

# Ryszard Walkowiak

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## New Practices in Human Resource Management

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## **NEW PRACTICES IN HUMAN RESOURCE MANAGEMENT**

*Ryszard Walkowiak*

Department of Organization and Management  
University of Warmia and Mazury in Olsztyn

**Key words:** competence management, competence model, managerial effectiveness.

### **A b s t r a c t**

The transformation of the Polish economy forces enterprises to adapt their activities and behavior to give themselves a competitive edge. The skills of all the employees and managers, in particular, increase the chance to become more competitive. The paper focuses on presenting the best practices in human resources management, activities contributing to the increased market value of an enterprise. The following task fields of human resource management have been emphasized: staff-needs planning, staff recruitment and selection, staff training and development, staff valuation and payment based on competence, capability, staff appraisal and remuneration.

## **NOWE PRAKTYKI W ZARZĄDZANIU ZASOBAMI LUDZKIMI**

*Ryszard Walkowiak*

Katedra Organizacji i Zarządzania  
Uniwersytet Warmińsko-Mazurski w Olsztynie

**Słowa kluczowe:** zarządzanie kompetencjami, model kompetencji, efektywność menedżerska.

### **A b s t r a k t**

Transformacja polskiej gospodarki wymusza na przedsiębiorstwach zachowania nakierowane na ciągłe doskonalenie swoich działań w celu uzyskania przewagi konkurencyjnej. Szanse na osiągnięcie tej przewagi zwiększają się proporcjonalnie do jakości kompetencji wszystkich zatrudnionych, ale przede wszystkim kadry menedżerskiej.

W artykule ukazano najlepsze praktyki zarządzania zasobami ludzkimi, praktyki przekładające się na zwiększanie wartości rynkowej przedsiębiorstwa. Zaakcentowano konieczność działań w takich obszarach zadaniowych zarządzania zasobami ludzkimi, jak: planowanie potrzeb kadrowych, rekrutacja i selekcja pracowników, szkolenie i doskonalenie zawodowe oraz ocenianie i wynagradzanie pracowników na podstawie ich kompetencji.

## Introduction

In 1989 fundamental changes occurred in both the political and economic systems. In the sphere of business, there has been a transition from centralisation to market economy, where the rules of competition started to apply. In the first decade of the new reality, the businesses competed mainly by:

- better usage of their “hardware”, buildings, machines, finances,
- maintaining their monopolistic positions,
- obtaining licences, permits, etc.,
- decreasing the prices of products and services, mainly by the reduction of work costs.

At present, in the constantly changing environment of the organisation, the above mentioned actions do not apply any more. More and more businesses try to take advantage of the human resources since the employees decide on the effective use of the traditional resources that are at the organisation’s disposal. In order to do so, the human resources need to be treated as a subject not as an object. The very definition of the resource transferred to people means that each worker has at their disposal certain “capital” (potential). Hence the duty of the manager is to undertake such actions to “free” this capital and direct the workers to effectively perform the tasks as well as gain satisfaction from the work done. In this context, we start to make aware of and persuade employers to use good practices in people management through studies, courses and trainings. In this way we show an essential relationship between the market value of the organisation and the competences of all employees (Fig. 1).

The market value of every organisation depends on the material, financial, and intellectual capital. The value of the latter equals the result of the subtraction of the market value minus books value. The intellectual capital comprises structural capital (the value of the organisation logo, patents, customer knowledge, etc.) as well as the human capital determined mainly by competence.

