

## **Analysis of Management Challenges and Strategies in Human Resources at the Level of a Company with a Tradition in Resita**

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### **Abstract**

*The paper addresses aspects and challenges from the economic and social realities of one of the largest companies in Resita, with the largest number of employees and with a focus on the tradition of steelmaking in Resita. The choice of the title and these approaches are considered relevant for the scope and results of the proposed research and analysis, for the generation of realistic conclusions and recommendations but also some premises for future research in the field of human resources management and not only. Complexity, pertinence and relevance reside also in tradition, continuity in activity, longevity and stability in leadership positions, alignment with legislation, rules and principles, managerial professionalism, prompt response to challenges, strategic vision and economic resilience.*

**Key words:** manager, management, human resources, strategies, analysis

**J.E.L. classification:** J21, M11, M12, M20, E24

### **1. Introduction**

Starting from theories and approaches of human resources management, the studies carried out over time and especially during and after the pandemic, but also from the approaches in the field, belonging to the famous professors Manolescu A. (1998), Nicolescu O. (2007), Verboncu I. (2013), Ilieş L. (2005), Petrişor I. (2007), an attempt was made to present some complex issues in a dynamic and challenging systemic context that could include, in addition to strategic managerial approaches at the level of the company chosen for study, the legislative aspects approach, which explains the support of the Romanian state in maintaining tradition in Resita, in maintaining decent working conditions, in continuing to meet all the needs of employees and ensuring work satisfaction and performance.

The challenges and measures identified both theoretically and practically in the proposed field, through documentation, observation, analysis and interpretation, can give lead to the knowledge and highlight of skills and the abilities to adapt to change and especially to exceptional situations both belonging to the management at the legislation level as well to the company level management, which have proven the ability to choose the most optimal strategic decision-making options for the situations and challenges that have arisen in the field.

Both the title of the research and the results of the proposed analysis can create premises for future thematic approaches at the company level to maintain the state of functionality in conditions of profitability, but also of decent work in compliance with the legislation in the field and the principles common to the European Union member states, aiming at human resources, namely pluralism, human dignity, freedom, non-discrimination, tolerance, justice and the rule of law, equity, solidarity and equal opportunities.

## 2. Theoretical background

Considering the fact that the company chosen to be analysed was established with Russian capital and operated under the Law of Commercial Companies, interstate agreements, agreements and financial-fiscal facilities granted by the Romanian state for the takeover of assets and liabilities to a commercial company with state capital that, after two failed attempts at privatization, could no longer operate with the traditional activity of the Resita Municipality - iron and steel, these incidental legislations and the legislation before was necessary to be developed, during and after the pandemic that regulated some restrictions and some facilitates for employers, as well as the basic theories and principles regarding the organization, reorganization and operation of companies, managers and human resources management from the specialized literature mentioned.

Starting from the analysis of the legislative and evolutionary aspects that concerned the establishment, organization and operation of this company, but also from the results of the research and that of several specialists in the field of human resources before, during and after the pandemic, and also taking into account the fact that most human resource departments were forced in these contexts to automate most of their work processes ([www.pwc.ro/ro/media/press-release-2020](http://www.pwc.ro/ro/media/press-release-2020) showed that 68% of the responding companies declared that the need for change and digitization was felt most intensely in the human resources department, then in the financial department 63%, IT 56%, closing the sales operations with 46%, trends that are still maintained today), some recommendations regarding amendments and additions to the legislation are required in this area as well as the content of future managerial theories.

## 3. Research methodology

The unpredictable, complex and often interpretable legislative issue for the big companies that operated in our country, supplemented by the pandemic challenges and the influences of the Russian-Ukrainian war, had an important impact especially on the human resources of the companies that had Russian shareholding and had to change the shareholding, this also being the case for the company analysed. Thus, the method chosen to analyse the quantitative data taken from the annual company financial statements, as well as the qualitative data, was the case study method which allowed the use of observation, documentation but also thematically directed discussions with some of the employees intertwined with the individual interview applied to the longest-serving manager in the company, who has been in charge for over 20 years.

It can be observed that for the rigor of the research, information collection through several methods and from several sources was realized (Sekaran, 2003 and Ștefan et al., 2021).

The methodology was approached in hope to achieve progress in knowledge, starting from theory, but also from the good practice of the company management, so tried and challenged over time, taking as a model the renowned professor Crăciun C. (2015), who stated that the principles of the analysis investigations or researches are extracted from the theory principles (Andreș S., 2021a.).

