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RECRUITMENT RISK IN HOTEL INDUSTRY – SELECTED THEORETICAL PROBLEMS

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In conclusion, it is impossible to completely eliminate human risk, due to the fact that there are no scientific tools that would allow the employer to fully examine human nature. The employer would not be able to apply methods guaranteeing elimination of human risk. Even in case of potential full exploration of applicant's personality, the employer would not be able to apply methods guaranteeing elimination of human risk. It is due to the fact that future human behavior is inscrutable and may be reverse to the past – hypothetically fully exposed – behavior.

Even the perfect, time-consuming and expensive methods of minimizing risk are unreliable. The value of each of them can be measured only by the effectiveness in striving to perfection, not by achieving it.

Key words: risk, recruitment, personnel.

Introduction

Human risk, especially its negative impact, is one of the main indicators of hotel industry's condition. In extreme cases, the adverse effects arising from realization of a risk may force the employer to close.

The employee whose action or neglect may lead to realization of human risk is constantly a subject to environmental pressure - coworkers, conditions inside the company, as well as economic reality the enterprise operates within. The employee is also influenced by the employer. As both the nature of employee and the aforementioned sources of pressure are subject to change, it is impossible to completely eliminate human risk. However, it is possible for the employer to take action aiming at decreasing the risk. Such steps should be taken already at the level of recruitment process.

The aim of this article is to identify sources of human risk at the level of recruitment process and indicate methods of reducing it. The article is based on literature studies and analysis of secondary data available on the subject.

Employer risk and methods of its limitation

Risk is an essential part of employer's status. There is no difference between employer's being legal or natural person in the case of risk connected with employment. Such factors as number of employees, type of activity, turnover, etc. are also insignificant. These factors, however, may – in certain circumstances – influence the objectively measured extent of risk, as issues considered minor ailment in a big company may make it impossible for a

small business entity to continue its activities.

Basic types of employer risk are:

1. Human risk (social and personal)
2. Technical risk
3. Economic risk.

Social risk – defined as employer’s duty to fulfill obligations arising from employment relationship, despite employee’s default to perform work. Obviously, it is only binding in the event of justified absence of the employee. Legitimate excuses are, first of all, illness and family obligations towards children and other members of family. Social risk is realized not only as a sole obligation to pay for the time when the work was not actually performed, but also limited possibility of terminating employment in certain circumstances (e.g. birth of a child; death of parent or relative), when the employee does not perform work. Not performing work due to justified, legitimate reasons has also other consequences for the employer, such as disorganization of work process, periodic break in business activity, shorter time of operations of the enterprise.

When analyzing social risk, it is worth noticing that we can learn to predict the event realizing particular risks on the basis of certain premise. However, the employer must take into consideration some legal limitations of obtaining such knowledge.

Actions taken by the employer in order to limit social risk before commencing employment relationship are quite controversial. They include, among others, questions and tests [2] aiming at confirming or excluding e.g. candidate’s pregnancy, proneness to common colds, habits having adverse effects on candidate’s immunity, family plans. The abovementioned techniques allow employer to assess – and thus limit – social risk connected with employing particular person before signing employment contract. On the other hand, such assessment may give way to abuse by employer. Excessive interference in candidate’s merits in order to assess social risk may result in the abuse of candidate’s rights. Thus, it is essential that employer’s action do not exceed legal boundaries and principles of community life [12].

Second type of risk borne by hotel industry, directly connected with personnel, is human risk. It is defined as employer’s obligation to bear consequences of non-culpable mistakes made by employees. Human risk is probability of employee making a mistake, whose negative impact will be borne by employer – in terms of the overall performance of the employees. The mistakes may be related both to action and neglect. Human risk is the hardest to measure, as it depends on personal qualities which are difficult to assess.

Realization of any risk is based on the event which is difficult to predict and impossible to plan. However, in certain cases, it is easier to examine the premise of its occurrence. When analyzing premise of human risk, there are two aspects to be taken into consideration. There are legal limitations and there are less actual possibilities, as probability of future mistakes should be estimated in order to analyze the premise. The basis for such estimate may be, for example, similar past professional trend or – to some extent – health condition. However, there are also incommensurable factors, difficult to define and rooted in mysterious human nature, or so-called coincidence (overlapping of a few different factors). Every employee can make any type of mistake in any of their actions. If we believe this statement is also true for employer (or any person responsible for recruitment on employer’s behalf), we

can arrive at conclusion that assessing human risk and preventing its realization is equally difficult like assessing and preventing technical risk caused by force majeure. Therefore, we can only minimize, not eliminate, human risk. Obviously, human risk – regardless of defining it as employer risk related to hiring only one particular employee, or personnel at large – may never be realized. The employer, however, may not determine it beforehand.

