

# **The strategy of human capital development: the role of in-house training**

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## **Summary**

The issue of the role of the in-house training in the human capital development was studied for the case of the State Statistical Office of the Republic of Macedonia (SSO of RM), as a small statistical office from less developed country, where human resources development requires complex approaches and continuous transition of human capital development policy.

In-house training annual program was for the first time established and performed in SSO of RM. It was shown that it is particularly motivating for the employees and highly efficient in transfer of knowledge.

It was confirmed that the in-house training secures sustainability of the knowledge obtained by external trainings.

It was demonstrated that a small office can properly function only with well established human resources management policy.

## **1. Introduction**

The issue of human capital<sup>1</sup> is a complex issue and every organization<sup>1</sup> that has the goal to produce efficient and productive operation should dedicate special attention to it. Within the current context of European integration, stabilization and association and the process of globalization, it is a high priority to adopt appropriate human capital development policy.

In the case of the State Statistical Office of the Republic of Macedonia (SSO of RM), as a small statistical office from less developed country, human resources development requires complex approaches and continuous transition of human capital development policy. The State Statistical Office (SSO) as a focal point of the national statistical system that acts as the reference point for methodology, production and dissemination of statistical information, had to work a lot on continuous human resources development.

The SSO, as a small office facing the challenges of increasing demands for statistics that are reliable, timely, internationally comparable and comprehensive, recognized the benefit of constant training of its employees in order to respond to these challenges. Developing the key competencies that allow individuals in the organization to perform current and future activities through planned learning activities, and ensuring a match between the individual and organizational needs, is essentially a strategic process and is closely connected with policy of training.

The State Statistical Office of the Republic of Macedonia, in the management process, puts specific emphasis to in-house training as a good policy to rationalize the use of the available resources, both financial and human.

The aims of the paper are to provide an overview on current practice of SSO in the area of human resources development and in-house training as well to define the milestones of the future in-house training policy.

## **2. The human resources structure**

The State Statistical Office currently employs a total of 275 persons. The average age of employees is 38 years. 67 % of the employees have a university education, of which Bachelor of Science -

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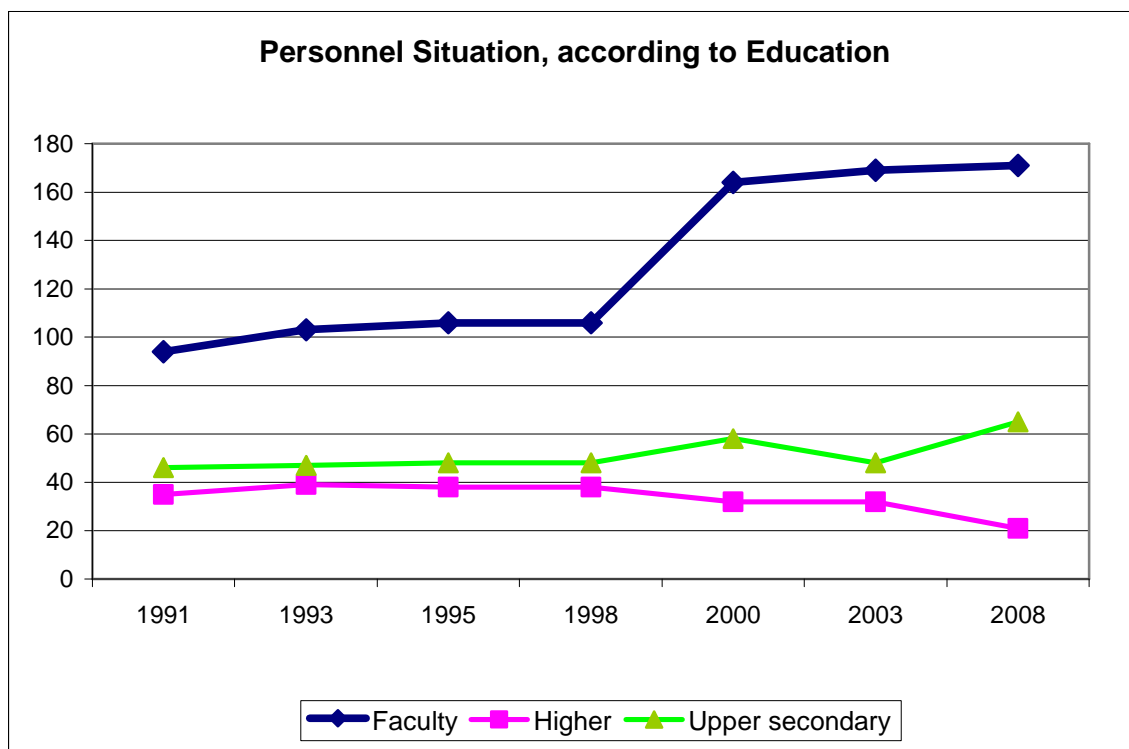
<sup>1</sup> The human capital theory is based on Schultz and follows the basic premise that human beings at a national level, at a company level or at the individual level may be considered as capital, an asset, and as such may be treated. The concept of human capital or Human Resources seeks to express the amount of investment expecting additional future returns. The investment in the human factor comes to mean one of the basic determining factors to increase productivity.

