STRATEGIC HUMAN RESOURCES MANAGEMENT IN SLOVAKIA

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This paper is an outcome of research projects: "Exploring concepts of human resource management systems in relation to the specifics of competitive business models of existing organizations of the European Business Area, VEGA No. 1/0609/16.

Abstract: Our research is focused on examining the human resources management systems in relation to the specificities of organizations operating in the European Economic Area. The object of our research are differences in Human Resources Management (HRM) practices of organizations in the field of Strategic Human Resources Management in Slovakia. The main goal of the study is to analyze an association between the existence of Human Resource department and each of following strategies/statements – Company strategy, Ethical Codes, Human Resource Management strategy and Corporate social responsibility statement. The methods used in data gathering were the standardized questionnaire predominantly gathered through an online and email survey, combined with an in-person visit, paper survey, and telephone call to support return rate. The Chi-Square Test of Independence and the coefficients for determining the association of the individual variables for the nominal data were Cramer’s V, and the Phi coefficient. The data were analyzed in PSPP statistical software. Hypotheses were tested at a significance level of p ≤ 0.05. The results confirm statistically significant dependence between the researched variables – the existence of Human resource department and each of tested strategies – Company strategy, Human Resource Management strategy, Corporate social responsibility statement and Ethical codes. We confirmed moderate association between the existence of Human resource department and Human Resource Management strategy and the existence of the Human resource department and Ethical codes.

Keywords: Human Resource Management, Business strategy, strategic management, Cranet

Introduction

Strategic Human Resource Management (SHRM) has become a dominant approach to Human Resource Management (HRM) policy over the last 30 years. Based on Armstrong and Taylor (2014) strategic Human Resource management takes the notion of Human Resource Management as a strategic, integrated and coherent process and associates it with an approach to management that involves adopting a broad on long-term view of where the business is going and managing it in ways that ensure the businesses strategic thrust is maintained. Towards the end of the twentieth century, human relations are increasingly perceived in management theory as a strategic area of expertise that contributes to sustainable organizational success. One of these contributions was defined by David Ulrich in 1997: implementing a strategy, enabling change, enhancing employee efficiency and increasing efficiency. The need to define future developments in the management of human resources in the European Economic Area is so urgent that we have decided to cover selected specifics of strategic human resources management systems in Slovakia. Dave Ulrich has combined two dimensions and has created human resource roles that lead to the development of people and businesses along with implementation. It is essential that the human role becomes a more powerful and more influential function, because it champions many elements that constitute the business cycle, but its existence can also lead to other functions and departments becoming dehumanized. The problem lies in how human resources can do more without trying to do more to lessen people. Everyone should have a chance for growth and development, HR should be clear about this because businesses grow by combining opposites.

1 Literature Review

Several authors (Becker and Huselid 2006; Khilji and Wang 2006; Purcell and Hutchinson 2007; Teo and Rodwell 2007; Stanton et al. 2010) have paid attention to the issue of execution and implementation of HRM policies throughout the SHRM approach. The failure to implement formal policy and the experience of HRM practices have been helpful in understanding polarities in HRM.
performance has been associated with the lack of fit between pay policy and business strategy. Results of the survey support the necessity for a contingency approach in the design of pay policy.

Remenova et al. (2018) in their research determined the influence by the functional area of control, the level of management, the managerial position, the age of the manager, the size and composition of the team. This research shows that the size of the team is not related to the level of control that depends on the functional control area. The age of the manager is a weak indicator of the sustainability on the management position under the conditions of the current management.

2 Research methodology and characteristics of research sample

A research sample of the survey, based on the international CRANET survey, implemented in 2017, contains responses from 181 respondents. Due to the fact that the survey has some continuity and awareness in the HR leadership community in Slovakia, as well as a combination of personal meetings and electronic data collection tools, a high return on replies (98.15%) was achieved.

The subject of the study are processes, procedures, methods and practices of the various functions of the Human Resources systems and they are forming the work potential and managing the work performance.