In this context, this methodology can practically lead to a positive interaction between theory and the investigation of the managerial field, thus creating premises for good practice models (Andreș S., 2012). The main objective of this paper was to identify some strategies used by the company's management in the field of human resources as well as the challenges that most often generated restrictive measures but also certain opportunities for the company. Secondary objectives were:

- [[Os]] \_ (1): Identifying the personnel's potential and personnel fluctuations;
- [[Os]] \_ (2): The influences of managerial decisions on human resources;
- [[Os]] \_ (3): Determining the factors that influence the adoption of managerial strategies;
- [[Os]] \_ (4): Identifying the challenges faced by the company manager regarding human resources;
- [[Os]] \_ (5): Establishing measures and implementing strategies regarding human resources.

The purpose of the study and of the analysis was to highlight the issues in this field at the level of one of the largest and companies with a rich tradition in Resita, but also to identify the influence of managerial challenges and strategies on work productivity and activity efficiency. The study was carried out during the period 15.01.2023 to 20.05.2023 and the hypotheses from which the study started were also determined by previous studies and are confirmed now, as follows:

H\_(1): The company grants quite a lot of material benefits in order to prevent personnel fluctuations, using financial motivation as a priority;

H\_(2): Identifying all the factors that negatively influence the company's activity is a priority for the manager;

H\_(3): Management strategies greatly influence the human resource in the company;

H\_(4): Several measures are established for the human resource, in order to fulfil the company's objectives;

H\_(5): The company manager relies on specialized labour and the division of labour.

Also, the main objective of the interview administered was to identify the challenges faced by the company from the point of view of human resource management in order to highlight the qualitative, non-numerical aspects. The actual interview contained short, simple, open-ended questions that also had a predominant orientation towards the respondent's experiences.

The secondary objectives of the interview were:

[[Os]]\_(1): Identifying the influencing factors that caused certain deficiencies or difficulties;

[[Os]]\_(2): Determining how certain labour conflicts and misunderstandings between company employees were handled;

[[Os]]\_(3): What are the company's challenges from a managerial point of view;

[[Os]]\_(4): Carrying out a comparative analysis of the company's employees over time.

The hypotheses that led to the realisation of the study were the following:

H\_(1): The most significant challenge for the company was the suspension of production at a given time;

H\_(2): From the point of view of the executive manager, one of the biggest challenges was finding qualified staff when resuming the activity;

H\_(3): Over time, staff migration has become one of the important issues for the company;

H\_(4): As a general rule, financial problems are what lead employees to look for other jobs;

H\_(5): The executive director is the one who makes every effort to create a stable work environment and tries to respond to the challenges encountered in carrying out the activity.

Some of the conclusions of the study concerned the following aspects:

- The company needs a more advanced technology in terms of production but also specialist assistance in the field, even if it holds a large number of 2350 employees;
- Staff fluctuations have directly affected productivity, thus the company's customers who cannot receive the products within the set deadline are also affected;
- The biggest challenges for the future regarding human resources appears over a certain period of time, when most of the employees retire;
- More involvement and measures are needed to prevent work accidents, to ensure safety at work but also rewards related to performance and job satisfaction.

#### 4. Findings

The proposed analysis was carried out on the basis of the data and information obtained using the case study method. The company was initially a Russian one established in 2001 with production activity, and later took over the steel production in Resita through a transaction with the Romanian state made on one euro, having the obligation to pay the debts of the company that the state failed to privatize, but later enjoying tax facilities that our Romanian companies did not have. It should be noted that later during and after the pandemic, the facilities, especially those aimed at employees and employers, were granted uniformly.

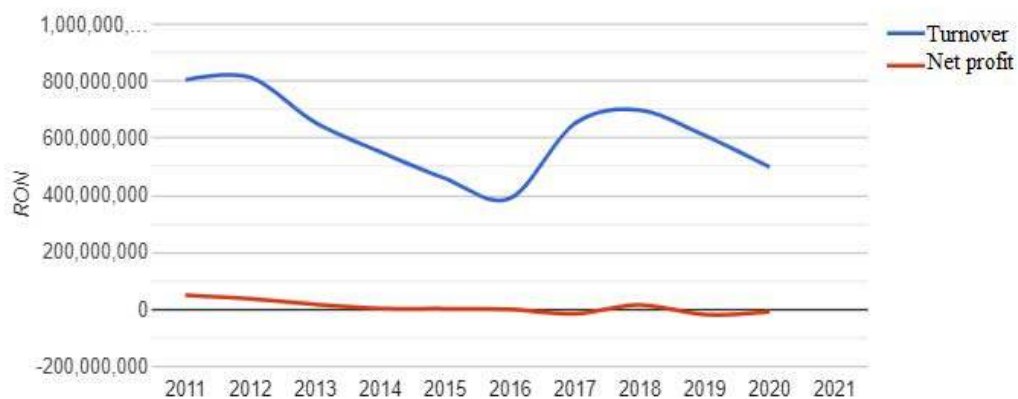
The last reorganization was in 2023 when the number of employees reached 2350, but they these numbers were not made public until the date of the study. The data and information reflected by the financial statements generated by the activity carried out in the last two years, which is why