Economy is dominating with 55%. The average working experience is 16 years, which presents high loyalty towards the institution.

Regarding the staff sufficiency, in the period between 1991 (as a beginning of transition) and 2008, the staff number was significantly increased by 44%, which contributed to the reorganization of the Statistical Office into a modern and effective state institution oriented towards providing quality statistical data that meet user's needs. The main characteristic of the transformation of the Office, at the view of the educational structure of the employees, is the significant increase in the number of employees with a university education. This is a consequence of the increase of the educational structure in the whole country, as well as because of the need for application of the scientific methods in the realization of the statistical activities, the realization of the international cooperation and the application of modern informatics equipment by the employees in the Office.

The upgrading and strengthening of the State Statistical Office, related to the improvement of the availability, quality, comparability and timeliness of statistical data towards their aligning with the statistical acquis, require well qualified human resources. A statistical office needs employees with special knowledge and skills that cannot be obtained in an existing institution of higher education, and hence an additional limit is the lack of statisticians as specialists in the field of statistics. In order to have well qualified employees that will respond to the working demand, there is a need of additional investment in training.

**Graph 1 Employees by education in the period 1991-2008**



### 3. Human resources development policy

The State Statistical Office concluded that it did not have enough developed system of the Human resources management, and therefore a Human Resources Development Policy (HRDP) was developed in 2008 which is in direction of the European experiences and knowledge.

The HRDP relies on five (5) pillars:

1. Providing the State Statistical Office with human resources through coordination of the quantitative and qualitative work requirements in the Office with the candidates' competences and potentials;
2. Human resources development
3. Motivation of employees

4. Maintaining of the human resources
5. Human resources unit's scope of work

According to HDRP, development of human resources could be reached through the following activities:

- i. Introducing of the mentoring system
- ii. Preparing of the annual training programme
- iii. Introducing the self-training of the staff

### **3.1. Purposes of the annual training programme**

The professional development is related to the required skills for sustainable development of the specific carrier development, respectively of the general skills, and which is provided through continuous training in the personal development. The development of the key employees skills provides successful fulfilment of the tasks, higher level of initiatives, changes managing and matching of the individual with the institutional needs, to whom they belong.

Training of the employees is one of the most important segments in the human resources management.

The State Statistical Office makes maximum efforts in order to produce official statistics with high quality, and therefore it needs employees with excellent qualifications. The Concept of official statistics is multidimensional and covers few important aspects, such as: completeness, relevance, consistency, continuity, accuracy, timeliness, reliability, availability and user oriented. Based on these postulates of the official statistics, the statistical information should be based on professional ethics and scientific principles, and based on methods and procedures for data collecting, processing, storing and presentation.

