

## HUMAN CAPITAL MANAGEMENT OF CONTEMPORARY ENTERPRISES. THREATS AND OPPORTUNITIES

Czesław ZAJĄC

Wroclaw University of Economics, Department of Economics and Enterprise Organisation;  
czeslaw.zajac@uew.wroc.pl, ORCID: 0000-0003-2407-7232

**Abstract:** In this paper, we identify several opportunities and threats to human capital management in contemporary enterprises. These have been analysed in the light of the development of IT and telecommunication technologies in 4.0 Enterprises, as well as in the perspective of the increasing presence of young generation representatives employees of these enterprises. Effective human capital management of modern organisations is the big challenge for practitioners, and this is increasingly becoming a subject of discussion for management theorists, as it is recognised by them as an important factor for competing in a highly turbulent environment. As a complex, complicated and difficult problem for decision-makers on the strategic and operational levels, it is also considered by researchers as an interesting perspective for empirical investigations. The purpose of this paper is, hence, to identify the opportunities and threats related to human capital management of modern enterprises, and their synthetic analysis – as conducted from the perspective of the characteristics of employees representing the new generations in the work environments of numerous modern enterprises.

**Keywords:** human resource management, modern enterprises, multi-generationalism.

### Introduction

Effective human capital management of modern organisations is increasingly becoming a subject of discussion for management theorists, and practitioners are recognised as an important factor for competing in a highly turbulent environment. This approach to human capital management also falls under the concept of Industry 4.0, - a notion that originated in Germany at the beginning of the 21<sup>st</sup> century and that is now treated as the fourth wave of the so-called “industrial revolution” (Olender-Skorek, 2017, pp. 38-48). This phase is characterised by the transition from electronic, computer-aided manufacturing systems, to the new-generation intelligent production processes that are increasingly used on an industrial scale. Industry 4.0 is also referred to as the “new technological generation” in the sphere of production, which is based on production systems that integrate data processing with matter processing.

The processes of so-called digitisation of matter are controlled by Cyber-Physical Systems CPS, functioning in the Internet of Things environment (Moczydłowska, 2018). This creates great challenges for managers operating at various levels of management in enterprises 4.0. These challenges are related to the need to possess and develop new professional competencies that are different from the previous, as well as to acquire and retain the right employees within organisations, while being able to meet contemporary challenges. Additionally, there exists an important demographic factor. This is the increasing share of the so-called generation Y and generation Z in the structures of employment of modern enterprises. In addition, managers also face the progressing globalisation that has changed the current approach to work, and which provides a system of key values that is different to that already existing. Furthermore, managers encounter a different approach to commitment, loyalty and to career models. At the same time, a complex, complicated and difficult for decision-makers perspective of strategic and operational human capital management in modern enterprises has come about, and management is now more focused on building competitive advantage. Competition based on human capital, as rightly emphasized by D. Lewicka, as well as the changing nature of employee relationships within the organisation, the loss of material factors, increased employee education and increased organisational flexibility are all important phenomena affecting the conditions of function of modern organisations, as well as the labour market (Lewicka, 2019, pp. 7-8). The purpose of the further part of the study is, thus, to identify the opportunities and threats related to human capital management of modern enterprises, and their synthetic analysis. This all is conducted from the perspective of the characteristics of employees representing the new generations in the work environments of numerous modern enterprises.

