

INNOVATION AND COMPETENCES OF EMPLOYEES IN THE CONDITIONS OF SUSTAINABLE DEVELOPMENT AS A NEW PERSPECTIVE IN HUMAN RESOURCES MANAGEMENT

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Purpose: The aim of the study is to present the significance and determinants of innovation in human resources management, with particular emphasis on the importance of competencies in striving for sustainable development of enterprises, which constitutes a new perspective in human resources management and in the functioning and development of modern enterprises.

Design/methodology/approach: In the theoretical part, the literature on the subject was analyzed. In order to answer the research questions, the diagnostic survey method was used (research technique: survey).

Results: The conducted research was based on defining the essence of human resources management in the context of sustainable development. The significance and conditions of innovation in this area were indicated, with particular emphasis on the significance of competences in the digital economy in striving for sustainable development. Key competencies were identified and the level of their acquisition in the small and medium-sized enterprises studied was assessed. It was assumed that the most important determinant of the innovativeness of enterprises are key competencies, which are shaped by actions taken in the area of human resources management in the conditions of sustainable development, which also has an impact on innovative activities in the personnel area.

Research limitations/implications: The results obtained during the empirical research are definitely survey-based and cannot be transferred to the entire population of small and medium-sized enterprises operating on the Polish market. It is planned to expand the research in the future to include a larger, more diverse research sample.

Practical implications: The research results and conclusions constitute implications for the development of competencies appropriately adapted to management challenges in the context of environmental changes. Key competencies constitute a condition for innovation in the personnel area in pursuit of sustainable development, which in turn determines the innovativeness of the company adapting to changes in the environment (sustainable development, digitalization).

Originality/value: The article shows the importance of competences and innovations in human resources management in striving for sustainable development of enterprises, which constitutes a new perspective on the functioning and development of modern enterprises, including SMEs.

Keywords: innovation, competences, human resources management, sustainable development.

Category of the paper: Research paper.

Introduction

Innovations in human resources management in the context of digitalization and sustainable development are an important issue in the context of a dynamically changing business and social environment. Implementing innovative solutions in human resources management is becoming increasingly important for companies that strive for a balance between achieving business goals and taking care of social, environmental and economic aspects.

Innovating in human resources management contributes to creating more effective, sustainable and competitive organizations that effectively cope with the challenges of the modern business world and society. At the same time, it allows companies to play an active role in promoting sustainable development and keeping up with changes in the digital economy.

Sustainable development of an enterprise means not only improving the financial and property situation of the entity, but also improving the living conditions and quality of employees and raising standards related to environmental protection. The ultimate goal is therefore to achieve a balance between the economic, social and environmental dimensions, which contributes to sustainable development on many levels (Misztal, 2019). The company's responsibility for the innovative activities undertaken, efficient use of resources, reduction of harmful emissions, improvement of working conditions and care for the external environment are key to achieving sustainable development and creating enterprise value.

The aim of this article is to determine the essence and conditions of innovation in human resources management in pursuit of sustainable development of enterprises, which constitutes a new perspective of functioning and development of modern enterprises. Based on the analysis of the literature on the subject, the main challenges related to introducing innovation in human resources management in a modern enterprise in the conditions of sustainable development and digital economy, where key employee competences are of great importance, were indicated.

The digital economy has a significant impact on the functioning of enterprises, because rapid technological progress is changing the environment of enterprises, forcing change in all areas of management, including primarily in human resources management. It is becoming necessary to use information and communication technologies in enterprises (digital intensity), as well as the broader development of the organizational capabilities of enterprises, including the competences of employees and management staff.

Competencies are a certain potential that is released in human behavior in the work environment, interactions with co-workers. Employee competencies determine the value of modern organizations, which is why the best employees are constantly sought and their competencies are sought to be shaped and developed. Competencies of employees and managers are the main element of the competencies of an organization. It is people - their knowledge, skills and commitment, as well as the ability to cooperate - that shape and develop enterprises, products and technologies, build the brand of the enterprise and its

products. This also applies to small and medium-sized enterprises and employee competences. Based on the results of empirical research, the importance of key competences was assessed and the level of acquisition of individual types of competences for the needs of SMEs in the conditions of the digital economy was assessed in the context of the challenges of human resources management and innovation in this area in the pursuit of sustainable development. The research period covered the years 2020-2022.

