

THE INVESTORS IN PEOPLE IN THE CZECH REPUBLIC

Martina Ortová
*** Petra Špačková**

Technical University of Liberec
Faculty of Economics
Studentská 2, 461 17 Liberec, Czech Republic
martina.ortova@tul.cz

*Technical University of Liberec
Faculty of Economics
Studentská 2, 461 17 Liberec
petra.spackova@tul.cz

Abstract

The article deals with the Investors in People Standard. This is a standard that comes from the United Kingdom and can be applied for the purposes of making human resources management more efficient in both profit-making and non-profit-making organizations. The first part explains how the Investors in People Standard is linked to Corporate Social Responsibility activities and other standards in this area. The other parts then deal with the Investors in People Standard more specifically. The article introduces the outcome of the questionnaire survey conducted among the organizations in the Czech Republic which have been certified according to this Standard. The survey was carried out by the Technical University of Liberec, Faculty of Economics, in March 2011. The survey addressed 23 organizations successfully certified according to the Investors in People Standard.

Introduction

Human resources are one of the most important components in an organization. They need to be taken care of, developed and invested in accordingly. The organizations which take sufficient care of their employees have a chance to get the best and most talented people, and most importantly, are able to retain them.

This is why the implementation of standards in human resources is a major step towards the success and prosperity of an organization. This is also true now, during the economic crisis, when organizations are cutting their budgets in these aspects, but on the other hand, these expenses on human resources will help them gain and retain the best employees, thus overcoming the crisis more easily and succeeding in the struggle with the competition. And it is high-quality care for human resources that can also be included in Corporate Social Responsibility tools, and in the internal social pillar, in particular. Therefore, the following section briefly explains what is meant by Corporate Social Responsibility. The article will further focus on the Investors in People Standard, which can help to strengthen human resources development within an organization.

1 Corporate Social Responsibility

Corporate Social Responsibility (CSR) involves the integration of positive attitudes, practices or programs into the corporate business strategy at the top management level. It requires shifting the view of our own social role from the “Just Profit” level to the broader view in the current context of the three frequently mentioned “P’s”: “People, Planet, Profit”. This means

functioning with respect to the “Triple-Bottom-Line” when a company focuses not only on the economic growth, but also on the environmental and social aspects of its activity; the company is a natural part of a community, region, and society [1, 2, 3, 7, 9]. In this respect, it is extremely important for the company’s activities to be evaluated by its environment, which can significantly influence the company image and eventually its commercial success, as well [11]. *Tab. 1* illustrates the three basic aspects of CSR.

Tab. 1 Aspects of CSR [8]

<p>Economic Aspects of CSR: - good corporate management principles, rejection of corruption, transparency, protection of intellectual property, relations with investors, relations with customers, etc.</p>
<p>Social Aspects of CSR – corporate philanthropy, volunteering, employee policy, corporate social policy, equality of men and women, human work, etc.</p>
<p>Environmental Aspects of CSR – ecological production, protection of life resources, investments in ecological technology, ecological corporate culture, etc.</p>

So, the Investors in People Standard can be included in the social aspects of CSR where it is a voluntary internal tool for improving human resources management in an organization and for making it more efficient. The following part contains a brief list of the standards applicable to CSR which also includes the Investors in People Standard.

2 Corporate Social Responsibility Standards

This chapter will give a brief introduction to selected existing standards dealing with CSR.

These are the following standards:

- International standard SA8000 (Social Responsibility) – the standard for improving working conditions.
- Investors in People – the purpose is to increase corporate performance efficiency via investments in human resources development.
- OHSAS 1800 – the international standard for occupational safety and health protection.
- AA1000 Account Ability – the standard that creates the structure for social responsibility.
- ISO 14001 – the environmental management system.
- ISO 26000 – the social responsibility implementation guideline.
- EMAS – the environmental management [10, 12].

