have you undergone training paid for or provided by your employer, or by yourself if you are self-employed?”, statistically significant differences have been found between groups depending on their level of education, income and type of company, confirmed by the significance levels shown above in Table 2.

The above results show that only a small number of employees had undergone training paid for or provided by their employer. It can therefore be concluded that this type of training is more characteristic in case of employees with higher level of education (post-secondary education: 46.2%), whose income is also above average salary in Croatia, and that they are largely employed in the public sector. This indicates that the level of investment in additional training in the private sector is inadequate.

## 6. Conclusion

Professional development of staff should be one of the main processes of the human resources management function aimed at enhancing the quality of workforce and thereby increasing the quality of business entity management as a whole.

Sadly, this research has shown that investment in the professional development of staff through various forms of training and development in Eastern and Central Croatia is very low. Only 13.2% of all respondents underwent some type of training or skills development programme provided by their employer. This may be the result of insufficient investment in new knowledge, but also the lack of interest among employees. As expected, the results show



that employees lack the initiative to undergo training on their own, since there were only 6% who were prepared to pay themselves for a development programme.

Taking into account the significance of the observed variables, i.e., level of education, income and company type, the analysis of the results suggests that employees who underwent training, regardless of whether the training was paid for by themselves or not, had a higher level of education, incomes above average salary in the Republic of Croatia, and were mainly employed in the public sector.

There is no doubt that this old paradigm of not investing in human resources should be abandoned. Possible reasons for these disappointing results include inadequate personnel policy of some business entities, lack of financial resources, lack of time, and general lack of interest among employees in personal development and self-affirmation. Only when the issue of human resources development takes centre stage, will the development of a business entity, and consequently the economy as a whole, be possible.

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