

## **FUTURE POLICY ACTIONS IN CONTINUOUS TRAINING OF HUMAN RESOURCES. CASE STUDY: ROMANIA**

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### **ABSTRACT**

*Looking from the perspective of contemporary transition and economic crisis at European level, I think that in the future, without a coherent process of human resources training the economic competitiveness and progress, in general, will suffer. Due to an ongoing transition in the division of labor work, the impact at the individual level, the needs to develop the assessing processes of current workforce, led me to undertake the present research of some aspects in this field. Taking into account the cultural and historical variety at European level which is very clear and consistent, any policy actions in this direction can be achieved only through a nuanced approach related to the particularities of human resource management model. Taking into account the current economic situation in Romania and that in the domain of creating a versatile policy in human resources are only few initiatives, we made a critical overview of activities of training of human resources in Romanian companies. In the final part of this article we made a set of recommendations regarding possible future policy actions on human resources in our country.*

**KEYWORDS:** *human resource, labour market, lifelong learning, training*

**JEL CLASSIFICATION:** *J21, J24*

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### **1. INTRODUCTION**

The whole process of globalization and changes in the development of each member states of the European Union are key factors in modifying the classical evolution of human resource management. The main objective in the whole process of globalization is the integration of all human resources practices in a unique format. However, this goal is difficult to achieve in terms of actual differences (economic, social, institutional and cultural) between EU countries. In a publication from last year, entitled "The Jobs Crises, and Government Household Responses to the Great Recession in Eastern Europe and Central Asia", the World Bank considers that despite major layoffs at European level, in companies approach to reduce their expenses effects were amplified in the fixed-term employment contracts and lowering human resources income. In 2009, companies quickly responded to declining demand trends with three major measures: layoffs, freezing all new hiring and lowering incomes of all existing employees. Thus the unemployment situation deteriorated rapidly, the critical point, marked in 2009, which "contributed" to the increase of unemployment by about 12.2 million people, compared to 2008 when the situation accounted only 8.4 million of unemployed people. However in order to reduce the situation created by the economic crisis, countries from Eastern Europe and Central Asia have promoted policies and programs (with direct or indirect effects) dedicated to protect the living standards of residents and active labor, but even so for achieving those results, companies can come only by boosting efficiency at maximum production capacity coupled with an increasing labor performance, properly trained and qualified in advance.

In the review published by the International Labor Market, agency belonging to the United Nations, entitled "A G20 Training Strategy - A Skilled Workforce for Strong, Sustainable and Balanced

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Growth", the 20 major world powers (ie: G7 countries: Germany, United States, Canada, France, Italy, Japan, United Kingdom and other 12 emerging countries-Australia, Argentina, Saudi Arabia, Brazil, China, South Korea, India, Indonesia, Mexico, Russia, Turkey and the European Union represented by the country who holds its presidency at that time. According to this, the G20 group believes that the future prosperity of a country is largely influenced by the degree of employability and productivity achieved by each employee. The report take into account that the European Union estimates that an increase with 1% of staff training days can lead to an increase in productivity by 3% and previous analyzes according to which increasing levels of education (quality) of work force leads directly to a considerable increase performance indicators of the market. Some positive aspects of this process are outlined in this report: encouraging people to fully develop its competences and adopt a positive attitude regarding employment opportunities, increasing productivity in both directions (employer-employee); future development of innovative actions; stimulating national/international investments in continuous training of human resources; creating new opportunities for earnings growth, developing international labor market by extending employment opportunities. The G20 group, concludes that the steps to be followed in creating the future workforce will need to start with a quality education from primary school, better information about the skills required in the labor market, education and training systems flexible to any changes in the economy and society, recognizing new skills and not least the most efficient use of these skills at the workplace.

Regarding all that, we consider that the future of Europe is based, in a considerable proportion, on *knowledge* that can provide the flexibility of components and tools, in order to ensure economic development of member states and increasingly higher living standards for its citizens.

