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**THE LANDSCAPE  
OF HUMAN RESOURCE  
MANAGEMENT  
IN POLISH COMPANIES**

Within the last ten years, Polish managers have been forced to change radically the style of human resource management. Previously, in a centrally-planned economic environment, a company was assigned many social functions which it had to perform in favour of its employees. A company was responsible for organisation of employee family package holidays, for financing of educational and health care system as well as local initiatives. The level of financing of all those social benefits bore no adequate proportion to the level of company's return. The overstaffing in Polish companies as well as central decision making processes distorted the actual results of workforce effectiveness. Blue-collar workers and members of communistic party were the key stakeholders of benefits provided by their company. The year 1990 meant a radical and inevitable change in the system.

Yet, in a very difficult economic environment, the transformation processes have proved particularly complex. Moreover, successive governments have become kind of hostages of their constituency members whose economic situation has proved extremely difficult (threatened by unemployment, working in companies under restructuring processes, treasury sector workers and farmers). All of them "remembered better times". Nevertheless, changes have been systematically pushed through and implemented, which could be reflected in the history of many Polish companies and economic sectors (e.g. in hard coal mining industry the number of employees was reduced by 100 thousand). The analysis of such cases has its unique, but above all historical value. Yet, with respect to the place and position of Polish companies in the United Europe, the analytic approach of each individual case holds precedence to a more synthetic view of the conditions of human resource management after ten years of transformations.

Below-presented results of research survey reflect condition of human resource management in two groups of companies:

- 1) large and medium-sized companies (over 100 employees)
- 2) small companies (less than 51 employees)

The survey was based on of two types of analytical tools. Large and medium-sized companies were studied with the use of a specially research-tailored<sup>1</sup> list of Human Resource Management Items elaborated by M.A. Huselid, S.E. Jackson, R.S. Schuler<sup>2</sup>. Following the authors' intention, the analysed areas were divided into:

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<sup>1</sup> Some of the items were formulated as enhancement activities and 4 items were additionally added as those developing professional and strategic HRM.

<sup>2</sup> M.A. Huselid, S.E. Jackson, R.S. Schuler: Technical and Strategic Human Resource Management Effectiveness.

1. Professional HRM capabilities
2. Strategic HRM effectiveness
3. Technical HRM effectiveness
4. Business related capabilities

Each area, in turn, included more detailed issues (45 problematic items) which were subject to assessment by 47 medium-rank managers, representatives of Polish production, construction and trading companies, of banking sector and of international chains of supermarkets (e.g. Praktiker). The survey comprised 10 representatives in each sector respectively except for supermarkets where the number of surveyed managers amounted to 7. In fact, supermarkets may be treated as a controlling group only, since they represent companies which:

- may be considered as professionally managed on an international scale,
- have standardised organisational and HRM solutions,
- did not undergo post-communistic processes of restructuring and privatisation.

The studied managers made their assessment according to a scale of 1 to 7, with the following interpretation:

- 0 – the absence of slightest symptoms of activities undertaken with respect to human resource management,
- 1 – some kind of activities have been initiated, but in my opinion, they are random or fragmentary, and the results are not reinforced,
- 2 – activities concerning certain issues are probably conducted and may be consciously managed by someone in our company, yet I have no idea by whom,
- 3 – some activities on individual problems have been conducted for a while, and I myself have been participating in them (or I know some of my colleagues have). Yet, I can see no consolidated activities with respect to HRM.
- 4 – top and higher-rank managers are involved in non-stop working teams to enhance HRM, but their work is considered as a strategic one, hence medium-rank managers as well as other employees are informed only about selected issues.
- 5 – medium-rank managers are familiar with the assumptions of a project carried out by the top management, but they do not feel its co-authors.
- 6 – medium-rank managers continuously participate in a systematic improvement of HRM activities and regard themselves as co-authors of the existing HRM condition.

- 7 – visible effects of our work in certain areas; we feel co-authors and, based on some market research, we know that our efforts in the field of HRM improvement have a positive feedback from our clients.