1. Literature review

1.1. Human Resource Management and Sustainable Development

The concept of sustainable development is analyzed both at the macro level, related to the progress of the world and civilization, and at the micro level, where it focuses on enterprises. In the macro perspective, sustainable development includes the goals set by the United Nations and policies in individual countries. In turn, the micro perspective focuses on enterprises that are still looking for their own definition of sustainable development and practical guidelines for its implementation. The concept of sustainable development is based on stakeholder theory, which assumes taking into account the expectations of groups or individuals who may affect the goals or activities of the organization. Although generating profit remains the key goal of the company, the concept of sustainable development takes into account the balance between economic, social and ecological goals. It is a process in which these three categories of goals are balanced, enabling sustainable development (Grzesik, 2023, p. 75). Sustainable development of a company can be understood as the process of meeting the needs of both direct and indirect stakeholders of the company, while maintaining the ability of the company to satisfy the needs of future stakeholders. Sustainable development of a company is also defined as achieving success in the present, while not compromising the needs of future generations. In practice, this means that the company strives for a balance between current goals and the long-term consequences of its actions (Misztal, 2019, p. 37).

Sustainable development of enterprises therefore includes comprehensive actions aimed at achieving their primary economic goal, while taking into account social and environmental aspects in accordance with ecological standards. According to these assumptions, "the financial goals of an enterprise must include social and ecological aspects as the main areas of sustainable development" (Trojanowski, 2015, p. 240). Sustainable development of an enterprise, also identified as green development of the economy, is a path of socio-economic development that more effectively implements the goals of sustainable development. An equally important element of this process is the introduction of effective organizational management. It allows for continuous monitoring and adaptation of the enterprise and its subsystems to changing external

conditions, which enables the enterprise to effectively manage resources and processes, in accordance with the principles of sustainable development. A sustainable approach also applies to the area of human resources (social subsystem) and human resource management.

In the literature, the human resource in an organization is usually defined by a key component, such as knowledge, abilities, skills, health, attitudes and motivations of employees. Within this resource, individual employees play a key role, deciding on the degree of commitment to the implementation of the tasks assigned to them (Ślusarczyk, 2018, p. 14). Human resource management in this context refers to the personal aspects of enterprise management and building positive relations between employees and the management of the organization. Its aim is to effectively use the abilities and knowledge of employees, while providing employees with appropriate benefits, both material and non-material, for their commitment.

Human resource management includes three main dimensions: functional, institutional and instrumental. In the functional dimension, it focuses on organizing tasks and activities into value-generating processes. In the institutional dimension, it refers to defining the roles and competences of entities responsible for making personnel decisions and the relationships between them. In the instrumental dimension, it focuses on selecting appropriate methods and techniques for solving problems related to personnel management (Ślusarczyk, 2018, p. 14). Innovations in HRM can therefore refer to the indicated dimensions, in which process and organizational innovations prevail.

Modern enterprises face a significant challenge – sustainable human resource management. The aim of this management is to facilitate the organization in achieving success through the effective use of employees and at the same time satisfying their needs. Modern human resource management systems are not only a tool for fulfilling duties, but also a source of skills enabling the organization to acquire and capitalize on new opportunities. Human resource management in a modern enterprise focuses on achieving economic and social goals through employee engagement and efficiency. In the context of increasingly frequent use of the latest information technologies in enterprise management, human capital is becoming a key area of investment. Long-term sustainable HR policy is necessary to achieve this goal, with particular emphasis on innovation in the personnel area.

Innovations provide companies with a number of benefits, such as the ability to better adapt to market changes or the ability to compete with other companies. However, undertaking innovative activities carries certain challenges. The risk and uncertainty associated with introducing new solutions may give rise to fears of unknown effects, especially in relation to human resource management and the probabilistic nature of the social subsystem. Despite this, companies should incur financial outlays on research and development, as well as continuously invest in innovation initiatives with particular emphasis on the area of human resources (Wysocki, Wesółowski, 2015, p. 35).

