

Human capital as a basis for building a competitive advantage

Gaining a competitive advantage in today's economic reality is an extremely difficult task, because the determinant of competitiveness is not only the products and services offered by companies, but above all unique and specific knowledge. The importance of human capital is increasingly appreciated both in theory and in practice. Nowadays, it is more and more often emphasized that the true value of a company's intangible assets is the knowledge and skills of its employees, customer satisfaction and product innovation.

Human
Capital

what is
that?

Human capital represents the human factor in the organization; the combined intelligence, skills and expertise that gives the organization its distinctive character. The human elements of the organization are those that are capable of learning, changing, innovating and providing the creative thrust which if properly motivated can ensure the long-term survival of the organization.

Human capital consists of :

creativity

skills

knowledge

abilities



experience

education

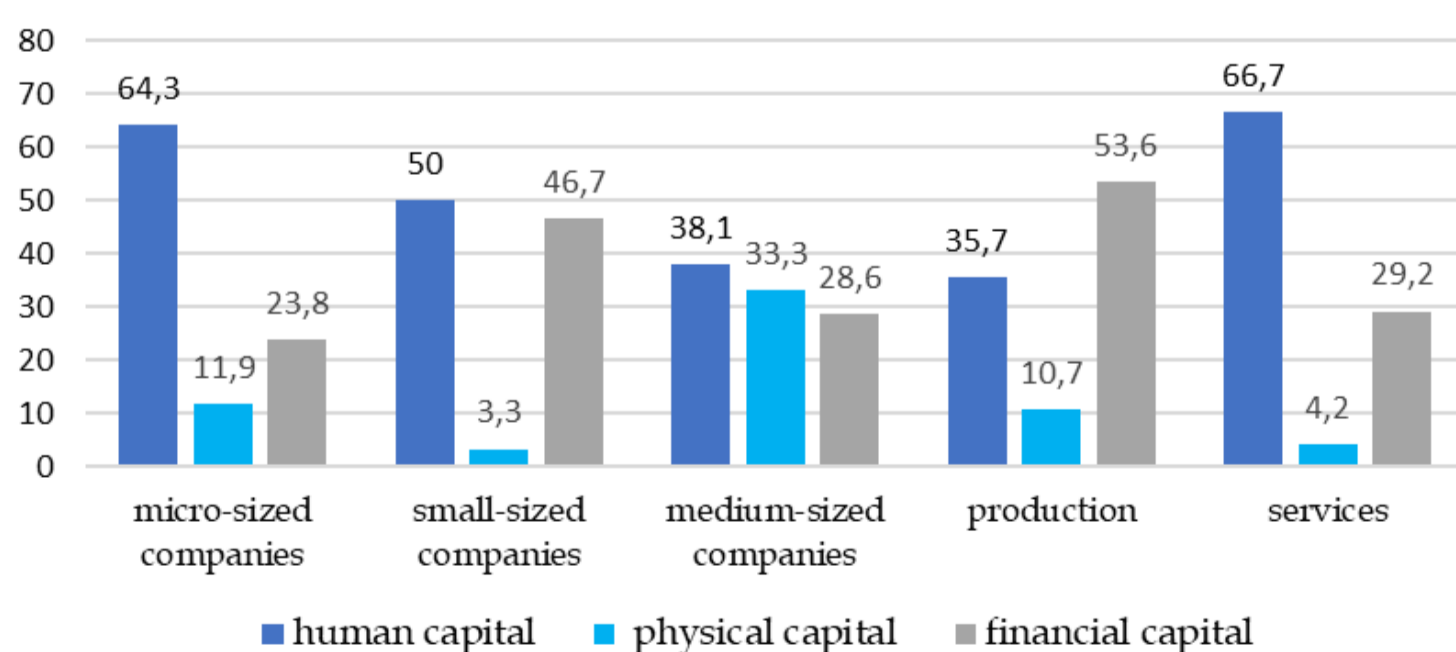
innovativeness

The advantages of investing in human capital

Building a
competitive
advantage



Factors that will affect the future development of the company



Source: K. Cyran, *Znaczenie kapitału ludzkiego w rozwoju przedsiębiorstw sektora MŚP*, „Zeszyty Naukowe Uniwersytetu Ekonomicznego w Katowicach”, 2017, nr 343

Human capital internal reporting

Analysing and reporting human capital data to top management and line managers will lead to better informed decision making about what kind of actions or practices will improve business results, increased ability to recognize problems and take rapid action to deal with them, and the scope to demonstrate the effectiveness of HR solutions.

It is not enough simply to give managers and other stakeholders information on human capital. It must be accompanied by effective analysis and explanation if they are going to understand and act upon it in the interests of maximizing organizational performance.

In the recent years, terms like knowledge society, intelligent, learning or knowledge based organizations are used more often. Related to these concepts, many studies underline the fact that organizations should act intelligently by learning and using their knowledge or by being just knowledgebased organizations. More than 48 per cent of entrepreneurs believe that improving employees qualifications makes a company innovative. It is the employees focused on development that are the source of innovative solutions and creative ideas that distinguish the company from the competition.