The above-presented scale of evaluations can be reduced to four basic levels:

- very low level of activities improving HRM correspondent with “0” evaluation.
- level of uncoordinated activities to improve HRM. This level corresponds to evaluations “1”, “2” and “3”.
- level of “top-down” activities improving HRM matching evaluations “4” and “5”.
- level of respondent’s participation in finding and applying new solutions; identification with achieved effects. This level refers to evaluations “6” and “7”.

Results obtained in the survey of large and medium-sized companies were additionally compared with those obtained by other Polish research teams.

Small companies constituted the second group of companies subject to the research survey. The survey was conducted in a form of questionnaire with 100 questions concerning the application of all functions of human resource management (from building personal strategy to dismissals). The questions were open, semi-open and closed. The survey comprised a group of 193 respondents including 40 managers, 92 specialists and contractors, and 61 owners.

Both types of presented analyses were made by a group of students in the Upper Silesia region in the years 1999 and 2000.

## **The condition of human resource management performance in large and medium-sized companies**

Table No. 1 presents consolidated results of research survey carried out in large and medium-sized companies. The results show that:

- in most cases, the number of evaluations was below “4”,
- in four fifths of cases, “0” evaluation was the most frequent one,
- most evaluation choices ranged from “1” to “3”,

- in production and trading companies of Polish origin as well as in construction companies, the total number of evaluations from “1” to “3” outweighed the total number of evaluations above 4”,
- only supermarket managers made more evaluation choices above “3”,
- the lowest (25%) percentage of total evaluations above “3” with relation to all evaluations was recorded in the construction sector,
- in all cases, activities connected with business-related capabilities were given the lowest evaluations,
- low evaluations were also recorded in activities relating to “Strategic HRM Effectiveness” and “Technical HRM Effectiveness”,
- activities undertaken within “Strategic HRM Effectiveness in supermarkets were most highly assessed,
- in trading companies of Polish origin, evaluations of activities related to “Technical HRM effectiveness” were matched with those of “Professional HRM capabilities”. In both cases the evaluation level was very low.

Additionally, it is worth emphasising that evaluation “7” occurred less frequently than any other. All in all, the results of the analyses showed that most highly-evaluated were HRM activities performed in supermarkets. Apart from them, high notes were recorded in the case of banks, although the number of evaluations above “3” exceeded merely 40% of all possible evaluations in this group. Following the assumption that banks<sup>3</sup> and supermarkets adopt foreign HRM patterns, it is possible to put forward a hypothesis that the presence of foreign investors in Polish companies does improve the condition of HRM. This, however, requires further analysis.

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<sup>3</sup> As Determinants of Firm Performance, in: “Academy of Management Journal” 1997, February, p.176, an overwhelming number of banks active on the Polish market is in the hands of foreign owners.