## **2. THE ROLE OF CONTINUOUS TRAINING ON HUMAN RESOURCES**

The concept of knowledge society was created to indicate not only an widen participation in higher education or knowledge-based sectors or high-tech economy, but rather a situation in which characteristics of work organization are changing under the influence of growing knowledge. So the most important goal of Europe was and is in a word *the progress* in all areas. Analyzing the last 50 years, we find that it was made many steps and bridge between, sometimes, totally different European economies those steps supporting the idea of creating a single market where goods, services and people can move freely between the Member States. Starting with this point, the European Union has acted as a major economic power. Trying to find an complete definition of human resources management we identified, according two romanian specialists (Manolescu A. & Lefter V., 2007), that is "*the function that facilitates the most effective use of people in order to achieve individual and organizational goals and allows organizations to reach theirs objectives by achieving and maintaining an effective workforce, ensuring a strategic approach, motivation and drive the development of organization's key resource, making available also the necessary human resources for the company, with a dual constraint that function in both ways -harmonious and efficient- affecting all human resources with a special respect for justice, security and development of each employee*".

The increasing participation of people in higher education was a direct achievement of ensuring free access and economy demand for a skilled work force. In this landscape, European students – *the future work force of the 21st century*- will step into career in a space (European and global) in which terms such as integration, globalization and free trade have become structural, affecting society as a whole. The human resources capital is particularly important in the organizational environment that must be understood regarding their specific training needs and then motivated.

At the end of 2011, the Commission proposed a new public architecture of measures in order to better align its Member States to the agreed standards. From the proposed amount of about 340 billion euros, half will be designed to reduce disparities in less developed regions. Initiatives to boost employment, social inclusion and promoting lifelong learning will be financed with amounts

close to 84 billion euros. A new initiative of European Commission is the implementation action to ensure "Connecting Europe" by developing transport infrastructure, energy and IT sector. This new architecture is the result of a new European approach regarding the crisis situation, which wishes to maximize results through eliminating unnecessary expenditures in the Member States. *New cohesion policy* (2014-2020) directly addresses to the objectives of the EU's overall strategy - *Europe 2020 strategy*- with interventions in key areas such as: development of research, information and technology, economic competitiveness, reducing the carbon footprint of the European economy, taking measures against climate change combined with environmental protection, increase employability and the fight against poverty, development of lifelong learning appropriate skills for contemporary business environment and create effective mechanisms in each Member State. Changes proposed by European Commission can be summarized as it follows: coordinating all actions for a better implementation; focusing on targets set in Europe 2020 strategy; taking all measures in rewarding the implementation performance; pay more attention to results and monitoring activities and promoting territorial cohesion.

If we focus our attention on the targets outlined in the *Europe 2020 strategy*, we can see that more than ever Commission focuses on the development of economy and society which can not take place without the presence of a retrofitted industries in terms of efficiency and productivity. But any economic sector which faces with this kind of changes requires a over-specialized workforce, able to respond now and in the future to any change in the economic environment. Therefore, the system of lifelong learning can be the only one active process, in this case, able to provide quality of educational services at all levels, closely connected with economic realities.

