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Practices of Human Resource Management in Light of Cranet Empirical Research 2015–2016

ABSTRACT

Objective: Our article was prepared to outline how Human Resource Management developed in Hungary and Slovakia. We considered it was important to highlight in light of empirical data on the most important features of this development in both countries.

Methodology: Our research is based on the Cranet international research questionnaire. The survey was carried out in Hungary and Slovakia in 2015 and 2016. More than five hundred (527) organizations took part in the survey, and the findings of the report are based on normal statistical methods (mean, frequency, distribution). Our analysis was carried out with the help of SPSS software

Findings: In Hungary and Slovakia, the ongoing economic transformation has produced significant changes in the practice of Human Resource Management (HRM) in both institutions and enterprises and its evaluation. The organization has become an increasingly important factor in the strategic significance of the function itself and of HR departments in general, and this survey details the personnel or human resources (HR) management policies and practices of organizations or enterprises in both the public and private sectors.

Value Added: We believe that through our article we are able to expose the similar and different characteristics of HRM in the two countries examined.

Recommendations: We believe that the similarities and differences between countries are not only to be reviewed in traditional areas, as in language, culture or economic development, it is worth looking at areas such as similarities and differences of HRM.

Key words: Human Resource Management, Hungary, Slovakia, Cranet, institutions, strategic

JEL codes: J24, J40

Introduction

The economic changes in Hungary and Slovakia have a huge impact on the human resource management (HRM). These changes affect both the private and public sectors. Based on this change we carried out our research in these two countries, where we queried more than 500 organizations in the first and second quarters in 2015 and 2016. Our questionnaire was based on the Cranet (Cranet, 2011) survey and our results were analyzed using different statistical methods. In this paper we will only present a part of our

research, which is related to sectoral distribution, size and HR. In the first part we present the theoretical background of the subject based on the relevant literature. Then in the practical part we analyze some of the answers from our questionnaire based on this paper. Our two main goals with the whole research were to get an adequate picture of the Hungarian and Slovakian HR, and to follow the changes that took place in this area. Our main goal in this paper is to present the differences between the two countries, with the analysis of the elements what we have selected (organizational size, sectoral distribution, HR department, HR role and strategy). We believe it is important to emphasize the different features of human resource management in Hungary and Slovakia, because the HRM became fundamental to the competitiveness of organizations, whether they are private companies or public institutions (Poór, 2008). Therefore, the HRM is not considered as a normal task, and the occurred problems should be solved before they arise (Mura, Švec, 2017), also the HRM has an impact on the organizational culture as well as the organizational culture has impact on the HRM (Stacho et al., 2017).

Literature review

Role of HR

The competitiveness of our countries depends on how and to what extent organizations can use the competences (knowledge, experience and behavior) of their employee, whether they are managers or workers, as efficiently as possible (Csath, 2010). The HR function is not for itself and does not exist in an “airtight” space. There are many different external and internal factors, with the use of this article in this contribution, which influence HR work. Some authors speak about environmental conditions in this context (DeCenzo et al., 2013), while others deal with business conditions (Ulrich et al., 2009). It must be recognized that, after the global economic and financial crisis in 2008, our worldview on capitalism has changed a lot. Today, we are less and less talking about share-holder capitalism described by Adam Smith (1775), but

the capitalism of a much wider stakeholder is valid. (Brooks-Edwards, 2014) New management theories are trying to determine the most convenient way and way of managing people in this new area (Maney et al., 2011). Wages in the area heavily affected by unemployment are considerably lower than in the capital. We can't forget about what we are doing in time of "Digital Industrial Revolution" today. The new digital technologies are making new and innovative solutions available today and in the future even more in the HR area (Susskind-Susskind, 2015). The size and sector of companies also have a big impact on HR work. While a 10–20 person small business is the owner or the manager who is appointed by him who is in charge of HR work, in a large corporation of 1000, a separate organization is already managing the management of human resources. In a professional service company that is organized for a project where the majority of employees are highly qualified people, the working environment differs greatly from one banking and financial organization. It is important to pay attention to the above described or similar influences when a company develops or develops its HR activity.

Legal environment

Two of the EU's countries, such as Hungary and Slovakia, are the most influential agents and legal resources of the labor law system: international organizations, the United Nations (UN) and the International Labor Organization (ILO), and the EU's general and labor law.

- The basic pillars of the Hungarian labor law regime after the change of regime were born in 1992 when a codex-like law package that divided labor law into three parts came into force as follows: The Labor Code which regulates economic labor law (1992, XXII Tv), The Act on Public Employment (1992, XXXIII Tv) and the Act on Civil Servants (1992, XXIII). It needs to be emphasized, but in addition to these laws, we find other legal labor regulator of Hungarian economy. The regulatory structure, that is, the trichotomies (threefold) regulatory nature of the Hungarian labor law has persisted ever

since: there is a competition sector and two public sector labor law laws in force, of course its renewed content since 1992.

- Labor Code (Zákonník práce, Tt. 311/2001) in Slovakia was introduced on July 2, 2001, it has been modified 44 times. It covers all types business and cooperative employment relations but doesn't include public sector related employments. Public and civil service employment is cover by Public employment Law (zákon c. 312/2001 Z. z. o štátnej službe a o zmene a doplnení niektorých zákonov)

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Interpretation of HRM

In our article under the *HRM principles, functions, systems and solutions, are mutually based on each other, which cause: that the employees of the organizations develop, i.e. human capital, and their individual and collective performance, attitude, or social capital is forming.* According to our research (Karoliny & Poór, 2016), the typical functions of the HRM include the following activities/subsystems or functions:

- HR planning and controlling,
- The working system: job and competence analysis,
- Outsourcing and adaptation of working systems: the job and its environment,
- Human Resource Replacement Systems: Recruitment, Selection, Integration and Downsizing,
- Performance management systems,
- Personnel development systems,
- Talent and Career management,
- Compensation systems,
- Employee communication systems,
- HR Integrated Information System.

