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ANALYSIS OF THE ROLE OF HUMAN RESOURCES IN THE STRATEGIC MANAGEMENT OF AN ORGANIZATION

Abstract: Human resource competence is one of the four competences an organisation needs to have to ensure its competitiveness. However, ensuring the competence of the organization, in addition to being a prerequisite for competitiveness, is one of the requirements of the quality management system contained in the standard of the quality management system ISO 9001:2015. Ensuring the competence of the organization is one of the basic tasks of organizational management, and once ensured competence must be maintained and upgraded in accordance with the changes that are happening on the market, i.e. the context of the organization. The source of data for researching attitudes and defining the model of human resource competence management is the survey. The research instrument is an online survey. The distribution of responses for independent survey variables is described by Pivot tables in which absolute and relative values, expressed as percentages of the total number of participants in the survey, are for two variables. Extreme, maximum and minimum, values from the tables are interpreted.

Keywords: *organisational competence; the maturity of the management; human resources*

1. Introduction

Results of the H1 hypothesis testing: 'Human resources play an important role in the strategies of business organisations in Croatia' carried out as part of the research for the doctoral thesis: 'Defining key parameters and models of human resource competence management in an organisation' (Cannische, 2024), the author of this paper, showed that the hypothesis should be accepted. However, because the value of the statistical parameter 'Arithmetic mean' = 3,342, on the basis of which the logical judgement on the validity of the hypothesis was derived, is not significantly higher than the neutral value = 3, it is evident that not a small number of respondents to the survey question: "Human resources play an important role in our organisation's business strategy" answered "None" and "Limited with large reserves". This is exactly what the Research Gap is all about. It is scientifically justified to explore what are the characteristics of business organisations in which human resources play an important role in business strategies and what are the characteristics of business organisations in which human resources play a minor role in business strategies. Therefore, the results of this research represent a scientific contribution because they enrich scientific knowledge about the characteristics of business organizations in

which human resources in business strategies are very important or little important.

2. Organisational competence

For the organization of ISO 9000:2015 standard, it says that it represents a person or a group of people who have responsibilities, powers and defined mutual relations, and who are organized to fulfill the goals, i.e. to achieve the plan. In other words, an organization implies created relationships that can be formal or informal between people, and that on the basis of created relationships, through joint efforts, try to achieve a defined goal.

If we look at the characteristics of a well-managed organization, Buntak (2012) states that with documentation and manageability, competence is one of the characteristics of such organizations. Given that competence, in the context of human resources, is seen through the aspect of knowledge, skills and the ability of human resources to perform assigned tasks, organizational competence can be seen through the ability of the organization to deliver the required in the specification defined by the customer.

In the context of the need to ensure sufficient capacity so that the requirements placed on the

organization by interested parties can be met, Lewis states that each organization must provide sufficient capacity, that is, must provide the capabilities on the basis of which the defined i.e. identified requirements can be met. Capacities and capacities may be related to the possession of specific knowledge that enables the organization to meet requirements, i.e. the possession of machines and devices, as well as organizational employees.

2.1. Competence of human resources

Taatila (2004) states that the competence of human resources must be seen in the context of the ability of employees engaged in the organization to meet organizational goals defined in organizational plans. In this context, the competence of human resources may relate to different areas of competence such as technical competences of employees, communication competences of employees, etc.

The competences that employees must possess depend on the workplace where the employees are engaged. In other words, the competences that managers must have may differ from those that employees engaged in manufacturing jobs must have.

Human resources competencies in the organization can become a component of organizational competitiveness, that is, in the research conducted by Opatha it has been identified that they can become an asset of the organization that the organization can use when transforming resources in organizational processes. In a similar study conducted by Zaim, Halil, Yasar and Unal (2013), it was identified that there is a positive link between the competence of organizational employees and the performance that the organization as a whole has and that each of the employees with their personal competencies can influence the increase of the competitiveness of the organization as a whole.