It should be emphasized that for small and medium-sized enterprises operating in conditions of dynamic changes, innovations are not only a tool for survival. They are also a key factor determining their development and future success in an increasingly competitive market, based on human potential.

1.2. Innovation in human resources management

The economy is constantly changing, which requires managers to respond to these changes and take advantage of emerging opportunities. In this context, innovation is a key factor that allows enterprises to adapt to the dynamically changing environment through a conscious search for new solutions, creativity in resource management and the ability to transform challenges into opportunities. Entrepreneurs, using innovative instruments, are able to better understand market expectations, adapt the enterprise to new trends and, as a result, compete more effectively.

Innovation in human resources management is a concept that includes ideas, policies, programs, practices or systems related to the personnel area, if they are innovative in the context of the organization adopting them (Ciekanowski, 2018, p. 156).

Enterprises are introducing innovations in human resource management in pursuit of sustainable development, where competencies are a key resource, capital. Sustainable development, corporate social responsibility, in addition to business orientation, increasingly concern HRM. There are connections between HRM strategies (and feedback) and the mission, vision and organizational culture oriented towards sustainable development. The importance of people in the organization as human capital (including competencies) for achieving results (including innovation) is particularly important here, they are characteristic of the philosophy and model of HRM/HRM in contrast to the earlier PM model (personnel management). (Oleksyn., Stańczyk, Bugaj, 2011, p. 212).

In innovation management, the instruments of managerial influence are focused on innovation competences, on shaping and popularizing innovative behaviors, on stimulating learning processes. In traditional innovation management, the influences are directly focused on the innovation process (Pomykalski, 2001). In the subjective approach, greater intensity of introducing innovations is achieved indirectly by earlier shaping of people's ability to introduce innovations, i.e. equipping them with innovation competences. In order to increase the effectiveness of innovation management, an egalitarian approach to innovation is required. According to this approach, this philosophy, innovation would be treated as a competence available to each member of each organization, as a universally occurring phenomenon. The effectiveness of innovation management based on the development of human capital can be measured by the degree of manifestation of innovative behaviors (Bal-Woźniak, 2020, p. 24). Therefore, the number of participants in the innovation process is increasing. Therefore, the next generation innovation models are distinguished, with particular emphasis on integrated models, network models, open innovation models, in which the number of participants in the

innovation process is increasing in pursuit of sustainable development. Innovation models as theoretical constructs constitute a schematic description of the ways of generating innovation in organizations, taking into account the flows of various types of knowledge (Bal-Woźniak, 2020, pp. 48-53).

In this study, it was assumed that innovation in HR can also be defined as the ability to implement innovations in the personnel area, aimed at improving processes such as recruitment and selection of employees, employee development, employee motivation and assessment. Innovations in this area allow for the creation of the potential of the organization, which are innovative employees introducing changes in an innovative enterprise in the context of changes in the environment, with particular emphasis on the concept of sustainable development.

In the context of human resources management, innovations include all solutions that are novel, creative and lead to changes in the current state of affairs. Organizational innovations, which dominate in HRM, mean the implementation of new methods, especially in the area of work organization in specific positions. They are often associated with process innovations, which involve introducing new ways of providing services. Understanding innovation in human resources management requires a flexible approach to traditional personnel functions and readiness to adapt to new trends (e.g. sustainable development) and changing needs of the organization. Innovative human resources management is becoming a key element in a dynamic business environment, where organizations try to adapt to contemporary challenges and achieve competitive advantage through a creative approach to human resources management (Sankowska, 2009, pp. 95-97).

Human resource management is therefore becoming extremely important in the context of creating an organizational culture that supports innovation and in the processes of recruiting, training and motivating employees. It should be emphasized that an innovative employee has not only great imagination and ingenuity, but also specific character traits and skills that play a key role in the innovation process (Nowakowska, 2023, p. 50).

An innovative employee is ready to accept and process new information, search for different solutions and take on new challenges. Implementing innovation requires teamwork, which is why an innovative employee should have communication skills, the ability to resolve conflicts and flexibility in working with others. Innovation also requires the courage to experiment, make decisions in conditions of uncertainty and accept greater risk. It should also be emphasized that an innovative employee should be well-versed in new technologies, processes and trends. Having specialist knowledge allows for the creation of innovative solutions. An innovative employee should be able to analyze data, which allows for making decisions based on knowledge (Nowakowska, 2023, p. 51).