In this direction, for the State Statistical Office (SSO) it is a challenge to have employees that are trained with skills, capabilities and experience to respond to the quality requests, which jointly lead towards confidence building in the institution.

**In the frame of annual planning Statistical Office defined a training programme and the following priority training categories of employees in the SSO are determined:**

1. Generic training
2. Specialize /technical training

With generic training are covered following topics:

1. System of the public administration and civil service in the Republic of Macedonia
2. Administrative tasks
3. Communication
4. Human resource management
5. Project cycle management
6. Quality management
7. Policy creation
8. Financial management
9. EU-trainings
10. E-governance
11. IT skills
12. Foreign languages

With specialized/technical training are covered:

1. Statistical methodologies;
2. Statistical standards, classifications and nomenclatures and
3. Maths and statistical methods

The realization of the training program will contribute towards the further harmonization of the statistical system of the Republic of Macedonia with the statistical system of the European Union. In this direction, the realization of the training plan is directly connected with the realization of the main strategic documents.

SSO used the following sources of information, as a base for the preparation of the training program:

- Strategic plan

- National Programme for Adoption of the European Legislation
- Analysis of the realized trainings during 2006 and 2007

This training program is prepared in accordance with the Law on Civil Servants and covers a lot of external trainings and specialized trainings.

Analysis of this training programme shown that :

- External trainings could be reached by limited number of employees;
- The activities with the external training programme, mostly are financed by foreign donations in limited period of time;
- The number of the specialised trainings is decreasing and
- Profiles of employees (especially new employees) do not match the needs of the statistical office. New employees are not well cover by the content of the annual program.

In this situation Statistical Office in 2008 create a new strategy of education of employees with special role of in-house training.

#### **4. In-house training**

In-house training was established in June 2008 and it was designed as a way of internal exchange of knowledge. In-house training deals with the main methodological issues identified by employees as a priority.

In-house training has been developed and used as a tool for:

- Training of staff in the areas that are not well covered by external trainings;
- Increase of knowledge of new topics that are covered by external training programs, but could be visited by limited number of employees from the office. Participants on external trainings are obliged to organize lectures for their colleagues in a short period of time after their participation in different programs out of the office;
- Training in the areas of weaknesses that are targeted by some departments in the office;
- Closer internal co-operation;
- Share of training materials and
- Filling the knowledge gaps in some areas;

In-house training is evaluated as very important tool for managing of knowledge sustainability obtained by different sources.

The lectures were attended by representatives of different divisions and departments who are interested in the topics announced some period in advance.

Over the past year, in the office were organized 35 lectures on different topics and more than 15 trainings for persons engaged by SSO as interviewers or for representatives of other institutions.

In this document only in-house trainings organized for persons from SSO will be regarded.

The lectures treated different topics and could be divided as: cross-cutting topics, macroeconomic topics, socio-economic topics, dissemination and methodological issues.

