The Extent to Which Human Resources Managers in KNPC Believe in Human Resource Investment

Ateej B. Al-Adwani

1 Director of administration affairs, The Public Authority for Applied Education and Training, Kuwait

Correspondence: Ateej B. Al-Adwani, Director of administration affairs, The Public Authority for Applied Education and Training, Kuwait. E-mail: ateejj@hotmail.com

Received: October 28, 2013 Accepted: January 9, 2014 Online Published: March 26, 2014
doi: 10.5539/ibr.v7n4p132 URL: http://dx.doi.org/10.5539/ibr.v7n4p132

Abstract

Human Capital is increasingly believed to play an important role in the growth process, so the attention headed towards the investment in Human Capital. This concept is relatively varying from one organization to another. In this study the purpose is to examine the extent to which Human Resource managers in KNPC believe in Human Resource Investment. For this purpose the researcher made interviews with the Head Managers in KNPC in order to understand their thought and ideas about human recourse management and investment. And the results of this study are as the following: proceeding from the concept of human resources development, the KNPC Head Managers stated that training the new employees as well as training the trainers has proved positive effects on performance, productivity and the overall success. The performance of human capital is being observed using the Balanced Scorecard as a management system strategy. Also the interviews with the head managers have emerged the perspective of decision making the managers adapting. Finally the researcher presented some recommendations as the following: while involving the employees in decision making process the managers must be aware about the privacy of some decisions regarding its importance and how much it is dangerous to be spread outside the organization. In addition of that the researcher recommends to integrate the modern concepts of balanced scorecard in order to achieve better measurements and estimation for human capital.

Keywords: HRM, HRM investment, KNPC

1. Introduction

1.1 Introduce the Problem

The current developments that are taking place in the world of business nowadays have changed the way businesses and organizations are evaluated. Decades ago, the most importance element in forming a well-built business was the financial capital, recently, this image have changed into a deeper level of giving a more intensive look at the human element which will operate the business and achieve its goals and objectives.

From that new concern, the concept of human resource management was born in order to organize the process of attracting, recruiting, training, employing and developing of the human element in any organization that seeks to make its goal a reality. According to Pinningtong and others (2007) human resource management refers to the process of organizing and managing people in a company through managing the inter-personal relations between them as members and between them and their management which is considered as a key process in guaranteeing the best and most profitable results for the company. Al-Sheikh (2012) defined Human Resource Management HRM as a process that takes place within an organization and throws the focus on managing and directing people who works within the organization for better results. The main idea behind adopting a clear human resource management plan is the fact that it provides the needed understanding, knowledge and skills in order to lead and orient the forces of the human element in the most adjustable directions that serves the organizations' benefits whether it was public or private sector. Raspa (2008) presents the most prevailing and famous functions of the human resource management, we summarize them here as follows:

- HR Planning
- Recruitment
- Selection
- Placement
- Training
- Investing
- Developing
- Performance appraisal and monitoring

Each and every function of these functions serves the organization in a way that guarantees the optimum performance of the employees with special attention to their needs and performance.

This current research paper is a try to understand to what extent do HRM managers at KNPC believe in the importance of human resource investment. How do they evaluate it and the best approach to implement it. The researcher will take the Kuwaiti National Petroleum Company (KNPC) as a case study; the results will be attainable through holding interviews with main HRM department managers in the company.

1.2 Case Study

Kuwait National Petroleum Company (KNPC) is a shareholder company owned by the Kuwaiti government and private sector as well, it was established in October 1960. The main responsibility of KNPC is the domestic refining and gas processing which combined to the world wide increasing need for gas transformed the company into a leading international power. The company follows its slogan “Integration and Excellence Are Our Path to Globality”. From that point, KNPC focuses on delivering all its departments and operation to the shore of security and full performance through implementing the best and most accurate procedures there is in order to manage the accomplishment of its mission, vision and values.