the analysis was limited to the period up to the year 2021.

The evolution of the relevant elements from the company financial statements is presented in figure no. 1 and the analysis of these indicators, the turnover and the profit highlights the fact that the company’s business was more profitable before the takeover of the combined company. According to the implementation of the financial-fiscal facilities granted by the Romanian state, there was some recovery after which, even an increase in turnover, in the period 2016-2018 followed by a significant decrease in the pandemic period 2019-2020 and maintaining the trend in the following year.

It should be noted that even in these circumstances, the company maintained a low level of profitability, even less so during the pandemic years, which can mainly explain the concern for maintaining employees and the increased personnel expenses, which outstripped the shareholder’s objective of profit maximization.

Figure no. 1. Analysis of relevant indicators for the company, turnover and profit



Source: <https://www.listafirme.ro/>

The company’s main objectives for the year 2027, analysed from public data and thematically directed discussions with some of the company’s employees, are the following:

- Continuing the activities of pollution reduction;
- Increasing energy efficiency;
- Increasing the efficiency of waste management;
- Increasing the workplace level of security;
- Expanding the production capacity;
- Increasing product quality and minimizing costs through the use of technology;
- Consolidating the company leading position on the global market;
- Concluding new partnerships.

The secondary objectives of the company are as follows:

- Improving the safety and health management system;
- Improving working conditions;
- Implementing new technologies in order to ensure better working conditions, in addition to providing appropriate equipment;
- Permanent training of all employees;
- Increasing the managers’ responsibilities.

Within the company, the human resource has proven to be very important, even in the situation where the company largely owns the technology necessary to carry out the activity, it is not possible to eliminate the human resource. In this regard, a collective labour contract was concluded with a validity of 2 years, and after the expiration of this term if neither party summons the other party to negotiations, the contract can be extended once more for a period of 12 months.

Following the analysis carried out, one can observe that this company records personnel fluctuations during the analysed period, which were recorded due to the economic situation of the company, from 2014 when the company’s profit decreased by 14363139 lei compared to the year 2013, following the downward trend until 2016 when the company starts to recover. Prior to this period, the salaries of the employees were quite low compared to the hard work they were doing and for this reason these staff fluctuations may have occurred.

Analysing the entire company over a period of 9 years, the following personnel fluctuations are observed:

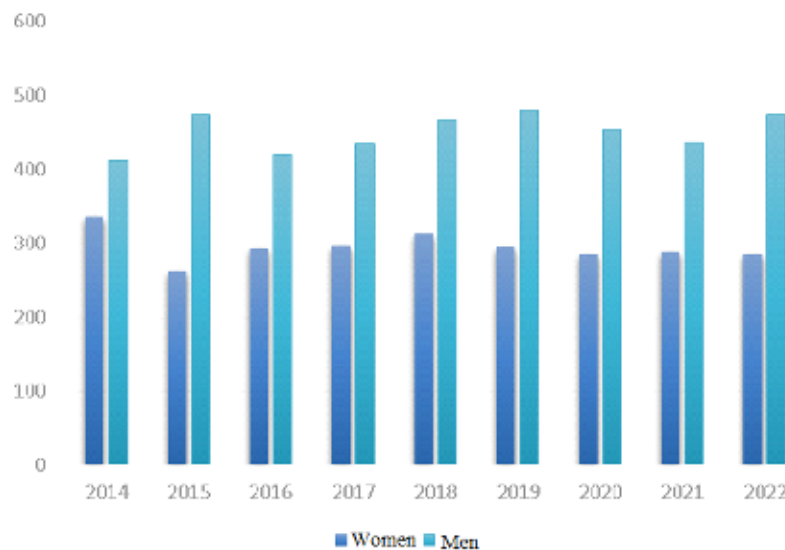
Figure no. 2. Personnel fluctuation



Source: based on known information

Considering that both women and men work in the company, it was necessary to highlight the fluctuation also according to gender, thus:

Figure no. 3. Personnel fluctuation according to employees' gender



Source: based on known information

A significant difference when taking the gender of the company’s employees into consideration. Many are men, who are directly productive, but a very large part of women are involved in management activities.

