

The Importance of Funding Resources for Human Resource Development

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Abstract

This paper aims at studying the regulation framework in the field of education and continuous training of human resources, appropriate literature, statistical data and carrying out a case study regarding the financing of human resources development in a company that activates in the energy sector. The case study is based on the analysis of the company Colterm S.A. from Timisoara, based on annual data provided for the period 2011-2015.

The main conclusions relate to the fact that the expenses forecast regarding the employee professional training is not based on the analysis of training needs, and the company does not use tools to measure the impact of training programs on the company's economic development. Generally, the benefits of training programs are limited to solving legal requirements, obtaining competency certificates, or improving the skills needed for performing work activities by not studying the impact of human resource development on the company's performance.

Key words: training, human resources, financing, skills, performance

J.E.L. classification: M52, M53, K31

1. Introduction

The human resource through its professional, social or private behavior defines the current society from a pragmatic point of view rather than an epistemological one. Whether we call it an information society, a postmodern society or globalization, it is obvious that we are witnessing a remodeling of human interactions, in terms of labor, human and educational relationships.

Postmodernism introduces an important feature in any current analysis, namely that no longer a subject can be analyzed unidimensional, paradigmatically, descriptively, but it requires a multi-criteria analysis of reality and declaring the own perspective.

Another opinion would be that with globalization we face a process of equal intensity, but the opposite direction, namely atomization. Globalization as a phenomenon of world transformation into a unit determines modern organizations to change. In what regards Romanian organizations, the most important source of change is given by the top managers or owners (Predișcan, 2004). Therefore, the allocation of financial resources for the training of the coordinated staff plays a very important role. Taking this into account, we can say that they have at least a moral duty in terms of development to reduce the economic gap between developed countries and Romania. In the context of the current Romanian society, with a training economy, business failure is mainly motivated by the improper management of the financial resources of the organization. Unfortunately, there are few who realize that failure is due to poor use of human resources, lack of motivation or failure to correlate the reward system with the performances achieved. Each organization combines in different proportions the material resources, financial resources, information and human resources in order to produce their own goods and services.

Economic and social development takes place through direct interaction with the human resource, which is at the same time the main engine and the main beneficiary of this development. That is why the premise of economic and social development is given by the development of human resources. Considering the importance of human resources in the current society, this paper aimed at studying the main laws in the field of education and continuous training of human resources, studying specialized papers in the economic, social and human resources management field, studying statistical data and making a case study on financing human resource development in an energy company.

Given this, the main aim of the paper is to examine the financing of humane resource development for a representative company within energy sector and operating in Timisoara. The remainder of the paper is organized as follow. The second section provide a brief literature review related to human resource training and development. Section 3 report the data collected and the results whereas section 4 concludes.

2. Literature review

Nowadays, organizations have an intellectual heritage that they must manage in the most appropriate way to be competitive in a competitive market. This patrimony must be permanently developed through training and refinement to ensure a natural continuity in the plan of systematic transmission/accumulation of knowledge and experience (Deaconu et al., 2004). Therefore, motivation to invest in human resources development from the perspective of "modern enterprise" encompasses a pool of knowledge, procedures and experiences that stem from the intrinsic characteristics of this organization. People who are part of it need to be up to date with new legal regulations, revised procedures, new technologies and good practices through natural exchanges of experiences. In fact, it's about learning a business culture as shown by the authors mentioned above. Human resources development has this mission to permanently transmit the "modern enterprise" patrimony to employees (Deaconu et al., 2004, p.262).

"Adults learn to progress in their careers to get better and better paid jobs, to have a better social status, a higher social status, to become personalities and experts in a certain area. Their motivation is predominantly intrinsic and determines their engagement in training activities of their own will, knowing that continuous training is the condition of developing their own personality" (Dumitru and Iordache, 2002, p.15). Considering this observation, though adults are concerned about continuous improvement, this concern is often not materialized due to the absence of financial resources. Thus, the allocation of resources for the development of training programs becomes a problem of management. This type of investment is running slower or does not exist in small companies, compared to big companies that benefit from budgets in this respect. "The financial motivation of strategic human resources should not be strictly an expense. The return/risk ratio becomes effective only when the organization has an own training system designed to develop specific competencies" (Burlea, 2008, p.13). The author makes a more detailed explanation of the dominant features for the sources of motivation that can be the basis of decisions for continuous training and education. Thus, the desire for improvement in the interest of innovation and efficiency, in order to work better, faster; the concern to achieve a team-friendly climate; the desire to be influential; stability is a source of motivation for decisions that can be made about investing in human resources development.