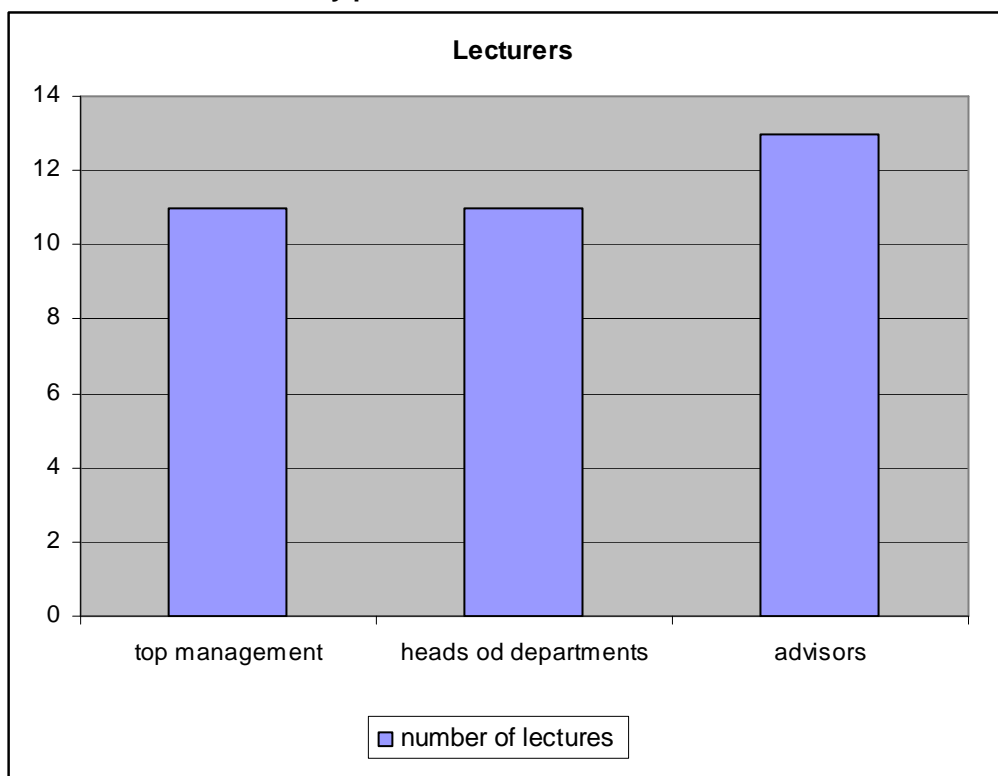
After completing each lecture, the participants fill evaluation form in which they assess various aspects of the lecture; they assess the quality of the lecture and give their proposals for improving in-house training from organizational point of view. An important part of these evaluation forms consists in giving proposals for future content of the in-house training. Most of the lectures are indeed organized based on the proposals given by former participants in their evaluation forms. Besides, many improvements in the way of organizing the lectures result from the ideas of the participants in these lectures.

Lecturers in these trainings were: top management members, heads of departments and advisors. After finishing the process of annual assessment of employees, according Law on civil servants, lectures were also organized and given by the employees having obtained the highest marks for their job in the previous year.

According the analysis of in-house trainings organized until now, lecturers were: top management for 11 lectures, heads of departments for 11 lectures and advisors for 13 lectures. These results are considered to be positive for two reasons: because advisors participate most often in external trainings

exchanging this way they their knowledge with the others, and because the biggest self-initiative in organizing lectures is manifested by the advisors.

**Graph 2 Distribution of lectures by position of lecturers**



**Table 1 Overview of in-house trainings in the State Statistical Office June 2008/ August 2009 -cross cutting issues-**

	Subject	Position of lecturer	Number of participants	Average mark
1-2	Cross Calculation System (methodological and technical issues)	Head of department & Advisor	27	8.9
3-4	Preparations for the Census, 2011. Methodological issues	Top Management	29	9
5-6	Team work & communication	Top Management	28	9.3
7-9	Modern data collection, (different aspects)	Advisors	45	8.8
10-11	Data collection	Top Management	24	8.6
12-14	Generic statistical business model	Head of department & advisor	28	9
15	Strategic planning for the period 2009-2011	Top Management	23	6.5
16	Approaching steps towards EU, Screening	Top Management	22	9.4
17	System for registration of monthly working hours of the SSO employees	Top Management	32	8.7
18	Labour relations	Head of department	27	8

In the part of cross-cutting issues, most of the lecturers were the members of the top management. In this part the most actual themes for the corresponding period were treated, such as: establishing cross calculation system, census of population, 2011, team work and improvement of communication skills of the employees, strategic planning and so on. The biggest interest was attracted by the lecture

“modern data collection” while the highest average mark for the way of presentation was given to the lecture on the team work and communication.