Ralević, Dragojlović, Dobroslavac, Denić and Nešić (2015), in the context of ensuring a sufficient number of competent human resources in the organization, say in their research that it is necessary to ensure the competence of employees in the human resources management department in the first place, since the competencies of human resources management experts determine the possibility for such employees to identify the competences that existing employees have, i.e. the competences that employees who are in the

status of candidates for employment in the organization have.

2.2. Components of human resources competences

Taatila (2004) as one of the most important scientists who analyzes the competence of human resources gives a list of the most important competencies that organizational employees can possess, and the possession of such competencies can affect the competence of human resources. However, it should be emphasized that the given and described competencies may be different depending on the type of organization, i.e. they may differ depending on the core activity of the organization, which may be different, which means that the necessary competencies that employees must possess are also different.

- **Creativity**

Creativity refers to the ability of employees, or people in general, to create newspapers that will differ from the previous understanding and approach to performing activities in the organization, as emphasized by Johnson-Laird (1988) and Sternberg (1988).

- **Intelligence**

According to Sternberg and Lubart (1999), intelligence is the ability of a person or employee to solve problems that have not occurred so far, that is, a new way of using existing mechanisms to perform activities.

- **Knowledge and skills**

Knowledge and skills according to Ericsson and Lehman (1996) refer to the specific abilities of each individual when performing tasks in the workplace or when performing some of the activities in everyday life.

- **Emotions**

Lazarus (1999) and Power and Dalglish (1999) emphasize how emotions affect the way employees will react to new situations in organizations, i.e. their attitudes towards changes occurring within the organization

- **Motivation**

Motivation according to Handy (1999) means the willingness of the employee as well as the man in general to voluntarily achieve the goal imposed by the organizational plan, that is, the requirements that are placed on the employee in the workplace.



- **Commitment**

Handy (1999) explains that the commitment is directed towards the attitude of the employee towards the fulfillment of organizational goals, i.e. towards the strength with which the employee believes that the fulfillment of organizational goals will result in the appearance of greater benefits for the organization and society as a whole. In other words, employee commitment to an organization can determine organizational effectiveness since the more employees are committed to the organization, the more effort they will put into trying to meet defined goals.

- **Communication**

All employees within the organisation must communicate with each other, as the lack of communication in the organisation will also lead to the risk of organisational employees not passing on information about events in the process in which they are involved.

- **Interconnection of competence components**

All the aforementioned components of human resources competence are interrelated, i.e. they can determine each other. There is no doubt that ensuring all the aforementioned components of human resources competence is extremely challenging because there is no employee who would combine all the described. However, on the other hand, it should be noted that there is a possibility of developing individual components of human resources competence, which means that the competence itself will increase.

The management of the organization, and primarily the function of human resources management, must take into account the uniformity of all the described components in each of the employees in the organization since significant deviations in one of the components, and the lack of other components can negatively affect the organizational climate.

3. Subject matter and objective of the research

The subject of the research are the attitudes of respondents in business organizations in the Republic of Croatia about the importance of human resources in business strategies. The aim of the research is to describe and explain the characteristics of business organizations in which human resources represent an important role in

business strategies and to describe and explain the characteristics of business organizations in which human resources represent a small important role in business strategies.

- **Source of data**

The data on the basis of which the research was conducted were collected through an online survey conducted by Kaniški for the purpose of preparing a doctoral thesis. In order to achieve the goals of the research, the answers to the survey question were analyzed: 'Human resources play an important role in our organisation's business strategy' (Cannische, 2024). The sample is represented by the responses of 304 respondents, i.e. business organizations from all counties of the Republic of Croatia, different ownership structures, sizes according to total annual revenues, structure of employees from all activities from the national classification of activities. Taking into account the diversity of the characteristics and the size of the sample, the results of the study can be considered scientifically relevant.

