

IMPLICATIONS OF PERMANENT EDUCATION AND TRAINING OF PERSONNEL AT THE PLACE OF WORK

**Base Document for the Sixth Meeting on Human Resources
Management**

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Implications of Permanent Education and Training of Personnel at the Place of Work

Conceptual Budget Plan

I. Introduction

This represents a summary on the subject of the changing company environment, where activities such as re-engineering, organizational restructuring, personnel reduction, total quality, strategic planning, process quality assurance and quality assurance in other areas, have all contributed to a dramatic change in employee involvement at the place of work, as the intellectual capability and formal education of the worker is required to combine with his labor education and emotional coefficient to make him more adaptable to change, keener in his work, capable of working in a team, turning him more into a leader than a boss, as well as making him capable of understanding that continual learning represents a means of survival in public and private company environments in their search for suitability and competition.

II. Intellectual and emotional capital: a competitive advantage in companies

The modernization instituted by companies in terms of structures, technological platforms, systems, and processes are the main ingredients for productivity: the intellectual and emotional capital represented by human potential on whose availability, training, and capacity the company depends in a globalized and ever more demanding world where the most admired companies worldwide are aware that the best indicator of their excellence resides in the ability to attract, motivate, and hold on to the more talented individuals.

III. Formal education and emotional coefficient: a partnership of excellence guaranteeing the preparedness of the personnel

The personnel joining a company are like a raw diamond in need of polishing. The personnel's academic training represents the technical or professional base to foster development and updating at a time when changes occur at a hectic pace. For this reason, it is essential to have persons with the discipline and passion to learn and act properly, to strive for continual improvement, and to add quality to the proposed results.

Moreover, it is important to understand that a company is a human community in which the worker is required to cohabit, share, and interact. His intelligence therefore offers him the potential to lead others, render services to the client, as well as to be proactive, take initiative, and be innovative in his related activities.

IV. Labor education: a necessary link to the company's strategic planning

Companies, corporations, industries, banks, under their various guises must perceive training not as an expense but as an investment. Consequently, it is necessary to identify two main currents: governing ideas (mission, vision, and values) and those who are to positively contribute to achieving these goals.

The training programs must be linked to strategic planning and continual improvement. It is not profitable to have personnel organize or participate in seminars, courses, and events that do not lead to the fulfillment of strategically defined goals, or to achieving the updating of knowledge, strengthening of skills, and improvement of personnel capabilities subsequently resulting in greater company productivity, motivation, and efficiency.

V. Human resources management as an investment portfolio

Permanent labor education and training of personnel at the work place must be based on an inventory previously taken of a company's human resources and on obtaining the greatest possible profitability from such resources as in the case of financial investments.

It is important to distinguish those who stand out. Development programs (including specialization and postgraduate studies) must be provided to those with potential for academic brilliance, as well as those who are able to offer ideas and initiative to the company's substantive and support activities. Training and updating must also be provided for the workers who perform well, separating these workers from the problematic employees or those who perform below par.

The Company must determine the ideal profiles for the jobs and many sided roles required, as well as matching these to the real profiles of the employees to generate training actions aimed at continual improvement. In this way, it is possible to determine whether the personnel in question is recoverable, whether it is feasible to re-educate the individuals, redesign their work, re-locate them in a job more suited to their capacity, or to remove such workers leaving them the opportunity to find their place elsewhere in the labor market.

VI. Human resources systems based on competencies

Recruitment, selection, promotion, training, evaluation, and payment incentives must be based on the competencies required to fill the posts suitably.

After identifying the characteristics distinguishing "star employees", the company may delineate the competencies expected of those who wish to work for the company, gain promotion, training, and the respective remuneration.

The concepts of seniority, professional career, low level of training, must open up spaces of knowledge, competencies, efficiency results, and quality. Traditional

training, although still present, must give way to permanent learning. Passion and enthusiasm for enriching the work must substitute the effort to keep the work.

VII. The convenience and need to evaluate the training, and the personnel, at the work place

It is not necessary to have large budgets for training; rather, reasonable resources should be assigned to personnel training in activities that add value to the functions carried out in the company. An evaluation of training results represents a necessary stimulus for the company managers and directors when approving the assignation of resources for these purposes.

Also, personnel evaluation must serve to identify the areas in need of strengthening. This ensures that the worker is better suited to his job, and is able to make a more significant contribution, as well as obtaining greater satisfaction for himself, his co-workers, his superiors, and internal and external clients.

VIII. Conclusion

Formal and professional education, as well as permanent learning, are instruments that help the worker make a positive contribution to meeting company goals and achieving objectives.