Another type of risk in hotel industry is technical risk. It is related to situation when employees – although ready to work – cannot perform it. The negative impact of inability to work solely burdens the employer. Such inability to perform work is customarily referred to as «downtime». Downtime is defined as stoppage of work due to unforeseen disturbance of technical, organizational or other nature [3]. There are several reasons responsible for downtime, for example [10]: power outage, bad work organization, temporary administrative decision stopping operations of particular hotel facility, blockade of border crossings, lack of resources, interruptions in the working of company equipment, force majeure, weather conditions.

Realization of technical risk is the least dependent on employee's action and qualities of all types of employer's risks. Thus, the employer, at the level preceding establishing employment relationship, is practically unable to assess the future employee for the characteristics influencing technical risk. Downtime may be caused by non-culpable action or neglect by employee. Assessment of employee's predisposition for this kind of non-culpable behavior is consumed by endeavors aimed at reducing personal risk.

The fourth type of employer risk is economic risk, related to probability of future obligation to pay remuneration to employees, even in the event of lack of profits due to limited demand for services. Every action by employee affects the extent of economic risk. Employees, as a group, are one of the basic factors affecting sales results of the employer.

A properly structured reward system helps to limit economic risk. Apart from the systems awarding extraordinary services of particular employees for the economic performance of the hotel industry operated by the employer, there are also systems based on statutory minimum wage obligation («minimum wage»). The remaining pay depends on employee's efficiency, measured by profit made by the industry as a whole, or the profit, made by particular employee. Both systems disburden the employer and facilitate the employee's active participation in economic risk, thus limiting the risk by the employer. What is characteristic in minimizing economic risk, is the fact that the employer is responsible for all aspects of hiring and firing policy – if and who to hire, how to limit number of employees, who to lay off. The extent of economic risk depends on number of staff, wherein this relationship is not invariable. In certain circumstances, it is necessary to reduce number of staff to maintain or achieve good business performance, whereas in other circumstances just the opposite. It depends – among others – on demand for services offered by hotel industry.

Realization of economic risk is a situation affected also by the realization of other three types of employer's risk. As employer is also affected by the results of realization of social and/ or human risk and/or technical risk, it increases probability of unsatisfactory business performance. Consequently, all actions by employer – before and during employment relationship – aiming at reducing any type of risk, lead to minimization of the economic risk as well.

Sources and methods of recruitment and human risk minimization

Recruitment is one of the stages of human resources management [1]. It is defined as sourcing and onboarding job applicants by particular organization [11]. It is a process of attracting persons potentially interested in particular post. Selected individuals are then presented with job offer [8].

The company's task at this stage is attracting the biggest number of candidates who can be presented with the specific characteristics of the vacancy. Sufficient number of candidates facilitates proper choice being made by employer. It should be noted, however, that large number of candidates will require time-consuming and costly selection process later on. Thus, it is vital to properly organize selection of employees. Accurate analysis, description and specification of the job allows to identify profile of a perfect candidate, and thus limit number of applicants. Number of applicants and their qualifications also depend on the image created by employer. If the company is perceived as being employee-friendly, facilitating professional development, providing good and honest environment, respecting ethical norms, chances are more candidates with matching qualities will respond to the offer [4]. It is a kind of feedback effect – the better the image created by the company, the better qualifications of candidates applying for vacancies. The better qualified the staff, the bigger chance for development and success in the market.

Choosing recruitment source is a serious dilemma faced by a person responsible for recruitment process in the company. Sources can be internal and external. The final choice is usually influenced by the following criteria:

- time – length of period the employer is willing to spend on sourcing process, and how urgent it is to hire an employee;
- money – financial outlays the company has allocated for recruitment process;
- qualifications and skills of personnel responsible for recruitment,
- nature of vacancy [15].

The choice of recruitment source affects personal risk.

Internal recruitment is searching applicants for a particular vacancy among employer's current staff. This usually means assessing if skills and qualifications of current employees are sufficient to perform tasks required at the vacant post. It is a method allowing the employer limits the number of potential applicants.

There is also other way to conduct internal recruitment, where all staff are informed about the vacancy and can apply. It is essential to formalize the process of informing employees about the vacancy, so that the information reaches all employees and everyone has equal opportunity to compete for the post [6]. It is possible that the offer will attract persons employer excluded in the analysis, but who will nevertheless prove best for the particular vacancy.