Characteristics of some HR functions

In the empirical part of our contribution, we examine three distinct HR issues. The most important sources of literature referring to them are the following:
Number of HR staff per employee

Who is responsible for HR work

Who carries out HR activities, who is involved in the exercise of the functions? Although universal answer cannot be given to this question, it is true that in most cases human resource management work involves two groups:

- different levels of management at an organizations,
- the specialists and managers of HR departments.

The division of labor between the two groups can generally be characterized by the fact that, while members of the managerial hierarchy are leaders of the people, members of the HR department are leaders of "human systems."

Small organizations do not usually have a distinct human resources department, so the owner or the members of the management hierarchy share all the functions of people management from work assignment to recruitment, from selection to salary management. Many of these organizations are often assisted by accountants, especially in the application of statutory requirements for personal administration (Armstrong, 2006).

As can be seen from the foregoing, human resource management is a multi-player area in which HR professionals play a pivotal role. Value-creating work is carried out, HR-programs and methods developed and operated based on their advice are useful and useful to the extent that their users – employees, managers, buyers / customers and investors - support their own aspects (Ulrich-Brockbank, 2005). The areas of value-creating work can be found on all three business levels, including administrative tasks, operational activities, and strategic management.

According to Mathis-Jackson (2008), while the elements of the above written activities can be retained, their weight and importance during HR work is undergoing substantial transformation and the pyramid that is built on administrative tasks in the future will turn 360 degree direction in the future. In addition to the significant reduction in administrative tasks, HR's strategic role will be dominant. The aforementioned activities are not in themselves and are largely dependent on the internal and external influencing factors and institutional features of the given organization.

New evolution on labor market

As an important new phenomenon for the Hungarian and Slovak labor markets is that the unemployment rate fell below the level of the EU-28 before the level of the 2008-09 economic crisis (Shortage, 2017). We also want to point out that the unfavorable economic and social changes in the countries played a significant role, causing a fierce labor market situation in the 1990s. After the change of former political regime, high unemployment in these countries led the more talented and skilled workers and peoples to move towards Western European countries in the hope of easier prosperity (Bilsen-Konings, 1998; Jeong et al., 2008). Due to the marked migration, unfavorable demographic factors, previous written economic crisis and wage differences comparing with Western countries in the European Union, labor shortages are drastically increasing in these countries (Brixiova et al., 2009), which are beginning to endanger the production of our country's leading industries (eg automotive industry) (Labor, 2017; Slovakia's, 2018). The question is today whether the wage competition or efficiency gains and the industry 4.0 (robotization) have to be used by the Hungarian and Slovakian companies in this situation. With the aforementioned tendencies we wanted to point out that the hypotheses and orientation in this field are constantly changing as well, until a few years of labor abundance were typical in both countries but this situation has changed significantly today.

HR development

In both countries like in the whole CEE (Central and Eastern European) region the multinational companies (MNCs) moved there over the two decades after the communism collapsed and the globalization started, from which some companies benefited, and the others didn't. The biggest challenge for the MNCs was apply the principles of international HRM across the region, in which they operated (Brewster & Bennett, 2010; Mura, 2011).

Hungary

The development of human resource management from the 19th century is divided into four phases:

- **First stage:** This period was characterized by the tendency of industrialization. During this period the humanitarian era, the welfare concept is emerging at larger companies in Hungary. At this time, they began to form the first working colonies and began to care of the workers living conditions. As a humane bureaucrat, HR departments appeared in large corporations where staff administrators mainly performed the operational tasks of traditional staff functions (recruitment, standardization, payroll accounting). Elsewhere, HR staff had the opportunity to practice "firefighters" or consensus-building roles negotiating with trade unions (Karoliny, 2017). The practice of public sector personnel development has also begun to follow the western guidelines. The personnel policy associated with the state system has more than a hundred years of history in Hungary since the law were established in 1833, what was adapting the personnel practices and policy of the sector to the state bureaucracy's administrative system (Kachaňáková, Nachtmannová, Joniaková, 2007).
- **Second stage:** The post-1945 stages of development were separated from the practice of the Western world and the construction of a pathway, which was typical of socialism, proved to be later detached. The solutions

used during the next four decades were, of course, well-captivating characteristic phases, but we now outline their common features. In the midst of the “socialist” power relations post-1948, a cadre policy reflecting the heightened ambience of political mistrust prevailed. In the 1950s, the selection and development of new managers, in the absence of legal and other normative regulations, acted as a forward-looking bastion of politics. Personnel work was enacted by regulations and resolutions, and the political priorities were primarily enforced, were negligible. For example, the Resolution of the Hungarian Revolutionary Workers ‘and Peasants’ Government of 1050, issued on 31 December 1957, states that “the decisive criterion of the cast iron work is to work trustworthy people in the state apparatus, to be faithful to the socialist revolution, to squeeze class-alien elements.” Decisions have formulated the same personnel policy principles as state, economic, scientific and cultural areas. However, in the scope of personnel work, only the politically important – chiefly managerial – positions were listed. Labor regulations had to be applied to neutral positions in this respect. From that time on, in the Hungarian professional language, the work of staff, the work of the staff – as opposed to the Anglo-Saxon interpretation – not to all members of the staff of the organization, not to blue collar workers, physical workers, as in the beginning, in England, but to managers, their employment (selection, further training, promotion, qualification, etc.) their case. The staff of this position gained their influence not primarily by their professionalism but by their political loyalty. In the era of socialism, he was separated from the western path of the Torringtons (2014) in the principles, content and actors of Hungarian HR work. The management of the personnel of the organizations was separated from party-based considerations, and centrally controlled with different principles and with force, but with central decisions. As a result, HR positions in the socialist companies and budgetary institutions were mainly executing administrative tasks, most of which had sufficient secondary vocational qualifications (Karoliny, 2017).