Table 1

Consolidated research survey results

Number of Evaluations									percent- age of evalua- tions above 3*)
Evaluations	0	1	2	3	4	5	6	7	
<b>Banks</b>									
Professional HRM capabilities	29	18	22	22	28	24	15	12	18%
Strategic HRM effectiveness	11	14	14	22	14	21	5	9	11%
Technical HRM effectiveness	33	16	24	17	15	16	10	9	11%
Business-related capabilities	7	8	6	1	3	3	2	0	2%
Total banks	80	56	66	62	60	64	32	30	41%
<b>TOTAL RANGE</b>	80	<b>FROM 1 TO 3=184</b>			<b>FROM 4 TO 5 = 124</b>		<b>FROM 6 TO 7 = 62</b>		
<b>Production</b>									
Professional HRM capabilities	44	35	26	16	14	22	7	6	11%
Strategic HRM effectiveness	10	31	17	11	10	19	9	3	9%
Technical HRM effectiveness	27	34	20	20	14	12	6	7	9%
Business-related capabilities	11	7	3	0	5	3	1	0	2%
Total production	92	107	66	47	43	56	23	16	31%
<b>TOTAL RANGE</b>	92	<b>FROM 1 TO 3 = 220</b>			<b>FROM 4 TO 5 =99</b>		<b>FROM 6 TO 7 = 7=39</b>		
<b>Construction</b>									
Professional HRM capabilities	59	18	25	25	11	14	13	5	10%
Strategic HRM effectiveness	33	19	18	10	2	10	14	4	7%
Technical HRM effectiveness	43	20	21	22	10	8	11	5	8%
Business-related capabilities	12	7	6	0	2	1	2	0	1%
Total construction	147	64	70	57	25	33	40	14	25%
<b>TOTAL RANGE</b>	147	<b>FROM 1 TO 3 = 191</b>			<b>FROM 4 TO 5 = 58</b>		<b>FROM 6 TO 7 = 54</b>		
<b>Trading companies</b>									
Professional HRM capabilities	44	29	28	26	17	13	9	4	10%
Strategic HRM effectiveness	16	21	20	16	14	10	7	6	8%
Technical HRM effectiveness	40	11	23	20	14	17	12	3	10%
Business-related capabilities	7	10	2	5	5	1	0	0	1%
Total Polish trade	107	71	73	67	50	41	28	13	29%
<b>TOTAL RANGE</b>	107	<b>FROM 1 TO 3 = 211</b>			<b>FROM 4 TO 5 =91</b>		<b>FROM 6 TO 7 = 41</b>		
<b>Supermarkets</b>									
Professional HRM capabilities	21	13	12	8	21	19	17	8	21%
Strategic HRM effectiveness	11	9	8	6	16	12	20	2	16%
Technical HRM effectiveness	25	13	8	10	11	14	11	6	13%
Business-related capabilities	2	7	2	5	3	2	0	0	2%
Total foreign trade	59	42	30	29	51	47	48	16	51%
<b>TOTAL RANGE</b>	59	<b>FROM 1 TO 3 = 101</b>			<b>FROM 4 TO 5 = 98</b>		<b>FROM 6 TO 7 = 64</b>		

\*) = [(total evaluation number > 3)/ number of evaluations in each type of company]\*100

The studied managers most highly evaluated such detailed issues as:

- Improvement of employee-manager communication (item corresponding to Huselid, Jackson, Schuler list)
- Increasing and enhancing benefits from the fact of being employed in a given company (item corresponding to “Benefits and Services” on Huselid, Jackson, Schuler (HJS) list).
- Improvement of recruitment and introduction into new work (item corresponding to “Recruiting and Training” on Huselid, Jackson, Schuler list)

The lowest evaluations were made in the case of 17 items concerning the following issues:

- Obtaining and providing employees with the knowledge about competitors’ HRM practices (item corresponding to “Knowledge about competitors” HR practices on HJS list)
- Acquiring and exchanging international experience in HRM (item corresponding to “International Experience” on HJS list)
- Development of foreign language command among employees (item corresponding to “Foreign language capability” on HJS list)
- Implementation of programmes releasing work-family tensions (item corresponding to “Work/family programmes”)
- Building female equal work opportunities programmes (item corresponding to “EEO for females, minorities, etc.” On HJS list)
- Management of labour costs (item corresponding to HJS list)
- Humans resource information system (item corresponding to HJS list)
- Assessing employee attitudes (item corresponding to HJS list)

At that point, it is worth considering that most of the detailed issues assessed by Polish managers seem to be crucial and typical of HRM in foreign companies of a well-established position. On the other hand, those few issues which were highly assessed in the survey are likely to be correspondent with an initial stage of management quality improvement. This stage mainly focuses on building mutual internal communication, on improving recruitment systems and on wage issues.

The analysis of consolidated percentage within particular evaluation ranges (the last column of Table No 1) shows that the distribution of evaluation choices in all types of companies was quite similar. In general, negative response was recorded in the case of questions connected with business-related capabilities, whereas activities aimed at the strategic and technical HRM improvement were evaluated either as uncoordinated or “centrally programmed”.