The advantage of internal recruitment is that it gives employees long-term motivation to increase their efforts. Prospective promotion will result in employees' increased loyalty and discourage them from looking for another job outside their organization. If the employer has made investment for improving employee's qualifications, he or she is certain about resulting profits and it is possible that the new post will allow employee to use newly acquired skills fast, which will become part of the employer's investment.

Another important argument is that such persons are already familiar with the company

and its mechanisms and that would save time otherwise spent on familiarizing themselves with the enterprise. Also, the employer has solid knowledge on employee's strengths and weaknesses. This creates opportunity to make employee's work more effective after appointment.

When using internal recruitment method, the employer has the biggest chance to minimize human risk, as it is possible to assess employee's suitability for the vacancy on the basis of previous work performance. Such observation is a more precise source of information about employee than any other method of selection.

Although there are numerous advantages, this method also has certain faults. First of all, it is not possible to compare current staff with outer applicants. It is essential when introducing new ideas and fresh perspective on company, which is especially important in case of senior executives. Characteristic internal workflow of the same employees leads to stagnation, and even decline. Psychological aspect is also significant. Employees increased motivation for the pursuit of vacancy may transform into unhealthy competition, leading straight to team disintegration, personal rivalry and decreased efficiency.

To give full description of the influence of internal recruitment on reducing human risk, it should be noted that apart from aforementioned advantages of this recruitment method in the process of reducing the risk, there are also certain phenomena weakening chances to minimize human risk. Negative phenomenon related to internal recruitment has been described in American literature as «Peter principle» [9]. It occurs due to employer's assumption that good results on previous post will result in similar results after promoting employee to a new one, whereas current position may be the maximum level of ability for particular employee and assigning new tasks may result in frustration, loss of motivation and have negative impact on company's performance, both on previous and new post. Such situation is called «exceeding the level of incompetence». In such case, internal recruitment increases human risk. It may be assumed that when searching for employee outside the organization the employer would focus all actions on selecting a person whose competence is suitable for particular vacancy, and not just any kind of post. Meanwhile, in case of internal recruitment, there is a risk of shifting focus from the respect for employee's suitability for particular vacancy to the assessment of their actual achievement, which may result in increasing human risk on the current post

In conclusion, it is worth emphasizing that human risk – more than any other kind of work-related risk – is not abstract risk related with particular person. It is related with particular employee's work performance and the level of difficulty of delegated tasks has no significance, as would appear from literal meaning of «Peter principle». Not only may entrusting employee with more difficult tasks result in increased human risk, but the human risk may increase also in the case of moving employee to a new position with duties of the same or lower level of difficulty. For example, low-qualified worker whose performance so far has been based on model, simple tasks, may not be suitable for performing other tasks of the same level of difficulty. It is due to the fact that in the case of unqualified worker successful performance is related not with the level of difficulty, but repetitive, habitual performance of tasks. Other example may be transferring senior executive to a position which – in employee's subjective opinion – requires lower qualification or less responsibility. It is a situation contrary to «exceeding the level of incompetence», but

resulting in the same frustration and loss of motivation as in the case described by L. Peter. Another example is loss of work value on the new post resulting from inadequate level of employee's comfort experienced on a new position, particularly inability to communicate with new coworkers.

When deciding on internal recruitment, the employer must remember that filling the vacancy on one post may result in creating a vacancy on the other one [14]. It means that assessing and reducing human risk related to newly-employed staff concerns more than one vacancy.

External recruitment means sourcing candidates for vacancy outside the organization. The main reason why employers decide on that source is assumption that introducing applicants outside the organization results in new, fresh perspective and ideas. Such assumption may prove false, if employer – even subconsciously – selects applicants with similar personality, temper and outlook to current staff. In such case new employees will not introduce anything new and creative to the organization [5] and there is danger of increasing human risk. Employers must bear in mind that human risk is not abstract, but related to particular employee, strictly in the context of their work performance. Thus, when selecting employees having characteristics similar to current, efficient staff, the employer should remember that, first of all, different people may have similar - not the same - qualities and a person who achieves satisfactory results on one post may not necessarily continue to do so on other position.

Unquestionable advantage of external recruitment is optimalization of the selection process, which gives opportunity to undertake more effective action to reduce human risk as bigger number of applicants is taken into consideration. Limiting sourcing to the current staff, without contact with outside candidates, prevents the employer from familiarizing with valuable opinion on company performance.

External recruitment is usually applied by hotel industry in the period of dynamic growth. The pool of employees gathered during that period gives more opportunity for internal recruitment in the future.