Most of the above-mentioned standards deal mainly with human resources development and protection in a company (SA 8000, Investors in People, OHSAS 1800). In terms of their nature, the ISO 14001 and EMAS standards form chiefly a part of the environmental pillar of CSR; the other standards (ISO 26000 and AA 1000) attempt to deal with social responsibility as a whole.

2.1 Basic Description of the Investors in People Standard

The Investors in People (IIP) is a tool that helps companies learn to work with their employees in an efficient way. It combines all elements of the personnel policy, including education, the evaluation system and mastering internal communication, with the strategic objectives of the organization as a whole. A great advantage of IIP is that it does not order anyone exactly what to do and how. The method of achieving the standard is solely up to the organization.

The Investors in People was established in 1991 in the United Kingdom at the instigation of the then Prime Minister, Margaret Thatcher, since the performance efficiency of British companies had started to lag behind the performance efficiency of comparable countries at the end of the 1980's. The government, therefore, conducted a survey amongst the most successful British industrial companies in order to find out why they were so successful. They found out that these companies, unlike others, paid special attention to their human resources. The Investors in People was compiled based on their well-proven procedures and cooperation with trade unions, leading companies, unions of employees and employers, and with professional human resources management associations. The Standard was supported by all the major political parties. The Standard has been applied internationally since 1998. It was revised in 2000, thanks to which its administration has been simplified significantly [6, 13].

There are more than 50,000 public and private organizations in the United Kingdom that possess the Investors in People certificate at present, which constitutes almost one third of the United Kingdom workforce. The Standard is currently recognized and respected internationally, and it has already been applied successfully in 27 countries worldwide [13].

The Investors in People is fully universal and flexible. It can be applied to any company, whether a profit-making, non-profit-making or public service organization, regardless of its size or sphere of action, and it can be "tailored" to every organization. The Standard can even be implemented in a company with just 2 employees. In general, we can say that the Investors in People pays off to companies with 10 and more employees. The Standard does not specify any methods, but only what the company is to achieve and it is purely up to the company how it achieves it. The successful certification requires the company to meet 10 criteria which are assessed based on the requisite evidence. One advantage of the Standard is that it does not require any documentation, thus bringing minimum administration, as the compliance with the criteria is verified by interviews with the company management and employees, not by a review of the documentation. The Investors in People implementation process has no time limit either; it usually takes roughly 12-18 months; however, it depends on the starting level of the human resources management and the development system in the given company. Although the implementation of the Standard is a one-time activity, the Investors in People as such assures that the improvement of the company management is a continuous process, which is supported by the need to have the certificate renewed at least once every three years [5, 13, 15].

2.2 The Investors in People in the Czech Republic

The first perceptions of the need to change the management of the human resources development in the Czech Republic appeared in 2002 when CzechInvest (www.czechinvest.org), a governmental agency for business and investment support, evaluated one of its development programs, concluding that companies regarded work with human resources as their weakness. For this reason, CzechInvest became the main organization to champion the implementation of the Standard in the Czech Republic. As part of the implementation of the Investors in People, the participating companies proposed two forms of participation:

- Small and medium-sized companies from the manufacturing sector or related services sector could obtain a financial subsidy for the implementation from the PHARE 2002 funds amounting to 70 % of the total costs of implementing the Standard.
- The other companies were also offered the possibility to obtain the Investors in People Standard; however, this time with no financial subsidy from the CzechInvest agency [13].

Several subsidiaries of international companies have implemented the Standard since then, with TNT Express being the first. The first big integrated project for ten small and medium-sized companies was organized by CzechInvest in 2004 and 2005. Another wave for 30 companies continued from 2006 to 2008. TNT Express became the first company worldwide that managed to demonstrably implement the requirements of the Standard into the everyday life of an organization at a multinational level. The support of the IIP implementation provided by CzechInvest ended in 2008. Since then, the companies which decide to implement IIP have to rely on their own funds. These companies also have to rely on certified consultants or other external or internal associates. There are currently five certified consultants in the Czech Republic who are authorized to provide consultancy in the application of the Investors in People in practice.

