THE IMPACT OF HUMAN RESOURCE PROFESSIONAL DEVELOPMENT ON THE SMEs PERFORMANCE. EVOLUTIONS AND CHALLENGES
Bercu, AM.; Roman, A.

Abstract: One of the key factors for growth and performance of firms in the new knowledge economy is the professional development of human resources, professionalism and competitiveness and enhance value to adapt constantly to new conditions of economic and socio-professional environment. Particularities of SMEs activities require people well trained, able to meet the challenges and determine growth and economic performance. The purpose of our research theme is to identify and assess the impact of professional development of human resources on the performance of the SMEs sector in Romania. The results show that it is very hard for SMEs to sustain the professional development in order to increase their performance, but is the condition to succeed.

Key words: HRM, effectiveness, labour, SMEs, strategic capital.

1. INTRODUCTION

In most states, small and medium enterprises (SMEs) are vital for economic and social development because they provide a significant contribution to creating added value and jobs. The purpose of our research theme is to identify and assess the impact of professional development of human resources on the performance of the SMEs sector in Romania.

Our analysis is based on statistics and surveys provided mainly by the National Council of Private Small and Medium Enterprises in Romania, European Commission and some empirical studies.

Our paper is structured as follows: Section 2 presents the conceptual framework on human resources system; Section 3 highlights the main features of SMEs sector in Romania and especially its role in creating jobs. In Section 4 we aim to highlight some correlation between the performance of SMEs and quality of human resources, and Section 5 reflects the economic and financial performance of SMEs sector in Romania. Our study ends with conclusions.

2. HUMAN RESOURCE SYSTEMS. CONCEPTUAL FRAMEWORK

One of the main objectives of human resource management is to create conditions that latent potential employees can be attained, while ensuring their commitment to the causes of the organization [1]. As shown Harrison [2], human resource development is an "idea resulting from a clear vision and potential capacity of people, framed in the general strategy of the enterprise". This perspective reflects the belief that human resources are a major source of competitive advantage. Obtaining organizational performance by competent human resources, training, open approach to knowledge and involved in company growth status on a fierce competitive market is a point of interest for enterprise management. Performance means both behaviours and results. Behaviour emanates from individuals (performer) and performance make the abstract notion into concrete action, as
defined in the literature the so-called "model-mixed" [3] of performance management, covering both levels of competence and achievements, and establish and analyze the results.

For SMEs human resource management in order to get organizational performance requires an approach in two directions. First, regarding human resources practices, which should be considered rather as a coherent set of measures and techniques, but taken individually, and the second, relating to resource management system human, involving an integrative approach to environmental factors, organizational and technological development through which the system.

Performance of SMEs can be distinguished by comparing the degree of innovation [4] pro-activity [5] and the capability to calculate and take risks [6]. Interdependence of these factors is achieved through human resource employee, able to provide the expertise and competence, to get involved and perform in the organization, to take risks and bring added value to the effort of maintaining and developing the competitive market.

3. CHARACTERIZATION OF SMEs SECTOR IN ROMANIA. AN OVERVIEW

SMEs constitute the dominant form of business organization in the European Union, each with over 99% of the total number of enterprises. SME sector is considered the spine of the European economy, the engine of economic and social development and has a crucial importance for economic growth and creating jobs. Crucial importance of SMEs for the European economy resulting from their dynamism is considered an engine of innovation and growth and also an important source of job creation. According to the standardized European Union definition, SMEs are businesses with 10 to 250 employees, with less than €50 million in turnover and less than €43 million in balance sheet total.

Of economically and socially point of view, SMEs sector generates about 60% of the value added to the European economy and provide 67% of the total employment (see figure 1). In all European businesses, the overwhelming share of microenterprises owned (92.1% concerned), which produce about 22% of value added and represents approximately 30% of total employment. Compared to Romania, SMEs account about 47% of the value added and 68% of the total employment and micro enterprises is 88.47% in total, 24.40% of total employment and only about 13% of business value added.