With the course of time, the company realized the dimension of its role which revolved around (Integration, Performance and People) which was shown through the company’s special interest in the human resources policy and practices through implementing a plan for rapid growth of the national manpower and provide the company's departments with the best workforce ever there.

The following figure clarifies the company’s orientation through its vision (http://www.knpc.com.kw):

![KNPC Mission and Vision](image-url)

Figure 1. KNPC mission and vision

133
1.3 Literature Review

1.3.1 Human Resource Management

Ever since the huge invasion of the oil wealth and the need for more workforces to take place in the Kuwaiti market; the government threw a very intense attention on the nature of the human resource management specifically starting from the last few decades when the process of kuwaitization started as a step towards decreasing the reliance on the foreign workforce.

The main aim of HRM in Kuwait is to organize and sustain high profile solutions for the relationship between employees, it mainly takes into perspective the influence of the psychological coherence between the employees from one side and the employees and their job from the other.

Many theories have developed on the definition and role of human resource management, Jackson and Alabduljader (2012) stated that the Human Resource Management is a process that is linked to the productivity and performance of the organization, if the first goes smoothly and in the right direction, the later will come up with the best results found of success, better performance and profit. On the other hand, Alabduljader (2012) argues that the massive change and developments that are taking place in the world nowadays are considered to be of a great motive for the management to take a whole new philosophy in leading and managing,, these changes appeared in the detour from the Personnel up to the Human resources which is attributed through setting a clear and vivid plan to lead the people who leads their organization to success. On the other hand, Alabduljader (2012) sees the Human Resource Management as a process in which the best and most adequate procedures are adopted in order to suit the human element in the organization bearing in mind that this human element is the main operator that will accomplish the previously set goals and objectives of the organization.

Much literature appeared over the past few decades on the concept of HRM and what comes behind it, some researchers connected a successful organization to its well-built human resource management other connected high profits to an intense HR strategy that unleashes that potentials of the employees. However, there is not much literature about the nature of HRM in Arab Countries or the Middle East or in Kuwait in specific, but most of cultural and managerial studies have accused the Kuwaiti government of (spoiling) their citizens through presenting to them all the needed elements of luxury on a silver plate without the need to work or drop sweat which rendered the Kuwaiti economy to fully rely on expatriates to operate the internal operations of the country (Woerd, 2009).

This notion remained as a stumbling block in front of the Kuwaiti government from developing and enhancing the internal economy of the country. That is when the government came up with the Kuwaitization program as a step towards decreasing the reliance on the expatriate workforce and gives the citizen a chance to prove themselves in the work market of their country. In other words, Kuwaitization is a process that aims at attracting local talents to take part and be active citizen in their country so as to be an influential member in the development process of Kuwait. Within the course of time, and bearing in mind the increasing number of Kuwaiti citizens in the workforce the government realized that new standards should be taken into perspective in order to pave the way for a smooth development of the human element in the Kuwaiti organizations. It is widely known that the government plays a crucial role in implementing HRM strategies within public and private sector, the first step that was done by the Kuwaiti government was to open the opportunities for training of citizen in their field of study, HRM took the lion’s share in the seminars and workshops that were concerned in training and polishing the people’s talents in a way that can be of great use for their country. This process rendered HRM in Kuwait with the following characteristics including:

- HRM in Kuwait is a systematic elevating of the personnel management
- The HRM strategies and plans follows the laws and orders of the state in a way that guarantees the full enhancement and support for the process of Kuwaitization
- HRM in Kuwait focuses on HR planning, training, evaluating and recruitment and selections
- The main aim of the Kuwaiti HRM strategies is to bridge the gap between the number of expatriates and citizen in a way that balances the number of both sides

Among the critical roles that HRM plays in an organization is the new concept of INVESTING, which refers to the process of investing and developing the human element in an organization in order to guarantee the best and most influential performance of them (Woerd, 2009).