- **Third stage:** This period is characterized by professional vacuum. After the change of regime for recovery, during the various privatization measures, were number of places where there was a decrease in the workplaces, disappearance of departments and groups (Poór, 2008).
- **Forth stage:** At that time professionalism is typical and continues to be typical nowadays too. After the regime change in Hungary the corporate management and personnel management tasks were undergoing major changes. These trends, along most dimensions are similar with the trends happened in the modern advanced world. At the turn of the millennium, personnel management work, one of the most problematic areas of Hungarian company management, occurred during the 8–10 years following the change of the political regime, with significant trends evolving towards the trends of the developed world along most dimensions. The main signs of this are:
 - One of the most significant changes in the changes was the presence of the wide range of multinationals and other foreign-owned companies, where modern HR principles and methods of mother companies were quickly transferred to the daily work of local subsidiaries.
 - The increasingly competitive market conditions for more and more home-based organizations have made it clear that their efficient operation requires high-quality employees, their acquisition, application, retention and development with advanced HR tools. For this, more and more places required new HR knowledge, professionals with such knowledge.
 - The professional supporters for the development of human resource management initially were large – also international – personnel and HR consultants, to which later more and more Hungarian counterparts joined.
 - In this phase, more and more domestic colleges and universities have started HRM programs, so the field of professional training has shifted to universities in this period, which, on the one hand, has signaled the growing prestige of the profession and on the other hand it

has based the growth of another prestige. The basic and master-level programs of Bologna-based training now form a more uniformly accredited way of increasing educational programs of educational institutions (Karoliny, 2017).

Slovakia

The Slovakian literature only started to apply the definition of human resource management after the 1989s. Several Slovak authors have dealt with it professionally. According to Kachaňáková (2007) the organization can only achieve its goal by completing two basic tasks: to achieve the strategic goal, the organization provides the right number of employees and the appropriate skills and manages the employees to reach the main goal as efficiently as possible. To be able to shape the right strategy it is important to take into consideration the internal and external environment of the company (Hradecká & Koudelka, 1998).

After the regime change, foreign investors brought several new ideas and management methods to the Slovak market, which were to be applied as soon as possible. During this period unemployment grew steadily, reaching 15.2% in 1995 (Statistical office, 2016). Many companies haven't been able to adapt to the changing circumstances, so foreign firms had hard time to find the proper workforce, and that is the reason why the labor market was strongly determined by foreign companies. Resourcing practices were applied as the part of the HR concepts of companies owned by foreign investors, thus they have influenced the recruitment and selection practices in the major extent.

The best way to present the human resource management in Slovakia is to divide it into four stages of development:

- **First stage – Age of the spontaneous management:** Slovakia has historically spent most of its economic development as the part of empire of common state. As the part of Czechoslovakia has been strongly agricultural country. Only during the World War II. It has been forced to become

independent state for political reasons. During this period there was no adequate management training that would have dealt with human resource management. With few exceptions, who applied the method of trial and error. The role of HR has neither been identified, nor defined yet. The HR agenda has shaped as the evidence of presence at the workplace and processing the wages (Joniakova, 2007)

- **Second stage – Age of the classical management:** In the labor legislation and in the field of social insurance, several pioneering regulations have been introduced in the Czechoslovak state. The most important law modification was the introduction of the eight-hour work shifts. The best-known representative of this era was Tomáš Baťa (1876–1932). Basically, he followed the management principle of Taylor, but he developed his own Baťa management system, which was based on the division of companies separated into sub-accounting units. These units always purchased the necessary raw materials or ready-made products from those who were in front of them in the production process. After the plan was completed, each division received its share from the revenue. If they failed to complete the plan various penalties have been imposed on that department (division). In addition, Tomáš Baťa has properly developed the scope of activities (positions) and precisely defined those (Stachová, 2013). With the postwar policy of 1945, there has been exclusive state ownership of majority of enterprises, strong centralization of management decisions linked directly to the communist party, which was able to dominate society and lead the totalitarian Czechoslovakia. Personnel – HR strategic decisions were strictly supervised by the state and controlled in the phase of implementation. For people working in companies the expression “cadre” has been used. Thus, employees were perceived rather as object of the political force than as contributors to added value development. Over time, there were significant differences between the countries of the socialist camp. The management practices related to employees have been strongly determined by a centrally directed system, planned usually for the period of five years. It is worth to

point out by Havlovic (1996) that the influence of the party and the interior organs was much smaller in the HR area of Poland than, for example in the Czechoslovakian human resource departments.