In 2017 the survey was extended across the strategic and operational position of personnel units according to the Ulrich’s model of four roles (Ulrich, 2009), and characteristics of the business model according to the CANVAS methodology. Questions are a combination of closed and open questions, predominantly closed, based on Likert’s scale.

The data obtained through the questionnaire method are nominal (existence of HR department and existence of strategies/statements). Two-dimensional inductive statistics methods were used to test the dependence of the nominal variables by a non-parametric test - The Chi-Square Test of Independence, and the coefficients for determining the dependence of the individual variables for the nominal data were Cramer’s V, and the Phi coefficient. The Cohen scale was used to interpret the value of coefficients (Cohen, 1988). The data were analysed in PSPP statistical software. Hypotheses were tested at a significance level of p ≤ 0.05; while maintaining the primary rule of the Chi-Square Test of Independence, where the theoretical frequencies did not fall below a value of 5 in 80%, and for other values X > 1 applied. Null and alternative hypotheses were tested, which we present in individual results.

The object of the survey are businesses established to generate profit as well as organizations of a non-profit nature, state administration or public service organizations in Slovakia. The characteristics of the composition of the sample in terms of size by number of employees are shown in the table. Micro businesses and family businesses (32.7%) make up a third of the sample, and large businesses (7.2%) are also represented. For purposes of investigation, we will further analyse organizations with more than 50 employees.

Most of the organization’s research sample operates in the private sector (86.4%), other organizations operate in the public sector, or in a mixed-ownership organization. More than a third (37.2%) of organizations have established their activities largely worldwide, others are national (31.4%) or regional (25%). We record regional coverage in particular for small businesses that will not be further investigated.

2.1 Research results

In table 1 we can find the results concerning the existence of HR department in company. More than 66% of respondents confirmed to have HR department. We compared our results with Cranet survey (2017), based on which most organizations in the EU have an HR department. The highest proportions with an HR department are in Italy (100%), Spain (99.0%) and Germany (98.5%) and much less in Lithuania (73.8%), Croatia (75.4), Cyprus (77.0%) and Slovenia (77.2%).

Table 2 presents our findings about the position of HR directors on the board of directors or equivalent top management team within the company. HR directors are the members of the board in 55% of companies. These results were compared with Cranet survey (2017), based on their results, among EU member states, Sweden confirmed 89.0% and Spain 84.7% of HR managers on the board. Less than half of this proportion of HR managers have a position on the Board or equivalent in Latvia (29.9%) and in Cyprus (34.5%). (Cranet, 2017)

Following tables 3, 4, 5, 6 presents our results in the area of strategies existing in written form. The existence of Company strategy was confirmed by more than 61% of respondents. This number is very low in comparison with Cranet survey (2017), where more than 80% of respondents confirmed the existence of Company strategy in written form. For detail results see table 3.

Table 4 represents our findings about the existence of HR strategy in written form. We found out only 43% of respondents who have formal HR strategy. Less prevalence of HR documents was confirmed as well by Cranet survey (2017), however they confirmed higher number of companies – 67.1% worldwide having the HR strategy. For detailed results see table 4.

Ethical codex in written form is used by more than 60% of companies, as it is confirmed by table 5. Formal Corporate social responsibility statement was confirmed by 42% of companies.
Comparing this result with Cranet survey (2017), where more than 50% of worldwide companies have this document, we see our results as very low.

### Tab. 5: Existence of Ethical codex in written form

<table>
<thead>
<tr>
<th>Ethical codex in written form</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>110</td>
<td>60.8</td>
<td>67.2</td>
</tr>
<tr>
<td>No</td>
<td>53</td>
<td>29.3</td>
<td>32.3</td>
</tr>
<tr>
<td>Total</td>
<td>163</td>
<td>90.3</td>
<td>100.0</td>
</tr>
<tr>
<td>Missing</td>
<td>18</td>
<td>9.9</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>181</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Source: Own processing

### Tab. 6: Existence of Corporate social responsibility statement in written form

<table>
<thead>
<tr>
<th>Corporate social responsibility statement</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>76</td>
<td>42.0</td>
<td>47.2</td>
</tr>
<tr>
<td>No</td>
<td>85</td>
<td>47.0</td>
<td>52.8</td>
</tr>
<tr>
<td>Total</td>
<td>161</td>
<td>90.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Missing</td>
<td>20</td>
<td>11.0</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>181</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Source: Own processing

We tested following hypotheses:

- There is an association between the existence of the HR department and the Company strategy.
- There is an association between the existence of the HR department and the Human Resource/Personnel strategy.
- There is an association between the existence of the HR department and the Ethical codex.
- There is an association between the existence of the HR department and the Corporate social responsibility statement.