Investment in HRM is being perceived by a great attention in the field of human resources specifically in within the internal structure of the modern societies considering it as the best and most efficient tool to prepare and
support the human element in the human resources and boost its performance. This attention stemmed from the undeniable confession of the importance of the role that is played by the human resources in developing and improving the competitive potentials for the organizations, innovate services and products and activate the adequate usage of the available techniques and resources of the organizations for the following reasons:

- The human resource is the fountain of thoughts and the main tool in transforming the challenges into competitive abilities.
- The Active cooperation of the human brain mental potentials is the source of knowledge and the base of the innovative ability in a way that helps in transforming thoughts and ideas into tangible products that serves and satisfies customers
- The crucial element in developing and improving the performance lies in investing the individuals' abilities and provoking them to present better performance through developing producing potentials of the individuals on the bases of planning, preparing, continuous work and support in all fields.

1.3.2 Investing in HRM

Human resources are among one of the most basic scales that measures the nations’ fortune considering it as the most important capital and assets components that influence the economic and social status of the countries to the level that nowadays the human resources efficiency and the level of qualification are the crucial element in achieving progress.

Generally speaking, the western culture have invested a great bulk of effort in the field of the human resources which draws the attention towards the notion of starting with what people have reached to in accordance with the nature of our culture, traditions and orientations.

Alfred Marshal in his book “The Wealth of Nations” that all of the acquired potentials possessed by the society members are considered to be of great importance in clarifying the overall meaning of the (fixed Capital). In another word, the expenses that occur due to the process of learning and training are seen to be a fortune to the individual which renders in the benefit of the society as a whole.

The concept of investing in the human capital has been the source of attention in the management society. Aleefi (2010) defined investing in the human capital as a process of spending time, money and efforts on developing the skills and talents of the individual in a way that encourages him to double their productivity.

Investing in the human capital can be considered as the information, skills, knowledge, talents, performance tools and attitudes that an individual collects through organized learning which helps in improving the quality to the performance outcomes which in its turn improves the quality of the work.

1.3.3 Limitations of Investing in Human Capital

The process of investing in human capital is somewhat connected to a certain limits that help in delivering this process into the shore of success if they have been taken into account and used effectively and in smart way. Generally speaking, the process of investing in the human capital may face some of these challenges:

**Planning:**

Which refer to the process of implementing the frameworks needed for human building and determine his needs and requirements to acquire skill, talents and other influential tools to be an active and beneficial member in the organization. The lack of planning may lead to vagueness in the clarity of the goals and inadequate distribution of the resources and a mixed up the priorities (National Archives of USA, 2009).

From one hand a bad planning for human resources may cause an inappropriate tasks allocation, thus it might kill the talent of talented employees if they are not discovered and used efficiently. From the other hand bad planning may lead to put the wrong person in a critical and influential position, resulting wrong decision making leading to organization retrogression (National Archives of USA, 2009).

**Physical safety:**

Peace and security comes under this context because of their direct impact on investing in the human capital. It is obvious that any investment or industry cannot be established, built, improved or even achieve success in a dangerous and unstable business climate. So it is important to have and guarantee a safety, stable and peaceful environment to get a successful investment (USA. CRS, 2013)

As recently shown to the whole world, the countries suffering from civil wars like Syria, Libya, and Sudan or the countries having foreign wars like Iraq, Afghanistan and Pakistan are facing serious problems with investment in
human capital or with investment in general. Wars cause loose in the national security in these countries which affects badly in human resources, thus experts, minds and highly educated people forced to migrate to other countries.

**Education and training:**

The investment of employee’s education is important as well as equipment’s investment, thus having educated and qualified stuff is the cornerstone in any organization’s establishment. But sometimes it is required to hire expatriates because of their qualifications and experience which might cost the organization additional expenses to hire them.

From the training aspect, in order to achieve a significant progress, go along with new economic challenges and to compete with other organizations it is necessary to improve and motivate the stuff or part of it—Team leaders, managers or supervisors—by subjecting them to training programs. Also some organizations consider training the new employees has the same important of training the managers.