Many of the company’s employees are between the ages of 43 and 57, but it seems that more and more young people are choosing to work in this field due to the fact that it offers an attractive salary, many benefits and some stability.

The company is a big one and in the context of the pandemic and the war that greatly affected production and exports, it has passed through difficult times, it has responded well to the challenges of being on the market, with profitability, with increasing labour productivity, offering the majority of jobs in the town of Resita. In the following figure, the evolution of labour productivity for the period 2008 – 2020 is shown:

Figure no. 4. Analysis of company productivity



Source: based on known information

Analysing the evolution of the labour productivity indicator, one can observe that the biggest decrease was recorded in 2009, although the company had double the number of employees at that time. In the following years an increase in productivity can be observed with an average number of employees of 769 and in the year 2016 a decrease in productivity can be observed primarily due to the lower number of employees.

These numerical analyses are not sufficient to meet the requirement of the chosen title, thus an analysis of the non-quantifiable, qualitative data, resulting from the unstructured interview administered to the executive director was also necessary, through which several questions were asked regarding the human resource field, but also regarding the challenges faced throughout one’s career, implicitly the measures taken to meet challenges.

In the first part of this interview, identification questions were asked, in order to conclude that the director interviewed was both in the management of the old company and in the current management, that he is an executive director for more than 20 years, possessing extensive knowledge in the field of management, being an engineer by profession, who graduated from the Polytechnic University of Bucharest in 1995.

A first thematic question concerned the known staff fluctuations over time and the executive director answered that the company faced such situations, and that these have a major impact on the activity carried out, confirming what the previously analysed numerical indicators also showed us, but also the fact that the biggest challenge in this context was the attraction of young people willing to work within the company. In this regard, the general manager stated that he tried to make the working environment as pleasant as possible and is ready to make some changes in the way he perceives certain things. In time, the biggest challenge will be finding qualified employees, but also those who want to work in this field, because many, in a few years, will get close to retirement, at which point the company will face a real problem.

One of the biggest challenges, according to the words of the executive director, was the SARS-COV-2 pandemic, when most activities were put on hold, although the activity was not interrupted, the employees were scared because they could get sick. There was a time when the general manager tried as much as possible to change shifts and working hours to take distancing measures, but in the following period many of the employees got sick and were quarantined for 14 days.

It was only when a lot of people had direct contact with a sick person or they themselves got sick, that the lack of staff was felt, because many could not come to work, a context in which the general director had to increase the protection measures, but especially to talk to the company's customers to let them know that there are delivery delays due to the pandemic. The protective measures against this virus were many, the employees and those in the management of the company were constantly tested not to spread the disease, but the biggest problem was the fact that the staff was little in number, most of them being on sick leave which delayed the orders.

Another challenge was when the war in Ukraine started, at that time the majority stake was owned by a Russian company. More and more measures were taken against Russia in order to stop the war, and a solution found by the states of the world was freezing bank accounts and the total blocking of companies with Russian capital. The chief executive stated that it was the most difficult time encountered in his entire career, people were desperate, management as well considering the large number of employees and employee expenses.

After the accounts were blocked, a strike was organized because the employees did not receive their salaries. During the large-scale protests, the majority shareholder withdrew one's holdings, but the accounts were not unblocked. The management of the company, but also the employees mentioned that they no longer hold Russian capital and all the raw material needed was purchased from the European Union. After a series of negotiations, the employees were offered 75% of their salary, but they did not accept and claimed that they would protest until their salaries were paid.

Shortly after this strike, activities were resumed due to the fact that the company's accounts were unblocked. The government understood the company's major impact at regional and national levels. Although the accounts were unblocked and the workers returned to work, there was still a period of time in which certain problems related to production, product delivery, and the extension of some contracts had to be resolved. The company's customers were also very affected by this, as they no longer received their orders on time or were uncertain about the company's financial situation and ensuring the continuity of the partnership.

Over time, the company's activity was also overshadowed by several unfortunate events, in which several employees lost their lives as a result of work accidents, this being the reason why the general manager placed an emphasis on labour protection. And in this sense, an objective established by the company was the reduction and prevention of work accidents, the director declaring that in the last 10 years, three employees in the company died as a result of work accidents and precisely for this reason, great emphasis is placed on labour protection, on prevention because the accidents were results of carelessness, lack of responsibility or lack of experience in using some machinery.

