

## Organization and Planning of Corporate Education in the Czech Republic

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### Abstract

*The aim of this paper was to determine by means of a questionnaire survey to what extent large and medium-sized companies in the Czech Republic apply a systematic approach to education. This is, amongst other things, dependent on the existence of long-term and annual education plans and on whether the education is organized systematically by a personnel department or by a dedicated staff department focused on education. Two hypotheses were set. The first, that in at least 70 % of large companies and 50 % of medium-sized company education is organized by a personnel department or a separate staff department focused on education. The second, that at least 70 % of large companies and 50 % of medium-sized companies have a long-term education plan, including an annual education plan, in place. Although neither of the hypotheses were confirmed, it was proven that large companies approach the issue of corporate education in a more systematic way than medium-sized ones.*

### Key words

*Corporate education, companies, planning, Czech Republic*

**JEL Classification:** M53, M12

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### Introduction

Effective and systematic corporate education, as a part of overall company strategy, has been shown to be a key aspect in maintaining competitiveness in the current knowledge economy. The aim of this paper was to determine by means of a questionnaire survey to what extent large and medium-sized companies in the Czech Republic apply a systematic approach to education. This is, amongst other things, dependent on the existence of long-term and annual education plans and whether the education is organized systematically by a personnel department or by a dedicated staff department focused on education.

The following two hypotheses were formulated and tested by means of mathematical-statistical methods to confirm or refute them:

H1 In at least 70 % of large companies and 50 % of medium-sized company education is organized by a personnel department or a separate staff department focused on education.

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H2 At least 70 % of large companies and 50 % of medium-sized companies have a long-term education plan, including an annual education plan, in place.

## Literature review

According to Armstrong (2014), strategic education and development, like strategic HR management, plays a key role in the achievement of an organization's success. Employees are without a doubt one of the most important resources a company possesses when it comes to generating potential competitive advantage. It is therefore important to educate and develop employees systematically and effectively (Blahuš, 2011). Bencsik and Sólyom (2011) also claim that the more a company is able to maintain, develop and utilize the knowledge of its employees the more it is able to achieve business success, as knowledge becomes a resource of long-term competitiveness and an advantage from the business strategy point of view. Koubek (2015) states that the education of employees in an organization is the most effective if it has a cyclical character, is based on the education strategy and policy of the organization and is in compliance with the overall strategy of the organization. The basic cycle for the systematic education of employees within an organization consists of the identification of the need for education, planning of the education, implementation of the education process, and an assessment of the education programme's results and effectiveness. Němec (2014) claims that the systematic education of employees and the conceptual planning and management of their careers supports the achievement of an organization's strategic goals and contributes to the long-term competitiveness of a company. Similarly, Barták (2011) underlines the importance of the strategic planning of corporate education by claiming that the cost of education should represent a profitable investment, which is why education planning should be based on an analysis of the present situation. The future needs and demands for individual work positions. According to Hroník (2017), the presence of development and education specialists is an indication of a strategic approach, particularly in large and medium-sized companies.

According to the results of an international survey conducted in 2010 (ČSÚ 2013), less than a third of companies reported having written education plans or similar education programmes, and less than half reported having an allocated budget for such activities. Estimations made by the International Labour Organization (2011) show that a 1% increase in the number of days spent on education leads to a productivity increase of 3% in a company. Quality training enables people to develop their capacities and to exploit social opportunities, as well as improves the productivity of employees and company to contribute the future strengthening of innovation and development, and encourages domestic as well as international investments. In doing so, it creates jobs, reduces unemployment, leads to higher levels of pay and reduces social inequality. Collier, et al., (2011) claim to the basis of their own research, that companies that systematically educate their employees have a 13 % higher probability that they will survive. They go on to say that more research is required into the long-term impact of education or human capital on a company's overall performance. Kitching and Blackburn (2002) confirm the positive impact of a strategic approach to education. Korenková (2014) is convinced that a the people who help the company distinguish itself from others. It is the employees who determine whether a company will be successful or not through their