Therefore the education and training of employees considered as a challenge in investing in human capital because of its costs and its requirements for strategic planning (Feldberger, 2008).

1.3.4 Measurements of Human Capital

Folloni & Vittadini (2009) mentioned in a study of them about the Human Capital Measurements that for about two hundred years the main reason for estimating the human capital was to measure the financial returns of its value. So we can consider measuring the contribution of human capital to the success of the organization is the backbone of evaluating the human capital process which is the process that has been studied for several decades. Thus measuring and management the performance of the human capital is an essential operation to guarantee that the progress of performance is oriented towards goals achievement.

The measurements of Human Capital have two approaches; the conventional approach and the modern one. Each one of these approaches has many techniques.

According to a study for Le et al. (2003) the conventional or traditional approach has a very different technique in measuring, and they are obsolete now and not used. These approaches are very complicated because it is based on theories and calculations and they are insufficient nowadays.

Some of the based on the cost of production and called Cost-Based approaches, another procedure is called Income-Based and it used for estimating an organization stock of human capital.

The modern approach has many instruments these could be: Financial Ratios or The Soft fact Indicators, it depends on qualitative information obtained by personnel surveys. And Benchmarking is also an instrument of human capital measurement but practically these instruments are being used in integrated models, these models are (Feldberger, 2008):

- Balanced Scorecard
- EFQM model
- Strategy Map
- SWOT Analysis

Balanced Scorecard and EFQM model considered as the most commonly known human capital management systems structures among the majority of the organizations from different industries. A brief description for both of them shown below:

1.3.4.1 Balanced Scorecard

It is an integrated model that combines both qualitative and quantitative measures, and it is used to describe the activities of an organization through these measures in four perspectives. These perspectives are: financial, customer, internal business process and learning and growth (Kaplan & Norton, 2007).

Figure 2 shows the relationship between measures and the four perspectives of the Balanced Scorecard:
1.3.4.2 EQFM Model
It is a practical tool used by the organizations for several purposes such as: a tool for self assessment by measuring where they are on the path to excellence, helping them understand the gaps and then simulating solutions; or it can be used as the basis for common vocabulary and way of thinking about the organization which is shared across all functions.

Some organizations consider the EFQM as a framework or a structure for positioning existing initiatives, removing duplication and indentifying gaps (http://www.efqm.org).

1.4 State Hypotheses and Their Correspondence to Research Design
In this current research study, the researcher is seeking to understand the extent of which human resources managers believe in human resources investment. The case study will be Kuwait National Petroleum Company (KNPC) and the results will be sought through a self build interview questions that will be held with the managers in the HRD of the company. The research follows the qualitative approach which will help in reach a better understood results through preparing a group of questions which will be directed to the managers of the HRD and head managers of other departments in the company.

2. Method
The methodology of the application will be done through face-to-face interviews with the head managers. The researcher will do the interview himself and register the answers of the participants. After that, the answers will be rewritten, filtered and organized in way that enables the researchers to form an overall results about the degree of believe that managers have in the idea of HR investment in KNPC.

The content of the interviews will focus on major ideas in the field of investment including
- Developing the employees talents and skills
- Train the Trainer
- Empowerment
- Involvement

The research in that sense will understand with the aid of the interviews how managers of department in KNPC believe in human resource investment, through the answers the researcher will be able to determine if they use it or not.

3. Results
The researcher interviewed the Head Managers in the KNCP to clarify some answers about: “The Extent to Which Human Resources Managers in KNPC Believe in Human Resources Investment”, the interview had four fields: Developing the employees’ talents and skills, Train the Trainer, Empowerment and Involvement. Each field has two questions, the answers of these questions explains the responds of the Head Managers as the following.
3.1 Developing the Employees’ Talents and Skills

Q1: Do you recommend subjecting the new employee to training regardless of their past experiences? According to the Head Managers answers, they had a positive perspective about subjecting the new employee to a training program because they think that these training programs can increase the knowledge level of employees about their job field, also it can foster better relations among staff members.

