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*Professional Development of SME Sector Employees  
and the Challenges of Economy 4.0*

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**Abstract**

**Theoretical background:** Employee development is particularly important in the context of ongoing internal changes and the external environment.

**Purpose of the article:** The understanding of what the professional development of employees in an organization is, what instruments support professional development and what challenges for the development of employees of enterprise economy 4.0 brings for the SME sector.

**Research methods:** The article uses a quantitative approach. The survey was conducted on a sample of 101 firms from Poland. Data were collected through a questionnaire.

**Main findings:** In the surveyed enterprises, predominates a typical approach to the issue of professional development of employees and there is no need for a radical departure from classic solutions in favor of using other (innovative) instruments of professional development.

## Introduction

In the conditions of economy 4.0, where the progressing processes of automation and robotization of activities implemented in various areas of the organization (also in the personnel area) along with artificial intelligence and the introduction of innovation are perceived as the most important factors in the development of the organization, it is necessary to emphasize that the subject of each of these activities is man and that much depends on him. An advantageous and effective use of human potential in everyday work and meeting the requirements of economy 4.0 creates the need for professional development at the level of the individual, team and the entire organization. In addition, they stimulate the search for solutions supporting employee development and the use of specific instruments allowing employees and organizations to develop.

Economy 4.0 is an interesting issue for theoretical and empirical considerations. This is due to the fact that economy 4.0 shapes the present and determines the future of contemporary organizations (Barata, Rupino Da Cunha, & Stal, 2018, p. 173). Moreover, the main goal of economy 4.0 is to increase the level of economic innovation and, as a result, to achieve faster development (Marciniak, 2020, p. 143).

In the context of the above statements, it seems necessary to know what the professional development of employees in an organization is, what instruments support professional development and what challenges economy 4.0 brings in terms of employees development, which has become the subject and, at the same time, the purpose of this publication. The issues related to the professional development of employees described in the study, by necessity, briefly, do not cover all problems in this area as a whole. Similarly, the issues related to economy 4.0 were approached selectively. Citing the various concepts related to the topic, quite extensively described in the literature on the subject, has also been deliberately omitted.

## Literature review

The literature on the subject and business practice emphasizes the importance of enterprises from the SME<sup>1</sup> sector and their role in creating conditions for the development of human entrepreneurship. It is noted that as the development of enterprises progresses and the knowledge of the environment increases, the role and importance of small businesses is also on the rise (Targalski, 2003, p. 100). Small

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<sup>1</sup> The Act of 2 July 2004 on the freedom of economic activity (Journal of Laws of 2004 No. 173 item 1807) contains a statement defining micro-, small- and medium-sized enterprises, classifying enterprises in terms of annual net turnover and the number of employees. Taking into account the number of employees, micro enterprises are entities employing less than 10 employees on an average year, small enterprises are organizations employing less than 50 employees on an annual average, while medium-sized enterprises employing less than 250 employees on an annual average.

enterprises, through their activities, are an important source of economic growth and occupy a special place in the structure of the Polish economy, as their condition determines our country's share in the global economy. They are the driving force of our economy using both organizational knowledge as well as individual employees. They adapt more easily to difficult economic conditions than large enterprises, because they react quickly to changes and flexibly adapt to market conditions, and also show greater resistance to economic fluctuations and temporary market breakdowns. It is also positive that small enterprises take up new challenges (posed by economy 4.0) not only in the country but also abroad, offering products (services) to specific recipients, satisfying their needs, often very individual (Myjak, 2014, p. 190).

The Report on the condition of the SME sector in Poland (PARP, 2019, pp. 5–11) shows that the enterprise sector is dominated by micro enterprises, whose share in the structure of all enterprises is as much as 96.5%. The number of micro-enterprises has increased over recent years and is still growing systematically. In Poland, there are almost 54,000 small enterprises, which constitute 3% of the Polish enterprise sector, while when it comes to medium-sized enterprises, there are currently over 15,000 in our country. They constitute 0.7% of the Polish business sector.

In many small companies, the only person dealing with management is its owner, who must solve various management problems, including those related to employee development. Owners often do not see the need or do not have the resources to run more advanced personnel management processes, especially in the area of personnel development (Lisowska & Stawasz, 2020, p. 38).

An important role in the development of enterprises in a changing environment is played by determinants related to internal conditions regarding the processes occurring in the enterprise (Zygmunt & Zygmunt, 2016, p. 11), hence it is important to develop human resources<sup>2</sup> to meet the goals of the organization (Potoczek, 2016, p. 24). Concern for employee and organization development is one of the key challenges that modern managers face (Janowska, 2010, p. 191). Employee development should be included in the strategy of each organization, or – more precisely – the personnel strategy (Marciniak, 2009, pp. 22–23). It is becoming increasingly clear that the success of an organization depends on people, which means that employees should be given the opportunity for individual development (Wojtynek & Budzik, 2013, p. 41).