In addition, the director claimed that he constantly carries out unannounced checks to see if the regulations imposed by the company are respected, but also to prevent accidents. The same reason, he strived to maintain a close relationship with the team leaders who must communicate all events in order to take proper action.

Like any large company, it encountered quite a few challenges, in production, the lack of qualified human resources, production stoppages, human errors, financial crises, but all these problems were successfully solved. It demanded a lot of involvement, passion and professionalism. Since the director started his activity, he has tried as much as possible to develop a friendly relationship with those he worked and works with, management of the company or employees working in production.

The conflicts between the company's employees were also real challenges for the general manager. Many of the employees complained about the attitude or behaviour of certain colleagues, and most of the time they asked to be transferred from one department to another or for the person in question to be penalized, but these types of problems were resolved amicably and the proper way

to reconcile those in conflict was found, because the transfer to other departments cannot be done especially because of the specialisation employees must have for each job.

When asked to what extent he believes that changes are necessary and in which area, the director replied that it is necessary to purchase new machines, more advanced and offer greater protection to those who carry out that activity. But as they all depend on the human resource, the director mentioned the organization of events periodically, events which could contribute to the development of friendships between work colleagues, to ensuring the cohesion of teams, to get closer to the management of the company. He also stated that one goal was to share as much as possible to solving problems, but also to listen to employees, thus also being able to observe what were the problems of the staff and of the society.

Another question addressed to the general director was to what extent he considered it necessary to establish sanctions for non-compliance with internal regulations, and he answered that it was absolutely necessary to establish sanctions in order to create the idea of order, not to influence the behaviour of other employees, although he didn't wish for such situations to exist. He also stated that he proposed to review the personnel policy and hire young people who can be trained until the retirement of qualified and experienced people.

In this context, it is recommended to try to find sources of recruitment of young people eager for training or even already trained and easily specialized, but also opportunities for involvement in certain projects in order to be able to finance the qualification or retraining, for the reorientation of the company's personnel, especially in the context in which most companies use high-performance machines, tend towards digitization, even robotization.

Considering the urgent need to equip with new machinery, it is also recommended to find financial resources for equipping with technology and ensuring specialized assistance for the trained human resource, considering that it would be welcomed to recommend access to funding in the form of subsidies or state aid, even European funds.

## 5. Conclusions

Taking into account the analysis of the evolution of the relevant indicators for the theme requirement and the managerial challenges, especially in the management of human resources, previously identified, it is justified to highlight the strategic actions that have been or should be adopted by the company (Andreş S., 2021b.), as follows:

- The necessary measures regarding the safety of employees by providing new protective equipment, and these to be changed with certain performing equipment in this field;
- Granting higher salaries, to prevent personnel fluctuations, but also ensuring the correlation of rewards - performance - work satisfaction;
- Another strategy also adopted by the general manager would aim at other non-financial motivational elements, implicitly the employees' free time, by organizing recreational activities;
- Strategies regarding the health of the company's employees, the company already starting this by opening a cabinet within the company to combat certain diseases. This was used during the Covid-19 pandemic, and it is recommended to continue for certain emergencies that may occur during carrying out the activity;
- Carrying out unannounced checks, both during the day and at night, in order to identify if there are people consuming alcohol or other prohibited substances, if work discipline is respected and to check if each employee fulfils one's duties properly according to the activities established in the job description;
- The intense involvement of the management team in improving one's activity, but also in ensuring the continuous improvement, training or specialization, as the case may be, of the company's employees.

As for the employer's fear related to the productivity of the employees' work in the new forms of telework, Kurtz Arbeit, this can be mitigated especially against the background of the facilitation of remote work and intensified digitalization.



Concluding, certainly the strategic future of the human resources management activity, especially in the case of the analysed company which, through strategic measures, managed to anticipate the challenges for a very large number of employees, will be able to be shaped and positively imprinted by the changes that are imposed and digital transformation even in the context of the increase of work complexity, the diversification of the fields of activity, the requirements to change the structure of the workforce. Thus, the company must not ignore the fact that digitization and automation will soon become the essential components of management and of the management of human resources, implicitly in the management of labour relations.

In addition, the company’s management must pay increased and continuous attention to the foundation and implementation of human resources strategies on each specific activity of their management, from recruitment to the conclusion of the employment relationship.

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