

DIAGNOSTIC ANALYSIS OF HUMAN RESOURCES- CASE STUDY IN S.C. DRILL WELL S.A. CRAIOVA

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Abstract:

Human Resource Management requires a policy of continuous improvement activities of all employees in order to achieve organizational mission and goals. The exercise of such management requires, as a primary condition, that each manager be a behavioral model approach. Managerial actions take into account each employee as a separate individual, with specific characteristics.

The successful application of Human Resources Management infers the existence of a performance and evaluation management systems, an incentive system to reward employees and outcomes. Arguably, Human Resource Management Policy is defined as all strategic and operational activities (planning, recruitment and retention of staff), and creating an appropriate organizational climate that enables human resources to achieve organizational objectives.

Key words: human resources, diagnostic analysis, incentive, criteria

JEL classification: M12

HUMAN RESOURCES ANALYSIS CRITERIA

In the modern meaning of the concept ‘company’, Human Resources are given a special role in assuring its economical and financial achievements. Consequently, the quantitative complex approaches regarding efficiency and motivation are highly spread nowadays.

The human potential is a main segment in the company’s diagnostic analysis. Simultaneously with the criteria analysis, there must be a permanent taken into consideration of the company’s indoor tendencies, and, in the end, the socio-professional environment of maintenance or improvement of the company’s social stability must be estimated. The evaluation of Moreni Oil Field regarding the H.R. should be placed at one of the levels of Table 1.

Table 1

Mark	Levels of evaluation
1.	Average monthly wages are 30% lower as against the national average, and the annual average rate of personnel discharge was over 15%. The work conditions are totally unsatisfying and there is a lack of social protection, work motivation, programs of testing, training and promotion. These situations led to multiple work conflicts, some of which appeared spontaneously, without a legal basis, sometimes even aggressively.
2.	Average monthly wages are 10-30% lower as against the national average, and the annual average rate of personnel discharge was between 10-15%. The work conditions are precarious, the social protection, work motivation and the testing and training programs place themselves at very low standards. The conflict situations are keen, but the unions keep them under control.
3.	Average monthly wages are around the national average ($\pm 10\%$), and the annual average rate of personnel discharge was between 5-10%; for the next period of time, there are no provisions of an annual rate higher than 10%. The social protection, the work conditions and the testing and training programs place themselves below the requests, but, for the moment, a fragile compromise has been achieved.
4.	Average monthly wages are 10-30% over the national average. The personnel discharge is done exclusively based on proficiency and discipline criteria, after negotiations with the union. There is an initiation of concrete social protection programs, work motivation, programs of testing and

Mark	Levels of evaluation
	training, which offer guaranties for the stability of the production activities development.
5.	Average monthly wages are more than 30% over the national average. The personnel discharge is done based on proficiency and discipline criteria, after negotiations with the union, and it is balanced by the creation of new jobs. There are some programs applied of social protection, work motivation, programs of testing and training, and improvement of work conditions, and the results are notable. There are prepared some conditions for obtaining really competitive results in the future.

Inside the diagnostic analysis of human resources, there are 7 criteria which are investigated according to Table 2.

Table 2

Crt. No.	Criteria	Importance rank
1.	Personnel motivation and wage level	K=2
2.	Job safety	K=5
3.	Unions and work conflicts	K=2
4.	Social protection	K=2
5.	Work conditions	K=1
6.	Personnel charge degree	K=1
7.	Personnel hiring, promoting, testing and training system	K=2

1. Personnel motivation and wage level

This criterion estimates the personnel wage level versus the industry national average and it takes into account the evolution of the wage level in the last 3 years. Usually, it is recommended the analysis of the gross income level in comparison with the national average.

The expert should be informed about the value of the rapport between the total wage expenses and the sales figure of the analyzed period of time. At the ending of the analysis, the company is given a mark corresponding to an evaluation rank. The evaluation of this criterion regarding the Personnel motivation and wage level is made according to Table 3.

