



PERSONNEL TRAINING IN CONDITIONS OF CRISIS – RISKS PREVENTION WITHIN THE SPHERE OF HUMAN RESOURCES IN THE ORGANIZATION

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ABSTRACT

A comprehensive review of Bulgarian risk management literature concludes that this topic is of no particular local interest, and even more so when risk management in personnel management is concerned. Thus, the **purpose** of this paper is to summarize the information from an actual research and provide arguments supporting the hypothesis that personnel training during a crisis prevents risks in the field of company human resources. **Methods** used: introduction to the factual documentation of the organization in question, survey data and personnel testing. As a **result** of the survey and the proposed optimizations, the business organization improved its economic performance, and, **in conclusion**, we can state that personnel training during a crisis plays a preventive role, by preventing risks in the field of company human resources.

Key words: risk management, personnel management, in conditions of economic crisis, personnel training, risk factors, survival of the organization, managing of risks, human capital.

INTRODUCTION

1. Risk management in the field of personnel management. The emerging economic crisis and its impact on Bulgarian organizations and economy, as a whole, determine the need for in-depth knowledge of categories such as risk and risk management. Worldwide, there are a considerable number of studies on this particular topic, extended in the fields of statistics, insurance and mathematics. In this paper, the author will not provide terms, definitions and theoretical concepts, concerning the abovementioned notions, but interested readers can refer to the provided sources for detailed information (see 1 to 5). Bulgaria is in a period of transition for over 20 years now. Its economic environment was characterized by instability and insecurity, but the last few years, until 2008, were dominated by considerable economic growth (7), which had a positive effect on business organizations development and performance. The characteristic crisis of Europe and the United States dominate Bulgaria as well. Business organizations have to operate in an

environment with increased unemployment, reduced consumption and recessed market. Along with other potential risks, such as credit risk, fluctuating interest rates and changing market conditions, there is also the notion of personnel management risk. This is a relatively new phenomenon, but is often underestimated by the management of business organizations and scholars. Expenses, accrued by ignoring the risks of personnel management, are rarely discussed or are even unfamiliar to many organizations. In the fields of banking and insurance, these risks are often evaluated and there is sufficient experience in these areas, but even these organizations rarely use their know-how in the field of personnel management. Unlike the improving credit risk management models, personnel management risks are rarely approached in the same professional or detailed manner. Good management is crucial for prosperity, and under the current economic conditions – necessary for the survival of any business organization, regardless of the external environment. One of the methods of controlling personnel management risks in unfavorable economic conditions is personnel training. This approach, however, is not one of the most widely used by business organizations experiencing recession. The easiest way to

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protect their capital is by firing personnel and releasing funds from wages and insurance. By summarizing the data from a study conducted in an actual Bulgarian company, the author tries to prove that personnel training is an important preventive factor in the field of personnel management risks, and that through this method, organizations will improve their economic performance.

2. Risks, specific to the field of personnel management. Human resources have the final word on what is actually achievable within a given company. Even with advancing technology and the introduction of equipment, which requires fewer employees to operate, there will always be sectors, requiring well qualified personnel. As of now, the European Community requires about 50 000 more programmers (2), a number which will soon increase. Lack of qualified personnel is one of the most typical and serious risks in the field of personnel management. Secondly, there is also the risk of losing important key players. In the sphere of labor management, we often hear that there aren't irreplaceable employees, but from a historic perspective there are numerous cases, where departing key employees have caused the company significant losses. This risk is deeply underestimated – small businesses, which suddenly lose a key employee, endanger their existence. Competition for skilled employees is and becomes even fiercer. In 1994, founder of Saatchi & Saatchi, Maurice Saatchi, left the advertising agency under the pressure of the major shareholders. He took with him 30 of the most creative employees, as well as client contracts amounting to 50 million pounds, and founded a new advertising company. The shares of the old company collapsed (6).

