# CAUSES AND IMPLICATIONS OF THE APPLICATIONS OF THE INDIVIDUALISATION PRINCIPLE IN HUMAN RESOURCES MANAGEMENT

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Abstract: This paper incorporates the results of research on the applications of the individualisation principle in human resources management. The main task of human resources management is to utilise such tools that reflect the interaction between the employee lifecycle and career stages. This paper attempts to find out whether businesses considering human resources as crucial to their management act in compliance with the trends of individualisation. Simultaneously, it aims to focus on the impact of individualisation on the rate of turnover, employee satisfaction and incapacity for work, i.e., the selected quality indicators of human resources management in business.

Keywords: human resource management, individualization, HR trends, business, lifecycle

## 1 Introduction

The quality of human resources in business is one of the basic factors determining success. Therefore, many businesses consider human resources as a key factor in their own business models. Changes in the environment increase the demands on human resources, their flexibility and ability to adapt to new conditions and their creativity. These changes are accompanied by two seemingly contradictory processes within businesses. On the one hand, they require enhanced employee performance, on the other hand, they foster the sense of satisfaction in order to retain key employees and create a stable employment potential. This relationship is referred to as performance and social approach conflict in human resources management and it is an objectively competitive relationship. Businesses are faced with the task of seeking tools to overcome this conflict. Moreover, this is happening at a time when the world of work is in constant motion. A holistic approach is needed to be applied in human resources management to ensure the retention of sustainable human resources in situations of constant organisational changes (Pluta, Rudawska, 2016). However, in order to minimise the threat of high levels of stress and burnout, employees need and expect a safe space for self-regeneration in addition to meaningful work and family activities. This also requires a highly individualised approach to managing people and respecting their needs. This paper deals with an individual approach to human resources management. Such an approach focuses on the stages of the employee lifecycle, i.e. onboarding, career development, career growth, maturity, overseas career and career decline. The main task of human resources management is to utilise such tools that reflect the interaction between the employee lifecycle and career stages. The main tools supporting the individualisation of human resources management include workplace flexibility, total compensation and diversity programmes. This paper attempts to find out whether businesses regarding human resources as crucial to their management act in compliance with the trends of individualisation. Simultaneously, it focuses on the impact of individualisation on the rate of turnover, employee satisfaction and incapacity for work, i.e., the selected quality indicators of human resources management in business.

## 2 Human Resources Management Focused on the Stages of the Employee Lifecycle

A high degree of individualisation in human resources management is utilised by the so-called employee lifecycle management. It aims to provide real support to individual employees, which incorporates a holistic approach while respecting the particular situations of individual employees. Each individual experiences different stages of his or her own personal lifecycle and develops his or her own career path. Career development may not be entirely dependent on the employee's age, it does not need to be chronological. The task of human resources management is to deploy tools for individual employees that will correspond to a given interaction between the employee lifecycle and career stages. Reward alignment with the employee lifecycle is perceived as a considerable part of sustainable, future-oriented human resources management (Wilms, Groh, 2012).

Table 1: An example of the interaction between employee lifecycle and career stages

| | | Career cycle | | | | | |
|---|---|---|---|---|---|---|---|
| | | Onboarding | Career Development | Career Growth | Maturity | Overseas Career | Career Decline |
| Lifecycle | „Single" | X | X | | | | |
| | Partnership | | | X | | | |
| | Parenting | | | X | X | | |
| | Care | | | | | X | X |
| | Restart | | | | | X | |
| | Disease | | | | | | X |
| | Social Commitment | | | | | X | X | X |

source: https://www.ukbw.de/fileadmin/media/dokumente/NEWS/Rump_Lebensphasenorientierte_Personalpolitik_07-12-16.pdf

Certain tools used in human resources lifecycle management are universally relevant, while some are specific. Most tools belong to the field of working time adjustments (flexible working regimes, teleworking, the possibility of taking a sabbatical, etc.). The concept of working time is based on the length of the employee's working life and its flexibility includes 5 dimensions, namely time sovereignty, time synchronisation, time allocation and redistribution, time competence and time preferences that are dealt with in the implementation of specific solutions (Rump, 2016). According to a study by the German Institute for Employment (IBE) entitled Strategy for the Future: Human Resources Lifecycle Management from 2016, businesses implementing this concept achieve significantly better results in selected indicators compared to those that are not focused on employee lifecycles (see Table).

