

SOFT RESTRUCTURING PROCESS IN METALLURGICAL ENTERPRISES IN POLAND

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This article presents the range and outcomes of soft restructuring in metallurgical enterprises in Poland. The term 'soft restructuring' applies to changes in metallurgical enterprises' employment policy during the period of political transformation in Poland. Steelworks performance under the market economy conditions demanded introducing changes in staff resources. Changes referred both to the staff structure as well as employees' skills and gradual engaging of the staff in building the steelworks' competitive advantage.

Key words: personnel profile, metallurgical enterprise, restructuring process, Poland

INTRODUCTION

For the past two decades the steelworks in Poland, as well as in other post-communist countries, have undergone a deep process of restructuring changes. Commencing with hard restructuring, which has been implemented in relation to strategy, enterprise structure and production technology, to soft restructuring whose entity of change have been employees. The said division has been introduced for research and analytical purposes and it has not been mentioned in classical enterprises' restructuring typology which states as follows: repair (rescue for enterprises with bad financial position during the period of transformation changes) and developmental (while an enterprise is functioning on a market and building the value of a company) [1]. Based on the division into hard and soft restructuring, the area of restructuring and the business success factor have been established as the classification criteria. McKinsey has worked out a success factor formula expressed as: 7 "S": strategy, structure, system, skills, staff, style, shared values [2]. A strategy, system and structure belong to a group of the so-called hard factors. Whereas, soft success factors include style, staff, skills and shared values. Investigating steelworks restructuring process, the list of factors enabling conversion from repair restructuring realized in the 1990's to flexibility and adaptability to dynamics of the market conditions has been formulated. The factors are: privatization of enterprises, changed organizational structures (customer orientation), production technology meeting worldwide standards, metallurgical products with high processing level, financial liquidity (sufficient financial resources), good enterprise management, employees' qualifications and their engagement in achieving company success [3]. The mentioned factors have been put in

order according to the sequence of introduction of changes in the steelworks under restructuring. Pursuant to these factors, the division into hard and soft restructuring has been made. The first includes fundamental and radical changes in steelworks core business, the second applies to employees, starting with the number of employees reduction to personnel profile change and acquisition of new skills. Metallurgical enterprises personal function during the period of restructuring has been diametrically changed. The transformation from employment policy, which was implemented in planned economy (an employment order) and resulted in excessive employment in the metallurgical industry, to engaging employees in company management, which policy can be described as building personnel involvement in achievement of the market success of steelworks in the face of globalization has been gone.

EMPLOYMENT REDUCTION IN METALLURGY IN POLAND

In the nineteen nineties 3,6 % of all industry workers were employed in the metallurgy industry. 147 thousand of workers were employed in steelworks in 1990 with annual production of 13,6 mil tons of steel. Generally, 38 661 people were employed as nonproduction workers which accounted for 26,3 % of all employees. 125 tons of steel were produced per 1 worker. The obtained rate was 3 or more times lower than productivity levels in foreign steelworks. The biggest steelworks employed about 30 thousand workers (in the 80's 32 468 people worked in the Steelwork in Cracow and in Steelwork Czestochowa – 31 271) [4]. The reduction in the number of employees in steelworks has been performed gradually in a long term, achieving the employment at the level of slightly more than 20 thousand of workers in 2013 – Figure 1.

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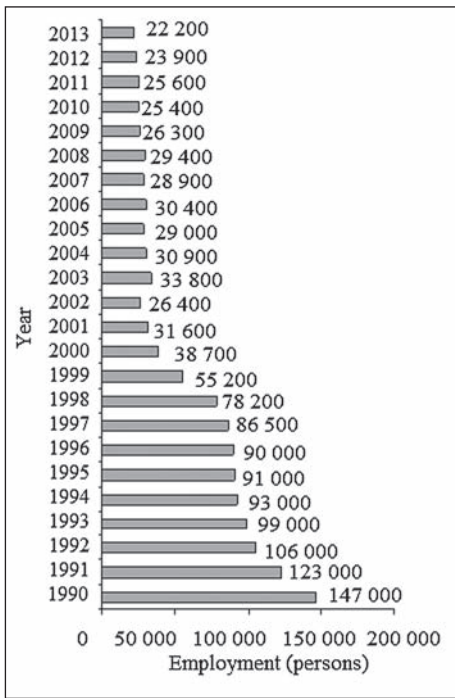


Figure 1 Employment in the Polish steel industry in 1990-2013 [4-6]

Almost half of the overall number of employees work in the metallurgical enterprise ArcelorMittal Poland (12 283 in 2013) [7]. Reducing the number of employees in metallurgy industry, the production rates have been achieved (360 tons of steel per 1 employee) – Figure 2.