Thirdly, we can classify the risk of inappropriately qualified employees. Recently, a large telecommunications company said that it has to release 6000 of its employees, although there are 2000 vacancies for well qualified personnel. (2). Apparently, training and retraining old personnel would be an expensive and uncertain investment, according to this company. Another risk, typical for personnel management, is motivational risk. It mainly concerns lack of motivation and inadequate expansion of employee potential, as well as establishing a sense of distrust. Today, we can often observe young people being hired on managing positions. At the same time,

modern management experiences increasing pressure. It is often the case for management personnel to be “squeezed out as a lemon”, which leads to the widespread syndrome of professional burnout. Thirty-five-year-old managers can hardly cope with the same pace over the period of the next 25 – 30 years, without developing the “burnout” syndrome (5).

In summary of the presented risks, we can conclude that the expenses which they can cause are often underestimated. Without a doubt, hiring above-average employees is an investment, which must be evaluated, just as we do with new machinery or technology. We can no longer speak of conventional personnel planning, when we talk about human resources. Today's crisis and uncertain conditions require not only a consideration of available quantity and quality of resources, but their location in time and space. A review of the field of personnel risks shows that its management is a combination of several factors, which must be well accounted for. Human capital is a combination of talent, competence, experience, abilities and skills, which employees always bring with them in the organization. When they leave, the company will lack all those qualities, which they have taken away with them. Assessing the risks in personnel management requires a number of questions to be answered. What people may be needed in the future, how can they be attracted and kept in the organization, to be motivated and further trained in time.

3. The object of this research is a real Bulgarian company, operating on the local market. At the request of its management, the name of the company will not be disclosed, but for the purposes of this paper, we will use the name “HAVEL”. The company exists since the summer of 1992. Its main activity is retail book sale. As of 2009, the company owns 15 stores around the country. Its web page reveals the following information: “We offer a selection of 22 000 titles in Bulgarian language – pedantically and thematically arranged.” Also, “You will be assisted by young, enthusiastic, highly educated and qualified booksellers.” Obviously, the management aimed high. The personnel manager had the difficult task of finding and selecting the most appropriate employees, who possessed a series of required qualities for this job. The company personnel policy was mostly focused on

searching and recruiting booksellers, who had appropriate professional education in the area of humanities. Most appropriate were deemed those with a degree in Slavic and Classical studies, Library Science, etc. This requirement is based on the notion that an employee must be interested in the world of literature and books. During times of crisis and stagnation, one of the most important and necessary qualities are those of a successful businessman. In 2009, the turnover decreased significantly, but not as a result of fewer customers. By the method of observation, the managers noted that there were an increasing number of customers, who were left unattended, even though there were employees who should've assisted them. During the time before the crisis – 2008, high turnover was accredited to local economic growth, which had a positive impact on book sales. During times of crisis, however, the personnel have to focus their activities on assisting the customers. Customers' income has either remained the same or even decreased; therefore clients become careful when spending money. As offered services become diverse, and income becomes less, customers require more attention from the seller. A bookseller's knowledge is now insufficient, if he is only aware of the "22 000 titles in Bulgarian", which the bookstore offers, or the fact that they are "pedantically sorted". Reduced economic indicators show that if the sales from 2008 are to be kept the same, bookstores need new selling methods. For this purpose, the management decided to train the company's personnel. The training is divided in three parts, each providing new knowledge and skills. Due to the size of this paper, only one will be presented here.

Personnel training is mostly practical in nature. Employees are offered cases, which must be solved by teamwork (employees from the same shift or the same group). Tasks resemble the most common types of situations a bookseller faces. The five different tasks cover most of the frequent and common "problems" that booksellers have when dealing with 80% of the customers, while the purpose of the training is to be able to quickly resolve them and easily identify and respond to these situations in the future.

Selling books is just another type of retail business, but books, as goods, are somewhat specific in nature. As a result, selling books is quite different to selling vegetables or shoes,

for example. It is this particularity which requires specific personnel training. The idea of the cases is to assist in building skills, which are required for successful booksellers.