At the present time, it is people motivated by their work and striving for satisfaction at achieving their objectives, not work addicts, that are required.

The person that does not love his work attends his own funeral on a daily basis. The company that is not aware that its employees represent its greatest competitive advantage are doomed to become less and less productive and may remain in operation but simultaneously subject to organizational parasites and their accompanying monopolistic protection within the company.

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I. Introduction

An analysis of the employer-employee relationship may lead one to affirm that nothing has changed in this respect. The main components in this relationship; i.e., hierarchical subordination, rendering of services based on a work shift and timetable, as well as the payment of remuneration, are notions that have remained intact. However, as Koonce points out, "Nothing has occurred but everything has changed."

As a result of globalization and the economic opening, private or public companies initiated processes of administrative modernization within the frameworks of re-engineering, total quality, strategic planning, process quality assurance and others, all of which have made employee involvement substantially more varied at the place of work.

The intense use made of computer systems, the leveling out of structures, simplification of processes, all tend to decrease to a large degree the labor forces of the companies, making the reduced labor force more suitable and committed to the work.

The secret behind the success of Fortune 500 companies is the selection of the most talented personnel. "Success attracts the best people and the best people foster such success". In other words, an excellent employee must work in an environment of excellence.

Formal education basically received at academic centers represents a vertex in the knowledge triangle. The second vertex is the intellectual coefficient and emotional intelligence of the person in question. The third vertex is the person's training in the labor context.

The imminent thinker, Gloria Steiner, points out that "The first problem for everyone, men and women, is not to learn; rather, to unlearn." The evolution of knowledge renders obsolete the professional formation acquired within a short period of time, unless updating programs are offered to make the worker aware of new advances and trends in their respective areas of competence.

We should interpret the company as a second home. A distinction should also be made between the words "home" and "house". The latter is a cold structure capable of existing without being inhabited. A home, on the other hand, is a place of human warmth in which persons interact, display emotions, and make use of reason, a place in which people endeavor to live in harmony and where they make their utmost effort to achieve common goals.

Perhaps, the family and the company are synonymous. We spend the greatest part of our existence in these two places. They represent work groups, which lead to continual learning though the actions carried out and experiences gained. For

this reason, it is reasonable to feel passionately about what we do, to add a touch of personal and professional excellence to our acts and to show that we are competent and at the same time humble enough to continue to learn what we are ignorant of.

A well-known company, HayGroup, is looking for people "who feel passionately about serving clients and who routinely make an extra effort to make such clients successful." The message here is that the employees sought must not be content with simply performing his or her work; rather, the employee is required to exercise powers of innovation, creativity, effort, and dedication as part of a much wider ranging service offering.

Goleman affirms that "Despite the emphasis placed on the Intellectual Coefficient by schools and entrance examinations, it is surprising to consider what little relevance this has on professional and personal life. Whenever a person's intelligence test qualifications are compared to his professional performance, under more generous calculations such performance is only considered 25% attributable to the Intellectual Coefficient. Furthermore, a careful analysis reveals that reducing such percentage to 10% or even 4% might be more adequate."

Permanent education and training are assets shared by the employee and the company. Both are fundamental pillars in a person's professional career. Maslow defined self-realization as a more important requirement as this quality is largely obtained through an appropriate balance between personal and institutional interests, which converge at the place of work. Provided there is a work environment conducive to motivation and productivity, it is certain that the employee's effort will be at maximum level and that he or she will make that extra effort necessary to ensure that the objectives are reached with excellence.

II. Human Capital: a competitive advantage for companies

Human capital has been defined as "the knowledge, abilities, and competencies of the people comprising an organization. Differently to structural capital, the human capital always belongs to the individuals who possess it. It is valuable as the renewable part of the intellectual capital. It is the constant source of creativity, innovation, and ability to adapt to change".

Differently to the structure, systems, financial capital, products and others, it is not feasible to copy a company's human capital. Organizational culture has formed a unique labor force, with developed and shared principles, as well as values which represent the company's competitive advantage.

I recently heard the story of an U.S. company that provided accessories and spare parts to a large airplane production company. This was the U.S. company's only client. Among thousands of local and international producers, the client subjected the company's products to strict quality control standards, which were not duly

satisfied in the last years. The company was warned that it would lose this valuable client if an effort was not made to improve the quality of its products. Under the guidance of a motivating management team and through the dedication of a dedicated labor force conformed into a solid work team, the company managed to meet this challenge and avoided losing the client. When asking company employees what their greatest satisfaction had been, their response was "keeping our jobs".