- **Description of the cause**

In Figure 1, the histogram shows the distribution of answers to the survey question: "Human resources play an important role in our organisation's business strategy. The histogram shows the values of a number of statistical parameters of descriptive statistics. Total number of subjects in study $N = 304$. This value is visible in the histogram, as a multiplier of the 'normal' function, which plots the normal distribution curve in the graph. It is also evident that all levels of assessment of the importance of human resources in the business strategies of organizations are represented.

This fact means that the values of the statistical parameters are 'Minimum' = 1, 'Maximum' = 5 and 'Range of variation' = 4. In addition to these absolute values of dispersion measures, the arguments of the 'normal' function, which plotted the normal distribution curve, also show the value of the statistical parameter relating to the absolute dispersion measure: 'Standard deviation' = 1,2084. Furthermore, it can be seen that the value of the statistical parameter 'Mod' = 4, which means that the largest number of respondents responded that the business strategies of their organisations are human resources important to a large extent with certain reservations. 92 respondents replied, representing 30.26% of the

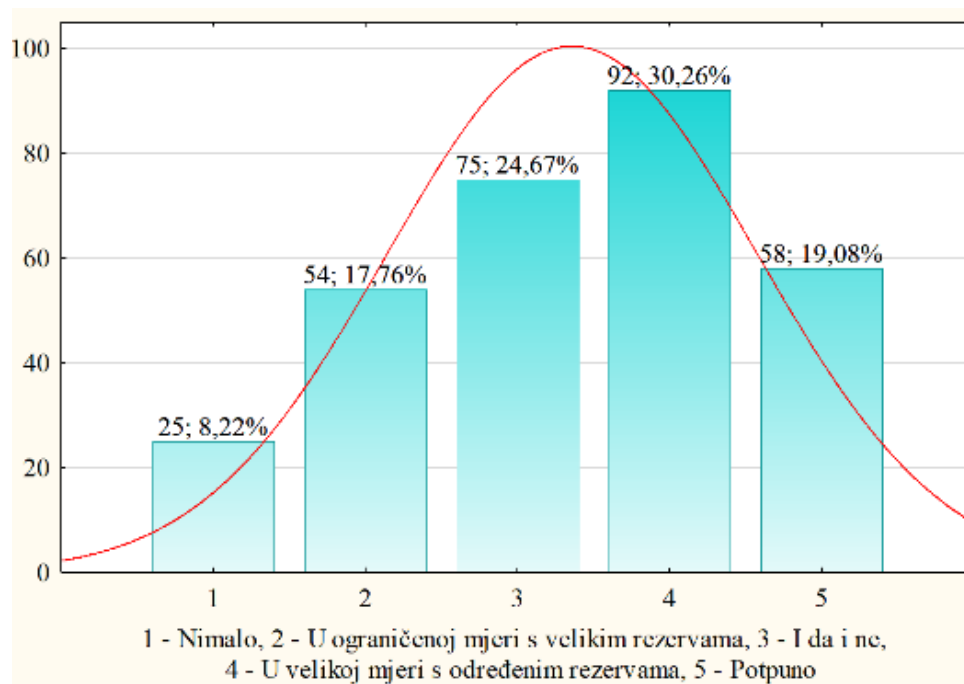


Figure 1. Histogram of the distribution of answers to the survey question: "Human resources play an important role in our organisation's business strategy" (1- None; 2 – In limited ammount with great reserve; 3 – Yes and No; 4 – In large ammount with limited reserve; 5 – Completely)

total number of respondents. Based on the value of the statistical parameter 'Arithmetic mean' = 3,3421 and the value of the statistical parameter 'Standard deviation' = 1,2084, which also represents the argument of the function 'normal', the value of the statistical parameter 'Coefficient of variation' = 30,71 %, which refers to the relative measure of dispersion of answers to survey questions, has been calculated. Because this value is more than 30%, the dispersion of responses about the importance of human resources in organisations' business strategies is moderate.