- **Third stage – The era of management oriented towards production processes:** At this stage the guidance of human resources is already concrete and the first signs of management appear. In the key competences of HR practice at this stage there are continuous functions of management recognizable, and personal management appears among basic functions of management. In the 1970s the Czechoslovak government tried to find a solution to leading of this area through many administrative decisions. The companies set up an establishment plans; with them the state defined the number of available workforce in each district. This system was operated until 1989 the beginning of privatization (Bělohlávek at al., 2006) The biggest boost in the field of HR was the period of the “Velvet Revolution”, resulting in profound political and economic changes in the former socialist Czechoslovakia and later in the independent Slovak Republic. One of the first major challenges faced by the transforming countries, including the Czech Republic and Slovakia was to deal with the massive layoffs following privatization (Redman & Keithley, 1998). According to a research done in the Czech Republic and Poland, their managers and HR professionals followed much more human layoff practices than the managers from the Western World (Poór et al., 1992; Koubek & Brewster, 1995).

- There has emerged the demand for market oriented economists and managers, development of capabilities of competitiveness and support of legislative framework. For regulation of the labor market, Slovakia has reached for the inspirations to German model (Stacho, 2013). These changes greatly influenced the various management practices of companies and institutions, including the management of human resources. Based on the previous statements, we can say that, before the political changes at the end of the 1980s, HR activity was under a very strict control by the state in most European countries, including Czechoslovakia (Pundziene & Bučiūnienė, 2008).

• **Fourth stage – Active use of knowledge:** During this period, managers and specialists working on HR have integrated the positives and the successful methods of the past era into their thinking. The era of globalization has boosted the challenge of HR processes internationalization, international competitiveness has forced the demand for strategic HR business partnership and post-globalization era has forced the challenge for IT/IC competencies reflecting digitalization tendencies. New paradigms emerge, and the effect of increasing digitalization results in various formed strategic alliances. E-business and e-commerce learning processes within the organizations continue to evolve (Truneček, 2004). In the 21st century the biggest impact on Slovak HRM was the tempo of the globalization and the European Union. Human resource management needs to acquire the European style and needs to learn how to use it (Kachaňáková & Nachtmannová, 2007). During this period the style of the HRM changed from the traditional personnel management into more strategic based management (Svatková, 2012). The Slovak and Czech companies and organizations are influenced by the globalization and the world economy, therefore this fact brings the need for flexibility in the management (Dubravská and Solanková, 2015). The globalization also has impact on the competitive environment of the companies in these countries, and the need to learn to cope with new situations and impulses (Stacho, 2013).

HR similarities and differences Cranet

Cranfield Network (CRANET) (Founded by the Cranfield Business School in England and operated by the European Human Research Network), was established in 1988 by the ILO initiative in Cranfield (UK) (Lazarová et al., 2008). The pioneer network of European and later research of the HRM model in other regions has now emerged from the old continent and became global (Mayrhofer, 1998).

At the beginning, only the universities of the Western European countries were members of this network. Nowadays, it is the world's largest non-profit HR research network and it contains researchers from more than 40 countries¹. The methodology of the Cranet research questionnaire barely changed. With the help of this questionnaire consisting of seven main parts and about sixty – factual data, which is not based on opinions – to provide the spatial – countries, regions – and the possibility of time-based comparisons, and longitudinal analyzes (Karoliny & Poór, 2016).

Our research is based on the Cranet questionnaire, which consists of the following seven parts:

- The first section examines the organizational units and the main characteristics of the Human Resource Management activities of the organizations participating in the survey.
- The second part of the questionnaire questions the practice of the staffing policy.
- Part Three analyzes issues related to benchmarking, staff development and career development.
- Part four deals with the methods and participants involved in wage/benefits.
- In the fifth part the questionnaire seeks answers for employee communications, labor relations.
- The sixth part contains general organizational data.
- The seventh part of this questionnaire covers the personal data of the respondents.

The survey gives a picture of management and HR policies and practices on the human and financial resources of public and private companies. The research is descriptive, and always builds on objective data. The survey was carried out in the First and Second Quarter of 2015 and 2016. More than half a hundred (n=535) organizations participated in the survey, 51% of

1. From Hungary, the University of Pécs joined this network in 2004, while the Szent István University became a member in 2011. From Slovakia, the University of Economics in Bratislava (Slovakia) joined the Cranet network in 2004.

the organizations was from Hungary (n=273) and the other 49% was from Slovakia (n=262).

Characteristics of participants (Hungary and Slovakia)

Table 1 shows that most of the organizations operates in the private sector. This ratio is very significant in Slovakia 90.1%, while in Hungary it is 63.8%. The second most common answer was the Public sector, 32.8% of organizations operates in this sector in Hungary, while in Slovakia this number is only 8.8%.

Table 1. Sectoral distribution

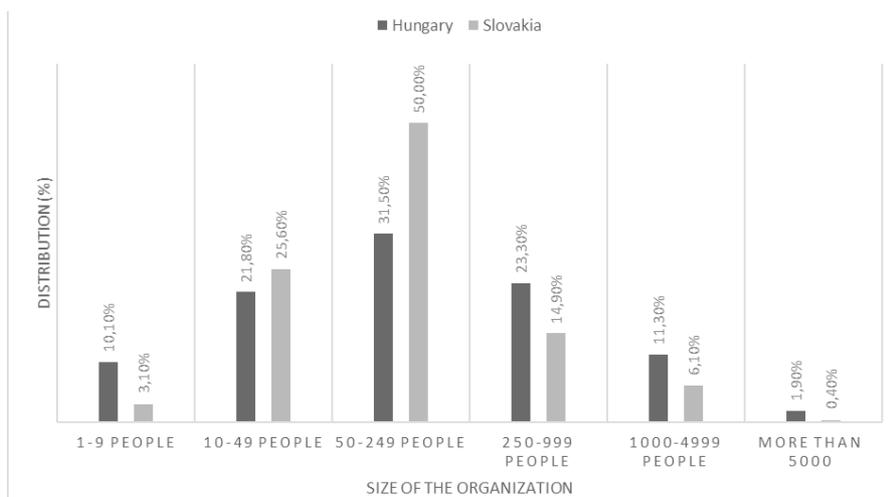
Sectors	Hungary	Slovakia
Private sector	63.80%	90.10%
Public sector	32.80%	8.80%
Nonprofit	3.00%	0.00%
Mixed	0.40%	1.10%
Total	100%	100%

Source: Authors own research.