Bassi affirms that "some observers say that the industrial era's successor -the information era- has come to its end or has reached an intermediate point in its life cycle. In fact, information is an asset that may be bought or sold. Consequently, it may no longer be defined as a competitive advantage in light of its insufficiency. This accounts for the growing interest in knowledge management and the intellectual capital created as the new source of competitive advantage.

Companies have invested an inordinate amount of time in changing technological platforms, reducing hierarchical levels, structuring posts, simplifying processes, automating systems, and refurbishing their facilities. These actions are essential but contribute directly to the company's structural, financial and technological capital.

Even as the progress of technology takes giant steps - telecommunications, electronic mail, internet, sophisticated databases, among others, available to the larger masses of consumers - the main ingredient in productivity is "intellectual capital". Efficiency in the use of technology, not only its creation and innovation, finally depends on availability, ability, and the training of personnel.

The restructuring of human resources must be an active ingredient of the administrative modernization processes. When such processes take place, it is important to remember that the existing employees enter the company under selection criteria, which include profiles for the positions suitable at that moment but not necessarily for the occupational activities defined. Today's employee must be many sided, and be able to carry out the diverse tasks which comprise a project, must be adaptable to change, and must show potential to permanently learn and serve the company in the positions of greatest responsibility and complexity.

Restructuring the human resources involves evaluating the labor potential and determining the employee's loyalty to the company, and his commitment to change. It may sound ruthless but, at this moment in time, the worker is required to fight for his professional survival. A job for life, indispensability, stability at all costs and paternalism, are factors that are in the process of disappearing. "The closer you get to the high executives, the deafer the ears are for the human heartbeat."

In light of the competition in the area of labor psychology consulting companies, the company is required to determine the actual profiles of each worker and

compare how these are adjusted to the ideal profiles required by each type of post in the face of future challenges to be faced.

The results will lead us to the application of the 5 R; that is to say, to recovering the employee and helping him eliminate the circumstances conducive to deficient performance. The worker must be re-educated, as well being provided with additional training to satisfy the ideal profile for the job in question. His position must be re-designed to ensure that he performs the functions most suited to his capabilities. The worker must be re-located to benefit from his know-how and capabilities in another position. Or the worker must be removed whenever he absolutely fails to meet the ideal profile, is not loyal to the company, and is not committed to change.

Those who remain in the company must be emotionally and intellectually able. The objectives to be met per administrative unit demand leadership, teamwork, commitment, suitability, initiative, and innovation.

The educational base is a starting point guaranteeing suitability. To take on personnel with an adequate academic education for the job at hand is equal to having an adequate runway to be used in take-off by an airplane freshly added to a squadron. However, for such take-off to be successful, it is important to train the pilots to know their business, to take risks, to put up with the inherent stress factor, and to be aware that the other colleagues on board, like the leader, are striving for excellence in meeting their objectives.

We mentioned previously that the company is a work home. The human being continues being a human being basically, burdened by problems, unease, expectation, and family. To be productive, such human being must be trained and must feel motivated. It is here that an employee's superior plays a crucial role. "Handling an emotional situation demands special capabilities, which are necessary to resolve fundamental problems: rapidly establishing understanding and confidence, learning to listen, being capable of persuading by way of a recommendation. Faculties such as self-knowledge are required, the ability to see things in perspective and to be a person in whom all those present can trust.

The training programs organized as part of the administrative modernization process of a company's must be directed at the human resources with real profiles, and it must be feasible that the ideal profiles for the posts available are met. It is not convenient "to waste gunpowder on buzzards"; in other words, to invest financial resources on training personnel with little potential or far from having labor potential.

The human capital available must totally identify with the company's perspective, mission, and values. The personnel must be comprised of the kind of person who embarks on an enterprise because his or her personal interests go hand in hand with those of his company. A lifelong professional marriage is not what is sought. It

should be understood that a worker's excellence and suitability represents an exploitable quality for the worker himself and is, at the same time, an attractive element for third parties interested in hiring his services. It is therefore also necessary to be aware of the worker's identification with the company, as well as his expectations, to be able to have multi-functional personnel capable of continuing with these functions without affecting the normal business of the respective administrative unit.

The current competitive advantage, we repeat, is the personnel working for the company. This asset possesses the knowledge, experience, and specialization, which in turn becomes the quality, client service, and distinction of the products sold and services rendered. It should be emphasized that the "quality is present whenever a group of human beings is conscious of the needs of other human beings and is predisposed to do everything in his or her power to ensure that the recipients feel happy at receiving the service rendered."

"Thus, to keep a flexible structure, the use of technology, as well as the agile processes and smooth communication represent competitive advantages as does, above all, having talented employees."