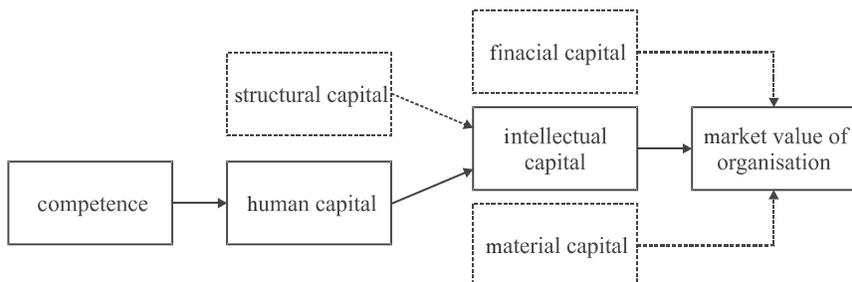


Fig. 1. Competences versus organizational value market

Source: Author’s.

## Methodology and assumptions

The article was written due to an invitation to present a paper at an international conference held in 2007 in Olsztyn. It was organized in the frames of Inter FAIR Program with the participation of Equal at Work from Ireland, FAIR plus from Germany, Befogado Budapest from Hungary, Preyecto sur de Madrid from Spain and Partnerstwo Wyrównywania Szans from Poland. This article consists of the material presented at the conference mentioned above.

The research method consisted of studying the literature on the subject. In addition, the results of the author's research, broadly described in *The Competency Model of Managers in Self-Governmental Organizations*, were also incorporated.

## From administrating to managing

Nowadays we may say that many, which does not mean "all", employers have commenced to give up on personal administration and instead manage human resources based on competence (Tab. 1).

Table 1

New model of management

Criterion	Current model of management	Future model of management
1	2	3
Model of management	administration	managing
The horizon of actions	operational	strategic
The direction of actions	inside	outside – for the needs of local communities
Co-operation with the environment	separation	partnership
The aim of actions	maintaining order	initiating changes
The rules of management	imperative	interactive
The subject of analysis	on actions	on processes
Organisation structures	hierarchical, inflexible	diverse, flexible
Managing style	bureaucratic	leadership
Planning and deciding	centralised	non – centralised
Control	control before trust	trust before control
Relationship with the employees	employees as a cost-making factor	employees as a strategic potential

cont. table 1

1	2	3
The scope of thinking	focus on details	consideration of the whole, systematic thinking
Type of orientation	oriented on the resources	orientation on the ideas
Risk-taking tendency	risk avoidance	looking for chances and opportunities, estimating risk
Attitude of the managers and employees	on regulations	pro-market, pro-quality, pro-effect

Source: Author's based on DECKER 1992, CZAPUTOWICZ 2002.

The transition between these two manners of management demanded foremost changes in the competence of the managing board of the Polish businesses. The definition of competence is meant here as a collection of knowledge, skills, personality traits, experience, attitudes and conduct of all workers. So here we speak about the potential stored in people and not about their legal authorisation to make decisions. The research conducted among Polish managers from the 1990s has shown the following competence shortcomings (Tab. 2).

Table 2

Features of Polish managers of the 1990's

M. DABEK, S. JARMUŻ, T. WITKOWSKI (T. LISTWAN 1996)	E. KARPOWICZ, J. SZABAN, B. WAWRZYŃIAK (1998)	G. BARTKOWIAK (2000)	S. CHEŁPA (2000)
<ul style="list-style-type: none"> <li>- Reluctant to take up responsibility</li> <li>- Slow at decision making</li> <li>- Emotional in human interactions</li> <li>- No innovation spirit</li> <li>- Little flexibility in actions</li> <li>- Preference to feeling of security</li> <li>- Rather little effectiveness and efficiency</li> </ul>	<ul style="list-style-type: none"> <li>- enterprising</li> <li>- appreciating specialist knowledge and experience</li> <li>- no respect for competitiveness</li> <li>- in need of managing</li> <li>- declaring strategic attitude to management</li> <li>- individualist</li> <li>- oriented on the local markets</li> <li>- awaiting structure and procedures</li> <li>- demanding toward employees</li> <li>- integrating</li> <li>- diverse, adapting, building a new system of values</li> <li>- having an ambivalent attitude to the trade unions</li> </ul>	<ul style="list-style-type: none"> <li>- responsible</li> <li>- flexible thinking</li> <li>- prepared for non- stop training</li> <li>- taking care of personal culture</li> <li>- action – determined</li> <li>- punctual</li> <li>- reliable</li> <li>- honest</li> <li>- communicative</li> <li>- responsible</li> <li>- unenthusiastic</li> <li>- showing little tendency to risk               <ul style="list-style-type: none"> <li>- taking</li> </ul> </li> <li>- has negotiating problems</li> <li>- has problems in combining current and future issues</li> </ul>	<ul style="list-style-type: none"> <li>- emotionally mature</li> <li>- professionalism</li> <li>- seeking</li> <li>- perfecting their own "I"</li> <li>- feels that they influence the organisation reality</li> <li>- prefers a negotiating style of management</li> <li>- shows shortcomings in interpersonal communication</li> <li>- mostly has engineering knowledge</li> </ul>