To emphasize the role of the educational process in all its forms, vital at individual, national, European or world level, we show its definition in the literature. According to sociologists Ferréol et al. (1998, p. 62), "in the most general sense, the term education means any social activity aimed at transmitting to the individuals the collective inheritance of the society in which they are inserted. His field of comprehension thus includes, to the same extent, the socialization of the child by his/her family, the instruction received in institutions with explicit educational purposes (schools, youth movements) or within the various groups (sports associations, cultural groups, political groups), the influence of the group of friends, that of the media, etc. At the limit, the field of education is so vast that no action aimed at any transmission of the culture and values of a society can be ruled out".

We note that training and refinement are intertwined, and it is often difficult to assess whether certain activities are training or retraining, referring to "all general, technical and practical knowledge related to the exercise of a profession, but also to behaviors, attitudes and dispositions which allow integration into a profession and generally in all social activities" (Ferréol et al., 1998, p.80).

The engine of developing a nation and society in general is the economy. The development of the economic environment depends fundamentally on education in all its forms. In the Romanian society, as compared to the one in the member states, the necessity of the changes, but also the blockages in the plan of change, are observable, in a globalized and globalizing, multiculturalized, technologicalized and computerized world. And equally obvious is that the educational environment is more and more concerned with developing programs, and their purpose, at least theoretically, would be the incidence in the economy and the development of society. Why? The answer to such a question is complex, but the educators have the duty, at least morally, to find optimal responses and solutions for the generations that will benefit from a solid structure in development.

3. Data and results

The case study was performed based on information and interviews within Colterm S.A. from Timisoara, according to the management's agreement as a resolution given to Address No. 22619 / 06.12.2016 formalized request. The economic data were obtained from the Economic Department and those related to human resources from the Human Resources Department. Interviews were also carried out with senior management positions on human resources development within the company. Interviews were not recorded, providing only explanations on the topic. Source: authors' own calculations

As company description according to 2017 one can mention:

- COLTERM S.A. Timișoara was established in 2004 through the Local Council Decision, through the reorganization of two companies: TERMOCET 2002, and CALOR.
- It is subordinated to the Local Council of Timișoara and has as its object of activity:
 - production, transport, distribution and supply of thermal energy;
 - production and sale/supply of electric energy;
 - operation, maintenance, repair and development of thermal networks and installations in thermal points and plants;
 - cold water hydrophoresis - through hydrophore stations from 46 thermal points and plants, cold water is provided in all buildings with more than ground+4 floors;
 - installation and operation of cost allocation systems;
 - transport activities - railway shunting.

Data on human resources within the company at November 31st, 2016:

- Total employees: 851 persons out of which:
 - 28 persons under the age of 29 years;
 - 59 persons aged between 30 and 39 years;
 - 357 persons aged between 40 and 49 years;
 - 219 persons aged between 50 and 55 years;
 - 142 persons aged between 56 and 59 years;
 - 46 persons over the age of 60 years.
- Situation of the employed staff regarding the occupational category out of a total of 851 employees:
 - 6 persons – Mandate Contract (2 persons aged between 30 and 39 years, 3 persons aged between 40 and 49 years, 1 person aged between 50 and 56 years);
 - 212 persons – TESA personnel (22 persons under the age of 29 years, 19 persons aged between 30 and 39 years, 62 persons aged between 40 and 49

- years, 42 persons aged between 50 and 55 years, 47 persons aged between 56 and 59 years, 20 persons over the age of 60 years);
- 36 persons – Foremen (1 person under the age of 29 years, 1 person aged between 30 and 39 years, 14 persons aged between 40 and 49 years, 8 persons aged between 50 and 55 years, 7 persons aged between 56 and 59 years, 5 persons over the age of 60 years);
 - 597 persons – Workers (5 persons under the age of 29 de ani, 37 persons aged between 30 and 39 years, 278 persons aged between 40 and 49 years, 168 persons aged between 50 and 55 years, 88 persons aged between 56 and 59 years, 21 persons over the age of 60 years).