Personnel motivation and wage level

Table 3

Mark	Evaluation ranks
1.	Average monthly wages are 30% lower as against the national average. There is no personnel stimulation criterion.
2.	Average monthly wages are 10-30% lower as against the national average and the personnel stimulation criteria are situated at low levels.
3.	Average monthly wages are around the national average ($\pm 10\%$). The personnel stimulation criteria are applied at unsatisfactory levels.
4.	Average monthly wages are 10-30% over the national average. The personnel stimulation criteria are applied, creating satisfactory motivation levels.
5.	Average monthly wages are more than 30% over the national average. The personnel stimulation criteria are applied, creating a very good motivation.

This evaluation has used statistic rapports regarding the level evolution of the medium wages obtained in the last 3 years and the collective work agreements between the administration and the unions. (Table 4).

Table 4

Crt. No.	Name	2007	2008	2009
1.	Company average gross income	850	1.837	2.542
2.	Economy average gross income	697	1.525	2.057

The evaluation of 'S.C. Drill Well S.A. Craiova' regarding the wage level and the personnel motivation is done according to evaluation level 4, that is: "Average

monthly wages are 10-30% over the national average. The personnel stimulation criteria are applied, creating satisfactory motivation levels.”

2. Job safety

The ‘Job safety’ criterion indirectly analyses the personnel’s degree of trust in the company’s future and the stability of its activity development. It is considered the most important of all 7 criteria, because of the implication it has over the socio-professional climate, on the one hand, and because of its relevance in correlation with all the other analysis directions, on the other. There are several evaluation ranks, as well. The information in Table 5 must be studied in order to obtain a correct evaluation of this criterion.

Table 5

Crt. No.	Name	2007	2008	2009
1.	Total personnel, where	2.700	2.280	1.682
2.	Workers	2.391	2.009	1.453
3.	Technical specialists	223	218	178
4.	The executive, technical, economical and scientific personnel	86	53	55

Causes of personnel fluctuation

Table 6

Crt.	Name	2007	2008	2009
1.	Leave on the employee’s own accord (transfer, resignation)	11	8	5
2.	Retirements	123	118	124
3.	Work agreement ended on account of discipline matters, lack of competence	8	4	3
4.	Unemployment due to activity cutback	268	433	445
5.	Other causes for work agreement ending	10	31	52
6.	New hiring	7	12	21

In order to finish this criterion’s analysis, it is necessary to present the evaluation ranks that characterize the job safety criterion, establishing <Stoina Oil Field>’s own mark (Table7).

Table 7

Mark	Evaluation ranks
1.	The annual average dismissal of personnel was over 15%. The main reason of dismissals was the activity cutback.
2.	The annual average dismissal of personnel was between 10-15%. The main reason of dismissals was the activity cutback.
3.	The annual average dismissal of personnel was over 15%. Dismissals were made based on competence, discipline and activity cutback criteria, provided for in the collective work agreement.
4.	The annual average dismissal of personnel was between 3- 5%. Dismissals were made based on competence and discipline criteria, provided for in the collective work agreement.
5.	The annual average dismissal of personnel was under 3%. Dismissals were made based on competence and discipline criteria, provided for in the collective work agreement. In some activity fields, there have been created new jobs.

The dismissal situation regarding the years 2007, 2008, 2009 at Stoina Oil Field is:

- Dismissal rate in 2007 as against 2006 was of:

$$R_{d06/05} = \frac{2.999 - 2.700}{2.999} \times 100 = 9,9\%$$

- Dismissal rate in 2008 as against 2007 was of:

$$R_{d07/06} = \frac{2.700 - 2.280}{2.700} \times 100 = 15,5\%$$

➤ Dismissal rate in 2009 as against 2008 was of:

$$R_{d_{08/09}} = \frac{2.280 - 1.686}{2.280} \times 100 = 26,1\%$$

Taking into consideration the dismissal rate in 2009, we can conclude that ‘S.C. Drill Well S.A. Craiova’ is situated at the evaluation rank no.1: ‘The annual average dismissal of personnel was over 15%. The main reason of dismissals was the activity cutback.’