3.1. Model and methods of research

The measure of the importance of human resources in the business strategies of organisations for the different characteristics of business organisations by legal form, ownership, length of business, size, classification of activities and level of education of the largest number of respondents is expressed by the values of the statistical parameter 'Evidence weight'. The value of the statistical parameter 'Evidence weight' is calculated using the formula

$$WoE = \ln \frac{D_d}{D_u}$$

This means that the values of this statistical parameter represent the natural logarithms of the

percentage ratio between the value of the desired modality D_d , and the value of the unwanted modality D_u (Sugumaran, Sangaiah, & Thangavelu, 2017). The values of the desired modality, that human resources are important in the business strategies of the organisations, represent the numerical values of the qualitative responses 'To a large extent with certain reservations' and 'Full'. The values of the undesirable modality, that human resources are irrelevant in the business strategies of the organisation, represent the numerical values of the qualitative responses 'Not at all', 'To a limited extent with large reserves' and 'Yes and No'. The values of the statistical parameter 'Evidence weight' are presented in tables sorted from largest to smaller, i.e. from the characteristics of the business organisation in the observed distribution where human resources are the most important in business strategies.

4. Empirical research

Table 1 shows the values of the statistical parameter 'Evidence weight', which represent measures of the importance of human resources in business strategies in the distribution according to the legal form of organisations. The importance of human resources in business strategies is greatest in family farms. The explanation of why the importance of human resources is greatest in this par-

ticular legal form is the organization that family farms are engaged in agriculture. This activity requires specific skills and knowledge. Therefore, the quality of products and yields, from which business performance derives, directly depend on the competencies of human resources.

Table 1. Measures of the importance of human resources in business strategies with regard to the legal form of the organization

Evidence weight	Legal form
1,8181	Family farm (OPG)
0,2946	Crafts
0,1000	Association
-0,0598	Limited liability company (d.o.o.)
-0,1000	Ministry
-0,3102	Joint stock company (d.d.),
-0,3567	Simple limited liability company (j.d.o.o.)

The lowest importance of human resources in business strategies in the distribution according to legal form is the organization in simple limited liability companies. The explanation why the importance of human resources is the smallest in this legal form is that j.d.o.o. is most often founded by people who are not employed in them. They are employed in other business organizations, but they also work complementary, almost completely smaller and simpler jobs, so they need j.d.o.o. to be able to operate legally and issue invoices for jobs they perform outside the working hours of the organization in which they are employed. Small and simple jobs do not require special human resources competencies, so this is why the importance of human resources in business strategies in the distribution according to the legal form of organizations is the smallest in simple limited liability companies.

Table 2 shows the values of the statistical parameter 'Evidence weight', which represent measures of the importance of human resources in business strategies in the distribution according to the legal ownership structure of organisations. The importance of human resources in business strategies is greatest in private companies in majority foreign ownership. The explanation of why the importance of human resources is greatest in such ownership structure of organizations is that majority owners most often bought the majority share in ownership because they planned a more significant growth of the organization's business,

most often because they intended to use cheaper human resources in the Republic of Croatia to perform business with a high share of added value for markets outside Croatia. Human resources competences are important for jobs with a high share of value added, which is why the importance of human resources in business strategies of majority foreign-owned organisations is higher than in organisations with other forms of ownership.

Table 2. Measures of the importance of human resources in business strategies with regard to the ownership structure of the organization

Evidence weight	Ownership structure
0,3830	Private company with majority foreign ownership
0,1842	Fully domestically owned private enterprise
-0,1000	Full State-owned enterprise
-0,2533	Private enterprise in majority domestic ownership
-0,4437	State-owned majority enterprise
-0,5615	Fully foreign-owned private company

The smallest importance of human resources in business strategies in the distribution according to the ownership structure of organizations is in private enterprises in full foreign ownership. The explanation of why the importance of human resources is the smallest in the organizations of such ownership is that most of the work in them is carried out by foreign employees who the owners have sent to work in the Republic of Croatia. In such organizations, they employ a domestic workforce to perform supportive, simpler activities that do not require high business competences.