**Table 2 Overview of in-house trainings in the State Statistical Office June 2008/ August 2009 -macroeconomic topics -**

	<b>Subject</b>	<b>Position of lecturer</b>	<b>Number of participants</b>	<b>Average mark</b>
1.	Input data on national accounts	Top Management	18	7.6
2.	Tables on the supply and use of goods and services and input-output tables in the RM	Advisor	29	9.2
3.	Regional accounts and indicators of sustainable development	Head of department	27	9.6
4.	Quarterly GDP calculations - data used from the SSO and administrative sources	Advisor	53	9.2
5.	Calculation of investments in capital assets	Advisor	33	9.2
6.	Regional accounts	Advisor	34	8.6

In the in-house trainings that covered macroeconomic issues participated 194 persons. The interest for these lectures was particularly big since it presented an exceptional opportunity for the employees working on socio-economic statistics to be aware of the importance of timeliness and quality of data that they produce for the quality of national accounts statistics.

**Table 3 Overview of in-house trainings in the State Statistical Office June 2008/ August 2009 - socio-economic topics -**

	<b>Subject</b>	<b>Position of lecturer</b>	<b>Number of participants</b>	<b>Average mark</b>
1.	Housing conditions in the context of the preparation for the Census 2011	Advisor	31	7.9
2.	Structural business statistics	Advisor	44	8.8
3.	Business register	Head of department	47	8.2
4.	Education and educational characteristics in the context of the Census 2011, disability in the context of the Census 2011	Head of department	38	9.8
5.	Census Cartography	Head of department	16	7.6

In-house training for socio-economic statistics mainly concerns international standards and recommendations for the Census of population, 2011. All the aspects were elaborated and presented to the employees that participated in the courses, thus enabling creation of excellent preconditions for successful realization of the pilot Census of population and dwellings in May, 2009. On the initiative of employees, lectures were organized and given on: business register and its functioning as a sample frame, structural business statistics. The important number of participants on these two lectures (91) confirms the fact that the employees consider in-house training program as a particular opportunity to discuss open questions and dilemmas.

**Table 4 Overview of in-house trainings in the State Statistical Office June 2008/ August 2009 -dissemination issues -**

	<b>Subject</b>	<b>Position of lecturer</b>	<b>Number of participants</b>	<b>Average mark</b>
1.	Public relations and communications	Top management	28	8.5
2-3	How to prepare a presentation?	Head of department/Advisor	27	7.8

In the field of dissemination smaller number of subjects were considered, since the initiatives from the side of employees were oriented towards macroeconomic issues and socio-economic topics. Proposals of employees were respected during the preparation of training plan that is prepared on monthly basis.

In the part of methodological issues the following themes were initiated as the most tangible: how to prepare quality reports and what are the sampling procedures. These issues were presented in details from the lecturers, but still remains to be realized the initiative to realize in the next period few more lectures on these issues elaborated from various aspects.

**Table 5 Overview of in-house trainings in the State Statistical Office June 2008/ August 2009 -methodological issues -**

	Subject	Position of lecturer	Number of participants	Average mark
1.	Results from the Twinning project, Component 5: Strengthening of the performance and quality monitoring practices	Head of department	36	7.7
2.	Quality reporting	Head department	53	9.2
3.	Application of sample theory and basic sample techniques in the SSO	Head of department	34	8.5

#### 4.1. In-house training results

In order that the in-house training could proceed successfully more elements were important to be respected: the support of top managers, entire acceptance from the employees, active participation of the employees in the definition of issues and timetable for the lectures, as well as the appropriate technical supply.

In-house training program has been realizing for a year and the results were compared with these obtained by external trainings realized in the same period.