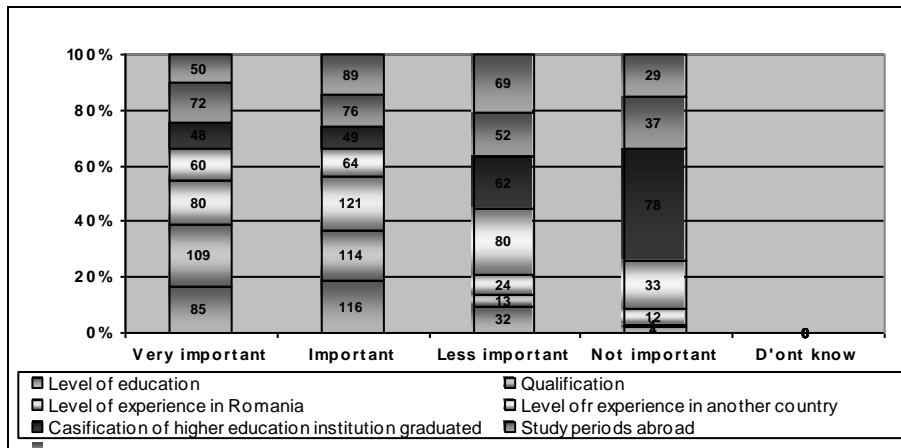
### **3. CURENT SITUATION OF HUMAN RESOURCES CONTINUOUS TRAINING IN ROMANIA**

Looking at micro- and macro-economic level, the European Union according to the intentions manifested in the new *Europe 2020 strategy*, establish 10 integrated guidelines, four of which refer to the European Strategy for Employment: *Improving participation* of women and men in the labor market, reducing structural unemployment and promoting job quality; *Developing a skilled workforce* with capacities in responding to labor market needs and promoting lifelong learning; *Improving the quality and performance of education and training* at all levels and increasing participation in tertiary education or equivalent; *Promoting social inclusion and combating poverty*.

In that light, of the increasing role of human resources in the global economy, the need of its development and the obligatory alignment of Romanian economy to the future challenges, we conducted a survey among the Romanian companies in order to identify and highlight the actual situation of human resources training. The study focused on identifying, besides logistic aspects (town, size, economic sector, number of employees, level of education, staff employees and issues that these organizations are currently facing, job-criteria, typology of ideal employee, skills and structures / oportunities identified in human resources management, companies future perceptions on continuous training, the importance in acquiring performance from specialized activities of pre/post employment and collaborations with academic institutions and their future view regarding a possible human resource strategy at national level. The respondents, almost 280 companies, have had to respond to 22 questions, special created to cover 5 areas of investigation: company details, questions related to internal human resource structure, human resources management structures, informations about the various activites created for training, company vision about present and future selection criteria. The respondents structure have had a good territorial distribution among the country even though was registred a big concentration of them in Bucharest. Taking into consideration the size of respondents the following structure was registred: 2.53% - big companies (more than 250 employees), 37.13% medium size companies (50-249 employees), 48.10% small companies (10-49 employees) and 12.24% micro companies (less than 10 employees). The main findings are:

Regarding the most important aspects that are considered by companies in the moment of recruitment, 48.95% of respondents appreciated as very important the level of education, procent that was registered also when we talking about the level of qualification. (Figure 1).

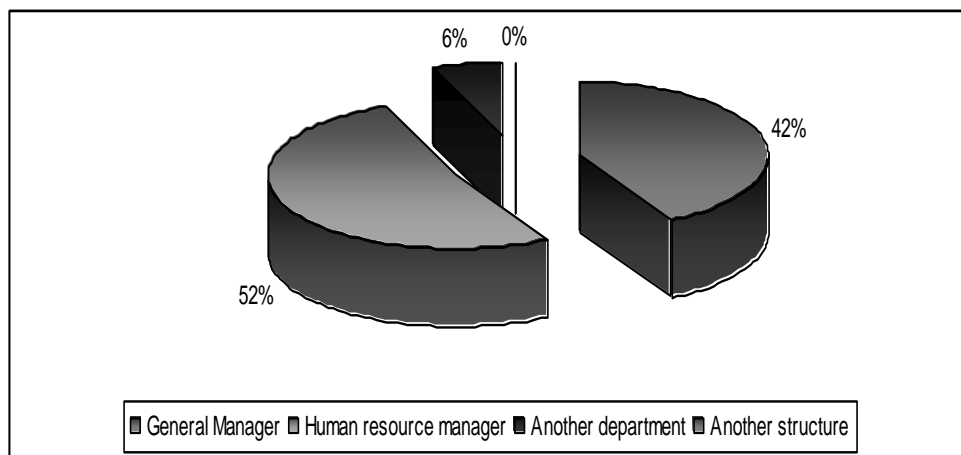
**Figure 1. Which aspects are considered important in recruitment of human resources?**



Source: adapted from Stoika (2012)

Over 52% of answers indicates as *very important* that the future employee should have also experience in working abroad.