The obtained picture of HRM performance condition in large and medium-sized companies is not quite satisfactory. This may be even more disturbing if one takes into account the fact that the lowest evaluations were made in construction companies, an economic sector that may be regarded as “a propeller of Polish economy”. The fears are also shared by other researchers such as Aleksy Pocztowski, who together with his team made research survey in 101 companies, the results of which proved that “Polish companies should in a more courageous manner exploit the know-how of human resource management”<sup>4</sup>, and that it is necessary to redefine the roles of specialists in human resource management in Polish companies. Insufficient performance of human resource functions is also underlined by Zdzisława Janowska’s research team who conducted a survey in over 100 companies in one of the Polish regions<sup>5</sup>.

## **The condition of human resource management in small companies**

Small companies in Poland are considered an important factor in the economic development of the country. Yet, without high level of HRM, the companies may find it difficult to play an important role attributed to them. At that point, it might be interesting to ask the following question: what is the condition of HRM in Polish small companies? To answer this, one should refer to results of research survey conducted in the group of 193 representatives of Polish small companies<sup>6</sup>. The questions in the survey were formulated according to specialist literature guidelines on proper performance of functions ranging from planning to redundancy systems verified by the knowledge about small companies management<sup>7</sup>. The research also concentrated on strategic thinking in human resource management<sup>8</sup>.

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<sup>4</sup> A. Pocztowski, A. Miś, T. Sapeta, J. Purgał: Human Resource Management in Practice and its Influence on Labour Market. IpiSS, Warszawa 2001, p. 96.

<sup>5</sup> Z. Janowska (ed.): Human Resource Management in Economic Practice. Graduate of University in Łódź, 2001.

<sup>6</sup> J. Strużyna: Doskonalenie jakości zarządzania zasobami ludzkimi w małych firmach. Akademia Ekonomiczna, Katowice 2002.

<sup>7</sup> A similar approach to the research survey was adopted by L. Gratton, V. Hope Hailey, P. Stiles, C. Truss: Strategic Human Resource Management. Corporate Rhetoric and Human Reality. Oxford University Press. London 1999 p.3.

<sup>8</sup> Methods and research results will be presented by Janusz Strużyna in: Human Resource Management Enhancement in Small Companies. Univeristy of Economics, Katowice. To be published in 2002.



The obtained results were not satisfying. They revealed a significant accumulation of diverse shortcomings in HRM. To put it more firmly, the research did not show clear positives in the gathered information, even with respect to such an obviously positive feature as closer interpersonal relations. Moreover, the results showed that such relations do not enhance confidence among colleagues and do not contribute to coherence of ideas on fundamental personnel decision criteria. In general, answers provided in the research allow for the following observations:

- strategic management has merely an “emerging” character (emergent and intentional),
- there are no planning techniques as for employment size,
- employee selection tools are not of high-quality,
- owners try to limit funds required for investment in employee potential and capabilities,
- earnings are relatively low and wage systems are incomplete and static,
- low promotion opportunities for employees, even outside their company,
- internal training courses are not regular, whereas non-frequent off-the-job trainings are of technical character,
- qualifications upgrading and professional development depend on employee’s own initiative,
- there are no professional assessment systems, and assessment criteria are imprecise and equivocal,
- despite daily close relations among employees, culture of a small company is developed in a spontaneous and random way,
- high degree of centralisation with respect to personnel decisions,
- owners do not make use of professional assistance in managerial matters,
- low degree of HRM formalisation which is not used as a tool in the improvement of real processes,
- prevalence of stereotyped and colloquial expressions in the language of various qualities descriptions such as candidates qualification profiles,
- entrepreneurial attitude at a start-up stage is not common among employees of small companies; owners do not develop entrepreneurial behaviour patterns in their employees.

Simultaneously it can be observed that:

- employees do not show willingness to leave their job,
- employer/employee conflicts do not have an institutionalised character,

- problems reported by the respondents are not of destructive character,
- results of low-quality HRM do not lead to crises and threats,
- decision makers reveal a high degree of consistency in their HRM performance,
- employees are treated with respect and are allowed to express their own views, which does not entail serious personal consequences,
- number of values adopted by a company is large, although based on generalities.