The respondent's breakdown by industry: In Hungary most of the organizations operate in public administration (15.3%), and in the Telecommunications and IT sector (13.9%). The least-favored industries are the following: construction industry, electricity, accommodation services, book publishing, and broadcasting. In Slovakia most organizations operate in other industries section (16%), followed by the Financial, Telecommunications and IT sector (13% – 13%). There is a similarity between these two countries, which is the approximately same values in Telecommunication, IT (13.9%, 13%) and in financial sectors (11%, 13%).

Figure one shows that most of the respondents in Hungary (63.4%) belong to small and medium-sized enterprises (SMEs). In this category the distribution is relatively even among small and medium-sized enterprises, while in Slovakia the SME sector makes up 78.7% of the respondents, with 50% of them belongs to medium-sized enterprises. Interesting fact is also that the proportion of companies employing 250–1000 people, is more common in the Hungarian sample (23.3%) than in Slovakia (14.9%).

Figure 1. Distribution by headcount



Source: Author’s own research.

From the table 2 below, stands out that the majority of the employees are employed in non-executive positions. In Hungary it is 47%, and in Slovakia these employees make up 66% of the organizations. Executives/managers are 13% in Slovakia and in Hungary 11%. Administrative and physical workers represent fairly high proportion (42%) in Hungary, and in Slovakia this makes only half of this ratio (21%).

Table 2. Composition of employees

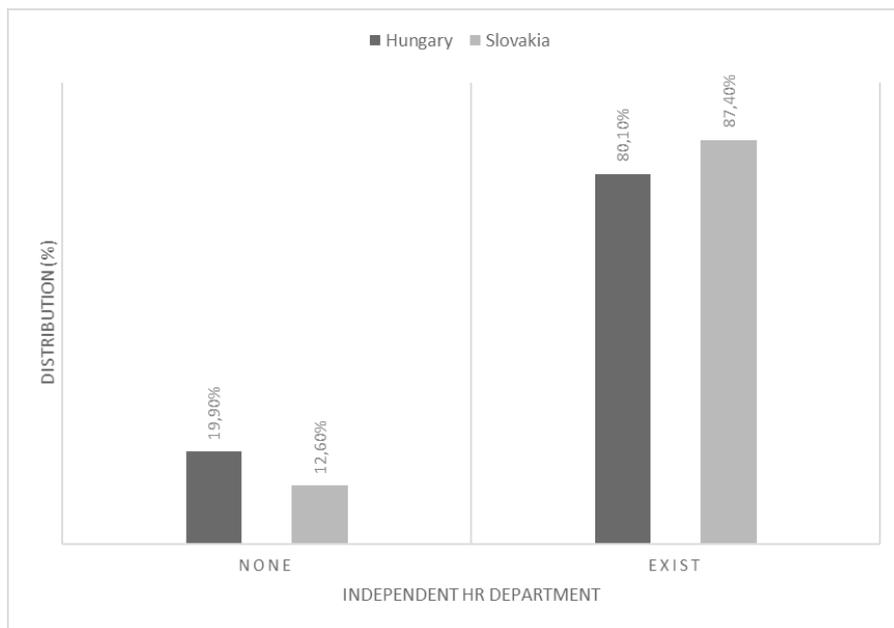
Employee categories	Hungary	Slovakia
Executives / Managers	11%	13%
Employees (non-executive)	47%	66%
Office administrative and / or physical workers	42%	21%
Total	100%	100%

Source: Author's own research.

Characteristics of human resource functions and department

In this part of our research we made a comparison of the HR activities of these two countries. Figure 2 shows that there is an independent HR department in the larger part of the respondent organizations. In Slovakia this ratio is slightly higher (87.4%) than in Hungary where the ratio is 80,1%. This is almost the same value as the latest Cranet research had (Karoliny & Poór, 2016).

Figure 2. Independent HR department



Source: Author's own research.

The next figure shows how many employees work at the HR department. In Slovakia there are 4436 employees working in the HR division, where the proportion of the female employees is higher, while in Hungary 5030 employees work at the HR department and the situation is same. In Hungary there is an average 67 HR employee for one worker, while in Slovakia the same figure shows 57.