Other issue is that applying external recruitment when promoting vacancy means presenting certain company image to the public, not only to the applicants, but also customers and competition.

External recruitment is usually perceived as more time-consuming and costly, however it proves otherwise in case of highly-specialized personnel, where training current staff would generate more costs. At the same time, one of the greatest disadvantages of external recruitment is the amount of time spent on adaptation to new workplace [7]. From human risk perspective – especially in the case of senior executives – taking into consideration necessity to train current employee and the need for adaptation of newly employed person, it is clear that in most cases hiring adequately qualified new employee means lower human risk, even though adapting to new working environment will take some time.

There are different methods of external recruitment, advertisements being most popular [12]. Nowadays, internet is the leading medium, mainly due to low cost, flexibility, fast and easy exchange of information and global range. Press publications are still very popular, sometimes radio commercials and very seldom TV are also used.

Advertisement is an easy method to reach wide range of recipients. This may prove

an obstacle for the employer, if the number of applications exceeds expectations and verification capacity of the particular employer. Thus, it is essential that the advertiser has recruiters with enough time and qualifications to execute the process of selection. It is also important to select the content and place of publication in a way facilitating not only recruitment, but also preselection of applicants. Otherwise, the number of applications will be too high and the advertisement may attract persons inadequate for the vacancy. Nevertheless, the abovementioned methods will not be effective in minimizing future human risk unless the employer has skills and means to execute proper selection process of the applicants

Apart from advertisements, other recruitment method is recruiting former employees. There are many advantages of this method. Sometimes employees discover that working for rival company is not as rewarding as they first thought; return to former company may be an opportunity for promotion. Former employees may have gained additional experience which is undeniable advantage for the employer.

Undoubtedly, the fact that both the employer and the employee are aware of their strengths and weaknesses and know what they can expect from each other, helps to assess human risk related to hiring former employee. At the same time, it is worth remembering, that both company relations and employee's personality evolve, and thus assessing employee's performance as effective in the past may not be relevant to the present conditions.

A number of hotel industries use recommendation system in the process of recruitment and hire applicants recommended by current employees. Such method lowers recruitment costs. However, it should be used cautiously, as assessment based solely on personal feelings, without objective appraisal of performance may result in hiring mediocre and incompetent staff. It should be noted that applying this method without proper caution will lead directly to increase of human risk, what may be avoided if a proper and reliable selection of candidates is performed.

Other method is recruiting «walk-in» applicants applying either in person or sending cover letter. Such applicants usually know the company and have certain preconceptions. Main advantage of this method is low cost, as the employer does not bear any expenses, even that of advertising. Such method should be treated only as opportunity to create database which may be used for recruitment in the future. As such, the method has no influence on reducing potential human risk.

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РИЗИКИ РЕКРУТИНГУ В ГОТЕЛЬНОЙ ИНДУСТРИИ – ОБРАНИ ТЕОРЕТИЧНІ ПРОБЛЕМИ

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Неможливо при прийомі на роботу повністю виключити ризики, пов'язані з людським фактором. Це пов'язано з тим, що не існує наукових знарядь, які б дозволили працедавцю тотально проексзамнувати людину. Працедавець не може застосувати такі методи, які б гарантували повне запобігання ризикам, навіть у випадку детального вивчення особистості потенційного працівника. Це зумовлено тим фактом, що поведінка людини в майбутньому є непередбачуваною, а також значною мірою зумовленою минулим. Навіть досконалі, затратні методи мінімізації ризиків є ненадійними. Вартість кожного з них можна оцінити хіба з позицій ефективності у прагненні до ідеалу, а не у його досягненні.

Ключові слова: ризик, рекрутинг, персонал.

РИСКИ РЕКРУТИНГА В ГОСТИНИЧНОЙ ИНДУСТРИИ – ИЗБРАННЫЕ ТЕОРЕТИЧЕСКИЕ ПРОБЛЕМЫ

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Невозможно при приеме на работу полностью исключить риски, связанные с человеческим фактором. Это связано с тем, что не существует научных орудий, позволяющих работодателю тотально проэкзаминировать человека. Работодатель не может применить такие методы, которые бы гарантировали полное предотвращение рисков, даже в случае детального изучения личности потенциального работника. Это обусловлено тем фактом, что поведение человека в будущем является непредсказуемым, а также в значительной мере обусловленным прошлым. Даже совершенные, затратные методы минимизации рисков являются ненадежными. Стоимость каждого из них можно оценить разве что с позиций эффективности в стремлении к идеалу, а не в его достижении.

Ключевые слова: риск, рекрутинг, персонал.