Source: Author's.

The competence potential of Polish managers from the 1990s shown in the chart highlighted the changes in educational syllabuses at all levels of education in Poland (the attitudes and conduct must be shaped from the early childhood). In the tertiary education syllabuses, subjects dealing with organisation and management have been introduced. Moreover, separate educational profiles in the field of human resources management have been started that are mainly addressed to managing staff and HR specialists. Besides the changes in education, the Polish managing staff has training in organisations not only in Europe but also in America and Japan. Additionally, in Poland there are many international companies which organise at-work training sessions of the highest standard.

### **New practices in staff management**

The combination of the mentioned circumstances brought about new good practices in the domain of HR, which include the following actions:

- the planning of staff needs on the basis of competence,
- the recruitment and selection of employees on the basis of competence,
- the valuation of employees on the basis of competence,
- the payment on the basis of competence,
- the setting of payment rates on the basis of work valuation,
- the pricing of the value of the human resources,
- the introduction of flexible employment forms,
- the outplacements.

#### **The planning, recruitment and selection of employees (Fig. 2)**

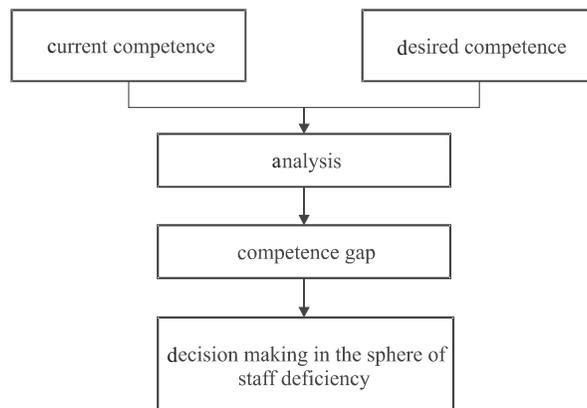


Fig. 2. Using competences in planning, recruitment and selection

Source: Author's.

In the planning, recruitment and selection of employees, the present level of competence of the already employed and potential competent employees has been compared with the competence asked for according to the work performance standards established in a particular organisation. Comparative analysis of both states allows us to determine the so-called competence gap, which constitutes the basis for more rational personal decisions.

### The evaluation of the employees (Fig. 3)

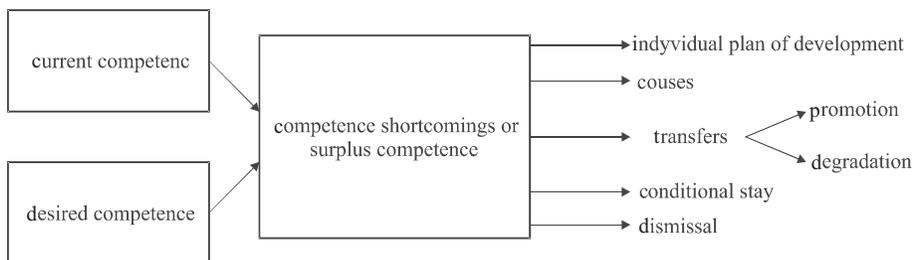


Fig. 3. Staff assessment by competence

Source: Author's.