Table 3 shows the values of the statistical parameter 'Evidence weight', which represent measures of the importance of human resources in business strategies in the distribution according to the length of operations of organisations. The importance of human resources in business strategies is greatest in organizations that operate for up to a year. The explanation of why the importance of human resources is greatest in organizations that have just started operations is the awareness of owners and administrations that it will be difficult to survive in the market without a high level of business excellence that requires a high level of business competence of employees. Furthermore, a large number of start-ups are dealing with 'new technologies' that require a high level

of business competence of employees, which is why human resources in the business strategies of such organisations are of great importance.

Table 3. Measuring the importance of human resources in business strategies with regard to the length of business

Evidence weight	Duration of business
0,5859	0 - 1 year
0,4616	5 - 10 years
0,1004	1-2 years
-0,0690	2 - 5 years
-0,3200	10 years or more

The importance of human resources in business strategies is the smallest in organizations that have been operating for 10 years or more. The explanation of why the importance of human resources is the smallest in organizations that have been operating for more than 10 years is that due to the length of business such organizations are recognized in the market. Almost as a rule, they have their share of the market that they are trying to maintain without ambitions for more significant growth. As a result, they do not often employ but rely on the competences of existing employees with whom they have been operating sustainably for a longer period of time.

Table 4 shows the values of the statistical parameter 'Evidence weight', which represent measures of the importance of human resources in business strategies in the size distribution in terms of total annual revenues. The importance of human resources in business strategies is greatest in 'micro' organisations. The explanation of why the importance of human resources is greatest precisely in organizations that are the least aware of owners and administrations that it will be difficult to survive in the market without a high level of business excellence that requires a high level of business competence of employees. Furthermore, a large number of 'micro-organisations' are newly established and deal with 'new technologies' that require a high level of staff, which is why human resources in the business strategies of such organisations are of great importance.

Table 4. Measures of the importance of human resources in business strategies in terms of size according to total annual revenue

Evidence weight	Size by total annual revenue
0,2776	Micro (less than €2 million)
-0,1072	Medium-sized (more than €10 million and less than €50 million)
-0,2148	Small (more than €2 million and less than €10 million)
-0,4632	Large (more than €50 million)

The importance of human resources in business strategies is the smallest in organizations that are large in annual revenue. The explanation of why the importance of human resources is the smallest in very large organisations is the same as for organisations that have been operating for more than 10 years. Due to their size, in terms of total annual revenues, such organisations are recognised on the market. Almost as a rule, they have their share of the market that they are trying to maintain without ambitions for more significant growth. As a result, they do not often employ but rely on existing competences of employees with whom they operate sustainably for a longer period of time and generate revenues of more than €50 million.

Table 5 shows the values of the statistical parameter 'Evidence weight', which represent measures of the importance of human resources in business strategies in the breakdown by activity classification. The importance of human resources in business strategies is greatest in organizations whose activities are professional, scientific and technical, education, art, entertainment and recreation, as well as financial and insurance activities. The explanation of why the importance of human resources is greatest in such organizations, which all these activities require a high level of business competence of employees to make the business sustainable. Executors in these activities should have higher education and even at doctoral level. In the end, these activities are also highly competitive on the market, so the highest levels of business competence for sustainable business are needed.

Table 5. Measures of the importance of human resources in business strategies with regard to the classification of activities

Evidence weight	National classification of activities
0,7801	M - professional, scientific and technical activities
0,7195	P - Education
0,7195	R - art, entertainment and recreation
0,5653	K - Financial and insurance activities
0,4963	A - Agriculture, forestry and fisheries
0,4963	Q - Human health and social work activities
0,1694	S - Other service activities
0,1317	N - administrative and support service activities
0,1004	G - wholesale and retail trade; repair of motor vehicles and motorcycles
0,0263	C - Manufacturing
0,0263	B - Mining and quarrying
-0,1000	D - supply of electricity, gas, steam and air conditioning
-0,3791	E - water supply; sewerage, waste management
-0,3791	J - information and communication
-0,4437	I - accommodation and food service activities
-0,5927	H - Transport and storage
-0,6668	F - Construction
-0,6668	L - real estate business
-1,3600	O - Public administration and defence; Compulsory social security

The importance of human resources in business strategies is the smallest in organizations whose activities are construction, real estate business and public administration and defence; compulsory social security. The explanation of why the importance of human resources is the smallest in such organizations is that all these activities do not require a high level of business competence of employees because the way of working is simple and does not change often. As a rule, contractors in these activities do not need to have a higher education.

