

AN IMPLEMENTATION OF AN INNOVATIVE HUMAN CAPITAL TOOL TO THE POLISH LEGAL SYSTEM – EXPLORATION OF POSSIBILITIES

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Abstract:

Development of the innovative NKL tool, started in 2015, as a result of the research team work in the project "Human capital as part of the company's value". The project was co-financed by the European Union under the Operational Programme Human Capital (in the period 01.10.2012-31.03.2015), in the partnership with Polish Agency for Enterprise Development and the Warsaw School of Economics.

The project was focused on measuring outcome from investment in the human capital of the company. The aim of the project was to develop, test and disseminate methodology for measuring outcome from human capital investments. Based on that methodology, research team introduced tool named NKL, dedicated for measuring benefits from human capital investments. NKL is an innovative software application that meets the expectations decrypted above in an original way. The tool is matched to the size of the company and available for micro, small, medium and large entities. NKL (spreadsheet and database) can be downloaded free of charge from the project website (<http://nkl.parp.gov.pl>), after filling out a short information about the company.

Keywords: human capital, innovating product, expertise, accounting and other law

1. BRIEF DESCRIPTION OF AN INNOVATIVE NKL TOOL

Development of the innovative NKL tool, started in 2015, as a result of the research team work in the project "Human capital as part of the company's value". The project was co-financed by the European Union under the Operational Programme Human Capital (in the period 01.10.2012-31.03.2015), in the partnership with Polish Agency for Enterprise Development and the Warsaw School of Economics.

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2. TASK OF EXPERTS

The authors of this text, a three-member team of experts, whose task was to verify the hypothesis about the possibility of introducing changes to the Polish legal system to promote NKL. Analysis of possible changes to the law was particularly important in the field of employment and labour market institutions and financial and business reporting.

3. THE CONCEPT OF ANALYSIS, SOURCE MATERIALS AND METHODS

Analyses were conducted in the following steps:

1. analysis of NKL features and its usefulness in terms of micro and macro perspective,
2. presentation of contemporary reporting trends in area of human capital measurement (mandatory or optional),
3. selection of legal acts relating to the business and important from NKL popularization perspective (holistic analysis)
4. analysis in area of labour law and labour market institutions (detailed analysis),
5. analysis of accounting law with identification of high NKL influence area. (detailed analysis).
6. In the last step, three areas of the possibility of promotion NKL were highlighted. These areas are (a) the accountancy law, (b) the credit institutions, insurers and other financial institutions (c) the rules for macro-economic statistics.

In Step 1 - NKL was tested, in Step 2 - studies of available literature source and research activities undertaken by leading institutions in setting reporting standards were carried out, in Step 3-5: a total of 69 carefully selected acts, including 23 in rank of Act, were analysed.

For each legal act the following process was implemented:

- a) an analysis of act in terms of identifying possible mechanisms of promotion,
- b) formulation proposals for extensions of act,
- c) justification for the proposed extensions,
- d) expert evaluation of the each extension promotional power (on a scale of 1 to 10).
- e) the total estimate of the extension promotional power of the analysed act (the sum of individual ratings extensions).

It was also agreed that after the (a) - (e) is important to made: 1. a comparison and prioritization of legal acts from the point of view of promoting the NKL in business practice, 2. use created hierarchy of legal acts to propose a promotion strategy the NKL in practice.

4. D. FINDINGS AND RECOMMENDATIONS

The whole analysis was delivered on 52 pages showing the way the final findings were reached.

The conclusions were made given that:

1. NKL is a new tool, and despite its pilot implementation in several companies seems to be successful the lack of a longer history of implementation is the main obstacle to recommend its introduction to regulations,
2. potential costs of its implementation could be considerable.

The following observations were made:

1. the tool fits with contemporary reporting trends which integrate quantitative and qualitative data as integrated reporting (IR) is gaining popularity on a global scale; the main aim of IR is to report on core competences of a company as well as on the ability to manage so called integrated value creation,
2. on a national scale the tool is adjusted to Polish settings and suitable for all types of enterprises including micro, small, medium and big entities both operating internally and internationally,
3. while promoting the use of the tool the cost-benefit analysis should not be ignored,
4. NKL is a comprehensive tool which finds all possible links among collected, processed and presented data and allows to create an extended picture of employees characteristics and thus supports human capital management in the enterprise,
5. the wide-ranging adoption of NKL could support potential macroeconomic analysis (across region, industry or country).

Despite these observations the authors argued that adoption of NKL should not be imposed on companies in the way of obligatory regulation. The conclusion relates to acts covering economic activity including acts referring to labour market and accounting. Nevertheless the areas of possible implementation of NKL to regulations were selected. It was suggested that the Polish Agency for Enterprise Development can try to cooperate with:

1. the Polish Accounting Standards Committee as to the possible change of National Accounting Standard 9: Management Report and the introduction of the recommendation of NKL use to this standard (the authors pointed where and how an appropriate regulation can be introduced);
2. the National Chamber of Statutory Auditors as to the usefulness of information provided by NKL, especially as to the assessment of capacity to continue operations and other areas important for submitting their opinion on the financial statements, particularly financial statements of public interest entities;
3. the Central Statistical Office of Poland – taking into account information scope of NKL the office could assess its capacity to enhance macroeconomic characteristics;
4. financial institutions in order to promote external reports provided by NKL among credit institutions and insurers.