**Table 6 Data comparison between in-house and external training**

Type of training	Number of events	Number of participants	Average number of participants
In-house training	35	833	32
External training	101	326	3

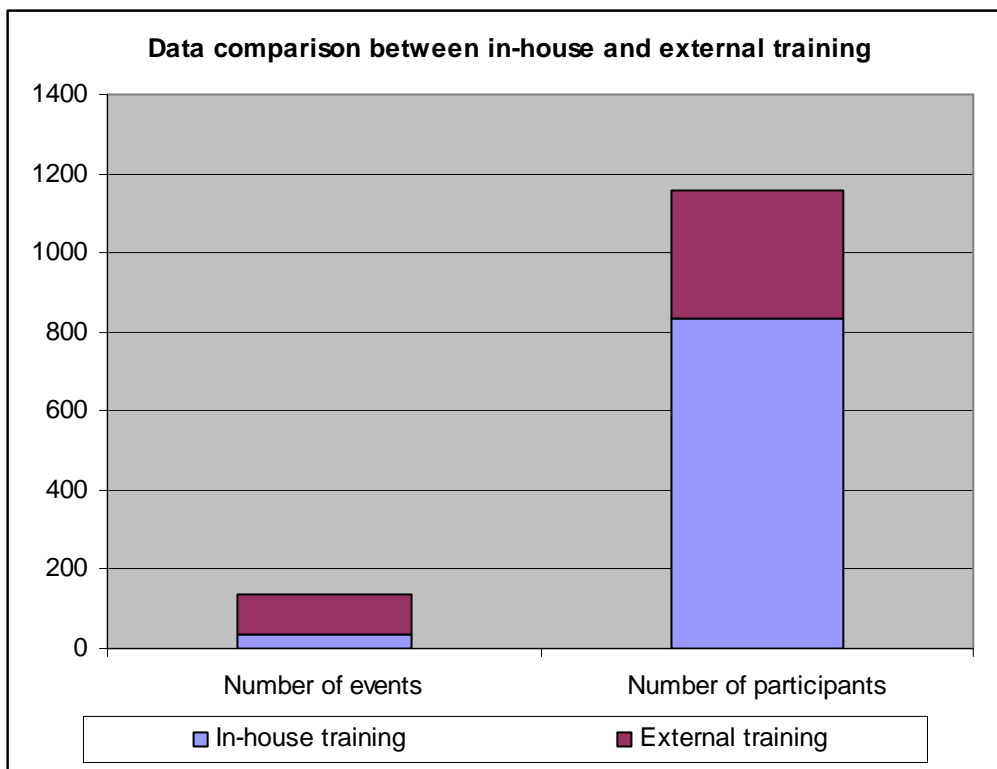
These basic comparisons show that with the in-house training during the same period bigger number of participants are involved with the use substantially lower amount of financial resources, compared to the case of external trainings. Average number of participants on in-house training was 32, compared to 3 on external trainings.

Yet, after the realization of both the external and the internal in-house trainings, the same open questions appear. Creating of a profile or enhancing the profile of the employee as to improve employee's skills, it is not a solution itself. One cannot be sure if the gained skills would be of benefit at least for two reasons:

- the level of capability of employee to receive the knowledge and
- the level of capability of employee to implement the knowledge.

In this regard, the personal profile of each employee is very important, like openness for communication and readiness for teamwork. Especially when flexibility, adaptability and collaborativeness are not our strong points. However, if we want to develop our human resources and to respond to the challenges and changes in the 21<sup>st</sup> Century, they have to become our strengths. In-house training is good tool to achieve it.

**Graph 3 Comparison between in-house and external training**



However, the question arises how we can measure collective and individual achievements after the trainings. This is still an open question.

Based on the analysis of the results of the in-house trainings until now, future plans for improving this specific training program were established.

- Involvement of the employees from regional units in training programs by introducing distance learning programme;
- Organization of in-house special training programme for new employees;
- Establishing of a well-developed in-house communication system;
- Establishing of an evaluation system for collective and individual achievements after the trainings;

## Conclusions

In-house training provided good support to the current human resources development policy of the State Statistical Office of the Republic of Macedonia in the context of managing the human resources development in an efficient and effective manner.

Through the in-house training was demonstrated that a small office can properly function only with well established human resources management policy. This policy has to be accepted by both the top management and the employees. It has to lead to well educated, loyal and enthusiastic persons that are ready to cope with the challenges. Therefore, the State Statistical Office of Republic of Macedonia is on good track to respond efficiently to the requirements and the challenges.

## References

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