Human resource management in innovative companies is crucial for identifying, developing and retaining innovative employees. Creating the right work environment that supports the development of innovation skills and promoting an open organizational culture can significantly contribute to the company's success in innovation in the conditions of sustainable development.

A particular challenge occurs in the case of organizations with deeply rooted traditions, based on strictly defined procedures and established habits. In such a case, human resources management requires radically innovative, creative and innovative actions. Responsible management should be focused on the effective use of employees' knowledge, abilities, skills and motivation to implement changes that generate progress and are characterized by signs of creativity (Ciekanowski, 2018, p. 158). In a business environment where striving to increase customer satisfaction is a priority, employee engagement also plays a significant role. Their active role in the implementation of tasks, initiative, flexibility of thinking and the ability to create changes and adapt to changes, have an impact not only on the internal processes of the organization. It is also important for creating the image of a modern, innovative organization (Janowska, 2010, p. 13).

The problem of using the potential of employees in increasing innovation became the subject of the Polish-Norwegian research project "InnoGend", managed by the Jagiellonian University in cooperation with the University of Warsaw and the Ostfold University in Norway in 2013. The research of the Jagiellonian University team was focused on the determinants of the ability of women and men to innovate. The aim of the study was to determine the importance of personal characteristics, abilities, skills, roles and attitudes in the innovation process in the context of differences resulting from a given gender. The impact of diversity on innovation was therefore studied, assuming that employee diversity creates a broader basis for search and thus affects employee creativity and openness to new ideas. This is also a challenge for human resources management in the context of increasing innovation. Research results indicate that the participation of women and men in the innovation process is different, although it has common elements. Women bring to it higher levels of trust, focus on people, risk appetite and decision-making ability. Men, compared to women, bring significantly higher levels of focus on competencies, tasks and an unconventional way of thinking and acting. In addition, the research results indicated the work environment (atmosphere, relationships, attitudes, incentives and rewards) as the most important determinant of the innovation process. According to women and men, their innovation activities are also supported by: training, flexible working hours, financial incentives and promotion at work. Due to the importance of the involvement of both sexes in the innovation process and the importance of innovation for economic growth, it has also been shown that a specific set of institutional instruments should be used to engage women and men in creating innovations (Zachorowska-Mazurkiewicz, Sierotowicz, 2026).

To sum up, it should be stated that sustainable development of enterprises is currently an important area of interest for researchers, especially in the context of taking actions for sustainable development with particular emphasis on innovation in HRM in small and medium-sized enterprises, where digital competences are becoming increasingly important as key competences.

2. Research methodology and results

The aim of the study was to diagnose the importance of key competencies and to determine the level of acquisition of selected types of competencies in the practice of SME management in Poland in 2020-2022 in the context of the challenges of the digital economy. This study was conducted among a purposefully selected research sample, covering 100 small and medium-sized enterprises operating in Poland. Empirical research was carried out using the CATI method with owners or managers of the surveyed enterprises (50 small companies and 50 medium-sized companies). Responses were obtained from 100 respondents. It should be emphasized that the results obtained during the empirical research are definitely of a survey nature and cannot be transferred to the entire population of small and medium-sized enterprises operating on the Polish market. However, they characterize and provide an approximate assessment of the issue of competences in managing small and medium-sized enterprises.

2.1. The importance of key competences in small and medium-sized enterprises in the digital economy

Employee competencies are the main element of the organization's competencies. Among the competencies of the organization and employees, key competencies play a special role. Key competencies are common to all employees and are the most important in achieving the goals of a modern organization in pursuit of sustainable development in the digital economy. The results of the conducted research indicate that the key competencies in the surveyed enterprises in relation to the requirements of the digital economy (Fig. 1) include: resistance to stress and flexibility (61% of indications), decision-making (53% of indications), creativity (52% of indications).