2.3 Questionnaire Survey in the Czech Republic – Organizations with the IIP Certificate

There was a questionnaire survey conducted in 2011, the purpose of which was to find out how Czech organizations were satisfied with the Investors in People, having applied it to their company processes. Unfortunately, there is no central register of the companies certified for IIP in the Czech Republic. Therefore, it was impossible to determine precisely how many companies currently possess this certificate. So, for the purposes of the above-mentioned survey we used the CzechInvest lists and, browsing websites, we created a file containing 23 organizations. We are aware that this number may not reflect the actual situation due to the information mentioned above, but we considered this file adequate, anyway. The list of organizations surveyed is provided in *Tab. 2*.

Tab. 2 List of Respondents to the Questionnaire Survey [14]

Name	Sector	Name	Sector
Atlas Copco s. r. o. – divize Lutos	manufacturing company	NWT a. s.	IT, hardware, software
British Embassy in Prague	public services	Proma CZ s. r. o.	mechanical engineering, tooling
Centroprojekt a. s.	building industry	Ranger Czech Republic a. s.	telecommunication services
Farmtec a. s.	agriculture	Regionální rada soudržnosti Moravskoslezsko	consulting
Gerlach spol. s r. o.	rendition of services, customs	Servisbal Obaly s. r. o.	packaging services
Helika a. s.	Building industry	Solpap s. r. o.	packaging services
HM Partners s. r. o.	rendition of services, personnel	Stormware s. r. o.	IT, software
Hutní projekty Frýdek – Místek a. s.	metallurgy, mechanical engineering	Sulko s. r. o.	plastic and aluminum windows
Hydrosystem Project a. s.	hydraulic systems	Tanex Plasty a. s.	plastics production
ITeuro a. s.	information technology	TNT Express Worldwide s. r. o.	courier services
KeyPlastic s. r. o.	automotive industry	ZKL a. s.	bearing production
Norgren CZ s. r. o.	mechanical engineering		

The questionnaire containing ten questions was then distributed to these organizations. The survey was carried out in March 2011. In the first stage, the organizations were contacted by telephone in order to find out the person responsible for this area, and the questionnaire was e-mailed to that person. We received 15 questionnaires; 8 of the organizations contacted were not interested in participating in the survey. However, some of the 15 questionnaires received were not filled in completely for each question. The reasons for this lack of cooperation or reluctance included, for instance, the company bankruptcy or dissolution, or a change of the management or the person in charge of dealing with this issue. The following part focuses on the evaluation of the questionnaire responses.

The first question focused on the knowledge of IIP. This question was answered by 12 companies, 8 of which knew about the Standard from CzechInvest, 1 from a certified consultant, and the rest from other sources. So, it is apparent that CzechInvest has been the organization that has done the most to promote IIP in the Czech Republic. Ten out of the twelve organizations decided to implement IIP in order to set up the human resources process in the company. One organization implemented the Standard for reasons of market prestige, and one company did so in order to test how the Standard worked in practice; the latter employed a certified consultant whose job was to verify this Standard in practice.

As regards financing, only two out of the eleven organizations, which answered the question, financed the implementation of the Standard completely from their own resources, while nine organizations utilized the possibility of co-financing from the CzechInvest project or from European subsidies. *Fig. 1* below gives an overview of the resources invested by the organizations aimed at obtaining the IIP certificate.