3. Unions and work conflicts

Regarding this criterion, the evaluation is based on an analysis theme represented by a group of factors that describe the employer-union relationship, the direct relationship with the company’s strategy and achievements. The unions, which used to be only decorative, have suddenly become an important force that must be taken into account at taking management decisions; for the first time, the manager faces an offensive attitude that he is not too well prepared to deal with.

This criterion evaluates the group of factors that describe the employer-union relationship, the direct relationship with the company’s strategy and achievements: the union organization degree, the unions’ response at difficult times, their capacity to offer viable or compromise solutions.

The evaluation used:

- The unions’ statute;
- The statistic reports regarding the share of union members from the personnel total;
- The work conflicts;
- The interviews with the general manager;
- The union leaders’ opinion regarding the employer-union negotiation manner.

The criterion must evaluate the partnership between the company management and the unions, and some potential conflicts, generated by old unsolved or not-negotiated requests.

For this purpose, answers have been obtained from the company management and the union leaders, based on a questionnaire relating to that specific analysis criterion:

- a) A list of all the official work conflicts between 2007-2009, containing the starting date, the main requests, the conflict solving (strike, negotiation, arbitration, courthouse) and the requests or compromises accepted by Moreni Oil Field;
- b) Brief description of ‘spontaneous’ work conflicts during 2007-2009 (evolution, requests, relevance);
- c) Brief description of the managers and unions communication development in 2009 (the participation of the union leaders in the Administration Board, the frequency of the informative-advisory meetings, the personnel information degree regarding the financial situation);

There have been no work conflicts in the last years between the unions and the company leadership, all problems appeared have been solved in an amicable manner.

The evaluation has been made according to Table 8, which shown the 5 Evaluation ranks.

Table 8

Mark	Evaluation ranks
1.	Keen conflict situation (explosive), out of union control. Unsatisfied by the company management and the unions, the personnel express the requests spontaneously, without taking into account the legislation.
2.	Keen conflict situation, kept under control by the unions. The requests are over the company’s financial possibilities or out of the legislative limits (obvious interference in the company’s strategy problems).

Mark	Evaluation ranks
3.	Potential conflict situation. The unions' requests may have been out of the legislative limits, but, for the moment, a compromise has been achieved, fragile as it may be.
4.	Even in the company's moments of crises, the unions have found the way to obtain an acceptable compromise between the employees' requests and the company's financial possibilities. In general, the unions have not exceeded their legal competence; they used adequate utterances for their requests, obtaining a genuine negotiation.
5.	The unions have had an obvious positive part in expressing the company's strategy, uttering several interesting proposals, educating the personnel, endorsing honesty and fighting against corruption and theft.

In conformity with the Unions and work conflicts criterion, 'S.C. Drill Well S.A. Craiova' is placed at the rank evaluation no. 4 of Table 8: 'Even in the company's moments of crises, the unions have found the way to obtain an acceptable compromise between the employees' requests and the company's financial possibilities. In general, the unions have not exceeded their legal competence; they used adequate utterances for their requests, obtaining a genuine negotiation'.

4. Social protection criterion

Social protection criterion evaluates, on the one hand, the concern of the company leadership and the unions for personnel protection, and, on the other hand, the actual results of the actions undertaken. During the analysis, questionnaires are used to find out the number of employees that use company accommodations and homes, the number of employees unsatisfied by the problem solving, the number of persons that use the canteen, the nursery and the kindergarten of the company.

Social protection criterion evaluates, on the one hand, the concern of the company leadership and the unions for personnel protection, and, on the other hand, the actual results of the actions undertaken. The evaluation used information regarding:

- Stipulations of the collective work agreement.
- Stipulations regarding the facilities for the employees: canteen, accommodation, transport, nursery, kindergarten, wage addition.
- The actual solving manner of the social protection requests of the personnel.