CHANGES IN THE STEELWORKS' PERSONNEL STRUCTURE

Upon the employment reduction in the metallurgy industry in Poland in the nineteen nineties, employment of new workers was blocked and in consequence changes in the age structure were made. The peak population

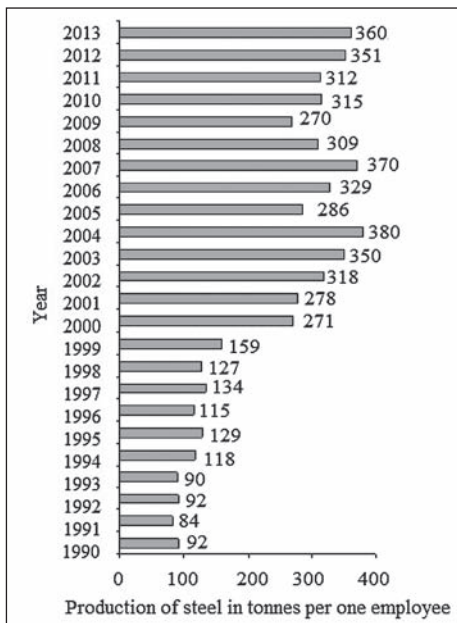


Figure 2 Production of steel in tonnes per one employee in the Polish steel industry in 1990-2013 [4,5]

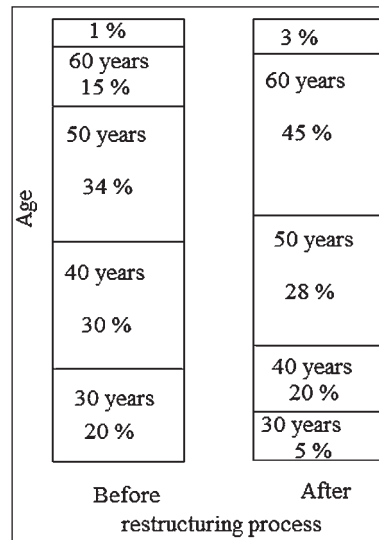


Figure 3 Changes in the age structure of staff in Polish steel works plants [4]

group in the 1980's was the age group from 31 to 50 years old (it accounted for 65 % of the crew), after a decade of changes the most numerous age group became the workers between 51 and 60 years old. This age group claims to be almost 50 % of the crew in some metallurgical enterprises e.g. ArcelorMittal Poland [4,8]. The employees at the age of 50+ are metallurgy experts (appreciated professionals). Nowadays, these experts become coaches for workers with short work record. Changes in the age structure have been presented in Figure 3.

Out of the overall number of employees in the nineteen nineties, about 70 % underwent vocational training, more than 27 % graduated from a secondary school (high school) and only less than 3 % had a university degree. Staff restructuring resulted in an increase in the number of workers with secondary and higher education. People with higher and secondary education constitute even 50 % and more of the crew [4]. Changes in the education structure have been presented in Figure 4.

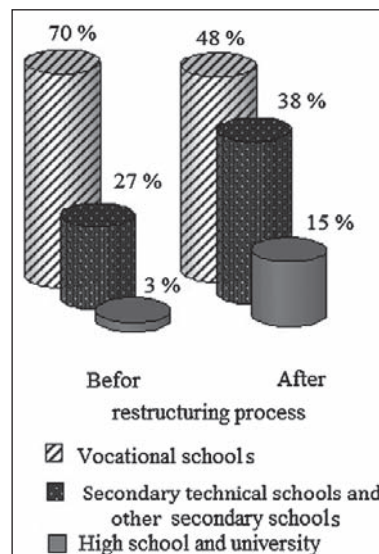


Figure 4 Changes in the education level of metallurgical staff in Poland [4]

Higher requirements related to organization of work and company management on a free-market economy basis resulted in an increase in the number of administrative positions and service of production process. The administrative personnel accounts for about 10 % of all employees, including 5 % of top level executives. The development of management has resulted from modern management methods and capital consolidation implementation in national metallurgy. Steelworks' market needs (purchaser) orientation has resulted in (with time) employment of workers with new competences eg. to operate modern devices, to use computer equipment, to be able to work in new organizational units eg. marketing department, commercial departments, quality control departments, R+D units (research and development) as well as ability to perform at independent posts eg. a quality assurance systems plenipotentiary, specialists in industrial safety.