### **Threats and opportunities related to human capital management of modern enterprises – a synthetic analysis in the light of the characteristics of young generation employees**

For the purposes of this discussion, human capital management is understood as the process of analysing, measuring and assessing the value created by the people and their development for the company. This value is generated by a specific human capital management system (Baron, Armstrong, 2012), using appropriate methods, techniques and tools of selection, periodic assessment, motivation, as well as professional and personal development of employees. It is also important to create the right climate for human capital management and interpersonal trust within the organisation. The climate for human capital management can be defined as the employees' perception of the practices and the process of this management. The previously cited D. Lewicka points out that through such "practices and processes, certain effects are generated, such as: dissemination of information about the strategy, projects and

opportunities implemented in the organisation; information on the values and goals of the HCM (Human Capital Management) system; building beliefs about the significant contribution of the HCM system to creating employee well-being, as well as creating a friendly, safe and inspiring work environment; providing learning and development opportunities, fair pay, etc.” (Lewicka, 2019, p. 12). The HCM process can be understood as communicating to employees, the values, philosophy and policy of HCM, while shaping the image, the rank of the personnel function, the message regarding the contribution of the personnel function to the results obtained by the organisation, and behaviour desired and rewarded by the organisation (Bowen, & Ostroff, 2004, pp. 203-221). “Messages sent to employees should be understandable, clearly identifiable and consistent, i.e. they should be characterised by compliance of the declaration with the actions. All changes resulting e.g. from the need to adapt the system to the conditions of the competitive environment, changes in the labour market or those resulting from the improvement of the system should be communicated to employees as soon as possible, together with explanations for their reasons” (Lewicka, 2019, p. 45).

Threats and opportunities related to human capital management can be perceived particularly in two areas: the area related to the development of information and telecommunications technologies of enterprises 4.0, and the area of demographic factors – the growing participation of representatives of the young generation in the structures of people employed within them.

The most important opportunities related to human capital management of modern enterprises include:

- wide possibilities of using modern IT and telecommunications solutions in human capital management processes in modern organisations, improving communication, especially in enterprises 4.0;
- greater propensity to mobility in terms of taking up work and changing the place of its performance, and greater flexibility of employees representing young generations, which translates into their preference for flexible forms of employment and flexible forms of working time;
- a higher level of education of employees of the Y and Z generation, which creates conditions for greater professionalization of management processes and the implementation of more developed professional practices;
- synergy effects being possible to achieve in numerous modern enterprises by combining the experience of older generation employees with new value systems represented by young generation employees, including expectations towards employers, which different from previous ones (new psychological contracts).

However, the most important threats related to human capital management of modern enterprises, in my opinion, are:

- liquidation of jobs, strong concerns about their maintenance those professional groups who are currently not affected by the reduction of employment, and an increase in the sense of “digital exclusion”, especially older generation employees, caused by the processes of automation and robotisation;
- difficulties encountered by contemporary employers in undertaking various actions to retain valuable employees in their organisations. This results primarily from the different approach to loyalty and career shown by employees of generation Y and generation Z, and different understanding of their commitment to work, in comparison with representatives of generation X;
- different life priorities of young employees compared to their older colleagues;
- the need to create and implement effective solutions for motivating work and development programs that meet the expectations of young employees interested in proposing different psychological contracts offered by modern employers.

A slightly broader view of the threats and opportunities mentioned above can be seen through the prism of multi-generations characterising the age structure of employment in many modern enterprises. This effect prompts us to perceive most of these threats and opportunities in the light of the specific needs, features, values and expectations of representatives of the so-called generation Y and generation Z. It should be remembered that this generation grew up in a free market economy and with the development of the Internet, social media and new information technologies, and, therefore, require a change in the general approach to them as employees. It is also necessary to apply to them non-traditional ways of managing people (Koper, 2019, p. 30). Some authors indicate that the most important issues for employees of modern-day enterprises from a younger generation are options, choices and flexibility, as well as the changes and diversity through which they relate to work, finances and living conditions. Hence, most of these generational employees are characterised by high mobility in the psychological sense and in relation to their own professional careers, and it is easy for them to change the country or place of work (Cewińska, Striker, Wojtaszczyk, 2009, p. 119). They also do not become attached to the organisation in which they work, rather, they are quicker than the older workers to master new professions, to appreciate a better organisational climate and to adopt to the more extensive opportunities for self-realisation (Stachowska, 2012, pp. 33-56). They also prefer to take on interesting jobs that give them pleasure (Huntley, 2006, pp. 96-97). Additionally, they appreciate tasks performed in conditions of high independence, developing their creativity and inspiring a search for creative and unconventional solutions. Moreover, when choosing employers, they are guided by the type of industry and the prestige of the enterprise (Rybicki, 2010, p. 35). They can also negotiate their own working conditions and remuneration in an open and uncompromising manner, this being helped by a thorough education and a very good command of foreign languages. They are also open to learning,