### Association between the existence of HR department and the Company strategy

For deeper analysis of relationship between the existence of the HR department and the Company strategy, following hypotheses were formulated:

H$_1$: There is an association between the existence of the HR department and the Company strategy.

H$_0$: There is no association between the existence of the HR department and the Company strategy.

### Tab. 7: Strength of Association between the existence of HR department and the Company strategy

<table>
<thead>
<tr>
<th>Category</th>
<th>Statistic</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nominal by Nominal</td>
<td>Phi</td>
<td>27</td>
</tr>
<tr>
<td></td>
<td>Cramer’s V</td>
<td>27</td>
</tr>
</tbody>
</table>

Source: Own processing with PSPP

We rejected null hypothesis H$_0$ at the significance level of p ≤ 0.05, and accept alternative hypothesis H$_1$. There is statistically significant dependence between the researched variables (p = .001, ChiSQ = 11.08, df = 1). Based on the results, we can state, that the existence of implemented Human Resource Management/Personnel strategy depends on the existence of HR department, with moderate strength of this association V = .27.

### Association between the existence of HR department and the Ethical codex

For deeper analysis of relationship between the existence of HR department and the Ethical codex, following hypotheses were formulated:

H$_1$: There is an association between the existence of HR department and the Ethical codex.

H$_0$: There is no association between the existence of HR department and the Ethical codex.

### Tab. 8: Strength of Association between the existence of HR department and the Ethical codex

<table>
<thead>
<tr>
<th>Category</th>
<th>Statistic</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nominal by Nominal</td>
<td>Phi</td>
<td>36</td>
</tr>
<tr>
<td></td>
<td>Cramer’s V</td>
<td>36</td>
</tr>
</tbody>
</table>

Source: own processing with PSPP

We reject null hypothesis H$_0$ at the significance level of p ≤ 0.05, and accept alternative hypothesis H$_1$. There is statistically significant dependence between the researched variables (p = .000, ChiSQ = 19.93, df = 1). Based on the results, we can state, that the existence of implemented Ethical codex depends on the existence of HR department, with moderate strength of this association V = .36.

### Association between the existence of HR department and the Corporate social responsibility statement

For deeper analysis of relationship between the existence of HR department and the Corporate social responsibility statement, following hypotheses were formulated:

H$_1$: There is an association between the existence of HR department and the Corporate social responsibility statement.

H$_0$: There is no association between the existence of HR department and the Corporate social responsibility statement.

### Tab. 9: Strength of Association between the existence of Human resource department and the Ethical codex

<table>
<thead>
<tr>
<th>Category</th>
<th>Statistic</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nominal by Nominal</td>
<td>Phi</td>
<td>30</td>
</tr>
<tr>
<td></td>
<td>Cramer’s V</td>
<td>30</td>
</tr>
</tbody>
</table>

Source: own processing with PSPP

We reject null hypothesis H$_0$ at the significance level of p ≤ 0.05, and accept alternative hypothesis H$_1$. There is statistically significant dependence between the researched variables (p = .000, ChiSQ = 13.7, df = 1). Based on the results, we can state, that the existence of the implemented Ethical codex depends on the existence of HR department, with moderate strength of this association V = .30.