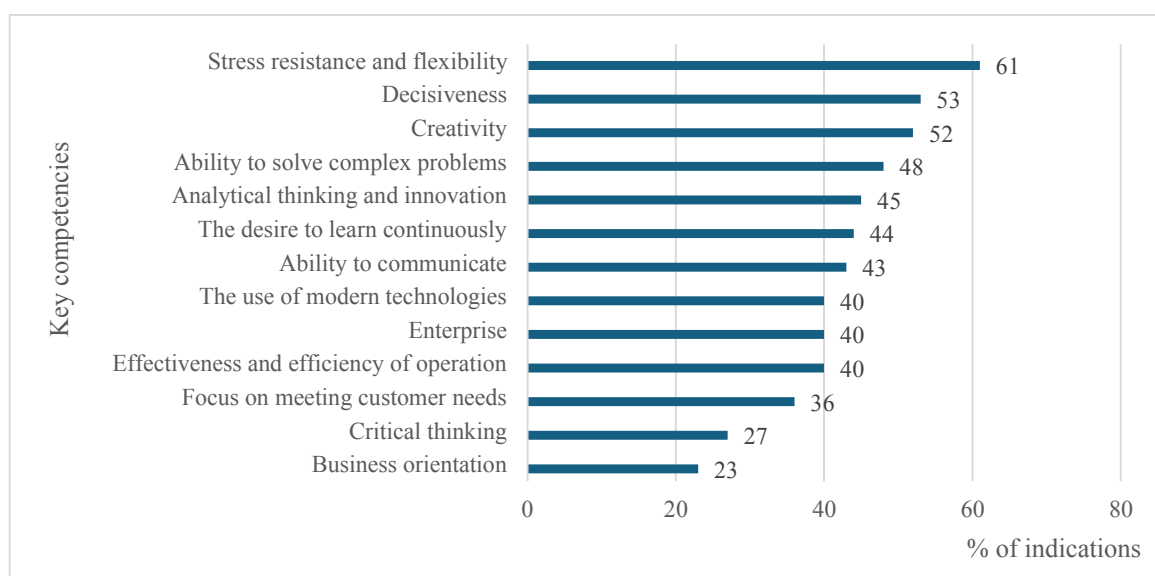


Figure 1. Key competencies of employees in the surveyed enterprises in 2020-2022 (in total).

Source: own study based on data from the empirical study of the Institute of Management 2023.

In light of the research results, it can be stated that in the conditions of digitalization, the ideal employee in small and medium-sized enterprises is one who is primarily resistant to stress, is flexible, i.e. oriented to change, can find pleasure in acquiring new skills and derives satisfaction from continuous learning. Stress resistance and flexibility help overcome even the greatest crisis and respond appropriately to new challenges, which in the long term allows to maintain the stability of the organization and its resistance to external factors.

In addition, the challenges of the digital economy require decision-making in SMEs. A modern enterprise operates and develops based on many different elements and processes. The large number of variables and connections means that the ability to make decisions based on acquired information and knowledge is crucial. Employees who are able to draw the right conclusions will be able to make effective decisions that improve processes and introduce innovative solutions. In the context of decision-making, respondents also largely indicated the importance of the ability to solve complex problems (48% of indications) and analytical thinking and innovation (45% of indications).

Flexibility and decision-making in SMEs in the face of digitalization require creativity. This is, to a large extent, a desired and sought-after employee competence by Polish entrepreneurs, inextricably linked to demonstrating initiative. Employees who can approach the tasks they are given in a creative way strengthen the development potential of the organization they work for. They can contribute to strengthening its position on the market through innovative solutions.

The research results (a large percentage of responses, primarily 40% and more responses) allow us to state that respondents (managers and co-owners) are aware of the importance of many competencies, especially those that affect the innovativeness and competitiveness of SMEs in the context of new technologies, with particular emphasis on digitalization. For respondents, the least important competency is business orientation (23% of responses), which concerns competencies related to a specific area of the company's operations. This probably results from the awareness of managers that business orientation, even in SMEs, in today's conditions and changing environment, is not enough. Competencies focused on meeting customer needs, related to the orientation on social and environmental (ecological) aspects in the context of sustainable development, social responsibility and digitization, are also necessary and important. This therefore also applies to small and medium-sized entities and their changes in the context of emerging mega trends, which is reflected in employee competencies.

