HUMAN CAPITAL DEVELOPMENT AS A TOOL FOR RISK ELIMINATION IN THE FOOD INDUSTRY

Abstract:
The corporate environment is a relevant influence of turbulence which is typical for modern world. Changes, innovations, flexibility are concepts, which should be regarded as commonplace. These factors mean known and unknown risks for enterprisers. Extraordinarily high requirements on quality and safety of food products are requested in the food industry. Enterprises of food industry confront constraint on low prices of final products, big competition, necessity of investment in product technology and deficiency of qualified employees. These aspects can signify possible risks, which have a negative impact on activity, financial results and quality and food safety of food industry enterprises. This paper includes results of two academic dissertations. The first Ph.D. work is focused on safety and risks in the food industry, the second Ph.D. work is focused on human resources development by modern tools personal management.

1 CHARACTER OF FOOD INDUSTRY

Food industry is one of traditional branches of Czech processing industry. Food industry produces wide assortment of food and drinks. This article is focused on the area competitive of Czech food business after entrance of the Czech Republic in EU. Changes in society, changes of boarding and entrance Czech Republic in EU have produced the new trends in food industry.

The food and drink sector is the largest manufacturing sector in Europe and employs some 3.8 million people. Many external markets have the benefit of scale; in addition they are very important suppliers of raw materials and have lower operating cost than Europe. More and more of these countries are developing important food manufacturing operations. European industry is lagging behind in productivity and unless there is a continued focus on value - addition there will be a worsening of Europe's competitive position in the future. Enterprises of food industry confront constraint on low prices of finally products, big competition, necessity of investment in product technology and deficiency of qualified employees. These aspects can signify possible risks, which have a negative impact on activity, financial results and quality and food safety of food industry enterprises. This is a reason for using risk management. The company, which can manage possible risks, realizes the competitive advantage.

Risk management is the discipline of identifying, monitoring and limiting risks. In some cases the acceptable risk may be near zero. Risks can come from accidents, natural causes and disasters as well as deliberate attacks from an adversary. In businesses, risk management entails organized activity to manage uncertainty and threats and involves people following procedures and using tools in order to ensure conformance with risk-management policies. Risk management is also used in the public sector to identify and mitigate risk to critical infrastructure. These methodologies consist of the following elements, in the following order:
1. identify threats and identify which are most critical
2. identify, characterize, and assess threats
3. determine the risk
4. identify ways to reduce those risks
5. prioritize risk reduction measures based on a strategy

On the basis of thesis were defined these risks for food industry (see picture 1)

![Picture 1: The main risks in the food industry](image)

Because the human factor was defined as the most frequent risk in the food industry, it is necessary to manage human capital. The fact is that good managed employees give better product results.

2 HUMAN CAPITAL

We know many forms of capital such as money, plant and equipment, etc. These tangible forms of capital are not the only ones. Education, a computer training course, expenditures of medical care, punctuality and honesty also are capital. That is because they raise earnings, improve health, or add to a person's good habits over much of his lifetime. Therefore, economists regard expenditures on education, training, medical care, and so on as investments in human capital. They are called human capital because people cannot be separated from their knowledge, skills, health, or values in the way they can be separated from their financial and physical assets. Education and training are the most important investments in human capital.

We can tell that human capital refers to the stock of productive skills and technical knowledge embodied in labor. Many early economic theories refer to human capital simply as labor, one of three factors of production. The other resources defined human capital as the knowledge, skills and abilities that make it possible for people to do their jobs.

Human capital development is about recruiting, supporting and investing in people, using a variety of means, including education, training, coaching, mentoring, internships, organizational development and human resource management.
The human capital development is the main requirement for organization competitive strength. Human resources are the basic resources for business and can use modern tools supporting investments in human capital (Standard Investors in People, the EFQM Excellence Model, ISO 9000, etc.). In next paragraph we describe only a Standard Investors in People.

### 3 STANDARD INVESTORS IN PEOPLE

Fluctuation and low productivity are most frequent organization problems, which does not invest in employees. Human resources management can deal this problem by the standard Investors in People.

Investors in People was established in 1993 to provide national ownership of the Investors in People Standard. The national standard sets out a level of good practice for training and development of people to achieve business goals. The Investors in People Standard is a business improvement tool designed to advance an organization’s performance. In our paper we inform our readers about effectively of his standard. System implementation and the certification is a base for better image and competitive advantage.

The Investors in People Standard is based on three key principles:

- Plan – Developing strategies to improve the performance of the organization
- Do – Taking action to improve the performance of the organization
- Review – Evaluating the impact on the performance of the organization.

Investors in People provide a flexible framework, which any organization can adapt for its own requirements. It mirrors the business planning cycle (Plan, Do, and Review), making it clear for organizations to follow and implement in their own planning cycle.

This international Standard is about organization, management and employee development in the Human Resources Management section. Standard Investors in People is more discussed problem abroad as well as in the Czech Republic. Company cannot invest only to hard invest it necessary to know, what people can do and are motivated to do with what the organization needs them to do. Employees in organizations that have achieved the Standard may see benefits such as:

- A good working environment
- Recognition and development
- Pride in being part of a successful organization
- Good quality training when required
- Improved job satisfaction
- Better communication
- Skill and career development opportunities
- Increased responsibility and involvement
- Health and safety gains.
Within Ph.D. work results - Human capital development as a fundamental factor for increasing performance and competitiveness of organization - were addressed hundred companies in Zlin region. These companies were especially in this industry sectors:

- Plastic industry
- Metal industry
- Electro installation industry
- Building industry
- Food industry

The using Standard Investors in People in these companies presents the following picture.

Out of the picture is evidently, that Standard Investors in People is not used in the food industry. We thing, that this is a problem and big insufficiency. In our opinions the Standard Investors in People absence have the fall on employees’ mistake.

The implementation Standard Investors in People could contribute to elimination these risks.

Modern tools supporting development of human capital is ever more important abroad as well as in the Czech Republic. To invest only to equipment is not sufficient for a business success. The base for a long term successful business can only be a well educated, loyal and strongly motivated staff. It is a competitive advantage on the market when the human resource management realizes the importance of staff. Different business areas have different approaches and success factors in human resource management. Industrial enterprises have tougher work conditions and thus different requirements to employees. Enterprises of food industry confront constraint on low
prices of final products, big competition, and necessity of investment in product technology and deficiency of qualified employees. The food industry has many national and international safety standards for food production. These standards are related to the biological, chemical or physical risk factors. Only a small proportion devoted to risk factors of human resources. Human resources are the most important production factor in the company. They should therefore be managed separately.

REFERENCES