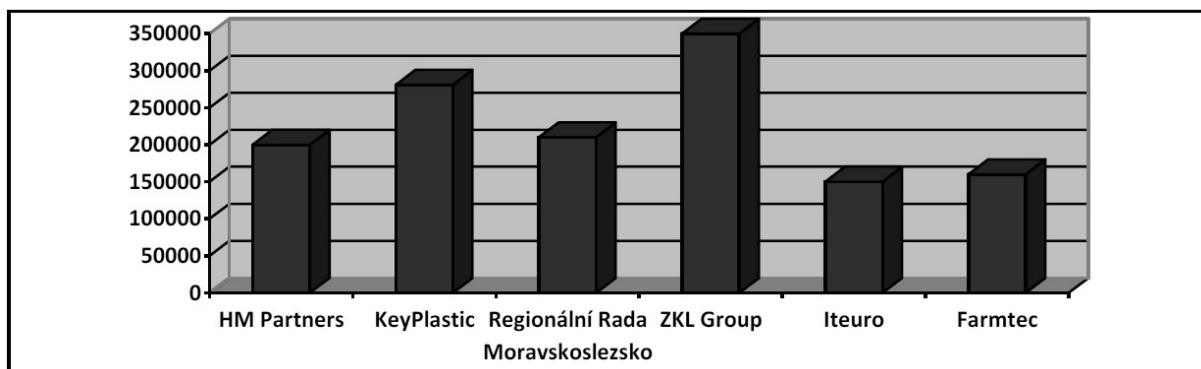


Fig. 1 Funds Spent on the Implementation of IIP [14]

The question concerning financing was answered by just six organizations that were able to determine their own costs, which could be identified in connection with the implementation of IIP. Not all the organizations kept special records solely to track the costs of IIP. For instance, Iteuro invested CZK 150, 000, yet the highest amount of CZK 350, 000 was spent by the ZKL Group. Thus, it is impossible to determine precisely the costs of implementing the Standard for an organization.

The next part of the questionnaire checked whether the organizations made use of the certified consultants. Only one of the organizations surveyed had not used the services of a certified consultant. So, it is apparent that certified consultants are a useful tool that facilitates the implementation of the Standard in practice.

Fig. 2 below indicates how much time the organizations needed to implement the Standard in practice.

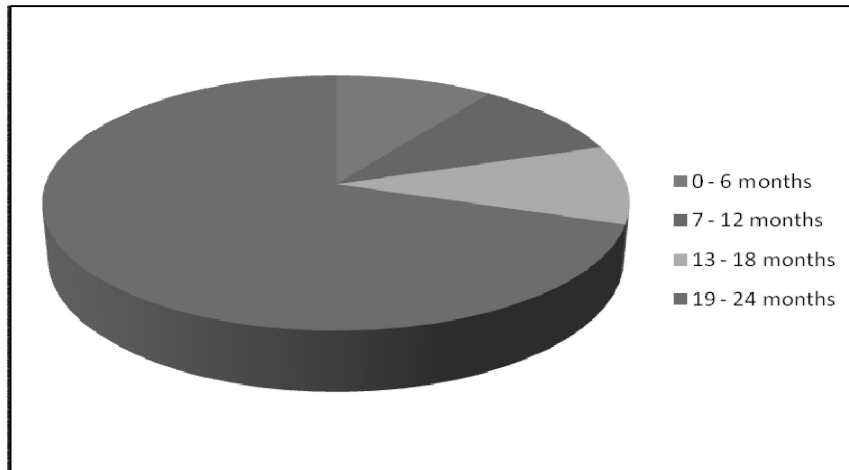


Fig. 2 Time Required for Implementing the Investors in People in Practice [14]

This question was answered by ten respondents, one of which spent more than 19 months implementing IIP. One respondent implemented the Standard within six months; however, most respondents worked on this project for about a year.

The last part of the questionnaire dealt with shortcomings during the implementation process, but also with benefits of the Standard implemented in practice. The biggest benefit of the Standard was clearly an improvement in human resources processes, so the main objective of the Investors in People was fulfilled. The biggest shortcomings are shown in Fig. 3.