The evaluation ranks used are presented in Table 9:

Table 9

Mark	Evaluation ranks
1.	There are no actual social protection programs. Actual undertaken activities are insignificant.
2.	There are some stipulations in the collective work agreements, mainly un-respected. Social protection is not one of the company's main objectives.
3.	There are some stipulations in the collective work agreements, partially respected. Still, there are no initiated programs regarding several aspects of the social protection. Some facilities are insignificant.
4.	There are some programs initiated by the company leadership, negotiated with the unions, regarding personnel social protection. The offered facilities mainly cover the several action directions.
5.	The social protection programs are applied and have notable results. The personnel are aware of the fact that social protection is a main objective of the company's strategy.

A questionnaire is used in order to evaluate the company from the social protection point of view:

- a) Mentioning of the number of employees of 'S.C. Drill Well S.A. Craiova' that use company accommodation and homes. There is only one building, so the number of employees who benefit from company accommodation is minor.
- b) Enlisting the undertaken actions by the company leadership and the unions, at the city's town hall, in order to solve this accommodation problem. In 2009, the town hall has not allocated accommodation for the company, so the personnel have not benefited from these anymore.

- c) Counting the number of persons who benefit from the company's canteen services, the actions undertaken in the last year, in order for the company or the union to be able to assure a more favorable supply as against the free market. All 'S.C. Drill Well S.A. Craiova' personnel can benefit from the company's canteen services, as long as they pay for these services.
- d) Enlisting the actions of offering facilities in several fields: sanitary, nursery, kindergarten. In 2007, Moreni Oil Field has its own medical office, but it does not have a nursery or a kindergarten for the employees' children.

In conformity with the Social protection criterion, 'S.C. Drill Well S.A. Craiova' is placed at the rank evaluation no. 3 of Table 9: 'There are some stipulations in the collective work agreements, partially respected. Still, there are no initiated programs regarding several aspects of the social protection. Some facilities are insignificant.'

5. Work conditions criterion

This criterion evaluates the company level of the work conditions and the method of accomplishing elaborated programs regarding this field. The evaluation ranks of this criterion appear in Table 10:

Table 10

Mark	Evaluation ranks
1.	Totally unsatisfying work conditions; there are no specific programs of improving work conditions.
2.	Precarious work conditions. The company's actions are rare and appear only as solutions to situations that can lead to keen work conflicts, with unpredictable consequences.
3.	Work conditions do not satisfy the requests. Some undertaken actions are insignificant, avoiding some work conflict caused by work conditions.
4.	There are programs initiated regarding the improvement of work conditions. The results, overall insignificant, can offer guaranties regarding the establishment of the production activities development.
5.	There are established programs of improving work conditions, with important results. It is possible that, in 1-2 years, the work conditions will be compatible to those existent in foreign competitive companies.

During the production process, there have been work accidents, as in Table 11:

Work accidents

Table 11

CRT. NO.	NAME	2007	2008	2009
1.	Total work accidents, where:	14	11	11
2.	Deadly	-	-	1
3.	Infirmity	-	-	-
4.	Easy accidents	14	11	10

In the production departments, the actual work conditions regarding the heating level, the lighting level and the level of endowment with work and protection equipment and with medical supplies, are more than satisfactory, especially in the mechanical laboratories. There are good work conditions for the intervention and fixing teams, who work at the oil extraction well. These teams have protection equipment adequate for solving the malfunctions.

In conformity with the Work conditions criterion, 'S.C. Drill Well S.A. Craiova' is placed at the rank evaluation no.5: 'There are established programs of improving work conditions, with important results. It is possible that, in 1-2 years, the work conditions will be compatible to those existent in foreign competitive companies.'

6. Rate setting and personnel charge degree

This criterion evaluates the work rate setting situation, the personnel charge degree, the personnel structure, the job descriptions, etc.

The evaluation uses the following information:

- Rate setting system;
- Personnel structure;
- Personnel job description;
- Wage scale and wage classification

The evaluation will be done in agreement with the ranks presented in Table 12.