Table no. 1. Economic data regarding the humain resource considering information from the 4th quarter of 2016

Indicator	Foreseen	Realized 10 months	Estimated 2 months (similar oct. 2016)		Estimation 12 luni	Differences from bvc
			Nov-16	Dec-16		
Basic salaries	32,500,000	27,593,000	2,746,000	2,746,000	33,085,000	-585,000
Social cultural expenses	600,000	497,000			650,000	-50,000
Vouchers	1,640,000	1,543,000	150,000	150,000	1,843,000	-203,000
Salary differences	2,764,000	413,000	650,000	2,641,000	3,704,000	-940,000
Payroll mandate contracts	881,000	574,000	60,000	60,000	694,000	187,000
Board allowances	424,000	180,000	18,000	18,000	216,000	208,000
Contributions related to wages	8,457,000	6,649,000	662,000	900,000	8,211,000	246,000
Total labor costs	47,266,000	37,449,000	4,286,000	6,515,000	48,403,000	-1,137,000
TOTAL EXPENSES BVC 2016: 181,525,000						
% (impact on the general budget): 26.04%						

Source: authors' own calculations

3.1. Self-financing of human resource development

The human resources development policy in the analyzed period (2011-2015) mainly involved the training and improvement of employees with the help of Authorized Training Providers in various specialties. The financing was provided through a budget line for each year in the Revenue and Expenditure Budget (BVC) from its own financial sources. The professional training of the employees is also regulated in the Collective Labor Agreement at the company level. Thus, in table 2 we present the situation of the expenses with the professional training for each year:

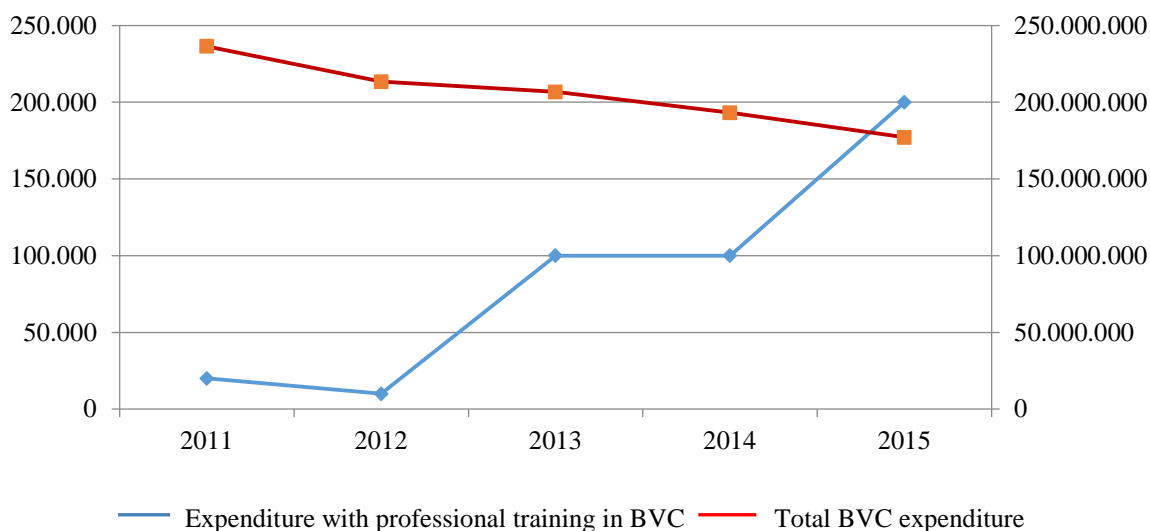
Table no. 2. Annual statement of expenditure regarding the professional training during the period 2011-2015

Item	2011	2012	2013	2014	2015
Professional training costs in BVC	20,000	10,000	100,000	100,000	200,000
Total expenses BVC	236,404,800	213,393,000	206,671,000	193,174,000	177,084,000
Expenditure on training Accomplished	18,494.64	78,964.85	80,857.81	120,646.34	63,504.10
Total expenses Accomplished (BVC)	267,024,381	227,112,606	215,253,804	201,867,742	188,357,988
Share proposed in total BVC regarding the professional training	0.0085%	0.0047%	0.0484%	0.0518%	0.1129%
Share in the execution of BVC regarding the professional training	0.0078%	0.0370%	0.0391%	0.0625%	0.0359%