III. Formal and labor education: a partnership of excellence guaranteeing the suitability of the personnel

We take formal education to mean the education received in the form of professional or technical training at well-known academic centers. Whenever the company is remunerated for competitive professional placements in a sector of the market related to the business activities, the objective of the personnel selection process must be to recruit graduate personnel or personnel with a high academic level. The company cannot become a diamond producer but may well become an expert in the polishing of diamonds.

" To educate means to facilitate a change in way of thinking; educating is not the same as training. Education plays a key role in constructing an organizational culture. It has proven to be one of the most efficient ways to transform the behavior of men."

The company must have indicators to detect difficulty in attracting personnel to fill certain types of posts. If this is the case, the training financing policy can include academic development programs to cover current and future professional and technical needs guaranteeing the existence of vital human resources to adequately fulfill the company's requirements.

Labor education is an unavoidable complement of formal education. The market tends to provide graduates with fundamental training in a specific profession. However, university does not prepare professionals or technicians for a

determined company. Knowing the business, specialization in key areas, is offered to the employee through training programs derived from various sources:

- Attending courses and seminars existing in the market.
- Training programs designed and provided at company training centers.
- Training directed by mentors in the work context.

The first of these modalities does not generally respond to the direct needs of the company as it relates to courses and other generically structured events, to satisfy the overall needs of the market. Participation responds to the acceptance of personal interest requests and not to an imperious requirement of filling knowledge, capability, or ability voids detected in the organization's administrative units.

Training programs designed and provided in available company premises are a more effective response to real needs as the human resources areas is involved in the preparation of these courses, as well as respective specialized department. The company may also have internal instructors experienced in teaching certain subjects and capable of offering the student confidence through his knowledge of the company's integrated vision.

The courses offered on the market, as well as those provided by the company, must include instruments of evaluation providing a means for the participant to make comments regarding the training program and the instructor in charge.

A 1998 study undertaken by Training magazine in the United States indicated that, for companies of 100 or more employees, training, in the form of courses and seminars, represented expenses of more than U.S.\$ 60 billion in 1997. This represents a 3.6% increase as compared to the previous year. Workers took at least 2.6 courses per year.

Learning in the work environment takes on an ever more important role every year. The company is like a university where activities take place, and situations and experiences arise which, as a whole, contribute to the employee's education.

An investigation carried out by Arc Consulting LLC, New York, for the Center of Workers Development (CWD) in Massachusetts, United States, determined the ways in which 1,000 workers learnt their professions. The study, carried out in May 1998, did not condemn formal education but found categorical evidence that the largest part of worker training is derived from learning at the place of work, involvement in teams, meetings, interaction with clients, advice from mentors, and communication with colleagues. A portion equal to 62% of the knowledge required by the employees to perform the work is acquired through informal training at the place of work. Only 12% to 18% of the workers questioned in the study claimed that formal education had prepared them very well to resolve problems, for interpersonal communication, or for the group-working skills that are required to make their positions more efficient.

During the Middle Ages, the persons involved in a determined trade or business were part of a union. The objective of such union was to defend the interests relating to a particular line of work: gold or silver work, tanning, or saddlery. As their teachers, these workers also passed on their knowledge and experience to apprentices over a number of years until such apprentices, in turn, became the teachers.

The work context, as from these historical origins, continues to play a prominent role in permanent learning for it is at the place of work that practical training is imparted.

"We all learn by doing and vice versa. It is give and take situation. We are currently living in a time of applied learning -not of acquired learning. Know-how, as well as knowing how to act in complex or problematic situations, holds a privileged position in society. At the same time we are searching for alternatives and proposals to solve new problems.

It is important to start considering the place of work as the location in which things happen and where we rethink processes, modify routines, and propose improvements based on the experiences acquired there. In this sense, the structures, together with their functional descriptions, must serve to establish the human quality of the person who is to occupy a determined position at work, as the task at hand requires obtaining results. At present, a work place is not only the location in which work is performed; rather, it is a place to exercise a profession and to learn. It is an opportunity to show our worth and to demonstrate the contribution we can make to the company.

At our place of work, we come into contact with hierarchical requests, and work colleagues. Technical authority does not necessarily emanate from management, although such management may have such authority. This technical authority is commonly held by another work colleague who manages to become specialized in his particular area, through years of experience. The medieval structure of teacher and apprentice remains intact until the present day.

"The mentor is a master, a guide, a wise man but, above all, a person that treats his disciple with integrity and compassion. To be a mentor is to be real, to act like catalyst, and sometimes as a kind of prophet. Thus, being a mentor is more of an art than a science. Being a mentor involves personal power, and not merely the power of an expert or a person carrying out a given function. The work of the mentor is task of development: mentors develop their disciples, disciples develop thanks to their mentors. The basis of the relationship with the mentor consists of a mutual search rather than a conveyance of knowledge.