Main information will contain data regarding personnel structure, in terms of:

- a. Professional qualification and education levels
- b. Wage forms
- c. Age categories

Table 12

Mark	Evaluation ranks
1.	There is no coherent rate setting system, no job description. The wage scale does not correlate the work quality and quantity of the personnel with the wages obtained.
2.	The rate setting systems are not updated. The job descriptions do not cover all the personnel categories. The wage scale precariously correlates the work quality and quantity of the personnel with the wages obtained.
3.	The rate setting systems are partially updated. The job descriptions cover almost all the personnel categories. The personnel structure contains only some of the required activity types. The wage scale correlates most of the work quality and quantity of the personnel with the wages obtained.
4.	The rate setting systems are updated and in conformity with the company's actual conditions. The job descriptions cover all the personnel categories. The personnel structure contains all the required activity types. The wage scale correlates the work quality and quantity of the personnel with the wages obtained.
5.	The rate setting systems, the job descriptions, the personnel structure are compatible with those existent in foreign competitive companies. The wage scales assure a correct ranking of the company values.

For several age and seniority categories, Table 3 presents the following raises:

Seniority raises

Table 13

Crt. No.	Seniority (years)	Seniority raise percentage	Oil field seniority raise percentage
1.	1 – 3	-	-
2.	3 – 5	5% from base wage	1
3.	5 – 10	10	2
4.	10 – 15	15	3
5.	15 – 20	20	4
6.	over 20	25	5

- The oil field seniority raise percentage cumulates with the seniority raise percentage;
- The oil field seniority calculus contains periods of work for:
 - Oil Ministry and its branches;
 - Oil related branches of the Geological Ministry;
 - Oil and Gas Institute.

The company leadership is under the obligation to create all the conditions necessary for production achievement in profitable conditions by: rational organization of work and production, establishment of an organizing structure adequate to the branch specific, distribution of all employees at jobs with competence and responsibility descriptions, and the elaboration of work rate settings, based on technical principles that lead to intense work rhythm, but not physical, intellectual or nervous fatigue.

In conformity with the Rate setting and personnel charge degree criterion, ‘S.C. Drill Well S.A. Craiova’ is placed at the rank evaluation no.3: ‘The rate setting systems are partially updated. The job descriptions cover almost all the personnel categories. The personnel structure contains only some of the required activity types. The wage scale correlates most of the work quality and quantity of the personnel with the wages obtained’.

7. Personnel hiring, promoting, testing and training systems

This criterion globally evaluates the interest and the results obtained by ‘S.C. Drill Well S.A. Craiova’ regarding the professional competence training and promotion, to all personnel categories. The evaluation uses the following information:

- Collective work agreements;
- Programs regarding personnel hiring, promoting, testing and training;
- Results obtained in 2007-2009 in terms of personnel testing and training.

Table 14

Mark	<i>Evaluation ranks</i>
1.	There is no real interest for professional competence training and promotion. The provisions of the collective work agreement are not respected.
2.	There is some interest for professional competence training and promotion, with no results. The provisions of the collective work agreement are mainly respected.
3.	There are some significant results in professional competence training and promotion, for several personnel categories. The provisions of the collective work agreement are mainly respected.
4.	There are programs of professional competence training and promotion, for all personnel categories, with significant results. The development of these programs is one of the main objectives of the company’s strategy. The provisions of the collective work agreement are respected.
5.	There are programs of professional competence training and promotion, for all personnel categories, with significant results. Modern methods have been used regarding personnel testing and training, based on the help of specialized consulting offices. The developed programs consider the increase level of ‘company culture’, on medium and long term. The provisions of the collective work agreement are respected.

In the ‘S.C. Drill Well S.A. Craiova’ collective work agreement available in 2008-2009, in ‘Professional, economical and union training’ chapter, the following are stated:

1. ‘Professional training’ means any procedure resulting in the achievement of a new qualification, specialization or improvement by an employee, certified by a diploma or a certificate to attest this achievement.
2. The professional training activity from point 1 contains specialization in fields like work relationships, the right to become an associate and the union liberties.
3. Expenses for the employees’ professional training activity are paid by the company leadership.