Professional training expenses in BVC	20,000	10,000	100,000	100,000	200,000
Professional training expenses Accomplished	18,495	78,965	80,858	120,646	63,504
Total expenses (BVC)	236,404,800	213,393,000	206,671,000	193,174,000	177,084,000
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Source: authors' own calculations

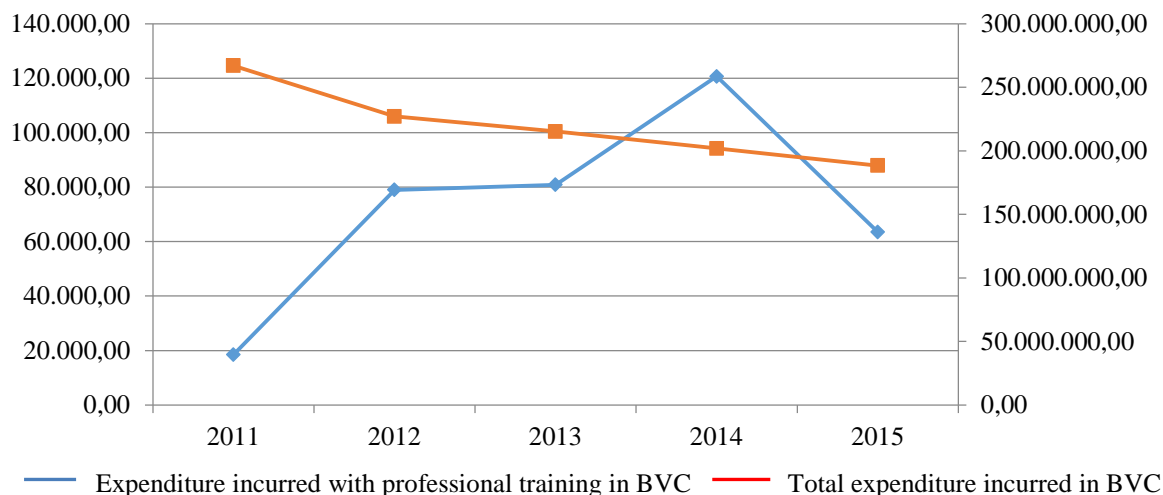
Figure no. 1. Expenditure forecast regarding the professional training and total expenditures forecast



Source: authors' own calculations

The first graph shows a decreasing expenditure forecast in BVC between 2011-2015, while the forecast regarding professional training expenses decreases in 2012 compared to 2011 but increases considerably in 2013 and also in 2015.

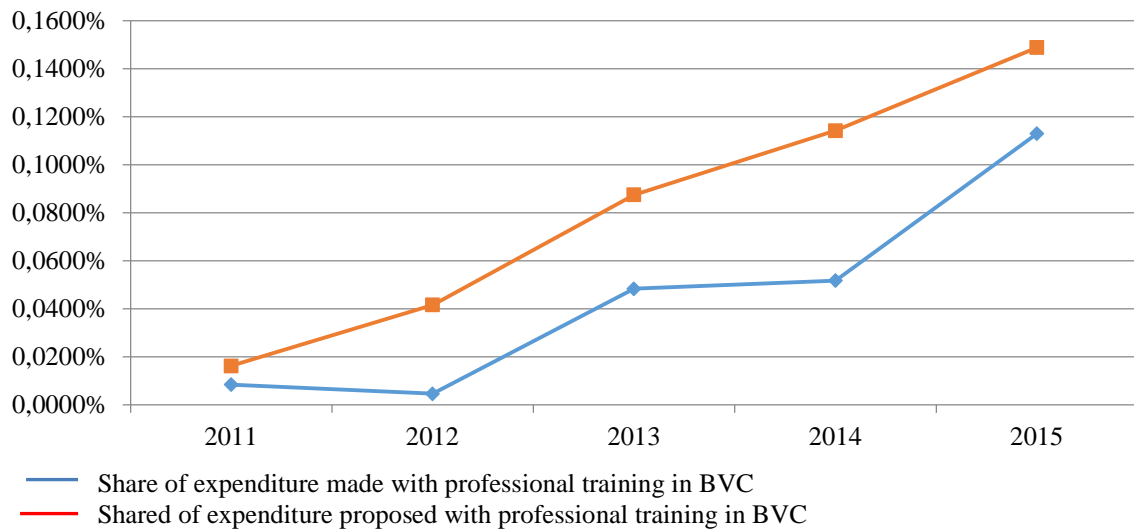
Figure no. 2. Expenditure incurred with professional training and total expenditure incurred