Source: own simulation based on the dates provided by [7]

Fig. 1. Key indicators for SMEs in the EU and Romania, 2010 (estimates)

Supporting small businesses to develop and promote business has legal support in Romania [8] giving facilities for micro start-ups, led by young entrepreneurs (aged up to 35 years), which perform for the first time the economic activity, through a limited company. On the other hand, the prevalence of micro, a long period of time may indicate a standstill in the development of micro enterprises. Amid major problems facing the SME sector in Romania is noted for the year 2009 a reduction of intake of this sector to create jobs. Thus, based on statistical data (see figure 2) it is shown a reduction of number of the total SME sector employees
by 13% in 2009 compared to 2008. Depending on company size, the reduced number of employees is directly proportional to firm size increases and 10% for micro, 14% for small firms and over 15% for medium-sized companies. Survey conducted by National Council of Small and Medium Sized Private Enterprises in Romania (CNIPMMR) shows that in 2010 compared to 2009, there was a reduction in employment and number of employees in the SME sector.

Fig. 2. Evolution of the number of employees and its structure by size categories of SMEs

Source: centralized data based on [9, 10, 11]

CNIPMMR survey carried out by a sample of 1723 firms micro, small and medium [9] shows that in 2010 compared to 2009, there was a reduction in employment and number of employees in the SME sector, in close correlation with firm size. Based on survey of CNIPMMR is noted that a large proportion of SMEs (94.17%) have employed more than 5 people and only 0.78% of companies have committed between 11 to 20 people, which highlights extremely negative impact of the crisis in terms of contribution of SMEs to create new jobs.

4. ASSESSMENT OF CORRELATION BETWEEN THE PERFORMANCE OF SMEs AND THE QUALITY OF HUMAN RESOURCES

SMEs performance can be analyzed by highlighting human resource practices and results, in terms of behaviour and performance. Improved performance by reference to productivity, quality and innovation is closely correlated with the development of motivational behaviour by staff, the cooperation and involvement, to assume the roles and responsibilities within the company, as their absence leads to absenteeism, labour, customer dissatisfaction and loss of confidence in business services. (see table 1).

<table>
<thead>
<tr>
<th>HRM practices</th>
<th>HRM outcomes</th>
<th>Behaviour outcomes</th>
<th>Performance outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Selection</td>
<td>Commitment</td>
<td>Effort / motivation</td>
<td>High:</td>
</tr>
<tr>
<td>Training</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Appraisal</td>
<td>Quality</td>
<td>Cooperation</td>
<td>Quality</td>
</tr>
<tr>
<td>Rewards</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Job design</td>
<td>Flexibility</td>
<td>Involvement</td>
<td>Low:</td>
</tr>
<tr>
<td>Involvement</td>
<td></td>
<td></td>
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<tr>
<td>Status and security</td>
<td>Organisational citizenship</td>
<td>Labour turnover</td>
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Source: [12, p. 20]

Table 1. Linking HRM and performance

In full compliance with the above, the performance of SMEs in Romania is quantified according to criteria of appreciations of the employees by the entrepreneurs, in conjunction with organizational performance objectives (productivity, efficiency, stability). Thus, the results of investigation conducted by CNIPMMR [9] highlights the most important criteria: experience (over 66% of firms), knowledge and skills held (approximately 55%), the spirit of responsibility (47%), competence in activity (approximately 46%) degree of involvement in the company (over 41%) and conscientiousness (40%). For the management of SMEs in Romania, the results presented above highlight the concern for hiring qualified human resources with a strong professional
background who has the knowledge and skills necessary to fulfil job duties and responsibilities. This is because the costs of training and professional development are greatly diminished. Maintenance employees and development capabilities and provide new knowledge and skills is a novel direct responsibility of the employer (by the Labour Code, Law no. 41/2011). Lack of financial resources as barriers for SMEs managers who either do not invest in training and improving their employees or prefer the simplest forms of providing new knowledge and practices in the field (short training sessions held at the company, the job rotation, call the experts in the field). The results of CNIPMMR survey made in the year 2010 show a concern limited to the SME sector for the development of training activities (see figure 3). Thus, over 60% of companies have implemented training activities during 2010, accounting for 24.46% of SMEs have dedicated training 1-5 days per employee and only 6% of total SMEs have developed training programs over 10 days per employee.