#### 3 Discussion

In comparison to results of HR model section based on Ulrich’s approach part it can be concluded that organizations in Slovakia are highly process-oriented personnel departments that put their expertise in the concept of the content of human resources management systems and human resource management at the
operational level. Values that are declared as pillars of business organization strategies are modern to reflect the current challenges of managing people. Personnel departments are aware of the importance of formalizing strategic orientation as well as the importance of self-efficiency to contribute to process-based, as well as implementation-oriented, human orientation. Personnel departments of organizations are ready to contribute to the competitiveness of organizations through Strategic Business Partner roles methodically, value-fully and expertly, but they cannot confirm its position systemically. Human resources departments are part of the role of business partner, partner in adding value to the organization, the alliance of departments gain a formal position in senior management, as the presence of experts in managing people at the stage of creating a business strategy is desirable. However, staff specialists in Slovakia tend to concentrate more on the implementation of processes than on their outcome. This tendency needs to be changed by focusing on the results of their work, the efficiency and effectiveness they have achieved, and their meaning for the value-producing activity of the organization. In order to meet this requirement, the effectiveness of HRM processes should be measurable and their impact on other processes of the organization demonstrable. However, the HRM system can, by means of measurable results, only justify the significance of its activities and the extent to which it affects the overall performance of the organization, which is essential for acquiring the character of a strategic partner. The overall level of performance of the personnel roles in the companies is fair, according to the survey results, but it is possible to identify apparent reserves. Human resource management still dominates the focus on administrative support for processes. As a result, HRM focuses primarily on administrative support for management, and at the same time acts as an ombudsman for the staff of the organization. Both of these roles are established in the short-term management dimension. Partial lagging behind is the perspective-oriented role of strategic partners and agents of change. It can be a handicap at a time when people’s management is perceived primarily by its contribution to business results, unlike a traditional approach that perceives this area as a service environment, focusing primarily on content and processes in this area. Competitive management of people gains a strategic character and becomes a creator of added value for all involved the organization, its employees as well as the customers. The increasing pace of change in all relevant business interacting environments raises the need to overcome existing views and patterns of behaviour that have been created and functioning in the past but are not sufficient today.

Some of the writers on sustainable HRM raise issues for the practice of HRM. These issues focus on the capabilities, the complexity and ambiguities associated with HRM execution and implementation and the role of HR professionals. The specific role of capabilities identified are those required to operate in the current and future environment (Wilkinson et al. 2001; Clarke 2011) and particularly in an increasingly fragile ecological environment (Renwick et al. 2011).

Processes of HRM have been framed within the SHRM literature predominantly within a rational view of organisations. The exception is Colbert (2004) who applies a complexity lens to the resource-based view. Although there is no explicit discussion within the sustainable HRM literature about the role of an emergent iterative approach to HRM process, this would appear to be an important process for enabling an exploration of the competing outcomes desired by various stakeholders (Kramar 2012). This literature provides a key to differentiating sustainable HRM from SHRM.

Paradoxes can be represented as two or more contradictions which operate simultaneously. Ehnerlert (2011) developed a paradox framework for sustainable HRM which illustrates the key tensions between the efficient use of people and maintaining the human resource capabilities, the tension between efficiency and substance rationality and relational rationality, and developments over time. This is a very useful framework; however, it is unable to deal with the issue of execution and implementation. This framework is represented in several papers (Bowen and Ostroff 2004; Becker and Huselid 2006; Purell and Hutchinson 2007; Stanton et al. 2010) using an SHRM approach have paid attention to the issue of execution and implementation of HRM policies. These studies are useful in identifying the causes for inconsistent understandings of HRM within an organisation, the failure to implement formal policy and the experience of HRM practices.

The emphasis on the interrelationship between HRM and financial organisational performance is at the heart of SHRM. It is not at the heart of sustainable HRM.

Ehnerlert’s (2011) definition of sustainable HRM can be modified to take into account these broader outcomes and variety of processes. Sustainable HRM could be defined as the pattern of planned or emerging HR strategies and practices intended to enable the achievement of financial, social and ecological goals while simultaneously reproducing the HR base over a long term. It seeks to minimise the negative impacts on the natural environment and on people and communities and acknowledges the critical enabling role of CEOs, middle and line managers, HRM professionals and employees in providing messages which are distinctive, consistent and reflect consensus among decision-makers.