Figure 3. Number of employees in HR departments

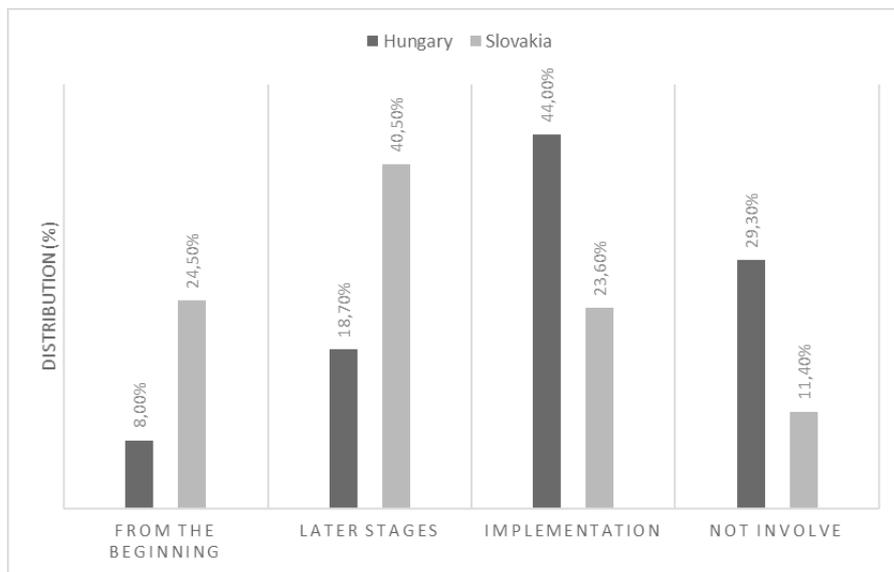


Source: Author's own research.

In the context of organizational strategies, we have examined whether these two countries have formal or informal strategies. In Hungary the most common formal strategic documents include business/service (65.7%), and mission statement (61.80%). Among the least used strategies belongs the Declaration of diversity (19.5%), and Social Responsibility statement (36.2%).

In Slovakia we have similar situation like in Hungary, the most common strategies are the mission statement (79%) and service/business (78.3%). In Slovakia, most of the answers are over 50% (6 cases), while in Hungary only 4 cases were above 50%. The least used strategy in both countries is the Diversity statement (28.4%).

Figure 4. HR involvement in organizational strategy development



Source: Author’s own research.

In Slovakia, the person responsible for HR activities was involved in the development of the organizational strategy from the beginning (24.5%). In Hungary this ratio is much lower, reaching only 8%. In Slovakia, most respondents said that they are involved in planning in the later stages (40.5%). While in Hungary this ratio is only 18.7%. In the next phase, rates have been reversed, and 44% of Hungarian organizations responded, that they are involved in strategic planning in the phase of implementation.

Hypothesis

The above descriptive statistical characteristics are now followed by an analysis of five major hypotheses groups, which had been formulated as follows:

- **H1a:** In Hungary, in the public sector, the number of employees per HR staff member is lower than in the private sector, regardless of organizational size.

- **H1b:** In Slovakia, in the public sector, the number of employees per HR staff member is lower than in the private sector, regardless of organizational size.
- **H2a:** In Hungary, in the public sector, the HR department's performance is much less evaluated – or simply to a lesser extent – than in the private sector, regardless of organizational size.
- **H2b:** In Slovakia, in the public sector, the HR department's performance is much less evaluated – or simply to a lesser extent – than in the private sector, regardless of organizational size.
- **H3:** In the private sector, over the past three years Slovakian companies' headcount has grown more strongly than Hungarian, regardless of whether the company is domestic- or foreign-owned one.
- **H4a:** In Hungary, the average annual number of training days is higher in the public than in the private sector, regardless of whether the competitive sector company, is domestic- or foreign-owned.
- **H4b:** In Slovakia, the annual average number of training days is higher in the public than in the private sector, regardless of whether the competitive sector company is domestic- or foreign-owned.
- **H5a:** In Hungarian organizations the proportion of trade union members is lower in the private than in the public sector, regardless of the number of employees.
- **H5b:** In Slovakian organizations the proportion of trade union members is lower in the private than in the public sector, regardless of the number of employees.

Number of HR staff per employees (H1a and H1b)

In this hypothesis, we examine whether in the public sector, the number of employees per HR staff member is lower than in the private sector in Hungary and in Slovakia, regardless of organizational size. To analyze this hypothesis we mainly use the first and the sixth part of the Cranet survey.

A T-test was performed for different sized organizations. With the Hungarian respondents, only with employee numbers from 250–999 can we see

that the number of employees per HR staff member is significantly lower in the public sector than in the private sector (Table 3 and 4). This part of the hypothesis has not been confirmed.

Table 3. Total headcount and HR headcount data of the respondent organizations – Hungary

Hungary	Total employees	Number of HR staff	Number employed per HR staff member
Public sector	185,554	2,659	70
Private sector	116,095	2,118	55

Source: Author's own research.

Table 4. T-test – Hungary

	Sector	N	Mean	Std. Deviation	Std. Error Mean
Number employed per HR staff member	Private	38	85.8158	92.57338	15.01738
	Public	18	40.3889	22.01106	5.18806
	t-test for Equality of Means				
	Levene's Test for Equality of Variances				
	F		Sig.	Df	
Number employed per HR staff member	5.585	.022	2.045	54	
	Equal variances assumed				
	Equal variances not assumed		2.859	44.965	
			Sig. (2-tailed)	Mean Difference	Std. Error Difference
			.046	45.42690	22.20877
			.006	45.42690	15.88829
					95% Confidence Interval of the Difference
					Lower
					Upper
					89.95280
					13.42555
					77.42825

Source: Author's own research.

Table 5. Total headcount and HR headcount data of the respondent organizations – Slovakia

Slovakia	Total employees	Number of HR staff	Number employed per HR staff member
Public sector	13,444	170	79
Private sector	234,875	4,138	57

Source: Author’s own research.

At the Slovakian respondents, after carrying out the T-test no significant difference can be observed in any headcount number of employee groups between the public and private sector. We can see that that part of the hypothesis relating to Slovakia has not been confirmed either.

Evaluation of HR Department Performance (H2a and H2b)

In this hypothesis, we examine whether in Hungary and in Slovakia in the public sector the HR department’s performance is much less evaluated – or merely not a lesser extent – than in the private sector regardless of organizational size. For the analysis of hypothesis 2 we use the first and the third part of the Cranet survey.