In terms of percentage of employees in the SME sector which have benefited over the years of training programs, the results achieved by the year 2010 CNIPMMR shows that over 53% of companies have not conducted training activities and only 24.55 % of SME investigated were trained over 50% of employees (see figure 4), which shows that in Romania is given little attention to improving employee productivity and major implications on organizational performance.

5. ECONOMICAL AND FINANCIAL PERFORMANCES OF SMEs IN ROMANIA

To highlight the economic and financial performance of the SME sector in Romania, we especially consider turnover, labour productivity and financial results.

<table>
<thead>
<tr>
<th>Turnover (million RON)</th>
<th>Share of total turnover (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>2009</td>
</tr>
<tr>
<td>Micro</td>
<td>167430</td>
</tr>
<tr>
<td>Small</td>
<td>200230</td>
</tr>
<tr>
<td>Medium</td>
<td>218250</td>
</tr>
<tr>
<td>Total SMEs</td>
<td>585910</td>
</tr>
</tbody>
</table>

On the basis of data in table 2, we can notice the decrease in turnover for all categories of SMEs, except for micro, in 2009 compared to 2008. SMEs across the sector, the data of table 3 show that turnover decreased by 11.32%, while the decrease was 15% for small firms and 19.57% for medium-sized companies. Amid these developments due to the manifestation of the economic crisis is found, in the year 2009 compared to 2008, a distribution of turnover relatively balanced across the three types of firms.
One of the most conclusive indicators to express the efficiency and profitability of SMEs is the level of labour productivity or the productivity per employee, determined as the ratio between turnover and the number of employees. We can notice that labour productivity increased for all categories of SMEs, but the highest productivity was registered for medium-sized enterprises, about 10.32% higher in 2008 than the average of all SMEs [9, 10]. On the whole SMEs sector in the year 2009, the labour productivity per employee was stood at 202,650 RON to 198,125 RON in 2008, representing an increase of only 2.28% [9, 10].

Labour productivity per employee has increased for all categories of SMEs, but the highest productivity was recorded in the medium-sized enterprises, which in 2008 was by 10.32% over the average of SMEs sector. Depending on company size is noted a decrease in labour productivity per employee indicator in the small and medium companies, with 1.02% and 4.73% respectively. For micro, the indicator increased by 15.57%, mainly due to increased turnover, as mentioned above.

Considering the firm’s size, we can see that within medium and small enterprises the share of profitable companies is significantly higher (73.74% and 67.77% respectively) than within micro enterprises, which have been below the psychological threshold of 40% (see figure 5). Overall, damage also business means developments in Romania under the impact of current global crisis.

If we analyze the overall performance of the SMEs sector in 2010 compared to 2009, it appears that the results achieved were higher in only 18.78% of companies while 55.28% of the company’s results were lower. Depending on company size (see figure 6), it is worth noting that the share of firms with superior results increases with increasing size of firms. Such a situation is explained by the existence of a correlation between firm size and their ability to cope with economic recession period.

The survey conducted by the European Commission and ECB, between 22 August 2011 and 7 October 2011 [13], for a sample of over 15,000 companies in 38 countries, shows that the availability of skilled staff or experienced managers are among the most important problems faced by European SMEs. Thus, the question - What is currently the most pressing problem is facing your firm? 14% of European SMEs and 5.1% of SMEs in Romania mentioned availability of skilled staff or experienced managers.
6. LIMITS AND CONCLUSIONS
Our study was aimed at highlighting the impact of professional development of human resources on the performance of SMEs, by evoking the experiences and challenges of business environment in Romania, which is mainly based on SMEs. A major role in creating, supporting, innovation and development of any company rests with the human resource involved: in its capacity as employer or employee. Human resource practices complement pathways by which performance analyzed in terms of knowledge, skills, behaviours and outcomes can be measured in economic and social.

For SMEs, the global financial crisis has posed new obstacles to developing and maintaining on a competitive market. In Romania, the percentage used by SMEs to prepare professional managers and human resource development is very low, leading to poor performance and inability to maintain quality standards of goods and services.

The research is innovative for our country and stand at the exploratory level. Thus, we propose a view to further research and started to highlight particular aspects of human resource development and organizational performance reporting.

7. REFERENCES