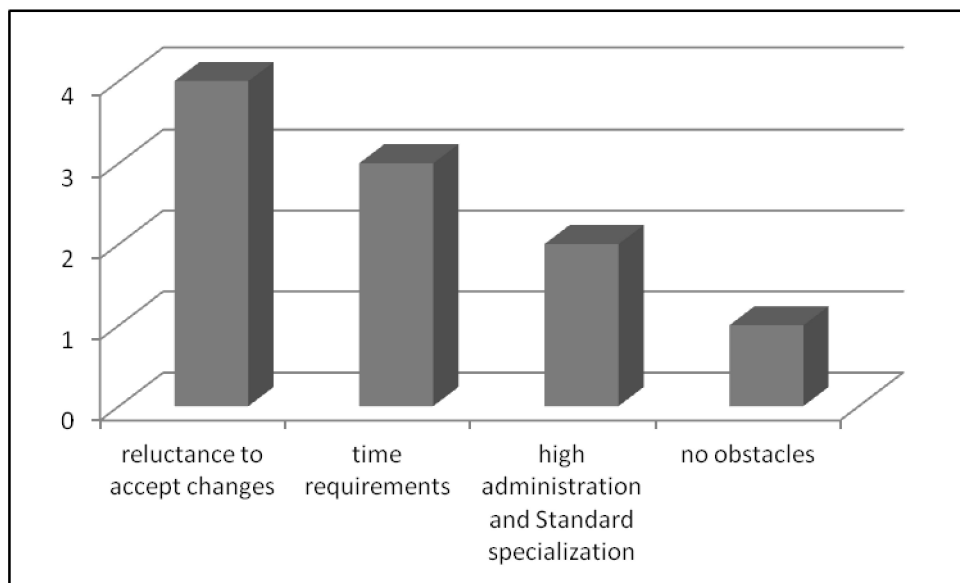


Fig. 3 Shortcomings of Implementing the Investors in People in Practice [14]

An opinion on this question was given by ten respondents while surprisingly one organization did not face any problems or obstacles. The other organizations mostly faced problems such as the demands on time, reluctance to accept changes or high administration associated with IIP. The last question asked whether the organizations possessed the current IIP Standard in 2011. Out of thirteen answers, only 4 organizations no longer had an active certificate, explaining that it had not been renewed for organizational reasons, such as a change of the management or an acquisition by a new owner. The surveyed organizations obtained their certificates in the period of 2004-2005 (2 organizations), in 2008 (9 organizations, with the support of CzechInvest).

The completed questionnaire survey revealed several important facts. An important finding is that there is no register in the Czech Republic that would provide a list of companies which have a valid IIP certificate or which obtained it in the past. The survey also found out that the organizations had utilized the financial support of the CzechInvest projects for implementation; however, they are not 100% certain of IIP recertification. The reasons may include the change of management or owners, but also financing, as the recertification processes must be funded from the organizations' own resources. CzechInvest no longer offers projects for implementing IIP in practice. Therefore, we can state that approaches to the Standard can be very subjective and dependent on the current management of the organization. A positive finding is that if the Standard is really implemented, it fulfils its purpose, which is to strengthen the human resources development in the organization, and this could be the main motivation for the implementation of this Standard in more Czech organizations.

Following is one company's opinion of the implementation of IIP in practice:

Hutní projekt Frýdek Místek a. s.

Hutní projekt Frýdek-Místek was one of the first ten companies in the Czech Republic to meet the conditions for obtaining this Standard. The company adopted the Standard in 2004, thus deciding to invest part of the company's resources in employee development, mainly in the form of supporting various educational activities. The company organizes language courses for its employees, mainly English lessons with a native speaker. The employees attend a wide range of seminars focused on support of their professional growth in their particular professional specialization as well. And, last but not least, the company strives to provide its employees with sufficient information about the company's objectives and to give each employee feedback about his/her expected contribution towards the fulfilment of the objectives. This also leads the company to achieve the strategic objective of improving the standard of the services it provides, thus improving customer satisfaction [4].

Conclusion

IIP has a bigger tradition in the United Kingdom; the number of the certified companies exceeded 50, 000 in 2008 and we can already find the results of various surveys dedicated to the direct impact this Standard has had on the company and its employees. According to these surveys, the implementation of IIP has a positive impact on the company itself as well as on its employees and customers. In the case of the employees, this primarily involves a greater level of satisfaction, a better working environment, bigger corporate citizenship, and, most of all, improved communication between the employer and the employees. The organization gains more loyal and motivated employees and has a lower sickness and fluctuation rate. The greatest benefit for the customer is better care or professional service from the employees of the organization in question.