Table 2: Effects of Human Resources Lifecycle Management in Business

| Indicator | Improvements compared to businesses not focused on lifecycles |
|---|---|
| Employee-to-business | 14% |
| Increase in labour productivity | 17% |
| Customer loyalty | 12% |
| Decline in absence | 3 days |
| Decline in incapacity for work | 12% |
| Fluctuation decline | 16% |
| Attractiveness of employer on the labour market | 26% |
| Image | 38% |

source: https://www.ukbw.de/fileadmin/media/dokumente/NEWS/Rump_Lebensphasenorientierte_Personalpolitik_07-12 16.pdf, 16.7.2019

Human resources lifecycle management is perceived as a tool to help businesses successfully manage the inevitable demographic transformations of the future (Wilms, Groh, 2012).

**2 Tools to support the individualisation of human resources management**

Workplace flexibility represents a potential way to create conditions for employees to have a satisfactory working life throughout their careers up to the retirement age (Bal, Jansen, 2016). By creating the conditions for flexible working hours, businesses demonstrate their trust in employees (Shagvaliyeva and Yazdanifard 2014). The positive effects of flexibility have been demonstrated in several studies. The findings of Shanmugam and Agarwal (2019) state that the use of flexible work options significantly reduce work-life conflict, decrease turnover and increase job satisfaction, with organisational and supervisory perceptions playing a significant moderating role. Lafuente and Berbegal-Mirabent (2019) consider flexible and balanced contract practices as being critical to enhancing productivity.

Total compensation includes all types of rewards, indirect, direct, internal and external (Manus - Graham, 2003). Chen and Hsieh (2006) note that total remuneration includes everything that employees perceive as fair compensation, earned in exchange for effort and time spent at work. According to Peccei et al. (2013) by adopting the principle of total remuneration, a business signals to its employees that it is interested in recognising their efforts and satisfying their emotional needs. By moving away from the one-size-fits-all approach, it seeks to support and develop employees' positive attitudes towards the business, increasing their commitment to the tasks and engaging them in various activities. The research results of Baker et al. (2014) show that if employees receive remuneration in the form of autonomy, recognition, education and development opportunities, they will make further efforts to achieve the goals and accomplish the assigned tasks. This kind of remuneration creates enthusiasm for learning new skills, increases employee activity and interest in meeting goals, which expands the range of opportunities and subsequently increases their sense of success. The concept of total remuneration can act in businesses as a source of competitive advantage, allowing them to respond more flexibly to internal changes and align employee performance with business goals (Peluso, 2017), because engaging and combining different forms of pay is a source of overlapping and mutually reinforcing effects on employee performance (Innocenti et al., 2011).

Diversity management has already become a much-debated topic. The most common attributes monitored within diversity management include gender, racial, ethnic diversity and age. Diversity management is perceived by the authors as the existence of programmes and policies that support the participation of a wide range of social groups at all levels of the business (Singal and Gerde, 2015). Several studies confirm its positive impact. Kundu and Mor (2017) claim that employees, regardless of their personal characteristics, recognise diversity and the tools for managing it. At the same time, research reveals partial but substantial differences among employee perceptions of diversity management tools in the workplace depending on their own diversity profiles. Research has also confirmed that the enforcement of gender diversity management policies has a positive impact on business performance. Kinyanjui (2013) has also confirmed that the main benefit of diversity management in the workplace is the increase in productivity and the maintenance of competitiveness, the creation of better working bonds between individuals and teams and the enhancement of social responsibility. The authors also point out that failure to pay attention to diversity management leads to organisational conflicts.

**3 Work Methodology**

This paper incorporates the results of research on the applications of the individualisation principle in human resources management. The paper contains the results of the study of the relationship between the applications of the individualisation principle and the quality of human resources management in businesses that declare human resources as a key component in the creation of added value in their business models. The main aim of the paper is to find out whether companies that consider human resources as crucial in their business models approach their management in accordance with the trends of individualisation and define the impact of individualisation on selected quality indicators of human resources management in business. In order to meet the research objectives, the following research questions have been formulated:

**Research questions:**

1. Are there any significant differences between the perception of human resources as a component of the business model and the orientation of businesses?
2. Do businesses that consider human resources as crucial approach their management in line with the trends of individualisation?
3. Do the applications of the individualisation principle in human resources management affect the rate of turnover, incapacity for work and the level of employee satisfaction?

In order to meet the research objectives and answer the research questions, a structured questionnaire was utilised as an additional method of research, using an analogy to the research questions. The research was carried out in the period of 2017–2018. The survey sample contained answers from 315 respondents. Due the fact that the survey had some continuity and awareness among human resources leaders in Slovakia, and that it was also carried out through a combination of face-to-face meetings and electronic data collection tools, a high response rate (98.15%) was achieved.

