



Transitional Economy and its Challenges in the Human Resource Office : The Case of Poland

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ABSTRACT

This Case study examines the different aspects of Human Resources Management (HRM) in Poland. With the challenges they face transitioning from a command economy to the a free market, the country goes through struggles to understand how HRM properly applied helps hire and retain the talent they need to grow. This case will explain what those challenges are and what is believed to be the best course of action they can take a more strategic look at HRM.

KEYWORDS : Transitional Economy, Human Resources Management, Ethical Issues, International Business

Introduction

Human Resource Management is a relatively new concept for many Polish companies. Prior to Poland's transition to a market economy, Human Resource Management, as it is known today, did not exist. While under Communist rule, Poland had no need for any type of human resource function. All aspects of personnel management, such as the hiring and firing of employees, were done by the state. Since then, Human Resources in Poland have evolved into an effective function. First, due to globalization, the HR function in Poland has had to expand to now include the ability to manage multinational teams, the development of competent international management staff, and the ability to locate management styles appropriate for the respective cultures and overcoming communication barriers by training personnel in inter-cultural communications (Pocztowski 15). Other items to consider is the acquisition and integration of employees from different cultures making sure that they take into account the differences between various countries in terms of pay rates, labor costs, productivity, working hours and social benefits. Second, the future of these HR departments will be with the advanced system tools which give an advantage when they are used but more importantly will put them at a disadvantage without. Since hiring new employees cost approximately 120 to 140 percent of employee's salary, every dollar counts in a competitive market (Investopedia 2011). This helps companies compete for the most talented candidates and tackle the challenge of a declining demographic. This paper explores contemporary Human Resources Management (HRM) issues in Poland, what Polish government is currently doing to improve HR, and the strategies that companies could adopt to help them revamp their HR departments.

Challenges in Human Resources

The Human Resources department is essential to the success of any successful company or business. Ultimately, the HR department is responsible for applying the ethical standards or practices of a company to the workforce it employees. Currently in the country of Poland, there are some HR practices that are questionable. A study was conducted by Poznan University of Economics looked into ethical issues in Polish HRM (Ryan 273). The research involved a questionnaire each person filled out expressing concerns about ethical personnel and management, and the responses revealed a number of concerns. Based on this data, the ethical sector of Polish HRM should be considered for reconstruction: ethical issues in hiring, ethical issues in promotions, and ethical issues in recruitment.

In hiring, it is important to consider all qualities of an individual. If he or she has educational credentials, a clean background, and skill level to meet job expectations, he or she should be considered for the job. However, there is a male bias that exists with hiring (Kreija 1). A number of women that are educated and capable are not considered over a male with less education and skill. "Professional criteria are not the critical ones in the hiring/ selection process" (Ryan 283). Without question, these practices leave a notable percentage of a qualified population without consideration. Even more, discrimination is widespread.

Although promotions are generally based on work performance, Poles often promote individuals based on connections within the company. This invites bias and discrimination and limits the invitation of qualified personnel that can help move a company forward. In fact, immediate and extended families are still traditional factors for recruitment. Nepotism and family ties are the deciding factors in the performance evaluations. In Poland, it is a common to have an advertisement stating that a position has already been filled (Ryan 283). Someone that is connected will know about the position long before anyone from the outside. The advertisement is simply a technicality. This too is another form of discrimination, and it limits the possibility of hiring personnel with innovative ideas. When connections are the deciding factor over knowledge, ethical standards are definitively compromised.