In summary, the indicated competencies of employees in the surveyed SMEs confirm the awareness of respondents regarding the importance of competencies, especially those key to the development and competitiveness of such enterprises in the digital economy, where knowledge and innovation are the basis for development. This primarily concerns key competencies such as: resistance to stress, flexibility, decision-making, creativity. An important

role, in addition to key competencies, is also played by competencies such as: corporate, job-related, social, technical, as well as their level in a given organization.

2.2. Assessment of the level of competence in small and medium-sized enterprises

Changes in the field of people management (forced by technical, technological, organizational, economic and social progress) concern the perception of a human being in management as a creator, innovator, creative executor of the enterprise's strategy.

Managers and employees of a company constitute its social subsystem, which accumulates the potential of innovation and creativity, which is based on their knowledge, will, desire and possibilities. The tasks of owners, managers of a company within the framework of human resources management include, first of all, hiring the right people, using their potential and their creative development, as well as shaping motivation. Sustainable human resources management means orienting human work and people towards the enterprise's goals in the long term, i.e. focusing on the future, on the enterprise's development in the context of building human potential that ensures the enterprise's success – its innovativeness and competitiveness (Wachowiak, Winch, 2014, p. 113).

Employee competencies are determined not only by the characteristics of the staff, but are also shaped by the innovativeness of human resources management. Unleashing creativity and innovation in employees is conditioned by various reasons. The main ones are assumed to be building employee competencies, creating organizational flexibility, unleashing a sense of agency and ensuring personal development.

The way to group competencies at the level of position, department, division and enterprise is to combine them into three groups:

- social (interpersonal) competencies - a group of competencies related to the quality of functioning and the quality of contacts with other people,
- professional (functional, position) competencies - a group of competencies related to activities within the scope of the performed profession and/or function,
- business (corporate) competencies - a group of competencies related to the specific area of activity of a given person and the functioning of the enterprise.

Moreover, in the digital economy, technical (digital) competences, related to the effective use of information society technologies, are of particular importance. The following levels of assessment were adopted to assess the degree of acquisition of the above-mentioned competences (Walkowiak, 2007, p. 25):

- competence acquired to a perfect degree, the person creatively uses knowledge, skills and attitude appropriate to a given scope of activities,
- competence acquired to a very good degree, enabling very good performance of tasks from a given scope and sharing one's own experiences with others,

- competence acquired to a good degree indicates acquisition of competence to a degree allowing independent, practical use of it,
- competence acquired to a basic level is used irregularly; the person requires active support,
- lack of acquired competences enabling effective performance of tasks, lack of behaviour indicating the use of a given competence.

The obtained research results allowed for the assessment of the level of acquisition of competencies by type, i.e. company, job, social and technical competencies in the surveyed SMEs. In the years 2020-2022, competencies were assessed in SMEs as acquired to a very good and good degree. In the surveyed enterprises, the largest number of respondents indicated the following level of acquisition of competencies by type (Fig. 2), namely:

- company competencies – good level of acquisition – 44% of responses,
- job competencies – very good level of acquisition – 41% of responses,
- social competencies – very good level of acquisition – 42% of responses,
- technical (digital) competencies – very good level of acquisition – 44% of responses.