Booksellers' work usually involves intensive customer contacts, mostly in form of verbal communication. Dialogues – whose purpose is to identify customers' needs, even in circumstances, when the latter haven't even realized them, and to be able to satisfy this "emptiness" in the customer, which provoked them to enter the bookstore. For this purpose, the provided case required employees to prepare a dialogue – which corresponded to each assignment. The teams were also supposed to summarize the solution to the given task, by providing their comments. The purpose of the latter is to provoke employees in providing a series of short and clear steps, required to resolve a certain situation. Why do groups need to provide a comment? Shouldn't all employees be given instructions for any given situation by the lecturers? Different groups work in different environments – big city, small town, better paid clients, modestly paid clients, different architectural decisions in every bookstore – communication between groups on different floors, existing competitors, and many other factors, which make every bookstore specific in nature. Managers and long time employees are aware of these specifics. They know their customers and stores much better than the trainees. Every case had to be refracted through the specific character of the particular city and its bookstore. Most of the groups, actually, didn't provide any comments at all.

At first glance, solved cases have two purposes – to provide every member of the personnel with ready solutions, corresponding to the most common situations, and then combine them with the specifics of each individual bookstore, which, as already commented, is something members of the groups must address.

In-depth examination of the cases must provide some additional sub-objectives:

- to engage members in teamwork;
- to distribute information from individuals to the entire group (while cases are being discussed);
- to unite the teams (as far as teamwork case solving can help in this direction);

- assist young people, new to the profession (newly hired colleagues) to become part of the team;
- help younger people with the specifics of the job;

Summary of the solved cases can be presented in the following manner:

3.1. It's evident that not all teams are serious about their assigned cases. Some answer the bare minimum. Underestimating the task can be attributed to the following:

- Inner conviction, that training will not have positive effects and that "our time is wasted";
- The group is competent enough, so any additional information will not be useful;
- Unserious behavior, low interest in one's future, result of human nature and adhering to the principle "least coercion".
- Lack of competence and professionalism;
- Underestimating the seriousness of the economic situation and the necessity of improving economic indicators, such as turnover, profit, profitability;

3.2. As a result of practical training, there's one more observation – the later during the day training takes place, the better the groups perform. The probable reason is communication between different groups, concerning the first training session – between those that already passed training and those who are yet to pass it. We can only assume that in order to perform better, groups relied on their bookstore manager to prepare the solutions to the cases and then present them to the lecturers. It's not clear whether all group members participated in the process of case solving. An attempt to encourage other group members to participate in the solution of the cases was made, but it was unsuccessful.

3.3. Some of the younger (recently hired) members of the groups left a positive impression. Even though they don't possess the needed experience and erudition, they verbally defended their colleagues, even those from other groups. Such support and lack of toleration for criticism, as well as company identification, provide for qualities of a good and reliable bookseller.

3.4. New group members had a certain problem. Those who missed the initial theoretic assignment were advised to become familiar with it later. They were supposed to read the materials from the first meeting and be tested on them, i.e. the manager must oversee and require that the knowledge from the materials be learned.

3.5. Solved cases allowed from some important conclusions. Group members were not equally familiar with the provided information which concerned their professional obligations. What are the consequences of such disinformation? If group 3 assists a customer, who is seeking a book in a certain bookstore, they might be able to sell it, but if team 2 meets the same customer in the same bookstore, the latter might leave without completing a purchase. Simply put, team 3 closes a sale, team 2 doesn't. The different level of knowledge between older and newly hired colleagues is understandable. The problem, however, is evident in both groups. During discussions, groups from the same bookstore were astonished by the apparent difference between the information they possess. Additional conversations on the same topic provoked managers and employees to accuse each other of being at fault. Managers provided information, but booksellers underestimated it. Booksellers, on the other hand, claimed that managers didn't inform them of changes or important news. As a result of these discussions, the lecturers advised managers to hold short, five minute meetings, in order to provide this information. Daily or monthly – as often as the information flow requires.

3.6. During the last training, a certain situation developed, which is worth mentioning. The personnel of one of the bookstores proved to be very "rebellious" and temperamental. They refused to work on the cases, fill in the test forms, at the same time doubting the usefulness and purpose of the training. After discussing this phenomenon, the lecturers reached several important conclusions: the team of said bookstore is rather young (average age of 24 years). The manager seemed to have difficulties enforcing his authority among his colleagues. His leadership was disputed, which indicates that his subordinates believe that they can fulfill his duties much better. It's also possible that the current manager is not the best individual for this position. It's impossible for such provocations to have a positive effect. They influence the teamwork of all members, regardless of the fact that there is only one person, who instigates such feelings. The economic performance of the bookstore must be assessed and goals must be set, in order to determine if its current staff is capable of achieving it.