The closeness of the apprentice and the mentor or master is accompanied by the confidence and affinity that is necessary to pass on knowledge and experience. The job of the mentor is a generous and patient one, and is enriched with

contributions made by the disciple. The latter sees the opportunity of complementing his academic education with the practical teachings of someone who knows his craft and wishes to pass on his working legacy by means of an exquisite and valuable form of teaching. "Common sense tells us that whenever employees are adequately trained and advised, they are able to resolve and identify the majority of problems relating to their specific job."

The worker creates a positive or negative image through his performance at work. The application of professional discipline using techniques, procedures, and models together with the specialization acquired in the work context allows the apprentice to become a competent officer. In time, he himself will gain a professional reputation making him stand out in his company and before third parties related to his work. In this way, the worker may aspire to higher posts in the organization or may receive offers to continue his professional or technical improvement in other companies.

The company is human community in which the worker is required to cohabit, share, and interact with others. For this reason, the worker's education, combined with his intellectual intelligence, offers him the opportunity to lead others, to comprise new work groups, render services to clients and to be proactive, take initiative, and innovate in his respective activities.

The worker owes it to himself to update his knowledge and improve his skills. The worker must participate in a process whereby "the individuals take initiative with or without the help of others to diagnose their learning requirements, set objectives, identify material and the human resources to reach these objectives, select and implement adequate strategies and evaluate results."

Another form of continual learning is job turnover. Company management may dispose that over determined periods of time of, say, three months, employees are to be temporarily transferred to occupy other posts and thus acquire other abilities to enrich their training and allow an for integral vision of one or various processes. A comprehensive knowledge of the entrepreneurial processes improves the performance of the worker and, consequently, the company's productivity.

Apprenticeships in other entities similar to the worker's company provide a means to observe systems and procedures as they are applied and which may result applicable in the worker's work own environment, in turn leading to an improvement in the activities or processes for which the worker is responsible.

Professional or labor education basically represents a unique opportunity for the worker to learn while working and to propose solutions to daily problems thus creating a favorable image for himself, as well as attaining technical authority in his field.

Formal and labor education: a partnership of excellence guaranteeing the suitability of the personnel

IV. Labor education: a necessary link to a company's strategic planning

Companies, corporations, industries, banks, under their various guises, must perceive training not as an expense but as an investment. Consequently, it is important to relate training to governing ideas (mission, vision, and values) and through the personnel's continual improvement, through the updating of their knowledge, the strengthening of their skills, and the improvement of their abilities.

- I. The essence of a company's strategy is to engage in activities not covered by other companies, or to carry out such activities differently. To do this, the company complements its traditional financial indicators with new indicators reflecting client satisfaction; distinguishes what processes and competencies require excellence; uses the organizational teachings as a competitive advantage integrated to the company's continual improvement.

In a theoretical spectrum, all organization members from the manager down to the porter must understand the objectives and strategy of the organization and the way in which these individual actions support such objectives and strategies. "Today's strategy is a dynamic learning process which involves the whole organization on a real daily basis. The strategy is what the company consciously decides to do and what you learn from doing this."

With an established methodology, the company determines the objectives to be included in its annual operating plan, classified by agency, and assigns in its budget the resources necessary to meet such objectives. These objectives must be related to an institutional analysis of Strengths, Opportunities, Weaknesses, and Threats (FODA analysis), which are present in the execution of a mission and in the scope of the company's vision or purpose.

The greater part of the training needs in the same annual period must be closely linked to the defined strategic planning. "The company's competitive advantage goes hand in hand with the knowledge of its workers". Knowledge is not sustainable. The company must make a constant investment in such knowledge. The training imparted must be linked to the company's strategic objectives. To do so, it is essential to start out by detecting what is needed and whether such needs are in accordance with established objectives.

The other major training objective is the employee's continual improvement. Through the personal evaluation, and through the various performance evaluation stages, together with the evaluation of clients and work colleagues, it is possible to determine the strengths and weaknesses of the employee which are worthy of attention through the training programs.

"An organization could be seen as a system comprising three different subsystems. The first subsystem is that which establishes why an organization exists and the

direction in which such organization is going. In other words, the organization's purpose or mission, its vision, and its values. The second subsystem responds to the actions taken by the organization to fulfill its purpose and attain its vision. This involves strategies, structures, systems, and skills. The third subsystem identifies how the individuals, equipment, divisions, departments, and other subsidiary groups interact. It is at this stage that the attitudes, habits, and behavior of the personnel come into play. The majority of efforts at change have focused on the first two subsystems.