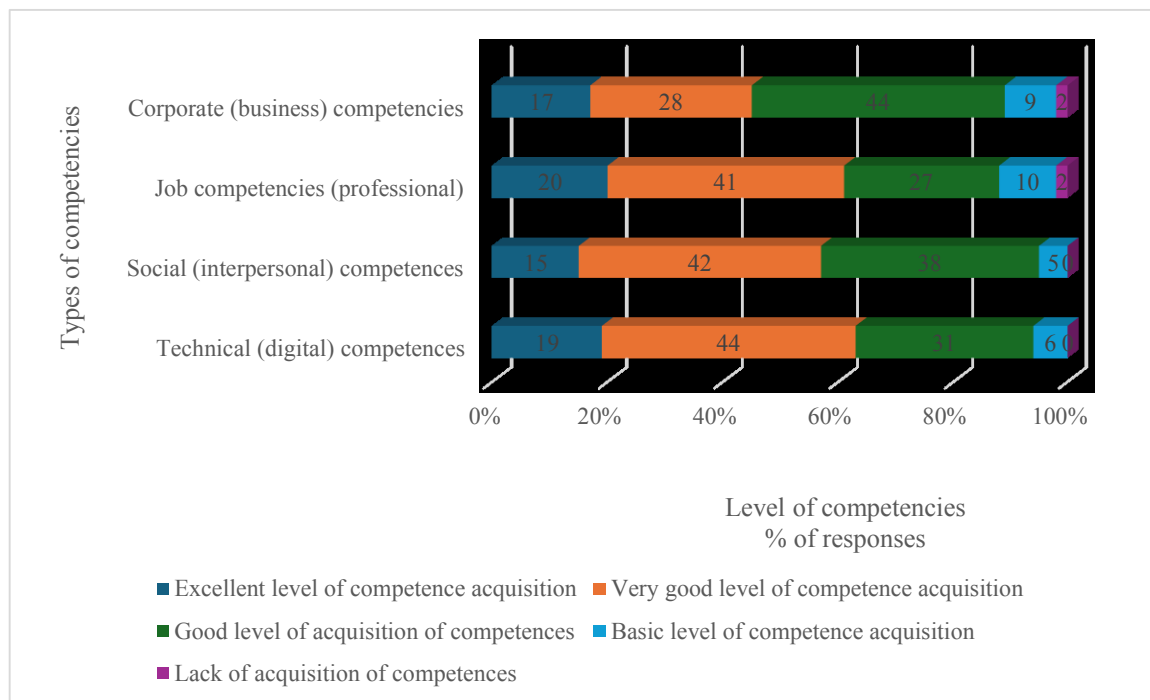


Figure 2. Assessment of the level of competences in the surveyed enterprises in 2020-2022 in total.

Source: own study based on data from the empirical study of the Institute of Management 2023.

In summary, the assessment of the level of competences in the surveyed SMEs in 2020-2022 is very positive. Respondents' answers indicate that competences are acquired to a very good, good and excellent degree, which may indicate high staff potential, i.e. the quality of human resources that are capable of achieving goals (including innovative ones) in small and medium-sized enterprises in the digital economy. This may result from the importance of employee competences in the development and success of small and medium-sized enterprises

and their connection with the creation and implementation of innovations in human resources management, which innovations are also aimed at increasing employee competences.

3. Discussion and conclusions

The subject of sustainable development is an enterprise that adopts the principles of fulfilling social, ecological and economic criteria in strategic plans and operational management. This therefore primarily concerns the implementation of the personnel strategy and human resources management in pursuit of sustainable development and innovation (Wachowiak, Winch, 2014, p. 33). The concept of HRM is evolving towards human capital management (and more broadly: intellectual capital management). It has been assumed that human capital is all resources (knowledge, experience, skills, abilities, attitudes, values) embodied in people, which are a source of future profits for both the employee (owner of human capital) and the enterprise using this capital. The components of human capital, i.e. knowledge, skills, recognized values, and formed attitudes, also indicate the structure of employee competences that translate into its innovativeness, i.e. (Bal-Woźniak, 2020, p. 23):

- the employee is able to perceive innovative situations (innovations are valuable),
- the employee is ready to engage in the creation of new ideas and technologies (positive attitude towards the new),
- the employee creates new solutions (has specific knowledge and has the skills to use it),
- the employee is able to implement new solutions (has a sense of their own agency, introducing changes).

In connection with the above, innovation falls within the scope of human capital. This also applies to small and medium-sized enterprises, which dominate the economy. Therefore, empirical research was undertaken to determine the conditions for innovation in human resource management in pursuit of sustainable development of enterprises in the context of key competencies of SME employees, which constitutes a new perspective on the functioning and development of modern enterprises, including small and medium-sized ones.

As a result of the empirical research conducted in 2023, synthetic conclusions were formulated on the competences in small and medium-sized enterprises in the years 2020-2022. Namely:

- key competences, such as: resistance to stress and flexibility, decision-making and creativity in SMEs also have an impact on the success of the organization in the context of the digital economy and the pursuit of sustainable development,
- the level of acquisition of corporate, job-related, social and digital competences was assessed positively by most respondents, i.e. at a very good and good level.