Table 6. Evaluation of HR performance by sector

	Hungary		Slovakia	
	Private sector	Public sector	Private sector	Public sector
Not at all	24%	28%	37%	41%
1	8%	11%	10%	9%
2	23%	26%	20%	23%
3	17%	9%	10%	9%

to a very great extent	28%	27%	24%	18%
Total	100.00%	100.00%	100.00%	100.00%

Source: Author's own research.

Based on the cross table it can be stated that in Hungary the HR department's performance is less evaluated in the public sector. However, based on the values of the Chi-square (Table 7) there is no significant difference between the public and private sectors in this field, so the part of the hypothesis in relation to Hungary can be considered as confirmed.

Table 7. Chi-square test (Hungary)

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	2.977a	4	.562
Likelihood Ratio	3.126	4	.537
Linear-by-Linear Association	.867	1	.352
N of Valid Cases	254		

Source: Author's own research.

Analyzing the Slovakian responses, we found that in 47% of the private sector there was no evaluation of the HR performance or merely a minimal one, whilst in the public sector 50% responded in this way. So, there is a difference between the two sectors, even if it is minimal. In the case of the Slovakian respondents, neither the Chi-square test (table 9) nor the T-test showed any significant difference. Besides a lack of significance, we regard this part of the hypothesis as confirmed.

Table 8. Evaluation of HR performance by sector

	Hungary		Slovakia	
	Private sector	Public sector	Private sector	Public sector
Not at all	24%	28%	37%	41%
1	8%	11%	10%	9%
2	23%	26%	20%	23%
3	17%	9%	10%	9%
to a very great extent	28%	27%	24%	18%
Total	100%	100%	100%	100%

Source: Author’s own research.

Table 9. Chi-square test (Slovakia)

	Value	Dr	Asp. Sig. (2-sided)
Pearson Chi-Square	.461a	4	.977
Likelihood Ratio	.475	4	.976
Linear-by-Linear Association	.265	1	.607
N of Valid Cases	258		

a. 3 cells (30, 0%) have expected count less than 5. The minimum expected count is 2, 13.

Source: Author’s own research.

Headcount growth (H3)

In this hypothesis, we examine whether, in the private sector, in the past three years, Slovakian companies’ headcount growth has been stronger than the Hungarian, regardless of whether the company is domestic- or foreign-owned. In this part we use the first, second and the sixth part of the Cranet survey.

Table 10. Trends in headcount change in the private sector

Headcount changes	Hungary		Slovakia	
	Frequency	%	Frequency	%
Decreased greatly	11	7%	17	7%
Decreased	17	10%	57	24%
Unchanged	46	28%	70	30%
Increased	50	30%	58	25%
Increased greatly	43	26%	33	14%
Total	167	100%	235	100%

Source: Author's own research.

In Hungary 56% of the organizations indicated an increase in the number of employees, whilst in Slovakia only 39% did so. We can see that Hungary had a greater increase in employment in the private sector than in Slovakia. Carrying out a χ^2 test, we found that there was a significant difference between the two countries in the numbers involved in corporate headcount growth. Thus, the hypothesis was not confirmed, although we achieved exactly the opposite result to that assumed.

Table 11. Chi-square test (Hungary and Slovakia)

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	18.817 ^a	4	.001
Likelihood Ratio	19.473	4	.001
Linear-by-Linear Association	13.658	1	.000
N of Valid Cases	402		

a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 11.63.

Source: Author's own research.

Surveying the ownership there is in neither Hungary nor Slovakia a significant difference between the respondents whether the organizations are domestic- or foreign-owned.

Average annual number of training days (H4a and H4b)

At this hypothesis we try to find out, whether in Hungary, the average annual number of training days is higher in the public sector than in the private sector, regardless of whether the competitive sector company is domestic- or foreign-owned (H4a). In this part we mainly focus on the third part of the Cranet survey.

Table 12. Sectoral distribution of the annual amount of training days

	Hungary		Slovakia	
	Private sector	Public sector	Private sector	Public sector
Responses	169	87	235	23
Total days	2,987	2,110	7,937	739
Average days	17.7	24.3	33.8	32.1

Source: Author’s own research.

As Table 12 clearly shows, the average number of training days in Hungary per employee is higher in the public than in the private sector. This part of the hypothesis seems to be true despite the fact that, as shown in Table 13, in the public sector there are fewer respondents.

Table 13. Distribution of respondents according to ownership

	Hungary		Slovakia	
	Private sector	Public sector	Private sector	Public sector
Domestic	78	74	142	21
Foreign owned	90	2	94	2
Total	168	76	234	23

Source: Author’s own research.

In this case we will examine it, whether in Slovakia, the annual average number of training days is higher in the public sector than in the private sector, regardless of whether the competitive sector company is domestic-or foreign-owned (H4b).

Table 14 also shows that, in Slovakia there is a minimal difference between the two sectors concerning the average number of training days. After completing the T-test we did not find any significant difference between the Hungarian and the Slovakian data, in terms of the average number of training days.

Table 14. Hungary and Slovakia Private and Public sector training days

	Hungary		Slovakia	
	Private sector	Public sector	Private sector	Public sector
Responses	169	87	235	23
Total days	2,987	2,110	7,937	739
Average days	17.7	24.3	33.8	32.1

Source: Author's own research.