The following will be taken into consideration, in terms of professional training and work relationships improvement:

- a) Organizing courses of professional training and work relationships improvement, indoor or outside the company;
- b) The leadership organizes courses for professional improvement, which include:
 - IT specialization, for the licensed personnel;
 - Higher professional qualification, for workers;
 - The field of work protection and security.

The programs of professional reconversion and the tracking of their development are done together, leadership and union. The leadership will organize a regular training system for specialized personnel, based on the educational analysis of the job description.

In terms of personnel hiring – individual work agreements, usually for an indeterminate period – this will be done taking into account the number of free jobs offered, the actual legislation and the collective work agreement stipulations. Employees hiring is done without any discrimination regarding politics, ethnic, religious, and age and sex criteria.

The working personnel are promoted depending on quality, seniority and training, and this is made according to the duty categories. Promotion is obtained based on a theoretic contest and a practice paper. Promotion ranks are offered annually. The training and testing of licensed personnel are not pre-scheduled and are not part of a medium or long term strategy.

In conformity with the Personnel hiring, promoting, testing and training systems criterion, ‘S.C. Drill Well S.A. Craiova’ is placed at the rank evaluation no.3: ‘There are some significant results in professional competence training and promotion, for several personnel categories. The provisions of the collective work agreement are mainly respected.’

A synthesis of the diagnostic analysis, by important criteria method

The results of the diagnostic analysis for each analysis criterion are:

Table 15

Crt. no.	Importance mark (k)	S.C. Drill Well S.A. Craiova mark
1.	K=2	4
2.	K=5	1
3.	K=2	4
4.	K=2	3
5.	K=1	5
6.	K=1	3
7.	K=2	3

Based on these points, we will calculate the marks’ ‘weighted average’, using the following formula

$$\frac{\sum_{i=1}^n (k_i \cdot p_i)}{m \sum_{i=1}^n (k_i)} \times 100$$

Where:

n –criteria number;

k –criterion importance level;

p –the maximum number of points obtained on that criterion;

m –the maximum number of points that can be obtained on that criterion.

$$MP = \frac{2 \cdot 4 + 5 \cdot 1 + 2 \cdot 4 + 2 \cdot 3 + 1 \cdot 5 + 1 \cdot 3 + 2 \cdot 3}{5(2+5+2+2+1+1+2)} \times 100 = \frac{41}{75} \times 100 = 54,66$$

The weighted average result allows us to situate ‘S.C. Drill Well S.A. Craiova’ in terms of Human Resources, on the evaluation rank No. 3, without taking into account the personnel dismissal that reached 26,1% in 2009, due to a personnel restructuring. This evaluation rank is characterized by:

‘Average monthly wages are around the national average (± 10). The social protection, the work conditions and the testing and training programs place themselves below the requests, but, for the moment, a fragile compromise has been achieved’.

Personnel strategies can be established after a good knowledge of the company’s general or global strategy, taking into account the competitive conditions. Consequently, the personnel strategy is derived; it is a partial strategy referring only to some activities inside the company, in terms of human resources.

Personal strategies usually materialize in politics and programs regarding human resources and the objectives are strategic. This personnel strategy approach requires a general or global evaluation of the company, an analysis of the business plan and, finally, the identification of the human resources specific problems.

The company's analysis of the human resources and the external environment analysis offer data and information about the strong points and the flaws of the company, and about the its risks and chances in terms of human resources, in the future. As it turns out from the synthesis rapport of the company's diagnostic analysis, 'S.C. Drill Well S.A. Craiova' is placed at the rank evaluation no.3, in terms of human resources.

Due to a deficiency of financial resources, Romania lacks personnel training investments, resulting in a medium or even low performance activity. The social protection, the work conditions and the testing and training programs place themselves below the requests, but, for the moment, a fragile compromise has been achieved.

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