Professional development is not an easy thing to achieve, because it takes a lot of activity, work and effort to do so. Employee development should be a joint initiative of the employee as well as the employer to upgrade the existing theoretical knowledge and practical skills of an individual. Employee development increases the value of organizations, not only knowledge and skills of employees.

Development of employee should be supported by the nature of the work performed (e.g. type of activities performed). Through such activities, you can strengthen

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<sup>2</sup> Companies these days have realized the value and importance of their human resource.

your sense of identity, create the right human status, and enable the acquisition of new competences related to dealing with increasingly diverse challenges (Bartkowiak, 2009, p. 21). As for competences, it is worth emphasizing that there is a close correlation between raising employees' competences and professional qualifications and the degree of the company's development intensity (Świebocka-Nerkowska, 2014, p. 71).

The professional development of employees constitutes that element of their professional life which has a constructive meaning in the realization of professional ambitions and aspirations and which has the directive "in the sense of intentionality" (Miś, 2007, p. 25). In the development of employees, and their knowledge, a problem-solving system is a great help, facilitating work and improving communication between employees (Trajer, Paszek, & Iwan, 2012, p. 74). Professional development includes various activities (Ulrich & Brockbank, 2013, p. 250), among which training has a special place. Trainings have a significant impact on work results, are conducive to the development of employees, are aimed at improving the effectiveness of employees' work, but above all – developing their potential (Kamińska, 2016, p. 164). Training and various supporting and motivating activities for updating and increasing knowledge resources, which are indispensable for effective and efficient functioning of enterprises in 4.0 economy, are an important factor determining the continuous development of employees. In this context, employee development can be seen as a process where the employee with the support of employer participates in various trainings to enhance skills and acquire new knowledge.<sup>3</sup>

Staff displacement, which may be related to training or professional development (Dziwulski, 2018, p. 33), as well as job rotation are also of considerable importance. Rotation makes it easier to build awareness and sometimes remind you about the specificity of the organization in which people work (Dolot, 2015, pp. 53–54). Man as the subject of employment must be able to develop and engage his potential in the work process.

## Research methods

The issue of employee development is particularly important in the context of ongoing internal changes and the external environment. In the conditions of economic challenges 4.0, it seems necessary to conduct research in this personnel area of the organization.<sup>4</sup>

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<sup>3</sup> As a process, employee development encompasses the learning of all individuals in organizations and can be delivered through a range of approaches, including on-the-job and off-the-job training or job rotations.

<sup>4</sup> Jacobs and Washington (2003, pp. 343–354) believe that research on employee development – to be beneficial for both employees and organizations – should seek greater understanding about the wide range of conditions, which affect the development of employees in organizations.

The study used an original questionnaire consisting of two parts. The first, substantive, concerned the determination of what is professional development of employees in the perception of respondents and instruments of employee development in the surveyed organizations. The second, record-related, was related to obtaining information on economic entities, i.e. their size, measured by the number of employees, geographical location, type and scope of conducted activity, sector of activity and year of establishment of the company. 101 organizations took part in the study, of which 90% were micro and small enterprises (employing less than 10 employees and less than 50 employees, respectively), and 10% – medium enterprises (employing less than 250 employees). The type of business activity of the analyzed entities varied, ranging from services to trade and production, to mixed activity. The sector in which enterprises operated belonged in the vast majority of cases to the market one. The scope of the surveyed organizations covered the following markets: local, national and international. The surveyed entities started their business activity, in various years starting from 1980 and ending in 2017. The scope of research is divided into the following areas:

- subjective – the owners of enterprises (micro and small enterprises) participated in the study, and in the case of medium-sized enterprises, owners or decision makers representing the enterprise. Each company was represented by one person,
- subject-related – the research concerned the personnel area of the organization,
- spatial – the organizations participating in the study were located in the following poviats of southern Poland: Nowy Sącz, Limanowa, Kraków, Gorlice, Tarnów, Nowy Targ, Myślenice and Brzesko,
- temporary – research was carried out in 2019.

The hypothesis assumed in the study was that the activities of the surveyed companies – in terms of employee development – show the existing and to a basic extent used methods of employee development used in practice.

## Results

This part of the publication contains the results of primary research on the selected personnel area – professional development of employees. It should be noted that the results are part of a broader study – this publication presents the overall results for a piece of research on employee development.

Employee development is very important for all employees to enhance their skills and upgrade their existing knowledge in order to perform better results. One of the questions addressed to the respondents was to obtain an answer to the question: What is the professional development of employees in the surveyed organizations? (Table 1).

**Table 1.** Professional development of employees

| Specification                         | % of indications <sup>5</sup> |
|---------------------------------------|-------------------------------|
| Acquiring new knowledge               | 40                            |
| Achieving professional successes      | 28                            |
| Commitment to work                    | 25                            |
| Continuous learning                   | 18                            |
| Using IT and telecommunications tools | 9                             |

Source: Author's own study.