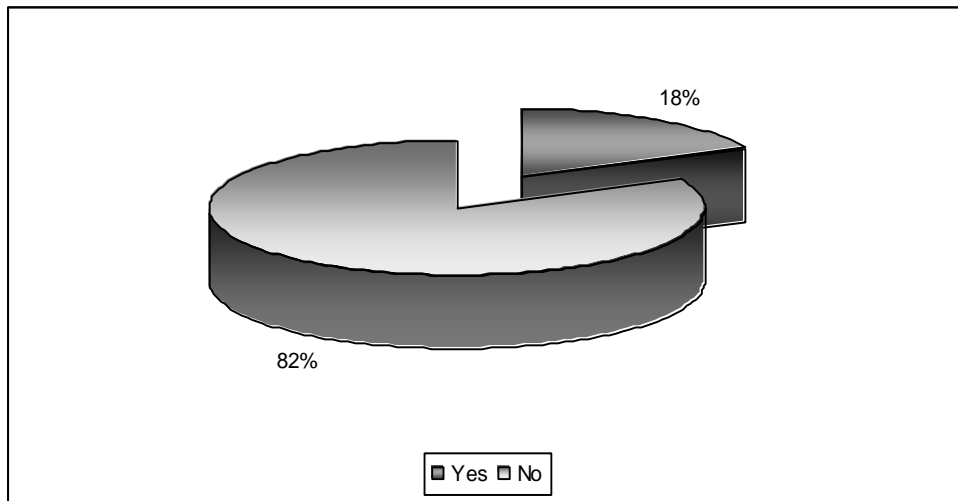
Another question of the survey (Figure 2), was related to identify the structure who really manages the human resources. According to this question, most answers were polarized at the human resources manager level ( means one person who was employed / nominated to manage these activities - usually in small companies or a department created for this goal -usually found in medium-up companies). On the other hand, an important part of the responses were focused on the idea that human resources activity is managed by the General Manager. Looking directly in terms of costs-even if short-term it can be considered as an economic one, this aspect may prove not cost effective on medium to long term (if not disastrous) for the company concerned, all activities targeted human resources becomes inconsistent. Only 6% of respondents chose „personnel management activities” to another department within the company, there is potential to develop the risks mentioned above. Another desirable aspect to be highlighted in this research consisted in underlining the existence of specialized personnel with the main role in human resource development within the romanian companies. Therefore, analysis of responses showed that in most cases presented (68.35%) at the institutional level exists personnel employed full time with clear responsibilities related to the human resources management.



**Figure 2. Who is responsible with human resources management in you company?**

Source: adapted from Stoika (2012)

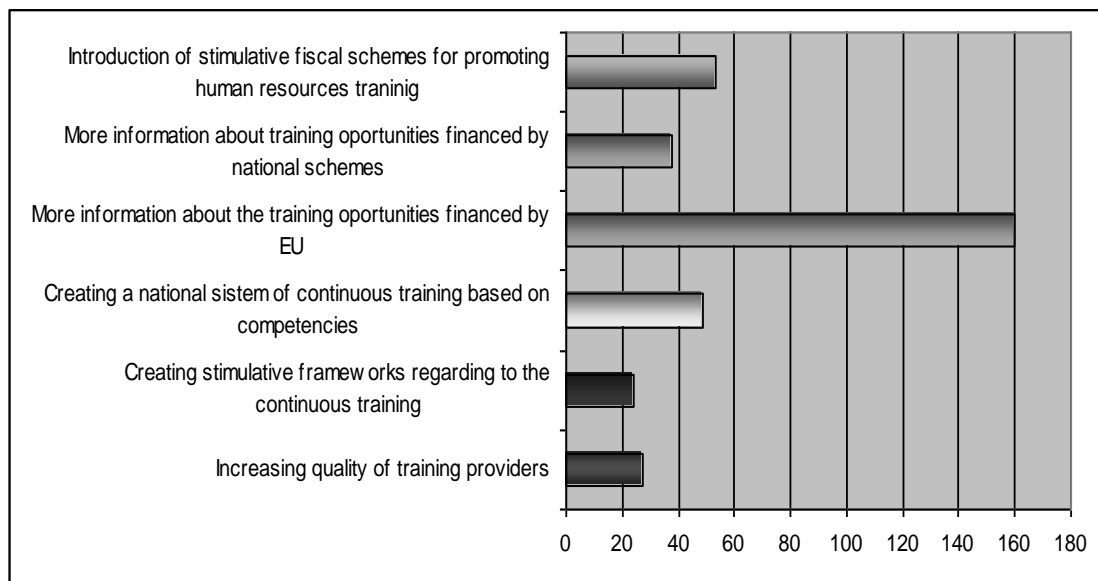
Regarding another question of this research, taking into account the possible links between the company and the higher education institutions, majority of respondents (82%) mentioned that they don't exist.