It is early days for the Investors in People in the Czech Republic. We must state that there is currently no organization in the Czech Republic that would support this certificate and provide targeted promotion or financial funding for it. This function used to be performed by CzechInvest, which, however, stopped promoting this certificate after the project had been completed in 2002–2008. This is why there is no aggregate database of the organizations which possess or have possessed this certificate in the Czech Republic. We should also note that there are only five certified consultants in the Czech Republic who help to implement the Standard in practice.

The development of human resources and care of employees are very important for both Czech and foreign organizations. The implementation of the standards in this area proves that

organizations realize the importance of the investment in human capital, both in terms of their own needs and also in terms of the needs and perception of their environment. It is important for organizations not to overlook this area even in the period of the economic crisis.

In our conditions, when organizations are mostly forced to implement a certified quality management system only at the request of their customers, there is usually no other motivating factor which forces the organization to implement the principles of IIP. Therefore, it is important that the organization's management realizes that the incorporation of the strategy for a systematic approach into human resources in the general strategic concept of the organization is an investment that can become a competitive advantage in the market in the near future in the form of greater human potential and high employee loyalty towards the organization.

Literature

- [1] *A Guide to CSR in Europe [online]*. [cit. 2010-04-02]. Available from WWW: <http://www.csreurope.org/data/files/20091012_a_guide_to_csr_in_europe_final.pdf>
- [2] ELKINGTON, J: *Cannibals with Forks: The Triple Bottom Line of 21st Century Business*. Environmental Quality Management, 8: 37–51. Doi: 10.1002/tqem.3310080106
- [3] HOREHÁJOVÁ, M., MARASOVÁ, J. The institutional factors of the corporate social responsibility development in the central European countries, *E+M Ekonomie a management*, 2008, vol. 11, iss. 2/2008, p. 58-64. ISSN 1212-3609.
- [4] *Hutní projekt Frýdek-Místek 2008 [online]*. [cit. 2008-06-06]. Available from WWW: <http://www.hpfm.cz/view.php?akce=pece_o_zamestnance>
- [5] *Investors In People - nástroj zvyšování výkonnosti organizací [online]*. [cit. 2009-09-09]. Available from WWW: <<http://www.becon.cz/index.php/investors-in-people> >
- [6] *Key Facts – Investors in People [online]*. [cit. 2011-23-09]. Available from WWW: <<http://www.investorsinpeople.co.uk/Facts/Pages/default.aspx>>
- [7] MARREWIJK, M. V.: Concepts and definitions of CSR and corporate sustainability: between agency and communion. *Journal of Business Ethics*, 2003, vol. 44(2), p. 95–105. DOI: 10.1023/A:1023689803906.
- [8] *Napříč společenskou odpovědností firem [online]*. Praha: AISIS o. s., 2005. ISBN 80-239-6111-X. [cit. 2010-06-06]. Available from: <<http://www.sof.cz/download/Napric-SOF.pdf>>, p. 31.
- [9] NORMAN, W., MACDONALD, C.: Getting to the bottom of ‘Triple Bottom Line’[online]. *Business Ethics Quarterly*, 2003, vol. 14(2), p. 243–262. [cit. 2011-07-08]. Available from <<http://www.businessethics.ca/3bl/triple-bottom-line.pdf>>
- [10] *Normy, které mají vztah k CSR [online]*. [cit. 2011-05-07]. Available from <<http://www.csr-online.cz/Page.aspx?normy>>
- [11] PRSKAVCOVÁ, M.: CSR na podnikové úrovni, vazba na trvale udržitelný rozvoj. In *Svět práce a kvalita života v globalizované ekonomice*. Vysoká škola ekonomická, Praha, 2007. ISBN 978-80-245-1207-5.
- [12] PRSKAVCOVÁ M., MARŠÍKOVÁ K., ŘEHOŘOVÁ P., ZBRÁNKOVÁ M. *Normy z oblasti společenské odpovědnosti firem*. Liberec: Technická univerzita v Liberci. ISBN 978-80-7372-558-7.
- [13] *Standard rozvoje lidských zdrojů Investors in People, CzechInvest, 2007[online]*. [cit. 2011-03-03]. Available from: <http://www.starlit.cz/filesASP/IIP_detailni_informace.pdf>
- [14] ŠPAČKOVÁ, P.: Norma Investors in People v České republice. Liberec, 2011. 88 s. Thesis. Technical University of Liberec.
- [15] *Your journey – Investors in People [online]*. [cit. 2011-24-09]. Available from WWW: <<http://www.investorsinpeople.co.uk/Journey/Pages/default.aspx>>