active and creative approach to innovation and to customers themselves. Support for education is therefore crucial for maintaining competitiveness. Staff education and development should be a part of overall company strategy and policy, and it should be a coherent and systematic process. Korenková (2014) goes on to state that large companies prefer an active and systematic approach to education, whereas a random approach prevails in medium-sized companies and a passive approach in small companies. To a large extent this depends on the funds available. Small companies mostly invest into innovation and improvements in technologies and leave education to the employees themselves. Tej, Sláviková and Hrvolová (2010) divided companies into three categories according to their approach to education, namely companies without an education strategy, companies with a non-systemic strategy and companies with a positive systemic strategy. They hold the view that companies achieve competitive advantages through their employees. Although the effectiveness of the money invested into education is often difficult to enumerate, education is an investment that certainly pays off for companies. Cagáňová, et al., (2014) characterize the orientation of companies active in the field of education and employee development in Slovakia and present the results of research conducted in 340 companies in 2012. The education and comprehensive approach to the education are the characteristics of an innovative organization. They conclude that organizations should become so-called „learning companies” with the aim of achieving permanent education focused on the improvement of performance not only on a short-term basis, but also on a long-term one.

## 1 Methodology of the statistical processing

The questionnaire survey was conducted among companies in the Czech Republic during the second half of 2017. In total, completed questionnaires were received from 164 medium-sized companies (50-249 employees) and 123 large companies (250 or more employees).

In the first phase of the assessment, a table was prepared with the absolute and relative frequencies of the companies according to their approach to the education of employees. The result of the interval estimation was prepared. This interval estimation represents the real proportion of companies that organize education through a personnel department or a separate staff department focused on education with a confidence level of 95%. In this way, it was possible to ascertain within what limits the real value of this proportion could fluctuate.

In the second phase, tables were prepared of the absolute and relative frequencies of the companies according to whether they do or do not have a long-term education plan. On this basis, the answers „yes” and „yes, but it is not adhered to” were combined into one answer „yes”. The answer „no” was automatically assigned to those companies that did not respond to the question at all. From the frequencies obtained in this way, a 95% interval estimation was prepared which represents the real proportion of companies with a long-term education plan.

In the third phase, we analogically copied the processing procedure for the question dealing with annual education plans. We examined the real proportion of companies that have an annual education plan in place.

The tables were prepared in MS Excel, and the interval estimations by means of R statistical software.

**The results of the statistical processing**

**a) The frequency of companies that organize education through a personnel department or a separate staff department focused on education.**

**Table 1** Responsibility for organizing corporate education – absolute numbers

Company size	Responsibility for organizing corporate education			
	Non-systematic	Owner/manager	Staff department	Total
Medium-sized	22	83	59	164
Large	16	16	91	123

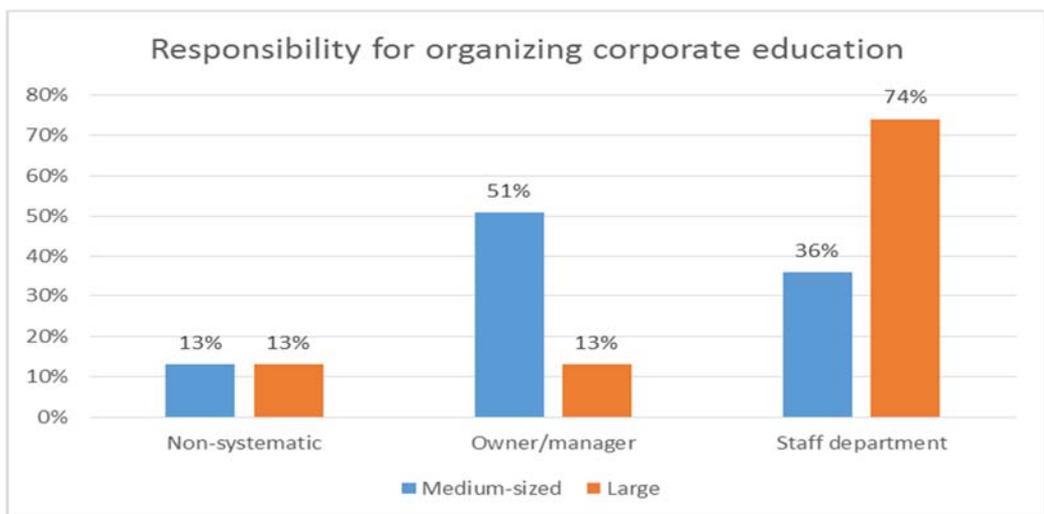
Source: author

**Table 2** Responsibility for organizing corporate education – relative numbers

Company size	Responsibility for organizing corporate education		
	Non-systematic	Owner/manager	Staff department
Medium-sized	13 %	51 %	36 %
Large	13 %	13 %	74 %