Table 6 shows the values of the statistical parameter 'Evidence weight', which represent measures of the importance of human resources in business strategies in the distribution according to the level of education of the largest number of employees.

The importance of human resources in business strategies is greatest in organizations where the largest number of employees has completed specialist or graduate studies. The explanation of why the importance of human resources is greatest in such organizations, which is impossible to operate sustainably in a market that is global due to e-commerce, so the competition is great, without a high level of business competence of employees. Entrepreneurs in these activities should have a higher education.

Table 6. Measures of the importance of human resources in business strategies with regard to the level of education of the largest number of employees

Evidence weight	The level of education of the largest number of employees
0,8372	Completed specialist studies
0,3448	Graduate studies completed
0,1000	Completed doctoral studies
0,0751	Completed undergraduate studies
-0,1000	Primary education
-0,2614	Secondary education

The importance of human resources in business strategies is the smallest in organizations where the largest number of employees has completed primary and secondary education. Explanation of why the importance of human resources is the smallest in such organizations that these organizations almost certainly operate in the activities of construction, real estate business and public administration and defense; compulsory social security which does not require a high level of professional competence of employees because the way of working is simple and does not change frequently.

5. Conclusion

The 6 tables show the values of the statistical parameter 'Evidence weight', which represent measures of the importance of human resources in business strategies, broken down by: the legal form of the organisation, the ownership structure, the length of the business, according to the size of the total annual turnover in euro, according to the national classification of activities and the level of education of the largest number of employees.

The least importance of human resources in business strategies in the distribution according to the

legal form of the organization is in j.d.o.o. because such an organization is most often established by people who are not employed in them but work in other business organizations, and j.d.o.o. is used as a basis for additional activity. The importance of human resources in private enterprises in foreign ownership is greatest while ownership is majority foreign, and the smallest if private ownership is entirely foreign. The importance of human resources in business strategies in the distribution according to the length of the organization is greatest in companies operating up to one year and the smallest in companies operating for more than 10 years because of the awareness of owners and management that they need a high level of business excellence in newly established and small organizations, which requires a high level of business competence of employees. On the other hand, for organizations that have been operating for more than 10 years, the importance of human resources is declining because such companies are already recognized in the market and have a certain share of the market that they are trying to keep without ambitions for more significant growth. The importance of human resources in terms of total annual income is the highest among micro organizations because of the importance of human resources in establishing and establishing an organization on the market at the very beginning of business because of the awareness of owners and management of the difficult existence on the market without a high level

of business excellence. And it is the smallest in organizations that have been operating for more than 10 years and generate revenues of more than 50 million euros, because due to the large total annual revenues and the length of business, such organizations are recognized in the market and usually have their market share that they strive to maintain without ambitions for more significant growth. The weight-of-evidence parameter representing measures of the importance of human resources in business strategies in the distribution according to the national classification of activities shows that human resources are most important in organizations whose activities are professional, scientific and technical because in such organizations high competencies are needed to make the business sustainable. While they are the smallest in construction, real estate and public administration activities where there is no requirement for a high level of business competence because the way of working is simple and does not change often. In conclusion, an analysis of the importance of human resources in business strategies with regard to the level of education of the largest number of employees found that in organizations that have the largest number of employees with completed specialist or graduate studies, the importance is the highest, and in organizations that have predominantly employed workers with primary and secondary education, the importance is the lowest.



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