The article was compiled as one of the outcomes of the “Corporate Social Responsibility Socially Responsible Investing” project, carried out with the financial support of the Technical University of Liberec as a part of a contest for the support of specific university research projects.

NORMA INVESTORS IN PEOPLE V ČESKÉ REPUBLICE

Článek se zabývá normou Investors in People. Jedná se o normu, která pochází z Velké Británie a lze ji využít pro zefektivnění řízení lidských zdrojů v organizacích a to jak ziskových, tak neziskových. V první části je vysvětlena vazba normy Investors in People k aktivitám společenské odpovědnosti firem (Corporate Social Responsibility) a k ostatním normám z této oblasti. Další části se již věnují normě Investors in People konkrétněji. V článku jsou představeny výsledky dotazníkového šetření mezi organizacemi, které se v České republice nechaly dle této normy certifikovat. Šetření bylo realizováno na Technické univerzitě v Liberci, Ekonomické fakultě v březnu 2011. Bylo osloveno 23 organizací, které prošly úspěšně certifikací dle normy Investors in People

DIE NORM INVESTORS IN PEOPLE IN DER TSCHECHISCHEN REPUBLIK

Der Artikel befasst sich mit der Norm Investors in People, die aus Großbritannien stammt und zum effizienteren Management menschlicher Ressourcen sowohl in gewinnorientierten, als auch gemeinnützigen Organisationen genutzt werden kann. Im ersten Teil wird die Bindung der Norm Investors in People an die Aktivitäten der gesellschaftlichen Verantwortung der Firmen (Corporate Social Responsibility) und an die sonstigen Normen aus diesem Bereich erläutert. Die weiteren Abschnitte widmen sich bereits konkreter der Norm Investors in People. Im Artikel werden die Ergebnisse einer Umfrage unter den Organisationen präsentiert, die sich gemäß dieser Norm zertifizieren ließen. Die Umfrage erfolgte im März 2011 an der Wirtschaftsfakultät der Technischen Universität in Liberec. Angesprochen wurden 23 Organisationen, die die Zertifizierung gemäß der Norm Investors in People erfolgreich absolvierten.

NORMA INVESTORS IN PEOPLE W REPUBLICE CZESKIEJ

Artykuł jest poświęcony normie Investors in People. Jest to norma pochodząca z Wielkiej Brytanii, którą można stosować w celu poprawy efektywności zarządzania zasobami ludzkimi w jednostkach nastawionych na osiągnięcie zysku, jak i non-profit. W pierwszej części wyjaśniono powiązanie normy Investors in People z czynnościami odpowiedzialności społecznej firm (Corporate Social Responsibility) i pozostałymi normami z tej dziedziny. Następne części są już poświęcone normie Investors in People bardziej konkretnie. W artykule przedstawiono wyniki badań ankietowych przeprowadzonych w jednostkach, które w Republice Czeskiej uzyskały certyfikat według tej normy. Badania przeprowadzono na Wydziale Ekonomicznym Uniwersytetu Technicznego w Libercu w marcu 2011. Zwrócono się do 23 jednostek, które otrzymały certyfikat według normy Investors in People.