Proportion of trade union members (H5a and H5b)

Our assumption is that in the Hungarian organizations the proportion of trade union members is lower in the private sector than in the public sector, regardless of the number of employees (H5a). In order to prove this hypothesis we use the first and the fourth part of the Cranet survey.

Table 15. Distribution according to the proportion of trade union members – Hungary

	Hungary			
	Private sector		Public sector	
	Frequency	%	Frequency	%
0%	92	66.2%	13	20.3%

1%–10%	23	16.5%	21	32.8%
11%–25%	13	9.4%	18	28.1%
26%–50%	8	5.8%	8	12.5%
51–75%	3	2.2%	2	3.1%
76–100%	0	0.0%	2	3.1%
Total	139	100%	64	100%

Source: Author’s own research.

More than 80% (82.7%) of the organizations operating in the private sector in Hungary reported that there were no trade union members among their employees or their proportion was less than 10%. The Chi-square test also confirms that a significant difference can be observed between the private and public sector regarding trade union membership. Hence this part of the hypothesis can be considered as confirmed.

Table 16. Chi-square test (Hungary)

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	40.331a	5	.000
Likelihood Ratio	42.425	5	.000
Linear-by-Linear Association	28.140	1	.000
N of Valid Cases	203		

a. 4 cells (33.3%) expected count less than 5. The minimum expected count is 0.63.

Source: Author’s own research.

We think so, that in Slovakian organizations the proportion of trade union members is lower in the private sector than in the public sector, regardless of the number of employees. (H5b).

Table 17. Distribution according to the proportion of trade union members – Slovakia

	Slovakia			
	Private sector		Public sector	
	Frequency	%	Frequency	%
0%	121	60.2%	2	10.5%
1%–10%	46	22.9%	5	26.3%
11%–25%	27	13.4%	4	21.1%
26%–50%	2	1.0%	8	42.1%
51–75%	4	2.0%	0	0.0%
76–100%	1	0.5%	0	0.0%
Total	201	100%	19	100.00%

Source: Author's own research

The Slovakian results are similar to those seen in Hungary. 83.1% of the Slovakian respondent organizations said that there were no trade union members or that the proportion was under 10% in the private sector. The Chi-square test supported the received significant difference. Therefore this part of the hypothesis can also be considered as confirmed.

Table 18. Chi-square test – Slovakia

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	73.480a	5	.000
Likelihood Ratio	42.369	5	.000
Linear-by-Linear Association	28.390	1	.000
N of Valid Cases	220		

a. 7 cells (58.3%) have expected count less than 5. The minimum expected count is .09.

Source: Author's own research.

Conclusion

Our research was conducted in two countries (Hungary and Slovakia). Our questionnaire is based on the Cranet questionnaire. The questionnaire was divided into 7 parts and contained about 70 questions. In this analysis we presented the basic characteristic of HR department and the participating organizations. The general statistical analysis of the responses received in the two countries examined shows the following picture.

- Our research revealed that most of the respondents were working in private and public sectors. According the industry distribution, most of the organizations in Hungary operate in public administration and telecommunications/IT sectors. In Slovakia this distribution manifested differently. These organizations were mostly in the other sector category, financial services and telecommunications/IT sector. We can find similarities between the two countries in the financial and IT sector. From the view of the company size, the sector of small and medium-sized enterprises dominated. Regarding of the composition of the employees, majority were non-executive intellectual employees. In Hungary the proportion of administrative/physical workers was also significant.

Table 19. Results of Hypothesis analysis

No	Hypothesis description	Hypothesis			Explanations
		Fully accepted	Partly accepted	Not accepted	
H1a	The number of employees per HR staff member in public sector in Hungary			✓	We need to consider the size of the organizations.

H1b	The number of employees per HR staff member in public sector in Slovakia			✓	We need to consider the size of the organizations.
H2a	In the public sector, the HR department's performance is much less evaluated in Hungary	✓			There is difference, but according the statistical data it is confirmed.
H2b	In the public sector, the HR department's performance is much less evaluated in Slovakia	✓			There is a minimal difference, but according the statistical data it is confirmed.
H3	The past three years Slovakian companies' headcount has grown more strongly than Hungarian			✓	The growth rate was higher in Hungary.
H4a	In Hungary, the average annual number of training days is higher in the public than in the private sector		✓		The data shows that the average number of training days per employee is higher in the public than in the private sector. Despite fewer respondents in the private sector.

H4b	In Slovakia, the average annual number of training days is higher in the public than in the private sector			✓	There was no significant difference between the two sectors.
H5a	In Hungarian organizations the proportion of trade union members is lower in the private than in the public sector		✓		More than 80% of the respondents reported that there are no trade union members among their employees (private sector).
H5b	In Slovakian organizations the proportion of trade union members is lower in the private than in the public sector		✓		More than 80% of the respondents reported that there are no trade union members among their employees (private sector).

Source: Author’s own research.

- During the analysis of the HR department, we firstly asked about the existence of an independent HR department. According our data, we can state that most of the respondents have and independent HR department, in Hungary is 80.1%, while in Slovakia this ratio is 87.4%. In Hungary there is an average 67 HR employee for one worker, while in Slovakia the same figure shows 57. These data are in line with the regional and global data of the international Cranet report (2017).
- From the HR strategies, the most commonly occurring strategic documents are business/service strategy, and mission statement. In Slovakia,

most of the answer is over 50% (6 cases); while in Hungary only 4 cases were above 50%. The least used strategy in both countries is the Diversity statement. Involvement of HR personnel in the development of the organizational strategy in Hungary mostly occurring in the phase of implementation (44%), while in Slovakia they are involved before the phase of implementation (later stages 40.5%).

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