Expressions used by respondents were of general and unemotional tone, revealing no deeper reflection, which well justifies the statement that in respondents' opinions:

- 1) everything is on a satisfactory level and no one is willing to make changes. If there are symptoms of discontent, they are rather of a very individual character,
- 2) there is lack of professional approach to HRM issues

The research showed that owners of small companies do not play a key role in the enhancement of HRM processes. Managers and employees also do not manifest incentive in this matter. The process of HRM development is hindered by a low structural and functional level of personnel decision reinforcement as well as absence of trade unions and low formalisation level of owner/employee relations. The interpretation of HRM condition is based on an individual professional and life experience.

To sum up, the results of the research survey seem to reveal a kind of paradox of HRM quality in small companies: low-quality of HRM decreases the quality evaluation of personnel decisions to the level at which a company has the best chances to continue its business activity in an unchanged manner. Low degree of HRM knowledge, intuitive centralised personnel decisions, deprived of professional control as well as a passive approach to changes in HRM do not bring, in respondents opinion, clearly negative effects.

The existence of such a paradox points to a serious problem: Polish politicians see future in a dynamic development of small companies, which may be hardly viable without HRM development s not guaranteed by small companies' HRM system.

## Summary and conclusions

Even in countries of more advanced economic systems, “the CEO and senior line managers are at best sceptical of HR’s role in the firm’s success”<sup>9</sup>. Hence the conclusion that plenty of circumstances speak in favour of intensified efforts to improve HRM. The presented research results clearly show that Polish managers have a lot to do in this matter. Large and medium-sized companies were given a lower appraisal than the foreign ones, although in the case of the latter, only half of activities with respect to HRM were positively evaluated. Based on the survey results, production and trading companies of Polish origin as well as construction, or even the banking sector require intense and rapid changes in HRM. There is a need for shifting from random, uncoordinated activities in HRM to those implemented in a conscious and complex way.

Another issue to be considered concerns HRM systems in small companies.

Generally, it is difficult to place them somewhere among positive evaluations. It is worth emphasising though, that a specific character of a small company calls for a more cautious approach to HRM. Solutions applied in HRM of large and medium-sized companies cannot be duplicated in small businesses. It is indispensable to create a suitable political and social climate which would promote a new HRM pattern in small enterprises. The reference to the political, cultural and macroeconomic solutions is quite reasonable, because without external stimulation, small companies will not verify their currently employed HRM methods. As the results show, small companies’ internal determination for changes is not firm enough.

The improvement of HRM system in Polish companies is one of challenges faced not only by managers, consultants and specialists, but also by politicians and economists. The changes should follow the direction well-known from somehow idealising solutions offered by specialist literature. Yet, a real problem appears when it comes to such issues as ways of initiating and maintaining HRM development activities in Polish companies. Duplicating and adopting HRM patterns of other companies is one thing, but another is creating a unique corporate climate conducive to the development of both a company and its employees. Many Polish companies have already applied techniques recommended by scientific literature, many of them have adopted solutions used by foreign investors. Young managers reach for patterns in American specialist

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<sup>9</sup> B.E. Becker, M.A. Huselid, D. Ulrich: *The HR Scorecard. Linking PEOPLE, STRATEGY, and PERFORMANCE.* Harvard Business School Press, Boston, Massachusetts 2001, p.1.

literature and train in managerial techniques used by world leaders. The transfer of theoretical knowledge gathers pace, which is additionally supported by a national programme based on the concept “Investors in People Standard” Also, positive is a growing number of students of postgraduate studies on HRM. All these phenomena are certainly positive, but a constant competitive predominance of companies cannot be built only on adopting and copying already existing methods. The predominance with respect to HRM should be achieved, at minimum, through the elaboration of:

- first, special skills in all staff members which would allow to make up for imperfections and shortcomings of managerial competence with respect to HRM, and which would create difficult-to-imitate team synergy,
- second, an adequate level of motivation for employees in order to encourage them to share their own knowledge and to be willing to reasonably develop skills and talents in their colleagues,
- third, such a social structure thanks to which all staff members consciously and discretionary participate in building a strategic success<sup>10</sup>

With reference to these three prerequisites, the condition of Polish companies is far from ideal. In more developed countries, the situation is not far better, yet in Poland the problem is additionally complicated by some historical events as well as contemporary facts, and therefore it is worth taking into account the following:

- for many years, within 1945 and 1989, communistic governments undervalued the credibility and importance of HRM. In those times, for example, staff members were not rewarded on the grounds of their professional skills and competence, but their loyalty and commitment to the idea of the governing party,
- Polish specialists and managers<sup>11</sup> have acquired and tested their competence in building modern HRM tools, yet, since 1990 the implementation of this competence has brought rather make-believe effects,
- not long time ago, the living standard of Polish families differed significantly from that of European ones, and the need for money saving and future building was undermined by high inflation rate and successive radical changes including wars,
- for many years Polish managers have been discouraged to undertake single-handed and risky decisions, and thus could not invest in employee development,

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<sup>10</sup> Comp. J.P. MacDuffie: Human Resource Bundles and Manufacturing Performance. Following J. Pfeffer: The Human Equation. Harvard Business School Press.

<sup>11</sup> at least those over the age of 40.

- social solidarity implied a tacit agreement on concealment of work imperfections and weaknesses, and any discussion on that matter was considered as “denunciation”,
- clear-cut class division into “us, hard-working people” and “them, exploiters”,
- Polish managers could always refer to benchmarking, since very few companies were regarded as branch leaders (most frequently they were in obsolete industries),
- international and global companies in an authoritarian way transferred onto Polish grounds many of their own solutions whereby Polish managers have assumed a passive attitude towards HRM development
- the first half of 1950s meant predominance of more liberal doctrine in the policy of Polish governments and next return to old political principles, which, combined with weaknesses of state organisations, gave rise to companies which based its development on lacunas in the legislation, not on investment in management,
- low level of ownership capital in Polish companies evokes fears of takeover by competitors. These fears are shared by many talented and promising managers,
- the acquisition of almost entire banking sector by foreign investors and other similar examples of takeover have developed in Polish managers an apprehension of “factory” syndrome which means that so-far independent companies are being transformed into factories and forced to accept solutions imposed by foreign companies with no consideration of Polish employee interests,
- pressure on labour costs cutting undermines the credibility of care for staff members,
- tendency towards mergers and acquisitions weakens willingness to build up loyalty and specific corporate culture among staff members,
- high unemployment rate diminishes employee readiness to hold an open discussion with owners and managers – small employment opportunities give rise to passive attitudes,
- Polish line managers and top management do not accept heuristic and sophisticated solutions and avoid subjects related to real human resource management strategies. They assume rather a defensive attitude to the issue.

There is no doubt that part of the above-mentioned facts and events take time to fade away in the memory of many Poles, part of them will change together with new generations. It might be the case though, that some of them will be non-deliberately strengthened, which will hinder the dynamics of positive

changes in Polish companies. Such fears may be fuelled by some imported HRM practices which:

- have only a symbolic meaning of benefits for employees (temporary public distinctions) or make declarations of deferred benefits,
- define limits on promotion opportunities and do not create real chances for outplacement or for interesting work in the head office,
- are implemented as “externally imposed”, not initiated by managers and their teams,
- highlight possible conflicts with respect to loyalty to the company, to staff members and other people, to family and the country,
- intensify the apprehension of unemployment, alienation,
- are aimed at competition, not at co-evolution,
- raise suspicions about value manipulation and profits transfer in advance relegate the role of Polish teams to mere executors of regional strategies,
- are based on benefits from low labour costs.

All the above-mentioned issues should be focused on and dealt with carefully by investors, managers and politicians of the United Europe. Ignoring them could lessen chances for benefiting from the accumulated and acquired potential of Polish employees, and above all, weaken their readiness to undertake the process of changes and transformations. For the time being, such readiness is really significant, especially when faced with clearly visible weaknesses of HRM. The virtue of “readiness for changes” takes on a particular meaning in the era of a new economy which requires thorough transformations in human resource management, even in best-managed companies. In a new “single-currency-united” Europe, with new managerial principles, the weaknesses of Polish HRM could become a chance for elaboration of a new-quality HRM, based on principles of co-evolution. This could be initiated by involvement of Polish employees in the development of original methods to eliminate the causes of weakness in human resource management.