The characteristic features of the composition of the research sample in terms of size based on the number of employees are shown in the table. Microenterprises and family businesses (32.7%) account for a third of the research sample and large enterprises (7.2%) are also represented. Research questions also analyse businesses with more than 50 employees. Most businesses in the research sample operate in the private sector (86.4%), other businesses operate in the public sector or represent mixed ownership businesses. More than a third (37.2%) of the businesses have their activities established predominantly worldwide, others operate nationally (31.4%) or regionally (25%). The regional scope is particularly noticeable for small businesses that are not subject to further investigation. Characteristic features of the research sample of the survey in businesses in Slovakia in 2017 in terms of business sectors.

The characteristic features of the research sample in relation to the economic activities of the business are shown in the table. In the research sample, the ratio of businesses active in production, manufacturing and trade (54.17%) and services industries (43.3%) is fairly balanced. Based on participation in international research and continuous research data from previous periods, a tendency of higher representation of businesses operating in the services sectors has been observed. The Spearman correlation, based on the order of variables, has been used to verify the hypotheses, as it can also capture other than linear relationships between variables. Chi-Square Tests and ANOVA or an analysis of variance, i.e. a parametric statistical method created for comparing groups, have been applied.

Table 3: Representation in sectors

| Sector | % |
|---|---|
| Retailing and Wholesale | 15.72% |
| Finances and insurance | 11.95% |
| IT/IC services | 10.06% |
| Other manufacturing industry | 10.06% |
| Engineering production | 8.81% |

| | |
|---|---|
| Housing and caterers | 7.55% |
| Management, research and development, administrative services | 5.66% |
| Food and textile industry | 5.03% |
| Civil engineering | 3.77% |
| Production of transport equipment | 3.77% |
| Public administration | 3.14% |
| Metalworking and Metallurgy | 3.14% |
| Healthcare and social work | 2.52% |
| Transport and Storage | 1.89% |
| Production of electronics | 1.89% |
| Chemical and pharmaceutical industry | 1.89% |
| Energy and water management | 1.26% |
| Agriculture and forestry | 1.26% |
| Education | 0.63% |

source: own research

**4 Results and Discussion**

Human resources and their quality are currently considered as being significant determinants of competitiveness and success in business. The authors aimed to examine whether there was a difference between the perception of human resources as a key component of the business model and the orientation of the business. As many as 59.6% of the businesses surveyed identified human resources as a key resource, such an approach is more pronounced in services and sales, but there was no significant difference between businesses operating in different areas.

Table 4: Business model - HRM

| Sector | % of HRM | | |
|---|---|---|---|
| Production | 15.72% | | |
| Services | 11.95% | | |
| Sale | 10.06% | | |
| Other | 10.06% | | |
| Chi-Square Tests | | | |
| | Value | df | P-value |
| Pearson Chi-Square | 2.373ᵃ | 3 | 0.499 |
| N of Valid Cases | 317 | | |

Source: own research

To verify the differences in the perception of human resources as a key factor, a chi-square test was used at a significance level of 5%, a P value> 0.05 confirms that the difference is not significant.

The authors aimed to verify whether businesses that considered human resources as a key component of their business models applied the individualisation principle to their management. The applications of the individualisation principle in human resources management were verified through the implementation of the following conditions:

1. businesses have special programmes for selected groups of employees (older employees, minority groups, women returning from maternity leave, disabled employees, younger employees),
2. businesses apply the element of selectivity in the benefit and social programmes offered within the process of remuneration;
3. businesses make use of flexible working arrangements (such as working from home, flexible working time),
4. businesses monitor the satisfaction of their own employees.

Businesses that satisfied all the conditions were included among those that applied the individualisation principle in human resources management. The two-factor ANOVA analysis was used for the purposes of verification. The significance level of all tests was 5%.

Table 5: Dependent Variable: Individualisation

| Source | Type III Sum of Squares | df | Mean Square | F | P-value |
|---|---|---|---|---|---|
| Corrected Model | 2.114ᵃ | 4 | 0.528 | 7.972 | 0 |
| Intercept | 108.735 | 1 | 108.735 | 1640.519 | 0 |
| Sector | 1.654 | 3 | 0.551 | 8.317 | 0 |
| Human resources | 0.378 | 1 | 0.378 | 5.706 | 0.018 |
| Error | 20.68 | 312 | 0.066 | | |
| Total | 151.385 | 317 | | | |
| Corrected Total | 22.793 | 316 | | | |

source: own research

Both the factor of human resources significance and the factor of the business sector have proven to be crucial to the applications of the individualisation principle. A cross-sector comparison was carried out based on Tukey's post-hoc test. The results showed that manufacturing, services and sales businesses apply the principle of individualisation more significantly than other businesses.