Source: author

**Graph 1** Responsibility for organizing corporate education



Source: author

**Table 3** Interval estimations

Company size	Interval estimation
Medium-sized	(0.290; 0.436)
Large	(0.656; 0.809)

Source: author

The results show that the proportion of companies that organize education through a personnel department or a separate staff department focused on education is significantly lower among the medium-sized companies (36) compared to the large companies (74 %). The interval estimation indicates that the real proportion of companies should fluctuate between 29 – 44 % for the medium-sized companies and between 65 – 81 % for the large companies after rounding.

**b) The frequency of companies that have a long-term education plan in place**

**Table 4** Long-term education plan in place – absolute numbers

Company size	The company has a long-term education plan in place		
	No	Yes	Total
Medium-sized	75	89	164
Large	34	89	123

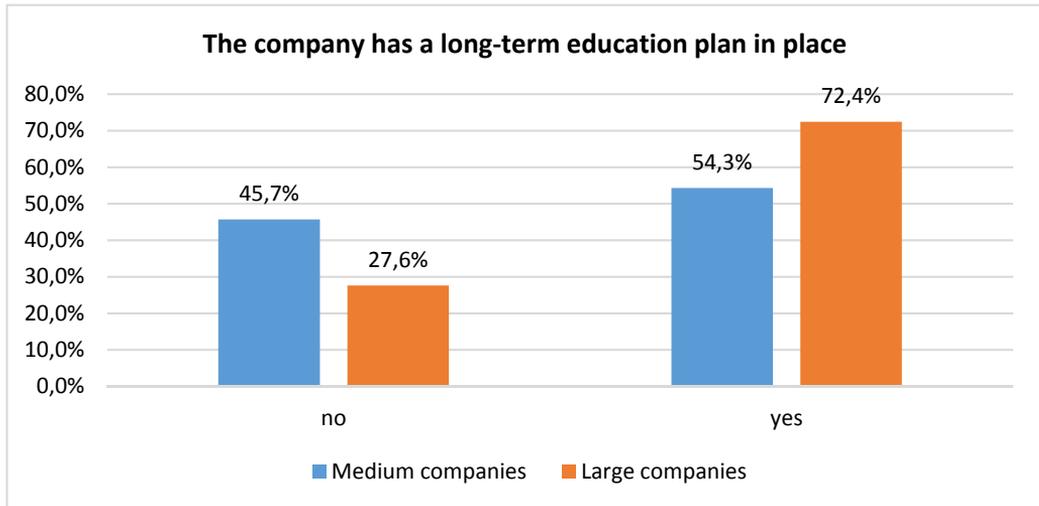
Source: author

**Table 5** Long-term education plan in place – relative numbers

Company size	The company has a long-term education plan in place	
	No	Yes
Medium-sized	45.7 %	54.3 %
Large	27.6 %	72.4 %

Source: author

**Graph 2** Long-term education plan in place



Source: author

**Table 6** Interval estimations for the real proportion of long-term education plans in place

Company size	Interval estimation
Medium-sized	(0.466; 0.617)
Large	(0.639; 0.795)

Source: author

The proportion of medium-sized companies (54.3 %) that have a long-term education plan in place is significantly lower than for large companies (72.4 %). A closer look at the interval estimations reveals no overlap at all. This means that the difference in the frequency of companies that have a long-term education plan is statistically significant. The real proportion of companies that have a long-term education plan in place can be expected to be between 47 – 62 % for the medium-sized companies and between 64 – 80 % for the large companies after rounding.