We can conclude that the training sessions revealed that many of the employees are

interested and responsible, realizing the seriousness of the situation. During training, employees seemed eager to put in practice their newly acquired knowledge. This verbal promise is not at all sufficient to root out years of bad habits, which can only be controlled by complying with the new rules. Lack of control will soon result in providing the same efforts, as before training. Enforcing the new “selling rules” can only be achieved with systematic,

persistent and consistent actions, towards the set goals.

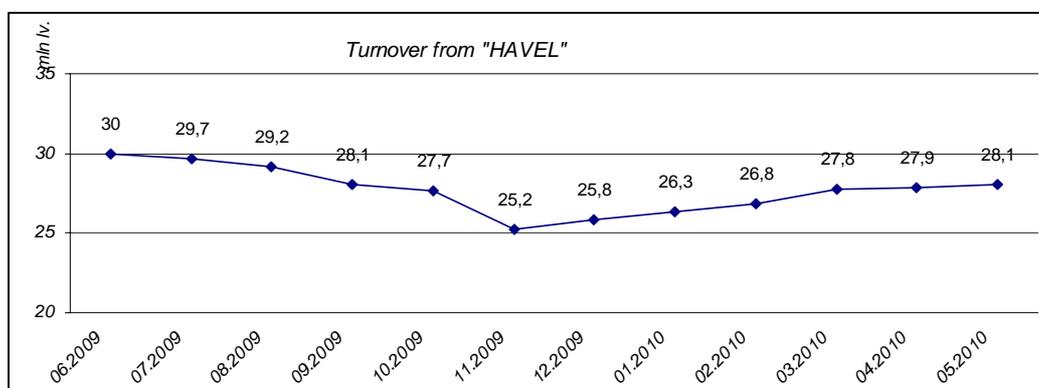
In summary of the above points, we can conclude the following: The theoretical-practical training of “Havel’s” booksellers and managers offered a series of evidence concerning the abovementioned hypothesis by the author. Personnel training provided positive effects on the economic performance of the organization – for the six month period monitored (table 1).

Table 1. Client survey

Before the training / after the training	before	after	before	after	before	after	before	after	before	after
	yes		rather yes		partly yes / partly no		rather no		no	
Booksellers are:										
greeting friendly	20%	80%							80%	20%
polite	5%	61%	5%	11%	30%	15%	40%	6%	20%	7%
help competent	10%	50%	20%	45%	15%	2%	30%	1%	25%	2%
give a smile	10%	45%	10%	25%	10%	10%	30%	10%	40%	10%

Also, bookstore customers were polled for a period of four months – two before and two

after the training. The data is provided in **graphic 1**.



Graphic 1: Turnover from “HAVEL”

We can confirm that the number of satisfied clients leaving the bookstore has increased. Communication with booksellers is rated as casual and useful.

Risk management in the field of personnel management is yet to be studied in-depth and improved. During an economic crisis, business organizations need to show and use their full potential, because current conditions often concern their survival. The fact, that personnel training leads to improved economic indicators, proves that this is one of the

methods for preventing threats, typical for the field of personnel management.

CONCLUSION

The role and the importance of the management of such risks, which result characteristic for the personnel management, are significantly undervalued in a number of firms. The risks and the expenses, which have been arisen within the sphere of the human resources, are often underestimated. The sense of the early detecting of these risks, which are characteristic for the sphere of human resources, is rooted in the fact confirming the

human potential as a factor of a particular importance for success. Along with the afore stated, it should not be forgotten that the risk factor of personnel is managed significantly harder compared to production, finance or material resources.

A good management results decisive for the prosperity of any economic organization regardless of the environmental conditions. It is the good management which foreordains the future existence (and very often, survival) of the economic subject in the conditions of crisis. The personnel training in the conditions of the negative economic situation is one of the means for getting under control of the risks in the personnel management.

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