These answers agree with what mentioned in the previous studies. Subjecting the new employee to a training program is a good way to review performance and identify areas in which employees need to sharpen their skills, training programs topics can include technology updates or workplace safety procedures.

From the other hand the Head Managers mentioned that beside of the advantages of training programs on the employees’ career progress, it may cost the organization additional expenses to lunch such training programs, traveling or hiring a consultant to conduct the training program.

Q2: How do you track the progress in the employees’ performance? Most of The Head Managers answered that they use a Balanced Scorecard based performance management system, to monitor strategic progress and also to form the basis for providing objective incentives to the employees.

The Balanced Scorecard approach used in setting agreed-upon performance goals, allocate and define the resources and it studies how to confirm or change the organization policy to meet the set goals. Also it can help in reporting the overall success of the organization and how the progress in employees’ performance can affect that success.

Using such a strategy encourages the identification of the way the employees are thinking innovatively and creatively and how do that affect their performance progress, as mentioned above the balanced scored approach has attracted criticism from several perspectives; some critics are with applying this strategy and others were against it.

3.2 Train the Trainer

Q1: Do you believe in the concept of train the trainer? Most of the Head Managers in the KNPC were having a good believe about train the trainer concept as it a good way to improve the employees throughout improving the trainer himself.

As a company supporting training programs for its employees which is clear from the answers of some of Head Managers it is necessary to have expert trainers to conduct these training programs, adapting such a strategy has its influence in the progress of employees’ knowledge, employment awareness, expertise and proficiency which leads to reach the optimum performance for the employees. And as a conclusion the vision, mission, objectives and goals can be easily achieved.

Q2: Do you guarantee that an employee will pass the information to the recent employee in the same manner that it was passed to him? The responds of the Head Managers were varying between Yes and No, because the answer of this question depends on the nature of job and how the employees interact with each other.

But if you wanted to pass the information to the new employee in a good way you have to assign an employee that has a good experience to do it. From that point some head managers were awake to the turnover and losing the new employees phenomenon, and they believed that the reasons of that refers to the bad handling of new employees and the disability of trainers to deliver the correct information for the new employees.

As previously mentioned in the literature achieving vision, mission and success for the organization is a hierarchical process; it starts from good managing, transferring to good supervising and training for the human capital. If your employees start their job with a solid basis of technical knowledge obtained from a well qualified trainer, they will perform in the optimum way leading to job satisfaction, completion and finally overall success.

3.3 Empowerment

Q1: Do you give your employees the opportunity to improve and make decisions that involve their work? Most of the responses to this question showed that the Head Managers of the KNPC has a high degree of awareness about decision making process and how to involve the employees in away guarantees their loyalty to the KNPC and its vision.

Empowering the employee to take decision for sudden situations in his job field encourages his motivation towards achieving goals and objectives the organization previously defined.

In some how this way of thinking agrees with some studies mentioned the participation of employees in the decision making process, which emphasized on the importance and efficiency of doing such thing and its impact
on delivering the organization to the shore of success.

Empowerment the employee in decision making process has for dimensions to be considered and understood by the managers: Autonomy, Responsibility, Information and Creativity. Understanding these different dimensions of empowerment will enable managers to design and implement a successful empowerment plant. This is highly connected to job satisfaction and motivating employees to do their best.

**Q2:** Do you give your employees the chance to prove themselves? The answers in general showed that the Head Managers is giving the chance to their employees to prove themselves for some extent the thing makes the employees feel secured and self-confident; also it can motivate them to reveal their inner talents and skills and use them to achieve the optimum performance.

It is clear from the interviews made with the head Managers that they have a good recognition about employees’ empowerment and self proving concepts, as the studies mentioned before the management techniques of empowerment and self proving are very important in Human Resources Management which can be applied universally across all organizations as a means of dealing with the increasing demands of modern business.