**c) The frequency of companies that have an annual education plan in place**

**Table 7** Annual education plan in place – absolute numbers

Company size	The company has an annual education plan in place		
	No	Yes	Total
Medium-sized	91	73	164
Large	108	15	123

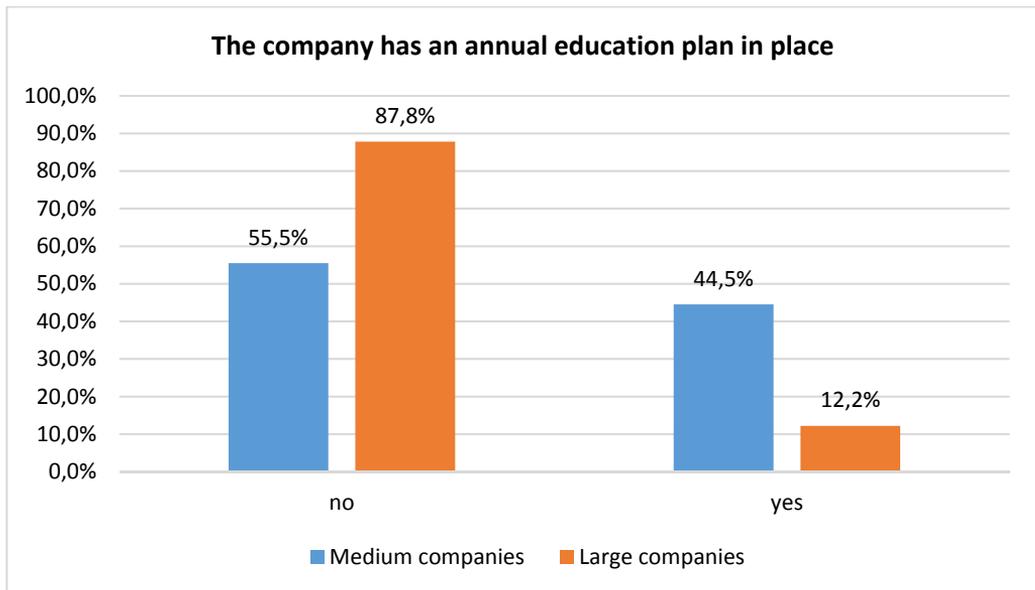
Source: author

**Table 8** Annual education plan in place – absolute numbers

Company size	The company has an annual education plan in place	
	No	Yes
Medium-sized	55.5 %	44.5 %
Large	87.8 %	12.2 %

Source: author

**Graph 3** Annual education plan in place



Source: author

**Table 9** Interval estimations for the real proportion of annual education plans in place

Company size	Interval estimation
Medium-sized	(0.478; 0.629)
Large	(0.809; 0.925)

Source: author

The difference between medium-sized and large companies is even higher with regards to annual education plans. The proportion of medium-sized companies with an annual education plan is 55.5 %, while the interval estimation indicates a real proportion between 48 – 63 % after rounding. In comparison, the proportion ascertained for large companies is 87.8 %, while the interval estimation was between 81 – 93 %. The two intervals do not overlap and there is a difference of 18% between the upper and lower limits of the interval estimation. This suggests that the real difference is probably even higher.

## 2 Results and Discussion

The results show that the proportion of companies that organize education through a personnel department or a separate staff department focused on education was significantly lower among medium-sized companies compared to large companies. The interval estimation indicated that the real proportion of companies should have fluctuated between 29 – 44 % for the medium-sized companies and between 65 – 81 % for the large companies.

The results of the questionnaire survey revealed that 13% of the medium-sized companies, and the same percentage of the large companies, do not organize education systematically within one department, and that in more than half (51 %) of medium-sized companies, the responsibility for education lies in the hands of the owner/head of the company.

The research also proved that the systematic long-term planning of education in medium-sized companies (54.3%) is significantly lower than in large companies (72.4%). The interval estimations showed that the difference in the frequency of companies that have a long-term education plan in place is statistically significant. These proportions were between 47 – 62 % for the medium-sized companies and between 64 – 80 % for the large companies.

The difference between the medium-sized and large companies was even more remarkable in terms of annual education plans. The proportion of medium-sized companies with an annual education plan in place was 55.5 %, whilst interval estimation indicated a real proportion of between 48 – 63 %. In comparison, the figure for large companies was 87.8 %, whilst the interval estimation indicated a proportion of between 81 – 93 %.

Despite to the fact that the set of the hypotheses were refuted to the results of the research show that significant differences exist between large and medium-sized companies for most of the monitored aspects. In general, it can be concluded that a relatively high percentage of companies especially medium-sized do not plan their corporate educational needs on either a long-term or short-term basis. This shows that these companies do not take a systematic approach to corporate education for their employees and do not perceive it to be a key personnel activity, which in turn may significantly influence their company's performance and competitiveness.

Further research should focus on identifying the facts why a relatively large number of companies do not deal with corporate education systematically.

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