Source: authors' own calculations

The graph presented in Figure 2 shows an important aspect: while total BVC spending is decreasing, professional training costs are rising. More precisely, professional training expenditure increases considerably if we compare 2011 and 2014

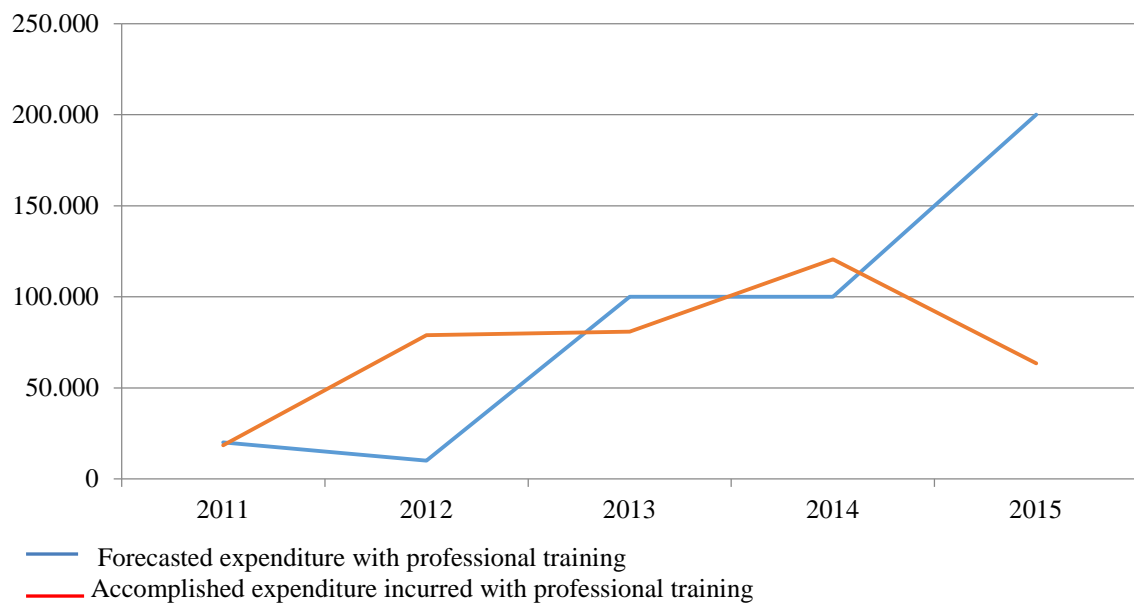
Figure no. 3. Share of the expenditures made and those proposed in the BVC regarding the professional training



Source: authors' own calculations

We can see from Figure 3 that the two weights are balanced, which shows a management concern in this type of execution of the budget line.

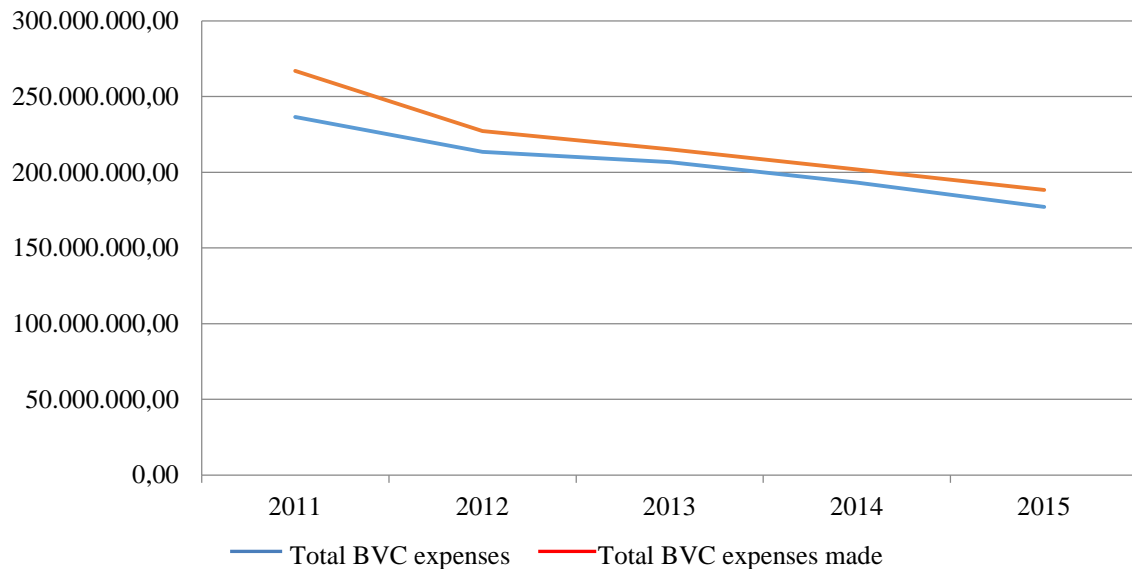
Figure no. 4. Forecasted and accomplished expenses regarding the professional training