3.4 Involvement

**Q1:** How do you involve your employees in the company’s mission and vision? Most of the Head Managers considered the employees’ participation in decision making process as an essential step towards achieving the company’s mission and vision, also empowering them to learn and grow within these concepts can help so.

This perspective of involvement is correct to some extent but the compilation of mission and vision required systematic and directed movements of organization, but these movements required a vivid addressing for the values and ethics or else the company will face serious challenges.

It is commonly known that to have successful and dynamic business, it is necessary for the employees to follow the company’s mission and vision ethically and morally. Thus the successful business requires two elements: a competitive strategy and to perform ethically.

Some Head Managers mentioned the crucial role of the supervisor to constantly remember the employees under his command of their role and importance to reach the vision and mission the company is trying to achieve.

**Q2:** To what extent do you consider your employees as involved in the work environment? The Head Managers of KNPC stated that they consider the employees as they are significantly involved by letting them exercise decision making, innovation, empowerment, improvement and skill sharing within a team work environment.

The team work environment leads to a high degree of participation and communication between the employees from one side and between the employees and managers from the other side, this climate gives the chance to express opinions and share thoughts among the stuff.

Recently this concept of work environment is widely used in the organizations and companies all over the business world, also it proved its success and showed positive consequences on the employees and their perspective about job satisfaction, goal achievement and employment security.

To get the employees involved in your business gives them the feeling of responsibility towards their job, thus makes the work a portion of their life that they have a proven success.

4. Discussion

The purpose of this study is to examine the extent to which human resource managers in KNPC believe in the human resource investment, after making interviews with the Head Managers we can conclude that:

- The performance management technique used in the KNPC is the Balanced Scorecard approach, and according to the consistent studies of (Rohm, 2008) and (Kaplan & Norton, 2007) about the balanced scorecard methodology that is a relatively modern technique and it is widely used among the organizations all over the world in its traditional form or by using the four new management processes introduced by the traditional Balanced scorecard.

This technique used by the managers because of its several advantages; it helps the managers to gain a better understanding of the company’s strategic goals, it signals to everyone what the organization is trying to achieve.

- KNPC Head Managers have a relatively good awareness about the strategic practices of HRM such as evolvement, empowerment and improving of its employees, which obviously affects in a positive way on the performance and productivity of its stuff, so it will axiomatically deliver the organization to the shore of success. This is strongly agree with the studies of (Ongori & Shunda, 2008), (Valoyi, Lessing,
& Schepers, 2000) and (Abraiz et al., 2012) where the researchers found that empowerment the employees and involve them in decision making process affect on the job satisfaction and performance for the employees.

From these conclusions we can extract the following results:

- KNPC is adapting the concept of new employee training regardless of the expenses because of its importance and contribution in preparing the new employee for his position.
- Using Balanced Scorecard as a strategic management system proved its efficiency as a performance measuring tool.
- In addition to training the new employees, the KNPC supports training programs for the trainers believing in developing and conveying the business environment in a global level.
- Decision making process is not limited to Head Managers and Decision makers in KNPS, it is also include all the employees to some extent and according to some considerations.

In the context of this study the researcher recommends the following:

- In decision making process the main administration should be aware of decisions that mustn’t be shared with an outsider or decisions that require data that only management is privy to should not involve employees.
- Training new employees must be deliberated process, thus the incomes or revenues of training must be effectively proportion to the expenses of lunching training programs, the same thing must be considered in training the trainers.
- As a future work, KNPC must study the approach of integrated Balanced Scorecard measurements in its attempt to observe the progress of its employees towards organization’s success, and study the availability to apply it.

Acknowledgements

Collate acknowledgements in a separate section at the end of the article before the references. List here those individuals who provided help during the research (e.g., providing language help, writing assistance or proof reading the article, etc.).

References


Copyrights
Copyright for this article is retained by the author(s), with first publication rights granted to the journal.
This is an open-access article distributed under the terms and conditions of the Creative Commons Attribution license (http://creativecommons.org/licenses/by/3.0/).