Strategies to Combat Hiring Challenges in Poland

There some hiring practices that can be adopted companies in Poland that will help alleviate the ethical issues raised. One strategy is to open up the hiring to the outside public, as well as internal candidates. This strategy is ethical in that for every outside candidate, an inside candidate is considered. It is a business growth campaign strategy in that more qualified candidates will be exposed to the job, and the job to the candidate. This strategy also creates a competitive atmosphere for existing employees. Without the guarantee of advancement simply due to connections, nepotism, or seniority, the employee will react in positive ways. This tactic motivates the worker who may be promoted by creating competition for the position. The competition may come in more educated and current on qualifications. This raises the bar for existing employees, and in turn causes workers to become more current and educated so as to compete for advancement with outside candidates. Everyone wins in that regardless of the company's choice, whether to promote within, or from the outside, the candidate is motivated to be the best employee possible, current on qualifications and education, and motivated to work. Beyond this strategy, there are other Human Resource strategies namely Strategic Alignment, Diversity Training, Advanced Systems Demographics Tools, that companies in Poland can adopt to improve their HR department. These Strategies are discussed below.

Strategic Alignment

Communication within the company between human resources department and executives is the key to success in an organization. In order for this to occur, HR must be vertically and strategically aligned with the board of directors and decision makers within the company. This alignment will result in clear cut strategic hiring identifiers decided upon by both the management as well as the HR department. More collaboration among these parties will result in a greater understanding of the needs that will be filled and choosing the right candidate for the job. Working toward the same goal, with many eyes on the position and candidates, the chances are greater of finding and retaining a compatible worker.

Diversity Training Programs

In an effort to respect all employees and prospective employees,

companies must adopt a diversity training program. All employees should attend training on the individual differences seen in the company among the employees. The following topics would be highlighted to ensure a greater understanding of policies related to discrimination and for general cultural diversity education purposes: culture, age, and gender. Clear understanding of others' beliefs and lifestyles, as well as age and gender within the company; workers will become educated in the perspectives and backgrounds of co-workers. The goal is to eliminate discriminatory hiring and open up jobs to more qualified candidates without limiting the applicant pool due to these factors.

Advanced Systems Demographics Tools

The use of advanced systems demographics tools helps in identifying compatible candidates outside the company. With these surveys of the existing demographics within the pool of candidates, executives can see more clearly the shrinking number of demographics across the company. Such tools show the educated members and those with certain skillsets within the applicants. This strategy can be used to find and recruit more qualified and even specifically generated applicants that best meet the needs of the job within the company.

Polish Strategies for the New Generation of Workers

According to the MNES (Ministry of National Education and Sport), "strengthening the connections between youth education (particularly vocational) and the needs of the labor market" prepares students for their futures. The Polish Youth Strategy, written in 1995, covers areas such as youth education, employment, and educational path choices. The initiative offers career counseling, as well. Companies should adopt this strategy as a proactive measure to prepare the new generation for the workforce. "One of the problems of young people is the lack of faith in any improvement of the situation on the labor market, migration, and passive attitudes" (MNES, p.6). The MNES emphasizes companies should take the following actions to ensure the young people moving into the workforce are informed and motivated to follow certain career paths:

- Market "aid" programs to schools to expose students to career choices.
- Offer literature to inform students of companies, policies and career paths.
- Inform students of benefits such as vacations and other benefits offered.

Conclusion

There will be struggles moving forward as the nation tries to compete for the best talent while managing four generations in a market with a declining pool of potential employees to choose from. With the challenges facing companies to hire and retain the right talent, the role of human resources will be critical in completing the task. The future of human resources will be split into two distinct directions that will help guide companies through the 21st century. The first will be payroll and personnel administration the other is through strategic management. To help align those, more corporations are bringing HR directors into corporate board rooms which translate better when goals are set and projects are launched. In addition, advanced system tools gives management a better look at the work force they have and are competing for. For companies to compete it will be crucial to adapt these advanced tools. The Human Resources department is ultimately responsible for bringing the methods, standards, and practices of a company into existence. However, the company itself has to set a high standard of equality that is fair and unbiased for the employees. Furthermore, that standard must be consistent and without exception. Hiring, recruiting, and promoting are the three most important elements to successful employment and low turn-over rates. Although traditions are well respected, it is important to stay open to new and innovative ideas.

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