The link between training and strategic planning seeks to meet the objectives of the first two subsystems cited which involves keeping in mind the company's governing ideas and covering structures and systems. The third subsystem is covered by continual improvement which, as well as including events related to the updating of knowledge, must also include programs aimed at molding personnel attitudes and behavior to strengthen organizational culture. "We must remember that a company is a living entity. It is the personnel that makes the organization work and form a commanding culture, and give significance and purpose to the various activities carried out."

The result of the training and development involving the personnel, in terms of the courses relating to strategic planning, is observed through the actual fulfillment of the objectives contemplated in the Annual Operating Plan. The availability of new systems, process improvements, simplification of processes, creation of new products or services, determines the proper use given to the resources assigned.

The departments in charge of human resources must align their training programs with the business strategy, corporate culture, and the competencies required by the personnel to form a society with the senior management in meeting these objectives.

V. Human Resources Management as an Investment Portfolio

In a creative article, Shoniwa and Gilmore offer a new perspective on a company's human resources management. The concepts exposed relate to the model developed by these authors.

Conservatively speaking, the training disbursements made by companies have been classified as short-term expenses to be minimized as much as possible.

The current human resources focus refutes this theory and assures that the employees must be considered as assets. Value can be placed on the employees and they must be managed like an investment portfolio to meet the following objective: increasing their value for the organization. It is evident that persons acquire knowledge and skills representing a form of capital. This capital is part of a planned investment, which can grow at a faster rate, and such growth may be the

corporation's most distinctive or representative trait in terms of the added value of a nation's financial system.

An organization's working population must be considered and managed as an investment portfolio - a set of valuable assets represented by an asset account in accounting records. Thus, investment portfolio management principles are applicable to human resources management. These are:

- Risk reduction through portfolio diversification, which can be achieved through the balanced contracting of human talent;

- Efficient investment portfolio handling activities in the market mainly at building certain activities, diversifying others, and maintaining some additional activities. To do this, the investor must gather a series of assets which, added value included, prove greatly attractive in other ways. In human resources terminology, this attractive portfolio will create a labor force with contribution potential, in the versatility of its skills, labor stability, and high quality performance with respect to the company's goals.

The significant fact is that the human capital theory has entered the corporate world, while the challenge faced by the management is to diffuse and introduce such philosophy into managerial practices.

High potential employees

Employees with consistent performance but limited potential

High potential employees with problematic attitude

Low potential and performance employees

These groups are identified as follows:

- High potential employees represent a real asset for the Company;
- There is a group of high potential employees that perform below their capacity and whose achievements are ambiguous;
- The employees with constant performance have achieved high performance results in their jobs but show severe limitations in their work potential;
- The low potential and performance employees are generally unproductive.

These classifications should not be used as a permanent label attached to the employee as the worker may change in response to a variety of organizational factors. However, this classification, validated by periodic observance of the employee's performance, is invaluable as an instrument to establish the actions necessary to obtain maximum performance from each group. Thus, the portfolio is fundamental to the overall human resources management function, including internal recruitment, promotion, training, and corrective actions. Moreover, this

portfolio can be used to define personnel development strategies and human resources replacement.

There are six basic factors to evaluate the potential of a "star officer" with the general consensus that such potential is circumstantial; i.e., it is dependent on the work environment. This is why an evaluation must be made. The basic factors are:

Executive capability: The minimum requirement for high potential is to work properly and meet the objectives required by each post held throughout the worker's professional career.

Intelligence and adaptability: The optimum intelligence is measured by the ability to learn and adapt to different situations.

Availability and permanence: The personnel that stay at the company and carry out high potential work over a prolonged period of time is more valuable for the company than the personnel that tends to leave the company.

Mobility: Personnel that fill different positions in the Company tend to increase its potential.

Interests and desires: The personnel that prefer to stay in a specialized area tend to limit their potential.

Supply and demand: As the evaluation of potential is a valuation of assets, the supply and demand will always affect the evaluation. For this reason, searching the labor market is crucial to arrive at an average of potential for certain skills.

Work background: The best way to forecast potential in executive posts is past performance in similar posts. A complete evaluation of such previous performance is necessary. It is probable that the persons who have been successful in the past will continue to be successful in the future.

"Star employees" must be identified early on through human potential portfolio analysis, creating the adequate environment for the prompt yet ordered progress of the worker in question. These workers should be involved in intensive training programs to avoid having vacancies that cannot be filled in the future.

Systematic instruction and development should be carried out through every possible means. First, the more experienced executives should act as the mentors of junior personnel. Second, special work should be assigned to these workers to avoid staleness in the younger employees while they strengthen their knowledge of the organization's vision. Both of these steps are crucial in the planning of human resources and in preparing tables of succession.