acquiring new skills, happy to broaden their knowledge and improve their professional qualifications. Some authors also note that a broader view on the generation of so-called millennials as residents (citizens) of the “global village” allows a deeper look into the nature of the modern world, perceived through the prism of modern enterprises and employees performing various jobs in these enterprises (Bosche, 2018, p. 13).

## Summary

Instead of final conclusions arising from the considerations, at the end I would like to emphasize that human capital management in contemporary enterprises, besides proffering opportunities and threats for the practices of human resources management that has emerged from the specific character of Enterprises 4.0 and the increasing share of young generations representatives employees of these enterprises, opens up new perspectives and directions for further exploration of these issues for successive scientists and researchers. Accordingly, the new and promising directions in human resources management in the enterprises discussed in this paper come down to:

- new dimensions and directions of context change in human resources management resulting from the specific characteristics of Enterprises 4.0;
- evolution of paradigms in human resources management;
- variety and complexity management;
- sustainability as a conceptual basis for staffing processes;
- human capital management from the perspective of Generation Z;
- a new approach to competence management in the light of modern organization requirements.

## References

1. Baron, A., Armstrong, M. (2012). *Zarządzanie kapitałem ludzkim. Uzyskiwanie wartości dodanej dzięki ludziom*. Warszawa: Oficyna a Wolters Kluwer Business.
2. Bosche, J.C. (2018). Przedmowa. In Ch. Espinoza, M. Ukleja (Eds.), *Zarządzanie milenialsami* (p. 13). Warszawa: PWN.
3. Bowen, D.E., Ostroff, C. (2004). Understanding HRM – firm performance linkages: The role of the “strength” of the HRM system. *Academy of Management Review*, 29, 2, 203-221.

4. Cewińska, J., Striker, M., Wojtszczyk, K. (2009). Zrozumieć pokolenie Y – wyzwanie dla zarządzania zasobami ludzkimi. In M. Juchnowicz (Ed.), *Kulturowe uwarunkowania zarządzania kapitałem ludzkim* (p. 119). Kraków: Oficyna a Wolters Kluwer Business.
5. Huntley, R. (2006). *The Word According to Y: Inside the New Adult Generation*. Crows Nest NSW: Allen&Unwin.
6. Koper, S. (2019). *Zarządzanie talentami pokolenia Y. Analiza porównawcza przedsiębiorstw funkcjonujących w Polsce i Niemczech*. Uniwersytet Ekonomiczny we Wrocławiu.
7. Lewicka, D. (2019). *Zarządzanie kapitałem ludzkim a zaangażowanie pracowników*. Warszawa: Wydawnictwo C.H.Beck.
8. Moczydłowska, J.M. (2018). *Rewolucja przemysłowa 4.0 jako źródło nowych wyzwań zarządzania kompetencjami zawodowymi*. Kraków: Difin.
9. Olender-Skorek, M. (2017). Czwarta rewolucja przemysłowa a wybrane aspekty teorii ekonomii. *Nierówności Społeczne a Wzrost Gospodarczy*, 51, 38-48.
10. Rybicki, M. (2010). *Narybek z ambicjami*. *Personel Plus*, 5, 35.
11. Stachowska, S. (2012). *Oczekiwania przedstawicieli pokolenia Y wobec pracy i pracodawcy*. *Zarządzanie Zasobami Ludzkimi*, 2, 33-56.