The empirical data presented in Table 1 show that two out of five respondents perceived professional development through the prism of acquiring new knowledge. More than a quarter of respondents opted for achieving professional success. Exactly every fourth respondent focused on commitment to work, and less than every fifth – on permanent learning. Almost one in ten was of the opinion that professional development means the ability to use IT and telecommunications tools. In addition, one respondent indicated: the opportunity to develop other skills and the ability to influence the development of the company.

The next question concerned learning about the instruments used in the development of employees in organizations (Table 2).

**Table 2.** Employee development instruments

| Specification                                | % of indications |
|--|------------------|
| Training                                     | 75               |
| Intra-company transfers                      | 20               |
| Adaptation of tasks to employee capabilities | 10               |

Source: Author's own study.

The obtained research results show that trainings are the most popular instrument of professional development of employees (Table 2). This was the opinion of the respondents. Much less respondents – every fifth respondent – declared transfers within the organization as a tool for the professional development of employees. However, every tenth respondent, as an instrument of professional development, indicated “adjusting tasks to the capabilities of employees”. No other instruments were mentioned by the respondents except the above.

Due to the fact that the personal implications of innovations relate to various implemented personnel processes in the organization, including professional development of employees, the author asked respondents to express their views on anticipated innovative solutions in the field of employee development. Given the above considerations regarding the professional development of employees of the SME sector, it should

<sup>5</sup> It should be noted that the results of the research presented in Tables 1 and 2 do not add up to 100% because the respondents could indicate more than one option to answer the question.

not be surprising that only some respondents representing medium-sized enterprises indicated the following: thematic training, courses, exchange of knowledge between employees, cooperation with mentors (people with experience) and job rotation.

## Discussion

From a human resources and economy 4.0 perspective, research on employee development seems an area of high importance. The presented research results can be referred to the challenges of economy 4.0,<sup>6</sup> and one of them is the elimination of the competence gap. Various ways of professional development seem to be an antidote to supplementing the skills gap in 4.0 economy. Particular emphasis should be placed on permanently acquiring new knowledge and learning at the individual, employee team and organization level.

Research results show that the surveyed enterprises are dominated by a typical approach to the issue of professional development of employees and there is no need for a radical departure from classic solutions in favour of using other (innovative) instruments of professional development. Professional development is associated with gaining new knowledge, commitment to work or achieving professional success, and training – the most commonly used tool for professional development of employees, as demonstrated in the work.

As indicated by Ulrich and Brockbank, professional development includes various activities, among which training has a special place. These findings coincide with the author's research. Dziwulski believes that staff displacement may be related to training or professional development. The results of the author's study confirmed that staff displacement is a tool for the professional development of employees.

In the context of the presented research results, it is worth mentioning that employees who do not develop professionally, have low qualifications, will incur certain costs (e.g. related to their own professional development) of adapting to the requirements of economy 4.0.

## Conclusions

In the era of economy 4.0, employee development is a prerequisite for enterprise development. Small enterprises are specific, not only because they employ a small

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<sup>6</sup> Economy 4.0 raises many challenges, including those related to new technologies, progressive digitization, robotization and automation that penetrate into the personnel sphere of the organization. In the area of Human Resources, new technologies support almost every area related to human resources of the organization, there are many changes, including in such personnel areas as GDPR, employment of employees, keeping and storing employee documentation, including those that are related to professional development.

number of employees, but also because of the specific approach to employee issues, including the professional development of employees of these enterprises.

Bearing in mind the considerations made, it should be emphasized that economy 4.0. may pose a considerable challenge for HR departments, which are responsible for the implemented solutions in the personnel sphere and the instruments used to support the professional development of employees, and – consequently – the development of the entire enterprise. Among the challenges posed by economy 4.0. we should also mention the issues of innovative solutions used in enterprises. Problems related to the professional development of employees need a different (innovative) approach, based on such values that fit into the requirements of economy 4.0.

At this point, one should also mention the limitations of the research process, especially in the scope of disproportions between the number of enterprises participating in the survey. The sample is not representative, so inference is limited in the cognitive sense. A larger number of medium-sized companies would allow for wider inference. Meanwhile, every tenth organization belonged to the category of medium-sized enterprises, and nine out of ten organizations surveyed were micro and small enterprises. The results presented in this publication are just a starting point for further analyses. In future analysis, it would be possible to include innovative solutions in the field of employee development proposed by few (unfortunately) respondents. Undoubtedly, it would be very interesting to learn about specific needs and solutions in the field of development of employees of the SME sector operating in the environment of economy 4.0. Economy 4.0 is an excellent platform for conducting scientific research, among others, in the sphere of professional development of employee.

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