Compliments and stimuli received are highly efficient motivating forces. This can be achieved through informal contact with junior and senior executives serving to

visualize labor experience relating to their respective professions. These are times for celebration. We acknowledge that intrinsic rewards represent stronger motivating forces than extrinsic rewards.

The concept of management meetings and tutorship are useful instruments to keep the interest of "star officers."

The employees with consistent performance but with limited potential represent the largest share of the workers who go on to achieve maximum performance level. These workers must be supervised continually if they are to become "star employees" or to avoid their becoming problematic employees. The basic managerial action is to keep the performance of these workers at the highest level through remuneration and permanence on the job.

Their training needs must be identified and the objective of the training is to improve their performance in their current posts or in similar posts.

It is not advisable to train this group in order to give them false hopes.

Development must be reserved for "star employees", while the employees with consistent labor performance must receive training plans to improve their skills and allow them to adapt to changes in methods and technology. Well-structured courses can be adapted to meet the needs of the few employees with consistent labor performance but who show the potential of becoming "star employees".

The motivation seminars can ensure that the employees with consistent achievements maintain their level of productivity at its highest point. An effort should be made to ensure that these employees do not suffer of labor staleness and, to do so, such workers must be involved in related courses with greater institutional coverage. This concept includes knowledge of the company, group work and decision taking.

Posts should be enriched to prevent apathy. This leads to greater verticality in the jobs, assigning compatible tasks in terms of knowledge to augment the importance perceived of the job. Simultaneously, the post should be strengthened horizontally and the worker should be trained to efficiently carry out all the activities comprising a process and thus obtain feedback from his performance. The worker should be provided space to use his judgement in carrying out his professional duties.

The least satisfactory elements in a human resources portfolio are the problematic employees and the low performance employees. The strategy used to manage the work group is to save the employees by improving their performance or putting an end to the professional relationship applying humanitarian treatment.

The problematic employees represent the most complicated human resources sector. This sector includes very capable yet lazy young persons, as well as

employees with seniority who display flashes of talent dispersed in poor results periods.

The employees with low potential and performance are the workers whose potential and performance levels are lowest. These persons are not highly qualified and incompetent. They often have neither the will power nor the desire to improve; however; they fortunately represent an insignificant portion of the overall work force.

The final step in confronting low performance at work is to take progressive disciplinary action, starting with minor reprimands and culminating with the termination of the employee. In any case, it is important to remember that the company's style of management conditions the performance of the employee. A management that focuses on human resources normally obtains good results. It is here that the balance between application of management productivity and motivation concepts is vital to the management.

The adequate use of integrated professional development programs is a necessity. This includes performance evaluation, potentiality forecasts, organization career planning chart, and professional background. The objective is to incorporate individual performance evaluation into the worker's professional career objectives. The related information produces a comprehensive human resources plan for the whole company.

Management development must be introduced for the company and its personnel. Instead of sending the executives to participate in various programs, specific needs must be identified and treated adequately. Development must be designed for incorporation into the company's everyday activities for the benefit of the trained officer and must be based on the specific needs of the worker in a given post. The management must be involved in its own development and in that of its collaborators by encouraging awareness and through a change in its own attitudes.

For maximum efficiency, a large variety of techniques should be used. Training should be part of service, tutorship, education, and external training in the form of conferences, seminars, and specialized courses considered as relevant. Complete development should be planned as opposed to being left to chance. There may be certain restrictions in this area whenever follow-up is not given and whenever the efficiency of management development programs is evaluated.

Labor education focuses on a better knowledge of company's basic operations, and on the strengthening of the skills necessary for the job. This results in a productive employee who understands the demands of the company.

In light of the ever more intense participation of the personnel, the high potential employees should be incorporated into the decision taking process at all levels whenever appropriate.

At all levels, the attitudes towards different topics will have to change. This important task will bring on changes in focus, supervision style, and interpersonal relationships. The knowledge rests in the management's adopting practices conducive to development, and that less threatening to the personnel representing the base of the organization.

The effective application of the portfolio analysis requires comprehensive training in terms of the purposes, meaning, and implications of each group human resources category identified.

"The training programs offered must provide optimum returns, reflected in greater productivity and profitability, strengthening of business strategies, redesign of key processes, and improvement of personnel skills. Training is an essential activity in helping to close the breaches that arise between the competencies of the current personnel and the competencies required in high performance organizations. In these companies, the employees work continually to improve their processes and to ensure that the products and services satisfy the needs of the clients."