It should be emphasized that the results obtained during the empirical research are definitely of a survey nature and cannot be transferred to the entire population of small and medium-sized enterprises operating on the Polish market. However, they characterize and provide a certain view of the issue of competences in managing small and medium-sized enterprises.

It should be emphasized that in the creation and development of organizations, the so-called entrepreneurial competences are becoming increasingly important, including personal characteristics such as: personality, motivation, self-efficacy, knowledge and cognitive mechanisms that determine effectiveness in establishing and developing business ventures. This applies to small and medium-sized enterprises, employees and managers. In entrepreneurial competences, the basis is entrepreneurial knowledge regarding the ability to find and compare information leading to the identification of opportunities in the environment and sensitivity to these opportunities. Entrepreneurial competences are dynamic in nature, they are shaped in connection with performing tasks, therefore they can only partially be innate. The learning process in the context of internal and external stimuli, in the context of a dynamically changing environment, has the greatest impact on shaping this type of competence. SME competences (including company, job, social, digital competences) should therefore evolve towards entrepreneurial competences. This results from the importance of competences as a source of competitiveness, innovation, building the image of a responsible enterprise, which strengthen the development potential of enterprises in the context of changes in the environment.

The idea of sustainable development introduces a number of challenges to organizations, including SMEs, related to the need to change and adapt HR policies to the concept of sustainable development by introducing innovations in this area. These are the following challenges (Grzesik, 2023, p. 76):

- diversity,
- organizational justice,
- employee development,
- progress orientation,
- work-life balance.

The above-mentioned challenges and at the same time attributes of a sustainable enterprise indicate that sustainable development is not only focused on current results, but also on the long-term well-being of the organization, employees and society. Meeting these challenges requires implementing process and organizational innovations in the personnel area, especially in relation to employee selection, development, motivation and assessment. Which has an impact on increasing employee competences and, as a result, on the organization's innovativeness and innovations implemented in human resources management.

Corporate, job, social and technical competencies together constitute the scope of the enterprise's competency potential. Their individual dimension will depend on the management level and the level of competence acquisition. At the lowest level of the management hierarchy,

job competencies are the most important. Their scope decreases accordingly at the remaining management levels. Technical and social competences are important at every level, while the greatest range of business (corporate) competences is required of managers at the highest management level. The boundaries of competence ranges are not sharp, as they change depending on the size of enterprises and teams directly or indirectly supervised and on task situations, as well as human resources management. In light of the above considerations, it seems justified to continue research on competences and their impact on the innovativeness of enterprises according to the size of enterprises, type of activity and changes in the environment.

Effective management of a modern enterprise is an extremely complex process, which uses not only technological and material factors, but above all the intellectual potential of employees. Therefore, every enterprise striving to develop and conquer new markets should pursue a balanced HR policy. The main goals of this policy include employment, remuneration, professional development, training, motivation and work evaluation. All these aspects make up a comprehensive, innovative approach to human resources management in the context of sustainable development and the digital economy. In the modern approach to human resources management, emphasis is placed on key competences, mainly innovative skills, which are a key element enabling individuals and organizations to introduce innovative and more effective solutions in the pursuit of sustainable development. Such skills cover various areas, such as creativity, critical thinking, analytical skills, interpersonal skills, as well as technical and numerical skills. Innovative competences, in addition to skills, are also personality traits and attitudes that support the innovation process. These include openness to new ideas, initiative, the ability to take risks, self-discipline, flexibility and the ability to cope with uncertainty and contradictions. Employees with innovative competences are able to accelerate the innovation process, including the pursuit of sustainable development, enrich ideas and develop and implement new products. Innovative competences enable individuals and organizations to overcome barriers, seize opportunities and create conditions conducive to innovation. Importantly, modern innovative organizations care about employees with both specific technical skills and character traits that support a creative approach to challenges. These competencies are necessary to effectively cope with the dynamic business environment and to maintain market competitiveness in the context of sustainable development (Nowakowska, 2023, pp. 53-54). Enterprises focused on sustainable development are more willing to invest in innovations related to environmental protection, ethics and corporate social responsibility, including HRM. This approach can contribute to the creation of innovative solutions also in SMEs, which will not only improve financial results, but also bring social and environmental benefits.

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