Comparison of the present states of competence with the ones demanded for a particular position becomes the basis for a periodic evaluation of employees. The diagnosis of an employee's competence shortcomings allows the manager to decide on the ways of their dismissal, promotion or demotion, setting the carrier path, conditional stay in a particular position, or dismissal.

### The payment (Fig. 4)

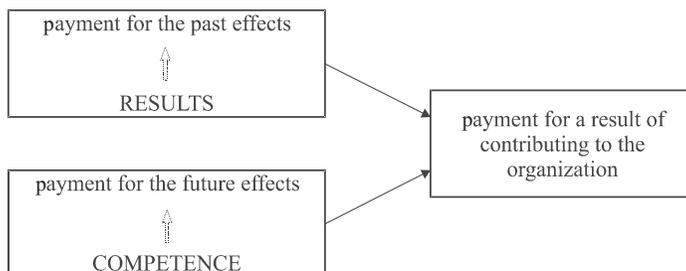


Fig. 4. Remuneration elements as a result of contribution to the organization

Source: POCZTOWSKI 2003 based on BROWN, ARMSTRONG 1999.

Modern payment for employees results not only from paying for the past results, but also for the future ones, which are based on the competence of the employee. This innovatory way of payment is not a common practice, not only in Polish businesses.

### **The payment on the basis of work valuation**

The essence of payment based on work valuation is to bind the quantity and quality of work with payment amount. This relationship is necessary to enhance the employees; motivation and, at the same time, gain greater efficiency at work.

### **The pricing of the value of the human resources**

It is to be noticed that among Polish employers there is a certain reluctance to price the value of human resources. The source of this reluctance is caused by the following facts:

- traditional financial booking omits the standards describing human resources,
- managers expect ready solutions (prescriptions),
- it is hard to prove that the particular situation of a business is caused directly by the accomplishment of personnel.

The pricing of the value of the human resources should be done on the basis of such standards:

- the indicator of employee turnover,
- the indicator of employees; absences,
- the indicator of employees; satisfaction level,
- the values and cultural norms (the culture of the organization),
- the competence maps,
- the surplus value of the human capital (how much income depends on an employee),
- the return of investment on human capital (how much return does the employer from every financial unit invested in an employee receive),
- the productivity of human resources (how much profit does every employee generate).

## **Flexible forms of employment**

The actions in this domain comprise such things as:

- temporary employment,
- employment through the work agency,
- home employment (teleworking),
- outsourcing.

## **Outplacement**

The actions comprise the help given to a dismissed employee such as:

- career advice,
- gaining new qualifications,
- financial support.

## **Conclusion**

The issues considered in the paper allow us to present to the following conclusions.

1. The intensity of the listed practices dealing with human resources varies:
  - the commonly practised:
    - the planning of staff needs on the basis of competence,
    - the recruitment and selection of employees on the basis of competence,
    - the pricing of employees on the basis of competence,
  - sometimes practised:
    - the setting of payment rates on the basis of work valuation,
    - the introduction of flexible employment forms,
    - the outplacements,
  - rarely practised:
    - the payment on the basis of competence,
    - the valuation of employees on the basis of competence.
2. Despite using a different degree of good HR practices:
  - the work market in Poland is characterised by one of the highest levels of unemployment in Europe,
  - the unemployment rate in Poland results from:
    - the lack of stability of legal regulations concerning work ( tax, insurance),
    - still insufficient competence level of the managers,
    - lack of political stability resulting in different standpoints on economy, EU membership or military organisations.

3. The improvement in the competitiveness of the Polish economy is possible through:
- the elimination of the shortcomings listed in point two of the conclusion,
  - supporting continual improvement of the quality of education,
  - popularization of good HR practices,
  - broader co-operation of international partners in HR programs such as EQUAL.

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