**Figure 3. Does your company have any cooperation schemes with higher education institutions?**

Source: adapted from Stoika (2012)

However, the answers confirm the current status of graduates who, after graduation can engage with difficulties in the labor market, the main element for which employers want staff with professional experience in the field.



**Figure 4. Employers' views on continuous training directions for future strategies of human resources**

Source: adapted from Stoika (2012)

This response anticipates the importance of training programs conducted by the European Commission in the entire European area with direct implications on Member States. Thus by application, development and implementation of various programs for this purpose, Member States will ensure highly qualified human resources in order to increase the competitiveness and ensuring further, the micro/ macro economic balances. Next option chosen by employees is that according to which the introduction of fiscal incentives, for them, to promote lifelong learning among employees

could be an approach that would ensure mutual gain for all parties involved. Third, respondents indicate that a viable future direction of HR strategies, is creating a system based on national training authorities, aiming at facilitating the development of skills that are not sufficiently developed but without them, the work in that economic sector can not perform in terms of efficiency. Development of information and counseling activities on national funding schemes for training was further indicated by 10% of respondents emphasizing here that currently aren't enough efforts to create a national system of grants in this direction. The intention to improve the quality of training providers was indicated by 8% of survey participants, while 7% of respondents agreed that there is acute need of clear measures and diversification in the context of continuous training of employees.

#### 4. CONCLUSIONS

In recent decades there has been a national trend of graduates (especially for those who already benefited from a particular type of mobility abroad) to leave the country after graduation in order to find a job or further specializations. Through this "boomerang effect" given itself to the national economy by reducing the mass of highly qualified human resources, it will reflect directly on medium term in the whole productivity and obviously the national GDP (Gross Domestic Product). It is true that any measures should be taken at national level in performing the test to correct this situation, even immediately approved, will measure positive multiplier effects after a certain period of time, but, these measures still leave expected. The first concrete measure it might be a *lifelong learning strategy* dedicated to human resources that could integrate different regulatory areas: concrete steps that can be taken to ensure continuous education accessible to all citizens of all ages combined with recognition of their skills by specific rules (whatever that was the environment-*formal, non-formal and informal*-in which skills have been acquired and developed) and backed by specific regulations to reward those human resources. They can help with various actions that might be involved (research, innovation, entrepreneurship, etc.) to increase labor productivity and progress in the Romanian economy. According to national statistics, the age group most affected by unemployment generated by the economic crisis was targeted the population between 30-49 years, (ie. recent graduates and those who are just getting started). This entailed an forced attraction to look for better paid jobs abroad. Following these trends, we see that real labor migration is itself a complement to life, a career goal of majority now.

In the final part of this article, we appreciate that companies are learning themselves through this process, creating new ways to a better response in the context of an increasingly specialized and productive market. After the assessment of European regulations and from the results of the presented survey, we propose the following milestones for the future resources strategies:

- *Designing a training system focused on specific problems;*
- *Creating funding mechanisms to ensure continuous training of human resources;*
- *National recognition of acquired skills in informal/non-formal contexts;*
- *Widely dissemination at regional / national level about positive multiplier effects of the training activities;*
- *Creating an efficient reabsorption system for domestic skilled human resources.*

At the end of this paper, we consider that without a coherent strategy for human resources training in Romania in order to promote values-oriented to performance, compatibility with realities from economic environment (at European / Global level) and a better coordination of investments in creating new jobs in key areas that have a real potential of economic growth, the Romanian economy will describe a poor route facing other European countries that put in the forefront of progress – the development of human resources.

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