Source: authors' own calculations

This type of result as it is positioned in the graph in Figure 4 shows us an oscillating trend of the expenditures made compared to the predicted ones. This may conclude that decisions for human resources development do not support coherent planning but rather a planning based on certain decisions in response to certain pointed requests during the year.

Figure no. 5. Total BVC expenses and total expenses made



Source: authors' own calculations

The trends in Figure 5 show that each year the forecasted budget has been exceeded, but the five-year trend shows their decrease. Interviews show that even the human resource spending has decreased.

3.2. External financing for human resource development

The employees of the company also benefited from professional training with the help of European funds in the framework of a POSDRU project entitled *"Formarea profesională și promovarea utilizării noilor tehnologii în scopul creșterii adaptabilității angajaților și managerilor de la toate nivelele din domeniul energetic în vederea creșterii calității serviciilor prestate și îmbunătățirii activităților și proceselor specifice."*

This project have been implemented during the period September 2010 to August 2013 in 12 locations across the country, including Timisoara. The total budget of the project was 6,318,088 lei.

In this way, employees of Colterm S.A. had attended the following training courses:

- development of skills to increase the efficiency and effectiveness of operating and maintenance personnel in the field of energy: 226 persons;
- development of managerial skills for executive, department, and line managers in the field of energy: 8 persons;
- development of skills health and safety management for TESA staff in the field of energy: 111 persons;
- development of environmental management skills for TESA staff in the field of energy: 111 persons;
- training in the field of information technology and computers: 146 persons.

The impact of the project on the company was obvious from two perspectives, namely training of employees and obtaining certificates of competence, and improvement of a training room equipped with 20 computers, servers, internet access and video projector. The total amount attracted for the company under this funding project cannot be repaid but can be deducted through additional calculations of the completed project.

4. Conclusions

The main conclusions resulting from the interviews regarding the forms of financing and the human resources development policy are the following. First, expenditures forecast for employee training are not based on the analysis of training needs. This is done as a proposal for an amount to

the Economic Department by the heads of organizational entities within the company. Emergencies related to obtaining/maintaining competencies to comply with legal requirements are especially taken into account. For example, training requirements that are mandatory in the fields of Health and Safety at Work, Emergency Situations, Safety of Installations and Work Means. Also, some specializations in the field of Energy Management, Quality Management, Environmental Management.

Second, at the company level, there is a self-assessment practice for the employee who can advise management to approve the participation in a training course and management decision to run training programs when certain difficulties arise in the work processes. That is a reactive approach rather than a proactive one.

Third, within the company, there is no working meant tool to measure the impact of training programs on economic developments. The benefits of training programs are limited to solving legal requirements, obtaining competency certificates, or improving the necessary skills in work activities.

Through this study we try to argue the importance and the impact of the continuous development of human resources from the perspective of the forms of financing regarding the continuous training. This must be a concern for both management and employees. The lack of interest in financing forms has possible negative effects that would affect the position on the labor market, which is extremely competitive. Moreover, in the knowledge economy, the development and use the human resources at its full capacity is a decisive factor in maintaining competitiveness (Stan, 2002).

Structural funds are important due to their potential positive impact on the economic and social development plan. Moreover, their importance has led to the establishment of a profile ministry in Romania with a role in business management in this respect. The development of human resources is an important chapter for the Ministry of European Funds, whose mission during the period 2014-2020 is to ensure the successful implementation of the declared winning projects on the one hand and to play an educational role in understanding the good practices, on the other hand.

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