The current company requires the employee to have multiple skills. The workers must be capable of working in a non-traditional environment and to be part of work groups. Brains are what is needed to think, not only hands to perform the work. In other words, today's employee is required to think, and not just carry out the tasks assigned. Versatility is the new philosophy in companies, and the personnel enjoy this new way of thinking.

VI. Human Resources Systems Based on Competencies

Recruitment, selection, promotion, training, evaluation, salary compensation must be based on the competencies required to suitably exercise certain positions.

Starting with the identification of the characteristics defining the "star employees", the company may outline the competencies required of those who aspire to work in the company, to gain promotion, training and remuneration.

In addition to the cognitive competencies required by each different job, Goleman states that "the competencies must include self-confidence, empathy, the need to obtain results, continual improvement, influence, and group work. These are the skills that each organization requires to achieve the development of its personnel."

A simple but effective definition establishes competencies as the application of knowledge, skills, and abilities at the place of work. In other words, the real profiles offered by the employees in performing their work.

Competencies are born from permanent education and training at the place of work. Basically, cognitive competencies are acquired through the development of professional and technical careers. Attitude and aptitude competencies are

generated by continual improvement, from the employee's identification with the company and the commitment assumed to perform his work with excellence.

The company must classify the competencies necessary for each type of position in order to obtain optimum performance and the degree of skill possessed by the worker for each competency.

The desirable competencies for a post may be obtained through the observance and analysis of the characteristics shown by "star employees" who represent the real potential required for the job.

"The theory is that if companies can identify the knowledge, skills, and behavior of its most successful employees, they may then train other employees to acquire and apply the same attributes to produce better results."

To guarantee efficient recruitment and taking as reference the competencies identified by the ideal profiles for a job, each management must participate extensively in the selection process of new employees. This will, in turn, determine the strengths and weaknesses of the current employees in such positions and will ensure that such strengths prevail and that the weaknesses are minimized through training programs.

Another aim of the training is to ensure that the employees, through involvement in seminars and courses, are able to fulfill the competencies included in the ideal profiles for the posts. This may also be achieved with the help of mentors who provide their disciples with the necessary skills and attitudes to properly serve in a given post.

"At present, there is an urgent need to give confidence and to empower each person within an organization. This requires the availability of self-sufficient persons to respond in advance to client needs, to control quality, to be involved in permanent learning, to identify room for improvement, and to protect the company's assets as if they belonged to the workers themselves."

The aim of salary remuneration is to make a distinction between two types of financial acknowledgement: regular acknowledgement, based on the assignment of a periodic salary earned by the worker for rendering services under normal conditions of efficiency and suitability; and special acknowledgement, consisting of variable remuneration based on the fulfillment of goals relating to creativity and innovation.

Under both remuneration modalities, competencies are present. Some are established by the ideal profiles for the jobs, and are inherent to optimum performance in such posts while others, which are more than just routine, force the worker to "make the extra effort"; that is to say, to apply his enthusiasm and competency to surpass common objectives and achieve levels of excellence in the services rendered.

"The name of the game is no longer seniority; rather, it is knowledge, competencies, efficiency, results, and quality. It is crucial to promote a productive interpersonal environment. The human environment of the Bank should not be wasted in conflicts, lack of communication, and closed mindedness, or with other negative attitudes impeding the performance of work or delaying fulfillment of goals. Moreover, it is indispensable to promote teamwork within and between organizational areas or units to the point that the whole company responds as a team. The development of leaders that really lead, and followers who assume responsibility as followers, and persons who can change from one role to another."

The competencies which the company endeavors to provide the personnel contracted and the already existing personnel must be related to the organization's "core competencies"; in other words, the key competencies or capabilities necessary to prepare the respective goods and services. "The minimal condition for success is a human development resting on current "core competencies" to ensure that future requirements are an extension and development of such competencies. The knowledge of key competencies makes the personnel capable of easily absorbing any variance in the products and specific technologies used for they are totally familiar with the scope of such knowledge.

The traditional systems used by human resources areas in recruitment and selection, promotion, training, and remuneration, must be updated and automated to answer to competency models clearly identifying the real and future needs of the company.

The application of knowledge, skills, and aptitudes (i.e., competencies) used by the workers on the job, lead us to conclude that today's employees are more disposed to act as adults whenever they are treated as such at their place of work.

The pyramid structure of the companies in which client service is at the base is now obsolete. "The organization of the future will be more similar to a circle, with the clients at the center, and all the employees working as colleagues to render the services. Innovation, distinctive service, and rapid response capabilities are essential to gain a competitive advantage at present. To possess such an advantage, a work force committed to success and passionate about quality is also essential."