In order to understand the actual practice of HRM, the factors influencing implementation need to be explicitly represented in a model. The sustainable HRM literature highlights some significant aspects of organisational outcomes which challenge the SHRM view of outcomes. Human outcomes, either for the purpose of organisational survival or for their own sake, are a consistent theme of this literature. In addition, some of the literature explicitly raises the importance of HRM practices for ecological outcomes. The identification of these outcomes has implications for the metrics and indicators of HRM performance. As mentioned previously, the identification and therefore the measurement of negative outcomes, not just positive outcomes, would be an important component of sustainable HRM. In addition, these outcomes would include outcomes, within the organisation and outside the organisation.

SHRM developed in a dynamic turbulent context in which institutions such as trade unions were being challenged and the nature of work was changing with the creation of more part-time and service work. The globalisation of business fuelled competition between organisations and this fostered increasing concern on building shareholder value. It was argued that HRM practices could create this value and deliver results to the business through people (Ulrich 1997; Ulrich and Brockbank 2005).

4 Conclusion

The results of a quantitative survey in Slovakia in 2017 provide a basis for identifying current concepts of people management, including applications of modern methods and techniques, and modern approaches relevant to the competitiveness of the human resources management system under conditions of digitization trends in the era of the industry 4.0.

The results confirm statistically significant dependence between the researched variables – the existence of the Human resource department and each of tested strategies – Company strategy, Human Resource Management strategy, Corporate social responsibility statement and Ethical codes. We confirmed the moderate association between the existence of Human resource department and Human Resource Management strategy, and the existence of the Human resource department and Ethical codes. Based on these analyses in correlation to Ulrich’s HRM model these results bring us to the conclusion, that personnel departments of organisations in Slovakia are ready to contribute to the competitiveness of organizations through Strategic Business Partner roles methodically, value-fully and expertly, but they cannot make strategic position confirmed systematically.
Human resources specialists in Slovakia tend to concentrate more on the implementation of processes than on their outcome. This tendency needs to be changed by focusing on the results of their work, the efficiency and effectiveness they have achieved, and their meaning for the value-producing activity of the organization. The outcomes of sustainable HRM can be measured by evaluating organisational, social, individual and ecological outcomes. Measures would need to evaluate outcomes such as the quality of the employment relationship, the health and well-being of the workforce, productivity (organisational); the quality of relationships at work, organisation being an employer of choice and being recognised among a range of potential sources of labour (social); and job satisfaction, employee motivation and work–life balance (individual); use of resources, such as energy, paper, water use, production of green products and services and costs associated with work travel (ecological). The appropriate measures would need to be developed for an individual organisation and then cascaded down to all employees using HRM practices, such as role design, performance indicators and rewards. In this paper, we have given results of Strategic Human Resources Management research made in Slovakia. Integrating Strategic Human Capital and Strategic Human Resources Management would help to increase our knowledge about human capital in general, not only in Slovakia. Strategic Human Capital focuses on human capital itself, Strategic Human Resources Management focuses on the HR system, without specifically studying the nature of human capital. Also, the process through which collective human capital emerges is typically not included in strategic Human Resources Management research, and the organizational context, which is important in Strategic Human Capital research, has received less consideration in studies of strategic Human Resources Management. Insights from strategic Human Resources Management can also help to overcome the limitations of Strategic Human Capital research. For example, the micro level view on human capital and multilevel approaches can help to strengthen Strategic Human Capital models. Taking the individual context into account by including psychological concepts such as motivation in relation to Strategic Human Capital can be helpful, as well as including psychological measurement rather than proxymorientied measures (Boon et al., 2018).

Limitations

Our study design also has some limitations that should be considered in the interpretation of our results. The sample selection was not random in the strictest sense because companies asked to cooperate were from a specific geographic area and industry and they self-selected themselves by agreeing to cooperate with us. Despite this, we think our research is of great value to research of Slovak Strategic Human Resources Management, managers and academics as it provides much information about the strategic management and shows a real image of their processes.

Literature:


Primary Paper Section: A

Secondary Paper Section: AE