Table 6: Estimated levels of individualization by industry factor

| Sector | | | | |
|---|---|---|---|---|
| Dependent Variable: Individualisation | | | | |
| Sector | Indiv. | Std. Error | 95% Confidence Interval | |
| | | | Lower Bound | Upper Bound |
| production | 0.673 | 0.029 | 0.615 | 0.73 |
| services | 0.641 | 0.034 | 0.575 | 0.707 |
| sale | 0.672 | 0.024 | 0.625 | 0.719 |
| others | 0.484 | 0.033 | 0.419 | 0.549 |

source: own research

Table 7: Estimated levels of individualization by HRM factor

| HRM | | | | |
|---|---|---|---|---|
| Dependent Variable: Individualisation | | | | |
| RĽZ | Indiv. | Std. Error | 95% Confidence Interval | |
| | | | Lower Bound | Upper Bound |
| no | 0.582 | 0.023 | 0.537 | 0.627 |
| yes | 0.653 | 0.019 | 0.615 | 0.691 |

source: own research

Based on the results, it can be concluded that businesses that consider human resources as being crucial apply a significantly higher level of individualisation. The business sector is also significant for the applications of individualisation. Businesses in the category of others, which included agricultural enterprises, public administration organisations, health organisations, energy companies show a significantly lower level of individualisation in their approach to human resources management than manufacturing, trading and service enterprises.

Businesses take an individualised approach to managing their own employees in order to meet their expectations and needs and gain a stable employment potential. The authors' research aimed to verify that individualisation in human resources management affected employee satisfaction and led to employee stability in businesses. Using a point-biserial correlation at a significance level of 5%, the authors verified the relationship between employee satisfaction development, as measured by business satisfaction surveys, and the applications of the individualisation principle in human resources management. The correlation was significant, the Pearson coefficient reached 0.204. This means that the level of satisfaction has demonstrably increased in businesses that individually manage employees.

Table 8: Individualisation in HRM

| | | | Indiv. | Employee satisfaction development |
|---|---|---|---|---|
| Point Biserial | Indiv. | Pearson Correlation | 1 | 0.204 |
| | | P-value | | 0.005 |
| | | N | 317 | 160 |
| | 8c. Satisfaction | Pearson Correlation | 0.204 | 1 |
| | | P-value | 0.005 | |
| | | N | 160 | 160 |

source: own research

As employee satisfaction is a prerequisite for their stabilisation, the authors aimed to analyse the relationship between individualised human resources management and indicators such as employee turnover and incapacity for work. The assumption that an individualised approach would affect the level of their values was verified by the Spearman correlation, at the significance level of 5%. However, none of the correlations tested were significant, with a turnover rate of 0.022 and an incapacity rate of 0.007. This means that the impact of individualised human resources management on employee stability has not been confirmed.

Table 9: Relation between ind. HRM and indicators a)

| | | | Indiv. | Annual turnover |
|---|---|---|---|---|
| Spearman's rho | Indiv. | Correlation Coefficient | 1 | 0.022 |
| | | P-value | | 0.62 |
| | | N | 317 | 203 |
| | 8a. Annual turnover | Correlation Coefficient | 0.022 | 1 |
| | | P-value | 0.62 | |
| | | N | 203 | 203 |

Table 9: Relation between ind. HRM and indicators b)

| | | | Indiv. | Number of days PN |
|---|---|---|---|---|
| Spearman's rho | Indiv. | Correlation Coefficient | 1 | -0.007 |
| | | P-value | | 0.457 |
| | | N | 317 | 209 |
| | 8b. Number of days | Correlation Coefficient | -0.007 | 1 |
| | | P-value | 0.457 | |
| | | N | 209 | 209 |

source: own research

**5 Conclusion**

The authors aimed to examine whether businesses that consider human resources as a key component of their business models approach their management in line with the applications of the individualisation principle in human resources management. The theoretical sources show that the application of the principle is an effective and efficient response to the current challenges of human resources management in a demanding business environment. Research shows that nearly 60% of employers now consider human resources as crucially determining. Businesses with key human resources apply a significantly higher degree of individualisation in their management. Businesses in the category of others, such as the agricultural sector, public administration, health care, are lagging behind. In manufacturing companies, services and commercial enterprises, the level of individualised approaches to human resources management is seemingly higher. With regard to the implications of such an approach to human resources management, the results of the research have shown an impact on employee satisfaction as measured by satisfaction surveys. Businesses with individualised human resources management manifest enhanced applications of the individualisation principle, whereas direct impact on

employee stability, as measured by the rate of turnover and incapacity for work, has not been confirmed.

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