CHANGES IN THE LEVELS OF EMPLOYEE COMPETENCIES

For years the staff competences were identified with an official right of a particular person to make decisions and to make a statement on something [9]. Currently, a broad understanding of competences has been met, including: knowledge, qualifications, professional experience and practical skills, intrinsic motivation, talents and predispositions, health and physical condition as well as other psycho-motor features important for work [10-12]. Nowadays, apart from typical professional competences, the value of social competencies, which are reflected in the interpersonal and psychological contacts referring to intrapsychic (internal) human functioning eg. degree of self-awareness, the sense of control or self-esteem, is becoming more and more underlined [10]. In order to establish the weight of particular elements of competences, a research has been carried out in enterprises (on a group of 19 employees of a production enterprise belonging to the metallurgical industry from the region of Silesian Voivodeship). The distribution presented in Table 1 has been obtained while determining the competences on managerial positions. Respondents were asked to assign a weight position to particular categories of competences where 1 – the competence is the most important at the work post, 11 – the least important.

According to the research, the most desired competences, as far as managerial positions are concerned, are involvement, strategic thinking, management of difficult and stressful situations as well as creativity. In regards to non-managerial positions, the most desired competences are: ability to work in a team, involvement, communicativeness, management of difficult and stressful situations as well as conscientiousness and accuracy (Table 1). It is very difficult to find a case where one person acquires all social competences, but determination of the most desired ones for a particular work

Table 1 **Social competences at managerial and non managerial posts [13]**

Social competences at managerial posts	
Involvement	1
Strategic thinking	2
Comprehensibility	6
Creativity	4
Resolving conflicts	8
Conscientiousness and accuracy	10
Motivating to work	7
Teamwork	9
Stress management	3
Assertiveness	5
Social competences at non-managerial posts	
Teamwork	1
Involvement	2
Communicativeness	3
Management of difficult and stressful situations	4

post is important. Obtained research results ought to be treated as preliminary information on the production sector employees' perception of social competences, nevertheless the results present which competences are desired at the managerial posts and which at other. Further research in this area may certainly provide more results on this subject.

EMPLOYEES' ENGAGEMENT IN STEELWORKS

Building engagement of employees in metallurgical enterprises requires influence on employees, their attitudes, values and behavior. In an attempt to increase the professional activity of employees, the basis for a new culture in an organization should be established and this means a new set of standards and values which promote high engagement of employees for example dialogue, bonds between people, human dignity, rules of social interactions, tolerance and honesty [14]. In March 2008 the first testes of the level of employee engagement were conducted in ArcelorMittal Poland. Next research was conducted in 2011. In 2013 another research on the employees' level of engagement was conducted. On the grounds of the performed research (the research conducted by *Hewitt Associates*) it was stated that during the analyzed period there was an apparent growth of an engagement level achieved. A share of employees involved in the functioning of the enterprise changed from the level of 45 % up to almost 60 % in the selected task areas. The company belongs to the leading enterprises described as "the best employers".

A NEW STEEL WORKER PROFILE

Employment restructuring in the metallurgy industry has formed a new professional profile of a steel worker. The former "job for the entire life" (a multigenerational tradition of work in steel plants) has become of less importance due to staff turnover, taking into consideration the present and future steel plant' needs. Job

rotation, job enlargement, job enrichment etc. are applied to employees [15]. Applied methods provide employees with a greater opportunity of vocational development [16], more significant impact on decisions regarding work methods, give the sense of responsibility for performed assignments, increase the contribution of employees to the performance of the final product and company's success [17]. The occupation of a steel worker was assigned to men due to hard working conditions (high temperature, noise, shiftwork etc.). Nowadays women constitute about 15 % of the staff and they most often work in administrative and supporting departments. Employees are the intellectual potential of an enterprise. There are increasingly high requirements set for the workers in relation to professional qualifications. One of the most important manners to maintain a competitive position of the steelworks is to develop employees' competences. The better personnel is prepared for organization assignments, the better the product and the more competitive market offer is proposed. Steelworks' management staff requires employees' involvement in the functioning of the enterprise and responsibility for the work results.

CONCLUSIONS

The soft restructuring accompanying the restructuring process in the metallurgy industry has changed the employment structure in steelworks and the steelworker's profile. For the past two decades the number of employees in the metallurgy industry has decreased (more than 120 thousand of people), number of workers with higher education has increased (by more than 12 %), the number of workers employed on white collar posts has also increased (changes in technology). Apart from professional competences, the employees are expected to be team workers, characterized by engagement, communicativeness, ability to work under pressure and deal with difficult situations as well as showing conscientiousness and accuracy at work.

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Note: The responsible translator for English language is Anna Wocka, Katowice, Poland.